

DATA MODUL

Interim Report as of
March 31, 2014



Dear Shareholders,

DATA MODUL's business picked up considerably in the first quarter of 2014 with revenue increasing by 12.3 % to 37.5 million euros (previous year: 33.4 million euros) and the EBIT following suit, growing to 1.8 million euros (previous year: 0.4 million euros). With order entry again higher than revenue, the book-to-bill ratio remained above 1 and leads us to expect a further increase in revenue in second quarter 2014. Consequently, order backlog reached a record mark, totaling 98.7 million euros. In view of these developments, we have great confidence in the Group's performance in the remainder of fiscal year 2014.

Interim Report for the Group

I. General economic conditions

In terms of economic development, the year 2014 has started well for most of the highly developed countries. In the eurozone countries in particular, mood indicators as well as hard-core economic results keep improving. Although the latest economic data for the US were somewhat less optimistic, there are indications that the U.S.A. will experience a strong rise in GDP in 2014. Economic recovery in Germany, our primary market, has been based mainly on strong domestic demand and on growing consumer spending in particular. Germany's business model which greatly depends on export thus has a broader base. Therefore, geopolitical risks in the Ukraine should have no significant effect on Germany's economic momentum. DATA MODUL has profited from the generally positive economic environment in the first quarter of 2014, recording a significant rise in demand for our products.

Key Indicators

In million euros	Jan to Mar 2014	Jan to Mar 2013	Changes
Total revenue	37.5	33.4	12.3 %
Displays	22.6	19.6	15.3 %
Systems	14.9	13.8	8.0 %
Order entry	46.8	46.6	0.4 %
Order backlog	98.7	94.6	4.3 %
EBIT	1.8	0.4	350.0 %
Annual net earnings	1.1	0.0	
Investments	0.3	0.4	(25.0) %
Employees	349	335	4.2 %
Earnings per share (in euros)	0.33	0.00	
Based on number of shares	3,394,000	3,394,000	0.0 %
EBT	1.7	0.4	325.0 %

II. Business results

Revenue in the first quarter of the current fiscal year 2014 increased by 12.3% to 37.5 million euros (previous year: 33.4 million euros). The Displays business segment achieved revenues of 22.6 million euros (previous year: 19.6 million euros), whereas the Systems segment saw revenues of 14.9 million euros (previous year: 13.8 million euros). Order entry in the first quarter totaling 46.8 million euros (previous year: 46.6 million euros) was slightly above previous year's figures. Compared to last year's record high, order backlog increased by another 4.3% to 98.7 million euros (previous year: 94.6 million euros), raising our revenue expectations for the current fiscal year. DATA MODUL experienced another quarter marked by growth in our international markets: Thus our export rate in the first three months of 2014 was 39.7% (previous year: 34.0%).

III. Profitability

We successfully concluded fiscal year 2013 which was generally seen as a transition year. Following on from a positive EBIT development during the third quarter of 2013, DATA MODUL's EBIT in the first quarter of 2014 increased by 350% to a total of 1.8 million euros (previous year: 0.4 million euros). Our Systems business segment thus contributed exponentially to the EBIT increase with a total of 0.5 million euros (previous year: minus 0.6 million euros), whereas EBIT from our Displays business segment rose by 30.0%, totaling 1.3 million euros (previous year: 1.0 million euros).

EBT for the Group in the first three months of the current fiscal year improved by 325.0%, totaling 1.7 million euros (previous year: 0.4 million euros), while net income for the period increased to 1.1 million euros (previous year: 0.0 million euros), translating into earnings per share of 0.33 euros, compared to 0.00 euros for the same period of 2013.

IV. Financial status

Operating cash flow as of March 31, 2014 amounted to plus 0.06 million euros (previous year: minus 2.7 million euros). At the end of the first quarter 2014, the Group's equity ratio (in accordance with IFRS) rose to 56.0% (from 50.9% as of December 31, 2013). Consequently, the Group continues to demonstrate financial stability and has remarkable liquidity at its disposal.

V. Investments and regional offices

In the first three months of 2014, investments amounted to 0.3 million euros (previous year: 0.4 million euros). In the current fiscal year, we plan to invest in fixed assets both at our Munich location and at our production and logistics center at Weikersheim in order to strengthen the Systems business segment. We will also continue to invest in our R&D facilities in particular, thus safeguarding our competitive edge. DATA MODUL AG maintains regional offices in Duesseldorf and Hamburg that serve as our sales offices for the respective regions.

VI. Employees

As of March 31, 2014, the number of employees had increased throughout the Group to 349 staff (previous year: 335 staff) of which 56 staff were employed by Group companies located outside Germany.

VII. Risks and rewards

In fiscal year 2014, DATA MODUL will continue to aim for growth in its core business segments, Displays and Systems. Global economic trends, the impact of exchange rate fluctuations, rising commodity and energy prices, as well as uncertainty with respect to future customer demand constitute risks that may have a sustained impact on our business performance. We are aware of these risks and thoroughly monitor their impact on our business operations. As a result of the expected economic recovery and depleted customer inventories, displays will be in short supply in the second half of the year leading to much longer delivery periods and price increases. Currently, there are no apparent existential risks for the DATA MODUL Group. No significant changes of the information on risks and rewards that was published in the 2013 Annual Report have occurred since.

VIII. Subsequent events

There were no significant subsequent events during the reporting period after the reporting date of March 31, 2014.

IX. Forecast - Outlook 2014

The following disclosures regarding the future course of business of the DATA MODUL Group and the assumptions of the economic market and industry trends that are regarded as significant in this context are based on our assessments that we believe are currently realistic given the information available. However, these assumptions and assessments are subject to uncertainty and bear the unavoidable risk that projected developments do not actually occur with respect to either their direction or their extent.

The continuing sovereign debt crisis, possibly resulting in a banking crisis, poses another risk. This will drive up corporate borrowing costs and lead to more stringent equity ratio requirements. The spiral effect created by rising interest rates due to higher risk premiums and the related increase in net debt service will pose a major challenge for businesses in the years ahead. Because of DATA MODUL's high equity ratio, the Company will benefit due to wider margins in 2014 resulting from lower net debt service. DATA MODUL Group will benefit from the solid financial policies in place over the last several years.

The “Fit for Future 2015” strategy program will further strengthen DATA MODUL’s global competitiveness. We aim for balanced growth in Europe and the US, with Germany naturally forming the backbone of the Group. The DATA MODUL Group will thus find growth opportunities in 2014 arising from the overall economic situation and from new products developed to market-readiness, despite fierce competition. We will nevertheless consequently pursue our strategic goals with a view to returning to the growth trajectory of previous years.

In view of the favorable market environment, the Executive Board expects DATA MODUL Group to grow its profits. The productivity-raising measures implemented over the past two years are expected to add lasting value, boosting profitability in the second quarter.

Over the coming years we expect a definite growth potential in the industry market, our most important customer base as these customers are being forced by market pressures to introduce automated production processes. Interconnected production processes are highly complex and require man-machine communication (displays) for controlling the production lines. These integrated embedded systems offer a great growth opportunity for DATA MODUL, and the activities initiated in fiscal year 2013 will place us in an excellent position to benefit long-term from this growth potential.

X. Related party transactions

In the first quarter of 2014, the Group incurred expenses for services rendered in relation to filling a Group level key management position. In addition, DATA MODUL AG purchased goods at customary market conditions from Varitronix Investment Ltd., Hong Kong, China, which holds 19.99% of the voting rights.

Consolidated Statement of Financial Position - IFRS

ASSETS	IFRS	
	03/31/2014	12/31/2013
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,413	2,545
Property, plant and equipment	8,933	8,954
Other non-current assets	307	308
Deferred tax assets	415	478
Total non-current assets	14,487	14,704
Current assets		
Inventories	33,072	29,811
Trade accounts receivable, net of allowance for doubtful accounts (in 2014: 346; 2013: 254)	20,360	22,352
Other current assets	2,164	1,782
Cash and cash equivalents	8,139	15,287
Total current assets	63,735	69,232
Total assets	78,222	83,936

All figures in thousands of euros

LIABILITIES AND SHAREHOLDERS' EQUITY	IFRS	
	03/31/2014	12/31/2013
Shareholders' equity		
Capital stock no-par value bearer shares (authorized: KEUR 5,289; contingent: KEUR 754; shares issued and outstanding: 3,394,000 as of 03/31/2014 and as of 12/31/2013)	10,182	10,182
Capital reserves	22,446	22,446
Retained earnings	12,849	11,745
Other reserves	(1,678)	(1,675)
Total shareholders' equity	43,799	42,698
Non-current liabilities		
Pension and non-current personnel liabilities	1,505	1,504
Non-current borrowings	617	850
Non-current provisions	512	520
Total non-current liabilities	2,634	2,874
Current liabilities		
Trade accounts payable	10,658	10,945
Taxes payable	2,329	1,913
Current provisions	998	862
Current borrowings	11,445	18,101
Current portion of non-current borrowings	933	933
Other current liabilities	5,426	5,610
Total current liabilities	31,789	38,364
Total liabilities	34,423	41,238
Total liabilities and shareholders' equity	78,222	83,936

All figures in thousands of euros

Consolidated Statement of Income – IFRS

	IFRS	
	01/01 - 03/31/2014	01/01 - 03/31/2013
Revenues	37,496	33,426
Cost of sales*	(29,166)	(26,755)
Gross margin	8,330	6,671
Research and development expenses	(1,398)	(1,172)
Selling, general and administrative expenses*	(5,117)	(5,091)
Earnings before interest and taxes (EBIT)	1,815	408
Interest income	0	1
Interest expense	(80)	(47)
Earnings before taxes	1,735	362
Income tax expense	(631)	(390)
Net income	1,104	(28)
Earnings per share - basic	0.33	0.00
Earnings per share - diluted	0.33	0.00
Weighted average of shares outstanding - basic	3,394,000	3,394,000
Weighted average of shares outstanding - diluted	3,394,000	3,394,000

All figures in thousands of euros, except earnings per share and weighted average of shares outstanding

* Various production cost items were classified as selling expenses to ensure reliable and relevant information in the quarterly financial statement. For better comparability, an adjustment of 96 thousand euros was made to the previous year's figure in accordance with analyses in first quarter 2014.

Consolidated Statement of Cash Flow – IFRS

	IFRS	
	01/01 - 03/31/2014	01/01 - 03/31/2013
Cash flows from operating activities		
Net income	1,104	(28)
Non-cash expenses and income		
Income tax expense	568	155
Amortization of capitalized development costs	182	177
Amortization of other intangible assets and depreciation of fixed assets	296	289
Provisions for bad debts	92	1
Deferred taxes	63	235
Changes in non-current accrued liabilities	(8)	(12)
Net interest	80	46
Other non-cash expenses and income	1,572	1,671
Changes in operating assets and liabilities		
Trade accounts receivable	1,901	(2,047)
Inventories	(3,261)	(4,368)
Trade accounts payable	(287)	2,821
Current provisions	(1)	(608)
Other assets and liabilities	(1,980)	(492)
Income taxes paid	(175)	(507)
Interest received	0	1
Interest paid	(89)	(53)
Cash flows from operating activities	57	(2,719)
Cash flows from investing activities		
Outflows from capitalized development costs	(113)	(217)
Capital expenditures on other intangible and fixed assets	(212)	(194)
Cash flows from investing activities	(325)	(411)
Cash flows from financing activities		
Repayment of short-term borrowings	(6,657)	0
Increase in short-term borrowings	0	30
Repayment of non-current borrowings	(233)	(83)
Cash flows from financing activities	(6,890)	(53)
Effect of exchange rate changes on cash and cash equivalents	10	2
Net increase in cash and cash equivalents	(7,148)	(3,181)
Cash and cash equivalents at beginning of period	15,287	9,517
Cash and cash equivalents at end of period	8,139	6,336

All figures in thousands of euros

Consolidated Statement of Changes in Equity – IFRS

	Capital Stock		Capital Reserves	Retained Earnings	Other Reserves	Total
	No. of Shares	Amount				
Balance as of 01/01/2013	3,394,000	10,182	22,446	10,649	(1,503)	41,774
Net income	-	-	-	(28)	-	(28)
Foreign currency translation adjustments	-	-	-	-	79	79
Balance as of 03/31/2013	3,394,000	10,182	22,446	10,621	(1,424)	41,825
Balance as of 01/01/2014	3,394,000	10,182	22,446	11,745	(1,675)	42,698
Net income	-	-	-	1,104	-	1,104
Foreign currency translation adjustments	-	-	-	-	(3)	(3)
Balance as of 03/31/2014	3,394,000	10,182	22,446	12,849	(1,678)	43,799

All figures in thousands of euros, except number of shares

Consolidated Statement of Comprehensive Income

	IFRS	
	01/01 - 03/31/2014	01/01 - 03/31/2013
Consolidated net income for the period	1,104	(28)
<i>Other comprehensive income to be reclassified and reported in profit or loss in subsequent reporting periods</i>		
Adjustments from currency translation of foreign subsidiary results	(3)	79
Comprehensive income after taxes	1,101	51

In thousands of euros

Notes - Explanatory disclosures

Basis for the compilation of the financial statements

These abbreviated Consolidated Interim Report for the first quarter of 2014 does not contain all information and disclosures required when compiling consolidated financial statements and thus shall be interpreted in context with the Consolidated Financial Statements as of December 31, 2013.

The recognition and measurement methods applied to the Consolidated Financial Statements as of December 31, 2013 remained unchanged and were applied when compiling this abbreviated Consolidated Interim Report. The new IFRS to be adopted in the financial year 2014 did not affect the net assets, financial and earnings position. This Interim Report and Interim Management Report was neither audited in accordance with Sec. 317 German Commercial Code (HGB) nor reviewed by an auditor.

The quarterly accounts were compiled in euros (EUR). For presentation purposes, the euro values have been rounded to thousand euros (KEUR). For calculation purposes, the tables and references may contain rounding differences.

Disclaimer

These consolidated quarterly accounts contain certain disclosures regarding future events that are based on the currently foreseeable and available information, assumptions and projections by the management of DATA MODUL. They are provided for information purposes only and are marked by terms such as "believe", "expect", "predict", "intend", "project", "plan", "estimate" or "aim at". Hence, these statements can only apply at the date at which they are publicly disclosed. Various identified and yet unknown risks, uncertainties and other factors might result in the actual events, the financial situation, the development or the Group's performance significantly deviating from the projections provided in this report. DATA MODUL is not obligated to add or modify such statements predicting future events or adjust such statements based on future events or trends. Hence, the Group does not – neither conclusively nor explicitly – assume any liability or warranty for the data and information being up-to-date, accurate and complete.

Financial Calendar 2014/2015:

Interim Report as of June 30, 2014

August 07, 2014

Interim Report as of September 30, 2014

November 11, 2014

German Equity Forum, Frankfurt

November 2014

Annual Report 2014

March 2015



DATA MODUL AG

Landsberger Str. 322
80687 Munich - Germany
Tel. +49-89-5 60 17-0
Fax +49-89-5 60 17-119
www.data-modul.com