

DATA MODUL

HALF-YEARLY FINANCIAL REPORTS
AS OF JUNE 30, 2015



Dear Shareholders,

Aided by the continuing improvement in the economic environment, DATA MODUL's key corporate results for the second quarter 2015 were at similar levels as the Company's KPIs for Q1. The slight decline in Q2 revenues is due to early deliveries effected in Q1 2015. EBIT in Q2 2015 amounted to 2.6 million euros (previous year: 2.4 million euros). Total revenues for the first half-year 2015 increased 17.4% to 89.9 million euros, while EBIT rose 69.0% to 7.1 million euros. Net income amounted to 5.2 million euros (previous year: 2.8 million euros). As a result, earnings per share were 1.52 euros (previous year: 0.83 euros). The Company's new orders totaling 94.7 million euros were particularly strong, showing an increase over the level recorded for the first half-year 2014 (previous year: 87.1 million euros). Investments in R&D rose to 3.2 million euros (previous year: 2.8 million euros) underscoring the Company's growing focus on system solutions. Further increases in R&D investment levels are to be expected.

INTERIM MANAGEMENT REPORT FOR THE GROUP

I. General economic conditions

The forecast for global economic growth trends remains positive for Q2 2015. The IMF even expects a modest growth acceleration to 3.8% in 2016. However, the impact of China's economic slow-down on the global economy must not be underestimated. Another global economy driver is the currently low crude oil price. An initial Federal Reserve (Fed) interest rate hike is expected in 2015. The ECB is adhering to its highly expansionary monetary policy and expanded bond purchasing program until further notice. Economic growth in the eurozone countries continues on moderate levels, despite the on-going discussion of Greece leaving the single currency community. In our opinion, the Grexit will remain a topic for discussion even after the endorsement of a third bail-out package. Favorable financing terms, low crude oil prices and the weakness of the euro relative to the US dollar are important supporting factors for the current economic recovery in the eurozone countries, all of which is working in favor of European exports. These circumstances are favorable given Germany's highly export-dependent business model, creating a broader base which should insulate against continuing geopolitical risks in eastern Ukraine and the Middle East which may otherwise have a significant impact on the German economic momentum. We expect further expansion of the job market and an improvement in the economic environment in Germany. Conditions in our primary markets thus remain positive.

Key Performance Indicators

In million euros	4/01- 6/30/2015	4/01- 6/30/2014	Change	1/01- 6/30/2015	1/01- 6/30/2014	Change
Total revenues	44.6	39.1	14.1 %	89.9	76.6	17.4 %
Displays	26.5	22.7	16.7 %	53.7	45.3	18.5 %
Systems	18.1	16.4	10.4 %	36.2	31.3	15.7 %
Orders received	44.3	40.3	9.9 %	94.7	87.1	8.7 %
Order backlog	107.5	100.4	7.1 %	107.5	100.4	7.1 %
EBIT	2.6	2.4	8.3 %	7.1	4.2	69.0 %
EBT	2.5	2.4	4.2 %	7.0	4.1	70.7 %
Net income for the period	1.9	1.7	11.8 %	5.2	2.8	85.7 %
Capital expenditures	0.5	0.4	25.0 %	1.1	0.7	57.1 %
Employees	358	353	1.4 %	358	353	1.4 %
Earnings per share (in euros)	0.55	0.50	10.0 %	1.52	0.83	83.1 %
Number of shares	3,504,152	3,394,000	3.2 %	3,449,076	3,394,000	1.6 %

II. Business performance

Revenues for the first half of the current year came to 89.9 million euros (previous year: 76.6 million euros) with another 14.1% revenues increase in the second quarter to 44.6 million euros (previous year: 39.1 million euros). The Displays business segment recorded revenues of 26.5 million euros in the second quarter (previous year: 22.7 million euros), while the Systems segment saw revenues of 18.1 million euros (previous year: 16.4 million euros). Orders received in the second quarter came to 44.3 million euros (previous year: 40.3 million euros), totaling 94,7 million euros in the first half-year (previous year: 87.1 million euros). Order backlog as of June 30, 2015 increased 7.1% to 107.5 million euros (previous year: 100.4 million euros). The export rate for the first six months of 2015 decreased to 39.2% (previous year: 41.4%).

III. Profitability

EBIT for the first half-year 2015 remained on a positive trend after a record fiscal year 2014 for DATA MODUL, rising 69.0% to 7.1 million euros versus 4.2 million euros for the same period in 2014. EBIT for the quarter totaled 2.6 million euros (previous year: 2.4 million euros), with the Displays business segment contributing 1.1 million euros (previous year: 1.4 million euros), whereas the Systems business segment participated with 1.5 million euros (previous year: 1.0 million euros) in the EBIT for the quarter. Group EBT for the first half of the current fiscal year improved 70.7% versus the previous year, up to 7.0 million euros (previous year: 4.1 million euros), allowing DATA MODUL to close out the first half-year with net income totaling 5.2 million euros (previous year: 2.8 million euros). Based on these results, earnings per share increased to 1.52 euros versus 0.83 euros in the previous year, with the sale of treasury shares to Arrow Central Europe Holding Munich GmbH impacting earnings per share in the second quarter.

IV. Financial position

Operating cash flow as of June 30, 2015 was -1.7 million euros (previous year: -0.8 million euros), which was mainly attributable to increased accounts receivable and a rise in inventory. Payments on accrued liabilities and other current liabilities not recorded through profit or loss were reported as separate items for the first time in the first half-year 2015. In the comparison period, these payments were included under "Changes in other assets and liabilities".

At the end of the second quarter of 2015, the Group's equity ratio (in accordance with IFRS) rose to 63.0% (December 31, 2014: 60.0%). The Group thus demonstrates continuing financial stability, and has sufficient liquidity at its disposal.

V. Capital expenditures and regional offices

In the first six months of 2015, capital expenditures totaled 1.1 million euros (previous year: 0.7 million euros). In the current fiscal year we plan to invest in fixed assets at our Munich location and our production and logistics center in Weikersheim. To ensure we maintain our competitiveness, we will continue investing in research and development.

DATA MODUL AG maintains regional offices in Düsseldorf and Hamburg which serve as our sales offices for the respective regions.

VI. Employees

As of June 30, 2015, the Group had 358 employees, as compared to 353 in the previous year, of which 54 staff were employed by Group companies located outside Germany.

VII. Risks and rewards

In fiscal year 2015, DATA MODUL will remain focused on growth in its core Displays and Systems businesses. Global economic trends, exchange rate movements, rising commodity and energy prices and uncertainties regarding customer ordering behavior constitute risks which may have a lasting impact on our business. We are aware of these risks and carefully monitor their impact on our business operations. The economic recovery presently underway and low customer inventories may create a display supply shortage causing significantly longer delivery times and price increases. Currently, there are no apparent going-concern risks for the DATA MODUL Group. No significant changes in the information on risks and rewards published in the 2014 Annual Report have occurred since.

VIII. Subsequent events

There were no significant subsequent events during the reporting period after the reporting date of June 30, 2015.

IX. Forecast and outlook 2015

The statements made in the following regarding the future business results of DATA MODUL Group and assumptions regarding market and industry trends deemed material in relation thereto are based on opinions which we believe are realistic at this time given the information available. However, these assumptions and assessments are subject to uncertainty and carry the inevitable risk that projected developments do not actually occur with respect to either their direction or their extent.

In addition to geopolitical risks which could substantially affect the economy, central bank monetary policies will play an important role in 2015. If market participants lose confidence in central banks or the Fed were to announce a significant rate hike, it would not only unleash renewed turmoil on the capital markets but may end the recovery altogether. There is also risk connected with China's performance, as the country could become a trouble spot if a real estate bubble bursts there. A return of the crisis in Europe is also conceivable, as the sovereign debt crisis and Greek crisis are not yet over, which could potentially lead to another banking crisis in 2015.

The "Fit for Future 2015" strategy program is aimed at further strengthening 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 further growth opportunities in 2015, arising from the overall economic situation and from new products developed to market-readiness – despite fierce competition. We will therefore consequently continue reviewing all our product lines with regard to profitability and adjust our strategic product orientation if necessary. We will nevertheless consequently pursue our strategic goals with a view to remaining on the growth trajectory of recent years. In view of the relatively positive market environment however, the DATA MODUL Executive Board believes the Group will continue to grow. We expect the productivity-raising measures implemented over recent years to come to fruition, adding lasting value, which however may be impacted by special charges.

Rapid merging of industrial and information technologies for instance, as well as increased energy efficiency awareness and the continuing industrialization of the emerging countries offer short and medium-term opportunities for electrical engineering companies to grow business. DATA MODUL will also concentrate on medical device technology as one of the most promising future markets due to demographic change, as well as the healthcare industry's increasing significance for the growing middle class in emerging countries. Besides the eurozone, the USA and China will be the regions driving the increase in our export sales.

X. Related party transactions

In the first half of 2015, 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, until April 14, 2015, held 19.99% of the voting rights.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of June 30, 2015

ASSETS	06/30/2015	12/31/2014
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,655	2,503
Property, plant and equipment	9,608	9,595
Other non-current assets	205	205
Total non-current assets	14,887	14,722
Current assets		
Inventories	36,817	28,899
Trade accounts receivable, net of allowance for doubtful accounts (2015: 478; 2014: 434)	21,716	18,341
Other current assets	1,623	1,295
Cash and cash equivalents	16,169	16,819
Total current assets	76,325	65,354
Total assets	91,212	80,076

All figures in KEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	06/30/2015	12/31/2014
Shareholders' equity		
Capital stock no-par-value bearer shares (authorized: KEUR 5,289; shares issued and outstanding: 3,526,182 as of 6/30/2015 and 3,394,000 as of 12/31/2014)	10,579	10,182
Capital reserves	24,119	22,367
Retained earnings	23,857	17,104
Other reserves	(1,073)	(1,617)
Total shareholders' equity	57,482	48,036
Non-current liabilities		
Pensions and non-current personnel liabilities	1,780	1,772
Non-current bank liabilities	0	3,000
Non-current provisions	195	351
Other non-current liabilities	220	0
Deferred tax liabilities	677	498
Total non-current liabilities	2,872	5,621
Current liabilities		
Trade accounts payable	8,103	7,697
Taxes payable	3,533	3,035
Current provisions	1,832	1,540
Liabilities due to financial institutions	7,000	8,200
Current portion of non-current borrowings	3,533	850
Other current liabilities	6,857	5,097
Total current liabilities	30,858	26,419
Total liabilities	33,730	32,040
Total liabilities and shareholders' equity	91,212	80,076

CONSOLIDATED STATEMENT OF INCOME

	04/01 – 06/30/2015	04/01 – 06/30/2014	01/01 – 06/30/2015	01/01 – 06/30/2014
Revenues	44,630	39,087	89,852	76,583
Cost of sales	(33,404)	(29,669)	(66,547)	(58,835)
Gross margin	11,226	9,418	23,305	17,748
Research and development expenses	(1,540)	(1,414)	(3,183)	(2,812)
Selling and general administrative expenses	(7,124)	(5,612)	(13,014)	(10,729)
Earnings before interest and taxes (EBIT)	2,562	2,392	7,108	4,207
Interest income	1	1	2	1
Interest expense	(34)	(64)	(84)	(144)
Earning before taxes	2,529	2,329	7,026	4,064
Income tax expense	(608)	(616)	(1,793)	(1,247)
Net income for the period	1,921	1,713	5,233	2,817
Earnings per share – basic	0.55	0.50	1.52	0.83
Earnings per share – diluted	0.55	0.50	1.52	0.83
Weighted average of shares outstanding – basic	3,504,152	3,394,000	3,449,076	3,394,000
Weighted average of shares outstanding – diluted	3,504,152	3,394,000	3,449,076	3,394,000

All figures in KEUR, except earnings per share and weighted average of shares outstanding.

CONSOLIDATED STATEMENT OF CASH FLOWS

KEUR	01/01 – 06/30/2015	01/01 – 06/30/2014
Cash flows from operating activities		
Net income for the period	5,233	2,817
Non-cash expenses and income		
Income tax expense	1,586	1,044
Amortization of capitalized development costs	250	342
Amortization of other intangible assets and depreciation of fixed assets	686	576
Provisions for bad debts	23	85
Deferred taxes	179	204
Changes in non-current provisions and other liabilities	72	(46)
Net interest	82	143
Other non-cash expenses and income	3,501	2,388
Change in net working capital		
Trade accounts receivable	(3,398)	358
Inventories	(7,918)	(2,854)
Trade accounts payable	444	(3,662)
Current provisions	(81)	84
Other assets and liabilities	1,010	(1,990)
Payments on accrued liabilities and other current liabilities not recorded through P&L	(2,329)	0
Income taxes paid	(921)	(138)
Interest received	2	1
Interest paid	(82)	(177)
Cash flows from operating activities	(1,661)	(825)
Cash flows from investing activities		
Proceeds from disposals of fixed assets	1	0
Outflows from capitalized development costs	(446)	(232)
Capital expenditures on other intangible and fixed assets	(669)	(479)
Cash flows from investing activities	(1,114)	(711)
Cash flows from financing activities		
Repayment of current borrowings	(1,517)	(6,551)
Increase in non-current borrowings	0	2,533
Sale of treasury shares	3,635	0
Dividend to shareholders	0	(2,036)
Cash flows from financing activities	2,118	(6,054)
Effects of exchange rate changes on cash and cash equivalents	7	(32)
Net increase in cash and cash equivalents	(650)	(7,622)
Cash and cash equivalents at beginning of fiscal year	16,819	15,287
Cash and cash equivalents at end of quarter	16,169	7,665

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital Stock No. of shares	Capital Stock Amount	Capital reserves	Retained earnings	Other reserves	Total
BALANCE AS OF 01/01/2014	3,394,000	10,182	22,446	11,745	(1,675)	42,698
Net income for the period				2,817		2,817
Dividend				(2,036)		(2,036)
Foreign currency trans- lation adjustments					105	105
BALANCE AS OF 06/30/2014	3,394,000	10,182	22,446	12,526	(1,570)	43,584
BALANCE AS OF 01/01/2015	3,394,000	10,182	22,367	17,104	(1,617)	48,036
Net income for the period				5,233		5,233
Treasury shares	132,182	397	1,752	1,486		3,635
Other comprehensive income (loss)				34	(6)	28
Foreign currency trans- lation adjustments					550	550
BALANCE AS OF 06/30/2015	3,526,182	10,579	24,119	23,857	(1,073)	57,482

All figures in KEUR, except number of shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KEUR	04/01 – 06/30/2015	04/01 – 06/30/2014	01/01 – 06/30/2015	01/01 – 06/30/2014
Net income for the period	1,921	1,713	5,233	2,817
<i>Other comprehensive income (loss) to be reclassified and reported in profit or loss in subsequent reporting periods</i>				
Adjustments from currency translation of foreign subsidiary results	(153)	108	550	105
<i>Other comprehensive income (loss) not to be reclassified and reported in profit or loss in subsequent reporting periods</i>				
Deferred tax liabilities recorded in equity	0		(6)	
Comprehensive income after tax	1,768	1,821	5,777	2,922

INCOME TAX

The primary elements of income tax reported in the Consolidated Statement of Income are as follows:

	01/01 – 06/30/2015	01/01 – 06/30/2014
Taxes paid	(1,586)	(1,044)
Deferred taxes	(207)	(204)
Income tax expense	(1,793)	(1,248)

NOTES – EXPLANATORY DISCLOSURES

Basis for preparation of the financial statements

The abbreviated consolidated interim accounts for the first half of 2015 do not contain all information and disclosures required when preparing consolidated financial statements and thus shall be interpreted in the context of the consolidated financial statements as of December 31, 2014.

The recognition and measurement methods applied to the consolidated financial statements as of December 31, 2014 remain unchanged and were applied when preparing these abbreviated consolidated semi-annual accounts. This interim report for the Group has been prepared in accordance with IAS 34 – Interim Reporting. The IFRS newly adopted in fiscal year 2015 had no effect on our balance sheet or earnings. These semi-annual accounts and management report have not been audited in accordance with § 317 German Commercial Code (HGB), nor have they been audited by a financial accounting firm.

The semi-annual accounts were prepared in euros (EUR). For presentation purposes, the euro amounts are rounded to thousands of euros (KEUR). For computation purposes, the tables and notes may include deviations from the accurately calculated amounts due to rounding.

Changes in the Executive Board and Supervisory Board

Arrow Central Europe Holding Munich GmbH, a subsidiary of the US corporation Arrow Electronics, Inc., is now the majority shareholder of DATA MODUL AG, having thus far acquired 53.66% of Company shares as part of a public tender offer.

Following the take-over, Mr. Tony Tsoi Tong Hoo, member of the Supervisory Board and Company shareholder, and Mrs. Victoria Hecktor, alternate member representing Company shareholders, resigned their positions as of the end of April 14, 2015. By order of the Local Court Munich on April 24, 2015 and pursuant to §104 (1) sentence 1 of the German Stock Corporation Act (AktG), Mr. Amir Mobayen, Vice President and General Manager of Arrow OCS EMEA, was appointed to the DATA MODUL AG Supervisory Board, replacing Mr. Tony Tsoi Tong Hoo pending confirmation at the Annual Shareholders' Meeting 2015.

At the Annual Shareholders' Meeting 2015 held on July 3, 2015 Mr. Amir Mobayen and, because of the resignation of the Supervisory Board member Mr. Peter Hecktor, Mr. Brian Armstrong have been elected to the Supervisory Board.

Mr. Walter King, Chief Operating Officer of DATA MODUL AG, elected to resign, departing the Company as of June 30, 2015.

Sole Managing Director Dr. Florian Pesahl and his experienced Senior Management Team will continue overseeing day-to-day business operations.

Segment reporting

For Company management purposes, the Company has been organized into business units according to products and services, comprising the following two reportable business segments:

- Displays
- Systems

Segment results 01/01 – 06/30/2015

	Displays	Systems	Group total
Revenues	53,733	36,119	89,852
Net income for the period	3,203	2,030	5,233

Segment results 01/01 – 06/30/2014

	Displays	Systems	Group total
Revenues	45,245	31,338	76,583
Net income for the period	2,123	694	2,817

All figures in KEUR

Management representation

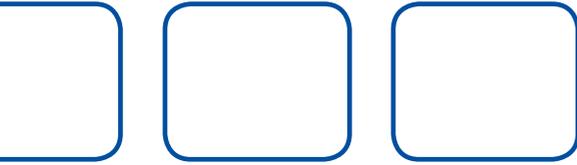
I represent, to the best of my knowledge and ability and in accordance with the applicable accounting principles for interim financial statements, that the Interim Consolidated Financial Statements present a true and fair view of the Group's financial position, financial performance and cash flows, and that the Interim Group Management Report describes fairly, in all material respects, the Group's business performance, results and financial position, as well as significant risks and opportunities for the Group of relevance during the remainder of the fiscal year.



Dr. Florian Pesahl
Executive Board

Disclaimer

The current consolidated quarterly accounts contain certain forward-looking statements based on currently discernible and available information, assumptions and outlook of DATA MODUL management. These are mainly for information purposes and may be identified by terminology such as "believe", "expect", "forecast", "intend", "predict", "plan", "estimate" and/or "strive for". Such statements are only valid at the time of their publication. Various known and unknown risks, uncertainties and other factors may cause the actual results, financial position, business trends or performance of the Company to substantially deviate from the forecast given herein. DATA MODUL does not assume any obligation to update or adapt its forward-looking statements to any future events or developments. The Company shall not be liable and offers no guarantee, express or implied, for the updatedness, correctness or completeness of the disclosed information.



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Financial Calendar 2015/2016

Interim Report as of September 30, 2015

November 11, 2015

Annual Report 2015

March 2016
