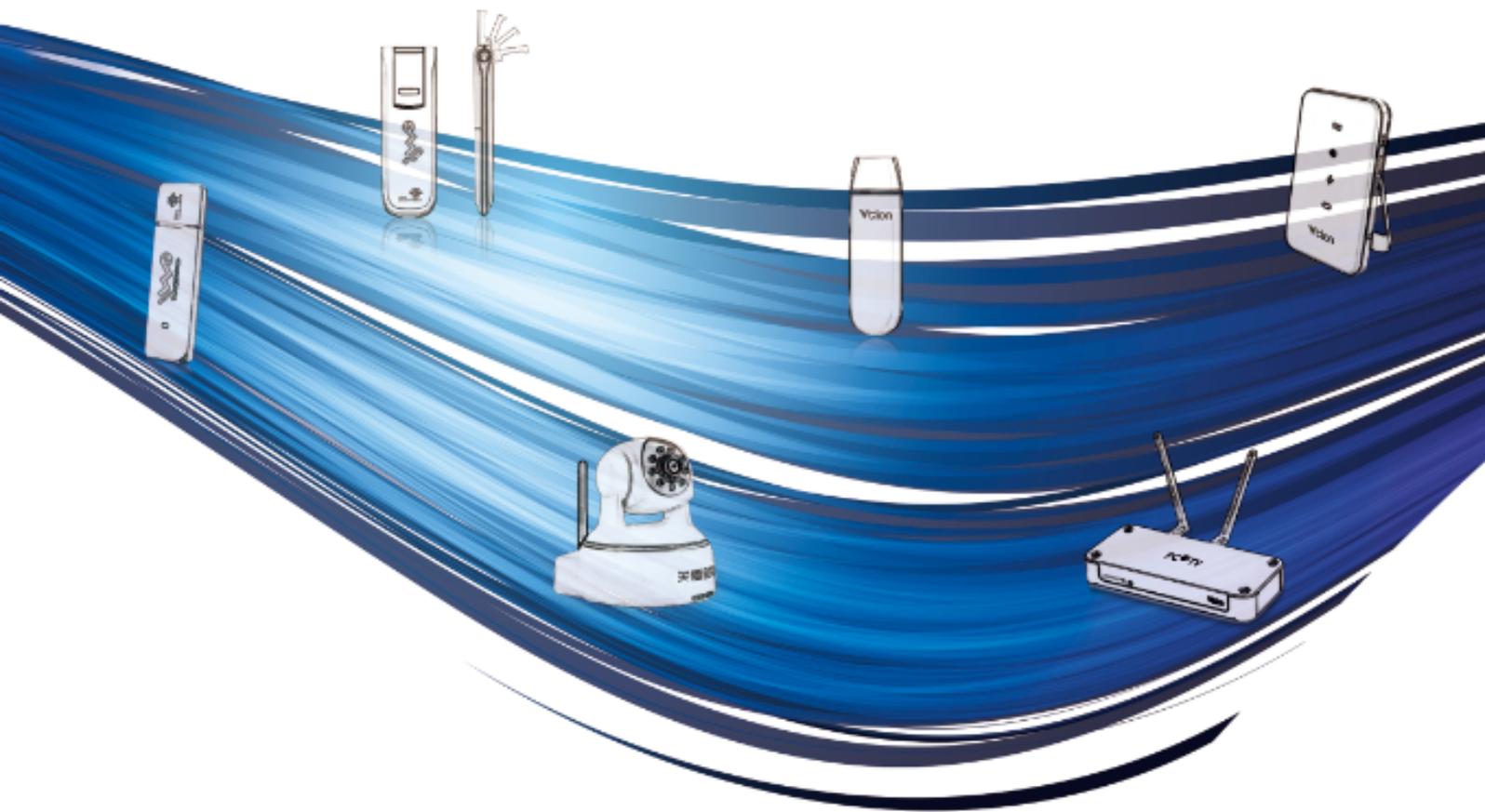


**v·tion**  
*Wireless Anywhere*

# Q1·2013

## INTERIM REPORT



## Vtion Wireless Technology at a glance

		Q1 2013	Q1 2012	+/-%
Revenues	million €	11.84	17.85	-34
Gross profit	million €	2.16	3.62	-40
Gross profit margin	%	18	20	-2PP
EBITDA	million €	0.81	2.08	-61
EBITDA margin	%	7	12	-5PP
EBIT	million €	0.68	1.93	-65
EBIT margin	%	6	11	-5PP
Net profit	million €	0.46	2.14	-78
Net profit margin	%	4	12	-8PP
Earnings per share	€	0.03	0.14	-79
Net Cash flow from operations	million €	5.44	3.24	68

## Company profile

The Vtion Group is a leading supplier of wireless data terminals and associated services for the mobile use of computers via broadband wireless networks in the People's Republic of China. Vtion operates its own online appstore and serves as an aggregator and distributor of Android mobile applications through its wholly-owned subsidiary, Vtion Anzhuo. Vtion was established in 2002 and currently has 250 employees, with offices in Fuzhou, Beijing, and Frankfurt.

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## Letter from Vtion's CEO

I am proud to present to you our financial results for the first quarter of 2013. Though our results are behind previous years figures, I am pleased to report that they are in line with our projections and that we are on track in relation to our guidance for 2013. Further, we see encouraging signs in the manner in which our business has been developing.

For the first quarter of this year, we achieved revenues of EUR11.84 million, a decrease of 34% compared to the same period a year ago. Generally our results in the first quarter are slightly weaker compared to subsequent quarters by virtue of the fact there are fewer business days in the quarter due to time off for the Spring Festival. Similar to what we saw over the course of 2012, our results were primarily driven by our performance in the wireless data terminal business segment.

Due to our lean cost structure and operational efficiency, we were able to post strong margins in a very difficult operating environment marked by decreasing sales prices in our core business segment. In the first quarter our gross profit margin remained resistant to pricing pressure in our core business, falling only two percentage points. For the first quarter we achieved an EBIT margin of 6%, which we will focus on improving over the course of subsequent quarters in order to meet our guidance. For the quarter, our net cash flow from operations was EUR 5.44 million, and we maintain a strong net cash position of EUR123.26 million. Despite the decline in our EBIT margin, we are pleased to see a greater operational cash flow in this quarter compared to the same quarter a year ago. Going forward this will allow us to continue to both pay a dividend and selectively engage in share buyback programs.

Though our results are still driven by the wireless data terminal business segment, I am pleased to report progress in each of our other business segments. In the industry-specific computing solutions business segment, we are now serving a total of 5 customers with our E-Agency platform solutions. Hence, we increased our customer base by 100% compared to the end of 2012. Vtion Anzhuo, our wholly owned subsidiary through which we operate our mobile applications business, now offers a total of 33,761 applications through its various sales channels and has worked to increase its presence in the gaming industry. Finally, Project Fujian Connection, done in cooperation with China Unicom, continues to progress on schedule. To date, we have established a total of 6,831 connections and early sales efforts are already underway.

We are already seeing progress in the transition in our business model that we started about two years ago. As we continue to build a foundation for long-term success, I am confident that in addition to seeing progress in altering our business model, we will see financial rewards as well. I want to thank each of you for your continued confidence and support, my team and I will continue working hard to reward that support through the creation of greater shareholder value.

Best Regards,

Chen Guoping  
CEO Vtion Wireless Technology AG

# Highlights

## **On Pace with Guidance**

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Vtion finished the quarter with EUR 11.84 million of sales revenue which places the company on pace to reach its stated guidance for 2013. The company expects performance to accelerate over the course of the second and third quarters, which are typically the company's strongest over the course of the year.

## **Strong Balance Sheet**

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Vtion concluded the first quarter of the year with a net cash position of EUR 123.26 million which is equivalent to EUR 9.27 per share. The company also has an equity ratio of 89%. This allows the company to finance its working capital, invest in future growth and continue to return cash to shareholders.

## **Business Model Diversification**

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Vtion's Q1 results continued to derive mainly from the company's traditional core business, wireless data terminals. However, the company made solid progress in its newer business segments. The company now offers its E-Agency platform to a total of 5 insurance companies. Vtion Anzhuo has a total of 33,761 application offerings in its online V-Market and shop-in-shop online stores. Project Fujian Connection is also proceeding on schedule and the company has shown promising signs in its more software-oriented business segments.

## **Dividend**

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Vtion will propose to the 2013 Annual General Meeting (AGM) a dividend payment of 15% of 2012 net profit, which amounts to EUR 0.055 per share, to be paid the first business day after the AGM.

## **Outlook**

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Vtion expects revenue for the full year 2013 between EUR 60 million and EUR 70 million. EBIT margin is expected to be between 8% and 10%

# The Share

## Market Environment

After a good performance of the German leading share index DAX in 2012, the positive trend continued in the first quarter of 2013. An aggressive monetary policy of the US-Federal Reserve (QE3) and the prospect of a continuing policy of cheap money in Europe as well as good economic and company figures let the DAX climb above the 7,800 points within the first quarter 2013 and later even above the 8,000 level (5-year-high). Despite the ongoing uncertainties of the European debt crisis as well as the fact that the solution of the “fiscal cliff” was postponed the overall economic trend was supposed to stay negative. At 31 March 2013 the DAX closed at 7,795.31 points a plus of 2.4 % in the first three months 2013. The TecDAX showed an even better performance and grew by 12.55% in the quarter of the year.

## Slightly recovering share price performance over Q1 2013

The Vtion share began at a price of EUR 4.16, following a slow activity in the first month of the New Year 2013. After the publication of the preliminary results for the full year 2012 mid of February, the share price showed a slight downtrend. After a volatile stock performance for the first two months, it recovered over the course of March, rising to a high of EUR 4.44 on the last trading day, which represented an increase of 6.47% for the first quarter 2013. Apart from high volume days, the daily Xetra average volume slightly fell to 3,888 shares in February compared to 5,296 shares in January.

## Dividend

Vtion will continue to return cash to its shareholders through a dividend payment amounting to 15% of 2012 net profit; Net profit in 2012 was EUR 5.35 million, this implies a dividend per share of EUR 0.055. It will be paid out after the AGM 2013.

## Sponsorship and Research Coverage

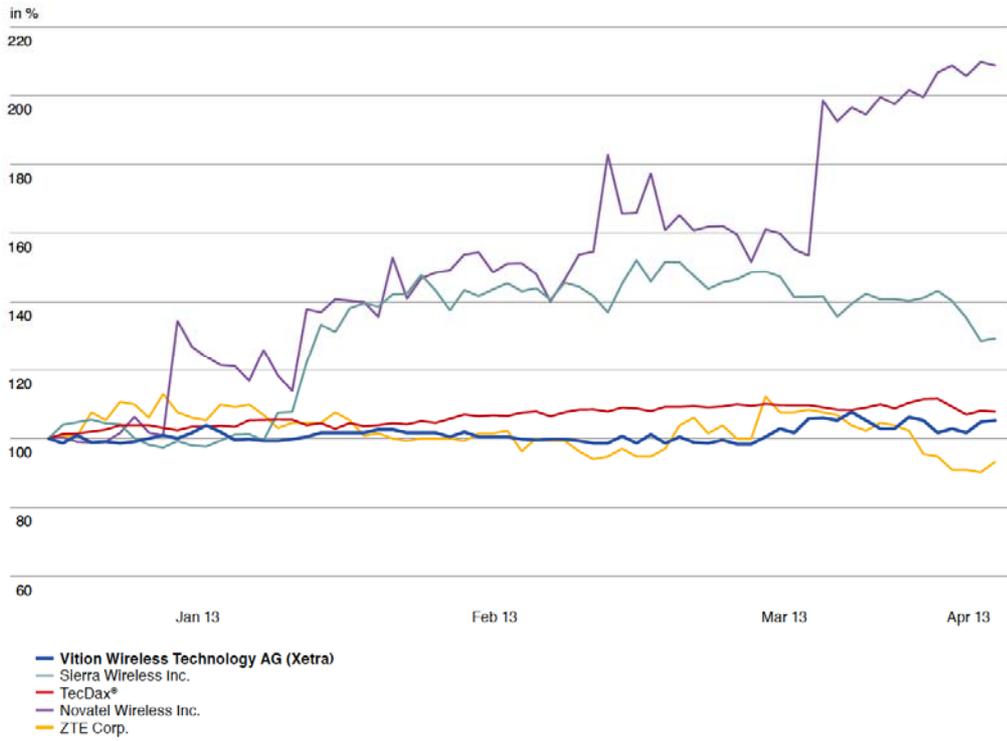
The company has had research coverage from M.M. Warburg since January 2010. Equinet AG is Vtion's market maker and designated sponsoring services provider.

## Investor Relations

Vtion will engage in road shows in Europe throughout the year to reach both current shareholders and new potential investors. The company intends to be present at the Germany Equity Capital Markets Forum in Frankfurt in November 2013 and is a regular participant in other conferences throughout the year. The company is committed to maintaining accessibility to its investors.

### VTION STOCK PRICE

in Percent



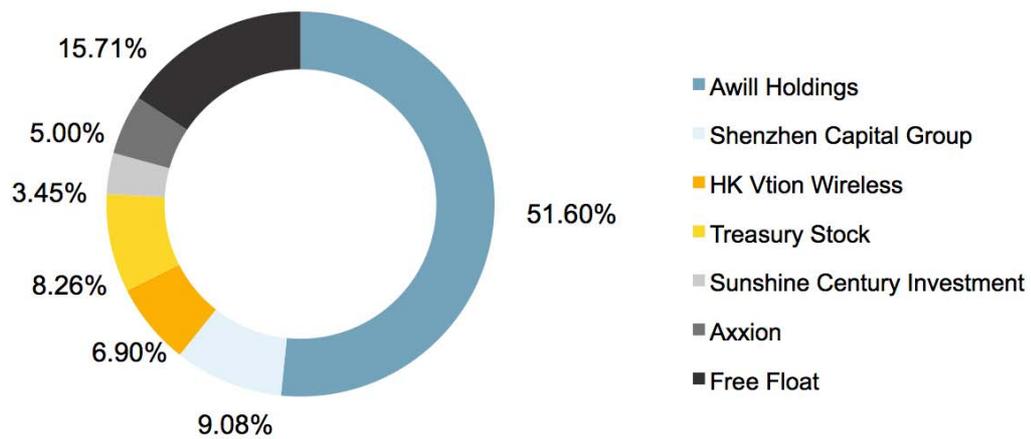
## Vtion Master Data

as of March 31, 2013

		<b>March 31, 2013</b>
Number of shares	Mio Shares	14,495,086
Closing price	€	4.40
Market Cap.	Mio €	63,78
Share price high (12 week)	€	4.44
Share price low (12 week)	€	4.11
Average trading volume per day	Shares	3,159

## Vtion Shareholder Structure

as of March 31, 2013





# Interim Management Report

## Business and Operating Environment

### OVERVIEW

The overall China's economic continued to grow stably with GDP growth of 7.7% over the first quarter of 2013, which represented a little higher increase than growth of 7.6% in the second quarter of 2012 and 7.4% of the third, as well as slightly exceeds the government's projection for growth of the year at a rate of 7.5%. Domestic consumption grew at a rate slower than in 2012, but remained keeping develop steadily. According to the National Bureau of Statistics of China, CPI increased at a rate of 2.1% in March of 2013 than in March of 2012, and it showed a growth rate of 2.4% for the first three months of the year than in the same stage of last year.<sup>1</sup>

Government economic policy remained moving in a direction which aimed at stimulating growth for expanding domestic demand, particularly developed and cultivated a new hot spot in the consumption demand. Meanwhile they kept the prudent currency policy to make inflation under control. Through taking such measures, the government is confident to enhance China's Domestic Product

### GENERAL MARKET CONDITIONS

The statistics from the China Internet Network Information Commission shows that the total number of internet users in China reached 578 million over the first quarter of 2013, representing a penetration rate of 43.1%. Compared with 564 million users by the end of 2012 (penetration rate 42.1%), it demonstrates that overall growth in China's internet market continues to increase slowly.<sup>2</sup> Meanwhile the number of mobile internet users for this quarter grew rapidly to a total number of 817 million, of which the number of users accessing the internet via smartphone is up to 788 million.<sup>1</sup>

Despite the introduction of 3.5G technologies by China Unicom (HSPA+) and China Telecom (EVDO Rev. B), along with the trial introduction of 4G technology by China Mobile (TD-LTE), the main focus of China's three major carriers has remained adding new users on their 3G networks, given that coverage on the 3G networks remains more advanced than that of the newer technologies. At the end of Q1 2013, China Unicom reached a total of 87.8 million 3G users, including 11.4 new user additions over the course of Q1 2013.<sup>3</sup> China Telecom added 9.07 million 3G users over the course of the first quarter, and its total number of 3G users to 78.07 million. China Mobile reports total number of 98.8 million 3G users on its network, adding 10.9 million 3G users in Q1 2013.<sup>4</sup> The trend of more 3G users causes higher demand for the expansion of the network coverage and capacity of the network penetration.

### BUSINESS DEVELOPMENT

In the wireless data terminal business segment, Vtion offers wireless data cards for every established technology standard and 3G/3.5G wireless routers for China Telecom's and China Unicom's networks. Based on long-standing and successful cooperation with three biggest telecom operators in China, 93 % of the revenue for Q1 2013 came from this segment.

The company's mobile applications business segment reached a total of 33,761 applications offered for Q1 2013. The company has built up a strong foundation of sales channels through its own store and in cooperation with telecom operators and device manufacturers. Vtion Anzhuo also provides online store construction and operation to other device manufacturers who lack the capacity to establish and operate their own stores. Despite the rollout of various sales channels and the company's success in increasing its application offerings, the disparate nature of the Android operating platform has resulted in difficulty for Vtion

<sup>1</sup> [http://www.gov.cn/wszb/zhibo559/content\\_2386864.htm](http://www.gov.cn/wszb/zhibo559/content_2386864.htm)

[http://www.gov.cn/wszb/zhibo559/content\\_2386998.htm](http://www.gov.cn/wszb/zhibo559/content_2386998.htm)

<http://www.chinairn.com/news/20130422/085849399.html>

<sup>2</sup> <http://www.cnnic.cn/hlwfzyj/hlwfzxx/qwfb/201304/W020130424624101060588.pdf>

<sup>2</sup> <http://www.miit.gov.cn/n11293472/n11293832/n11294132/n12858447/15344285.html>

<sup>3</sup> <http://www.c114.net/news/119/a760970.html>

<sup>4</sup> <http://www.c114.net/news/118/a761442.html>

<sup>4</sup> <http://www.c114.net/news/118/a763930.html>

to monetize the business run through Vtion Anzhuo. Over the course of 2013, Vtion Anzhuo will seek to expand its business as a third party store designer and operator for other hardware providers, while also expanding its presence in the gaming industry and offering more pay-for-use applications to counteract consumer habits which prefer free downloads.

## Result of Operations

### INCOME STATEMENT – Group

Jan. 1 – March 31

	Q1 2013	Q1 2012	% change
	kEUR	kEUR	
<b>Sales</b>	11,839	17,846	-34
Cost of sales	-9,680	-14,230	-32
<b>Gross profit</b>	2,159	3,616	-40
Other operating income	0	4	-100
Selling and distribution expenses	-374	-601	-38
Administrative expenses	-1,105	-1,092	1
Other operating expenses	0	-1	-100
<b>Profit from operations (EBIT)</b>	680	1,926	-65
Finance income	446	188	137
Finance expenses	-4	-5	-20
Foreign exchange loss	-216	489	-144
Profit before income tax	906	2,598	-65
Income tax	-445	-462	-4
<b>Profit for the period</b>	461	2,137	-78
Earnings per share (in EUR)*	0.03	0.14	-79

\*Computed on the basis of weighted average 13,298,495 shares for Q1 2013, and weighted average 15,176,960 shares for Q1 2012, respectively.

## **SALES**

In the first three months of 2013, sales amounted to EUR 11.8 million, decreased by EUR 6 million or 34% compared with the same period in 2012 (Q1 2012: EUR 17.8 million). The decrease was primarily due to the decrease in the sales of VPAD, wireless routers and wireless data cards, which was partly offset by the increase of sales from wireless high definition sharer named "PCtoTV", mobile trade, net camera and accessories to mobile phones.

In Q1 2013, Vtion Group had generated EUR 1.4 million from "PCtoTV", an increase of EUR 0.6 million, or 75% compared with the same period in 2012 (Q1 2012: EUR 0.8 million).

In Q1 2013, Vtion Group generated EUR 0.5 million from mobile trade comprising the sales of iPhone and other smart phones and service income for supporting mobile package sales, which increased from EUR 0.3 million in Q1 2012 by EUR 0.2 million, or 67%. The increase was due to service income for supporting mobile package sales as a new revenue source beginning in the second half of 2012.

In Q1 2013, sales from the category "All Others" increased to EUR 422 thousand by EUR 404 thousand, or 2244% compared with the same period in 2012 (Q1 2012: EUR 18 thousand). The increase was due to the increase of sales from accessories to mobile phones and the new revenue sources from net camera and service in connection with mobile application designed for insurance industry.

Since Vtion Group stopped the sales of tablet PC (VPAD) in December 2012, no sales generated from VPAD were recognized in Q1 2013 (Q1 2012: EUR 3.6 million).

In Q1 2013, Vtion Group generated EUR 3 million from its wireless router business, a decrease of EUR 1.3 million, or 30% compared with the same period in 2012 (Q1 2012: EUR 4.3 million).

In Q1 2013, Vtion Group recognized EUR 6.5 million revenue from wireless data cards, which decreased from EUR 8.9 million in Q1 2012 by EUR 2.4 million, or 27%, as a result of the decrease of sales volumes impacted by the fierce competition and increasing usage of other means of connection to access the mobile internet.

## **COST OF SALES**

Cost of sales decreased to EUR 9.7 million in Q1 2013 by EUR 4.5 million, or 32% from EUR 14.2 million in Q1 2012. The decrease was primarily due to the decrease of sales volumes of the VPAD, wireless routers and wireless data cards, which was partly offset by the increase of sales volumes of "PCtoTV", net camera, accessories to mobile phones and cost of service for supporting mobile package sales and service in connection with mobile applications designed for insurance industry.

## **GROSS PROFIT**

The overall gross profit margin remained at 18% in Q1 2013 consistent with what a margin of 18% for the whole fiscal year 2012, but decreased by 2 percentage points from 20% in Q1 2012.

**OTHER OPERATING INCOME**

Other operating income was insignificant in Q1 2013 and Q1 2012.

**SELLING AND DISTRIBUTION EXPENSES**

Selling and distribution expenses decreased from EUR 601 thousand in Q1 2012 by EUR 227 thousand, or 38%, to EUR 374 thousand in Q1 2013. The decrease was primarily due to a decrease in salary and welfare, royalty costs to copyright holders, travel expenses, partly offset by the increase in entertainment and marketing expenses.

The ratio of selling and distribution expenses to total sales was 3.2% in Q1 2013 and 3.4% in Q1 2012.

**ADMINISTRATIVE EXPENSES**

Administrative expenses increased from EUR 1,092 thousand in Q1 2012 by EUR 13 thousand, or 1%, to EUR 1,105 thousand in Q1 2013. The increase was primarily due to an increase in research and development expenses, salary and welfare, partly offset by the decrease in consulting expenses, rental expenses, travel expenses, recruitment expenses and conference expenses.

Research and development expenses increased to EUR 290 thousand in Q1 2013 by EUR 99 thousand, or 52% from EUR 191 thousand in Q1 2012.

The ratio of administrative expenses to sales was 9.3% in Q1 2013 and 6.1% in Q1 2012.

**OTHER OPERATING EXPENSES**

Other operating expenses were insignificant in Q1 2013 and Q1 2012.

**PROFIT FROM OPERATIONS (EBIT)**

Profit from operations decreased to EUR 680 thousand in Q1 2013 by EUR 1,246 thousand, or 65%, from EUR 1,926 thousand in Q1 2012. The decrease was largely due to the decrease of sales generated from VPAD, wireless routers and wireless data cards in Q1 2013.

**EBIT MARGIN**

Vtion Group's EBIT margin (profit from operations divided by sales) decreased from 11% in Q1 2012 to 6% in Q1 2013. This resulted from the decrease of gross profit margin of wireless data terminal segment and wireless intelligent terminal segment and increase of ratio of administrative expenses to sales.

**FINANCE INCOME AND FINANCE EXPENSES**

Finance income comprises interest income earned from bank deposit. Finance income increased from EUR 188 thousand in Q1 2012 by EUR 258 thousand, or 137%, to EUR 446 thousand in Q1 2013.

Finance expenses comprise bank charges. Finance expenses amounted to EUR 4 thousand in Q1 2013 (Q1 2012: EUR 5 thousand).

**FOREIGN EXCHANGE GAIN OR LOSS**

Since the functional currency of the Group is RMB, the Group recognized foreign exchange loss EUR 216 thousand in Q1 2013 (Q1 2012: EUR 489 thousand foreign exchange gain) arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date. As of 31 March 2013, Euro to RMB exchange rate dropped to 7.9600 by 3.2% from 8.2207 as at 31 December 2012, which had a negative impact on the valuation of assets denominated in Euros

**INCOME TAX**

Income tax mainly comprises taxation actually payable. Both Vtion IT and Vtion Software apply an effective tax rate of 25% in year 2013 in accordance with the Income Tax Law of the People's Republic of China. Vtion Communication, Vtion Anzhuo and Vtion Service were exempted from the corporate income tax because of cumulative tax losses carried forward from the establishment. The Chinese companies of Vtion Group recorded an income tax charge of EUR 445 thousand in Q1 2013 based on an effective tax rate of 25% in China. Vtion Wireless Technology AG accumulated a net tax loss under German GAAP. So altogether Vtion Group recorded a net income tax expense of EUR 445 thousand in Q1 2013.

**NET PROFIT AND EPS**

Net profit in the first three months of 2013 amounted to EUR 462 thousand, a decrease of 78% year-on-year. The earnings per share in Q1 2013 was EUR 0.03, a decrease of 79% year-on-year.<sup>5</sup>

**NET PROFIT MARGIN**

The net profit margin decreased from 12% in Q1 2012 to 4% in Q1 2013. The decrease mainly resulted from the decrease of EBIT margin and the increase of foreign exchange loss.

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<sup>5</sup> Computed on the basis of weighted average 13,298,495 shares for Q1 2013, and weighted average 15,176,960 shares for Q1 2012, respectively

## Balance Sheet Structure

The following table presents balance sheet data under IFRS as of ended March 31, 2013 and December 31, 2012

	Mar. 31, 2013	Dec. 31, 2012
	kEUR	kEUR
<b>ASSETS</b>		
<b>Current assets</b>		
Inventories	3,334	2,362
Trade receivables	18,267	25,630
Other receivables	3,621	3,629
Short-term investment	4,900	4,900
Amounts due from related parties	150	149
Cash and cash equivalents	123,262	113,510
	153,534	150,180
<b>Non-current assets</b>		
Property, plant and equipment	798	837
Land use rights	590	574
Intangible assets	956	937
Deferred tax assets	449	363
	2,793	2,711
<b>Total assets</b>	156,327	152,891
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Short-term loans		
Trade payables	11,981	12,162
Other payables	3,752	4,894
Provisions	409	424
Amounts due to related parties	0	0
Income tax payable	491	610
<b>Non-current liabilities</b>		
Deferred tax liability	0	0
<b>Total liabilities</b>	16,633	18,090
<b>CAPITAL AND RESERVES</b>		
Share capital	14,495	14,495
Treasury stock	-1,197	-1,197
Capital reserves	40,436	40,436
Retained earnings	58,689	58,227
Foreign exchange differences	27,271	22,840
<b>Total equity</b>	139,694	134,801
<b>Total liabilities and equity</b>	156,327	152,891
<b>Equity to total assets ratio</b>	89%	88%

## Current Assets

### INVENTORIES

Inventories comprise raw materials, work in progress, finished goods and advances to suppliers.

	Mar. 31, 2013	Dec. 31, 2012
	kEUR	kEUR
Goods and materials	3,321	2,362
Advances to suppliers	13	0
	<b>3,334</b>	<b>2,362</b>

Inventories increased from EUR 2,362 thousand as at 31 December 2012 by EUR 972 thousand to EUR 3,334 thousand as at 31 March 2013 as a result of an increase in goods and materials. The increase of goods and materials was mainly due to the merchandise of wireless routers and upgraded version of wireless data cards.

### TRADE RECEIVABLES

Trade receivables decreased from EUR 25,630 thousand as at 31 December 2012 by EUR 7,363 thousand, or 29%, to EUR 18,267 thousand as at 31 March 2013, mainly due to accelerated collection of receivables in Q1 2013. The amount of trade receivable with a maturity of less than 90 days as at 31 March 2013 represented 62% of total trade receivable as at 31 March 2013, a decrease of 5 percent points compared with that of 31 December 2012. Meanwhile the part with a maturity of more than 90 days but below 180 days was 38% of the total trade receivable as at 31 March 2013, representing an increase of 5 percent points compared with that of 31 December 2012.

### OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments decreased from EUR 3,629 thousand as at 31 December 2012 by EUR 8 thousand, or 0.2% to EUR 3,621 thousand as at 31 March 2013. If excluding the impact of exchange differences arising from currency translation, other receivables and prepayments decreased by 3% in terms of RMB. The decrease mainly resulted from the decrease of receivable rebates on chipsets in connection with the sales volume of wireless data cards in Q1 2013, which was partly offset by an increase of prepayments to suppliers and interest receivable of bank term deposit.

### AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties increased from EUR 149 thousand as at 31 December 2012 by EUR 1 thousand, or 1% to EUR 150 thousand as at 31 March 2013. If excluding the impact of exchange differences arising from currency translation, the amounts due from related parties decreased by 2% primarily due to settlement of expenses claimed by related persons.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash in bank accounts, bank deposit on bank's acceptance bill. Cash and cash equivalents amounted to EUR 123,262 thousand as at 31 March 2013. For a further description of cash in banks, see item 7.4 Cash and Cash Equivalents in the notes. For a description of the changes in the first three months of 2013, see "Cash Flow Statement" in this section.

	Mar. 31, 2013	Dec. 31, 2012
	kEUR	kEUR
Cash on hand	15	25
Cash in banks	121,928	112,208
Deposit on bank's acceptance bill	1,319	1,277
	<b>123,262</b>	<b>113,510</b>

## Non-current Assets

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased from EUR 837 thousand as at 31 December 2012 by EUR 39 thousand, or 5%, to EUR 798 thousand as at 31 March 2013. The decrease mainly resulted from the depreciation charges, partly offset by the purchase of electronic equipment.

### INTANGIBLE ASSETS

Intangible assets increased from EUR 937 thousand as at 31 December 2012 by EUR 19 thousand, or 2%, to EUR 956 thousand as at 31 March 2013. If excluding the impact of exchange differences arising from currency translation, intangible assets decreased by 1%, which was mainly due to the amortization, partly offset by the purchase of software in Vtion IT and Vtion Anzhuo,

## Liabilities

### TRADE PAYABLES AND NOTES PAYABLE

Trade payables and notes payable decreased from EUR 12,162 thousand as at 31 December 2012 by EUR 181 thousand, or 1% to EUR 11,981 thousand as at 31 March 2013. If excluding the impact of exchange differences arising from currency translation, trade payables and notes payable decreased by 5%, which mainly resulted from the payment of trade payable due in Q1 2013.

### OTHER PAYABLES

Other payables decreased from EUR 4,894 thousand as at 31 December 2012 by EUR 1,142 thousand, or 23% to EUR 3,752 thousand as at 31 March 2013, mainly resulted from the decrease of VAT payables and royalty costs payable to copyright holders after the payment in Q1 2013, partly offset by the increase of other tax payable.

### EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio slightly increased from 88% as at 31 December 2012 to 89% as at 31 March 2013.

## Financial Position

### CASH FLOW STATEMENT

The following table was extracted from the cash flow data of the Company which was derived from the Company's consolidated financial statements under IFRS for Q1 2013 and Q1 2012.

	Q1 2013	Q1 2012
	kEUR	kEUR
Operating cash flow before working capital changes	810	2,079
Cash generated from/(used in) operations	6,028	3,525
Net cash generated from operating activities	5,441	3,240
Cash flow from investing activities	-50	-72
Cash flow from financing activities	0	-387
<b>Net increase in cash and cash equivalents</b>	<b>5,391</b>	<b>2,781</b>
Cash at the beginning of the reporting period	113,510	124,516
Foreign exchange differences	4,361	-3,815
<b>Cash at the end of the reporting period</b>	<b>123,262</b>	<b>123,481</b>

### NET CASH GENERATED FROM OPERATING ACTIVITIES

The Company generated a positive net cash flow amounting to EUR 5.4 million from operations in the first three months of 2013, representing an increase by EUR 2.2 million, or 68%, compared with the net cash of EUR 3.2 million generated from operating activities in Q1 2012. The increase was mainly due to an increase of collection of trade receivables and a decrease of payment of trade payables, which was partly offset by the decrease of profit before income tax, an increase of inventory and the decrease of collection of other receivable and prepayment.

### CASH FLOW FROM FINANCING ACTIVITIES

There was no cash flow from financing activities in Q1 2013 (Q1 2012: EUR 387 thousand was used in the share buy-back program).

### CASH AT THE END OF THE PERIOD

Cash at the end of the period amounted to EUR 123,262 thousand as at 31 March 2013, representing an increase of EUR 9,752 thousand from the cash balance as at 31 December 2012. The increase mainly resulted from the accelerated collection of trade receivables.

## Human Resources

Vtion concluded Q1 2013 with 250 employees, consistent with 249 employees in 2012. The company continues to maintain a lean cost structure as revenue decreases. The numbers of employees in the Production, Sales & Marketing, Customer Service and Call Center have not changed since the end of 2012. The number of employees in the R&D Department increased from 72 to 76. Currently there are only 70 administrative employees, compared with 73 as at the end of 2012. There are always 5 management board members in the company. Vtion Anzhuo, focused on the design, integration and distribution of mobile applications for the Android platform in China, currently comprises of 56 persons. Of these personnel, 10 are administrative, 29 persons belong to the R&D department and 17 are working in Sales and Marketing.

## Research and Development

Vtion's wireless data terminal R&D activities center on the development of wireless data cards, wireless routers and the company's PCtoTV products. Currently, Vtion offers wireless data cards for each of the mobile networks currently in use in the Chinese market, namely the HSPA+ network of China Unicom, China Telecom's EVDO Rev.B network and the TD-SCDMA network operated by China Mobile. The company also offers 3G mobile routers for both China Unicom's and China Telecom's networks. Given that demand for mobile routers has grown despite a decline in the wireless data card market, the company will focus future R&D efforts on developing further router offerings. While the company does not currently offer a mobile router for China Mobile's TD-SCDMA network, a router for the 4G TD-LTE standard is currently in development.

The strength of Vtion's wireless data terminal R&D is based on the company's understanding of telecom operators' requirements, the ability to develop specifications and the close work with suppliers to ensure quality. Though production is outsourced, Vtion's unique design capability ensures that it continues to provide products with industry-leading quality for the Chinese market in its wireless data terminal segment.

In Vtion's more software-oriented business segments, namely the industry-specific computing solutions and mobile applications, the company relies heavily on sourcing from outside software and application providers. However, the company has taken steps to increase its in-house software development capacity and is continuing to build these resources. For example, the company's E-Agency platform that is sold to insurance companies was developed entirely in-house. Further, Vtion Anzhuo has continued to build up its online appstore construction and operation capacities. Going forward the Vtion will continue to increase its in-house software capacity in order to reduce reliance on outside providers and increase its competitive advantages.

## Risk Report

### Risk and opportunity management

Vtion Group's business relies on solid experience, clear focus on high quality products, broad product portfolio, deep market insights, and strong business relationship with existing and potential customers. The Vtion Group is exposed to a variety of risks. However, the success cannot be achieved without risk. Risk management helps to exploit potential opportunities and control risks, and ultimately helps to achieve the strategic targets and to maximize strategic potential.

Vtion's management carefully balances opportunities and associated risks through regular strategic reviews. The company engages in risk only if it can be managed using established methods and measures within the organization and only if there is a corresponding opportunity to appropriately increase shareholders' value.

Vtion Group deploys accounting, control, and planning tools as an integral part of the risk management process. To closely monitor business developments and risks, management regularly conducts sales volume and structural analysis, gross margin analyses, liquidity analysis and monitors the progression of accounts receivable. Monthly and quarterly financial reporting process is a core tool in the management of our business and will ensure that information on business and market trends are regularly updated. As part of the company's financial control procedures, significant variations between actual and budgeted figures are identified and analyzed which is served as the basis of developing corrective measures.

An internal audit department has already been set up and is working to support the necessary processes to safeguard shareholder interests. Vtion is making efforts to implement improvements on internal control systems. Following the IPO, the Vtion Group has a substantial cash position and the group has no loan exposure. Cash management will remain a high priority within the group as a whole, and within individual companies.

The largest shareholder, Mr. Chen Guoping, is the CEO of the company and involved in the daily business management. He is supervising the overall development of the group as well as closely monitoring the sales and profit development in order to safeguard his and other shareholders' interests. In addition, Vtion's Supervisory Board, auditor and other third party consultants help the company to prepare for and hedge against various risks to minimize the potentially negative impact on the company.

To manage risks and to capitalize on opportunities, Vtion Group pursues a forward-looking product strategy and will continue to invest in R&D, while at the same time observing current and speculating on future market trends and customer requirements, and continuously strives to develop and maintain unique selling points related to its technology.

### Report on Post-Balance Sheet Date Events

At the time of publication there were no significant post-balance sheet date events to report.

## Outlook

For the near term, Vtion expects that the traditional core business, wireless data terminals, will continue to contribute the majority of the company's revenues. While the revenue mix is expected to eventually tilt more toward the software-oriented business segments, the company does not expect this to become more evident during 2014-2015.

In the industry-specific computing solutions segment, the company will seek to increase revenue from its current base of 5 clients, while also continue to broaden its client base. Vtion's long-term strategic plan calls for selectively entering new industries in addition to the insurance sector, and the company will actively explore such options over the course of 2013.

Vtion Anzhuo has increased its portfolio of mobile application offerings, particularly those offered through the online appstore, V-Market. Further, Vtion Anzhuo has strengthened its presence as a third party designer and operator of online application stores for other companies, particularly other device manufacturers. In order to increase revenues, Vtion Anzhuo will look to increase its presence in the more profitable gaming sector.

Vtion has already issued guidance for the full year 2013, which calls for sales revenue between EUR 60 million and EUR 70 million. The company expects its EBIT margin to decrease slightly year-on-year, at between 8% and 10%. Long term Vtion believes this is a sustainable EBIT margin level.

Frankfurt/Main, May 21, 2013

Management Board

Chen Gouping

Zheng Hongbo

Ding Chaojie

Fei Ping

He Zhihong



# Interim Financial Statements Vtion Wireless Technology AG

## Consolidated Statement of Comprehensive Income

for the period from January 1 to March 31,

	Q1 2013	Q1 2012
	EUR	EUR
Sales	11,839,460	17,846,063
Cost of sales	-9,679,735	-14,229,836
<b>Gross Profit</b>	<b>2,159,725</b>	<b>3,616,228</b>
Other operating income	0	3,682
Selling and distribution expenses	-374,440	-600,556
Administrative expenses	-1,104,799	-1,091,855
Other operating expenses	0	-1,348
<b>Profit from operations</b>	<b>680,486</b>	<b>1,926,151</b>
Finance income	446,490	188,127
Finance expenses	-4,198	-5,044
Foreign exchange loss	-215,813	489,160
<b>Profit before income tax</b>	<b>906,965</b>	<b>2,598,394</b>
Income tax	-445,233	-461,587
<b>Profit for the period</b>	<b>461,732</b>	<b>2,136,807</b>
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	4,430,060	-4,162,596
<b>Other comprehensive income for the period</b>	<b>4,430,060</b>	<b>-4,162,596</b>
<b>Total comprehensive income for the period</b>	<b>4,891,792</b>	<b>-2,025,790</b>
Earnings per share (basic and diluted)*	0.03	0.14

The profit and the total comprehensive income are completely attributable to the owners of the parent company.

## Consolidated Statement of Financial Position

for the period ending March 31

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
<b>ASSETS</b>		
<b>Current assets</b>		
Inventories	3,333,886	2,362,348
Trade receivables	18,267,488	25,629,642
Other receivables and prepayments	3,620,624	3,629,082
Short-term investment	4,900,000	4,900,000
Amounts due from related parties	150,226	148,912
Cash and cash equivalents	123,262,227	113,509,797
	<b>153,534,451</b>	<b>150,179,781</b>
<b>Non-current assets</b>		
Property, plant and equipment	797,550	837,336
Land use rights	589,791	574,320
Intangible assets	955,976	937,422
Deferred tax assets	449,217	362,875
	2,792,534	2,711,953
<b>Total assets</b>	<b>156,326,985</b>	<b>152,891,734</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	11,981,375	12,161,729
Other payables	3,751,898	4,894,801
Provisions	408,536	423,874
Amounts due to related parties		0
Income tax payable	491,652	609,598
<b>Non-current liabilities</b>		
Deferred tax liabilities	0	0
<b>Total liabilities</b>	<b>16,633,461</b>	<b>18,090,002</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	14,495,086	14,495,086
Treasury stock	-1,196,591	-1,196,591
Capital reserves	40,435,655	40,435,655
Retained earnings	58,688,854	58,227,122
Foreign exchange differences	27,270,520	22,840,460
<b>Total equity</b>	<b>139,693,524</b>	<b>134,801,732</b>
<b>Total liabilities and equity</b>	<b>156,326,985</b>	<b>152,891,734</b>

## Consolidated Statement of Changes in Equity

for the period from January 1 to March 31,

in EUR	Share capital Vtion AG	Treasury stocks	Capital reserves	Retained earnings	Foreign exchange differences	Total equity
<i>Notes</i>						
<b>Balance as at December 31, 2011</b>	15,980,000	-747,602	46,231,087	53,678,437	23,834,354	138,976,276
Buyback ordinary share		-110,030	-277,263			-387,293
Total comprehensive income for the period	-		-	2,136,807	-4,162,596	-2,025,790
<b>Balance as at March 31, 2012</b>	15,980,000	-857,632	45,953,824	55,815,243	19,671,758	136,563,193
<b>Balance as at December 31, 2012</b>	14,495,086	-1,196,591	40,435,655	58,227,122	22,840,460	134,801,732
Buyback ordinary share						
Treasury stock redemption						
Dividend distribution						
Total comprehensive income for the period	-			461,732	4,430,060	4,891,792
<b>Balance as at March 31, 2013</b>	14,495,086	-1,196,591	40,435,655	58,688,854	27,270,520	139,693,524

Total comprehensive income for the period comprises the other comprehensive gain of EUR 4,430,060 (Q1 2012: other comprehensive loss of EUR 4,162,596) due to the foreign exchange differences, resulting from changes of the cash pool in EUR into the functional currency of the group. The foreign exchange difference is a technical effect that does not affect the cash position of Vtion.

## Consolidated Cash Flow Statement

for the period from January 1 to March 31,

	Q1 2013	Q1 2012
	EUR	EUR
<b>Profit before income tax</b>	<b>906,965</b>	<b>2,598,394</b>
Adjustments for:		
Amortization of intangible assets and land use rights	50,927	66,904
Allowance for doubtful trade debts	-	-
Depreciation of property, plant and equipment	78,669	85,772
Loss on disposal of property, plant and equipment	-	15
Interest income	-446,490	-188,127
Interest expense	-	-
Bank charges	4,198	5,044
Foreign exchange loss	215,813	-489,160
<b>Operating cash flow before working capital changes</b>	<b>810,082</b>	<b>2,078,842</b>
<b>Working capital changes:</b>		
(Increase)/decrease in:		
Inventories	-865,790	225,745
Trade receivables	7,941,271	1,068,703
Other receivables and prepayments	123,275	1,206,966
Amounts due from related parties	3,450	930,949
Increase/(decrease) in:		
Trade payables	-560,301	-1,744,544
Other payables and accruals	-1,290,148	-506,686
Amounts due to related parties	-	14,011
Income tax payable	-133,533	250,801
<b>Cash generated from/(used in) operations</b>	<b>6,028,306</b>	<b>3,524,787</b>
Interest received	63,345	138,068
Interest expense	-	-
Income tax paid	-650,862	-422,758
<b>Net cash generated from operating activities</b>	<b>5,440,789</b>	<b>3,240,097</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible assets	-35,934	-45,880
Purchase of land, property, plant and equipment	-13,592	-25,974
Increase of short term investment	-	0
<b>Cash flow from investing activities</b>	<b>-49,526</b>	<b>-71,854</b>
<b>Cash flow from financing activities</b>		
Payment in connection with share buyback		-387,293
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-387,293</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,391,263</b>	<b>2,780,949</b>
Cash at the beginning of the period	113,509,797	124,515,642
Foreign exchange differences	4,361,167	-3,815,250
<b>Cash at the end of the period</b>	<b>123,262,227</b>	<b>123,481,341</b>

# Selected Notes to the Consolidated Financial Statements

For the period from January 1 to March 31, 2013

## 1. Background and Basis of Preparation

The condensed interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), and/or International Accounting Standards (IAS) as adopted by International Accounting Standards Board (IASB) and by the EU along with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) at the balance sheet date. The condensed interim consolidated financial statements comply with all IFRSs that had to be adopted by the balance sheet date. The interim financial statements are presented in Euro, and all monetary amounts are rounded to full Euro except when otherwise stated.

The following subsidiaries of Vtion Wireless Technology AG are consolidated.

in kEUR	Share	Equity Mar. 31, 2013	Results from Jan. 1 to Mar. 31, 2013
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	195	861
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	100,869	1,504
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	18,503	-226
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	819	2
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	153	-295
Vtion Communication Technology Service (Fuzhou) Co., Ltd, PRC	100%	117	-1

## 2. Significant accounting policies

The condensed interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU at the balance sheet date. The condensed interim consolidated financial statements comply with all IFRSs that had to be adopted by the balance sheet date.

With regard to the preparation of the interim consolidated financial statements, in accordance with IAS 34 Interim Financial Reporting, the Management Board is required to make estimates and judgments which influence the application of accounting policies within the Company, and the reporting of assets and liabilities as well as income and expenses. Actual amounts can differ from these estimates. In the interim consolidated financial statement as of March 31, 2013, the same accounting policies and methods of computation are followed as compared with the recent annual financial statements as of December 31, 2012.

## 3. Functional and Presentation Currency

The functional currency of the Group is Renminbi ("RMB") as the currency of the primary economic environment in which the Group operates. Because of its status as a German holding company, the presentation currency of the Group is EUR.

The currency rates for the translation from RMB to EUR are:

EUR	RMB	
	2013	2012
March 31	7.9600	8.4089
Average first three month	8.2209	8.2692

#### 4. Impairment of Non-financial Assets, if any

In Q1 2013 and Q1 2012 no non-financial asset has been impaired, except as mentioned in note 7.1. For inventory an impairment provision of EUR 15 thousand has been recorded as of March 31, 2013 (EUR 14 thousand as of December 31, 2012).

#### 5. Segment Analysis

##### A) BUSINESS SEGMENT

Vtion Group's operating businesses are organized in three business segments, namely "Wireless Data Terminals", "Wireless Intelligent Terminals" and "All Others".

##### B) GEOGRAPHICAL BUSINESS

Vtion Group' is principally engaged in products supplying and services providing in People's Republic of China ("PRC") and all of its customers are based in PRC. In addition, all identifiable assets of the Group are principally located in the PRC. Accordingly, no geographical segment analysis is presented.

##### C) ALLOCATION BASIS

Revenue and cost of sales are directly attributable to the segments. Other operating expenses and income are allocated to the segments on a reasonable basis.

Segment assets, liabilities and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the items which cannot be allocated reasonably.

Inter-segment sales are eliminated on consolidation.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment profit	
	Period ended Mar. 31, 2013	Period ended Mar.31, 2012	Period ended Mar. 31, 2013	Period ended Mar.31, 2012
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	10,965	13,941	1,214	2,363
Wireless Intelligent Terminal	452	3,887	8	293
All Others	422	18	-403	-382
Total for continuing operations	11,839	17,846	819	2,274
Central administration costs	0	0	-138	-348
Finance result	0	0	226	672
Profit before tax (continuing operations)	0	0	907	2,598

## 6. Notes to the Consolidated Statement of Comprehensive Income

### 6.1 TOTAL INCOME

	Q1 2013	Q1 2012
	EUR	EUR
<b>Sales of goods</b>	11,839,460	<b>17,846,063</b>
<b>Other operating income</b>		
Government grant	0	3,628
Service income	0	54
	0	3,682
<b>Finance income</b>		
Interest income	446,490	188,127
Foreign exchange gains	0	489,160
	446,490	677,287
<b>Total income</b>	<b>12,285,950</b>	<b>18,527,032</b>

Sales of goods represent the invoiced amount of delivered goods net of discounts, returns and valued added tax. All intra-group transactions are excluded from the revenue of the consolidated group.

Government grants represent the subsidies from the PRC government. In Q1 2013, the company did not receive any grant from the government (Q1 2012: EUR 4 thousand).

## 6.2 SPLIT-UP OF SALES

	Q1 2013	Q1 2012
	EUR	EUR
<b>Split-up of sales</b>		
<b>Sales to external customers</b>		
Wireless Data Terminals	10,965,142	13,941,263
Wireless Intelligent Terminals	452,423	3,886,871
All Other Segments	421,895	17,929
	<b>11,839,460</b>	<b>17,846,063</b>

The Group is principally engaged as manufacturing entity of computer accessories, broadband servers, and wireless communication products in People's Republic of China ("PRC"). The majority of its customers are based in PRC.

## 6.3 AVERAGE NUMBER OF EMPLOYEES/PAYROLL COSTS

	Q1 2013	Q1 2012
Average number of employees		
Management and administration	81	89
Research and development	73	56
Sales	87	94
	<b>241</b>	<b>239</b>

	Q1 2013	Q1 2012
	EUR	EUR
Payroll costs		
Wages and salaries	561,035	520,931
Social security costs	94,983	103,710
Welfare	25,430	15,777
	<b>681,448</b>	<b>640,417</b>

\*the employees of call center and customer service are reclassified from the Management and administration to Sales. The corresponding disclosure for Q1 2012 is also adjusted to assure the information comparable

#### 6.4 AMORTIZATION OF INTANGIBLE ASSETS AND LAND USE RIGHTS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	Q1 2013	Q1 2012
	EUR	EUR
Amortization of intangible assets and land use rights		
Software	25,407	43,045
Licenses	20,767	20,646
Trademark	1,521	0
Land use rights	3,232	3,214
	50,927	66,904
Depreciation of property, plant and equipment	78,669	85,772
<b>Total of amortization and depreciation</b>	<b>129,596</b>	<b>152,676</b>

Except about EUR 21,481 of amortization of intangible assets was booked as part of “cost of sales” for software business operated by Vtion Anzhuo and service business operated by Vtion Software for insurance industry in Q1 2013 (Q1 2012: EUR 37,097), the remaining amortization of intangible assets was booked in “Administrative expenses” in Q1 2013.

#### 6.5 FINANCE EXPENSES

	Q1 2013	Q1 2012
	EUR	EUR
<b>Finance Expense</b>		
Exchange loss	215,813	0
Bank charges	4,198	5,044
	<b>220,011</b>	<b>5,044</b>

Since the exchange rate as of March 31, 2013 from EUR to RMB was decreased by 3.2% compared with the rate as of December 31, 2012, the company recognized EUR 216 thousand of foreign exchange loss in Q1 2013 (Q1 2012: exchange gain EUR 489 thousand).

#### 6.6 INCOME TAX

	Q1 2013	Q1 2012
	EUR	EUR
Current income tax (ordinary activities)	517,328	698,562
Deferred income tax induced by:		
-temporary differences	45	-229,322
-tax loss carry forward	-72,140	-7,652
<b>Income tax recognized in profit and loss</b>	<b>445,233</b>	<b>461,587</b>

### **6.7 APPLICABLE TAX RATE**

Vtion IT applied an effective tax rate of 25% in Q1 2013 in accordance with the Income Tax Law of the People's Republic of China.

Vtion Software incurred accounting losses for the first three months of operation, so there was no tax expense in Q1 2013.

Vtion Communication, Vtion Anzhuo and Vtion Service incurred accounting losses for the first three months of operation, and accumulated net losses as of March 31, 2013, therefore had no taxable income in Q1 2013.

## 7. Notes to the Consolidated Statement of Financial Position

### 7.1 INVENTORIES

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
Inventory-advances to supplier	12,563	0
Goods and material	3,336,093	2,376,829
Less: stock provision	-14,770	-14,481
	3,333,886	2,362,348

### 7.2 TRADE AND OTHER RECEIVABLES

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
<b>Trade receivables</b>		
Trade receivables	18,290,390	25,651,818
Allowance for trade receivables	(22,902)	(22,176)
	18,267,488	25,629,642

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
<b>Other receivables</b>		
Other receivables	3,568,090	3,559,263
Prepaid expenses	52,534	69,819
	3,620,624	3,629,082

All trade receivables are non-interest bearing. They are recognized at their originally invoiced amounts which represent their fair values on initial recognition.

### 7.3 AMOUNTS DUE FROM RELATED PARTIES

Amounts due from related parties are non-interest bearing and are repayable on demand. All related parties receivables are without collateral and are to be settled in cash. There is no allowance for doubtful debts arising from the non-trade outstanding balance.

	Mar. 31, 2013	Dec. 31, 2012
<b>Related parties</b>	EUR	EUR
Amount due from related parties - non-trade	150,226	148,912
Allowance for amount due from related parties	0	0
	150,226	148,912

### 7.4 CASH AND CASH EQUIVALENTS

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
Cash on hand	15,394	24,896
Cash in banks	121,927,643	112,207,548
of Mainland China	118,905,054	109,072,751
of Germany and offshore	3,022,589	3,134,797
Deposit on bank's acceptance bill (in China)	1,319,190	1,277,355
	123,262,227	113,509,797

The deposit on bank's acceptance bill is pledged. As the deposits are security deposits for banks acceptance bill, Vtion has access to this funds on short notice.

Among the balance of cash and cash equivalents as of March 31, 2013, EUR 120,224 thousand were held in countries in which prior approval is required to transfer funds abroad. Nevertheless if the Group can comply with those criteria, such liquid funds can be transferred within a reasonable period of time.

### 7.5 DEFERRED TAX ASSETS

Vtion IT, Vtion Software and Vtion Communication recognized deferred tax assets resulting from the timing difference between the accounting profit and the taxable profit calculated in accordance with Income Tax Law of the People's Republic of China.

Vtion Wireless Technology AG ("Vtion AG") accumulated a tax loss under German GAAP till March 31, 2013. At the balance sheet date the company didn't adjust the estimation of net taxable income of the next five years

## 7.6 TRADE AND OTHER PAYABLES

All trade payables are non-interest bearing. The fair value of trade payable as well as other payables has not been disclosed, since, due to their short duration, management considers the carrying amounts recognized at the balance sheet to be a reasonable estimate of their fair value. The trade payables include notes payable, which amount to RMB 21 million and remained stable from that of December 31, 2012. 50% of the funds received (EUR 1,319 thousand) are kept as a cash deposit on bank acceptance bills, which was changed from that as at December 31, 2012 due to the change of exchange rate from EUR to RMB and was the same in terms of RMB. Please see "cash and cash equivalents".

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
<b>Other payables</b>		
VAT payable	1,212,660	1,956,059
Other payable	2,384,428	2,824,521
Other tax payables	154,810	114,221
	3,751,898	4,894,801

Other payables included the cumulative rebates payable to copyright holder amounting to EUR 2,295 thousand.

## 7.7 PROVISIONS

	Mar. 31, 2013	Dec. 31, 2012
	EUR	EUR
<b>Provisions</b>		
Accrued payroll	281,566	302,045
Other accruals	126,970	121,829
	408,536	423,874

**8. NOTES – OTHER****8.1 CONTINGENT LIABILITIES**

The Company does not have any contingent liabilities as at March 31, 2013.

**8.2 RELATED PARTY DISCLOSURES****SALES AND PURCHASE OF GOODS AND SERVICE**

The following transactions took place between the Group and related parties during the financial year:

	Q1 2013	Q1 2012
	EUR	EUR
Rental fee paid to a related party	33,573	33,377
	33,573	33,377

**9. Events after Balance Sheet Date**

At the time of publication there were no significant post-balance sheet date events to report.

**10. Approval of the Financial Statements**

The financial statements were approved and authorized for issuance by the Board of Directors on May 21, 2013.

Frankfurt, May 21, 2013

Chen Guoping    Zheng Hongbo    Ding Chaojie    Fei Ping    He Zhihong

## Responsibility Statement of the Management

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt, May 21, 2013

Vtion Wireless Technology AG

Management Board

Chen Guoping

Zheng Hongbo

Ding Chaojie

Fei Ping

He Zhihong

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This document contains forward-looking statements which are based on the current estimates and assumptions by the corporate management of Vtion. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Vtion and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Vtion's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and other involved in the marketplace. Vtion neither plans nor undertakes to update any forward-looking statements.

## Credits

### **PUBLISHED BY**

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### **CONCEPT AND DESIGN:**

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## Financial Calendar

### **ANNUAL GENERAL MEETING, FRANKFURT**

Thursday, June 27, 2013

### **PUBLICATION OF**

#### **INTERIM REPORT 2ND QUARTER 2013**

Thursday, August 15, 2013

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#### **INTERIM REPORT 3RD QUARTER 2013**

Thursday, November 14, 2013



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