

Q1·2014

INTERIM REPORT

4G 4G 4G

Vtion Wireless Technology at a glance

		Q1 2014	Q1 2013	+/-%
Revenues	million €	10.95	11.84	-8
Gross profit	million €	2.19	2.16	1
Gross profit margin	%	20	18	2PP
EBITDA	million €	0.79	0.81	-2
EBITDA margin	%	7	7	0PP
EBIT	million €	0.67	0.68	-1
EBIT margin	%	6	6	0PP
Net profit	million €	0.76	0.46	65
Net profit margin	%	7	4	3PP
Earnings per share	€	0.06	0.03	100
Net Cash flow from operations	million €	0.14	5.44	-97

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 229 employees, with offices in Fuzhou, Beijing, and Frankfurt.



Letter from Vtion's CEO

Dear Fellow Shareholders,

I am pleased to present you our operating results for the first quarter of 2014. As in recent years, our results in the first quarter were relatively weak. However, we are confident we will achieve higher results as the year continues. Despite lower revenues, we were able to sustain our profitability due to our ongoing strong efforts to maintain cost discipline within our organization.

In the first quarter of 2014 we achieved revenues of Euro 10.95 million, a decrease of approximately 8% compared to the same quarter of 2013. However, I am pleased to see that our gross margin in the first three months of 2014 improved by 2 percentage points to 20%. Our EBIT margin was 6% in the first quarter and therefore remained stable compared to the same period of last year.

In the first quarter of 2014, our revenues were mainly driven by the wireless data terminal business segment. We see the most demand in the wireless data card business, while mobile router sales slightly decreased compared to the first three months of 2013. I am also pleased to see that sales of our tax management wireless data card, which is designed for tax bureaus to record and transfer revenue data from small businesses, has enjoyed strong sales. Revenues from this product increased in the first quarter of 2014 and contributed around 19% of total revenue in the reporting period. Our revenues from the industry-specific computing solutions slightly increased in the first quarter of 2014 but achieved only a small part of the total revenues. We merged the industry-specific computing solutions business into our wholly-owned subsidiary, Vtion Anzhuo. The management is seeking to optimize the resources allocation in order to create more value in the future.

Despite decreasing revenues in the first quarter we confirm our goal to reach revenues of Euro 60 million and an EBIT margin of approximately 8% for the full year 2014. We are confident due to the fact that our results have generally been weaker in the first quarter compared to the rest of the year, as purchasing volume on the part of the mobile carriers generally picks up later in the year.

I would like to thank all of you for your continued support. My management team and I will continue to work hard to bring you better results and create more shareholder value.

Best Regards,

Chen Guoping

CEO

Vtion Wireless Technology AG

Highlights

Gross Margin Improvement

Vtion achieved a gross margin of 20% in Q1 2014, an improvement compared to the margin of 18% in Q1 2013. This was due to our strong cost discipline.

Guidance Confirmed

Vtion expects revenue of at least Euro 60 million, with an EBIT margin of approximately 8%. Though the company's first quarter figures have been behind the pace to reach its stated guidance, given that Q1 is typically a weaker quarter than the rest of the year and purchasing on the part of the telecom operators tends to increase later in the year.

Customized data Card Sales

In the first quarter, the customized wireless data card designed for local tax bureaus accounted for 19% of total revenue. The company will expand more specialized products instead of simple consumer connectivity devices to maintain profitability in the wireless data terminal segment.

Outlook

Vtion expects results to improve over the course of the remainder of the year, given that the company's results are typically weaker in the first quarter of the year compared to later quarters.

The Share

Market Environment

In the reporting period, the European capital markets were influenced by political events like the Crimea conflict. In the German stock market, the DAX, MDAX and TecDAX could not continue their upward trend and closed on the downside. In March, the first FED meeting took place under the lead of Janet Yellen who, as expected, reduced the “tapering” for another 10 bn. US-Dollars but also committed further support for a sustainable economic recovery in the US. Besides that, weak Chinese economic data unsettled the markets worldwide. The export data for February was minus 18 per cent on a yearly basis and the industrial production for the period of January/February only increased by 8.6 per cent whereas a growth of 9.5 per cent was expected. The CSI 300 Index (stocks from Shenzhen and Shanghai Exchanges) fell to a 5-year low. From the political tensions both the ZEW- and also the IFO- Index were negatively affected. For the first time the figures fell again. The US-Dollar closed nearly unchanged for the month at USD 1.3772.

Weak share performance for the first quarter of 2014

Our share looks back on a disappointing performance in the first quarter of the year. At the beginning of this year, the stock remained in a volatile trading range and fell below the level of Euro 2.91 on January 27th. Afterwards, it recovered a little bit from its lows and ended the month at Euro 2.96, a decrease of 14.7% on a monthly basis. During February, the share price presents the range between Euro 2.63 and Euro 2.82 and closed at Euro 2.80, meaning a decrease of 5.41% in February and the average Xetra trading volume raised to 3,767 shares per day compared to 3,105 shares in January. In March, our share continued its downturn with an increasing average volume of 7,847 shares. At the end of March the share closed at Euro 2.12. After the reporting period, Vtion announced that the company has resolved to cancel the treasury share and repurchased the shares via a voluntary tender offer. Also the company announced that the dividend for 2013 would continue to be paid to investors. Following these positive news, the share price increased sharply and reached Euro 2.88.

Dividend and share buyback

Vtion will continue to return cash to shareholders through share buyback programs and dividend payments. The management will propose the previous policy of issuing a dividend of 15% of the net profit for 2013 on the AGM in June. The company also announced a share buy-back program in the form of voluntary tender offer to all shareholders between 11 April 2014 and 9 May 2014. The company offered to repurchase a total of 1,329,849 shares for an offer price of Euro 2.95, which equals to a 20% premium to the reference price.

Sponsorship and Research Coverage

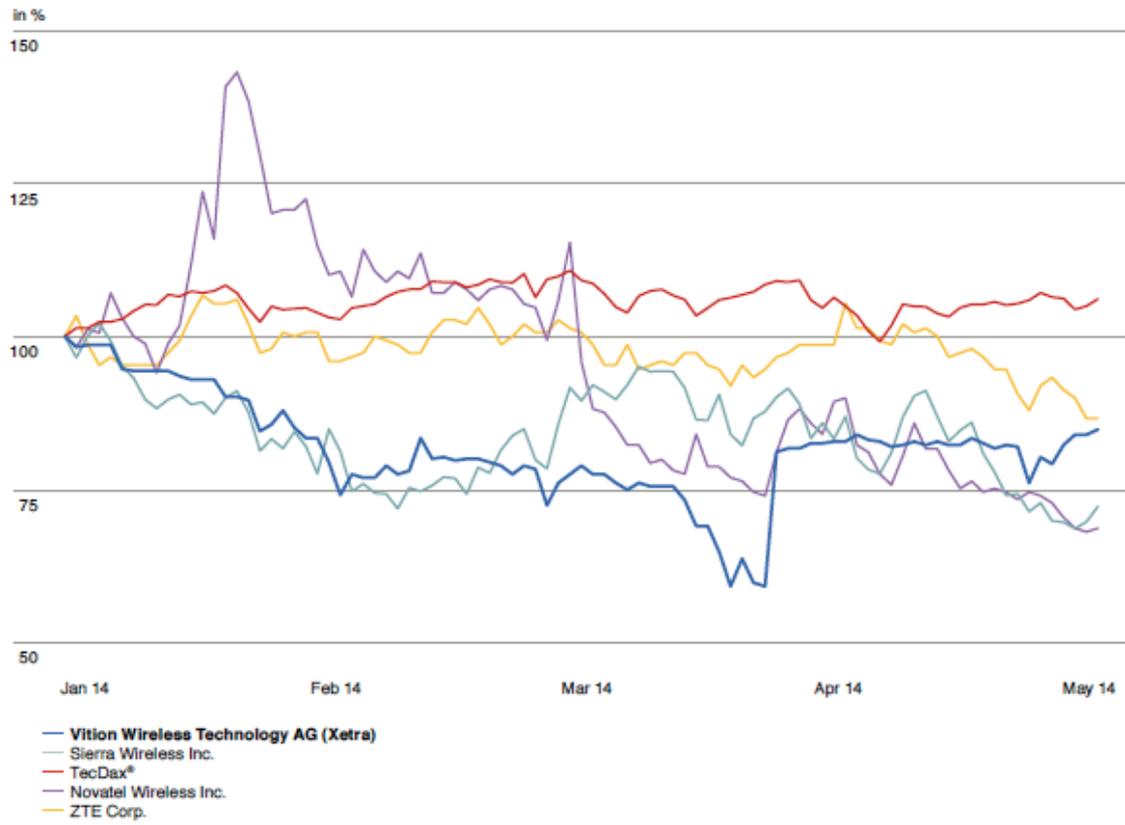
The company has had research coverage from M.M. Warburg since January 2010. Equinet AG is Vtion's market maker and designated sponsoring services provider.

Investor Relations

In November 2014 the company plans to present itself at the German Equity Forum in Frankfurt. We are also a regular participant in other conferences throughout the year. The company is committed to making regular dialogues with its shareholders and maintaining accessibility to its investors.

VTION STOCK PRICE

in Percent



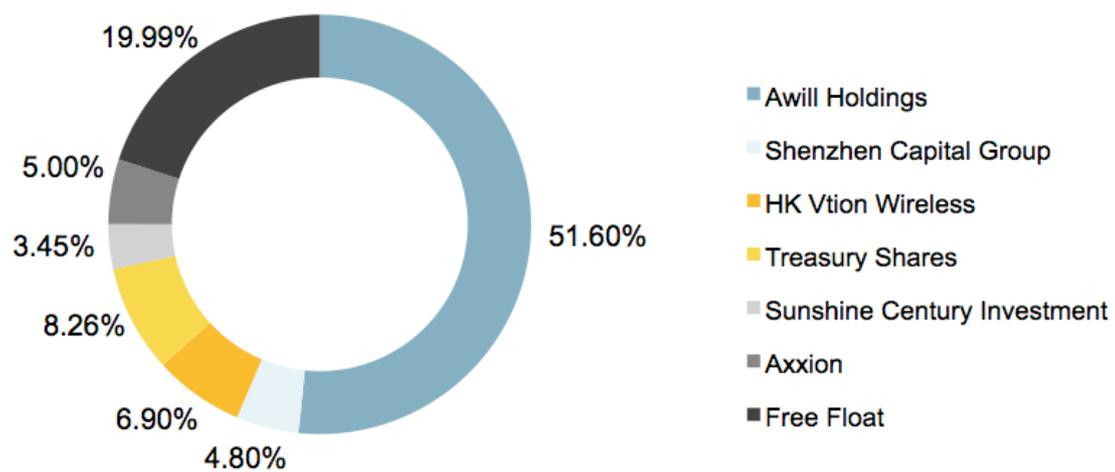
Vtion Master Data

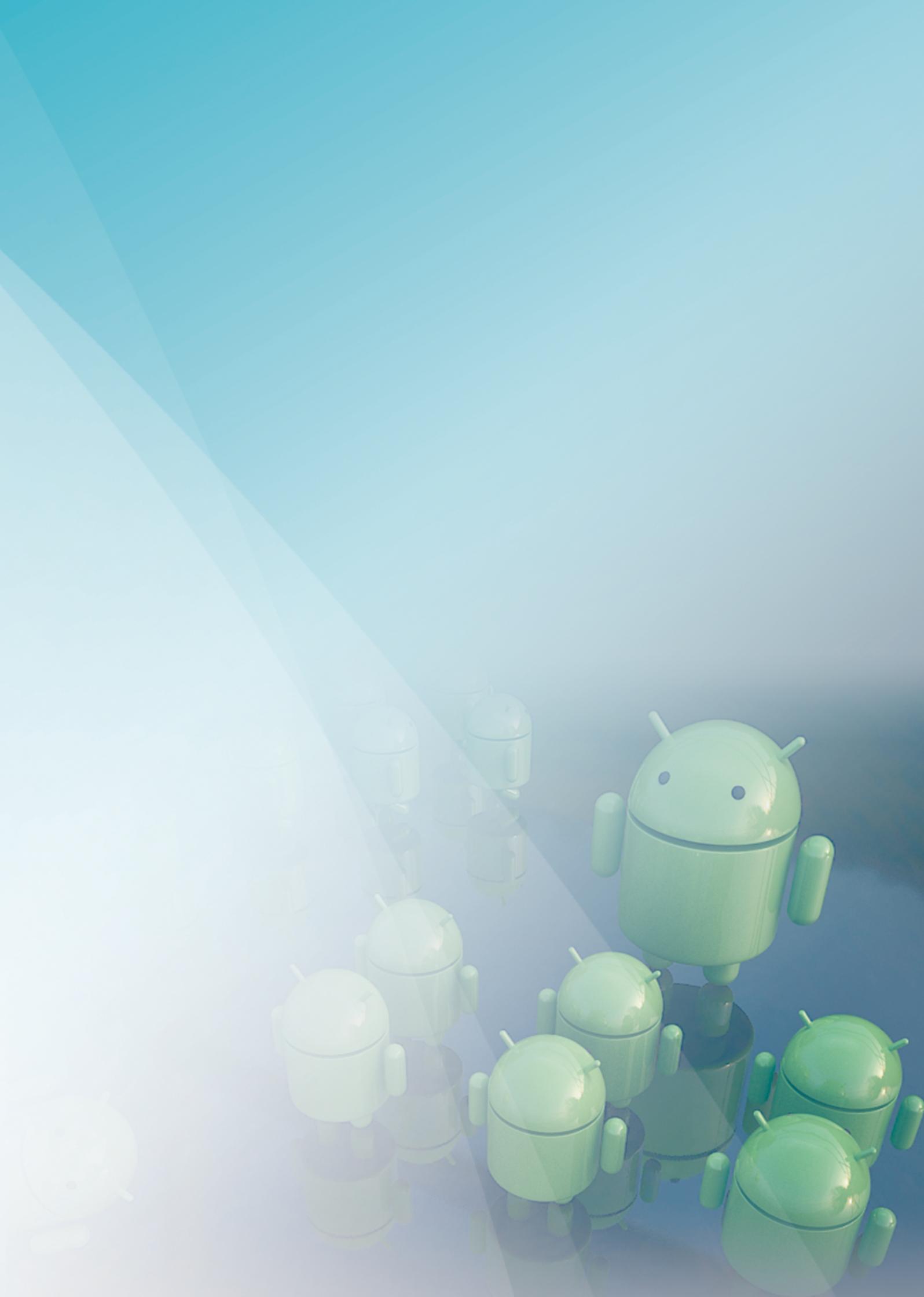
as of March 31, 2014

		Q1 2014
Number of shares	Mio Shares	14,495
Closing price	€	2.12
Market Cap.	Mio €	30,729
High price	€	3.55
Low price	€	1.954
Average trading volume per day	Shares	4,896

Vtion Shareholder Structure

as of March 31, 2014





Interim Management Report

Business and Operating Environment

OVERVIEW

Slowing growth in China's economy has been a major theme over the course of the beginning of 2014, as the government has sought to move the economy to a more consumption-based model. For the first quarter, the economy grew at an overall rate of 7.4%, largely consistent with the government's stated targets for the year.¹

GENERAL MARKET CONDITIONS AND BUSINESS DEVELOPMENT

According to the latest data from the China Internet Network Information Commission published at the end of Q1 2014, the total number of internet users in China reached 618 million, which represents a penetration rate of 45.8%.²

With continued growth in the mobile internet, the market has also seen the beginning of technological change. China mobile has already begun initial operation of its TD-LTE based 4G network. This has resulted in clear differentiation between China mobile and the other two operators, China Unicom and China Telecom, which have not yet received operating licenses of FDD-LTE for 4G technologies.

Overall growth in the Chinese telecom space remains strong, though it is primarily driven by growth in smartphone users and tablet PC users. Growth rate of wireless data card and wireless router market growth remains rather slow.

Vtion has continued to rely on the three major telecom operators for a large proportion of its sales in the wireless data terminals business segment, which accounted for 27% of the company's total revenue over the course of Q1 2014. Though many of the users that the operators have recently added opt for smartphones or tablet PC's as a favored means of connectivity, there is still a base of laptop users who show demand for wireless data cards to allow for laptop usage when outside of Wifi network coverage. Further, increasing coverage of the 3G and 3.5G networks has created a market opportunity for Vtion's wireless 3G/3.5G routers, which can capture signals from the wireless networks and emit a Wifi signal that can support multiple devices. This is particularly useful for areas where a fixed line connection is not available. Going forward, Vtion will seek to further adapt its wireless data terminal offerings to suit the needs of the telecom operators as the market continues to change and evolve.

With steady results in its wireless data terminal business segment, Vtion has seen improving results in its customized wireless data cards specialized in electronic tax services for local tax bureaus to monitor and store revenue data during the business process. The company sells this product to tax bureaus who need a means of not only storing data on revenues at small businesses, but also transferring the data to a centralized database. Vtion realizes a one-time revenue with each sale, as the company sells the hardware with the transmission interface software imbedded. The company has gained wider acceptance on the customized wireless data cards, which was benefited from market growth and marketing efforts.

Overall Vtion saw moderate progress in its software-centric businesses, which are operated through the company's wholly-owned subsidiary, Vtion Anzhuo. In the industry-specific computing solutions segment, the company has now reached a total of 9 clients. The company's main focus for the remainder of the year will be more centered on increasing revenues from current clients as opposed to winning new clients. The company has also continued to offer mobile applications available through the company's VMarket and other online sales channels; as of the end of Q1 2014, the company now offered a total of 9,847 mobile applications to its users. This decline of number of applications was primarily because the company was seeking to reduce its application offerings to focus on the high-quality applications that generate revenue, and has therefore jettisoned a number of free downloads that were previously offered in VMarket.

¹http://www.gov.cn/xinwen/zb_xwb03/2014-04/16/content_2660164.htm

²http://www.cnnic.cn/hlwfzyj/hlwxzbg/hlwtjbg/201403/t20140305_46240.htm

Results of Operations

INCOME STATEMENT – Group

Jan. 1 – March 31

	Q1 2014	Q1 2013	% change
	kEUR	kEUR	
Sales	10,952	11,839	-7
Cost of sales	-8,758	-9,680	-10
Gross profit	2,194	2,159	2
Other operating income	0	0	0
Selling and distribution expenses	-352	-374	-6
Administrative expenses	-1,166	-1,105	6
Other operating expenses	-10	0	n/a
Profit from operations (EBIT)	666	680	-2
Finance income	451	446	1
Finance expenses	-5	-4	25
Foreign exchange gain or loss	43	-216	n/a
Profit before income tax	1,155	906	27
Income tax	-398	-445	-11
Profit for the period	757	461	64
Earnings per share* (in EUR)	0.06	0.03	100

* Computed on the basis of weighted average 13,298,495 shares for Q1 2014 and Q1 2013.

SALES

In the first three months of 2014, sales amounted to €11 million, decreased by €0.8 million or 7% compared with the same period in 2013 (Q1 2013: €11.8 million). The decrease was primarily due to the decrease in the sales of wireless data cards, wireless routers and wireless high definition sharer named "PCtoTV", which was partly offset by the increase of sales from network camera and health self-checking instrument in connection with mobile health care launching in Q4 2013.

In Q1 2014, Vtion Group recognized €5.3 million revenue from wireless data cards, which decreased from €6.5 million in Q1 2013 by €1.2 million, or 18%, as a result of severe falling of demand for 3G wireless data cards of the current popular versions due to increasing usage of other devices to access the mobile internet, which was partly offset by the increase of sales from wireless data cards downloaded with taxation software launching in August 2013.

In Q1 2014, Vtion Group generated €2.7 million from its wireless router business, a decrease of €0.3 million, or 10% compared with the same period in 2013 (Q1 2013: €3 million), as a result of a falling of sales of wireless routers of the old versions, which was partly offset by an increase of sales of upgraded wireless router with High-Fidelity launching in August 2013.

In Q1 2014, Vtion Group generated €1.2 million from "PCtoTV", a decrease of €0.2 million, or 14% compared with the same period in 2013 (Q1 2013: €1.4 million).

In Q1 2014, Vtion Group generated €0.3 million from mobile trade comprising the sales of iPhone and other smartphones and service income for supporting mobile package sales, which decreased from €0.5 million in Q1 2013 by €0.2 million, or 40%.

In Q1 2014, Vtion Group generated €963 thousand from network camera, an increase of €719 thousand, or 295% compared with the same period in 2013 (Q1 2013: €244 thousand).

In Q1 2014, sales from the category "All Others" increased to €526 thousand by €348 thousand, or 196% compared with the same period in 2013 (Q1 2013: €178 thousand). The increase was mainly due to the increase of sales from health self-checking instrument in connection with mobile health care and service in connection with mobile application mainly designed for insurance industry, partly offset by a decrease of sales from accessories to mobile phones.

COST OF SALES

Cost of sales decreased to €8.8 million in Q1 2014 by €0.9 million, or 9% from €9.7 million in Q1 2013. The decrease was primarily due to the decrease of sales volumes of Wireless Data Terminals segment comprising wireless data cards, wireless routers and "PCtoTV", which was partly offset by the increase of sales volumes of network camera and health self-checking instrument in connection with mobile health care. Cost of sales of Wireless Data Terminals decreased from €9 million in Q1 2013 to €7.4 million in Q1 2014, by €1.6 million or 18%. Cost of sales of network camera increased to €0.7 million in Q1 2014 by €0.5 million, or 250% from €0.2 million in Q1 2013 due to the increase of sales volumes. Cost of sales of health self-checking instrument amounted to €0.3 million in Q1 2014, which launched in Q4 2013.

GROSS PROFIT

The overall gross profit margin was 20% in Q1 2014, a slight increase from a margin of 19% for the whole fiscal year 2013, and increased by 2 percentage points from 18% in Q1 2013.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased from €374 thousand in Q1 2013 by €22 thousand, or 6%, to €352 thousand in Q1 2014. The decrease was primarily due to a decrease of €33 thousand in salary and welfare and a decrease of €14 thousand in rental expenses, partly offset by the increase of €13 thousand in travel expenses and an increase of €7 thousand in entertainment and marketing expenses.

The ratio of selling and distribution expenses to total sales was 3.2% in both Q1 2014 and Q1 2013.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from €1,105 thousand in Q1 2013 by €61 thousand, or 6%, to €1,166 thousand in Q1 2014. The increase was primarily due to an increase in research and development expenses, salary and welfare, and rental expenses, partly offset by the decrease in remuneration of Supervisory Board, entertainment and marketing expenses.

Research and development expenses increased to €324 thousand in Q1 2014 by €34 thousand, or 12% from €290 thousand in Q1 2013. Currently the major focus of Vtion's R&D activities is to add capacity in application adaptation, namely the process of adapting applications to run on different devices. For example, Vtion Anzhuo has increased its focus on providing applications for large-screen devices, such as IP TV's, and therefore the company has increased R&D in the area of adapting applications to newer devices. The increase was mainly due to an increase in payroll cost and travel expenses resulting from an increase of employee working in R&D department of Vtion Anzhuo, after merging the industry-specific computing solution business in Q1 2014.

The ratio of administrative expenses to total sales was 10.7% in Q1 2014 and 9.3% in Q1 2013.

PROFIT FROM OPERATIONS (EBIT)

Profit from operations decreased to €666 thousand in Q1 2014 by €14 thousand, or 2%, from €680 thousand in Q1 2013. The decrease was largely due to the increase of administrative expenses and the decrease of sales and gross profit of wireless data cards, partly offset by the increase of gross profit of network camera and service in connection with mobile application mainly designed for insurance industry in Q1 2014.

EBIT MARGIN

Vtion Group's EBIT margin (profit from operations divided by sales) was 6.1% in Q1 2014 and slightly increased from that of 5.7% in Q1 2013. This resulted from an increase of overall gross profit margin, but partly offset by an increase of ratio of administrative expenses to total sales.

FINANCE INCOME AND FINANCE EXPENSES

Finance income comprises interest income earned from bank deposit. Finance income increased from €446 thousand in Q1 2013 by €5 thousand, or 1%, to €451 thousand in Q1 2014.

Finance expenses comprise bank charges. Finance expenses amounted to €5 thousand in Q1 2014 (Q1 2013: €4 thousand).

FOREIGN EXCHANGE GAIN OR LOSS

Since the functional currency of Vtion Group is RMB, the Group recognized foreign exchange gain of €43 thousand in Q1 2014 (Q1 2013: €216 thousand foreign exchange loss) arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date. As of 31 March 2014, Euro to RMB exchange rate rose to 8.5754 by 2.7% from 8.3491 as at 31 December 2013, which had a positive impact on the valuation of assets denominated in Euros.

INCOME TAX

Income tax mainly comprises taxation actually payable. Both Vtion IT and Vtion Communication apply an effective tax rate of 25% in year 2014 in accordance with the Income Tax Law of the People's Republic of China. Vtion Software, Vtion Anzhuo and Vtion Service were exempted from the corporate income tax because of cumulative tax losses carried forward. The Chinese companies of Vtion Group recorded an income tax charge of €398 thousand in Q1 2014 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 €398 thousand in Q1 2014.

NET PROFIT AND EPS

Net profit in the first three months of 2014 amounted to €757 thousand, an increase of 64% year-on-year. The increase was largely due to the foreign exchange gains from Euro appreciation in Q1 2014, compared with large foreign exchange loss recognized in the same period of 2013. The earnings per share in Q1 2014 was €0.06, an increase of 100% year-on-year.³

NET PROFIT MARGIN

The net profit margin increased from 4% in Q1 2013 to 7% in Q1 2014. The increase mainly resulted from the stable EBIT margin and the foreign exchange gain.

³Computed on the basis of weighted average 13,298,495 shares for Q1 2014 and Q1 2013

Balance Sheet Structure

The following table presents balance sheet data under IFRS as of ended March 31, 2014 and December 31, 2013

	31 Mar. 2014	31 Dec. 2013
	kEUR	kEUR
ASSETS		
Current assets		
Inventories	2,699	2,256
Trade receivables	14,871	18,411
Other receivables and prepayments	1,739	2,447
Amounts due from related parties	98	101
Cash and cash equivalents	123,452	126,614
	142,859	149,829
Non-current assets		
Property, plant and equipment	820	816
Land use rights	268	276
Intangible assets	720	794
Deferred tax assets	406	406
	2,214	2,292
Total assets	145,073	152,121
LIABILITIES		
Current liabilities		
Short-term loans		
Trade payables	9,518	13,422
Other payables	1,269	1,358
Provisions	449	509
Amounts due to related parties	2	0
Income tax payable	367	505
Total liabilities	11,605	15,794
CAPITAL AND RESERVES		
Share capital	14,495	14,495
Treasury stock	-1,197	-1,197
Capital reserves	40,436	40,436
Retained earnings	62,652	61,895
Foreign exchange differences	17,082	20,698
Total equity	133,468	136,327
Total liabilities and equity	145,073	152,121
Equity to total assets ratio	92%	90%

Current Assets

INVENTORIES

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

	Mar. 31, 2014	Dec. 31, 2013
	kEUR	kEUR
Goods and materials	2,699	2,248
Advances to suppliers	0	8
	2,699	2,256

Inventories increased from EUR 2,256 thousand as at 31 December 2013 by EUR 443 thousand to EUR 2,699 thousand as at 31 March 2014 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 wireless data cards.

TRADE RECEIVABLES

Trade receivables decreased from EUR 18,411 thousand as at 31 December 2013 by EUR 3,540 thousand, or 19%, to EUR 14,871 thousand as at 31 March 2014, mainly due to accelerated collection of receivables in Q1 2014. The amount of trade receivables with a maturity of less than 90 days as at 31 March 2014 represented 70% of total trade receivable as at 31 March 2014, a decrease of 5 percent compared with that of 31 December 2013. Meanwhile the part with a maturity of more than 90 days but below 180 days was 30% of the total trade receivables as at 31 March 2014, representing an increase of 5 percent compared with that of 31 December 2013.

OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments decreased from EUR 2,447 thousand as at 31 December 2013 by EUR 708 thousand, or 30% to EUR 1,739 thousand as at 31 March 2014. If excluding the impact of exchange differences arising from currency translation, other receivables and prepayments decreased by 27% in terms of RMB. The decrease mainly resulted from the decrease of prepayments to suppliers in Q1 2014, which was partly offset by an increase of interest receivable of bank term deposit.

The amounts due from related parties decreased from EUR 101 thousand as at 31 December 2013 to EUR 98 thousand as at 31 March 2014. If excluding the impact of exchange differences arising from currency translation, the amounts due from related parties remained unchanged in Q1 2014 in terms of RMB.

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 123,452 thousand as at 31 March 2014. 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 2014, see "Cash Flow Statement" in this section.

	Mar. 31, 2014	Dec. 31, 2013
	kEUR	kEUR
Cash on hand	12	16
Cash in banks	122,215	125,340
Deposit on bank's acceptance bill	1,225	1,258
	123,452	126,614

Non-current Assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased from EUR 816 thousand as at 31 December 2013 by EUR 4 thousand, or 0.5%, to EUR 820 thousand as at 31 March 2014. If excluding the impact of exchange differences arising from currency translation, property, plant and equipment increased by 3% in terms of RMB. This mainly resulted from the purchase of motor vehicle and an increase of property for broadband network project and construction in progress, partly offset by the depreciation charges.

INTANGIBLE ASSETS

Intangible assets decreased from EUR 794 thousand as at 31 December 2013 by EUR 74 thousand, or 9%, to EUR 720 thousand as at 31 March 2014 due to the amortization in Q1 2014.

Liabilities

TRADE PAYABLES AND NOTES PAYABLE

Trade payables and notes payable decreased from EUR 13,422 thousand as at 31 December 2013 by EUR 3,904 thousand, or 29% to EUR 9,518 thousand as at 31 March 2014, which mainly resulted from the payment of trade payables due in Q1 2014.

OTHER PAYABLES

Other payables decreased from EUR 1,358 thousand as at 31 December 2013 by EUR 89 thousand, or 7% to EUR 1,269 thousand as at 31 March 2014, mainly resulted from the decrease of VAT payables in Q1 2014, partly offset by the increase of other tax payable and advances from customers.

EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio increased from 90% as at 31 December 2013 to 92% as at 31 March 2014.

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 2014 and Q1 2013.

	Q12014	Q12013
	kEUR	kEUR
Operating cash flow before working capital changes	805	810
Cash generated from/(used in) operations	577	6,028
Net cash generated from operating activities	138	5,441
Cash flow used in investing activities	-127	-50
Cash flow from financing activities	0	0
Net increase in cash and cash equivalents	11	5,391
Cash at beginning of the year	126,614	113,510
Foreign exchange difference	-3,173	4,361
Cash at the end of the period	123,452	123,262

NET CASH GENERATED FROM OPERATING ACTIVITIES

The Company generated a positive net cash flow amounting to EUR 138 thousand from operations in the first three months of 2014, representing a decrease by EUR 5,303 thousand compared with that of EUR 5,441 thousand generated from operating activities in Q1 2013. The decrease was mainly due to a decrease of collection of trade receivables and an increase of payment of trade payables, which was partly offset by the increase of profit before income tax, the increase of collection of other receivable and prepayment, a decrease of payment of other payable and accruals.

CASH FLOW FROM INVESTING ACTIVITIES

The net cash outflow in investing activities in Q1 2014 amounted to EUR 127 thousand mainly in investment of motor vehicles and the property for broadband network project(Q1 2013: EUR 50 thousand mainly for electronic equipment).

CASH AT THE END OF THE PERIOD

Cash at the end of the period amounted to EUR 123,452 thousand as at 31 March 2014, representing a decrease of EUR 3,162 thousand compared with the balance as at 31 December 2013. If excluding the impact of exchange differences arising from currency translation, the cash and cash equivalents actually increased by RMB 1,536 thousand in terms of RMB as at 31 March 2014, which mainly resulted from the accelerated collection of trade receivables, partly offset by the payment of trade payables.

Human Resources

The total number of employees in Vtion changed slightly from 231 in 2013 to 229 as at March 31, 2014 in order to keep a lean cost structure. The primary reason of personal downsizing was the decline of the staff in the Sales and Marketing Department from 66 in 2013 to 52 in Q1 2014. The personnel in Customer service and call center went from 8 in 2013 to 6 in Q1 2014. To the contrary, The Research and Development gained more staff from 76 at the end of 2013 to 86 in 31 March 2014. The number of employees in the Administration also increased to 71 in Q1 2014. Meanwhile, there were 9 persons in the production department. Constantly there are 5 management board members in the company in Q1 2014. As at the end of Q1 2014, Vtion Anzhuo comprised of 86 employees, a dramatic increase by 44 persons compared with that at the end of 2013, primarily due to the merge of industry-specific computing solution business into Vtion Anzhuo. Of the personnel, the number of persons in R&D department increased from 24 in 31 December 2013 to 69 in 31 March 2014 while administrative department included 14 persons and Sales and Marketing Department included 3 persons.

Research and Development

Vtion's wireless data terminal R&D activities centered the technical improvement of wireless data cards and 3G mobile routers. The strength of Vtion's wireless data terminal R&D is based on the company's understanding of telecom operators' needs, the ability to develop products that meet the operators' specifications and work closely with suppliers to ensure quality. Due to the pressure on its average selling prices in this segment, the company is seeking to design specialized data terminals and modules for industry-specific customers. A specialized data card has been developed for local tax authorities which is able to support tax officers to work wirelessly in the customized online tax system. As the fourth generation technology (TD-LTE) license has been released at the end of 2013, Vtion is planning to invest further in research and development in 2014 in order to offer 4G wireless data card and to further develop its overall wireless data terminals business. Though production is outsourced, Vtion's design capability ensures that it continues to produce industry-leading quality for the Chinese market in its wireless data terminal segment.

In Vtion's mobile applications business, the company relies on a worldwide procurement model to seek out applications that the company will be able to effectively distribute. However, Vtion also develops mobile application in-house, particularly for the applications it has designed for the insurance industry. Vtion's ongoing R&D activities in the mobile applications space involve developing new applications, optimizing existing applications and optimizing the company's online store and distribution network. Vtion's applications for its industry-specific computing solutions business segment are developed by a team of developers who were formerly employed in the IT departments of various insurance companies. As Vtion looks to expand into other industries in its industry-specific solutions segment, it will evaluate the need to add further talents and competencies from these particular industries.

Vtion Anzhuo continues to operate its own online store Vmarket and also provide platform construction, operation and promotion services for smart devices brands, Internet TV operators and major customers. There are several sorts of platforms for operation and development of applications in Vmarket. Developers utilize the "developer platform" in order to update the status of applications, such as uploading, repeal, inspection.

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. 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.

A risk monitoring system has been established in house, which is an important part of the overall risk management. The key risks are identified, analyzed, managed and resolution derived accordingly. The system will be reviewed periodically and updated when necessary.

Report on Post-Balance Sheet Date Events

On April 3, 2014, Vtion settled the cancellation of 1,196,591 treasury shares that had been purchased via a public tender offer between September 5 and September 26, 2012, consequently reducing the company's total share capital to 13,298,495 shares.

After the conclusion of the first quarter, Vtion executed a share repurchase program via public tender offer. The offer period ran from April 11 through May 9. By the end of the offer period the company repurchased a total of 1,084,855 shares, currently held as treasury shares. The management will decide how to handle these shares in consultation with the Supervisory Board at a later date.

Outlook

In the first three months 2014 the outlook for the economic and business environment of the full year 2014 hasn't changed much compared to the information given in the annual report 2013. The relevant information could be referred in the outlook section of the annual report.

Despite improving results in the company's mobile intelligent terminal segment and a more aggressive rollout of the company's software-based offerings, wireless data terminals business is expected to account for the majority of revenues for the remainder of 2014.

In the industry-specific computing solutions segment, the company will seek to expand client base and focus to increase revenue from its current 9 clients. While Vtion's long-term strategic plan calls for selectively entering new industries in addition to the insurance sector, the company does not plan any new industry entries over the course of 2014.

Vtion Anzhuo has continued to offer its portfolio of mobile application 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, as well as target companies offering large-screen devices such as Internet TV's, as competition is not as intense in this space as it is in the more mature handset and tablet markets.

Vtion's guidance for the full year 2014 calls for the company to achieve revenues of at least Euro 60 million, with an EBIT margin of approximately 8%. Though the company is behind the pace based on the performance of Q1 2014, management remains confident that it can reach its full year target given that the first quarter is typically the company's weakest and results will gradually improve over the remainder of the year.

Frankfurt/Main, May 27, 2014

Management Board

Chen Gouping

Zheng Hongbo

Ding Chaojie

Fei Ping

He Zhihong

Vtation Product Groups

Wireless data terminals



E1920
Wireless Data Card



E6+
Wireless Router



VT1
PCtoTV

Wireless intelligent terminals



VCAM798
Wireless Home Monitor

Industry-Specific & Service Solutions



Insurance Industry solutions
(E-Agency Platform)



Fujian Broadband Project

Android applications -Vmarket



Financial Statements Vtion Wireless Technology AG

Consolidated Statement of Comprehensive Income

for the period from January 1 to March 31

	<i>Notes</i>	Q1 2014	Q1 2013
		EUR	EUR
Sales		10,952,214	11,839,460
Cost of sales		-8,757,866	-9,679,735
Gross Profit		2,194,348	2,159,725
Other operating income		487	0
Selling and distribution expenses		-351,960	-374,440
Administrative expenses		-1,166,840	-1,104,799
Other operating expenses		-10,164	0
Profit from operations		665,871	680,486
Finance income		451,280	446,490
Finance expenses		-5,442	-4,198
Foreign exchange gain or loss		43,015	-215,813
Profit before income tax		1,154,725	906,965
Income tax		-397,756	-445,233
Profit for the period		756,969	461,732
Other comprehensive income:			
Exchange differences on translating foreign operations		-3,616,839	4,430,060
Other comprehensive income for the period		-3,616,839	4,430,060
Total comprehensive income for the period		-2,859,870	4,891,792
Earnings per share (basic and diluted)*		0.06	0.03

*Computed on the basis of weighted average 13,298,495 shares for Q1 2014 and Q1 2013

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, 2014	Dec. 31, 2013
	EUR	EUR
ASSETS		
Current assets		
Inventories	2,698,807	2,255,805
Trade receivables	14,871,260	18,411,081
Other receivables and prepayments	1,739,002	2,446,881
Short-term investment	-	-
Amounts due from related parties	98,704	101,379
Cash and cash equivalents	123,451,909	126,614,078
	142,859,682	149,829,224
Non-current assets		
Property, plant and equipment	819,903	816,446
Land use rights	267,535	276,378
Intangible assets	720,176	793,895
Deferred tax assets	405,838	406,022
	2,213,452	2,292,741
Total assets	145,073,134	152,121,965
LIABILITIES		
Current liabilities		
Trade payables	9,517,972	13,422,085
Other payables	1,269,044	1,357,695
Provisions	449,072	508,892
Amounts due to related parties	1,749	-
Income tax payable	367,420	505,546
Total liabilities	11,605,257	15,794,218
CAPITAL AND RESERVES		
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	62,652,302	61,895,333
Foreign exchange differences	17,081,425	20,698,264
Total equity	133,467,877	136,327,747
Total liabilities and equity	145,073,134	152,121,965

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>						
Balance as at December 31, 2012	14,495,086	-	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
Balance as at March 31, 2013	14,495,086	1,196,591	40,435,655	58,688,854	27,270,520	139,693,524
Balance as at December 31, 2013	14,495,086	-	40,435,655	61,895,333	20,698,264	136,327,747
Buyback ordinary share						
Treasury stock redemption						
Dividend distribution						
Total comprehensive income for the period	-	-		756,969	-3,616,839	-2,859,870
Balance as at March 31, 2014	14,495,086	1,196,591	40,435,655	62,652,302	17,081,425	133,467,877

Consolidated Cash Flow Statement

for the period from January 1 to March 31

<i>Notes</i>	Q1 2014	Q1 2013
	EUR	EUR
Profit before income tax	1,154,725	906,965
Adjustments for:		
Amortization of intangible assets	54,143	47,695
Depreciation of land use rights	1,590	3,232
Allowance for doubtful trade debts	-	-
Depreciation of property, plant and equipment	73,072	78,669
Loss on disposal of property, plant and equipment	10,044	-
Interest income	-451,280	-446,490
Interest expense	-	-
Bank charges	5,442	4,198
Foreign exchange loss	-43,015	215,813
Operating cash flow before working capital changes	804,720	810,082
Working capital changes:		
(Increase)/decrease in:		
Inventories	-515,628	-865,790
Trade receivables	3,133,550	7,941,271
Other receivables and prepayments	1,025,008	123,275
Amounts due from related parties		3,450
Increase/(decrease) in:		
Trade payables	-3,642,422	-560,301
Other payables and accruals	-101,798	-1,290,148
Amounts due to related parties	1,795	-
Income tax payable	-128,037	-133,533
Cash generated from/(used in) operations	577,187	6,028,306
Interest received	86,343	63,345
Interest expense	-	-
Income tax paid	-525,793	-650,862
Net cash generated from operating activities	137,737	5,440,789
Cash flow from investing activities		
Purchase of intangible assets		-35,934
Purchase of land, property, plant and equipment	-126,561	-13,592
Increase of short term investment	-	-
Cash flow from investing activities	-126,561	-49,526
Cash flow from financing activities		
Payment in connection with share buyback		
Cash flow from financing activities	0	0
Net increase in cash and cash equivalents	11,176	5,391,263
Cash at the beginning of the period	126,614,078	113,509,797
Foreign exchange differences	-3,173,345	4,361,167
Cash at the end of the period	123,451,909	123,262,227

Selected Notes to the Consolidated Financial Statements

For the period from January 1 to March 31, 2014

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, 2014	Results from Jan. 1 to Mar. 31, 2014
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	-456	5,059
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	90,453	896
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	16,416	-177
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	797	8
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	-1,075	-268
Vtion Communication Technology Service (Fuzhou) Co., Ltd, PRC	100%	103	-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, 2014, the same accounting policies and methods of computation are followed as compared with the recent annual financial statements as of December 31, 2013.

In 2013, Vtion has decided to make a change in accounting method of land use rights because of an application notice from the German Financial Reporting Enforcement Panel. The acquisition of land use rights is accounted according to the rules for a change in accounting policy (IAS 8) as a finance lease transaction in accordance with IAS 17. The land use rights are continued to be presented separately at the face of the consolidated statement of financial position. Due to the change in accounting policy the land use rights present a tangible asset. The corresponding disclosure of cash flow statements and related notes for Q1 2013 is also adjusted to assure the information comparable.

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	
	2014	2013
March 31	8.5754	7.9600
Average first three month	8.3576	8.2209

4. Impairment of Non-financial Assets, if any

In Q1 2014 and Q1 2013 no non-financial asset has been impaired, except as mentioned in note 7.1. For inventory an impairment provision of EUR 27 thousand has been recorded as of March 31, 2014(EUR 28 thousand as of December 31, 2013).

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”. From the second quarter of 2013, network camera has been adjusted to be presented in “Wireless Intelligent Terminals” rather than “All Others”. So the corresponding disclosure for Q1 2013 is adjusted to ensure comparability of the segment information.

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	
	Year ended 31/Mar./2014	Year ended 31/Mar./2013	Year ended 31/Mar./2014	Year ended 31/Mar./2013
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	9,144	10,965	866	1,214
Wireless Intelligent Terminal	1,282	696	161	49
All Others	526	178	-213	-444
Total for continuing operations	10,952	11,839	815	819
Central administration costs	0	0	-149	-138
Finance result	0	0	489	226
Profit before tax (continuing operations)	0	0	1,155	907

6. Notes to the Consolidated Statement of Comprehensive Income

6.1 TOTAL INCOME

	Q1 2014	Q1 2013
	EUR	EUR
Sales of goods	10,952,214	11,839,460
Other operating income		
Service income	6	0
Others	481	0
	487	0
Finance income		
Interest income	451,280	446,490
Foreign exchange gains	43,015	0
	494,295	446,490
Total income	11,446,996	12,285,950

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.

Since the exchange rate of EUR to RMB as of March 31, 2014 was increased by 2.7% compared with that of December 31, 2013, the company recognized EUR 43 thousand of foreign exchange gain in Q1 2014 (Q1 2013: exchange loss EUR 216 thousand).

6.2 SPLIT-UP OF SALES

	Q1 2014	Q1 2013
	EUR	EUR
Split-up of sales		
Sales to external customers		
Wireless Data Terminals	9,144,070	10,965,142
Wireless Intelligent Terminals	1,281,984	696,407
All Other Segments	526,160	177,911
	10,952,214	11,839,460

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 COST OF SALES

	Q1 2014	Q1 2013
	EUR	EUR
Split up of Cost of Sale		
Cost of materials		
- raw materials	3,079,568	4,138,575
- purchased goods	5,332,379	5,045,448
- services	255,501	317,786
- business taxes and surcharges	51,507	142,040
	8,718,955	9,643,849
Directly attributable payroll expenses and non-attributable shared costs	38,911	35,886
	8,757,866	9,679,735

6.4 AVERAGE NUMBER OF EMPLOYEES/PAYROLL COSTS

	Q1 2014	Q1 2013
Average number of employees		
Management and administration	83	81
Research and development	78	73
Sales	66	87
	227	241

	Q1 2014	Q1 2013
	EUR	EUR
Payroll costs		
Wages and salaries	575,206	561,035
Social security costs	99,536	94,983
Welfare	29,308	25,430
	704,050	681,448

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

	Q12014	Q12013
	EUR	EUR
Amortization of intangible assets and land use rights		
Software	32,220	25,407
Licenses	20,428	20,767
Trademarks	1,496	1,521
sum	54,143	47,695
Depreciation of Land use rights	1,590	3,232
Depreciation of property, plant and equipment	73,072	78,669
Total of amortization and depreciation	128,805	129,596

Except about EUR 2,243 of amortization of intangible assets was booked as part of "cost of sales" for insurance industry in Q1 2014 (Q1 2013: EUR 21,481 for software business operated by Vtion Anzhuo and service business operated by Vtion Software for insurance industry), the remaining amortization of intangible assets was booked in "Administrative expenses" in Q1 2014.

6.6 FINANCE EXPENSES

	Q1 2014	Q1 2013
	EUR	EUR
Finance Expense		
Exchange loss	0	215,813
Bank charges	5,442	4,198
	5,442	220,011

6.7 INCOME TAX

	Q1 2014	Q1 2013
	EUR	EUR
Current income tax (ordinary activities)	397,756	517,328
Deferred income tax induced by:		
-temporary differences	0	45
-tax loss carry forward	0	-72,140
Income tax recognized in profit and loss	397,756	445,233

6.8 APPLICABLE TAX RATE

Vtion IT and Vtion Communication applied an effective tax rate of 25% in Q1 2014 in accordance with the Income Tax Law of the People's Republic of China.

Vtion Software, Vtion Anzhuo and Vtion Service incurred accounting losses for the first three months of operation, and accumulated net losses as of March 31, 2014, therefore had no taxable income in Q1 2014.

7. Notes to the Consolidated Statement of Financial Position

7.1 INVENTORIES

	Mar.31, 2014	Dec.31, 2013
	EUR	EUR
Inventory-advances to supplier	354	8,051
Goods and materials	2,725,555	2,275,591
Less: stock provision	-27,102	-27,836
	2,698,807	2,255,805

7.2 TRADE AND OTHER RECEIVABLES

	Mar.31, 2014	Dec.31, 2013
	EUR	EUR
Trade receivables		
Trade receivables	14,871,260	18,411,081
Allowance for trade receivables	(0)	(0)
	14,871,260	18,411,081

	Mar.31, 2014	Dec.31, 2013
	EUR	EUR
Other receivables		
Prepayment		
Other receivables	1,684,648	2,363,204
Prepaid expenses	54,354	83,677
	1,739,002	2,446,881

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, 2014	Dec. 31, 2013
Related parties	EUR	EUR
Amount due from related parties - non-trade	98,704	101,379
	98,704	101,379

7.4 CASH AND CASH EQUIVALENTS

	Mar. 31, 2014	Dec. 31, 2013
	EUR	EUR
Cash on hand	12,053	16,029
Cash in banks	122,215,307	125,340,339
- of Mainland China	120,666,620	123,546,706
- of Germany and offshore	1,548,687	1,793,633
Deposit on bank's acceptance bill (in China)	1,224,549	1,257,710
	123,451,909	126,614,078

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, 2014, EUR 121,891 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 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, 2014. 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 payables 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, 2013. 50% of the funds received (EUR 1,225 thousand) are kept as a cash deposit on bank acceptance bills, which was changed from that as at December 31, 2013 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, 2014	Dec. 31, 2013
	EUR	EUR
Other payables		
VAT payable	946,684	1,041,328
Other payable	120,068	135,598
Advances from customers	100,740	90,448
Other tax payables	101,552	90,321
	1,269,044	1,357,695

7.7 PROVISIONS

	Mar. 31, 2014	Dec. 31, 2013
	EUR	EUR
Provisions		
Accrued payroll	240,930	254,937
Other accruals	208,142	253,955
	449,072	508,892

8. NOTES – OTHER

8.1 CONTINGENT LIABILITIES

The Company does not have any contingent liabilities as at March 31, 2014.

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 2014	Q1 2013
	EUR	EUR
Rental fee paid to a related party	33,024	33,573
	33,024	33,573

Rental fees paid to a related party were the same as that paid in Q12013 in terms of RMB, which paid in Q1 2014 was changed due to the change of exchange rate of EUR to RMB.

9. Events after Balance Sheet Date

On April 3, 2014, Vtion settled the cancellation of 1,196,591 treasury shares that had been purchased via a public tender offer between September 5 and September 26, 2012, consequently reducing the company's total share capital to 13,298,495 shares.

After the conclusion of the first quarter, Vtion executed a share repurchase program via public tender offer. The offer period ran from April 11 through May 9. By the end of the offer period the company repurchased a total of 1,084,855 shares, currently held as treasury shares. The management will decide how to handle these shares in consultation with the Supervisory Board at a later date.

10. Approval of the Financial Statements

The financial statements were approved and authorized for issuance by the Board of Directors on May 27, 2014.

Frankfurt, May 27, 2014

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 consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the 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 27, 2014

Vtition 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 Vtition. 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 Vtition 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 Vtition'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. Vtition neither plans nor undertakes to update any forward-looking statements.

Credits

PUBLISHED BY

Vtion Wireless Technology AG
11-12 11F Westhafen Tower
Westhafen Platz 1
60327 Frankfurt am Main
Germany
Phone: 0049-69 71 04 56 249

© 2014 Vtion Wireless Technology AG

CONCEPT AND DESIGN:

Kirchhoff Consult AG, Hamburg

PHOTOGRAPHS:

Vtion Wireless Technology AG
Date of publication of this report:
May 28, 2014
Investor Relations
Phone: 0049-69 71 04 56 249
Fax: 0049-69 71 04 56 248
E-mail: IR@vtion.de
Internet: <http://www.ir-en.vtion.de>

Financial Calendar

ANNUAL GENERAL MEETING, FRANKFURT

Wednesday, 25 June, 2014

PUBLICATION OF

INTERIM REPORT 2ND QUARTER 2014

Thursday, 21 August, 2014

PUBLICATION OF

INTERIM REPORT 3RD QUARTER 2014

Thursday, 27 November, 2014



vtion

VTION WIRELESS TECHNOLOGY AG
WWW.VTION.DE