Q2 2012 INTERIM REPORT

Wireless Anywhere

VTION WIRELESS TECHNOLOGY AG

Vtion Wireless Technology at a glance

		Q2			H1		
		2012	2011	+/–%	2012	2011	+/–%
Revenues	million €	19.34	19.37	0	37.18	31.98	16
Gross profit	million €	3.49	3.54	-1	7.11	6.12	16
Gross profit margin	%	18	18	0PP	19	19	0PP
EBITDA	million €	2.16	2.02	7	4.24	3.17	34
EBITDA margin	%	11	10	1PP	11	10	1PP
EBIT	million €	2.01	1.90	6	3.94	2.93	34
EBIT margin	%	10	10	0PP	11	9	2PP
Net profit	million €	0.58	1.75	-67	2.72	4.05	-33
Net profit margin	%	3	9	-6PP	7	13	-6PP
Earnings per share[1]	€	0.04	0.11	-64	0.18	0.25	-28
Net Cash flow from operations	million €	-6.97	-0.84	-730	-3.73	9.33	-140

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. The company also offers tablet PC and other products in its mobile intelligent terminals business segment. 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 236 employees, with offices in Fuzhou, Beijing, and Frankfurt.

[1] Computed on the basis of weighted average 14,996,205 shares for Q2 2012 , and weighted average 15,085,995 shares for H1 2012; respectively weighted average 15,898,556 shares for Q2 2011 and weighted average 15,939,053 shares for H1 2011

Letter from Vtion’s CEO

Dear Esteemed Fellow Shareholders,

I am honored to present to you our financial results for the first half of 2012. We have stayed on target both with our financial results in relation to our guidance for the full year, as well as in terms of our business development goals in each of our respective business segments.

We achieved revenues of Euro 19.3 million in Q2, an increase of 8% over the first quarter of this year, due primarily to strong selling results in our wireless data terminal business segment. As I stated previously, we had expected our results for the first quarter to be the weakest of the year, due to time lost because of the Chinese New Year and the fact that we needed time to expand our other business areas. While our revenues of Euro 37.2 million for the first half of the year represents just under half of the bottom end of our annual guidance, which calls for revenues between Euro 80 and Euro 100 million for the year, we feel we are still on pace to reach this guidance given that we expect our revenues to continue increasing over the second half of the year. We have maintained strong profitability in a difficult market environment; our EBIT margin for the first half of the year of 10.59% is in line with our guidance. For the first half of the year, we achieved a net profit of Euro 2.7 million.

We finished the first half of the year with a net cash position of Euro 114 million, down from a position of Euro 125 million at the beginning of the year. The decrease in the cash position is primarily due to working capital increases as well as cash used in the share buyback programs. Consistent with our previously stated intentions, we will continue to return cash to our shareholders through share buybacks.

We have also announced an investment of approximately RMB 13.5 million (Euro 1.7 million) in 2012 in a network development project in cooperation with China Unicom. Up-front investment in the project is scheduled to run through 2016, while commissions from the project should continue to be paid to Vtion through 2022. Investment from 2013-2016 should be at levels higher than those of the 2012 investments. We understand that our investors are eager to see our large cash position employed to the purpose of creating greater shareholder value. We are proactively addressing this by returning cash to shareholders through share buyback programs and by investing in projects that will yield long-term returns.

Across each of our business segments we have positioned ourselves for a strong remainder of the year and long term future. We have faced weakening demand for wireless data card products with improved offerings of 3G and 3.5G routers in our wireless data terminal business segment. In the mobile intelligent terminal and industry-specific solutions segment, we have started development of an improved 7-inch tablet PC, a 5-inch model and a “Rugged Tablet”, which is designed to be used in adverse conditions. We have also expanded our client base to a total of six clients in the insurance industry. Though the current revenue streams from these clients are rather small, we expect them to be a long-term and steady revenue source in the future, particularly as the uptake rate for tablet PC's increases in the commercial space as opposed to only in the consumer market.

Finally, for Vtion Anzhuo, we have achieved a total offering volume of 10,672 applications through our own online store, shop-in-shops with the telecom operators' stores and through cooperation with device manufacturers. Though the majority of downloads offered are still for free, we are researching pay-per-use application offerings. Moreover, we are licensing online stores that we build and customize for other clients that do not have the capability to engineer their own online appstores. We see strong potential for this business segment within Vtion Anzhuo, given that there is an increasing number of players in the Android market that seek to offer applications yet do not have the capacity to design and operate their own online store, thus outsourcing such work to companies such as ours.

As Vtion largest shareholder, I am anxious to see the company's valuation on the stock markets improve. From our end, we are taking the right steps by continuing to diversify and expand our business model. We have also addressed our cash position through operational investments and by returning some of the cash position to shareholders. Recently, there has been increasingly negative sentiment surrounding Chinese companies listed on stock exchanges outside China, also in Germany. As someone who has witnessed my country's economic reforms since their infancy in the 1980's, I have seen all order of business practices that would be unfathomable in more developed countries. There are certainly many examples of companies in China that engage in questionable practices, including likely many that have not yet been discovered. While I cannot speak for other companies, we at Vtion have sought to do everything by the book from even before our listing, and take great pride in our corporate governance. We have excellent oversight from our Supervisory Board, and make it a point of emphasis to work closely with them. While I understand sentiment surrounding the Chinese companies listed in Germany will only improve over time and with strong operating results, I wanted to address the issue proactively. We will continue to strive to improve both our corporate governance going forward and I thank all of our shareholders for their continued confidence and support.

Best Regards,

Chen Guoping

CEO Vtion Wireless Technology AG

Highlights

Revenue Growth

Vtion achieved sales revenue of Euro 37.2 million for the first half of 2012, an increase of nearly 16% over the same period in 2011. Compared to Q1 2012, Vtion's revenue of Euro 19.3 million in Q2 represents an increase of 8%.

On Pace with Guidance

Vtion expects revenue for the full year 2012 to be between Euro 80 million and Euro 100 million. Though the revenue figure of Euro 37.2 million represents slightly under half of the bottom end of the guidance, Vtion is confident that revenues will continue to grow in H2. With an EBIT margin of 10.59% for H1 2012, Vtion stays in line with its margin guidance for the full year.

Increasing Investments

In addition to returning cash to investors through a share buyback plan, Vtion has begun to allocate more cash to expanding its operations. Though allocating cash for the share buyback and increase in working capital requirements has resulted in the company's cash position moving from Euro 125 million at year-end 2011 to Euro 114 million as of June30, 2012, the company remains well capitalized. Vtion also intends to continue allocated Euro 1.7 million to invest in a network expansion project in cooperation with China Unicom.

Business Model Diversification

While Vtion still generates the majority of its revenues in the wireless data terminal business segment, it has responded to weakening demand for wireless data cards both by increasing its offerings of wireless routers in that segment, and by diversifying into other business segments. The company is working on an improved version of its 7-inch tablet PC, along with a 5-inch model and a "rugged tablet" that can be used in adverse conditions. Vtion Anzhuo has continued to expand its application offerings and deepen cooperation with other device manufacturers.

Share Buyback Program

Between April 2011 and the AGM in June 2012, Vtion repurchased a total of 1,484,914 shares, which were later cancelled, lowering the company's total share capital from 15,980,000 to 14,495,086. In the 2012 AGM, Vtion received further authorization to repurchase shares and intends to use that authorization in the future.

Outlook

Vtion expects the revenue growth seen quarter-over-quarter in the first half of the year to continue in the third quarter. The company's business development is proceeding in line with expectations and management remains confident the company will reach its stated guidance for the year. For the full year the company expects sales revenues of between Euro 80 million and Euro 100 million, with an EBIT margin largely consistent with that of 2011 (2011 EBIT margin 10.3%).

The Share

Uncertain Market Environment

After a strong start to the new financial year 2012, markets were affected by the continuing uncertainty about growth in China and the overall global economy and concerns regarding the European debt crisis.Though policy makers seem to be addressing the problem proactively, there is still a large amount of of uncertainty, leading to volatility in the markets.

According to the overall market situation, the TecDAX index – the respective benchmark for Vtion's share – was volatile in the first half-year of 2012. The index reached its half-year high at the end of March with 802.61 points. From May on the index showed a declining performance and reached its half-year low with 713.90 points on June 4. In June the index climbed back up and closed at 743.74 points. This represents a performance gain of 6.3 percent for the first half-year of 2012.

Continuous improvement towards the end of the first half of the year

The Vtion share retreated from its year high of Euro 4.10 on March 22 to reach a year-low closing price of Euro 3.31 on May 18. The share rebounded thereafter, buoyed by the company's tender offer to repurchase shares at Euro 3.80, which ran from June 5 to 18, 2012. The share closed at Euro 3.92 on June 29 before again retreating. This respresents a gain of 26.5 percent compared to year-end 2011. In comparision to its benchmark the Vtion share outperformed the TecDAX by more than 20 percentage points.

Dividend of 15 percent of 2011 net profit

Concurrent with the publication of its Annual Report 2011, Vtion announced that it would distribute a dividend in 2012 of 15% of 2011 net profit. This payout ratio is consistent with the payout ratio for the dividend the company distributed in 2011, which was the first year that Vtion distributed a dividend to its shareholders. The dividend approved by the AGM 2012 was paid on June 27, 2012, the day following the Annual General Meeting.

Share buyback program

Vtion began purchasing shares through a share buyback program on May 6, 2011, and as of June 22, 2012, the company had repurchased a total of 1,484,914 shares. This number included both shares repurchased over the open market and through the aforementioned tender offer program from June 5 to June 18. Vtion's management and supervisory boards resolved on June 22 to cancel the shares, reducing Vtion's total share capital from the original 15,980,000 shares to 14,495,086 shares.

Sponsorship and Research Coverage

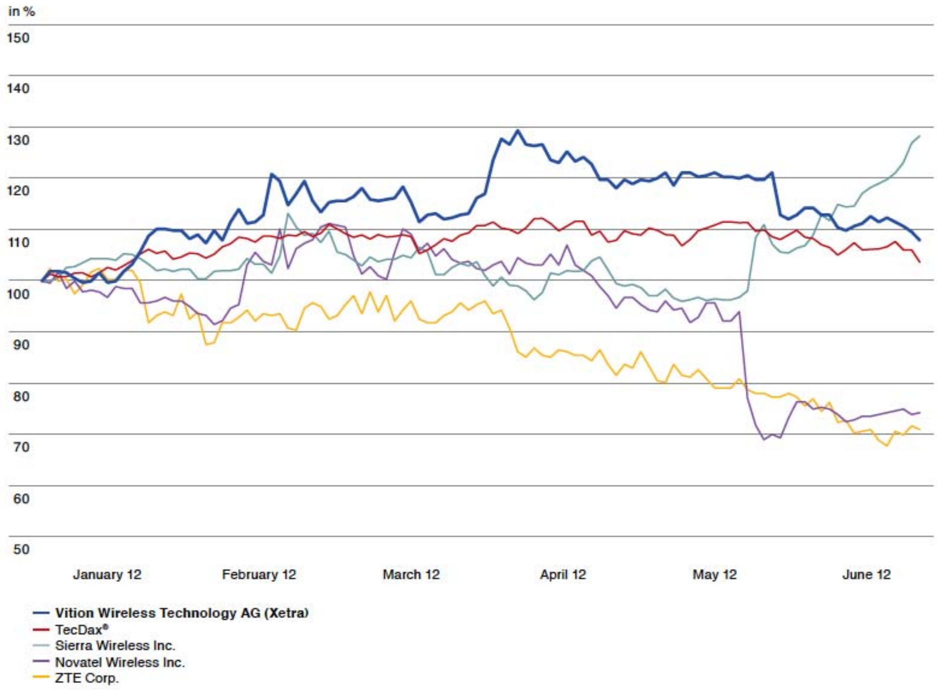
The company has had research coverage from M.M. Warburg since January 2010. Equinet AG is Vtion's market maker and provides designated sponsoring services. M.M. Warburg Research currently has a "buy" recommendation on the Vtion share.

Investor Relations

Vtion is committed to active investor communications and maintaining accessibility to its shareholders and interested potential investors. The company will undertake a roadshow following the release of the Q2 report on August 13, 2012. Vtion will also present at the Germany Equity Forum 2012 from November 12 to 14, 2012.

VTION STOCK PRICE

Jan 1 –June 30, 2012 / in percent



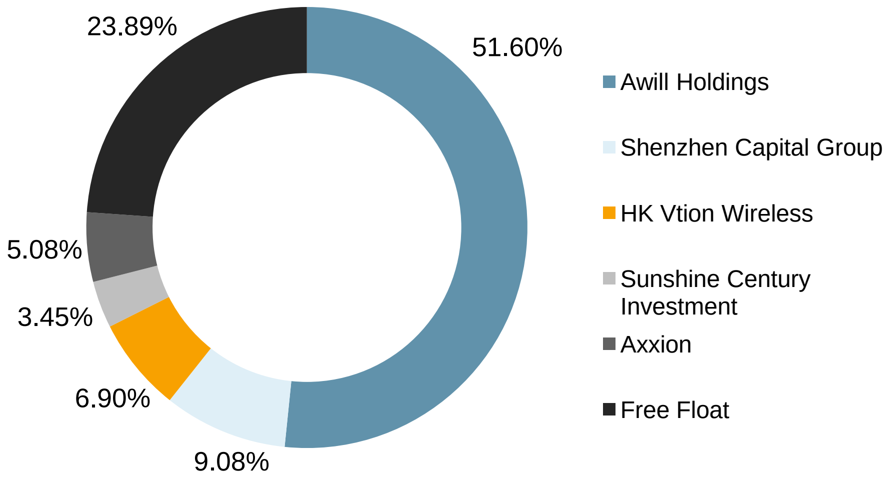
VTION MASTER DATA

as of June 30, 2012

		June 30, 2012
Number of shares		14,495,086
Closing price	€	3.919
Market Cap.	Mio €	56.8
High price	€	4.10
Low price	€	3.31

VTION SHAREHOLDER STRUCTURE

as of June 30, 2012



Interim Management Report

Business and Operating Environment

Vtion Group is one of the leading providers of wireless data solutions for mobile computing over wide area networks in China

Overview

GDP growth rate in China has been the subject of much speculation and concern worldwide, given that the economy as expected to grow at a rate slower than any of the past ten years in 2012. Though government projections for a full-year growth rate of 7.5% are low compared to growth of 9.2% for the year 2011. However, the country has managed to exceed that projection for the first two quarters of the year, logging a growth rate of 8.1% in the first quarter and 7.5% in the second.[2] This represents a growth rate of 7.8% for the first half of the year.[3] Though growth has been lower than in years past, dipping below 8% for the first time in three years, the government has presented it as proof that policy aimed at avoiding overheating in the economy has proved effective. Despite the slight slowing, growth has remained stable.

Government economic policy has relaxed somewhat over the course of the first half of the year to counteract the gradual slowdown in growth that is taking place. On May 18, 2012, the government lowered the reserve requirements for financial institutions 0.5 basis points.[4] Interest rates were lowered on June 7 by 0.25 basis points, before being lowered a further 0.25 basis points on the 6th of July.[5] Though the government has yet to engage in a true stimulus program at this point, policy continues to move in a direction aimed at stimulating growth and mitigating the apparent slowdown taking place in the economy as a whole.

General Market Conditions and Business Development

According to data from the China Internet Network Information Commission, by the end of May 2012, the total number internet users in China reached 536 million, which represents a penetration rate of 39.9%.[6]

With continued improvements in network performance and capacity, the user numbers for all three of China's 3G telecom networks continue to grow. Over the first five months of 2012, the three network operators added a combined 38.25 million users to their three networks, bringing the total number of 3G

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[2] http://www.stats.gov.cn/tjdt/gjtjjdt/t20120713_402818107.htm

[3] ibid.

[4] People's Bank of China.

[5] Ibid.

[6] http://www.cnnic.cn/research/bgxz/tjbg/201207/t20120719_32247.html

mobile network users in China to 167 million. Of those, 67.08 million[7] users subscribe to China Mobile's TD-SCDMA network, China Unicom now boasts 57.53 million[8] users, while China Telecom has 50.96 million[9] users. The total number of users between the three networks is greater than 167 million due to some overlap with users who subscribe to more than one network. Growth in this area continues to be primarily driven by smart phone user additions, though Vtion has also seen increasing demand for its 3G wireless routers, as usage of the 3G networks becomes more prominent in the household and office.

Vtion depends on continued expansion of the networks to support growth in its wireless data terminal business segment. For the second quarter 2012, 81% of Vtion's total revenues came from the wireless data terminal segment.

The remaining 18% of Vtion's revenue for the quarter came from the mobile intelligent terminal business segment. Revenues in this segment continue to come almost exclusively from the V7 tablet PC, which is sold to consumers through Vtion's sales and distribution partners.

In the mobile applications business segment, Vtion reached a total of 10,672 applications offered at the end of the second quarter. 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 application providers who lack the capacity to establish and operate their own stores.

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[7] http://www.c114.net/news/118/a704580.html

[8] http://www.c114.net/news/119/a704499.html

[9] http://www.c114.net/news/117/a704952.html

Result of Operations

The following table presents income statement data of the consolidated interim financial statements of the Company under IFRS for the second quarter ended 30 June 2012, with comparative information for the second quarter ended 30 June 2011 as well as half-year results 2012 with comparative information for the first half 2011.

INCOME STATEMENT – Group

Jan. 1 – Jun. 30 (in k€)	Q2			H1		
	2012	2011	+/-%	2012	2011	+/-%
Sales	19,339	19,366	0	37,185	31,983	16
Cost of sales	-15,850	-15,825	0	-30,080	-25,861	16
Gross profit	3,489	3,541	-1	7,105	6,122	16
Other operating income	116	0	n/a	120	1	11,900
Selling and distribution expenses	-545	-631	-14	-1,145	-1,092	5
Administrative expenses	-1,047	-1,011	4	-2,139	-2,097	2
Other operating expenses	0	0	0	-1	-1	0
Profit from operations (EBIT)	2,013	1,899	6	3,940	2,933	34
Finance income	253	143	77	440	295	49
Finance costs	-22	-18	22	-27	-32	-16
Foreign exchange gain/loss	-889	82	-1,184	-400	1,384	-129
Profit before income tax	1,355	2,106	-36	3,953	4,580	-14
Income tax	-775	-361	115	-1,236	-534	131
Profit for the period	580	1,745	-67	2,717	4,046	-33
Earnings per share[10]	0.04	0.11	-64	0.18	0.25	-28

SALES

In the first six months of 2012, sales amounted to € 37.2 million, increased by € 5.2 million or 16% compared with the same period in 2011 (H1 2011: € 32 million). If excluding the impact of exchange differences arising from currency translation, sales increased by 4% in H1 2012. This increase was primarily due to the increase in the sales of wireless router, VPAD and wireless high definition sharer named “PC to TV”, which was partly offset by the decrease of sales from wireless data cards, electrical book, mobile trade and Data Solution Service.

In H1 2012, Vtion Group had generated € 9 million from wireless router business, increased by € 5.8 million, or 181% compared with the same period in 2011 (H1 2011: € 3.2 million).

[10] Computed on the basis of weighted average 14,996,205 shares for Q2 2012 , and weighted average 15,085,995 shares for H1 2012; respectively weighted average 15,898,556 shares for Q2 2011 and weighted average 15,939,053 shares for H1 2011

In H1 2012, sales from VPAD amounted to € 7 million, increased by € 6.4 million, or 1,067% compared with the same period in 2011 (H1 2011: € 0.6 million).

In H1 2012, sales from "PC to TV" amounted to € 1.4 million, increased by € 0.9 million, or 180% compared with the same period in 2011 (H1 2011: € 0.5 million)

In H1 2012, Vtion Group recognized € 19.3 million revenue from wireless data cards, which decreased from € 22.2 million in H1 2011 by € 2.9 million, or 13%, as a result of severe falling of demand for 3G wireless data cards due to increasing usage of other connection to access the mobile internet.

In H1 2012, Vtion Group had generated € 0.4 million from mobile trade comprising the sales of IPhone and other intelligent mobile phones, which decreased from € 2.2 million in H1 2011 by € 1.8 million, or 82%. The decrease was due to the decrease of sales volume of IPhone package impacted by increasing suppliers and the decrease of the profit sharing ratio from phone bill.

In H1 2012, Vtion Group stopped the sales of electrical book, so no sales was generated from electrical book were recognized in H1 2012 (H1 2011: € 2.7 million).

Since the business club has been discontinued in its current form in 2011, no revenue generated from Data Solution Service in H1 2012 (H1 2011: € 0.5 million).

In the second quarter of 2012, Vtion Group had generated € 19.3 million from all segments, slightly decreased by € 0.1 million, or 0.1%, from € 19.4 million in Q2 2011. But if excluding the impact of exchange differences arising from currency translation, sales in Q2 2012 decreased by RMB 22.9 million, or 13% compared with that in Q2 2011 due to the decrease of sales in wireless data cards, which partly offset by the increase of sales generated from wireless router and VPAD.

COST OF SALES

Cost of sales increased to € 30.1 million in H1 2012 by € 4.2 million, or 16% from € 25.9 million in H1 2011. If excluding the impact of exchange differences arising from currency translation, cost of sales actually increased by 4% compared with that in H1 2011. This increase was primarily due to increase of sales volumes of VPAD, wireless router and "PC to TV", which was partly offset by the decrease of sales volumes of wireless data cards, electrical book and mobile trade.

Cost of sales amounted to € 15.8 million in Q2 2012, if excluding the impact of exchange differences arising from currency translation, cost of sales actually decreased by RMB 18.3 million, or 12% compared with that in Q2 2011.The decreased was primarily due to decrease of sales volumes of wireless data cards, partly offset by the increase of sales volumes wireless router, VPAD and "PC to TV".

GROSS PROFIT

The overall gross profit margin remained stable at 19% in H1 2012 (H1 2011:19%) and slightly decreased from 20% in Q1 2012.

OTHER OPERATING INCOME

Other operating income increased to k€ 120 in H1 2012 (H1 2011: k€ 1) due to the special monetary reward granted by PRC government in Q2 2012 for that “Vtion” was granted as one of “Chinese Famous Trademarks”.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased from k€ 1,092 in H1 2011 by k€ 53, or 5%, to k€ 1,145 in H1 2012. If excluding the impact of exchange differences arising from currency translation, selling and distribution expenses decreased by RMB 637 thousand or 6% compared with that in H1 2011 in terms of RMB. Selling and distribution expenses decreased from k€ 631 in Q2 2011 by k€ 87, or 14%, to k€ 544 in Q2 2012. If excluding the impact of exchange differences arising from currency translation, selling and distribution expenses in Q2 2012 decreased by 25% compared with that in Q2 2011 in terms of RMB. The decrease was primarily due to the decrease in royalty costs to copyright holders, partly offset by an increase in salary and welfare.

The ratio of selling and distribution expenses to total sales was 3.1% in H1 2012 and 3.4% in H1 2011.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from k€ 2,097 in H1 2011 by k€ 42, or 2%, to k€ 2,139 in H1 2012. If excluding the impact of exchange differences arising from currency translation, in H1 2012 administrative expenses actually decreased by RMB 1,720 thousand, or 9%, compared with that in H1 2011. Administrative expenses increased from k€ 1,011 in Q2 2011 by k€ 36, or 4%, to k€ 1,047 in Q2 2012. If excluding the impact of exchange differences arising from currency translation, in Q2 2012 administrative expenses actually decreased by RMB 970 thousand, or 10% compared with that in Q2 2011.The decrease was primarily due to a decrease in organization cost, consulting expenses, amortization of intangible assets, partly offset by an increase in research and development expenses, rental expenses and conference expenses.

Research and development expenses increased to k€ 400 in H1 2012 by k€ 68 or 20%, from k€ 332 in H1 2011. If excluding the impact of exchange differences arising from currency translation, research and development expenses actually increased by 8% in term of RMB compared with that in H1 2011.

The ratio of administrative expenses to sales was 5.8% in H1 2012 and 6.6% in H1 2011.

OTHER OPERATING EXPENSES

Other operating expenses were insignificant in H1 2012 and H1 2011.

PROFIT FROM OPERATIONS (EBIT)

Profit from operations increased from k€ 2,933 in H1 2011 by k€ 1,007, or 34%, to k€ 3,940 in H1 2012. If excluding the impact of exchange differences arising from currency translation, profit from operations increased by 20% compared with that in H1 2011. The increase was largely due to the increase of sales generated from wireless router, VPAD and “PC to TV” in H1 2012. Slight increase of gross profit margin of 3G wireless data cards and the decrease of operating expenses had a positive impact on the increase of profit from operations.

EBIT MARGIN

Vtion Group's EBIT margin (profit from operations divided by sales) increased from 9% in H1 2011 to 11% in H1 2012. This resulted from the stable overall gross profit margin and the decrease of operating expenses.

FINANCE INCOME AND FINANCE EXPENSES

Finance income comprises interest income earned from bank deposit. Finance income increased from k€ 295 in H1 2011 by k€ 145, or 49% to k€ 440 in H1 2012.

Finance expenses comprise bank charges. Finance expenses amounted to k€ 27 in H1 2012.

FOREIGN EXCHANGE GAIN OR LOSS

Since the functional currency of the Group is RMB, the Group recognized foreign exchange loss k€ 400 in H1 2012 arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date (H1 2011: foreign exchange gain k€ 1,384). As of 30 June 2012, Euro to RMB exchange rate dropped to 8.0011 by 1.9% from 8.1588 as at 31 December 2011, which had a negative impact on the valuation of assets denominated in Euros.

INCOME TAX

Income tax only comprises taxation actually payable. As 50% tax exemption time expired at December 31, 2011, both Vtion IT and Vtion Software apply an effective tax rate of 25% since year 2012 in accordance with the Income Tax Law of the People's Republic of China. Vtion Communication, Vtion Anzhuo and Vtion Servicc 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 k€ 1,236 in H1 2012 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 k€ 1,236 in H1 2012.

NET PROFIT AND EPS

Net profit in the first six months of 2012 amounted to € 2.7 million, a decrease of 33% year-on-year. The earnings per share in H1 2012 was EUR 0.18, a decrease of 28% year-on-year.[11]

NET PROFIT MARGIN

The net profit margin decreased from 13% in H1 2011 to 7% in H1 2012. This decrease mainly resulted from the foreign exchange loss and increased income tax expenses occurred in H1 2012.

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[11] Computed on the basis of weighted average 15,085,995 shares for H1 2012, and weighted average 15,939,053 shares for H1 2011, respectively.

Balance Sheet Structure

The following table presents balance sheet data under IFRS as of June 30, 2012 and December 31, 2011

	Jun. 30, 2012	Dec. 31, 2011
	kEUR	kEUR
ASSETS		
Current assets		
Inventories	3,614	2,360
Trade receivables	29,189	22,741
Other receivables	3,731	5,072
Short-term investment	4,900	0
Amounts due from related parties	151	1,062
Cash and cash equivalents	113,829	124,516
	155,414	**155,751**
Non-current assets		
Property, plant and equipment	1,002	1,122
Land use rights	597	592
Intangible assets	970	924
Deferred tax assets	697	668
	3,266	3,306
Total assets	**158,680**	**159,057**
LIABILITIES		
Current liabilities		
Short-term loans		
Trade payables	11,438	13,937
Other payables	5,142	5,056
Provisions	330	391
Amounts due to related parties	0	12
Income tax payable	846	450
Non-current liabilities		
Deferred tax liability	0	234
Total liabilities	**17,756**	**20,080**
CAPITAL AND RESERVES		
Share capital	14,495	15,980
Treasury stock	0	-748
Capital reserves	44,205	46,231

Retained earnings	55,598	53,679
Foreign exchange differences	26,626	23,835
Total equity	**140,924**	**138,977**
Total liabilities and equity	**158,680**	**159,057**
Equity to total assets ratio	89%	87%

Current Assets

INVENTORIES

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

	Jun. 30, 2012	Dec. 31, 2011
	kEUR	kEUR
Goods and materials	3,614	1,600
Advances to suppliers	0	760
	3,614	**2,360**

Inventories increased from k€ 2,360 as at 31 December 2011 by k€ 1,254, or 53%, to k€ 3,614 as at 30 June 2012. There was an increase in goods and materials, but a decrease in advances to suppliers. The increase of goods and materials was primarily due to the merchandise of upgrade version wireless data cards and wireless routers.

TRADE RECEIVABLES

Trade receivables increased from k€ 22,741 as at 31 December 2011 by k€ 6,448, or 28%, to k€ 29,189 as at 30 June 2012, mainly because Vtion offers our agents longer credit term to generate more revenue considering the fiercer competition, but the new credit term is no longer than three months. The amount of trade receivable with a maturity of less than 90 days as at 30 June 2012 represented 75% of total trade receivable as at 30 June 2012, an improvement of 3 percentage points compared with that as at 31 December 2011.

OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments decreased from k€ 5,072 as at 31 December 2011 by k€ 1,341, or 26%, to k€ 3,731 as at 30 June 2012. The decrease was mainly resulted from the decrease of prepayments to suppliers.

SHORT-TERM INVESTMENT

Short-term investment represents bank deposits of €4.9 million with a maturity of more than 3 months

AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties decreased from k€ 1,062 as at 31 December 2011 by k€ 911 or 86%, to k€ 151 as at 30 June 2012, primarily due to receiving the amounts due from Fujian Vtion Telecom Information Service, Co., Ltd.

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 k€ 113,829 as at 30 June 2012. For a description of the changes in the first six months of 2012, see "Cash Flow Statement" in this section.

	Jun. 30, 2012	Dec. 31, 2011
	kEUR	kEUR
Cash on hand	25	32
Cash in banks	111,054	121,358
Deposit on bank's acceptance bill	2,750	3,126
	113,829	**124,516**

Non-current assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased from k € 1,122 as at 31 December 2011 by k € 120, or 11%, to k € 1,002 as at 30 June 2012. This mainly resulted from the depreciation charges, partly offset by the purchase of electronic equipment and office equipment.

INTANGIBLE ASSETS

Intangible assets increased from k€ 924 at 31 December 2011 by k€ 46, or 5%, to k€ 970 at 30 June 2012. This was mainly due to the purchase of software applied in insurance industry, the purchase of software in Vtion Anzhuo and trademark registration fees incurred in H1 2012, partly offset by the amortization of intangible assets.

Liabilities

TRADE PAYABLES AND NOTES PAYABLE

Trade and notes payable decreased from k€ 13,937 as at 31 December 2011 by k€ 2,499, or 18% to k€ 11,438 as at 30 June 2012, mainly resulted from the payment of trade payable and bank notes due in H1 2012.

OTHER PAYABLES

Other payables increased from k€ 5,056 as at 31 December 2011 by k€ 86, or 2% to k€ 5,142 as at 30 June 2012. If excluding the impact of exchange differences arising from currency translation, other payables decreased RMB 657 thousand or 1% as at 30 June 2012, mainly resulted from the decrease of tax payable including VAT payable after the payment in H1 2012 and the decrease of advances from customers, partly offset by the increase of royalty costs payable to copyright holders and other payable to suppliers for annual general meeting.

EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio increased from 87% as at 31 December 2011 to 89% as at 30 June 2012.

Equity

SHARE CAPITAL

The share capital of the Company has been reduced from EUR 15,980,000 to EUR 14,495,086 as at 30 June, 2012 due to cancellation of EUR 1,484,914 treasury shares that were acquired by the Company pursuant to the authorization of the annual general meeting on 22 June, 2010.

TREASURY STOCK

Within the time period from 2 May 2011 to 18 June 2012, the Company had acquired in total 1,484,914 Vtion shares over the stock exchange and via a voluntary tender offer to all shareholders. The Executive Board has resolved on 22 June 2012 to reduce the share capital of the Company by means of redemption of EUR 1,484,914 treasury shares. After 18 June 2012, the Company has not carried on the new share buy-back program; therefore there was no treasury stock as at 30 June 2012.

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 H1 2012 and H1 2011.

	H1 2012	H1 2011
	kEUR	kEUR
Operating cash flow before working capital changes	4,237	3,169
Cash generated from/(used in) operations	-2,910	9,579
Net cash generated from operating activities	-3,733	9,333
Cash flow used in investing activities	-5,075	-86
Cash flow from financing activities	-3,561	-4,396
Net decrease / increase in cash and cash equivalents	**-12,369**	**4,851**
Cash at beginning of year	124,516	**98,961**
Foreign exchange difference	1,682	-5,650
Cash at end of the period	**113,829**	**98,162**

Net Cash generated from Operating Activities

The Company used net cash k€ 3,733 in operations in the first six months of 2012, representing a decrease by k€ 13,066 compared with the net cash of k€ 9,333 generated from operating activities in H1 2011. This decrease was mainly due to a decrease of collection of trade receivables due to longer credit term offered to agents. This effect was partly offset by the increase in operating cash flow before working capital changes.

Cash flow used in investing activities

The company used net cash k€ 5,075 in investing activities, mainly due to the increase of six-month term deposit in banks amounting to k€ 4,900 in H1 2012.

Cash flow from financing activities

The net cash outflow in financing activities in H1 2012 amounted to k€ 3,561, which were used in the share buy-back program amounting to k€ 2,764 and dividend paid to shareholders amounting to k€ 797 in Q2 2012.

Cash at the end of the period

Cash at the end of the period amounted to k€ 113,829 as at 30 June 2012, which decreased by k€ 10,687 from the balance as at 31 December 2011. The significant decrease mainly resulted from the increase in trade receivable, investing in term deposit and payment for share buy-back.

Human Resource

Vtion concluded Q2 2012 with 236 employees, continuing to maintain a lean cost structure. The number of R&D employees increased from 59 to 67.Sales and marketing has 78 persons, representing the largest employee group in the company. Administrative personnel still reflects the second largest group, with 69 persons and production has 9 employees. Staff in Viton customer service call center decreased from 10 to 8 people. The size of the management board remains constant with 5 members. Vtion's newest subsidiary, Vtion Anzhuo, which is focused on the design, integration and distribution of mobile applications for the Android platform in China, is currently comprised of 53 people. Of these personnel, 14 are administrative, 25 in R&D and 14 in sales and marketing.

Research and Development

Vtion's wireless data terminal R&D activities center works toward the development of wireless data cards, wireless routers, and PCtoTV. Currently, Vtion offers 2 models of wireless data cards for China Mobile's TD-SCDMA network. Vtion offers 4 models for China Unicom's network including 1 model for the newer 3.5G HSPA+ technology. For China Telecom's EVDO network the company offers 3 models. The company also offers wireless routers for both China Unicom and China Telecom, with models available for both companies' 3G and 3.5G technology. Vtion does not currently offer a wireless router for China Mobile's network, though it will release a 4G TD-LTE router in the second half of the year when China Mobile begins rolling out and building up this network.

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 the wireless intelligent terminal business segment, Vtion's value chain is largely the same as that of wireless data terminals, with in-house product design and specification and outsourced production. Vtion's tablet PCs are high value for money products as they are designed with high quality but sold at a price level below that of major international brands. Vtion will continue developing new tablet PC products based on market trends.

In Vtion's mobile applications business segment, the company relies on a worldwide procurement model to seek out developers and applications that the company will be able to effectively distribute. However, Vtion also does mobile application development in-house, particularly the applications it has designed for the insurance industry. Vtion's on-going R&D activities in the mobile applications space involve developing new applications, optimizing existing applications and optimizing the company's online store and distribution software.

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 relationships with existing and potential customers. As a fast growing company, Vtion Group is exposed to a variety of risks. However, success cannot be achieved without risk. Risk management helps us to exploit potential opportunities and control risks, which ultimately helps us to achieve the strategic targets and to maximize the 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.

The Vtion Group deploys accounting, control, and planning tools as an integral part of the risk management process. To closely monitor business development and risks, management regularly conducts sales volume and structural analysis, gross margin analysis, liquidity analysis and monitors the development of accounts receivable. Monthly and quarterly financial reporting processes are 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 unfavorable variations between actual and budget figures are identified and analyzed which serves as the basis of developing corrective measures.

An internal audit department has already been set up and is working to ensure the relevant policies and procedures are in place to safeguard shareholder value. 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 for 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 day-to-day 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, Strategic Committee, auditors and other third party consultants help the company to appropriately manage 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

On the 17th of July the Chairman of Vtion's Supervisory Board, Dr. Qian Yingyi, announced that he would leave Vtion. This was due to a new position with the Monetary Policy Committee of the People's Bank of China that precluded him from serving in any commercial enterprises. The chairmanship of Vtion's Supervisory Board was taken over by Mr. Norbert Quinkert, former Vice Chairman, while Mr. Yang Hua assumed the role of Vice Chairman. Vtion's Supervisory Board also established a search and nomination committee to assist in the selection of a new board member to fill the opening left by Dr. Qian's departure.

Outlook

For the full year 2012, Vtion expects a revenue of Euro 80 million to Euro 100 million, the bottom end of which would imply growth of approximately 5% compared to 2011. Vtion believes a minimum of 5% revenue growth is sustainable for the next three years at a minimum, relying only on organic growth of the company businesses. Vtion's expectation for its operating margin (EBIT) is that it will remain consistent for the next two years as well, which implies a margin of approximately 10%. Vtion expects that though it will encounter pricing pressure in its hardware business, namely the wireless data terminal and mobile intelligent terminal segments, it has a strong handle on costs and will be able to offset pricing pressure to a significant extent for the next two years. Further, in the mobile applications business, operated through the subsidiary Vtion Anzhuo, the company expects to see an operating margin of 15%-18%, which will help enhance the company's overall operating margin.

Vtion expects that the wireless data terminal business segment will remain profitable for at least the next two years and contribute approximately 50% of revenues over the course of 2012. Though the company does not expect this to again become a growth driver, it views this business segment as stable income source that generates strong cash flow and is able to support the newer growth-driving businesses.

Vtion expects to see an EBIT margin of approximately 15% in its mobile intelligent terminal business segment, a segment that could grow to account for over 50% of total revenues within the next three years. Though there is strong competition in the consumer space for these products, Vtion expects both higher margins and stable sales by selling mobile computing hardware and imbedded application solutions to insurance industry clients.

Vtion Anzhuo is expected to contribute 15%-20% of total company revenue by 2015. Though its contribution in 2012 will be minimal, this is the highest-margin business for the company and one that management looks upon most favorably as a future growth driver, given the massive potential of the market. Vtion will continue to operate a business model divided into the aforementioned three major segments, and expects to maintain steady revenue growth through organic development at approximately a 10% EBIT margin for the next three years at minimum.

Frankfurt/Main, August 12, 2012

Management Board

Chen Gouping Zheng Hongbo Ding Chaojie Fei Ping He Zhihong

Financial Statements Vtion Wireless Technology AG

Consolidated Statement of Comprehensive Income

for the period from January 1 to June 30, 2012

		Q2		H1	
	Notes	2012	2011	2012	2011
Sales		19,338,639	19,366,008	37,184,702	31,983,108
Cost of sales		-15,849,667	-15,825,159	-30,079,502	-25,861,444
Gross Profit		**3,488,972**	**3,540,849**	**7,105,200**	**6,121,664**
Other operating income		116,084	147	119,767	803
Selling and distribution expenses		-544,405	-630,752	-1,144,961	-1,091,405
Administrative expenses		-1,047,088	-1,010,505	-2,138,943	-2,096,645
Other operating expenses		-83	-292	-1,433	-1,072
Profit from operations		**2,013,480**	**1,899,447**	**3,939,630**	**2,933,344**
Finance income		252,691	142,503	440,819	294,700
Finance expenses		-22,237	-18,172	-27,281	-32,470
Foreign exchange gain/loss		-889,043	82,658	-399,882	1,384,371
Profit before income tax		**1,354,891**	**2,106,436**	**3,953,286**	**4,579,946**
Income tax		-774,841	-361,335	-1,236,428	-533,840
Profit for the period		**580,050**	**1,745,101**	**2,716,858**	**4,046,106**
Other comprehensive income:					
Exchange differences on translating foreign operations		6,953,615	-477,610	2,791,018	-7,249,708
Other comprehensive income for the period		**6,953,615**	**-477,610**	**2,791,018**	**-7,249,708**
Total comprehensive income for the period		**7,533,665**	**1,267,491**	**5,507,876**	**-3,203,602**
Earnings per share (basic and diluted)*		0.04	0.11	0.18	0.25

* Computed on the basis of weighted average 14,996,205 shares for Q2 2012, and weighted average 15,085,995 shares for H1 2012; respectively weighted average 15,898,556 shares for Q2 2011 and weighted average 15,939,053 shares for H1 2011.

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 June 30, 2012

	Notes	Jun. 30, 2012	Dec. 31, 2011
ASSETS		EUR	EUR
Current assets			
Inventories		3,614,365	2,360,143
Trade receivables		29,188,643	22,741,227
Other receivables and prepayments		3,731,334	5,071,780
Short-term investment		4,900,000	0
Amounts due from related parties		151,274	1,061,555
Cash and cash equivalents		113,828,979	124,515,642
		155,414,595	155,750,347
Non-current assets			
Property, plant and equipment		1,002,326	1,121,595
Land use rights		596,726	591,706
Intangible assets		970,010	924,384
Deferred tax assets		696,809	668,291
		3,265,871	3,305,976
Total assets		158,680,466	159,056,323
LIABILITIES			
Current liabilities			
Short-term loans			-
Trade payables		11,438,466	13,936,526
Other payables and accruals		5,142,300	5,056,168
Provisions		330,121	391,040
Amounts due to related parties		-	12,257
Income tax payable		846,139	450,445
Current liabilities			
Deferred tax liability		-	233,611
Total liabilities		17,757,026	20,080,047
CAPITAL AND RESERVES			

Share capital	14,495,086	15,980,000
Treasury Stock	-	-747,602
Capital surplus	44,204,917	46,231,087
Retained earnings	55,598,065	53,678,437
Foreign exchange difference	26,625,372	23,834,354
Total equity	140,923,440	138,976,276
Total liabilities and equity	158,680,466	159,056,323

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30, 2012

in €	Share capital Vtion AG	Treasury stocks	Capital reserves	Retained earnings	Foreign exchange differences	Total equity
Balance as at January 1, 2011	15,980,000	-	48,162,668	51,705,264	13,538,995	129,386,927
Buy-back ordinary share		-263,000	-826,566			-1,089,566
Dividend distribution	-			-3,306,828		-3,306,828
Total comprehensive income for the period	-			4,046,106	-7,249,708	-3,203,601
Balance as at June 30, 2011	15,980,000	-263,000	47,336,103	52,444,542	6,289,287	121,786,932
Balance as at January 1, 2012	15,980,000	-747,602	46,231,088	53,678,437	23,834,354	138,976,276
Buy-back ordinary share		-737,312	-2,026,171			-2,763,483
Treasury stock redemption	-1,484,914	1,484,914				
Dividend distribution	-			-797,230		-797,230
Total comprehensive income for the period	-			2,716,858	2,791,018	5,507,876
Balance as at June 30, 2012	14,495,086	-	44,204,917	55,598,065	26,625,372	140,923,440

Total comprehensive income for the period comprises the other comprehensive income of EUR 2,791,018 (H1 2011: EUR -7,249,708) due to the foreign exchange differences. 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 June 30, 2012

	H1 2012	H1 2011
	EUR	EUR
Profit before income tax	**3,953,286**	**4,579,946**
Adjustments for:		
Amortization of intangible assets and land use rights	123,843	86,263
Allowance for doubtful trade debts	-	-
Depreciation of property, plant and equipment	173,130	150,298
Loss on disposal of property, plant and equipment	87	891
Interest income	-440,819	-294,700
Interest expense	0	
Bank charges	27,281	30,384
Foreign exchange loss	399,882	-1,384,371
Operating cash flow before working capital changes	**4,236,690**	**3,168,711**
Working capital changes:		
(Increase)/decrease in:		
Inventories	-1,179,835	-231,079
Trade receivables	-5,860,750	9,244,121
Other receivables and prepayments	1,407,170	113,197
Amounts due from related parties	909,717	-83,870
Increase/(decrease) in:		
Trade payables	-2,708,760	-1,599,182
Other payables and accruals	-80,254	-991,443
Amounts due to related parties	-12,210	9,975
Income tax payable	377,888	-51,327
Cash generated from/(used in) operations	**-2,910,344**	**9,579,103**
Interest received	284,131	244,085
Interest expense	0	
Income tax paid	-1,106,250	-489,855
Net cash generated from operating activities	**-3,732,463**	**9,333,333**
Cash flow from investing activities		
Purchase of intangible assets	-140,223	-29,520
Purchase of land, property, plant and equipment	-35,102	-56,956
Increase of short term investment	-4,900,000	
Cash flow used in investing activities	**-5,075,325**	**-86,476**
Cash flow from financing activities		
Payment in connection with share buy-back	-2,763,483	-1,089,565

Increase in short-term bank borrowings		-
Interest paid		-
Dividend paid to shareholders	-797,230	-3,306,828
Cash flow from financing activities	**-3,560,713**	**-4,396,393**
Net increase in cash and cash equivalents	**-12,368,501**	**4,850,464**
Cash at beginning of year	124,515,642	98,961,058
Foreign exchange difference	1,681,838	-5,649,996
Cash at end of the period	**113,828,979**	**98,161,526**

Selected Notes to the Consolidated Financial Statements

for the period from January 1 to June 30, 2012

1. Background and Basis of Preparation

1.1 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 summary:

in k €	**Share**	**Equity June.30, 2012**	**Results from January 1 to June 30, 2012**
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	1,899	-210
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	98,823	4,197
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	18,847	-130
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	831	-64
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	1,101	-625
Vtion Communication Technology Service (Fuzhou) Co., Ltd, PRC	100%	120	-3

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 June 30, 2012, the same accounting policies and methods of computation are followed as compared with the recent annual financial statements as of December 31, 2011.

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:

	RMB	
EUR	2012	2011
June 30	8.0011	9.3416
Average first 6 months	8.1901	9.1755

4. Impairment of Non-financial Assets, if any

In the six months of 2012 and 2011 no non-financial asset has been impaired, except as mentioned in note 7.1. For inventory an impairment provision of k€ 15 has been recorded as of June 30, 2012 (k€ 20 as of December 31, 2011).

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 Other Segments". Since Vtion Group has not generated deferred revenue from Data Solution Service in 2012, Data Solution Service will be an immaterial segment from 2012. As a result, the information for Data Solution Service will be presented in "All Other Segments" segment in 2012 combined with others (disclosed in "Wireless Data Terminals and others" segment in 2011). From Q2 2012, Vtion Group has generated service income from the mobile application designed for the insurance industry, which was disclosed in "All Other Segments" segment in H1 2012 combined with others as a new revenue resource. The corresponding disclosure for the previous year is also adjusted to assure the segment information comparable.

B) GEOGRAPHICAL BUSINESS

The Vtion Group' is principally engaged in the provision of products and services in People's Republic of China ("PRC") and all of its customers are based in PRC. In addition, all significant identifiable assets of the Group are principally located in the PRC except as mentioned in note 7.4. 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 from Jan. 1 to Jun. 30, 2012	Period from Jan. 1 to Jun. 30, 2011	Period from Jan. 1 to Jun. 30, 2012	Period from Jan. 1 to Jun. 30, 2011
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	29,690	25,921	4,696	2,545
Wireless Intelligent Terminal	7,399	5,540	485	786
All others	96	522	-975	400
Total for continuing operations	37,185	31,983	4,206	3,731
Central administration costs			-267	-798
Finance gain/costs			14	1,647
Profit before tax (continuing operations)			3,953	4,580

6. Notes to the Consolidated Statement of Comprehensive Income

6.1 Total income

	Q2		H1	
	2012	**2011**	**2012**	**2011**
	EUR	**EUR**	**EUR**	**EUR**
Sale of goods	19,338,639	19,366,008	37,184,702	31,983,108
Other operating income				
Government grant	116,029	-10	119,657	535
Service income	55	157	110	268
	116,084	**147**	**119,767**	**803**
Finance income				
Interest income	252,691	142,503	440,819	294,700
Foreign exchange gain	0	82,658	0	1,384,371
	252,691	**225,161**	**440,819**	**1,679,071**
Total income	**19,707,414**	**19,591,316**	**37,745,288**	**33,662,982**

Sale of goods represents 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 Q2 2012, the government grant was a monetary reward k€ 116 by the government of Fujian province for that “Vtion” is awarded as one of Chinese Famous Trademarks.

6.2 SPLIT-UP OF SALES

	Q2		H1	
	2012	2011	2012	2011
Split-up of sales	**EUR**	**EUR**	**EUR**	**EUR**
Sales to external customers				
Wireless Data Terminals	15,748,613	16,073,694	29,689,876	25,921,265
Wireless Intelligent Terminals	3,511,968	3,133,092	7,398,839	5,540,171
All Other Segments	78,058	159,222	95,987	521,672
	19,338,639	**19,366,008**	**37,184,702**	**31,983,108**

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

	H1 2012	H1 2011
Average number of employees		
Management and administration	103	113
Research and development	62	27
Sales	81	75
	246	215

	H1 2012	H1 2011
	EUR	EUR
Payroll costs		
Wages and salaries	1,059,870	760,732
Social security costs	201,048	132,857
Welfare	27,288	19,715
	1,288,206	913,304

6.4 Amortization of Intangible Assets and Land use rights and Depreciation of Property, Plant and Equipment

	H1	
	2012	2011
	EUR	EUR
Amortization of intangible assets and land use rights		
Software	75,663	12,755
Licenses	41,691	67,716
Land use rights	6,489	5,792
	123,843	86,263
Depreciation of property, plant and equipment	173,130	150,298
Total of amortization and depreciation	296,973	236,561

Except EUR 63,654 of amortization of intangible assets was booked as part of “cost of sales” for new software business operated by Vtion Anzhuo in H1 2012, the remaining amortization of intangible assets was booked in “Administrative expenses” in H1 2012.

6.5 Finance Expenses

	Q2		H1	
	2012	2011	2012	2011
	EUR	EUR	EUR	EUR
Finance Expense				
Interest expense		2,086	0	2,086
Exchange loss	889,042	0	889,042	0
Bank charges	22,237	16,086	27,281	30,384
	911,279	18,172	916,323	32,470

6.6 Income Tax

	Q2		H1	
	2012	2011	2012	2011
	EUR	EUR	EUR	EUR
Current income tax (ordinary activities)	785,577	331,960	1,484,139	466,426
Deferred income tax induced by:	0	0		
-tax rate change	0	0		
-temporary differences	-1,893	14,361	-231,215	54,807
-tax loss carry forward	-8,843	15,014	-16,496	12,607
Income tax recognized in profit and loss	774,841	361,335	1,236,428	533,840

6.7 Applicable Tax Rate

As the 50% tax exemption time expired at December 31, 2011, both Vtion IT and Vtion Software apply an effective tax rate of 25% since year 2012 in accordance with the Income Tax Law of the People's Republic of China.

Vtion Communication, Vtion Anzhuo and Vtion Service incurred accounting losses for the first six months of operation, and accumulated net losses as of June 30, 2012, therefore had no taxable income in H1 2012.

7. Notes to the Consolidated Statement of Financial Position

7.1 Inventories

	Jun. 30, 2012	Dec. 31, 2011
	EUR	EUR
Inventory-advances to supplier	0	760,602
Goods and material	3,629,109	1,620,035
Less: stock provision	-14,744	-20,494
	3,614,365	2,360,143

7.2 Trade and other Receivables

	Jun. 30, 2012	Dec. 31, 2011
	EUR	EUR
Trade receivables		
Trade receivables	29,211,427	22,763,571
Allowance for trade receivables	(22,784)	(22,344)
	29,188,643	22,741,227

	Jun. 30, 2012	Dec. 31, 2011
	EUR	EUR
Other receivables		
Prepayment		
Other receivables	3,649,015	4,963,417
Prepaid expenses	82,319	108,363
	3,731,334	5,071,780

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.

	Jun. 30, 2012	Dec. 31, 2011
Related parties	**EUR**	**EUR**
Amount due from related parties - trade		933,313
Amount due from related parties - non-trade	151,274	128,242
	151,274	1,061,555

7.4 Cash and Cash Equivalents

	Jun. 30, 2012	Dec. 31, 2011
	EUR	**EUR**
Cash on hand	24,716	32,282
Cash in banks	111,054,548	121,357,809
- of Mainland China	102,362,641	109,243,597
- of Germany and offshore	8,691,907	12,114,212
Deposit on bank's acceptance bill (in China)	2,749,716	3,125,552
	113,828,979	124,515,642

The deposit on bank's acceptance bill is pledged.

Among the balance of cash and cash equivalents as of June 30, 2012, EUR 105,112 thousand are 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 June 30, 2012. At the balance sheet date the company didn't adjust the estimation of net taxable income of the next five years which was basis for the calculation of deferred tax asset.

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 44 million and decreased by RMB 7 million as compared with that as of December 31, 2011. 50% of the funds received (kEUR 2,750) are kept as a cash deposit on bank acceptance bills. Please see “cash and cash equivalents”.

	Jun. 30, 2012	Dec. 31, 2011
	EUR	EUR
Other payables		
VAT payable	1,903,366	2,056,301
Other payable	3,134,005	2,786,526
Advances from customers	4,573	88,290
Other tax payables	100,356	125,051
	5,142,300	5,056,168

Other payable included the cumulative rebates payable to copyright holder amounting to EUR 2,837 thousand.

7.7 Provisions

	Jun. 30, 2012	Dec. 31, 2011
	EUR	EUR
Provisions		
Accrued payroll	273,374	267,996
Other accruals	56,747	123,044
	330,121	391,040

7.8 Deferred tax liabilities

Due to good collection of receivables, there was no deferred tax liabilities based on different trade receivables recognized and different revenue recognized in connection with data solution service.

8. Notes - other

8.1 Contingent Liabilities

The Company does not have any contingent liabilities as at June 30, 2012.

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:

	H1 2012	H1 2011
	EUR	EUR
Sales of finished goods to a related party	0	518,360
Rental fee paid to a related party	67,398	45,774
	67,398	564,134

9. Events after Balance Sheet Date

On the 17th of July the Chairman of Vtion's Supervisory Board, Dr. Qian Yingyi, announced that he would leave Vtion. This was due to a new position with the Monetary Policy Committee of the People's Bank of China that precluded him from serving in any commercial enterprises. The chairmanship of Vtion's Supervisory Board was taken over by Mr. Norbert Quinkert, former Vice Chairman, while Mr. Yang Hua assumed the role of Vice Chairman. Vtion's Supervisory Board also established a search and nomination committee to assist in the selection of a new board member to fill the opening left by Dr. Qian's departure.

At the time of publication there were no other 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 August 12, 2012.

Frankfurt, August 12, 2012

Chen Guoping Zheng Hongbo Ding Chaojie Fei Ping He Zhihong

Report on the Review of the half-year financial report

To the VTION WIRELESS TECHNOLOGY AG

We have reviewed the condensed interim consolidated financial statements of the Vtion Wireless Technology AG, comprising the balance sheet, the statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim group management report of the Vtion Wireless Technology AG, Frankfurt am Main, for the period from January 1, 2012 to June 30, 2012, that are part of the semi annual financial report pursuant to § [Article] 37w WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, August 13, 2012

BDO AG

Wirtschaftsprüfungsgesellschaft

Andreas Flach	ppa. Tim Sichting
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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, August 12, 2012

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

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Vtion Wireless Technology AG

11-12 11F Westhafen Tower

Westhafen Platz 1

60327 Frankfurt am Main

Germany

Phone: 0049-69 71 04 56 249

CONCEPT AND DESIGN:

Kirchhoff Consult AG, Hamburg

PHOTOGRAPHS:

Vtion Wireless Technology AG

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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

PUBLICATION OF

INTERIM REPORT 2ND QUARTER 2012

Monday, August 13, 2012

PUBLICATION OF

INTERIM REPORT 3RD QUARTER 2012

Thursday, November 15, 2012

VTION WIRELESS TECHNOLOGY AG

www.vtion.com.cn