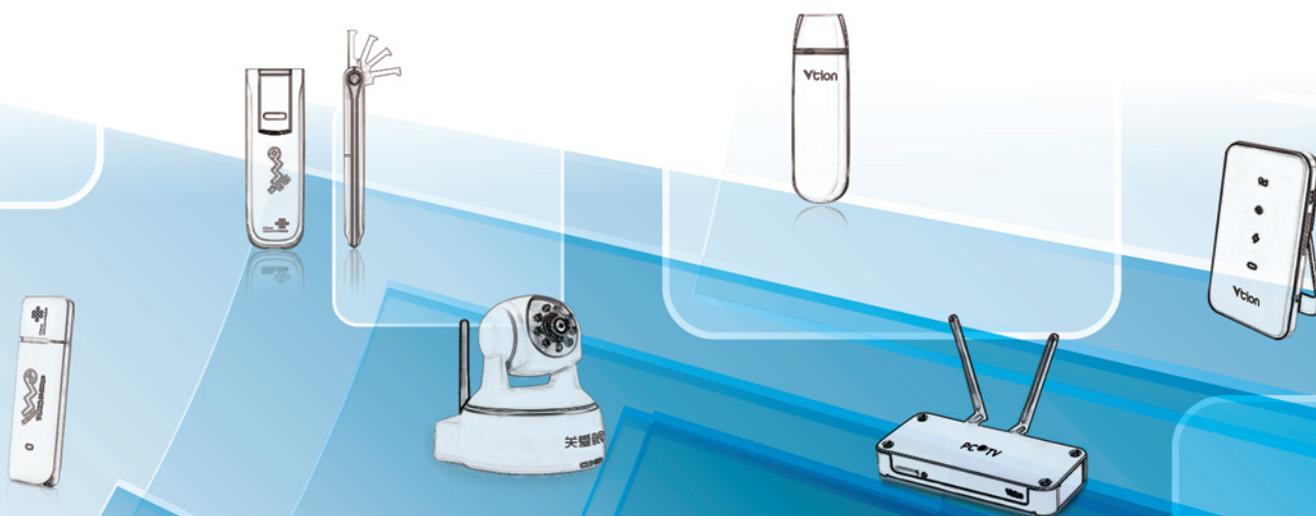




Q2·2013

INTERIM REPORT



Vtion Wireless Technology at a glance

		Q2			H1		
		2013	2012	+/-%	2013	2012	+/-%
Revenues	million €	15.96	19.34	-17	27.80	37.18	-25
Gross profit	million €	3.01	3.49	-14	5.17	7.11	-27
Gross profit margin	%	19	18	1PP	19	19	-0PP
EBITDA	million €	1.53	2.16	-29	2.34	4.24	-45
EBITDA margin	%	10	11	-1PP	8	11	-3PP
EBIT	million €	1.39	2.01	-31	2.07	3.94	-47
EBIT margin	%	9	10	-1PP	7	11	-4PP
Net profit	million €	1.19	0.58	105	1.65	2.72	-39
Net profit margin	%	7	3	4PP	6	7	-1PP
Earnings per share	€	0.09	0.04	125	0.12	0.18	-33
Net Cash flow from operations	million €	-3.61	-6.97	n/a	1.83	-3.73	n/a

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

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Letter from Vtion's CEO

Dear fellow Shareholders,

Despite declining results in the first six months 2013 compared to the same period last year, we saw a positive trend in the second quarter especially compared to the weak first three months this year. Though revenues in Q2 were lower than in the same quarter in 2012, compared to the first three months 2013, our sales improved by more than 30%, from Euro 11.84 million to Euro 15.96 million.

Also our EBIT margin showed a positive momentum in the second quarter compared to the first quarter this year: EBIT margin went up by 3 percentage points to 9%. The improvement in our EBIT margin is mainly due to cost control measures which have been a major point of emphasis for our company since we started to see difficulties in our operating environment, and I am pleased to report that our cost control efforts continue to be very effective.

For the first half of the year we achieved revenues of Euro 27.8 million, a decrease of 25% compared to the same period in 2012. Sales were mainly influenced by the discontinuation of our consumer-oriented tablet PC business as well as decreases in the wireless routers and wireless data cards segments which were partly offset by the increase of sales from network camera, the wireless high definition sharer named "PCtoTV", mobile trade and accessories to mobile phones. In line with declining revenues our EBIT margin went down by 4 percentage points to 7%.

Our wireless data terminal business remained our strongest segment, accounting for 80% of Vtion's total revenues in the second quarter and 86% over the first half of the year. We expect this to continue in the second half of 2013. While I stay confident that the industry-specific computing solutions and mobile applications business segments are the future of our company, they require a lengthy building process. At the present, our wireless data terminals business remains a reliable driver of our financial results.

My management team and I remain confident that we will reach our full years guidance, which calls for revenues between Euro 60 million and Euro 70 million and an EBIT margin of between 8% and 10%. The main indicator is our positive sales momentum, which has developed over the course of the year, and we expect that – as in the past – the third quarter will be our strongest of the year.

I thank all of our shareholders for their continued support and confidence in our management team. We will continue to work diligently to reward your confidence and create sustainable shareholder value in the mid term.

Best Regards,

Chen Guoping

CEO Vtion Wireless Technology AG

Highlights

Sequential Revenue Improvement

Vtion realized revenues of Euro 15.96 million in Q2 2013, a 35% improvement over revenue in Q1 2013. The company expects this to continue due to the fact that the third quarter is normally the strongest quarter of the year and Vtion has so far seen steady demand in the wireless data terminal business segment.

Guidance confirmed

Vtion expects revenues between Euro 60 million and Euro 70 million for the full year 2013, with an EBIT margin between 8% and 10%. Figures for H1 were Euro 27.8 million and 7% respectively. While these are slightly below the pace, management remains confident to reach the guidance given that it envisions slight operating improvement in the second half of the year.

Business Model Diversification

Vtion continues to invest resources in its new software-based business segments, namely industry-specific computing solutions and mobile applications. The company finished the first half of the year with 6 clients in the industry-specific computing solutions business segment and total offerings of 20,414 mobile applications through the Vtion Anzhuo platform.

Well Capitalized

Vtion finished the first half of the year with a net cash position of Euro 122 million, which implies net cash per share of Euro 8.44. This cash position allows the company to both return cash to shareholders, while keeping cash on hand for both working capital needs and investment opportunities.

The Share

Market Environment

After a positive start in the year 2013, the sentiment on capital markets generally improved within the first three months. In the second quarter 2013, the weak economic data showed lower inflation and increasing unemployment especially in Southern Europe. Thereby the European Central Bank (ECB) on May 2nd lowered its base lending rate by 25 basis points down to 50, a historical low. On 22nd of May the Asia Pacific Index reached a 5-year high (144.35 points) as the Yen still has weakening and kept stable. In June, the stock prices consolidated due to profit taking. However, the Nikkei 225 Index temporarily fell 20% below its year high usually meaning to be a bear market and the Federal Reserve (FED) disclosed to support only as long as the unemployment rate is above the 6.5% level. Over the course of the first six months 2013 the SDAX rose by 10.4%.

Consolidating share price performance over Q2 2013

After the successful development in the first three months, the Vtion share price struggled in April. The stock fell to its period low of Euro 3.43 with the highest daily loss of nearly 11%. Afterwards, the share recovered and showed a positive performance in June. After the AGM on June 27th, the shares increased significantly and closed at Euro 3.68. With regard to volume, the average daily trading volume on Xetra doubled to 11,979 shares in April compared to 4,800 shares in March and then showed a slight increase in the average daily volume from 4,637 shares in May to 5,177 shares in June.

Dividend

At the 2013 Annual General Meeting, the shareholders followed the proposal of the Boards and decided to return cash to all shareholders through a dividend payment amounting to 15% of 2012 net profit; Net profit in 2012 was Euro 5.35 million, which implied a total dividend payment of Euro 731,417 and a dividend per share of Euro 0.055.

Sponsorship and Research Coverage

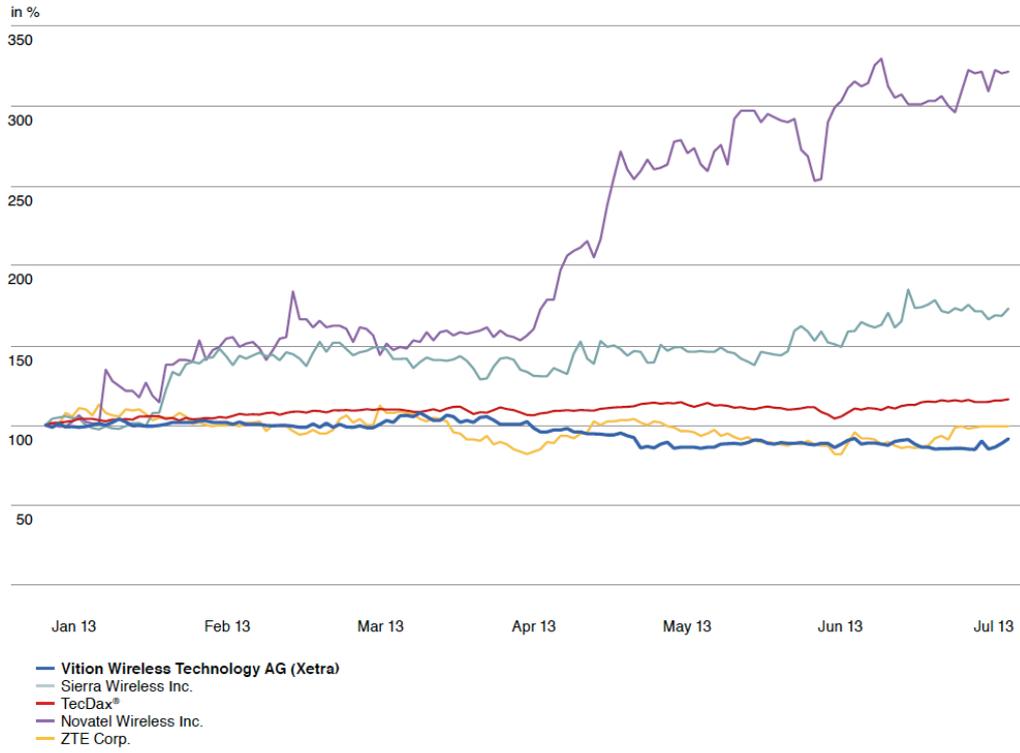
The company has had research coverage from M.M. Warburg since January 2010. Equinet AG is Vtion's market maker and designated sponsoring services provider.

Investor Relations

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

VTION STOCK PRICE

in Percent



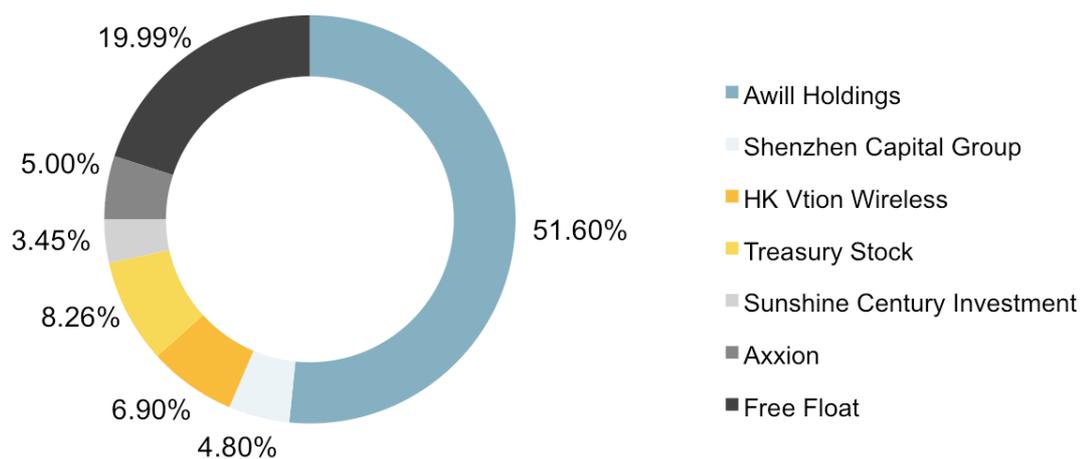
Vtion Master Data

as of June 30, 2013

		June 30, 2013
Number of shares	Mio Shares	14,495,086
Closing price	€	3.68
Market Cap.	Mio €	53.34
Share price high (24 week)	€	4.50
Share price low (24 week)	€	3.57
Average trading volume per day	Shares	7,256

Vtion Shareholder Structure

as of June 30, 2013





Interim Management Report

Business and Operating Environment

OVERVIEW

China's GDP growth continued to slow over the course of the first half of the year, growing at 7.6% for the half year and at a rate of 7.5% for the second quarter. This marks the fifth straight quarter where GDP growth was between 7.4% and 7.9%.¹ Though this is slower than the double-digit growth rates of years past, it is in line with the government's stated target of 7.5% growth for the year, and according to many economists represents a healthier level of growth less prone to overheating. Inflation remains under control, with CPI growth in H1 2013 at 2.4%, a slowdown of 0.9 basis points compared to H1 2012.² While the government officially maintains that there will be no monetary stimulus forthcoming, the combination of tightening in the money supply and low inflation could change that thinking in the second half of the year if liquidity problems in the financial sector persist.

GENERAL MARKET CONDITIONS AND BUSINESS DEVELOPMENT

According to data from the China Internet Network Information Commission, by the end of May 2013, the total number of internet users in China reached 584 million, which represents a penetration rate of 43.6%.³

As the total number of internet users continues its steady growth, the number of mobile internet users in growth in the mobile internet is expanding much more rapidly. China Unicom continues to add users to its 3.5G HSPA+ network and China Telecom is still operating a 3.5G EVDO Rev.B network. China Mobile has announced that it will be moving more decisively into 4G technology based on the TD-LTE standard, and expects to have established 350,000 base stations in this technology by the end of 2014.⁴ Given China Mobile's limited success with its 3G standard TD-SCDMA, it will need to realize strong development in the 4G technology space going forward.

Operating the older 3.5G technologies, China's other two mobile operators continue to show strong user growth. China Unicom added 413,000 3G users over the course of the month of June, breaking through the 100 million 3G user mark for the first time.⁵ China Telecom still lags slightly behind China Unicom, concluding May 2013 with a total 3G user figure of 84.2 million users.

Vtton 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 86% of the company's total revenue over the course of H1 2013. Though many of the users that the operators have recently added option 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 Wi-Fi network coverage. Furthermore, increasing coverage of the 3G and 3.5G networks has created a market opportunity for Vtton's wireless 3G/3.5G routers, which can take a signal from the wireless networks and emit a Wi-Fi signal that can support multiple devices. This is particularly useful for areas where a fixed line connection is not available. Going forward, Vtton 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.

In the industry-specific computing solutions business, Vtton has expanded its client base to six clients in total. Revenue per client remains low, and the company has taken the approach of trying to increase revenue per current client while also seeking to expand its client base with a particular emphasis on larger state-owned insurance companies.

¹ National Bureau of Statistics of China

² Ibid.

³ <http://www.cnnic.cn/hlwfzyj/hlwfzxx/qwfb/201306/W020130614603405171795.pdf>

⁴ <http://www.c114.net/news/118/a775905.html>

⁵ <http://www.c114.net/news/119/a781005.html>

Vtion Anzhuo has continued to expand its sales offerings, with a total of 20,414 mobile applications now available through the Vmarket as well as shop-in-shop stores operated in cooperation with the three major telecom operators. This number is a decrease from previous quarters, as the company seeks to streamline its offerings and place greater emphasis on its highest-quality and best-selling applications. Therefore, less popular application offerings have been reduced to save costs. The company will also expand its emphasis on the emerging large-screen market, which consists primarily of IP TV's and other large-screen devices with internet connectivity. This is an emerging market, but one that company management feels has significant potential. Vtion will seek cooperation with large-screen device manufactures who have a strong market position in the hardware business but lack the capability of creating and operating an applications platform to synchronize with their hardware offerings.

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 2013, with comparative information for the second quarter ended 30 June 2012 as well as half-year results 2013 with comparative information for the first half 2012.

INCOME STATEMENT – Group

Jan. 1 – Jun. 30	Q2			H1		
	2013	2012	+/-%	2013	2012	+/-%
Sales	15,956	19,339	-17	27,795	37,185	-25
Cost of sales	-12,948	-15,850	-18	-22,627	-30,080	-25
Gross profit	3,008	3,489	-14	5,168	7,105	-27
Other operating income	19	116	-83	19	120	-84
Selling and distribution expenses	-345	-545	-37	-720	-1,145	-37
Administrative expenses	-1,287	-1,047	23	-2,392	-2,139	12
Other operating expenses	-3	0	3,660	-3	-1	200
Profit from operations (EBIT)	1,392	2,013	-31	2,072	3,940	-47
Finance income	347	253	37	793	440	80
Finance costs	-5	-22	-78	-9	-27	-67
Foreign exchange gain/loss	63	-889	-107	-152	-400	-62
Profit before income tax	1,797	1,355	33	2,704	3,953	-32
Income tax	-605	-775	-22	-1,050	-1,236	-15
Profit for the period	1,192	580	105	1,654	2,717	-39
Earnings per share*	0.09	0.04	125	0.12	0.18	-33

*Computed on the basis of weighted average 13,298,495 shares for H1 2013 and Q2 2013, weighted average 15,085,995 shares for H1 2012 and weighted average 14,996,205 shares for Q2 2012 respectively.

SALES

In the first half of 2013, sales amounted to EUR 27.8 million, decreased by EUR 9.4 million or 25% compared with the same period in 2012 (H1 2012: EUR 37.2 million). The decrease was primarily due to the decrease in the sales of VPAD, wireless routers and wireless data cards, which was partly offset by the increase of sales from network camera, wireless high definition sharer named "PCtoTV", mobile trade and accessories to mobile phones.

In H1 2013, Vtion Group had generated EUR 3.1 million from "PCtoTV", an increase of EUR 1.7 million, or 121% compared with the same period in 2012 (H1 2012: EUR 1.4 million).

In H1 2013, Vtion Group generated EUR 0.9 million from mobile trade comprising the sales of iPhone and other smart phones and service income for supporting mobile package sales, which increased from EUR 0.4 million in H1 2012 by EUR 0.5 million, or 125%. The increase was due to service income for supporting mobile package sales as a new revenue source beginning in the second half of 2012.

Considering the significant increase of sales of network camera in Q2 2013, network camera disclosed in "All Others" segment in 2012 was presented in "Wireless Intelligent Terminal" with intelligent mobile phone in H1-2013. Vtion Group had generated EUR 2.7 million from network camera in the first half of 2013, which launched in December 2012.

In H1 2013, Vtion Group had generated sales from the category "All Others" increased to EUR 0.4 million by EUR 0.3 million, or 300% compared with the same period in 2012 (H1 2012: EUR 0.1 million). The increase was due to the increase of sales from accessories to mobile phones. From Q2 2013, Vtion Group started to generate revenue from China Union Broadband project. As a new source of income, the more revenue from this project will be recognized in the future with the increase of broadband users.

In H1 2013, Vtion Group recognized EUR 14.7 million revenue from wireless data cards, which decreased from EUR 19.3 million in H1 2012 by EUR 4.6 million, or 24%, as a result of the decrease of sales volumes impacted by the decreased demand from telecom operators on 3G wireless data cards of the current popular versions and increasing usage of other means of connection to access the mobile internet.

In H1 2013, Vtion Group generated EUR 6 million from its wireless router business, a decrease of EUR 3 million, or 33% compared with the same period in 2012 (H1 2012: EUR 9 million).

Since Vtion Group stopped the sales of tablet PC (VPAD) in December 2012, no sales generated from VPAD were recognized in H1 2013 (H1 2012: EUR 7 million).

In the second quarter of 2013, Vtion Group had generated EUR 16 million from all segments, decreased by EUR 3.3 million, or 17%, from EUR 19.3 million in Q2 2012. This decrease was mainly due to the decrease in the sales of VPAD, wireless routers and wireless data cards, which was partly offset by the increase of sales from network camera, wireless high definition sharer named "PCtoTV", mobile trade and accessories to mobile phones.

COST OF SALES

Cost of sales decreased to EUR 22.6 million in H1 2013 by EUR 7.5 million, or 25% from EUR 30.1 million in H1 2012. Cost of sales amounted to EUR 12.9 million in Q2 2013, a decrease of EUR 2.9 million, or 18% compared with the same period in 2012 (Q2 2012: EUR 15.8 million). The decrease was primarily due to the decrease of sales volumes of the VPAD, wireless routers and wireless data cards, which was partly offset by the increase of sales volumes of network camera, wireless high definition sharer named "PCtoTV" and accessories to mobile phones, and the increase of cost of service for supporting mobile package sales.

GROSS PROFIT

The overall gross profit margin remained stable at 19% in H1 2013 (H1 2012: 19%) and slightly increased from 18% in Q1 2013.

OTHER OPERATING INCOME

In H1 2013, Vtion Group recognized other operation income amounting to EUR 19 thousand (H1 2012: EUR 120 thousand), mainly resulting from the transfer of 50% of land use right to Fujian government amounting to EUR 19 thousand by which Fujian government compensated Vtion Group for expenses incurred in the past.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased from EUR 1,145 thousand in H1 2012 by EUR 425 thousand, or 37%, to EUR 720 thousand in H1 2013. The decrease was primarily due to a decrease in salary and welfare, royalty costs to copyright holders, travel expenses, entertainment and marketing expenses. Selling and distribution expenses decreased from EUR 544 thousand in Q2 2012 by EUR 199 thousand, or 37%, to EUR 345 thousand in Q2 2013. The decrease was primarily due to the decrease in salary and welfare, royalty costs to copyright holders, travel expenses, entertainment and marketing expenses, partly offset by an increase in carriage expense.

The ratio of selling and distribution expenses to total sales was 2.6% in H1 2013 and 3.1% in H1 2012.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from EUR 2,139 thousand in H1 2012 by EUR 253 thousand, or 12%, to EUR 2,392 thousand in H1 2013. The increase was primarily due to an increase in salary and welfare, research and development expenses, and marketing expenses, partly offset by the decrease in consulting expenses, travel expenses, recruitment expenses and conference expenses. Administrative expenses increased from EUR 1,047 thousand in Q2 2012 by EUR 240 thousand, or 23%, to EUR 1,287 thousand in Q2 2013. The increase was primarily due to an increase in salary and welfare, rental fee and research and development expenses, partly offset by the decrease in consulting expenses and conference expenses.

Research and development expenses increased to EUR 630 thousand in H1 2013 by EUR 230 thousand, or 58% from EUR 400 thousand in H1 2012.

The ratio of administrative expenses to sales was 8.6% in H1 2013 and 5.8% in H1 2012.

OTHER OPERATING EXPENSES

Other operating expenses were insignificant in H1 2013 and H1 2012.

PROFIT FROM OPERATIONS (EBIT)

Profit from operations decreased to EUR 2,072 thousand in H1 2013 by EUR 1,868 thousand, or 47%, from EUR 3,940 thousand in H1 2012. The decrease was largely due to the decrease of sales generated from VPAD, wireless routers and wireless data cards in H1 2013.

EBIT MARGIN

Vtion Group's EBIT margin (profit from operations divided by sales) decreased from 11% in H1 2012 to 7% in H1 2013. This resulted from the decrease of gross profit margin of wireless routers and wireless high definition sharer named "PCtoTV" and increase of ratio of administrative expenses to sales.

FINANCE INCOME AND FINANCE EXPENSES

Finance income comprises interest income earned from bank deposit. Finance income increased from EUR 440 thousand in H1 2012 by EUR 353 thousand, or 80%, to EUR 793 thousand in H1 2013.

Finance expenses comprise bank charges. Finance expenses amounted to EUR 9 thousand in H1 2013 (H1 2012: EUR 27 thousand).

FOREIGN EXCHANGE GAIN OR LOSS

Since the functional currency of the Group is RMB, the Group recognized foreign exchange losses EUR 152 thousand in H1 2013 (H1 2012: EUR 400 thousand) arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date. As of 30 June 2013, Euro to RMB exchange rate dropped to 8.028 by 2.3% from 8.2207 as at 31 December 2012, which had a negative impact on the valuation of assets denominated in Euros.

INCOME TAX

Income tax mainly comprises taxation actually payable. Both Vtion IT and Vtion Software apply an effective tax rate of 25% in year 2013 in accordance with the Income Tax Law of the People's Republic of China. Vtion Communication, Vtion Anzhuo and Vtion Service were exempted from the corporate income tax because of cumulative tax losses carried forward from the establishment. The Chinese companies of Vtion Group recorded an income tax charge of EUR 1.1 million in H1 2013 based on an effective tax rate of 25% in China. Vtion Wireless Technology AG accumulated a net tax loss under German GAAP. So altogether Vtion Group recorded a net income tax expense of EUR 1.1 million in H1 2013.

NET PROFIT AND EPS

Net profit in the first half of 2013 amounted to EUR 1.7 million, a decrease of 39% year-on-year. The earnings per share in H1 2013 was EUR 0.12, a decrease of 33% year-on-year.⁶

NET PROFIT MARGIN

The net profit margin decreased from 7% in H1 2012 to 6% in H1 2013. The decrease mainly resulted from the decrease of EBIT margin, partly offset by the increase of finance income and the decrease of foreign exchange loss.

⁶ Computed on the basis of weighted average 13,298,495 shares for H1 2013 and Q2 2013, weighted average 15,085,995 shares for H1 2012 and weighted average 14,996,205 shares for Q2 2012 respectively.

Balance Sheet Structure

The following table presents balance sheet data under IFRS as of ended June 30, 2013 and December 31, 2012

	Jun. 30, 2013	Dec. 31, 2012
	kEUR	kEUR
ASSETS		
Current assets		
Inventories	2,351	2,362
Trade receivables	19,186	25,630
Other receivables	6,819	3,629
Short-term investment	0	4,900
Amounts due from related parties	240	149
Cash and cash equivalents	122,359	113,510
	150,955	150,180
Non-current assets		
Property, plant and equipment	880	837
Land use rights	291	574
Intangible assets	897	937
Deferred tax assets	461	363
	2,529	2,711
Total assets	153,484	152,891
LIABILITIES		
Current liabilities		
Short-term loans		
Trade payables	9,948	12,162
Other payables	3,540	4,894
Provisions	429	424
Amounts due to related parties	21	0
Income tax payable	564	610
Non-current liabilities		
Deferred tax liability	0	0
Total liabilities	14,502	18,090
CAPITAL AND RESERVES		
Share capital	14,495	14,495
Treasury stock	-1,197	-1,197
Capital reserves	40,436	40,436
Retained earnings	59,150	58,227
Foreign exchange differences	26,098	22,840
Total equity	138,982	134,801
Total liabilities and equity	153,484	152,891
Equity to total assets ratio	91%	88%

Current Assets

INVENTORIES

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

	Jun. 30, 2013	Dec. 31, 2012
	kEUR	kEUR
Goods and materials	2,351	2,362
Advances to suppliers	0	0
	2,351	2,362

Inventories decreased from EUR 2,362 thousand as at 31 December 2012 by EUR 11 thousand to EUR 2,351 thousand as at 30 June 2013 as a result of a decrease in goods and materials. The decrease of goods and materials was mainly due to the merchandise of accessories to mobile phone.

TRADE RECEIVABLES

Trade receivables decreased from EUR 25,630 thousand as at 31 December 2012 by EUR 6,444 thousand, or 25%, to EUR 19,186 thousand as at 30 June 2013, mainly due to accelerated collection of receivables in H1 2013. The amount of trade receivables with a maturity of less than 90 days as at 30 June 2013 represented 81% of total trade receivable as at 30 June 2013, an increase of 14 percent compared with that of 31 December 2012. Meanwhile the part with a maturity of more than 90 days but below 180 days was 19% of the total trade receivables as at 30 June 2013, representing a decrease of 14 percent compared with that of 31 December 2012.

OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments increased from EUR 3,629 thousand as at 31 December 2012 by EUR 3,190 thousand, or 88% to EUR 6,819 thousand as at 30 June 2013. The increase mainly resulted from the increase of advance to supplier for wireless data cards and wireless routers for an updated version amounting to EUR 3,832 thousand, which was partly offset by a decrease of receivable rebates on chipsets in connection with the sales volume of wireless data cards in H1 2013.

SHORT-TERM INVESTMENT

In June 2013, the bank deposits of EUR 4.9 million with a maturity of more than 3 months were transferred to the current account. As a result, there was no short-term investment as at 30 June 2013.

AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties increased from EUR 149 thousand as at 31 December 2012 by EUR 91 thousand, or 61% to EUR 240 thousand as at 30 June 2013, primarily due to an increase of advance to Mr. Chen grouping for business trip and meeting expenses.

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 122,359 thousand as at 30 June 2013. For a further description of cash in banks, see item 7.4 Cash and Cash Equivalents in the notes. For a description of the changes in the first half of 2013, see "Cash Flow Statement" in this section.

	Jun. 30, 2013	Dec. 31, 2012
	kEUR	kEUR
Cash on hand	14	25
Cash in banks	121,386	112,208
Deposit on bank's acceptance bill	959	1,277
	122,359	113,510

Non-current Assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased from EUR 837 thousand as at 31 December 2012 by EUR 43 thousand, or 5%, to EUR 880 thousand as at 30 June 2013. The increase mainly resulted from the increase of property and construction in progress for China Union Broadband network, partly offset by the depreciation charges.

LAND USE RIGHTS

Land use rights decreased from EUR 574 thousand as at 31 December 2012 by EUR 283 thousand, or 49%, to EUR 291 thousand as at 30 June 2013, mainly due to the transfer of land use rights to Fujian province government.

INTANGIBLE ASSETS

Intangible assets decreased from EUR 937 thousand as at 31 December 2012 by EUR 40 thousand, or 4%, to EUR 897 thousand as at 30 June 2013, mainly due to the amortization, partly offset by the purchase of software in Vtion IT and Vtion Anzhuo,

Liabilities

TRADE PAYABLES AND NOTES PAYABLE

Trade payables and notes payable decreased from EUR 12,162 thousand as at 31 December 2012 by EUR 2,214 thousand, or 18% to EUR 9,948 thousand as at 30 June 2013, mainly resulted from the payment of trade payable and bank notes due in H1 2013.

OTHER PAYABLES

Other payables decreased from EUR 4,894 thousand as at 31 December 2012 by EUR 1,354 thousand, or 28% to EUR 3,540 thousand as at 30 June 2013, mainly resulted from the decrease of VAT payables and royalty costs payable to copyright holders after the payment in H1 2013, partly offset by the increase of advances from customers.

EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio increased from 88% as at 31 December 2012 to 91% as at 30 June 2013.

Financial Position

CASH FLOW STATEMENT

The following table was extracted from the cash flow data of the Company which was derived from the Company's consolidated financial statements under IFRS for H1 2013 and H1 2012.

	H1 2013	H1 2012
	kEUR	kEUR
Operating cash flow before working capital changes	2,319	4,237
Cash generated from/(used in) operations	2,026	-2,910
Net cash generated from operating activities	1,832	-3,733
Cash flow from investing activities	4,981	-5,075
Cash flow from financing activities	-732	-3,561
Net increase in cash and cash equivalents	6,081	-12,369
Cash at the beginning of the year	113,510	124,516
Foreign exchange difference	2,768	1,682
Cash at the end of the period	122,359	113,829

NET CASH GENERATED FROM OPERATING ACTIVITIES

The Company generated a positive net cash flow amounting to EUR 1.8 million from operations in the first half of 2013, representing an increase by EUR 5.5 million compared with the net cash of EUR 3.7 million used in operating activities in H1 2012. The increase was mainly due to a decrease of inventory and an increase of collection of trade receivables and bank interests received, which was partly offset by the decrease of profit before income tax and the decrease of collection of other receivable and prepayment.

CASH FLOW FROM INVESTING ACTIVITIES

The Company generated EUR 5 million from investing activities in the first half of 2013. This mainly resulted from the transfer of EUR 4.9 million six-month term deposit in banks to current account and the transfer of 50% of land use rights, which was partly offset by purchase of intangible assets, property, plant and equipment.

CASH FLOW FROM FINANCING ACTIVITIES

The net cash outflow in financing activities in H1 2013 amounted to EUR 731 thousand, which were used in dividend paid to shareholders in H1 2013 (H1 2012: EUR 3,561 thousand in share buyback program and dividend paid).

CASH AT THE END OF THE PERIOD

Cash at the end of the period amounted to EUR 122.4 million as at 30 June 2013, representing an increase of EUR 8.9 million from the cash balance as at 31 December 2012. The increase mainly resulted from the accelerated collection of trade receivables and liquidation of short-term investment in H1 2013.

Human Resources

Continuing to maintain a lean cost structure, Vtion concluded Q2 2013 with 235 employees. The biggest change is in the administration department, which decreased from 70 to 63 persons. The company also made slight employee number reductions in three other departments. The R&D department now has 73 employees, compared with 76 at the end of the first quarter of 2013. The number of employees in sales and marketing decreased from 81 to 77. Meanwhile the customer service and call center has only 8 persons instead of 9. There are constantly 5 management board members in the company and the production department still has 9 employees. Currently Vtion Anzhuo has 51 persons in total. Of these personnel, it has fewer administrative employees and more in the R&D department, which have 8 persons and 32 persons respectively. The number of employees in sale and marketing for Vtion Anzhuo remained stable at 11.

Research and Development

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

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

In Vtion's more software-oriented business segments, namely the industry-specific computing solutions and mobile applications, the company relies heavily on sourcing from outside software and application providers. However, the company has taken steps to increase its in-house software development capacity and is continuing to build these resources. For example, the company's E-Agency platform that is sold to insurance companies was developed entirely in-house. The company employs a team of professionals who were formerly employed as database managers at various insurance companies, in order to better understand client needs and develop customized products for them. As Vtion looks to begin offering industry-specific solutions to other sectors, the company will seek to expand its internal expertise to other sectors on a case-by-case basis.

Vtion Anzhuo has continued to build up its online appstore construction and operation capacities. Recently, major focuses of the Vtion Anzhuo R&D efforts have centered on the gaming sector, particularly games that are free as downloads but feature a pay-for-play or a pay-for-use model. Further, Vtion Anzhuo is focusing R&D efforts on applications designed for large screen devices, to take advantage of the growing market in China for IPTV and related applications. Going forward Vtion will continue to increase its in-house software capacity in order to reduce reliance on outside providers and increase its competitive advantages.

Risk Report

Risk and opportunity management

Vtion Group's business relies on solid experiences, 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 receivables. 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. As in prior periods Vtion Group has a continuous substantial cash position and the group has no loan exposure. Cash management will remain a high priority within the group as a whole, and within individual companies.

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

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

Report on Post-Balance Sheet Date Events

At the 2013 AGM, Vtion's shareholders approved a resolution changing the company's articles of association, section 12, paragraph 1, which stipulates the number of supervisory board members. The resolution lowered the number of members from six to three. Upon the resolution taking effect in the commercial register, Messrs. Volker Potthoff, LIU Yangsheng and SHU Huaying tendered their voluntary resignations, in order for the company to be in compliance with its new articles of association. Their resignations were accepted during a conference call held by the remaining members of the supervisory board on July 30, 2013. Currently, Vtion's supervisory board is comprised of Messrs. Norbert Quinkert (Chairman), YANG Hua (Vice Chairman) and WANG Ning.

Outlook

Vtion has issued guidance for the full year 2013, which calls for sales revenue between Euro 60 million and Euro 70 million. The company expects its EBIT margin to decrease slightly year-on-year, at between 8% and 10%, which is a sustainable EBIT margin level from a long-term perspective. Over the course of the first half of 2013, the company achieved revenue of Euro 27.8 million with an EBIT margin of 7%. Though this is below the pace required to reach the guidance, company management remains confident in reaching its previously-stated guidance, as it expects that results will improve in Q3 compared to Q2, similar to how Q2 showed marked improvement over Q1.

For the near term, Vtion expects that the traditional core business, wireless data terminals, will continue to contribute the majority of the company's revenues. While the revenue mix is expected to eventually tilt more toward the software-oriented business segments, the company does not expect this to become more evident until 2014-2015. For the first half of 2013, the wireless data terminal business segment comprised 86% of revenues, which is likely to remain the case for the full year.

In the industry-specific computing solutions segment, the company will seek to increase revenues from its current base of 6 clients, while also adding to the client base. 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 for 2013.

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

Frankfurt/Main, August 14, 2013

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,

	Q2		H1	
	2013	2012	2013	2012
Sales	15,955,781	19,338,639	27,795,241	37,184,702
Cost of sales	12,947,800	15,849,667	22,627,535	30,079,502
Gross Profit	3,007,981	3,488,972	5,167,706	7,105,200
Other operating income	19,196	116,084	19,196	119,767
Selling and distribution expenses	-345,453	-544,405	-719,893	-1,144,961
Administrative expenses	-1,286,952	-1,047,088	-2,391,751	-2,138,943
Other operating expenses	-3,116	-83	-3,116	-1,431
Profit from operations	1,391,656	2,013,480	2,072,142	3,939,631
Finance income	346,739	252,691	793,229	440,819
Finance expenses	-4,984	-22,237	-9,182	-27,281
Foreign exchange gain/loss	63,210	-889,043	-152,603	-399,882
Profit before income tax	1,796,621	1,354,893	2,703,586	3,953,286
Income tax	-604,466	-774,841	-1,049,699	-1,236,428
Profit for the period	1,192,155	580,052	1,653,887	2,716,858
Other comprehensive income:				
Exchange differences on translating foreign operations	-1,173,644	6,953,615	3,256,416	2,791,018
Other comprehensive income for the period	-1,173,644	6,953,615	3,256,416	2,791,018
Total comprehensive income for the period	18,511	7,533,666	4,910,303	5,507,876
Earnings per share (basic and diluted)*	0.09	0.04	0.12	0.18

*Computed on the basis of weighted average 13,298,495 shares for H1 2013 and Q2 2013, weighted average 15,085,995 shares for H1 2012 and weighted average 14,996,205 shares for Q2 2012 respectively.

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

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
ASSETS		
Current assets		
Inventories	2,351,238	2,362,348
Trade receivables	19,185,602	25,629,642
Other receivables and prepayments	6,819,240	3,629,082
Short-term investment	0	4,900,000
Amounts due from related parties	240,121	148,912
Cash and cash equivalents	122,358,788	113,509,797
	150,954,989	150,179,781
Non-current assets		
Property, plant and equipment	879,980	837,336
Land use rights	290,743	574,320
Intangible assets	897,244	937,422
Deferred tax assets	460,672	362,875
	2,528,639	2,711,953
Total assets	153,483,628	152,891,734
LIABILITIES		
Current liabilities		
Trade payables	9,948,463	12,161,729
Other payables	3,539,957	4,894,801
Provisions	428,976	423,874
Amounts due to related parties	21,176	0
Income tax payable	564,438	609,598
Non-current liabilities		
Deferred tax liabilities	0	0
Total liabilities	14,503,010	18,090,002
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	59,149,592	58,227,122
Foreign exchange differences	26,096,876	22,840,460
Total equity	138,980,618	134,801,732
Total liabilities and equity	153,483,628	152,891,734

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30,

in EUR						
	Share capital Vtion AG	Treasury stocks	Capital reserves	Retained earnings	Foreign exchange differences	Total equity
Balance as at December 31, 2011	15,980,000	-747,602	46,231,087	53,678,437	23,834,354	138,976,276
Buyback 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
Balance as at December 31, 2012	14,495,086	-1,196,591	40,435,655	58,227,122	22,840,460	134,801,732
Buyback ordinary share						
Treasury stock redemption						
Dividend distribution				-731,417		-731,417
Total comprehensive income for the period	-			1,653,887	3,256,416	4,910,303
Balance as at June 30, 2013	14,495,086	-1,196,591	40,435,655	59,149,592	26,096,876	138,980,618

Total comprehensive income for the period comprises the other comprehensive gain of EUR 3,256,416 (H1 2012: EUR 2,791,018) due to the foreign exchange differences, resulting from changes of the cash pool in EUR into the functional currency of the group. The foreign exchange difference is a technical effect that does not affect the cash position of Vtion.

Consolidated Cash Flow Statement

for the period from January 1 to June 30,

	H1 2013	H1 2012
	EUR	EUR
Profit before income tax	2,703,586	3,953,286
Adjustments for:		
Amortization of intangible assets and land use rights	103,694	123,843
Allowance for doubtful trade debts	-	-
Depreciation of property, plant and equipment	160,486	173,130
Gain on disposal of property, plant and equipment	-17,322	85
Interest income	-793,229	-440,819
Interest expense	-	-
Bank charges	9,183	27,281
Foreign exchange loss	152,603	399,882
Operating cash flow before working capital changes	2,319,001	4,236,690
Working capital changes:		
(Increase)/decrease in:		
Inventories	66,976	-1,179,835
Trade receivables	6,971,961	-5,860,750
Other receivables and prepayments	-3,274,286	1,407,170
Amounts due from related parties	-86,551	909,717
Increase/(decrease) in:		
Trade payables	-2,474,215	-2,708,760
Other payables and accruals	-1,459,142	-80,254
Amounts due to related parties	20,914	-12,210
Income tax payable	-59,054	377,888
Cash generated from/(used in) operations	2,025,604	-2,910,344
Interest received	1,002,833	284,131
Interest expense	-	0
Income tax paid	-1,196,739	-1,106,250
Net cash generated from operating activities	1,831,699	-3,732,463
Cash flow from investing activities		
Purchase of intangible assets	-36,720	-140,223
Purchase of land, property, plant and equipment	-277,523	-35,102
Disposal of land, property, plant and equipment	394,877	
Decrease of short term investment	4,900,000	-4,900,000
Cash flow from investing activities	4,980,633	-5,075,325
Cash flow from financing activities		
Payment in connection with share buyback		-2,763,483
Dividend paid to shareholders	-731,417	-797,230
Cash flow from financing activities	-731,417	-3,560,713
Net increase in cash and cash equivalents	6,080,915	-12,368,500
Cash at the beginning of the period	113,509,797	124,515,642
Foreign exchange differences	2,768,076	1,681,838
Cash at the end of the period	122,358,788	113,828,979

Selected Notes to the Consolidated Financial Statements

For the period from January 1 to June 30, 2013

1. Background and Basis of Preparation

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

The following subsidiaries of Vtion Wireless Technology AG are consolidated.

in kEUR	Share	Equity Jun. 30, 2013	Results from Jan. 1 to Jun. 30, 2013
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	-433	252
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	101,716	3,201
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	18,238	-335
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	807	-4
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	-236	-681
Vtion Communication Technology Service (Fuzhou) Co., Ltd, PRC	100%	114	-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, 2013, the same accounting policies and methods of computation are followed as compared with the recent annual financial statements as of December 31, 2012.

3. Functional and Presentation Currency

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

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

EUR	RMB	
	2013	2012
June 30	8.0280	8.0011
Average first six month	8.1285	8.1901

4. Impairment of Non-financial Assets, if any

In the six months of 2013 and 2012 no non-financial asset has been impaired, except as mentioned in note 7.1. For inventory an impairment provision of EUR 15 thousand has been recorded as of June 30, 2013 (EUR 14 thousand as of December 31, 2012).

5. Segment Analysis

A) BUSINESS SEGMENT

Vtion Group's operating businesses are organized in three business segments, namely "Wireless Data Terminals", "Wireless Intelligent Terminals" and "All Others". Sales of network camera significantly grew in Q2 2013 and the revenue generated from network camera in H1 2013 was 10 percent of the Group's combined revenue in the first half of 2013, so network camera disclosed in "All Others" segment in 2012 and Q1 2013 were adjusted to be presented in "Wireless intelligent Terminals" combined with other intelligent terminals in H1 2013. The corresponding disclosures for the previous year and the previous interim report period of 2013 are also adjusted to ensure comparability of the segment information (since network camera started to launch to market in December 2012, the disclosed segment information for H1 2012 was not impacted by this adjustment). From Q2 2013, Vtion Group has generated commission income from the China Union broadband network. By the end of June 2013, the commission income from broadband network was immaterial, so it was disclosed in "All Others" segment in H1 2013 combined with others as a new revenue source.

B) GEOGRAPHICAL BUSINESS

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

C) ALLOCATION BASIS

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

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

Inter-segment sales are eliminated on consolidation.

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

	Segment revenue		Segment profit	
	Period ended Jun. 30, 2013	Period ended Jun. 30, 2012	Period ended Jun. 30, 2013	Period ended Jun. 30, 2012
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	23,782	29,690	2,905	4,696
Wireless Intelligent Terminal	3,661	7,399	541	485
All Others	352	96	-1,031	-975
Total for continuing operations	27,795	37,185	2,415	4,206
Central administration costs	0	0	-343	-267
Finance result	0	0	632	14
Profit before tax (continuing operations)	0	0	2,704	3,953

6. Notes to the Consolidated Statement of Comprehensive Income

6.1 TOTAL INCOME

	Q2		H1	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Sale of goods	15,955,781	19,338,639	27,795,241	37,184,702
Other operating income				
Government grant	0	116,029	0	119,657
Service income	55	55	55	110
Others	19,140	0	19,140	0
	19,196	116,084	19,196	119,767
Finance income				
Interest income	346,739	252,691	793,229	440,819
Total income	16,321,716	19,707,414	28,607,666	37,745,287

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.

Other operating income in H1 2013 was mainly due to the transfer of 50% of land use right to Fujian government amounting to EUR 19.1 thousand. In H1 2013, the company did not receive any grant from the government (H1 2012: EUR 120 thousand).

6.2 SPLIT-UP OF SALES

	Q2		H1	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Split-up of sales				
Sales to external customers				
Wireless Data Terminals	12,817,066	15,748,613	23,782,208	29,689,876
Wireless Intelligent Terminals	2,964,895	3,511,968	3,661,301	7,398,839
All Other Segments	173,820	78,058	351,732	95,987
	15,955,781	19,338,639	27,795,241	37,184,702

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 2013	H1 2012
Average number of employees		
Management and administration	80	89
Research and development	72	62
Sales	87	95
	239	246

	H1 2013	H1 2012
	EUR	EUR
Payroll costs		
Wages and salaries	1,144,889	1,059,870
Social security costs	188,389	201,048
Welfare	29,402	27,288
	1,362,680	1,288,206

*the employees of call center and customer service are reclassified from the Management and administration to Sales. The corresponding disclosure for H1 2012 is also adjusted to assure the information comparable

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

	H1 2013	H1 2012
	EUR	EUR
Amortization of intangible assets and land use rights		
Software	53,163	75,663
Licenses	42,006	41,691
Trademark	3,076	0
Land use rights	5,449	6,489
	103,694	123,843
Depreciation of property, plant and equipment	160,486	173,130
Total of amortization and depreciation	264,180	296,973

Except about EUR 4,613 of amortization of intangible assets was booked as part of “cost of sales” for service business operated by Vtion Software for insurance industry in H1 2013 (H1 2012: EUR 63,654 for software business operated by Vtion Anzhuo), the remaining amortization of intangible assets was booked in “Administrative expenses” in H1 2013. Since the game software for business operated by Vtion Anzhuo have been wholly amortized and other intangible assets are kinds of platform systems which are used for research and development activities, the amortization of intangible assets of Vtion Anzhuo was booked in “Administrative expenses” in H1 2013.

6.5 FINANCE EXPENSES

	Q2		H1	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Finance Expense				
Bank charges	4,984	22,237	9,182	27,281
	4,984	22,237	9,182	27,281

6.6 FINANCE FOREIGN EXCHANGE LOSS

The Group recognized EUR 152,603 foreign exchange loss in H1 2013 (H1 2012: EUR 399,882), mainly related to revaluing liquid assets and liabilities of the Vtion Group at the balance sheet date.

6.7 INCOME TAX

	Q2		H1	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Current income tax (ordinary activities)	620,357	785,577	1,137,685	1,484,139
-temporary differences	23,219	-1,893	23,264	-231,215
-tax loss carry forward	-39,110	-8,843	-111,250	-16,496
Income tax recognized in profit and loss	604,466	774,841	1,049,699	1,236,428

6.8 APPLICABLE TAX RATE

Vtion IT applied an effective tax rate of 25% in H1 2013 in accordance with the Income Tax Law of the People's Republic of China.

Vtion Software incurred accounting losses for the first six months of operation, so there was no tax expense in H1 2013.

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, 2013, therefore had no taxable income in H1 2013.

7. Notes to the Consolidated Statement of Financial Position

7.1 INVENTORIES

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
Inventory-advances to supplier	378	0
Goods and material	2,365,504	2,376,829
Less: stock provision	-14,644	-14,481
	2,351,238	2,362,348

7.2 TRADE AND OTHER RECEIVABLES

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
Trade receivables		
Trade receivables	19,208,310	25,651,818
Allowance for trade receivables	-22,708	-22,176
	19,185,602	25,629,642

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
Other receivables		
Other receivables	6,754,511	3,559,263
Prepaid expenses	64,729	69,819
	6,819,240	3,629,082

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

7.3 AMOUNTS DUE FROM RELATED PARTIES

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

	Jun. 30, 2013	Dec. 31, 2012
Related parties	EUR	EUR
Amount due from related parties - non-trade	240,121	148,912
	240,121	148,912

7.4 CASH AND CASH EQUIVALENTS

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
Cash on hand	13,489	24,896
Cash in banks	121,386,063	112,207,548
of Mainland China	119,370,751	109,072,751
of Germany and offshore	2,015,312	3,134,797
Deposit on bank's acceptance bill (in China)	959,236	1,277,355
	122,358,788	113,509,797

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

Among the balance of cash and cash equivalents as of June 30, 2013, EUR 120,330 thousand were held in countries in which prior approval is required to transfer funds abroad. Nevertheless if the Group can comply with those criteria, such liquid funds can be transferred within a reasonable period of time.

7.5 DEFERRED TAX ASSETS

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

Vtion Wireless Technology AG ("Vtion AG") accumulated a tax loss under German GAAP till June 30, 2013. At the balance sheet date the company didn't adjust the estimation of net taxable income of the next five years

7.6 TRADE AND OTHER PAYABLES

All trade payables are non-interest bearing. The fair value of trade payable as well as other payables has not been disclosed, since, due to their short duration, management considers the carrying amounts recognized at the balance sheet to be a reasonable estimate of their fair value. The trade payables include notes payable, which amount to RMB 15 million and decreased by RMB 6 million as compared with that as of December 31, 2012. 50% of the funds received (EUR 959 thousand) are kept as a cash deposit on bank acceptance bills. Please see “cash and cash equivalents”.

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
Other payables		
VAT payable	1,065,933	1,956,059
Other payable	2,319,426	2,824,521
Advances from customers	53,881	0
Other tax payables	100,717	114,221
	3,539,957	4,894,801

Other payables included the cumulative rebates payable to copyright holder amounting to EUR 2,243 thousand.

7.7 PROVISIONS

	Jun. 30, 2013	Dec. 31, 2012
	EUR	EUR
Provisions		
Accrued payroll	331,949	302,045
Other accruals	97,027	121,829
	428,976	423,874

7.8 AMOUNTS DUE TO RELATED PARTIES

Amounts due to related parties are non-interest bearing. Amounts due to related parties as of June 30, 2013 (EUR 21 thousand) resulted from non-trade in connection with Mr. Chen guoping.

8. NOTES – OTHER

8.1 CONTINGENT LIABILITIES

The Company does not have any contingent liabilities as at June 30, 2013.

8.2 RELATED PARTY DISCLOSURES

SALES AND PURCHASE OF GOODS AND SERVICE

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

	H1 2013	H1 2012
	EUR	EUR
Rental fee paid to a related party	67,909	67,398
	67,909	67,398

9. Events after Balance Sheet Date

At the 2013 AGM, Vtion's shareholders approved a resolution changing the company's articles of association, section 12, paragraph 1, which stipulates the number of supervisory board members. The resolution lowered the number of members from six to three. Upon the resolution taking effect in the commercial register, Messrs. Volker Potthoff, LIU Yangsheng and SHU Huaying tendered their voluntary resignations, in order for the company to be in compliance with its new articles of association. Their resignations were accepted during a conference call held by the remaining members of the supervisory board on July 30, 2013. Currently, Vtion's supervisory board is comprised of Messrs. Norbert Quinkert (Chairman), YANG Hua (Vice Chairman) and WANG Ning.

10. Approval of the Financial Statements

The financial statements were approved and authorized for issuance by the Board of Directors on August 14, 2013.

Frankfurt, August 14, 2013

Chen Guoping Zheng Hongbo Ding Chaojie Fei Ping He Zhihong

Responsibility Statement of the Management

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the 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, August 14, 2013

Vtion Wireless Technology AG

Management Board

Chen Guoping

Zheng Hongbo

Ding Chaojie

Fei Ping

He Zhihong

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

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

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 Vtion Wireless Technology AG, comprising the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim group management report of Vtion Wireless Technology AG, Frankfurt am Main, for the period from January 1, 2013 to June 30, 2013, 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 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 15, 2013

BDO AG
Wirtschaftsprüfungsgesellschaft

Andreas Flach
Wirtschaftsprüfer
[German Public Auditor]

ppa. Tim Sichtung
Wirtschaftsprüfer
[German Public Auditor]

Credits

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Financial Calendar

PUBLICATION OF

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Thursday, November 14, 2013



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www.vtion.de