

vtion

Q3
2011

**INTERIM REPORT
VTION WIRELESS TECHNOLOGY AG**



Wireless Anywhere

Vtion Wireless Technology at a glance

	million €	Q3			Q1-Q3		
		2011	2010	+/-%	2011	2010	+/-%
Revenues	million €	23.88	29.85	-20	55.87	85.64	-35
Gross profit	million €	4.38	12.02	-64	10.50	32.81	-68
Gross profit margin	%	18	40	-22PP	19	38	-19PP
EBITDA	million €	3.07	10.14	-70	6.24	26.87	-77
EBITDA margin	%	13	34	-21PP	11	31	-20PP
EBIT	million €	2.95	10.02	-71	5.88	26.56	-78
EBIT margin	%	12	34	-22PP	11	31	-20PP
Net profit	million €	0.91	11.57	-92	4.96	20.78	-76
Net profit margin	%	4	39	-35PP	9	24	-15PP
Earnings per share ¹	€	0.06	0.72	-92	0.31	1.30	-76
Net Cash flow from operations	million €	6.18	1.26	390	15.51	19.47	-20

Company profile

The Vtion Group is one of the three leading suppliers of wireless data cards and associated services for the mobile use of computers via broadband wireless networks in the People's Republic of China. The company also offers V-Pad, Android applications, 3G router and embedded module products through network operator and retail distribution channels.

¹ Computed on the basis of average weighted 15,579,719 shares for Q3 2011 and 15,817,959 shares for 9M 2011, and respectively average weighted 15,980,000 shares for Q3 and 9M 2010

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DEAR FELLOW SHAREHOLDERS,

Let me open by thanking you for your continued support of our company and management team, particularly as we are in the midst of an operational transition that has resulted in a difficult period for us on the capital markets. Despite the fact that we currently see an extremely low valuation, I am confident that as we show traction in our new business areas, coupled with measures we are taking on the capital markets such as our share buyback program and more active investor relations, we will eventually move towards a fair valuation.

Before addressing our business development over the course of the third quarter, I would first like to comment a change in our management board. As of October 23 of this year, our former CFO, Mr. Henry Chen (CHEN Huan) has resigned and been replaced. Given that he was not only a key member of our management board who played a key role in the success of our IPO, but remains a close friend, I am saddened to see him leave. However, at the same time I am excited for what Mr. Alex Zheng (Hongbo ZHENG) brings to us as the new CFO. He has strong experience and worked for international companies like Dell and Lenovo as well as a former CFO of the Hong Kong-listed company Venturepharm Laboratories. We expect him to play a key role in the next stage of our company's development.

Operations in the third quarter progressed largely in line with our expectations laid out when we reported our second quarter results. We were able to achieve a sales of € 23.9 million for the quarter, bringing our total sales to € 55.9 million for the first nine months of the year. Revenues were driven primarily by sales in our wireless data terminal business segment. We also realized our first sales of our V7 VPad tablet PC, for which we had trial sales in June and saw slight increases in sales volume with each successive month. The tablet PC sales that we realized over the course of the third quarter were all in the consumer space, which we address through sales and distribution partners; we expect our first contract for tablet PC hardware and associated insurance industry apps by the end of the year.

Pricing in the wireless data terminal segment remained steady in comparison to H1, allowing us to realize a stable gross margin of 19% for the first nine months of the year, compared to 18% for the first half of the year. We reached an EBIT of € 5.9 million for the first nine months, which implies a margin of 12%. Our net profit for the first nine months of the year reached € 5.0 million, which implies a net profit margin of 9% and an EPS of € 0,31.

After the first nine months of 2011, we restate our guidance for our full year results, which calls for sales of between Euro 75 million and 100 million, with an EBIT margin of between 10% and 12%. For the fourth quarter we expect sales and pricing in the wireless data terminal segment to remain steady, with small growth in the consumer tablet PC space. We expect to realize our first sale of products with imbedded apps to the insurance industry before the end of the year, and continue building our foundation in the Android mobile apps space through our wholly-owned subsidiary, Vtion Anzhuo, from which we expect to realize revenues next year.

I am confident that we are positioning our company in market sectors that will be growth areas in the foreseeable future, and set the company back on the growth curve that was interrupted this year.

It is my honor to welcome you to continue to follow our progress as we enter into an exciting new chapter in our young company's history; again I thank you for your support.

Sincerely,

CHEN Guoping
CEO Vtion Wireless Technology AG

The Share

DIFFICULT BEGINNING TO 2011

The Vtion share experienced downward pressure to open 2011, as the company announced a guidance of revenue between Euro 75 million and 100 million and an EBIT margin of 10%-12%, which was below market expectations. This was due to transition in China's telecommunications market, which for Vtion meant pricing pressure but also new opportunities. Vtion's share price has since stabilized and traded largely horizontally. Trading volumes have however stayed rather low, currently averaging approximately 30,000 shares/day. As the company continues to progress in its newer business initiatives and communicate with the markets, it expects to see improving trading volumes and movement towards a fair valuation.

DIVIDEND AND SHARE BUYBACK

Vtion paid a dividend of 21 cents per share in 2011, representing 15% of the company's operating net profit for the full year 2010. It is management's intention to maintain the 15% payout ratio as the minimum payout ratio for the 2012 dividend, with the possibility of a higher ratio depending on 2011 full year performance. The company also initiated a share buyback program on April 26, 2011, for which Euro 4 million was allocated to buy approximately 1 million shares. As of Friday, November 4, Vtion had repurchased a total of 641,281 shares. The company sees the share buyback program as both an indication of confidence management has in the company's future and value, as well as a means through which the company can return cash to shareholders. Vtion is proud to

reward shareholders for their loyalty, particularly through recent difficult times, and the large cash position allows Vtion to do so through a dividend, while the company will still have more than sufficient cash to invest in new product and application offerings for short-term development, and increase its long-term competitiveness through investment in R&D.

SPONSORSHIP AND RESEARCH COVERAGE

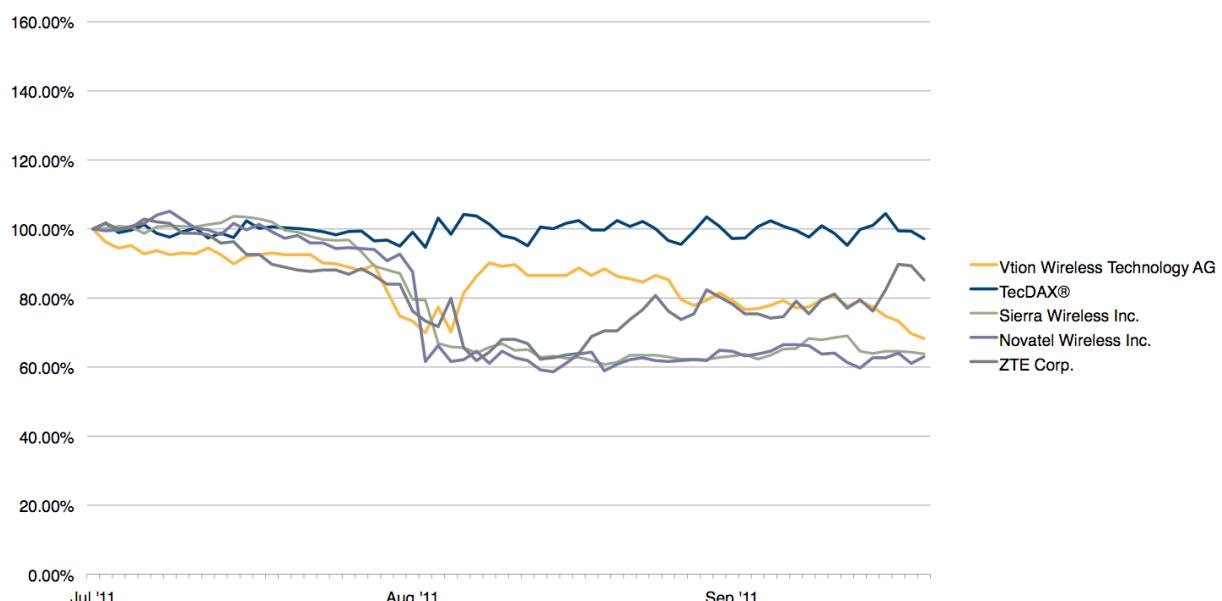
As of April 2010, the company has had designated sponsorship and research coverage from Macquarie Capital, which was also a co-manager of the company's IPO in 2009. The company has also had research coverage from Warburg Research since January of 2010.

INVESTOR RELATIONS

Vtion is committed to active investor communications and maintaining accessibility to its shareholders and interested potential investors. The company is a regular participant in investor conferences and regularly engages in roadshows with management. Vtion is particularly committed to accountability in its investor communications given the challenges associated with maintaining close contact with European investors when operations are located primarily in China. Following the release of the Q3 2011 report, Vtion will meet with investors both on a mid-November roadshow, and at the German Equity Forum 2011. As the company goes through the process of diversifying its business model it will communicate regularly with the capital markets regarding the company's business progress, particularly in the wireless intelligent terminal and mobile application spaces.

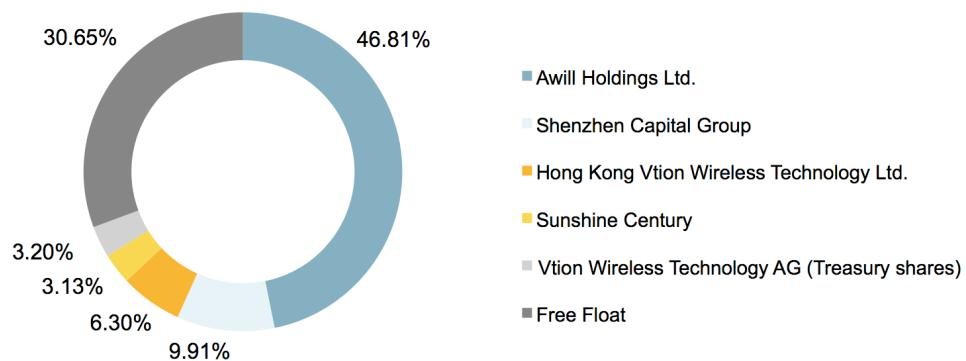
VTION STOCK PRICE

Q3/2011 | in Percent



VTION SHAREHOLDER STRUCTURE

as of September 30, 2011



Interim Management Report

Business and Operating Environment

OVERVIEW

The Chinese economy continued consistent growth of 9.4% in the first nine months of 2011. In the third quarter the economy grew by 9.1%.² The figure still represents strong development and is an indication of successful government efforts to maintain growth above 9% while also engineering a stable landing for the economy. Inflation remains a major challenge for the Chinese economy, but is showing signs of abating, as both the Consumer Price Index and Producer Price Index decreased in both August and September to close out the third quarter.³ The government has taken measures such as raising interest rates, which, though in the near term may constrain growth, will over the long term serve to stabilize liquidity and commodity prices.

As of the end of May 2011, China's internet penetration rate reached 37.1%, bringing the total number of internet users nationwide to 497 million.⁴ Over the course of the second quarter growth in user numbers was strong in both rural and urban areas, while government policy at the provincial level continues to support increasing internet connectivity in rural areas.

GENERAL MARKET CONDITIONS AND BUSINESS DEVELOPMENT

As of the end of August 2011, the total number of 3G users nationwide in China exceeded 90 million, with China Mobile's 40.32 million TD-SCDMA users accounting for the majority of those users.⁵ Users on China Telecom's CDMA 2000 EVDO network and China Unicom's WCDMA network reached 25.6 million and 27.9 million respectively. Statistics for the full third quarter have not yet been made available, but the industry is expected to continue showing strong growth in new 3G users through the end of the year.

Total investment in China's three 3G networks continued to grow over first half of the year as well, with 289 billion Yuan Renminbi invested on the part of the three operators in network development as of mid-June.⁶ As of the time of writing, Q3 statistics for network investment had not yet been published.

The continued propagation of 3G coverage across China has resulted in an increasing number and diversity of devices used to access the wireless internet. In the tablet PC space, in which Vtions began offering products in June 2011, the Android operating system continued receiving the most favorable reviews in a June 2011 user survey, which was the first time that its rating surpassed that of Apple's iOS.⁷ Tablet PC sales market-wide have been quite strong in China. While Vtions strategy involves seeking out business clients in niche markets and avoiding the general consumer market, the strong demand in said market still bodes well overall for tablet PC sales to business clients.

China's 3G market has reached a stage of steady growth overall, with consistent growth in new 3G users month-over-month. Demand continues in the wireless data terminal space, though it has been weakened by the diversification of products in the market, namely Tablet PC's and smartphones. Steady demand in the wireless data terminal space is expected to continue, particularly for wireless data cards and 3G routers, though margins will be lower than in the initial stages of 3G development due to pricing pressure from the telecom operators. Growth in the tablet PC market remains in an early stage, particularly with regard to business applications for such hardware, while the mobile application market remains quite fragmented and unstable in China. For Vtions, this means the company expects continued profitability in the wireless data terminal space, albeit at reduced margins, augmented by B2B tablet PC sales in the near term, while the company simultaneously looks to strengthen its competitiveness in the mobile apps space for the long-term as opportunities are expected to emerge following improved regulation and standardization in that industry.

² The Central People's Government of The People's Republic of China, Ministry of Statistics; October 18, 2011. (http://www.stats.gov.cn/tjsj/gjtdt/t20111018_402759817.htm)

³ IBID.

⁴ "Development Information and Changes in the World Wide Web," China Internet Network Information Center (CNNIC); August/September Edition, 2011.

⁵ Report on 3G User Development," China Information Industry Net (CNII); September 21, 2011

⁶ "China Market: 3G Network Investment Totals CNY 289 Billion," C114 Net; June 15, 2011.

⁷ "Q3 2011 Tablet PC Market Report".ZOL.COM. October 28, 2011.

Result of Operations

The following table presents income statement data of the consolidated interim financial statements of the Company under IFRS as of and for the third quarter ended 30 September 2011, with comparative information for the third quarter ended 30 September 2010.

INCOME STATEMENT – Group

Jan 1 – Sep 30 (in k€)	Q3			Q1-Q3		
	2011	2010	+/-%	2011	2010	+/-%
Sales	23,884	29,848	-20	55,867	85,639	-35
Cost of sales	-19,503	-17,827	9	-45,364	-52,828	-14
Gross profit	4,381	12,021	-64	10,503	32,811	-68
Other operating income	12	385	-97	13	499	-97
Selling and distribution expenses	-365	-1,310	-72	-1,456	-4,005	-64
Administrative expenses	-1,078	-1,048	3	-3,174	-2,656	20
Other operating expenses	0	-26	-100	-1	-90	-99
Profit from operations (EBIT)	2,951	10,022	-71	5,884	26,560	-78
Finance income	183	2,821	-94	1,862	2,988	-38
Finance costs	-1,762	-16	10,913	-1,795	-5,398	-67
Profit before income tax	1,371	12,827	-89	5,951	24,151	-75
Income tax	-457	-1,254	-64	-991	-3,373	-71
Profit for the period	914	11,573	-92	4,960	20,777	-76
Earnings per share⁸	0.06	0.72	-92	0.31	1.30	-76

SALES

In the first nine months of 2011, sales amounted to € 55.9 million, decreased by € 29.8 million or 35% compared to the same period in 2010 (9M 2010: € 85.6 million). This decrease in sales was primarily due to the decrease in sales of wireless data cards (Wireless Data Terminal segment), which decreased from € 83.2 million in 9M 2010 by € 49.7 million, or 60%, to € 33.5 million in 9M 2011, as a result of severe falling of unit price for 3G wireless data cards impacted by the fierce price competition and increasing usage of other connection to access the mobile internet.

In 9M 2011, Vtion Group recognized € 0.5 million revenue from Data Solution Service decreased by € 1.6 million or 74%, which was a deferred sales generated from the service offered to the members of business club in the last fiscal year 2010, since the club has been discontinued in its current form in 2011. As of September 30, 2011, all the deferred sales had been recognized and no further revenue will be generated from Data Solution Service.

In 9M 2011, Vtion Group recognized € 3.7 million revenue from mobile phone trade increased by € 3.4 million or 1,057% from € 0.3 million in 9M 2010, which partly offset the decrease of sales from wireless data cards and data solution service.

Compared to 9M 2010, Vtion had generated sales from new business and products such as electrical book, wireless router, VPAD (Wireless Intelligent Terminal segment) and wireless high definition sharer named "PC to TV" (Wireless Data Terminal segment) in the first nine months of 2011. Sales generated from electrical book and wireless router amounted to € 2.8 million and € 6.1 million. Sales generated from VPAD and "PC to TV" amounted to € 6.9 million and € 2.2 million in 9M 2011. The sales from new business and products partly offset the decrease of sales from wireless data cards and data solution service.

⁸ Computed on the basis of average weighted 15,579,719 shares for Q3 2011 and 15,817,959 shares for 9M 2011, and respectively average weighted 15,980,000 shares for Q3 and 9M 2010

In the third quarter of 2011, sales decreased by € 6 million or 20%, from € 30 million in Q3 2010 to € 24 million in Q3 2011. This decrease was mainly due to the decrease of sales from wireless data cards, but partly offset by sales from new products and new business segment. Sales generated from VPAD and "PC to TV" in Q3 2011 amounting to € 6.3 million and € 1.7 million greatly increased by € 5.7 million and € 1.2 million compared to the second quarter of 2011 when the new products just launched on market.

COST OF SALES

Cost of sales decreased to € 45.4 million in 9M 2011 by € 7.4 million or 14% from € 52.8 million in 9M 2010, primarily due to a decrease of sales volumes of wireless data cards. Cost of sales increased to € 19.5 million in Q3 2011 by € 1.7 million or 9% from € 17.8 million in Q3 2010, primarily due to higher cost caused by the sales volumes increase of the new products in Q3 2011 which completely offset the decrease of sales volumes of wireless data cards.

GROSS PROFIT

The overall gross profit margin decreased from 38% in 9M 2010 to 19% in 9M 2011. Firstly the decrease was mainly due to the severe falling of unit price for 3G wireless data cards, the decrease of the average sales price per unit was more than the decrease of the average cost per unit. Although the ratio of sales generated from the new product and business increased in 9M 2011, the gross profit margin of the new product and business was lower than the gross profit margin of 3G wireless data cards in 9M 2010, which was the other reason of the decrease of the overall gross profit margin in 9M 2011. The gross margin level in the first nine months of 2011 remained quite stable from 19% in H1 2011.

OTHER OPERATING INCOME

Other operating income decreased from k€ 499 in 9M 2010 by k€ 486 or 97%, to k€ 13 in 9M 2011. It was primarily due to that less special monetary reward or subsidies were granted by PRC government in 9M 2011.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased from k€ 4,005 in 9M 2010 by k€ 2,549 or 64%, to k€ 1,456 in 9M 2011. Selling and distribution expenses decreased from k€ 1,310 in Q3 2010 by k€ 945 or 72%, to k€ 365 in Q3 2011. This decrease was primarily due to a decrease in entertainment charge, royalty costs to copyright holders and commission expense for VNO business, which was partly offset by the increase in salary and welfare, rental expense and travel expenses.

The percentage of selling and distribution expenses in relation to total sales was 2.6% in 9M 2011 and 4.7% in 9M 2010.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from k€ 2,656 in 9M 2010 by k€ 518, or 20% to k€ 3,174 in 9M 2011. Administrative expenses increased from k€ 1,048 in Q3 2010 by k€ 30, or 3% to k€ 1,078 in Q3 2011. This increase was primarily due to an increase in salary and welfare, consultant expenses, research and development expenses, rental expenses and organization cost, which was partly offset by the decrease in travel expenses.

Research and development expense increased to k€ 558 in 9M 2011 by k€ 93 or 20%, from k€ 465 in 9M 2010.

The ratio of administrative expenses to sales was 5.7% in 9M 2011 and 3.1% in 9M 2010.

PROFIT FROM OPERATIONS (EBIT)

Profit from operations decreased from k€ 26,560 in 9M 2010 by k€ 20,676, or 78%, to k€ 5,884 in 9M 2011. This decrease was largely due to the decrease of sales and gross profit in the first nine months of 2011, which was the result of the dropping of 3G wireless data card sales.

Profit from operations increased from k€ 1,899 in Q2 2011 by k€ 1,052, or 55%, to k€ 2,951 in Q3 2011. This increase was largely due to the increase of sales from the new product especially from VPAD and wireless high definition sharer named "PC to TV".

EBIT MARGIN

Vtion Group's EBIT margin decreased from 31% in 9M 2010 to 11% in 9M 2011. The decrease mainly resulted from the lower gross profit margin of 3G wireless data cards.

FINANCE INCOME AND FINANCE EXPENSES

Finance income amounted to k€ 1,862 in 9M 2011, a decrease by k€ 1,126 from k€ 2,988 in 9M 2010, the majority of which was the foreign exchange gain amounting to k€ 1,384. Finance expenses amounted to k€ 1,795 in 9M 2011, a decrease by k€ 3,603 from k€ 5,398 in 9M 2010, the majority of which was the foreign exchange loss amounting to k€ 1,752.

Since the functional currency of the Group is RMB, foreign exchange gain k€ 1,384 was recognized in the income statement in H1 2011. But in Q3 2011, the exchange rate dropped by 8% from 9.3416 as at June 30, 2011 to 8.6207 as at September 30, 2011, which resulted foreign exchange loss amounting to k€ 1,752 recognized in the income statement in Q3 2011. So the net result of foreign exchange was the loss amounting to k€ 368 arising on translating cash and cash equivalent item of Vtion Group at the balance sheet date in 9M 2011. As at 30 September 2011, Euro exchange rate for RMB reduced to 8.6207 by 2.3% from 8.822 as at 31 December 2010, which had a negative impact on the valuation of Euro assets.

INCOME TAX

Income tax mainly comprises tax actually payable. Vtion IT and Vtion Software benefit from a 50% tax exemption in 2011. Vtion Anzhuo, Vtion Service were exempted from the corporation income tax because of a loss resulting from the first nine months operation in 2011. Although achieving a small positive income in 9M 2011, Vtion Communication was exempted from the corporation income tax because of a tax loss carry forward resulting from the set-up of business. The Chinese companies of Vtion Group recorded an income tax charge of k€ 991 in 9M 2011 based on an effective tax rate of 12.5% in China. Vtion Wireless Technology AG accumulated a net tax loss carry forward under German GAAP, so altogether Vtion Group recorded a net income tax expense of k€ 991 in 9M 2011.

NET PROFIT AND EPS

Net profit in the first nine months of 2011 amounted to € 5 million, a decrease of 76% year-on-year. The EPS in 9M 2011 reached EUR 0.31, a decrease of 76% year-on-year.⁹

NET PROFIT MARGIN

The net profit margin decreased from 24% to 9%, mainly resulted from the decrease of gross profit margin and foreign exchange loss.

⁹ Computed on the basis of average weighted 15,579,719 shares for Q3 2011 and 15,817,959 shares for 9M 2011, and respectively average weighted 15,980,000 shares for Q3 and 9M 2010

Balance Sheet Structure

The following table presents balance sheet data under IFRS as of ended September 30, 2011 and December 31, 2010

	Sep. 30, 2011	Dec. 31, 2010
	kEUR	kEUR
ASSETS		
Current assets		
Inventories	3,283	3,608
Trade receivables	25,647	32,556
Other receivables	3,648	5,987
Amounts due from related parties	1,006	1,000
Cash and cash equivalents	111,471	98,961
	145,055	142,112
Non-current assets		
Property, plant and equipment	1,120	1,250
Land use rights	563	559
Intangible assets	680	754
Deferred tax assets	981	975
	3,344	3,538
Total assets	148,399	145,650
LIABILITIES		
Current liabilities		
Trade payables	11,411	11,164
Other payables and accruals	4,357	4,696
Amounts due to related parties	12	1
Income tax payable	521	352
	16,411	16,263
Non-current liabilities		
Deferred tax liability	110	50
Total liabilities	16,411	16,263
CAPITAL AND RESERVES		
Share capital	15,980	15,980
Treasury stock	-508	-
Capital reserves	46,699	48,163
Retained earnings	53,359	51,705
Foreign exchange difference	16,458	13,539
Total equity	131,988	129,387
Total liabilities and equity	148,399	145,650
Equity to total assets ration	89%	89%

CURRENT ASSETS**INVENTORIES**

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

	Sep. 30, 2011	Dec. 31, 2010
	kEUR	kEUR
Goods and material	2,961	875
Advances to suppliers	322	2,733
	3,283	3,608

Inventories decreased from k€ 3,608 as at 31 December 2010 by k€ 325, or 9%, to k€ 3,282 as at 30 September 2011. There was an increase in goods and materials, but a decrease in advances to suppliers. The increase in goods and material was mainly due to increase sale activities in wireless intelligent segment.

TRADE RECEIVABLES

Trade receivables decreased from k€ 32,556 as at 31 December 2010 by k€ 6,909, or 21%, to k€ 25,647 as at 30 September 2011 due to the decrease of sales. The amount of trade receivables with a maturity of less than 90 days as at 30 September 2011 represented 73% of total trade receivable as at 30 September 2011, which was slightly decreased compared to H1 2011.

OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments decreased from k€ 5,987 as at 31 December 2010 by k€ 2,339, or 39%, to k€ 3,648 as at 30 September 2011. This decrease mainly resulted from the receiving of rebates on chipsets in connection with the sales volume of wireless data cards in 9M 2011 and the receiving of the commission receivables of VNO business occurred in 2010, which was partly offset by an increase of prepayments to suppliers.

AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties increased from k€ 1,000 as at 31 December 2010 by k€ 6 or 1%, to k€ 1,006 as at 30 September 2011. By neglecting the impact of exchange differences arising on currency translation, the amounts due from related parties decreased by 2% as at September 30, 2011.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to k€ 111,471 as at 30 September 2011. For a description of the changes in cash in the first nine months of 2011, see the section "Cash Flow Statement".

	Sep. 30, 2011	Dec. 31, 2010
	kEUR	kEUR
Cash on hand	12	4
Cash in banks	109,684	95,953
Deposit on bank's acceptance bill	1,775	3,004
	111,471	98,961

NON-CURRENT ASSETS**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment decreased from k€1,250 as at 31 December 2010 by k€ 130, or 10%, to k€ 1,120 as at 30 September 2011, which mainly resulted from the depreciation charge, partly offset by the purchase of electronic equipment and the increase of leasehold improvement.

INTANGIBLE ASSETS

Intangible assets decreased from k€ 754 as at 31 December 2011 by k€ 74, or 10%, to k€ 680 as at 30 September 2011, which mainly resulted from the amortization charge, partly offset by the purchase of software in Vtion Anzhuo.

LIABILITIES**TRADE PAYABLES AND NOTES PAYABLE**

Trade and notes payable increased from k€ 11,164 as at 31 December 2010 by k€ 247, or 2% to k€ 11,411 as at 30 September 2011. By neglecting the impact of exchange differences arising on currency translation, trade payables and notes payables slightly decreased by 0.1% as at 30 September 2011. The decrease was mainly due to the payment bank notes (RMB 22.4 million) due in 9M 2011, mostly offset by the increase of trade payable amounting to RMB 22.3 million.

OTHER PAYABLES AND ACCRUALS

Other payables and accruals decreased to k€ 4,357 as at 30 September 2011 by k€ 339, or 7%. The decrease mainly resulted from the decrease of VAT and the decrease of deferred revenue for data solution service, which was partly offset by the increase of other payable to suppliers.

EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio remained 89% as at 30 September 2011, stable from 31 December 2010.

Financial Position

CASH FLOW STATEMENT

The following table is extracted from the cash flow data of the Company which was derived from the Company's consolidated financial statements under IFRS for 9M 2011 and 9M 2010.

	9M 2011	9M 2010
	kEUR	kEUR
Operating cash flow before working capital changes	6,244	26,840
Cash generated from/(used in) operations	15,899	21,830
Net cash generated from operating activities	15,509	19,467
Cash flow used in investing activities	-118	-746
Cash flow from financing activities	-5,278	0
Net increase in cash and cash equivalents	10,113	18,721
Cash at beginning of year	98,961	61,482
Foreign exchange difference	2,397	3,375
Cash at end of the period	111,471	83,578

NET CASH GENERATED FROM OPERATING ACTIVITIES

The Company generated a positive net cash flow amounting to k€ 15,509 from operation as at 30 September 2011, representing a decrease by k€ 3,958 compared with the net cash of k€ 19,467 generated in operating activities in 9M 2010. This decrease was mainly due to a significant decrease in profit before income tax. This effect was partly offset by the decrease in trade receivables.

CASH FLOW FROM FINANCING ACTIVITIES

The company had net cash flow out amounting to k€ 5,278 in financing activities in 9M 2011, which were used in share buy-back amounting to k€ 1,972 in 9M 2011 and dividend paid to shareholders amounting to k€ 3,306 in Q2 2011.

CASH AT END OF PERIOD

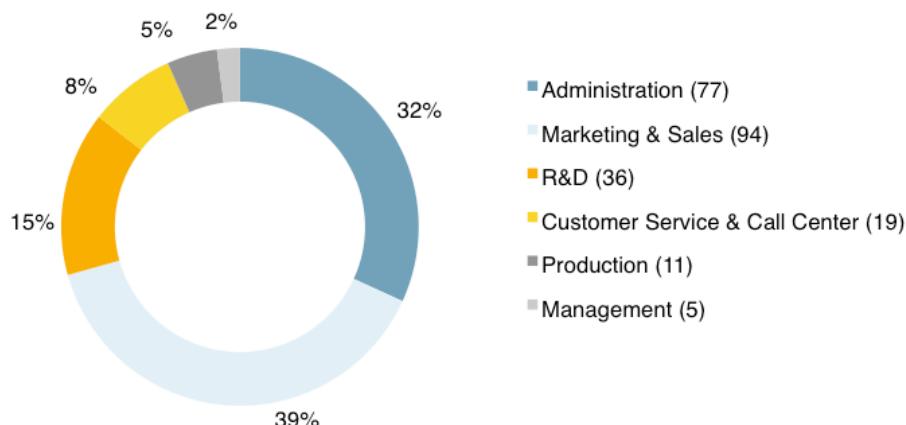
Cash at the end of the period amounted to k€ 111,471 as at 30 September 2011, which was increased by k€ 12,510 from the balance as at 31 December 2010. By neglecting the impact of exchange differences arising on currency translation, cash and cash equivalents actually increased by RMB 88 million or 10% as at 30 September 2011, mainly resulted from the positive profit achieving and the decrease in trade receivable.

Human Resource

The Vtion Group concluded Q3 2011 with 242 employees, evident of the company's determination to maintain a lean cost structure. Vtion finished the full year of 2010 with 191 employees. Due to the fact that Vtion is expanding and diversifying its business model, the total number of employees increased over the first nine months of 2011. Vtion's newest subsidiary, Vtion Anzhuo, which is focused on the design, integration and distribution of mobile applications for the Android platform in China, currently is comprised of 39 persons. Vtion Anzhuo expects to add a small number of R&D and Sales and Marketing personnel over the remainder of the year. Of Vtion's personnel, 77 are Administrative, 36 are in R&D and 94 are in Marketing and Sales.

VTION GROUP EMPLOYEE DISTRIBUTION

as of September 30, 2011



Research and Development

Vtion's R&D is centered in Beijing, given that the city is home to China's top universities and scientific talent; the majority of the current R&D team is based there, though they frequently travel to company headquarters in Fuzhou to coordinate closely with management and other company personnel.

Over the course of the first nine months of 2011, the company's R&D efforts were focused in two main areas, namely wireless data terminals and mobile intelligent terminals. Efforts within the wireless data terminal business segment centered around the network upgrades undertaken by both China Telecom and China Unicom, with development still ongoing for three EVDO Rev.B (China Telecom) products, including an EVDO WIFI Hotspot Router. For China Unicom, the company is developing a new HSPA USB wireless data card, as well as a HSPA+ WIFI Hotspot Router. Both EVDO Rev.B and HSPA+ are considered 3.5G technologies that are just recently coming online as the result of network upgrades taken by China Telecom and China Unicom respectively. With regard to China Mobile's TD-SCDMA network, the company is in the process of developing a new USB wireless data card for China Mobile's network, to be released in the second half of 2011.

Of Vtion's 36 R&D employees, accounting for approximately 15 % of Vtion Group's employees, 10 are located with in the Anzhuo subsidiary. These employees are primarily engaged in the research and procurement of mobile applications for the Android platform from around the world. Vtion Anzhuo continues to build up an application distribution network in China, and knowledge of applications and effective procurement is a major key to the company's success. Vtion Anzhuo will continue to add R&D personnel to strengthen its overall procurement capacity.

Vtion Group continually evaluates new technologies and develops new products in response to the changing dynamics of the wireless communications market in China. The company maintains an emphasis on providing wireless connectivity solutions for each of the technology standards in use in the Chinese market. As the Chinese market has just entered the early stages of the mobile internet era, Vtion's R&D activities are centered around both hardware and software solutions for this sector, as well as preparing the company for further generations of technology on the horizon, particularly 3.5G, 3.75G and 4G.

Risk Report

RISK AND OPPORTUNITY MANAGEMENT

Vtion Group's business relies on solid experience, clear focus on high quality products, broad product portfolio, deep market insights, and strong business relationship with existing and potential customers. As a growing company, Vtion Group is exposed to a variety of risks. However, the success cannot be achieved without risk. Risk management helps us to exploit these opportunities and to minimize risks, which 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.

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

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

The largest shareholder, Mr. Chen Guoping, is the CEO of the company and involved in the 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, auditor and other third party consultants help the company prepare for and hedge against various risks to minimize the potential negative impact on the company.

To minimize 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 21 October 2011, Vtion Wireless Technology AG announces that Mr. Hongbo ZHENG (Alex Zheng) succeeds Mr. Huan CHEN (Henry Chen) as the company's Chief Financial Officer (CFO). Mr. Chen will leave the company for personal reasons effective as of 23 October 2011 and in agreement with the supervisory board, which had been released in ad-hoc announcement on 27 September, 2011. Mr. Alex Zheng was appointed by a unanimous vote of the Supervisory Board to take over the CFO position. He will take up his new post on 23 October 2011.

There have been no other events between 30 September, 2011 and the publication of this report on 14 November 2011, which would expected to have a material impact on the financial position or results of operations of Vtion.

Outlook

Despite the fact that Vtion's nine month numbers for 2011 represent a significant decline compared to the same period in 2010, the company has posted improving results with each passing quarter in 2011, with Q3 sales revenue representing an increase of 23% over sales in Q2, and Q3 EBIT increasing by 55% over Q2 2011. For the fourth quarter Vtion expects results to be largely consistent with those in the third quarter. Typically results in the fourth quarter are slightly hindered by time lost due to the National Day holiday, which takes place the first week of October. This should be offset by continued stability in the wireless data terminal business segment, driven by continuing procurement of newer HSPA+ products by China Unicorn and EVDO Rev. B products by China Telecom.

In the mobile intelligent terminal space, Vtion expects to see continued sales from its sales and distribution partners. Particularly, the company's V7 with imbedded apps for cosmetics and fashion accessories has been quite successful among its target clientele of young, urban female consumers. In addition to continued sales to the female demographic, the company expects to reach its first sales of insurance-specialized tablet PC's and embedded apps towards the end of the year, gaining a foothold in the industry-specific mobile computing niche, which will be an important aspect of the company's future development.

Vtion's newest subsidiary, Vtion Anzhuo, which is an integrator and distributor of mobile applications for the Android platform throughout China, is now fully online and currently offers several hundred applications online for free download through both its own online store and through the online appstores of China Unicorn, China Telecom and China Mobile. The company is expected to begin contributing significant revenues to the Vtion Group beginning next year, though it could potentially make some revenue contributions as early as the end of 2011.

It is still a time of dynamic change in the Chinese mobile internet market, and Vtion has set up a business model that spans wireless data terminals, wireless intelligent terminals and mobile applications in order to best adapt to and take advantage of that change. The company believes that this three-pronged business model will position it not only for a stronger second half of 2011, but to be more competitive in the long term. Vtion again restates its previously iterated guidance for the full year 2011, which calls for revenues between Euro 75 million and Euro 100 million, with an EBIT margin of between 10% and 12%

Frankfurt/ Main, November 14, 2011

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 September 30, 2011

	2011	Q3
	EUR	
Sales	23,883,896	
Cost of sales	–19,502,756	
Gross Profit	4,381,139	
Other operating income	12,278	
Selling and distribution expenses	–364,948	
Administrative expenses	–1,077,793	
Other operating expenses	–95	
Profit from operations	2,950,582	
Finance income	182,795	
Finance expenses	–1,762,173	
Profit before income tax	1,371,204	
Income tax	–457,176	
Profit for the period	914,028	
Other comprehensive income:		
Exchange differences on translating foreign operations	10,168,507	
Other comprehensive income for the period	10,168,507	
Total comprehensive income for the period	11,082,535	
Earnings per share*	0.06	

* Computed on the basis of average weighted 15,579,719 shares for Q3 2011 and 15,817,959 shares for 9M 2011, and respectively average

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

Consolidated Balance Sheet

as of September 30, 2011 and December 31, 2010

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
ASSETS		
Current assets		
Inventories	3,283,200	3,608,745
Trade receivables	25,646,773	32,556,456
Other receivables	3,648,183	5,986,565
Amounts due from related parties	1,005,991	999,727
Cash and cash equivalents	111,470,840	98,961,058
	145,054,987	142,112,551
Non-current assets		
Property, plant and equipment	1,120,167	1,249,667
Land use rights	563,085	559,273
Intangible assets	679,247	754,132
Deferred tax assets	981,157	974,726
	3,343,656	3,537,798
Total assets	148,398,643	145,650,349
LIABILITIES		
Current liabilities		
Trade payables	11,410,641	11,163,962
Other payables and accruals	4,357,543	4,696,353
Amounts due to related parties	11,600	729
Income tax payable	520,819	352,443
Non-current liabilities		
Deferred tax liability	110,547	49,935
Total liabilities	16,411,150	16,263,422
CAPITAL AND RESERVES		
Share capital	15,980,000	15,980,000
Treasury stock	-507,669	-
Capital reserves	46,698,798	48,162,668
Retained earnings	53,358,570	51,705,264
Foreign exchange difference	16,457,794	13,538,995
Total equity	131,987,493	129,386,927
Total liabilities and equity	148,398,643	145,650,349

Consolidated Statement of Changes in Equity
for the period ending September 30, 2011

in EUR	Share capital Vtion AG	Capital reserves	Retained earnings	Foreign exchange difference s	Total equity
Balance as at December 31, 2009	15,980,000	48,162,668	29,720,384	2,143,121	96,006,173
Capital injection	-	-	-	-	-
Net profit	-	-	20,777,278	0	20,777,278
Foreign currency translation reserve	-	-	-	6,969,391	6,969,391
Balance as at 30 September, 2010	15,980,000	48,162,668	50,497,662	9,112,512	123,752,843
Balance as at December 31, 2010	15,980,000	48,162,668	51,705,264	13,538,995	129,386,927
Buy-back ordinary share	-507,669	-1,463,870		-	-1,971,539
Dividend distribution	-	-	3,306,828		-3,306,828
Net profit	-	-	4,960,134	-	4,960,134
Foreign currency translation reserve	-	-	-	2,918,799	2,918,799
Balance as at 30 September, 2011	15,472,331	46,698,798	53,358,570	16,457,794	131,987,493

Consolidated Statement of Cash Flows

for the period ending September 30, 2011

in EUR

	Q1-Q3 2011	Q1-Q3 2010
Profit before income tax	5,951,150	24,150,637
Adjustments for:		
Amortization of intangible assets and land use rights	128,252	134,480
Allowance for doubtful trade debts	4,268	-30,325
Depreciation of property, plant and equipment	227,036	172,559
Loss on disposal of property, plant and equipment	983	3,056
Interest income	-477,495	-493,615
Interest expense	2,095	-
Bank charges and exchange loss	408,177	2,903,204
Operating cash flow before working capital changes	6,244,466	26,839,996
Working capital changes:		
(Increase)/decrease in:		
Inventories	325,545	941,342
Trade receivables	6,909,683	-13,839,476
Other receivables and prepayments	2,338,382	-345,691
Amounts due from related parties	-6,264	464,045
Increase/(decrease) in:		
Trade payables	246,679	4,394,724
Other payables and accruals	-338,811	2,560,670
Amounts due to related parties	10,871	329,216
Income tax payable	168,376	485,335
Cash generated from/(used in) operations	15,898,926	21,830,160
Interest received	424,953	493,615
Interest expense		-
Income tax paid	-814,537	-2,856,587
Net cash generated from operating activities	15,509,341	19,467,188
Cash flow from investing activities		
Purchase of intangible assets	-34,202	-19,507
Purchase of land, property, plant and equipment	-83,468	-726,281
Disposal of land, property, plant and equipment		
Cash flow used in investing activities	-117,671	-745,788
Cash flow from financing activities		
Payment in connection with share buy-back	-1,971,539	
Increase in short-term bank borrowings		-
Interest paid		-
Dividend paid to shareholders	-3,306,828	
Cash flow from financing activities	-5,278,367	-
Net increase in cash and cash equivalents	10,113,303	18,721,400
Cash at beginning of year	98,961,058	61,482,107
Foreign exchange difference	2,396,479	3,374,757
Cash at end of the period	111,470,840	83,578,264

Selected Notes to the Consolidated Financial Statements

for the period from January 1 to September 30, 2011

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 EUR, and all monetary amounts are rounded to full EUR except when otherwise stated.

The following subsidiaries of Vtion Wireless Technology AG are consolidated. In summary:

in kEUR	Share	Equity Sep.30, 2011	Results from January 1 to Sep. 30, 2011
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	1,008	189
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	89,263	5,951
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	18,183	309
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	802	18
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	713	-422
Vtion Communication Technology Service (Fuzhou) Co., Ltd, PRC	100%	115	-1

Vtion Wireless Technology AG does not own directly or indirectly any shares of the Fujian Vtion Telecom Information Service, Co., Ltd., but has the power to control this company. This subsidiary is not consolidated because of the lack of economic substance.

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 30 September 2011, the same accounting policies and methods of computation are followed as compared with the recent annual financial statements as of 31 December, 2010.

In line with IAS 8 the company has corrected the previous year figure of related party transactions in regard to sales of finished goods to a related party. The disclosure mainly concerns fees received by Fujian Vtion Telecom Information Service, Co., Ltd. The nature of the error refers to a mistake in interpretation of documents used in preparation of the interim financial statements. The correction does not have any effect on the primary financial statements, namely the statement of financial position, the statement of comprehensive income, the cash flow statement and the statement of changes in equity.

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. Due to the German holding company, the presentation currency of the Group is EUR.

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

EUR	RMB	
	2011	2010
December 31	N/A	8.8220
September 30	8.6207	9.1321
average first 9 months	9.1378	8.9474

4. Impairment of Non-financial Assets, if any

In the first nine months of 2011 and in 2010 no non-financial asset has been impaired, except as mentioned in note 7.1. For inventory an impairment provision of k€ 16 has been recorded as of September 30, 2011 (k€ 45 as of December 31, 2010).

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 "Data Solution Services".

B) GEOGRAPHICAL BUSINESS

Vtion Group' is principally engaged in products supplying and services providing in People's Republic of China ("PRC") and the majority 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 can not 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 Sep. 30, 2011	Period from Jan. 1 to Sep. 30, 2010	Period from Jan. 1 to Sep. 30, 2011	Period from Jan. 1 to Sep. 30, 2010
	KEUR	kEUR	kEUR	kEUR
Wireless Data Terminal and Others	41,869	83,536	4,782	25,618
Wireless Intelligent Terminal	13,455		1,456	
Data Solution Service	543	2,103	430	1,772
Total for continuing operations	55,867	85,639	6,668	27,390
Central administration costs			-784	-830
Finance costs			67	-2,410
Profit before tax (continuing operations)			5,951	24,151

6. Notes to the Income Statement

6.1 REVENUE

	Q3		Q1-Q3	
	2011	2010	2011	2010
	EUR	EUR	EUR	EUR
Sale of goods	23,883,896	29,848,420	55,867,004	85,638,985
Other operating income				
Government grant	12,201	384,836	12,736	497,848
Service income	78	350	346	1,360
Others	0	116	0	120
	12,278	385,301	13,081	499,328
Finance income				
Interest income	182,795	326,316	477,495	493,615
Foreign exchange gain	0	2,494,469	1,384,371	2,494,469
	182,795	2,820,785	1,861,866	2,988,084
Total income	24,078,969	33,054,506	57,741,951	89,126,397

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.

6.2 SPLIT-UP OF SALES

	Q3		Q1-Q3	
	2011 EUR	2010 EUR	2011 EUR	2010 EUR
Split-up of sales				
Sales to external customers				
Wireless Data Terminals	15,922,178	29,014,223	41,843,442	83,200,914
Wireless Intelligent Terminals	7,915,155	106,011	13,455,326	318,880
Data Solution Service	24,271	717,730	542,631	2,103,098
Others	22,292	10,456	25,604	16,093
	23,883,896	29,848,420	55,867,004	85,638,985

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

6.3 AVERAGE NUMBER OF EMPLOYEES/PAYROLL COSTS

	Q1-Q3	
	2011	2010
Average number of employees		
Management and administration		
Management and administration	92	85
Research and development	29	24
Sales	104	78
	225	187

	Q1-Q3	
	2011 EUR	2010 EUR
Payroll costs		
Wages and salaries		
Wages and salaries	1,207,300	945,884
Social security costs	202,913	135,676
Welfare	22,474	30,527
	1,432,687	1,112,088

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

	Q1-Q3	
	2011 EUR	2010 EUR
Amortization of intangible assets and land use rights		
Software		
Software	20,196	68,327
Licenses	99,331	57,243
Land use rights	8,724	8,910
	128,252	134,480
Depreciation of property, plant and equipment	227,036	172,559

6.5 FINANCE EXPENSES

	Q3		Q1-Q3	
	2011 EUR	2010 EUR	2011 EUR	2010 EUR
Finance Expense				
Interest expense	9	0	2,095	0
Exchange loss	1,752,439	0	1,752,439	5,368,629
Bank charges	9,725	15,556	40,109	29,043
	1,762,173	15,556	1,794,643	5,397,672

Since the exchange rate as of September 30 2011 from EUR to RMB was decreased by 2.3% compared to the rate as of December 31 2010, the company recognized EUR 1.75 million of foreign exchange loss in 9M 2011.

6.6 INCOME TAX

6.6.1 MAJOR COMPONENTS OF INCOME TAX EXPENSE

	Q3		Q1-Q3	
	2011 EUR	2010 EUR	2011 EUR	2010 EUR
Current income tax (ordinary activities)	453,101	1,311,455	919,527	3,440,936
Effect of Deferred Tax Asset	1,535	-28,053	15,406	-67,577
Effect of Deferred Tax Liabilities	2,540	-29,293	56,083	0
Income tax recognized in profit and loss	457,176	1,254,109	991,016	3,373,359

6.6.2 APPLICABLE TAX RATE

Vtion IT and Vtion Software continue to benefit from a 50% tax exemption in 2011 with the effective tax rate of 12.5% in accordance with the Income Tax Law of the People's Republic of China for high-tech enterprises. The 50% tax exemption time will expire at December 31, 2011, both Vtion IT and Vtion Software will begin to afford an effective tax rate of 25% since year 2012.

Vtion Communication incurred an accounting gain for the first nine-months of operation. Since accumulating a tax loss till September 30, 2011, Vtion Communication had no taxable profit in 9M 2011.

Vtion Anzhuo and Vtion Service which were founded in 2011 incurred an accounting loss for the beginning nine months of operation and therefore had no taxable income in 9M 2011.

7. Notes to the Balance Sheet

7.1 INVENTORY

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
Inventory-advances to supplier	321,794	2,733,449
Goods and material	2,977,219	920,414
Less: stock provision	–15,813	–45,118
	3,283,200	3,608,745

7.2 TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
Trade receivables		
Trade receivables	25,667,920	32,572,699
Allowance for trade receivables	(21,147)	(16,243)
	25,646,773	32,556,456

OTHER RECEIVABLES

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
Other receivables		
Other receivables	3,582,186	5,871,926
Prepaid expenses	65,997	114,639
	3,648,183	5,986,565

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

The other receivables mainly comprise receivables due from suppliers. The prepaid expenses are non-interest bearing and due within one year. They are recognized at their originally invoiced amounts which represents 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.

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
Related parties		
Amount due from related parties - trade	883,306	863,151
Amount due from related parties - non-trade	122,685	136,577
	1,005,991	999,727

7.4 CASH AND CASH EQUIVALENTS

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
Cash on hand	11,591	4,570
Cash in banks	109,684,393	95,952,629
thereof held in Mainland China	93,505,416	78,040,601
thereof held in Germany and offshore	16,178,977	17,912,028
Deposit on bank's acceptance bill (in China)	1,774,856	3,003,859
	<hr/>	<hr/>
	111,470,840	98,961,058

The deposit on bank's acceptance bill is pledged.

Among the balance of cash and cash equivalents as of September 30, 2011, KEUR 95,280 were held in China 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 September 30, 2011. At the balance sheet date the company didn't adjustment the estimation of net taxable income of the next five years which deferred tax asset was calculated based on.

7.6 TRADE AND OTHER PAYABLES AND ACCRUALS

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 in the balance sheet to be a reasonable approximation of their fair value. The trade payables include notes payable, which amount to RMB 31 million and have decreased by RMB 22 million as compared to December 31, 2010. 50% of the funds received (KEUR 1,775) are kept as a cash deposit on bank acceptance bills. Please see "cash and cash equivalents".

	Sep. 30, 2011	Dec. 31, 2010
	EUR	EUR
Other payables and accruals		
Deferred revenues	0	562,056
VAT payable	1,177,582	1,463,332
Other payable	2,768,017	2,311,928
Advances from customers	90,207	29,748
Accrued payroll	223,476	210,553
Other tax payables	98,260	118,737
	<hr/>	<hr/>
	4,357,543	4,696,353

8. Notes - other

8.1 CONTINGENT LIABILITIES

The Company does not have any contingent liabilities as at September 30, 2011.

8.2 RELATED PARTY DISCLOSURES

SALES AND PURCHASE OF GOODS

	Q1-Q3	
	2011 EUR	2010 EUR
Sales of finished goods to a related party	542,631	2,119,999
Rental fee paid to a related party	68,944	76,000
	611,575	2,195,999

Both sales of goods and rental of plant transactions with related parties were based on market prices.

9. Events after Balance Sheet Date

On 21 October 2011, Vtion Wireless Technology AG announces that Mr. Hongbo ZHENG (Alex Zheng) succeeds Mr. Huan CHEN (Henry Chen) as the company's Chief Financial Officer (CFO). Mr. Chen will leave the company for personal reasons effective as of 23 October 2011 and in agreement with the supervisory board, which had been released in ad-hoc announcement on 27 September, 2011. Mr. Alex Zheng was appointed by a unanimous vote of the Supervisory Board to take over the CFO position. He will take up his new post on 23 October 2011.

There have been no other events between 30 September, 2011 and the publication of this report on 14 November 2011, which would expected to have a material impact on the financial position or results of operations of Vtion.

10. Approval of the Financial Statements

The financial statements were approved and authorized for issuance by the Board of Directors on November 11, 2011.

Frankfurt, November 14, 2011

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 reporting principles for interim financial reporting, the shortened interim Consolidated financial Statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the shortened interim management report of the Group includes a fair view 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 for the remaining months of the financial year.

Frankfurt, November 14, 2011

Vtion Wireless Technology AG

Management Board

Chen Guoping

Zheng Hongbo

Ding Chaojie

Fei Ping

He Zhihong

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

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PUBLICATION OF ANNUAL REPORT 2010

Thursday, April 21, 2011

PUBLICATION OF INTERIM REPORT 1ST QUARTER 2011

Thursday, May 12, 2011

ANNUAL GENERAL MEETING, FRANKFURT

Tuesday, June 21, 2011

PUBLICATION OF INTERIM REPORT 2ND QUARTER 2011

Thursday, August 11, 2011

PUBLICATION OF INTERIM REPORT 3RD QUARTER 2011

Monday, November 14, 2011



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