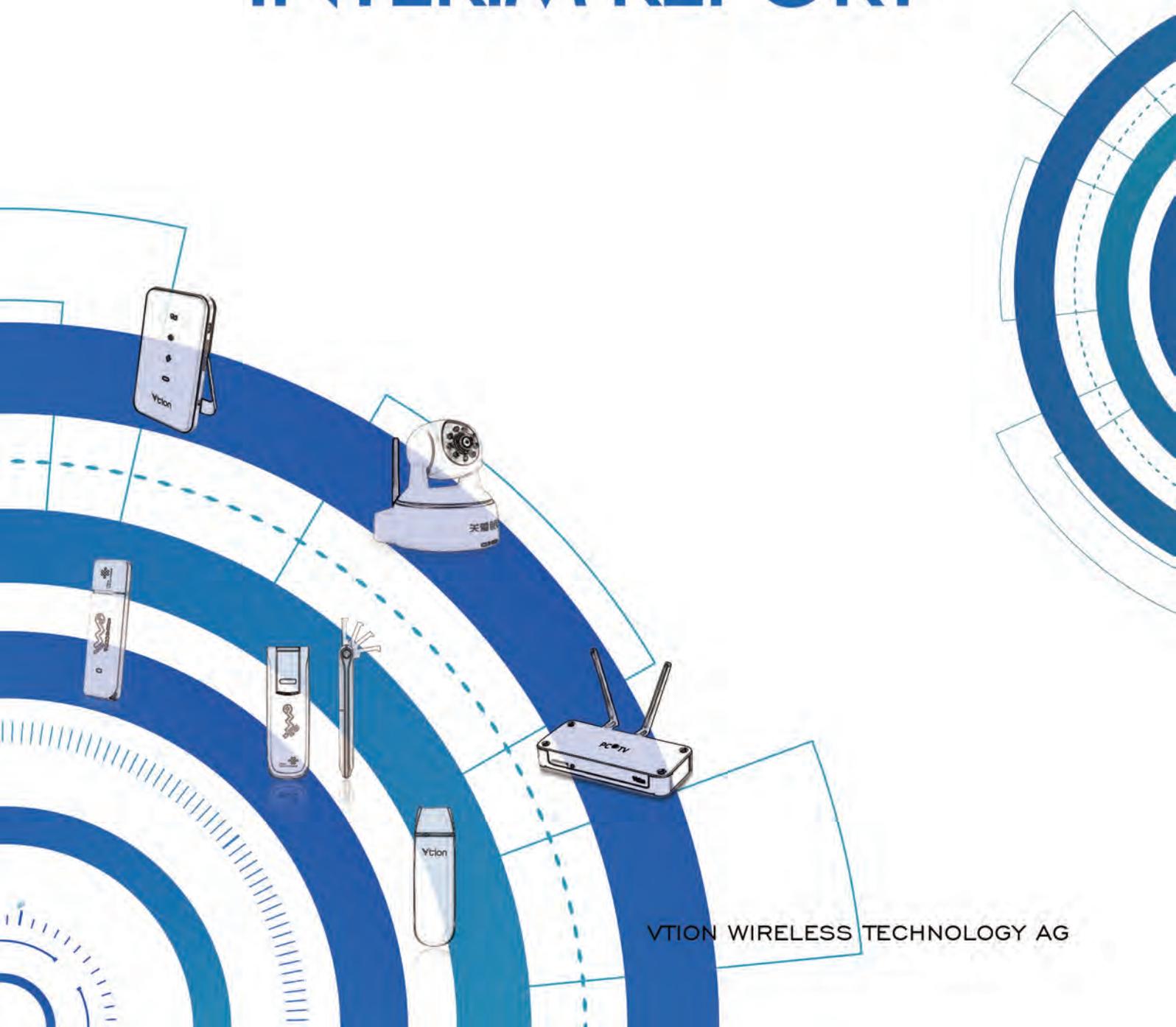


vtion
Wireless Anywhere

Q3·2013

INTERIM REPORT



VTION WIRELESS TECHNOLOGY AG

Vtion Wireless Technology at a glance

		Q3			9M		
		2013	2012	+/-%	2013	2012	+/-%
Revenues	million €	17.46	21.54	-19	45.26	58.73	-23
Gross profit	million €	3.42	3.62	-6	8.58	10.73	-20
Gross profit margin	%	20	17	3PP	19	18	1PP
EBITDA	million €	1.89	1.95	-3	4.23	6.19	-32
EBITDA margin	%	11	9	2PP	9	11	-2PP
EBIT	million €	1.76	1.80	-2	3.83	5.74	-33
EBIT margin	%	10	8	2PP	8	10	-2PP
Net profit	million €	1.70	1.79	-5	3.36	4.51	-25
Net profit margin	%	10	8	2PP	7	8	-1PP
Earnings per share ¹⁾	€	0.13	0.12	8	0.25	0.30	-17
Net Cash flow from operations	million €	4.95	1.82	172	6.78	-1.91	n/a

* Computed on the basis of weighted average 13,298,495 shares for 9M 2013 and Q3 2013, weighted average 14,873,226 shares for 9M 2012 and weighted average 14,443,060 shares for Q3 2012 respectively

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 applications through its wholly-owned subsidiary, Vtion Anzhuo. Vtion was established in 2002 and currently has 238 employees, with offices in Fuzhou, Beijing, and Frankfurt.

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Letter from Vtion's CEO

Dear fellow Shareholders,

In the third quarter our revenue continued to be under pressure due to the challenging business environment. The good news is that we saw a sequentially growth over the course of the year, with Q3 revenues of Euro 17.5 million topping those of the second quarter by 9%. Unfortunately, the margins continued to decrease due to the continuing pricing pressure in our core hardware business segments.

For the first nine months 2013 we achieved revenues of Euro 45.3 million, which are 23% lower compared to the first nine months of 2012. Our EBIT decreased by 33% to Euro 3.8 million. Accordingly our EBIT margin was 8% for the first nine months and therefore at the lower end of our stated guidance.

Consistent with previous quarters, our wireless data terminal business segment delivered the majority of our revenues. This is encouraging insofar as it shows there will be continuing revenue streams as we continue to work towards breakthroughs in our newer software-oriented business segments. However, given that the majority of our revenues derive from the lower-margin business segment, this implies that margins will remain under pressure going forward.

Despite the fact that the third quarter was the best of the year, which it has been ever since, overall the results fell short of our expectations. The revenue was weaker than expected and margins did not improve as anticipated, leaving us slightly off-pace in terms of achieving our guidance for the full year. In the fourth quarter we will continue working tirelessly to reach our guidance. Nevertheless the risk has increased and there is a chance that the company will fall short of the Euro 60 to 70 million in revenue with an EBIT margin between 8% and 10% that we expected for the full year.

I would like to thank all of our shareholders for their continued support and confidence in our Management team. Despite a difficult operating environment we will continue working hard to improve performance and profitability of our company.

Best Regards,

Chen Guoping
CEO Vtion Wireless Technology AG

Highlights

Sequential Revenue Improvement

Vtion realized revenues of Euro 17.46 million in Q3 2013, an increase by 9% compared to Q2 2013. This brings the company's revenue total to Euro 45.26 million for the first nine months of 2013.

Guidance Unchanged

Vtion expects revenue between Euro 60 million and Euro 70 million for the full year 2013, with an EBIT margin of between 8% and 10%. Figures for the first nine months of 2013 were Euro 45.26 million and 8% respectively. While management believes that it is now possible the company will fall short of its stated guidance, there is not enough certainty at the moment to warrant lowering the guidance.

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 nine months of the year with 7 clients in the industry-specific computing solutions business segment and total offerings of 22,017 mobile applications through the Vtion Anzhuo platform.

Outlook

Vtion expects results in the fourth quarter to be consistent with or slightly lower than those in the third quarter, due to lower procurement volumes from the telecom operators. For 2014, Vtion expects its software-based businesses to begin gaining more traction.

The Share

Stock market sentiment stays positive

During the reporting period the equity capital markets showed a positive development. They were positively influenced by the low interest rates of the European Central Bank (ECB). It seems that the euro zone has broken out of recession after there already has been a GDP increase of 0.3% in the first quarter and 0.7% increase of the German GDP for the second quarter. In spite of political and economic problems the DAX, MDAX and TecDAX reached new all-time-highs in September. Also the FED's decision to continue the "easy monetary policy" as well as the fact not to cut back the bond buying program of 85bn supported the optimistic sentiment on the financial markets. The ongoing budget negotiations had no big impact on the financial markets but on the foreign exchange rates. Subsequently the US-Dollar dropped to Euro 1: USD 1.3531. In Germany the result of the federal government elections were quickly absorbed by the market without any bigger market irritations despite the certainty that establishing a new government would take some time. In the third quarter the TecDAX as a benchmark for Vtion performed well and closed at 1,083.51 points at the end of the reporting period. Compared to the first price of the third quarter this is a plus of 13.4%. For the nine months period the TecDAX increased even more and reached a plus of 30.8%.

Volatile share price performance over third quarter 2013

In this positive stock environment, Vtion shows a volatile performance in the third quarter of this year. In July, the shares began to trade around the 38-day line moving average (Euro 3.686). In the following days, the stock fell below the support level and traded on the level of Euro 3.55, posting an average daily Xetra volume of 2,515 shares in July. Subsequently after a positive start, the share price retreated towards the middle of August. On August 9th, the shares fell below the 38-day line moving average (Euro 3.67). The day of the second quarter 2013 report (August 15th.) brought back buyers into the market and the share rose again up to Euro 3.62. In the further course of the month, the activity was low and the share traded sideways around Euro 3.58. Eventually the stock tested the 38-day line resistance level at Euro 3.645, but failed to break through, following with Euro 3.50 in the last trading days and average daily Xetra volume rising to 3,410 shares in August. In the last trading month, despite no news from the company side, the volatility rose in the second half of the month, however, the attempt to break through the level of the 38-day line moving average at 3.46 failed, but the stock leveled off at Euro 3.45. In the last trading days, the stock retreated again from the highs and ended the quarter at Euro 3.315.

Dividend

On June 27th, 2013 the Annual General Meeting, resolved to pay a dividend to shareholders of 15% of 2012 net profit. The company intends to continue a policy of maintaining a 15% payout ratio going forward.

Sponsorship and Research Coverage

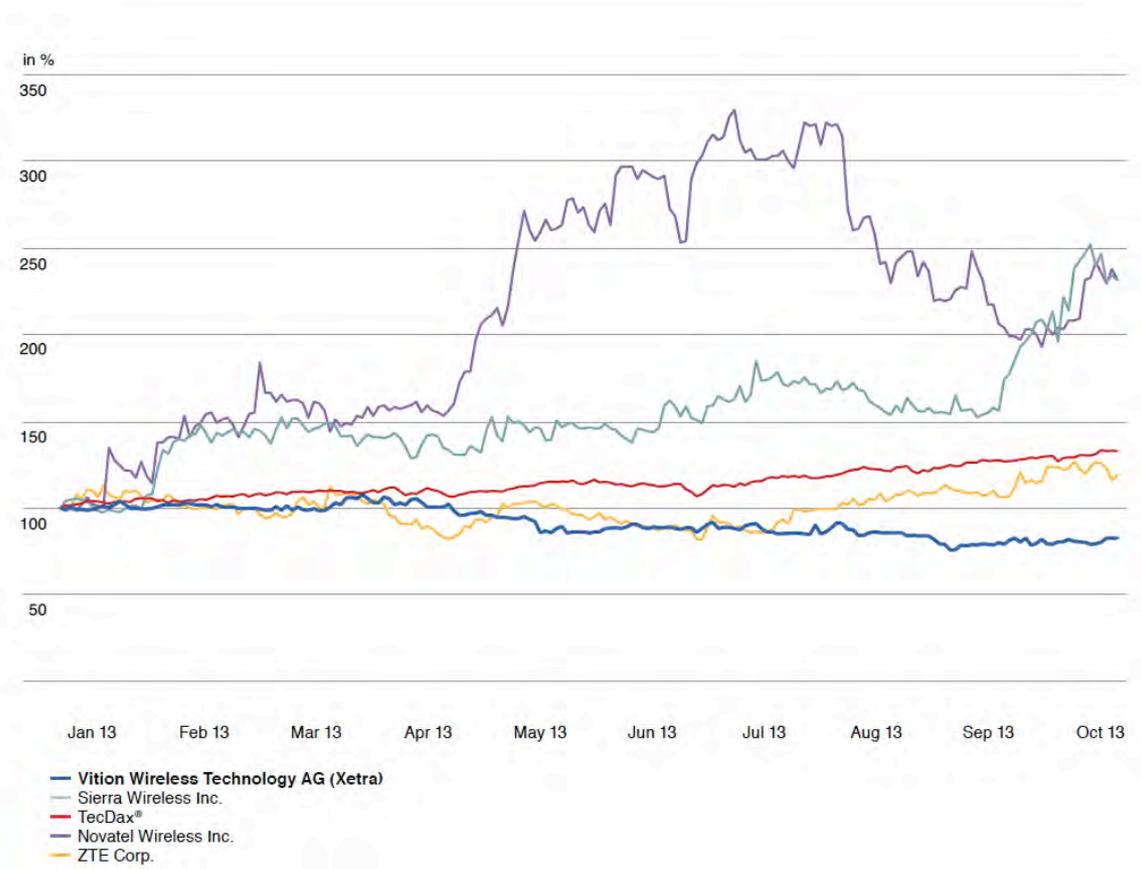
The company has had research coverage from M.M. Warburg since January 2010. Equinet AG is Vtion's market maker and designated sponsoring services provider.

Investor Relations

Vtion engages in roadshows in Europe throughout the year to reach both current shareholders and new potential investors. The company will present 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



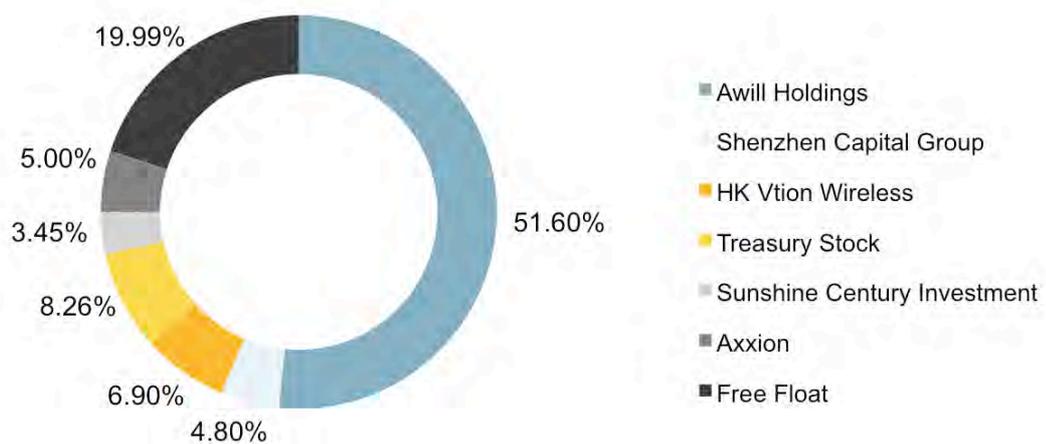
Vtion Master Data

as of September 30, 2013

Number of shares	Mio Shares	14,495,086
Closing price	€	3.32
Market Cap.	Mio €	48.12
Share price high (36 week)	€	4.50
Share price low (36 week)	€	3.16
Average trading volume per day	Shares	3,143

Vtion Shareholder Structure

as of September 30, 2013





Interim Management Report

Business and Operating Environment

OVERVIEW

China's GDP showed its strongest quarter of growth for the year, coming in at 7.8%, a notable improvement over the 7.5% growth shown in Q2 and ahead of the government's stated target for the year of 7.5%.¹ Despite the encouraging growth numbers, there is concern that the growth achieved in the third quarter is not entirely healthy. Third quarter numbers were bolstered by heavy government investment in infrastructure projects and export subsidies, which is directly contrary to the government's stated goal of bolstering domestic consumption. Thus, despite the strong growth, development in Q3 might have furthered the economic imbalances which the government originally sought to correct.²

GENERAL MARKET CONDITIONS AND BUSINESS DEVELOPMENT

According to data from the China Internet Network Information Commission, by the end of August 2013, the total number of internet users in China reached 599 million, which represents a penetration rate of 44.7%.³

With continued growth in the mobile internet, the market has also seen the beginning of technological change. Even though the telecommunications ministry has not released any operating licenses for 4G technology, China Mobile has gone ahead with rapid network and technological development.⁴ This has accompanied significant investments as well, as approximately 22% of China Mobile's 2013 investment budget has been earmarked for 4G network investments.⁵ The company is expected to begin a transition from 3G to 4G technologies over the course of 2014, while 4G is expected becoming the predominant technology with the beginning of 2015.⁶

Under intense competitive pressure given the rate at which China Mobile is investing in its 4G network, China Telecom also held a round of bidding for 4G base stations in the third quarter of this year, with the total order size expected to be between 60,000 and 70,000 stations.⁷ China Telecom expects to spend RMB 5 billion building up its 4G technology over the course of the next year, particularly since China Mobile already has a significant head start.⁸

China Unicom, while not yet an entrant to the 4G arms race, maintains the fastest network in the Chinese market, which operates on the 3.5G HSPA+ technology. Currently China Unicom's plans for entering the 4G market are unclear, and will likely depend on the manner in which licenses for 4G technology are allocated by the regulators, an event anticipated early in 2014.

Vtition 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 Q3 2013. Though many of the users that the operators have recently added opt for smartphones or tablet PC's as a favored means of connectivity, there is still a base of laptop users who show demand for wireless data cards to allow for laptop usage when outside of Wi-Fi network coverage. Further, increasing coverage of the 3G and 3.5G networks has created a market opportunity for Vtition'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. Over the third quarter 2013, wireless router revenues reached Euro 3.8 million. Going forward, Vtition 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.

¹National Bureau of Statistics of China

²<http://www.cnbc.com/id/101116290>

³<http://www.cnbc.com/hlwfzjy/hlwfzxx/qwfb/201310/W020131017520411885041.pdf>

⁴<http://www.cnnic.cn/hlwfzjy/hlwfzxx/qwfb/201310/W020131017520411885041.pdf>

⁵<http://www.c114.net/news/118/a797960.html>

⁶<http://www.c114.net/news/118/a797532.html>

⁷IBID.

⁸<http://www.c114.net/news/117/a797790.html>

⁹IBID.

In the industry-specific computing solutions business, Vtion has expanded its client base to include 7 clients 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 concerns.

Vtion Anzhuo has continued to expand its sales offerings, with a total of 22,017 mobile applications now available through the VStore as well as shop-in-shop stores operated in cooperation with the three major telecom operators. 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 an 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 third quarter ended 30 September 2013, with comparative information for the third quarter ended 30 September 2012 as well as three-quarter results 2013 with comparative information for the first three quarters of 2012.

INCOME STATEMENT – Group

Jan. 1 – Sep. 30 (in k€)

	Q3			9M		
	2013	2012	+/-%	2013	2012	+/-%
Sales	17,460	21,543	-19	45,255	58,728	-23
Cost of sales	-14,045	-17,916	-22	-36,672	47,995	-24
Gross profit	3,415	3,628	-6	8,583	10,733	-20
Other operating income	0	3	-100	19	123	-85
Selling and distribution expenses	-509	-607	-16	-1,229	-1,752	-30
Administrative expenses	-1,149	-1,219	-6	-3,541	-3,358	5
Other operating expenses	0	-1	-100	-3	-2	50
Profit from operations (EBIT)	1,757	1,804	-3	3,829	5,743	-33
Finance income	444	307	45	1,237	748	65
Finance costs	-5	-6	-17	-14	-33	-58
Foreign exchange gain/loss	76	207	-63	-76	-193	-61
Profit before income tax	2,272	2,312	-2	4,976	6,265	-21
Income tax	-568	-517	10	-1,618	-1,753	-8
Profit for the period	1,704	1,795	-5	3,358	4,512	-26
Earnings per share*	0.13	0.12	8	0.25	0.30	-17

* Computed on the basis of weighted average 13,298,495 shares for 9M 2013 and Q3 2013, weighted average 14,873,226 shares for 9M 2012 and weighted average 14,443,060 shares for Q3 2012 respectively

SALES

In the first nine months of 2013, sales amounted to EUR 45.3 million, decreased by EUR 13.4 million or 23% compared with the same period in 2012 (9M 2012: EUR 58.7 million). The decrease was primarily due to the decrease in the sales of VPAD, wireless data cards and wireless routers, which was partly offset by the increase of sales from network camera, wireless high definition sharer named "PCtoTV", mobile trade, insurance software service, mobile application service and accessories to mobile phones.

In 9M 2013, Vtion Group had generated EUR 4.8 million from "PCtoTV", an increase of EUR 2.7 million, or 129% compared with the same period in 2012 (9M 2012: EUR 2.1 million).

In 9M 2013, Vtion Group generated EUR 1.4 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 0.6 million in 9M 2012 by EUR 0.8 million, or 133%. The increase was due to the increase of service income for supporting mobile package sales.

Considering the significant increase of sales of network camera from the second quarter of 2013, network camera disclosed in "All Others" segment in 2012 was presented in "Wireless Intelligent Terminal" with intelligent mobile phone in 9M 2013. Vtion Group had generated EUR 4.6 million from network camera in the first nine months of 2013, which launched in December 2012.

In 9M 2013, Vtion Group had generated sales from the category "All Others" increased to EUR 0.5 million by EUR 0.1 million, or 25% compared with the same period in 2012 (9M 2012: EUR 0.4 million). The increase was mainly due to the increase of sales from insurance industry service and mobile application service. Vtion Group continues to generate revenue from China Union Broadband project which started from Q2 2013. As at September 30, 2013, Vtion Group has built about 7,700 network ports in six communities and acquired hundreds of users. 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 9M 2013, Vtion Group recognized EUR 24.2 million revenue from wireless data cards, which decreased from EUR 30.7 million in 9M 2012 by EUR 6.5 million or 21%. This resulted from 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, which was partly offset by the increase of sales from wireless data cards downloaded with taxation software launching in August 2013.

In 9M 2013, Vtion Group generated EUR 9.8 million from its wireless router business, a decrease of EUR 5.8 million, or 37% compared with the same period in 2012 (9M 2012: EUR 15.6 million). This result was caused by the decrease of sales of wireless routers of the old versions. This effect was partly offset by an increase of sales of upgraded wireless router with High-Fidelity, which were launched in August 2013.

Since Vtion Group stopped the sales of tablet PC (VPAD) in December 2012, no sales generated from VPAD were recognized in 9M 2013 (9M 2012: EUR 9.3 million).

In the third quarter of 2013, Vtion Group had generated EUR 17.5 million from all segments, decreased by EUR 4 million, or 19%, from EUR 21.5 million in Q3 2012. This decrease was mainly due to the decrease in the sales of VPAD, wireless routers, wireless data cards and accessories to mobile phones, which was partly offset by the increase of sales from network camera, wireless high definition sharer named "PCtoTV", mobile trade, insurance software service and mobile application service. Compared with Q2 2013, Vtion Group's sales from all segments increased by € 1.5 million or 9% in Q3 2013, mainly due to the increase of sales generated from wireless data cards and wireless router, partly offset by the decrease of sales from network camera.

COST OF SALES

Cost of sales decreased to EUR 36.7 million in 9M 2013 by EUR 11.3 million, or 24% from EUR 48 million in 9M 2012. Cost of sales amounted to EUR 14 million in Q3 2013, a decrease of EUR 3.9 million, or 22% compared with the same period in 2012 (Q3 2012: EUR 17.9 million). The decrease was mainly due to the decrease of sales volumes of the VPAD, wireless data cards and wireless routers, which was partly offset by the increase of sales volumes of network camera, wireless high definition sharer named "PCtoTV" and the increase of cost of service for supporting mobile package sales.

GROSS PROFIT

The overall gross profit margin slightly increased to 19% in 9M 2013 (9M 2012: 18%) and consistent with the gross profit margin of 19% in H1 2013.

OTHER OPERATING INCOME

In 9M 2013, Vtion Group recognized other operating income amounting to EUR 19 thousand (9M 2012: EUR 123 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. Since the government adjusted the purpose of the area around and Vtion had not constructed the ground buildings, as the former owner, Vtion IT was required to return half of the land. As a government administrative action, the government took back the land use right and returned the transfer fund and deed tax Vtion IT paid before based on the land area transferred back. Meanwhile the government compensated Vtion IT for charges for some construction such as filling, geological survey, environmental assessment paid by Vtion IT before. The transfer fund, deed tax and compensation were returned by cash in bank, and Vtion IT already received them.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased from EUR 1,752 thousand in 9M 2012 by EUR 523 thousand, or 30%, to EUR 1,229 thousand in 9M 2013. The decrease was primarily due to a decrease in salary and welfare, royalty costs to copyright holders, travel expenses, rental fee, entertainment and marketing expenses. Selling and distribution expenses decreased from EUR 607 thousand in Q3 2012 by EUR 98 thousand, or 16%, to EUR 509 thousand in Q3 2013. The decrease was primarily due to the decrease in salary and welfare, royalty costs to copyright holders, rental fee, carriage expenses, partly offset by an increase in travel expenses and office expenses.

The ratio of selling and distribution expenses to total sales was 2.7% in 9M 2013 and 3.0% in 9M 2012.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from EUR 3,358 thousand in 9M 2012 by EUR 183 thousand, or 5%, to EUR 3,541 thousand in 9M 2013. The increase was primarily due to an increase in salary and welfare, research and development expenses, marketing expenses and rental fee, partly offset by the decrease in consulting expenses, travel expenses, recruitment expenses and conference expenses. Administrative expenses decreased from EUR 1,219 thousand in Q3 2012 by EUR 70 thousand, or 6%, to EUR 1,149 thousand in Q3 2013. The decrease was primarily due to a decrease in consulting expenses, travel expenses, conference expenses and recruitment to supervisory board, partly offset by an increase in rental fee and research and development expenses.

Research and development expenses increased to EUR 1,039 thousand in 9M 2013 by EUR 460 thousand, or 79% from EUR 579 thousand in 9M 2012.

The ratio of administrative expenses to sales was 7.8% in 9M 2013 and 5.7% in 9M 2012.

OTHER OPERATING EXPENSES

Other operating expenses were insignificant in 9M 2013 and 9M 2012.

PROFIT FROM OPERATIONS (EBIT)

Profit from operations decreased to EUR 3,829 thousand in 9M 2013 by EUR 1,914 thousand, or 33%, from EUR 5,743 thousand in 9M 2012. The decrease was largely due to the decrease of sales generated from VPAD, wireless routers and wireless data cards in 9M 2013.

EBIT MARGIN

Vtion Group's EBIT margin (profit from operations divided by sales) decreased from 10% in 9M 2012 to 8% in 9M 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 748 thousand in 9M 2012 by EUR 489 thousand, or 65%, to EUR 1,237 thousand in 9M 2013.

Finance expenses comprise bank charges and interest expenses (only for 9M 2012). Finance expenses amounted to EUR 14 thousand in 9M 2013 (9M 2012: EUR 33 thousand).

FOREIGN EXCHANGE GAIN OR LOSS

The Group recognized foreign exchange losses EUR 76 thousand in 9M 2013 (9M 2012: EUR 193 thousand). This primarily resulted from money exchanges from EUR to RMB when the EUR/RMB exchange rate devalued in 9M 2013, which was slightly offset by foreign exchange gains arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date, since the functional currency of the Group is RMB. As of 30 September 2013, Euro to RMB exchange rate rose to 8.2645 by 0.5% from 8.2207 as at 31 December 2012, which had a positive impact on the valuation of assets denominated in Euros.

INCOME TAX

Income tax mainly comprises taxation actually payable. Both Vtion IT and Vtion 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 1.6 million in 9M 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 1.6 million in 9M 2013.

NET PROFIT AND EPS

Net profit in the first three quarters of 2013 amounted to EUR 3.4 million, a decrease of 26% year-on-year. The earnings per share in 9M 2013 was EUR 0.25, a decrease of 17% year-on-year.⁹

NET PROFIT MARGIN

The net profit margin decreased from 8% in 9M 2012 to 7% in 9M 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.

⁹ Computed on the basis of weighted average 13,298,495 shares for 9M 2013 and Q3 2013, weighted average 14,873,226 shares for 9M 2012 and weighted average 14,443,060 shares for Q3 2012 respectively.

Balance Sheet Structure

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

	Sep. 30, 2013	Dec. 31, 2012
	kEUR	kEUR
ASSETS		
Current assets		
Inventories	2,582	2,362
Trade receivables	20,149	25,630
Other receivables	4,579	3,629
Short-term investment	0	4,900
Amounts due from related parties	235	149
Cash and cash equivalents	123,632	113,510
	151,177	150,180
Non-current assets		
Property, plant and equipment	894	837
Land use rights	281	574
Intangible assets	842	937
Deferred tax assets	489	363
	2,506	2,711
Total assets	153,683	152,891
LIABILITIES		
Current liabilities		
Short-term loans		
Trade payables	14,599	12,162
Other payables	1,447	4,894
Provisions	399	424
Amounts due to related parties	0	0
Income tax payable	561	610
Non-current liabilities		
Deferred tax liability	0	0
Total liabilities	17,006	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	60,854	58,227
Foreign exchange differences	22,089	22,840
Total equity	136,677	134,801
Total liabilities and equity	153,683	152,891
Equity to total assets ratio	89%	88%

Current Assets

INVENTORIES

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

Inventories increased from EUR 2,362 thousand as at 31 December 2012 by EUR 220 thousand to EUR 2,582 thousand as at 30 September 2013 as a result of an increase in goods and materials. The increase of goods and materials was mainly due to the merchandise of wireless routers.

TRADE RECEIVABLES

Trade receivables decreased from EUR 25,630 thousand as at 31 December 2012 by EUR 5,481 thousand, or 21%, to EUR 20,149 thousand as at 30 September 2013, mainly due to accelerated collection of receivables in 9M 2013. The amount of trade receivables with a maturity of less than 90 days as at 30 September 2013 represented 77% of total trade receivable as at 30 September 2013, an increase of 10 percent compared with that of 31 December 2012. Meanwhile the part with a maturity of more than 90 days but below 180 days was 23% of the total trade receivables as at 30 September 2013, representing a decrease of 10 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 950 thousand, or 26% to EUR 4,579 thousand as at 30 September 2013. The increase mainly resulted from an increase of advance to supplier for wireless data cards and wireless routers for an updated version amounting to EUR 3,169 thousand, which was partly offset by the collection of receivable rebates on chipsets in connection with the sales volume of wireless data cards in 9M 2013 amounting to EUR 2,545 thousand.

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 September 2013.

AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties increased from EUR 149 thousand as at 31 December 2012 by EUR 86 thousand, or 58% to EUR 235 thousand as at 30 September 2013, primarily due to an increase of advance to Mr. Chen Guoping 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 123,632 thousand as at 30 September 2013. For a further description of cash in banks, see item 7.4 Cash and Cash Equivalents in the notes. For a description of the changes in the first three quarters of 2013, see "Cash Flow Statement" in this section.

	Sep. 30, 2013	Dec. 31, 2012
	kEUR	kEUR
Cash on hand	20	25
Cash in banks	122,342	112,208
Deposit on bank's acceptance bill	1,270	1,277
	123,632	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 57 thousand, or 7%, to EUR 894 thousand as at 30 September 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 293 thousand, or 51%, to EUR 281 thousand as at 30 September 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 95 thousand, or 10%, to EUR 842 thousand as at 30 September 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 increased from EUR 12,162 thousand as at 31 December 2012 by EUR 2,437 thousand, or 20% to EUR 14,599 thousand as at 30 September 2013, mainly resulted from an increase of trade payables for purchase of wireless routers and network camera in 9M 2013.

OTHER PAYABLES

Other payables decreased from EUR 4,894 thousand as at 31 December 2012 by EUR 3,447 thousand, or 70% to EUR 1,447 thousand as at 30 September 2013, mainly resulted from the decrease of VAT payables and royalty costs payable to copyright holders after the payment in 9M 2013, partly offset by the increase of advances from customers.

EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio slightly increased from 88% as at 31 December 2012 to 89% as at 30 September 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 9M 2013 and 9M 2012.

	9M 2013	9M 2012
	kEUR	kEUR
Operating cash flow before working capital changes	4,211	6,186
Cash generated from/(used in) operations	7,498	-510
Net cash generated from operating activities	6,775	-1,905
Cash flow from investing activities	4,844	-5,106
Cash flow from financing activities	-731	-3,561
Net increase in cash and cash equivalents	10,888	-10,572
Cash at the beginning of the year	113,510	124,516
Foreign exchange difference	-766	437
Cash at the end of the period	123,632	114,381

NET CASH GENERATED FROM OPERATING ACTIVITIES

The Company generated a positive net cash flow amounting to EUR 6.8 million from operations in the first three quarters of 2013, representing an increase by EUR 8.7 million compared with the net cash of EUR 1.9 million used in operating activities in 9M 2012. The increase was mainly due to an increase of collection of trade receivables and bank interests received and an increase of trade payables, which was partly offset by the decrease of profit before income tax, the decrease of collection of other receivables and prepayment and the increase of payment of other payables and accruals.

CASH FLOW FROM INVESTING ACTIVITIES

The Company generated EUR 4.8 million from investing activities in the first three quarters 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 9M 2013 amounted to EUR 731 thousand, which were used in dividend paid to shareholders in 9M 2013 (9M 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 123.6 million as at 30 September 2013, representing an increase of EUR 10.1 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 9M 2013.

Human Resources

Vtion concluded Q3 2013 with 238 employees. In order to adjust and develop the product line, the company expands the personnel in the Research and Develop Department, which now has 75 employees, compared with 73 at the end of the second quarter of 2013. Meanwhile the numbers of employees in Sales and Marketing has decreased from 77 to 71 employees. The Administration Department represents 70 by an increase of 7 persons. There are no any changes in the Customer service & Call center and Production Department. Also 5 management board members are in the company. Currently Vtion Anzhuo involved 48 persons in total, a decrease of 3 persons compared with the second quarter. Resulting from the reclassification of divisions, it represents 14 in administrative department, 24 in R&D department and 10 in sales & marketing department.

Research and Development

Vtion's wireless data terminal R&D activities center around 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 does not currently offer a mobile router for China Mobile's TD-SCDMA network, a router for the 4G TD-LTE standard is currently in development.

Given that China Mobile is already making heavy investments in 4G technology and infrastructure, followed closely by China Telecom, Vtion is concurrently ramping up its capacity in the 4G market. 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 data base 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 the Vtion will continue to increase its in-house software capacity in order to reduce reliance on outside providers and increase its competitive advantages.

Risk Report

RISK AND OPPORTUNITY MANAGEMENT

Vtion Group's business relies on solid 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 time of publication there were no significant post-balance sheet date events to report.

Outlook

Vtion's guidance for the full year 2013 calls for the company to achieve revenues of between Euro 60 and 70 million, which an EBIT margin between 8% and 10%. After the first nine months of the year, the company is behind its pace for this guidance, despite revenues in Q3 improving 9% compared to the second quarter. Vtion expects results in the fourth quarter to be consistent with or slightly below those in the third quarter, given that China's telecom operators typically slow their rate of procurement toward the end of the year if they are close to reaching their full-year business targets. Therefore the company expect revenues to be at most at the lower end of the given revenue range.

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 nine months of 2013, the wireless data terminal business segment comprised 86% of revenue, which is likely to remain the case into 2014.

In the industry-specific computing solutions segment, the company will seek to increase revenue from its current base of 7 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 or 2014.

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, November 13, 2013

Management Board

Chen Guoping

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,

	Q3		9M	
	2013	2012	2013	2012
Sales	17,460,244	21,543,384	45,255,485	58,728,086
Cost of sales	14,045,201	17,915,872	36,672,736	47,995,374
Gross Profit	3,415,043	3,627,512	8,582,749	10,732,712
Other operating income	377	2,746	19,573	122,512
Selling and distribution expenses	-509,357	-607,162	-1,229,250	-1,752,124
Administrative expenses	-1,149,091	-1,218,949	-3,540,842	-3,357,892
Other operating expenses	-2	-437	-3,118	-1,868
Profit from operations	1,756,970	1,803,710	3,829,112	5,743,340
Finance income	443,520	307,219	1,236,749	748,038
Finance expenses	-5,243	-6,076	-14,425	-33,357
Foreign exchange gain/loss	76,354	206,719	-76,249	-193,163
Profit before income tax	2,271,601	2,311,572	4,975,187	6,264,858
Income tax	-567,594	-516,911	-1,617,293	-1,753,339
Profit for the period	1,704,007	1,794,661	3,357,894	4,511,519
Other comprehensive income:				
Exchange differences on translating foreign operations	-4,007,599	-2,213,138	-751,183	577,880
Other comprehensive income for the period	-4,007,599	-2,213,138	-751,183	577,880
Total comprehensive income for the period	-2,303,592	-418,477	2,606,711	5,089,399
Earnings per share (basic and diluted)*	0.13	0.12	0.25	0.30

* Computed on the basis of weighted average 13,298,495 shares for 9M 2013 and Q3 2013, weighted average 14,873,226 shares for 9M 2012 and weighted average 14,443,060 shares for Q3 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 September 30

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
ASSETS		
Current assets		
Inventories	2,582,279	2,362,348
Trade receivables	20,148,937	25,629,642
Other receivables and prepayments	4,578,854	3,629,082
Short-term investment	0	4,900,000
Amounts due from related parties	234,901	148,912
Cash and cash equivalents	123,632,363	113,509,797
	151,177,334	150,179,781
Non-current assets		
Property, plant and equipment	894,328	837,336
Land use rights	280,815	574,320
Intangible assets	841,703	937,422
Deferred tax assets	488,398	362,875
	2,505,244	2,711,953
Total assets	153,682,578	152,891,734
LIABILITIES		
Current liabilities		
Trade payables	14,598,746	12,161,729
Other payables	1,446,939	4,894,801
Provisions	399,203	423,874
Income tax payable	560,664	609,598
Total liabilities	17,005,552	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	60,853,599	58,227,122
Foreign exchange differences	22,089,277	22,840,460
Total equity	136,677,026	134,801,732
Total liabilities and equity	153,682,578	152,891,734

Consolidated Statement of Changes in Equity

for the period from January 1 to September 30,

in EUR	Share capital Vtition AG	Treasury stocks	Capital reserves	Retained earnings	Foreign exchange differences	Total equity
Balance as at December 31, 2011	15,980,000	-747,602	46,231,088	53,678,437	23,834,354	138,976,276
Buyback ordinary share		-1,933,903	-5,795,433			-7,729,336
Treasury stock redemption	-1,484,914	1,484,914				
Dividend distribution	-			-797,230		-797,230
Total comprehensive income for the period	-			4,511,519	577,880	5,089,399
Balance as at September 30, 2012	14,495,086	-1,196,591	40,435,655	57,392,726	24,412,234	135,539,110
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	-			3,357,894	-751,183	2,606,711
Balance as at September 30, 2013	14,495,086	-1,196,591	40,435,655	60,853,599	22,089,277	136,677,026

Total comprehensive income for the period comprises the other comprehensive loss of EUR 751,183 (9M 2012: other comprehensive gain of EUR 577,880) 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 Vtition.

Consolidated Cash Flow Statement

for the period from January 1 to September 30,

	9M 2013	9M 2012
	EUR	EUR
Profit before income tax	4,975,187	6,264,858
Adjustments for:		
Amortization of intangible assets and land use rights	156,701	179,945
Allowance for doubtful trade debts	1,477	-
Depreciation of property, plant and equipment	240,554	261,779
Gain on disposal of property, plant and equipment	-17,335	507
Interest income	-1,236,749	-748,038
Interest expense	-	1,852
Bank charges	14,425	31,505
Foreign exchange loss	76,248	193,163
Operating cash flow before working capital changes	4,210,508	6,185,573
Working capital changes:		
(Increase)/decrease in:		
Inventories	-236,515	-686,770
Trade receivables	5,438,315	-8,949,119
Other receivables and prepayments	-820,205	1,553,225
Amounts due from related parties	-88,295	918,497
Increase/(decrease) in:		
Trade payables	2,545,203	-105,452
Other payables and accruals	-3,504,559	517,617
Amounts due to related parties	-	-12,337
Income tax payable	-46,503	68,991
Cash generated from/(used in) operations	7,497,949	-509,775
Interest received	1,071,008	561,111
Interest expense	-	
Income tax paid	-1,793,470	-1,956,591
Net cash generated from operating activities	6,775,487	-1,905,255
Cash flow from investing activities		
Purchase of intangible assets	-58,664	-141,681
Purchase of land, property, plant and equipment	-392,317	-63,884
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	4,843,896	-5,105,565
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	10,887,966	-10,571,533
Cash at the beginning of the period	113,509,797	124,515,642
Foreign exchange differences	-765,400	436,695
Cash at the end of the period	123,632,363	114,380,804

Selected Notes to the Consolidated Financial Statements

For the period from January 1 to September 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 Sep. 30, 2013	Results from Jan. 1 to Sep. 30, 2013
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	-1,330	-673
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	100,623	5,053
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	17,567	-487
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	796	9
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	-545	-1,003
Vtion Communication Technology Service (Fuzhou) Co., Ltd, PRC	100%	110	-4

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 September 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
September 30	8.2645	8.1261
Average first nine month	8.1225	8.1058

4. Impairment of Non-financial Assets, if any

In the nine 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 14 thousand has been recorded as of September 30, 2013 (EUR 14 thousand as of December 31, 2012).

5. Segment Analysis

A) BUSINESS SEGMENT

Vtton Group's operating businesses are organized in three business segments, namely "Wireless Data Terminals", "Wireless Intelligent Terminals" and "All Others". Resulted from significant growth of sales of network camera from the second quarter of 2013, the revenue generated from network camera in 9M 2013 was 10 percent of the Group's combined revenue in the first nine months 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 9M 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 9M 2012 was not impacted by this adjustment). From Q2 2013, Vtton Group has generated commission income from the China Union broadband network. By the end of September 2013, the commission income from broadband network was immaterial, so it was disclosed in "All Others" segment in 9M 2013 combined with others as a new revenue source.

B) GEOGRAPHICAL BUSINESS

Vtton 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 Sep. 30, 2013	Period ended Sep. 30, 2012	Period ended Sep. 30, 2013	Period ended Sep. 30, 2012
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	38,790	48,499	4,456	7,291
Wireless Intelligent Terminal	5,989	9,878	874	477
All Others	476	351	-981	-1,425
Total for continuing operations	45,255	58,728	4,349	6,343
Central administration costs	0	0	-520	-600
Finance result	0	0	1,146	522
Profit before tax (continuing operations)	0	0	4,975	6,265

6. Notes to the Consolidated Statement of Comprehensive Income

6.1 TOTAL INCOME

	Q3		9M	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Sale of goods	17,460,243	21,543,384	45,255,485	58,728,086
Other operating income	0			
Government grant	0	2,478		122,135
Service income	363	106	419	216
Others	14	162	19,154	162
	377	2,746	19,573	122,512
Finance income				
Interest income	443,520	307,219	1,236,749	748,038
Foreign exchange gain	76,355	206,719	76,355	206,719
Total income	17,980,495	22,060,068	46,588,162	59,805,355

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 9M 2013 was mainly due to the transfer of 50% of land use right to Fujian government amounting to EUR 19.1 thousand. In 9M 2013, the company did not receive any grant from the government (9M 2012: EUR 122 thousand).

6.2 SPLIT-UP OF SALES

	Q3		9M	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Split-up of sales				
Sales to external customers				
Wireless Data Terminals	15,007,905	18,808,685	38,790,113	48,498,561
Wireless Intelligent Terminals	2,327,679	2,478,711	5,988,980	9,877,550
All Other Segments	124,660	255,988	476,392	351,975
	17,460,244	21,543,384	45,255,485	58,728,086

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

	9M 2013	9M 2012
Average number of employees		
Management and administration	82	86
Research and development	73	64
Sales	85	89
	240	239

	9M 2013	9M 2012
	EUR	EUR
Payroll costs		
Wages and salaries	1,777,054	1,627,175
Social security costs	278,178	259,936
Welfare	57,439	41,976
	2,112,671	1,929,087

*the employees of call center and customer service are reclassified from the Management and administration to Sales from Q3 2012, so there is no effect on the corresponding disclosure for 9M 2012.

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

	9M 2013	9M 2012
	EUR	EUR
Amortization of intangible assets and land use rights		
Software	81,939	98,443
Licenses	63,056	67,041
Trademark	4,617	4,626*
Land use rights	7,089	9,835
	156,701	179,945
Depreciation of property, plant and equipment	240,554	261,779
Total of amortization and depreciation	397,255	441,724

*trademark is reclassified from software to be separately presented, so the corresponding disclosure for 9M 2012 is adjusted to assure the information comparable

Except about EUR 6,925 of amortization of intangible assets was booked as part of "cost of sales" for service business operated by Vtion Software for insurance industry in 9M 2013 (9M 2012: EUR 84,867 for software business operated by Vtion Anzhuo), the remaining amortization of intangible assets was booked in "Administrative expenses" in 9M 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 9M 2013.

6.5 FINANCE EXPENSES

	Q3		9M	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Finance Expense				
Interest expense		1,852		1,852
Bank charges	5,243	4,224	14,425	31,505
	5,243	6,076	14,425	33,357

6.6 FINANCE FOREIGN EXCHANGE LOSS

The Group recognized EUR 76,249 foreign exchange loss in 9M 2013 (9M 2012: EUR 399,882), mainly related to money exchanges from EUR to RMB when the EUR/RMB exchange rate devalued in 9M 2013, which was slightly offset by foreign exchange gains arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date, since Euro to RMB exchange rate rose to 8.2645 by 0.5% from 8.2207 as at 31 December 2012.

6.7 INCOME TAX

	Q3		9M	
	2013	2012	2013	2012
	EUR	EUR	EUR	EUR
Current income tax (ordinary activities)	609,282	541,442	1,746,967	2,025,581
Deferred income tax induced by:		0		
-tax rate change		0		
-temporary differences	12,366	-4,093	35,630	-235,308
-tax loss carry forward	-54,054	-20,438	-165,304	-36,934
Income tax recognized in profit and loss	567,594	516,911	1,617,293	1,753,339

6.8 APPLICABLE TAX RATE

Vtion IT applied an effective tax rate of 25% in 9M 2013 in accordance with the Income Tax Law of the People's Republic of China.

Vtion Software incurred accounting losses for the first nine months of operation, so there was no tax expense in 9M 2013.

Vtion Communication, Vtion Anzhuo and Vtion Service incurred accounting losses for the first nine months of operation, and accumulated net losses as of September 30, 2013, therefore had no taxable income in 9M 2013.

7. Notes to the Consolidated Statement of Financial Position

7.1 INVENTORIES

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
Inventory-advances to supplier	0	0
Goods and material	2,596,505	2,376,829
Less: stock provision	-14,226	-14,481
	2,582,279	2,362,348

7.2 TRADE AND OTHER RECEIVABLES

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
Trade receivables		
Trade receivables	20,172,447	25,651,818
Allowance for trade receivables	-23,510	-22,176
	20,148,937	25,629,642

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
Other receivables		
Other receivables	4,528,274	3,559,263
Prepaid expenses	50,580	69,819
	4,578,854	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.

	Sep. 30, 2013	Dec. 31, 2012
Related parties	EUR	EUR
Amount due from related parties - non-trade	234,901	148,912
	234,901	148,912

7.4 CASH AND CASH EQUIVALENTS

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
Cash on hand	20,173	24,896
Cash in banks	122,341,605	112,207,548
of Mainland China	120,659,080	109,072,751
of Germany and offshore	1,682,525	3,134,797
Deposit on bank's acceptance bill (in China)	1,270,585	1,277,355
	123,632,363	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 September 30, 2013, EUR 121,930 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 September 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 21 million and kept stable compared with that as of December 31, 2012. 50% of the funds received (EUR 1,270 thousand) are kept as a cash deposit on bank acceptance bills. Please see “cash and cash equivalents”.

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
Other payables		
VAT payable	1,079,565	1,956,059
Other payable	211,237	2,824,521
Advances from customers	60,693	0
Other tax payables	95,444	114,221
	1,446,939	4,894,801

Other payables included the cumulative rebates payable to copyright holder amounting to EUR 149 thousand. Other payables decreased to EUR 1,447 thousand as at September 30, 2013 by 70% from EUR 4,895 thousand as at December 31, 2012, which mainly resulted from the decrease of the cumulative rebates payable to copyright holder after payment of EUR 2,653 thousand.

7.7 PROVISIONS

	Sep. 30, 2013	Dec. 31, 2012
	EUR	EUR
Provisions		
Accrued payroll	300,240	302,045
Other accruals	98,963	121,829
	399,203	423,874

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

The Company does not have any contingent liabilities as at September 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:

	9M 2013	9M 2012
	EUR	EUR
Rental fee paid to a related party	101,939	102,149
	101,939	102,149

9. Events after Balance Sheet Date

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

10. Approval of the Financial Statements

The financial statements were approved and authorized for issuance by the Board of Directors on November 13, 2013.

Frankfurt, November 13, 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, November 13, 2013

Vtition Wireless Technology AG

Management Board

Chen Guoping

Zheng Hongbo

Ding Chaojie

Fei Ping

He Zhihong

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

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

Credits

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