

Q2-2015

INTERIM REPORT

Vtion Wireless Technology at a glance

		Q2			H1		
		2015	2014	+/-%	2015	2014	+/-%
Revenues	million €	6.71	11.96	-44	16.25	22.92	-29
Gross profit	million €	1.16	2.52	-54	3.22	4.72	-32
Gross profit margin	%	17	21	-4PP	20	21	-1PP
EBITDA	million €	-0.31	1.27	-124	0.47	2.06	-77
EBITDA margin	%	-5	11	-16PP	3	9	-6PP
EBIT	million €	-0.38	1.14	-133	0.26	1.81	-86
EBIT margin	%	-6	10	-16PP	2	8	-6PP
Net profit	million €	0.31	0.96	-68	0.66	1.71	-61
Net profit margin	%	5	8	-3PP	4	7	-3PP
Earnings per share	€	0.02	0.07	-71	0.05	0.13	-62
Net Cash flow from operations	million €	-3.50	-4.10	-15	1.34	-3.96	n/a

Company profile

The Vtion Group is a leading supplier of wireless data terminals and associated services for the mobile use of computers via broadband wireless networks in the People's Republic of China. Vtion was established in 2002 and currently has 119 employees, with offices in Fuzhou, Beijing and Frankfurt.

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Letter from Vtion's CEO

Dear Fellow Shareholders,

Times continue to be difficult for our company as revenues have decreased again year-on-year in the first half of 2015. This is due to continued pricing pressure in our core business brought about by decreased demand. Furthermore, technological change has hastened pressure on our core business, while we have found it difficult to be competitive in new, software-based businesses due to lack of a history and core competencies in those areas.

Hardware sales once again comprised the majority of our results. Wireless data card sales accounted for approximately 30% of our total revenue, while wireless routers accounted for another 53% over the course of the first half of the year.

Last year, given that our software-related ventures continued to lose money after three years of operation, we decided to divest these businesses through a management buyout, and they are no longer part of our business model. Therefore, though those numbers are part of our comparison figures for the previous year, there are no revenues contributed from these segments in the first half of 2015.

Given the extreme difficulty our company faces in our core business coupled with the trouble we have had making headway in new business segments, we are continuing to explore all options for the future of our company. We remain in close discussion with our Supervisory Board and advisors and will move cautiously to put the company back on a positive trajectory.

I anticipate that 2015 will be a year of further transition and difficulty for the company; nevertheless we restate our previously published our guidance for the year, which calls for revenue of around EUR 37 million and an EBIT margin of 6%.

This has been a very demanding time for all of us in the company, both our Management Board and our employees. We continue to seek options that will improve our situation, while at the same time trying not to be reckless by taking on undue risk to improve our situation.

I thank all of you for your continued patience and support.

Best Regards,

Chen Guoping

CEO

Vtion Wireless Technology AG

Highlights

Profitability Maintained

Vtion has seen strong headwinds in its core business segment over the course of 2015, which have had an adverse effect on revenue and EBIT. However, due to a lean cost structure and other measures, the company has remained profitable in a difficult situation.

Network Expansion

Despite difficulty in the rollout of 4G networks on the part of China Mobile, China Telecom and China Unicom in 2014, 4G network coverage on the part of all three operators has expanded significantly over the first half of 2015, which has created opportunities for projects in the newer technologies, such as Vtion's 4G wireless routers.

Advancing Products

Vtion has further increased its 4G product offerings, particularly in the router space, as these are the products most in demand from the operators seeking to build up their in-home 4G user base.

Outlook

Vtion expects to achieve revenue of around EUR 37 million with an EBIT margin of approximately 6% for the full year 2015.

The Share

Market Environment

After the very good first quarter in 2015, the Euro/Dollar parity had a significant effect on the German stock prices because of its strong export industry. The positive market development took mainly place in the first half of April. In the second half of April, the tide started turning and the firmer Euro again depressed stock prices to lower levels. Especially on April 29th the DAX had its biggest daily loss since 2008 with 378.94 points. The serious situation concerning Greece's stay in the Eurozone furthermore kept the markets occupied. In May, as Dow Jones, S&P500 as well as Nasdaq Composite reached new all-time highs, DAX and MDAX were nearly unchanged, only the TecDAX could gain hefty 5.39%. An indication by ECB that the ECB would enlarge its bond buy-back program in May and June drove the Euro down to its monthly low of USD 1.0819. Finally it closed at USD 1.0973 in May. The Bond market in Germany experienced a disaster when Bill Gross, former Pimco's CIO, tweeted a chance in short selling Bonds. The last trading week of the month also saw heavy profit taking before the final negotiations between the creditors and Greece for the next credit tranche. June was still an extreme volatile trading month influenced by the actual status of negotiations between Greece, its creditors and the European Union. The consequence was a collapse of stock prices on the international stock markets on June 29th, shortly before the end of the reporting month. The DAX fell more than 500 points below 11,000 but could also recover part of its loss till market closing. All in all, the DAX lost 4.11%, the MDAX 4.94% and the TecDAX 2.97% in June. Nevertheless, for the first six months a good profit remained for the above mentioned indices. They gained 11.62%, 15.87% and 19.75% respectively. The US stock indices performed much worse. (DJ -1.14%/S&P 500 + 0.20%/Nasdaq C. +5.3%). The economic data published in June prompted FED President Janet Yellen to announce a possible interest rate increase in the second half of the year without giving any hints for the timing. This could take place at the end of 2015 with the requirement of an accelerated economic growth during the coming quarters. The Euro/Dollar parity also showed extreme volatility and traded between USD 1.0575 (April 14th) and USD 1.1444 (May 18th). Despite the difficult situation in Europe the Euro was able to gain 2.53% and closed at USD 1.1216 for June.

Vtion Share Performance

The reporting month of April showed a volatile trend for the stock of Vtion. The share price had a good start and climbed to EUR 3.15 in the first half of the month. After the announcement of the change in dividend policy, the share price came heavily under pressure and fell by 11.90% to EUR 2.73 and it remained weak in the last trading days. On April 27th, the share price increased to EUR 3.08, with more than 28k shares traded. On April 30th, the share price traded lower again and closed the reporting month with a minus of 3.04% at EUR 2.71. In the further course of May, the share price performance remained volatile, on the day of the news about the resignation of the Chief Technology Officer on May 18th, the stock fell to EUR 2.58. No later than the next day, the shares rebounded and closed 3.8% higher at EUR 2.70. On the back of retreating stocks markets, the Vtion share price was also trading lower in the first part of June. Having started at a price of EUR 2.62, the stock dropped to the low of the month of EUR 2.38 on June 16th, and recovered the same day and closed at EUR 2.51. More than 7,700 shares changed hands during that trading day. This was the beginning of a reversal of the trend and the share price rose again despite the negative stock market environment in the last trading days of June. The stock of Vtion Wireless finally ended the reporting month unchanged at EUR 2.70. The share price exited the positive trend from the end of June and traded lower again in the beginning of July. Due to the volatile stock market environment in the beginning of the month, the shares traded in a wide range between EUR 2.00 and EUR 2.50. In the second half of July, the selling pressure increased and the stock further retreated. On July 28th, the share price dropped to the monthly low of EUR 1.71, but could recover just the following day. On this specific day, the stock jumped by more than 16% to EUR 1.99. In the last two trading days, we saw the share price trading around the EUR 1.95 level and finally closing the month of July at EUR 1.889. The average daily Xetra volume increased from 2,362 shares in June to 5,919 shares in July.

Sponsorship and Research Coverage

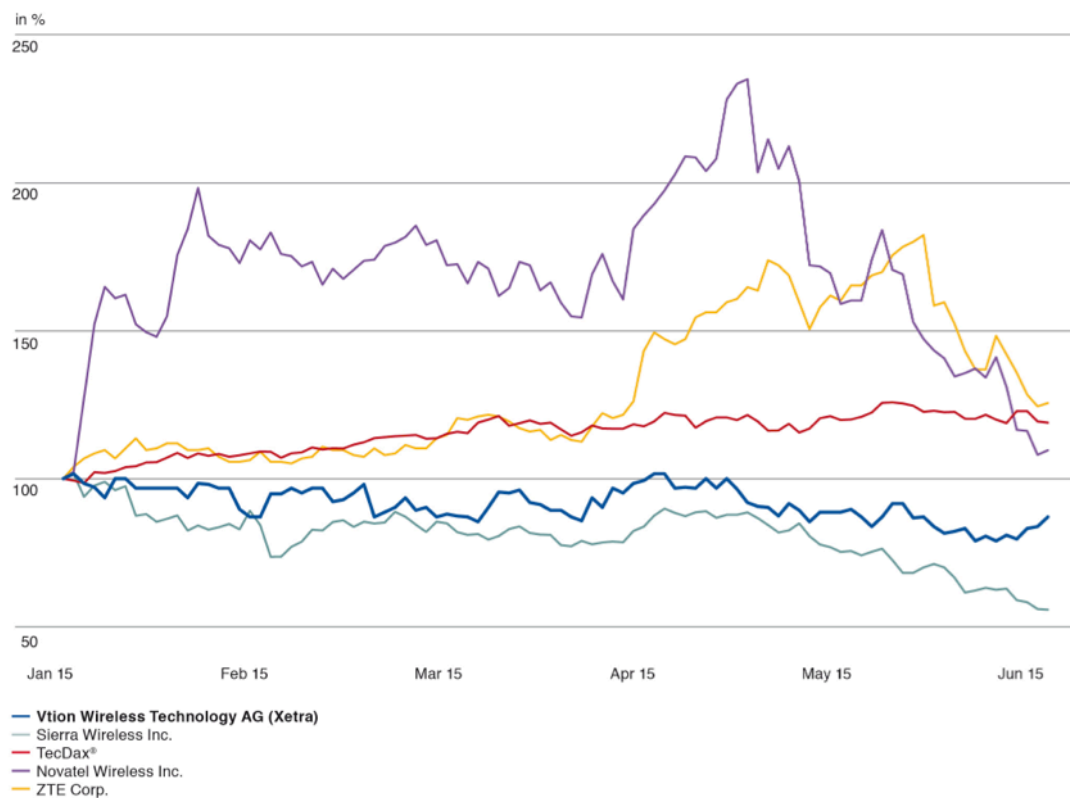
The company has had research coverage from M.M. Warburg since January 2010. Equinet AG is Vtion's market maker and designated sponsoring services provider.

Investor Relations

Vtion engages in road shows in Europe throughout the year to reach both current shareholders and new potential investors. The company 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



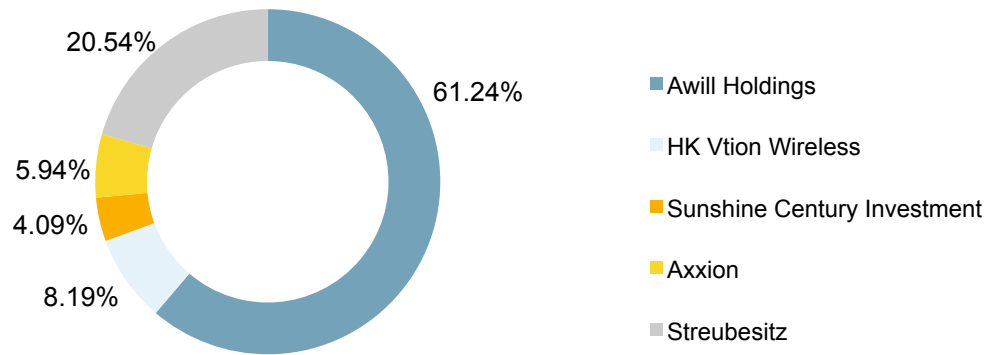
Vtion Master Data

as of June 30, 2015

		June 30, 2015
Number of shares	Shares	12,214,000
Closing price	€	2.70
Market Cap.	Mio. €	32.98
Share price high (Jan 8th 2015)	€	3.19
Share price low (June 16th 2015)	€	2.38
Average trading volume per day	Shares	3,638

Vtion Shareholder Structure

as of June 30, 2015



INTERIM MANAGEMENT REPORT

Business and Operating Environment

OVERVIEW

In the second quarter of 2015 China's GDP grew at a rate of 7.0% year on year. This is consistent with a growth rate of 7.0% in the first quarter, though there is often doubt surrounding the country's official statistics. However, though the official figures are sometimes doubted, other economic indicators rebounded in the second quarter, with growth in industrial output and retail sales both exceeding forecasts.

Given that the government wants to adhere to a GDP growth target of "around 7.0%", the People's Bank of China has continued to take easing measures over the course of the first half of the year, lowering reserve requirement ratios (RRR) for state-owned banks further from those of 2014, concurrent with additional interest rate decreases. Though the government will adhere to this growth target, there is some doubt as to how much room for maneuver remains with their policies.

GENERAL MARKET CONDITIONS AND BUSINESS DEVELOPMENT

According to data from the China Internet Network Information Commission, by the end of 2014, the total number of internet users in China reached 668 million, which represents a penetration rate of 48.8%.¹ These figures represent an increase of 18.94 million users and 0.09 percentage points respectively.

At the end of 2013, the Ministry of Industry and Information Technology of the People's Republic of China issued the operating licenses for the fourth-generation digital cellular mobile communication services (TD-LTE) towards three Telecom operators China Mobile, China Unicom and China Telecom. The development on the 4G networks has been slower than originally expected over the course of 2014, but has gradually progressed over the course of 2015. While the majority of mobile users still connect to 3G networks, China now boasts 594 million mobile Internet users. While there is some overlap with the 668 million Internet users mentioned above, the fact that such a large number of the total are active on the mobile Internet is indicative of increasing network coverage and strength.

Over the first half of 2015, approximately 83% of Vtion's sales were realized by the company's two main products, namely wireless data cards and mobile routers. This is expected to continue over the course of 2015, given that the company has divested its software-related business segments through a management buyout and because the country's three largest telecom operators remain the largest and most reliable clients.

With pricing pressure and decreased sales due to weakening demand brought about by technological change that has shifted consumer preference away from mobile data cards and routers, Vtion has seen decreases in its operating figures. However, through the maintenance of a lean cost structure and other conservative measures, the company has managed to maintain profitability.

¹ <http://www.cnnic.cn/hlwfzyj/hlwfzxx/qwfb/201402/W020140226599021768966.pdf>

Results of Operations

INCOME STATEMENT – Group

Jan. 1 – June 30

	Q2			H1		
	2015	2014	+/-%	2015	2014	+/-%
Sales	6,709	11,964	-44	16,250	22,916	-29
Cost of sales	-5,554	-9,441	-41	-13,034	-18,199	-28
Gross profit	1,155	2,523	-54	3,216	4,717	-32
Other operating income	1	36	-97	43	36	19
Selling and distribution expenses	-359	-293	23	-745	-644	16
Administrative expenses	-1,176	-1,123	5	-2,251	-2,290	-2
Other operating expenses	-1	0	n/a	-1	-10	-90
Profit from operations (EBIT)	-380	1,143	-133	262	1,809	-86
Finance income	510	428	19	1,016	879	16
Finance expenses	-9	-7	29	-13	-12	8
Investment income	312	0	n/a	312	0	n/a
Foreign exchange gain or loss	2	-118	n/a	-96	-75	28
Profit before income tax	435	1,446	-70	1,481	2,601	-43
Income tax	-129	-490	-74	-820	-888	-8
Profit for the period	306	956	-68	661	1,713	-61
Earnings per share* (in EUR)	0.02	0.07	-71	0.05	0.13	-62

* Computed on the basis of weighted average 12,213,640 shares for H1 2015 and Q2 2015, weighted average 13,040,767 shares for H1 2014 and 12,785,871 shares for Q2 2014 respectively.

SALES

In the first half of 2015, sales amounted to EUR 16.2 million, decreased by EUR 6.7 million or 29% compared with the same period in 2014 (H1 2014: EUR 22.9 million). If excluding the impact of exchange differences arising from currency translation, sales in H1 2015 decreased by 42% in terms of RMB due to the decline of the sales generated from all segments comprising “Wireless Data Terminals”, “Wireless Intelligent Terminals”, and “All Others”.

In H1 2015, Vtion Group recognized EUR 16 million of revenue from the segment “Wireless Data Terminals”, which decreased by 21% from EUR 20.3 million in H1 2014. But if excluding the impact of exchange differences arising from currency translation, sales of the segment “Wireless Data Terminals” in H1 2015 decreased by 35% in terms of RMB. The decrease in RMB was primarily due to the decrease in the sales of wireless data cards and wireless high definition shares, partly offset by the increase of sales of wireless routers. Sales of wireless data cards decreased to EUR 4.9 million in H1 2015 from EUR 11.4 million in H1 2014 by EUR 6.5 million, or 57%. If excluding the impact of exchange differences arising from currency translation, sales of wireless data cards decreased by 65% in terms of RMB in H1 2015. The reason for the decreases was a sharp decline in demand for 3G wireless data cards of the current popular versions due to increasing usage of other devices to access the mobile Internet. Vtion generated EUR 2.4 million of revenue from wireless high definition shares (“PCtoTV”) in H1 2015 (H1 2014: EUR 2.5 million). If excluding the impact of exchange differences arising from currency translation, sales of “PCtoTV” decreased by 20% in terms of RMB in H1 2015 as a result of the decrease of unit price and sales volume. Vtion generated EUR 8.7 million of revenue from wireless routers, an increase of EUR 2.3 million, or 36% compared with the same period in 2014 (H1 2014: EUR 6.4 million). If excluding the impact of exchange differences arising from currency translation, sales of wireless routers in H1 2015 increased by 12% in terms of RMB compared with H1 2014, as a result of an increase of sales of 4G wireless routers, which was partly offset by a falling of sales of wireless routers of the old versions.

In H1 2015, Vtion Group recognized EUR 35 thousand of revenue from the segment “Wireless Intelligent Terminals”, which decreased by 98% from EUR 1,749 thousand in H1 2014 due to the decrease in the sales of network camera and mobile trade. Sales of network camera decreased to EUR 2 thousand in H1 2015 since Vtion has decided to exit the mobile camera business with telecom operators except some retail selling to individual consumers from the second half of 2014 (H1 2014: EUR 1,177 thousand) resulting from more tax costs related to the original cooperation model owing to the tax discipline reform of telecommunication industry in China. Sales of mobile trade which comprised the sales of iPhone, other intelligent mobile phones and service income for supporting mobile package decreased to EUR 33 thousand in H1 2015 (H1 2014: EUR 572 thousand), mainly due to the decrease of service income for supporting mobile package sales.

In H1 2015, sales from the segment “All Others” decreased to EUR 243 thousand by EUR 602 thousand, or 71% compared with the same period in 2014 (H1 2014: EUR 845 thousand). The decrease was mainly due to the decrease of sales from health self-checking instrument in connection with mobile health care, service provided to Android application developers and mobile application stores and service in connection with mobile application mainly designed for insurance industry, partly offset by an increase of revenue from China Unicom broadband project.

In the second quarter of 2015, Vtion Group had generated EUR 6.7 million from all segments, decreased by 5.3 million, or 44%, from EUR 12 million in Q2 2014. If excluding the impact of exchange differences arising from currency translation, sales in Q2 2015 decreased by 55% in terms of RMB due to the decline in the sales of all segments. The decrease of sales in Q2 2015 was mainly due to the decrease of “Wireless Data Terminals” in old versions, the decrease of the segments “Wireless Intelligent Terminals” and “All others” excluding China Unicom broadband project, partly offset by the increase of sales of 4G wireless routers and revenue from China Unicom broadband project.

COST OF SALES

Cost of sales decreased to EUR 13 million in H1 2015 by EUR 5.2 million, or 29% from EUR 18.2 million in H1 2014. If excluding the impact of exchange differences arising from currency translation, cost of sales in H1 2015 decreased by 41% in terms of RMB due to the decrease in the cost of sales of all segments.

Cost of sales of the segment “Wireless Data Terminals” decreased by 21% to EUR 12.8 million in H1 2015 (H1 2014: EUR 16.3 million). But if excluding the impact of exchange differences arising from currency translation, cost of sales of the segment “Wireless Data Terminals” in H1 2015 decreased by 36% in terms of RMB. The decrease was mainly due to the decrease of sales volume of wireless data cards and wireless routers of the old versions, which was partly offset by the increase of sales volume of 4G wireless routers. Cost of sales of wireless data cards decreased to EUR 3.9 million in H1 2015 (H1 2014: EUR 9.1 million). If excluding the impact of exchange differences arising from currency translation, cost of sales of wireless data cards decreased by 65% in terms of RMB in H1 2015. Cost of sales of “PCtoTV” increased to EUR 2 million in H1 2015 (H1 2014: EUR 1.9 million). If excluding the impact of exchange differences arising from currency

translation, cost of sales of “PCtoTV” decreased by 16% in terms of RMB in H1 2015. Cost of sales of wireless routers increased to EUR 6.9 million in H1 2015 (H1 2014: EUR 5.3 million). If excluding the impact of exchange differences arising from currency translation, cost of sales of wireless routers increased by 7% in terms of RMB due to the increase of sales volume of 4G wireless routers.

Cost of sales of the segment “Wireless Intelligent Terminals” decreased by 98% to EUR 29 thousand in H1 2015 (H1 2014: EUR 1,380 thousand) due to the decrease in the cost of sales of network camera and mobile trade. Cost of sales of network camera decreased to EUR 2 thousand in H1 2015 (H1 2014: EUR 911 thousand). Cost of sales of mobile trade decreased to EUR 27 thousand in H1 2015 (H1 2014: EUR 469 thousand).

Cost of sales of the segment “All others” decreased to EUR 220 thousand in H1 2015 (H1 2014: EUR 523 thousand). If excluding the impact of exchange differences arising from currency translation, cost of sales of the segment “All others” decrease by 65% in terms of RMB, mainly due to the decrease of sale volumes of health self-checking instrument in connection with mobile health care and cost for service in connection with mobile application mainly designed for insurance industry, partly offset by an increase of cost for China Union broadband project and service provided to Android application developers and mobile application stores.

In the second quarter of 2015, cost of sales decreased to EUR 5.6 million (Q2 2014: EUR 9.4 million). If excluding the impact of exchange differences arising from currency translation, cost of sales decreased by 53% in terms of RMB due to the decrease in the cost of sales of all segments in Q2 2015.

GROSS PROFIT

Gross profit decreased to EUR 3.2 million in H1 2015 by 32% from EUR 4.7 million in H1 2014. If excluding the impact of exchange differences arising from currency translation, gross profit decreased by 44% in terms of RMB. The overall gross profit margin was 20% in H1 2015, a slight decrease from a margin of 21% in H1 2014, and decreased by 2 percentage points from 22% in Q1 2015 due to lower gross profit margins of all segments.

OTHER OPERATING INCOME

Other operating income amounted to EUR 43 thousand resulting from the derecognition of other payables due to cancellation of liability in H1 2015 (H1 2014: EUR 36 thousand).

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased from EUR 644 thousand in H1 2014 by EUR 101 thousand, or 16%, to EUR 745 thousand in H1 2015. If excluding the impact of exchange differences arising from currency translation, selling and distribution expenses decreased by 5% in terms of RMB in H1 2015. The decrease was primarily due to a decrease in entertainment and marketing expenses and travel expenses, partly offset by the increase in salary and welfare. Selling and distribution expenses increased from EUR 293 thousand in Q2 2014 by EUR 66 thousand, or 23%, to EUR 359 thousand in Q2 2015. If excluding the impact of exchange differences arising from currency translation, selling and distribution expenses decreased by 2% in terms of RMB in Q2 2015. The decrease was primarily due to a decrease in travel expenses and transportation expenses, partly offset by an increase in rental expenses.

The ratio of selling and distribution expenses to total sales was 4.6% in H1 2015 and 2.8% in H1 2014.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased from EUR 2,290 thousand in H1 2014 by EUR 39 thousand, or 2%, to EUR 2,251 thousand in H1 2015. If excluding the impact of exchange differences arising from currency translation, administrative expenses decreased by 19% in terms of RMB in H1 2015. The decrease was primarily due to a decrease in research and development expenses, salary and welfare, consulting expenses and rental expenses, partly offset by an increase of stock provision, bad-debt provision and impairment of intangible assets. Administrative expenses increased from EUR 1,123 thousand in Q2 2014 by EUR 53 thousand, or 5%, to EUR 1,176 thousand in Q2 2015. If excluding the impact of exchange differences arising from currency translation, administrative expenses decreased by 16% in terms of RMB in Q2 2015. The decrease was primarily due to a decrease in salary and welfare, research and development expenses, consulting expenses and rental expenses, partly offset by an increase of stock provision, bad-debt provision and impairment of intangible assets.

Research and development expenses decreased to EUR 119 thousand in H1 2015 by EUR 454 thousand, or 79% from EUR 573 thousand in H1 2014. The decrease mainly resulted from the deal to sell Vtion Anzhuo, which caused the decrease of the average employees of research and development department to 26 in H1 2015 (H1 2014: 58 employees).

The ratio of administrative expenses to total sales was 13.9% in H1 2015 and 10.0% in H1 2014.

PROFIT FROM OPERATIONS (EBIT)

Profit from operations decreased to EUR 262 thousand in H1 2015 by EUR 1,547 thousand, or 86%, from EUR 1,809 thousand in H1 2014. If excluding the impact of exchange differences arising from currency translation, profit from operations decreased by 88% in terms of RMB in H1 2015. The decrease was largely due to the decrease of sales and gross profit of all segments in H1 2015.

EBIT MARGIN

Vtion Group's EBIT margin (profit from operations divided by sales) was 2 % in H1 2015 and decreased from that of 8% in H1 2014. This resulted from a decrease of overall gross profit margin and an increase of ratios of operating expenses to total sales.

FINANCE INCOME AND FINANCE EXPENSES

Finance income comprises interest income earned from bank deposit. Finance income increased from EUR 879 thousand in H1 2014 to EUR 1,016 thousand in H1 2015. If excluding the impact of exchange differences arising from currency translation, finance income decreased by 5% in terms of RMB in H1 2015.

Finance expenses comprise bank charges. Finance expenses amounted to EUR 13 thousand in H1 2015 (H1 2014: EUR 12 thousand).

INVESTMENT INCOME

Vtion Group gained investment income of EUR 312 thousand from the deal of Vtion Anzhuo buyout in H1 2015

FOREIGN EXCHANGE GAIN OR LOSS

Since the functional currency of Vtion Group is RMB, the Group recognized foreign exchange loss of EUR 96 thousand in H1 2015 (H1 2014: EUR 75 thousand) arising from revaluing liquid assets and liabilities of Vtion Group at the balance sheet date. As of 30 June, 2015, Euro to RMB exchange rate dropped to 6.9366 by 8% from 7.5358 as at 31 December 2014, which had a negative impact on the valuation of assets denominated in Euros.

INCOME TAX

Income tax mainly comprises taxation actually payable. Vtion IT applies an effective tax rate of 25% in year 2015 in accordance with the Income Tax Law of the People's Republic of China. Vtion Software and Vtion Communication were exempted from the corporate income tax because of cumulative tax losses carried forward. The Chinese companies of Vtion Group recorded an income tax charge of EUR 820 thousand in H1 2015 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 820 thousand in H1 2015.

NET PROFIT AND EPS

Net profit in the first half of 2015 amounted to EUR 0.7 million, a decrease of 61% year-on-year. EPS (the earnings per share) in H1 2015 was EUR 0.05, a decrease of 62% year-on-year.²

NET PROFIT MARGIN

The net profit margin decreased from 7% in H1 2014 to 4% in H1 2015. The decrease mainly resulted from the decrease of EBIT margin, partly offset by an increase of investment income.

² Computed on the basis of weighted average 12,213,640 shares for H1 2015 and Q2 2015, weighted average 13,040,767 shares for H1 2014 and 12,785,871 shares for Q2 2014 respectively

Balance Sheet Structure

The following table presents balance sheet data under IFRS as of ended June 30, 2015 and December 31, 2014

	30 June 2015	31 Dec. 2014
	kEUR	kEUR
ASSETS		
Current assets		
Inventories	1,092	2,130
Trade receivables	12,760	12,661
Other receivables	1,294	1,657
Amounts due from related parties	465	320
Cash and cash equivalents	154,806	140,705
	170,417	157,473
Non-current assets		
Property, plant and equipment	726	800
Intangible assets	109	808
Deferred tax assets	455	407
	1,290	2,015
Total assets	171,707	159,488
LIABILITIES		
Current liabilities		
Trade payables	7,191	6,934
Other payables	737	1,863
Provisions	253	511
Amounts due to related parties	170	2
Income tax payable	70	484
Total liabilities	8,421	9,794
CAPITAL AND RESERVES		
Share capital	12,214	13,298
Treasury stock	0	-1,085
Capital reserves	38,320	38,320
Retained earnings	64,684	64,023
Foreign exchange differences	48,068	35,138
Total equity	163,286	149,694
Total liabilities and equity	171,707	159,488
Equity to total assets ratio	95%	94%

Current Assets

INVENTORIES

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

	June 30, 2015	Dec. 31, 2014
	kEUR	kEUR
Goods and materials	1,092	2,130
Advances to suppliers	0	0
	1,092	2,130

Inventories decreased from EUR 2,130 thousand as at 31 December 2014 by EUR 1,038 thousand to EUR 1,092 thousand as at 30 June 2015 as a result of a decrease in goods and materials of wireless data cards and wireless routers due to closing-down sales of 3G products, less purchasing and an increase of stock provision.

TRADE RECEIVABLES

Trade receivables increased from EUR 12,661 thousand as at 31 December 2014 by EUR 99 thousand, or 1%, to EUR 12,760 thousand as at 30 June 2015. If excluding the impact of exchange differences arising from currency translation, trade receivables decreased by 7% in terms of RMB, mainly due to accelerated collection of receivables in H1 2015. The amount of trade receivables with a maturity of less than 90 days as at 30 June 2015 represented 60% of total trade receivable as at 30 June 2015, a decrease of 19% compared with that of 31 December 2014. Meanwhile the part with a maturity of more than 90 days but below 180 days was 36% of the total trade receivables as at 30 June 2015, representing a increase of 15% compared with that of 31 December 2014. The amount of trade receivables with a maturity of more than 180 days was 4% of the total trade receivables as at 30 June 2015.

OTHER RECEIVABLES

Other receivables primarily comprises interest receivables from bank deposit. Other receivables decreased from EUR 1,657 thousand as at 31 December 2014 by EUR 363 thousand, or 22% to EUR 1,294 thousand as at 30 June 2015. If excluding the impact of exchange differences arising from currency translation, other receivables decreased by 28% in terms of RMB. The decrease mainly resulted from the decrease of advance to suppliers in H1 2015, which was partly offset by an increase of interest receivable of bank term deposit.

AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties increased from EUR 320 thousand as at 31 December 2014 to EUR 465 thousand as at 30 June 2015, which was mainly due to an increase of amount due from Awill Holdings partly offset by receiving the advance to Mr. Chen Guoping for travelling expenses in H1 2015.

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 154,806 thousand as at 30 June 2015. For a further description of cash in banks, see item 7.4 Cash and Cash Equivalents in the notes. For a description of the changes in the first half of 2015, see "Cash Flow Statement" in this section.

	June 30, 2015	Dec. 31, 2014
	kEUR	kEUR
Cash on hand	8	20
Cash in banks	153,068	139,092
Deposit on bank's acceptance bill	1,730	1,593
	154,806	140,705

Non-current Assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased from EUR 800 thousand as at 31 December 2014 by EUR 74 thousand, or 9%, to EUR 726 thousand as at 30 June 2015. If excluding the impact of exchange differences arising from currency translation, property, plant and equipment decreased by 16% in terms of RMB. This mainly resulted from the depreciation charges and the deal to sell Vtion Anzhuo, partly offset by the purchase of electronic equipment.

INTANGIBLE ASSETS

Intangible assets decreased from EUR 808 thousand as at 31 December 2014 by EUR 699 thousand, or 87%, to EUR 109 thousand as at 30 June 2015. If excluding the impact of exchange differences arising from currency translation, intangible assets decreased by 88% in terms of RMB. This was due to a decrease of intangible assets resulting from the deal to sell Vtion Anzhuo, the amortization and impairment of licenses for old-version wireless data cards in H1 2015.

Liabilities

TRADE PAYABLES AND NOTES PAYABLE

Trade payables and notes payable increased from EUR 6,934 thousand as at 31 December 2014 by EUR 257 thousand, or 4% to EUR 7,191 thousand as at 30 June 2015. If excluding the impact of exchange differences arising from currency translation, trade payables and notes payable decreased by 5% in terms of RMB. The decrease mainly resulted from the payment of trade payables due in H1 2015.

OTHER PAYABLES

Other payables decreased from EUR 1,863 thousand as at 31 December 2014 by EUR 1,126 thousand, or 60% to EUR 737 thousand as at 30 June 2015. If excluding the impact of exchange differences arising from currency translation, other payables decreased by 64% in terms of RMB, which mainly resulted from the decrease of value added tax payables in H1 2015, partly offset by the increase of advances from customers.

Equity

SHARE CAPITAL AND TREASURY STOCK

The share capital of the Company has been reduced to EUR 12,213,640 as at 30 June 2015 due to cancellation of EUR 1,084,855 treasury shares. After this redemption, the Company didn't have any treasury stock as at 30 June 2015.

EQUITY TO TOTAL ASSETS RATIO

The equity to total assets ratio increased from 94% as at 31 December 2014 to 95% as at 30 June 2015.

Financial Position

CASH FLOW STATEMENT

The following table was extracted from the cash flow data of the Company, which was derived from the Company's consolidated financial statements under IFRS for H1 2015 and H1 2014.

	H1 2015	H1 2014
	kEUR	kEUR
Operating cash flow before working capital changes	1,057	2,074
Cash generated from/(used in) operations	1,998	-3,194
Net cash generated from operating activities	1,338	-3,963
Cash flow used in investing activities	679	-125
Cash flow from financing activities	0	-3,860
Net increase in cash and cash equivalents	2,017	-7,948
Cash at beginning of the year	140,705	126,614
Foreign exchange difference	12,084	-1,899
Cash at the end of the period	154,806	116,767

NET CASH GENERATED FROM OPERATING ACTIVITIES

The Company generated a positive net cash flow amounting to EUR 1,338 thousand from operations in the first half of 2015, representing an increase by EUR 5,301 thousand compared with that of EUR 3,963 thousand used in operating activities in H1 2014. The increase was mainly due to a decrease of payment of trade payables and inventory, which was partly offset by the decrease of collection of trade receivables, the decrease of profit before income tax, and an increase of payment of other payables and accruals.

CASH FLOW FROM INVESTING ACTIVITIES

The net cash inflow in investing activities in H1 2015 amounted to EUR 679 thousand mainly from the deal to sell the subsidiary company Vtion Anzhuo.

CASH AT THE END OF THE PERIOD

Cash at the end of the period amounted to EUR 154,806 thousand as at 30 June 2015, representing an increase of EUR 14,101 thousand compared with the balance as at 31 December 2014. If excluding the impact of exchange differences arising from currency translation, the cash and cash equivalents actually increased by RMB 13,501 thousand in terms of RMB as at 30 June 2015, which mainly resulted from the collection of trade receivables and other receivable and cash inflow from the deal of Vtion Anzhuo buyout, partly offset by the payment of trade payables, other payables and income tax.

Human Resources

As at June 30, 2015, there were 119 employees in Vtion Group, representing a decrease of 119 persons in comparison with 238 employees at the end of 2014. Since Vtion Wireless Technology AG sold its subsidiary company Vtion Anzhuo through MBO in April, the personal downsizing would be primarily because of Vtion Anzhuo buyout. The personnel in the administration decreased from 73 to 50 in June 30, 2015. Meanwhile, there were still eight staff in the production department and five staff in Customer service & Call center at the end of the first half of 2015. Management Board members decreased to four in the company since Mr. He Zhihong, the CTO of Vtion AG, has resigned from office effective from May 16, 2015. Personnel in the R&D department decreased from 47 at the end of 2014 to four in June 30, 2015 resulting from Vtion Anzhuo buyout. Personals in Sales & Marketing department decreased to 48.

Research and Development

Vtion's research and development efforts continue to center around wireless data terminal products, which after the divestment of the company's software-related businesses comprise nearly the entirety of the company's sales. Current efforts focus heavily on 4G data terminals, particularly since three-channel modules are much cheaper to produce, but wireless carriers have started to require five-channel modules, which require more sophisticated technology. Particularly, different chipset solutions are needed for a five-channel module, with a limited number of companies that are able to provide such a chipset solution. Currently Vtion is researching how to produce a more efficient five-channel product for the country's expanding 4G networks. Though the company currently sells an even mix of 3G and 4G products, research and development efforts are currently focused exclusively on developing solutions for 4G technologies. Particularly, given that Vtion's early 4G research and development efforts focused almost exclusively on China Mobile's TD-LTE technology as it was first to market, the company has expanded efforts for research and development regarding China Telecom's and China Unicom's 4G technologies as those networks continue to expand. In these research and development activities, more emphasis is placed on mobile routers than wireless data cards.

Vtion also continues its research and development efforts into specific-use wireless data terminals. The company has seen success with its tax-monitoring wireless data card, which securely transfers transaction data to tax authorities. Vtion is currently working on a set of similar solutions given that the specific-use nature of these products generally entails higher margin and better protection from competition.

Risk Report

Risk and opportunity management

Vtion Group's business relies on solid experience, clear focus on high quality products, broad product portfolio, deep market insights, and strong business relationship with existing and potential customers. Vtion Group is exposed to a variety of risks. However, the success cannot be achieved without risk. Risk management helps to exploit potential opportunities and control risks, and ultimately helps to achieve the strategic targets and to maximize strategic potential.

Vtion's management carefully balances opportunities and associated risks through regular strategic reviews. The company engages in risk only if it can be managed using established methods and measures within the organization and only if there is a corresponding opportunity to appropriately increase shareholders' value.

Vtion Group deploys accounting, control, and planning tools as an integral part of the risk management process. To closely monitor business developments and risks, management regularly conducts sales volume and structural analysis, gross margin analyses, liquidity analysis and monitors the progression of accounts receivable. Monthly and quarterly financial reporting process is a core tool in the management of our business and will ensure that information on business and market trends are regularly updated. As part of the company's financial control procedures, significant variations between actual and budgeted figures are identified and analyzed which is served as the basis of developing corrective measures.

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

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

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

According to sec. 01 para. 2 AktG, an early risk monitoring system has been established to cover the whole group, which is an important part of the overall risk management system. The key risks are identified, analyzed, assessed, managed and the resolutions to cope with different risks are recommended and implemented accordingly. The early risk monitoring system is reviewed and updated regularly by the Management Board members and escalated to Supervisory Board members for further review if necessary.

Report on Post-Balance Sheet Date Events

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

Outlook

In 2014, Vtion guided revenues of EUR 48 million and an EBIT margin of 7%. The company fell just short on its revenue guidance and met its EBIT guidance for the year.

Vtion expects further operational difficulty in 2015, due to both a secular slowdown in the Chinese economy and headwinds particular to the company's core business. For 2015, the company expects that revenues will be somewhere around EUR 37 million with an EBIT margin of approximately 6%. Over the course of the first half of the year, business development has been behind that pace, but the company expects stronger Q3 results to allow it to still reach for the guidance for the year.

It is expected that in 2015 wireless data terminal sales, particularly wireless data cards and mobile routers, will comprise the majority of the company's sales, particularly due to the divestment of the company's software-related business segments in 2014 via a management buyout. Vtion currently sells a mix of 3G and 4G wireless data terminals, and expects that over the course of 2015, particularly in the second half of the year, 4G products will begin to have a greater share of overall sales. This is contingent on the continued network rollouts on the part of the operators as well as current data and trends on 4G network expansion appear positive at all three operators China Mobile, China Telecom and China Unicom.

A major task for the course of 2015 will be for the company to continue introducing specific-use hardware products, such as the wireless data module the company developed that transmits transaction data to tax authorities. Given the margin pressure Vtion is facing in its core business, the company will try to introduce more sophisticated data modules into its product pallet. Several products are currently in the exploratory phase, but will likely be introduced in 2016 at the earliest.

Current projections for the company's future revenue mix are based on the Management Board's best estimate based on their current information and expectations. These could change depending on changes in the company's operational situation. Further, the Management Board is avidly exploring further business opportunities and could introduce new products and/or services into the Vtion business model, thus changing the revenue mix.

Vtion intends to continue to evaluate its strategic options in the face of what continues to be an extremely difficult operating environment. The company will seek both to improve its situation in its core business as well as explore approaches in other sectors that will unlock shareholder value.

At the AGM for the year 2014 that was held on June 25, 2015, the company did not recommend to pay a dividend, due to operational difficulty and uncertainty over future business development. Currently there are no plans to change this policy, though the company remains open to re-instating a dividend as soon as the operational situation improves. The company will selectively consider share buybacks depending on both market conditions and the company's operational situation.

Frankfurt, October 15, 2015

Vtion Wireless Technology AG

Management Board

Financial Statements Vtion Wireless Technology AG

Consolidated Statement of Comprehensive Income

for the period from January 1 to June 30

	Notes	Q2		H1	
		2015	2014	2015	2014
Sales	5.1, 6.1	6,709,082	11,963,770	16,249,761	22,915,984
Cost of sales	6.2	-5,553,754	-9,441,181	-13,034,100	-18,199,047
Gross Profit		1,155,328	2,522,589	3,215,661	4,716,937
Other operating income		507	35,844	43,223	36,331
Selling and distribution expenses		-358,744	-292,412	-745,213	-644,372
		-1,176,577		-2,251,016	
Administrative expenses			-1,122,761		-2,289,601
Other operating expenses		-537	-42	-537	-10,206
Profit from operations		-380,023	1,143,218	262,118	1,809,089
Finance income	6.5	509,639	427,504	1,015,654	878,784
Finance expenses	6.5	-8,659	-6,286	-12,463	-11,728
Investment income	6.5	311,661	0	311,661	0
Foreign exchange gain or loss		1,896	-118,277	-95,674	-75,262
Profit before income tax		434,514	1,446,159	1,481,296	2,600,883
Income tax	6.7	-128,714	-489,745	-820,338	-887,500
Profit for the period		305,800	956,414	660,958	1,713,383
Other comprehensive income:					
Exchange differences on translating foreign operations		-6,493,090	1,600,435	12,931,277	-2,016,404
Other comprehensive income for the period		-6,493,090	1,600,435	12,931,277	-2,016,403
Total comprehensive income for the period		-6,187,290	2,556,849	13,592,235	-303,021
Earnings per share (basic and diluted)*		0.02	0.07	0.05	0.13

* Computed on the basis of weighted average 12,213,640 shares for H1 2015 and Q2 2015, weighted average 13,040,767 shares for H1 2014 and 12,785,871 shares for Q2 2014 respectively

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

Consolidated Statement of Financial Position

for the period ending June 30

	Notes	June 30, 2015	Dec. 31, 2014
		EUR	EUR
ASSETS			
Current assets			
Inventories	7.1	1,091,943	2,130,232
Trade receivables	7.2	12,760,169	12,661,159
Other receivables	7.2	1,293,676	1,656,874
Amounts due from related parties	7.3	464,765	320,175
Cash and cash equivalents	7.4	154,805,551	140,704,745
		170,416,104	157,473,185
Non-current assets			
Property, plant and equipment		725,870	800,169
Intangible assets		109,703	808,114
Deferred tax assets		455,344	406,773
		1,290,917	2,015,056
Total assets		171,707,021	159,488,241
LIABILITIES			
Current liabilities			
Trade payables	7.6	7,190,968	6,934,390
Other payables	7.6	736,751	1,863,427
Provisions	7.6	253,136	511,105
Amounts due to related parties		170,025	1,991
Income tax payable		70,453	483,875
Total liabilities		8,421,333	9,794,788
CAPITAL AND RESERVES			
Share capital		12,213,640	13,298,495
Treasury stock		–	-1,084,855
Capital reserves		38,320,188	38,320,188
Retained earnings		64,683,421	64,022,463
Foreign exchange differences		48,068,439	35,137,162
Total equity		163,285,688	149,693,453
Total liabilities and equity		171,707,021	159,488,241

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30

in EUR	Share capital Vtion AG	Treasury stocks	Capital reserves	Retained earnings	Foreign exchange differ- ences	Total equity
Balance as at December 31, 2013	14,495,086	-1,196,591	40,435,655	61,895,333	20,698,264	136,327,747
Buyback ordinary share	–	-1,084,855	-2,115,467	–	–	-3,200,322
Treasury stock redemption	-1,196,591	1,196,591	–	–	–	–
Dividend distribution	–	–	–	-659,537	–	-659,537
Total comprehensive income for the period	–	–	–	1,713,383	-2,016,404	-303,021
Balance as at June 30, 2014	13,298,495	-1,084,855	38,320,188	62,949,179	18,681,860	132,164,867
Balance as at December 31, 2014	13,298,495	-1,084,855	38,320,188	64,022,463	35,137,162	149,693,453
Buyback ordinary share	–	–	–	–	–	–
Treasury stock redemption	-1,084,855	1,084,855	–	–	–	–
Dividend distribution	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	660,958	12,931,277	13,592,235
Balance as at June 30, 2015	12,213,640	–	38,320,188	64,683,421	48,068,439	163,285,688

Consolidated Cash Flow Statement

for the period from January 1 to June 30

	H1 2015	H1 2014
	EUR	EUR
Profit before income tax	1,481,296	2,600,883
Adjustments for:		
Amortization of intangible assets	98,488	106,703
Depreciation of land use rights	–	3,145
Stock provision	164,311	–
Impairment of intangible assets	393,557	–
Allowance for doubtful trade debts	26,567	–
Depreciation of property, plant and equipment	111,523	144,816
Loss on disposal of property, plant and equipment	535	10,087
Interest income	-1,015,654	-878,784
Interest expense	–	–
Bank charges	12,463	11,728
Investment income	-311,661	
Foreign exchange loss	95,674	75,262
Operating cash flow before working capital changes	1,057,099	2,073,840
Working capital changes:		
(Increase)/decrease in:		
Inventories	1,057,253	-1,460,627
Trade receivables	777,768	2,511,173
Other receivables	1,219,109	363,596
Amounts due from related parties	-116,862	-80,210
Increase/(decrease) in:		
Trade payables	-301,192	-6,637,909
Other payables and accruals	-1,408,390	71,497
Amounts due to related parties	167,761	1,775
Income tax payable	-454,944	-37,561
Cash generated from/(used in) operations	1,997,603	-3,194,426
Interest received	208,830	156,891
Interest expense	–	–
Income tax paid	-868,214	-925,061
Net cash generated from operating activities	1,338,219	-3,962,596
Cash flow from investing activities		
Purchase of intangible assets	-173,815	–
Purchase of land, property, plant and equipment	-493	-125,642
Increase of long term investment	853,027	–
Cash flow from investing activities	678,719	-125,642
Cash flow from financing activities		
Payment in connection with share buyback	–	-3,200,322
Dividend paid to shareholders	–	-659,537
Cash flow from financing activities	–	-3,859,859
Net increase in cash and cash equivalents	2,016,938	-7,948,097
Cash at the beginning of the period	140,704,745	126,614,078
Foreign exchange differences	12,083,869	-1,899,457
Cash at the end of the period	154,805,551	116,766,524

Selected Notes to the Consolidated Financial Statements

For the period from January 1 to June 30, 2015

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 June 30, 2015	Results from Jan. 1 to June 30, 2015
Vtion Technology (China) Co. Ltd., Tortola, British Virgin Island	100%	3,906	1,401
Vtion Information Technology (Fujian) Co. Ltd., Fuzhou, PRC	100%	120,259	2,428
Vtion Software (Fujian) Co. Ltd., Fuzhou, PRC	100%	14,355	-5,500
Vtion Communication (Fujian) Co. Ltd., Fuzhou, PRC	100%	930	-54
Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC	100%	0	-233*

* Vtion Group completed the deal to sell the whole stake of Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC to the core management team of Vtion Anzhuo via Management Buyout (MBO), and all payment for this deal has been received till 14 April 2015. The result of Vtion Anzhuo disclosed was only from January 1 to March 31 2015. The comparability of the current year's consolidated financial statements to those of the prior year had not been affected.

2. Significant accounting policies

The condensed interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU at the balance sheet date. The condensed interim consolidated financial statements comply with all IFRSs that had to be adopted by the balance sheet date.

With regard to the preparation of the interim consolidated financial statements, in accordance with IAS 34 (Interim Financial Reporting), the Management Board is required to make estimates and judgments which influence the application of accounting policies within the Company, and the reporting of assets and liabilities as well as income and expenses. Actual amounts can differ from these estimates. In the interim consolidated financial statement as of June 30, 2015, the same accounting policies and methods of computation are followed as compared with the recent annual financial statements as of December 31, 2014.

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	
	2015	2014
June 30	6.9366	8.4722
Average first six month	6.9408	8.4500

4. Impairment of Non-financial Assets, if any

In H1 2015 impairment of non-financial assets of EUR 592 thousand had been recorded as of June 30, 2015, which included stock provision of EUR 198 thousand (EUR 31 thousand as of December 31, 2014) and impairment of licenses for old-version wireless data cards of EUR 394 thousand.

5. Segment Analysis

A) BUSINESS SEGMENT

Vtion Group’s operating businesses are organized in three business segments, namely “Wireless Data Terminals”, “Wireless Intelligent Terminals” and “All Others”.

B) GEOGRAPHICAL BUSINESS

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

C) ALLOCATION BASIS

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

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

Inter-segment sales are eliminated on consolidation.

5.1 SEGMENT REVENUES AND RESULTS

The followings are analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment profit	
	Year ended June 30, 2015	Year ended June 30, 2014	Year ended June 30, 2015	Year ended June 30, 2014
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	15,971	20,322	1,518	2,395
Wireless Intelligent Terminal	35	1,749	-55	209
All Others	244	845	-619	-505
Total for continuing operations	16,250	22,916	844	2,099
Central administration costs	0	0	-188	-290
Finance result	0	0	1,219	792
Profit before tax (continuing operations)	0	0	1,875	2,601

	Segment revenue		Segment profit	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
	kEUR	kEUR	kEUR	kEUR
Wireless Data Terminal	6,654	11,178	-99	1,528
Wireless Intelligent Terminal	11	467	-6	48
All Others	44	319	-164	-292
Total for continuing operations	6,709	11,964	-269	1,284
Central administration costs	0	0	-111	-141
Finance result	0	0	815	303
Profit before tax (continuing operations)	0	0	435	1,446

Revenue reported above represents revenue generated from external customers. The inter-segment sales in H1 2015 and H1 2014 were eliminated. Segment profit is based on the results of the operating entities in China.

Reconciliation of the revenue

	Segment revenue	
	Year ended 30 June 2015	Year ended 30 June 2014
	kEUR	kEUR
Wireless Data Terminal	15,971	21,272
Inter-segment sales elimination	-	-950
Wireless Intelligent Terminal	35	1,750
Inter-segment sales elimination	-	-1
All others	253	860
Inter-segment sales elimination	-9	-15
Total for continuing operations	16,250	22,916

5.2 SEGMENT ASSETS AND LIABILITIES

	30 Jun. 2015	31 Dec. 2014
	kEUR	kEUR
Segment assets		
Wireless Data Terminal	13,408	15,800
Wireless Intelligent Terminal	590	596
All others	889	1,326
Total segment assets	14,887	17,722
Unallocated	156,820	141,766
Consolidated assets	171,707	159,488
Segment liabilities		
Wireless Data Terminal	7,766	8,653
Wireless Intelligent Terminal	9	365
All others	49	198
Total segment liabilities	7,824	9,216
Unallocated	597	578
Consolidated liabilities	8,421	9,794

Unallocated assets mainly represented cash of EUR 154,806 thousand as of 30 June 2015.

6. Notes to the Consolidated Statement of Comprehensive Income

6.1 TOTAL INCOME

	Q2		H1	
	2015	2014	2015	2014
	EUR	EUR	EUR	EUR
Sale of goods	6,709,082	11,963,770	16,249,761	22,915,984
Other operating income				
Government grant	–	35,503	–	35,503
Service income	–	6	–	12
Others	507	335	43,223	816
	507	35,844	43,223	36,331
Finance income				
Interest income	509,639	427,504	1,015,654	878,784
Investment income	311,661	–	311,661	–
	821,300	427,504	1,327,315	878,784
Total income	7,530,889	12,427,118	17,620,299	23,831,099

Sales represent the invoiced amount of delivered goods and provided services net of discounts, returns and valued added tax. All intra-group transactions are excluded from the revenue of the consolidated group.

Investment income resulted from the deal to sell the whole stake of Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC.

	Q2		H1	
	2015	2014	2015	2014
	EUR	EUR	EUR	EUR
Split-up of sales				
Sales to external customers				
Wireless Data Terminals	6,654,205	11,177,824	15,971,237	20,321,893
Wireless Intelligent Terminals	10,968	467,205	35,055	1,749,189
All Other Segments	43,909	318,741	243,469	844,902
	6,709,082	11,963,770	16,249,761	22,915,984

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 customers are based in PRC.

6.2 COST OF SALES

	Q2		H1	
	2015	2014	2015	2014
	EUR	EUR	EUR	EUR
Split up of Cost of Sale				
Cost of materials				
- raw materials	1,380,940	1,998,945	3,601,393	5,078,513
- purchased goods	4,067,897	6,991,510	9,069,452	12,323,889
- services	23,710	369,367	236,450	624,868
- business taxes and surcharges	54,253	60,468	65,830	111,975
	5,526,800	9,420,290	12,973,125	18,139,245
Directly attributable payroll expenses and non-attributable shared costs	26,954	20,891	60,975	59,80
	5,553,754	9,441,181	13,034,100	18,199,047

6.3 AVERAGE NUMBER OF EMPLOYEES/PAYROLL COSTS

	H1 2015	H1 2014
Average number of employees		
Management and administration	77	106
Research and development	26	58
Sales	62	63
Industry application service	14*	0
	179	227

	H1 2015	H1 2014
	EUR	EUR
Payroll costs		
Wages and salaries	1,090,795	1,163,017
Social security costs	194,383	172,919
Welfare	53,920	41,452
	1,339,098	1,377,388

*Since Vtion Group completed the deal to sell Vtion Anzhou, no employee was from industry application service department from April 2015.

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

	H1 2015	H1 2014
	EUR	EUR
Amortization of intangible assets and land use rights		
Software	45,692	63,336
Licenses	49,195	40,408
Trademarks	3,601	2,959
Sum	98,488	106,703
Depreciation of Land use rights	0	3,145
Depreciation of property, plant and equipment	111,523	144,816
Total of amortization and depreciation	210,011	254,664

Except about EUR 36,746 of amortization of intangible assets was booked as part of “cost of sales” for insurance industry and mobile application in H1 2015 (H1 2014: EUR 4,438 for insurance industry), the remaining amortization of intangible assets was booked in “Administrative expenses” in H1 2015. Except about EUR 2,299 of depreciation of property, plant and equipment used for development of Android application platform was capitalized as part of intangible assets of Vtion Anzhuo in Q1 2015 before Vtion Anzhuo buyout, the remaining depreciation of property, plant and equipment was expensed in H1 2015.

6.5 FINANCE INCOME AND EXPENSES

	Q2		H1	
	2015	2014	2015	2014
	EUR	EUR	EUR	EUR
Finance Income				
Interest income	509,639	427,504	1,015,654	878,784
Finance Expense				
Bank charges	8,659	6,286	12,463	11,728

6.6 INVESTMENT INCOME

Investment income of EUR 312 thousand resulted from the deal to sell the whole stake of Vtion Anzhuo (Beijing) Technology Co., Ltd, PRC at a price of RMB 6 million.

6.7 INCOME TAX

	Q2		H1	
	2015	2014	2015	2014
	EUR	EUR	EUR	EUR
Current income tax (ordinary activities)	158,045	489,745	868,214	887,500
Deferred income tax induced by:				
-temporary differences	-29,331	0	-47,876	0
-tax loss carry forward	0	0	0	0
Income tax recognized in profit and loss	128,714	489,745	820,338	887,500

In H1 2015 temporary differences were induced by stock provision and bad debt provision.

6.8 APPLICABLE TAX RATE

Vtion IT applied an effective tax rate of 25% in H1 2015 in accordance with the Income Tax Law of the People's Republic of China.

Vtion Communication, Vtion Software incurred accounting losses for the first half year of operation, and accumulated net losses as of June 30, 2015, therefore had no taxable income in H1 2015.

7. Notes to the Consolidated Statement of Financial Position

7.1 INVENTORIES

	30 June 2015	31 Dec. 2014
	EUR	EUR
Inventory-advances to supplier	0	0
Goods and materials	1,289,858	2,161,072
Less: stock provision	-197,915	-30,840
	1,091,943	2,130,232

7.2 TRADE AND OTHER RECEIVABLES

	30 June 2015	31 Dec. 2014
	EUR	EUR
Trade receivables		
Trade receivables	12,787,613	–
Allowance for trade receivables	-27,444	12,662,249 -1,090
	12,760,169	12,661,159

	30 June 2015	31 Dec. 2014
	EUR	EUR
Other receivables		
Other receivables	1,232,770	1,567,437
Prepaid expenses	60,906	89,437
	1,293,676	1,656,874

All trade receivables are non-interest bearing. They are recognized at their originally invoiced amounts which represent their attributable 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.

	30 June 2015	31 Dec. 2014
Related parties	EUR	EUR
Amount due from related parties - non-trade	464,765	320,175
	464,765	320,175

Amounts due from related parties increased to EUR 464,765 mainly due to an increase of amount due from Awill Holdings partly offset by receiving the advance to Mr. Chen Guoping for travelling expenses in H1 2015.

7.4 CASH AND CASH EQUIVALENTS

	30 June 2015	31 Dec. 2014
	EUR	EUR
Cash on hand	7,741	20,516
Cash in banks	153,067,856	139,091,697
- of Mainland China	152,811,912	138,455,059
- of Germany and offshore	255,944	636,638
Deposit on bank's acceptance bill (in China)	1,729,954	1,592,532
	154,805,551	140,704,745

The deposit on bank's acceptance bill is pledged for the note payables which has a maturity of no longer than six months. As the deposits are security deposits for banks acceptance bill, the pledged deposit will be offset while the notes become due.

Among the balance of cash and cash equivalents as of June 30, 2015, EUR 154,542 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 and Vtion Communication recognized deferred tax assets resulting from the timing difference between the accounting profit and the taxable profit calculated in accordance with Income Tax Law of the People's Republic of China.

Vtion Wireless Technology AG ("Vtion AG") accumulated a tax loss under German GAAP till June 30, 2015. At the balance sheet date the company didn't adjust the estimation of net taxable income of the next five years.

7.6 TRADE AND OTHER PAYABLES

All trade payables are non-interest bearing. The fair value of trade payables as well as other payables has not been disclosed, since, due to their short duration, management considers the carrying amounts recognized at the balance sheet to be a reasonable estimate of their fair value. The trade payables include notes payable, which amount to RMB 24 million and increased by RMB 5 million compared to that as of 31 March 2015 due to the new notes payable issued in Q2 2015. 50% of the corresponding funds for notes payable as of June 30, 2015 (EUR 1,730 thousand) are kept as a cash deposit on bank acceptance bills. Please see “cash and cash equivalents”.

	30 June 2015	31 Dec. 2014
	EUR	EUR
Other payables		
VAT payable	325,948	1,528,775
Other payable	322,850	179,395
Advances from customers	2,370	29,207
Other tax payables	85,583	126,050
	736,751	1,863,427

7.7 PROVISIONS

	30 June 2015	31 Dec. 2014
	EUR	EUR
Provisions		
Accrued payroll	139,887	241,565
Other accruals	113,249	269,540
	253,136	511,105

8. Notes – other

8.1 CONTINGENT LIABILITIES

The Company does not have any contingent liabilities as at June 30, 2015.

8.2 RELATED PARTY DISCLOSURES

SALES AND PURCHASE OF GOODS AND SERVICE

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

	H1 2015	H1 2014
	EUR	EUR
Rental fee paid to a related party	78,654	65,325
	78,654	65,325

Rental of plant transactions with related parties were based on market price. In terms of RMB, rental fees paid to a related party decreased to RMB 546 thousand from RMB 552 thousand in H1 2014 due to a decrease of the rented offices area from March 2015, partly offset by an increase of the monthly rental fee from January 2015.

9. Events after Balance Sheet Date

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

10. Auditor's Review

The condensed interim consolidated financial statements and the interim management report were neither reviewed nor audited by an external auditor (Section 37w Para. 5 of the German Securities Trading Act).

11. Approval of the Financial Statements

The financial statements were approved and authorized for issuance by the Board of Directors on October 15, 2015.

Frankfurt, October 15, 2015

Vtion Wireless Technology AG

Management Board

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, October 15, 2015

Vtion Wireless Technology AG

Management Board

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

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

Credits

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Financial Calendar

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