Annual Report

2013

Vange Software Grop AG

Letter to Shareholders

Dear shareholders,

On behalf of Board of Directors of VSG Vange Software Group AG (hereafter refer as "VSG" or "our Group"), I'm pleased to release the Annual Report of VSG Vange Software Group AG in 2013.

We experienced a stable developing year in 2013, the VSG successfully listed in Frankfurt Security Exchange in Germany on 21st June 2012; our Group continued maintaining the leading place in Chinese Housing Finance sector. In the first half year interim report in 2013, we reported that our Group has already granted the second qualification certification of computer system integration of China's Ministry of Industry and Information Technology. With the help of upgraded certification, our Group gain advantages to keep the leading position in the market of Housing Finance sector and to reduce the number of competitors with the same qualification. Several housing finance projects in Fujian which were constructed by VSG in 2013 are regarded as model projects of the industry. All the achievements show the strengths VSG possesses as a leader enterprise in the industry of Chinese Housing Financial Sector.

In 2013, as a participator, VSG set up a company named Fuzhou Grid Commercial Software Company, formally marching to digital health area related with 3D printing technology. Fuzhou Grid Commercial Software Company adopts Fuji Xerox the international advanced printing components to develop the printing devices of laser paper films VANGE9000 series, replacing the traditional plastic films. Meanwhile, it makes a contribution to protection for our earth. Let us look forward to achieve new investment profit growth in 2014.

With the efforts of the management and all employees, the business income in 2013 of our Group is EUR 53.73 million, increased by 3% in comparison with FY 2012 of EUR 52.13 million. the net profit margin in 2013 of our Group is EUR 12.11 million, the rate of net profit margin is 23%, which decreased 15% in comparison with FY 2012 ; the reason of this decrease mainly was that sales expenses in 2013 increased 50% to EUR 4 million. In the long run, this is for VSG to expand market to construct the long-term investment for group brand. In the short run, it caused the decrease of the profit. The operation cost in 2013 increased 16% comparing to FY 2012, and the main reason is the continuing growth of Chinese labor cost. The earnings per share is EUR 2.96 in 2013, the steady business and well financial situation provide a good foundation for the sustainable development of our Group.

In the area of new technological innovation, VSG will continue to launch big-date application software products related to mobile internet application and increase the research input in applications of emerging technologies like mobile internet. In addition, VSG will pay attention to the cooperation with national governments such as China's Minister of Housing and Urban-Rural Development and China’s Minister of technology for the technology innovation in order to keep the leading position in China.

Finally, I would like to take this opportunity to thank for the continued supports from all shareholders and long-term cooperative partner. I also want to thank all the staffs and members of the Council for their hard work. We will try our best to make VSG realize the sustainable growth, bringing a satisfactory retribution to all shareholders.

Yours sincerely

Yunjian Zheng

Deputy-chairman and CEO of Vange Software Group AG

Table of Contents

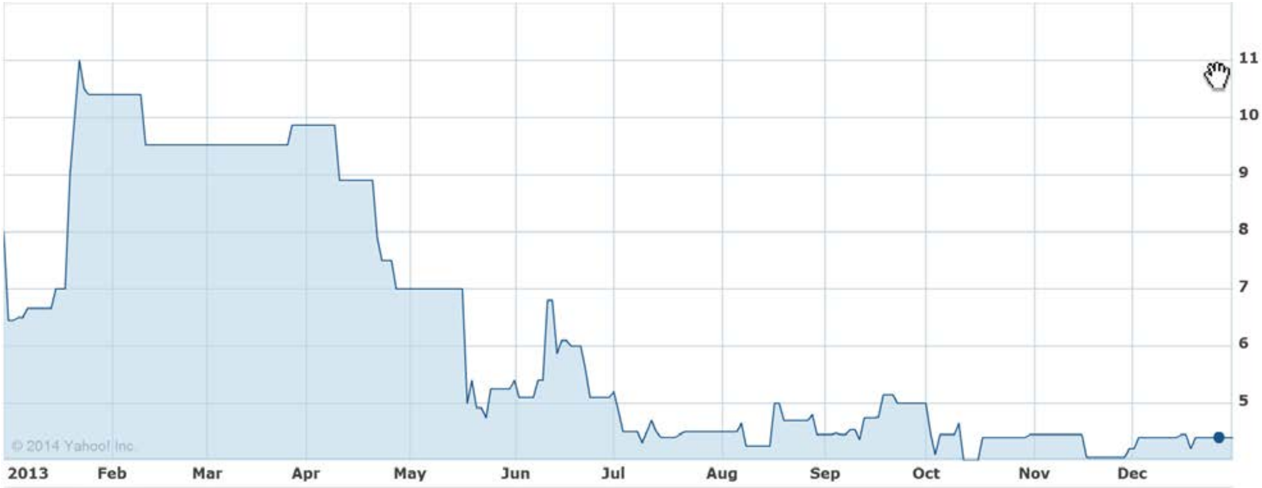
01 Key Figures

	2013 TEUR	2012 TEUR	+/- %
Revenue and Earnings			
Revenue	53,729	52,125	3%
Gross profit	32,121	32,796	-2%
Gross profit margin	60%	63%	
EBIT	17,267	19,905	-13%
EBIT margin (%)	32%	38%	
Net profit	12,113	14,438	-16%
Net profit margin	23%	28%	
Balance sheet			
Equity	72,440	60,096	21%
Liabilities:	8,610	9,096	-5%
Non-currents liabilities	28	55	
currents liabilities	8,582	9,042	
Assets:	81,050	69,192	17%
Non-currents assets	14,659	10,834	
currents assets	66,391	58,358	
Equity ratio (%)	89%	87%	
Employees			
No. of Employees	**333**	329	1%

02 Share Performance

Share price performance since IPO

For the period from Dec 31, 2012 to Dec 31, 2013



Source: http://de.finance.yahoo.com

Vange shares were successfully launched in the Entry Standard of the Frankfurt Stock Exchange on 21 June 2012 with the initial listing price of EUR 26.10.

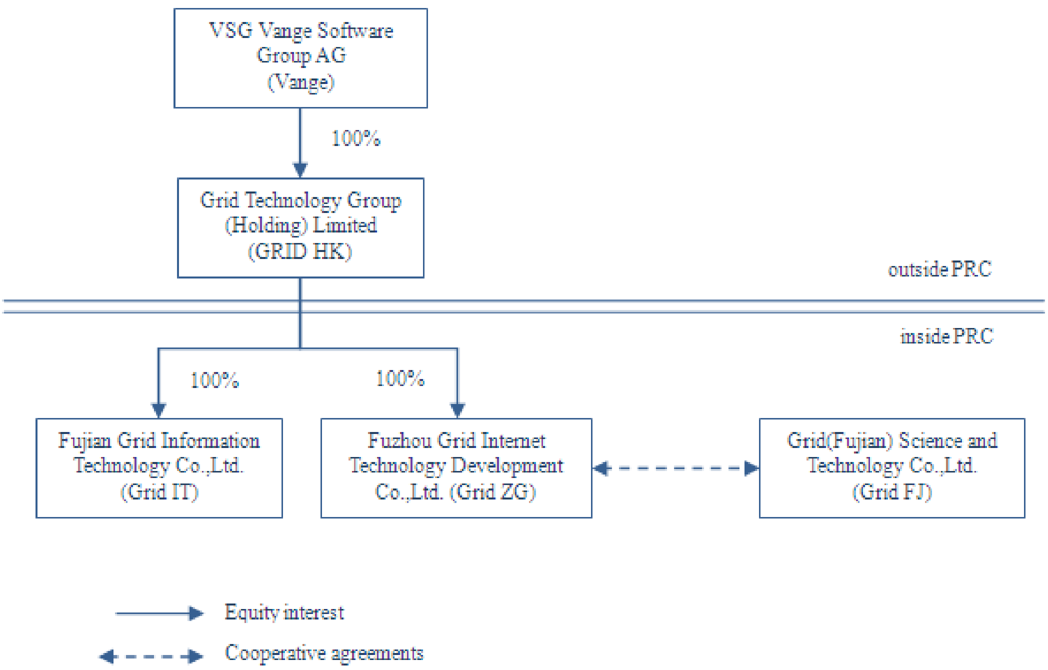
During the first month after the IPO, the price of Vange shares remained stable. As of 31 December 2013 the Xetra closing price stood at EUR 4.2. This market capitalisation is EUR17.2 million.

The management team would focus on explaining the business model of the Vange Software Group AG to potential investors in greater details and further increasing awareness within the European Stock market. Vange strives to continuously meet the information needs of investors with an open and transparent communication policy. Shareholders could obtain information about the stock of VSG AG on the internet at www.vsg-group.com.

Basic data

ISIN/WKN/Ticker	CH0149557099/A1JTW0/VWA.DE
Trading segment	Entry Standard, Frankfurt Stock Exchange
Commencement of trading	21 June 2012
Share capital	4,103,275 shares
Designated sponsor	VEM Aktienbank AG, Munich, Germany
Market capitalisation (as at 31 Dec 2013)	EUR17.2 million

Shareholder structure

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福州住房公积金网上服务大厅
用户登录
用户名: 7001x
密码: •••
验证方式: 验证码
验证码: pkyp cdP6
登录 LOGIN
找回密码
提示：1、连续登陆错误三次，当天将不能继续登陆；
2、如果您在福州住房公积金公共服务平台已经注册过公积金查询账户，请尝试
使用您之前注册的最新身份证（18位或15位，以注册的公积金查询账户为准）
作为用户名和密码来登录，成功登陆后，您将有一次修改用户名的机会。

03 Management Report

1. Group profile

Vange is a leading software solution and IT services provider in regulated markets for government agencies, financial institutions and the HR industry in the People's Republic of China. The company focuses on the construction and operation of encrypted large-scale information systems and related services. The products are offered to a broad range of government and and clients of financial information industry such as city housing fund management center of China.

The group’s business

The Group uses its scalable modularized base software to offer construction and operation of large-scale information systems, namely the Housing Finance System (the "HFS"), the Science and Technology System (the "STS") and Human Resources System (the "HRS").

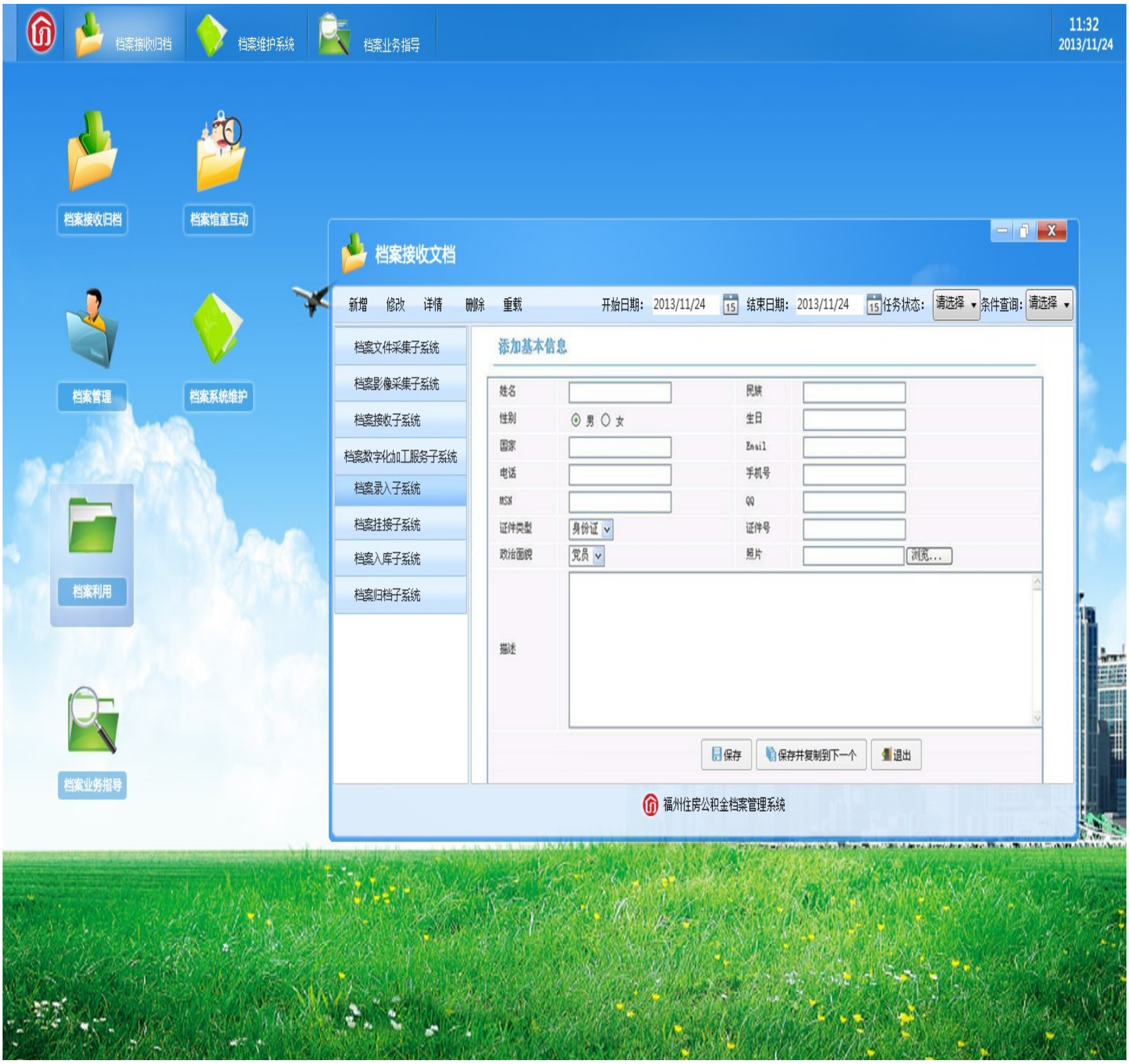
The housing provident fund system is part of the PRC’s social welfare system designed to provide urban residents with preferential loan interest rate subsidies and policy for the purchase of homes and the performance of home maintenance works. For this purpose, all provincial cities and large municipalities in the PRC, as well as certain large state-owned enterprises, are required to maintain and manage a housing provident fund (the "HPF") to provide subsidised financing for purchasing qualifying housing, and a housing maintenance fund (the "HMF") to provide such financing for qualifying home maintenance works. According to the statistics from the Ministry of Housing and Urban-Rural Development, The total fund size of HPFs in the PRC was over EUR 2.12 trillion in Dec 2013. The character of these funds which are independently managed by more than 500 Housing Provident Fund Centers set up by the Government in each city in China necessitates local software solutions of Vange for these organizations of purchasing software and long-term maintenance service provided for VSG AG software Housing Provident Fund centers.

Being a leading provider of housing finance software, the Group offers leading solutions and information platform operation service for Housing Provident Fund Management Center of many cities in China.

In addition to its standard fee model, the Group introduced the subscription based model to better meet customer needs and to further increase its market share and profitability. According to the subscription based model, initial investments in both software and hardware (i.e. everything from investing and building to maintenance and upgrade of the information system) are managed by the Group which owns the assets for a period of up to eight to ten years. During this period, the Group assumes the responsibility for the ongoing maintenance and operation of the platform for the customer. Customers do not need to pay for the one-time setup costs. In return, the Group receives quarterly fees, which are calculated based on variables such as the number of integrated commercial banks into information system, number of closed housing financing deals, number of users with access to the information system. At the end of this period, the Group transfers full ownership of licenses for the software and the ownership of the hardware to the customer. The subscription based model allows well rated customers to distribute IT costs over many years. Therefore, the model is particularly suited to Housing finance industry customers, who receive a fixed annual budget for IT expenditure from the current five-year-plan. With expertise and technological knowledge, most IT companies are better suited to fulfil the HPF centre's growing demand for upgrade and maintenance and receive stable annual revenue from fund centres and banks using its information system during the contract period.

The members of Group management

Name	Relationship
Zhiping Jiang	Chairman of the Board of Directors
Yunjian Zheng	vice-chairman of the Board of Directors and CEO
Chahua Lin	member of the Board of Directors,Deputy CEO and CFO
Shenhuang Huang	CTO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档案管理
档案系统维护
档案利用
档案业务指导
档案接收文档
新增
修改
详情
删除
重载
开始日期: 2013/11/24
结束日期: 2013/11/24
任务状态: 请选择
条件查询: 请选择
档案文件采集子系统
档案影像采集子系统
档案接收子系统
档案数字化加工服务子系统
档案录入子系统
档案挂接子系统
档案入库子系统
档案归档子系统
添加基本信息
姓名
民族
性别
男
女
生日
国家
Email
电话
手机号
MSN
QQ
证件类型
身份证
证件号
政治面貌
党员
照片
浏览...
描述
保存
保存并复制到下一个
退出
福州住房公积金档案管理系统

2. Results of operations ,financial position and cash flow

2.1 Results of operation

The following table shows the consolidated income statement for the full year 2013 compared to 2012:

TEUR	2013	2012	+/-%
Revenue	53,729	52,125	3.1
Cost of sales	(21,294)	(17,873)	19.1
Sales taxes and surcharges	(314)	(1,456)	-78.4
Gross profit	**32,121**	**32,796**	**(2.1)**
Other income	195	1	27062.9
Other expenses	(308)	(1,085)	-71.6
Distribution expenses	(3,954)	(2,649)	49.3
Administrative expenses	(10,835)	(9,335)	16.1
Profit from operation	**17,220**	**19,728**	**(12.7)**
Finance income	138	216	(36.2)
Finance expense	(91)	(39)	132.3
Profit before tax	**17,267**	**19,905**	**-13.3**
Income tax expense	(5,067)	(5,701)	-11.1
Profit from continuing operations	**12,200**	**14,203**	**-14.1**
Profit for the year from discontinued operations	(88)	235	-137.3
Profit for the year	**12,113**	**14,438**	**-16.1**
Other comprehensive income			
Exchange differences arising during the year	(820)	(955)	(0.1)
Total comprehensive income for the year	**11,292**	**13,483**	(0.2)
Profit attributable to :			
Owners of the Company	11,306	14,369	(21.3)
Non-controlling interests	(14)	69	(119.6)

2.1.1 Revenue

The Group's revenue increased by EUR 1.6 million in 2013 and the growth rate was 3%, from EUR 52.1 million of 2012 to EUR 53.6 million of 2013. This increase was primarily due to the increase in operating maintenance service. The Group's revenue was stable in software development and integration of large information platforms.

The Group divides its operating segments following its major products and services lines. These include investments, development and operation of large information systems (standard fee model), software development and integration of large information systems (subscription based model), software license and service fees as well as others. The following table presents the revenue segments on a historical basis.

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Software license & service fees	10,461	7,712
Investments, development and operation of large information platforms	8,549	8,084
Software Development and integration of large information platforms	31,697	33,789
Others	3,022	2,541
Total	**53,729**	**52,125**

Growth rates across the operating segments were primarily achieved as a result:

- Software development and integration of large information systems (standard fee model): passing the new Chinese national standards, VSG Group became one of the enterprises which were granted the second qualification of computer system integration of China's Ministry of Industry and Information. For the higher level certifications, the Group was eligible to keep the leading advantage in market, which also reduced the competitors in the same level certification. The Group maintained the stable development in the large-information software development project in 2013.
- Investments, development and operation of large information platforms: The increase in revenue is mainly due to the increasing earning based on the new information system putting into use, as well as the fast development of HPF.The demands of housing loans stimulated HPF business, which brought the demand and growth of HPF software and software platform construstion due to HPF business development.

- Software license and service fees: The increase of this segment is due to the continued acceptance from customers for the operation maintenance service and the Group reputation after obtained high level certification to obtain more longterm operation maintenance user contracts.
- Others: The Group increased its investment in market promotion and developed more proxy servicers in developed provinces and cities in China in 2013. Based on the increasing software demand on housing financial industry, it drove the growth of software sales revenue.

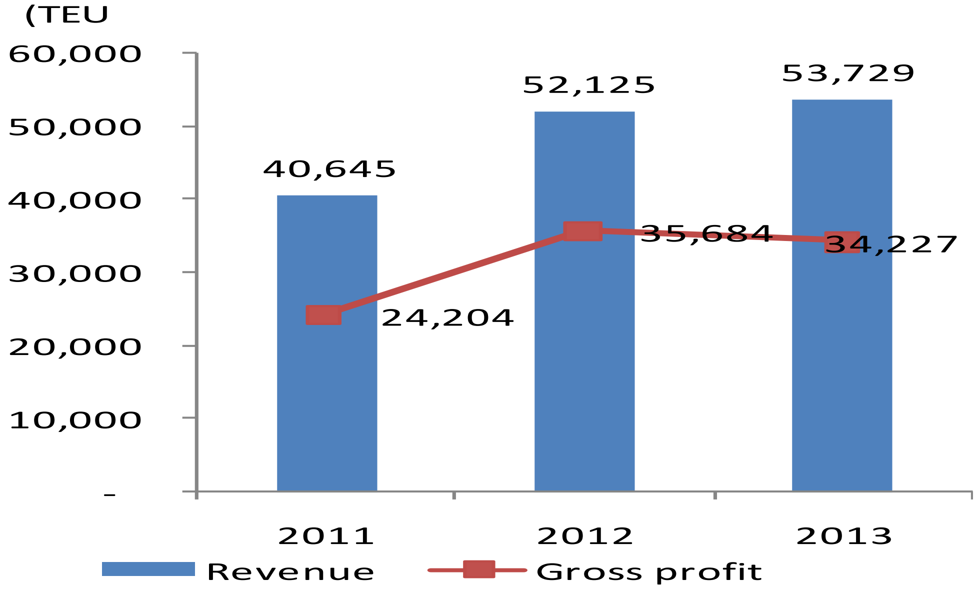
2.1.2 Cost of sales
Costs by segment

	2013 TEUR	2012 TEUR
Consumption of raw materials and working materials	12,752	11,943
Outsourcing cost	4,461	2,831
Labour cost	3,255	2,268
Depreciation and amortization	825	831
Others		
Total	**21,294**	**17,873**

- Cost of sales mainly comprises material, labor costs for employees, depreciation of property, outsourcing cost and so on. The percentage of cost of sales in relation to revenue increased 6% from 34% in 2012 to 40% in 2013. The increase was mainly due to the current continued increase to material, labor costs. Consumption of raw materials and working materials increased by EUR 809 thousand or 7%, Outsourcing costs increased by EUR 1630 thousand or 58%, Labors costs increased by EUR 987 thousand or 44%, as primarily as a result of higher project volume and the growth of outsourcing costs due to the increase of labor cost after entering this aging society; Depreciation and amortization decreased by EUR 6 thousand or 1% which is mainly attributable to the transfer of the asset base. The increase in cost of sales across all operating segments was primarily achieved as a result of:
- Software development and integration of large information systems (standard fee model): The cost of sales in relation to revenue in this segment amounted to 57% in 2013 and 41% in 2012, respectively. The increase is primarily due to increase of material and labor costs.
- Investments, development and operation of large information platforms (subscription based model): The cost of sales in relation to revenue in this segment amounted to 13% and 6 % in 2013 and 2012, respectively. This increase was mainly due to the increase of maintenance cost for higher project volume and update of customers’ demand in developing new industry module and the increase of depreciation and amortization to revenue.
-
- Software licence and service fees: The cost of sales in relation to revenue amounted to 7% and 6% in 2013 and 2012, respectively.
- Others: In 2013, the cost of sales in relation to revenue increased from 14% to 46% in the same period of last year, it mainly caused by the increasing of outsourcing cost by revenue.

2.1.3 Gross profit

	2011	2012	2013
Revenue	40,645	52,125	53,729
Gross profit	24,204	32,946	32,121



As a result of the foregoing factors, in 2013 gross profit decreased by EUR 1.45 million compared to 2012, or 4%, from EUR 35.68 million in 2012 to EUR 34.23 million in 2013.

2.1.4 Distribution and administrative expenses

The table below shows the Group's administrative operating expenses broken down by type of distribution and administrative expenses for the periods indicated:

	2013	2012
	TEUR	TEUR
Labour costs	5,918	3,406
Depreciation and amortisation	1,370	898
Allowance for doubtful debts	213	215
Others	7,287	7,466
Total	**14,788**	**11,984**

Distribution and administrative expenses increased by EUR 2.8 million, or 23%, from EUR 11.98 million in 2012 to EUR 14.78 million in 2013. Labor costs increased by EUR 2.51 million or 74%, primarily as a result of the more employees and more attractive benefit systems for reducing the staff turnover in 2013; Depreciation and amortization increased by EUR 472 thousand or 53% which is mainly attributable to the growth of the asset base. Allowance for doubtful debt decreased by

EUR 1 thousand, other expenses decreased EUR 178 thousand or 2%. from EUR 7.46 million in 2012 to 7.28 million in 2013. The decrease is mainly due to the decreasing expense other professional services in relation with the IPO because our Group listed in Frankfurt Security Exchange in Germany in June 2012.

2.1.5 Other income and other expenses

Other income EUR 195 thousand is due to the Chinese government subsidy in 2013. The other expenses of the Group was mainly caused by donations in Chinese public welfare in order to carry out the brand strategy for setting up the citizen image for the Group.

2.1.6 Profit from operation

As a result of the foregoing factors, profit from operations decreased by EUR 250.8 thousand, or 12.7%, from EUR 19720 thousand in 2012 to EUR 17220 thousand in 2013.

2.1.7 Finance income and costs

In 2013 finance income was EUR 138 thousand, which was EUR 216 thousand in 2012.

Finance costs increased from EUR 39 thousand in 2012 to EUR 91 thousand in 2013. This increase is primarily due to the higher exchange losses realized in Grid HK, Grid ZG and Grid FJ.

2.1.8 Income tax expense

Income tax expense decreased by EUR 634 thousand, or 11%, from EUR 5701 thousand in 2012 to EUR 5067 thousand in 2013. The decrease in income tax expense is mainly the result of an decrease in the Group's taxable profit.

2.1.9 Profit for the year

As a result of the foregoing factors, the Group's profit for year decreased by EUR 2003 thousand, or 14.1%, from EUR 14.203 million in 2012 to EUR 12.113 million in 2013.

2.1.10 Earnings per share

As at 31 December 2013,shares of Vange were listed in the Entry Standard of the Frankfurt Stock Exchange. The issued stock number was 103,275, with the issue price of EUR 26,00.The basic earnings per share is calculated based on the net profit attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the financial period:

	2013	2012
Profit for the financial year attributable to equity holder of the parent (TEUR)	12,200	14,203
Weighted average number of issued and outstanding no par shares (in thousands)	4,103	4,055
Basic and diluted earnings per share (in Euros)	2.97	3.50

Earnings per share remained relatively stable at Euros 3.50 in 2012 compared to Euros 2.97 in 2013.

2.2 Financial position

The following table presents financial position information for the Group's operations for the date indicated.

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Assets		
Non-current assets	14,659	10,834
Current assets	**66,391**	**58,358**
Total assets	**81,050**	**69,192**
Equity and liabilities		
Equity	**72,440**	**60,096**
Liabilities	**8,610**	**9,096**
Non-current liabilities	28	55
Current liabilities	8,582	9,042
Total equity and liabilities	**81,050**	**69,192**

Non-current assets

The Group's non-current assets amounted to EUR 14.659 million on 31 Dec 2013, EUR 10.834 million on 31 Dec 2012. This increase was primarily due to a decrease of EUR 598 thousand in property, plant and equipment, an increase of EUR 4.098 million in intangible assets, an increase of EUR 34 thousand in deferred tax assets, an decrease of EUR 106 thousand in finance lease receivable as well as an increase of EUR 393 thousand in deferred assets. This decrease in property, plant and equipment is attributable to disposal of BOT assets .Intangible assets increased as a result of the increasing investment on development. Deferred tax assets remained relatively stable at EUR 124 thousand on 31 December 2012 compared to EUR 158 thousand on 31 December 2013. Finance lease receivables decreased from EUR 114 thousand on 31 December 2012 compared to EUR 8 thousand on 31 December 2013.It mainly due to received payments, which are smaller than the interest effect .Prepayments increased from EUR 255 thousand on 31 December 2012 compared to EUR 648 thousand on 31 December 2013. The new investment was EUR 7 thousand in 2013.

Current assets

The Group's current assets amounted to EUR 58.358 million as of 31 December 2012, EUR 66.391 million as of 31 December 2013. This increase was mainly a result of an increase of EUR 12.084 million in the receivables and other receivables. The increase of receivables was mainly due to the longer period to approve to pay for the contract government customers. Prepayments increased by EUR 3.694 million, from 1.17 million on 31 December 2012 compared to EUR 4.864 million on 31 December 2013.

Non-current liabilities

The Group's non-current liabilities decreased by EUR 27 thousand, or 48%, from EUR 55 thousand on 31 December 2012 to EUR 28 thousand on 31 December 2013. This decrease is fully caused by the lower deferred tax liabilities.

Current liabilities

The Group's current liabilities decreased by EUR 460 thousand, or 5%, from EUR 9.04 million as of 31 December 2012 to EUR 8.582 million as of 31 December 2013. This decrease was mainly a result of an increase in trade and other payables by EUR 439 thousand, which in turn is attributable to increasing speed to pay hardware components and the lower taxes Group paid in 2013.

Equity

The Group's total equity rose by EUR 12.34 million from EUR 60 million as of 31 December 2012 to EUR 72.34 million as of 31 December 2013. This increase is attributable to the increasing investment EUR 1.22 million for the subsidiary Grid FJ contributed to the shareholders Yunjian Zheng, Chahua Lin and Shenhuang Huang. The investment in cash was EUR 0.36 million and the investment in

Independent intellectual property rights was EUR 0.86 million, as well as a decrease of EUR 0.82 million in foreign currency translation reserves. The retained earnings increased by EUR 12.13 million from EUR 24.69 million at 31 December 2012 to EUR 36.82 million at 31 December 2013.

2.3 Cash flows

The following table presents statements of cash flow for the Group's operations for the periods indicated on a historical basis.

TEUR	1 Jan to Dec 31, 2013	1 Jan to Dec 31, 2012
Net cash generated by/used in operating activities	2,910	6,073
Net cash generated by/used in investing activities	(10,785)	(4,557)
Net cash generated by/used in financing activities	336	2,685
Net increase/decrease in cash and cash equivalents	(7,539)	4,201

Net cash generated from operating activities

Net cash generated from operating activities decreased by EUR 3.16 million, from EUR 6.07 million in 2012 to EUR 2.91 million in 2013. This decrease was primarily a result of a EUR 12.08 million increase in account receivable and other receivable, a EUR 439 thousand decrease of trade payable and other payable and an increase of EUR 634 thousand in income tax paid.

Net cash used in investing activities

The Group had net cash used in investing activities of EUR 4.557 million in 2012 compared to net cash used in investing activities of about EUR 10.785 million in 2013, which increased EUR 6.23 million. In 2013, the Group strengthened the input in development in order to ensure the leading edge in Chinese related industries.The purchases of EUR 3.3 million in intangible assets was used to support the demand for software development. Other longterm assets increased EUR 3 million.

Net cash used in financing activities

The net cash used in financing activities came from the increasing capital EUR 0.36 million from the Group actual controllers Yunjian Zheng, Chahua Lin and Shenhuang Huang for Group subsidiary Grid FJ.


福州住房公积金网上审批审批端
系统(S) 审批管理 查询统计 数据维护 帮助
贷款审核进度查询
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审批表打印
时段统计
导出结果到Excel
未审批、未放款统计
查询结果
选择 贷款编号 借款人姓名 借款人证件号码 借款人公积金帐号 借款人单位 楼盘名称 楼盘性质
审批提示
当前有20条贷款申请未审批
当前有0条复议申请未审批
您好，谢如洁，最近一次登录时间：2014-5-7 17:32:46
福州住房公积金管理中心

04 Financial Statements – Vange Software Group AG

04.1 Consolidated balance sheet

	Note	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Assets			
Non-current assets			
Property,plant and equipment	18	5,081	5,679
Intangible assets	19	8,757	4,663
Deferred tax assets	20	158	124
Finance lease receivable	22	8	114
Financial assets	31	7	
Prepayments	23	648	255
Total non-current assets		**14,659**	**10,834**
Current assets			
Inventories	24	1	3
Finance lease receivable	22	4,864	1,170
Prepayments	23	105	106
Trade and other receivable	25	37,439	25,355
Cash and cash equivalents	26	23,981	31,724
Total current assets		**66,391**	**58,358**
Total assets		**81,050**	**69,192**
Equity and liabilities			
Equity			
Share capital	27	13,353	13,353
Share premium	27	18,657	18,685
Other capital reserves	27	1,220	
Foreign currency translation reserves	27	2,392	3,212
Retained earnings		36,817	24,691
Total attributable to equity holders of parent		**72,440**	**59,942**
Non-controlling interests		-	154
Total equity		**72,440**	**60,096**
Non-current liabilities			
Deferred tax liabilities	28	28	55
Total non-current liabilities		**28**	**55**
Current liabilities			
Trade and other payables	29	8,439	8,878
Accrued liabilities	30	142	163
Total current liabilities		**8,582**	**9,042**
Total liabilities		**8,610**	**9,096**
Total equity and liabilities		**81,050**	**69,192**

04.2 Consolidated statement of comprehensive income

TEUR	2013	2012	+/-%
Revenue	53,729	52,125	3.1
Cost of sales	(21,294)	(17,873)	19.1
Sales taxes and surcharges	(314)	(1,456)	-78.4
Gross profit	**32,121**	**32,796**	**(2.1)**
Other income	195	1	27062.9
Other expenses	(308)	(1,085)	-71.6
Distribution expenses	(3,954)	(2,649)	49.3
Administrative expenses	(10,835)	(9,335)	16.1
Profit from operation	**17,220**	**19,728**	**(12.7)**
Finance income	138	216	(36.2)
Finance expense	(91)	(39)	132.3
Profit before tax	**17,267**	**19,905**	**-13.3**
Income tax expense	(5,067)	(5,701)	-11.1
Profit from continuing operations	**12,200**	**14,203**	**-14.1**
Profit for the year from discontinued operations	(88)	235	-137.3
Profit for the year	**12,113**	**14,438**	**-16.1**
Other comprehensive income			
Exchange differences arising during the year	(820)	(955)	(0.1)
Total comprehensive income for the year	**11,292**	**13,483**	(0.2)
Profit attributable to :			
Owners of the Company	11,306	14,369	(21.3)
Non-controlling interests	(14)	69	(119.6)

04.3 Consolidated statement of changes in equity

Balance at 1/1/2012	**13,010**	**16,344**	**-**	**4,167**	**10,322**	**43,843**	**142**	**43,985**
Profit for the year	-	-	-	-	14,369	14,369	69	14,438
Other comprehensive income for the year	-	-	-	(955)	-	(955)	-	(955)
Total comprehensive income	**-**	**-**	**-**	**(955)**	**14,369**	**13,414**	**69**	**13,483**
Capital increase	344	2,342	-		-	2,685		2,685
Jiangxi Zhujin	-	-	-		-	-	(57)	(57)
Balance at 31/12/2012	**13,353**	**18,685**	-	**3,212**	**24,691**	**59,942**	**154**	**60,096**
Profit for the year					12,126	12,126	(14)	12,113
Other comprehensive income for the year				(820)	-	(820)	-	(820)
Total comprehensive income	**-**	**-**	**-**	**(820)**	**12,126**	**11,306**	**(14)**	**11,292**
Capital increase	-	-	1,220	-	-	1,220	-	1,220
Transaction costs		(28)				(28)		(28)
Discontinued operations	-					-	(140)	(140)
Balance at 31/12/2013	**13,353**	**18,657**	**1,220**	**2,392**	**36,817**	**72,440**	**-**	**72,440**

04.4 Consolidated statement of cash flow

	1 Jan to 31 Dec, 2013 TEUR	1 Jan to 31 Dec, 2012 TEUR
Operating activities		
Profit before tax from continuing operations	17,267	19,905
Profit before tax from discontinued operations	(69)	326
Profit before tax	17,198	20,231
Adjustments for:		
Interest income from finance lease	(14)	(23)
Accrued allowance for doubtful debts	215	214
Depreciation of property, plant and equipment	1,310	1,210
Amortisation of intangible assets	913	555
Movements in prepayments	2,072	(1,832)
Loss on disposal of property, plant and equipment	4	1,084
Loss on disposal of former subsidiary	45	
Net foreign exchange (gain)/loss	85	29
Operating cash flow not including changes in working capital	**21,828**	**21,469**
Decrease/(increase) of inventories	(1)	(13)
Increase of trade receivables and other receivables	(14,151)	(10,910)
Increase of trade payables	1,197	172
Increase/(decrease) of other payables	(577)	1,534
Increase/(decrease) of accrued liability		(135)
Cash generated from operations	**8,295**	**12,116**
Paid income tax	(5,386)	(6,044)
Net cash generated by/used in operating activities	**2,910**	**6,073**
Investing activities		
Proceeds on disposal of property, plant and equipment	14	1,515
Payments for property, plant and equipment	(1,730)	(3,371)
Payments for intangible assets	(5,894)	(2,563)
Payments for prepayments	(3,268)	(262)
Priciple and interest received from finance lease	122	123
Disposal of a subsidiary, net of cash disposed of	(21)	
Available-for-sale in vestment	(7)	
Net cash used in investing activities	**(10,785)**	**(4,557)**
Financing activities		
IPO expense paid	(28)	
Proceeds from capital increase	364	2,685
Net cash generated by financing activities	**336**	**2,685**
Increase/decrease in cash and cash equivalents	**(7,539)**	**4,201**
Opening balance of cash and cash equivalents	31,724	27,508
Effects of exchange rate changes on the balance of cash held in foreign currencies	(203)	15
Closing balance of cash and cash equivalents	**23,981**	**31,724**
Including		
Cash on hand	67	5
Cash in bank	23,914	31,718

04.5 Notes to the consolidated financial statement

1. Corporate information

VSG Vange Software Group AG, Zurich (the Parent or VSG) is a limited company incorporated in Zurich, Switzerland. It's ultimately controlled by Mr Yunjian Zheng, Ms Chahua Lin and Mr Shenhuang Huang together. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in note 6 Segment information and note 21.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Euro (EUR) and all values are rounded to the nearest Euro, except when otherwise indicated. The functional currency of the group entities is the Chinese Yuan Renminbi (CNY), except for VSG Vange Software Group AG, Zurich where the functional currency is the Swiss Franc (CHF).

VSG Group was formed in the course of certain restructuring steps and therefore had no historical financial date within the meaning of Annex 1, No. 20.1 of the (EC) Regulation No. 809/2004 as of 31 December 2011. The comparative information for the prior year are not the legally required consolidated financial statements of the Parent but have been prepared on a voluntary basis for the purpose of the prospectus according to sec. 7 of the German Securities Prospectus Act (Wertpapiergesetz, WpPG) in connection with Art. 3 of the EU Commission Regulation No. 809/2004 (EU Prospectus Directive) and Cipher 20.1 of the Annex I to the EU Commission Regulation. Comparative information is included to put the investor in the position to better compare the development of the business, financial condition and the results of operations of VSG Group over the last two years in accordance with predecessor accounting as if the Group existed prior to the Business combination under common control as of 25 October 2011.

2.2 Basis of consolidation

The consolidated financial statements as of 31 December 2013, which comprise the financial statements of following companies, Grid FJ, Xiamen Baiyou and VSG, Grid HK, Grid ZG and Vange FJ (subgroup) as described in note 21. Firstly, the subgroup was consolidated separately then was consolidated.

Change in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the change in the relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

2.3 Application of new and revised International Financial Reporting Standards ("IFRS")

2.3.1 New standards, interpretations and amendments effective from 1 January 2012

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2012, have had a material effect on the consolidated financial statements.

2.3.2 New standards, interpretations and amendments not yet effective

- IFRS 1 First-time Adoption of International Financial Reporting Standards – (Amendments – Government Loans)
- IFRS 1 First-time Adoption of International Financial Reporting Standards – (Improvements to IFRSs (2009 – 2011 Cycle))
- IFRS 7 Financial Instruments: Disclosures (Amendments - Transition Disclosures)
- IFRS 7 Financial Instruments: Disclosures (Amendments - Offsetting Financial Assets and Financial Liabilities)
- IFRS 9 Financial Instruments

- IFRS 9 Financial Instruments (Amendments)
- IFRS 9 Financial Instruments (Amendments - Mandatory Effective Date)
- IFRS 10 Consolidated Financial Statements IFRS 10 Consolidated Financial Statements
- IFRS 10 Consolidated Financial Statements (Amendments – Investment Entities)
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements (Amendments)
- IAS 1 Presentation of Financial Statements – (Improvements to IFRSs (2009 – 2011 Cycle))
- IAS 16 Property, Plant & Equipment - (Improvements to IFRSs (2009 – 2011 Cycle))
- IAS 19 Employee Benefits (Amendments)
- IAS 27 Separate Financial Statements (Amendments)
- IAS 28 Investments in Associates and Joint Ventures (Amendments)
- IAS 32 Financial Instruments: Presentation (Amendments)
- IAS 32 Financial Instruments: Presentation - (Improvements to IFRSs (2009 – 2011 Cycle))
- IAS 34 Interim Financial Reporting - (Improvements to IFRSs (2009 – 2011 Cycle))
- IFRIC 20 Stripping cost in the Production Phase of a Surface Mine

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2012 and which have not been adopted early, are expected to have a material effect on the Group's future consolidated financial statements.

3. Summary of significant accounting policies

3.1 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, based on the following:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction, in proportion to the stage of completion of a contract;

(c) from the rendering of services, when the services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

3.2 Financing lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Group, and thus the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease.

3.3 Retirement benefit

Pursuant to the relevant regulations of the government in the People's Republic of China ("PRC"), the entity Grid FJ in the PRC has participated in central pension schemes operated by local governments, whereby Grid FJ is required to contribute a certain percentage of basic salaries of their employees to fund their retirement benefits. The local municipal government is committed to assuming the retirement benefits obligations of all existing and future retired employees of Grid FJ. The only obligation of Grid FJ with respect to the schemes is to pay the ongoing required contributions under the schemes mentioned above. Contributions under the schemes are charged to the consolidated statement of comprehensive income. There are no provisions under the schemes as pensions paid in accordance with the Chinese pension system are unable to be returned or used to offset future amounts payable.

3.4 Government grants

Government grants are assistance provided by the government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

(a) the entity will comply with the conditions attached to them; and

(b) the grants will be received.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

3.5 Income tax

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the liability method, providing for temporary differences as at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

3.7 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

The depreciation method for property, plant and equipment is on straight-line basis. Different components of a fixed asset are depreciated individually on a reasonable basis where different useful lives apply. Residual values, useful lives, and depreciation methods are to be reviewed and adjusted for every reporting period (if applicable).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant or equipment that is under construction or is in the process of being installed, which is stated at cost less any impairment losses, and is not depreciated.

Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment loss on a straight-line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year on a prospective basis and verified in light of the impact of estimated changes.

3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset maybe impaired. If any such indication exists, or an annual impairment test for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such an indication exists, the recoverable amount can be estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount can't exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss is recognised in the statement of comprehensive income. After such a reversal, the depreciation charge is adjusted for future periods to allocate the asset's revised carrying amount, less any residual value, over its remaining useful life.

3.10 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when their fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated to EUR as it is the presentational currency using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the foreign currency translation reserve).

The financial information has been translated at the following rates:

	Period end rates	Average rates
31 December 2013	CNY 1.00 = EUR 0.1188	CNY 1.00 = EUR 0.1215
31 December 2012	CNY 1.00 = EUR 0.1198	CNY 1.00 = EUR 0.1231
31 December 2013	CHF 1.00 = EUR 0.8157	CHF 1.00 = EUR 0.8125
31 December 2012	CHF 1.00 = EUR 0.8280	CHF 1.00 = EUR 0.8286

3.11 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Research expenses are not material and hence are included in administrative expenses.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following criteria have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally generated intangible asset is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditures are charged to profit or loss in the period in which they are incurred. Development expenses are not material and hence are included in administrative expenses.

Subsequent to initial recognition, an internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that have been acquired.

3.12 Financial assets

The financial assets of the Group are classified as loans and receivables.

The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of receivables, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivables. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administration expense in the statement of comprehensive income. Upon confirmation that a trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group’s loans and receivables comprise trade and other receivables in the statement of financial position.

Cash and cash equivalents include cash in hand and bank deposits.

A financial asset is derecognised where:

(a)The contractual rights to receive cash flows from the asset have expired;

(b)The Group has transferred its rights to receive cash flows from the asset and (i) has either transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.13 Financial liabilities

The Group's financial liabilities include trade and other payables.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the consolidated statement of comprehensive income. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a cancellation of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

4. Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Revenue recognition

Revenue recognition of software development and integration of large information platforms is separated into two parts as follows:

One is revenue of software development, which is recognised according to the percentage-of-completion method (POC). If the outcome of software development can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the end of the reporting period, and measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total budgeted costs, except where this would not be representative of the stage of completion.

If the outcome of software development cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred will be possibly recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Where total contract costs are likely to exceed total contract revenue, the expected loss will be recognised as an expense immediately.

Another is revenue of hardware sales, which is recognised when hardware has been accepted by clients. In other words, the Group has transferred to the clients the significant risks and rewards of ownership of the goods. The amount of revenue and costs incurred or to be incurred in respect to the transaction must also be able to be measured reliably.

4.2 Impairment of receivables

The Group's management determines the provision for the impairment of receivables. This estimate is based on the evaluation of collectability and the ageing analysis of receivables as well as on management's judgment. A considerable amount of judgment is required in assessing the expected timing of collection and ultimate realisation of these receivables, including credit worthiness and collection history of each customer and other debtors. Management will reassess the provision at the end of each of the relevant periods. If the financial conditions of the customers or debtors of the Group deteriorate, thus resulting in an impairment of their ability to make payment, additional allowances may be required.

4.3 Useful lives of intangible assets, property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue which are periodically reviewed to ensure continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

5. Revenue

An analysis of the Group's operating income for each of the accounting periods is as follows: (excluding other income and finance income - see notes 7&13)

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Software license & service fees	10,461	7,712
Investments, development and operation of large information platforms	8,549	8,084
Software Development and integration of large information platforms	31,697	33,789
Others	3,022	2,541
Total	**53,729**	**52,125**

For an analysis of the Group's income from its main products and services, please see note 6.

6. Segment information

6.1 Products and services information by segments

The Group has identified its operating segments and prepared information for each segment based on the regular financial information reported to the chief operating decision maker for their decisions about resource allocation to the Group’s business components and review of these components’ performance. The business components in the internal report to the chief operating decision maker are determined following the Group’s major products and service lines which are: software license and service fees, investment, development and operation of large information platforms and software development and integration of large information platforms as well as others.

Software license and service fees refer to software licenses authorised by the Group and fees paid by customers for services provided by the Group. Investment, development and operation of large information platforms refers to the Group's engagement in investing, developing and operating large information platforms, based on the operating period of up to 5 to 10 years specified in a related contract. Software development and integration of large information platforms refers to the computer system engineering service provided and related hardware sales according to customers’ requirements. During the system construction period, the Group is responsible for all the expenses incurred for hardware and software and the service fee is charged according to an agreement between both parties. Others refer to the technology trade of which income generated by transferring the system after developing.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profits refer to those earned by different segments before the allocation of central administration costs, directors´ salaries, profits of associates, investment revenues, finance costs and income tax expenses. Segment profits are adopted for reports to the chief operating decision maker for the purpose of resource allocation and performance evaluation of the personnel responsible for each of the segments.

The Group is principally engaged in supplying products and providing services in the People´s Republic of China (“PRC”) and over 99.7% of its assets are based in the PRC. In addition, all identifiable assets of the Group are principally located in the PRC. Accordingly, no geographic analysis is presented.

6.2 Segment revenue and results

TEUR	Software license & service fees	Investments, development and operation of large information platforms	Software Development and integration of large information platforms	Others	Total
31 Dec 2013					
Revenue	10,461	8,549	31,697	3,022	53,729
Cost of sale	(697)	(1,130)	(18,063)	(1,404)	(21,294)
Sales tax and surcharges	(79)	(62)	(173)	-	(314)
Segment Profit	**9,685**	**7,357**	**13,461**	**1,618**	**32,121**
Unallocated surcharges					
Gross profit					**32,121**
Segment assets	4,062	13,594	17,093	822	35,570
Unallocated assets	-	-	-	-	45,479
Total assets					**81,050**
Segment liabilities	-	19	4,574	653	5,244
Unallocated liabilities	-	-	-	-	3,364
Total liabilities					**8,609**
Depreciation and amortisation	-	485	-	-	485
Purchased non-current assets	-	999	-	-	999
31 Dec 2012					
Revenue	7,712	8,084	33,789	2,541	52,125
Cost of sale	(358)	(963)	(15,709)	(843)	(17,873)
Sales tax and surcharges	(158)	(320)	(828)	-	(1,306)
Segment Profit	**7,196**	**6,800**	**17,252**	**1,697**	**32,946**
Unallocated surcharges					(150)
Gross profit					**32,796**
Segment assets	1,129	10,123	14,053	676	25,981
Unallocated assets	-	-	-	-	43,211
Total assets					**69,192**
Segment liabilities	-	776	4,214	456	5,446
Unallocated liabilities	-	-	-	-	3,651
Total liabilities					**9,096**
Depreciation and amortisation	32	813	-	-	844
Purchased non-current assets	-	4,281	-	-	4,281

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the Group's accounting described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and director's salaries, other gains and losses as well as finance income and costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

No individual account was over 10% of the Group's total revenues for the year ended 2013 and 2012.

7. Other income

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Government grant	194	-
Others	1	1
Total	**195**	**1**

The government grant mentioned in the above calculation is the government subsidies in support of the Group's contribution to the public for its success in software development.

8. Other expenses

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Loss on disposal of property, plant and equipment	(4)	(1,084)
Donation	(304)	-
Others	(0)	(1)
Total	**(308)**	**(1,085)**

9. Cost of sales by nature

	2013 TEUR	2012 TEUR
Consumption of raw materials and working materials	12,752	11,943
Outsourcing cost	4,461	2,831
Labour cost	3,255	2,268
Depreciation and amortization	825	831
Others		
Total	**21,294**	**17,873**

10. Distribution and administrative expenses by nature

	2013 TEUR	2012 TEUR
Labour costs	5,918	3,406
Depreciation and amortisation	1,370	898
Allowance for doubtful debts	213	215
Others	7,287	7,466
Total	**14,788**	**11,984**

”Others” includes expenses for running the office, travelling, auditing and other services and consulting fees.

11. Labour costs

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Wages	7,043	4,624
Social insurance	529	443
Welfare	1,035	398
Labor union fee	23	21
Medical insurance of company	14	13
Training fee	530	208
Total	**9,173**	**5,706**

12. Depreciation and amortisation

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Depreciation of property, plant and equipment	1,310	1,210
Amortisation of intangible assets	-	553
Total	**1,310**	**1,764**

13. Finance income

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Interest income from finance lease	14	23
Interest income from bank deposit	122	186
Exchange gains	1	8
Total	**138**	**216**

14. Finance costs

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Exchange loss	(86)	(36)
Interest expense of bank credit	(5)	(2)
Total	**(91)**	**(39)**

15. Income tax expense

The income tax rate applicable to VSG Vange Software Group, Ltd. is up to 8.5%. There is no taxable profit for VSG during the current accounting period.

The Hong Kong income tax rate applicable to Grid HK is up to 16.5%. There is no taxable profit for Grid HK during the current accounting period.

The enterprise income tax rate in the Chinese mainland is up to 25%. Income tax recognised in profit or loss:

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Profit before tax from continuing operations	**17,267**	**19,905**
Operating loss not included in taxable income	1,621	2,223
Provision for bad debts	213	215
Difference from finance leases	71	64
Amortisation of disposed intangible assets	(34)	(34)
Accrued liabilities	-	(15)
Overspending on entertainment expenses	116	546
Overspending on training fee	301	103
Donation	304	-
Penalty expenses	-	0
Taxable income	**19,860**	23,006
Income tax expense at the tax rate of 25%	**4,965**	**5,751**
Income tax expense includes:		
Current income tax expense	4,965	5,751
Deferred tax expense which related to origination and reversal of the temporary difference	(63)	(50)
Effect of changes in tax rates and tax laws	165	-
Total income tax expense recognised in profit or loss	**5,067**	**5,701**

16. Discontinued operations

16.1 Disposal of subsidiary

On 30 November 2013, Grid FJ, the parent of Xiamen Baiyou technology Company, signed the sale agreement to transfer 51% of the share rights of Baiyou. The shareholder of Xiamen Baiyou Fan Chenying bought 51% of the share rights of Grid FJ with CNY 1 million. the disposal of Baiyou is consistent with the Group's long-term policy.

16.2 Analysis of profit for the year from discontinued operations

The results of the discontinued operation included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been represented to include those operations classified as discontinued in the current year.

	1 Jan to 31 Dec , 2013 TEUR	1 Jan to 31 Dec , 2012 TEUR
Profit for the year from discontinued operations		
Revenue	499	535
Cost of sales	(315)	(295)
Sales taxes and surcharges	(1)	(28)
Gross profit	**182**	**212**
Other operating income	0	-
Administrative expenses	(206)	(63)
Profit from operations	**(24)**	**149**
Finance income	0	0
Gain reclassified from equity on disposal of intangible assets, net of tax	-	-
Post tax gain on the disposal of the subsidiary	(45)	-
Profit before tax	**(69)**	**149**
Income tax expense	(19)	(37)
Profit for the year from discontinued operations	**(88)**	**112**
Attributable to:		
Owners of the Company	(74)	57
Non-controlling interests	(14)	55
Cash flows from discontinued operations		
Net cash inflows (outflows) from operating activities	13	103
Net cash outflows from investing activities	0	(98)
Net cash inflows from financing activities	0	-
Net cash inflows/(outflows)	**13**	**5**

16.3 The financial position of disposed subsidiary

On 30 November 2013, Grid FJ, the parent of Xiamen Baiyou technology Company, signed the sale agreement to transfer 51% of the share rights of Baiyou.. The financial position of Xiamen Baiyou Technology Company is set out below:

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Assets		
Non-current assets		
Property,plant and equipment	87	116
IDC certificate	56	56
Deferred tax assets	0	0
Total non-current assets	**143**	**172**
Current assets		
Inventories	3	3
Trade and other receivable	149	156
Cash and cash equivalents	20	7
Total current assets	**173**	**167**
Total assets	**316**	**339**
Equity and liabilities		
Equity		
Share capital	102	102
Foreign currency translation reserves	12	14
Retained earnings	195	223
Total equity	**309**	**339**
Current liabilities		
Trade and other payables	7	(0)
Total current liabilities	**7**	**(0)**
Total liabilities	**7**	**(0)**
Total equity and liabilities	**316**	**339**

16.4 Earnings per share from discontinued operation

	1 Jan to 31 Dec,2013	1 Jan to 31 Dec,2012
Profit for the financial year attributable to equity holder of the parent (TEUR)	(74,034)	57,084
Weighted average number of issued and outstanding no par shares (in thousands)	4,103,275	4,054,741
Basic and diluted earnings per share (in Euros)	-0.018	0.014

17. Earnings per share

On 21 June 2012, shares of Vange were listed in the Entry Standard of the Frankfurt Stock Exchange. The issued stock number was 103,275, with the issue price of EUR 26.00.

	2013	2012
Profit for the financial year attributable to equity holder of the parent (TEUR)	12,200	14,203
Weighted average number of issued and outstanding no par shares (in thousands)	4,103	4,055
Basic and diluted earnings per share (in Euros)	2.97	3.50

18. Property, plant and equipment

Balance at 31/12/2013	**(330)**	**(1,246)**	**(1,099)**	**-**	**(2,675)**
					-
Net book value					-
Balance ended 31 December 2012	**407**	**1,889**	**2,450**	**932**	**5,679**
Balance ended 31 December 2013	**256**	**1,875**	**2,901**	**49**	**5,081**

Construction in progress represents property, plant or equipment that is under construction or is in the process of being installed, which is stated at cost less any impairment losses, and is not depreciated.

The useful lives of property, plant and equipment for depreciation calculations are as follows:

Vehicle and office equipment	3-5 years
Hardware of investment, development and operation of large information platforms (based on the operating period of a project specified in the contract)	5 to 10 years

19. Intangible assets

TEUR	Internally developed software	Development tool	Software of investment, development and operation of large information platforms	Development costs	IDC certificate	Total
Cost						
Balance at 1/1/2012	**599**	**594**	**1,447**	**907**	**63**	**3,610**
Additions	-	695	-	1,082	-	1,778
Reclassify as software	-	-	613	-	-	613
developed software	692	-	(692)	-	-	-
Exchange differences	(26)	(26)	(16)	(40)	(1)	(109)
Balance at 31/12/2012	**1,265**	**1,263**	**1,353**	**1,949**	**62**	**5,892**
Additions	851	1,570	-	1,463	-	3,884
Reclassify as Software	(683)	-	1,996	-	-	1,313
Discontinued operations	-	-	-	-	(63)	(63)
Exchange differences	(14)	(45)	(56)	(49)	1	(164)
Balance at 31/12/2013	**1,418**	**2,789**	**3,293**	**3,364**	**(0)**	**10,863**
Accumulated depreciation						
Balance at 1/1/2012	**(166)**	**(149)**	**(378)**	**-**	**(6)**	**(699)**
Reclassify as software	(51)		51			**-**
Amortisation	(122)	(226)	(202)	-	(3)	(553)
Exchange differences	7	8	9	-	0	23
Balance at 31/12/2012	**(332)**	**(367)**	**(521)**	**-**	**(9)**	**(1,229)**
Reclassify as software	69	-	(76)		-	(7)
Amortisation	(166)	(404)	(340)	-	(3)	(913)
Discontinued operations					13	13
Exchange differences	5	12	13	-	(0)	30
Balance at 31/12/2013	**(425)**	**(759)**	**(923)**	**-**	**(0)**	**(2,106)**
Net book value						- -
Balance ended 31 December 2012	**932**	**897**	**832**	**1,949**	**53**	**4,663**
Balance ended 31 December 2013	**993**	**2,030**	**2,370**	**3,364**	**(0)**	**8,757**

Development tool includes the software or program purchased for the research and development activities.

Development costs includes the costs of internal developing programs which are still not finished.

The software and tools which are developed internally are amortised over 10 years. The software of investment, development and operation of large information platforms is amortised based on the operating period specified in the contract, which is 5 to 10 years.

The useful lives of intangible assets are as follows:

Internally developed software	10 years
Development tools	5 years
Software development	5 to 10 years

(based on the operating period of a project specified in the contract)

20. Deferred tax assets

The following are the major deferred tax assets recognised by the Group and movement thereon ：

TEUR	Opening balance	Profit or loss	Exchange differences	Closing balance
31 Dec 2013				
Temporary differences:				
Allowance for doubtful debts	98	53	(2)	149
Assets for finance lease	18	(9)	0	9
Amortisation of disinfector	8	(8)	0	(0)
				-
Total	**124**	**36**	**(2)**	**158**
31 Dec 2012				
Temporary differences:				
Allowance for doubtful debts	46	54	(2)	98
Assets for finance lease	27	(9)	(0)	18
Amortisation of disinfector	17	(9)	0	8
Total	**90**	**36**	**(2)**	**124**

21. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31-Dec-13	31 De 2012
Grid Technology Group (Holding) Limited (Referred to as "Grid HK")	Adminstration & investment	Hongkong	100%	100%
Fuzhou Grid Internet Technology Development Co. Ltd. (Referred to as "Grid ZG")	Technology consultant	Fujian	100%	100%
Fujian Vange Information Technology Co.,LTD (Referred to as "Vange FJ")	Technology consultant	Fujian	100%	100%

Grid (Fujian) Science and Technology Co., Ltd (Referred to as "Grid FJ"):

In December 2010, the shareholders of Grid FJ and Grid ZG signed the following agreements: Strategy consulting services agreement, Technology supporting services agreement, Purchasing options and cooperation agreement, Share pledge agreement, Voting Right Proxy Agreement and Supplementary agreement to call-option and cooperation agreement (the above agreements hereafter referred to as "Cooperative agreement"). In the Cooperative agreement, Grid ZG provides the following services to Grid FJ: (1) Strategy consulting services, fee of which is based on labour cost of Grid ZG; (2) Technology supporting services, fee of which is based on labour cost of Grid ZG. The cooperation period for the above two services is 10 years. As a follow-up to this agreement, all of the shares from Grid FJ have been pledged to Grid ZG as security. (3) Grid ZG and/or the designee has the right to purchase all the equity interests held by the shareholders or the assets in Grid FJ at the price of CNY 1.00 or that of the equivalent value in foreign currencies. According to the above provision, we believe that Grid FJ is controlled by Grid ZG.

Details of Grid FJ's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31-Dec-13	31 De 2012
Xiamen Baiyou Science and Technology Co. Ltd. (Referred to as "Baiyou")	Internet Data Center	Fujian	nil	51%

22. Finance lease receivable

In 2006, Grid FJ entered into a contract with Fujian Online Gold Co. Ltd. (hereafter referred to as "FOG"). According to the contract, Grid FJ would build a website platform for FOG with the cost paid by Grid FJ. In return, FOG would pay a fee to Grid FJ annually based on the IP click rate, members, and amount of software sold. In the terms of the contract, Grid FJ will receive a minimum payment of CNY 1,000,000 from FOG every year. The project started to operate on 1 January 2007, the contract duration is 8 years.

The total investment balance and the present value of the minimum payments are shown here:

TEUR	Less than 1 year	1 year to 5 years
31 Dec 2013		
Gross investment	119	119
Present value of minimum lease Payments receivable	105	8
31 Dec 2012		
Gross investment	120	120
Present value of minimum lease Payments receivable	106	114

23. Prepayments

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Service expense	2,217	823
Advertising expenses	-	499
Insurance	46	92,731
Merchandise Purchase	3,250	10,133
Total	**5,512**	**104,186**
Current	4,864	1,170
Non-current	**648**	**255**
Total	**5,512**	**1,425**

24. Inventories

	31 Dec 2013 TEUR	31 Decr 2012 TEUR
Commodity stocks	1	3
Total	**1**	**3**

25. Trade and other receivables

	31 Dec 2013 TEUR	31 Decr 2012 TEUR
Trade receivables	30,774	21,989
Allowance for doubtful accounts	(596)	(391)
Other receivables - related parties	1,090	537
Other receivables - third parties	6,172	3,221
Total	**37,439**	**25,354.69**

25.1 Trade receivables

The Group has a credit rating system for potential and new customers to assess a customer's creditability and to determine their credit limit. The customer's credit rating will be reviewed and a credit limit will be set which is then revised accordingly in non-periodical meetings.

There are two major types of customers for Grid FJ. One is government departments and public institutions ("public"), for which no provision for bad debts is made due to their high credit rating. The other is business clients ("private"), the bad debt provision rates of residual values for business clients without any governmental participation are as follows: 5% within one year, 10% for one to two years, 30% for two to three years, 50% for more than three years.

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Ageing of trade receivables (private)		
Less than 1 year	8,078	7,823
1 to 2 years	1,926	-
Total trade receivables (private)	**10,004**	**7,823**
Ageing of trade receivables (public)		
Less than 1 year	19,160	14,166
1 to 2 years	1,610	-
Total trade receivables (public)	**20,770**	**14,166**
Total	**30,774**	**21,989**

25.2 Bad debt variation

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Opening balance	391	185
Accrued	215	214
Discontinued operations	(2)	-
Exchange differences	(8)	(8)
Total	**596**	**391**

There is no interest charged on trade receivables as the credit period is short, therefore the fair value is close to the book value. Trade receivables balances are recorded at their original invoice amount at fair value.

When considering the recoverability of trade receivables, the Group will take the credit quality of its customers into consideration, from the start date of the credit period to the end date of the report date. Since the number of customers is small, credit risk is low.

26. Cash and cash equivalents

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Cash on hand	67	5
Cash at banks	23,914	31,718
Total	**23,981**	**31,724**

The interest of bank deposits is subject to a floating interest rate.

27. Issued capital and reserves

27.1 Share capital

VSG Vange Software Group AG, Zurich was founded on 23 August 2011 with a share capital of CHF 100,000, divided into 25,000 fully paid-in registered shares with a nominal value of CHF 4 each. On 25 October 2011 the Company conducted a first capital increase and increased its share capital to CHF 16,000,000 by issuing 3,975,000 new Shares with a nominal value of CHF 4 each. These new shares were issued against contribution in kind of all shares of Grid HK.

On 21 June 2012, shares of Vange were listed in the Entry Standard of the Frankfurt Stock Exchange.

The Company issued 103,275 new shares with a nominal value of CHF 4 each.

	31 Dec 2013		31 Dec 2012	
	Number of registered shares held(in thousand)	TEUR	Number of registered shares held(in thousand)	TEUR
Yunjian Zheng, Chahua Lin, Shenhuang H	2,988	9,718	2,988	9,718
NewMargin Growth Fund, L.P.	655	2,131	655	2,131
Gobi Partners, Inc.	357	1,161	357	1,161
Public	103	343	103	343
Total	**4,103**	**13,353**	**4,103**	**13,353**

27.2 Share premium

Based on the approval of the extraordinary shareholders' meeting of 25 October 2011, VSG Vange Software Group AG, Zurich has increased the registered share capital from nominal CHF 100'000 by CHF 15,900,000 to nominal CHF 16,000,000 through the issuance of 3,975,000 registered shares with a nominal value of CHF 4 and a share premium of CHF 5.06 (rounded) each.

On 21 June 2012, shares of Vange were listed in the Entry Standard of the Frankfurt Stock Exchange. The Company issued 103,275 new shares with a nominal value of CHF 4 each and a share premium of CHF 27.55 (rounded) each.

	31 Dec 2013	31 Dec 2012
	TEUR	TEUR
Yunjian Zheng, Chahua Lin, Shenhuang Huang	12,208	12,208
NewMargin Growth Fund, L.P.	2,677	2,677
Gobi Partners, Inc.	1,459	1,459
Public	2,313	2,341
Total	**18,657**	**18,685**

27.3 Foreign currency translation reserves

	31 Decr 2013 TEUR	31 Dec 2012 TEUR
Balance at beginning of year	3,212	4,167
Exchange differences arising on translating the foreign operations	(820)	(955)
Balance at end of year	**2,392**	**3,212**

27.4 Other capital reserves

The other capital reserves arise from the share capital and non-distributable reserves of Grid FJ and issued capital of Grid HK before VSG Vange Software Group Ltd, Zurich was incorporated.

The Group actual controllers Yunjian Zheng,Chahua Lin and Shenhuang Huang increased the capital of EUR 1220 thousand together for the subsidiary of Group Grid FJ in 2013.

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Arising on Grid FJ		
Balance at beginning of year	-	
Acquisition of Grid HK Group by VSG	-	
Balance at end of year	**-**	**-**
Arising on Grid HK		
Balance at beginning of year	-	-
Capital increase	1,220	
Acquisition of Grid HK Group by VSG	-	
Balance at end of year	**1,220**	**-**

28. Deferred tax liabilities

Shown below are the major deferred tax liabilities recognised by the Group and movement thereon:

TEUR	Opening balance	Profit or loss	Exchange differences	Closing balance
31 Dec 2013				
Temporary differences:				
Finance lease receivable	55	(27)	0	28
Total	**55**	**(27)**	**0**	**28**
31 Dec 2012				
Temporary differences:				
Finance lease receivable	80	(25)	55	110
Total	**80**	**(25)**	**55**	**110**

29. Trade and other payables

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Trade payables	4,275	3,890
Advances from customers	970	1,527
Other payables - third parties	91	104
Other payables - related parties	8	-
Taxes payable	1,781	2,264
Salary payable	1,314	1,094
Total	**8,439**	**8,878**

30. Accrued liabilities

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Opening balance	163	299
Provisions	-	47
Payments	(20)	(182)
Exchange differences	(1)	(0)
Total	**142**	**163**

31. Financial instruments

31.1 Categories of financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Finance lease receivables
- Trade and other payables

A summary of the financial instruments held by category is as follows:

	31 Dec 2013 TEUR	31 Decr 2012 TEUR
Financial Assets		
Trade and other receivables	37,439	25,355
Finance lease receivables	113	220
Financial assets	7	-
Total	**37,559**	**25,574**
Financial liabilities		
Trade payables	4,275	3,890
Other payables	99	104
Total	**4,375**	**3,994**

31.2 Capital risk management

The Group manages its capital by optimising the balance between assets and liabilities to ensure that the Group can continue to operate and maximise the shareholder's return at the same time. The Group has adopted the same strategy as that of the previous accounting year.

The Group is not subject to any external mandatory capital requirements.

The Group reviews its capital structure annually, including a review of capital costs and associated risks by management. The leverage ratio was calculated as total liabilities divided by total assets.

The leverage ratio at the end of each reporting period is as follows:

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Total liabilities	8,610	9,096
Total assets	81,050	69,192
Debt to asset ratio	**11%**	**13%**

The ratio of total liabilities to total assets is currently at a good level, therefore the capital risk is relatively low.

31.3 Credit risk management

Credit risk refers to the risk that a counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business operations and its investing activities.

The cash at bank balances of the Group as at 31 December 2013 are mainly deposited in Swisss Credit AG and branches of Industrial Bank Co., Ltd, Bank of China Co., Ltd and China Everbright Bank Co., Ltd. The risk on these bank deposits is limited because the counterparties are banks with high credit ratings.

The trade and other receivables presented in the financial assets indicate most of the credit risk of the Group. There is no significant credit risk associated with other financial assets. The Group continually monitors default activities of clients or other related parties through individual or group evaluations and uses this information to determine the existence of any credit risk. The Group has no significant concentration of credit risk, further details about the trade and other receivables are disclosed in note 22 to these financial statements.

31.4 Interest rate risk management

The Group currently has no interest bearing loans.

31.5 Liquidity risk management

Liquidity risk is the risk of not having access to sufficient funds to meet the Group's obligations as they become due.

The contractual maturities of financial liabilities (representing undiscounted contractual cash-flows) are as follows:

TEUR	Less than 1 year	1-2 years	2-3 years	More than 3years
31 Dec 2013				
Trade and other payables	8,439	-	-	-
Total	**8,439**	**-**	**-**	**-**
31 Dec 2012				
Trade and other payables	8,878	-	-	-
Total	**8,878**	**-**	**-**	**-**

31.6 The fair value of the financial instruments

The carrying amounts of the financial assets and financial liabilities in the financial statements approximate their fair values.

32. Related party transactions

The details of the related party transactions are shown below.

The list of related parties is as follows:

Zhiping Jiang	Chairman of the Board of Directors
Yunjian Zheng	Shareholder, Vice-Chairman and CEO of the Group
Zhongfang Lin	Yunjian Zheng's mother
Chahua Lin	Shareholder, Member of the Board of Directors, Deputy CEO of the Group, CFO of the Group since 1 August, 2012
Weigang Greg Ye	Member of the Board of Directors
Lin Zhu	Member of the Board of Directors
Fang Ruan	Member of the Board of Directors
Shenhuang Huang	Shareholder, CTO of the Group

The outstanding balances of current accounts at the end of each reporting period are as follows:

Amount due from related parties

	31 Dec 2013	31 Dec 2012
	TEUR	TEUR
Yunjian Zheng	867	331
Chahua Lin	175	110
Shenhuang Huang	48	49
Beiou Huang	-	47
Total	**1,090**	**537**

33. Compensation for key management personnel

	31 Dec 2013	31 Dec 2012
	TEUR	TEUR
Wages	707	601
Social insurance	13	24
Total	**720**	**625**

34. Operating leases

This balance relates mainly to office rental. The details of the operating lease are listed as follows:

Irrevocable operating lease obligations:

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Less than 1 year	4	110
Over 1 year and less than 5 years	67	76
Over 5 years	-	-
Total	**71**	**186**

Rental recognised as expense:

	31 Dec 2013 TEUR	31 Dec 2012 TEUR
Minimum lease payments	71	186
Total	**71**	**186**

35. Events after the reporting period

There have been no events between 31 December 2013 and 30 April 2014 that would require an adjustment to the carrying amount of the assets and liabilities or that would need to be disclosed.

36. Approval of financial statements

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of general meeting on 2 June 2013.

05 Auditor's report

As statutory auditor, we have audited the accompanying consolidated financial statements of VSG Vange Software Ltd, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the re-quirements of Swiss law. This responsibility includes designing, implementing and maintaining an inter-nal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is fur-ther responsible for selecting and applying appropriate accounting policies and making accounting esti-mates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, in-cluding the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal con-trol system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonable-ness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act

(AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 30 April 2014

BDO Ltd

René Füglister	ppa. Manuela Brühlmann
Auditor in Charge Licensed Audit Expert	Licensed Audit Expert

06 Financial Calendar / Imprint

Financial Calendar

Until 10 Jun 2014	Annual Report 2013
Until 20 Sep 2014	Half-year Report 2014

Imprint

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