Intermediate Report

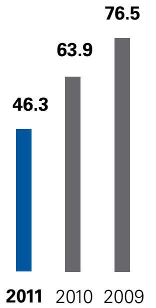
Intermediate Report
January 1 – June 30, 2011

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

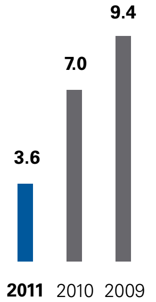
in EUR '000	H1 2011	H1 2010	H1 2009
Sales Revenues	46,250	63,866	76,459
Industrial Systems	24,226	12,223	23,215
Semiconductor Systems	17,219	11,901	21,455
Solar Systems	4,804	39,741	31,789
Gross profit	12,598	16,668	22,934
in % sales revenues	27.2	26.1	30.0
R&D expenses	2,258	2,071	1,091
Operating result (EBIT)	3,550	6,963	9,436
in % sales revenues	7.7	10.9	12.3
Consolidated net profit	2,428	4,231	6,075
in % sales revenues	5.2	6.6	7.9
Earnings per Share (EPS) in EUR [1)]	0.11	0.19	0.28
Capital expenditure	756	605	2,039
Total assets	133,016	121,737 [2]	127,995 [2]
Total Shareholders' Equity	53,600	54,472 [2]	51,126 [2]
Equity ratio in %	40.3	44.7 [2]	39.9 [2]
Employees as of 30.06.	491	507	510
Incoming orders	90,419	41,685	29,929
Order backlog	96,931	56,237	103,897
Book-to-bill-ratio	1.96	0.65	0.39
Cash flow from operating activities	-649	10,019	17,585

[1)] Circulating shares on average 21,749,988
[2)] As of the reporting date on December 31

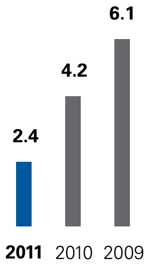
SALES REVENUES
H1, EUR million



EBIT
H1, EUR million



CONSOLIDATED NET PROFIT
H1, EUR million



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FOREWORD BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS OF PVA TEPLA, BUSINESS PARTNERS AND COLLEAGUES,

PVA TePla's consolidated sales revenues and profit developed as expected in the first half of 2011. Sales revenues came to around EUR 46 million in the first six months. Although this figure falls short of the previous year's value, we will be able to significantly increase it in the second half of the year with the help of higher shares in sales revenues contributed by the Solar Systems and Semiconductor Systems division. Combined with operating profit of EUR 3.6 million, we are well on the way to achieving our forecast annual targets of EUR 120 million to EUR 130 million in sales revenues and operating profit of around 8% to 10% at the upper limit of each bandwidth.

Order intake developed extraordinarily positively in the first two quarters of 2011, more than doubling year-on-year. Order intake was very good in the business units Vacuum Systems, Plasma Systems, Analytical Systems and Crystal Growing Systems for the semiconductor industry in the first quarter of 2011 and the Solar Systems division received a large order from the Asian photovoltaics industry in April. The difficult situation on the solar market, which is currently experiencing oversupplies, is making it impossible at present to reliably forecast the future prospects of this division. However, our systems technology has all the necessary requirements for participating in the forecast growth over the coming years.

The Industrial Systems division generated sales revenues of around EUR 24 million, doubling this figure compared to the same period in the previous year. Hard-metal sintering systems are still the main business of this division. The Semiconductor Systems division recorded EUR 17 million in sales revenues compared to just under EUR 12 million on June 30, 2010. In the Solar Systems division, sales revenues fell as expected due to the weak order intake in the past 12 months. We can expect for this division to also start contributing higher shares to sales revenues again in the second half of the year on account of the above-mentioned large order.

Compared to the previous quarter, order backlog rose significantly in the second quarter of 2011, amounting to around EUR 97 million on June 30. This figure provides a solid basis for achieving our targets for fiscal year 2011. The liquidity position of PVA TePla Group also remains very positive.

The Annual General Meeting of PVA TePla AG at the congress Center Giessen on June 30, 2011 was marked by the now completed changes to the Management Board. Peter Abel, founder and long-standing Chairman of the Management Board of our Company, resigned from his position with effect from the end of the Annual General Meeting. We would like to take this opportunity to thank him for his outstanding business achievements. Peter Abel will continue to actively support and accompany PVA TePla as a strategic consultant and majority shareholder. The Annual General Meeting approved all points on the agenda with a vast majority. As in the previous year, the proposal of the Management Board and Supervisory Board to pay a dividend was approved to let our shareholders participate in the good profit generated in the previous fiscal

Left: Dr Arno Knebelkamp, Chief Executive Officer
Right: Arnd Bohle, Chief Financial Officer

year. In addition, information was provided on a strategic project which had been initiated together with PVA TePla's Management Team in order to improve the mutual understanding of the Company's current position in the relevant markets and its competitors and on this basis work out and implement strategic options.

We would like to thank you on behalf of ourselves and our division managers for the trust and commitment you have shown to our Company.

Dr Arno Knebelkamp
Chief Executive Officer

Arnd Bohle
Chief Financial Officer


EKZ 3500

PVA TEPLA SHARES

PVA TePla AG, Wettenberg

PVA TEPLA SHARES

PERFORMANCE

In the first seven months of 2011, the price of the PVA TePla share rose slightly from EUR 3.90 to EUR 4.24 on July 12, 2011, recording a slightly positive development compared to the indices "Technology All Share" and "DAX-Subs. Advanced Industrial Equipment" since January 2011. The global debt crisis and general drop in share prices at stock exchanges around the world also had a negative impact on the PVA TePla share, which traded at EUR 3.34 on August 9.

ANNUAL GENERAL MEETING

At this year's Annual General Meeting, Peter Abel, founder and long-standing Chairman of the Management Board of PVA TePla Group, took the opportunity to personally say goodbye to the Company's shareholders as he was resigning from his position on the Management Board. It had already been announced last December that he would step down at the end of this Annual General Meeting. He will however remain a strategic consultant and majority shareholder of PVA TePla. CFO Arnd Bohle explained business developments in 2010 as well as the consolidated and annual financial statements and figures for the first quarter of the current fiscal year, during which order intake was very positive in almost all business units. Results in the past fiscal year met expectations and provided for a dividend payment of EUR 0.15 per share. PVA TePla therefore proposed a dividend distribution to the Annual General Meeting for the second time in a row. Dr Arno Knebelkamp introduced himself as the new Chairman of the Management Board of PVA TePla AG and explained subjects such as the short and medium-term prospects for PVA TePla's individual divisions.

SHAREHOLDINGS AND SUBSCRIPTION RIGHTS OF EXECUTIVE BODY MEMBERS

MANAGEMENT BOARD

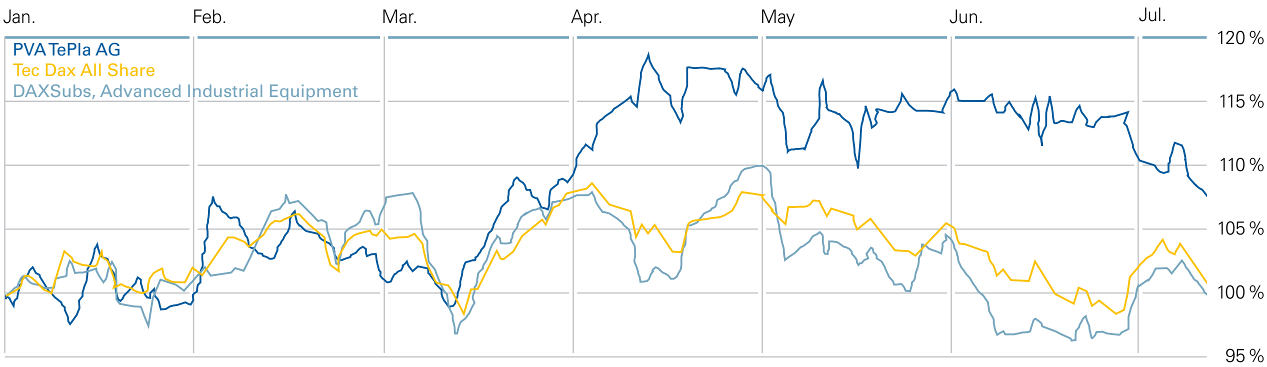
	Shares June 30, 2011	Shares Dec. 31, 2010	**Subscription rights June 30, 2011**	Subscription rights Dec. 31, 2010
Peter Abel	5,616,275	5,616,275	0	0
Dr Arno Knebelkamp	10,000	0	0	0
Arnd Bohle	3,000	3,000	0	0

SUPERVISORY BOARD

	Shares June 30, 2011	Shares Dec. 31, 2010	**Subscription rights June 30, 2011**	Subscription rights Dec. 31, 2010
Alexander von Witzleben	0	0	0	0
Dr Gernot Hebestreit	0	0	0	0
Prof Dr Günter Bräuer	0	0	0	0

PERFORMANCE OF PVA TEPLA SHARES JANUARY 2011 – JULY 2011

in % / 1-day-interval



INTERIM GROUP MANAGEMENT REPORT

PVA TePla AG, Wettenberg, January 1 – June 30, 2011

INTERIM GROUP MANAGEMENT REPORT

PVA TePla AG, Wettenberg, January 1 – June 30, 2011

1. INTRODUCTION

The PVA TePla Group operates globally as a supplier of systems for the production, refinement and processing of high-quality materials such as hard metals, metals, semiconductors, ceramics and silicon, and for the controlled surface treatment of such materials and a large range of plastic surfaces. The production and treatment processes for these types of materials require complex systems in which stable processes can be carried out under reproducible conditions. For this reason, these processes typically take place in vacuum conditions, in inert gas atmospheres, at high temperatures or using low-pressure plasma. PVA TePla supplies vacuum systems for producing and treating high-tech materials and surfaces in vacuum, high-temperature and plasma environments. The global market for these systems involves advanced state-of-the-art materials and surface treatment technologies including 300mm silicon (Si) wafer technology for semiconductors, high-purity (Si) wafers made from floatzone material for high-performance electronics, mono- or poly-crystalline (Si) wafers for photovoltaic, structural materials, such as for telescopes in outer space, metal powder production technologies, such as for hard metals, micro-sensor production technologies (MEMS, Micro Electromechanical Systems) and luminous light sources from semiconductor diodes (HB LED, High Brightness Light Emitting Diodes), ultrathin wafer production technology, and surface treatment systems for plastic and steel. Non-destructive inspection and analysis systems for the quality control of manufactured materials are another important part of the Company portfolio. Even in future, high-tech materials will most likely have to be produced under vacuum and high-temperature conditions, providing PVA TePla with plenty of sales opportunities in the global market. PVA TePla products are sold in technologically demanding markets, predominantly in market niches, but also in mature markets such as the photovoltaic and semiconductor sectors.

2. REPORTING STRUCTURE

This interim management report describes the business development of PVA TePla Group in the first half of fiscal year 2011. The reporting structure is the same as in the consolidated financial statements as of December 31, 2010. The Group divides its business activities and, therefore, reporting into the three divisions Industrial Systems, Semiconductor Systems and Solar Systems.

3. STRUCTURAL CHANGES WITHIN PVA TEPLA GROUP

There was one change compared to the consolidated financial statements as of December 31, 2010: PVA TePla's former Beijing sales office was transformed into an independent company, PVA TePla (China) Ltd., which is allocated to the Industrial Systems division. The structures of all other divisions and allocation of subsidiaries remained the same.

Industrial Systems	Semiconductor Systems	Solar Systems
PVA TePla AG / Vacuum Systems, Wettenberg	**PVA TePla AG / Crystal Growing Systems,** Wettenberg	**PVA TePla AG / Solar Systems,** Wettenberg
PVA Control GmbH, Wettenberg	**PVA TePla Danmark.** Frederikssund, Denmark	**Xi'an HuaDe CGS Ltd.,** Xi'an, China
PVA Löt- und Werkstofftechnik GmbH, Jena	**PVA TePla Singapore Pte. Ltd.,** Singapore	
PlaTeG GmbH, Siegen	**PVA Vakuum Anlagenbau Jena GmbH,** Jena	
PVA Jena Immobilien GmbH, Jena	**PVA TePla Analytical Systems GmbH,** Westhausen	
PVA TePla (China) Ltd., Beijing, China	**PVA TePla AG / Plasma Systems,** Kirchheim	
	PVA TePla America Inc., Corona, California, USA	
	Plasma Systems GmbH, Wettenberg	

The divisions highlighted in grey are operating units of PVA TePla AG.

4. BUSINESS AND GENERAL ENVIRONMENT

4.1. MACROECONOMIC ENVIRONMENT

In the first half of 2011, it became apparent that the German economy has reached pre-crisis levels much more quickly than originally anticipated. Economic performance went up by 1.5% quarter-on-quarter and by as much as 5.2% year-on-year. One interesting aspect of this development is the balanced upswing – both export and domestic demand increased significantly. Germany's gross domestic product (GDP) is expected to grow by approximately 3.5% in full year 2011. Economists at the European Central Bank (ECB) forecast 1.9% GDP growth for the Euro countries in 2011. The Chinese economy is continuing to grow in the second half of 2011. GDP went up considerably by 9.5% compared to the same quarter in the previous year. The economic performance of the second-largest economy in the world rose by 2.2% quarter-on-quarter. The economic situation in the USA is difficult, with worryingly high government debt, rising unemployment and a weakened economy. The International Monetary Fund (IMF) considerably reduced its US forecast. In April, it still anticipated 2.8% economic growth.

4.2. SECTOR DEVELOPMENTS

According to the Association of German Machine and Plant Manufacturers (Verband Deutscher Maschinen- und Anlagenbau – VDMA), order intake in the German machine and plant manufacturing industry in May 2011 was a real 21% higher than in the previous year. Domestic business went up by 19% and foreign business by 21%. From March to May 2011, figures were up by 20% compared to the same three months in the previous year. In the opinion of the economic research organization Gartner, sales revenues in the semiconductor industry will grow by 5.1% to USD 315 billion. In its latest estimates for the photovoltaics market in 2011, the European Photovoltaic Industry Association (EPIA) expects new PV modules installations to grow moderately globally, with growth rates however picking up again considerably as from 2013.

5. SALES REVENUES

Consolidated sales revenues of the PVA TePla Group amounted to EUR 46.3 million in the first half of 2011 (PY: EUR 63.9 million), therefore falling considerably below the previous year's figure as expected. The reason for consolidated sales revenues being down is the low order intake in the Solar Systems division in the previous year and the first quarter of 2011. We took these developments into account in our planning and predictions. Sales revenues will increase again in the second half of the year on account of the newly acquired large orders.

Sales revenues in the Industrial Systems division rose significantly to EUR 24.2 million (PY: EUR 12.2 million). This steep rise is due to increased demand for hard-metal sintering systems and graphite processing systems. The Asian, and in particular Chinese market is still of major importance for Vacuum Pressure Sintering Systems. The Semiconductor Systems division generated sales revenues of EUR 17.2 million (PY: EUR 11.9 million). Almost all business units in this division contributed positively to sales revenues, with the most positive being the business in floatzone systems at PVA TePla Danmark and plasma systems. The Solar Systems division generated sales revenues of EUR 4.8 million (PY: EUR 39.7 million). Sales revenues will increase significantly in the second half of the year on account of the new order from the Asian solar industry in April 2011.

SALES REVENUES BY DIVISION

in EUR '000	H1 2011	H1 2010
Industrial Systems	24,226	12,223
Semiconductor Systems	17,219	11,901
Solar Systems	4,804	39,741
Total sales revenues	**46,250**	**63,866**

When looking at sales revenues by region, a very large proportion of sales revenues (53%) is being generated in Asia. This is because the Industrial Systems division conducts a lot of its business in this region. Compared to the same period in the previous year, Germany's share in sales revenues dropped to 26%. Sales revenues for business in other European countries came to 16% of PVA TePla Group's total sales revenues.

SALES REVENUES BY REGION

in EUR '000	H1 2011	H1 2010
Germany	11,875	30,998
Europe (excluding Germany)	7,348	5,298
North America	1,561	1,600
Asia	24,401	26,552
Others	658	74
Consolidation	406	-656
Total sales revenues	**46,250**	**63,866**

6. ORDERS

In the first half of fiscal year 2011, PVA TePla Group's order situation improved significantly year-on-year. Order intake more than doubled from EUR 41.7 million in the previous year's period to EUR 90.4 million. The high book-to-bill ratio of 1.96 (PY: 0.65) also shows this positive development.

Order intake in the Industrial Systems division amounted to EUR 33.7 million in the first six months, almost double compared to EUR 17.0 million in the previous year. Many of the orders were placed by Asian customers for hard-metal sintering systems. After achieving the highest order intake so far for vacuum systems in the first quarter of 2011, this figure was exceeded once again in the second quarter. The Semiconductor Systems division achieved order intake of EUR 33.8 million, also a considerable rise compared to EUR 21.5 million in the previous year. Orders for crystal growing systems for the production of monocrystalline silicon crystals for the semiconductor industry made up a substantial part of order intake. Demand for floatzone systems made by PVA TePla Danmark continues to be pleasant. The Solar Systems division generated order intake of EUR 22.9 million (PY: EUR 3.2 million). In April 2011, PVA TePla received an order of approximately EUR 20 million for crystal growing systems for the Asian photovoltaics industry.

Order backlog, consolidated and net of sales revenues shares already realized according to the Percentage of Completion method (PoC), came to EUR 96.9 million on June 30, 2011 (PY: EUR 56.2 million). Order backlog grew considerably in all divisions. The Industrial Systems division had an order backlog of EUR 34.3 million as of June 30, 2011 (PY: EUR 16.7 million). The Semiconductor Systems division recorded an order backlog to the value of EUR 35.8 million compared to EUR 20.1 million in the previous year. The Solar Systems division recorded order backlog of EUR 26.9 million on June 30, 2011 (PY: EUR 19.4 million).

7. PRODUCTION

In the first half of fiscal year 2011, system production and contract processing were performed in Germany at the Wettenberg, Siegen, Aalen/Westhausen and Jena sites. The production locations outside Germany were Corona in the USA and Frederikssund in Denmark. Vertical integration remained low across all areas. Parts are manufactured in-house only to a minor extent. This means material costs are relatively high in percentage terms, but allows for rapid and flexible adjustment of production capacity as necessary to meet potential changes in demand.

8. RESEARCH & DEVELOPMENT

The costs of research and development for the Group in the reporting year totaled EUR 2.3 million (PY: EUR 2.1 million). Several examples of division R&D activities are presented in the section below.

In the Industrial Systems division, R&D is largely conducted based on paid customer orders; these costs are thus recorded under cost of sales, and are not reported separately. R&D activity leading to innovations and to product optimization is estimated at approximately 10% of total design engineering output.

In the Semiconductor Systems division, the new auto wafer hardware was developed further in the field of analysis systems with the objective of integrating several high-performance ADC converters (**A**nalog-to-**D**igital **C**onverters) in one system processor. These measures will make the systems even more reliable in the production process. An acoustic signal analysis software package was developed which determines important material properties with the help of ultrasound analyses. This opens up further possibilities in terms of non-destructive material analysis for industry and research. In Plasma Systems business unit, the construction of a new version of the GIGA 80 Plus cleaning and activation system has been completed. This system, which is used for cleaning lead frames in the semiconductor back end, is more cost-effective, because loading and unloading is carried out on the same side, not on different, opposite sides as in the old version. This new version will be introduced to customers at the SEMICON Taiwan in September.

The Solar Systems division continued the further development of a crystallization process with the help of a magnetic field for the Czochralski process. This research is aimed at further increasing the efficiency of solar cells and therefore reducing photovoltaics costs. Another type of system was added to the equipment of the Company's own Competence Center for Industrial Crystal growing systems (CCIC). The "CGS Lab", a state-of-the-art crystal growing system for laboratories, was developed and started up. The CGS Lab, which was constructed as part of the Leading-Edge Cluster Competition sponsored by the Federal Ministry of Education and Research, is used to produce monocrystalline ingots on the basis of the Czochralski method. The smaller size of this system makes it particularly interesting for industrial applications in the solar, semiconductor and optical industries as well as for basic research activities of organizations and universities.

9. INVESTMENTS

Investments totaled EUR 0.8 million in the first half of 2011 (PY: EUR 0.6 million). These investments mainly related to smaller projects in connection with operating and office equipment, machinery and software licenses.

10. PERSONNEL

As of June 30, 2011, the Group employed 491 people (December 31, 2010: 488; June 30, 2010: 507 employees). Therefore the number of employees decreased slightly year-on-year. This was primarily due to restructuring measures in the business unit Plasma Systems.

11. NET ASSETS AND FINANCIAL POSITION

Mainly due to the processing of the significantly increased order volume, total assets as of June 30, 2011 increased to EUR 133.0 million compared to EUR 121.7 million as of December 31, 2010.

The value of property, plant and equipment decreased slightly to EUR 33.6 million (December 31, 2010: EUR 34.1 million) due to planned amortization and depreciation combined with low investments. There was no significant change in the value of intangible assets and financial assets. Long-term deferred tax assets decreased to EUR 2.3 million (December 31, 2010: EUR 2.9 million). Non-current assets totaled EUR 44.9 million versus EUR 46.2 million on December 31, 2010.

Total current assets went up to EUR 88.1 million (December 31, 2010: EUR 75.5 million). The value of inventories increased from EUR 21.0 million as of December 31, 2010 to EUR 29.6 million in line with the order backlog being processed. Raw materials, consumables and operating supplies went up to EUR 13.0 million (December 31, 2010: EUR 9.8 million), work in progress to EUR 10.4 million (December 31, 2010: EUR 5.2 million) and finished products to EUR 6.2 million (December 31, 2010: EUR 5.9 million). Coming receivables on construction contracts valued at EUR 12.1 million (December 31, 2010: EUR 5.8 million). The total value of current receivables decreased to EUR 13.1 million (December 31, 2010: EUR 17.0 million). Trade receivables fell to EUR 8.0 million (December 31, 2010: EUR 13.7 million). Advance payments received increased again to EUR 2.3 million (December 31, 2010: EUR 1.5 million). Other current receivables went up to EUR 2.8 million (December 31, 2010: EUR 1.9 million). Tax repayment claims came to EUR 1.4 million (December 31, 2010: EUR 0.5 million). Cash and cash equivalents amounted to EUR 27.7 million (December 31, 2010: EUR 30.3 million).

Total current liabilities on the balance sheet increased to EUR 55.8 million (December 31, 2010: EUR 42.5 million), mainly due to advance payments received on orders rising from EUR 13.5 million to EUR 25.8 million in reflection of the high order intake. Trade payables decreased from EUR 4.3 million to EUR 3.6 million. Accrued liabilities amounted to EUR 7.3 million (December 31, 2010: EUR 6.8 million) and other current liabilities to EUR 5.1 million (December 31, 2010: EUR 1.3 million). Tax provisions dropped from EUR 2.0 million to EUR 1.5 million and current provisions from EUR 11.8 million to EUR 9.6 million.

Non-current liabilities (including non-current provisions) fell slightly from EUR 24.8 million as of December 31, 2010 to EUR 23.6 million. This was primarily caused by the drop in deferred tax liabilities to EUR 2.4 million (December 31, 2010: EUR 3.1 million) and the decrease in non-current financial liabilities to EUR 12.4 million (December 31, 2010: EUR 12.9 million). Pension provisions increased to EUR 8.2 million as scheduled (December 31, 2010: EUR 8.1 million). The corresponding pension schemes were taken on from previous companies and contain only existing commitments. New pension obligations are generally no longer entered into.

Shareholders' equity went down to EUR 53.6 million (December 31, 2010: EUR 54.5 million). Due to the increase in total assets, the equity ratio fell to 40.3% compared to the value of 44.7% for December 31, 2010.

Operating cash flow in the first half of 2011 was slightly negative at EUR -0.6 million (PY: EUR +10.0 million). Major advance payments were received for the new orders which were offset by cash outflow for material procurement. This development will continue in the second half of the year, major customer payments for existing large orders will improve operating cash flow again as from the beginning of 2012. Cash flow from investing activities was EUR -0.6 million (PY: EUR -0.5 million). Cash flow from financing activities was EUR -1.2 million (PY: EUR -5.6 million). The dividend was paid on July 1, 2011, in other words in the third quarter, whereas it had been paid in the second quarter in the previous year.

Total cash flow in the 2011 reporting period including changes caused by exchange rate movements was EUR -2.5 million (PY: EUR +4.6 million). Free cash flow was EUR -1.4 million (PY: EUR +9.4 million). Overall, the liquidity position of PVA TePla Group remains very positive.

12. RESULTS OF OPERATIONS

The results of PVA TePla developed according to expectations in the first six months of 2011. Operating profit (EBIT) of EUR 3.6 million (PY: EUR 7.0 million) and consolidated net profit of EUR 2.4 million (PY: EUR 4.2 million) were generated. At 7.7%, the EBIT margin was still down on the bandwidth of 8% to 10% forecast for the full year and also fell short of the previous year's value of 10.9% due to the low sales revenues volume in the first half of the year. The return on sales was 5.2% compared to 6.6% in the previous year.

Looking at just the second quarter, sales revenues at EUR 23.1 million were also below the value of EUR 30.8 million in the previous year. The operating profit was EUR 1.8 million (PY: EUR 3.8 million) and the consolidated net profit for the period was EUR 1.2 million (PY: EUR 2.3 million).

The figures for the first six months of 2011 are discussed and commented below.

The consolidated sales revenues fell to EUR 46.3 million (PY: EUR 63.9 million), gross profit amounted to EUR 12.6 million (PY: EUR 16.7 million). The gross margin improved to 27.2% (PY: 26,1%).

Selling and distribution expenses of EUR 5.1 million in the first half of the year were up on the previous year's figure of EUR 4.6 million, mainly on account of commission payments. It is relevant in which market segments orders are being processed and whether representative commissions are incurred. Administrative expenses amounted to EUR 3.6 million (PY: EUR 4.3 million). Research and development expenses increased to EUR 2.3 million (PY: EUR 2.1 million). This is due to the larger scope of the development projects PVA TePla is involved in. The net balance of other operating expenses versus other operating income was EUR +1.9 million (PY: EUR +1.2 million). This figure mainly includes income from the release of provisions, income from research and development grants and income and expenses from exchange rate differences.

The Industrial Systems division generated operating profit of EUR 1.1 million (PY: EUR 1.9 million). Individual orders were delayed in this division (e.g. the installation of two vacuum pressure sintering systems in Japan's earthquake region) and new types of systems incurred additional costs. Nitriding Systems also suffered an operating loss. The Semiconductor Systems division, on the other hand, managed to significantly increase its operating profit to EUR 2.0 million (PY: EUR -1.1 million). This was primarily due to the high business volume of Floatzone Systems, Plasma Systems and Analytical Systems. The business unit Plasma Systems generated a positive operating profit as a result of the steep rise in sales revenues and the completed restructuring measures in the first half of 2011. The Solar Systems division also achieved a positive result of EUR 0.5 million (PY: EUR 6.1 million) despite low sales revenues. After the warranty periods of the large contracts in the previous periods had expired and some remaining work had been completed, parts of the provisions set aside for these purposes were reversed and the amounts recognized in income as a one-off effect.

The net interest position was EUR -0.3 million (PY: EUR -0.9 million). Earnings before tax came in at EUR 3.2 million (PY: EUR 6.0 million).

Income tax expense of EUR -0.8 million (PY: EUR -1.8 million) consisted of current tax expense of EUR 0.9 million (PY: also EUR 0.9 million) and income from deferred taxes of EUR 0.1 million (PY: expense of EUR 0.9 million).

13. SUPPLEMENTARY REPORT

Since June 30, 2011 there have been no significant events that are expected to have a material impact on the net assets, financial position and results of operations of PVA TePla.

14. MARKET OPPORTUNITIES AND RISKS

The opportunities in the markets for the products of our company depend on the investment activities of customers who process or produce high-tech materials. Growing investments in infrastructure measures and production facilities, e.g. in the automotive sector around the world, are only some examples for areas in which materials from our vacuum systems could be utilized. In markets such as photovoltaics and the semiconductor industry, PVA TePla provides technologies that will remain a firm part of each respective value added chain in the future. In the semiconductor industry, this could be systems for growing silicon crystals with a 300mm diameter or high-purity silicon crystals for high-performance electronics or analytical systems for the non-destructive quality control in LED production. Especially future technologies connected to “renewable energies” such as photovoltaics provide system suppliers such as PVA TePla Group with growth opportunities. Leading research institutes see medium-term growth potential again in these areas.

Risks in the particular niche markets served by PVA TePla relate especially to unexpected fluctuations in capital investment activity on the part of customers and within specific industries. Risk is reduced by diversifying our range of products and services across different sectors including semiconductors, photovoltaics, tool making and hard metal technology, the production of high-quality metals and ceramics, the automotive and aerospace industries, and the electrical and electronic engineering sectors. The effects of cyclical, commonly foreseeable fluctuations in market volume are primarily offset by increasing or decreasing outsourcing levels, although unexpectedly high demand can give rise to production bottlenecks. The strategy of maintaining a relatively low level of vertical integration allows rapid response in this regard. The PVA TePla Group also provides high-quality contract processing work – such as plasma treatment, high-vacuum brazing and heat treatment of components – in which greater customer demand has historically been seen in times of generally restrained capital expenditure. The semiconductor business – a key segment for the Group – is highly cyclical in nature, and for that reason involves major opportunities as well as risks. The semiconductor industry in recent decades has enjoyed average annual growth rates well above those of most old economy industries, throughout periods of robust growth and recession. In recent years the PVA TePla Group has seen major opportunities in expanding capacity to accommodate the manufacture of 300mm crystals. The drop in the semiconductor market caused by the global financial and economic crisis means the sales outlook for these systems was unfavorable in the past two years. However, semiconductor manufacturers are having to increasingly invest again, which has resulted in the above-mentioned new orders. Demand in the markets for high-temperature systems from the Industrial Systems division remains high; this also applies to areas with series productions (such as plasma systems) in the Semiconductor Systems division. In the Solar Systems division, the order situation improved on account of the large order received in April 2011. In view of the oversupplies of solar cells and high solar modules inventory levels, at least in the first half of the year, the photovoltaics market is being watched intensively. It is hard to forecast future investment volumes of customers in the solar industry. As the market is large and growing strongly in the medium term, competitive pressure is going to increase, especially coming from China. Fully developed and reliable technology and the continuous optimization of plant and equipment and their cost efficiency provide the Company with opportunities.

The economic situation developed positively in the first six months of 2011, which is also reflected in the increased order intake in the first half of 2011 in almost all business units. However, the debt crisis, particularly in the USA, but also in many established industrial nations, harbors risks for the global economy, which cannot be estimated at present. If one of these countries was to become unable to meet its repayments, this would have serious consequences for the global economy. It is also still impossible to gage the effects of the turbulences in the financial markets, which have been increasing since the beginning of August.

Up to now, no risks have arisen from the developments in Japan in connection with the earthquake, tsunami and nuclear reactor incident for the business development of PVA TePla. As already reported, the start-ups of two vacuum pressure sintering systems that were sold for the first time to Japan have been delayed, but they are currently being approved by the customer.

The current devaluation of the US Dollar compared to the Euro places the Company in a worse competitive position, particularly compared to its competitors from the US Dollar currency zone. These developments mainly affect the Plasma Systems division. Existing foreign currency transactions are hedged against exchange rate fluctuations by corresponding hedging transactions and therefore do not incur any material risks.

The Company is watching the current development of interest rates and price hikes closely. Due to its positive liquidity position and the long-term financing of investments, interest rate increases do not prove any risk. On the contrary, they provide opportunities as they increase interest income and improve the market value of existing interest rate hedges.

The development of raw materials prices only has an indirect impact and is only felt in the form of price developments for purchased components as the level of vertical integration is low. In the past, corresponding price developments were passed on to customers by calculating the prices for each individual order. The Company therefore does not expect any significant risks from any such developments.

In the first six months of 2011, the opportunities and risks presented in detail in the Annual Report 2010 on pages 32 et seq. did not change significantly.

15. OUTLOOK

PVA TePla confirms the published 2011 consolidated sales revenues forecast of EUR 120 million to EUR 130 million and the anticipated EBIT margin between 8% and 10%. We expect figures to come in at the upper limit of each bandwidth on account of the positive order situation in the first six months of 2011. The existing large orders in the Semiconductor Systems and Solar Systems divisions will contribute to sales revenues as from the third quarter. Compared to the first half of the year, sales revenues and profit will therefore increase significantly in the second half of the year.

Wettenberg, August 11, 2011

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PVA TePla AG, Wettenberg
as at June 30, 2011

PVA TePla AG, Wettenberg

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at June 30, 2011

ASSETS in EUR '000	June 30, 2011	December 31, 2010
Non-current assets		
Intangible assets	8,621	8,705
Goodwill	7,615	7,615
Other intangible assets	1,006	1,090
Property, plant and equipment	33,556	34,104
Land, property rights and buildings, including buildings on third party land	29,093	29,504
Plant and machinery	2,630	2,639
Other plant and equipment, fixtures and fittings	1,833	1,961
Investment property	443	453
Non-current investments	8	18
Deferred tax assets	2,280	2,922
Total non-current assets	44,908	46,202
Current assets		
Inventories	29,632	20,953
Raw materials and operating supplies	12,991	9,840
Work in progress	10,395	5,198
Finished products and goods	6,246	5,915
Coming receivables on construction contracts	12,141	5,832
Trade and other receivables	13,166	17,022
Trade receivables	8,023	13,666
Payments in advance	2,306	1,471
Other receivables	2,837	1,885
Tax repayments	1,423	447
Other financial assets	4,001	1,001
Cash and cash equivalents	27,745	30,280
Total current assets	88,108	75,535
Total	**133,016**	**121,737**

The following notes are an integral part of the Interim Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

in EUR '000	June 30, 2011	December 31, 2010
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	32,411	33,255
Other reserves	-261	-224
Minority interest	-300	-309
Total shareholders' equity	53,600	54,472
Non-current liabilities		
Non-current financial liabilities	12,355	12,890
Other non-current liabilities	388	486
Retirement pension provisions	8,228	8,069
Deferred tax liabilities	2,389	3,125
Other non-current provisions	223	223
Total non-current liabilities	23,583	24,793
Current liabilities		
Short-term financial liabilities	1,116	1,150
Trade payables	3,615	4,330
Obligations on construction contracts	1,781	1,682
Advance payments received on orders	25,805	13,510
Accruals	7,290	6,759
Other short-term liabilities	5,072	1,289
Provisions for taxes	1,508	1,992
Other short-term provisions	9,646	11,760
Total current liabilities	55,833	42,472
Total	133,016	121,737

The following notes are an integral part of the Interim Consolidated Financial Statements.

PVA TePla AG, Wettenberg

CONSOLIDATED INCOME STATEMENT

January 1 – June 30, 2011

in EUR '000	April 01 – June 30, 2011	April 01 – June 30, 2010	January 01 – June 30, 2011	January 01 – June 30, 2010
Sales revenues	23,107	30,834	46,250	63,866
Cost of sales	-16,942	-22,322	-33,652	-47,198
Gross profit	6,165	8,512	12,598	16,668
Selling and distributing expenses	-2,839	-1,838	-5,110	-4,580
General administrative expenses	-1,571	-2,149	-3,592	-4,291
Research and development expenses	-1,467	-1,483	-2,258	-2,071
Other operating income	2,118	1,834	3,208	3,019
Other operating expenses	-615	-1,115	-1,296	-1,782
Operating profit (EBIT)	1,791	3,761	3,550	6,963
Share of profits from associates	0	-71	0	-47
Finance revenue	-55	34	262	75
Finance costs	-266	-388	-582	-958
Financial result and share of profits from associates	-321	-425	-320	-930
Net profit before tax	1,470	3,336	3,230	6,033
Income taxes	-314	-1,077	-802	-1,802
Consolidated net profit for the period	1,156	2,259	2,428	4,231
of which attributable to:				
Shareholders of PVA TePla AG	1,145	2,264	2,419	4,240
Minority interest	11	-5	9	-9
Consolidated net profit for the period	1,156	2,259	2,428	4,231
Earnings per share				
Earnings per share (basic) in EUR	0.05	0.10	0.11	0.19
Earnings per share (diluted) in EUR	0.05	0.10	0.11	0.19
Average number of share in circulation (basic)	21,749,988	21,749,988	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988	21,749,988	21,749,988

PVA TePla AG, Wettenberg

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 – June 30, 2011

in EUR '000	January 01 – June 30, 2011	January 01 – June 30, 2010
Consolidated net profit for the period	2,428	4,231
of which attributable to shareholders of PVA TePla AG	2,419	4,240
of which attributable to minority interest	9	-9
Other comprehensive income		
Currency changes	-122	343
Income taxes	73	-142
Changes recognized outside profit or loss (currency changes)	-49	201
Changes in fair values of derivative financial instruments	16	-12
Income taxes	-5	3
Changes recognized outside profit or loss (derivative financial instruments)	11	-9
Other comprehensive income after taxes (changes recognized outside profit or loss)	-38	192
of which attributable to shareholders of PVA TePla AG	-38	192
of which attributable to minority interest	0	0
Total comprehensive income	2,390	4,424
of which attributable to shareholders of PVA TePla AG	2,381	4,433
of which attributable to minority interest	9	-9

PVA TePla AG, Wettenberg

CONSOLIDATED CASH FLOW STATEMENT

January 1 – June 30, 2011

	in EUR '000	January 01 – June 30, 2011	January 01 – June 30, 2010
	Consolidated net profit for the period	2,428	4,231
	Adjustments to the consolidated net profit for the period for reconciliation to the cash flow operating activities:		
+	Income tax expense	802	1,802
-	Finance revenue	-262	-75
+	Finance costs	582	958
=	Operating profit	3,550	6,916
-	Income tax payments	-2,366	-2,683
+	Amortization and depreciation	1,380	1,405
-	Share of profits from associates	0	47
-/+	Gains/losses on disposals of non-current assets	7	61
+/-	Other non-cash expenses (income)	-216	494
		2,355	6,240
-/+	Increase/decrease in inventories, trade receivables and other assets	-13,911	4,565
+/-	Increase/decrease in provisions	-1,955	-1,819
+/-	Increase/decrease in trade payables and other liabilities	12,862	1,033
=	Cash flow from operating activities	-649	10,019
+	Receipts from associates	0	2
+	Proceeds from disposals of financial assets	9	0
+	Proceeds from disposals of intangible assets and property, plant and equipment	0	2
-	Acquisition of intangible assets and property, plant and equipment	-756	-605
+	Interest receipts	125	76
=	Cash flow from investing activities	-622	-525
-	Payments from redumption of debt and loans	-583	-620
-	Payments to shareholders (dividends, capital repayments, other payments)	0	-4,350
+/-	Change in short-term bank liabilities	-4	-3
-	Payment of interest	-582	-632
=	Cash flow from financing activities	-1,169	-5,605
	Net change in cash and cash equivalents	-2,440	3,889
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	-97	706
+	Cash and cash equivalents at beginning of the period	30,282	28,369
=	Cash and cash equivalents at the end of the period	27,745	32,964

PVA TePla AG, Wettenberg

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 – June 30, 2011

in EUR '000	Shared issues		Revenue reserves	Other equity components	Total	Minority interest	Total Share-holders' equity
	Number						
As at January 01, 2010	21,749,988	21,750	30,081	-406	51,425	-299	51,126
Total income			4,240	192	4,432	-9	4,423
Dividend			-4,350	0	-4,350	0	-4,350
As at June 30, 2010	21,749,988	21,750	29,971	-214	51,507	-308	51,199
As at January 01, 2010	21,749,988	21,750	30,081	-406	51,425	-299	51,126
Total income			7,524	182	7,706	-10	7,696
Dividend			-4,350	0	-4,350	0	-4,350
As at December 31, 2010	21,749,988	21,750	33,255	-224	54,781	-309	54,472
As at January 01, 2011	**21,749,988**	**21,750**	**33,255**	**-224**	**54,781**	**-309**	**54,472**
Total Income			2,418	-37	2,381	9	2,390
Dividend			-3,262	0	-3,262	0	-3,262
As at June 30, 2011	**21,749,988**	**21,750**	**32,411**	**-261**	**53,900**	**-300**	**53,600**

SELECTED NOTES TO THE PVA TEPLA AG CONSOLIDATED HALF-YEAR REPORT 2011

PVA TePla AG, Wettenberg, January 1 – June 30, 2011

A. GENERAL INFORMATION AND BASIS OF PRESENTATION

PVA TePla AG is a stock corporation in accordance with German law. The Company is entered in the Commercial Register of the Giessen Local Court under HRB 6845. The registered address of the Company is 35435 Wettenberg, Germany.

GENERAL PRINCIPLES AND ACCOUNTING STANDARDS

This half-year report was prepared in accordance with International Financial Reporting Standards (IFRS). Thus, the half-year report also complies with IAS 34 (Interim Financial Reporting).

This half-year report has not been audited.

These notes mainly contain details of items in which there have been significant changes as against the consolidated financial statements as of December 31, 2010.

REPORTING CURRENCY AND CURRENCY TRANSLATION

The reporting currency and currency translation principles applied are the same as those used for the 2010 consolidated financial statements. The significant exchange rates of countries outside the euro zone that are included in the interim financial report are as follows:

EUR = 1	Average rate		Closing rate at reporting date	
	H1 2011	H1 2010	**June 30, 2011**	Dec. 31, 2010
USA (USD)	1.40138	1.32619	1.43906	1.32521
China (CNY)	9.15499	9.03996	9.30233	8.73362
Denmark (DKK)	7.45601	7.44158	7.45712	7.45156
Singapore (SGD)	1.76364	1.85250	1.77809	1.71028
Norway (NOK)	7.82411	8.00878	7.78210	7.81250

COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include its fully consolidated subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control). The following companies were fully consolidated in the half-yearly consolidated financial statements as of June 30, 2011:

Name	Registered office	Equity interest
PVA TePla AG (parent company)	Wettenberg, Germany	
PVA TePla America Inc.	Corona/CA, USA	100.00 %
PVA Jena Immobilien GmbH	Jena, Germany	100.00 %
PVA Vakuum Anlagenbau Jena GmbH	Jena, Germany	100.00 %
Xi'an HuaDe CGS Ltd.	Xi'an, PR China	51.00 %
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100.00 %
PVA Control GmbH	Wettenberg, Germany	100.00 %
Plasma Systems GmbH	Wettenberg, Germany	100.00 %
PlaTeG GmbH	Siegen, Germany	100.00 %
PVA TePla Singapore Pte. Ltd.	Singapore	100.00 %
PVA TePla Analytical Systems GmbH	Westhausen, Germany	100.00 %
PVA TePla (China) Ltd,	Beijing, PR China	100.00 %

On April 21, 2011, PVA TePla AG's Beijing sales office was transformed into an independent company, PVA TePla (China) Ltd., which is allocated to the Industrial Systems division.

PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in this half-year report are the same as those applied in the consolidated financial statements as of December 31, 2010. The single entity financial statements included in the half-year financial statements are prepared with consistent accounting policies according to IAS 27 (Consolidated and Separate Financial Statements).

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in this half-year report as of June 30, 2011, are the same as those applied in the consolidated financial statements as of December 2010, with the exception of one change.

Income from research and development grants is no longer netted with the corresponding research and development expenses but is recognized separately in other operating income. The previous year's figures were adjusted accordingly.

ROUNDINGS

The tables and figures used in these half-year financial statements are based on precisely calculated amounts that are subsequently rounded to the nearest thousand euros or million euros. Rounding differences within tables and between figures thus cannot always be avoided.

ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated half-year financial statements requires estimates and assumptions to be made by management. These influence the presentation of income and expenditure, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date.

Should such estimates and assumptions made by the management at the balance sheet date to the best of their knowledge deviate from the actual economic situation, the original estimates and assumptions are adjusted correspondingly for the period in which the change occurred.

B. NOTES ON INDIVIDUAL BALANCE SHEET ITEMS

NON-CURRENT INVESTMENTS

On June 30, 2011, non-current investments included other non-current receivables in the amount of EUR 8 thousand (December 31, 2010: EUR 18 thousand).

COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

As part of the partial recognition of sales revenues from customer-specific construction contracts based on the percentage of completion, any amount due from customers for contract work is reported as an asset in accordance with IAS 11.42. These items are shown separately under "Coming receivables on construction contracts".

in EUR '000	June 30, 2011	Dec. 31, 2010
Capitalized production costs including contract profits	24,807	14,055
for which advance payments received	-12,666	-8,223
Total	**12,141**	**5,832**

OTHER FINANCIAL ASSETS

On June 30, 2011, other financial assets included short-term bonded loans in the amount of EUR 4,001 thousand (December 31, 2010: EUR 1,001 thousand).

OBLIGATIONS ON CONSTRUCTION CONTRACTS

As part of the partial recognition of sales revenues from customer-specific construction contracts based on the percentage of completion, any amount due to customers for contract work is reported as a liability in accordance with IAS 11.42. This results from the excess of invoiced amounts over the corresponding proportionate revenue. In the same way as for "Coming receivables on construction contracts", these items are reported separately in the balance sheet.

Only partial payments that are due on the basis of the progress of each individual system, and hence that meet the scope of progressive billing, are recognized as invoiced amounts. Payments received at the inception of the order or partial payments that do not correspond to the progress of completion are presented separately as "Advance payments received on orders".

Obligations on construction contracts are composed as follows:

in EUR '000	June 30, 2011	Dec. 31, 2010
Advance payments received (progress billing)	8,584	21,900
less contract costs incurred (incl. share of profit)	-6,803	-20,218
Total	**1,781**	**1,682**

OTHER CURRENT RECEIVABLES

Other receivables are composed as follows:

in EUR '000	June 30, 2011	Dec. 31, 2010
Derivative financial instruments	36	69
Receivables from investment incentives	128	87
Value added tax due	1,300	931
Accounts payable with debit balances	174	266
Deferred prepayments	859	99
Others	340	433
Total	**2,837**	**1,885**

SHAREHOLDERS' EQUITY / AUTHORIZED CAPITAL

SHARE CAPITAL

As of June 30, 2011, PVA TePla AG had issued 21,749,988 no-par value shares each with a notional interest in the share capital of EUR 1.00.

CONTINGENT AND AUTHORIZED CAPITAL

There was no contingent capital as of June 30, 2011.

The Annual General Meeting of PVA TePla AG on June 15, 2007 authorized the Management Board to increase the Company's share capital with approval of the Supervisory Board on one or more occasions during the period to June 14, 2012 by a total of up to EUR 10,874,994 by issuing 10,874,994 new no-par value bearer shares against cash and/or non-cash contributions with shareholders' subscription rights excluded to the extent permitted by law. No capital increases from this authorized capital were resolved in 2011.

NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities totaled EUR 12,355 thousand (31 December 2010: EUR 12,890 thousand) – all of which were liabilities to banks. Non-current financial liabilities are composed as follows:

in EUR '000	June 30, 2011	Dec. 31, 2010
Non-current financial liabilities	13,471	14,035
less: portion of non-current financial liabilities due in less than one year	-1,116	-1,145
Non-current financial liabilities less current portion	**12,355**	**12,890**

RETIREMENT PENSION PROVISIONS

The addition to pension provisions was based on information on the expected pension provisions as of December 31, 2011, contained in the actuarial reports used to prepare the consolidated financial statements as of December 31, 2010.

CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported here totaling EUR 1.1 million (December 31, 2010: EUR 1.2 million) primarily relate to the current positions of non-current financial liabilities. Current liabilities to banks amounted to EUR 0.0 million (December 31, 2010: EUR 0.0 million).

ADVANCE PAYMENTS RECEIVED ON ORDERS

The financing of the PVA TePla Group is largely based on advance payments and interim payments received from customers, particularly in the case of larger contracts. The value of the advance payments received at June 30, 2011 was EUR 25,805 thousand (December 31, 2010: EUR 13,510 thousand).

ACCRUALS

Accruals are liabilities payable for goods or services received that are neither paid nor invoiced or formally agreed upon by the supplier at the balance sheet date. This also includes amounts owed to employees.

Accruals are composed as follows:

in EUR '000	June 30, 2011	Dec. 31, 2010
Obligations to employees	3,473	3,693
Obligations to suppliers	3,609	2,573
Other commitments	208	493
Total	**7,290**	**6,759**

Accrued liabilities include a long-term remuneration component of EUR 30 thousand. All other reported full amounts are short-term in nature.

OTHER CURRENT LIABILITIES

Other current liabilities went up to EUR 5,072 thousand (December 31, 2010: EUR 1,289), the reason being the approval of the EUR 3,262 thousand dividend distribution approved by the Annual General Meeting on June 30, 2011. The dividend was paid on July 1, 2011 and therefore recognized in other liabilities on June 30, 2011.

Other current liabilities are composed as follows:

in EUR '000	June 30, 2011	Dec. 31, 2010
Liabilities from payroll and church tax	716	306
Other liabilities	4,356	983
of which liability from dividend distribution	3,262	0
Total	**5,072**	**1,289**

OTHER PROVISIONS

Other provisions were divided into non-current (EUR 223 thousand; December 31, 2010: EUR 223 thousand) and current (EUR 9,646 thousand, December 31, 2010: EUR 11,760 thousand) and were composed as follows:

in EUR '000	June 30, 2011	Dec. 31, 2010
Warranty	4,749	4,364
Impending losses on rentals	0	90
Subsequent costs	3,529	5,077
Archiving	189	188
Penalties	412	339
Restructuring	183	879
Others	807	1,046
Total	**9,869**	**11,983**

Provisions are recognized solely in respect of obligations to third parties where utilization is highly probable. Provisions are measured at the amount of probable utilization.

Non-current provisions primarily relate to provisions for archiving and are shown separately in the balance sheet. All other provisions are short-term in nature.

OTHER FINANCIAL OBLIGATIONS

There were no notable changes in other financial obligations from leases and other contracts as compared to the 2010 annual financial statements.

C. NOTES ON INDIVIDUAL INCOME STATEMENT ITEMS

REVENUE

PVA TePla principally generates its sales revenues through the sale of systems. Additional sales revenues are generated from services and by supplying spare parts (referred to collectively as after-sales service), as well as providing services for customers in the Company's own facilities (contract processing, mainly carried out by PVA Löt- und Werkstofftechnik GmbH and in the field of plasma treatment by PVA TePla America Inc.). Sales revenues can be broken down into these categories as follows:

in EUR '000	H1 2011	H1 2010
Systems	34,534	54,215
After-sales	9,751	7,930
Contract processing	1,574	1,575
Others	390	146
Total	**46,250**	**63,866**

Sales revenues in the first half of fiscal year 2011 were mainly comprised of systems business, which accounted for 74.7% of PVA TePla Group's total sales revenues. Growth in after-sales sales revenues developed positively (21.1% of total sales revenues). Contract processing accounted for 3.4% of total sales revenues in the first half of 2011.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses reported in the income statement amounted to EUR 2,258 thousand in H1 2011 and EUR 2,071 thousand in H1 2010. Income from research and development grants of EUR 530 thousand and EUR 166 thousand respectively were recognized separately in other operating income.

INCOME TAXES

Taxes on income are calculated on a best estimate basis for the projected weighted average tax rate for the full fiscal year.

A tax rate of 28% is applied for domestic companies. This includes corporation tax of 15%, a solidarity surcharge of 5.5% on corporation tax, and trade tax of 12%.

Deferred taxes were measured after they had been incurred using the tax rate stated above or country-specific tax rates for companies outside of Germany.

The actual tax charge is based on probable future tax liabilities and repayment claims.

Income tax expenses are broken down as follows:

in EUR '000	Jan. 01 – June 30, 2011	Jan. 01 – June 30, 2010
Current tax expense	-906	-863
Deferred tax expense (-)/income	104	-939
Total income taxes	**-802**	**-1,802**

EARNINGS PER SHARE

Consolidated net profit for the period after minority interests amounted to EUR 2,419 thousand (previous year: EUR 4,240 thousand). As in the previous year, an average of 21,749,988 no-par value shares was in circulation in the first half of 2011.

The earnings per share figure is calculated by dividing consolidated net profit for the period after minority interests by the weighted average number of shares outstanding during the year.

Calculation of earnings per share for the first half of 2010 and 2011:

in EUR '000	H1 2011	H1 2010
Numerator:		
Consolidated net profit for the period after minority interests (EUR thousand)	2,419	4,240
Denominator:		
Weighted number of shares outstanding – basic	21,749,988	21,749,988
Earnings per share (in EUR)	0.11	0.19

No stock options were issued to employees and members of the Management and Supervisory Boards entitling them to purchase PVA TePla AG shares as of the balance sheet date. As a result, there are no dilution effects in regards to earnings per share as of June 30, 2011.

D. NOTES ON THE CASH FLOW STATEMENT

The cash flow statement was prepared in line with the same principles as in the annual financial statements 2010 and is structured in the same way.

E. ADDITIONAL DISCLOSURES

SEGMENT REPORTING

PVA TePla Group is divided into three divisions: Industrial Systems, Semiconductor Systems and Solar Systems. The aim is to afford a sharper product focus in individual markets and enhance operational transparency for the capital markets.

Performance is assessed and decisions regarding the assignment of resources to the segments are made on the basis of PVA TePla AG's three divisions. The following segment reporting therefore follows the Group's organizational structures of the three divisions based on PVA TePla's Group internal management system. Cross segment transactions – this mainly concerns PVA Vakuum Anlagenbau Jena GmbH, which is assigned to Semiconductor Systems for organizational purposes but also works for Solar Systems – are broken down accordingly for segment reporting.

The following tables prove a general overview of the operating segments of PVA TePla AG. In line with IFRS 8, segment reporting also includes a reconciliation from the total segment results to the Group's net income for the period.

The segment information for the **second quarter** is as follows:

in EUR '000	External sales revenues		Internal sales revenues		Total sales revenues		EBIT	% of sales revenues	EBIT	% of sales revenues
	2011	2010	2011	2010	2011	2010	2011		2010	
Industrial Systems	12,973	5,410	54	527	13,027	5,936	9	0.1%	1,083	20.0%
Semiconductor Systems	8,418	8,532	0	-43	8,418	8,489	984	11.7%	-78	-0.9%
Solar Systems	1,716	16,893	0	0	1,716	16,893	799	46.4%	2,755	16.3%
Segment total	23,107	30,834	54	484	23,161	31,318	1,791	7.8%	3,760	12.2%
Consolidation	0	0	0	0	0	0	0		2	
Group	**23,107**	**30,834**	**54**	**484**	**23,161**	**31,318**	**1,791**	**0**	**3,762**	**12.2%**

The segment information for the **first half of the year** is as follows:

in EUR '000	External sales revenues		Internal sales revenues		Total sales revenues		EBIT	% of sales revenues	EBIT	% of sales revenues
	2011	2010	2011	2010	2011	2010	2011		2010	
Industrial Systems	24,226	12,223	181	1,443	24,407	13,666	1,103	4.6%	1,899	15.5%
Semiconductor Systems	17,219	11,901	0	870	17,219	12,771	1,980	11.5%	-1,125	-9.5%
Solar Systems	4,804	39,741	0	0	4,804	39,741	470	9.8%	6,117	15.4%
Segment total	46,250	63,866	181	2,314	46,430	66,179	3,554	7.7%	6,891	10.8%
Consolidation	0	0	0	0	0	0	-4		72	
Group	**46,250**	**63,866**	**181**	**2,314**	**46,430**	**66,179**	**3,550**	**7.7%**	**6,963**	**10.9%**

The reconciliation of the segment results (EBIT) to the consolidated net profit for the period is as follows:

	Q2 2011	Q2 2010	H1 2011	H1 2010
Total segment results	1,791	3,760	3,554	6,891
Consolidation	0	2	-4	72
Group operating profit (EBIT)	1,791	3,762	3,550	6,963
Financial result	-321	-355	-320	-883
Share of profits from associates	0	-71	0	-47
Net profit before taxes	1,470	3,336	3,230	6,033
Income taxes	-314	-1,077	-802	-1,802
Consolidated net profit for the period	1,156	2,259	2,428	4,231

Business relationships between the segments were eliminated in consolidation.

DERIVATIVE FINANCIAL INSTRUMENTS

In PVA TePla Group, derivative financial instruments are used exclusively to hedge risks from underlying transactions. In particular, these include exchange risks from sales in foreign currencies and interest rate risks.

Currency forwards and hedging

As the majority of sales are conducted in the respective currency of the supplying country (EUR in the Euro zone, USD in the US), exchange risks only arise in a limited number of cases. If material contracts are concluded in a foreign currency, the exchange risks occurring as a result are covered by corresponding hedging transactions.

A forward exchange contract with an open volume of EUR 827 thousand or USD 1,185 thousand has been entered into, in order to hedge the US Dollar payments on a delivery in the Industrial Systems division. The due date on this foreign exchange contract was set to correspond with the date when money was expected to be received. This foreign exchange contract was measured at fair value on the basis of the forward currency rate on the balance sheet date for the remaining term of the contract, and its fair value as of June 30, 2011 totaled EUR 7 thousand.

Foreign exchange contracts with an open volume of EUR 1,502 thousand or USD 2,134 thousand have been entered into in order to hedge the US Dollar payments for deliveries by the Semiconductor Systems division. The due dates on these foreign exchange contracts were set to correspond with the date when money was expected to be received. They were also carried at fair value at the balance sheet date. The fair value of these contracts is EUR 29 thousand.

Interest hedges

To hedge the interest rate risk for financing investments in newly constructed buildings at the Wettenberg and Jena sites, interest rate hedges originally totaling EUR 11,600 thousand were concluded. The open amount of these hedges as of the reporting date of June 30, 2011, was EUR 8,680 thousand. The fair value of these instruments is reported under other financial liabilities, totaling EUR -588 thousand as of the reporting date.

The loan, which was originally for EUR 10 million to finance the new building at the Wettenberg site on which the above interest rate hedge is based, had not been utilized as of June 30, 2011. Accordingly, the fair values of the interest rate derivatives and deferred taxes on these were not reported under other provisions. The fair values (cumulatively EUR -574 thousand, of which EUR -136 thousand was recognized as income in the second quarter of 2011) were recognized under finance revenue.

COST OF MATERIALS

The cost of sales contains expenditure on materials as follows:

in EUR '000	H1 2011	H1 2010
Cost of raw materials, consumables and supplies and of goods purchased and held for resale	21,202	33,254
Cost of purchased services	3,122	2,461
Total	**24,324**	**35,715**

PERSONNEL EXPENSES

Personnel expenses are composed as follows:

in EUR '000	H1 2011	H1 2010
Wages and salaries	13,465	14,463
Social charges	2,304	2,198
Expenditure on retirement pensions	349	271
Total	**16,118**	**16,932**

The average number of employees by function has changed as follows in the reporting period:

Number of employees by function (average for the period)	H1 2011	H1 2010
Administration	67	71
Sales	55	52
Engineering, research and development	113	103
Production and service	256	281
Total number of employees	**491**	**507**

EXECUTIVE BODIES OF THE COMPANY

In the first half of 2011, the Management Board of PVA TePla AG consisted of the following persons:

Peter Abel, Wettenberg (Chairman / CEO)
until June 30, 2011
Engineer

Managing Director of the following Group companies:
» PVA Jena Immobilien GmbH, Jena (until July 18, 2011)
» Plasma Systems GmbH, Wettenberg (until May 10, 2011)
» PVA TePla Analytical Systems GmbH, Westhausen (until July 18, 2011)

and of the following non-associated companies:
» PA Beteiligungsgesellschaft mbH, Wettenberg

Membership of supervisory bodies:
» PVA TePla America Inc., Corona, USA (Director)
» Xi´an HuaDe CGS Ltd., Xi´an, China (Chairman of the Supervisory Board)
» ScheBo Biotech AG, Giessen (Chairman of the Supervisory Board)
» OPTOTEC GmbH, Wettenberg (Chairman of the Advisory Board)
» 3D Präzisionstechnik AG, Asslar (Chairman of the Supervisory Board)

Arnd Bohle, Bochum (CFO)
Business graduate

Membership of supervisory bodies:
» PVA TePla (China) Ltd. (Supervisor since April 21, 2011)

Dr Arno Knebelkamp, Mülheim (CTO)
since April 1, 2011
Graduate chemist

Membership of supervisory bodies:
» Vestolit GmbH & Co. KG, Marl (Member of the Advisory Board)

In the first half of 2011, the Supervisory Board consisted of:

Alexander von Witzleben, Weimar (Chairman)
Feintool International Holding AG, Lyss / Switzerland (President of the Administration Board)

Member of the following other supervisory bodies:
» VERBIO AG, Leipzig (Chairman of the Supervisory Board)
» Kaefer Isoliertechnik GmbH & Co. KG, Bremen (Member of the Advisory Board)
» Siegwerk Druckfarben AG & Co. KGaA, Siegburg (Member of the Supervisory Board since April 1, 2011)

Dr Gernot Hebestreit, Leverkusen
Global Leader Business Development and Client Service Grant Thornton International Limited, London, Great Britain

Member of the following other supervisory bodies:
» Comvis AG, Essen (Deputy Chairman of the Supervisory Board)

Prof Dr Günter Bräuer, Cremlingen
Director of the Fraunhofer Institute for Laminate and Surface Engineering, Braunschweig, and Managing Director of the Institute for Surface Engineering (IOT) at the Technical University of Braunschweig

Member of the following other supervisory bodies:
» PEP Photonos European Photovoltaics AG, Mainz (Member of the Supervisory Board)
» AMG Coating Technologies GmbH, Hanau (Member of the Advisory Board)
» Institut für Solarenergieforschung GmbH, Emmerthal (Member of the Scientific Advisory Board)

Dr Arno Knebelkamp joined PVA TePla AG on April 1, 2011. He initially held the position of Deputy Chairman of the Management Board until June 30, 2011, after which date he became Chief Executive Officer (CEO).

The former Chairman of the Management Board (CEO) Peter Abel resigned from the Management Board of PVA TePla AG on June 30, 2011.

Dr Arno Knebelkamp succeeded Peter Abel as CEO on July 1, 2011.

As of the balance sheet date June 30, 2011, there have been no further changes to the functions and memberships of other supervisory bodies of the Supervisory Board and Executive Board members of PVA TePla AG.

RELATED PARTIES

Business transactions with related parties are transactions with companies in which executive officers of PVA TePla AG have significant shareholdings or over which they exercise significant influence.

RELATIONSHIPS WITH EXECUTIVE OFFICERS

The ordinary business activities of the PVA TePla Group involve the exchange of services with companies in which the Chief Executive Officer of PVA TePla AG holds shares or over which he exercises significant influence. All transactions are conducted at arm's length conditions.

As in the past, the relevant transactions by PVA TePla AG with related parties are limited to IT companies. In the first quarter of 2011, the value of the purchases from these companies amounted to EUR 498 thousand and the value of sales to EUR 0 thousand. The net amounts of outstanding receivables and liabilities as of the reporting date on June 30, 2011 were EUR 0 thousand and EUR 37 thousand respectively.

DISCLOSURES UNDER SECTION 160 (1) NO. 8 AKTG

No new disclosures were received in the first half of 2011.

SIGNIFICANT POST-BALANCE SHEET DATE EVENTS

Please refer to section 13 of this half-year report. There have been no significant events after June 30, 2011.

AUDITOR

At the Annual General Meeting on June 30, 2011, the shareholders approved the Supervisory Board's proposal to appoint Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, Frankfurt/Main, Germany, as auditor of the annual and consolidated financial statements for fiscal year 2011.

RESPONSIBILITY STATEMENT

"To the best of our knowledge we assure that in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year."

Wettenberg, August 11, 2011

Dr Arno Knebelkamp
Chief Executive Officer

Arnd Bohle
Chief Financial Officer

FINANCIAL CALENDAR 2011

Date	
November 11	Publication of the Q3 Report
November 21 – 23	German Equity Forum

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