Intermediate Report

Intermediate Report
January 1 – June 30, 2012

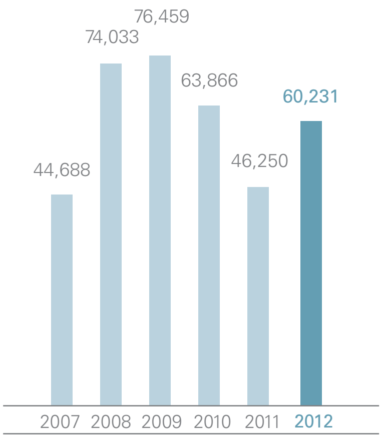
IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR `000	H1 2012	H1 2011	H1 2010
Sales Revenues	60,231	46,250	63,866
Industrial Systems	26,031	24,226	12,223
Semiconductor Systems	29,579	17,219	11,901
Solar Systems	4,621	4,804	39,741
Gross profit	**15,462**	**12,598**	**16,668**
in % sales revenues	25.7	27.2	26.1
R&D expenses	2,969	2,258	2,071
Operating result (EBIT)	**4,934**	**3,550**	**6,963**
in % sales revenues	8.2	7.7	10.9
Consolidated net profit for the period	**3,172**	**2,428**	**4,231**
in % sales revenues	5.3	5.2	6.6
Earnings per Share (EPS) in EUR [1)]	**0.15**	**0.11**	**0.19**
Capital expenditure	424	756	605
Total assets	**115,681**	**129,131 [2]**	**121,737 [2]**
Shareholders' equity	**60,253**	**60,298 [2]**	**54,472 [2]**
Equity ratio in %	52.1	46.7 [2]	44.7 [2]
Employees as of 30.06.	**505**	**491**	**507**
Incoming orders	**29,292**	**90,419**	**41,685**
Order backlog	**41,479**	**96,931**	**56,237**
Book-to-Bill-Ratio	0.49	1.96	0.65
Cash Flow from operating activities	**3,033**	**-649**	**10,019**

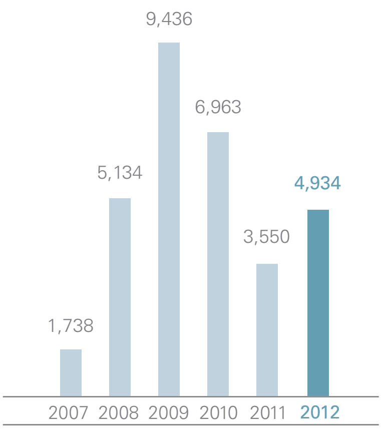
1) Circulating shares on average 21.749.988

2) as of December, 31st

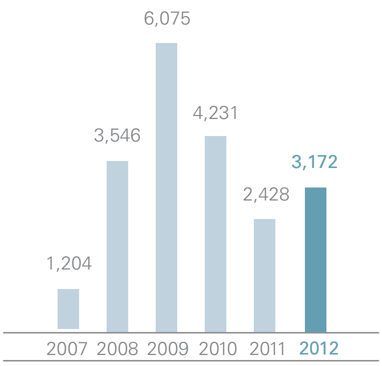
SALES REVENUES
H1, in EUR `000



OPERATING RESULT (EBIT)
H1, in EUR `000



CONSOLIDATED NET PROFIT
H1, in EUR `000



Content

INTERMEDIATE REPORT 2012
JANUARY 1 – JUNE 30, 2012

f. l. t. r.
Arnd Bohle and
Dr. Arno Knebelkamp

Foreword by the Management Board

OF PVA TEPLA AG FOR THE FIRST HALF-YEAR 2012

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 2012. Sales revenues came to around EUR 60 million in the first six months, up considerably on the previous-year figure primarily due to higher Semiconductor Systems division sales revenues. Combined with operating profit of EUR 4.9 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%.

The Industrial Systems division generated sales revenues of around EUR 26 million, slightly up on the figure in the previous year. Vacuum systems for the production of hard-metal components and the treatment of graphite were the main business of this division. Sales revenues in the Semiconductor Systems division rose from EUR 17 million as of June 30, 2011 to a good EUR 29 million. A significant contribution to this considerable growth was made by crystal growing systems for producing ingots for the semiconductor industry. Sales revenues in the Solar Systems division only matched the low level of the previous year. This division is characterized to a high degree by the difficult market environment in the global photovoltaic industry.

Demand for equipment from this market is currently very low on account of considerable overcapacities and strong pricing pressure throughout the supply chain. However, we expect that the market for high-quality and highly-efficient crystalline silicon wafers will grow once more in the medium term, which will also increase demand for cost- and process-optimized crystallization systems. Having put hard work into making significant technological improvements to our systems, we are convinced that we will play a key role in the next stage of investment in the photovoltaic industry.

Incoming orders dropped year on year in almost all business units in the first two quarters of 2012. We are currently seeing definite restraint on the part of our customers when it comes to investing in increasing capacities, a fact that is due to the uncertain overall global economic environment. Demand for our products in China has also fallen substantially. The level of incoming orders in the Industrial Systems division is on par with that in the first half of 2010 but was unable to match the very high level seen in 2011, a record year for this division. The Semiconductor Systems division also reported significantly lower incoming orders, primarily due to poor demand for crystal growing systems in the semiconductor industry.

In view of order backlog at the end of the first half of 2012, we expect to meet the targets for 2012. Given the expectations of the future development of the economic climate and our project situation, we believe that incoming orders will pick up again in the second half of 2012. The liquidity position of PVA TePla Group also remains positive.

However, in light of the low level of incoming orders in the first few months of the current fiscal year, capacity utilization in the coming months is likely to decline. In order to compensate for these effects, we will be working out a cost-cutting program with both our management and employees that will focus on flexible personnel measures (also including short-time working) and nonpersonnel costs.

It is currently not possible to deliver a reliable sales revenues forecast for 2013, as incoming orders until and into spring 2013 are relevant.

A further important component of our Company's strong long-term positioning on the market lies in strengthening the individual divisions by means of acquisitions or by developing other promising business units in-house. The takeover of Munich Metrology GmbH in July 2012 allowed PVA TePla to strengthen its expertise in the field of analytical systems for the semiconductor industry. Munich Metrology develops and sells innovative analysis systems to trace surface impurities on wafers for the semiconductor industry worldwide. Over the past few years, Munich Metrology, with 14 employees and subsidiaries in Hsinchu, Taiwan and Sacramento, CA, USA, has undergone positive development. Thanks to its incorporation into PVA TePla AG, it will be in a position to realize additional contributions to sales revenues and earnings. Furthermore, synergy effects in the development of technology and integration into PVA TePla AG's global sales and service network mean clear advantages for the customer and therefore additional impetus for growth. This will also be a further step for PVA TePla on its way to becoming a comprehensive provider of quality inspection systems.

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	Arnd Bohle
Chief Executive Officer	Chief Financial Officer

The Shares

OF PVA TEPLA AG, WETTENBERG

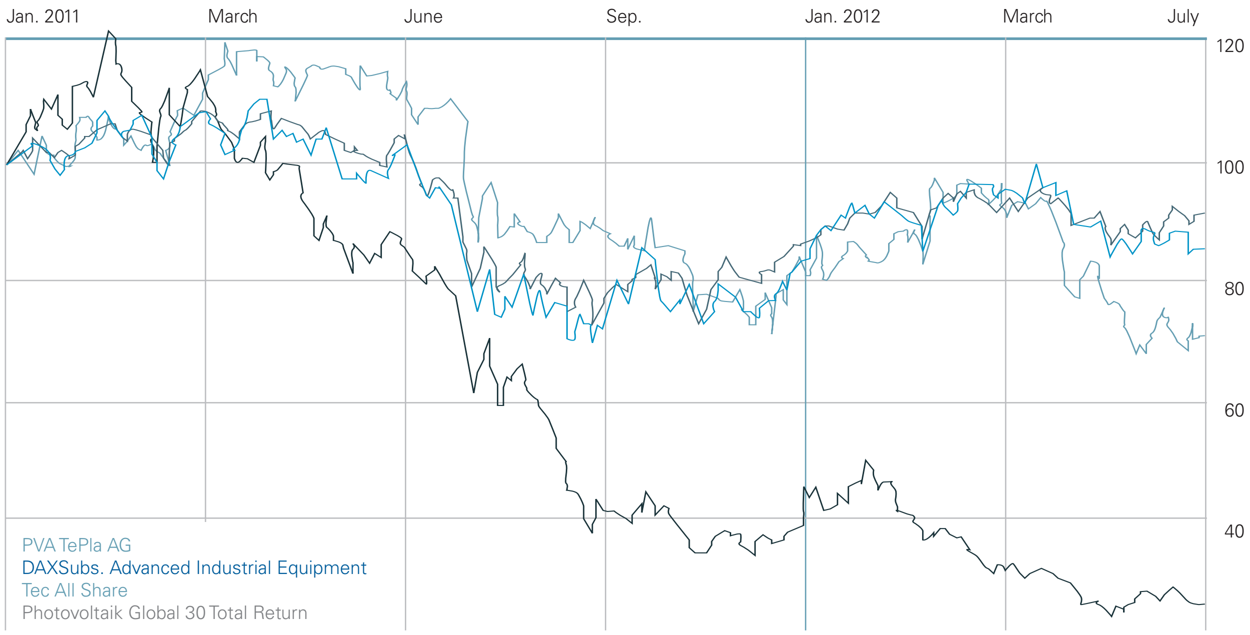
The Shares

PERFORMANCE

In the first seven months of 2012, the price of the PVA TePla share dropped from EUR 3.09 on December 30, 2011 to EUR 2.82 on July 16, 2012. The share price also recorded losses compared to the "Technology All Share" and "DAXSubs. Advanced Industrial Equipment" indices. As a manufacturer of systems for the photovoltaic market, PVA TePla´s shares have been effected by the challenging capital market environment. Comparable indices that only include photovoltaic market companies were hit even harder.

PERFORMANCE OF PVA TEPLA SHARES SINCE JANUARY 2011

in % / 1-day-interval



CONFERENCES AND ROADSHOWS

PVA TePla's business model was thoroughly explained at a series of conferences and roadshows in the first half of the year, with the importance of having a diversified divisional structure with products for a number of different markets also being illustrated.

ANNUAL GENERAL MEETING

At this year's Annual General Meeting, Dr. Arno Knebelkamp, Chairman of the Management Board at PVA TePla AG, explained fiscal year 2011 to the shareholders and stated that both Group sales revenues (at some EUR 133 million) and the EBIT margin (at 10.3%) were once again at a pleasing high level for a systems and machinery manufacturer, having slightly exceeded expectations. This allowed the Company to seamlessly follow on from the quality of the previous years' results in 2011, despite the crisis in the photovoltaic industry. The establishment of an additional business unit in the Industrial Systems division as a fourth pillar alongside the existing activities in sintering, brazing and graphite processing was also named as a major strategic objective. CFO Arnd Bohle then provided a detailed overview of the 2011 consolidated financial statements and the figures for the first quarter of the current fiscal year.

Shareholdings and subscription rights of executive body members

MANAGEMENT BOARD

	Shares June 30, 2012	Shares Dec. 31, 2011	**Subscription rights June 30, 2012**	Subscription rights Dec. 31, 2011
Dr. Arno Knebelkamp	25,000	25,000	0	0
Arnd Bohle	5,000	5,000	0	0

SUPERVISORY BOARD

	Shares June 30, 2012	Shares Dec. 31, 2011	**Subscription rights June 30, 2012**	Subscription rights Dec. 31, 2011
Alexander von Witzleben	0	0	0	0
Dr. Gernot Hebestreit	0	0	0	0
Prof. Dr. Günter Bräuer	0	0	0	0

Interim Group Management Report

PVA TEPLA AG, WETTENBERG
JANUARY 1 – JUNE 30, 2012

Interim Group Management Report

PVA TEPLA AG, JANUARY 1 – JUNE 30, 2012

1. INTRODUCTION

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. The global market for these systems involves advanced state-of-the-art materials and surface treatment technologies including 300mm silicon wafer technology for semiconductors, high-purity (Si) wafers made from floatzone material for high-performance electronics, mono- or poly-crystalline Si wafers for photovoltaics, structural materials for aviation and aerospace, 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 in the life science industry and for metallic surfaces. Nondestructive inspection and analytical 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's markets are characterized by high technological requirements as well as long-term growth, such as the photovoltaic and semiconductor industries.

2. REPORTING STRUCTURE

This interim management report describes the business development of PVA TePla Group in the first half of fiscal year 2012. The reporting structure is the same as in the consolidated financial statements as of December 31, 2011. The business activities of the Group are divided into three divisions: Industrial Systems, Semiconductor Systems and Solar Systems. The Group's reporting is also organized according to this structure.

3. STRUCTURAL CHANGES WITHIN THE PVA TEPLA GROUP

No changes were made to the structure of divisions or the Company's subsidiaries in the first six months compared to the consolidated financial statement as of December 31, 2011.

Munich Metrology GmbH, Munich was taken over effective July 6, 2012. Munich Metrology develops and sells innovative analysis systems to trace surface impurities on wafers for the semiconductor industry worldwide, thereby strengthening PVA TePla's expertise and business volume in the field of metrology. Munich Metrology will be included for the first time in the interim consolidated financial statements as of September 30, 2012.

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, Wettenberg	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 blue are operating units of PVA TePla AG

4. BUSINESS AND GENERAL ENVIRONMENT

MACROECONOMIC ENVIRONMENT

In the first half of 2012, it became apparent that the continuing turbulences on the capital markets in Europe and the USA and the resulting high degree of uncertainty would allow real economic growth of 0.7% in Germany for 2012. This is a surprising 0.5% rise as against the first quarter of 2012; however, economic experts are of the opinion that growth in the second quarter will only amount to 0.2%. According to the Association of German Machine and Plant Manufacturers (Verband Deutscher Maschinen- und Anlagenbau – VDMA), incoming orders in June 2012 were down 1% year on year in real terms. The European Commission has stated that the economy in the EU area contracted slightly in both the first and second quarter of 2012 and is therefore in recession. Real GDP growth of -0.3% is expected for full year 2012. However, the economy is predicted to pick up slowly in 2013 with growth of 1%. The leading emerging countries also reported slower growth. China is one example: growth of 7.6% in the second quarter, the lowest growth rate in three years. Likewise, Brazil, Russia and India all saw second quarter growth fall short of that in the first quarter. Economic development in these areas is being held back particularly by the sluggish global propensity to invest. According to the International Monetary Fund (IMF), Japan's GDP growth will amount to some 2% for 2012, whereas the Asia region is expected to see growth of 7.2%. Economic conditions in the USA will remain difficult in 2012 as real incomes are on the decline, unemployment is rising and growth is less than what had been hoped. The Federal Reserve (Fed), the US central bank, has lowered its forecast to growth of 1.9%–2.4%. According to the IMF, global GDP growth will amount to some 3.5%, while the Fitch rating agency is only predicting 2.2%.

SECTOR DEVELOPMENTS

The global mechanical engineering industry is currently undergoing a phase of weak growth, after two very successful years. However, the VDMA remains of the opinion that the industry will see worldwide growth of 5% due to large order backlogs. Yet national growth rates vary widely: While China is likely to see double-digit growth, the mechanical engineering industry in the Eurozone is set to face a 2% drop in sales revenues due to the ongoing uncertainty in the economic environment. According to the Semiconductor Industry Alliance (SIA) industry association, global semiconductor sales revenues rose for the third time in a row in May 2012. The 1.4% rise marks the longest growth phase since September 2010. Market researcher Gartner is of the opinion that global semiconductor expenditure will climb to USD 316 billion in 2012, up 4%, adding that despite this, the weak global economy is preventing any greater growth. The European Photovoltaic Industry Association (EPIA) has released a conservative forecast, stating that the global photovoltaic market will see less growth in 2012 than in 2011 due to challenging market conditions. However, it believes that the years to come will see more growth, which will match that of 2011 by no later than 2015.

5. SALES REVENUES

Consolidated sales revenues of the PVA TePla Group amounted to EUR 60.2 million in the first half of 2012 (previous year: EUR 46.3 million), up considerably on the previous year's figure due to the high order backlog by the end of fiscal 2011.

Sales revenues in the **Industrial Systems division** rose to EUR 26.0 million (previous year: EUR 24.2 million). The rise is due to existing orders from the previous year for hard-metal sintering and graphite processing systems, particularly from abroad. The **Semiconductor Systems division** saw sales revenues climb to EUR 29.6 million (previous year: EUR 17.2 million). Almost all business units in this division contributed positively to sales revenues, with the most positive being from Crystal Growing Systems; Floatzone Systems and Plasma Systems business units also saw business volumes rise year on year. The **Solar Systems division** generated sales revenues of EUR 4.6 million (previous year: EUR 4.8 million). Sales revenues in this division has dropped significantly in the past two years due to the challenging situation in the photovoltaic market.

SALES REVENUES BY DIVISION EUR `000	H1 2012	H1 2011
Industrial Systems	26,031	24,226
Semiconductor Systems	29,579	17,219
Solar Systems	4,621	4,804
Total sales revenues	**60,231**	**46,250**

When looking at sales revenues by region, a very large proportion of sales revenues (almost 56%) 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 has remained stable at almost 27%. Sales revenues from business in other European countries came to 11% of PVA TePla Group's total sales revenues. Nearly 6% of total sales revenues were generated in North America.

SALES REVENUES BY REGION EUR `000	H1 2012	H1 2011
Germany	16,127	11,875
Europe (excluding Germany)	6,857	7,348
North America	3,509	1,561
Asia	33,668	24,401
Others	108	658
Consolidation	-38	406
Total sales revenues	**60,231**	**46,250**

6. ORDERS

In the first half of fiscal year 2012, PVA TePla Group's order situation deteriorated quite markedly year on year. Order intake amounted to EUR 29.3 million (previous year: EUR 90.4 million). The book-to-bill ratio of 0.49 (previous year: 1.96) also shows this development. Customers across all divisions are very hesitant about making investments. This also applies to the key Chinese market, where demand for our products dropped considerably in the first half of 2012.

Order intake in the Industrial Systems division amounted to EUR 17.2 million in the first six months of the current fiscal year (previous year: EUR 33.7 million). Most of the orders were placed by German and Chinese customers for ultra-high vacuum brazing systems. The Semiconductor Systems division generated incoming orders of EUR 11.2 million (previous year: EUR 33.8 million). The largest proportion of incoming orders here was for plasma systems. The division's order intake in the previous year had been characterized by a major order for crystallization systems for the semiconductor industry. The Solar Systems division only generated incoming orders of EUR 0.9 million (previous year: EUR 22.9 million); no major orders had been expected in the first half of 2012 on account of the challenging market environment. Demand for equipment from this market is currently very low on account of considerable overcapacities and strong pricing pressure throughout the supply chain.

Order backlog, consolidated and net of sales revenue shares already realized according to the Percentage of Completion method (PoC), came to EUR 41.5 million on June 30, 2012 (previous year: EUR 96.9 million). All divisions reported a year-on-year drop in their order backlogs. The Industrial Systems division had an order backlog of EUR 17.1 million as of June 30, 2012 (previous year: EUR 34.3 million). The Semiconductor Systems division recorded an order backlog to the value of EUR 18.4 million, compared to EUR 35.8 million in the previous year. The Solar Systems division recorded order backlog of EUR 5.9 million on June 30, 2012 (previous year: EUR 26.9 million).

7. PRODUCTION

In the first half of fiscal year 2012, systems production and contract processing were performed in Germany at the Wettenberg, Siegen, Westhausen and Jena locations. 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.

Production capacities were well utilized at all locations in the first half of 2012. Low order intake will mean at the Jena location from the end of the third quarter a considerable drop in capacity utilization, with lower utilization also expected at the Wettenberg location in the course of the fourth quarter. The number of labor leasing employees has been cut substantially at both locations. Once capacity utilization begins to fall, working time credits will start to be reduced.

8. RESEARCH AND DEVELOPMENT

The costs of research and development (R&D) for the Group in the reporting year totaled EUR 3.0 million (previous year: EUR 2.3 million). A selection of R&D activities by division is 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 GIGAfab ASYNTIS was developed further in the Plasma Systems business unit for one of the leading semiconductor customers in Europe. This plasma system is needed for the 3-D integration of ultrathin wafers to manufacture extremely fast and highly-efficient chips. PVA TePla has successfully completed testing the new generation of fully-automated GIGA 80 Plus IoN plasma activation systems for precision cleaning of chip carriers at a major customer. In the Analytical Systems business unit, software development focused on the manufacturing of the Graphical User Interface (GUI) for the new high-frequency SAM 2000. All components have now been integrated, with the first device being set up for a university in France. The scanner for the high-frequency SAM is in pilot production; a further scanner is being built for the EU-financed SEAL project. The first ever AUTO WAFER with an OHT (**o**verhead **h**oist **t**ransport) system is being set up for a semiconductor manufacturer in Asia. The system will primarily be controlled by software without the need for an operator. All development work for this project was concluded in June. A universal platform-based AUTO WAFER control software, which will control the acoustic part of the device with its automated components, will be programmed to further integrate the systems.

Most R&D costs (approximately EUR 2 million) were attributable to the Solar Systems division, which has been driving further development and process optimization of the systems it manufactures. Active crystal cooling was developed and tested for the Czochralski crystal growing process to increase yields by higher growing speeds; first – very promising – attempts have been made to increase yields by multipulling. The industrial joint "Magnetic Czochralski" project to manufacture high-quality mono-crystalline ingots for efficiency-increased solar cells continued in the second quarter with promising results. Some of this work was conducted within the scope of the excellence cluster "Solarvalley Mitteldeutschland" (Solar Valley Central Germany) sponsored by the Federal Ministry of Education and Research.

9. INVESTMENTS

Investments totaled EUR 0.4 million in the first half of 2012 (previous year: EUR 0.8 million). These investments mainly related to smaller projects in connection with operating and office equipment.

10. PERSONNEL

The Group had 505 employees as of June 30, 2012 (December 31, 2011: 509 employees; June 30, 2011: 491 employees). Therefore the number of employees decreased slightly compared to December 31, 2011.

11. NET ASSETS AND FINANCIAL POSITION

Total assets fell from EUR 129.1 million (December 31, 2011) to EUR 115.7 million (June 30, 2012).

Non-current assets have dropped slightly from EUR 45.3 million as of December 31, 2011 to EUR 44.4 million. This was mainly due to the scheduled amortization of property, plant and equipment and intangible assets. Deferred tax assets rose slightly from EUR 2.6 million as of December 31, 2011 to EUR 2.8 million.

Current assets decreased to a total of EUR 71.2 million (December 31, 2011: EUR 83.8 million). The greatest change was due to a decline in current receivables from EUR 20.3 million as of December 31, 2011 to EUR 13.1 million. This was mainly a result of the drop in trade receivables to EUR 8.8 million (December 31, 2011: EUR 15.6 million). Payments in advance went down to EUR 1.0 million (December 31, 2011: EUR 2.4 million). Other receivables increased to EUR 3.4 million (December 31, 2011: EUR 2.4 million). Tax repayments (stemming primarily from tax prepayments) amounted to EUR 3.0 million (previous year: EUR 1.4 million). Inventories rose slightly to EUR 24.3 million (December 31, 2011: EUR 23.7 million). Material planning and the processing of current orders caused raw materials and operating supplies to fall slightly to EUR 10.4 million (December 31, 2011: EUR 11.0 million) and work in progress to rise to EUR 10.2 million (December 31, 2011: EUR 8.9 million). Coming receivables on construction contracts went down to EUR 16.8 million (December 31, 2011: EUR 22.8 million). Cash and cash equivalents came to EUR 13.0 million, down slightly on December 31, 2011 at EUR 14.6 million. Current securities amounted to EUR 1.0 million (December 31, 2011: EUR 1.0 million).

Non-current liabilities rose slightly from EUR 20.9 million as of December 31, 2011 to EUR 21.4 million. Non-current financial liabilities went down to EUR 8.2 million (December 31, 2011: EUR 8.7 million) due to scheduled loan repayments. Pension provisions rose slightly to EUR 8.5 million (December 31, 2011: EUR 8.4 million) on account of the scheduled addition. The corresponding pension schemes were taken on from previous companies and contain only existing commitments. New pension obligations are generally no longer entered into. The greatest increase here was as a result of the rise in deferred tax liabilities to EUR 3.5 million (December 31, 2011: EUR 2.8 million).

Current liabilities fell from a total of EUR 47.9 million as of December 31, 2011 to EUR 34.1 million. Current financial liabilities mainly pertain to current positions of non-current financial liabilities. The Company had no significant current liabilities to banks as of June 30, 2012 on account of its positive liquidity position. Trade payables declined to EUR 4.2 million (December 31, 2011: EUR 6.1 million). Obligations on construction contracts dropped slightly to EUR 1.5 million (December 31, 2011: EUR 1.6 million). The greatest change in liabilities was the drop in advance payments received on orders, from EUR 16.7 million as of December 31, 2011 to EUR 7.4 million. Other current provisions amounted to EUR 6.2 million (December 31, 2011: EUR 8.8 million) and accrued liabilities came to EUR 7.8 million (December 31, 2011: EUR 7.4 million).

The results, in conjunction with the dividend payment for the past fiscal year, meant that equity remained effectively unchanged at EUR 60.3 million (December 31, 2011: EUR 60.3 million). Due to the reduction in total assets, the equity ratio has continued to climb, and has now reached 52.1% (December 31, 2011: 46.7%).

As had been expected, operating cash flow was positive again in the first half of 2012, standing at EUR +3.0 million (previous year: EUR -0.6 million). Cash flow from investment activities was EUR -0.3 million (previous year: EUR -0.6 million). Cash flow from financing activities was EUR -4.5 million (previous year: EUR -1.2 million) and included dividend payments of EUR 3.3 million. The same amount was paid out in the previous year, although not until the third quarter. Total cash flow in the first half of 2012, including changes caused by exchange rate movements, totaled EUR -1.7 million (previous year: EUR -2.5 million). Free cash flow was EUR +2.6 million (previous year: EUR -1.4 million). The liquidity position of PVA TePla Group remains very good.

12. RESULTS OF OPERATIONS

The results of PVA TePla developed according to expectations in the first six months of 2012. Operating profit (EBIT) of EUR 4.9 million (previous year: EUR 3.6 million) and consolidated net profit of EUR 3.2 million (previous year: EUR 2.4 million) were generated. At 8.2%, the EBIT margin was within the bandwidth of 8% to 10% forecast for the full year and also above the previous year’s value of 7.7%. The return on sales amounted to 5.3% (previous year: 5.2%).

Looking at just the second quarter, sales revenues, at EUR 29.2 million, were above the value of EUR 23.1 million in the previous year. The operating profit was EUR 2.0 million (previous year: EUR 1.8 million) and the consolidated net profit for the period was EUR 1.2 million (previous year: EUR 1.2 million).

The figures for the first six months of 2012 are discussed and commented upon below.

While consolidated sales revenues rose to EUR 60.2 million (previous year: EUR 46.3 million), gross profit amounted to EUR 15.5 million (previous year: EUR 12.6 million). The gross margin decreased to 25.7% (previous year: 27.2%).

Selling and distribution expenses of EUR 5.4 million in the first half of the year were up on the previous year’s figure of EUR 5.1 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 3.8 million (previous year: EUR 3.6 million). Research and development expenses increased to EUR 3.0 million (previous year: EUR 2.3 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 +1.7 million (previous year: EUR +1.9 million). This primarily included income from reversing provisions, income from R&D project grants as well as currency translation income and expenses.

The Industrial Systems division generated significantly greater operating profit of EUR 2.8 million (previous year: EUR 1.1 million). The Semiconductor Systems division also managed to significantly increase its operating profit to EUR 5.1 million (previous year: EUR 2.0 million). This was primarily due to the high business volume of Crystal Growing Systems and the good earnings contributions of Floatzone Systems as well as Plasma Systems and Analytical Systems. The Solar Systems division achieved a significantly negative result of EUR -3.0 million (previous year: EUR +0.5 million) due to low sales revenues and high R&D expenses.

The net interest position totaled EUR -0.6 million (previous year: EUR -0.3 million). Earnings before tax came in at EUR 4.3 million (previous year: EUR 3.2 million).

Income tax expense of EUR -1.1 million (previous year: EUR -0.8 million) consisted of current tax expense of EUR 0.6 million (previous year: EUR 0.9 million) and expenses from deferred taxes of EUR 0.5 million (previous year: income of EUR 0.1 million).

13. SUPPLEMENTARY REPORT

Since June 30, 2012 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. ASSESSMENT OF 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 systems could be utilized. Increasing demand for materials such as graphite is providing new sales opportunities. In markets such as photovoltaics and the semiconductor industry, PVA TePla provides technologies that will remain a firm part of each respective value 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 nondestructive quality control in LED or MEMS 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 significant growth potential in these areas. Additional sales opportunities also arise from product range expansion, whether involving in-house developments or, as has often been the case in the past, through the acquisition of companies possessing interesting technologies. The takeover of Munich Metrology GmbH in July this year strengthened the Analytical Systems business unit.

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. This 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 bottle-necks. The strategy of maintaining a relatively low level of vertical integration allows rapid response. 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 risks as well as opportunities. The semiconductor industry in recent decades has enjoyed average annual growth rates well above those of most so-called old economy industries; however, this average includes periods of both robust growth and recession. Although the future condition of the general global economy is not entirely certain, analysts predict global GDP growth of between 2.2% and 3.5% for 2012, i.e. less growth than in the past two years. The risk of a global economic downturn is undeniable in the wake of the debt crisis in the so-called developed industrialized countries, especially in the Eurozone – which was in recession in the first half of 2012. The further economic development of these economies and particularly the investment activities of many companies remain unclear. Developments in the developing and emerging countries, such as China – an extremely important market for PVA TePla Group – are also showing signs of declining growth rates. PVA TePla is following economic developments closely. Order intake in almost all divisions had weakened significantly by the end of the second quarter of 2012. The Plasma Systems business unit was the only one to generate satisfactory order intake. Customers were very reluctant to invest across all business divisions. It is currently impossible to say when the economy will pick up once more and capital expenditure will increase in our relevant markets. There is no question that PVA TePla systems continue to constitute an important element in the development of high-tech materials and will continue to be in demand. In the current year demand in the markets for products from the Industrial Systems division is expected to weaken but remain stable; however, demand in the Crystal Growing Systems, Floatzone Systems and Analytical Systems business units in the Semiconductor Systems division is likely to be much lower. Market opportunities in the Plasma Systems business unit remain promising. In the Solar Systems division, the order situation in 2012 is less promising in terms of major projects – especially considering existing oversupplies on the photovoltaic market. However, talks continue with customers. These could result in projects, even if they are only smaller ones. Despite the market being large and growing strongly in the medium term, competitive pressure is going to increase, especially in China. However, excellent technology and the continuous optimization of our systems and their cost efficiency provide the Company with opportunities. Talks with customers to date lead us to believe that systems whose products guarantee maximum efficiency and optimal cost of ownership will prevail in the future. As PVA TePla is working intensely to develop such systems and provide them for industrial application, medium- to long-term market prospects are positive, even given the difficult photovoltaic market at present.

As explained above, the economic situation deteriorated significantly in the first six months of 2012, which is also reflected in PVA TePla's order intake in the first half of 2012 in almost all business units. Given the economic climate illustrated above and projections on future economic developments as well as our project situation, we however believe that incoming orders will pick up again in the second half of 2012.

The debt crisis that has taken hold in numerous established industrialized countries continues to harbor risks for the global economy, which cannot be fully ascertained at present. If one or more of these countries was to become unable to meet its repayments or the Euro was to collapse, this would have serious consequences for the global economy.

In view of order backlog at the end of the first half of 2012, we confirm our targets for 2012. It is currently not possible to deliver a reliable sales revenue forecast for 2013, as incoming orders until and into spring 2013 are relevant.

Maintaining a low level of verticality affords a flexible structure for adjusting capacity as needed in the event of lower demand. Possible measures are increasing the assembly depth, further reducing reliance on labor leasing and temporary employees, and utilizing flextime working hours models.

In order to compensate for pending low capacity utilization and in the event of poor incoming orders, we will develop a cost-cutting program focusing on flexible personnel measures (also including short-time working) and nonpersonnel costs that will prove effective in the short term.

Exchange rates: A 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 plasma systems. The high volatility of current exchange rates makes forecasting future development difficult. There are currently no significant foreign currency transactions at the Company.

Interest rate development: The Company is watching the current development of interest rates and price hikes closely. Current forecasts indicate that no significant changes in interest rate levels are to be expected in the foreseeable future. Moreover, the Company's positive liquidity position and long-term financing of its investments support the Company's financing situation.

Raw materials: The development of raw material 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 does not expect any significant risks from any such developments.

In the first six months of 2012, the opportunities and risks presented in detail in the Annual Report 2011 on pages 53 et seq. did not change significantly.

15. OUTLOOK

PVA TePla expects the current fiscal year to generate a result in line with previous forecasts; this translates to consolidated sales revenues of between EUR 120 million and 130 million and an EBIT margin in the region of 8 to10%. Order backlog as of June 30, 2012 in the amount of EUR 41.5 million supports corporate planning for the current fiscal year. It is currently not possible to deliver a reliable sales revenue forecast for 2013 as incoming orders until and into spring 2013 are relevant.

Wettenberg, August 14, 2012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Interim Consolidated Financial Statements

PVA TEPLA AG, WETTENBERG
AS AT JUNE 30, 2012

PVA TEPLA AG, WETTENBERG

Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET
as at June 30, 2012

ASSETS EUR `000	June 30, 2012	Dec. 31, 2011
Non-current assets		
Intangible assets	8,134	8,376
Goodwill	7,615	7,615
Other intangible assets	519	761
Property, plant and equipment	33,062	33,861
Land, property rights and buildings, including buildings on third party land	28,248	28,675
Plant and machinery	3,256	3,414
Other plant and equipment, fixtures and fittings	1,554	1,764
Advance payments and assets under construction	4	8
Investment property	421	432
Non-current investments	9	9
Deferred tax assets	2,814	2,633
Total non-current assets	44,440	45,311
Current assets		
Inventories	24,321	23,674
Raw materials and operating supplies	10,436	10,975
Work in progress	10,195	8,931
Finished products and goods	3,690	3,768
Coming receivables on construction contracts	16,782	22,828
Trade and other receivables	13,144	20,274
Trade receivables	8,770	15,570
Payments in advance	1,012	2,352
Other receivables	3,362	2,352
Tax repayments	3,035	1,431
Other financial assets	1,001	1,001
Cash and cash equivalents	12,958	14,612
Total current assets	71,241	83,820
Total	**115,681**	**129,131**

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

LIABILITIES AND SHAREHOLDERS' EQUITY EUR `000	June 30, 2012	Dec. 31, 2011
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	39,062	39,140
Other reserves	-232	-277
Minority interest	-327	-315
Total shareholders' equity	60,253	60,298
Non-current liabilities		
Non-current financial liabilities	8,155	8,742
Other non-current liabilities	882	773
Retirement pension provisions	8,531	8,396
Deferred tax liabilities	3,470	2,757
Other non-current provisions	324	279
Total non-current liabilities	21,362	20,947
Current liabilities		
Short-term financial liabilities	4,166	4,154
Trade payables	4,244	6,066
Obligations on construction contracts	1,492	1,641
Advance payments received on orders	7,388	16,651
Accruals	7,771	7,354
Other short-term liabilities	1,626	1,448
Provisions for taxes	1,203	1,732
Other short-term provisions	6,176	8,840
Total current liabilities	34,066	47,886
Total	**115,681**	**129,131**

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

PVA TEPLA AG, WETTENBERG

CONSOLIDATED INCOME STATEMENT

January 1 – June 30, 2012

EUR `000	April 1 – June 30, 2012	April 1 – June 30, 2011	Jan. 1 – June 30, 2012	Jan. 1 – June 30, 2011
Sales revenues	29,246	23,107	60,231	46,250
Cost of sales	-22,414	-16,942	-44,769	-33,652
Gross profit	6,832	6,165	15,462	12,598
Selling and distributing expenses	-2,705	-2,839	-5,406	-5,110
General administrative expenses	-1,994	-1,571	-3,845	-3,592
Research and development expenses	-1,346	-1,467	-2,969	-2,258
Other operating income	1,700	2,118	2,906	3,208
Other operating expenses	-496	-615	-1,214	-1,296
Operating profit (EBIT)	1,991	1,791	4,934	3,550
Finance revenue	44	-55	111	262
Finance costs	-448	-266	-749	-582
Financial result	-404	-321	-638	-320
Net profit before tax	1,587	1,470	4,296	3,230
Income taxes	-434	-314	-1,124	-802
Consolidated net profit for the period	1,153	1,156	3,172	2,428
of which attributable to:				
Shareholders of PVA TePla AG	1,156	1,145	3,184	2,419
Minority interest	-3	11	-12	9
Consolidated net profit for the period	1,153	1,156	3,172	2,428
Earnings per share				
Earnings per share (basic) in EUR	0.05	0.05	0.15	0.11
Earnings per share (diluted) in EUR	0.05	0.05	0.15	0.11
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, 2012

EUR `000	Jan. 1 – June 30, 2012	Jan. 1 – June 30, 2011
Consolidated net profit for the period	**3,172**	**2,428**
of which attributable to shareholders of PVA TePla AG	3,184	**2,419**
of which attributable to minority interest	-12	9
Other comprehensive income		
Currency changes	75	-122
Income taxes	-30	73
Changes recognized outside profit or loss (currency changes)	45	-49
Changes in fair values of derivative financial instruments	0	16
Income taxes	0	-5
Changes recognized outside profit or loss (derivative financial instruments)	0	11
Other comprehensive income after taxes (changes recognized outside profit or loss)	**45**	**-38**
of which attributable to shareholders of PVA TePla AG	45	-38
of which attributable to minority interest	0	0
Total comprehensive income	**3,217**	**2,390**
of which attributable to shareholders of PVA TePla AG	3,229	2,381
of which attributable to minority interest	-12	9

PVA TEPLA AG, WETTENBERG

CONSOLIDATED CASH FLOW STATEMENT

January 1 – June 30, 2012

	EUR `000	**Jan. 1 – June 30, 2012**	Jan. 1 – June 30, 2011
	Consolidated net profit for the period	3,172	2,428
	Adjustments to the consolidated net profit for the period for reconciliation to the cash flow operating activities:		
+	Income tax expense	1,124	802
-	Finance revenue	-111	-262
+	Finance costs	749	582
=	Operating profit	4,934	**3,550**
-	Income tax payments	-2,725	-2,366
+	Amortization and depreciation	1,458	1,380
-/+	Gains/losses on disposals of non-current assets	4	7
+/-	Other non-cash expenses (income)	98	-216
		3,769	**2,355**
-/+	Increase/decrease in inventories, trade receivables and other assets	12,516	-13,911
+/-	Increase/decrease in provisions	-2,592	-1,955
+/-	Increase/decrease in trade payables and other liabilities	-10,660	12,862
=	Cash flow from operating activities	3,033	**-649**
-	Acquisition of intangible assets and property, plant and equipment	-424	-756
+	Interest receipts	111	125
=	Cash flow from investing activities	-293	**-622**
+	Payments to shareholders (dividends, capital repayments, other payments)	-3,262	0
-	Payments from redemption of debt and loans	-592	-583
+/-	Change in short-term bank liabilities	-2	-4
-	Payments of interests	-641	-582
=	Cash flow from financing activities	-4,497	**-1,169**
	Net change in cash and cash equivalents	-1,757	-2,440
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	103	-97
+	Cash and cash equivalents at the beginning of the period	14,612	30,282
=	Cash and cash equivalents at the end of the period	12,958	**27,745**

PVA TEPLA AG, WETTENBERG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 – June 30, 2012

EUR `000	Shared issues		Revenue reserves	Other equity components	Total	Minority interest	Total Shareholders' equity
	Number						
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
As at January 01, 2011	21,749,988	21,750	33,255	-224	54,781	-309	54,472
Total income			9,147	-53	9,094	-6	9,088
Dividend			-3,262	0	-3,262	0	-3,262
As at December 31, 2011	21,749,988	21,750	39,140	-277	60,613	-315	60,298
As at January 01, 2012	**21,749,988**	**21,750**	**39,140**	**-277**	**60,613**	**-315**	**60,298**
Total income			3,184	45	3,229	-12	3,217
Dividend			-3,262	0	-3,262	0	-3,262
As at June 30, 2012	**21,749,988**	**21,750**	**39,062**	**-232**	**60,580**	**-327**	**60,253**

Selected Notes

TO THE PVA TEPLA AG
CONSOLIDATED HALF-YEAR REPORT 2012

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 line with International Financial Reporting Standards (IFRS). Thus, this half-year report also complies with IAS 34 (Interim Financial Reporting).

The report has not been audited.

These notes mainly contain details of items in which there have been material changes as against the consolidated financial statements as of December 31, 2011.

REPORTING CURRENCY AND CURRENCY TRANSLATION

The reporting currency and currency translation principles applied are the same as those used for the 2011 consolidated financial statements. The material exchange rates of countries outside the Eurozone that are included in the interim financial statements are as follows:

EUR = 1	Average exchange rate		Exchange rate on the balance sheet date	
	H1 2012	H1 2011	**June 30, 2012**	Dec. 31, 2011
USA (USD)	1.29719	1.40138	1.25770	1.29483
China (CNY)	8.19001	9.15499	7.94281	8.23045
Denmark (DKK)	7.43500	7.45601	7.43320	7.43494
Singapore (SGD)	1.64015	1.76364	1.59923	1.68209

COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include all of 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-year consolidated financial statements as of June 30, 2012:

Name	Corporate domicile	Ownership interest
PVA TePla AG (parent company)	Wettenberg, Germany	
PVA TePla America Inc.	Corona/CA, USA	100 %
PVA Jena Immobilien GmbH	Jena, Germany	100 %
PVA Vakuum Anlagenbau Jena GmbH	Jena, Germany	100 %
Xi'an HuaDe CGS Ltd.	Xi'an, PR China	51 %
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100 %
PVA Control GmbH	Wettenberg, Germany	100 %
Plasma Systems GmbH	Wettenberg, Germany	100 %
PlaTeG GmbH	Wettenberg, Germany	100 %
PVA TePla Singapore Pte. Ltd.	Singapore	100 %
PVA TePla Analytical Systems GmbH	Westhausen, Germany	100 %
PVA TePla (China) Ltd.	Beijing, PR China	100 %

The PlaTeG GmbH subsidiary moved from its Siegen site to Wettenberg at the beginning of fiscal year 2012. The move was entered in the Commercial Register on April 17, 2012.

Munich Metrology GmbH, Munich was taken over effective July 6, 2012. The company will be included for the first time in the interim consolidated financial statements as of September 30, 2012. Munich Metrology is part of the Semiconductor Systems division.

No further changes have occurred since the 2011 consolidated financial statements.

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, 2011. The single-entity financial statements of the companies included in the half-year financial statements have been prepared in accordance with IAS 27 (Consolidated and Separate Financial Statements) on the basis of uniform accounting and valuation principles.

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in this half-year report as of June 30, 2012 are the same as those applied in the consolidated financial statements as of December 31, 2011.

ROUNDING

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. Accordingly, rounding differences within the tables and between the figures 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 SELECTED BALANCE SHEET ITEMS

FINANCIAL ASSETS

On June 30, 2012, financial assets included other non-current receivables in the amount of EUR 9 thousand (December 31, 2011: EUR 9 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 under “Coming receivables on construction contracts”.

EUR `000	June 30, 2012	Dec. 31, 2011
Capitalized production costs including contract profits	48,615	38,376
for which advance payments received	-31,833	-15,584
Total	**16,782**	**22,828**

OTHER FINANCIAL ASSETS

On June 30, 2012, other financial assets include short-term bonded loans in the amount of EUR 1,001 thousand (December 31, 2011: EUR 1,001 thousand).

OTHER CURRENT RECEIVABLES

Other current receivables are composed as follows:

EUR `000	June 30, 2012	Dec. 31, 2011
R&D funding project receivables	996	402
Value added tax due	1,067	1,397
Accounts payable with debit balances	72	133
Deferred prepayments	874	104
Others	352	316
Total	**3,362**	**2,352**

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. These items are reported separately on the balance sheet in the same manner as "Coming receivables on construction contracts".

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:

EUR `000	June 30, 2012	Dec. 31, 2011
Advance payments received (progress billing)	17,659	7,870
less contract costs incurred (incl. share of profit)	-16,167	-6,229
Total	**1,492**	**1,641**

SHAREHOLDERS' EQUITY/AUTHORIZED CAPITAL

Share capital

As of June 30, 2012, 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

The Management Board's existing authorization to increase the Company's stated capital until June 14, 2012, was revoked at the Annual General Meeting held on June 13, 2012.

At the same time, the Annual General Meeting of PVA TePla AG authorized the Management Board to increase the Company's stated capital upon approval of the Supervisory Board in one or more tranches by June 30, 2017 by up to EUR 10,874,994 through the issuance of up to 10,874,994 new no-par value bearer shares against cash and/or noncash contributions and excluding shareholder preemption rights to the extent permitted by law.

No capital increases from authorized capital were resolved in 2012.

NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities totaled EUR 8,155 thousand (December 31, 2011: EUR 8,742 thousand) – all of which were liabilities towards banks. Non-current financial liabilities are composed as follows:

EUR `000	June 30, 2012	Dec. 31, 2011
Non-current financial liabilities	12,318	12,892
Portion of non-current financial liabilities due in less than one year	-4,163	-4,150
Non-current financial liabilities less current portion	**8,155**	**8,742**

PENSION PROVISIONS

The addition to pension provisions was based on information on expected pension provisions as of December 31, 2012, contained in the actuarial reports used to prepare the consolidated financial statements as of December 31, 2011.

CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported here totaling EUR 4,166 thousand (December 31, 2011: EUR 4,154 thousand) primarily relate to the current positions of non-current financial liabilities. Current liabilities to banks amounted to EUR 3 thousand (December 31, 2011: EUR 4 thousand).

ADVANCE PAYMENTS RECEIVED ON ORDERS

The financing of the PVA TePla Group is largely based on the 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, 2012 was EUR 7,388 thousand (December 31, 2011: EUR 16,651 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.

Accrued liabilities are composed as follows:

EUR `000	June 30, 2012	Dec. 31, 2011
Obligations to employees	3,674	4,087
Obligations to suppliers	3,859	2,887
Other commitments	238	380
Total	**7,771**	**7,354**

All of the reported amounts are short-term in nature.

OTHER CURRENT LIABILITIES

Other current liabilities went up to EUR 1,626 thousand (December 31, 2011: EUR 1,448 thousand).

Other current liabilities are composed as follows:

EUR `000	June 30, 2012	Dec. 31, 2011
Liabilities from payroll and church tax	693	376
Other liabilities	933	1,072
Total	**1,626**	**1,448**

OTHER PROVISIONS

Other provisions were divided into non-current (EUR 324 thousand; December 31, 2011: EUR 279 thousand) and current provisions (EUR 6,176 thousand, December 31, 2011: EUR 8,840 thousand) and were composed as follows:

EUR `000	June 30, 2012	Dec. 31, 2011
Warranty	2,986	3,697
Subsequent costs	2,546	4,123
Archiving	189	279
Penalties	21	136
Restructuring	101	106
Others	657	778
Total	**6,500**	**9,119**

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 as well as long-term benefits together with long-term performance-related components and are shown separately in the balance sheet. All other provisions are short term in nature.

OTHER FINANCIAL COMMITMENTS

There were no notable changes in other financial obligations from leases and other contracts as compared to the 2011 annual financial statements.

C. NOTES ON SELECTED INCOME STATEMENT ITEMS

SALES REVENUES

PVA TePla principally generates its revenues through the sale of systems. Additional 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.). Revenues can be broken down into these categories as follows:

EUR `000	H1 2012	H1 2011
Systems	49,330	34,534
After-sales	9,083	9,751
Contract processing	1,668	1,574
Others	150	390
Total	**60,231**	**46,250**

Revenues in the first half of fiscal year 2012 were mainly comprised of systems business, which accounted for 81.9% of PVA TePla Group's total revenues. After-sale sales (15.1% of total revenues) and contract processing (2.8% of total revenues) were on par with the previous year.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to EUR 2,969 thousand in the first half of 2012 and EUR 2,258 thousand in the first half of 2011. Income from research and development project grants of EUR 782 thousand in 2012 and EUR 530 thousand in 2011 is recognized separately under "other operating income".

INCOME TAXES

Taxes on income are calculated on a best-estimate basis applying 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 rates 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:

EUR `000	H1 2012	H1 2011
Current tax expense	-591	-906
Deferred tax expense/income	-533	104
Total income taxes	**-1,124**	**-802**

EARNINGS PER SHARE

Consolidated net profit for the period before minority interests amounted to EUR 3,185 thousand (previous year: EUR 2,419 thousand). As in the previous year, an average of 21,749,988 no-par value shares was in circulation in the first half of 2012.

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

Calculation of earnings per share for the first half of 2011 and 2012:

	H1 2012	H1 2011
Numerator: Consolidated net profit for the period before minority interests (EUR thousand)	3,185	2,419
Denominator: Weighted number of shares outstanding – basic	21,749,988	21,749,988
Earnings per share (in EUR):	**0.15**	**0.11**

At the balance sheet date, no stock options were issued to employees and members of the Management and Supervisory Board entitling them to purchase PVA TePla AG shares. As a result, there are no dilution effects in regards to earnings per share as of June 30, 2012.

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 2011 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. PVA TePla AG evaluates profitability and makes decisions on the allocation of resources to the segments based on the three divisions. This means the segment reporting disclosures that follow are based on the Group's organizational structures which underlie the internal management reporting systems of the PVA TePla Group according to the three divisions. Cross-segment activities – in particular the activities of PVA Vakuum Anlagenbau Jena GmbH, which is part of the Semiconductor Systems division in the organization structure but also works for the Solar Systems division at the operational level – are allocated accordingly for the purpose of segment reporting.

Please see the following tables for an overview of the operating segments of PVA TePla AG. Segment reporting in accordance with IFRS 8 also includes a reconciliation of the total result of the segments to the consolidated result for the period.

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

EUR `000	External sales revenues		Internal sales revenues		Total sales revenues		EBIT	% of revenues	EBIT	% of revenues
	2012	2011	2012	2011	2012	2011	2012		2011	
Industrial Systems	12,232	12,973	347	54	12,579	13,027	1,518	12.4 %	9	0.1 %
Semiconductor Systems	15,063	8,418	86	0	15,149	8,418	2,005	13.3 %	984	11.7 %
Solar Systems	1,951	1,716	0	0	1,951	1,716	-1,527	-78.3 %	800	46.6 %
Segment total	29,246	23,107	433	54	29,679	23,161	1,996	6.8 %	1,791	7.8 %
Consolidation	0	0	0	0	0	0	-5	-	0	-
Group	**29,246**	**23,107**	**433**	**54**	**29,679**	**23,161**	**1,991**	**6.8 %**	**1,791**	**7.8 %**

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

EUR `000	External sales revenues		Internal sales revenues		Total sales revenues		EBIT	% of revenues	EBIT	% of revenues
	2012	2011	2012	2011	2012	2011	2012		2011	
Industrial Systems	26,031	24,226	861	181	26,891	24,407	2,809	10.8 %	1,103	4.6 %
Semi-conductor Systems	29,579	17,219	325	0	29,905	17,219	5,061	17.1 %	1,980	11.5 %
Solar Systems	4,621	4,804	0	0	4,621	4,804	-2,983	-64.6 %	470	9.8 %
Segment total	60,231	46,250	1,186	181	61,417	46,430	4,887	8.1 %	3,553	7.7 %
Consolida-tion	0	0	0	0	0	0	47	-	-3	-
Group	**60,231**	**46,250**	**1,186**	**181**	**61,417**	**46,430**	**4,934**	**8.2 %**	**3,550**	**7.7 %**

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

EUR `000	Q2 2012	Q2 2011	H1 2012	H1 2011
Total segment results	1,996	1,791	4,887	3,553
Consolidation	-5	0	47	-3
Consolidated operating profit (EBIT)	1,991	1,791	4,934	3,550
Financial result	-404	-321	-638	-320
Net profit before taxes	1,587	1,470	4,296	3,230
Income taxes	-434	-314	-1,124	-802
Consolidated net profit for the period	**1,153**	**1,156**	**3,172**	**2,428**

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 exchange forwards

As the majority of sales are conducted in the respective currency of the supplying country (EUR in the Eurozone, 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.

There were no currency exchange forwards as of June 30, 2012.

Interest rate hedge

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 outstanding balance of these hedging transactions on the balance sheet date of June 30, 2012 was EUR 7,853 thousand. The market value of these instruments was EUR -1,080 thousand and is reported under other financial liabilities as of the reporting date.

The loans underlying the interest rate hedges described above, for the purpose of financing the new building in Wettenberg in the original amount of EUR 10,000 thousand, were not utilized as of the balance sheet date of June 30, 2012. Accordingly there was no offsetting entry for the market value of the interest rate derivatives and the related deferred taxes in other provisions. Cumulative fair values as of June 30, 2012 amounted to EUR -1,057 thousand (December 31, 2011: EUR -949 thousand), of which EUR -108 thousand was recognized in the income statement under finance expenses in the current fiscal year.

COST OF MATERIALS

The cost of sales contains expenditure on materials as follows:

EUR `000	H1 2012	H1 2011
Cost of raw materials, consumables and supplies and of goods purchased and held for resale	29,405	21,202
Cost of purchased services	3,330	3,122
Total	**32,735**	**24,324**

PERSONNEL EXPENSES

Personnel expenses are composed as follows:

EUR `000	H1 2012	H1 2011
Wages and salaries	14,800	13,465
Social charges	2,390	2,304
Expenditure on retirement pensions	355	349
Total	**17,545**	**16,118**

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 2012	H1 2011
Administration	61	67
Sales	52	55
Engineering, research and development	109	113
Production and service	283	256
Total number of employees	**505**	**491**

EXECUTIVE BODIES OF THE COMPANY

In the first half of 2012, the Management Board of PVA TePla AG consisted of the following persons:

Dr. Arno Knebelkamp, Mülheim (Chairman/CEO)
Chemist

Managing Director of the following Group companies:
» PVA TePla Analytical Systems GmbH, Westhausen

Membership of supervisory bodies:
» Vestolit GmbH & Co. KG, Marl
(Member of the Advisory Board) until April 30, 2012

» PVA TePla America Inc., Corona, USA (Director)

Arnd Bohle, Bochum (Chief Financial officer/CFO)
Business graduate

Membership of supervisory bodies:
» PVA TePla (China) Ltd. (Supervisor (supervisory body))

In the first half of 2012, 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)

Dr. Gernot Hebestreit, Leverkusen
Global Leader Business Development and Client Service
Grant Thornton International Limited, London, United Kingdom

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 (IST), Braunschweig, and Managing Director of the Institute for Surface Engineering (IOT) of Braunschweig Technical University

Member of the following other supervisory bodies:

» AMG Coating Technologies GmbH, Hanau (Member of the Advisory Board)
» Institut für Solarenergieforschung GmbH, Emmerthal (Member of the Scientific Advisory Board)

As of the balance sheet date June 30, 2012, 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 on the one hand transactions with companies in which executive officers of PVA TePla AG have significant shareholdings or over which they exercise significant influence. On the other hand, these are business transactions with companies controlled by parties that may exercise significant influence on PVA TePla (particularly via participating interests in the Company).

RELATIONSHIPS WITH EXECUTIVE OFFICERS

In the reporting period, this is limited to the relationship with majority shareholder Peter Abel. The relevant transactions by PVA TePla AG with related parties primarily relate to the purchasing of IT companies. In the first half of 2012, the value of the purchases of these companies amounted to EUR 394 thousand and the value of sales to EUR 35 thousand. The balance of outstanding receivables and liabilities as of the reporting date on June 30, 2012 was EUR 0 thousand and EUR 55 thousand respectively. All transactions are conducted at arm's length conditions.

DISCLOSURES UNDER SECTION 160 (1) NO. 8 AKTG

No new disclosures were received in the first half of 2012.

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, 2012.

AUDITOR

At the Annual General Meeting on June 13, 2012, the shareholders approved the Supervisory Board's proposal to appoint Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, Frankfurt am Main, Germany, as auditor of the annual and consolidated financial statements for fiscal year 2012.

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 14, 2012

Dr. Arno Knebelkamp	Arnd Bohle
Chief Executive Officer	Chief Financial Officer

FINANCIAL CALENDAR 2012

Date	
November 9	Publication of the Q3 Report
November 12 – 14	German Equity Forum

IMPRINT

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Published by
PVA TePla AG

Text:
PVA TePla AG

Languages:
German / English

Layout
Whitepark GmbH & Co., Hamburg
www.whitepark.de

Photography
Jürgen Jeibmann Photographik. Leipzig
www.jeibmann-photographik.de

This report is available for download in English and German on the Internet at **www.pvatepla.com** under Investor Relations / Reports. In case of doubt the German version shall be authoritative.

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