



Be equipped for tomorrow's materials.

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

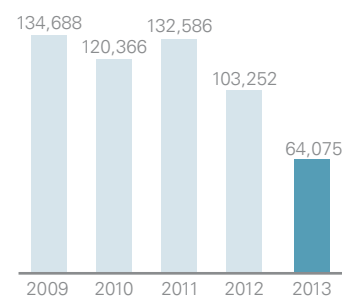
EUR'000	2013	2012 adjusted ²⁾	2011 adjusted ²⁾
Sales Revenues	64,075	103,252	132,586
Industrial Systems	28,712	44,102	56,964
Semiconductor Systems	34,506	50,961	49,359
Solar Systems	857	8,189	26,263
Gross profit	8,530	24,442	31,381
in % sales revenues	13.3	23.7	23.7
R&D expenses	2,564	4,707	5,500
Operating result (EBIT)	-9,544	7,047	14,140
in % sales revenues	-14.9	6.8	10.7
Consolidated net result	-7,408	4,707	9,141
in % sales revenues	-11.6	4.6	6.9
Earnings per Share (EPS) in EUR¹⁾	-0.35	0.21	0.42
Capital expenditure	1,116	2,232	2,271
Total assets	92,363	103,721	129,131
Shareholders' equity	50,307	59,866	60,298
Equity ratio in %	54.5	57.7	46.7
Employees as of 31.12.	424	514	509
Incoming orders	88,584	59,162	156,235
Order backlog	53,883	30,741	74,854
Book-to-bill-ratio	1.38	0.57	1.18
Cash Flow from operating activities	1,765	4,437	-8,130

¹⁾ Circulating shares on average 21,749,988

²⁾ Due to the amended IAS 19 and disclosure of interest the comparative figures have been adjusted. We refer to the notes.

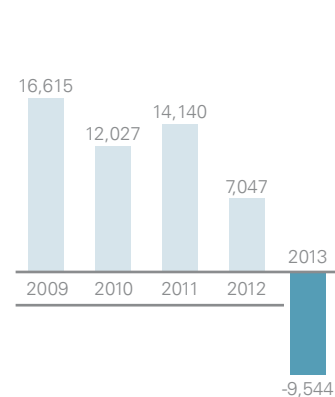
Sales revenues

EUR'000



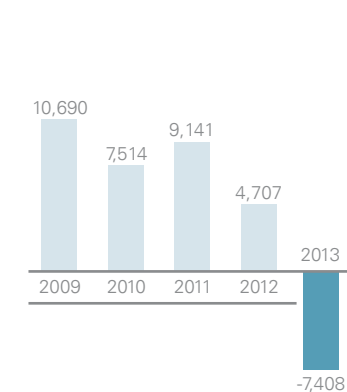
Operating result (EBIT)

EUR'000



Consolidated net result

EUR'000



PVA TePla AG

AS A VACUUM SPECIALIST FOR HIGH-TEMPERATURE AND PLASMA TREATMENT PROCESSES, PVA TEPLA AG IS ONE OF THE WORLD’S LEADING SYSTEM ENGINEERING COMPANIES IN THE FIELDS OF HARD METAL SINTERING, CRYSTAL GROWING, THE USE OF PLASMA SYSTEMS FOR SURFACE ACTIVATION AND ULTRA-FINE CLEANING AS WELL AS SYSTEMS FOR QUALITY INSPECTION.

INNOVATIVE DEVELOPMENTS

With its systems and services, PVA TePla enables and supports the innovative manufacturing processes and developments of its customers, primarily in the semiconductor, hard metal, electrical/electronic and optical industries – as well as in the energy, photovoltaic and environmental technologies.

INDIVIDUAL SOLUTIONS

The company provides its customers with customized solutions from a single source. These range from technology development through tailor-made design and construction of production facilities right up to an after-sales service that covers all four corners of the globe.

JOINTLY WITH OUR CUSTOMERS

The company will use its systems to enter the latest fields of application jointly with its customers – be they next-generation wafers for use in the semiconductor or photovoltaic industries, powdered-metal technology, new crystals for the optoelectronic industry, fiber-optics for data transmission or the development of high-tech materials and surfaces.

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Foreword by the Management Board

DEAR SHAREHOLDERS AND BUSINESS PARTNERS OF PVA TEPLA,

The 2013 fiscal year was characterized by great challenges in all three divisions. These challenges arose from the weakness of the markets that are relevant for us and from the resulting investment restraint on the part of the customers.

Incoming orders had already seen a significant decline in the second half of 2012, which meant that we entered 2013 with a correspondingly low order backlog. Incoming orders remained weak in the first half of 2013, leading to a low level of sales revenue and low utilization. To compensate for these effects, comprehensive cost reduction programs were implemented at the Wetttemberg and Jena locations in the course of the year, reducing the number of employees by 90 people as compared to the previous year. The implementation of these measures and additional write-downs on inventories, particularly in the Solar Systems division, had resulted in a negative impact on results in the order of EUR 5 million for the first half of the year. Compared with the first two quarters, however, this led to a noticeable positive effect on operating earnings in the third and fourth quarters of 2013. In the past year, the PVA TePla Group generated consolidated sales revenues of just EUR 64 million and suffered a significant annual loss of EUR 9.5

million due to the low sales revenues in all divisions and the expenses for the restructuring measures. The liquidity situation remains positive; cash amounts to EUR 6.6 million, and the equity ratio is still 54%.

Beginning in June 2013, we were able to stabilize incoming orders again and therefore entered fiscal 2014 with a considerably higher order backlog – EUR 53.9 million as compared to EUR 30.7 million in 2013. Nevertheless, incoming orders were still unsatisfactory overall; there was a lack of major orders from the solar and semiconductor industry in particular, which supported our growth significantly in the last few years.

An encouraging increase in incoming orders can be seen mainly in the vacuum furnaces business unit. This increase is caused by a growing demand for systems for manufacturing hard metal, systems for brazing processes, and plasma nitriding systems. The rising global demand for hard metal seems to be increasingly utilizing the high system capacities that came into the market in the last two years, and we recorded a stronger demand for the corresponding sintering systems from China in particular. Last year, we worked on a complementary system concept for this type of furnace with the aim of opening up additional regions and market segments. In addition to our tried and tested

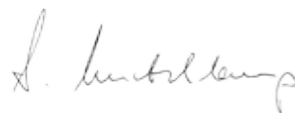
systems that are tailored to specific customer requirements, we can now also offer a series-produced system to interested hard metal manufacturers. The first order for such a system was received in the fourth quarter of 2013.

The solar market, which has been fraught with problems for quite some time, could also be gradually recovering. Current market figures at least indicate such a trend. We received a first larger order of around EUR 7 million from Asia for supplying crystal growing systems. Further interesting projects in various regions are currently being discussed with customers; however, the customers' financing of the solar projects still represents a particular challenge. The series production business with plasma systems and metrology systems recorded incoming orders that largely met the expectations and that will continue to benefit from the recovering global semiconductor market. The same benefit could apply to the series-production business with crystal growing systems. Although the wafer market is still characterized by overcapacity, the market situation for wafers with large diameters seems to be considerably more positive. Moreover, we have worked to develop a new type of system for manufacturing silicon carbide crystals and have thus entered a new field of work with interesting growth potential. The wafers can be used at up to 17,000 volts and open up new areas of application in power electronics that

are inaccessible to silicon wafers. We already supplied a number of industrial customers with our systems over the past months. A variety of interesting areas of application is presented in the editorial part of this annual report.

For the current fiscal year, we are expecting revenues of between EUR 90 million and EUR 100 million and a positive operating EBIT margin between 2% and 4%.

On behalf of our division managers and all employees, we would like to thank you for your trust in and commitment toward our company.



Dr. Arno Knebelkamp
Chief Executive Officer



Oliver Höfer
Chief Operating Officer



Lights Off – Spot On

If Ilja Richter (German TV presenter of the music television program “Disco” in the 1970s and 1980s) were to announce the winning song in his typical manner today, it would take only a small LED lamp to shine a bright spotlight on the performer. Nowadays, even tiny semiconductor chips that consume extremely little energy provide bright flood light. What is more, these little “magic” lights also last forever. It is thus not surprising that they are currently revolutionizing lighting technology. However, there are many other applications that place high hopes on the same material: Silicon carbide, an old material, is being rediscovered.





Silicon Carbide Wafer Tolerate High Working Temperatures

Silicon carbide (SiC) has been widely used as a technical ceramic in friction bearings, pumps and burners for several decades. However, major problems in crystal growing have stood in the way of it being used as a semiconductor for a long time. As is often the case in technology, production-related problems thwarted the breakthrough in this case, too. High-performance production systems such as the SiCube or baSiC-T from PVA TePla AG have been capable of producing the required volume of high-purity silicon carbide crystals in a reproducible and efficient way for only a few years. Since then, the number of market analyses that predict a bright future for the compound semiconductor has been rising. Many experts anticipate the current market volume to grow eightfold by 2020. The reason for this optimism is that fast-growing markets such as green power generation, electric mobility and lighting technology are the home turf of silicon carbide, which stands head and shoulders above the single-element semiconductor silicon with regard to these forward-looking applications.

FANTASTIC EFFICIENCY LEVELS

The advantages are particularly obvious when considering the example of regenerative power generation: Photovoltaic systems and wind power stations produce only direct current. To feed direct current into the grid, it must be converted to alternating current. Silicon semiconductors perform this task in what are known as inverters. All private power producers have one of these modules in their PV system. Like all technical components, inverters do not achieve an efficiency level of 100% due to conducting-state power loss. In the case of silicon-based systems, this power loss is usually between 50% and 70%. When the Fraunhofer ISE (Fraunhofer Institute for Solar Energy Systems ISE) announced in 2008 that an efficiency level of 98.5% could be attained with silicon carbide components, German investors in wind power stations and PV systems were likely rubbing their hands with delight. The reason is that this corresponds – at best – to almost a doubling of the achievable return. In physical terms, the high switching efficiency is caused by the valence-conduction band gap of silicon carbide, which is three times larger. This helps to largely suppress unwanted electron migrations between the bands, which are caused, for example, by tunnel effects and reduce the efficiency level. This way applied power is not lost.

KEEPS A COOL HEAD

Further advantages of silicon carbide are its high temperature resistance and thermal conductivity. While silicon melts at around 1,400°C, silicon carbide withstands temperatures that are almost twice as high. The wafer-thin semiconductor structures in silicon carbide chips thus tolerate significantly higher working temperatures. In practice, this means that higher current densities can be transformed. At the same time, less effort is required for cooling. Even at operating temperatures of over 250°C, high-voltage components made of silicon carbide work in an absolutely safe way. This is an enormous advantage for many applications. After all, wind power stations, for example, transform several hundred kilowatts of electric power under normal conditions. SiC high-voltage components thus have priority in the planned conversion of the power grids. With SiC high-voltage components, circuits can be implemented in a much more efficient, inexpensive and compact way.

SILICON CARBIDE (SiC)

Compared to the pure single-element semiconductor silicon, the compound semiconductor silicon carbide impresses not only with its superior semiconductor properties. The valence-conduction band gap is three times larger and helps to reduce switching losses by 90%. High-voltage components exhibit an efficiency level close to 100%. At the same time, they can transfer considerably higher current densities. The material's high thermal stability proves advantageous here. Disintegration only begins above 2,300°C, while silicon melts at temperatures as low as 1,410°C. SiC components can therefore tolerate considerably higher working temperatures. Cooling measures can be either completely foregone or at least strongly reduced, allowing for much more compact, space-saving designs.

LET THERE BE LIGHT

From a commercial perspective, the public eye is most strongly focused on white LEDs where silicon carbide is used as a substrate. The downright spectacular luminous power that is achieved with minimum consumption can almost always be traced back to this semiconductor material. With an output of way above 100 lumens per watt (200 lm/W in the laboratory), SiC-nitride chips achieve a light output that is ten times greater than that of conventional light bulbs. At the beginning, the rather cold, bluish-white light of LEDs stood in the way of them being widely accepted. Due to the application of layers of phosphor, graduated shades of white ranging from warm white to neutral white right up to daylight white are now available. LED technology has thus increasingly worked its way from the sports and event lighting niche into the living space. Energy savings of up to 90% and an almost lifelong durability are the driving sales arguments on this market.

KEY TECHNOLOGY IN ELECTRIC CARS

Drive is also the catchword for a further key technology in which silicon carbide is currently taking off: Electric mobility. Similar to PV systems, all electric cars and hybrids require a power converter. Just like the engine management system in vehicles with a combustion engine, the power converter controls the electric motor and is thus crucial for handling performance. At the same time, it feeds the energy that is recovered when braking into the battery (recuperation), which means that the range of electric vehicles is directly dependent on the efficiency of this power unit. Here, silicon carbide has the same advantages that were already described for the PV systems: High switching frequency, low conducting-state power loss, weight saving due to reduced cooling effort and, as a consequence of this, space-saving and compact design. All the above are important criteria in automotive engineering. Power converters of this kind are around 25% smaller and lighter than those made of silicon. With efficiency levels of over 95%, these modules are already contributing to energy savings of around 60% in passenger cars and buses!

E-MOBILITY – A MEGATREND

Experts have long since agreed that the future of traffic lies in electric mobility. Matthias Wissman, President of the German Association of the Automotive Industry (VDA), only recently announced at the International Motor Show (IAA) in Frankfurt that the number of hybrids or production models with a purely battery-electric drive that are “Made in Germany” will increase to 16 as early as the end of 2014. Business consulting firm McKinsey even sees Germany taking on a leading role soon. The consultants expect around 370,000 electric cars to roll off the assembly line in 2018. The USA and France will follow, albeit far behind. The experts see Japan as the most important production location, with roughly 950,000 units. In addition to use on the road, electrically powered railroad traffic also opens up a huge market.



Two Systems of PVA TePla AG:
baSiC-T and SiCube

EXTREMELY DIFFICULT MANUFACTURING

The inevitable question that arises in view of the convincing properties of silicon carbide is why this not-so-new material has managed to succeed on the semiconductor market only in the last ten years. It was, in fact, manufacturing problems that put a brake on production for a long time. Silicon carbide is a technical ceramic and is produced by simple sintering – compressing powder under very high pressure and at high temperatures. This procedure is relatively simple and widely used. However, it was not until 1977 that the first quantities of crystalline material that was usable for semiconductors were manufactured. It took until the mid-1990s to develop and improve the procedure to an extent that allowed noteworthy quantities of 3-inch monocrystals to be produced. However, they were still too expensive for most applications.

IN THE STARTING BLOCKS WITH TWO TYPES OF SYSTEMS

Nowadays, 4-inch and 6-inch systems are standard. Depending on the application, 20 to 40 wafers may be cut from monocrystals that are up to 3cm long. PVA TePla AG is represented in this growth market with two types of systems. In addition to the SiCube, the new baSiC-T system, which is designed especially for modern applications and requirements in the power electronics area, was introduced last year. It uses the PVT (physical vapor transport) method and can produce SiC crystals with a diameter of up to 6 inches (150mm). High quality silicon carbide crystals are generated by sublimating a base powder at a high temperature. The strengths of the baSiC-T system concept are its modular structure, low operating costs and high degree of automation. This has already convinced several customers in Europe and Asia.

UPSHOT

Electric power currently accounts for roughly 40% of entire energy consumption. Electric drives make up the lion's share of around 50%. Lighting technology, heating and cooling, and IT follow at 19%, 16% and 14%, respectively. It goes without saying that the prospect of reducing consumption significantly by using improved materials such as silicon carbide is causing an increase in demand. Furthermore, silicon carbide is represented in absolute growth markets: The expansion of regenerative energy sources, intelligent grids, electric mobility and LED technology. These megatrends are sure to accompany us in the coming years, too. This is fueled by rising electricity prices. It is no surprise that forecasts predict that the silicon carbide market will grow tenfold in the coming decade. In the long term, systems that efficiently manufacture the material in demand will be needed – systems such as the baSiC-T or the SiCube from PVA TePla AG.



Norstel – Pioneer in the production of silicon carbide

Norstel AB is a manufacturer of silicon carbide (SiC) wafers and epitaxial layers. Founded in 2005 as a spin-off from the silicon wafer manufacturer Okmetic, the company's history goes already back to a collaboration between ABB, Linköping University and Okmetic which started in 1993 to develop SiC wafers and devices for power applications.





Silicon Carbide Wafer

Norstel's plant - inaugurated in August 2006 - is located in Norrköping, South Sweden. It has been carefully designed and equipped with the best available infrastructure, process tools and characterization equipment. This makes it one of the most modern and advanced facilities existing in the world today that is focused purely on producing single crystal SiC materials. The team of the company consists of around 35 highly skilled employees.

The core of Norstel's technology are the High Temperature Chemical Vapour Deposition (HTCVD) and PVT (Physical Vapour Transport) techniques for growth of SiC single crystals, and the hot-wall CVD technique for growth of SiC epilayers.

The patented HTCVD technique was conceived in 1995. Using purified gases as source material at temperatures above 2,000°C, HTCVD enables to grow high purity crystals for production of semi-insulating wafers and gemstones.

Norstel also developed the well established PVT (Physical vapour transport - also called seeded sublimation) technique, where polycrystalline powder is used as source material, to produce n-type wafers for power devices.

HIGH TEMPERATURE CHEMICAL VAPOUR DEPOSITION (HTCVD)

Introduced in 1995, the concept of HTCVD technique is based on the continuous feeding of purified gas precursors onto a seed crystal heated to a sufficiently high temperature ($> 1,900^{\circ}\text{C}$) to enable epitaxial growth rates of interest for bulk growth applications.



Crystal Growing Systems for Silicon Carbide

INTERVIEW

Interview with Alexandre Ellison, who has been active in the silicon carbide field since 1994. Alexandre is a member of the Norstel founding team and now manages the department of crystal growth development.

PVA TePla: In 1993 the Norstel's project SiC was already started, now more than 20 years ago. How did you realize at that time that SiC might become an important material for the semiconductor industry?

ALEXANDRE ELLISON: Well, SiC has a long history. William Shockley, the co-inventor of the transistor, an invention at the foundation of the semiconductor industry, already forecasted in the 1950's the potential of SiC as a semiconductor. But SiC turned out to be much more difficult to manufacture than silicon (Si). In the 1980's, the interest for SiC increased again after the invention of the seeded sublimation technique in the former USSR and the successful launch of commercial SiC wafers in the USA. When Linköping University initiated what was to become a world class SiC material research programme with ABB and Okmetic, many of us were very motivated by SiC being the material of choice when it comes to energy savings. In the 1990's Linköping University pioneered the hot wall CVD technique which produced the best epilayers for power devices. So a combination of technological successes and a growing industrial support was at that time in place to make SiC an important semiconductor.

PVA TePla: At that time was SiC used at all?

ALEXANDRE ELLISON: Not yet for power and microwave device manufacturing, but intense RD projects were already ongoing in Europe, USA and Japan, both at universities and at semiconductor companies. Monocrystalline SiC was at that time used industrially as a substrate for LEDs. It took until 2001 for the first generation of SiC power rectifiers to be introduced into the market. On the other hand, polycrystalline SiC has been used for a long time as an abrasive and for coatings.

PVA TePla: How would you describe the main advantages of SiC against Si? What are the most important properties of SiC?

ALEXANDRE ELLISON: SiC uses electrical energy more efficiently than Si by reducing current losses. SiC has a much higher breakdown field than Si, which enables devices with lower on state resistance, smaller chip size and lower switching losses than Si devices. SiC has a higher thermal conductivity than copper, enabling a more efficient cooling management. SiC is also much harder than Si (it is almost as hard as diamond) and very pure SiC crystals have outstanding optical properties for jewelry applications.

PVA TePla: SiC crystals are much smaller than Si crystals. What are the main challenges producing SiC?

ALEXANDRE ELLISON: For the wafer diameter, the market is on its way to switch from 4" to 6" SiC wafers, which is an important milestone and so far the wafer diameter has increased at the same rate as Si wafers, although with a 30 years gap. But in terms of crystal length, SiC ingots are much smaller than Si. Typically, a SiC crystal is a few cm thick whereas a Cz-Si ingot is a few meters long. This comes from the much lower growth rate of SiC than Si, typically in the order of mm per hour instead of mm per minute. One challenge in growing SiC crystals is that SiC does not exist as a stoichiometric melt until pressures above 10^5 atmospheres and temperatures above 3,000 degrees. Such a process does not exist for commercial production. Instead SiC sublimates at temperatures above 2,000 degrees. It means that we are not able to use high growth rate melt techniques today, instead we have to use vapour phase techniques. The lower growth rate and crystal length explain the higher cost in producing SiC wafers as compared to

EPITAXY / EPITAXIAL

Epitaxy refers to the deposition of a crystalline overlayer on a crystalline substrate, where there is registry between the overlayer and the substrate.



Alexandre Ellison, Head of the Department for Crystal Growth Development

Si wafers. Another key challenge in producing high quality monocrystalline SiC is the lack of a necking technique as opposed to the Cz growth. In a production SiC growth process, the diameter and the dislocation density of the crystal are strongly linked to the seed diameter and dislocation density. As the industry requires wafers with increasing diameter and quality, the challenge for the crystal growth is to develop good processes to expand the diameter of the seeds and to continuously decrease their density of dislocations. Last, one can add that SiC can crystallize in over 170 structures, but only one of them is used for semiconductor wafers. So there are plenty of interesting challenges for crystal growers!

PHYSICAL VAPOR TRANSPORT (PVT)

The seeded sublimation growth, also known as physical vapor transport, is the method historically referred to as the modified Lely method. The seeded sublimation process is nowadays the standard method for growing bulk monocrystalline silicon carbide.

In the process polycrystalline SiC at the source sublimates at a high temperature (1,800 - 2,600°C) and low pressure. The resulting gases travel through natural transport mechanisms to the cooler seed crystal where crystallization due to supersaturation takes place. The seed crystal is usually situated at the top of the crucible in order to prevent contamination by falling particles.



Quality Control of a Silicon Carbide Wafer

PVA TePla: Besides jewelry, what are the main applications for SiC?

ALEXANDRE ELLISON: Today, in the semiconductor industry, fast switching Schottky SiC diodes are industrially used in PFCs - Power Factor Correction, photovoltaic inverters and UPS - Uninterruptible Power Supply-systems. MOS - **M**etal **O**xide **S**emiconductor and JFET - **J**unction Gate **F**ield-**E**ffect **T**ransistors are also entering power modules. And SiC is used as a substrate in microwave transistors for radars and wireless transmission. The SiC device market is now approx. US-\$ 75 million and has been growing at 25% per year. It will grow even faster when SiC diodes and transistors enter applications as wind turbines, industrial motor drives, smart grids and hybrid and electrical vehicles. These are very exciting applications where SiC will allow yet unattainable efficiency levels.

PVA TePla: It sounds as if SiC has a bright future?

ALEXANDRE ELLISON: Yes, especially if SiC wafer manufacturers continue to increase wafer size, reduce defects and cost. I hope PVA TePla, as a supplier of crystal growing systems, can contribute to this future. Today the SiC epi wafer accounts for ca 50% of a SiC device cost, as compared to a few percent in Si. That cost can be offset by design gains on the system level, but performance and price are very important in this market.

PVA TePla: Which role do the crystal growing systems of PVA TePla in your strategy play?

ALEXANDRE ELLISON: Norstel's strategy relies on three core technologies: epitaxy, HTCVD crystal growth for semi-insulating wafers and gemstones and PVT crystal growth for

n-type wafers. As a furnace supplier to two of these core technologies, PVA TePla plays a central role in our development and manufacturing. Our crystal growing systems are running 24 hours a day, 7 days a week, almost all year around. They are the backbone of our factory; they need to be very reliable while meeting specific requirements for the high temperatures used in SiC growth.

PVA TePla: How would you describe the cooperation between PVA TePla and Norstel?

ALEXANDRE ELLISON: Our cooperation started in 2005 when we were building our factory. We were looking for an industrial and flexible supplier of crystal growing systems which could help us build reliable, cost effective furnaces adapted to our needs. We have together designed from

scratch both "SiCube" and "baSiC-T" crystal growers. We have been very satisfied by the flexibility and professionalism of the PVA TePla team. Putting our strength together, while honoring our respective know-how and intellectual property, has been, and is, a key element to our success.

PVA TePla: One short question about SiC as gemstones which you produce, too. In case I buy my wife a necklace with man-made gems (SiC crystals) instead of diamonds, will she realize it? How is the fire and brilliance?

ALEXANDRE ELLISON: Her friends will notice that her necklace has more fire and brilliance than usual, it is simply amazing when one sees it. She will realize you made her a very special gift.

(The Interview was conducted by Dr. Gert Fisahn)



Two Carat Man-Made SiC Gemstone in a Brilliant Cut

Report from the Supervisory Board

In fiscal 2013, the Supervisory Board performed all duties required of it according to the law and the Articles of Association, and continuously monitored the work of the Management Board of PVA TePla AG in addition to advising the Management Board on a regular basis. At all times, we had sufficient opportunity to critically address the proposed resolutions of the Management Board and put forward suggestions at Supervisory Board meetings on the basis of the detailed written and verbal reports. The Management Board regularly, promptly and comprehensively informed the Supervisory Board with regard to business policy and other fundamental aspects of corporate management and planning, the strategy, financial development and income situation of the company, risk management, compliance and other key events of importance to PVA TePla. The Supervisory Board was involved in decisions of fundamental importance. In addition, the Supervisory Board was regularly informed of the development of the company's economic situation with the monthly reports and risk reports from the Management Board. The Supervisory Board ad-

opted the resolutions required according to the law or the Articles of Association. This was also done by circulation when necessary. In addition to the meetings and reports, as Chairman of the Supervisory Board, I also obtained information on the current situation in discussions with the Management Board.

The Supervisory Board met at seven Supervisory Board meetings in 2013. Four ordinary Supervisory Board meetings and three extraordinary meetings were held. Future business development, the implementation and effectiveness of the restructuring program and the corporate strategy of PVA TePla were discussed at the three extraordinary meetings. All Supervisory Board members were present at six meetings, and two members were present at one meeting. No committees were formed due to the size of the Supervisory Board (three members). All matters that would have been addressed by committees were addressed by the full Supervisory Board.

CONFLICTS OF INTEREST

There were no potential conflicts of interest of Management Board and Supervisory Board members requiring immediate disclosure to the Supervisory Board and notification to the Annual General Meeting.

FOCAL POINTS OF ADVICE

At all of its meetings, the Supervisory Board dealt intensively with the business development and restructuring concept of PVA TePla in connection with the sharp downturn in incoming orders since the second half of 2012 and the associated weak capacity utilization in the course of 2013. Advice focused on analysis of the weak incoming orders in the individual divisions and the resultant cost-cutting mea-

asures. The Supervisory Board also obtained detailed information on the planned measures to overcome the weak order situation, such as the development of new product lines and the expansion and enhancement of sales activities in various regions. Similarly, the business situation, market environment and competitive environment of the individual product areas and the resultant action options for PVA TePla were discussed. Continuation of the Solar Systems division as a business unit in the Semiconductor Systems division was approved. The acquisition of JenaWave GmbH – a developer and manufacturer of core components for metrology systems – was discussed in detail and approved. The effects of the decline in revenues in fiscal year 2013 on the net assets, financial and income situation were discussed intensively with the Management Board. Another key topic was the discussion of Management Board matters in connection with the departure of Mr. Bohle and the appointment of a new Management Board member.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

At the meeting on November 28, 2013, the Management Board and Supervisory Board discussed items including the update of the declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). The updated joint declaration of compliance was made permanently available to the public on the website www.pvatepla.com in the „Investor Relations – Corporate Governance“ section in December 2013. Deviations from this Code were discussed intensively between the Management Board and Supervisory Board and justified. The Management Board reports on corporate governance, including for the Supervisory Board, in accordance with Item 3.10 of the Code on the company's website at: <http://www.pvatepla.com/pvatepla-service/investor-relations/corporate-governance>.

The election of the auditors „Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft“ to audit the financial statements and consolidated financial statements for fiscal year 2013 was proposed to the Annual General Meeting. The Supervisory Board satisfied itself of the independence of the auditor in accordance with Section 107(3) Sentence 2 AktG, and obtained and assessed a corresponding declaration of independence. In line with a resolution by the Supervisory Board, the auditor performs no consultancy services for the Group. Following approval by the Annual General Meeting, the Supervisory Board issued the mandate to the auditor and set the audit fee. The main focal points of the audits of the annual and consolidated financial statements for 2013 were also coordinated between the Supervisory Board and the auditor.

The self-evaluation was performed on the basis of a detailed questionnaire, and the review of the efficiency of the Supervisory Board provided for in the German Corporate Governance Code was thus carried out.

DEPENDENT COMPANY REPORT

The Management Board prepared a dependent company report in accordance with Section 312(3) AktG. This report was audited by „Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft“ and issued with an unqualified audit opinion with the following wording: „In accordance with our duly performed audit and assessment, we confirm that 1) the factual statements in the report are correct, and that 2) the amounts paid by the companies with respect to the legal transactions listed in the report were not unduly high.“ The dependent company report was submitted to the Supervisory Board, which subjected it and the legal transactions and measures listed therein to an independent review pursuant to Section 314(2) AktG. This did not give rise to any objections. At the meeting on March 24, 2014, the auditor reported on the main findings of the audit.

ANNUAL FINANCIAL STATEMENTS

Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft audited the annual financial statements and consolidated financial statements to December 31, 2013 as well as the combined management report and Group management report for the fiscal year 2013 of PVA TePla AG. The auditor found that the present annual and consolidated financial statements were prepared in compliance with the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS) and gave an accurate reflection of the actual net assets, financial and income situation. The annual and consolidated financial statements along with the combined management report and Group management report received an unqualified audit opinion. The financial statements together with the management reports and the respective audit reports by the auditor were sent to each member of the Supervisory Board. The Supervisory Board as-

sessed them and discussed them in detail at the meeting on March 24, 2014. At this meeting, the auditor reported on the main findings of the audit. We examined the annual financial statements, the management report and the auditor's statement on the situation assessment by the Management Board as well as the recommendation for use of retained earnings, the consolidated financial statements and the Group management report. There were no objections. We therefore approve the results of the audit of the financial statements. We approve the annual financial statements and consolidated financial statements prepared by the Management Board. The annual financial statements are thus adopted in accordance with Section 172 Sentence 1 AktG. We are in agreement with the management reports and in particular the assessment of the future development of the company. The Supervisory Board endorses the Management Board's proposal not to distribute a dividend due to the net loss for the year and to carry over the reported unappropriated surplus to new account.

COMPOSITION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

There were no changes to the make-up of the Supervisory Board in the reporting period. The composition of the Management Board of PVA TePla AG changed. Arnd Bohle, the Management Board member responsible for finance, resigned on June 19, 2013. The Supervisory Board has decided that no successor to Arnd Bohle will be appointed for the time being. Instead, his duties will be transferred to existing departments and the Chairman of the Management Board. At the Supervisory Board meeting on November 28, 2013, Oliver Höfer was elected as the new member of the Management Board responsible for Production and Technology (COO). This is a newly created post at Management Board level.

THANKS

In retrospect, the economic situation was difficult for the PVA TePla Group in 2013. The Group faced major challenges that it countered in various ways, including an ambitious, large-scale program for cutting staff costs and material costs. Regrettably, this necessary measure involved sacrifices for many employees, some of them painful. We would like to take this opportunity to thank the employees who backed these measures.

The Supervisory Board will continue to give the Management Board constructive support in its work. The Supervisory Board wishes to thank the management and all employees for their dedicated work in the 2013 fiscal year.

Wettenberg, March 2014

On behalf of the Supervisory Board



Alexander von Witzleben
Chairman of the Supervisory Board of PVA TePla AG

PVA TePla on Capital Markets

DEVELOPMENT OF PVA TEPLA SHARES

The PVA TePla share price was able to record substantial gains in the second half of 2013. After the share price hit an annual low at EUR 1.85 in June and an annual high in November just under EUR 3.00, it then lost a little ground before closing the year at EUR 2.55 (Xetra closing price). In defiance of the overall difficult situation in the markets in which the Company operates, the PVA TePla share was able to increase its value by around 20% last year. The factors behind this positive development were the stabilizing incoming orders situation in the second half of 2013 and the positive assessments from analysts of both the market and economic development. The share's upward momentum continued in the first few weeks of 2014.

COMMUNICATION WITH THE CAPITAL MARKET

High transparency regarding our business activities in the capital market is important to us. That is why conference calls at the time of publication of our quarterly reports and key announcements relating to the company form an integral part of communications. We held an analysts' conference in Frankfurt after the publication of our Annual Report, maintained contact with analysts from banks, and participated in a number of conferences and roadshows in London, Frankfurt and Hamburg to establish direct contact with institutional investors. In addition, investors had the opportunity to talk to our Management Board members and gather comprehensive information on our Company's prospects during field trips. Key points of discussion with investors were the outlook in the markets in which PVA TePla Group operates and the restructuring measures implemented in the prior fiscal year.

The Company presentations regarding these topics can be downloaded from the Company website at www.pvatepla.com under Investor Relations.

ANNUAL GENERAL MEETING

The Annual General Meeting of PVA TePla was held on June 19, 2013 at the Congress Hall in Giessen. The agenda items were approved by a large majority of the 45% share of shareholders who were present.

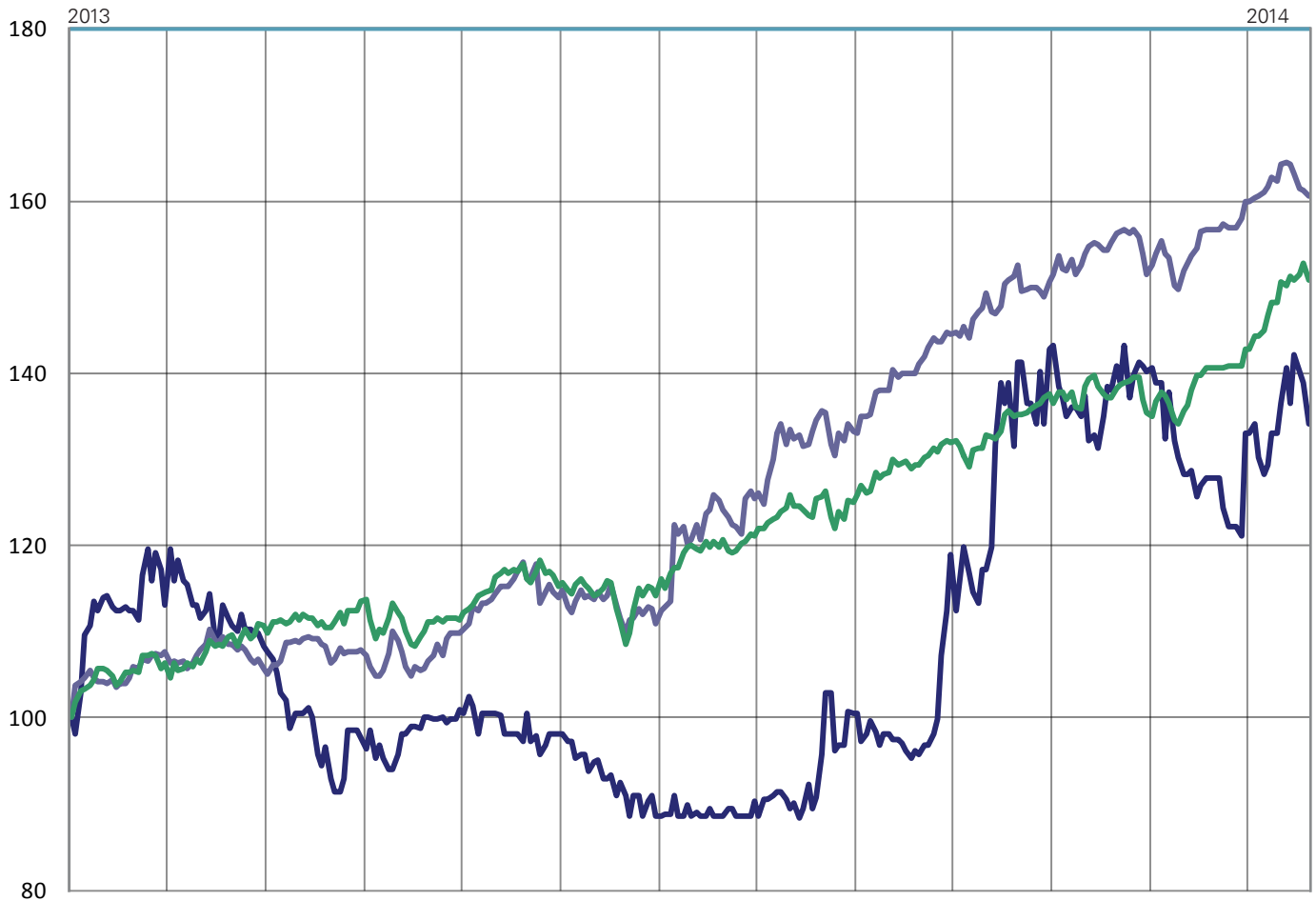
DIVIDENDS

The Management Board and Supervisory Board of PVA TePla proposed to the Annual General Meeting 2013 a dividend of EUR 0.10 (2012: EUR 0.15) per share on account of the earnings situation in the previous fiscal year. This corresponds to a dividend yield of 3.9% calculated using 2013's closing share price.

PVA TePla shares key figures

		2013	2012
Earnings per share (EPS)	EUR	-0.35	0.21
Annual high	EUR	2.99	3.83
Annual low	EUR	1.85	1.91
Closing rate as of Dec. 31	EUR	2.55	2.08
Performance of PVA TePla shares	%	+22	-32
Performance of Technology All Share	%	+41	+17
Performance of DAXSubs. Advanced Industrial Equipment	%	+60	+23
Number of shares at year-end	Mio.	21.75	21.75
Free float	%	69.1	69.1
Market capitalization at year-end	Mio. EUR	55.5	45.2

Performance of PVA TePla shares January 2013 – January 2014
in % 1-day-interval

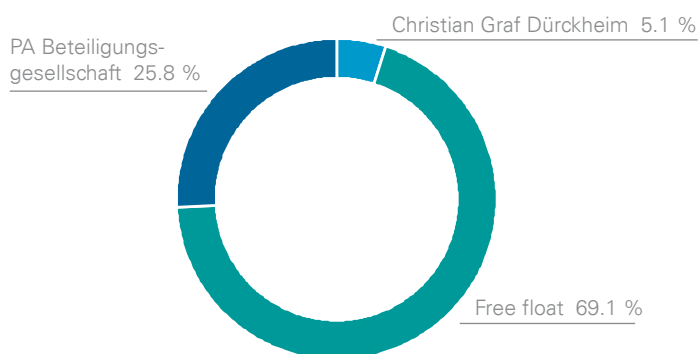


PVA TePla AG

DAXSubs. Advanced Industrial Equipment

Tec All Share

Shareholding structure





SiCube

COMBINED MANAGEMENT REPORT

1.	BASIC PRINCIPLES OF THE GROUP	28
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This financial report comprises the combined Management Report, the consolidated financial statements and the Group Notes. The combined Management Report includes PVA TePla AG as well as the Group, and notes based on the German Commercial Code. Moreover, the Company Management Declaration and the remuneration report available at <http://www.pvatepla.com/pva-tepla-service/investor-relations/corporate-governance> form an integral part of the combined Management Report.

Combined Management Report

1. BASIC PRINCIPLES OF THE GROUP

Business Activities

The PVA TePla Group headquartered in Wettenberg, Germany, employed 424 people in eight locations as of December 31, 2013. It offers customers systems for the production and refinement of high-quality materials, which are processed under high temperature, vacuum and sometimes under pressure conditions and in plasma.

The global market for these systems involves advanced, state-of-the-art materials and surface treatment technologies, including, for example, 300mm silicon (Si) wafer technology for semiconductors, high-purity (Si) wafers made from floatzone material and wafers made from silicon carbide for high-performance electronics, mono- or multi-crystalline Si wafers for photovoltaics, structural materials for aviation and space technologies, metal powder production technologies, such as for hard metals, microsensor 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.

Also in the Company's current portfolio are nondestructive inspection and analytical systems for the quality control of manufactured materials (metrology). This allows high-tech materials manufacturers to ensure increasingly high quality standards.

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.

Reporting Segments

PVA TePla Group was divided into three divisions in 2013: Industrial Systems, Semiconductor Systems and Solar Systems. The chart provides an overview of the organizational units and their respective subsidiaries:

INDUSTRIAL SYSTEMS	SEMICONDUCTOR SYSTEMS	SOLAR SYSTEMS
PVA TePla AG / Vacuum Systems, Wettenberg PVA Control GmbH, Wettenberg PVA Löt- und Werkstofftechnik GmbH, Jena PlaTeG GmbH, Wettenberg PVA Jena Immobilien GmbH, Jena PVA TePla (China) Ltd., Beijing, PR China	PVA TePla AG / Crystal Growing Systems, Wettenberg PVA TePla Denmark, Frederikssund, Denmark PVA TePla Singapore Pte. Ltd., Singapore PVA Vakuum Anlagenbau Jena GmbH, Jena PVA TePla Analytical Systems GmbH, Westhausen PVA TePla AG / Plasma Systems, Kirchheim PVA TePla America Inc., Corona, California, USA PVA TePla Metrology Systems GmbH, Kirchheim Munich Metrology GmbH, Munich JenaWave GmbH, Jena	PVA TePla AG / Solar Systems, Wettenberg Xi'an HuaDe CGS Ltd., Xi'an, PR China

The areas with a grey background represent PVA TePla AG's operating units.

CHANGES TO THE REPORTING SEGMENTS

No significant changes were made to the structure of divisions or the Company's subsidiaries compared to the consolidated financial statement as of December 31, 2012.

The Semiconductor Systems division was supplemented by a subsidiary. In April 2013, the JenaWave GmbH, Jena, was taken over. JenaWave develops and designs optical measuring heads, which are considered core components, including the complex evaluation and control software for the SIRD (=Scanning Infrared Depolarization) and TWIN (Thermal Wave Inspection) analysis systems from the metrology business unit, which is based in Kirchheim near Munich. This acquisition represents the addition to the company of a fundamental technology for analytical systems. JenaWave GmbH was consolidated for the first time in the interim consolidated financial statements as of June 30, 2013.

It should be pointed out that the Solar Systems division will be integrated into the Semiconductor Systems division as a business unit at the beginning of fiscal year 2014 so that in future PVA TePla Group's business activities will be reported as two divisions.

Management Systems

The PVA TePla Group uses operating figures of the income statement (consolidated sales revenues, gross profit (gross margin), EBIT (EBIT margin), results for the period and segment results), balance sheet figures such as the equity ratio and working capital ratio, as well as liquidity figures such as liquid assets, net financial position and liquidity reserves to manage the Group.

Key figures for managing results of operations are consolidated sales revenues, gross profit – sales revenues minus cost of sales – and the operating result (EBIT) and the

resulting EBIT margin. These figures are calculated on a monthly basis at segment level and represent an essential internal management tool.

The order situation is determined on a monthly basis using the relevant incoming orders and order backlog figures at segment level. The resulting book-to-bill ratio shows the ratio of incoming orders to sales revenues in a given period. A book-to-bill ratio above 1 indicates that incoming orders are higher than sales revenues, meaning a future increase in sales revenues can be expected. If the book-to-bill ratio is below 1 it means a decline in sales revenues is to be expected.

The equity ratio, the ratio of equity to total assets, and the working capital ratio, the ratio of working capital to sales revenues, are calculated on a half-yearly basis. We define working capital as the balance of inventories, future receivables on construction contracts, trade receivables and advance payments less trade payables, obligations on construction contracts and advance payments received. Constant monitoring of our customers' payment targets (Days Sales Outstanding – DSO), the storage duration of our main inventories (Days Inventory Outstanding – DIO) and the payment targets of our suppliers (Days Payable Outstanding – DPO) are part of the Group's working capital management.

In addition to the above-mentioned monitoring of customers' and suppliers' payment targets, liquidity and liquidity reserves in the form of credit and guarantee lines are monitored and a rolling cash flow forecast is calculated on a monthly basis in order to manage the liquidity situation. The net financial position, the balance of current and non-current financial liabilities and cash, is reported on a quarterly basis. The Group-wide and segment-related weighted average cost of capital (WACC) and cost of debt is reviewed on an annual basis.

Internal Control and Risk Management System for the Group Financial Disclosure Process

The objective of the methods and measures we have put in place is to secure the assets of the Company and enhance operating efficiency. The internal control system that has been implemented is intended to ensure the reliability of accounting and reporting as well as compliance with internal rules as well as legal regulations and the Articles of Association. We assure the adequate separation of functions and have also implemented appropriate spans of control. Furthermore, we make sure that responsibilities do not overlap and that tasks, expertise and responsibilities are bundled. We have also integrated controls into the work-flows. Key components of these structures and controls include strict compliance with the system of checks and balances for all essential accounting processes, effective and precisely defined access rights for our IT systems, spot checks of employees at all levels by the respective superior, the use of uniform Group-wide reporting and forms, and control over the structural and process organization including the key operational Company processes within the scope of our certified quality management system. The essential features of the internal control system described above apply to all functional areas. In the accounting process, the implementation of the structural and process organization controls within the internal control system assures data integrity for the information that flows into financial reporting.

In addition to these controls implemented in the organization, the individual functional areas are also monitored by superiors and the internal audit department. The internal audit department is responsible for reviewing the functioning and effectiveness of the internal control system. In order to conduct the audit, the internal audit department has comprehensive information, review and access rights. In fiscal year 2013, the audit focused on Group-wide liquidity management.

Consolidation and the Group accounting process are based on the decentralized preparation of financial statements by each of the Group companies. These financial statements are prepared and submitted according to uniform Group-wide standards and data formats. The central accounting system is connected with the ERP system through numerous interfaces.

The consolidation of the financial statements is completed in cooperation with an external service provider with suitable qualifications (financial auditor). The entire process is controlled and verified by the central Group Accounting and Controlling department. Here the data is also verified with regard to form and content. All of the employees involved in the process receive training at regular intervals. The parts of the internal control system relevant to financial reporting are reviewed in terms of effectiveness by the auditor as part of risk-oriented approach.

In conclusion, we would like to point out that neither an internal control system nor a risk management system can ensure with absolute certainty that the related objectives will be achieved. Controls may not be adequate on a case by case basis due to simple errors or mistakes, or changes to environment variables may be recognized too late in spite of corresponding monitoring.

Research and Development

The costs for research and development (R&D) totaled EUR 2.6 million for the Group in the reporting period (prior year: EUR 4.7 million) and were therefore significantly lower year on year. A selection of R&D activities in the individual divisions 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 product op-

timization is estimated at approximately 10% of the total design engineering output. The development of a standardized vacuum sintering furnace was the focus of R&D activities in the Industrial Systems division for the current fiscal year. The development of this standard system will be finished at the beginning of 2014. We will be able to use it to secure more global hard metal manufacturers for PVA TePla's high-quality system technology. A new customer already placed the first order for this new system concept in October 2013.

In the **Semiconductor Systems division**, the main focus of development activities concerning ultrasound measurement systems is on the next generation of high-resolution ADC cards (analog digital converter). The latest transducer thin-film technology requires digitalization with high sampling rates in order to enhance acoustical imaging functionality and image resolution. These developments completed in 2013 are also set to be deployed in the next generation of the SAM 2000, the only 2,000MHz microscope available worldwide. In the Plasma Systems business unit, the second generation of a highly efficient plasma activation system for cleaning semiconductor chips on so-called lead frames has been built. This system, which is based on microwave and radio frequency, is now available for the two main plasma technologies and was delivered to one of the leading chip-packaging companies during the fourth quarter of 2013. In addition, PECVD processes for hydrophobic surfaces of mobile phones and smartphones were developed at the American PVA TePla Group site. In the Crystal Growing Systems business unit, the concept and construction of "baSiC-T" a high temperature system for manufacturing silicon carbide crystals, was completed. This type of system is particularly suitable for cost-effective mass production. Typical areas of application include high-performance electronics and optoelectronics, where the specific characteristics of silicon carbide such as high thermal conductivity are required. The Company has already received several orders from Europe and Asia.

In the **Solar Systems division**, as part of the xμ-material funding project (reducing specific material costs is the primary technical objective of this cluster consortium), crystals were grown in the laboratory Cz (Czochralski)- system developed especially for this purpose and made available to the project partners for characterization in 2013. As part of the FzSil top cluster project, further monocrystals were grown on a prototype floatzone system in Wettenberg for applications in the photovoltaic industry. Work has continued in the area of feeder development. The aim of the project is to equip present crystal growing systems in the market with this additional equipment. The so-called "MULTIPULLING" process allows manufacturers to produce at least two crystals during a single process cycle. In addition, the crystals can be qualified on a customer-specific basis. Feeder technology for the mobile SiCharger for larger silicon chunks is also being developed further.

Disclosures Relevant to the Right to Take Over

The required disclosures related to the right to take over pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) are provided below.

COMPOSITION OF SHARE CAPITAL

As of December 31, 2013, the issued share capital of PVA TePla AG consisted of 21,749,988 individual no-par bearer shares with a nominal value of EUR 1.00 each.

RESTRICTIONS WHICH AFFECT VOTING RIGHTS OR THE SALE/TRANSFERABILITY OF SHARES

There are no restrictions of voting rights or the sale/transferability of shares.

SHAREHOLDINGS THAT EXCEED 10% OF VOTING RIGHTS

According to disclosures filed with the Company, PA Beteiligungsgesellschaft mbH, Wettenberg held a 25.8% share of voting rights as of December 31, 2013, above the 10% threshold.

SHARES WITH SPECIAL RIGHTS THAT IMPART THE RIGHT OF CONTROL

There were and are no shares with special rights that impart the right of control.

CONTROL OF VOTING RIGHTS BY EMPLOYEES HOLDING SHARES IN THE COMPANY

There is no control of voting rights by employees holding shares in the Company.

APPOINTMENT AND REVOCATION OF MANAGEMENT BOARD MEMBERS

The appointment of PVA TePla AG Management Board members is done in accordance with Section 84 of the German Stock Corporation Act (AktG) and Section 6, Articles 2 and 3 of the PVA TePla AG Articles of Incorporation. The following is specified:

- » Article 2: The appointment of members of the Management Board, the revocation of their appointment as well as the concluding, the amendment and the termination of contracts of employment with members of the Management Board are affected by the Supervisory Board. The same applies to the appointment of a member of the Management Board as chairman or as spokesman of the Management Board.
- » Article 3: The appointment of a member of the Management Board ends in every case with the completion of his/her 65th year.

AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES

As of December 31, 2013, the Management Board is authorized per Annual General Meeting resolution to issue new shares from authorized capital in the amount of EUR 10,874,994.00 through June 30, 2017. The Management Board is authorized per Annual General Meeting resolution to buy back shares amounting to 10% of authorized capital by June 18, 2018.

COMPANY AGREEMENTS CONTINGENT UPON A CHANGE OF CONTROL AS THE RESULT OF A TAKE OVER OFFER

The current master agreements with the banks are based on a largely unchanged shareholder structure and, in case of a change in control, calls for renegotiation or, in one case, specifies that the bank has a right to cancellation. The provisions for a publicly funded research and development project also include a special right to cancellation in case of a change in control. There are no other agreements that are contingent upon a change of control as the result of a take over offer.

COMPENSATION AGREEMENTS BETWEEN THE COMPANY AND MANAGEMENT BOARD MEMBERS OR EMPLOYEES IN CASE OF A TAKE OVER OFFER

No compensation agreements are in place for Management Board members or for employees in case of a take over offer.

Company Management Declaration (Section 289a German Commercial Code)

The Company Management Declaration pursuant to Section 289a of the German Commercial Code (HGB) and the remuneration report are permanently available as part of the Corporate Governance Report on the Website of PVA

TePla AG in the section "Investor Relations – Corporate Governance" or directly under the following link: www.pva-tepla.com/pva-tepla-service/investor-relations/corporate-governance. The remuneration report describes the basics of the remuneration system pursuant to Section 289 no. 5 HGB and also forms an integral part of the 2013 consolidated financial statements of PVA TePla AG.

Dependency Report

In 2013, PA Beteiligungsgesellschaft mbH held the majority of votes at the Annual General Meeting of PVA TePla AG. The Management Board of PVA TePla AG therefore prepared a dependency report for fiscal year 2013 pursuant to Section 312 of the AktG.

The 2013 report includes the following final statement by the Management Board: "We declare that according to the information known to us at this time, our Company engaged in legal transactions with dependent companies pursuant to Section 312 of the AktG and received appropriate compensation in all cases. The Company did not take or fail to take any reportable measures."

2. ECONOMIC REPORT

Macroeconomic and Sector Environment

MACROECONOMIC ENVIRONMENT

As a manufacturer of capital goods, the PVA TePla Group has been hit by the sluggish economy during the last quarters. Below is a brief outline of the economic development in the PVA TePla Group's key regions:

- » In the Eurozone, GDP was down 0.4% in 2013 compared to the prior year.
- » At 7.8%, GDP growth in China was also relatively low in 2013 compared to prior years.
- » In 2013 GDP was just 1.8% higher than the prior year in the USA.

SECTOR ENVIRONMENT

The PVA TePla Group faced a tough market environment in almost all product groups. The semiconductor market registered a decline in sales revenues as well as wafer prices, which meant that customers put planned investments in new production facilities on hold. As in 2012, the photovoltaics market was marked by high over-capacities in 2013. The willingness of customers to invest in new solar module capacities practically ground to a halt in Europe and around the world in 2013. The hard metal market, the largest single market for the Vacuum Systems business unit, has been characterized by significant overcapacities since 2012, particularly in China, following years of a build-up in capacities and a sluggish economic environment.

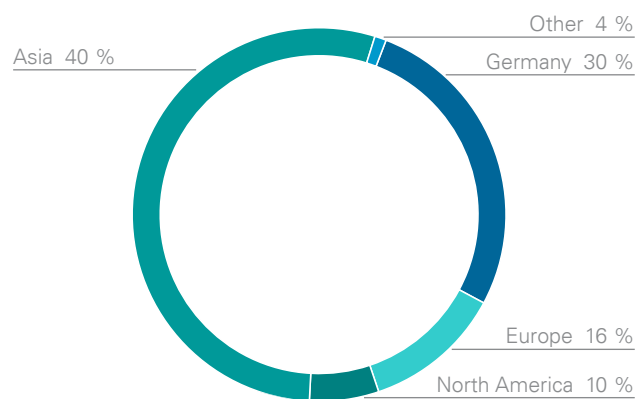
- » According to the German Engineering Federation (VDMA), sales revenues were stagnant in fiscal year 2013.
- » The semiconductor segment wafer manufacturing saw investments drop 9.1% in 2013.
- » In 2012 and 2013, investments in PV production facilities declined due to overcapacities.

Business Development

SALES REVENUES

The PVA TePla Group generated considerably lower consolidated sales revenues of just EUR 64.1 million in 2013 (prior year: EUR 103.3 million). This decline is attributable to considerably lower incoming orders during 2012 and in the first half of 2013 in nearly all business units. 30% of consolidated sales revenues were generated in Germany (prior year: 27%). The Asian market continues to be very important despite a decline, with the region accounting for 40% of total sales revenues (prior year: 54%). 16% (prior year: 12%) of total sales revenues were generated in other European countries. North America accounted for 10% of total sales revenues (prior year: 6%). Other regions contributed 4%.

Consolidated Sales Revenues by Region



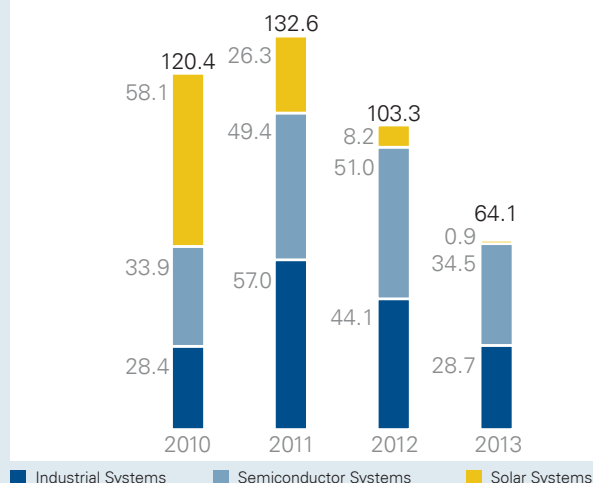
The following section provides a detailed discussion of sales revenues generated by the Industrial Systems, Semiconductor Systems and Solar Systems divisions.

The **Industrial Systems division** posted sales revenues totaling EUR 28.7 million (prior year: EUR 44.1 million), accounting for 45% of consolidated sales revenues. Systems for manufacturing hard metals contributed around 40% to system sales revenues in the Vacuum Systems business unit. The significant decline in sales revenues in 2013 is largely attributable to hard metals. Owing to high capacities in the market, our customers significantly scaled back their investments in 2012. Systems for brazing materials such as vacuum interruptors for the electrical industry and systems for processing graphite materials contributed to sales revenues and even registered an increase in sales revenues compared to 2012.

Sales revenues in the **Semiconductor Systems division** totaled EUR 34.5 million in 2013 (prior year: EUR 51.0 million), contributing 54% to total sales revenues of the PVA TePla Group. The decline is a result of the weak business in crystal growing systems for the semiconductor industry. The decline in sold wafer space and lower wafer prices undermined the willingness to invest in the segment. The business units Metrology Systems and Plasma Systems, key areas for technology companies across the entire supply chain of the chip manufacturing industry, reported stable sales revenues in 2013.

Sales revenues in the **Solar Systems division** totaled EUR 0.9 million in 2013 (prior year: EUR 8.2 million) and thus contributed negligibly to total sales revenues for the PVA TePla Group. The challenges forecasted for the solar market in 2012 occurred: The global photovoltaics market is marked by considerable overcapacities and the willingness to invest, particularly in crystal growing, has practically dried up. The Solar Systems division, which will be operated as a business unit of the Semiconductor Systems division in future, sees good sales opportunities for its products in 2014 in markets that want to expand their own solar production due to economic policy reasons.

Consolidated Sales Revenues by Division EUR million



PVA TePla AG reported sales revenues of EUR 72.5 million (prior year: EUR 91.0 million) in its single-entity financial statements. The decline is fundamentally attributable to the same causes described above for the individual divisions.

INCOMING ORDERS

At EUR 88.6 million, total incoming orders for the Group in fiscal year 2013 were up compared to the prior year (EUR 59.2 million). All of the Company's divisions beat the prior year's figures for incoming orders. The book-to-bill ratio

of 1.4 at Group level (prior year: 0.6) reflects this trend. A recovery is particularly evident in the Industrial Systems division.

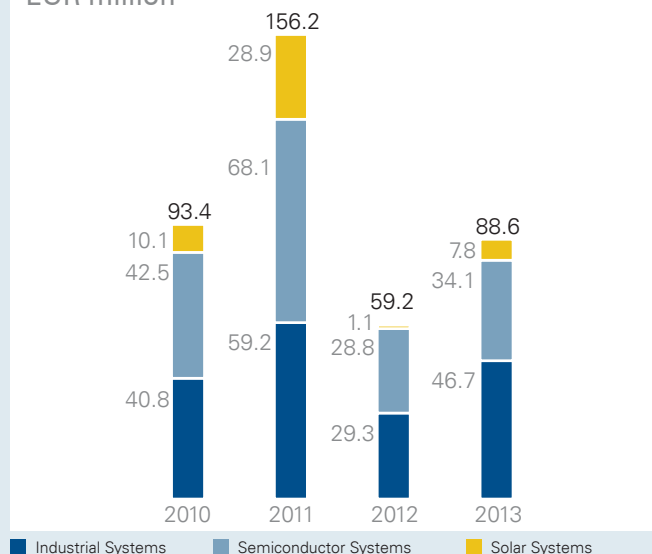
The Industrial Systems division generated incoming orders totaling EUR 46.7 million (prior year: EUR 29.3 million), contributing 53% to total incoming orders. Following weak incoming order levels in the prior fiscal year, incoming orders in 2013 were significantly higher. Approximately 80% of orders for vacuum systems were received from abroad, with approximately 70% still coming from customers in Asia. Systems for manufacturing hard metals accounted for around 40% of incoming orders. Demand decreased considerably due to the weak economy in 2012 – including in China, the single most important market for hard metal sinter systems – and due to the considerable increase in capacity in the hard metal segment in recent years, but is now beginning to normalize. Incoming orders for plasma nitriding systems have performed well; we won contracts for a number of systems from China and the Eurozone. The largest single order in the division's history came from India in 2013: PVA TePla received a contract from ITER India for the manufacture and supply of a neutral particle injector (beam source for atomic hydrogen) for the purpose of diagnostic analysis of the plasma in the fusion reactor of the international research project ITER.

The Semiconductor Systems division registered slightly higher incoming orders totaling EUR 34.1 million (prior year: EUR 28.8 million), contributing 38% to total incoming orders in 2013. The semiconductor market also reported an almost double-digit percentage drop in investments in plant and equipment in 2013. The Crystal Growing Systems business unit was particularly badly affected by customers' weak investment activity. At the end of 2013, the Group received an order from Asia for a crystal growing system for the production of semiconductor wafers. Orders for plasma systems accounted for most of the incoming orders in the Semiconductor Systems division.

The Solar Systems division posted incoming orders of EUR 7.8 million (prior year: EUR 1.1 million). This division accounted for a 9% share of total incoming orders. The solar industry, which has faced difficulties for some time, appears to be gradually emerging from its trough. The first larger order for crystal growing systems from customers

in Asia, totaling approximately EUR 7 million, was placed in the third quarter of 2013. Other lucrative projects in various regions are currently in an advanced negotiation stage.

Order Income by Division
EUR million



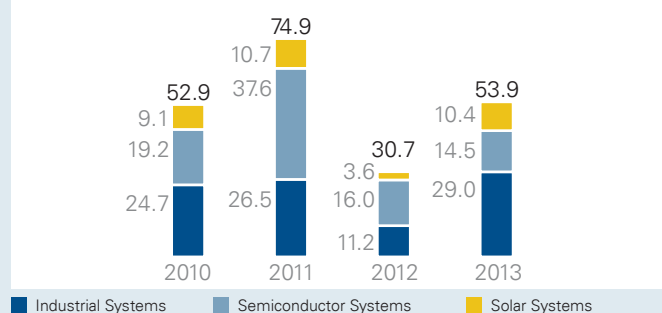
When looking at **PVA TePla AG** on its own, incoming orders rose significantly from EUR 42.9 million in the prior year to EUR 70.6 million in 2013. This includes EUR 3.2 million in orders from other Group companies (prior year: EUR 2.0 million). In particular, higher demand during 2013 in the Vacuum Systems, Crystal Growing Systems (semiconductor) and Crystal Growing Systems (solar) business units led to this higher volume of incoming orders.

ORDER BACKLOG

The PVA TePla Group's order backlog is reported after deducting sales revenues previously recognized applying the percentage of completion method (PoC). Order backlog for the Group totaled EUR 53.9 million as of December 31, 2013 (prior year: EUR 30.7 million). The order backlog contains orders totaling around EUR 8 million from currently politically unstable regions. However, we do not see any risk to the realization of these projects. The order backlog for the Industrial Systems division totaled EUR 29.0 million as of December 31, 2013 (prior year: EUR 11.2 million).

The order backlog of the Semiconductor Systems division stood at EUR 14.5 million (prior year: EUR 16.0 million) and totaled EUR 10.4 million (prior year: EUR 3.6 million) in the Solar Systems division.

Order Backlog by Division
EUR million



The order backlog of **PVA TePla AG** – presented individually as nominal values in accordance with German accounting principles – totaled EUR 65.5 million (prior year: EUR 68.0 million). The above-mentioned comments regarding orders from politically unstable regions also apply to the order backlog in the single-entity financial statement.

PRODUCTION

In 2013, systems production and contract processing were performed in Germany at the Wetttemberg, 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.

In 2013, production capacities at the Jena and Wetttemberg locations were not fully utilized owing to the low level of incoming orders. After having reduced the number of temporary employees to zero and having implemented a reduced

working hour scheme in the first half of the year at the Jena location, we have significantly reduced the number of employees and adjusted capacities accordingly to a further cost reduction program. We also cut all temporary employees and implemented a reduced working hour scheme at the Wetttemberg location and significantly reduced the number of employees.

Position

RESULTS OF OPERATIONS

As expected, the low volume of incoming orders from mid-2012 to mid-2013, resulted in a low level of sales revenues and the weak utilization of capacities in 2013. Cost reduction programs – as previously communicated – and a reduced working hour scheme were implemented at the Wetttemberg and Jena locations to compensate for these effects. The continuing low volume of incoming orders until June 2013 has made further personnel measures necessary. The number of employees at both of the Group's largest locations in Wetttemberg and Jena was reduced by approximately 80 by the end of the year; the corresponding redundancies were issued as of June 30, 2013, which was one month earlier than initially planned. The number of employees as at December 31, 2013 was down 90 compared to December 31, 2012. These cost reduction measures have already had a noticeable positive effect on the operating result in the third and fourth quarter of 2013 in comparison to the first two quarters of 2013. The implementation of these cost reduction measures and additional value adjustments for inventories, especially in the Solar Systems division, had resulted in a negative effect on profits of approximately EUR 5.8 million for the first half of 2013.

Against the backdrop of these measures and one-off effects in fiscal year 2013, the Company achieved operating result (EBIT) of EUR -9.5 million (prior year: EUR +7.0 million) and consolidated net result of EUR -7.4 million (prior year: EUR +4.7 million). The EBIT margin amounted to -14.9% (prior year: +6.8%). Return on sales amounted to -11.6% (prior year: +4.6%).

Based on consolidated sales revenues of EUR 64.1 million (prior year: EUR 103.3 million), gross profit amounted to EUR 8.5 million (prior year: EUR 24.4 million). As a result, we achieved a gross margin of 13.3% (prior year: 23.7%). In addition to the negative effects of the cost reduction measures described above, this deterioration was primarily due to the weak utilization of capacities as a result of the low volume of sales revenues, particularly in crystal growing systems and analytical systems. At 22.4%, the gross margin was well above the third-quarter margin and almost on a par with the fiscal year as a whole in 2012.

Selling and distribution expenses amounted to EUR 7.8 million (prior year: EUR 10.3 million). In addition to the previously described cost reduction measures, the decrease is primarily due to lower selling and distribution commission. The selling and distribution costs also already include provisions for personnel measures taken at the end of June. Administrative expenses amounted to EUR 8.2 million (prior year: EUR 8.1 million) and also include expenditures for severance payments based on the personnel reduction measures. With regard to the above-stated cost categories, the costs of Munich Metrology GmbH – which was initially consolidated as of July 1, 2012 – are only included proportionately in the prior year's figures, i.e. for the second half of 2012. R&D costs have declined significantly to EUR 2.6 million (prior year: EUR 4.7 million). The net balance of other operating expenses and income came to EUR 0.5 million (prior year: EUR 5.8 million). Other operating income in the amount of EUR 2.8 million (prior year: EUR 8.0 million) includes mainly income from grants in the context of R&D projects, income from exchange rate differences as well as the release of provisions.

As the operating result and the individual functional expenses were impacted by one-off expenses for severance payments, value adjustments, other restructuring and idle capacity costs, and income from short time work compensation, the following break-down provides an overview of the amount relating to the special effects and the structure of functional expenses:

EUR'000	Jan. 01 - Dec. 31, 2013	Special effects Total	2013 - adjusted
Sales revenues	64,075		64,075
Cost of sales	-55,545	-4,095	-51,450
Gross profit	8,530	-4,095	12,625
Selling and distributing expenses	-7,836	-713	-7,123
General administrative expenses	-8,222	-1,247	-6,975
Research and development expenses	-2,564	-186	-2,378
Other operating income	2,766	0	2,766
Other operating expenses	-2,218	-10	-2,208
Operating result	-9,544	-6,251	-3,293
Gross margin	13.3 %		19.7 %
Overhead-costs	-18,075		-15,919

The special effects include the above-mentioned expenses for value adjustments of inventories, severance payments and other restructuring costs, which declined to EUR 5.0 million by the end of the year on the back of lower severance payment costs. The adjusted expenses include income from short time work compensation amounting to EUR 0.9 million. In the first half of the year, idle capacity costs amounting to EUR 2.0 million for personnel expenses were eliminated for those employees who left the Company at the end of the year as part of the redundancy program and severance agreements. The adjusted gross margin for 2013 was 19.7%. Adjusted overhead costs totaled EUR 15.9 million and adjusted EBIT came in at EUR -3.3 million.

The low sales volume as well as the above-mentioned restructuring measures impacted all divisions. In the Industrial Systems division, EBIT declined to EUR -3.0 million (prior year: EUR +2.5 million). The Semiconductor Systems division generated EBIT of EUR -0.6 million (prior year: EUR

+5.9 million) and the Solar Systems division generated EBIT of EUR -6.0 million (prior year: EUR -1.4 million) due to the extremely low volume of sales revenues.

The net balance of interest income and interest expenses came to a total of EUR -0.8 million (prior year: EUR 1.2 million). Net loss before tax amounted to EUR 10.3 million (prior year: profit of EUR 5.8 million) and the net loss for the period amounted to EUR 7.4 million (prior year: profit of EUR 4.7 million). Income tax of EUR +2.9 million (prior year: EUR -1.1 million) consists of the current tax expense of EUR -1.2 million (prior year: EUR -1.5 million) and income from deferred taxes of EUR +4.1 million (prior year: EUR +0.4 million).

In fiscal year 2013, **PVA TePla AG** achieved sales revenues of EUR 72.5 million (prior year: EUR 91.0 million). Gross profit amounted to EUR 7.3 million (prior year: EUR 15.1 million) and the gross margin was 10.1% (prior year: 16.6%). At EUR 5.3 million, selling and distribution expenses were down on the prior year comparable figure of EUR 7.6 million and administrative expenses were EUR 5.7 million (prior year: EUR 5.4 million) due to restructuring-related personnel costs. Research and development expenses totaled EUR 1.2 million (prior year: EUR 3.3 million). At EUR 3.8 million, other operating income was down on the prior year comparable figure of EUR 7.5 million, as were other operating expenses at EUR 3.5 million (prior year: EUR 5.2 million). Income transfer agreements with subsidiaries generated EUR 0.6 million (prior year: EUR 1.7 million). Income from subsidiary profit distribution amounted to EUR 1.0 million (prior year: EUR 5.0 million). Income transfer agreements with subsidiaries resulted in expenses of EUR 2.7 million (prior year: EUR 0.0 million). Interest expenses totaled EUR 1.1 million (prior year: EUR 1.0 million). Interest income stood at EUR 0.7 million (prior year: EUR 0.6 million). Income tax expenses totaled EUR 1.4 million (prior year: EUR 1.6 million). Overall, PVA TePla AG's result from ordinary business activities came to EUR -6.0 million (prior year: EUR 7.6 million) and its net loss for the year amounted to EUR 7.4 million (prior year: net profit of EUR 6.0 million). The results of operations of PVA TePla AG were largely impacted by the same reasons that were already explained regarding the results of operations of the Group.

Comparison of Results of Operations with Forecast for 2013

For fiscal year 2013, the PVA TePla Group forecast sales revenues of approximately EUR 90 million to EUR 100 million, with a tendency towards the lower end of this range, and an operating profit and positive net profit. A slight decline in sales revenues in the Industrial and Semiconductor Systems was expected. The PVA TePla Group anticipated an improvement in the market situation in the first half of 2013, which did not occur until the second half of the year. Owing to the long-term nature of the projects and their specific project structure, the orders received in the second half were not able to substantially contribute to consolidated sales revenues and the result. In the Solar Systems division, the PVA TePla Group forecast a slight increase in sales revenues. Orders were expected from new regional photovoltaic markets, in particular. A larger order was won in the third quarter 2013 in this division. In June 2013, PVA TePla already forecast a negative effect on profits of EUR 6 million in connection with the cost reduction program and therefore did not expect a positive operating result including a one-off charge for the year. The consolidated sales revenues forecast was reduced to EUR 75 million to EUR 85 million. In December 2013 it became evident that completion of sales revenues-relevant orders, in particular those in the solar market, would be pushed back to 2014. The assumed IFRS-based percentage-of-completion (PoC) for this order planned for the fourth quarter of 2013 could not be achieved in 2013. The PVA TePla Group thus assumed a sales revenue development below the range forecast at the time of EUR 60 million to EUR 65 million. The operating result (EBIT) was adjusted to EUR -9 million to EUR -10 million – after restructuring costs – owing to the lack of sales revenue contribution.

FINANCIAL POSITION

Capital Structure

PVA TePla AG was able to finance the operating charges and cash-effective special effects from its own resources. The net financial position (balance of cash and current and non-current financial liabilities) amounted to EUR -1.1 million at the end of the year. Compared to total assets, the net debt ratio is thus only just above 1%.

The development during the course of the year and in particular the cost savings and restructuring measures compelled us to cooperate more closely with our banks. Between the beginning and the end of the year we only marginally adjusted our cash lines from EUR 17 million to EUR 14 million. The guarantee lines were also adjusted to the current requirements.

Effective March 3, 2014, PVA TePla AG terminated two fixed-interest real estate loans for a new building in Wettenberg for EUR 5,684 thousand and combined them into a new loan of EUR 6.0 million with a term until December 2022. The termination of the loans resulted in one-off and non cash-effective expense of EUR 216 thousand for the reversal of debt discounts in 2014. The refinancing was prompted by the low interest rate phase on the basis of a variable 6-month Euribor plus a margin of 0.65%. PVA TePla expects considerable interest savings in the short and mid-term from these measures compared to the previous real estate financing. As the new loan with interest hedges of more than EUR 6.0 million is synchronized and combined in hedge accounting, the new real estate financing will lead to less volatility in terms of interest expense. The negative market value of these hedges was valued at EUR -887 thousand as of December 31, 2013. On the day the new loan is granted the applicable fair value of the hedges will be measured and released on a pro rata basis over the remaining term, thereby strengthening equity.

Unaffected by this refinancing is a secured credit line of EUR 6.0 million, secured by charges on land, which was not utilized as at the balance sheet date and is available to the Company until December 2022.

Investments

At EUR 1.1 million (prior year: EUR 2.2 million), the overall level of investment in 2013 was slightly lower than in the prior year. These investments mainly related to an exercised purchase option following expiry of a lease for operating and office equipment, minor investments for IT hardware as well as the takeover of JenaWave GmbH.

From the perspective of **PVA TePla AG** as a single entity, the value of investments in 2013 at EUR 0.5 million was at the same level as the prior-year figure of EUR 0.6 milli-

on. No large single investments were made in this entity. The investments included the above-mentioned purchase option following expiry of a lease as well as other minor maintenance investments for IT hardware. No financial investments were made, as in the prior year.

Liquidity

In 2013, operating cash flow was positive again at EUR 1.8 million (prior year: EUR 4.4 million). This figure fluctuates heavily in the Vacuum Systems and Crystal Growing Systems business units from one reporting date to the next due to the project nature of orders. We receive considerable advance payments at the beginning of a project, which influence net cash flow positively if there are large orders. Cash flow is negative during order processing, whereas near the delivery date, the remaining amount due is paid, except for a small residual installment. Operating cash flow amounted to EUR -0.6 million in the first nine months of 2013 (first to third quarter of 2012: EUR +3.9 million). Due to the uptick in incoming orders in the second half, positive cash flow of EUR 2.4 million was generated in the fourth quarter. The liquidity-effective special effects, particularly for severance payments relating to personnel measures, were fully covered by operating cash flow.

Due to the extent of the investment measures described above, cash flow from investing activities was EUR -1.2 million (prior year: EUR -0.7 million). Cash flow from financing activities was EUR -4.0 million (prior year: EUR 8.6 million) and includes the payment of dividends in the amount of EUR 2.2 million (prior year: EUR 3.3 million). The scheduled repayment of long-term loans totaled EUR 1.2 million (prior year: EUR 1.2 million). Interest payments totaled EUR 0.7 million (prior year: EUR 0.7 million). Total cash flow in fiscal year 2013, including exchange rate differences, amounted to EUR -3.4 million (prior year: EUR -4.9 million). The liquidity position of the PVA TePla Group remains positive. The net financial position amounted to EUR -1.1 million.

ASSET POSITION

Total assets amounted to EUR 92.4 million as of December 31, 2013, 10.9% lower than the prior year's figure of EUR 103.7 million as of December 31, 2012.

Non-current assets rose slightly to EUR 46.7 million (prior year: EUR 45.9 million). Given the investments described above, the value of property, plant and equipment again declined slightly, to EUR 31.0 million in connection with depreciation (prior year: EUR 32.5 million). The value of intangible assets was nearly unchanged at EUR 8.8 million (prior year: EUR 8.9 million); these assets include derivative goodwill of EUR 7.8 million, which is tested for impairment at least once a year. The largest change was caused by the increase in deferred tax assets to EUR 6.5 million (prior year: EUR 4.1 million) as a result of capitalized deferred taxes for losses carried forward.

Overall, current assets declined considerably to EUR 45.7 million (prior year: EUR 57.9 million). The largest change was caused by a decrease in cash to EUR 6.6 million (prior year: EUR 10.0 million). The reduction in trade receivables to EUR 9.6 million (prior year: EUR 12.9 million), coming receivables on construction contracts to EUR 8.1 million (prior year: EUR 10.0 million), finished products and goods to EUR 2.4 million (prior year: 3.1 million) and work in progress to EUR 8.1 million (prior year: EUR 9.6 million) is largely a result of the processing of existing orders and the declining sales revenue trend in 2013. The slight increase in raw materials and operating supplies (EUR 8.3 million versus prior year: EUR 8.1 million) is a result of the rise in incoming orders in the second half 2013 and partly higher raw material stocks to optimize time-to-market. Total inventories decreased slightly to EUR 18.8 million (prior year: EUR 20.8 million). Current receivables were up slightly to EUR 1.6 million (prior year: EUR 1.4 million), particularly receivables from investment incentives and receivables from personnel with minus hours during the period of underutilization of capacities in 2013. Tax repayments amounted to EUR 0.1 million (prior year: EUR 1.3 million).

Cash decreased to EUR 6.6 million (prior year: EUR 10.0 million), primarily as a result of negative cash flow from financing activities.

On the liabilities side of the balance sheet, non-current liabilities (including non-current provisions) declined to EUR 20.5 million (prior year: EUR 23.6 million). As expected, the reported value of pension provisions increased slightly to EUR 11.4 million (prior year: EUR 11.3 million). Non-current financial liabilities decreased to EUR 6.5 million (prior year: EUR 7.6 million) due to the scheduled repayment of loans. Deferred tax liabilities declined significantly to EUR 1.4 million (prior year: EUR 3.2 million).

The other changes to non-current liabilities are immaterial in nature. Other non-current liabilities totaled EUR 0.7 million (prior year: EUR 1.0 million). Other non-current provisions totaled EUR 0.5 million (prior year: EUR 0.5 million).

Current liabilities rose slightly to EUR 21.5 million (prior year: EUR 20.3 million). Current financial liabilities remained unchanged at EUR 1.1 million (prior year: EUR 1.1 million). Trade payables increased slightly to EUR 3.2 million (prior year: EUR 2.9 million) as of the reporting date. Obligations on construction orders continued to decline and amounted to EUR 0.1 million (prior year: EUR 0.6 million). Advance payments on orders rose and amounted to EUR 8.3 million (prior year: EUR 6.5 million). It should be noted that 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. Otherwise they are netted against construction contracts and reported under coming receivables on construction contracts (asset) or under obligations on construction orders (liability). Other current provisions remained practically unchanged at EUR 1.9 million (prior year: EUR 2.2 million). Accrued liabilities amount to EUR 5.7 million as in the prior year and contain severance payments of EUR 0.8 million which will be paid in the first quarter of 2014. Tax provisions rose slightly to EUR 0.2 million (prior year: EUR 0.1 million) and include provisions for risks relating to the ongoing audit for the tax assessment period 2007 to 2011.

Shareholders' equity decreased to EUR 50.3 million (prior year: EUR 59.9 million) as a result of the net loss for the period in the amount of EUR 7.4 million (prior year: net profit of EUR 4.7 million) and in connection with the dividend payment. Together with lower total assets, the equity ratio decreased from 57.7% in the prior year to 54.5%.

Total assets **PVA TePla AG** as of December 31, 2013 declined year on year from EUR 77.8 million to EUR 74.1 million.

Fixed assets amount to EUR 32.9 million (prior year: EUR 33.8 million). The value of intangible assets decreased due to depreciation from EUR 0.3 million in the prior year to EUR 0.1 million. Given the investments described above, the value of property, plant and equipment declined slightly, from EUR 24.6 million in the prior year to EUR 23.9 million. Financial investments remained unchanged year-on-year at EUR 8.8 million (prior year: EUR 8.8 million).

Total inventories came to EUR 5.6 million compared to the prior year figure of EUR 4.7 million. The included figure for finished products and goods decreased to EUR 1.7 million (prior year: EUR 2.0 million). Work in progress fell significantly from EUR 36.9 million in the prior year to EUR 14.2 million due to the processing of existing orders and decline in sales revenues in 2013. Raw materials and operating supplies remain unchanged at EUR 4.2 million (prior year: EUR 4.2 million). The volume of deducted advance payments received on orders totaled EUR 15.2 million (prior year: EUR 38.5 million). Trade receivables declined year on year from EUR 9.6 million to EUR 4.9 million due to the development of sales revenues. Receivables from affiliated companies increased to EUR 24.5 million (prior year: EUR 19.2 million). Other assets decreased to EUR 0.7 million (prior year: EUR 1.8 million) primarily as a result of tax receivables, receivables from investment incentives and receivables from personnel with minus hours during the period of underutilization of capacities. Cash declined to EUR 5.0 million (prior year: EUR 7.3 million) as a result of the expected change in cash flow.

On the liabilities side of the balance sheet, liabilities increased to EUR 14.0 million (prior year: EUR 10.1 million) primarily due to the rise in payables to affiliated companies. The main reasons for the significant rise in payables to affiliated companies from EUR 1.8 million in the prior year to EUR 6.4 million were net losses in connection with profit transfer agreements and the pooling of Group-wide cash in the parent company. Liabilities to banks declined to EUR 5.8 million (prior year: EUR 6.2 million) due to a regularly scheduled repayment of an existing loan. The decline in incoming orders resulted in a reduction in trade payables to EUR 1.4 million (prior year: EUR 1.6 million). As in the prior year, no advance payments remained after set-off with inventories. Pension provisions increased to EUR 9.3 million (prior year: EUR 8.9 million) due to the lower discount rate. The underlying pension schemes were taken on from previous companies and contain only existing commitments. New pension obligations are generally no longer entered into. Tax provisions amounted to EUR 0.2 million (prior year: EUR 0.0 million). Other provisions rose to EUR 8.6 million (prior year: EUR 7.3 million) and contain provisions of EUR 1.8 million for potential losses relating to solar plants and EUR 0.8 million for severance payments which will be paid in the first quarter of 2014.

Equity totaled EUR 42.1 million (prior year: EUR 51.6 million). In addition to the net loss of EUR 7.4 million (prior year: net profit of EUR 6.0 million), dividend payments of EUR 2.2 million (prior year: EUR 3.3 million) were paid in 2013. The equity ratio totals 56.8% (prior year: 66.3%). Retained earnings amount to EUR 18.1 million (prior year: EUR 27.6 million).

Cash totaling EUR 5.0 million (prior year: EUR 7.3 million) was available as of December 31, 2013. The current liquidity situation, current liquidity planning – updated monthly – and the credit lines and guarantee lines granted by banks totaling EUR 14.0 million (prior year: EUR 17.0 million) and EUR 40.0 million (prior year: EUR 80.0 million), respectively, and an unused real estate loan of EUR 6.0 million

(prior year: EUR 6.7 million), provide PVA TePla enough financial leeway to conduct the planned volume of business. All short-term lines are available without being backed by collateral.

Financial and Non-Financial Performance Indicators

EMPLOYEES

The Group had 424 employees as of the balance sheet date (prior year: 514 employees). The number of employees has already decreased significantly as against December 31, 2012 due to measures implemented in mid-2013 to reduce personnel costs. All divisions were affected by these measures. The number of employees in the Industrial Systems division fell from 263 (as at December 31, 2012) to 243. The Semiconductor Systems division now has 157 employees as of December 31, 2013 (December 31, 2012: 198). The Solar Systems division reduced its number of employees from 53 (as at December 31, 2012) to 24. Please note that the Solar Systems division obtains significant amounts of goods and services from the other divisions. In particular, this includes the assembly of systems by the subsidiary PVA Vakuum Anlagenbau Jena GmbH, which is assigned to the Semiconductor Systems division in the organizational structure. From a regional perspective, the largest share of employees by far is in Europe at 377 (prior year: 468). There were 29 employees in the USA at the end of 2013 (prior year: 26), while 18 people were employed in Asia (prior year: 20). In 2013, the number of apprentices in PVA TePla Group amounted to 9 (prior year: 12). These young men and women were being trained in commercial or industrial professions. A reduced working hour scheme was implemented at the Jena location in December 2012 and in Wetttemberg from October 2013, each for a period of six months, and approved by the German Federal Employment Agency (Bundesagentur für Arbeit).

PVA TePla AG employed a workforce of 280 at the end of 2013 (prior year: 326). 14 of these people are employed at the Frederikssund, Denmark location (prior year: 16).

3. SUPPLEMENTARY REPORT

There are no significant events to report after the end of the fiscal year.

4. RISK, OPPORTUNITIES AND FORECAST REPORT

Risk Report

RISK STRATEGY

The risk policy is embedded in the corporate strategy and is designed to secure the continuation of the Company as a going concern. The resulting risk strategy assesses the risk and opportunities of business activities. In the core activities of the Company/the Group, we make a conscious decision to enter into limited and containable risks, if they make appropriate compensation likely or are inevitable. In some cases, we allocate the risks to other parties. This mainly includes concluding suitable insurance policies. This process is conducted in close cooperation with an experienced and specialized insurance broker.

Other risks, which are not related to core and support processes, are avoided as far as possible. A "Risk Manual" has been made available to divisions and employees, which includes instructions on processes and a catalog of measures to safeguard appropriate and sustainable risk management. The manual details the concrete processes involved in risk management. It aims at the completeness of all risk-related activities and measures, i.e. the identification, assessment, controlling, reporting and monitoring of risks. Based on defined risk categories, risks at divisions, operating units as well as central units are identified and assessed according to their likelihood and potential damage.

RISK MANAGEMENT

Due to the organizational structure of the Company, risk management is carried out locally in the divisions and business processes. The divisions' managers are therefore responsible for central processes of the risk management system. The main objective of the risk management system is the early recognition of risks, in order to regularly provide the Management Board with up to date information on the current risk situation within PVA TePla. The Management determines the limits for the reporting structure. The duties of those in charge include developing and where necessary installing measures to prevent, mitigate and hedge against risks. The main risks as well as the implemented measures are regularly monitored.

The risk reports are regularly compiled and analyzed by central risk management and checked and discussed by the Management Board and Supervisory Board. In addition to regular reporting, a reporting system has been installed within the Group to immediately report the occurrence of unexpected risks. The system also includes an annual risk inventory, in which all of the risks relevant to the Group are reported and their relevance and possible effects assessed. Measures to reduce identified risk are defined and their implementation monitored.

The risk management system enables the Management Board to identify material risks at an early stage and to implement counter-measures. The key features of the risk management system described above are applied throughout the Group. As far as processes in financial disclosure are concerned, this means that identified risks are reviewed and assessed for their potential impact on disclosures in the respective financial reports. The idea is to provide important information at an early stage about potential changes in the fair value of assets and liabilities, possible impairments and important information to assess the necessity of forming and reversing provisions.

The adequacy and efficiency of the risk management system is reviewed on a regular basis at Management Board

level and adjusted where necessary. In fiscal year 2013, the Company/Group risk management system was further optimized with a review of the central presentation of the risk inventory especially with the stronger focus on counter-measures of key risks.

In 2007, an internal audit system was also established. An auditing firm was commissioned to set this up. The Management and Supervisory Boards agreed a medium-term plan, according to which all divisions of PVA TePla Group will be systematically audited. In 2013, the financial management system was audited with an emphasis on PVA TePla Group's liquidity planning.

DESCRIPTION OF RISKS

The PVA TePla Group differentiates between business risks, operational risks and financial risks. These represent the Group's main risks.

Business Risks

Market Risks

The key risk in the markets in which PVA TePla operates is the fluctuation in customers' investment activity, the global economy and political developments. Statements regarding future developments of individual markets or decisions relating to economic policy in emerging markets cannot be made with sufficient accuracy.

The semiconductor business, a key sector for the Group, is highly cyclical in nature. Although the semiconductor industry in recent decades has enjoyed average annual growth rates well above those of most so-called old economy industries, this average includes periods of both robust growth and recession. Investment activity in the semiconductor market deteriorated significantly in 2012 and 2013. Investments in wafer capacities, an essential market for PVA TePla, ground practically to a halt.

The solar market, characterized by high overcapacities in the last two years, was dominated by Chinese suppliers. After years of exceptional growth, the solar market and its supplier industry have been hard hit.

In the Industrial Systems division, the focus of business is clearly on sintering hard metals, with a high percentage in China. Due to the weaker economy, including in China, and the considerable increase in capacity in the hard metal area in recent years, demand has slumped significantly since 2012 in this business unit. Customers were cautious about making large investments and numerous investment decisions were being postponed. Although the market situation for hard metal eased in 2013 and the number of products has significantly increased, this business unit is dependent on our customers' investment decisions. This basically applies to all business units.

Economic Risks

Analysts forecast global GDP growth of some 4% in 2014. However, the overall economy remains highly uncertain despite this positive outlook. The debt crisis in the established industrialized countries continues to fester and may prove detrimental to the economies of the emerging markets, a key market for the PVA TePla Group. Weakening growth rates in emerging markets are evidence of this problem.

These market and economic risks are reduced by diversifying the 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, 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.

Risks from Technological Developments

The risk of losing orders due to a new, unexpected technology appearing on the market (horizontal entry) is monitored worldwide and assessed by continuous observation of the latest research and development and published studies specific to the various sectors, and by maintaining dialog with key customers and research institutes. In addition to ongoing development activities, technological product optimization is further supported by, among other things, an in-house technology center (CCIC – Competence Center for Industrial Crystal Growing Systems) as well as the operation of in-house service centers in which materials are processed for customers. Here, the Company's development department stays abreast of the latest material quality requirements of customers. The high level of technical complexity of our products and rapid technological advances pose research and development-related risks. Medium and long-term success is crucially dependent on developing marketable products and generating sufficient revenues within appropriate time frames in order to provide adequate cash flow for the Group's internal financing. The technical complexity of our products and the standards demanded by our customers may also give rise to quality-related risks that can generate increased warranty-related expenditures.

Operational Risks

Risks from Suppliers

Because of the low depth of added value in the production of our systems, PVA TePla has the flexibility to respond to market fluctuations. Our own production capacity is very low, so that production can be increased or reduced quickly depending on the order volume. The probability of being affected by supplier capacity bottlenecks has decreased due to the forecasted fall in global economic growth. Commodity prices (such as for stainless steel and copper) are trending downward, too. The risk of delivery delays and non-delivery is countered by identifying and prescreening additional suppliers in combination with close monitoring of existing suppliers. Dependence on individual suppliers is limited by having multiple qualified suppliers for key components and diversifying deliveries among them. The risk

of supplier failure (e.g. as a result of insolvency) is substantially reduced by the systematic selection and evaluation of alternative domestic and international suppliers. Care is taken to ensure that all major suppliers have adequate quality management systems and third-party liability insurance coverage in place.

Risks in Connection with Information Technology

The risk of IT equipment failures and the threat posed by software viruses and other malware (such as so-called Trojans) are reduced through regular and appropriate backups, adopting suitable protective measures against external influences (e.g. up-to-date virus protection systems and firewalls) and maintaining suitable access control systems.

Natural Hazards and Environmental Risks

Overall, appropriate insurance policies were concluded for natural hazards at PVA TePla AG locations. Due to the Company's business structure, with its focus on engineering and assembly and to a very limited extent its use of hazardous materials and other substances with risks for safety and the environment, the extent of environment risk posed by the activities of PVA TePla is very limited. Nevertheless, an environmental liability and accidental damage insurance policy with adequate coverage was concluded for this, too.

Financial Risks

Risks from Changes in Exchange Rates

Despite hedging of exchange rate risks in individual transactions, there is a risk that the EUR/USD exchange rate in particular may once again move unfavorably, eroding our competitive position in this currency zone and exerting pricing pressure. A series of forecasts indicate that the EUR/USD exchange rate will remain stable until 2014. In principle, the risk of currency volatility is addressed by having local production in the US and increasing the level of purchasing within the Dollar currency zone.

Risks from Tax Issues

Because of the volume of major orders from abroad, the complexity of the related tax issues has increased. Primarily, these issues include intercompany prices for transac-

tions between companies in the PVA TePla Group, sales taxes – especially on services – and tax rules for employees sent abroad. We address these issues in close cooperation with our tax advisors and have not identified any material risks in this area. A tax audit is currently underway for all German locations for the years 2007 to 2011. PVA TePla will be audited at the end due to its business volume. This audit is not expected to reveal any major risks, while appropriate provisions have been set aside for permanent employment. There are, however, increasing expenses with respect to these consultations, the internal administration and the implementation of regulations and the associated registrations.

Risk Reporting on the Use of Financial Instruments

Financial instruments arise as part of PVA TePla's core business activities (e.g. trade receivables and payables). Financial instruments are employed to finance business activities (e.g. loans from banks) or they arise from business activities (e.g. investment of excess current liquidity). In addition, derivative financial instruments are utilized to eliminate or limit risks from operating activities (e.g. exchange rate risks) or from financing (e.g. interest rate risks). Financial instruments are not used in isolation without connection to actual business activities. Opportunities and risks in connection with the respective relevant financial instrument categories are presented below (for further information see note 30 of the Group notes):

Trade Receivables:

Liquidity and credit risks involved in financing business operations are reduced, in the case of major orders, by means of customer/supplier financing. A contractual installment payment schedule is negotiated in most cases, starting at an average of 30% minimum due upon receipt of the order for a single system. Collateral arrangements (e.g. letters of credit) are also frequently required to protect against default on receivables, in combination with intensive receivables monitoring.

In contrast, the Group itself only has to make advance payments to a few suppliers. In addition, the Group optimizes its external cash flow requirements through rolling cash flow forecasts for Group companies and short-term

intra-Group loans. The Group has sufficient credit lines for short-term financing operations, including the expansion of business, and sufficient guarantee lines for providing advance payment guarantees to customers. In this area, special project lines for large orders may additionally be negotiated with our regular banks to leave existing lines available for normal business operations and expansion.

Due to the short-term nature of the items, there is no significant market risk.

Other Receivables:

Due to the short-term nature of the items, there is no significant market risk.

Payments in Advance:

The individual Group companies primarily make payments in advance only to suppliers for larger deliveries/major components. On the purchasing side, advance payments are only made in return for a corresponding advance payment guarantee. Such guarantees ensure that the Group does not incur any discernible risks.

Financial Liabilities:

- » This item primarily includes bank loans to finance investments.
- » These loans are all either agreed at fixed interest rates for the entire term or hedged accordingly in the case of loans with variable nominal interest rates, effectively rendering them synthetic fixed interest rate loans.
- » There is thus no significant market risk from changes in relevant market interest rates.
- » However, a special situation results from the fact that in view of the favorable liquidity situation, the loans granted had only been partially drawn upon as of December 31, 2013 in order to minimize interest expense. As market interest rates at the balance sheet date were lower than the interest rates underlying the

hedging transactions, a provision for other liabilities was necessary totaling EUR 895 thousand (prior year: EUR 1,210 thousand) in the consolidated financial statements and a provision for impending losses totaling EUR 887 thousand (prior year: EUR 1,192 thousand) was necessary in the single-entity financial statements of PVA TePla.

- » There is no credit risk since the contract parties have already fully met their obligations, except for granted loan amounts that have not yet been drawn upon for financing new construction projects.
- » In our view, no significant liquidity risk exists either given the current liquidity planning.
- » There is no risk from the failure to comply with financial covenants since such agreements have been avoided to date.

Trade Payables:

- » These are short-term items invoiced almost exclusively denominated in Euros. Hence there is no relevant market or credit risk.
- » Given the current liquidity position in connection with liquidity planning, there is also no liquidity risk.

Other Liabilities:

Due to the short-term nature of the items, there is no significant market risk.

Exchange Rate Hedging:

- » A large proportion of Group sales revenues, including those of PVA TePla AG, are generated in foreign markets. Projects are predominantly billed in Euros, even for non-Eurozone countries. Otherwise, in each individual case, the hedging of currency risks is assured by means of forward exchange contracts. Since these are closed positions in relation to the underlying transaction with matching payment amounts and deadlines, there is no significant market risk. Calculations for the under-

lying transactions are based on the respective hedged forward rates.

- » Due to the aforementioned selection of suppliers from around the world, some purchases are made in foreign currencies. US Dollar cash balances are used to a limited extent to meet payment obligations via natural hedging. Other foreign currency obligations and larger US Dollar payments are hedged with forward exchange transactions whose payment structure corresponds with the underlying transaction, thereby avoiding currency risk. Please refer to the explanations above for delivery/materials procurement risks.

Interest Rate Hedging:

- » Some of the loans to finance new facilities were concluded at variable nominal interest rates and the interest rate was hedged, effectively making these synthetic fixed interest rate loans.
- » For more details concerning risks arising from these financial instruments, please refer to the information above on financial liabilities.

RISK QUANTIFICATION

Of some of the business risks described above, noticeable residual risks (Risks from markets and economic risks) are discernable for the PVA TePla Group as a manufacturer of specialist systems. Historically, the impact of noticeable residual risks on sales revenues can be up to four-digit EUR'000s while profitability and financial position may be impacted by up to three-digit EUR'000s. Critical residual risks have an impact when they occur which, depending on the duration of the risk, can even impact sales revenues by up to five-digit EUR'000s and impact earnings and liquidity by up to four-digit EUR'000s. We see critical risks primarily in the cyclicity of the high-tech industries (semiconductor and photovoltaics) and rising competition risks (Entry of new competitors, new technologies, price pressure) from low-wage countries. There are no identifiable risks potenti-

ally jeopardizing the continued existence of the Company and the Group as a going concern. We consider all other risks to only have low residual risks on account of their low likelihood, their low potential damage or countermeasures that have been taken.

GENERAL STATEMENT BY THE MANAGEMENT BOARD

The Management Board of PVA TePla AG is responsible for the risk management of the Group and assesses the Group's risk situation. They have come to the following conclusion.

Summary

The Group's risk profile in fiscal year 2013 did not fundamentally change compared to 2012. The main risks stem from the weak market developments mentioned above and the related reticence of our customers to invest. Restructuring measures have been implemented to counteract the subsequent decline in incoming orders. The program initiated in 2013 to optimize non-personnel costs and reduce personnel will lead to a much lower breakeven sales revenues in future. The Company is also working on increasing its sales activities in markets which will become more attractive in future.

Opportunities Report

DESCRIPTION OF OPPORTUNITIES

Market Opportunities

In markets such as hard metal manufacturing, the semiconductor industry and photovoltaics, PVA TePla provides process technologies that will remain a firm part of each respective value chain in the future. In the semiconductor

industry, for example, this could be systems for growing silicon crystals with a 300mm diameter, for growing high-purity silicon crystals or silicon carbide crystals for high-performance electronics, or analytical systems for non-destructive quality control in LED or MEMS production. Demand for plasma and analysis systems is correlated with trends in semiconductor markets (e.g. MEMS, LED, OLED/PLED, IGBT). Further growth for these products of PVA TePla is expected due to the anticipated growth in the semiconductor market and newly developed applications for plasma systems in the life science/industrial sectors.

Large overcapacity in the solar market and significant declines in sales prices across the entire supply chain of the solar industry resulted from significant investments to expand capacity, particularly by Chinese providers. Outside of Europe, there is also a wide range of further important growth markets for the solar industry: India, Australia, Morocco, the MENA region (Middle East and North Africa), as well as South Africa and South America. Opportunities also exist in markets where production capacities are set to expand because of economic policy considerations. It is highly likely that a system technology will prevail that guarantees maximum efficiency and optimal cost of ownership. As PVA TePla works intensely to develop such systems for industrial applications, medium to long-term market prospects are positive, even given the difficult photovoltaics market at present. PVA TePla follows economic developments and individual markets closely. Maintaining a low level of vertical integration provides the Company a flexible structure, enabling it to adjust capacity as needed in the event of lower demand.

Opportunities from Technological Developments

As a supplier of technologies for the production and processing of materials and components for high-tech industries, where a vacuum and high temperatures play a key role for

production, new areas of application for materials produced using our systems may result in additional demand. Moreover, research may define new requirements for materials, requiring new types of systems. In cooperation with our customers, we are able to develop and build systems to meet these new requirements at any time. Many of the systems built by us have been developed according to customer-specific requirements, so that we have a long tradition of experience in technologically demanding markets. A pure atmosphere created using a vacuum and high temperatures are fundamentally important for influencing material properties and will continue to play an essential role in the production of high-quality materials in the future.

Forecast Report

The forecast report describes the expected business development of the PVA TePla Group in fiscal year 2014. The statements in this chapter were made on the basis of the current Group portfolio and customers' portfolios and the above-mentioned assumptions on future macroeconomic and industry developments. The actual results may, as is often the case in the project business, deviate substantially from the forecast development if the underlying assumptions later prove to be incorrect.

In fiscal year 2014 a moderate increase in sales revenues is expected in the Industrial Systems division. Owing to the positive development in the semiconductor market, sales revenues before the structural changes to the divisions are also expected to be slightly higher year on year in the Semiconductor Systems division. Sales revenues in the Crystal Growing Systems business unit for the solar market are expected to improve significantly.

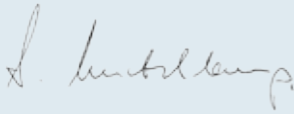
Based on the development of the gross margin in the fourth quarter of 2013 and the lower breakeven sales revenues, the gross margin is expected to be around 20% in 2014.

In view of the order backlog of EUR 53.9 million as at December 31, 2013 and the fact that the orders won in the first half of 2014 may already be recognized in sales revenues and the result, the Management Board of PVA TePla forecasts consolidated sales revenues of EUR 90 million to EUR 100 million and a positive operating result and EBIT-margin of 2% to 4%.

When viewing **PVA TePla AG** on its own, we expect to see sales revenues pick up significantly in fiscal year 2014. In terms of sales revenue growth, the gross profit and EBIT margin level is expected to be in line with the Group.

Wettenberg, March 7, 2014

PVA TePla AG
Management Board



Dr. Arno Knebelkamp
Chief Executive Officer



Oliver Höfer
Chief Operating Officer



GROUP FINANCIAL STATEMENTS

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Group Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS EUR'000	Notes	Dec. 31, 2013	Dec. 31, 2012 adjusted ¹⁾	Jan. 1, 2012 adjusted ¹⁾
Non-current assets				
Intangible assets	(4)	8,766	8,855	8,375
Goodwill		7,808	7,808	7,615
Other intangible assets		918	1,047	761
Payments in advance		40	0	0
Property, plant and equipment	(5)	31,038	32,453	33,861
Land, property rights and buildings, including buildings on third party land		26,732	27,750	28,675
Plant and machinery		2,775	3,031	3,414
Other plant and equipment, fixtures and fittings		1,494	1,672	1,764
Advance payments and assets under construction		37	0	8
Investment property	(6)	388	410	432
Non-current investments	(7)	8	9	9
Deferred tax assets	(13)	6,459	4,130	2,735
Total non-current assets		46,659	45,857	45,413
Current assets				
Inventories	(8)	18,832	20,818	23,675
Raw materials and operating supplies		8,335	8,061	10,975
Work in progress		8,075	9,648	8,931
Finished products and goods		2,422	3,109	3,768
Coming receivables on construction contracts	(9)	8,081	10,019	22,828
Trade and other receivables	(10)	12,149	14,754	20,274
Trade receivables		9,619	12,943	15,570
Payments in advance		883	446	2,352
Other receivables		1,647	1,365	2,352
Tax repayments		76	1,263	1,431
Other financial assets	(12)	0	1,001	1,001
Cash	(11)	6,566	10,009	14,612
Total current assets		45,704	57,864	83,821
Total		92,363	103,721	129,233

¹⁾ Information on adjustments to previous year's figures due to revised IAS 19 and disclosure of interests are disclosed in the notes.

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

LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000	Notes	Dec. 31, 2013	Dec. 31, 2012 adjusted ¹⁾	Jan. 1, 2012 adjusted ¹⁾
Shareholders' equity	(14)			
Share capital		21,750	21,750	21,750
Revenue reserves		30,771	40,522	39,140
Other reserves		-2,131	-2,155	-538
Minority interest		-83	-251	-315
Total shareholders' equity		50,715	59,866	60,037
Non-current liabilities				
Non-current financial liabilities	(16)	6,540	7,617	8,742
Other non-current liabilities		688	962	773
Retirement pension provisions	(17)	11,377	11,338	8,758
Deferred tax liabilities	(26)	1,422	3,158	2,757
Other non-current provisions	(18)	490	490	279
Total non-current liabilities		20,517	23,565	21,308
Current liabilities				
Short-term financial liabilities	(19)	1,080	1,128	4,154
Trade payables		3,219	2,938	6,066
Obligations on construction contracts	(20)	97	559	1,641
Advance payments received on orders	(21)	8,282	6,490	16,651
Accruals	(22)	5,683	5,722	7,354
Other short-time liabilities	(23)	1,059	1,215	1,448
Provisions for taxes		204	86	1,732
Other short-term provisions	(18)	1,915	2,152	8,840
Total current liabilities		21,539	20,290	47,888
Total		92,363	103,721	129,233

¹⁾ Information on adjustments to previous year's figures due to revised IAS 19 and disclosure of interests are disclosed in the notes.

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

CONSOLIDATED INCOME STATEMENT

EUR'000	Notes	Jan. 1 - Dec. 31, 2013	Jan. 1 - Dec. 31, 2012 adjusted ¹⁾
Sales revenues	(24)	64,075	103,252
Cost of sales		-55,545	-78,810
Gross profit		8,530	24,442
Selling and distributing expenses		-7,836	-10,320
General administrative expenses		-8,222	-8,144
Research and development expenses	(25)	-2,564	-4,707
Other operating income		2,766	7,969
Other operating expenses		-2,218	-2,193
Operating result (EBIT)		-9,544	7,047
Finance revenues		332	130
Finance costs		-1,107	-1,363
Financial result and share of profits from associates		-775	-1,233
Net result before tax		-10,319	5,814
Income taxes	(26)	2,911	-1,107
Consolidated net result for the year		-7,408	4,707
of which attributable to			
Shareholders of PVA TePla AG		-7,576	4,643
Minority interest		168	64
Consolidated net result for the year		-7,408	4,707
Earnings per share			
Earnings per share (basic) in EUR	(27)	-0.35	0.21
Earnings per share (diluted) in EUR		-0.35	0.21
Average number of share in circulation (basic)		21,749,988	21,749,988
Average number of share in circulation (diluted)		21,749,988	21,749,988

¹⁾ Information on adjustments to previous year's figures due to revised IAS 19 and disclosure of interests are disclosed in the notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	Jan. 1 - Dec. 31, 2013	Jan. 1 - Dec. 31, 2012 adjusted ¹⁾
Consolidated net result for the year	-7,408	4,707
of which attributable to shareholders of PVA TePla AG	-7,576	4,643
of which attributable to minority interest	168	64
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency changes	-185	16
Income taxes	52	17
Changes recognized outside profit or loss (currency changes)	-133	33
Changes in fair values of derivative financial instruments	11	4
Income taxes	-3	-1
Changes recognized outside profit or loss (derivative financial instruments)	8	3
Total of items that may be reclassified to profit or loss	-135	36
Items that will never reclassified to profit or loss		
Changes in pension provisions	206	-2,296
Income taxes	-57	643
Changes recognized outside profit or loss (pension provisions)	149	-1,653
Total of items that will never reclassified to profit or loss	149	-1,653
Other comprehensive income after taxes (changes recognized outside profit or loss)	24	-1,617
of which attributable to shareholders of PVA TePla AG	24	-1,617
of which attributable to minority interest	0	0
Total comprehensive income	-7,384	3,090
of which attributable to shareholders of PVA TePla AG	-7,552	3,026
of which attributable to minority interest	168	64

¹⁾ Information on adjustments to previous year's figures due to revised IAS 19 and disclosure of interests are disclosed in the notes.

CONSOLIDATED CASH FLOW STATEMENT

EUR'000	Jan. 1 - Dec. 31, 2013	Jan. 1 - Dec. 31, 2012 adjusted ¹⁾
Consolidated net result for the year	-7,408	4,707
Adjustments to the consolidated net result for the year for reconciliation to the cash flow operating activities:		
+ Income taxes	-2,911	1,107
- Finance revenues	-332	-130
+ Finance costs	1,107	1,363
= Operating result	-9,544	7,047
- Income tax payments	67	-2,985
+ Amortization and depreciation	2,520	3,077
+/- Gains/losses on disposals of non-current assets	114	63
+/- Other non-cash expenses/income	-14	-90
	-6,857	7,112
+/- Increase/decrease in inventories, trade receivables and other assets	7,908	21,989
+/- Increase/decrease in provisions	-460	-7,153
+/- Increase/decrease in trade payables and other liabilities	1,174	-17,510
= Cash flow from operating activities	1,765	4,437
- Payments for the acquisition of consolidated companies and other business units less acquired cash	-288	6
+ Proceeds from disposals of intangible assets and property, plant and equipment	4	40
- Payment of intangible assets and property, plant and equipment	-899	-855
+ Interest receipts	27	130
= Cash flow from investing activities	-1,156	-679
- Payments to shareholders (dividends and capital repayments)	-2,175	-3,262
- Payments from redemption of debt and loans	-1,151	-1,186
+/- Change in short-term bank liabilities	-2	-3,465
- Payment of interest	-672	-695
= Cash flow from financing activities	-4,000	-8,608
Net change in cash	-3,391	-4,850
+/- Effect of exchange rate fluctuations on cash	-52	247
+ Cash at the beginning of the period	10,009	14,612
= Cash at the end of the period	6,566	10,009

¹⁾ Information on adjustments to previous year's figures due to revised IAS 19 and disclosure of interests are disclosed in the notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

EUR'000	Shared issues		Revenue reserves	Other equity components	Pension provisions	Total	Minority interest	Total share-holders' interest
	Number		adjusted ¹⁾		adjusted ¹⁾			
As at January 1, 2012 before adjustment IAS 19R	21,749,988	21,750	39,140	-277	0	60,613	-315	60,298
Adjustment IAS 19R			0	0	-261	-261	0	-261
As at December 31, 2012 after adjustment IAS 19R	21,749,988	21,750	39,140	-277	-261	60,352	-315	60,037
As at January 1, 2012	21,749,988	21,750	39,140	-277	-261	60,352	-315	60,037
Total income			4,643	36	-1,653	3,026	64	3,091
Dividend			-3,262	0	0	-3,262	0	-3,262
As at December 31, 2012	21,749,988	21,750	40,522	-241	-1,914	60,117	-251	59,866
As at January 1, 2013	21,749,988	21,750	40,522	-241	-1,914	60,117	-251	59,866
Total income			-7,576	-125	149	-7,552	168	-7,384
Dividend			-2,175	0	0	-2,175	0	-2,175
As at December 31, 2013	21,749,988	21,750	30,771	-366	-1,765	50,390	-83	50,307

¹⁾ Information on adjustments to previous year's figures due to revised IAS 19 and disclosure of interests are disclosed in the notes.

Group Notes

A. GENERAL INFORMATION AND BASIS OF PRESENTATION

1. GENERAL INFORMATION

Domicile and Legal Form of the Company

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.

Business Activities

PVA TePla AG and its subsidiaries ("PVA TePla" or the "Group") operate as global systems suppliers for producing, refining and processing high-quality materials such as metals, semiconductors, ceramics and glass as well as for performing controlled surface treatments of such materials and the widest range of plastic surfaces. Such production and treatment processes require stable, reproducible conditions. They therefore generally take place under vacuum conditions or inert gas atmospheres, at high temperatures and/or with the support of low-pressure plasma. Various systems are also used to monitor quality control for these high-grade materials.

PVA TePla supplies vacuum systems that produce and treat high-tech materials and surfaces in a vacuum at high temperatures and in plasma. The market for these systems is closely tied to the latest developments in materials and surface treatment technologies around the world. A few examples include 300mm silicon (Si) wafer technology for semiconductors, mono- or multicrystalline Si wafers for photovoltaics, structural materials for space telescopes, production technologies for metal powder (e.g. for hard metals) and production technologies for flat-panel screens. This market will exist as long as high-tech materials are produced and further developed. PVA TePla's existing product

range has been expanded with the creation of ultra-thin wafers and plasma nitration using the pulse plasma method and plasma coating. The product portfolio is further complemented by nondestructive testing and quality control systems for materials using optical and ultrasonic technologies as well as analysis systems to determine surface contamination on wafers for the semiconductor industry.

PVA TePla's markets are characterized by a limited number of suppliers, global dimensions and technologically advanced market niches.

With locations in Germany, the USA, Denmark, China, Taiwan and Singapore, PVA TePla maintains business relationships around the world.

The fiscal year for PVA TePla AG and its subsidiaries is the calendar year.

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.

General Principles and Accounting Standards

As a capital market-oriented parent company domiciled in a member state of the EU from fiscal year 2005 onwards, PVA TePla has been obliged to prepare and publish its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and section 315a of the Handelsgesetzbuch (HGB – German Commercial Code). The consolidated financial statements of PVA TePla for the fiscal year from January 1 to December 31, 2013 have therefore been prepared in accordance with the IFRS regulations issued by the International Accounting Standards Board (IASB) as of the balance sheet date and with the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

In addition, the notes to the financial statements contain certain disclosures to meet the requirements of section 315a (1) HGB. In accordance with section 315a HGB in conjunction with section 315 HGB, the consolidated financial statements under IFRS have been supplemented by a Group management report.

The income statement has been prepared in accordance with the cost of sales method of presentation.

The consolidated financial statements convey a true and fair view of the net assets, financial position and results of operations of PVA TePla.

New Statements Issued by the IASB

The IASB has issued the following standards, interpretations and amendments to existing standards that could be relevant for the PVA TePla Group. Regulations that are not yet mandatory and not yet adopted by the European Commission have not been applied in advance by PVA TePla.

PVA TePla AG generally only implements new standards and interpretations as application becomes required.

Standard/ interpretation		Mandatory application	Adoption by the EU Commission*	Effects
IAS 19	Changes to IAS 19, Employee Benefits	July 1, 2014	No	Nothing significant
IFRS 9	Financial Instruments (amendment to IFRS 9 and IFRS 7 relating to the date of application and explanatory notes during transition and amendment to IFRS 9, IFRS 7 and IAS 39 relating to hedge accounting)	2017 at the earliest	No	Additional note disclosures
IFRS 14	Regulatory Deferral Accounts	January 1, 2016	No	None
	Annual Improvements to the IFRS Cycle 2010 - 2012	July 1, 2014	No	Nothing significant
	Annual Improvements to the IFRS Cycle 2011 - 2013	July 1, 2014	No	Nothing significant
IFRIC 21	Levies	January 1, 2014	No	None

*As at February 11, 2014

Reporting Currency and Currency Translation

The consolidated financial statements are prepared in euros (EUR). Currency translation is performed in accordance with the functional currency concept set out in IAS 21 (The Effects of Changes in Foreign Exchange Rates), which focuses on the primary economic environment. The translation of assets and liabilities as well as contingent liabilities and other financial obligations is performed at the prevailing rate on the balance sheet date (middle rate). By contrast, income statement items are translated using average exchange rates for the fiscal year, while shareholders' equity is translated at historical rates. Translation differences arising from exchange rate fluctuations between different fiscal years are reported in "Other reserves" under shareholders' equity. Translation in subsequent periods is performed in accordance with IAS 21.23.

Cumulative exchange differences from the currency translation of subsidiaries were not set to zero on the transition date (January 1, 2004), but instead are shown as a separate item in consolidated shareholders' equity.

The material exchange rates of countries outside the Eurozone that are included in the consolidated financial statements are as follows:

EUR = 1	Average exchange rate		Exchange rate on the balance sheet date	
	2013	2012	Dec. 31, 2013	Dec. 31, 2012
USA (USD)	1.3277	1.2859	1.3767	1.3217
China (CNY)	8.2237	8.1160	8.4104	8.3378
Denmark (DKK)	7.4579	7.4437	7.4598	7.4603
Singapore (SGD)	1.6609	1.6067	1.7461	1.6175
Taiwan (TWD)	39.3701	38.14149	41.3223	38.4908

As all consolidated subsidiaries are domiciled in countries with no hyperinflation at present, IAS 29 is not applicable.

Estimates and Assumptions

The preparation of the consolidated financial statements requires estimates and assumptions to be made by management. These influence the presentation of assets and liabilities, the disclosure of contingent liabilities at the balance sheet date as well as the presentation of income and expenditures for the year under review.

In particular, this relates to allowances for bad debts, the degree of completion of customer-specific production orders, the amount and likelihood of utilization of other provisions, the measurement of goodwill and the recognition of deferred tax assets from tax loss carry-forwards. Management bases its judgment of these assumptions and estimates on past experience, estimates from experts (e.g. lawyers, rating agencies and associations) and the results of carefully weighing up different scenarios. Changes in the economic situation that deviate from the assumptions applied and that lie beyond the control of management may result in the actual amounts differing from the original estimates. If the original basis of estimation changes, accounting for the respective balance sheet items will be adjusted with an effect on the income statement.

Roundings

The tables and figures used in these notes are based on precisely calculated amounts that are subsequently rounded to the nearest thousand euros. Accordingly, rounding differences within the tables cannot always be avoided.

2. CONSOLIDATION

Companies Included in Consolidation

The present consolidated financial statements of PVA TePla include fully consolidated subsidiaries. All subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control) are fully consolidated.

The following companies are included in the consolidated financial statements as of December 31, 2013 on a fully consolidated basis:

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 %
PVA TePla Metrology Systems GmbH	Kirchheim, 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 %
Munich Metrology GmbH	Munich, Germany	100 %
Munich Metrology USA Inc.	Folsom / CA, USA	100 %
Munich Metrology Taiwan Ltd.	Hsinchu, Taiwan	100 %
JenaWave GmbH	Jena, Germany	100 %

Vakuum Anlagenbau Service GmbH, Hanau (shareholding: 100%) is not included in the consolidated financial statements. On April 25, 2003, insolvency proceedings were initiated with respect to the Company's assets. Accordingly, management control is no longer exercised by PVA TePla. The carrying amounts of the interests in the Company were written off in previous years. According to information from the liquidator on February 7, 2014, insolvency proceeding have not yet be concluded.

As of April 18, 2013, 100% of the shares in JenaWave GmbH, Jena, were acquired for the purpose of expanding the production portfolio in the measurement technology segment. The company was included for the first time in the group of consolidated companies of PVA TePla AG as of May 1, 2013. In terms of organizational structure, JenaWave GmbH is assigned to the Semiconductor Systems division.

The purchase price allocation of JenaWave GmbH was based on the available information and estimated market values of the acquired assets and liabilities on the day of acquisition. The purchase price allocation is as follows:

EUR'000	Book values before acquisition	Present values at the time of acquisition
Working capital	129	129
Cash	0	0
Property, plant and equipment	159	127
Identifiable intangible assets	0	90
Deferred taxes (net)	0	-26
Financial liabilities	-1	-1
Goodwill	0	0
Total	287	319
Acquired funds	0	0
Purchase price less acquired funds		319
of which cash flows in 2013		319

The external sales revenues generated by the company acquisition amounted to EUR 281 thousand and the profit contribution to EUR 80 thousand for the period from first-time consolidation to December 31, 2013. If JenaWave had been fully consolidated since January 1, 2013, the sales revenues contribution would have been EUR 368 thousand and the profit contribution EUR 10 thousand.

No further changes have occurred since the 2012 consolidated financial statements.

Principles of Consolidation

The financial statements of the companies included in the consolidated financial statements have been prepared in accordance with IAS 27 (Consolidated and Separate Financial Statements) on the basis of uniform accounting and valuation principles.

Capital consolidation is performed in accordance with IFRS 3 (Business Combinations), under which the cost of acquisition of the participating interests are offset against the fair values of the assets and liabilities acquired. Any excess of cost over fair value is recognized as goodwill and subjected to impairment testing at least once a year. If there is an excess of fair value over cost, this is recognized in income after the fair values of the assets and liabilities acquired have been reviewed. If less than 100% of the shares are acquired, the historical cost of the participating interest is offset against the proportionate fair values of the assets and liabilities acquired. Minority interests are recognized in shareholders' equity at the amount of the remaining fair values, including profits and losses attributable to them.

If the percentage shareholding of the parent changes after control is acquired (step acquisition), any difference is recognized directly in equity without impact on the income statement.

3. ACCOUNTING AND VALUATION PRINCIPLES

Intangible Assets

Intangible assets primarily consist of the proportion of goodwill arising in connection with company acquisitions, which represents the excess of the purchase price over the net fair value of the net assets acquired.

The treatment of company mergers before the transition date was retained by invoking the exemption option under IFRS 1. In accordance with IFRS 1, goodwill amounts were transferred to the IFRS opening balance sheet at their carrying amounts in accordance with the previous accounting standard, providing the recognition criteria for intangible

assets and contingent liabilities were met. Goodwill is not subject to amortization but instead is tested for impairment at least once a year or whenever there are indications of impairment and, if necessary, is written down to its lower fair value.

Other intangible assets with limited useful lives are carried at cost, reduced by normal straight-line amortization from the date on which they are first ready for use. Useful lives of three to eight years (for software: three to five years) are applied. Amortization of intangible assets is allocated to the functional areas utilizing the assets concerned. Useful lives are reviewed annually and, if necessary, adjusted to meet future expectations.

Internally generated intangible assets are capitalized when IAS 38 criteria are met. After they are capitalized for the first time, the asset is carried at cost less cumulative depreciation and cumulative impairment. Capitalized development costs contain all directly attributable costs plus their share of overheads and are depreciated over their scheduled useful life. Internally generated intangible assets that are not yet complete are subject to an annual impairment test.

Property, Plant and Equipment

Property, plant and equipment is carried at cost less cumulative depreciation. Depreciation is recognized on a straight-line basis over the expected useful life of the asset; in the case of tenants' fixtures or leasehold improvements, this is the duration of the lease, if shorter. Pursuant to IAS 20.24, investment subsidies and tax-free investment contributions received are deducted from the book value of the relevant assets. Borrowing costs that can be assigned directly to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition or production cost of said asset. Expenditure for maintenance and repairs is expensed in the period in which it is incurred. The cost of an asset and the related cumulative depreciation are derecognized when assets are scrapped or disposed of, with any book gains or losses recognized in the income statement under "Other operating income" or "Other operating expenses"

Depreciation is conducted according to the following economic useful lives:

	Years
Buildings	25 - 33
Plant and machinery	3 - 20
Other plant and equipment, fixtures and fittings	2 - 14

Accordingly, low-value assets with an acquisition value of no more than EUR 410 are fully depreciated in the year of acquisition. All other assets with acquisition values greater than this are capitalized and depreciated over their normal useful lives.

Low-value assets with an acquisition value over EUR 150 and less than EUR 1,000 acquired between January 1, 2008 and December 31, 2009 were depreciated in a straight line over five years and therefore depreciated for the last time in a straight line in fiscal year 2013.

Depreciation of property, plant and equipment is allocated to the functional areas utilizing the respective assets.

Impairment and Write-downs of Intangible Assets and Property, Plant and Equipment

Where the value of intangible assets or property, plant and equipment calculated using the principles described above is greater than the value attributed to them at the balance sheet date, impairment losses and write-downs are recognized accordingly. The fair value to be applied is calculated on the basis of either the net proceeds of sale or the present value of the estimated future cash flows from the use of the asset – whichever is higher. Impairment losses and write-downs are reported in other operating expenses.

In accordance with IFRS 3 (Business Combinations), the carrying amount of goodwill is reviewed by way of an impairment test at least once a year. This test must be completed annually and whenever there is an indication that the value of the cash-generating unit has been impaired.

Goodwill is allocated to cash-generating units in accordance with IAS 36 (Impairment of Assets). In accordance with IAS 36.80 (b), each cash-generating unit may not be larger than a segment for the purposes of segment reporting. Goodwill is reported for the following divisions:

As in fiscal year 2012, PlaTeG GmbH is treated as a separate cash-generating unit in the Industrial Systems division.

Within the Semiconductor Systems division, impairment tests on goodwill are conducted in three cash-generating units. These include the Crystal Growing Systems business unit within PVA TePla AG, as well as the subsidiaries PVA TePla Analytical Systems GmbH with registered office in Westhausen and Munich Metrology GmbH in Munich. The companies are also controlled and managed as a whole.

This breakdown of cash-generating units also corresponds to the levels at which the related goodwill is monitored and managed.

The recoverable amount of each cash-generating unit is calculated as its value in use via the discounted cash flow method. Using this method, cash flows are discounted on the basis of the adopted medium-term business plan with a planning horizon of three years and an extrapolation of this plan in line with expected market trends. Underlying these discounted cash flow calculations are forecasts for each cash-generating unit, which are based on the financial budgets approved by management and also used for internal purposes.

Key assumptions for the purpose of determining the fair value of each cash-generating unit by management include assumptions regarding the development of incoming orders, sales revenues, margins, investments and personnel. The values of these parameters are based on past experience as well as foreseeable future developments. A growth rate of 1% was applied for the extrapolation of the budget figures when calculating the perpetual annuity for all cash-generating units.

The discount rate is based on the segment-specific weighted average cost of capital of the companies (WACC approach) and contains a reasonable risk premium. The parameters market risk and beta have the largest effect on the calculation of impairment.

Necessary write-downs are identified by comparing the carrying amounts of the cash-generating units with the recoverable amounts. If the carrying amount of a cash-generating unit exceeds the recoverable amount, the carrying amount of that cash-generating unit is written down by the difference.

Impairment losses are reversed if the reasons for their recognition no longer exist. The reversal of an impairment loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past. Income from such reversals is reported in "Other operating income." Impairment losses on goodwill may not be reversed.

Leasing

All agreements under which the right to use an asset for a fixed period of time is transferred in exchange for payment are deemed to be leases. This also applies to agreements where the transfer of such a right is not expressly stated. Based on the risks and opportunities of leased item, an assessment is made whether the lessee (so-called finance leases) or the lessor (so-called operating leases) has the economic ownership of the leased item.

PVA TePla is the lessee of property, plant and equipment and lessor in connection with the leasing of its own buildings. In fiscal year 2013, as in the previous year, all leases of PVA TePla were treated as operating leases with lease installments expensed as incurred.

Inventories

Inventories are recognized at cost in accordance with the weighted average cost method or net realizable value, whichever is lower. In accordance with IAS 2 (Inventories), cost includes not only directly attributable costs, but also production and material overheads as well as write-downs. Fixed overheads are taken into account on the basis of the normal capacity utilization of the production facilities. The cost of idle production capacity is recognized in income

under "Cost of sales." Write-downs are charged on inventories when their cost exceeds the expected net realizable value. The net realizable value is the expected disposal proceeds less any costs which are incurred until the sale.

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."

Receivables

Receivables are carried at their nominal amount.

Appropriate bad debt allowances are recognized for trade receivables in order to cover possible default risks.

Other Financial Assets

Other financial assets consist of interest-bearing securities with contractual maturities and redemption at nominal value. The assets are carried at amortized cost less any write-downs if applicable.

Cash

Cash comprises all freely available liquid funds such as cash in hand and cash in current accounts, as well as other current bank balances available.

Derivative Financial Instruments/Exchange Rate Hedging

Some sales are concluded in foreign currencies. As a rule, forward exchange contracts are entered into to hedge exchange rate risks in these cases.

These cases are represented as fair value hedges. The measurement effects resulting from changes in exchange rates for assets (trade receivables) recognized in the balance sheet or open sales transactions in foreign currencies are measured at fair value while the adjustment of the carrying amount for reflecting the fair value is recognized in the income statement as a component of financial results (net finance revenue or net finance costs). In accordance with IFRS, hedging instruments are also measured at fair value. If hedging is implemented completely, the opposing effects on earnings will compensate each other.

Derivative Financial Instruments/Interest Rate Hedging

Interest rate hedges were concluded to hedge interest rate risks for the financing of investments in new buildings. The positive market value of these instruments is recognized in "Other receivables." In this case, the offsetting entry is reported in equity under "Other reserves." The negative market value of these instruments is reported under other financial liabilities. The offsetting entry of the market value is reported in "Other reserves" without impact on the income statement.

As in 2012, the negative market values of all financial derivatives in fiscal year 2013 were reported under other financial liabilities.

Deferred Investment Grants from Public Funds

Some items of capital expenditure are supported by investment subsidies and tax-free investment grants. In accordance with IAS 20.24, these amounts are deducted from the carrying amount of the relevant assets.

Presentation of Equity

With the publication of amendments to IAS 1, new regulations regarding the presentation of other comprehensive income were introduced, which are applicable for fiscal years beginning on or after July 1, 2012.

PVA TePla AG will keep the separate presentation of income statement and the statement of comprehensive income. The presentation of other comprehensive income was changed so that individual subtotals can be shown for those that can be reused and those that cannot.

Payables

In accordance with IAS 39, liabilities are carried at amortized cost on the balance sheet date, which generally corresponds to the amount due on settlement.

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 under "Obligations on construction contracts" 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.

Obligations from Pension Commitments

Obligations from direct pension commitments are calculated in accordance with IAS 19 (Employee Benefits) using the projected unit credit method while taking future salary and pension adjustments into account. Actuarial reports are obtained annually for this purpose. The service cost for pension beneficiaries is derived from the scheduled change in provisions for pension commitments.

Pension obligations in Germany are calculated on the basis of the biometric 2005 G mortality tables issued by Professor Dr. Klaus Heubeck. There are no pension obligations outside Germany.

In June 2011, the IASB announced changes to IAS 19 (Employee Benefits), which included the elimination of the corridor method. As a result, actuarial gains and losses have a direct impact on the consolidated balance sheet and are to be recognized in the future solely in other comprehensive income. PVA TePla AG applied the amended IAS 19 effective January 1, 2013. Please refer to section 17 of the Group notes.

Regardless of the amendments to IAS 19, the interest portion included in pension expenses until December 31, 2012 is split between the functional units originating the expense in the income statement. Since fiscal year 2013, PVA TePla has recognized the interest portion in its net interest income. Prior-year figures were adjusted accordingly.

The change to this disclosure option means that our previous accounting method was proving to be a minority opinion, which undermined the comparability of our financial statements and key performance figures, such as the operating result (EBIT), with other companies in the sector.

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.

Other Provisions

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions for other financial obligations are recognized when a present obligation towards a third party arises from a past event, future settlement is probable and the amount can be reliably estimated. Non-current provisions with a remaining term of more than one year are recognized at the amount required to settle the obligation, discounted to the balance sheet date.

Deferred Taxes

Taxes are deferred in accordance with IAS 12 (Income Taxes) for temporary differences arising between the amounts in the consolidated balance sheet and the tax base of the companies included in consolidation, as well as for consolidation adjustments and tax loss carry-forwards. Deferred tax assets and liabilities are also recognized for temporary differences arising from company acquisitions, with the exception of temporary differences on goodwill. Deferrals are recognized in the probable amount of the tax charge or relief in subsequent fiscal years. Tax assets from deferrals are only recognized if it is reasonably certain they will be recovered.

Tax loss carry-forwards are only included in tax deferrals to the extent that taxable income sufficient to recover the deferred tax assets is expected to be generated in future. Deferred tax assets are reduced by amounts that are no longer likely to be utilized for tax purposes. Write-downs are recognized on deferred tax assets that are unlikely to be recovered.

Deferred taxes are calculated on the basis of the tax rates in force or announced in the individual countries at the realization date in accordance with the current legal situation.

Revenue Recognition

Sales revenues are recognized as soon as the goods are delivered or the services are performed, the transfer of risk has taken place and no technical risks or specific opposing contractual regulations exist. All sales revenues are recognized on the date of delivery or performance, as management regards other services and sales arrangements, such

as seminars and training, as immaterial to the serviceability of the systems. Income from services and repair work is recognized when the related projects are completed.

Income from customer-specific construction contracts is generally realized in accordance with IAS 11 (Construction Contracts) on the basis of the progress of the work (percentage of completion method), as a reliable estimate of the outcome of the contract – the products to be delivered, the terms of payment and the manner in which the work is to progress – is clearly defined in the contracts and the fulfillment of the contractual arrangements by both the purchaser and the seller is considered to be probable. The degree of completion is determined as the ratio of the costs incurred at the balance sheet date to the estimated total costs (cost-to-cost method). Anticipated losses from long-term construction contracts are immediately expensed in full. When specific orders fail to meet all of the criteria listed above, billing for these contracts only takes place after performance is complete.

Warranty provisions are recognized at the balance sheet date for realized sales revenues. These provisions are based on estimates and past experience.

Research and Development Expenses

PVA TePla is engaged in high-tech mechanical engineering in single unit and small series production. The continued development of products is closely linked to research into new procedures and processes and the development of new product features. Activities in these two areas partially alternate in the course of a project. Accordingly, the separation of research and development activities, and hence the separation of the respective costs, does not generally offer sufficient information value. Similarly, an estimate of probable benefits is too unreliable in light of the uncertainties in future market trends.

This means that of the conditions specified in IAS 38 (Intangible Assets) for the capitalization of development costs, two important criteria are not met. Accordingly, such costs are not capitalized. Research and development expenses are therefore usually expensed in the period in which they are incurred.

Prestigious research and development facilities have been working with us in a limited capacity in the form of cooperation agreements (contracts of employment). Provided adequate indication as to the usability of the development results is available and the other IAS 38 conditions are met, internally generated intangible assets are capitalized.

Interest

Interest and other borrowing costs are expensed in the period in which they are incurred.

Other Financial Obligations

A discount rate of 4.5% (previous year: 4.5%) has been applied in determining the present value of other financial commitments.

B. NOTES ON INDIVIDUAL BALANCE SHEET ITEMS

4. INTANGIBLE ASSETS

Changes in intangible assets in the year under review and in the previous year are shown in the consolidated statements of changes in fixed assets for 2013 and 2012, which are attached as an appendix.

The carrying amounts of intangible assets are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Intangible assets		
Goodwill	7,808	7,808
Other intangible assets	918	1,047
Payments in advance	40	0
Total	8,766	8,855

The goodwill of the Industrial Systems division resulted from the takeover of Plasma Technik Grün GmbH by PlaTeG GmbH in the year 2006 (EUR 50 thousand).

In the Semiconductor Systems division, goodwill resulted from the increase of the shareholding in Crystal Growing Systems GmbH (CGS) in July 2002 (EUR 2,734 thousand), the takeover of the current PVA TePla Analytical Systems GmbH, Westhausen in fiscal year 2007 (EUR 4,831 thousand) and the takeover of Munich Metrology GmbH, Munich in fiscal year 2012 (EUR 193 thousand).

In the course of impairment testing, the recoverable amount for each cash-generating unit was determined based on the value in use. To determine the value in use, a segment-specific cost of capital was calculated for discounting forecasted cash flows in order to take segment-specific risks more into account. The cost of capital in fiscal year 2013 for the Industrial Systems and Semiconductor Systems divisions amounted to 11.52% and 10.13% respectively (discount rate in the previous year: 11.33% for each).

The underlying assumptions of key planning indicators (such as sales revenue growth, cash flows, discount rates) reflect past experience and are set according to external information sources. Planning is based on a financial planning horizon of three years. For an impairment test, growth of 1% has been set for cash flow for the following period. The underlying USD/EUR exchange rate is 1.30. Cash flows are discounted according to cost of capital approach while taking into account specific tax effects of the divisions.

We have made the following assumptions for cash-generating units with significant goodwill:

Thanks to a wave of investment activity in the semiconductor sector, we forecast medium geometric sales revenue growth (CAGR) of 19% in the next three years in the Analytical Systems business unit. In the Crystal Growing Systems business unit we expect, due to the extremely low sales revenue at the beginning of fiscal year 2013 and the reasons mentioned above, a CAGR of 83%. This above-average sales revenue increase is due to the expectation that we can return to the traditional sales levels with key customers and the assumption that new product innovations will generate additional sales revenues.

There were no impairment write-downs to the lower value in use for fiscal year 2013 (previous year: EUR 0 thousand).

Information on the approach and assumptions used for impairment testing is found under note 3 of the Group notes.

Write-downs of other intangible assets amounted to EUR 330 thousand in 2013 and EUR 731 thousand in 2012 and were primarily reported in the cost of sales.

5. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment in the year under review and in the previous year are shown in the consolidated statements of changes in fixed assets for 2013 and 2012, which are attached as an appendix.

The carrying amounts of property, plant and equipment are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Property, plant and equipment		
Property, plant and equipment		
Land, property rights and buildings, including buildings on third party land	26,732	27,750
Plant and machinery	2,775	3,031
Other plant and equipment, fixtures and fittings	1,494	1,672
Advance payments and assets under construction	37	0
Total	31,038	32,453

The item "Land, property rights and buildings, including buildings on third-party land" mainly consists of buildings in Wetttemberg and Jena owned by the Group.

Depreciation of property, plant and equipment amounted to EUR 2,168 thousand in 2013 and EUR 2,324 thousand in 2012.

In order to secure the loans advanced to PVA Vakuum Anlagenbau Jena GmbH for the financing of commercial property, land has been encumbered with a charge in the amount of EUR 4,929 thousand. The corresponding loans have remaining terms until March 2019 and were measured at EUR 1,037 thousand at the balance sheet date (previous year: EUR 1,432 thousand).

Land charges in the amount of EUR 2,401 thousand have been registered to secure the corresponding loans of PVA Jena Immobilien GmbH. The corresponding loans with remaining terms until December 2022 were measured at EUR 466 thousand at the balance sheet date (previous year: EUR 584 thousand).

Land has been encumbered with a charge in the amount of EUR 18,000 thousand in order to secure the PVA TePla AG loans for the financing of new facilities in Wetttemberg. The corresponding loans were measured at EUR 5,684 thousand at the balance sheet date (previous year: EUR 6,105 thousand) and have a remaining term until June 2027.

In order to finance a brazing furnace for the subsidiary PVA Löt- und Werkstofftechnik GmbH, Jena, the financed furnace was assigned as collateral. The residual carrying amount of the furnace at the balance sheet date was EUR 270 thousand (previous year: EUR 342 thousand). The corresponding loan has a remaining unsettled amount of EUR 128 thousand (previous year: EUR 192 thousand) and ends in October 2015.

The subsidiary PVA Löt- und Werkstofftechnik GmbH, Jena concluded an installment purchase contract in fiscal year 2010 to finance an additional brazing furnace, for which PVA TePla AG has issued a directly enforceable guarantee.

The remaining carrying value of the loan at December 31, 2013 amounted to EUR 474 thousand (previous year: EUR 561 thousand).

In order to secure PVA TePla AG's loan for the financing of the photovoltaic plant in Wetttemberg, the plant was assigned as security. The carrying amount of the photovoltaic plant amounted to EUR 107 thousand as of December 31, 2013 (previous year: EUR 115 thousand). The loan has a remaining term until December 2018 and was valued at EUR 80 thousand at the balance sheet date (previous year: EUR 94 thousand).

There are no other material restrictions on ownership or title in respect of the property, plant and equipment reported.

6. INVESTMENT PROPERTY

Following the capacity expansion at the Jena site, where new facilities were put in place, further internal use of the facilities in Kahla is no longer foreseeable and these facilities have already been leased out to a large extent. Accordingly, this real estate has been classified as investment property in accordance with IAS 40 since fiscal year 2007.

Investment property was measured on the basis of the cost of acquisition less depreciation. The fair value of EUR 514 thousand (previous year: EUR 473 thousand) was calculated using a best estimate of the achievable rental income in the course of an assessment of property yields, taking into consideration land value. At December 31, 2013, the fair value was up on the carrying amount of the real estate, meaning that there were no grounds for the recognition of impairment losses.

In the past fiscal year 2013, rental income of EUR 40 thousand (previous year: EUR 53 thousand) was generated from the real estate (including the reimbursement of inci-

dental costs). This income is offset by incidental costs and service and maintenance expenses in the amount of EUR 8 thousand (previous year: EUR 32 thousand).

The historical cost of the real estate totaled EUR 694 thousand for the land and buildings. At December, 31 2013, cumulative depreciation amounted to EUR 305 thousand (previous year: EUR 283 thousand). These figures are also presented in the consolidated statement of changes in fixed assets as of December 31, 2013.

Real estate is depreciated on a straight-line basis over a remaining useful life of 25 years.

7. NON-CURRENT INVESTMENTS

The carrying amounts of financial assets contain other receivables of EUR 8 thousand (previous year: EUR 9 thousand).

8. INVENTORIES

Inventories are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Raw materials and operating supplies	8,335	8,061
Work in progress	8,075	9,648
Finished products and goods	2,422	3,109
Total	18,832	20,818

In 2013, inventories were subject to write-downs in the amount of EUR 7,457 thousand (previous year: EUR 5,448 thousand); inventories were not written up. Write-downs are primarily attributable to typical write-downs for non-

marketability and reductions for loss-free valuation. In addition, demonstration and leasing systems are reserved in the Semiconductor Systems division. As these can always be sold at short notice, they are reported in inventories. Scheduled write-downs were recognized to simulate depreciation over a useful life of 5 years. In addition, a lower-of-cost-or-market test is performed based on net realizable sales proceeds.

Except for the retention of title by suppliers to the extent commonly accepted in the industry, there are no material claims to inventories on the balance sheet date.

9. COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

Contract costs accounted for using the percentage of completion method and revenues from work in progress in the system construction business are as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Capitalized production costs including contract profits	15,035	29,044
for which advance payments received (progress billings)	-6,954	-19,025
Total	8,081	10,019

Other advance payments for percentage of completion contracts amounting to EUR 4,646 thousand (previous year: EUR 2,522 thousand) are shown in "Current liabilities" in advance payments totaling EUR 8,282 thousand (previous year: EUR 6,490 thousand). Obligations on construction contracts in the amount of EUR 97 thousand (previous year: EUR 559 thousand) – on contracts where payments received according to the percentage of completion exceed the contract costs incurred plus proportionate profits – are shown under "Current liabilities." Further information can be found under note 20 and note 21.

10. RECEIVABLES

Receivables are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Trade receivables	9,619	12,943
Advance payments	883	446
Other receivables	1,647	1,365
Total	12,149	14,754

Other receivables include prepaid expenses.

Trade receivables consist of the following:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Trade receivables	9,904	13,203
Bad debt allowances	-285	-260
Total	9,619	12,943

In the course of ordinary business, supplier credit is granted to a broad range of customers. The creditworthiness of customers is regularly reviewed. Bad debt allowances are recognized to cover potential risks.

Write-downs on trade receivables developed as follows in the fiscal year:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Write-downs on January 1	260	365
Currency translation differences	0	-3
Addition	84	195
Utilization	0	-20
Release	-59	-277
Write-downs on December 31	285	260

Other receivables are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Receivables from investment incentives	369	182
Value added tax due	443	384
Accounts payable with debit balances	29	32
Deferred prepayments	299	284
Others	507	483
Total	1,647	1,365

Derivative financial instruments are carried at market value. Due to their short-term nature, the market value of other items does not significantly deviate from the carrying amounts presented.

11. CASH

Cash of EUR 6,566 thousand (previous year: EUR 10,009 thousand) primarily consists of current bank balances. The cash balance is EUR 8 thousand (previous year: EUR 13 thousand).

12. OTHER FINANCIAL ASSETS

On December 31, 2013, there were no other financial assets (in the previous year there was a short-term bonded loan in the amount of EUR 1,001 thousand).

13. DEFERRED TAX ASSETS

For further details, please refer to note 26 "Income taxes".

14. SHAREHOLDERS' EQUITY

Share Capital

As of December 31, 2013, 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 December 31, 2013.

At the Annual General Meeting on June 13, 2012, the former authorization of the Management Board to increase the share capital of the Company effective until June 14, 2012 was revoked.

At the same time, the Annual General Meeting of PVA TePla AG 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 30, 2017 by a total of up to EUR 10,874,994 by issuing up to 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 2013.

15. DEFERRED INVESTMENT GRANTS FROM PUBLIC FUNDS

PVA TePla has received financial incentives from various public authorities under government business development programs, including funding for the construction of production facilities. Pursuant to IAS 20.24, investment subsidies and tax-free investment contributions received are deducted from the book value of the relevant assets.

16. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities totaled EUR 6,540 thousand (previous year: EUR 7,617 thousand) – all of which were liabilities to banks.

Non-current financial liabilities primarily relate to loans for the financing of construction measures in Wetttemberg.

Non-current financial liabilities are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Non-current financial liabilities	7,617	8,741
Portion of non-current financial liabilities due in less than one year	-1,077	-1,124
Non-current financial liabilities less current portion	6,540	7,617

The average weighted interest rate for non-current financial liabilities was 4.88% (previous year: 4.88%). Non-current financial liabilities declined to EUR 6,540 thousand (previous year: EUR 7,617 thousand) due to regularly scheduled repayments of loans.

The repayment commitments for these non-current financial liabilities are structured as follows:

EUR'000	2013	2012
Due		
Up to 1 month	14	17
Between 1 and 3 months	68	119
Between 3 and 1 year	995	986
Between 1 and 5 years	3,023	3,557
More than 5 years	3,517	4,061

Non-current financial liabilities for the financing of construction measures are all secured by charges on the land of the financed assets. In addition, the site in Jena is partially secured by the transfer of ownership of machines and facilities. The carrying value of this collateral at December 31, 2013 amounted to EUR 28,789 thousand (previous year: EUR 29,574 thousand). At the balance sheet date, this was higher than the total value of non-current financial liabilities due to the inclusion of the request for collateral for an additional approved loan with a remaining total volume of EUR 6 million for financing construction in Wetttemberg. While this loan was approved in 2007, it was not utilized in the 2013 fiscal year.

The loan for the financing of investments in machinery for the subsidiary PVA Löt- und Werkstofftechnik GmbH, Jena is secured through the transfer of ownership of the assets to be financed. The carrying amount of this collateral was EUR 938 thousand on December 31, 2013 (previous year: EUR 1,332 thousand).

The financial liabilities of PVA TePla AG are carried at amortized cost. As in the previous year, our banks were unable to provide us with the corresponding information, meaning that we were only able to approximate the actual market values using the present values of the principal repayments based on the yield curve at the balance sheet date plus a risk premium of 1%. This resulted in deviations between the conditions at the conclusion date and the balance sheet date in the amount of EUR -657 thousand (previous year: EUR 1,181 thousand).

17. PENSION PROVISIONS

Basic Principles

In the area of company pension schemes, a distinction is made between defined benefit plans and defined contribution plans. In the case of defined benefit plans, the Company is obliged to pay defined benefits to active and former employees.

In the case of defined contribution plans, the Company does not enter into any additional obligations other than making earmarked contributions.

Defined Benefit Plans

Provisions for pension obligations are recognized on the basis of pension plans for commitments to pay retirement, invalidity and dependents' benefits. The amount of benefit usually depends on the number of years of service and the salary of the respective employee.

Pension commitments in the form of defined benefit plans are in place for the eligible employees of PVA TePla AG and PVA Vakuum Anlagenbau Jena GmbH. The relevant pension plans were taken over from previous companies in each case and only consist of previous benefit obligations. New pension obligations are generally no longer entered into.

Obligations are calculated using the projected unit credit method, under which future obligations are measured on the basis of the proportionate benefit entitlement acquired at the balance sheet date. Measurement takes into account assumptions on trends for the relevant factors affecting the amount of benefits.

There is no external financing via a pension fund. The resulting residual risks from accounting of pension obligations are related to risks from the change in actuarial parameters, which are shown in the table below. The largest risk is the interest rate, where we refer to the separate sensitivity analysis.

In detail, the calculation is based on the following actuarial premises:

in %	Dec. 31, 2013	Dec. 31, 2012
Income trend	3.00	3.00
Pension trend	1.25	1.25
Staff turnover	1.50	1.50
Interest rate for active staff	3.60	3.60
Interest rate for pensioners	3.20	3.00

Biometric parameters have been calculated on the basis of the 2005 G mortality tables issued by Professor Klaus Heubeck. The measurement of pension obligations is supported by actuarial reports. The calculation is made using a mixed interest rate of 3.5% (previous year 3.4%) from the weighted average of the interest rate for active employees and pensioners.

The following amounts are recognized in the income statement:

EUR'000	2013	2012
Current service expenditures for services by employees in the current fiscal year; thereof	174	125
Cost of sales	128	92
Selling and distribution expenses	20	15
General administrative expenses	17	12
Research and development expenses	0	0
Other operating expenses	9	6
Interest expense	380	424
Total	554	549

In the income statement, the interest portion included in pension expenses was split between the functional units originating the expense until December 31, 2012. Since fiscal year 2013 PVA TePla recognizes the interest portion in its net interest income. The reason for the change to this disclosure option was that our previous accounting method was proving to be a minority opinion, which undermined the comparability of our financial statements and key performance figures such as the operating result (EBIT) with other companies in the sector. Prior-year figures were adjusted accordingly.

Changes in recognized provisions for pensions are as follows:

EUR'000	2013	2012
Pension provisions on Jan. 1	11,338	8,759
Expenditure on retirement pensions	348	549
Pension payments	-309	-265
Adjustment effect IAS 19R	0	2,296
Pension provisions on Dec. 31	11,377	11,338

At the balance sheet date, it can be assumed that EUR 332 thousand (previous year: EUR 307 thousand) must be fulfilled within the next 12 months and that EUR 11,045 thousand (previous year: EUR 8,427 thousand) must be fulfilled at a later date (over a very long term for some portions).

Changes in the present value of future pensions are as follows:

EUR'000	2013	2012
Present value of future pensions on Jan. 1	11,338	8,759
Current service expense for services provided by employees in the fiscal year	174	125
Interest expense	380	424
Pension payments	-309	-265
Actuarial gains and losses	-206	2,296
Present value of future pensions on Dec. 31	11,377	11,338

Sensitivity Analysis

When keeping to the other assumptions, the changes reasonably assumed possible on the balance sheet date would have influenced the defined pension plans as follows, based on actuarial gains and losses:

Effect in EUR'000 on Dec. 31, 2013	Increase	Reduction
Discount rate (0.25% change)	-414	438
Future pension increases (0.25% change)	326	-312

On December 31, 2013 the weighted average term of defined pension plans was 15.3 years.

Overview of the present value of pension obligations for the current year and previous years:

EUR'000	2013	2012	2011	2010	2009
Pension obligations	11,377	11,338	8,759	8,254	7,480
Actuarial gains / losses	-206	2,296	178	444	152

In June 2011, the IASB announced changes to IAS 19 (Employee Benefits), which included the elimination of the corridor method. As a result, actuarial gains and losses have a direct impact on the consolidated balance sheet and are to be recognized in the future solely in other comprehensive income. With a few exceptions, retrospective application of the changes to IAS 19 is mandatory for financial statements from fiscal years beginning on or after January 1, 2013.

PVA TePla AG applied the amended IAS 19 effective January 1, 2013. Due to the mandatory retrospective application of the standard, the balance of the actuarial losses, which have been recognized until now outside the consolidated balance sheet, will be recognized directly in equity. As a result, the Group's equity declined by EUR 1,875 thousand as at December 31, 2012. Actuarial gains of EUR 206 thousand in 2013 will be booked under OCI (other comprehensive income).

The following table shows the effects of the application of IAS 19 on the key items in the consolidated balance sheet as of January 1, 2012 and December 31, 2012.

Effects of the amended IAS 19 on the consolidated balance sheet:

EUR'000	Dec. 31, 2012	Jan. 01, 2012
Equity	-1,875	-261
Pension provisions	2,605	362
Deferred tax assets	730	101

The effects on the consolidated income statement for the period from January 1 to December 31, 2012 are presented in the following table:

EUR'000	Q1-Q4 2012
Cost of sales	0
Selling and distribution expenses	0
General administrative expenses	0
Research and development expenses	0
Other operating expenses	54
Operating result (EBIT)	54
Net interest income	0
Income taxes	-15
Consolidated net result for the year	39

Basic and diluted earnings per share increased by EUR 0.003 in the fiscal year 2012.

The following table shows the effects on the consolidated balance sheet and consolidated income statement had IAS 19 been applied in its unchanged form.

EUR'000	Dec. 31, 2013
Equity	1.745
Pension provisions	-2.423
Deferred tax assets	-679

EUR'000	Q1-Q4 2013
Cost of sales	-132
Selling and distribution expenses	-22
General administrative expenses	-18
Research and development expenses	0
Other operating expenses	-10
Operating result (EBIT)	-182
Net interest income	0
Income taxes	51
Consolidated net result for the year	-131

Basic and diluted earnings per share would have been down EUR 0.008 in the fiscal year 2013.

Defined Contribution Plans

The only defined contribution plans of relevance to PVA TePla are the employer's statutory pension insurance contributions and contributions to the pension fund. In the fiscal year 2013, the corresponding expenditure amounted to EUR 2,171 thousand (previous year: EUR 2,417 thousand).

18. OTHER PROVISIONS

Other provisions amounted to EUR 2,405 thousand (previous year: EUR 2,642 thousand) and changed during the reporting period as follows:

EUR'000	Jan. 1, 2013	Changes in Consolidation scope	Utilization	Release	Addition	Dec. 31, 2013
Warranty	921	6	227	234	589	1,054
Subsequent costs	690	0	331	178	356	537
Archiving	197	4	2	19	2	182
Penalties	78	0	58	20	0	0
Others	756	25	438	137	426	632
Total	2,642	35	1,042	589	1,373	2,405

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

Other provisions contain long-term components in the amount of EUR 490 thousand (previous year: EUR 490 thousand). These relate primarily to provisions for archiving as well as non-current payments in connection with long-term performance-based compensation for the Management Board, and are shown separately in the balance sheet. All other provisions are short-term in nature.

19. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Amounts owed to banks on current accounts	3	4
Current portion of non-current bank borrowings	1,077	1,124
Total	1,080	1,128

Due to the current nature of these items, their market value does not deviate significantly from the carrying amounts presented.

20. OBLIGATIONS ON CONSTRUCTION CONTRACTS

Among other things, the PVA TePla Group manufactures large-scale systems under customer-specific contracts for which customers make payments in accordance with the progress of the contract. The negative balance resulting from sales revenues and progress billing, which is recorded on the basis of the percentage of completion, is presented in the balance sheet as obligations on construction contracts.

Obligations on construction contracts are composed as follows:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Advance payments received (progress billing)	393	13,904
less contract costs incurred (incl. share of profit)	-296	-13,345
Total	97	559

21. 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 as of December 31, 2013 was EUR 8,282 thousand (previous year: EUR 6,490 thousand).

22. 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	2013	2012
Obligations to employees	2,859	2,280
Obligations to suppliers	2,443	3,168
Other commitments	381	274
Total	5,683	5,722

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

23. OTHER LIABILITIES

Of the other liabilities in the amount of EUR 1,747 thousand (previous year: EUR 2,177 thousand), EUR 1,059 thousand (previous year: EUR 1,215 thousand) are current and EUR 688 thousand (previous year: EUR 962 thousand) are non-current. Other current liabilities are mainly composed of EUR 491 thousand in tax liabilities (payroll, church and sales tax; previous year: EUR 504 thousand).

C. NOTES ON INDIVIDUAL INCOME STATEMENT ITEMS

24. SALES REVENUES

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. and PlaTeG GmbH). Sales revenues can be broken down into these categories as follows:

EUR'000	2013	2012
Systems	44,303	81,326
After-sales	14,628	17,692
Contract processing	3,657	3,409
Others	1,487	825
Total	64,075	103,252

In the 2013 fiscal year, 69% of sales revenues were generated by the systems business (previous year: 79%). At 23%, the share of after-sales sales revenues is up on the previous year (previous year: 17%), while the share of contract processing sales revenues remained unchanged in absolute terms compared with the previous year.

Sales revenues from customer-specific contract production amounted to EUR 29,464 thousand in fiscal year 2013 (previous year: EUR 67,948 thousand). These orders were invoiced according to the percentage of completion method.

The following revenue from customer specific contract production resulted from the partial realization of sales revenues in accordance with the percentage of completion method for customer-specific contracts already initiated by the balance sheet date and reported as future receivables on construction contracts or obligations on construction contracts:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Revenue from customer-specific contract production	15,331	42,388
For which contract costs incurred	-12,171	-35,264
Gains from customer-specific contract production	3,160	7,124

Revenue from customer-specific contract production reported on the balance sheet date came to EUR 15,331 thousand (previous year: EUR 42,388 thousand).

25. RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs amounted to EUR 2,564 thousand in 2013 and EUR 4,707 thousand in 2012. Income from research and development project grants of EUR 743 thousand in 2013 and EUR 1,593 thousand in 2012 was recognized separately under "Other operating income".

26. INCOME TAXES

Income taxes 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 taxes are broken down as follows:

EUR'000	2013	2012
Actual tax expense / income	-1,239	-1,508
Current tax expenses	-1,190	-1,671
Prior-period tax charges	-49	163
Deferred tax expense / income	4,150	401
Credit from tax loss carry-forwards	2,650	-77
Other deferred taxes	1,500	478
Income taxes	2,911	-1,107

Deferred taxes of EUR -8 thousand (previous year: EUR 659 thousand) were recognized directly in equity without affecting the income statement. These are attributable in full to effects recognized in equity for derivative financial instruments, pension provisions and currency translation differences.

The following table shows the reconciliation of expected and actual tax expense:

	2013		2012	
	EUR'000	in %	EUR'000	in %
Results before taxes	-10,320		5,814	
Expected tax charges	2,890	-28	-1,628	-28
tax rate changes	0	0	0	0
Changes in tax rates for foreign companies	206	-2	314	5
Proportion of tax for permanent differences and temporary differences for which deferred taxes were not recorded	-27	0	-44	-1
Prior-period current income tax	-48	0	163	3
Non recognition of tax losses	-9	0	-48	-1
Change in allowances	0	0	0	0
Other effects & adaptations	-100	-1	136	2
Actual tax charges	2,911	-28	-1,107	-19

Deferred taxes from differences in tax rates for foreign companies are due to the fact that PVA TePla Group companies outside Germany are subject to different tax rates than companies in Germany.

Deferred taxes relate to:

EUR'000	Dec. 31, 2013		Dec. 31, 2012	
	Deffered tax assets	Deffered tax liabilities	Deffered tax assets	Deffered tax liabilities
Non-current Assets	143	209	164	262
Inventories	99	46	650	555
Obligations on construction contracts	0	861	0	1,912
Receivables	283	219	335	263
Tax loss carry-forwards	4,028	0	1,415	0
Pension provisions	1,071	0	1,133	0
Other provisions / accruals	835	91	432	166
Others	0	1	0	1
Total	6,459	1,427	4,129	3,159
Allowances for tax loss carry-forwards	0	0	0	0
Total	6,459	1,427	4,129	3,159
Balance of deferred tax		5,032		970

As of December 31, 2013, the German companies had tax loss carry forwards totaling approximately EUR 11,157 thousand (previous year: EUR 2,090 thousand), which related exclusively to the subsidiaries PVA TePla Metrology Systems GmbH, Kirchheim, Munich Metrology GmbH, Munich, and PVA TePla AG, Wettenberg. The tax loss carry forwards are treated as recoverable.

No operational business is currently conducted at PVA TePla Metrology Systems GmbH. The likelihood that the tax loss carry forwards at this subsidiary of EUR 511 thousand will be utilized is currently not considered to be sufficiently probable for them to be recognized.

All other domestic Group companies are generating positive results for tax purposes and no longer have unused tax loss carry forwards.

The tax loss carry forwards of PVA TePla America Inc. (USD 5.4 million for federal tax; USD 2.0 million for state tax) will gradually lapse from 2021 (federal tax) and 2015 (state tax) unless utilized prior to these dates and have been used only partially based on current budget. Due to the positive developments in fiscal year 2013 and earnings forecasts, the recognized deferred tax assets in the amount of EUR 904 thousand (previous year: EUR 959 thousand) are considered to be recoverable, especially as positive results are expected due to the further development of existing systems.

27. EARNINGS PER SHARE

The consolidated annual result for the year before minority interests amounted to EUR -7,576 thousand (previous year: net profit of EUR 4,643 thousand). As in the previous year, an average of 21,749,988 no-par value shares was in circulation in fiscal year 2013.

Results per share are calculated by dividing consolidated net result for the year before minority interests by the weighted average number of shares outstanding during the year.

Calculation of results per share for 2013 and 2012:

	2013	2012
Numerator:		
Consolidated net result for the year before minority interests (EUR '000)	-7,576	4,643
Denominator:		
Weighted number of shares outstanding - basic	21,749,988	21,749,988
Earnings per share (EUR)	-0.35	0.21

At the balance sheet date, no stock options were issued to employees and members of the Management and Supervisory Boards entitling them to purchase PVA TePla AG shares. As a result, there were no dilution effects in regards to results per share as of December 31, 2013.

28. APPROPRIATION OF NET PROFIT/ RETAINED EARNINGS

The single-entity financial statements of PVA TePla AG (under HGB) show an annual result for the year of EUR -7,350 thousand (previous year: EUR 6,002 thousand) and lower retained earnings of EUR 18,117 thousand (previous year:

EUR 27,643 thousand) as of December 31, 2013. These retained earnings represent the distributable amount in accordance with IAS 1.76(v).

In view of the net loss, the Management Board and Supervisory Board propose that the retained earnings reported in the 2013 annual financial statements amounting to EUR 18,117 thousand be carried forward to a new account at the same amount. There were no withdrawals from the share premium or retained earnings.

D. NOTES ON THE CASH FLOW STATEMENT AND ON CAPITAL MANAGEMENT

The cash flow statement has been prepared using the indirect method in accordance with IAS 7.20. The cash in the cash flow statement corresponds to the balance sheet item of the same name.

Business transactions not affecting cash have not been included in the cash flow statement.

Payments for investments in intangible assets and property, plant and equipment include only cash effective acquisitions.

The primary objective of PVA TePla's capital management is to ensure the financial flexibility required to reach the defined growth and yield targets, thereby enabling growth in the Company's value. The contents of capital management cover shareholders' equity and the external borrowing necessary to finance the Company's operations. The key indicator for capital management is the equity ratio. Actual management is performed by optimizing yields and setting limits on the commitment of funds. Further objectives of capital management include ensuring the Group's liquidity by agreeing appropriate and sufficient credit lines and maintaining the current ratio of advance payments, as well as optimizing the financial result in order to improve yields.

The capital management of PVA TePla therefore includes the following:

EUR'000	Dec. 31, 2013	Dec. 31, 2012
Shareholders' equity	50,307	59,866
Current and non-current financial liabilities	7,620	8,745
Advance payments received	8,282	6,490
Total amount	66,209	75,101
Total assets	92,363	103,721
Equity ratio	54.5%	57.7 %

In fiscal year 2013, equity fell to EUR 50,307 thousand (previous year: EUR 59,866 thousand). Financial liabilities decreased to EUR 7,620 thousand (previous year: EUR 8,745 thousand) as planned. The equity ratio deteriorated to 54.5% in 2013 (previous year: 57.7%).

E. ADDITIONAL DISCLOSURES

29. SEGMENT REPORTING

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 structure, which underlies the internal management reporting systems of the PVA TePla Group according to the three divisions: the Industrial Systems division, Semiconductor Systems division and Solar Systems division. 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 give an overview of PVA TePla AG's segments. Segment reporting in accordance with IFRS 8 also includes a reconciliation of the total result of the segments to the consolidated result for the year.

Sales revenues by divisions for fiscal years 2013 and 2012 are as follows:

EUR'000	2013		2012	
	External sales revenues	Internal sales revenues	External sales revenues	Internal sales revenues
Segment revenues				
Industrial Systems	28,712	816	44,102	1,831
Semiconductor Systems	34,506	433	50,961	2,640
Solar Systems	857	0	8,189	2
Consolidated revenues	64,075	1,249	103,252	4,473

Operating profit by segment for fiscal years 2013 and 2012 was as follows:

	2013		2012	
	EUR'000	in %	EUR'000	in %
Operating profit by segment				
Industrial Systems	-2,978	-10.4	2,546	5.8
Semiconductor Systems	-638	-1.8	5,944	11.7
Solar Systems	-5,994	-699.4	-1,432	-17.5
Consolidation	66		-11	
Consolidated operating profit	-9,544	-14.9	7,047	6.8

The operating segment profit was reduced by one-off expenses for settlements and write-downs as follows: In the Industrial Systems division, settlement payments of EUR 698 thousand were recorded. Semiconductor Systems faced settlements EUR 1,445 thousand. The Solar Systems division's result contains settlement payments and depreciation of inventories amounting to EUR 2,821 thousand.

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

EUR'000	2013	2012
Total segment results	-9,610	7,057
Consolidation	66	-10
Consolidated operating profit (EBIT)	-9,544	7,047
Financial result	-775	-1,233
Results before taxes	-10,319	5,814
Income taxes	2,911	-1,107
Consolidated net result	-7,408	4,707

Other significant non cash-effective segment expenses were not incurred.

The following sales revenues were generated in fiscal years 2012 and 2013 by region:

EUR'000	2013	2012
Sales revenues by sales region		
Germany	19,054	27,569
Europe (excluding Germany)	10,266	12,300
North America	6,292	6,287
Asia	25,809	56,297
Others	2,654	799
Consolidated revenues	64,075	103,252

40% of total sales, the largest share by region, was generated in Asia during fiscal year 2013. The domestic portion was 30%, which primarily resulted from the sales revenues of the Industrial Systems division. Sales revenues in North America are in line with the previous year.

In fiscal year 2013, around EUR 2.6 million or 4.0% (previous year: EUR 13,910 thousand or 13.5%) of sales revenues related to revenues from the largest customer of the Group. Sales revenues of EUR 2 million or 3.1% were generated with a further customer (previous year: EUR 4,052 or 3.9%). Please refer to note 24 for a breakdown of sales revenues by product groups according to IFRS 8.

As a matter of principle, transactions involving intersegment sales and revenues are conducted at arm's length conditions.

30. FINANCIAL INSTRUMENTS

This section contains a summary presentation of the Group's financial instruments and derivative financial instruments. Details of the individual categories of financial instruments are provided in the notes on the respective balance sheet and income statement items.

Principles of the Risk Management System

In addition to default risk and liquidity risk, the Company's assets, liabilities and planned transactions are subject to risks from changes in exchange rates and interest rates. The aim of financial risk management is to minimize these risks through ongoing operating and finance-oriented activities. Selected derivative instruments are employed to hedge market price risks, depending on the assessment of the respective risk. Derivative financial instruments are used solely as hedging instruments, meaning that they are not employed for trading or other speculative purposes. The basic details of the financial policy are established annually by the Management Board and monitored by the Supervisory Board. The Management Board is directly responsible for the implementation of the financial policy and ongoing risk management.

Categories of Financial Instruments

The financial instruments held by the Group are allocated to the following categories:

	Financial assets and liabilities carried at fair value through profit / loss affecting profit		Financial assets and liabilities carried at fair value through profit / loss not affecting profit		Extended loans and receivables		Financial liabilities		PoC receivables	
	Fair value		Fair value		Amortized cost		Amortized cost		Fair value	
EUR'000	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Non-current assets										
Investment property	0	0	0	0	388	410	0	0	0	0
Non-current financial assets	0	0	0	0	8	9	0	0	0	0
Current assets										
Coming receivables on construction contracts	0	0	0	0	0	0	0	0	8,081	10,019
Trade receivables	0	0	0	0	9,619	12,943	0	0	0	0
Other receivables and assets	2	32	0	0	2,604	3,042	0	0	0	0
Cash	0	0	0	0	6,566	10,009	0	0	0	0
Other financial assets	0	0	0	0	0	1,001	0	0	0	0
Non-current liabilities										
Financial liabilities	0	0	0	0	0	0	6,540	7,617	0	0
Other liabilities	685	954	0	0	0	0	3	8	0	0
Current liabilities										
Financial liabilities	0	0	0	0	0	0	1,080	1,128	0	0
Trade payables	0	0	0	0	0	0	3,219	2,938	0	0
Other liabilities	202	238	8	19	0	0	15,123	13,834	0	0
Net finance cost / revenue	275	-211	11	4	332	130	-781	-511	0	0

With the exception of financial liabilities carried at amortized cost, the carrying amounts in the other categories largely correspond to the respective market values. No separate comparison of carrying amounts and market values is provided. In accordance with IFRS 7.27A, financial instruments measured at fair value must be assigned to different

levels. PVA TePla AG's financial instruments measured at fair value are allocated to "level 2" at which measurement is based on stock exchange or market prices of similar instruments or on measurement models based on input parameters observable in the market.

The fair values of both forward exchange contracts and interest hedges were determined on the basis of discounted expected future cash flows, using market interest rates applicable to the remaining terms of the financial instruments.

The net profit from the financial assets and liabilities measured at fair value of EUR 275 thousand (previous year: net loss of EUR 211 thousand) comprises changes in the market value of derivative hedging instruments.

The net gain of EUR 11 thousand (previous year: net gain of EUR 4 thousand) from the financial assets and liabilities measured at fair value without affecting profit or loss comprises changes in the market value of derivative hedging instruments.

The net gain from issued loans and receivables recognized at amortized cost of EUR 332 thousand (previous year: net gain of EUR 130 thousand) includes interest income and income from derivative financial instruments.

The net result on financial liabilities recognized at amortized cost includes interest expense of EUR 781 thousand (previous year: EUR 511 thousand).

Credit Risk

The Company is exposed to counterparty default risk as a result of its operating activities and certain financing activities.

In its operating business, accounts receivable are monitored on a decentralized, ongoing basis. Default risks are taken into account through specific valuation allowances and flatrate specific valuation allowances.

For more information on the composition of receivables and the valuation allowances recognized, see note 10. Valuation allowances are recognized in the amount of the expected defaults on receivables.

Theoretically, the maximum default risk is shown by the carrying amounts of the financial assets recognized in the balance sheet. The PVA TePla Group recognized write-downs of EUR 285 thousand (previous year: EUR 260 thousand) on trade receivables to cover known risks. Risks from advance payments are avoided with advance payment bonds. There are no discernible risks from other receivables. The PVA TePla Group did not have any other material agreements which could reduce the maximum default risk as of the balance sheet date.

Liquidity Risk

Revolving liquidity planning is performed in order to ensure the Company's solvency and financial flexibility at all times.

To the extent necessary, a liquidity reserve is held in the form of credit facilities and, if required, in cash.

For more information on the maturities of the individual financial liabilities, see the disclosures on the relevant balance sheet items in note 16. The maturity analysis of the derivative financial liabilities can be found in the sections "Currency risks" and "Interest hedges".

Market Risk

With regard to market price risk, the Company is exposed to currency risks, interest rate risks and other price risks.

Currency Risks

The Company's currency risk primarily results from its operating activities, financing measures and investments. Foreign currency risks with a significant impact on the Group's cash flow are hedged.

Foreign currency risks from operations primarily arise when planned transactions are settled in a currency other than the functional currency (EUR). These planned transactions relate in particular to expected future sales revenues invoiced in US dollars.

PVA TePla AG enters into forward exchange contracts to hedge its payment obligations. These derivative financial instruments have a term to maturity of less than one year and hedge payment obligations of EUR 237 thousand (previous year: EUR 1,432 thousand) as of December 31, 2013. The expected net payments from currency hedging instruments are as follows:

Expected net payments EUR'000	Dec. 31, 2013	Dec. 31, 2012
Up to 1 month	2	10
Between 1 and 3 months	0	11
Between 3 months and 1 year	0	11
Between 1 and 5 years	0	0

Currency risks due to foreign currency invoices are mainly hedged by forward exchange contracts, meaning that changes in exchange rates from foreign currency transactions have no effect on profit/loss or shareholders' equity.

For the prospective effectiveness measurement it is checked that key parameters of hedging instruments (nominal amount, term, etc.) match the hypothetical derivatives, and the cumulative dollar offset method is used for the retrospective effectiveness measurement.

Interest income and expenses from financial instruments at the German companies are recognized in the functional currency (EUR). This means that foreign currency risks can only arise from the financial instruments and assets held by the individual companies outside Germany that would be taken directly to currency reserves in equity.

For this reason, only an equity-based sensitivity analysis is performed.

If the euro had increased (decreased) by 10% against the US dollar as of December 31, 2013, other reserves in equity would have been EUR 175 thousand lower (higher) (December 31, 2012: EUR 187 thousand lower (higher)).

If the euro had increased (decreased) by 10% against the other relevant currencies for the Company as of December 31, 2013, other reserves in equity would have been EUR 17 thousand lower (higher) (December 31, 2012: EUR 26 thousand lower (higher)).

Interest Hedges

The Company is mainly subject to interest rate risk in the Eurozone. Taking the existing and planned debt structure into account, the Company uses interest rate derivatives (interest rate swaps) in order to counteract interest rate risks.

In accordance with IFRS 7 interest rate risks are presented using sensitivity analyses. These represent the effects of changes in market interest rates on interest payments, interest income and expenses, other earnings components and, where applicable, shareholders' equity.

As the Company has fixed interest rate agreements for its non-current primary financial instruments or variable interest rate agreements that are hedged via cash flow hedges and its financial liabilities are recognized at amortized cost, only financial derivatives have an impact on other reserves in equity. Effects on profit/loss from changes in interest rates affecting the portion of current financial liabilities with variable interest rates totaling EUR 3 thousand (previous year: EUR 4 thousand) are negligible due to their amount and maturity.

Sensitivity analysis in accordance with IFRS 7 were performed for financial derivatives (swaps) not forming part of an effective hedge. If the market interest rate at December 31, 2013 had been 100 basis points higher, earnings would have increased by EUR 257 thousand (previous year: EUR 329 thousand). Conversely, if the market interest rate at December 31, 2013 had been 100 basis points lower, earnings would have decreased by EUR 277 thousand (previous year: EUR 357 thousand).

Interest rate hedges with a total original volume of EUR 11,600 thousand were entered into in order to hedge the interest rate risk for the financing of investments in new buildings at the Wettenberg and Jena sites. The outstanding balance of these hedges at December 31, 2013 is EUR 6,613 thousand (previous year: EUR 7,440 thousand). The interest hedges have a term to maturity of up to nine years. The expected net payments from interest hedging instruments are as follows:

Expected net payments EUR '000	Dec. 31, 2013	Dec. 31, 2012
Up to 1 month	-107	-125
Between 1 and 3 months	-2	-3
Between 3 months and 1 year	-101	-121
Between 1 and 5 years	-394	-683

The interest hedging instruments and underlying loans were concluded in 2005 and 2007 on the basis of the corresponding interest rates. They ensure long-term, highly flexible financing for the new construction measures in Jena and Wettenberg.

The market value of these instruments came to EUR -895 thousand as of December 31, 2013 (previous year: EUR -1,210) and is reported under other financial liabilities. The offsetting entry for the market value and the related deferred taxes are reported in equity under "Other reserves" for those interest derivatives that have an effective hedging relationship with a loan.

The loan underlying the interest rate hedges described above for the purpose of financing the new building in Wettenberg, with a remaining credit line of EUR 6,000 thousand, was not utilized as of December 31, 2013. Accordingly, there was no offsetting entry for the market value of the interest rate derivatives and the related deferred taxes under "Other reserves".

Effective March 3, 2014, PVA TePla AG terminated two fixed-interest real estate loans, which were secured by charges and land, for a new building in Wetttenberg for EUR 5,684 thousand and combined them into a new loan of EUR 6,000 thousand with a term until December 2022. As the new loan with interest hedges of more than EUR 6,000 thousand is synchronized and combined in hedge accounting, the new real estate financing will lead to less volatility in terms of interest expense.

The cumulative market value of these hedging instruments as at December 31, 2013 was EUR -887 thousand (previous year: EUR -1,192 thousand), of which EUR 305 thousand (previous year: EUR -243 thousand) was recognized in the financial result in the income statement. On the day the new loan is granted, the applicable fair value of the hedges will be determined and released on a pro rata basis over the remaining term.

Other Price Risks

As part of the description of market risks, IFRS 7 also requires disclosures on how hypothetical changes in other price risk variables would affect the prices of financial instruments. In particular, these risk variables include quoted prices and indices.

At December 31, 2013 and December 31, 2012, the Company did not hold any significant financial instruments that were subject to other notable price risks.

31. LEASING

PVA TePla is the lessee of property, plant and equipment and lessor in connection with the leasing of its own buildings. The leasing arrangements entered into by PVA TePla are all classified as operating leases. There are two main groups of leasing arrangements:

Rent of Buildings

PVA TePla has rented premises for production and administration from third parties at its sites in Berlin, Kirchheim, Munich, Jena, Westhausen, Frederikssund (Denmark), Corona, California (USA), Beijing (China) and Xi'an (China) as well as in Singapore. In 2013, the monthly rent was EUR 10 thousand at the Kirchheim site (previous year: EUR 10 thousand), EUR 6 thousand at the Munich site (previous year: EUR 5 thousand), EUR 4 thousand at the Jena site (previous year: EUR 4 thousand), EUR 3 thousand at the Berlin site (previous year: EUR 3 thousand), EUR 7 thousand at the Westhausen site (previous year: EUR 7 thousand), EUR 10 thousand at the Frederikssund site (pre-

vious year: EUR 10 thousand), EUR 7 thousand at the Corona site (previous year: EUR 7 thousand), EUR 2 thousand at the Beijing site (previous year: EUR 2 thousand), EUR 9 thousand at the Singapore site (previous year: EUR 13 thousand) and EUR 1 thousand at the Xi'an site (previous year: EUR 1 thousand).

The relevant rental agreements are standard agreements for the rental of commercial premises. In 2013, a total of EUR 614 thousand was paid under these agreements (previous year: EUR 769 thousand). The minimum commitments for the coming years comprise the following amounts:

EUR'000	Payments	Present value
Remaining terms		
Up to 1 year	585	560
Between 1 and 5 years	556	501
More than 5 years	0	0

Sublease of Buildings

Leases gave rise to income of EUR 55 thousand in 2013 (previous year: EUR 40 thousand). Income from leasing over the coming years can be broken down as follows:

EUR'000	Payments	Present value
Remaining terms		
Up to 1 year	32	30
Between 1 and 5 years	0	0
More than 5 years	0	0

Lease of Vehicles

PVA TePla AG restricts the number of company vehicles to an absolute minimum. As a matter of principle, cars for private use are provided on a priority basis to members of the Management Board, heads of divisions and managing directors as well as individual employees with a great deal of external activities. Above and beyond this, fleet vehicles are used for business travel. Since 2004, new vehicles have been leased. In 2013, expenditures of EUR 191 thousand were incurred for such leases (previous year: EUR 192 thousand). The minimum commitments for the coming years comprise the following amounts:

EUR'000	Payments	Present value
Remaining terms		
Up to 1 year	131	125
Between 1 and 5 years	81	73
More than 5 years	0	0

Other Leases

In addition to the aforementioned leases, the Company has other leases which mainly pertain to operating and office equipment. In 2013, expenditures of EUR 138 thousand were incurred for such leases (previous year: EUR 395 thousand). The minimum commitments for the coming years comprise the following amounts:

EUR'000	Payments	Present value
Remaining terms		
Up to 1 year	119	114
Between 1 and 5 years	106	93
More than 5 years	0	0

32. OTHER FINANCIAL OBLIGATIONS

Commitments from Current Agreements

Commitments under rental and lease agreements are discussed above (see note 31).

Total commitments from master purchase agreements can be broken down as follows:

EUR'000	Payments	Present value
Remaining terms		
Up to 1 year	1.054	1.088
Between 1 and 5 years	24	22
More than 5 years	0	0

Total commitments from other agreements (e.g. servicing agreements, security services) can be broken down as follows:

EUR'000	Payments	Present value
Remaining terms		
Up to 1 year	1.007	964
Between 1 and 5 years	494	447
More than 5 years	22	17

33. COST OF MATERIALS

The cost of sales for fiscal years 2013 and 2012 contain expenditures on materials as follows:

EUR'000	2013	2012
Cost of raw materials, consumables and supplies and of goods purchased and held for resales	20,495	40,711
Cost of purchased services	5,409	8,647
Total cost of materials	25,904	49,358

Accordingly, the materials ratio (cost of materials to total sales revenues) amounted to 40.4% in fiscal year 2013, compared to 47.8% in the previous year.

34. PERSONNEL EXPENSES

Personnel expenses for fiscal years 2013 and 2012 consist of the following:

EUR'000	2013	2012
Wages and salaries	27,340	28,784
Social charges	5,103	5,431
Total personnel expenses	32,443	34,215

Personnel expenses of EUR 2,577 thousand include severance and redundancy payments. Compared to sales revenues, personnel expenses therefore increased to 50.6% in fiscal year 2013, compared with 33.1% in the previous year. The increase in personnel expenses as a percentage is due to the implemented personnel measures and the decline in sales revenues. Social charges contain expenditure on retirement provisions in the amount of EUR 391 thousand (previous year: EUR 461 thousand).

The Group had a total of 424 employees at year-end (previous year: 514) and an average of 464 employees for the year as a whole (previous year: 513).

Development in the number of employees at the following reporting dates:

EUR'000	Dec. 31, 2012	Q1/2013	Q2/2013	Q3/2013	Dec. 31, 2013
Adminis- tration	65	64	63	59	59
Sales	55	52	53	49	48
Engi- neering, research and deve- lopment	111	109	111	97	92
Production and service	283	270	267	236	225
Total number of employees	514	495	494	441	424

The average number of employees by function has changed compared to the previous year as follows:

Number of employees by function (average for the year)	2013	2012
Administration	61	63
Sales	51	54
Engineering, research and development	102	112
Production and service	250	284
Total number of employees	464	513

The Group also employed three assistants (previous year: 3).

35. AMORTIZATION AND DEPRECIATION

Depreciation and amortization are discussed in the disclosures on non-current assets (see notes 4 and 5).

36. RISK MANAGEMENT

The current risks and opportunities and PVA TePla's risk management system are presented in detail in the management report. Please refer to section 4 of the management report for more information.

37. EXECUTIVE BODIES OF THE COMPANY

Management Board

In fiscal year 2013, the Management Board of PVA TePla AG consisted of the following persons:

[Dr. Arno Knebelkamp](#), Mülheim
(Chairman/CEO)

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

Membership in supervisory bodies:
» PVA TePla America Inc., Corona, USA (Director)
» Profine GmbH, Troisdorf (Deputy Chairman
of the Supervisory Board)

[Arnd Bohle](#), Bochum (until June 19, 2013)
(Chief Financial Officer/CFO)

Membership in supervisory bodies:
» PVA TePla (China) Ltd. (Supervisor (supervisory body))
(until June 19, 2013)

[Oliver Höfer](#), Jena (since December 1, 2013)
(Chief Operating Officer/COO)

Managing Director of the following Group companies:
» PVA Vakuum Anlagenbau Jena GmbH
» PVA Jena Immobilien GmbH, Jena
» JenaWave GmbH, Jena

The total remuneration paid to the members of the Management Board in fiscal year 2013 was EUR 1,617 thousand (previous year: EUR 688 thousand). The increase is largely due to payments of termination of employment contracts.

This remuneration consists of a non-performance related basic salary; other benefits (primarily non-cash benefits from the use of a company car, subsidies for health insurance premiums, as well as contributions to a pension fund); and performance-based, variable compensation in the form of bonus payments. The smaller share of the bonus payment is measured as a percentage of the annual net profit of the PVA TePla Group that exceeds a minimum of EUR 5 million. This bonus may be no more than half of the respective basic salary. The greater portion is paid out in the form of a long-term bonus. The reference amount is converted into notional shares using a current reference and is then calculated three years later using the reference

exchange rate valid on that date. The long-term bonus may be no more than twice the fixed annual salary. This rule applies equally to all members of the Management Board from June 2012. On this basis, members of the Management Board received the following remuneration in fiscal year 2013:

EUR'000	Salary	Other benefits	Performance-related components	Total 2013	Total 2012
Dr. Arno Knebelkamp	228	68	162	458	406
Oliver Höfer	15	1	34	49	0
Arnd Bohle	196	809	106	1.110	282

The performance-related component presented above contains amounts paid in 2013 for fiscal year 2012, as well as a deduction of the amounts recognized and reported as provisions in fiscal year 2012. Provisions established in 2013 for fiscal year 2013 are also included.

The performance related component of EUR 302 thousand is divided between a short and a long-term component. The long-term performance-related component for the Management Board amounts to EUR 269 thousand. This share-based remuneration component comes within the scope of IFRS 2 and was calculated on the basis of an option pricing model. Besides planned additions to these long-term remuneration components, the changes in parameters (share price development of PVA TePla AG and interest effects) of EUR 40 thousand on past long-term bonuses led to a sharp rise in performance-related components for the CEO.

Non-current payments are due in connection with the long-term performance-based compensation mentioned above. All other remuneration listed above is payable over the short term. Employer contributions to pension insurance are not paid. There are likewise no pension commitments for active members of the Management Board.

No share options were granted to members of the Management Board in fiscal year 2013. There are no financial commitments to members of the Management Board in the event of the termination of their employment or a change in the constitution of the shareholder majority.

The Company has pension commitments to former members of the Management Board with present values of EUR 1,724 thousand (previous year: EUR 1,724 thousand). In 2013, pensions of EUR 64 thousand (previous year: EUR 64 thousand) were paid to former members of the Management Board.

Other remuneration includes payments relation to the termination of the employment contract with Arnd Bohle. There were no other payments for termination of employment or share-based payments.

Supervisory Board

In fiscal year 2013, the Supervisory Board of PVA TePla AG consisted of:

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

Member of the following other supervisory bodies:

- » VERBIO Vereinigte BioEnergie AG, Leipzig
 (Chairman of the Supervisory Board)
- » Siegwert Druckfarben AG & Co. KGaA, Siegburg
 (Member of the Supervisory Board)
- » KAEFER Isoliertechnik GmbH & Co. KG, Bremen
 (Member of the Advisory Board)

Dr. Gernot Hebestreit, Leverkusen (Deputy Chairman)

- » Global Leader Business Development and Markets
 Grant Thornton International Limited, London/UK

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 until May 31, 2013)
- » Institut für Solarenergieforschung GmbH, Emmerthal
 (Member of the Scientific Advisory Board)

In accordance with the Articles of Association, the members of the Supervisory Board received remuneration of 1 % of PVA TePla Group's net profit before tax up to a maximum of EUR 100 thousand until fiscal year 2012. At the Annual General Meeting of 2013, Section 14 (1) of the Articles of Association was amended. The Supervisory Board now receives a fixed total remuneration of EUR 100 thousand for its activities per fiscal year.

EUR'000	Fixed remuneration 2013	Variable remuneration 2013	Fixed remuneration 2012	Variable remuneration 2012
Alexander von Witzleben (chairman)	50	0	10	19
Prof. Dr. Günter Bräuer	25	0	5	9
Dr. Gernot Hebestreit	25	0	5	9
Total	100	0	20	38

This total remuneration is divided between the members of the Supervisory Board in such a way that the Chairman of the Supervisory Board receives double the amount paid to each regular member of the Supervisory Board. Members who leave the Supervisory Board during the fiscal year receive pro rata remuneration for their period of service.

D&O insurance has been taken out to cover the liability of the members of executive bodies under civil law. In fiscal year 2013, a premium of EUR 14 thousand (previous year: EUR 14 thousand) was paid for this insurance.

38. 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).

In the reporting period, only the relationship to the majority shareholder Peter Abel is relevant in this context. PVA TePla AG's relevant transactions with related parties principally encompass purchases from IT companies. In fiscal

year 2013, the value of purchases from these companies has totaled EUR 705 thousand (previous year: EUR 1,007 thousand) and the value of sales was EUR 1 thousand (previous year: EUR 35 thousand). The balance of outstanding receivables and liabilities at the balance sheet date on December 31, 2013 was EUR 0 thousand (previous year: EUR 0 thousand) and EUR 45 thousand (previous year: EUR 54 thousand), respectively. All transactions are conducted at arm's length conditions.

39. AUDIT FEES (SECTION 314 HGB)

The auditors' fees recognized as expenses for PVA TePla AG and the other companies of the PVA TePla Group amounted to:

EUR'000	2013	2012
Audit of annual financial statements	212	254
Other assurance or valuation services	0	0
Tax consulting services	0	0
Other services	0	0

40. DECLARATION OF COMPLIANCE WITH SECTION 161 AKTG

The declaration of compliance with the German Corporate Governance Code as required by Section 161 of the German Stock Corporation Act (AktG) was again submitted by the Management Board and the Supervisory Board in the course of the fiscal year.

This declaration forms part of the separate corporate governance report and is permanently accessible to shareholders on the Company's Website (www.pvatepla.com) along with the declarations for previous fiscal years.

41. DISCLOSURES UNDER SECTION 160 (1) NO. 8 AKTG

Peter Abel, Wettenberg has notified us under Section 21 (1) and Section 22 (1) sentence 1 no. 1 and 2 of the German Securities Trade Act (WpHG) that his share of the voting rights in our Company exceeded the threshold of 25% on November 5, 2002, and now amounts to 29.99%. Of that, 29.32% of the voting rights under Section 22 (1) no. 1 and 2 of the German Securities Trade Act (WpHG) are allocated to him.

Christian Graf Dürckheim, Switzerland, notified us on November 11, 2011 under Section 21 (1) sentence 1 of the German Securities Trading Act (WpHG) that his share of the voting rights in PVA TePla AG, Wetttemberg, Germany, exceeded the threshold of 5% on November 10, 2011, and that his total share of the voting rights in that company on that day amounted to 5.10%, corresponding to 1,109,092 of a total of 21,749,988 voting rights.

Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany, notified us on September 3, 2013 under Section 21 (1) sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights in PVA TePla AG, Wetttemberg, Germany, fell below the threshold of 5% on August 29, 2013, and that its total share of the voting rights in that company on that day amounted to 4.60%, corresponding to 1,000,000 of a total of 21,749,988 voting rights.

Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany, notified us on October 4, 2013 under Section 21 (1) sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights in PVA TePla AG, Wetttemberg, Germany, fell below the threshold of 3% on October 1, 2013, and that its total share of the voting rights in that company on that day amounted to 2.30%, corresponding to 500,000 of a total of 21,749,988 voting rights.

ARGOS FUNDS Luxembourg, Luxembourg, notified us on October 10, 2013 under Section 21 (1) sentence 1 WpHG that its share of the voting rights in PVA TePla AG, Wetttemberg, Germany, exceeded the threshold of 5% on October 3, 2013 and that its total share of the voting rights in that company on that day amounted to 5.53%, corresponding to 1,202,890 of a total of 21,749,988 voting rights.

In addition, ARGOS INVESTMENT MANAGERS SA, Meyrin, Switzerland, notified us on October 10, 2013 under Section 21 (1) WpHG that its share of the voting rights in PVA TePla AG, Wetttemberg, Germany, exceeded the threshold of 5% on October 3, 2013 and that its total share of the voting rights in that company on that day amounted to 5.53%, corresponding to 1,202,890 of a total of 21,749,988 voting rights. In accordance with Section 22 (1) sentence 1 no. 6 WpHG, this 5.53% (corresponding to 1,202,890 of a total of 21,749,988 voting rights) of ARGOS FUNDS, Luxembourg, is attributed to ARGOS INVESTMENT MANAGERS SA.

As of December 31, 2013, PA Beteiligungsgesellschaft, based in Wetttemberg and belonging to Peter Abel, held a participating interest in the Company of more than 25%.

43. ADDITIONAL DISCLOSURES

The following companies included in the consolidated financial statements of PVA TePla AG have utilized the exemption pursuant to Section 264 (3) HGB:

- » PVA Jena Immobilien GmbH
- » PVA Löt- und Werkstofftechnik GmbH
- » PVA Control GmbH
- » PVA TePla Analytical Systems GmbH
- » PVA Vakuum Anlagenbau Jena GmbH

44. AUTHORIZATION OF THE FINANCIAL STATEMENTS FOR PUBLICATION

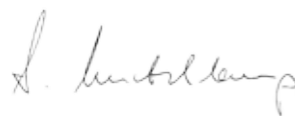
On March 7, 2014, the Management Board of PVA TePla AG authorized the present consolidated financial statements for fiscal year 2013 to be released to the Supervisory Board. This represents the authorization for publication described in IAS 10.6.

45. SIGNIFICANT POST-BALANCE SHEET DATE EVENTS

Since the start of fiscal year 2014, there have been no significant changes in the Company's situation or the industry in which it operates. No major changes are planned in the structure, administration or legal form of the Group or its personnel.

Wetttemberg, March 7, 2014

PVA TePla AG



Dr. Arno Knebelkamp
Chief Executive Officer



Oliver Höfer
Chief Operating Officer

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as at December 31, 2013

	Acquisition and manufacturing costs						
EUR'000	Jan. 1, 2013	Acquisitions 2013	Additions 2013	Transfers 2013	Disposals 2013	Exchange differences	Balance Dec. 31, 2013
Intangible assets							
1. Goodwill	12,658	0	0	0	0	0	12,658
2. Other intangible assets	6,294	90	111	0	0	0	6,495
3. Payments in advance	0	0	40	0	0	0	40
Total	18,952	90	151	0	0	0	19,193
Property, plant and equipment							
1. Land, property rights and buildings, including buildings on third party land	33,349	0	50	0	52	-3	33,344
2. Plant and machinery	6,585	77	120	0	53	-49	6,680
3. Other plant and equipment, fixtures and fittings	6,314	50	541	0	441	-3	6,462
4. Advance payments and assets under construction	0	0	37	0	0	0	37
Total	46,248	127	748	0	546	-55	46,522
Investment property	694	0	0	0	0	0	694
Total	65,893	217	899	0	546	-55	66,409

Accumulated amortization and depreciation							Residual carrying values	
Balance Jan. 1, 2013	Additions 2013	Transfers 2013	Disposals 2013	Write-ups 2013	Exchange differences	Balance Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
4,850	0	0	0	0	0	4,850	7,808	7,808
5,247	330	0	0	0	0	5,577	918	1,047
0	0	0	0	0	0	0	40	0
10,097	330	0	0	0	0	10,427	8,766	8,855
5,599	1,016	0	0	0	-3	6,612	26,732	27,750
3,554	440	0	46	0	-43	3,905	2,775	3,031
4,642	712	0	383	0	-3	4,968	1,494	1,672
0	0	0	0	0	0	0	37	0
13,795	2,168	0	429	0	-49	15,485	31,038	32,453
283	22	0	0	0	0	305	388	410
24,176	2,520	0	429	0	-49	26,217	40,192	41,718

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as at December 31, 2012

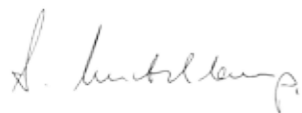
	Acquisition and manufacturing costs						
EUR'000	Jan. 1, 2012	Acquisitions 2012	Additions 2012	Transfers 2012	Disposals 2012	Exchange differences	Balance Dec. 31, 2012
Intangible assets							
1. Goodwill	12,465	193	0	0	0	0	12,658
2. Other intangible assets	5,277	895	122	0	1	0	6,294
Total	17,742	1,088	122	0	1	0	18,952
Property, plant and equipment							
1. Land, property rights and buildings, including buildings on third party land	33,264	0	81	8	2	-2	33,349
2. Plant and machinery	7,103	0	156	0	650	-25	6,585
3. Other plant and equipment, fixtures and fittings	5,754	288	496	0	223	-2	6,314
4. Advance payments and assets under construction	8	0	0	-8	0	0	0
Total	46,130	288	733	0	875	-28	46,248
Investment property	694	0	0	0	0	0	694
Total	64,565	1,377	855	0	876	-28	65,894

Accumulated amortization and depreciation							Residual carrying values	
Balance Jan. 1, 2012	Additions 2012	Transfers 2012	Disposals 2012	Write-ups 2012	Exchange differences	Balance Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011
4,850	0	0	0	0	0	4,850	7,808	7,615
4,516	731	0	1	0	0	5,247	1,047	761
9,366	731	0	1	0	0	10,097	8,855	8,376
4,589	1,014	0	2	0	-1	5,599	27,750	28,675
3,689	481	0	593	0	-22	3,554	3,031	3,414
3,991	829	0	176	0	-2	4,642	1,672	1,764
0	0	0	0	0	0	0	0	8
12,269	2,324	0	772	0	-25	13,795	32,453	33,861
262	22	0	0	0	0	283	410	432
21,897	3,077	0	773	0	-25	24,176	41,718	42,668

Responsibility Statement

„To the best of our knowledge we assure that in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the net assets, financial position and profit or loss of the Group, and the Group Management Report - which has been combined with the Management Report of PVA TePla AG - gives a true and fair view 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.“

Wettenberg, March 7, 2014



Dr. Arno Knebelkamp
Chief Executive Officer



Oliver Höfer
Chief Operating Officer

Auditor's Report

We have audited the consolidated financial statements of PVA TePla AG, Wettenberg – comprising the balance sheet, the statement of comprehensive income, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements as well as the combined management and group management report for the fiscal year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the combined management and group management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (HGB) is the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the combined management and group management report based on our audit.

We conducted our audit of the consolidated financial statements according to Section 317 of the German Commercial Code (HGB) and the audit principles established by the Institut der Wirtschaftsprüfer (IDW) (Institute of Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management and group management report are detected with reasonable assurance. Audit procedures are established based on our knowledge of the company's business activities, the economic and legal environment in which the group operates, and expectations regarding possible errors. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and the combined management and group management report. In our opinion, our audit provides a sufficiently secure basis to issue an opinion.

Our audit did not result in any objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management and group management report is consistent with the consolidated financial statements and, as a whole, provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 7, 2014

Ebner Stolz GmbH & Co. KG
Audit Firm Tax Consulting Firm



Marcus Grzanna
Auditor



Thomas Klemm
Auditor

Service

FINANCIAL CALENDAR

Date	Advise	
May 9, 2014	Publication of the Q1 Report	
June 13, 2014	Annual Shareholders Meeting	Congress Center Giessen
August 15, 2014	Publication of the Q2 Report	
November 7, 2014	Publication of the Q3 Report	
November 24-26, 2014	German Equity Forum	Frankfurt

IMPRINT

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