Intermediate Report

Intermediate Report
January 1 – June 30, 2014

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR'000	H1 / 2014	H1 / 2013 adjusted[3]	H1 / 2012 adjusted[3]
Sales revenues	**38,694**	**29,607**	**60,231**
Industrial Systems	18,184	12,754	26,031
Semiconductor Systems	20,510	16,853	34,200
Gross profit	**7,946**	**2,216**	**15,462**
in % sales revenues	20.5	7.5	25.7
R&D expenses	1,013	1,586	2,969
Operating result (EBIT)	**-5,121**	**-8,182**	**5,013**
in % sales revenues	-13.2	-27.6	8.3
Consolidated net result for the period	**-4,065**	**-5,911**	**3,153**
in % sales revenues	-10.7	-20.0	5.2
Earnings per Share (EPS) in EUR[1]	**-0.19**	**-0.27**	**0.15**
Capital expenditure	594	339	424
Total assets	**95,969**	**92,363[2]**	**103,721[2]**
Shareholders' equity	**46,234**	**50,307[2]**	**59,866[2]**
Equity ratio in %	48.2	54.5[2]	57.7[2]
Employees as of 30.06.	**417**	**494**	**505**
Incoming orders	**30,851**	**32,294**	**29,292**
Order backlog	**34,662**	**31,545**	**41,479**
Book-to-bill-ratio	0.80	1.09	0.49
Cash Flow from operating activities	**-10,460**	**-1,572**	**3,033**

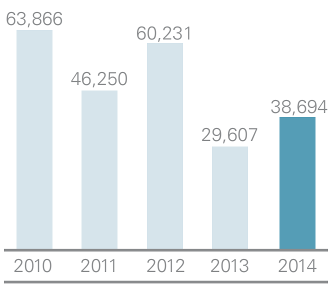
[1] Circulating shares on average 21,749,988

[2] As of December, 31

[3] Due to the disclosure of interest the comparative figures have been adjusted. We refer to the notes.

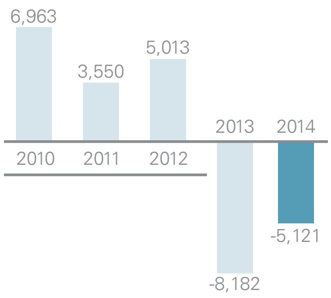
Sales revenues

H1, EUR'000



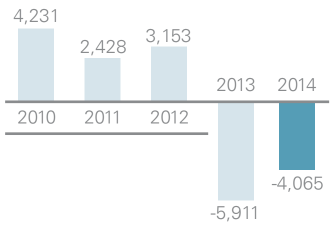
Operating result (EBIT)

H1, EUR'000



Consolidated net result

H1, EUR'000



Content

Foreword by the Management Board

DEAR SHAREHOLDERS AND BUSINESS PARTNERS OF PVA TEPLA,

Incoming orders in the first half of 2014 fell short of our expectations in several business units. Orders for vacuum systems in the Industrial Systems division were modest despite signs of a recovery in the previous fiscal year. Chinese customers, who are particularly important to us in the hard metal market, remain cautious. The number of projects in this segment has declined perceivably. We are using this period of market weakness to review and strengthen our sales structure in a number of countries. By cooperating with research institutes such as the Fraunhofer Institutes and the German Aerospace Center, we plan to realize joint innovation projects.

Incoming orders in the Semiconductor Systems division for analytical systems and plasma systems are satisfactory. Improving investment sentiment in the semiconductor industry is paying off in this division. As expected, the first half of the year saw no large orders for crystal growing systems from the wafer industry, where the cycles generally differ greatly from the cycles in the rest of the semiconductor industry. The solar market remains difficult. Although numerous projects in various countries are being discussed in depth, financing often remains uncertain. Given the political instability in the relevant countries, it is often unsure as to whether the projects can be realized.

In the first six months we achieved consolidated sales revenues of EUR 38.7 million with an operating result of EUR -5.1 million. At the end of May we had to considerably reduce our forecast for the year: To date we have not received the contractually-agreed advance payments for orders received from Asia and Russia in 2013 for the delivery of crystal growing systems. We therefore decided to terminate these orders and remove them from the order backlog. Given the current political and economic uncertainty in Asia and Russia, we cannot predict the future progress of these projects. With regard to the adjustment of the order backlog, we therefore forecast consolidated sales revenues in 2014 of between EUR 70 million and EUR 80 million. The operating result (EBIT) is expected to be in the region of EUR -6 million. The implemented cost-cutting measures will already begin to take effect in the second half of the year. The negative impact on profits stems from the order degradation and the termination of projects, costs relating to the shutdown of the Denmark operations and the planned reorganization. As part of the cost optimization program for the Group, we resolved to close down the operating and production site for the construction of floatzone crystal growing systems in Frederikssund/Denmark by the end of 2014 and to continue operations in Wettenberg/Germany. The cost-saving measures initiated in the previous fiscal year are having an effect in all areas.

The decision of the Annual General Meeting in June to carry out an extensive reorganization of PVA TePla AG marks a key strategic step towards putting the Group in a position to be more assertive in the market: With effect from January 1, 2015 the operating business of the PVA TePla AG will be outsourced to individual companies and various companies will be merged to form larger units. This will make the Group leaner and more flexible and allow it to focus more on its customers and the specific requirements of each division. PVA TePla AG will thus have a pure holding structure. The holding company will provide the Group companies with financing and services.

On behalf of PVA TePla we would like to thank Fraunhofer's Prof. Günter Bräuer for his long-standing and valuable cooperation as member of the Supervisory Board. We also welcome Prof. Markus Thoma from the University of Giessen as a new member of the Supervisory Board and wish him much success.

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

Peter Abel
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

Henning Döring
Chief Financial Officer

The Shares

PERFORMANCE

The price of PVA TePla shares declined in the first six months of 2014, with their value falling from EUR 2.55 on December 31, 2013 to EUR 2.47 on July 31, 2014. At various investor and analyst meetings an overall market view as well as a comprehensive overview of the planned organizational realignment and the adjustment of the forecast of the year was provided.

ANNUAL GENERAL MEETING

At this year's Annual General Meeting of PVA TePla AG on June 13, all eight agenda items were approved almost unanimously.

Peter Abel, who again assumed the office of Chief Executive Officer of PVA TePla AG on the day of the Annual General Meeting, announced the comprehensive organizational realignment of PVA TePla AG to the shareholders and guests. The operating business of PVA TePla AG will be outsourced to individual companies and various companies will be merged to form larger units in order to optimize existing resources. This will make the Group leaner and more flexible.

Prof. Dr. Markus Thoma, head of the working group for plasma and space physics at the Physics Institute at the Justus-Liebig University of Giessen, was appointed as a new member of the Supervisory Board to replace the previous, long-standing member of the Supervisory Board Prof. Dr. Günter Bräuer.

Shareholdings and Subscription Rights of Executive Body Members

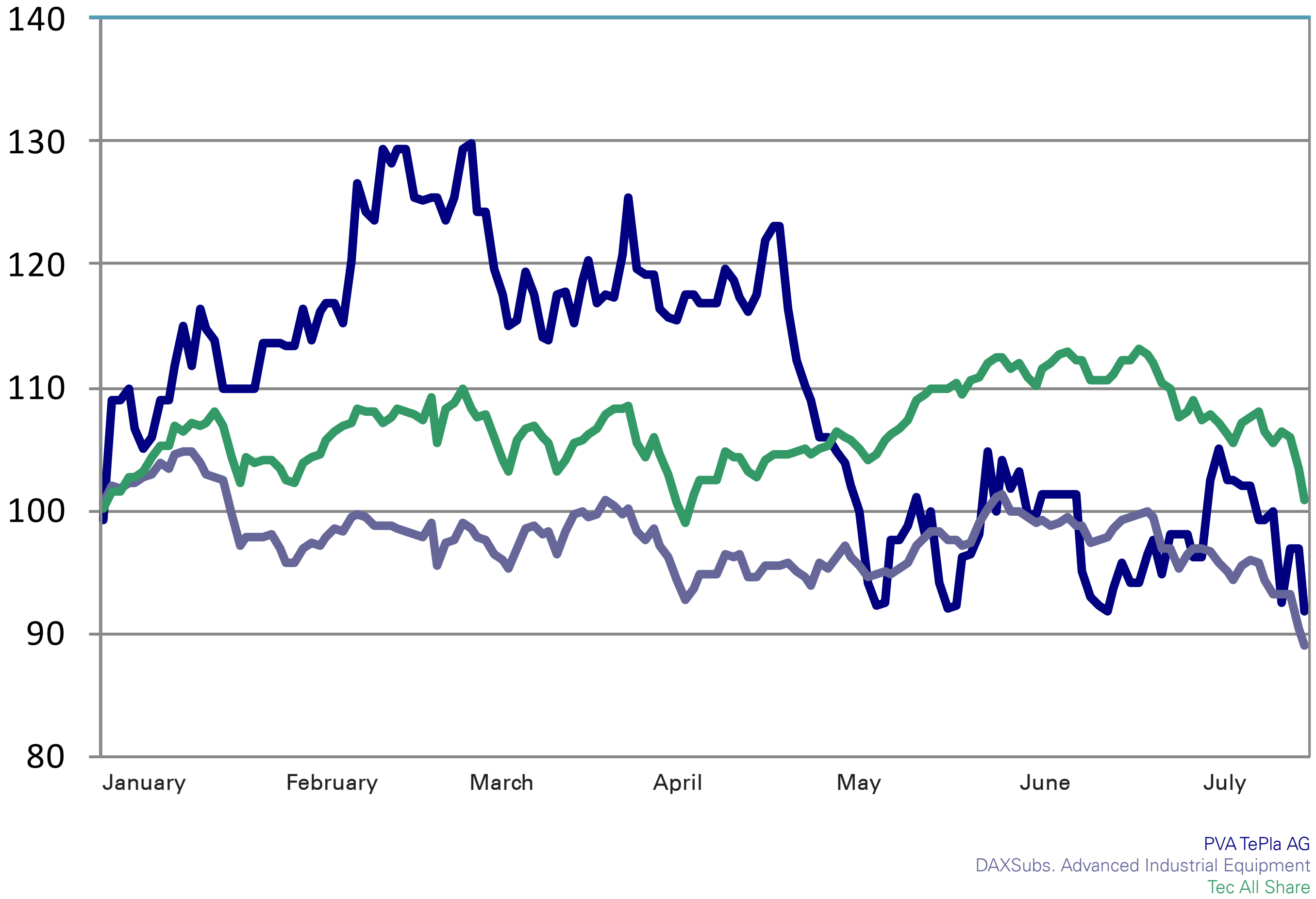
MANAGEMENT BOARD

	Shares Jun. 30, 2014	Shares Dec. 31, 2013	Subscription rights Jun. 30, 2014	Subscription rights Dec. 31, 2013
Peter Abel (PA Beteiligungsgesellschaft)	5,688,000	5,616,275	0	0
Oliver Höfer	1,100	1,100	0	0
Henning Döring	0	0	0	0

SUPERVISORY BOARD

	Shares Jun. 30, 2014	Shares Dec. 31, 2013	Subscription rights Jun. 30, 2014	Subscription rights Dec. 31, 2013
Alexander von Witzleben	15,150	15,150	0	0
Dr. Gernot Hebestreit	0	0	0	0
Prof. Dr. Markus H. Thoma	0	0	0	0

Performance of PVA TePla Shares January, 2014 – July, 2014
in % / 1-day-interval

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Interim Group Management Report

Interim Group Management Report

1. BASIC PRINCIPLES OF THE GROUP

Business Activities

The PVA TePla Group headquartered in Wettenberg, Germany, employed 417 people in eight locations as of June 30, 2014. It offers customers systems for the production and refinement of high-quality materials, which are processed under high temperatures, vacuum and sometimes under pressure conditions and in plasma.

Reporting Segments

Since January 1, 2014, the PVA TePla Group has structured its business into two divisions: Industrial Systems and Semiconductor Systems. The chart provides an overview of the organizational units and how subsidiaries are allocated to the divisions:

INDUSTRIAL 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 Industrial Vacuum Systems GmbH, Wettenberg

SEMICONDUCTOR SYSTEMS

- PVA TePla AG / Crystal Growing Systems, Wettenberg
- PVA TePla AG / Solar Systems, Wettenberg
- PVA TePla Danmark, Frederikssund, Denmark
- PVA TePla Singapore Pte. Ltd., Singapore
- PVA Vakuum Anlagenbau Jena GmbH, Jena
- PVA TePla AG / Plasma Systems, Kirchheim
- PVA TePla America Inc., Corona, California, USA
- Munich Metrology GmbH, Kirchheim
- PVA TePla Analytical Systems GmbH, Westhausen
- PVA TePla Metrology Systems GmbH, Kirchheim
- PVA Crystal Growing Systems GmbH, Wettenberg

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

CHANGES TO THE REPORTING SEGMENTS

Following the approval of the planned realignment as of January 1, 2015 at this year's Annual General Meeting, two subsidiaries were established for the purpose of integration the Vacuum Systems and Crystal Growing Systems – including floatzone systems – business units into these new companies. PVA Industrial Vacuum Systems GmbH will continue the Vacuum Systems business unit in the Industrial Systems division and PVA Crystal Growing Systems GmbH will continue the Crystal Growing Systems business unit for the semiconductor and solar market in the Semiconductor Systems division. The Plasma Systems business unit will be integrated into the existing subsidiary PVA TePla Metrology Systems GmbH. As of January 1, 2015 PVA TePla AG will act as a pure management and functional holding company.

Research and Development

The costs for research and development (R&D) for the Group within the reporting period totaled EUR 1.0 million (previous year: EUR 1.6 million).

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 optimization is estimated at approximately 10% of the total design engineering output. As part of two customer orders for high-vacuum brazing systems with a hydraulic press ("hot press"), a process control has been developed which allows for press capacity to be precisely controlled at simultaneous path limitation and conversely, for precise control of lifting power at corresponding limitation of pressing force limitation. This gives the user control of the remaining forming in the diffusion welding process. These systems include exact pressing force distribution developed by PVA TePla (up to 250t) over a total pressing surface of 600 x 800 mm. These functions are also integrated in orders for three other hot press systems for diffusion welding. The "hot press" is designed for the development and application of diffusion welding processes (material bonding without additive materials) of different materials in a variety of applications.

In the Semiconductor Systems division, developments in acoustic transducers continued in ultrasound measurement systems. The series of 200-300 MHz technology was more closely adjusted to the required applications and can be configured according to the application. The new GHz SAM (Scanning Acoustic Microscope) now has more accurate control of the scanning system and the graphic user interface has been expanded. In the Plasma Systems business unit a new single wafer system concept entered into operation, which is specifically designed for the power semiconductor and LED market and will be available from the end of the year.

2. ECONOMIC REPORT

Macroeconomic and Sector Environment

MACROECONOMIC ENVIRONMENT

Below is a brief outline of the expected economic development in the PVA TePla Group's key regions.

- According to economic analyses, German GDP growth is expected to be 1.8% in 2014 compared to 2013.
- In the Eurozone, GDP growth is estimated at 1.1% compared to 2013.
- High GDP growth of 7.4% is expected in China for 2014.
- In the USA, GDP growth is estimated at 1.9% compared to the previous year.

SECTOR ENVIRONMENT

The PVA TePla Group also faces a tough market environment in some product groups in the current fiscal year. The photovoltaics market is also marked by high overcapacities in 2014. Although there are a number of interesting solar projects outside Europe, financing remains difficult. The hard metal market, the largest single market for the Vacuum Systems business unit, continues to be characterized by significant overcapacities in 2014, particularly in China, following years of a build-up in capacities and a sluggish economic environment. According to market research institutes, investments in wafer production systems for the semiconductor industry – particularly for the production of 300 mm wafers – will increase again in 2014 following years of decline.

- The general upswing of the German economy has not yet been felt in the mechanical engineering industry. In the period from January to April 2014 seasonally-adjusted production in Germany was 1.2% below the previous year's four-month period in real terms. The mechanical engineering industry faces sluggish demand in key buyer countries. Exports to Russia, still the fourth largest buyer of German-manufactured machines in 2013, were down 17.6% year on year in the first four months. In addition, demand in Western Europe has not yet recovered on a broad scale. For the full year, real growth of 2% is expected in the second half of the year thanks to growing demand.
- An improvement in overall photovoltaics investments is cautiously expected for 2014. Given the remaining high overcapacities in this market, it remains to be seen to what extent investments are conducted in production equipment. Caution is urged considering the financing difficulties in markets that want to set up their own PV production facilities for economic policy reasons.
- In the semiconductor industry, the wafer manufacturing segment is expected to see investments in equipment increase in 2014.

Business Development

SALES REVENUES

In the first six months of 2014, the PVA TePla Group generated sales revenues of EUR 38.7 million, showing a positive trend compared to the previous year (EUR 29.6 million).

The Industrial Systems division generated sales revenues of EUR 18.2 million (previous year: EUR 12.8 million). In particular, sales revenues were generated by processing orders for the delivery of vacuum systems for the production of hard metal. Sales revenues in the Semiconductor Systems division amounted to EUR 20.5 million (previous year: EUR 16.9 million). The Plasma Systems business unit proved to be the best-performing business unit in terms of sales revenues within the Semiconductor Systems division, with the crystal growing systems for the semiconductor industry in Asia generating the second largest contribution to sales revenue in this division.

Sales Revenues by Division EUR'000	**H1 / 2014**	**H1 / 2013**
Industrial Systems	18,184	12,754
Semiconductor Systems	20,510	16,853
Total Sales Revenues	**38,694**	**29,607**

INCOMING ORDERS

Incoming orders for PVA TePla Group came to EUR 30.9 million in the first six months of 2014 (previous year: EUR 32.3 million). The book-to-bill-ratio stood at 0.8 (previous year: 1.1).The moderate recovery that was implied in the second half of 2013 did not continue in the first half of 2014 at least.

Incoming orders in the Industrial Systems division were lower than expected, totaling EUR 14.1 million in the first six months of 2014 (previous year: EUR 18.6 million). Heat treatment furnaces for the production of hard metal accounted for the majority of orders. Orders primarily came from customers in Asia. However, the Chinese market is not currently playing the dominant role that it has in recent years. The Semiconductor Systems division generated incoming orders of EUR 16.7 million, a slight year-on-year increase (previous year: EUR 13.7 million). Orders for plasma systems for the semiconductor market accounted by far for the largest share of the incoming orders in this division. As a result of continued market weakness, a higher volume of incoming orders in the crystal growing systems business unit for the semiconductor and solar industries did not materialize in the second quarter.

ORDER BACKLOG

The order backlog, consolidated and net of sales recognized according to the percentage of completion method (PoC), came to EUR 34.7 million on June 30, 2014 (previous year: EUR 31.5 million). At EUR 24.6 million on June 30, 2014, the Industrial Systems division had a higher order backlog than at the reporting date in the previous year (EUR 16.1 million); however, this order backlog included a large project totaling EUR 7.1 million that is to be realized in sales revenues through 2016. In the Semiconductor Systems division, the order backlog was EUR 10.1 million, compared to the previous year's value of EUR 15.4 million. Customers were in default on advance payments for orders received in 2013 from Russia and Asia regarding the delivery of crystal growing systems. For this reason, the order backlog was adjusted by EUR 9.9 million. Based on current political and economic uncertainties, the further course of these projects cannot be forecast.

PRODUCTION

In the first half of 2014, systems production and contract processing were performed in Germany at the Wettenberg, Westhausen and Jena locations. The production locations outside Germany were Corona in the USA and Frederikssund in Denmark. As part of efforts to further optimize Group costs, the Management Board resolved to close the business and production locations for the construction of floatzone crystal growing systems in Frederikssund by the end of 2014 and to continue business operations from Wettenberg.

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 the event of fluctuations in incoming orders.

Position

RESULTS OF OPERATIONS

In the first six months of 2014, operating profit (EBIT) amounted to EUR -5.1 million (June 30, 2013 [previous year]: EUR -8.2 million), while the consolidated net result for the period came in at EUR -4.1 million (previous year: EUR -5.9 million). The EBIT margin amounted to -13.2% (previous year: -27.6%). Return on sales amounted to -10.5% (previous year: -20.0%).

Based on consolidated sales revenues of EUR 38.7 million (previous year: EUR 29.6 million), gross profit amounted to EUR 7.9 million (previous year: EUR 2.2 million) and the gross margin stood at 20.5% (previous year: 7.5%). The gross margin improved considerably compared to the same period in the previous year (full fiscal year 2013: 13.3%), which was significantly impacted by special effects, and is nearing the level of recent years. With regard to production in the Industrial Systems division, however, the gross margin was below average due to undercapacity and additional expenses.

At EUR 4.3 million, selling and distribution expenses in the first half of 2014 were on par with the previous year's level (previous year: EUR 4.3 million). Due to the cost reduction measures implemented in the past fiscal year, administrative expenses were down year on year from EUR 4.7 million to EUR 3.7 million despite the expenditures related to the closure of the location in Denmark as well as legal and consulting costs associated with revising the tax group contracts and the future organizational structure (reorganization).

R&D costs declined to EUR 1.0 million (previous year: EUR 1.6 million). At EUR 4.7 million (previous year: EUR 1.4 million), other operating expenses were up considerably year on year, particularly due to the specific valuation allowances for future receivables on construction contracts and trade receivables. Other operating income in the amount of EUR 0.7 million (previous year: EUR 1.6 million) mainly included income from grants in the context of R&D projects, income from exchange rate differences as well as the release of provisions.

Due to the undercapacity in the Industrial Systems division and additional expenses related to specific projects, EBIT in this division came to EUR -0.6 million (previous year: EUR -1.8 million). The Semiconductor Systems division generated EBIT of EUR -4.5 million (previous year: EUR -6.5 million). In this division, the operating result was negatively impacted by expenses related to value adjustments for future receivables on construction orders in the Solar Systems business unit, costs associated with closing the location in Denmark as well as the absence of larger projects in the semiconductor wafer industry.

The net balance of interest income and interest expenses came to a total of EUR -0.5 million (previous year: EUR -0.2 million). Net result before tax amounted to EUR -5.6 million (previous year: EUR -8.3 million), and the consolidated result for the period amounted to EUR -4.1 million (previous year: consolidated result of EUR -5.9 million). Income taxes, which totaled EUR 1.5 million (previous year: EUR 2.4 million), comprised current tax expenses of EUR 0.0 million (previous year: EUR -0.4 million) and deferred taxes of EUR 1.5 million (previous year: EUR 2.8 million).

FINANCIAL POSITION

Investments

Investments totaled EUR 0.6 million in the first half of 2014 (previous year: EUR 0.5 million). These investments were mainly attributable to plant and office equipment.

Liquidity

Operating cash flow was down considerably at EUR -10.5 million in the first six months of 2014 (first half of 2013 [previous year]: EUR -1.6 million). Three factors were primarily responsible for this development: First, advance payments received on orders at the end of 2013 were proportionally higher than the historical average figures – i.e., up EUR 1.8 million on the previous year. Second, final settlements and payments of EUR 0.8 million related to the previous year's restructuring program were made in the first quarter. Third, up-front funding and advance work on orders were necessary in the first half of the year for orders that will be delivered on in the third and fourth quarters. Operating cash flow fluctuates heavily from one reporting date to the next in the Vacuum Systems and Crystal Growing Systems business units due to the project structure of orders and methods of payment.

Cash flow from investing activities amounted to EUR -0.6 million (previous year: EUR -0.6 million). Cash flow from financing activities was EUR +5.6 million (previous year: EUR -3.0 million). Total cash flow in the first six months of 2014, including exchange rate differences, amounted to EUR -5.1 million (previous year: EUR -5.0 million). Free cash flow was EUR -11.1 million (previous year: EUR -1.9 million). The net financial position (surplus of current and non-current financial liabilities beyond cash and cash equivalents) amounted to EUR 12.1 million (previous year: EUR -3.2 million).

ASSET POSITION

Total assets amounted to EUR 96.0 million as of June 30, 2014, up nearly 4% on the figure of EUR 92.4 million as of December 31, 2013 (previous year).

The value of property, plant and equipment was practically unchanged at EUR 30.6 million (previous year: EUR 31.0 million). The value of intangible assets remained unchanged at EUR 8.8 million (previous year: EUR 8.8 million). Deferred tax assets rose to EUR 8.1 million as a result of capitalized deferred taxes for losses carried forward (previous year: EUR 6.5 million). Overall, non-current assets totaled EUR 47.8 million versus EUR 46.7 million in the previous year.

Current assets increased by 5.5% to EUR 48.2 million (previous year: EUR 45.7 million). The largest change was caused by an increase in work in progress to EUR 11.5 million (previous year: EUR 8.1 million). In addition to further processing of customer orders, this also included reclassifications of coming receivables on construction contracts in the amount of EUR 3.8 million. These orders were offset by advance payments received on orders amounting to EUR 3.1 million, which were disclosed with the stage of completion in the previous year's financial statements in accordance with IAS 11. Cash decreased to EUR 1.4 million (previous year: EUR 6.6 million) on account of a negative operating cash flow. The rise in trade receivables on construction contracts to EUR 11.5 million (previous year: EUR 9.6 million) was due to the increase in sales revenues and the delivery of a larger order shortly before the reporting date. The increase in other current receivables to EUR 3.1 million (previous year: EUR 1.6 million) was primarily due to prepaid expenses, receivables from value added tax and from investment incentives.

Non-current liabilities (including non-current provisions) remained stable overall at EUR 20.4 million (previous year: EUR 20.5 million). Slight increases in pension provisions to EUR 11.5 million (previous year: EUR 11.4 million) and deferred tax liabilities to EUR 1.5 million (previous year: EUR 1.4 million) were offset by a corresponding decrease in other non-current provisions to EUR 0.2 million (previous year: EUR 0.5 million).

Current liabilities rose to EUR 29.3 million (previous year: EUR 21.5 million). Based on the negative operating cash flow, an unused line of credit related to investment property was utilized in the amount of EUR 5.0 million in order to finance working capital. Advance payments on orders rose to EUR 9.7 million (previous year: EUR 8.3 million). The rise was due in particular to the fact that construction contracts amounting to EUR 3.8 million arising from coming receivables on construction contracts were reclassified to work in progress. These orders were offset by advance payments received amounting to EUR 3.1 million, which were disclosed with the stage of completion in the previous year's financial statements in accordance with IAS 11. Trade payables rose slightly to EUR 3.3 million (previous year: EUR 3.2 million) on account of the increase in sales revenues, as did liabilities from construction contracts, which increased from EUR 0.1 million (previous year) to EUR 0.3 million. Other current provisions increased to EUR 2.3 million (previous year: EUR 1.9 million). Accrued liabilities decreased slightly to EUR 5.5 million (previous year: EUR 5.7 million).

Shareholders' equity decreased to EUR 46.2 million (previous year: EUR 50.3 million) due to the consolidated result for the period of EUR -4.1 million (December 31, 2013: EUR -7.4 million). The equity ratio fell from 54.5% as of December 31, 2013 to 48.2%.

Financial and Non-Financial Performance Indicators

EMPLOYEES

As of June 30, 2014, the Group employed 417 people (December 31, 2013: 424 employees; June 30, 2013: 494 employees). The number of employees decreased noticeably in comparison to June 30, 2013 because of measures to reduce personnel costs.

3. SUPPLEMENTARY REPORT

There have been no significant events since June 30, 2014.

4. RISK, OPPORTUNITIES AND FORECAST REPORT

During the first two quarters of fiscal year 2014, there were no significant changes to the opportunities and risks presented in the management report 2013 other than those described below.

Risk Report

MARKET RISKS

According to current opinion, there are no further risks to the Group's order backlog. However, it should be noted that export restrictions with regard to Russia, if any are imposed by the German government, could impact future projects.

In recent weeks, PVA TePla initiated legal steps against customers in the Asian solar systems industry for whom PVA TePla processed contracts totaling more than EUR 7 million up to an extremely high stage of completion. However, the customers do not intend to complete the current projects. As a result, these projects were removed from the order backlog. In the context of legal disputes, PVA TePla may have the opportunity to sue for further payments, but there is also the risk that the opposing party may assert a claim for reimbursement of advance payments.

Forecast Report

As announced in the press release dated May 30, 2014, the Management Board of PVA TePla anticipates consolidated sales revenues between EUR 70 million and EUR 80 million for fiscal year 2014 (previously: between EUR 90 million and EUR 100 million) and an operating result in the order of EUR -6 million (previously: EBIT margin of +2% to +4%).

Wettenberg, August 14, 2014


EK7 2700

Interim Consolidated Financial Statements

Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET
as at June 30, 2014

ASSETS EUR'000	Jun. 30, 2014	Dec. 31, 2013
Non-current assets		
Intangible assets	**8,770**	**8,766**
Goodwill	7,808	7,808
Other intangible assets	962	918
Payments in advance	0	40
Property, plant and equipment	**30,556**	**31,038**
Land, property rights and buildings, including buildings on third party land	26,230	26,732
Plant and machinery	2,788	2,775
Other plant and equipment, fixtures and fittings	1,506	1,494
Advance payments and assets under construction	32	37
Investment property	**377**	**388**
Non-current investments	**8**	**8**
Deferred tax assets	**8,053**	**6,459**
Total non-current assets	47,764	**46,659**
Current assets		
Inventories	**21,864**	**18,832**
Raw materials and operating supplies	8,060	8,335
Work in progress	11,463	8,075
Finished products and goods	2,341	2,422
Coming receivables on construction contracts	**8,761**	**8,081**
Trade and other receivables	**16,017**	**12,149**
Trade receivables	11,510	9,619
Payments in advance	1,400	883
Other receivables	3,107	1,647
Tax repayments	**131**	**76**
Cash	**1,432**	**6,566**
Total current assets	48,205	**45,704**
Total	95,969	**92,363**

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

LIABILITIES AND SHAREHOLDERS' EQUITY EUR'000	Jun. 30, 2014	Dec. 31, 2013
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	26,706	30,771
Other reserves	-2,139	-2,131
Minority interest	-83	-83
Total shareholders' equity	**46,234**	**50,307**
Non-current liabilities		
Non-current financial liabilities	6,470	6,540
Other non-current liabilities	732	688
Retirement pension provisions	11,489	11,377
Deferred tax liabilities	1,466	1,422
Other non-current provisions	233	490
Total non-current liabilities	**20,390**	**20,517**
Current liabilities		
Short-term financial liabilities	7,079	1,080
Trade payables	3,311	3,219
Obligations on construction contracts	304	97
Advance payments received on orders	9,689	8,282
Accruals	5,511	5,683
Other short-term liabilities	1,161	1,059
Provisions for taxes	15	204
Other short-term provisions	2,275	1,915
Total current liabilities	**29,345**	**21,539**
Total	**95,969**	**92,363**

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

CONSOLIDATED INCOME STATEMENT

January 1 - June 30, 2014

EUR'000	**Apr. 1 - Jun. 30, 2014**	Apr. 1 - Jun. 30, 2013 adjusted[1)]	**Jan. 1 - Jun. 30, 2014**	Jan. 1 - Jun. 30, 2013 adjusted[1)]
Sales revenues	**19,583**	**14,974**	**38,694**	**29,607**
Cost of sales	-15,340	-15,543	-30,748	-27,391
Gross profit	**4,243**	**-569**	**7,946**	**2,216**
Selling and distributing expenses	-2,177	-2,411	-4,330	-4,265
General administrative expenses	-2,053	-2,794	-3,719	-4,706
Research and development expenses	-599	-1,065	-1,013	-1,586
Other operating income	241	1,152	706	1,565
Other operating expenses	-4,128	-710	-4,711	-1,406
Operating result (EBIT)	**-4,473**	**-6,397**	**-5,121**	**-8,182**
Finance revenues	27	108	65	233
Finance costs	-153	-195	-542	-384
Financial result and share of profits from associates	**-126**	**-87**	**-477**	**-151**
Net result before tax	**-4,599**	**-6,484**	**-5,598**	**-8,333**
Income taxes	1,247	1,900	1,533	2,422
Consolidated net result for the period	**-3,352**	**-4,584**	**-4,065**	**-5,911**
of which attributable to				
Shareholders of PVA TePla AG	-3,352	-4,638	-4,065	-5,963
Minority interest	0	54	0	52
Consolidated net result for the period	**-3,352**	**-4,584**	**-4,065**	**-5,911**
Earnings per share				
Earnings per share (basic) in EUR	-0.15	-0.21	-0.19	-0.27
Earnings per share (diluted) in EUR	-0.15	-0.21	-0.19	-0.27
Average number of share in circulation (basic)	21,749,988	21,749,988	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988	21,749,988	21,749,988

1) Due to the disclosure of interest the comparative figures have been adjusted. We refer to the notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - June 30, 2014

EUR´000	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Consolidated net result for the period	**-4,065**	**-5,911**
of which attributable to shareholders of PVA TePla AG	-4,065	-5,963
of which attributable to minority interest	0	52
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency changes	-13	-88
Income taxes	3	-14
Changes recognized outside profit or loss (currency changes)	**-10**	**-102**
Changes in fair values of derivative financial instruments	3	7
Income taxes	-1	-2
Changes recognized outside profit or loss (derivative financial instruments)	**2**	**5**
Total of items that may be reclassified to profit or loss	**-8**	**-97**
Other comprehensive income after taxes (changes recognized outside profit or loss)	**-8**	**-97**
of which attributable to shareholders of PVA TePla AG	-8	-97
of which attributable to minority interest	0	0
Total comprehensive income	**-4,073**	**-6,008**
of which attributable to shareholders of PVA TePla AG	-4,073	-6,060
of which attributable to minority interest	0	52

CONSOLIDATED CASH FLOW STATEMENT

January 1 - June 30, 2014

	EUR'000	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013 adjusted[1)]
	Consolidated net result for the period	-4,065	-5,911
	Adjustments to the consolidated net result for the period for reconciliation to the cash flow operating activities:		
+	Income taxes	-1,533	-2,422
-	Finance revenues	-65	-233
+	Finance costs	542	384
=	**Operating result**	**-5,121**	**-8,182**
-	Income tax payments	-273	293
+	Amortization and depreciation	1,072	1,304
-/+	Gains/losses on disposals of non-current assets	10	44
+/-	Other non-cash expenses / income	475	-216
		-3,837	**-6,757**
-/+	Increase/decrease in inventories, trade receivables and other assets	-7,734	3,839
+/-	Increase/decrease in provisions	-194	1,094
+/-	Increase/decrease in trade payables and other liabilities	1,305	252
=	**Cash flow from operating activities**	**-10,460**	**-1,572**
-	Payments for the acquisition of consolidated companies and other business units	0	-288
+	Proceeds from disposals of intangible assets and property, plant and equipment	2	1
-	Payment of intangible assets and property, plant and equipment	-594	-339
+	Interest receipts	7	21
=	**Cash flow from investing activities**	**-585**	**-605**
-	Payments to shareholders (dividends, capital repayments)	0	-2,175
+	Receipts from issuance of debt and borrowing of loans	6,000	0
-	Payments from redumption of debt and loans	-6,023	-540
+/-	Change in short-term bank liabilities	5,730	-59
-	Payment of interest	-135	-220
=	**Cash flow from financing activities**	**5,572**	**-2,994**
	Net change in cash and cash equivalents	-5,473	-5,171
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	338	143
+	Cash and cash equivalents at the beginning of the period	6,567	10,009
=	**Cash and cash equivalents at the end of the period**	**1,432**	**4,981**

[1)] Due to the disclosure of interest the comparative figures have been adjusted. We refer to the notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - June 30, 2014

EUR'000	Shared issues		Revenue reserves	Other equity components	Pension provisions	Total	Minority interest	Total shareholders' interest
	Number							
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
As at January 1, 2013	21,749,988	21,750	40,522	-241	-1,914	60,117	-251	59,866
Total income			-5,963	-97	0	-6,060	52	-6,008
Dividend			-2,175	0	0	-2,175	0	-2,175
As at June 30, 2013	21,749,988	21,750	32,384	-338	-1,914	51,882	-199	51,683
As at January 1, 2014	**21,749,988**	**21,750**	**30,771**	**-366**	**-1,765**	**50,390**	**-83**	**50,307**
Total income			-4,065	-8	0	-4,073	0	-4,073
As at June 30, 2014	**21,749,988**	**21,750**	**26,706**	**-374**	**-1,765**	**46,317**	**-83**	**46,234**

Selected Notes

A. GENERAL INFORMATION AND BASIS OF PRESENTATION

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

GENERAL PRINCIPLES AND ACCOUNTING STANDARDS

This half-year report was prepared in accordance with International Financial Reporting Standards (IFRS). It thus also complies with IAS 34 (Interim Financial Reporting). This interim financial report has not been audited.

These notes mainly contain details of items in which there have been significant changes as against the consolidated financial statements as of December 31, 2013.

REPORTING CURRENCY AND CURRENCY TRANSLATION

The reporting currency and currency translation principles applied are the same as those used for the 2013 consolidated financial statements. The material exchange rates of countries outside the Eurozone that are included in the half-year report are as follows:

EUR = 1	Average exchange rate		Exchange rate on the balance sheet date	
	H1/2014	H1/2013	**Jun. 30, 2014**	Dec. 31, 2013
USA (USD)	1.3709	1.3129	1.3648	1.3767
China (CNY)	8.4171	8.1967	8.3963	8.4104
Denmark (DKK)	7.4626	7.4571	7.4571	7.4598
Singapore (SGD)	1.7282	1.6319	1.7059	1.7461
Taiwan (TWD)	41.4188	38.9105	40.8163	41.3223

COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include its fully consolidated subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control). The following companies were fully consolidated in the half-year report as of June 30, 2014:

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	Kirchheim, Germany	100 %
Munich Metrology Taiwan Ltd.	Hsinchu, Taiwan	100 %
JenaWave GmbH	Jena, Germany	100 %
PVA Industrial Vacuum Systems GmbH	Wettenberg, Germany	100 %
PVA Crystal Growing Systems GmbH	Wettenberg, Germany	100 %

PVA Industrial Vacuum Systems GmbH, which was founded in April 2014 with share capital of EUR 25 thousand, was included in the group of consolidated companies for the first time. The company is active in the development, production, distribution, processes, goods, systems and services of material and vacuum technology. In fiscal year 2014, the company will serve only as a "shell company" under German corporate law and will become operational as of January 1, 2015 when the reorganization commences.

PVA Crystal Growing Systems GmbH was also founded in April 2014 with share capital of EUR 25 thousand. The company is active in the development, production, distribution, processes, goods, systems and services of material and crystal growing technology. In fiscal year 2014, this company, too, will serve only as a "shell company" under German corporate law and will become operational as of January 1, 2015 when the reorganization commences.

Service company Munich Metrology USA Inc. was dissolved in the second quarter of 2014. No income or expenses arose in fiscal year 2014.

No further changes have occurred since the 2013 consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in this half-year report are the same as those applied in the consolidated financial statements as of December 31, 2013. The single entity financial statements included in the half-year report are prepared with consistent accounting policies according to IAS 27 (Separate Financial Statements) and IFRS 10 (Consolidated Financial Statements).

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in this half-year report as of June 30, 2014 are the same as those applied in the consolidated financial statements as of December 31, 2013.

ROUNDINGS

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

ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated interim financial statements requires estimates and assumptions to be made by management. These influence the presentation of income and expenditures, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

If in the future such estimates and assumptions taken by management and made to the best of its knowledge at the time of the half-year report should deviate from actual circumstances, the original estimates and assumptions will be adjusted in the reporting period in which the conditions changed.

B. NOTES ON SELECTED BALANCE SHEET ITEMS

FINANCIAL ASSETS

On June 30, 2014, financial assets included other non-current receivables in the amount of EUR 8 thousand (December 31, 2013 [previous year]: EUR 8 thousand).

COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

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

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Capitalized production costs including contract profits	13,877	15,035
for which advance payments received	-5,116	-6,954
Total	**8,761**	**8,081**

As of December 31, 2013 coming receivables on construction contracts amounted to EUR 8,081 thousand. This figure included coming receivables on construction contracts of EUR 5,844 thousand for which advanced payments in the amount of EUR 3,093 thousand were received. In May 2014, these coming receivables on construction contracts were impaired and have since been accounted for using the principles of IAS 2 (inventory valuation).

The net realizable value in the amount of EUR 3,822 thousand was determined taking into account the payments received.

OTHER CURRENT RECEIVABLES

Other current receivables are composed as follows:

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Receivables from investment incentives	570	369
Value added tax due	719	443
Accounts payable with debit balances	90	29
Deferred prepayments	980	299
Others	748	507
Total	**3,107**	**1,647**

SHAREHOLDERS' EQUITY

Share Capital

As of June 30, 2014, PVA TePla AG had issued 21,749,988 no-par value shares, each with a notional interest in the share capital of EUR 1.00.

Contingent and Authorized Capital

There was no contingent capital as of June 30, 2014.

On June 13, 2012, 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 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 2014.

NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities totaled EUR 6,470 thousand (previous year: EUR 6,540 thousand) – all of which were liabilities to banks. Non-current financial liabilities are composed as follows:

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Non-current financial liabilities	13,547	7,617
Portion of non-current financial liabilities due in less than one year	-7,077	-1,077
Non-current financial liabilities less current portion	**6,470**	**6,540**

The increase in financial liabilities is, on the one hand, a result of the refinancing of two fixed-interest real estate loans, which were secured by land charges, for a new building in Wettenberg for EUR 5,684 thousand which were combined into a new loan of EUR 6,000 thousand with a term until December 2022. At the same time, a remaining discount applied to the discharged loans was recognized in the financial result in the income statement. On the other hand, a previously unutilized loan to finance the building at the Wettenberg site was utilized for securing short-term liquidity.

PENSION PROVISIONS

The slight rise in pension provisions results from the planned addition. Since the 2013 annual financial statements, the interest portion included in pension expenses is no longer split as an expense between the functional units but is now reported in the financial result. The prior-year figures were adjusted accordingly.

CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported primarily relate to the current positions of non-current financial liabilities here totaling EUR 7,077 thousand (previous year: EUR 1,077 thousand). Current liabilities to banks amounted to EUR 2 thousand (previous year: EUR 3 thousand). Current financial liabilities include the previously unutilized loan to finance the building at the Wettenberg site that was utilized for securing short-term liquidity.

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 on the balance sheet as "Advance payments received on orders".

These "Obligations on construction contracts" are composed as follows:

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Advance payments received (progress billing)	2,211	393
less contract costs incurred (incl. share of profit)	-1,907	-296
Total	**304**	**97**

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 June 30, 2014 was EUR 9,689 thousand (previous year: EUR 8,282 thousand).

ACCRUALS

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

Accrued liabilities are composed as follows:

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Obligations to employees	2,880	2,859
Obligations to suppliers	2,345	2,443
Other commitments	286	381
Total	**5,511**	**5,683**

OTHER CURRENT LIABILITIES

Other current liabilities increased slightly to EUR 1,161 thousand (previous year: EUR 1,059 thousand) and are composed as follows:

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Payroll and church tax liabilities	635	491
Other liabilities	526	568
Total	**1,161**	**1,059**

OTHER PROVISIONS

Other provisions were divided into non-current (EUR 233 thousand; previous year: EUR 490 thousand) and current provisions (EUR 2,275 thousand; previous year: EUR 1,915 thousand), and are composed as follows:

EUR'000	Jun. 30, 2014	Dec. 31, 2013
Warranty	846	1,054
Subsequent costs	963	537
Archiving	182	182
Penalties	26	0
Others	491	632
Total	**2,508**	**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.

Non-current provisions primarily relate to provisions for archiving as well as non-current payments related to 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.

OTHER FINANCIAL OBLIGATIONS

There were no notable changes in other financial obligations from leases and other contracts as compared to the 2013 consolidated financial statements.

C. NOTES ON SELECTED INCOME STATEMENT ITEMS

SALES REVENUES

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.

Customer-specific construction contracts are generally recognized in accordance with IAS 11 on the basis of the progress of the work (percentage of completion method) provided that 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.

If the outcome of a construction contract cannot be estimated reliably, proceeds are recognized only to the extent of the contract costs incurred which can probably be covered ("zero profit margin method").

If a contracting entity pulls out completely, contract production is discontinued pursuant to IAS 11 (PoC method or ZPM method). The amount capitalized to this date – after any necessary valuation allowances – is measured in accordance with the general provisions of the measurement of inventories (IAS 2).

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

EUR'000	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Systems	31,943	20,506
After-sales	5,072	6,885
Contract processing	1,586	1,919
Others	93	297
Total	**38,694**	**29,607**

Sales revenues in the first six months of 2014 were mainly comprised of systems business, which accounted for 83% of PVA TePla Group's total sales revenues. Sales revenues from After-sales business accounted for 13% of total sales revenues. The share of contract processing sales revenues is at 4% of total sales revenues for 2014.

Sales revenues by region are broken down as follows:

EUR'000	**Jan. 1 - Jun. 30, 2014**	Jan. 1 - Jun. 30, 2013
Germany	10,777	9,420
Europe (excluding Germany)	3,048	4,170
North America	1,003	2,779
Asia	23,164	11,749
Others	701	1,489
Total	**38,694**	**29,607**

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses reported in the income statement amounted to EUR 1,013 thousand in the first six months of 2014 and EUR 1,586 thousand in the first six months of 2013. Income from research and development project grants of EUR 285 thousand in 2014 and EUR 295 thousand in 2013 was recognized separately under "Other operating income".

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 rates stated above or country-specific tax rates for companies outside of Germany.

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

Income tax expenses are broken down as follows:

EUR'000	**Jan. 1 - Jun. 30, 2014**	Jan. 1 - Jun. 30, 2013
Current tax expenses	-29	-361
Deferred tax expenses (-) / income	1,562	2,783
Total income taxes	**1,533**	**2,422**

EARNINGS PER SHARE

Consolidated net result for the period before minority interests amounted to EUR -4,065 thousand (January 1 – June 30, 2013 [previous year]: EUR -5,963 thousand). As in the previous year, an average of 21,749,988 bearer shares without par value was in circulation in the first six months of 2014.

The earnings per share figure is calculated by dividing consolidated net result by the weighted average number of shares outstanding during the year.

Calculation of earnings per share for January 1 to June 30, 2014 and 2013:

	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Numerator: Consolidated net result for the period before minority interests (EUR '000)	-4,065	-5,963
Denominator: Weighted number of shares outstanding – basic	21,749,988	21,749,988
Earnings per share (EUR)	**-0.19**	**-0.27**

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 earnings per share as of June 30, 2014.

D. NOTES ON THE CASH FLOW STATEMENT

The cash flow statement was prepared in line with the same principles as in the consolidated financial statements 2013 and is structured in the same way.

E. ADDITIONAL DISCLOSURES

SEGMENT REPORTING

Since January 1, 2014, PVA TePla Group has been divided into two divisions: Industrial Systems and Semiconductor Systems. Performance is assessed and decisions regarding the assignment of resources to the segments are made on the basis of PVA TePla AG's two divisions. The following segment reporting therefore follows the Group's organizational structures of the two divisions based on PVA TePla's Group internal management system.

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 period.

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

EUR'000	External sales revenues		Internal sales revenues		Total sales revenues		Operating result (EBIT)	% of sales revenues	Operating result (EBIT)	% of sales revenues
	2014	2013	2014	2013	2014	2013	2014		2013	
Industrial Systems	8,712	5,619	299	238	9,011	5,857	-363	-4.2	-1,807	-32.2
Semiconductor Systems	10,871	9,355	104	190	10,975	9,545	-4,148	-38.1	-4,588	-49.0
Segment total	**19,583**	**14,974**	**403**	**429**	**19,986**	**15,402**	**-4,511**	**-23.0**	**-6,395**	**-42.7**
Consolidation	0	0	0	0	0	0	38	-	-2	-
Group	**19,583**	**14,974**	**403**	**429**	**19,986**	**15,402**	**-4,473**	**-22.8**	**-6,397**	**-42.7**

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

EUR'000	External sales revenues		Internal sales revenues		Total sales revenues		Operating result (EBIT)	% of sales revenues	Operating result (EBIT)	% of sales revenues
	2014	2013	2014	2013	2014	2013	2014		2013	
Industrial Systems	18,184	12,754	518	299	18,702	13,053	-634	-3.5	-1,752	-13.7
Semiconductor Systems	20,510	16,853	118	282	20,628	17,135	-4,531	-22.1	-6,494	-38.5
Segment total	**38,694**	**29,607**	**636**	**581**	**39,330**	**30,188**	**-5,165**	**-13.3**	**-8,246**	**-27.9**
Consolidation	0	0	0	0	0	0	44	-	64	-
Group	**38,694**	**29,607**	**636**	**581**	**39,330**	**30,188**	**-5,121**	**-13.2**	**-8,182**	**-27.6**

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

EUR'000	Apr. 1 - Jun. 30, 2014	Apr. 1 - Jun. 30, 2013	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Total segment results	-4,511	-6,395	-5,165	-8,246
Consolidation	38	-2	44	64
Consolidated operating profit (EBIT)	-4,473	-6,397	-5,121	-8,182
Financial result	-126	-87	-477	-151
Results before taxes	-4,599	-6,484	-5,598	-8,333
Income taxes	1,247	1,900	1,533	2,422
Consolidated net result for the period	**-3,352**	**-4,584**	**-4,065**	**-5,911**

Business relationships between the segments were eliminated on consolidation.

FINANCIAL INSTRUMENTS

In May 2011, the IASB published IFRS 13 "Fair Value Measurement". It combines the rules on measuring fair value, which were included in the individual IFRS up to that point, into one standard and replaces it with one standardized provision. PVA TePla has been applying IFRS 13 since January 1, 2013.

Of the financial instruments recognized as of the reporting date, only derivative financial instruments are measured at fair value. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in an arm's length transaction on the measurement date. In view of varying external factors, the reported fair values can now be regarded as indicators for actual values realizable in the market.

The following table shows the classification of PVA TePla AG's derivative financial instruments into the three levels of the fair value hierarchy:

as of June 30, 2014 in EUR'000	Total	Level 1	Level 2	Level 3
Financial liabilities measured at fair value:				
Derivative financial instruments	**838**	0	838	0

Level 1: Fair value is measured on the basis of listed, unadjusted prices in active markets for these or identical assets and liabilities.
Level 2: The fair value of these assets and liabilities is measured on the basis of parameters for which directly or indirectly derived listed prices are available in an active market.
Level 3: Fair value measurement for these assets and liabilities is based on parameters for which no market data is available.

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. In the first six months of the year, as in the 2013 consolidated financial statements, no reclassifications were made within the level hierarchy.

DERIVATIVE FINANCIAL INSTRUMENTS

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

Forwards Exchange Contracts
As the majority of sales are conducted in the respective currency of the supplying country (EUR in the Eurozone, USD in the US), exchange risks only arise in a limited number of cases. If material contracts are concluded in a for-

eign currency, the exchange risks occurring as a result are covered by corresponding hedging transactions.

Forward exchange contracts with a total open volume of EUR 668 thousand or USD 920 thousand were concluded to hedge USD payment claims for deliveries of the Semiconductor Systems division. The maturities of the forward exchange contracts were established according to the dates the payments are expected to be received. These forward exchange contracts were measured at fair value on the basis of the forward exchange rate applicable on the reporting date for the remaining term. Their total present value on June 30, 2014 is EUR -5 thousand.

Interest Rate Hedges
To hedge the interest rate risk for financing investments in buildings at the Wettenberg and Jena sites, interest rate hedges originally totaling EUR 11,600 thousand were concluded. The open amount of these hedges as of the reporting date on June 30, 2014 was EUR 6,200 thousand. The fair value of these instruments is reported under other financial liabilities, totaling EUR -833 thousand as of the reporting date.

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 Wettenberg 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 applicable fair value of the hedges (EUR -861 thousand) was last determined on the day the new loan was granted and has since then been released on a pro rata basis over the remaining term. Of this amount, a cumulative EUR 33 thousand was released to income in 2014; the remaining fair value to be released amounts to EUR -828 thousand.

COST OF MATERIALS

The production cost includes the following cost of materials:

EUR'000	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Cost of raw materials, consumables and supplies and of goods purchased and held for resale	17,141	8,188
Cost of purchased services	1,428	2,546
Total	**18,569**	**10,734**

PERSONNEL EXPENSES

The personnel expenses comprise the following:

EUR'000	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Wages and salaries	12,803	16,118
Social charges	2,131	2,533
Expenditure on retirement pensions	310	358
Total	**15,244**	**19,009**

The decrease of personnel expenses is substantially due to the personnel measures initiated last year and the related reduction in the number of employees.

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

Number of employees by function (average for the period)	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Administration	60	63
Sales	47	53
Engineering, research and development	89	110
Production and service	220	269
Total number of employees	**416**	**495**

EXECUTIVE BODIES OF THE COMPANY

In the period from January 1 to June 30, 2014, the Management Board of PVA TePla AG consisted of the following persons:

Dr. Arno Knebelkamp, Mülheim
(Chairman/CEO until June 13, 2014)

Managing Director of the following Group companies:
- PVA TePla Analytical Systems GmbH, Westhausen (until June 12, 2014)

Membership in supervisory bodies:
- PVA TePla America Inc., Corona, USA (Director) (until June 12, 2014)
- Profine GmbH, Troisdorf (Deputy Chairman of the Supervisory Board)

Oliver Höfer, Jena
(Chief Operating Officer/COO)

Managing Director of the following Group companies:
- PVA Vakuum Anlagenbau Jena GmbH, Jena
- PVA Jena Immobilien GmbH, Jena
- JenaWave GmbH, Jena
- PVA Crystal Growing Systems GmbH, Wettenberg (since April 11, 2014)
- PVA TePla Analytical Systems GmbH, Westhausen (since June 16, 2014)
- PVA TePla Singapore Pte. Ltd., Singapore (since June 20, 2014)

Peter Abel, Wettenberg
(since April 1, 2014 responsible for strategic corporate planning; since June 13, 2014 Chairman/CEO)

Managing Director of the following Group companies:
- PVA Industrial Vacuum Systems GmbH, Wettenberg (since April 11, 2014)
- PVA Crystal Growing Systems GmbH, Wettenberg (since April 11, 2014)

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

Membership in supervisory bodies:
- Xian Huade CGS Ltd., Xian, PR China (Chairman of the Supervisory Board)
- SCHEBO Biotech AG, Giessen (until May 31, 2014 Chairman of the Supervisory Board)
- 3D Präzisionstechnik AG, Asslar (Chairman of the Supervisory Board)

Henning K. G. Döring, Giessen
(since April 1, 2014 Chief Financial Officer)

Managing Director of the following Group companies:
- PVA TePla America Inc., Corona, USA (Director) (since June 19, 2014)

Members of the Supervisory Board for the period from January 1 to June 30, 2014 were as follows:

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

Member of the following other supervisory bodies:
- VERBIO Vereinigte BioEnergie AG, Leipzig (Chairman of the Supervisory Board)
- Siegwerk 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/England

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

Prof. Dr. Günter Bräuer, Cremlingen (until June 13, 2014)
- 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:
- Institut für Solarenergieforschung GmbH, Emmerthal (Member of the Scientific Advisory Board)

Prof. Dr. Markus H. Thoma, Schöffengrund
(since June 13, 2014)
- Professor of Plasma and Astronautics at the University of Giessen

Member of the following other supervisory bodies:
- none

With the exception of the appointment of a new Chairman and a new Chief Financial Officer as well as the change in the supervisory board there were no other changes with regard to the functions and memberships of other bodies of the members of executive bodies at PVA TePla AG as of the reporting date June 30, 2014.

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).

PVA TePla AG's relevant transactions with related parties principally encompass acquisition of operating and office equipment from IT companies, in which the Chairman has shareholdings. In the first six months of 2014, the value of purchases from these companies amounted to EUR 389 thousand and the value of sales to EUR 13 thousand up to now. The net amounts of outstanding receivables and liabilities as of the reporting date on June 30, 2014 were EUR 0 thousand and EUR 52 thousand respectively. All transactions are conducted at arm's length conditions.

DISCLOSURES UNDER SECTION 160 (1) NO. 8 AKTG

No new disclosures were received in the period from January 1 to June 30, 2014.

SIGNIFICANT POST-BALANCE SHEET DATE EVENTS

Please refer to section 3 of the interim group management report. There have been no significant events since June 30, 2014.

AUDITOR

At the Annual General Meeting on June 13, 2014, the shareholders approved the Supervisory Board's proposal and, as in the previous year, appointed Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft / Steuerberatungsgesellschaft, Frankfurt am Main, Germany, as auditor of the annual and consolidated financial statements for the fiscal year 2014.

RESPONSIBILITY STATEMENT

To the best of my knowledge, we assure that in accordance with the applicable reporting principles, the interim reporting of the Consolidated Financial Statements gives a true and fair view of the net assets, financial position and profit or loss of the Group, and that the Interim Group Management Report 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 for the remainder of the fiscal year.

Wettenberg, August 14, 2014

Peter Abel
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

Henning Döring
Chief Financial Officer

FINANCIAL CALENDAR

Date		
November 7, 2014	Publication of the Q3 Report	
November 24-26, 2014	German Equity Forum	Frankfurt

IMPRINT

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