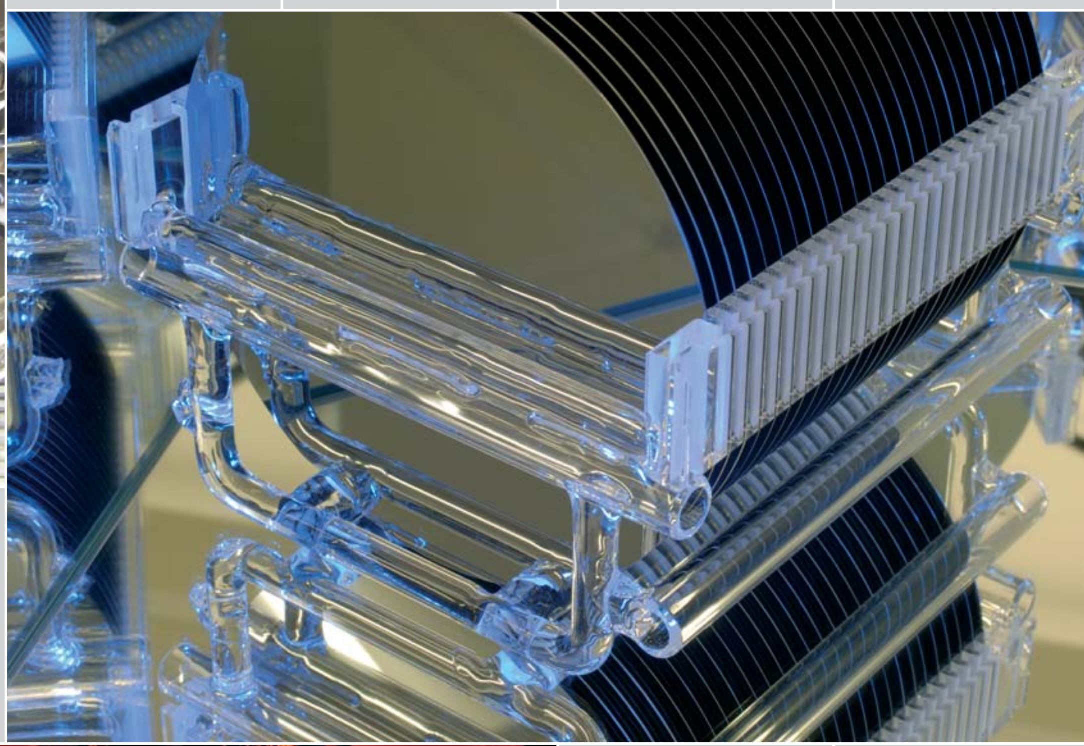
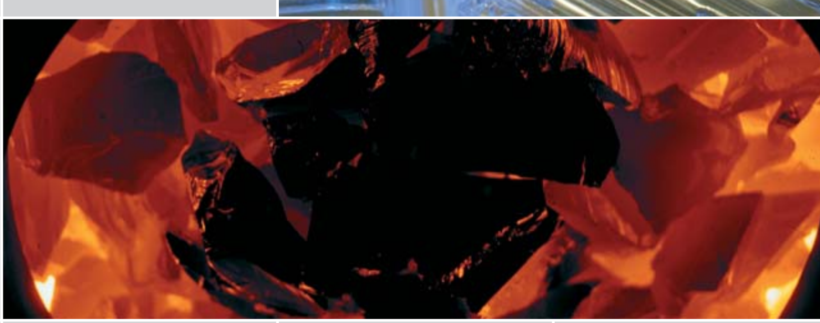
INTERMEDIATE REPORT
1 January to 30 June 2006





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At a glance

EUR '000	H1 2006	H1 2005
Revenues	**30,500**	**23,636**
Vacuum Systems	**13,648**	**16,480**
Crystal Growing Systems	**10,332**	**2,150**
Plasma Systems	**6,520**	**5,006**
Gross profit	**8,169**	**4,982**
As a percentage of sales	26.8	21.1
R&D costs	771	469
Operating profit (EBIT)	**1,351**	**-74**
As a percentage of sales	4.4	-0.3
Consolidated net income for the period	**878**	**52**
As a percentage of sales	2.9	0.2
Earnings per share (EPS) in €	**0.04** [2)]	**0.00** [1)]
Investments in non-current assets	515	288
Total assets	**52,544**	**49,007** [3)]
Equity ratio (%)	44.6	46.3 [3)]
Employees as at 30.06.	**294**	**275** [3)]
Incoming orders	**33,690**	**23,935**
Order backlog	**36,800**	**21,897**
Book-to-bill ratio	1.1	1.0
Operating cash flow	7,547	-2,172
Free cash flow	7,032	-2,460

1) Shares outstanding as at June 30, 2005: 21,449,998
2) Shares outstanding as at June 30, 2006: 21,749,998
3) As at December 31, 2005

Contents

Foreword by the Management Board

Dear Shareholders, Business Associates and Employees of PVA TePla AG,

We continued our Company's growth trend in the second quarter and generated according to plan a 30% year-in-year increase in Group sales. The significant improvement in results compared to H1 2005 provides yet a further indication that we will achieve our forecast earnings targets for the year.

Incoming orders rose by around 40% compared to the prior-year period, while booked business totaled almost € 37 million. These figures and a book-to-bill ratio of 1.1 prove that the PVA TePla Group remains on a persistent track for growth.

Although slightly lower than in the corresponding prior-year period, revenues in the Vacuum Systems division developed positively compared to the long-term average during the first half of the year. Here, it should be noted that the order volume in the Vacuum Systems division was extremely high in the preceding financial year, and that we did not expect to reach these figures in 2006 again. Our cooperation agreement with Ersol AG for € 20 million and the letter of intent signed with Siltronic AG to supply systems with an order value of around € 60 million illustrate that the Crystal Growing Systems division is proving to be the main growth driver in the Group this year. Both the wafer technology change currently taking place in the semiconductor industry and developments within photovoltaics are contributing significantly to this growth. These major projects vindicate our decision to invest in the further development of technology in the Crystal Growing Systems division. We are currently focusing on preparing to process these contracts and further expanding our capacities – in particular in the areas of assembly and logistics. The increasing revenue levels and slight improvement in incoming orders in the Plasma Systems division point to a revival of business in this segment.

We participated in a further series of road shows and presented our Company to interested investors during the second quarter. At our Annual General Meeting, which was held in Wetzlar at the end of June, we took the opportunity to give the shareholders in attendance a detailed presentation of the markets and new developments in the various technology areas in which the Company's systems are used. Although the PVA TePla share price could not fully escape the general fall in share prices during the second quarter, the Company's shares are currently faring significantly better than for the company important indices in the Prime Standard.

On behalf of my colleague on the Management Board, Arnd Bohle, our division managers and all our employees, I would like to thank you for the confidence you have shown in our Company and your commitment to us.

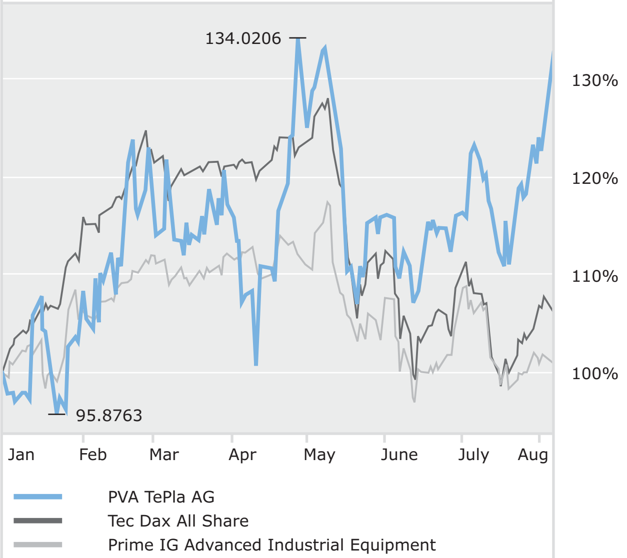
Peter Abel
Chairman of the Management Board

PVA TePla Shares

Despite falling slightly in the year to date in line with general stock market developments after the good development until May, the PVA TePla share price performed significantly better than the relevant Technology All Share and Advanced Industrial Equipment indices of the Prime Standard stock market segment, rising from € 3.73 at the end of 2005 to € 5.14 as at August 7, 2006, an increase of 38%.

All the items on the agenda at PVA TePla AG's Annual General Meeting, which was held on June 27, 2006 in Wetzlar Town Hall and attended by 68% of the Company's shareholders, were passed with a significant majority.

Analyst interest in PVA TePla AG remains at a high level, as evidenced by our acceptance of a series of invitations to investor meetings and road shows in the first half of the year.



Shareholdings and subscription rights of executive body members

Management Board	Shares		Subscription rights	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
Peter Abel	6,001,275	5,991,275	0	0
Arnd Bohle	0	0	0	0

Supervisory Board	Shares		Subscription rights	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
Alexander von Witzleben	0	0	0	0
Dr. Peter Friedemann	0	300	0	0
Prof. Dr. Günter Bräuer	0	0	0	0

Business development

1. Revenues

Group revenues totaled € 30.5 million in the first six months of 2006, an increase of 29% against the comparable prior-year period (H1 2005: € 23.6 million).

The **Vacuum Systems division** generated revenues of € 13.6 million (H1 2005: € 16.5 million). With 45% of total sales, this division once again contributed the largest share of Group sales. The reduction in sales compared to the previous year is attributable to positive business developments in 2005. The sales development in the first half of 2006 is also highly satisfactory when compared to the long-term average. At € 10.3 million (H1 2005: € 2.2 million), the **Crystal Growing Systems division** contributed 34% of total sales. The significant increase in sales at Group level is therefore attributable to the performance of this division, which recorded an almost five-fold increase in sales against the comparable prior-year period. The **Plasma Systems division** also increased sales from € 5.0 million in 2005 to € 6.5 million in the first half of 2006, thus contributing 21% of Group revenues.

Revenues by division	**H1 2006 EUR '000**	**H1 2005 EUR '000**
Vacuum Systems	13,648	16,480
Crystal Growing Systems	10,332	2,150
Plasma Systems	6,520	5,006
Total revenues	**30,500**	**23,636**

Revenues by region	**H1 2006 EUR '000**	**H1 2005 EUR '000**
Germany	13,782	7,740
Europe	3,571	4,680
North America	2,329	2,190
Asia	10,656	8,235
Rest of world	-26	778
Consolidation	188	13*)
Total revenues	**30,500**	**23,636**

*) In order to further enhance the transparency of presentation, the consolidation amount shown as a total figure in the previous year's report has been reallocated to individual regions as far as possible so as to present sales by region for this period in line with the method used to prepare the 2005 annual financial statements and the H1 2006 figures.

2. Orders

In the first half of 2006, the incoming orders developed significantly more dynamically than in the corresponding prior-year period. Incoming orders climbed by 41.0% to € 33.7 million (H1 2005: € 23.9 million). At 1.10 (H1 2005: 1.01), the book-to-bill ratio remained above 1, showing that the PVA TePla Group remains on a growth course.

Incoming orders in the **Vacuum Systems division** increased to € 17.0 million (H1 2005: € 13.1 million) in the reporting period. In the **Crystal Growing Systems division**, incoming orders doubled from € 5.0 million in the prior-year period to € 10.4 million as at June 30, 2006. Here it should be noted that virtually all order intake resulting from the reported cooperation agreement worth around € 20 million with ASI Industries, a subsidiary of Ersol Solar Energy AG, will be recognized in the financial statements when the actual orders are placed in Q3 2006. An amount of around € 3 million relating to this order was included in incoming orders in the second quarter. Incoming orders in the **Plasma Systems divisions** increased slightly, rising by € 0.5 million to € 6.3 million (H1 2005: € 5.8 million).

In the first half of 2006, the order backlog – consolidated and after deduction of the share of sales already recognized in accordance with the percentage of completion method in line with IFRSs – amounted to € 36.8 million, and was thus € 14.9 million or almost 70% higher at June 30, 2006 than the corresponding prior-year value of € 21.9 million. At € 14.6 million, the order backlog in the Vacuum Systems division was slightly up on the previous year's already high figure of € 14.0 million. This reflects the very favorable order situation that has continued into this year. The Crystal Growing Systems division generated a more than four-fold increase in booked business to € 19.5 million as at June 30, 2006 (H1 2005: € 4.4 million). The Plasma Systems division reported booked business of € 2.7 million at June 30, 2006 and was thus slightly down on the corresponding prior-year figure of € 3.5 million.

3. Research and development

The PVA TePla Group spent € 0.8 million (H1 2005: € 0.5 million) on research and development in the first half of 2006. Here it should be noted that new developments in the Vacuum Systems division generally occur in the context of specific orders from customers and are therefore not reported separately as R&D expenditure.

In the second quarter of 2006, several multicrystalline ingots measuring 680 x 680 mm and weighing around 255 kg were successfully frozen and analyzed using a **V**ertical **G**radient **F**reezing (VGF) process as part of the process development of a system for polycrystalline solar silicon. The process development and optimization will continue in the second half of the year and include, among other developments, the demonstration of melting processes for customers using the silicon raw material provided by these customers.

Together with the customer, PVA TePla AG's joint venture Xi'an HuaDe CGS successfully grew silicon crystals for the solar industry using a system specifically developed in China for the local market.

Business development

In the MEMS industry, work is currently being performed on the new PS 4008 plasma system with a view to developing a process to remove layers of lacquer (resist strips). The system's modular design could facilitate applications in other markets, including, for example, the OLED/PLED display technology market. The system uses proven microwave plasma technology to generate plasma and will allow advanced pulse modulation of the plasma source. The first plasma processes and system characterizations are planned for September/October 2006. Two of these systems have already been sold. The results of customer applications are expected before the end of the year.

4. Investments

No notable individual investments were made in the first half of 2006. As at June 30, 2006, total investments amounted to € 0.5 million (H1 2005: € 0.3 million).

5. Assets and financial position

Total assets increased from € 49.0 million as at December 31, 2005 to € 52.5 million as at June 30, 2006. This figure is thus virtually unchanged from the end of the previous quarter (March 31, 2006: € 52.3 million).

There have been no notable changes in non-current assets during the course of 2006. As at June 30, 2006, non-current assets totaled € 23.4 million (December 31, 2005: € 24.0 million). Deferred tax assets fell to € 6.1 million (December 31, 2005: € 6.5 million) due to the improved results situation.

The encouraging increase in cash and cash equivalents to € 7.7 million (December 31, 2005: € 1.8 million) was responsible for the largest individual change in current assets. While future receivables from manufacturing contracts fell to € 4.7 million (December 31, 2005: € 7.1 million), work in progress climbed to € 2.4 million (December 31, 2005: € 1.7 million). Trade receivables also declined, falling from € 9.7 million as at December 31, 2005 to € 8.5 million as at June 30, 2006.

On the equities and liabilities side of the balance sheet, shareholders' equity rose to € 23.5 million (December 31, 2005: € 22.7 million) as a result of the improvement in results.

There were no major changes in non-current liabilities. At the reporting date of June 30, 2006, non-current liabilities totaled € 10.7 million, compared to € 10.9 million as at December 31, 2005.

Total current liabilities increased from € 13.7 million as at December 31, 2005 to € 16.8 million at the reporting date. This development is primarily attributable to an increase in other provisions to € 5.3 million (December 31, 2005: € 3.8 million) (adjustment of fixed warranty provisions to the increased business volume, increase in provision for outstanding invoices and commissions). As a result of the improved liquidity situation, current financial liabilities, which primarily relate to the short-term portions of long-term financial liabilities, fell to € 0.5 million (December 31, 2005: € 1.4 million). The increase in trade receivables to € 3.4 million compared to € 2.3 million as at December 31,2005 is primarily attributable to the significant growth in business volume.

As at June 30, 2006, the equity ratio was at the high value of 44.6% and thus slightly up on the figure for the preceding quarter of 44.3%. The decrease in this figure from 46.3% at the start of the financial year is attributable to the rise in total assets during the intervening period.

The liquidity position has improved significantly during the course of the 2006 financial year. At € 7.5 million, the operating cash flow was clearly positive (H1 2005: -€ 2.2 million). The cash flow from investing activities was -€ 0.4 million (H1 2005: -€ 0.3 million). The cash flow from financing activities was -€ 1.3 million (H1 2005 € 0.7 million) due to the planned repayment of long- and reduction of short-term loans.

The total cash flow in the first half of 2006 including exchange rate-related changes was € 5.8 million (H1 2005: -€ 1.7 million). The free cash flow was € 7.0 million (H1 2005: -€ 2.5 million).

6. Result of operations

During the first half of 2006 the PVA TePla Group's results improved significantly compared to the corresponding prior-year period. The Group recorded a clearly positive operating result of € 1.4 million (H1 2005: -€ 0.1 million) and also improved net income for the period to € 0.9 million (H1 2005: € 0.1 million). This resulted in a significant improvement in the EBIT margin to 4.4% (H1 2005: -0.3%) and a rise in the return on sales to 2.9% (H1 2005: 0.2%). As in the first quarter of 2006, the actual EBIT margin lay within the forecasted range for the 2006 financial year as a whole of 4-6%.

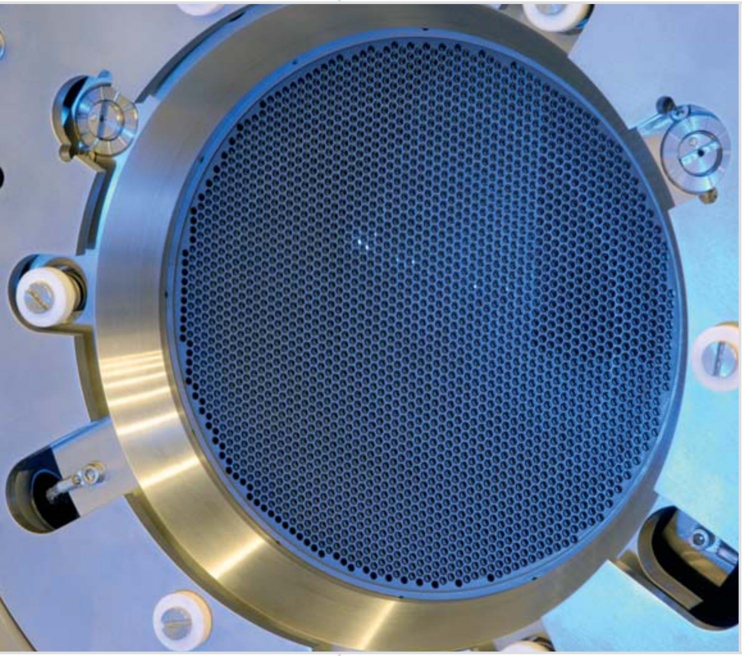
The improvement in results is attributable in particular to the increase in gross profit to € 8.2 million (H1 2005: 5.0 million). With Group sales increasing from € 23.6 million in the previous year to € 30.5 million in H1 2006, the gross margin also generated a significant increase, rising to 26.8% (H1 2005: 21.1%). All divisions contributed to the improvement in gross profit.

Selling and administrative costs increased less steeply than the business volume to € 3.1 million (H1 2005: € 2.6 million) and € 2.4 million (H1 2005: € 2.1 million) respectively. Here, selling costs were influenced by higher sales commissions. The amount of commissions depends in particular on whether sales in the relevant markets are made through representatives or by the Company itself. The fall in net other operating income and other operating expenses is primarily attributable to the reduction in the scope of internal transfer pricing following the change in management structure and the reorganization of the Investor Relations function at the Group's head office in Asslar.

Business development

An analysis of individual segments shows that the Vacuum Systems division generated a further slight improvement to the previous year's earnings. The Crystal Growing Systems division generated the largest improvement in results due to the high growth in business volume. In addition to the higher commissions and foreign exchange rate effects in the Plasma Systems division, which were explained in the first quarter, notable features of the second quarter include the start-up costs incurred for Plasma Systems GmbH – in which the business and technology of Asyntis GmbH has been incorporated –, a slight increase in research and development expenditure as well as additional expenditures for a major customer order.

Operating profit (EBIT) by division	**H1 2006 EUR '000**	**H1 2005 EUR '000**
Vacuum Systems	1,573	1,256
Crystal Growing Systems	454	-1,002
Plasma Systems	-676	-329
Operating result	**1,351**	**-74**



At -€ 0.1 million (H1 2005: -€ 0.04 million), net interest income was down year-on-year due to higher interest paid on long-term loans in the second half of 2005 in connection with investments made during this period. The associate PVA MIMtech LLC, Cedar Grove, NJ/USA made another encouraging contribution of € 0.2 million (H1 2005: € 0.1 million) to the Group result.

Income tax expenses totaling € 0.2 million (H1 2005: € 0.1 million) relate in particular to the recognition of provisions for subsidiaries in Germany and the expectation of minimum taxation of PVA TePla AG in accordance with German tax law. The improved results situation resulted in deferred tax expenditure of € 0.3 million (H1 2005: income of € 0.2 million).

7. Personnel development

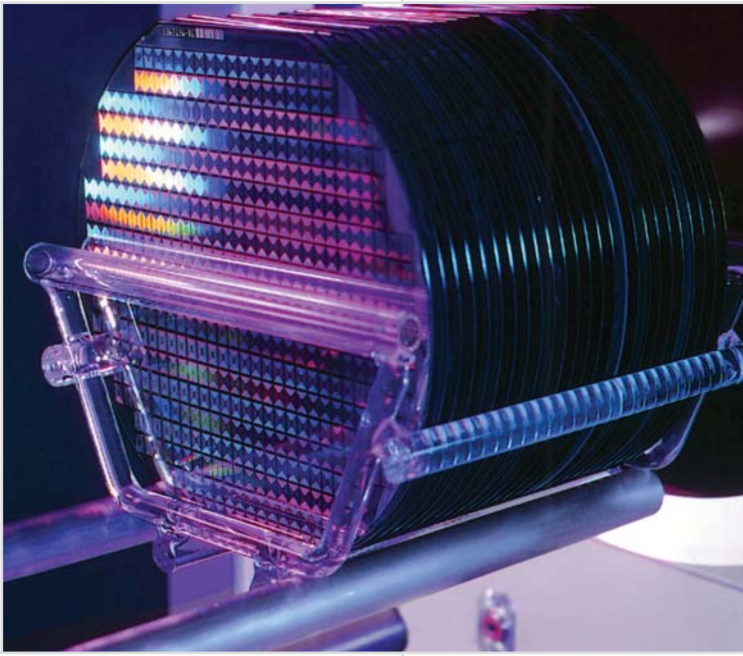
The Group employed a total of 294 employees as at the reporting date of June 30, 2006 (December 31, 2005: 275 employees). Due to the favorable business developments, the number of employees increased by 13 in the Vacuum Systems division and by 4 in the Crystal Growing Systems division. The number of employees in the Plasma Systems division also rose slightly as a result of the acquisition of the business of Asyntis GmbH.

8. Events/developments since June 30, 2006 and outlook

On July 24, 2006, Crystal Growing Systems GmbH (CGS) signed a letter of intent with Siltronic AG to supply crystal growing systems worth around € 60 million. The EKZ 3000/450 systems will be used in Singapore to manufacture 300mm wafers for the semiconductor market as part of a joint venture between Siltronic AG and Samsung Electronics Co, Ltd. The crystal growing systems will be delivered to the joint venture during 2007 and 2008 and will mark the first stage in the manufacture of the 300mm wafers.

On the basis of the figures for the first half of the year and the existing orders on hand, we confirm our forecast of a 30% year-on-year increase in revenues and an EBIT margin of 4-6% for the year as a whole.

In light of the cooperation contract concluded with ASI Industries, Arnstadt, a subsidiary of Ersol Solar Energy AG, and the letter of intent signed with Siltronic AG, as well as a number of other interesting projects in particular in the Crystal Growing Systems division, we now expect incoming orders to increase at a significantly higher rate than originally forecast. We currently expect to generate a more than 100% year-on-year increase in incoming orders during the year 2006 as a whole. Most of these orders will be invoiced in 2007 and 2008 and thereby facilitate the sustained growth of our Corporate Group.



Consolidated Balance Sheet* (IAS/IFRS)

Assets	30.06.2006 EUR '000	31.12.2005 EUR '000
Non-current assets		
Intangible assets	7,999	8,052
Goodwill	7,584	7,584
Other intangible assets	415	468
Tangible assets	8,894	9,079
Land, land rights and buildings, including buildings on third-party land	5,688	5,823
Plant and machinery	2,276	2,480
Other facilities, operating and office equipment	896	742
Advance payments and assets under construction	34	34
Financial assets	436	374
Shares in associated companies	412	348
Other receivables	24	25
Deferred tax assets	6,050	6,510
Total non-current assets	**23,380**	**24,015**
Current assets		
Inventories and production orders	7,931	6,255
Raw materials and operating supplies	3,716	3,729
Work in progress	2,401	1,708
Finished products / goods	1,814	818
Future receivables from manufacturing contracts	4,666	7,141
Trade and other receivables	8,454	9,709
Trade receivables	6,584	7,217
Receivables from associated companies	2	169
Other receivables	1,868	2,323
Tax refund claims	8	6
Cash and cash equivalents	7,662	1,820
Prepaid expenses	442	61
Total current assets	**29,164**	**24,992**
Total assets	**52,544**	**49,007**

* unaudited

Equity and Liabilities	30.06.2006 EUR '000	31.12.2005 EUR '000
Shareholders' equity		
Share capital	21,750	21,750
Consolidated balance sheet profit	1,900	1,066
Accumulated other comprehensive income	-332	-242
Minority interests	136	130
Total shareholders' equity	**23,455**	**22,704**
Special item relating to investment grants	**1,626**	**1,702**
Non-current liabilities		
Non-current financial liabilities	2,925	3,244
Other liabilities	12	13
Provisions for pensions	6,391	6,108
Deferred tax liabilities	1,079	1,152
Other provisions	259	363
Total non-current liabilities	**10,665**	**10,880**
Current liabilities		
Current financial liabilities	521	1,384
Trade payables	3,440	2,251
Advance payments received on orders	5,883	5,169
Other liabilities	1,205	920
Provisions for taxes	485	247
Other provisions	5,260	3,750
Deferred income	4	0
Total current liabilities	**16,798**	**13,721**
Total liabilities	**52,544**	**49,007**

* unaudited

Consolidated Income Statement* (IAS/IFRS)

	3 months		6 months	
	01.04.2006-30.06.2006	**01.04.2005-30.06.2005**	**01.01.2006-30.06.2006**	**01.01.2005-30.06.2005**
	EUR '000	**EUR '000**	**EUR '000**	**EUR '000**
Revenue	**16,261**	**12,922**	**30,500**	**23,636**
Cost of sales	-12,087	-10,131	-22,331	-18,654
Gross profit	**4,175**	**2,791**	**8,169**	**4,982**
Selling expenses	-1,618	-1,251	-3,149	-2,572
General administrative expenses	-1,264	-1,166	-2,386	-2,148
Research and development expenses	-414	-234	-771	-469
Other operating expenses and income	-205	200	-511	132
Operating profit (EBIT)	**673**	**338**	**1,351**	**-74**
Interest income/expense	-51	-22	-75	-42
Net income from associated companies	101	83	173	107
Net interest income and income from associated companies	**50**	**62**	**98**	**65**
Earnings before tax (EBT)	**723**	**400**	**1,450**	**-10**
Taxes on income	-72	16	-238	-91
Deferred taxes	-229	-133	-334	152
Consolidated net income for the period	**422**	**283**	**878**	**52**
of which				
Share attributable to shareholders in PVA TePla AG	406	334	873	168
Minority interests	17	-52	5	-116
Consolidated net income for the period	**422**	**283**	**878**	**52**
Earnings per share (undiluted), (in EUR)	0.02	0.01	0.04	0.00
Earnings per share (diluted), (in EUR)	0.02	0.01	0.04	0.00
Average number of shares in circulation (undiluted)	21,749,988	21,449,988	21,749,988	21,449,988
Average number of shares in circulation (diluted)	21,749,988	21,449,988	21,749,988	21,449,988

* unaudited

Consolidated Cash Flow Statement* (IAS/IFRS)

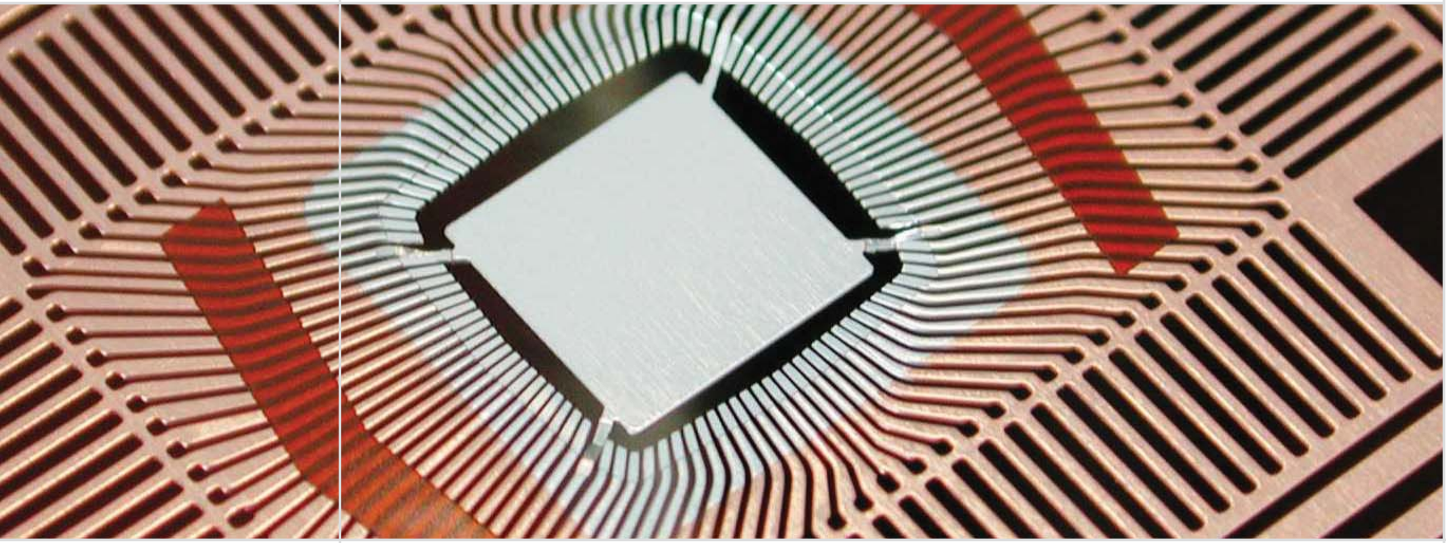
	Consolidated Cash Flow Statement	**01.01.2006-30.06.2006**	**01.01.2005-30.06.2005**
		EUR ’000	**EUR ’000**
	Consolidated net income for the period	878	52
	Adjustments to consolidated net income for the period for transition to cash flow from operating activities:		
	Income tax expense	572	-61
	Interest income	-23	-15
	Interest expense	98	57
	Operating profit	**1,525**	**32**
-	Income tax payments	0	22
+	Depreciation	702	605
-	Net income from associated companies	-170	-107
+/-	Other cash-neutral expenses/income	-600	-449
		1,457	**103**
-/+	Increase/decrease in inventories, trade receivables and other assets	2,052	-1,693
+/-	Increase/decrease in provisions	1,927	863
+/-	Increase/decrease in the special item relating to investment grants	-76	-67
+/-	Increase/decrease in trade payables and other liabilities	2,187	-1,378
=	**Cash flow from operating activities**	**7,547**	**-2,172**
+	Proceeds from associated companies	86	0
+	Proceeds from disposals of intangible assets and tangible assets	6	0
-	Payments for investments in intangible assets and tangible assets	-515	-288
+	Interest proceeds	23	15
=	**Cash flow from investing activities**	**-400**	**-273**
-	Payments for redemption of loans	-319	-127
+/-	Change in current bank liabilities	-863	844
-	Interest payments	-98	-57
=	**Cash flow from financing activities**	**-1,281**	**660**
	Net change in funds with impact on cash	5,866	-1,785
+/-	Net effect of changes in exchange rates on funds	-24	91
+	Funds at beginning of period	1,820	3,456
=	**Funds at end of period**	**7,662**	**1,762**

* unaudited

Development of Shareholders' Equity* (IAS/IFRS)

	Shares issued		Capital reserve	Balance sheet profit/loss	Accum. other company income	Minority interest	Total share-holders' equity
	Number	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Status 01.01.2005	**21,449,988**	**21,450**	**0**	**37**	**-505**	**342**	**21,324**
Capital increase	300,000	300	921				1,221
Foreign currency differences					262		262
Minority acquisitions			-921	-305			-1,226
Consolidated net income for the period				1,333		-212	1,121
Status 31.12.2005	**21,749,988**	**21,750**	**0**	**1,065**	**-243**	**130**	**22,702**
Status 01.01.2006	**21,749,988**	**21,750**	**0**	**1,065**	**-243**	**130**	**22,702**
Foreign currency differences					-90		-90
Other changes				-37			-37
Consolidated net income for the period				873		5	878
Status 30.06.2006	**21,749,988**	**21,750**	**0**	**1,901**	**-333**	**135**	**23,453**

* unaudited



Notes

Selected disclosures of PVA TePla AG contained in the notes to the H1 2006 report

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 Wetzlar Local Court under HRB4827. The Company's registered office is Emmeliusstrasse 33, 35614, Asslar, Germany.

This interim financial report was prepared in accordance with International Financial Reporting Standards (IFRSs). The interim financial report thus also complies with IAS 34 (Interim Financial Reporting). This interim financial report has not been audited.

Reporting currency and currency translation

The principles applied in respect of reporting currency and currency translation are the same as those used for the 2005 financial statements. The material exchange rates of countries outside the euro zone included in the consolidated financial statements are as follows:

Closing rate at reporting date 30.06. (= EUR 1):

	2006	2005
USA (USD)	1.25491	1.20630
China (CNY)	10.04870	9.99850

Average rate 01.01. - 30.06. (= EUR 1):

	2006	2005
USA (USD)	1.22836	1.28637
China (CNY)	9.88506	10.65949

Scope of consolidation

The consolidated financial statements of PVA TePla presented here include both fully consolidated subsidiaries as well as at equity associates. The following companies were fully consolidated in the consolidated financial statements as at June 30, 2006:

Name	Registered office	Shareholding
PVA TePla AG (parent company)	Asslar, Germany	
PVA TePla America Inc.	Corona, CA, USA	100.00%
UV Systec Gesellschaft für UV-Strahler und Systemtechnik mbH	Jena, Germany	100.00%
PVA Vakuum-Anlagenbau Jena GmbH	Jena, Germany	100.00%
Crystal Growing Systems GmbH	Asslar, Germany	100.00%
Xi'an HuaDe CGS Ltd.	Xi'an, VR China	51.00%
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100.00%
PVA Control GmbH	Asslar, Germany	100.00%
Plasma Systems GmbH	Feldkirchen, Germany	100.00%

The consolidated financial statements also include the associate PVA MIMtech LLC, Cedar Grove, NJ, USA, in which PVA TePla holds a 50% interest.

The only change in the scope of consolidation since the annual financial statements prepared as at December 31, 2005 involves the inclusion of the newly founded company Plasma Systems GmbH. The business of Asyntis GmbH, Putzbrunn was integrated into this company, which is located in Feldkirchen, in April 2006.

Notes

Principles of consolidation

The principles of consolidation applied in this quarterly report are the same as those used in the consolidated financial statements as at December 31, 2005. In accordance with IAS 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries), the financial statements of enterprises included in the quarterly financial statements are prepared using uniform accounting policies.

Accounting policies

The accounting policies used in this interim financial report as at June 30, 2006 are the same as those used in the consolidated financial statements as at December 31, 2005.

B. Notes on selected balance sheet items

Inventories/receivables

In accordance with IAS 11.42, the gross amount due from customers for construction contracts is recognized as an asset. The IFRSs do not specify whether these amounts are to be reported as inventories or receivables, and the correct treatment is also disputed in literature on the subject.

In the 2005 fiscal year, we reported this item separately under inventories, as this treatment is similar to that adopted for costs incurred for uncompleted contracts reported under work in progress.

For the 2006 fiscal year, we have adopted the prevailing view that these items are essentially receivables in nature, due to the fact that a partial recognition of sales has already taken place for these items.

Provisions for pensions

The increase in pension provisions was made on the basis of information on the expected pension provisions as at December 31, 2006 contained in the actuarial valuations used to prepare the consolidated financial statements as at December 31, 2005.

Short-term financial liabilities

The reported short-term financial liabilities primarily relate to the short-term portions of long-term financial liabilities (€ 0.5 million, December 31, 2005: € 0.6 million). Short-term bank liabilities totaled € 0.02 million (December 31, 2005: € 0.8 million).

C. Notes on the cash flow statement

The cash flow statement was prepared using the same principles used to prepare the 2005 consolidated financial statements and adapted to suit the classification criteria used in these.

In a change to the policies adopted in the preparation of the quarterly reports for 2005, the net income/loss for the period was calculated excluding minority interests, and interest received and interest paid were allocated to investment activities and financing activities respectively.

Financial calendar for 2006

November 14	Q3/2006 report
November 27	German Equity Forum

Imprint

PVA TePla AG

Emmeliusstr. 33
D-35614 Asslar
Telephone: ++49 (0)6441 / 5692-0
Fax: ++49 (0)6441 / 5692-111
Internet: http://www.pvatepla.com

Investor Relations: Dr. Gert Fisahn
Telephone: ++49 (0)6441 / 5692-342
Fax: ++49 (0)6441 / 5692-118
E-Mail: gert.fisahn@pvatepla.com

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PVA TePla AG
Emmeliusstr. 33
D-35614 Asslar
Phone ++49 (0)6441 / 5692-0
Fax ++49 (0)6441 / 5692-111
E-Mail: info@pvatepla.com

www.pvatepla.com