INTERMEDIATE REPORT

1 January to 31 March 2005

PVA TePla

BE EQUIPPED FOR TOMORROW'S MATERIALS

Foreword by the Management Board

Dear PVA TePla Shareholders,

Our company has had a strong start to the new year and has reaffirmed the upward trend in incoming orders. This is all the more encouraging, given that our first quarter has usually been one of the weaker quarters of the year.

The operating result for the first quarter is in line with previous guidance and still slightly negative, as expected. However, we have achieved a considerable improvement compared to the same quarter last year and are perfectly within expectations for the 2005 business year as a whole.

In our core Vacuum Systems business, especially, we succeeded in expanding our business volume despite the generally subdued economic climate. Production capacities in this division are fully booked until well into the fourth quarter.

Interest in our company on the part of institutional investors has never been as great as it is today. Our announcement in a letter of intent of a long-term partnership agreement with a company in the Chinese solar industry, and the increased revenues expected as a result in subsequent years, mean that the PVA TePla Group is on the verge of revaluation. Even without this long-term international cooperation, however, we are in excellent shape to master the challenges that lie ahead.

Our Crystal Growing Systems division, which curtailed our earnings in the past two years, can now participate in the global boom within the photovoltaics sector. We expect continued and strong business development in the value-added chain for the production of solar cells. Orders and firm commitments for six crystal growing systems have meanwhile been received, five of them from Germany's "Solar Valley" in Thuringia. Other substantial orders for the Crystal Growing Systems division are currently being negotiated. Following a protracted lean period, we have improved our technical expertise in the field of crystal growing systems, even during periods with low sales, and have optimised our product portfolio. Our rigorous approach in this regard will now start to pay off.

As a medium-sized company operating worldwide, we have demonstrated that we can exploit our opportunities on the world's markets and aim to continue advancing the Group's fortunes on the international stage.

On behalf of my fellow managers and our employees, I would like to thank you, our shareholders and business partners, for the confidence you have shown in the company. We look forward to welcoming you, dear shareholders, at our Annual Shareholders' Meeting on 17 June in Stadthalle Wetzlar, and to outlining to you our further business prospects.

Peter Abel
Chairman of the Management Board

Key facts and figures

As of March 31, 2005	I/2005 EUR '000	I/2004 EUR '000	Change
Sales Revenues	10,714	8,318	+2,396
Gross profit	2,192	1,559	+633
In % of sales revenues	**20.5**	**18.7**	**+1.8**
Operating result (EBIT)	-412	-1,523	+1,111
In % of sales revenues	**-3.8**	**-18.3**	**+14.5**
Net result for the period	-167	-834	+667
In % of sales revenues	**-1.6**	**-10.0**	**+8.4**
Earnings per share (EUR)	-0.01	-0.04	+0.03
Employees (number)	246	258	-12
Incoming orders	11,793	11,002	+791
Order backlog	22,269	14,253	+8,016
Book to Bill Ratio	**1.1**	**1,7**	**-0.6**
Cash Flow from operating activities	+551	-250	+801

300 mm crystal from a 350 kg batch of silicon (made in a CGS EKZ 3000/450 system; photo courtesy of Siltronic AG, Burghausen)

Report on Business Development

Substantial first-quarter revenue increase

Revenue growth As at 31 March 2005	I/2005 EUR '000	I/2004 EUR '000	Change %
Vacuum Systems	6,890	4,673	+47.4
Crystal Growing Systems	1,097	146	+651.4
Plasma Systems	2,727	3,499	-22.1
Total revenue	**10,714**	**8,318**	**+28.8**

Revenue growth As at 31 March 2005	I/2005 EUR '000	I /2004 EUR '000	Change %
Germany	3,624	2,605	+39.1
Europe (excluding Germany)	1,328	808	+64.4
North America	1,457	1,414	+3.0
Asia	4,873	3,205	+52.0
Other	484	1,054	-54.1
Consolidation	-1,052	-786	+33.8
Total revenue	**10,714**	**8,318**	**+28.8**

In the first quarter of 2005, the PVA TePla Group achieved a substantial increase in sales revenue. At € 10.7 million, Q1 revenue exceeded the prior year figure by € 2.4 million, or 29%.

The strongest growth was generated in the Vacuum Systems division, which achieved a € 2.2 million or 47% increase from € 4.7 million in Q1/2004 to € 6.9 million in Q1/2005. This growth was the result of a large incoming order volume during the second half of 2004. Share of total revenue was 64%, making this once again the division with the strongest sales. The Crystal Growing division also managed a substantial increase in revenue, from the (very weak) figure of € 0.1 million in Q1/2004 to € 1.1 million in Q1/2005. However, sales in this division are still at a low level. In the Plasma Systems division, revenue came in at € 2.7 million (prior year: € 3.5 million), much in line with expectations.

A comparison of regional sales indicates that revenues were boosted in all our key markets.

Result / Consolidated Income Statement

Earnings in line with expectations

The PVA TePla Group result for the first quarter of 2005 improved to the extent we expected.

At € 2.2 million, the gross profit was higher in a year-on-year comparison (Q1/2004: € 1.6 million). The gross profit margin was raised to 20.5% (Q1/2004: 18.7%). The gross profit continues to suffer from the low sales volume generated by the Crystal Growing Systems division.

The selling expenses was reduced relative to Q1/2004 (€ 1.5 million) to € 1.3 million. Administration expenses, at € 1.0 million, were unchanged (Q1/2004: € 1.0 million). Research and development expenditure amounted to € 0.2 million (Q1/2004: € 0.4 million). Restructuring expenses (Q1/2004: € 0.2 million) were not incurred.

The operating result, at € –0.4 million, was significantly improved relative to the Q1/2004 figure of € –1.5 million.

Income taxes totalling € 0.1 million € (prior year: zero) were posted for the Danish branch and for a subsidiary in Germany as a result of billing. Recognition of deferred tax assets in accordance with IFRS (€ 0.3 million, Q1/2004: € 0.6 million) results in a loss for the first quarter in 2005 of € 0.2 million (Q1/2004 loss: € 0.8 million).

A positive cash flow from operating activities of € +0.6 million (Q1/2004: € –0.3 million) was generated in the first quarter. This was primarily used for further reductions in short-term financial liabilities to € 0.3 million (end of 2004: € 0.9 million).

Consolidated Income Statement* (IAS/IFRS) in EUR '000	3 Months 01.01.2005-31.03.2005	3 Months 01.01.2004-31.03.2004
Revenues	**10,714**	**8,318**
Cost of goods sold	-8,523	-6,759
Gross profit	**2,192**	**1,559**
Selling expenses	-1,321	-1,514
General administrative expenses	-981	-1,025
Research and development expenses	-234	-373
Restructuring and other non-recurring expenses	0	-171
Amortization of goodwill	0	0
Other operating expenses and income	-68	0
Operating result (EBIT)	**-412**	**-1,523**
Interest income / expenses	-21	-34
Equity in earnings / Equity in losses of associated companies	24	6
Net interest income and net income from associated companies	**3**	**-28**
Result from ordinary activities	**-409**	**-1,551**
Income tax	-107	0
Deferred tax	286	627
Income from the change in accounting methods	0	0
Net loss for the period	-231	-924
Minority interest	64	90
Net loss for the period after minority interest	**-167**	**-834**
Earnings per share (basic)	-0.01	-0.04
Earnings per share (diluted)	-0.01	-0.04
Weighted average shares outstanding (basic)	21,449,988	21,449,988
Weighted average shares outstanding (diluted)	21,449,988	21,449,988

* unaudited

Workforce / R&D

Slight reduction in workforce size

As at 31 March 2005, the number of employees in the PVA TePla Group was slightly lower than the prior-year figure (258), at 246. The latter figure includes the additional personnel recruited since the same period last year for the new operations in Denmark and Xi'an (China). The number of employees grew slightly compared to the 31 December 2004 balance sheet date figure (239 employees), mainly due to the new employees in the Xi'an joint venture.

At the end of the first quarter, the workforce in Germany comprised 203 employees. The total workforce also included 32 employees in the USA, 6 in Denmark and 5 in China.

Research and development

In the first three months of 2005, expenditure on R&D amounted to € 0.2 million (Q1/2004: € 0.4 million). Of that total, € 156 thousand was spent in the Plasma Systems division and € 70 thousand in the Crystal Growing Systems division.

Development work in the Vacuum Systems division is usually carried out in connection with customer orders and for that reason are not separately posted as R&D expense.

In the Vacuum Systems division, a HTML-based visualisation system for operating vacuum systems was new established, further developed and extended to achieve optimised recipe management (intuitive operation) and the integration of ISO-certified batch storage. This system also enables several vacuum systems to be networked with each other without being reliant on special software systems and their further development.

The installation of a new thermodynamic calculation program, 'EFD.lab', in the first quarter allows the thermal simulation of temperature distributions in vacuum and also under flowing gases in the vacuum systems, and hence the optimised design of heating systems on the basis of technical process parameters. As part of a customer order, the Vacuum Systems division developed two new vacuum pressure sintering plants with a hot zone space 3000 mm in length and an operating pressure of 100 bar. These are the world's longest sinter HIP systems for sintering and isostatic pressing of hard metals, with a load capacity of 825 litres. The specially designed heater systems provide for excellent temperature distribution in these systems.

Testing of the newly developed VGF plant for growing InP and GaAs crystals was successfully continued by the Crystal Growing Systems division for a key customer in east Germany. The outstanding results achieved here (semi-insulating 4” InP crystals with unprecedented crystal perfection of EPD < 1000 /cm2) will be jointly presented by the customer and CGS at an international conference. Additional orders for this new VGF technology are anticipated as a consequence of these results.

Development of a new EFG multigeneration system for 125 mm and 150 mm solar wafers for a solar industry customer continues to make good progress. Delivery of the system is scheduled for the end of September 2005. The Crystal Growing Systems division considers this to be an important key project for further consolidation of our position in the rapidly expanding solar market.

SiC crystals are crucially important in the growing market for power electronics. The new gas-phase crystal growing technology offers considerable advantages compared to the SiC sublimation method formerly used. At the start of 2005, the Crystal Growing division was granted an order to develop a production system suitable for growing SiC crystals with the new method. In addition, financial assistance was granted for a three-year term to support an SiC project.

In the Plasma Systems division, further development of the systems was focused above all on the photovoltaics industry, in addition to the core semiconductor sector. In developing a plasma system for edge etching of series-produced solar cells, peripheral components were also included for the first time. Efforts were concentrated here on developing an innovative cell press and a handling system for stacking solar cells. A newly designed multiturn actuator in the plasma chamber also ensures that the process is now more uniform.

Consolidated Balance Sheet* (IAS/IFRS)

Assets in EUR '000	31.03.2005	31.12.2004
Long-term assets		
Intangible assets	8,162	8,196
Tangible assets	7,294	7,478
Financial assets	203	170
Total long-term assets	**15,659**	**15,844**
Short-term assets		
Inventories	9,611	10,593
Raw materials and supplies	3,451	3,029
Work in process	2,734	2,215
Costs of uncompleted contracts in excess of related billings	2,403	4,260
Finished products / goods	1,023	1,089
Trade accounts receivable and other receivables	6,549	5,903
Trade accounts receivable	5,620	4,996
Amounts due to associated companies	157	237
Other receivables	772	670
Receivables from tax refunds	11	12
Liquid assets	3,298	3,456
Prepaid expenses and accrued income	180	49
Total short-term assets	**19,649**	**20,013**
Deferred tax assets	**6,092**	**6,359**
Total assets	**41,400**	**42,216**

* unaudited

Liabilities in EUR '000	31.03.2005	31.12.2004
Shareholders' equity		
Share capital	21,450	21,450
Accumulated deficit	-133	-244
Other comprehensive income	-409	-504
Minority interest	277	328
Total shareholders' equity	**21,185**	**21,030**
Special item relating to investment grants	**1,063**	**1,096**
Long-term liabilities		
Notes payable	1,693	1,784
Other liabilities	12	11
Pension provisions	5,747	6,106
Other provisions	301	319
Total long-term liabilities	**7,753**	**8,220**
Short-term liabilities		
Bank notes payable (current)	302	870
Trade accounts payable	1,638	2,064
Liabilities due to affiliated companies	0	0
Liabilities due to associated companies	34	147
Advance payments received on orders	3,759	3,577
Other liabilities	1,040	1,054
Tax provision	106	0
Deferred tax liabilities	460	875
Other provisions	4,056	3,279
Deferred income	4	4
Total short-term liabilities	**11,399**	**11,870**
Total equity and liabilities	**41,400**	**42,216**

* unaudited

Consolidated Cash Flow Statement* (IAS/IFRS)

	Consolidated Cash Flow Statement	01.01.2005-31.03.2005 in EUR '000	01.01.2004-31.03.2004 in EUR '000
	Net loss of the period	-231	-924
+/-	Depreciation / write-ups on fixed assets	328	436
+/-	Increase / decrease of provisions	978	283
+/-	Decrease / increase in deferred taxes	-328	-645
+/-	Increase / decrease of the special item relating to investment grants	-33	-33
+/-	Other income / expenses not impacting cash flow	-130	-55
-/+	Gains / losses from disposals of fixed assets	0	0
-/+	Increase / decrease of inventories, trade receivables and other assets	338	-1,155
+/-	Increase / decrease of trade payables and other liabilities	-371	1,843
=	**Cash Flow from operating activities**	**551**	**-250**
+	Proceeds from disposals of financial assets	0	0
-	Purchases of investments in financial assets	0	-144
+	Net cash acquired in business combinations	0	0
+	Proceeds from disposals of intangible assets	0	0
-	Purchases of tangible and intangible assets	-89	-36
=	**Cash Flow from investment activity**	**-89**	**-180**

		01.01.2005-31.03.2005 in EUR '000	01.01.2004-31.03.2004 in EUR '000
+	Proceeds from increase of share capital	0	0
+	Proceeds from payments into additional paid-in-capital	0	0
-	Payments to shareholders (dividents, capital repayment, other payments)	0	0
+/-	Proceeds / payments from/to minorities (capital increases, dividents, capital repayments, other payments)	0	0
+	Proceeds from issuance of bonds and borrowing	0	0
-	Principal repayments of bonds and other financial loans	-93	-76
+/-	Change of short-term financial liabilities	-567	-305
=	**Cash Flow from financing activity**	**-660**	**-381**
	Change of liquid assets	-198	-811
+/-	Currency translation effect and other value changes of liquid assets	40	9
+/-	Changes to liquid assets resulting from consolidation	0	0
+	Liquid assets at the start of period	3,456	2,268
=	**Liquid assets at the end of period**	**3,298**	**1,466**

* unaudited

Development of Shareholders' Equity* (IAS/IFRS)

Statement of changes in shareholders' equity	Shared issues		Additional paid-in capital	Retained earnings / Accumulated deficit	Other comprehensive income	Minority interest	Total Shareholders' equity
	Number	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Status 31.12.2003	**21,449,988**	**21,450**	**0**	**-441**	**-356**	**301**	**20,954**
Status 01.01.2004	21,449,988	21,450	0	-441	-356	301	20,954
Foreign currency difference					-149		-149
Changes due to equity investee						192	192
Net profit of the year				478		-151	327
Status 31.12.2004	**21,449,988**	**21,450**	**0**	**37**	**-505**	**342**	**21,324**
Status 01.01.2005	21,449,988	21,450	0	37	-505	342	21,324
Foreign currency difference					95		95
Changes due to equity investee							0
Net profit of the year				-167		-64	-231
Status 31.03.2005	**21,449,988**	**21,450**	**0**	**-130**	**-410**	**278**	**21,188**

* unaudited

Outlook

Outlook: confirmation of guidance and major opportunities

The increased revenue and improved earnings compared to last year are confirmation of our expectations and forecasts.

Incoming orders in the first quarter totalled € 11.8 million, ahead of the prior-year figure (€ 11.0 million). The first-quarter book-to-bill ratio for the Group as a whole, at 1.1, was once again greater than one.

The biggest growth in orders was achieved by the Vacuum Systems division, where orders valued at € 7.0 million were booked (Q1/2004: € 5.7 million). The Vacuum Systems division was also able to exceed its prior-year figure by a substantial margin, booking € 1.8 million in orders compared to € 0.6 million in Q1/2004. In the Plasma Systems division, first-quarter orders were relatively weak at € 3.1 million, short of the Q1/2004 figure of € 4.7 million.

The total order backlog, at € 22.3 million (Q1/2004: € 14.3 million, consolidated and after deduction of realised sales calculated with the percentage-of-completion method), remains very high. The largest share, € 17.0 million, was generated by the Vacuum Systems division (Q1/2004: € 8.6 million). This is due to the long-term nature of this business and the strong boost in orders over recent months. At € 2.2 million, the Crystal Growing Systems division was also able to increase its backlog of orders relative to the previous year (€ 1.5 million). In the Plasma Systems division, in contrast, the order backlog amounted to € 3.1 million, less than in Q1/2004 (€ 4.2 million).

Besides the various points presented here and already included in our figures, we believe there to be major opportunities ahead for growing the business operations of the PVA TePla Group.

The Vacuum System division continues to enjoy strong demand for its products.

In the second quarter of this year, the Crystal Growing Systems division has already received orders and firm commitments for six crystal growing systems from customers in Germany. Negotiations concerning the large-scale project for crystal growing facilities in China (we reported separately at the end of March) have been running as expected. We expect to have more to report in May.

Effects of the transition to International Financial Reporting Standards (IFRS)

Until 31.12.2004, the PVA TePla Group conducted its accounting and reporting in accordance with US GAAP (United States Generally Accepted Accounting Principles). Since the beginning of 2005, accounting and reporting by the PVA TePla Group has been conducted in compliance with the International Financial Reporting Standards (IFRS). In accordance with IFRS 1.39, we explain below how the shareholder equity and the net profit or loss for the period reported under US GAAP are reconciled at each of the relevant reporting dates (1 January 2004, and at the end of each quarter in 2004) to the equity and net profit/loss under the new IFRS structure. There are no significant changes with regard to the cash flow statement.

Transition

Transition of Shareholders' Equity

Effective date	Notes	01.01.2004 EUR '000	31.03.2004 EUR '000	30.06.2004 EUR '000	30.09.2004 EUR '000	31.12.2004 EUR '000
Shareholders' equity according to US-GAAP		**20,732**	**19,926**	**20,088**	**20,590**	**20.952**
Pension provisions	A	-96	-91	-87	-82	81
Deferred tax due to changes on pension provisions	B	36	35	33	31	-31
Changes in minority interest	C	-19	-19	-20	-20	-20
Implication of minority interest	D	301	211	144	112	341
Total adjustments		222	135	71	41	371
Shareholders' equity according to IFRS		**20,954**	**20,060**	**20,159**	**20,632**	**21.323**

Transition of Net Result of the Period (after minority interest)

Period	Notes	Q1 2004 EUR '000	Q2 2004 EUR '000	Q3 2004 EUR '000	Q4 2004 EUR '000	2004 Total EUR '000
Net result according to US-GAAP		**-837**	**155**	**525**	**624**	**467**
Pension provisions	A	5	5	5	5	19
Deferred tax due to changes on pension provisions	B	-2	-2	-2	-2	-7
Changes in minority interest	C	0	0	0	0	-1
Net result according to IFRS		**-834**	**158**	**528**	**627**	**478**

Rounding of figures

The tables and figures used in these Notes are based on precisely calculated values that are subsequently rounded to the nearest thousand Euros.

Notes on the various items:

A. Recognition of provisions for pensions

The fresh-start method pursuant to IFRS 1.20 was chosen here for the date of transition (1.1.2004). This means that all actuarial gains accrued and losses incurred by that date were realised. For all following periods, the corridor method provided for in IAS 19 is applied. Actuarial expertises were obtained as the

basis for recognising pension obligations. As IAS 19.78 requires the parameters to be adjusted to market trends at shorter intervals than in US GAAP, the following parameters were changed relative to the annual financial statements for the years 2003 and 2004: as at 31.12.2003, the interest rate for pension expectancies is 6,17% instead of 5.75%, and 4.93% for current pension payments instead of 5.25%; as at 31.12.2004, the interest rate for pension expectancies is 5.01% instead of 5.50%, and 4.08% for current pensions instead of 4.75%. As at 31.12.04, an additional minimum pension liability of € 158 thousand was recognised in the annual financial statements according to US GAAP, thus reducing other comprehensive income. This was not necessary as the fresh-start method pursuant to IFRS was applied.

B: Deferred taxes

This shows the changes in deferred taxes due to changes in the carrying values of pension provisions.

C: Changes in minority interest

This shows the changes in minority shares that mainly result from changes in the recognition of pension provisions in the Crystal Growing Systems GmbH subsidiary (Asslar).

D: Inclusion of minority interest in shareholders' equity

In accordance with IFRS, minority interests are recognised as part of shareholders' equity. According to US GAAP, this item is separately disclosed.

Executive bodies

Shareholdings and stock options

	Number of shares held as of 31.03.2005	Number of shares held as of 31.12.2004	Options held as of 31.03.2005	Options held as of 31.12.2004
Management Board				
Peter Abel	6,432,185	6,432,185	0	0
Arnd Bohle	0	0	0	0
Martin Gier	275,227	315,227	0	0
Volker Lang	100,000	102,200	0	0
Supervisory Board				
Alexander von Witzleben	300	300	0	0
Prof. Dr. Günter Bräuer	0	0	0	0
Dr. Peter Friedemann	0	0	0	0

Notes

Additional notes pursuant to Section 63 of the Stock Exchange Regulations for the Frankfurt Stock Exchange (Section 63 (3) 5 BörsO)

Changes to accounting and valuation methods
This interim report is the first to be prepared in accordance with IFRS. The changes resulting from this transition were described separately in the report.

Orders
Group incoming orders in the first quarter totalled € 11.8 million (Q1/2004: € 11.0 million).

After deduction of realised sales, calculated using the percentage-of-completion method (POC), the order books of the Group companies were valued at € 26.2 million as at 31.03.2005 (Q1/2004: € 15.5 million); after Group consolidation, the total was € 22.3 million (Q1/2004: € 14.3 million).

Development of costs and prices
Costs increases for procurements have been largely avoided so far. However, selling prices continue to be under pressure due to severe competition and the fall in the US dollar against the Euro. This is particularly the case in the key Asian markets.

Investments
Group investments in the first three months of 2005 totalled € 89 thousand (Q1/2004: € 36 thousand).

R&D activities
Total group expenditure on research and development was € 234 thousand in the first three months of 2005 (Q1/2004: € 373 thousand).

Revenue breakdown
The Company operates in one segment only. For a breakdown of revenues by division and region, see page 6.

Distributed profits, or proposed profit distribution
No dividend was paid out; a distribution of profits was not proposed.

Interim dividends
No interim dividends were paid out.

Changes in Management and Supervisory boards
None.

Material events since the end of the reporting period
None.

This unaudited Interim Report was prepared in accordance with IFRS (International Financial Reporting Standards). The Management Board is convinced that the consolidated accounts provide a fair view of the net worth, financial position and results of the PVA TePla Group.

INTERMEDIATE REPORT

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