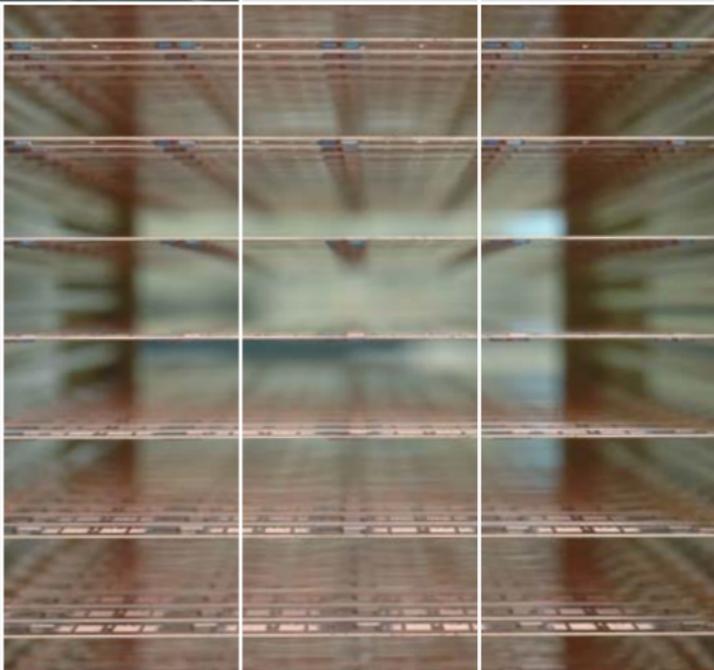
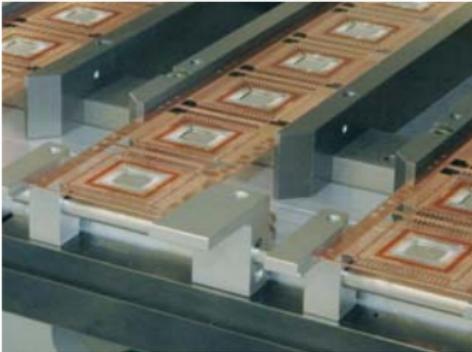


INTERMEDIATE REPORT

1 January to 30 September 2005



PVA  **TePla**

BE EQUIPPED FOR TOMORROW'S MATERIALS

Foreword by the Management Board

Dear PVA TePla Shareholders,

With 2005 coming to an end, we can look back on another eventful and exciting business year. Further and solid progress has been made in reaching our medium-term goals.

In the Vacuum Systems division, our largest, business is stable and profitable. In the Crystal Growing Systems division – as already announced – we have succeeded in winning major orders. Both our Crystal Growing Systems subsidiary and our joint venture in Xi'an (China) have shown good success in the dynamic photovoltaics market. There has been no change regarding the major order obtained from the solar industry in China. So far, the approaches adopted here to solve the problem of raw material supplies have not been implemented by the customer with the speed expected.

Because orders were received later than anticipated by the Crystal Growing Systems division, the latter will again have a dampening effect on Group earnings in the current year. However, due to healthy order books, this situation will improve significantly in the course of next year. As was announced, the volume of business in the Plasma Systems division suffered a setback in the first half of the year due to slow demand. The third quarter in contrast has seen an encouraging revival in this market.

Our performance on the whole is in line with our most recent expectations and guidance. The improved result we achieved in the third quarter means that we are back in the profitability zone, on a cumulative basis. It looks today as if we will reach our revenue target for 2005 as well as our targeted EBIT margin of between 1% and 3% of revenue. For the year ahead, we expect continued growth and improved earnings power, and this trend will further intensify once our major order enters production. These expectations are based in large measure on continuing increases in the volume of incoming orders and order backlog as well as the growing demand for crystal growing systems.

Our attention is already focusing on the future, and on establishing the foundations for additional growth. Construction of the new production hall at our Jena site is progressing on schedule. From early 2006 onwards, we will have the capacity needed to execute our greater volume of orders. The facilities will also generate a number of cost-cutting benefits. In addition to these advances, we have pushed ahead the development of our products and acquired the first orders for new products.

You, our honoured shareholders, will be especially interested in how PVA TePla shares have been performing. We interpret the retreating share price of recent weeks, relative to the rapid appreciation and highs of mid-year, as a consolidation phase. As I have already mentioned, we consider our company to be progressing well and assume that this progress will be reflected in the value of our shares.

Foreword by the Management Board

At the start of the new year, we will also have a 'leaner' Management Board. Martin Gier, who headed the Crystal Growing and Plasma Systems divisions, has left the Board on reaching retirement age. The Supervisory Board and his fellow managers would like to express their sincerest thanks for his dedication, commitment and achievements. The divisional structure of the Group will become more consolidated. Volker Lang will be retiring from the Management Board at the end of the year as planned, and will head the largest division, Vacuum Systems. Dr. Andreas Mühe will manage the Crystal Growing Systems division. I for my part will head the Plasma Systems division until a new manager is appointed to that position.

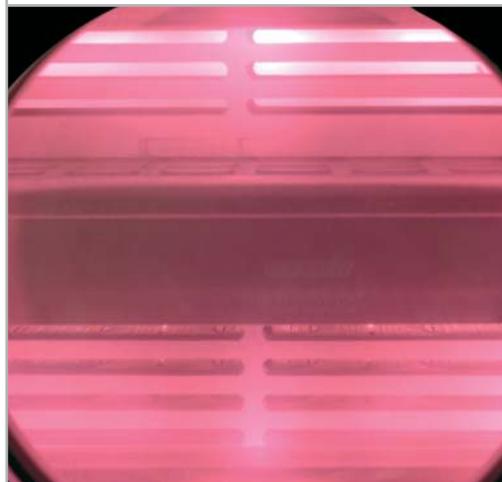
On behalf of my fellow Management Board members and the employees, I wish to thank our shareholders and business partners for the confidence they have shown and the work they performed with us, and I wish us all a successful final quarter, followed by a promising start to the new business year in 2006.

Peter Abel

Chairman of the Management Board

Key facts and figures

As of September 30, 2005	I-III/2005 EUR '000	I-III/2004 EUR '000	Change
Sales Revenues	36,305	30,742	+18.5
Gross profit	8,623	8,797	-174
In % of sales revenues	23.8	28.6	-4.8
Operating result (EBIT)	387	-691	+1,078
In % of sales revenues	1.1	-2.2	+3.3
Net result for the period	503	-149	652
In % of sales revenues	1.4	-0.5	+1.9
Earnings per share (€)	0.02	-0.01	+0.03
Employees (number)	270	245	+25
Incoming orders	43,914	41,700	+2,214
Order backlog	27,747	21,967	+5,780
Book to bill Ratio	1.21	1.36	-0.15
Cash Flow from operating activities	1,637	3,051	-1,414
Free Cash Flow	439	2,200	-1,761



Report on Business Development

Continued growth

Revenue growth by divisions	I-III/2005 EUR '000	I-III/2004 EUR '000	Change %
Vacuum Systems	24,318	17,086	+42.3
Crystal Growing Systems	3,705	1,902	+94.8
Plasma Systems	8,282	11,754	-29.5
Total revenue	36,305	30,742	18.1

Revenue growth by regions	I-III/2005 EUR '000	I-III/2004 EUR '000	Change %
Germany	16,175	12,573	28.6
Europe (excluding Germany)	9,052	4,410	105.3
North America	3,654	6,102	-40.1
Asia	12,400	10,460	18.5
Other	804	564	42.6
Consolidation	-5,780	-3,367	71.7
Total revenue	36,305	30,742	18.1

The third quarter saw the PVA TePla Group again achieving a high volume of sales at the same level as the previous quarter, namely € 12.7 million compared to € 11.0 million a year before, and increased cumulative revenue for the first nine months by more than 18% year-on-year to € 36.3 million (€ 30.7 million). The Vacuum Systems division generated 67% of Group sales, so it continues to be the principal source of revenue. By the end of the third quarter, its sales volume reached € 24.3 million (Q1-3/2004: € 17.1 million). Sales by the Plasma Systems division were significantly lower year-on-year, reaching € 8.3 million (Q1-3/2004: € 11.8 million). The general stagnation in the semiconductor industry during the first half of the year had noticeable impacts here. The Crystal Growing Systems division substantially improved its

sales revenue to € 3.7 million compared to the € 1.9 million in year on year comparison, but the figure remains low. We expect a substantial increase in the fourth quarter due to current orders being invoiced. In terms of regional distribution, the growth in sales was primarily achieved in Germany and Europe.

Improved quarterly result in Q3/2005

Following a muted start to the year, the PVA TePla Group attained its best quarterly result hitherto in the third quarter. Gross profit rose again relative to the previous quarters to € 3.6 million (Q3/2004: € 3.6 million). The cumulative gross profit for the year to date, at € 8.6 million, was slightly lower than the figure a year ago (€ 8.8 million). This shortfall is mainly due to the sluggish revenues in the high-margin Plasma Systems division. Despite higher revenues, the cost of sales were reduced from € 4.5 million in Q1-3/2004 to € 4.0 million in Q1-3/2005. The year-on-year increase in administrative expenses, from € 3.1 million to € 3.4 million, resulted first and foremost from our strategically planned business expansion and our presence in China. R&D expenses were cut to € 0.9 million (Q1-3/2004: € 1.2 million). The operating result in Q1-3/2004, at € -0.7 million, included restructuring expenses of € 0.3 million; these are no longer incurred.

Report on Business Development/ Workforce

After nine months of the new business year, the Group now registers a positive operating result of € 0.4 million. The third quarter returned the best quarterly result of the 2005 business year to date, at € 0.5 million (Q3/2004: € 0.5 million), with an EBIT margin of 3.6%.

Following capitalisation of € -0.1 million in deferred taxes according to IFRS and income taxes, and € 0.2 million in minority interests (prior year: € 0.2 million), the result for the period has turned positive, at € 0.5 million (prior year: € -0.1 million).

The operative cash flow improved significantly compared to the end of Q2 (€ -2.2 million), and after nine months is now at € 1.6 million, well back in positive territory (prior year: € 3.1 million).

The free cash flow (operative cash flow minus payments for investments) is again positive, at € 0.4 million (prior year: € 2.2 million). This increase in investment volume is mainly accounted for by the takeover of the remaining shares in Crystal Growing Systems GmbH as part of a share capital increase against contributions in kind, the installation of a new vacuum soldering furnace to expand the capacities of Löt- und Werkstofftechnik GmbH in Jena, and the start of construction work on a new production hall at the Jena site.

Further increase in workforce size

The number of employees in the Group has continued to increase as a result of the good order situation. As at 30 September, PVA TePla had a total of 270 employees on its payroll worldwide, an increase of 13 employees on the previous quarter and a full 25 compared to the same time last year (due also to the new activities in China). As far as regional concentration is concerned, Germany accounts for 222 employees and is therefore the dominant location. At the end of the third quarter, 29 were employed in the USA, 13 in China and 6 in Denmark.

Consolidated Income Statement* (IAS/IFRS)

Consolidated Income Statement	3 Months		9 Months	
	01.07.05- 30.09.05 EUR '000	01.07.04- 30.09.04 EUR '000	01.01.05- 30.09.05 EUR '000	01.01.04- 30.09.04 EUR '000
Revenues	12,669	11,025	36,305	30,742
Cost of goods sold	-9,028	-7,471	-27,682	-21,945
Gross profit	3,641	3,554	8,623	8,797
Selling expenses	-1,408	-1,465	-3,980	-4,506
General administrative expenses	-1,287	-993	-3,435	-3,069
Research and development expenses	-471	-389	-939	-1,159
Restructuring and other non-recurring expenses	0	-46	0	-336
Amortization of goodwill	0	0	0	0
Other operating expenses and income	-13	-188	118	-418
Operating result (EBIT)	462	473	387	-691
Interest income / expenses	-26	-53	-68	-168
Equity in earnings / Equity in losses of associated companies	-3	15	104	19
Net interest income and net income from associated companies	-29	-38	36	-149
Result from ordinary activities	432	435	423	-840
Income tax	-30	-46	-121	-46
Deferred tax	-140	106	12	548
Income from the change in accounting methods	0	0	0	0
Net result for the period	263	495	314	-338
Minority interest	73	32	189	189
Net result for the period after minority interest	336	528	503	-149
Earnings per share (basic)	0.02	0.02	0.02	-0.01
Earnings per share (diluted)	0.02	0.02	0.02	-0.01
Weighted average shares outstanding (basic)	21,463,321	21,449,988	21,454,432	21,449,988
Weighted average shares outstanding (diluted)	21,463,321	21,449,988	21,454,432	21,449,988

* unaudited

R&D

Research and development

The PVA TePla Group spent € 0.9 million on R&D in the first nine months (Q1-3/2004: € 1.2 million), reducing costs while maintaining the same level of innovation.

In the Vacuum Systems division, development work is usually carried out in the context of customer orders and is not separately posted as R&D expense.

As part of a customer-specific order, a 'Soft-SPS Control System' was developed for a vacuum soldering plant.

The new VGF system for polycrystalline silicon, developed in the previous quarters of this year, entered the construction phase in the third quarter, and is scheduled for completion in the course of the next quarter, prior to testing and process optimisation.

The system visualisation software developed by the Vacuum Systems division was upgraded to include the functions of batch storage and simple exchange of recipes between identical systems.

In the Crystal Growing Systems division, we continue to work with our project partner to develop a technically enhanced concept in connection with further expansion of the partner's 300 mm capacities.

The new EFG multigeneration system for 125 mm and 150 mm solar wafers was completed in September 2005. This particular system is currently in the process of starting up. 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.

In September 2005, the division also received an order from a leading company to develop an innovative systems technology for growing high-quality compound semiconductors. Big interest is shown in sapphire crystals and substrates, and in the respective plant technology, due to their applications in the field of optoelectronics and for high-performance LEDs.

A new system for growing oxide crystals was delivered in September 2005.

In collaboration with a research partner, work is currently in progress to develop a new sapphire crystal production process for a key European customer.

Research and development in the Plasma Systems division is mainly concentrated on improving products and details in order to optimise the series readiness of such systems, and for use in new markets of the future. For example, even greater precision and long-term stability has been achieved for the TWIN metrology system.

The Plasma 400 system can now be used to develop new display technologies that require a special chemical engineering process. This was achieved by modifying the gas supply and the microwave coupling.

Consolidated Balance Sheet* (IAS/IFRS)

Assets in EUR '000	30.09.2005	31.12.2004
Long-term assets		
Intangible assets	8,045	8,196
Tangible assets	7,890	7,478
Financial assets	292	170
Total long-term assets	16,227	15,844
Short-term assets		
Inventories	10,212	10,593
Raw materials and supplies	3,255	3,029
Work in process	2,723	2,215
Costs of uncompleted contracts in excess of related billings	3,672	4,260
Finished products / goods	561	1,089
Trade accounts receivable and other receivables	6,927	5,903
Trade accounts receivable	5,727	4,996
Amounts due to associated companies	0	237
Other receivables	1,200	670
Receivables from tax refunds	4	12
Liquid assets	3,686	3,456
Prepaid expenses and accrued income	230	49
Total short-term assets	21,060	20,013
Deferred tax assets	6,473	6,180
Total assets	43,759	42,037

* unaudited

Liabilities in EUR '000	30.09.2005	31.12.2004
Shareholders' equity		
Share capital	21,750	21,450
Retained earnings	236	35
Other comprehensive income	-277	-504
Minority interest	153	341
Total shareholders' equity	21,862	21,322
Special item relating to investment grants	996	1,096
Long-term liabilities		
Notes payable	1,884	1,784
Other liabilities	12	11
Pension provisions	5,993	5,635
Other provisions	262	319
Total long-term liabilities	8,152	7,749
Short-term liabilities		
Bank notes payable (current)	465	870
Trade accounts payable	2,067	2,064
Liabilities due to affiliated companies	0	0
Liabilities due to associated companies	0	147
Advance payments received on orders	4,188	3,577
Other liabilities	687	1,054
Tax provision	102	0
Deferred tax liabilities	1,040	875
Other provisions	4,197	3,279
Deferred income	4	4
Total short-term liabilities	12,749	11,870
Total equity and liabilities	43,759	42,037

* unaudited

Consolidated Cash Flow Statement* (IAS/IFRS)

Consolidated Cash Flow Statement	01.01.2005- 30.09.2005 in EUR '000	01.01.2004- 30.09.2004 in EUR '000
Net result for the period	314	-338
+/- Depreciation / write-ups on fixed assets	943	1,270
+/- Increase / decrease of provisions	1,320	777
+/- Decrease / increase in deferred taxes	-128	-549
+/- Increase / decrease of the special item relating to investment grants	-100	-100
+/- Other income / expenses not impacting cash flow	-178	-160
-/+ Gains / losses from disposals of fixed assets	0	8
-/+ Increase / decrease of inventories, trade receivables and other assets	-635	330
+/- Increase / decrease of trade payables and other liabilities	101	1,813
= Cash Flow from operating activities	1,637	3,051

* unaudited

	01.01.2005- 30.09.2005 in EUR '000	01.01.2004- 30.09.2004 in EUR '000
+ Proceeds from disposals of financial assets	10	123
- Purchases of investments in financial assets	0	-147
- Purchases of tangible and intangible assets	-1,198	-704
= Cash Flow from investment activity	-1,188	-728
- Principal repayments of bonds and other financial loans	-247	-211
+/- Change of short-term financial liabilities	-405	-2,871
= Cash Flow from financing activity	-309	-3,082
Change of liquid assets	140	-759
+/- Currency translation effect and other value changes of liquid assets	89	3
+ Liquid assets at the start of period	3,456	2,268
= Liquid assets at the end of period	3,685	1,512

* unaudited

Development of Shareholders' Equity* (IAS/IFRS)

Statement of changes in shareholders' equity	Shared issues		Additional paid-in capital EUR '000	Retained earnings / Accumulated deficit EUR '000	Other compre- hensive income EUR '000	Minority interest EUR '000	Total Shareholders' equity EUR '000
	Number	EUR '000					
	Status 31.12.2003	21,449,988					
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 for 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
Capital increase	300,000	300	1,146				1,446
Foreign currency difference					227		227
Acquisition minority status			-1,146	-305			-1,451
Net profit for the period				503		-189	314
Status 30.09.2005	21,749,988	21,750	0	235	-278	153	21,860

* unaudited

** The share capital increase against contributions in kind (300,000 shares) carried out in order to take over the remaining shares in Crystal Growing Systems GmbH was entered in the Commercial Register on 26.09.2005.

Outlook

The incoming order volume was further and substantially increased in the third quarter. As at 30 September 2005, orders valued at € 43.9 million (30.09.04: € 41.7 million) were booked. The combined book-to-bill ratio, at 1.2, was well over the threshold of one.

The largest share of orders received, namely € 17.3 million, were for the Vacuum Systems division (Q1-3/2004: € 22.2 million), although its third quarter figure was at € 4.2 million and therefore lower year-on-year. However, at the beginning of the fourth quarter we are now seeing a renewed upturn in this area. The upward development of the Crystal Growing Systems division is encouraging. The cumulative figure for the year in this division, at € 16.3 million, is triple the previous year's figure of € 5.1 million. This progress is primarily driven by dynamic growth of the solar market, and provides us with a strong foundation for revenues in 2006. In the third quarter alone, incoming orders totalled € 11.3 million in this division. The Plasma Systems division now has a cumulative order volume of € 10.3 million, which is still well behind the € 14.4 million figure in Q1-3/2004. However, the third-quarter volume of € 4.5 million shows that demand is recovering relative to the first half of the year.

The order backlog as at 30 September 2005 had increased to € 27.7 million (30.9.04: € 22.0 million), a level that had been unattained hitherto.

In the Vacuum Systems division – the main source of revenue so far in 2005 – capacities are still being utilised to a high level. In view of the current and renewed upswing in incoming order volume, we expect sales to remain at a high level until well into 2006.

In the Crystal Growing Systems division, we will achieve the projected revenue target for 2005, given the volume of orders on hand and their scheduled execution. Due to the significantly improved order situation and the strong demand we are witnessing, we expect 2006 to be a year of strong revenue growth. The situation with the major order we previously announced is unchanged. The supervisory body at the customer enterprise has not yet given its consent to the order presented.

In the Plasma Systems division, business has been gathering pace since mid-year. However, the good volume levels of the previous year have not yet been reached.

On the whole, the Management Board remains optimistic as regards business development in the fourth quarter of 2005. It would seem today that we will achieve our revenue target, increasing sales by around 15% relative to 2004. Earnings are also expected to be higher than last year's figure. We confirm our previous forecast of an EBIT margin in a range between 1% and 3% of revenue.

Transition to IFRS / Executive bodies

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

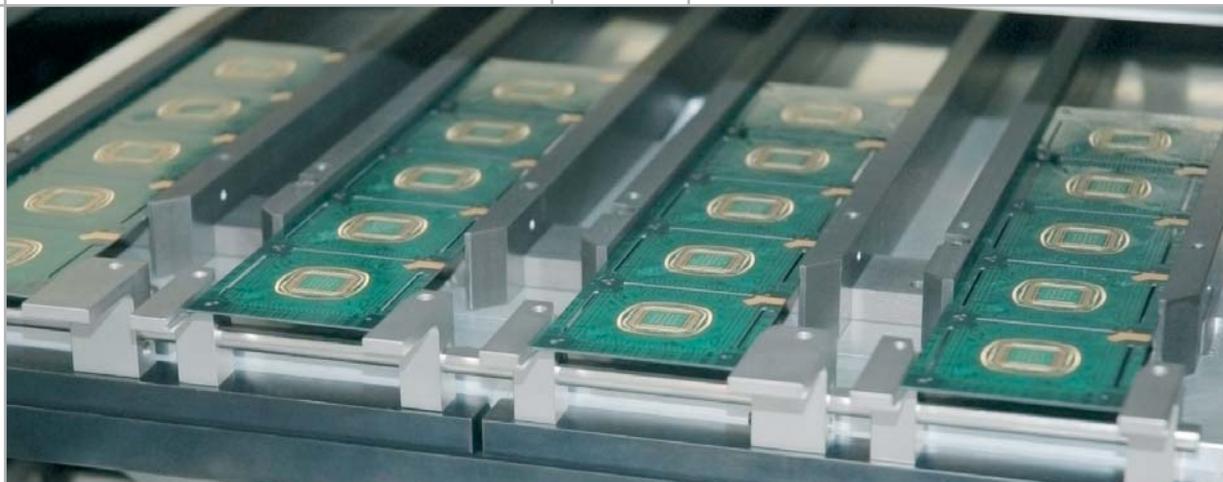
Until 31.12.2004, the PVA TePla Group conducted its accounting and reporting in accordance with US GAAP (United States Generally Accepted Accounting Principles). Since the beginning of 2005, accounting and reporting by the PVA TePla Group has been conducted in compliance with the International Financial Reporting Standards (IFRS). For details pursuant to IFRS 1.39 regarding reconciliation of shareholder equity and the net profit or loss for the relevant reporting dates (as at 1 January 2004 and at the end of each quarter in 2004), we refer to the remarks on pages 21-24 of our interim report on the first quarter of 2005.

The prior-year figures disclosed in the present report were converted where relevant from US GAAP to IFRS.

Executive bodies

Shareholdings and stock options

	Number of shares held as of 30.09.2005	Number of shares held as of 30.06.2005	Options held as of 30.09.2005	Options held as of 30.06.2005
Management Board				
Peter Abel	5,991,275	6,141,275	0	0
Arnd Bohle	0	0	0	0
Volker Lang	49,682	0	0	0
Supervisory Board				
Alexander von Witzleben	0	0	0	0
Prof. Dr. Günter Bräuer	0	0	0	0
Dr. Peter Friedemann	300	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 quarterly report was prepared in accordance with the International Financial Reporting Standards (IFRS).

Orders

Group incoming orders in the third quarter amounted to € 20.0 million (Q3/2004: € 15.6 million), and totalled € 43.9 million in the first nine months of 2005 (Q1-3/2004: € 41.7 million).

After deduction of realised sales, calculated using the percentage-of-completion method (POC), the order backlog of the Group companies was at € 32.8 million as at 30.09.2005 (2004: € 23.0 million); after Group consolidation, the total was € 27.7 million (2004: € 22.0 million).

Development of costs and prices

Costs increases for procurements have been largely avoided so far. However, selling prices are facing severe competitive pressures due to persistent weakness in the economy.

Investments

Group investments in the first nine months of 2005 totalled € 1.501 million (Q1-3/2004: € 851 thousand).

R&D activities

Total group expenditure on research and development was € 939 thousand in the first nine months of 2005 (Q1-3/2004: € 1.159 million).

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

On reaching the age of 65, Mr. Martin Gier left the Management Board of PVA TePla AG on 24 August 2005 in accordance with the company statutes.

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.

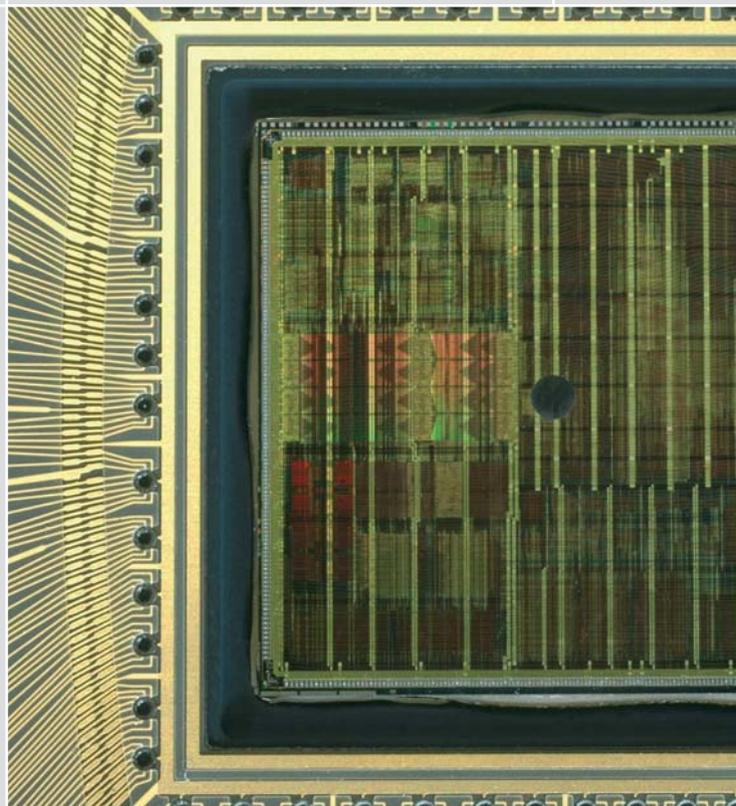
Disclaimer:

This Interim Report contains forecasts based on assumptions and estimates by the management of PVA TePla AG. Although we assume that the expectations in these statements are realistic, we cannot guarantee that these expectations will prove correct. The assumptions may harbour risks and uncertainties that can lead to actual results deviating substantially from the forecasts being made. Factors that can cause such deviations include: changes in the macro-economic and business environment; exchange rate and interest rate variability; launching of competing products; lack of acceptance of new products or services, and modifications to the corporate strategy. PVA TePla does not plan to revise these forecasts, nor does PVA TePla accept any obligation to do so.

Financial calendar

Financial calendar for 2005 / 2006 (provisional)

23 November 2005	Roadshow presentation at the "Eigenkapitalforum" (Equity Forum) organised by the Deutsche Börse in Frankfurt
31 March 2006	Publication of the 2005 Annual Report
April 2006	Conference Call for investors and analysts, Frankfurt
12 May 2006	Publication of the Q1 Report
27 June 2006	Annual Shareholders' Meeting, Stadthalle Wetzlar
11 August 2006	Publication of the Q2 Report
14 November 2006	Publication of the Q3 Report



INTERMEDIATE REPORT

PVA TePla AG

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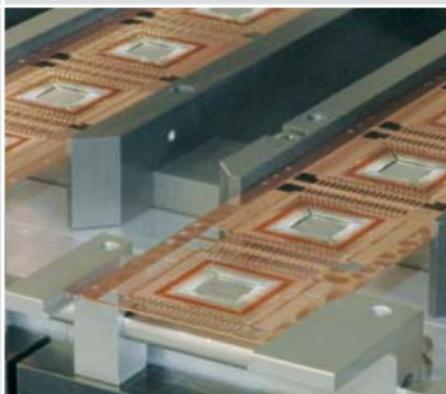
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