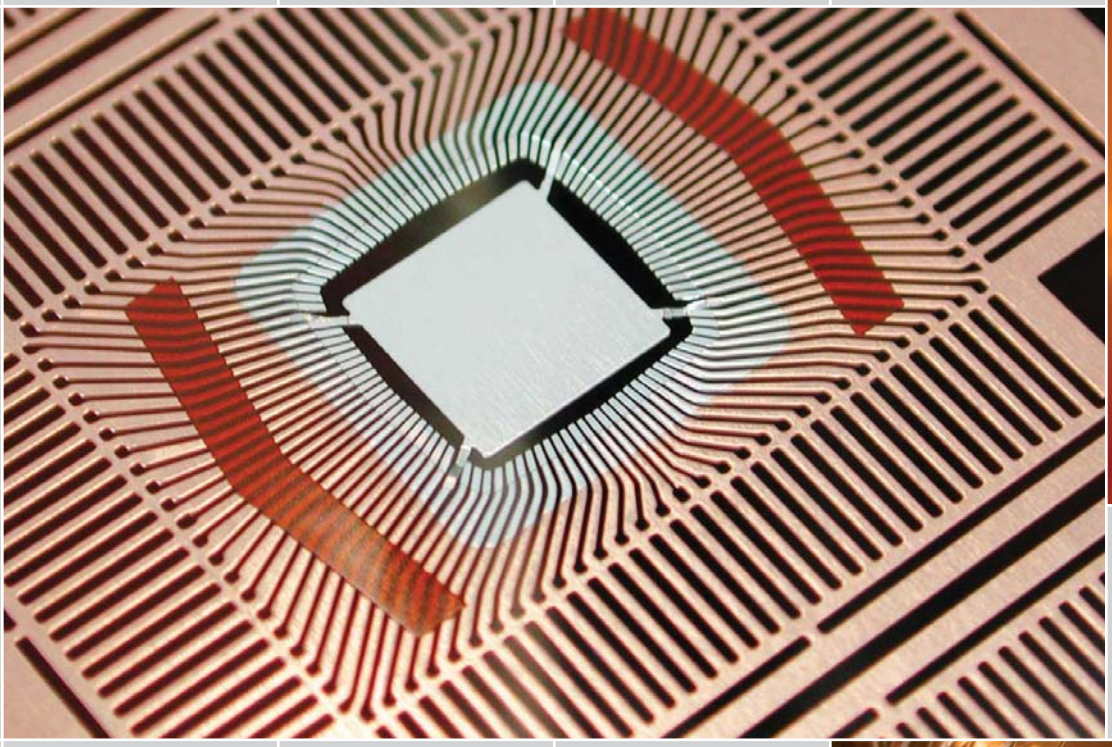
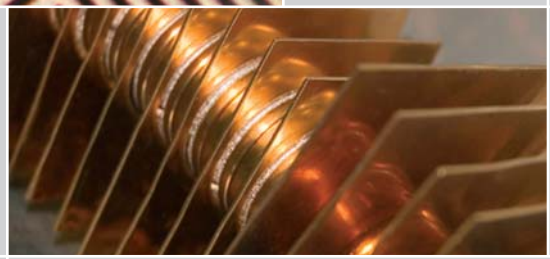
INTERMEDIATE REPORT
1 January to 30 September 2006





Be equipped for tomorrow's materials

PVA TePla

At a glance

EUR '000	I-III / 2006	I-III / 2005
Revenues	**53,040**	**36,305**
Vacuum Systems	**21,246**	**24,318**
Crystal Growing Systems	**21,720**	**3,705**
Plasma Systems	**10,075**	**8,282**
Gross profit	**12,704**	**8,623**
As a percentage of sales	24.0	23.8
R&D costs	1,160	939
Operating profit (EBIT)	**2,521**	**387**
As a percentage of sales	4.8	1.1
Consolidated net income for the period	**1,562**	**503**
As a percentage of sales	2.9	1.4
Earnings per share (EPS) in €	**0.07** [1)]	**0.02** [2)]
Investments in non-current assets	1,834	1,198
Total assets	**54,415**	**49,007** [3)]
Equity ratio (%)	44.4	46.3 [3)]
Employees as at 31.09.	**325**	**270**
Incoming orders	**61,381**	**43,914**
Order backlog	**41,526**	**27,747**
Book-to-bill ratio	1.16	1.21
Operating cash flow	2,707	1,637
Free cash flow	873	439

1) Average number of shares in circulation: 21.749.998
2) Average number of shares in circulation: 21.463.321
3) As at December 31, 2005

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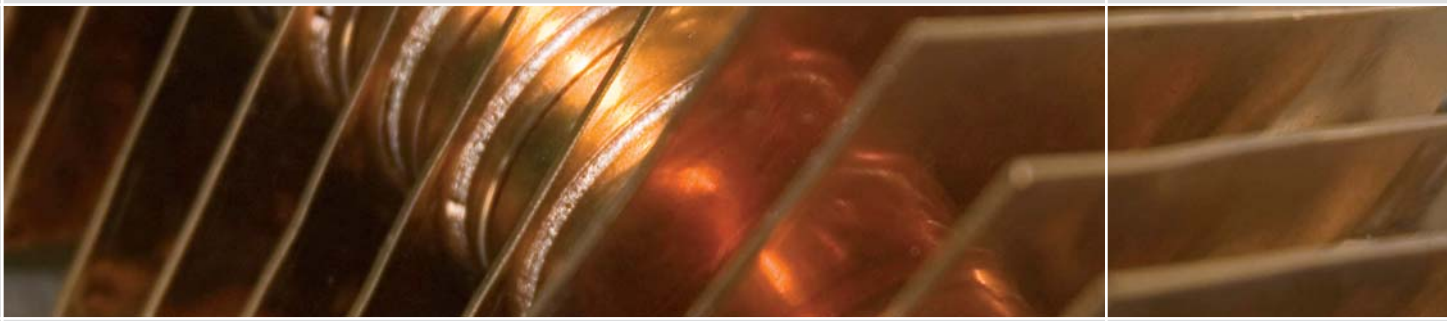


Foreword by the Management Board

Dear shareholders, business associates and employees of PVA TePla AG,

PVA TePla AG's business remained very strong throughout the third quarter of the current financial year. Consolidated revenues rose by 46 % to € 53.0 million, already reaching the level achieved for the entire previous financial year by the end of the third quarter.

Incoming orders reflected this positive development, which exceeded the prior-year period by roughly 40 %. This growth is all the more gratifying as the order of the joint venture between Siltronic and Samsung – already announced for crystal growing systems for the production of 300 mm wafers for the semiconductor market –, originally to be placed by the end of September, is not yet included under incoming orders, where it will presumably be reflected at the end of Q4. Photovoltaic and semiconductors are currently PVA TePla AG's key growth markets. We are encountering great interest in our systems at sales and partnership presentations conducted with existing and prospective customers. At PVA TePla we have not lost sight of the necessity of vigorously pursuing new technologies and upgrading existing systems for rapidly expanding markets in order to remain positioned for the future. Thus we successfully tested in cooperation with SCHOTT Solar a new crystal growing system for polycrystalline solar wafers of different sizes which potentially offers the customer significant production benefits down the road. At the world's largest solar conference this year in Dresden, PVA TePla presented a new vacuum block molding system for solar silicon that garnered worldwide attention.

In a move to strengthen our Plasma Systems division, PVA TePla integrated the business of Plasma Technik Grün GmbH into the newly founded PlateG GmbH located in Siegen, effective September 1, 2006. PlaTeG GmbH manufactures systems for hardening and refining steel, plastic and metal via surface treatment to achieve substantially greater useful life and corrosion resistance for these materials. This acquisition not only produced synergy effects in the "Industrial/ Medical" sector of PVA TePla AG's Plasma Division, it also represented a logical complement to the product portfolio. The pre-existing and distribution structures are likewise complementary, and both companies obtain improved market access in Europe / America respectively.

PVA TePla shares posted significant gains versus their December 31, 2005 level, despite trending back below their midyear level during the last few weeks of Q3. We held several roadshows in Paris and other cities during the financial year presenting our company to the investing public.

On behalf of fellow Management Board member Arnd Bohle and our division managers I would like to thank you for the confidence you have placed in our company and your commitment to us.

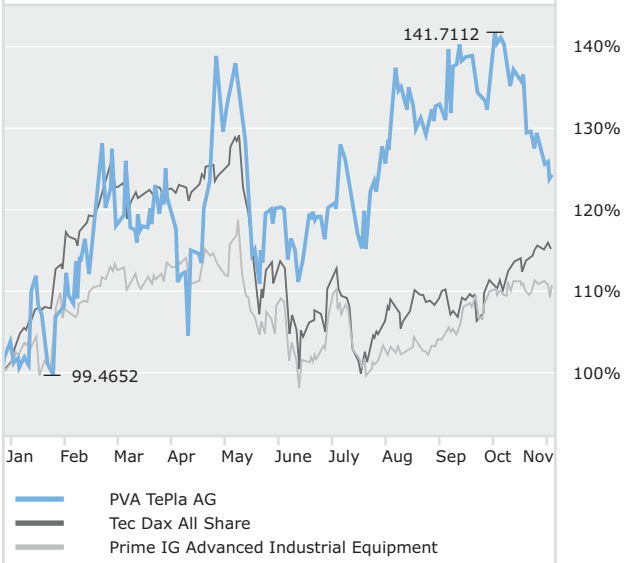
November 2006

Peter Abel
Chairman of the Management Board

PVA TePla Shares

PVA TePla shares performed very well over the course of the year, despite having to relinquish some gains in October. The shares appreciated by 26 % between the start of the year and November 6, 2006, moving from € 3.73 up to € 4.70. PVA TePla shares thus significantly outperformed the relevant "Technology All Share" and "Advanced Industrial Equipment" indexes for the Prime Standard stock market segment.

The PVA TePla Management Board utilized a series of roadshows conducted in Q3 to present the company to German and international investors.



Shareholdings and subscription rights of executive body members

Management Board	Shares		Subscription rights	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Peter Abel	6,001,275	5,991,275	0	0
Arnd Bohle	0	0	0	0

Supervisory Board	Shares		Subscription rights	
	30.09.2006	31.12.2005	30.09.2006	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

Consolidated revenues for the first nine months of 2006 totaled € 53.0 million. This amounted to a major 46 % increase versus € 36.3 million for the prior-year period.

The **Vacuum Systems Division** posted revenues of € 21.2 million (2005: € 24.3 million), accounting for 40 % of consolidated revenues. The unusually strong results for the year 2005 are the reason for lower revenues this year, which are still favorable relative to the long-term average. The **Crystal Growing Systems Division** contributed 41 % of consolidated revenues with results of € 21.7 million (2005: € 3.7 million).

Crystal growing was the primary driver behind sharply higher consolidated revenues, achieving nearly six times the figure posted for the prior-year period. The **Plasma Systems Division** also increased its revenues for the first nine months of 2006 to € 10.1 million (2005: € 8.3 million), contributing 19 % of consolidated revenues.

Revenues of € 22.5 million (2005: € 12.7 million) for the third quarter alone were quite substantial, due primarily to existing crystal growth system division orders. The reported increase in revenues includes income amounts recognized applying the percentage-of-completion method.

Revenues by division	**I-III / 2006 EUR '000**	**I-III / 2005 EUR '000**
Vacuum Systems	21,246	24,318
Crystal Growing Systems	21,720	3,705
Plasma Systems	10,075	8,282
Total revenues	**53,040**	**36,305**

Revenues by region	**I-III / 2006 EUR '000**	**I-III / 2005 EUR '000**
Germany	25,413	10,718
Europe	5,225	9,052
North America	2,958	3,053
Asia	19,443	12,400
Rest of world	-24	804
Consolidation	25	278*)
Total revenues	**53,040**	**36,305**

*) 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 figures for the first nine months of 2005.

The Crystal Growing Systems division was mainly behind the robust growth obtained in Germany. Existing orders of subsidiary Crystal Growing Systems GmbH are almost exclusively from customers in Germany at present. Growth in Asia was driven by the Vacuum Systems division and € 3.2 million in revenues of crystal growing systems to the Chinese joint venture Xi'an HuaDe CGS Ltd.

2. Orders

Order flow remained highly dynamic for PVA TePla AG in the third quarter of 2006. Incoming orders for the third quarter of 2006 totaled € 27.7 million, another significant rise versus the prior year's level of € 20.0 million. For the first nine months of 2006, total incoming orders increased by a substantial 40 % to € 61.4 million (2005: € 43.9 million). The book-to-bill ratio of 1.16 (2005: 1.21) remained squarely above 1, an indicator of future growth for the PVA TePla Group.

The **Vacuum Systems Division** recorded a 37 % increase in **incoming orders** as of September 30, 2006 up to € 23.7 million (2005: € 17.3 million). Q3 2006, there was a solid rise of nearly 60 % versus the same quarter last year, though somewhat lower than the preceding periods. The **Crystal Growing Systems Division** recorded a 70 % increase in incoming orders to hit € 27.7 million coming after € 16.3 million for the prior-year period. Incoming orders include roughly € 20 million from the partnership agreement with ASi Industries GmbH, a subsidiary of Ersol Solar Energy AG. The supply agreement between CGS GmbH and the joint venture between Siltronic and Samsung in Singapore foreseen in Q3 is not included under incoming orders. The deal is expected to be signed in Q4 2006. The **Plasma Systems Division** saw a slight decline in incoming orders versus September 30, 2005 to € 9.9 million (2005: € 10.3 million). Q3 incoming orders were higher than the preceding quarters of the current financial year, indicating that there is an upward trend.

Order backlog on a consolidated basis and after deducting revenues recognized applying the IFRS "percentage of completion" method came to € 41.5 million at September 30, 2006 (2005: € 27.7 million), a 49 % increase versus the prior-year period. The **Vacuum Systems Division** accounted for € 13.2 million (2005: € 8.8 million), exceeding the previous year's level by 50 %. The **Crystal Growing Systems Divisions** also showed a major increase of 79 % up to € 25.4 million at September 30, 2006 (2005: € 14.2 million). The **Plasma Systems Division** reported order backlog of € 2.9 million during the period under review, a decline compared to € 4.8 million for the prior-year period.

Business development

3. Research and development

The PVA TePla Group spent € 1.2 million in the first nine months of 2006 (2005: € 0.9 million) on research and development. It should be noted that the Vacuum Systems Division generally pursues new development projects on a customer order basis, which are not reported separately as R&D expenditure.

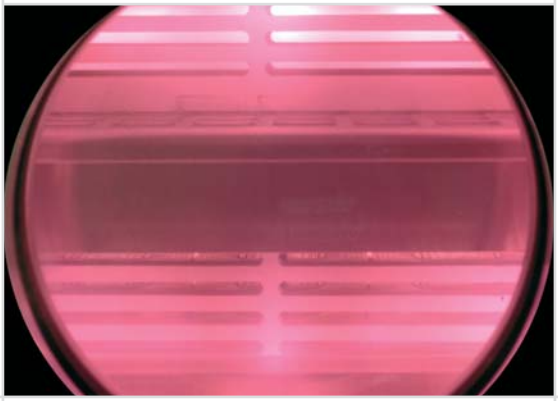
Melting processes were further optimized in the 3rd quarter of 2006 as part of the continued development of a VGF (**v**ertical **g**radient **f**reeze) system for polycrystalline solar silicon, additionally processing silicon (Si) provided by customers. Si ingots frozen into a good crystalline structure were sawn into blocks and wafered (wafer chips with dimensions of 156 x 156 mm x 0.2 mm thickness). These are currently being analyzed and characterized by a research institute. Further process optimizations are planned for the fourth quarter.

A 12-sided tube of silicon film 6m in length was successfully grown in partnership with SCHOTT Solar GmbH using a new "multi-generation" crystal growing system. This system allows growing either a 12-sided tube with edge lengths of 125 mm or a 9-sided tube with edge lengths of 156 mm. These tubes of only 0.3 mm approximate thickness ranging up to 7m in length are then processed into silicon wafers for the PV solar power industry. The production of silicon film using the EFG (**e**dge-defined **f**ilm-fed **g**rowth) method offers one major benefit, in that the silicon tubes do not have to be sawn apart as do silicon blocks in other methods (resulting in approximately 50 % loss of material) instead only requiring separation at the edges via laser.

The Plasma Systems Division's new PS 4008 plasma system for stripping thick layers of resist in the MEMS industry (**m**icro-**e**lectro-**m**echanical **s**ystems = microsensors) is in the acceptance phase. This developed system is constructed in modular fashion to allow use with applications in other markets such as OLED/PLED display technology. The system utilizes the established microwave plasma technology to produce a plasma and is equipped with a sophisticated plasma source pulse modulation function. The first plasma processes and system characterizations were conducted in September and early October of 2006. Delivery to a large customer in the Swiss timepiece industry took place in mid-October. Initial field results should be forthcoming by the end of this year.

4. Investments

Investments during the first nine months of 2006 totaled € 1.8 million (2005: € 1.2 million). Most of this amount went to acquisitions of new business segments by Plasma Systems GmbH and PlaTeG GmbH in two separate asset deals, expanding the Plasma Systems Division.



5. Assets and financial position

Total assets rose to € 54.4 million coming after € 49.0 million as of December 31, 2005, a slight increase versus the previous quarter (June 30, 2006: € 52.5 million)

Noncurrent assets rose to € 24.6 million (December 31, 2005: 24.0 million). This was mainly due to increasing tangible assets with investment in the new business segments of the Plasma Systems Division.

Current assets increased to € 29.8 million (December 31, 2005: 25.0 million). The biggest change was in future receivables from manufacturing contracts, which rose to € 10.9 million (December 31, 2005: € 7.1 million). Inventories were up slightly to € 6.7 million (December 31, 2005: € 6.3 million), while receivables declined slightly to € 9.5 million (December 31, 2005: € 9.7 million). Cash and cash equivalents of € 2.4 million were higher than the December 31, 2005 level (€ 1.8 million).

Shareholders equity increased to € 24.1 million (December 31, 2005: € 22.7 million) on higher earnings.

Noncurrent liabilities were essentially unchanged at € 11.3 million as of September 30, 2006 versus € 10.9 million at December 31, 2005. The difference resulted primarily from an increase of deferred tax liabilities and a scheduled increase in pension provisions.

Current liabilities rose from € 13.7 million at December 31, 2005 to € 17.4 million. This was mainly due to an increase in other provisions to € 6.5 million (December 31, 2005: € 3.8 million; fixed warranty provisions adjusted for increased business volume as of June 30, 2006, increased provisions for outstanding invoices and commissions) and increasing accounts payable of € 5.2 million (December 31, 2005: € 2.3 million; caused by increased business volume). With the liquidity situation improving, current financial liabilities chiefly represent the short-term portion of long-term financial liabilities, falling to € 0.9 million (December 31, 2005: € 1.4 million). Advanced payments received were lower at € 3.3 million versus € 5.2 million at December 31, 2005, as the relevant contracts are progressively being completed.

The equity ratio as of September 30, 2006 remained stable at the high level of 44.4 % (44.3 % on 31.03.2006 and 44.6 % on June 30, 2006). This figure is lower than the 46.3 % reported at the end of financial year 2005 due to increasing total assets.

Liquidity has improved over the course of financial year 2006 thus far. Operating cash flow was positive at € +2.7 million (2005: € 1.6 million). Cash flow from investing activities was € -0.9 million (2005: € -1.2 million). Cash flow from financing activities came to € -1.2 million (2005: € -0.4 million), reflecting scheduled reduction of long-term loans and reductions in short-term loans.

Total cash flow for the first nine months of 2006 including exchange rate-related changes was € +0.6 million (2005: € +0.2 million). Free cash flow was € +0.9 million (2005: € +0.4 million).

Business development

Operating cash flow shows sharp fluctuation from quarter to quarter (Q1 2006: € +5.4 million; Q2 2006: € +2.1 million; Q3 2006: € -4.8 million). This is due primarily to the project-based nature of business in the Vacuum Systems and Crystal Growing Systems Divisions. Advance payments of roughly 30 % of contract value upon contract signing create positive upfront cash flow. Negative cash flow then arises as contracts are progressively completed until receipt of the main customer payment amount, typically upon delivery. Total operating cash flow is thus significantly impacted by overlapping individual contract cycles.

6. Results of operations

PVA TePla Group kept up its earnings momentum throughout the third quarter of 2006. Results for the first nine months of 2006 were significantly higher than for the prior-year period. Operating results increased substantially to +2.5 million (2005: € +0.4 million), the net income for the period also increased to +1.6 million (2005: € +0.3 million). Accordingly, EBIT margin rose significantly to 4.8 % (2005: +1.1 %) and return on sales to 2.9 % (2005: 1.4 %). As in the first and second quarters of 2006, EBIT margin stayed within the 4-6 % range estimated for financial year 2006.

The rise in earnings was primarily a function of gross profits increasing to € 12.7 million (2005: € 8.6 million). With Group sales increasing to € 53.0 million versus € 36.3 million for the previous year, gross margin expanded slightly to 24.0 % (2005: 23.8 %).

Selling and administrative costs rose at a slower pace than business volume, increasing to € 4.6 million (2005: € 4.0 million) and € 3.9 million respectively (2005: € 3.4 million). Selling costs were affected by higher sales commissions, which depend 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 reduced internal transfer pricing following a change in management structure and reorganization of Investor Relations at the Group's head office in Asslar.

The Vacuum Systems Division was not quite able to achieve the same excellent results as in the previous year. Crystal Growing Systems Divisions posted the greatest increase in earnings. Startup costs for PlaTeG GmbH and Plasma Systems GmbH and higher R&D expenses affected the Plasma Systems Division in the third quarter in addition to higher commissions and exchange rate effects discussed in the first two quarters.

Operating profit (EBIT) by division	I-III / 2006 EUR '000	I-III / 2005 EUR '000
Vacuum Systems	1,851	2,344
Crystal Growing Systems	1,490	-1,574
Plasma Systems	-820	-383
Operating result	**2,521**	**387**

Net interest income was unchanged for the year at € -0.1 million (2005: € -0.1 million), equal to last year's level. The associated firm PVA MIMtech LLC, Cedar Grove, NJ/US again contributed substantially to Group results with earnings of € +0.2 million (2005: € +0.1 million).

Income tax expenses totaling € 0.3 million (prior-year period: € 0.1 million) mainly represented provisions created for subsidiaries in Germany and minimum taxes due from PVA TePla AG pursuant to German tax law. Higher earnings resulted in increased deferred tax expenditure of € 0.7 million (2005: income of € 0.0 million).

7. Personnel development

The Group employed a total of 325 employees as of the September 2006 reporting date (December 31, 2005: 275 employees). The number of Vacuum Systems Division employees rose by 28 as business remains robust; installation of crystal growing systems for CGS GmbH is performed by the Vaccuum Systems Division as a subcontractor. The Crystal Growing Systems Division added 4 new employees for a total of 43 currently (December 31, 2005: 39 employees) a minor increase. The PlaTeG GmbH buyout of Plasma Technik Grün GmbH's business increased the number of Plasma Systems Division employees from 66 up to 84.

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

Given current levels of incoming orders and the supplier agreement expected to be signed with the joint venture between Siltronic and Samsung in Singapore in Q4 in the Crystal Growing Systems Division, we are reiterating our projection of an over 100 % rise in incoming orders versus December 31 of the previous year. Although the major project announced for a Chinese customer has not yet been released due to a shortage of raw silicon, we continue to see a lot of potential in the rapidly growing Chinese photovoltaic market over the next several years.
We are reaffirming our previously announced estimate for a 30 % year-on-year increase in Group revenues on the basis of our most recent review of projections and available data as of September 30, 2006 as well as our target EBIT margin range of 4-6 % for the current financial year.

Consolidated Balance Sheet* (IAS/IFRS)

Assets	30.09.2006 EUR '000	31.12.2005 EUR '000
Non-current assets		
Intangible assets	8,066	8,052
Goodwill	7,634	7,584
Other intangible assets	432	468
Tangible assets	9,621	9,079
Land, land rights and buildings, including buildings on third-party land	5,601	5,823
Plant and machinery	2,840	2,480
Other facilities, operating and office equipment	1,055	742
Advance payments and assets under construction	125	34
Financial assets	619	374
Shares in associated companies	440	348
Loans to associated companies	158	0
Other receivables	22	25
Deferred tax assets	6,301	6,510
Total non-current assets	**24,608**	**24,014**
Current assets		
Inventories and production orders	6,746	6,255
Raw materials and operating supplies	3.410	3,729
Work in progress	2.410	1,708
Finished products/goods	926	818
Future receivables from manufacturing contracts	10,934	7,141
Trade and other receivables	9,448	9,709
Trade receivables	7,276	7,217
Receivables from associated companies	0	169
Other receivables	2,172	2,323
Tax refund claims	14	6
Cash and cash equivalents	2,431	1,820
Prepaid expenses	234	61
Total current assets	**29,807**	**24,993**
Total assets	**54,415**	**49,007**

* unaudited

Liabilities	30.09.2006 EUR '000	31.12.2005 EUR '000
Shareholders' equity		
Share capital	21,750	21,750
Consolidated balance sheet profit	2,564	1,066
Accumulated other comprehensive income	-332	-242
Minority interests	156	131
Total shareholders' equity	**24,138**	**22,704**
Special item relating to investment grants	**1,584**	**1,702**
Non-current liabilities		
Non-current financial liabilities	2,693	3,244
Other liabilities	12	13
Provisions for pensions	6,532	6,108
Deferred tax liabilities	1,752	1,152
Other provisions	296	363
Total non-current liabilities	**11,284**	**10,880**
Current liabilities		
Current financial liabilities	893	1,384
Trade payables	5,205	2,251
Advance payments received on orders	3,279	5,169
Other liabilities	919	920
Provisions for taxes	559	247
Other provisions	6,549	3,750
Deferred income	5	0
Total current liabilities	**17,409**	**13,721**
Total liabilities	**54,415**	**49,007**

* unaudited

Consolidated Income Statement* (IAS/IFRS)

	9 months		3 months	
	01.01.2006-30.09.2006	01.01.2005-30.09.2005	01.07.2006-30.09.2006	01.07.2005-30.09.2005
	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	**53,040**	**36,305**	**22,540**	**12,669**
Cost of sales	-40,336	-27,682	-18,005	-9,028
Gross profit	**12,704**	**8,623**	**4,535**	**3,641**
Selling expenses	-4,573	-3,980	-1,424	-1,408
General administrative expenses	-3,863	-3,435	-1,477	-1,287
Research and development expenses	-1,160	-939	-390	-471
Other operating expenses and income	-586	118	-75	-13
Operating profit (EBIT)	**2,521**	**387**	**1,169**	**462**
Interest income/expense	-90	-68	-14	-26
Net income from associated companies	207	104	34	-3
Net interest income and income from associated companies	**117**	**36**	**19**	**-29**
Earnings before tax (EBT)	**2,638**	**423**	**1,189**	**432**
Taxes on income	-332	-121	-94	-30
Deferred taxes	-744	12	-410	-140
Consolidated net income for the period	1,562	314	685	263
of which				
Share attributable to shareholders in PVA TePla AG	1,537	503	664	190
Minority interests	25	-189	21	73
Consolidated net income for the period	**1,562**	**314**	**685**	**263**
Earnings per share (undiluted), (in EUR)	0.07	0.01	0.03	0.02
Earnings per share (diluted), (in EUR)	0.07	0.01	0.03	0.02
Average number of shares in circulation (undiluted)	21,749,988	21,454,432	21,749,988	21,463,321
Average number of shares in circulation (diluted)	21,749,988	21,454,432	21,749,988	21,463,321

* unaudited

Consolidated Cash Flow Statement* (IAS/IFRS)

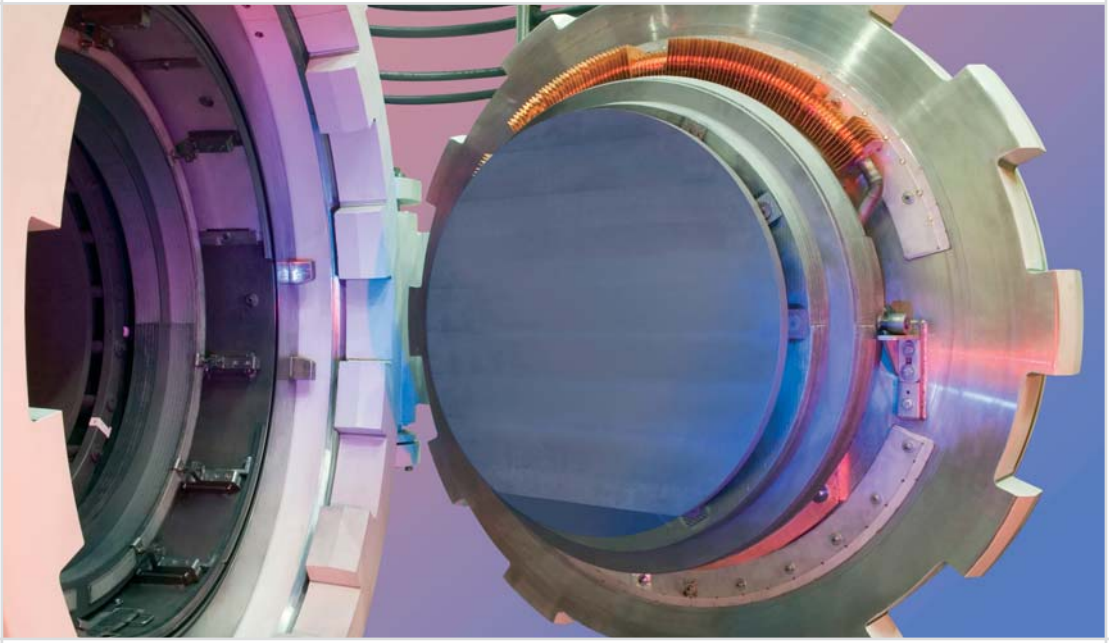
	Consolidated Cash Flow Statement	01.01.2006-30.09.2006	01.01.2005-30.09.2005
		EUR '000	EUR '000
	Consolidated net income for the period	1,562	314
	Adjustments to consolidated net income for the period for transition to cash flow from operating activities:		
	Income tax expense	1,076	109
	Interest income	-48	-21
	Interest expense	137	90
	Operating profit	2,728	492
-	Income tax payments	-10	-18
+	Depreciation	1,065	943
-	Net income from associated companies	-203	-104
+/-	Other cash-neutral expenses/income	-464	-292
		3,115	**1,021**
-/+	Increase/decrease in inventories, trade receivables and other assets	-3,933	-635
+/-	Increase/decrease in provisions	3,416	1,320
+/-	Increase/decrease in the special item relating to investment grants	-118	-100
+/-	Increase/decrease in trade payables and other liabilities	226	101
=	**Cash flow from operating activities**	**2,707**	**1,707**
-	Payments for financial assets	-157	0
+	Proceeds from associated companies	88	10
+	Proceeds from disposals of intangible assets and tangible assets	8	0
-	Payments for investments in intangible assets and tangible assets	-889	-1,198
+	Interest proceeds	48	21
=	**Cash flow from investing activities**	**-902**	**-1,167**
+	Proceeds for redemption of loans	0	343
-	Payments for redemption of loans	-550	-247
+/-	Change in current bank liabilities	-491	-405
-	Interest payments	-137	-90
=	**Cash Flow from financing activities**	**-1,178**	**-399**
	Net change in funds with impact on cash	627	141
+/-	Net effect of changes in exchange rates on funds	-16	89
+	Funds at beginning of period	1,820	3,456
=	**Funds at end of period**	**2,431**	**3,686**

* 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				1,537		25	1,562
Status 30.09.2006	**21,749,988**	**21,750**	**0**	**2,565**	**-333**	**155**	**24,137**

* unaudited



Notes

Selected disclosures of PVA TePla AG contained in the notes to the Q3 2006 report

A. General information and basis of presentation

PVA TePla AG is a stock corporation under 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 with respect to 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 30.09. (= EUR 1):

	2006	2005
USA (USD)	1.26880	1.20630
China (CNY)	10.04440	9.99850

Average rate 01.01. - 30.09. (= EUR 1):

	2006	2005
USA (USD)	1.24498	1.28637
China (CNY)	9.98168	10.65949

Scope of consolidation

The consolidated financial statements of PVA TePla presented here include both fully consolidated subsidiaries as well as an at-equity associated company. The following companies were fully consolidated in the consolidated financial statements as of September 30, 2006:

Name	Registered office	Shareholding
PVA TePla AG (parent company)	Asslar, Deutschland	
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 %
PlaTeG GmbH	Siegen, 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.

Two newly founded companies were included in the consolidated Group not appearing on the December 31, 2005 statements. The business of Asyntis GmbH, Putzbrunn was integrated into the Feldkirchen location of Plasma Systems GmbH in April of 2006. In September of 2006, the business of Plasma Technik Grün GmbH, Siegen was integrated into PlaTeG GmbH, Siegen.

Notes

Principles of consolidation

The principles of consolidation applied in this quarterly report are the same as those used with the December 31, 2005 consolidated financial statements. In accordance with IAS 27 (Consolidated and Separate Financial Statements), 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 dated September 30, 2006 are the same as those used in the consolidated December 31, 2005 financial statements.

B. Notes on selected balance sheet items

Noncurrent assets

Changes in noncurrent assets versus the December 31, 2005 balance sheet primarily represent scheduled depreciation/amortization and new assets acquired in connection with the integration of new business segments into the Plasma Systems Division.

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 financial 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 financial year, we have adopted the prevailing view that these items are essentially receivables by nature, as partial recognition of revenue has already taken place for these items. We are thus reporting these items separately under the heading of "future receivables from manufacturing contracts".

Provisions for pensions

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

Current financial liabilities

Current financial liabilities reported represent primarily the short-term portion of long-term financial liabilities (€ 0.6 million, December 31, 2005: € 0.6 million). Short-term bank liabilities totaled € 0.3 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 2006/2007

November 27	German Equity Forum
March 30	Annual Report 2006
May 11	Q1/2007
June 15	Annual Shareholders' Meeting 2007/Stadthalle Wetzlar
August 10	Q2/2007
November 13	Q3/2007

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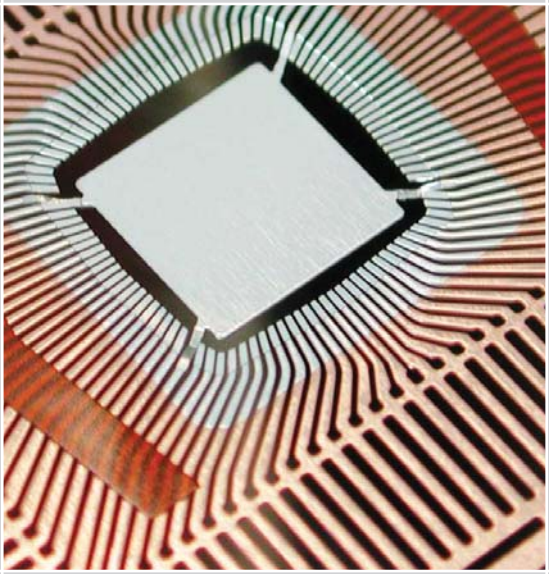
PVA TePla AG
Emmeliusstr. 33
D-35614 Asslar
Phone ++49 (0)6441 / 5692-0
Fax ++49 (0)6441 / 5692-111
E-Mail: info@pvatepla.com

www.pvatepla.com



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