PVA TePla

INTERMEDIATE REPORT 1 JANUARY - 30 SEPTEMBER 2007

BE EQUIPPED FOR TOMORROW´S MATERIALS.

VACUUM SYSTEMS | CRYSTAL GROWING SYSTEMS | PLASMA SYSTEMS

CONSOLIDATED FIGURES AT A GLANCE

In EUR `000	Q I.-I I I. 2007	Q I.-I I I. 2006
Revenue	78,166	53,040
Vacuum Systems	26,325	21,189
Crystal Growing Systems	40,144	21,777
Plasma Systems	11,697	10,075
Gross profit	17,393	12,704
In % of revenue	22.3	24.0
R&D expenses	1,328	1,160
Operating result (EBIT)	5,074	2,521
In % of revenue	6.5	4.8
Group period net profit/loss	3,035	1,562
In % of revenue	3.9	2.9
Earnings per share (EPS), in EUR	0.14	0.07 *
Investments in non-current assets	10,771	1,834
Total assets	94,180	60,047 **
Equity ratio in %	29.6	41.1 **
Employees as of 30.09.	387	325
Incoming orders	83,126	61,381
Order backlog	104,575	41,526
Book to bill Ratio	1.06	1.16
Cash Flow from operating activities	1,328	2,707
Free Cash Flow	-9,443	1.818

* Average shares outstanding: 21,749,998

** As at the balance sheet date December 31, 2006

INDEX

FOREWORD BY THE BOARD OF MANAGEMENT

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

Our Company continued to develop positively during the third quarter of 2007. Some pleasing trends are of particular note. The Vacuum Systems division has an outstandingly high number of incoming orders, which secures us further, reliable revenues far into the next year. As in previous quarters, supply of our products to customers abroad is of great importance, with the current share of the revenue being around 66% despite the strong Euro. For us this is evidence for the great trust which our systems enjoy around the world. Secondly, we would also like to mention the significant broadening of the customer structure in the Crystal Growing Systems division. In REC, one of the world's leading silicon manufacturers, we gained a partner with whom we can cooperate on photovoltaics. In October, our subsidiary, Crystal Growing Systems (CGS), has received an order from SiTech, a subsidiary of REC, for the supply of 50 crystal growing systems for the manufacture of mono-crystalline solar wafers. This is the largest number of systems that CGS has ever received with one order.

In October we strategically expanded our product portfolio with the acquisition of the KSI Group, which develops and produces ultrasonic-based analysis systems with which material can be non-destructively inspected for defects with microscopic precision. These systems have already been successfully launched onto the market and we are now expecting growing demand on the semiconductor and photovoltaic market. For example, these inspection systems can be used to inspect the quality of silicon blocks before expensive further processing.

As expected, we significantly increased both revenue and earnings during the first nine months of the fiscal year as against the corresponding previous year's period. The largest increase in revenue of over 80% was generated by the Crystal Growing Systems division on the basis of existing large orders. The Vacuum Systems division also exceeded its good revenue of the previous year. A very good EBIT figure of €3.3 million was generated in the third quarter. Overall, EBIT was €5.1 million for the first nine months of 2007 - twice as high as in the previous year's period. The EBIT margin also increased to 6.5% and is in the upper region of the range forecast for 2007. Altogether, we are well on our way to achieving our targets for the year.

It is our ambition to solve technological problems together with our customers across the globe and meet the demand for the supply of the best systems for the manufacture of high-quality materials. This high-tech demand is of benefit to both our customers and ourselves and secures good earnings in the long term.

A new development laboratory is currently in construction for the Crystal Growing Systems division for the manufacture of mono-crystalline crystals and polycrystalline silicon. Process optimization and the further development of our hardware should therefore be driven forward more quickly and more efficiently. Project-related collaboration with research facilities is also planned. The process systems available there will also be used for process demonstrations and customer training.

The construction of assembly halls in Wettenberg near Gießen, our future company headquarters, is making progress; in September we celebrated the topping out ceremony together with employees and construction staff. Together with the new factory in Wettenberg, the new construction capacity in Jena and the many new, motivated employees we have taken on over the last few months, we will be able to cope well with existing and future projects.

The stock performance of PVA TePla shares on the capital market in the last few weeks has been extremely pleasing. As a result of the sale of a 17.7% interest previously held by Jenoptik in PVA TePla AG and a private shareholder moving below the 5% threshold of voting rights, the share's free float has now risen to 73.5%. We are assuming that this will increase the attractiveness of our shares for institutional and private investors. For institutional investors in particular, trade of the shares will be made easier due to their increased liquidity on the stock exchange.

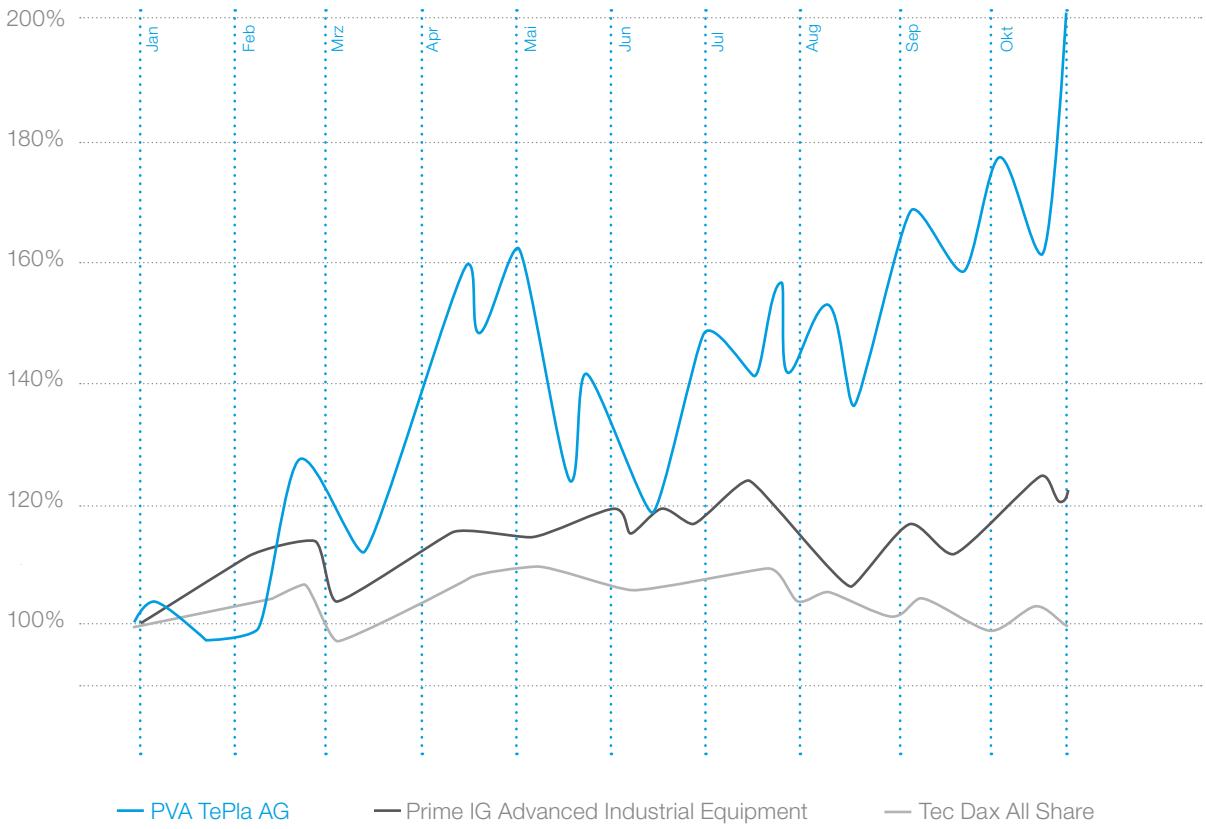
We would like to thank you on behalf of ourselves, our divisional managers and all our employees for the trust and commitment you have shown in our company.

Peter Abel
Chief Executive Officer

Arnd Bohle
Chief Financial Officer

PVA TEPLA SHARES

The performance of PVA TePla AG shares was extremely positive into October 2007, with their value rising by around 132% between year-end 2006 and October 30, 2007 from €4.65 to €10.79. PVA TePla AG shares significantly outperformed the Technology All Share and Advanced Industrial Equipment indices of the Prime Standard. Positive corporate news in October was an essential contributing factor in this pleasing development.



As a result of the sale of a 17.7% interest previously held by Jenoptik in PVA TePla AG and a private shareholder moving below the 5% threshold of voting rights, the share's free float has now risen to 73.5%. This should increase the attractiveness of PVA TePla shares for institutional and private investors. For institutional investors in particular, trade of the shares will be made easier due to their increased liquidity on stock exchanges.

In recent months, leading investment companies such as DWS Investment and Deka Investment have made new investments or have extended their holdings. In a series of conferences and roadshows at home and abroad, the company has been introduced to investors and the future market outlook for the PVA TePla product range has been explained.

Shareholdings and subscription rights of executive body members

Management Board	Shares 30.09.2007	Shares 31.12.2006	Subscription rights 30.09.2007	Subscription rights 31.12.2006
Peter Abel	6,001,275	6,001,275	0	0
Arnd Bohle	0	0	0	0

Supervisory Board	Shares 30.09.2007	Shares 31.12.2006	Subscription rights 30.09.2007	Subscription rights 31.12.2006
Alexander von Witzleben	0	0	0	0
Dr. Peter Friedemann	0	0	0	0
Prof. Dr. Günter Bräuer	0	0	0	0


nomic
dicator
120
100

1. Revenue

In the first nine months of 2007, Group revenue amounted to €78.2 million (previous year: €53.0 million), an increase of 47% year-on-year.

The Vacuum Systems division posted a revenue of €26.3 million (previous year: €21.2 million), again exceeding the previous year's figure. At €40.1 million (previous year: €21.7 million), the Crystal Growing Systems division made the greatest contribution to total revenue. At €11.7 million, the Plasma Systems division also generated higher revenue compared with the previous year (€10.1 million).

A regional analysis shows that the largest revenue increase was generated in Asia. This is essentially due to the large order from Singapore-based Siltronic Samsung Wafers, though also due to the continued successful business activity of the Vacuum Systems division in this region.

Revenue by division	Q I .-III. 2007 EUR `000	Q I .-III. 2006 EUR `000
Vacuum Systems	26,325	21,189
Crystal Growing Systems	40,144	21,777
Plasma Systems	11,697	10,075
Total revenue	78,166	53,040

Revenue by region	Q I .-III. 2007 EUR `000	Q I .-III. 2006 EUR `000
Germany	26,714	25,413
Europe (without Germany)	10,013	5,225
North America	2,287	2,958
Asia	36,739	19,443
Rest of world	2,437	-24
Consolidation	-24	25
Total revenue	78,166	53,040

2. Order situation

In the first three quarters of 2007, the order situation for the PVA TePla Group developed in a very positive way. Incoming orders were up 35.3% to €83.1 million compared with the previous year (€61.4 million). At 1.06 (previous year: 1.16), the book-to-bill ratio indicates further company growth. In an analysis of the individual quarters, incoming orders in the third quarter reached €26.2 million as against €27.7 million in the previous year's quarter. Here it should be noted that the large order from SiTech was first booked in the fourth quarter of 2007.

At €33.3 million, the Vacuum Systems division generated 40.5% more incoming orders during the first nine months than in the previous year (€23.7 million) and in the third quarter generated the most incoming orders of a single quarter of the last four years with €13.4 million. With €36.8 million, the Crystal Growing Systems division also generated clearly more incoming orders in the first three quarters of 2007 than the €27.7 million in the corresponding period of the previous year. With €13.1 million, the Plasma Systems division generated 31% more incoming orders in comparison to the previous year's period with €10 million.

As at September 30, 2007, the order backlog – consolidated and after deduction of the share of revenue already recognized using the percentage of completion method (POC) – amounted to €104.6 million, considerably higher than the previous year's figure of €41.5 million. As at September 30, 2007, the Vacuum Systems division had generated booked business of €25.9 million, almost double in comparison with the previous year (€13.2 million). In the Crystal Growing Systems division, booked business was considerably higher at €73.7 million as against the previous year's figure (€25.4 million). As at September 30, 2007, the Plasma Systems division posted a similarly pleasing year-on-year increase in booked business of €5.0 million as against €2.9 million in the previous year.

3. Research and development

In the first nine months of 2007, the PVA TePla Group spent €1.3 million (previous year: €1.2 million) on research and development (R&D). 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 expenses.

In the third quarter, in the Vacuum Systems division, the newly developed VGF (**V**ertical **G**radient **F**reeze) system for larger crucible dimensions (jumbo crucible) for the manufacture of polycrystalline ingots for photovoltaic silicon wafers was finished and put into operation. The larger crucible ensures greater throughput and higher productivity. Crystallization experiments for several customers are planned for the fourth quarter. Various orders for systems of this kind have already been placed in the reporting quarter.

A constructive thermal optimization of the rapid cooling systems for pressure sintering furnaces was completed, leading to reduced cooling times, and therefore reduced production cycle times. This measure has already been implemented in initial system orders.

In the third quarter, a process was realized with CGS crystal growing systems in collaboration with a customer, with which silicon mono-crystals of 300mm diameter are grown for solar wafers. Ingots for wafers of 210mm x 210mm can be produced using this process. Currently, standard wafers have a format of 156mm x 156mm. The advantage of this 300mm growing process is essentially a greater exploitation of wafer surface, leading to maximum capacity utilization for each growing system.

PVA TePla AG is currently constructing a new development laboratory for the Crystal Growing Systems division. This includes the operation of state-of-the-art facilities for mono-crystalline crystal manufacture (up to 300mm) and polycrystalline silicon (with jumbo crucible). In respect of the development activities, this will drive forward future process optimization and further development of hardware more rapidly and more efficiently. Project-related collaboration with universities and research facilities is planned. However, this facility is not only available for the purposes of R&D, but can also be used for process demonstrations and customer training.

In the Plasma Systems division, the new PS 4008 machine platform will be complemented by the hydrogen H2 technology and developed into a single wafer system. The PS 4008 H2 plasma etching system which can be operated with hydrogen is currently in the completion phase; the single wafer system with the corresponding handling system for up to 12” wafers will be available to customers of PVA TePla AG in the first quarter of 2008. The innovative modular machine platform based on the 4008 plasma system is already being used in chip packaging.

In cooperation with the Fraunhofer Institute for Surface Engineering and Thin Films, work is being done in the area of flat panel display on the improvement of process technology for applications in the area of organic displays.

4. Investments

The total value of investments in the first three quarters of 2007 was €10.8 million (previous year: €1.8 million). This significant rise is largely due to the new construction measures already reported. This includes the new construction of production facilities in Jena in 2 stages. To be added to this is the new construction of production facilities at the future company location in Wettenberg near Giessen which has already commenced. The construction projects are progressing as planned and the topping out ceremony was celebrated in Wettenberg on the construction site at the end of September. As an important additional measure, the CAD system has been extended in connection with the necessary capacity expansion in Engineering.

5. Net assets and financial position

At €94.2 million, total assets as at September 30, 2007 were significantly higher than at the balance sheet date of December 31, 2006 (€60.0 million).

As a result of the investments described above, non-current assets rose as against December 31, 2006 from €23.2 million to €32.1 million. Deferred tax assets declined to €5.2 million (December 31, 2006: €5.7 million). As at September 30, 2007, the effects of the 2008 German corporation tax reform were determined and included in the financial statements (refer to the notes in section C of the appendix to these interim financial statements).

The greatest changes in current assets concern advance payments made and coming receivables on construction contracts.

The increase in advance payments made to a value of €11.4 million (December 31, 2006: €2.4 million) is essentially due to the rise in business volume in the Crystal Growing Systems division and the procurement of corresponding long-term purchased parts for major orders. Other receivables rose to €2.5 million (December 31, 2006: €0.8 million), primarily as a result of increased VAT tax refund claims in connection with the growth in procurement volume and higher fair values of the interest hedges in the context of financing the new construction measures. Despite the increased revenue level, trade receivables were reduced from €9.5 million as at December 31, 2006 to the current figure of €7.9 million.

Inventories rose from €6.8 million as at December 31, 2006 to the current value of €11.3 million. This is essentially due to the rise in raw materials and operating supplies to €5.7 million (December 31, 2006: €3.5 million) in connection with materials management for the orders on hand. Due to higher order volume, the value of work in progress also increased to €4.5 million (December 31, 2006: €2.0 million). The value of coming receivables on construction contracts rose sharply to €15.2 million (December 31, 2006: €5.1 million). This is due to the further processing of current large orders.

Cash and cash equivalents rose again slightly to €12.8 million (December 31, 2006: €12.1 million).

The most significant change on the equity and liabilities side of the balance sheet related, as in the previous quarter, to advance payments received on orders. Due to the further improved order situation, the value of obligations on construction contracts again increased to a current figure of €23.3 million (December 31, 2006: €11.9 million). Advance payments received on further orders also increased from €0.4 million as at December 31, 2006 to a current €1.7 million.

As a result of financing construction activities in Jena and Wettenberg, non-current financial liabilities rose to €12.7 million (December 31, 2006: €3.1 million). This is offset by the scheduled repayment of loans. On the basis of the improved earnings – of particular relevance here is the partial sales recognition according to the POC method – deferred tax liabilities rose to €2.9 million (December 31, 2006: €1.2 million).

Current financial liabilities primarily relate to current portions of long-term financial liabilities. Given the good liquidity situation, there were no notable current financial liabilities as at September 30, 2007. The significant rise in procurement volume for processing the high level of booked business resulted in an increase of trade payables to €4.6 million (December 31, 2006: €2.2 million). The increase in other provisions to €8.6 million (previous year: €4.9 million) is chiefly attributable to the increased business volume and the associated rise in provisions for outstanding invoices and costs.

Due to the good earnings, equity was increased to €27.9 million (December 31, 2006: €24.7 million). The equity ratio fell due to the increase in total assets, and is currently 29.6% (December 31, 2006: 41.1%).

Operating cash flow was €+1.3 million in the first nine months of 2007 (previous year: €+2.7 million). Cash flow from investing activities was €-10.3 million (previous year: €-0.9 million). As a result of borrowing activities to finance construction in Jena and Wettenberg and the opposing effect of the scheduled repayment of the long-term loans, cash flow from financing activities amounted to €+9.6 million (previous year: €1.2 million).

Total cash flow in the 2007 reporting period including exchange rate-related changes was €+0.7 million (previous year: €+0.6 million). Due to the high volume of investment, the free cash flow was €-9.4 million (previous year: €+1.8 million). Overall, the liquidity situation of the PVA TePla Group remains positive and solid.

6. Result of operations

Overall, the 2007 fiscal year has been characterized by the significant growth of the Company. As is apparent from the investment volume and cash flow, significant investment has been made in the extension of capacity, therefore improving the future potential of the company. In addition to this is the development of the personnel capacity coupled with the expenses for training and incorporation of new employees.

Despite these effects, excellent earnings were generated in the third quarter of 2007 with EBIT of €+3.3 million (previous year: €1.2 million) and consolidated net income for the period of €1.8 million (previous year: €0.7 million). The improvement over the previous year also becomes clear when looking at the first nine months of 2007. EBIT was increased to €5.1 million (previous year: €2.5 million) and consolidated net income for the period increased to €3.0 million (previous year: €1.6 million). At 6.5%, the EBIT margin was also clearly above the previous year's figure of 4.8%. The return on sales was 3.9% as against 2.9% in the previous year.

Gross profit rose to €17.4 million (previous year: €12.7 million). The slight reduction in the gross margin to 22.3% (previous year: 24.0%) is essentially due to the sharp increase in the proportion of revenue generated by the Crystal Growing Systems division and the serial character of its orders.

Selling and administrative costs rose at a slower pace than the business volume to €5.7 million (previous year: €4.6 million) and €4.6 million (previous year: €3.9 million) respectively, since expansions of capacity and adjustments of structures to the higher order volume were also required in these areas.

The segment analysis presents the following picture: The earnings of the previous year were clearly exceeded in the Vacuum Systems division. The Crystal Growing Systems division again significantly improved its good operating result in comparison with the previous year. In the Plasma Systems division, the result continued to be negatively impacted by the start-up costs of Plasma Systems GmbH, the writing down of existing stocks (€0.1 million), and the increase in the provisions for impending losses for the rent of unutilized areas (€0.1 million).

Operating profit (EBIT) by division	Q I.-III. 2007 EUR `000	Q I.-III. 2006 EUR `000
Vacuum Systems	+1,627	+930
Crystal Growing Systems	+4,230	+2,402
Plasma Systems	-783	-811
Total operating profit	5,074	2,521

Net financial income improved further as against the previous year due to the good liquidity situation. The net interest position improved to €0.0 million (previous year: €-0.1 million). As in the previous year, the associate PVA MIMtech LLC generated an earnings contribution of €+0.2 million.

Income taxes of € -2.3 million (previous year: € -1.1 million) consist of current tax expenses of €-0.2 million (previous year: €-0.3 million) – primarily as a result of the recognition of tax provisions for subsidiaries in Germany – and deferred taxes of €-2.1 million (previous year: €-0.7 million). The effects of the 2008 German corporation tax reform were brought into the calculation of deferred taxes. For more detail, see our explanations in section C of the notes to this interim report.

7. Growth in Workforce

As at the reporting date of September 30, 2007, the Group employed a total of 387 employees (September 30, 2006: 325, December 31, 2006: 330). The rise in the number of employees is due to the excellent order situation in the Vacuum System division and particularly the Crystal Growing Systems division. The subsidiary PVA Vakuum-Anlagenbau Jena GmbH was allocated to the Crystal Growing Systems division at the beginning of 2007. A greater number of employees was hired there thanks to the good order situation.

8. Development after September 30, 2007 and outlook

Jenoptik AG sold its minority interest in PVA TePla AG at the beginning of October. Accordingly, its shareholding of 17.7% was acquired by German and international institutional investors. The free float substantially increased as a result.

In October, Crystal Growing Systems GmbH received an order for the delivery of 50 crystal growing systems from the Norwegian company REC SiTech AS (SiTech). The company will begin delivering the systems in April 2008 and will continue doing so until early 2009. SiTech is a supplier in the solar industry, concentrating on the manufacture of solar wafers of mono-crystalline silicon. SiTech belongs to the Norwegian REC Group, which operates the production of the silicon raw material.

PVA TePla AG completely took over the KSI Company Group, Herborn, on October 22, 2007. Together with its subsidiary SAM TEC GmbH, the company develops, produces and sells ultrasonic microscopes worldwide to the international end user market in research and industry. The electron scanning microscopes of modular construction are used in the non-destructive inspection of materials, for example of composite semiconductors and silicon ingots for the semiconductor and photovoltaic industry. KSI GmbH, originally arising from the Leica industrial group, develops ultrasonic-based analysis systems of up to 2 GHz, with which material can be non-destructively inspected for flaws. The company already has a fully automatic module in its product range for the complete in-line handling of production in front-end and back-end areas of the semiconductor industry. A revenue contribution of €5.0 million to €6.0 million and a positive earnings contribution are expected for 2008. In subsequent years, PVA TePla assumes growth of this business in double-digit percentage figures.

The estimated outlook for the important markets for PVA TePla such as photovoltaics, semiconductors, and hard metal remains positive. Against the background of these developments, the forecast of an expected revenue increase to around €120 million and an EBIT margin of 5-7% in 2007 is confirmed.

GROUP FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET *

As at September 30, 2007 and December 31, 2006 (IFRS)

Assets	30.09.2007 EUR `000	31.12.2006 EUR `000
NON-CURRENT ASSETS		
Intangible assets	7,194	7,018
• Goodwill	6,634	6,634
• Other intangible assets	560	384
Property, plant and equipment	19,331	10,073
• Land, property rights and buildings, including buildings on third party land	7,925	5,634
• Plant and machinery	2,685	2,696
• Other plant and equipment, fixtures and fittings	1,312	1,079
• Advance payments and assets under construction	7,410	664
Non-current investments	431	442
• Investments in associates	411	420
• Other receivables	20	22
Deferred tax assets	5,179	5,684
Total non-current assets	32,135	23,217
CURRENT ASSETS		
Inventories and construction contracts	11,332	6,827
• Raw materials and operating supplies	5,670	3,452
• Work in Progress	4,529	1,974
• Finished products and goods	1,133	1,401
Coming receivables on construction contracts	15,167	5,052
Trade and other receivables	21,967	12,749
• Trade receivables	7,918	9,473
• Amounts owed by associates	140	151
• Payments in advance	11,362	2,363
• Other receivables	2,546	762
Tax repayments	459	16
Cash and cash equivalents	12,773	12,077
Prepaid and deferred expenses	346	109
Total current assets	62,044	36,830
Total assets	**94,180**	**60,047**

* unaudited

Liabilities and shareholders´ equity	30.09.2007 EUR `000	31.12.2006 EUR `000
SHAREHOLDERS‘ EQUITY		
Share capital	21,750	21,750
Consolidated retained earnings	6,342	3,279
Accumulated other reserves	-198	-351
Minority interest	-2	26
Total shareholders‘ equity	27,893	24,704
DEFERRED INVESTMENT GRANTS FROM PUBLIC FUNDS	1,560	1,677
NON-CURRENT LIABILITIES		
Non-current financial liabilities	12,726	3,103
Other liabilities	12	12
Retirement pension provisions	7,319	6,667
Deferred tax liabilities	2,862	1,187
Other provisions	471	377
Total non-current liabilities	23,390	11,346
CURRENT LIABILITIES		
Short-term financial liabilities	967	664
Trade payables	4,603	2,185
Obligations on construction contracts	23,272	11,885
Advance payments received on orders	1,663	381
Other liabilities	1,880	1,343
Provisions for taxes	331	943
Other provisions	8,602	4,914
Deferred income	19	5
Total current liabilities	41,337	22,320
Total liabilities	**94,180**	**60,047**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD *

January 1 - September 30, 2007 (IFRS)

	01.07.07 - 30.09.07 EUR `000	01.07.06 - 30.09.06 EUR `000	01.01.07 - 30.09.07 EUR `000	01.01.06 - 30.09.06 EUR `000
REVENUE	33,478	22,540	78,166	53,040
Cost of sales	-25,496	-18,005	-60,774	-40,336
GROSS PROFIT	7,983	4,535	17,393	12,704
Selling and distribution expenses	-1,968	-1,424	-5,700	-4,573
General administrative expenses	-1,824	-1,477	-4,648	-3,863
Research and development expenses	-337	-390	-1,328	-1,160
Other operating income	136	210	681	792
Other operating expenses	-654	-286	-1,323	-1,379
OPERATING PROFIT (EBIT)	3,335	1,168	5,074	2,521
Interest income	142	25	322	48
Interest expense	-151	-39	-291	-137
Share of profits from associates	49	34	190	207
NET INTEREST AND SHARE OF PROFITS FROM ASSOCIATES	39	20	220	118
NET PROFIT BEFORE TAX	3,375	1,188	5,295	2,639
Income taxes	-1,544	-504	-2,260	-1,076
CONSOLIDATED NET PROFIT FOR THE PERIOD	1,831	684	3,035	1,563
OF WHICH ATTRIBUTABLE TO:				
Shareholders of PVA TePla AG	1,844	663	3,062	1,538
Minority interest	-14	21	-28	25
CONSOLIDATED NET PROFIT FOR THE PERIOD	1,831	684	3,035	1,563
EARNINGS PER SHARE(BASIC/DILUTED)				
Earnings per share (basic) in EUR	0.08	0.03	0.14	0.07
Earnings per share (diluted) in EUR	0.08	0.03	0.14	0.07
Average number of shares in circulation (basic)	21,749,988	21,749,988	21,749,988	21,749,988
Average number of shares in circulation (diluted)	21,749,988	21,749,988	21,749,988	21,749,988

* unaudited

CONSOLIDATED CASH FLOW STATEMENT*

January 1 - September 30, 2007 (IFRS)

		30.09.07 EUR `000	30.09.06 EUR `000
	Consolidated net profit for the period	3.035	1.562
	Adjustments to the consolidated net profit for the period to the cash flow from operating activities		
+	Income tax expense	2.258	1.076
-	Interest income	-322	-48
+	Interest expense	291	137
	Operating profit	5.262	2.727
-	Income tax payments	-805	-10
+	Amortization and depreciation	1.294	1.065
-	Share of profits from associates	-190	-203
-/+	Gains/losses on disposals of non-current assets	9	0
+/-	Other non-cash expenses (income)	-540	-464
		5.030	3.115
-/+	Increase/decrease in inventories, trade receivables and other assets	-23.536	-3.933
+/-	Increase/decrease in provisions	4.327	3.416
+/-	Increase/decrease in deferred investment grants from public funds	-117	-118
+/-	Increase/decrease in trade payables and other liabilities	15.624	226
=	Cash flow from operating activities	1.328	2.706
+	Receipts from associates	167	88
+	Payments for financial assets	0	-157
+	Proceeds from disposals of intangible assets and property, plant and equipment	5	8
-	Acquisition of intangible assets and property, plant and equipment	-10.771	-889
+	Interest receipts	322	48
=	Cash flow from investing activities	-10.278	-902

* unaudited

		01.01. - 30.09.07 EUR `000	01.01. - 30.09.06 EUR `000
	Amount carried forward		
=	Cash flow from investing activities	-10.278	-902
+	Proceeds from taking up loans	10.260	0
-	Payments for the redemption of loans	-721	-550
+/-	Change in short-term bank borrowings	376	-491
-	Payments of interest	-291	-137
=	Cash flow from financing activities	9.624	-1.178
	Net change in cash and cash equivalents	674	626
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	23	-16
+	Cash and cash equivalents at the beginnning of the year	12.077	1.820
=	Cash and cash equivalents at the end of the year	12.774	2.430

* unaudited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

January 1 - September 30, 2007 (IFRS)

	Shares issued		share pemium	Retaines earnings	Other comprehensive income: Currency evaluation	Other comprehensive income: Market evaluation	Minority interest	Total share-holders´ equity
	Number	EUR `000	EUR `000	EUR `000	EUR `000	EUR `000	EUR `000	EUR `000
AS AT JANUARY 01, 2006	21,749,988	21,750	0	1,066	-242	0	130	22,704
Foreign currency differences					-109			-109
Net profit for the period				2,213			-104	2,109
AS AT DECEMBER 31, 2006	21,749,988	21,750	0	3,279	-351	0	26	24,704
AS AT JANUARY 01, 2007	21,749,988	21,750	0	3,279	-351	0	26	24,704
Foreign currency differences					-41			-41
Market evaluation of finiancial instruments						194		194
Net profit for the period				3,062			-28	3,035
AS AT SEPTEMBER 30, 2007	21,749,988	21,750	0	6,341	-392	194	-2	27,892

* unaudited

Selected Statements from the Notes to the Interim Financial Report of PVA TePla AG January 1, 2007 to September 30, 2007

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, 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 2006 financial statements. The material exchange rates of countries outside the euro zone included in the consolidated financial statements are as follows:

CLOSING RATE (EUR = 1):

	30.09.2007	31.12.2006
USA (USD)	1.42619	1.32027
China (CNY)	10.69290	10.32098
Denmark (DKK)	7.45379	7.45790
Singapore (SGD)	2.11752	

AVERAGE RATE 1.1. - 30.09. (EUR = 1):

	2007	2006
USA (USD)	1.34349	1.20208
China (CNY)	10.28595	9.68761
Denmark (DKK)	7.44823	7.46082
Singapore (SGD)	2.04801	

Companies included in the 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 September 30, 2007:

Name	Registered office	Shareholding
PVA TePla AG (parent company)	Asslar, Germany	
PVA TePla America Inc.	Corona/CA, USA	100 %
UV Systec Gesellschaft für UV-Strahler und Systemtechnik mbH	Jena, Germany	100 %
PVA Vakuum-Anlagenbau Jena GmbH	Jena, Germany	100 %
Crystal Growing Systems GmbH	Asslar, Germany	100 %
Xi'an HuaDe CGS Ltd.	Xi'an, VR China	51 %
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100 %
PVA Control GmbH	Asslar, Germany	100 %
Plasma Systems GmbH	Feldkirchen, Germany	100 %
PlaTeG GmbH	Siegen, Germany	100 %
PVA TePla Singapore Pte. Ltd.	Singapore	100 %

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

Since December 31, 2006, the scope of consolidation has been amended with the addition of the subsidiary PVA TePla Singapore Pte Ltd, newly established as at June 4, 2007.

Principles of Consolidation

The principles of consolidation applied in this quarterly report are the same as those used in the consolidated financial statements to December 31, 2006. 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 in this interim report as at September 30, 2007 correspond to the principles in the annual financial statements as at December 31, 2006.

Rounding

The tables and figures used in this interim report are based on precisely determined values, which have subsequently been rounded to € million or € thousand. Differences due to rounding within tables or between individual instances of figures given cannot therefore be avoided.

B. Notes on Selected Balance Sheet Items

Non-Current Assets

The changes in non-current assets as against the annual financial statements as at December 31, 2006 are primarily due to the effects of investment in the new assembly facilities at the Jena location and Wettenberg, and in connection with the depreciation and amortization of the existing assets.

Inventories/Receivables

In accordance with IAS 11.42, the gross amount due from customers for construction contracts is recognized as an asset. We show these items under the heading Coming Receivables on Construction Contracts.

As a result of the sharp rise in advance payments in light of the increased procurement volume in connection with the major orders, this item was extricated from other receivables and reported separately. The comparative values as at December 31, 2006 were adjusted accordingly.

Financial Instruments

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

As the majority of sales are conducted in the respective currency of the supplying country (euro in the euro zone, USD in the US), exchange risks only arise in a limited number of cases. If large contracts are concluded in a foreign currency, the exchange rate risks occurring as a result are covered by the corresponding hedges. As at September 30, 2007, there was a system sale of the Vacuum Systems division to a customer in China in USD. For this purpose, a currency forward with an open total value of €963.0 thousand was concluded. As at September 30, 2007, the market value of this contract amounted to €45.0 thousand and is reported under Other Receivables. The cross entry is reported in Other Provisions.

To hedge the interest risk for financing the planned investments in the new buildings at the Wettenberg location, two interest hedges with a volume of €5 million were concluded. As at September 30, 2007, the market value of these instruments amounted to €238.0 thousand (previous year: €0.0 thousand) and is reported under Other Receivables. The cross entry is reported in equity at accumulated other reserves.

Provisions for Pensions

The increase in pension provisions was made on the basis of information on the expected pension provisions as at December 31, 2007 contained in the actuarial valuations used to prepare the consolidated financial statements as at December 31, 2006.

Current Financial Liabilities

Current financial liabilities reported are primarily due to current portions of non-current financial liabilities. Current bank liabilities totaled €0.0 million (December 31, 2006 €0.1 million).

C. Notes on Selected Items on the Income Statement

Income Tax Expense

The law on the 2008 German corporate tax reform was passed by the Bundesrat (upper house of the German Federal Parliament) on July 6, 2007. The essential impact of this reform is the reduction of nominal tax rates for income taxes for corporations from January 1, 2008. In accordance with our calculations, we are assuming that the average tax rate for our companies in Germany will decrease from a current level of approximately 38% to around 28%. This rate includes the corporation tax plus solidarity surcharge and trade tax.

In this interim report as at September 30, 2007, we determined the impact of this tax reform on our companies and included it for the first time in the financial statements.

For the calculation of deferred taxes in the consolidated financial statements, deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Overall, an excess of the deferred tax assets over deferred tax liabilities arises, above all on the basis of the still existing tax loss carryforwards in the individual companies. By using of the tax rate applicable from 2008 – above all on the existing tax loss carryforwards of our companies in Germany – an additional tax expense arises as a result of the reduction of deferred tax assets of €0.8 million.

The deferred tax liabilities of the PVA TePla Group are based essentially on the revenue realization using the POC method, accelerated in comparison with the determination of the tax result in accordance with IFRS. For each Germany-based business activity, in this interim report it was determined the scope that these timing differences are realized from 2008, since in these cases the lower tax rate must be used. On the basis of this determination, a reduction in the expenses of €0.6 million arises out of a reduction in deferred tax liabilities.

Overall, the effects of the 2008 German corporation tax reform lead to an one-time increase in expense for deferred taxes of €0.2 million as at September 30, 2007. This effect is offset by relief in the form of the lower tax rates for the actual tax expense from 2008.

D. Notes on the Cash Flow Statement

The cash flow statement was prepared in line with the same principles as in the annual financial statements 2006 and is structured in the same way.

E. Other Information

Segment Reporting Disclosures

As a result of the high level of booked business in the Crystal Growing Systems division and the adjustment in production structures this entailed, the PVA Vakuum-Anlagenbau Jena GmbH subsidiary now only works for the Crystal Growing Systems division. In order to reflect this in segment reporting, from January 1, 2007, this subsidiary has no longer been assigned to the Vacuum Systems division (as it was until December 31, 2006) and is now assigned to the Crystal Growing Systems division. The previous year's figures were appropriately adjusted.

Notes on Risk Reporting

In the risk reporting for the last few fiscal years, we had illustrated that the tax office has raised additional claims for taxes, and the interest payments based on them, on the basis of a tax audit for the years 1997 through 2000 for the former TePla AG. This involved the topic of input VAT tax deduction for emission costs and recognition of tax loss carryforwards from the period before TePla AG went public. Since we did not find these additional claims justified, we have lodged an appeal against the corresponding tax assessments (see page 60 of the 2006 annual report).

Our estimation that the risk of actual additional payments would be here limited has now been confirmed in full by the tax office. Our appeals were upheld in full in the final tax assessments for the corresponding periods of assessment submitted during the third quarter. Here is therefore no longer a risk for additional payments for taxes or interest.

FINANCIAL CALENDAR / IMPRINT

Financial calendar for 2007

November 12	German Equity Forum

Imprint

PVA TePla AG
Emmeliusstr. 33
35614 Aßlar
Germany

Telefon	++49 (0)64 41 / 56 92 -0
Fax	++49 (0)64 41 / 56 92 -111
Internet	www.pvatepla.com

Investor Relations	Dr. Gert Fisahn
Telefon	++49 (0)64 41 / 56 92 -342
Fax	++49 (0)64 41 / 56 92 -118
eMail	gert.fisahn@pvatepla.com

Publisher	PVA TePla AG
Concept/text	PVA TePla AG
Languages	German / English

Design	Contigo Communications GmbH & Co. KG Wilhelm-Mangels-Straße 14 56410 Montabaur
Internet	www.contigo-communictaions.de

PVA TePla AG

Emmeliusstr. 33
D-35614 Aßlar

Tel. ++49 (0)6441/5692-0
Fax ++49 (0)6441/5692-111

eMail: info@pvatepla.com
www.pvatepla.com