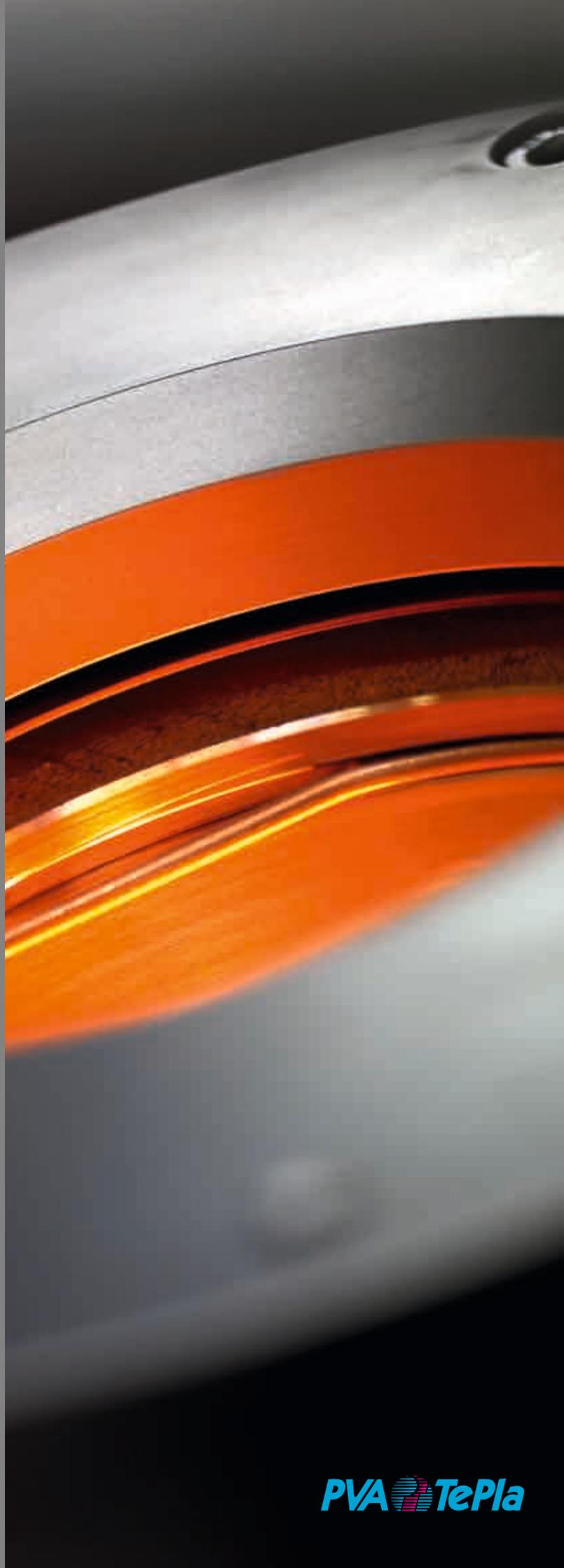


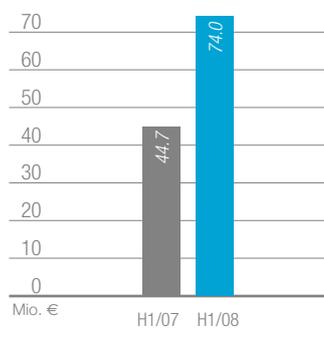
# Intermediate report

1 january – 30 june 2008

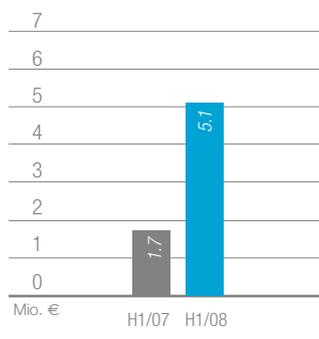


## Facts & Figures

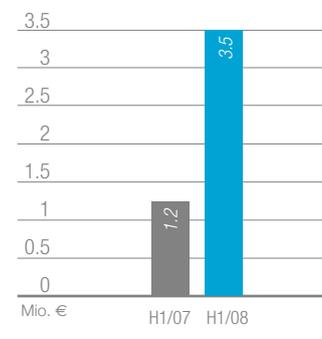
Sales Revenues



EBIT



Consolidated Net Income



In EUR '000	First half of 2008	First half of 2007
<b>Sales Revenues</b>	<b>74,033</b>	<b>44,688</b>
Vacuum Systems	21,440	15,225
Crystal Growing Systems	46,027	22,040
Plasma Systems	6,566	7,423
<b>Gross profit</b>	<b>14,625</b>	<b>9,410</b>
in % of sales revenues	19.8	21.1
<b>R&amp;D expenses</b>	<b>801</b>	<b>991</b>
<b>Operating profit (EBIT)</b>	<b>5,134</b>	<b>1,738</b>
in % of sales revenues	6.9	3.9
<b>Consolidated net profit</b>	<b>3,546</b>	<b>1,204</b>
in % of sales revenues	4.8	2.7
<b>Earnings per share (EPS), in EUR<sup>1)</sup></b>	<b>0.17</b>	<b>0.06</b>
<b>Capital expenditures</b>	<b>5,995</b>	<b>4,973</b>
<b>Total assets</b>	<b>123,671</b>	<b>111,340<sup>2)</sup></b>
<b>Equity ratio in %</b>	<b>28.0</b>	<b>27.8<sup>2)</sup></b>
<b>Employees as of 30 June</b>	<b>497</b>	<b>377</b>
<b>Incoming orders</b>	<b>140,552</b>	<b>56,929</b>
<b>Order backlog</b>	<b>202,379</b>	<b>113,352</b>
<b>Book to bill Ratio</b>	<b>1.9</b>	<b>1.3</b>
<b>Cash Flow from operating activities</b>	<b>6,566</b>	<b>5,308</b>
<b>Free Cash Flow</b>	<b>571</b>	<b>335</b>

1) Average shares outstanding: 21,749,998

2) As of the reporting date December 31, 2007

4	Foreword by the Board of Management
6	PVA TePla Shares
10	<b>Interim Group Management Report</b>
12	Introduction
12	Reporting Structure
13	Business and General Environment
13	Structural Changes within the PVA TePla-Group
14	Sales Revenues
15	Orders
15	Production
16	Research and Development
16	Investment
17	Net Assets and Financial Position
18	Results of Operation
19	Personal Development
19	Risk Report
19	Supplementary Report
19	Outlook
20	<b>Group Financial Statements IFRS</b>
22	Consolidated Balance Sheet
24	Consolidated Income Statement
25	Consolidated Cash Flow Statement
26	Consolidated Statement of Changes in Equity
27	Notes
38	<b>Financial Calendar</b>
38	<b>Imprint</b>

## Foreword by the Board of Management

Dear shareholders,  
employees, and business partners,

Our business results were again strong in the second quarter of 2008. The first half of 2008 was marked by significant year-on-year increases across all of the company's key financial figures. Consolidated sales revenues increased 66% to EUR 74 million, and earnings improved substantially. EBIT margin as of June 30, 2008 was 6.9% as compared to 3.9% at the end of Q2 2007.

Order flow has also been very positive. Incoming orders rose from EUR 56.9 million for the previous-year period to EUR 140.6 million resulting in an order backlog of EUR 202 million as of June 30. This ensures a basic level of capacity utilization over the next two years, and our book-to-bill ratio of nearly 2 indicates that PVA TePla remains clearly on track for growth. The big EUR 76 million order from Ersol Wafers for crystal growing systems received in April of this year contributes considerably to our order situation and is an indication of the high appreciation for our systems in the industry.

The Crystal Growing Systems division again posted the greatest growth, sales revenues more than doubling in the first half 2008. Vacuum Systems division sales revenues likewise were up significantly versus the same period last year from an already considerable level. A high proportion of revenue continues to be generated abroad, particularly in Asia, with PVA TePla acquiring large orders from China in the first quarter for hard metal pressure sintering systems. Incoming orders increased again versus the high level recorded for the previous-year period. The Plasma Systems Division has not performed in line with the expectations with which we started out the year. Sales volume is still insufficient for this division to generate a profit. We anticipate that the second half will turn out significantly better in terms of sales revenue and earnings due to the increasing order flow seen in the last few months. The new management of our US subsidiary will also be beneficial for business.

The transfer of Vacuum Systems production from Asslar to the new facilities in Wettenberg was completed in May. All staff members of this division will now enjoy a modern and attractive production environment, just like Crystal Growing Systems division employees in Jena. The topping-out ceremony for the new administrative building at the same site was celebrated in June, and by late fall we will be completely moved in.

At the PVA TePla AG Annual General Meeting held June 19 at Wetzlar Town Hall we presented our very pleasing business development over the last few years to the PVA TePla shareholders and guests assembled, and explained amongst others the products made by our new subsidiary KSI, which was merged into PVA TePla last year. We would like to take this opportunity to thank long-time Supervisory Board member Dr. Peter Friedemann for his many years of work on behalf of the company, who retired from the Board effective at the end of the 2008 Annual General Meeting in conformance with age limit provisions. We are pleased to welcome Dr. Gernot Hebestreit as new Supervisory Board member.

Executive and division management would like to thank our employees for the very good manner in which they have been able to keep up with our order load in the midst of the move to Wettenberg. We would also like to thank our shareholders and business partners for the confidence they show in the performance capability of our growing enterprise.



Peter Abel  
Chief Executive Officer



Arnd Bohle  
Chief Financial Officer



Extremely high quality silicon ingots – produced by the PVA TePla systems – are the core of the photovoltaics and semi-conductor industry.



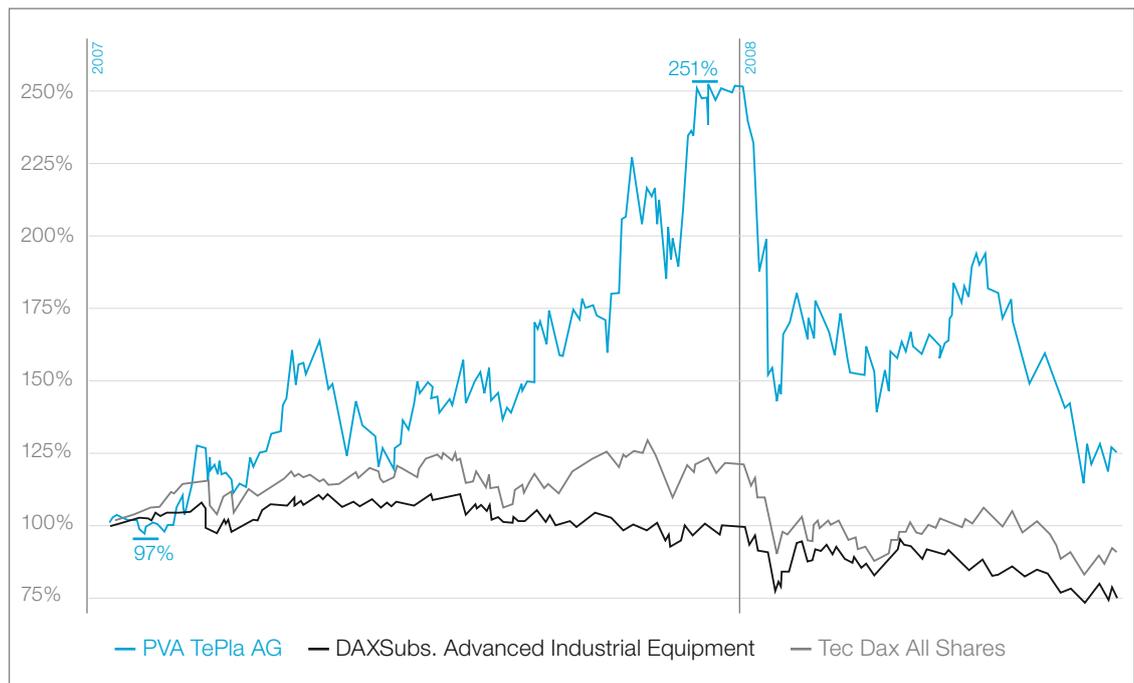


## PVA TePla Shares

The prevailing negative sentiment on financial markets worsened going into the end of the second quarter of the current fiscal year, impacting PVA TePla AG shares accordingly. As of July 31, 2008 the shares traded at EUR 5.99, down nearly 50% from their closing price

on December 31, 2007 despite our solid business results. The shares however performed better than the relevant Prime Standard "Technology All Shares" and "DAXSubs. Advanced Industrial Equipment" indices since January 1, 2007.

### Performance of PVA TePla shares January 2007 – July 2008



At the PVA TePla AG Annual General Meeting held June 19, 2008 at Wetzlar Town Hall, Executive Board Chairman Peter Abel addressed the PVA TePla shareholders and guests assembled, presenting our highly pleasing business development over the last few years, our latest products and their applications, and the very good growth outlook for our enterprise for this fiscal year and going forward. CFO Arnd Bohle provided a comprehensive review of the 2007 consolidated financial statements and the figures for Q1 2008.

Peter Abel's concluding presentation provided a detailed look at the considerable capacity increases implemented at Jena and Wetztenberg.

Long-time Supervisory Board member Dr. Peter Friedemann retired effective at the end of the 2008 Annual General Meeting in conformance with age limit provisions. Shareholders appointed Dr. Gernot Hebestreit as new Supervisory Board member.

With 52% of shareholders in attendance, all other agenda items were passed by a very wide majority.

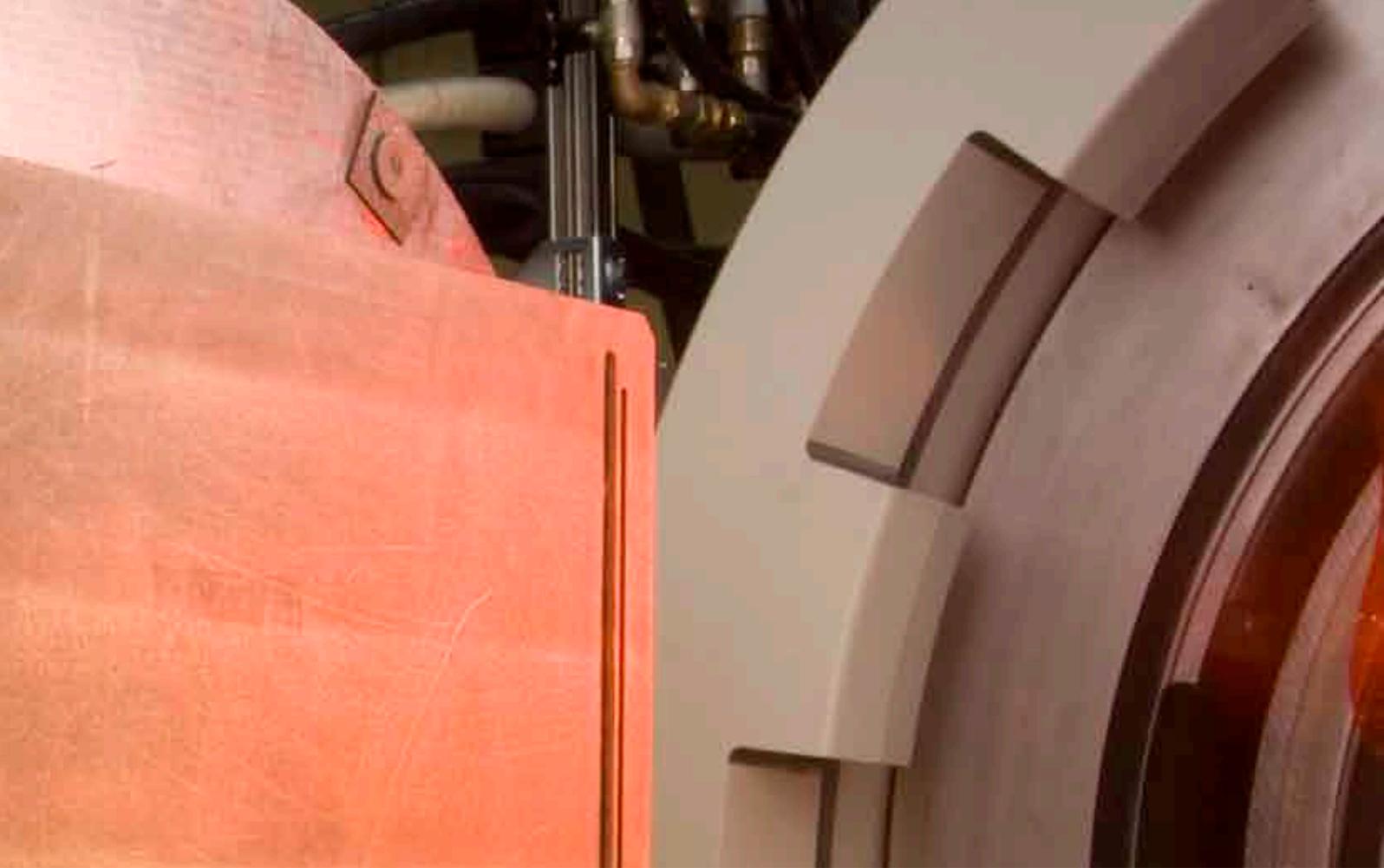
## Shareholdings and subscription rights of executive body members

### Management Board

	Shares June 30, 2008	Shares December 31, 2007	Subscription rights June 30, 2008	Subscription rights December 31, 2007
Peter Abel	5,616,275	5,616,275	0	0
Arnd Bohle	0	0	0	0

### Supervisory Board

	Shares June 30, 2008	Shares December 31, 2007	Subscription rights June 30, 2008	Subscription rights December 31, 2007
Alexander von Witzleben	0	0	0	0
Dr. Peter Friedemann (up to June 19, 2008)	0	0	0	0
Prof. Dr. Günter Bräuer	0	0	0	0
Dr. Gernot Hebestreit (starting June 19, 2008)	0		0	



Sinter HIP furnaces are used to make high-strength parts, such as cutting tools, out of metal powder. The continuous development of the furnace technology enables our customers to improve their products and safeguard and strengthen their market success.



# Interim Group Management Report

10|11

12	1. Introduction
12	2. Reporting Structure
13	3. Business and General Environment
13	4. Structural Changes within the PVA TePla Group
14	5. Sales Revenues
15	6. Orders
15	7. Production
16	8. Research and Development
16	9. Investment
17	10. Net Assets and Financial Position
18	11. Results of Operations
19	12. Personal Development
19	13. Risk Report
19	14. Supplementary Report
19	15. Outlook



## 1. Introduction

PVA TePla supplies vacuum systems that produce and treat high-tech materials and surfaces in a vacuum at high temperatures and in plasma. The market for these systems is always associated worldwide with state-of-the-art advances in materials and surface treatment technologies, for example the 300mm silicon (Si) wafer technology for semiconductors, mono- or multi-crystal wafers for photovoltaics, structural materials for telescopes in outer space, production technologies for metal powder, for example for hard metals, and production technologies for flat panel screens and LEDs (Light Emitting Diodes), the technology for producing extremely thin wafers, and also surface treatment systems for plastic and steel. The portfolio

is rounded out by inspection systems for quality control of high-quality materials. This market will exist as long as high-tech materials are produced and further developed.

## 2. Reporting Structure

This interim management report describes the business development of the PVA TePla Group in the first half of financial year 2008. The Group structures its business activities and therefore its reporting into three divisions, namely Vacuum Systems, Crystal Growing Systems and Plasma Systems:

### PVA TePla Group

#### Vacuum Systems

**PVA TePla AG /  
Vacuum Systems Division,  
Asslar (headquarters)**

**PVA Control GmbH,  
Asslar**

**PVA Löt- und  
Werkstofftechnik GmbH,  
Jena**

**UV SYSTEC Ges. für UV-Strahler  
& Systemtechnik mbH,  
Jena**

#### Crystal Growing Systems

**PVA TePla AG /  
Crystal Growing Systems  
Division, Asslar (headquarters)**

**PVA TePla Danmark  
Frederikssund/Denmark**

**Crystal Growing Systems GmbH,  
Asslar**

**Xi'an HuaDe CGS Ltd.,  
Xi'an, China**

**PVA TePla Singapore, Pte. Ltd.,  
Singapore**

**PVA Vakuum Anlagenbau  
Jena GmbH, Jena**

**Krämer Scientific  
Instruments GmbH,  
Herborn**

**SAM TEC GmbH,  
Aalen**

#### Plasma Systems

**PVA TePla AG /  
Plasma Systems Division,  
Feldkirchen**

**PVA TePla America Inc.,  
Corona/California, USA**

**Plasma Systems GmbH,  
Feldkirchen**

**PlaTeG GmbH,  
Siegen**

## 3. Business and General Environment

### 3.1. Macroeconomic Environment

Economic forecasts for our key business regions underwent downward revision in the first half of the year, figures being lowered quite substantially in some cases. Persistently climbing commodity prices and the attendant inflationary effects are having a significant negative impact on the economic outlook. Financial analysts are projecting GDP (gross domestic product) growth for the Eurozone next year of only 1%. The US financial sector is anticipated to recover gradually over the second half of this year, contributing to GDP growth of 2% for 2009 in combination with the effect of an expected tax stimulus package. This relatively optimistic view of the US market is founded upon the fact that the US economy managed to grow 1% in the first half of 2008 despite all the bad news including rising oil prices and financial market woes. Even in the Chinese economy should be somewhat slowed by subsiding domestic and export demand, GDP growth is still projected to reach 9.5% next year, a mere half percent lower than expected for the current fiscal year. Germany's economy is only forecast to grow around 0.7%, down significantly from 1.9% for 2008.

### 3.2. Sector Development

The slowing of the global economy has gradually impacted the mechanical engineering industry. Incoming orders for German mechanical engineering firms in the first five months of the year were 6% higher than the solid figure for the previous-year period, momentum noticeably subsided from March to May. For the full year German production is projected to have increased 5%. Countries with significant mining and extraction industries and newly industrialized nations are the main source of growth. Further growth is projected for Germany and other European Union nations. Capital equipment spending for 2008 is forecast to increase by approximately 4% year-on-year, while for 2009 only 2% is projected.

For the photovoltaics market however, growth is forecast to remain robust over the next few years.

## 4. Structural Changes within the PVA TePla Group

There have been no changes within the PVA TePla Group altering the structure outlined in the consolidated financial statements dated December 31, 2007.

## 5. Sales Revenues

Consolidated sales for the first six months of 2008 totaled EUR 74.0 million (H1 2007: EUR 44.7 million), up 66% year-on-year.

**Vacuum Systems division** sales revenues rose 41% to EUR 21.4 million (H1 2007: EUR 15.2 million). This division generated 29% of total Group sales. **Crystal Growing Systems division** accounted for 62% of Group sales revenues, generating EUR 46.0

million (H1 2007: EUR 22.0 million). The significant increase in sales revenues for this division versus the previous year is attributable to major orders from ASi Industries and Siltronic/Siltronic Samsung which have been generating income since the second quarter of 2007. At EUR 6.6 million, the **Plasma Systems division** generated lower revenue compared with the previous year (EUR 7.4 million). Its share of Group revenue is 9%.

Sales revenues by division In EUR '000	First half of 2008	First half of 2007
Vacuum Systems	21,440	15,255
Crystal Growing Systems	46,027	22,040
Plasma Systems	6,566	7,423
<b>Total sales revenues</b>	<b>74,033</b>	<b>44,688</b>

Sales revenues by region In EUR '000	First half of 2008	First half of 2007
Germany	26,860	18,078
Europe	7,959	5,661
North America	1,052	1,710
Asia	39,063	17,962
Rest of world	-867	1,303
Consolidation	-34	-26
<b>Total sales revenues</b>	<b>74,033</b>	<b>44,688</b>

## 6. Orders

PVA TePla Group orders were up notably in the first half of 2008. Versus the previous-year period (EUR 56.9 million), incoming orders more than doubled to EUR 140.6 million. The book-to-bill ratio was substantially higher at 1.9 than the 1.3 for the same period last year, indicating that the Group remains on track for further robust growth going forward.

Incoming orders for **Vacuum Systems division** totaled EUR 21.3 million, up slightly from last year's substantial figure (H1 2007 EUR 19.9 million). Pressure sintering furnaces again proved to be the division's most important product group. Asia remains a source of major order flow including particularly China, Chinese orders primarily being for hard metal pressure sintering systems. Incoming orders more than tripled for **Crystal Growing Systems division** to EUR 107.6 million (H1 2007: EUR 29.2 million). The strong order flow mainly reflected an EUR 76 million order from ASI Industries GmbH, a subsidiary of ersol Solar Energy AG, for crystal growing systems for the production of mono-crystalline silicon crystals. Our branch PVA TePla Danmark located in Frederikssund also received a major order for slim rod pullers and analysis systems from a Taiwanese silicon producer. This confirms our view that the segment floatzone technology holds considerable future promise. **Plasma Systems division** orders increased from EUR 7.8 million for the previous-year period to EUR 11.6 million.

For the first half of 2008, order backlog – i.e. consolidated order volume less amounts already recognized as sales revenues in accordance with the percentage of completion method – totaled EUR 202.4 million, a major increase versus EUR 113.3 million for H1 2007. Vacuum Systems division accounted for EUR 30.0 million (H1 2007: EUR 23.5 million), with order backlog up again. The order backlog of the Crystal Growing Systems division almost doubled year-on-year to EUR 164.5 million (H1 2007 EUR 85.7 million), due to the aforementioned orders. In the Plasma Systems division order backlog was likewise up as of June 30, 2008 to EUR 7.8 million versus EUR 4.1 million for H1 last year.

## 7. Production

System production in the first half of 2008 was conducted in Germany at the sites Asslar, Wettenberg, Feldkirchen, Jena, Siegen, Aalen and Herborn, in addition to the international locations Corona, USA, Frederikssund, Denmark, and Xi'an, China. The transfer of Vacuum Systems production from Asslar to Wettenberg was completed in the second quarter. This move gives us the extra capacity our business requires. Production has thus been discontinued at the Asslar location. Crystal Growing Systems production in Jena is running nearly at capacity, but will be expanded through the adoption of new techniques such as flow production. A part of production at Frederikssund will be shifted to Jena in view of the strong floatzone order flow in the Crystal Growing Systems division. The other sites provide further scope for capacity increases to varying degrees.

## 8. Research and Development

The PVA TePla Group spent EUR 0.8 million on R&D in the first half of 2008 (H1 2007: EUR 1.0 million). It should be noted that new developments in the Vacuum Systems division generally occur in the context of specific orders from customers and are therefore not reported separately as R&D expenditure.

A software concept was developed for **Vacuum Systems division** customers operating multiple furnaces in production, allowing networking of system controls for enhanced system stability and data archiving in response to heightened requirements. A range of systems of varying complexity are available to better meet customer needs, providing optimized operation of anywhere from one to fifty systems.

**Crystal Growing Systems division** continued pursuing plans in Q2 2008 to build up operations in Wettenberg in response to large customer demand for training and process execution. The goal is to establish a world's leading competence center for crystal growing systems in cooperation with the existing technical center in Jena. A joint cracker development project with a Japanese partner for the crushing of solar silicon was concluded in Q2, for which customer orders have already been received. Granulation systems are also in development in partnership with a European customer for the production of silicon granulates as well as suitable feeder systems .

**Plasma Systems division** has developed and built the first 'Single Wafer Resist Strip System', type series PS 90, whose primary application is stripping photosensitive resist off wafers. This fully automated system utilizes a large-area microwave plasma generated right in the process chamber. This concept ensures a high level of uniformity and efficiency with micro-electrical mechanical systems (MEMS) applications and modern packaging technologies for the semiconductor industry.

## 9. Investment

The total value of investments as at June 30, 2008 was EUR 6.0 million (H1 2007 EUR 5.0 million), consisting predominantly of ongoing construction of new buildings. Within the relocation of our site to Wettenberg, near Giessen, new production facilities have been constructed which now have been moved into. Construction of the new administration building will be completed this fall, the topping-out ceremony was celebrated in June.

## 10. Net Assets and Financial Position

Total assets were again higher on June 30, 2008 at EUR 123.7 million versus the December 31, 2007 balance sheet date (EUR 111.3 million). There was only a slight increase versus the March 31, 2008 reporting date (EUR 119.9 million).

The biggest change in assets was the increase in property, plant and equipment to EUR 32.1 million (December 31, 2007: EUR 27.3 million) resulting from continued new construction in Wettenberg. Inventories increased to EUR 15.7 million on higher business volume (December 31, 2007: EUR 12.6 million), and future receivables from construction contracts rose to EUR 22.6 million (December 31, 2007: EUR 19.4 million).

Cash and cash equivalents increased again to EUR 11.9 million (December 31, 2007: EUR 9.1 million) on positive operating cash flow. This primarily reflected advance and installment payments received for system orders.

The most significant changes in liabilities concerned current liabilities. Advance payments received on orders rose to EUR 35.2 million (December 31, 2007: EUR 33.3 million). Deferred liabilities increased from EUR 4.9 million as of December 31, 2007 to EUR 7.1 million as of June 30, 2008 on higher business volume and deferred materials deliveries/invoices. Current financial liabilities totaled EUR 3.5 million (December 31, 2007: EUR 2.3 million), representing the short-term portion of non-current financial liabilities plus EUR 2.2 million (December 31, 2007: EUR 1.0 million) on business accounts.

As a result of the continued financing of construction activities in Wettenberg, non-current financial liabilities rose again slightly to EUR 18.5 million (December 31, 2007: EUR 17.1 million). This is offset by regular payments on outstanding loans.

Equity further increased to EUR 34.6 million (December 31, 2007: EUR 30.9 million), primarily as a result of positive earnings. The equity ratio improved slightly due to increasing total assets, to a current 28.0% (December 31, 2007: 27.8%).

Cash flow was also pleasing on the whole for the first half of 2008, operating cash flow was EUR +6.6 million (H1 2007 EUR +5.3 million). This further positive figure is primarily due to interim payments received for existing orders and downpayments received for new orders. Looking specifically at Q2 2008, operating cash flow was EUR +12.4 million versus EUR -5.8 million for Q1 2008. Again we see that interpreting data over shorter time frames, such as on a quarter-to-quarter basis, yields little information of indicative value with regard to the PVA TePla project business.

Cash flow from investing activities for the first half of 2008 was EUR -5.7 million (H1 2007: EUR -4.7 million). Cash flow from financing activities came to EUR +2.0 million (H1 2007: EUR +2.3 million), reflecting financing for construction in Wettenberg and offsetting regular loan amortization.

Total cash flow for the first half of 2008 including exchange rate-related changes was EUR +2.8 million (H1 2007: EUR +2.9 million). Free cash flow was EUR +0.6 million (H1 2007: EUR +0.3 million). Thus, the liquidity situation of the PVA TePla Group remains positive.

## 11. Results of Operations

Sales revenues and earnings were up again in Q2 2008. Earnings for the first half of 2008 were also up year-on-year at EBIT of EUR 5.1 million (H1 2007: EUR 1.7 million) and consolidated net income of EUR 3.5 million (H1 2007: EUR 1.2 million). At +6.9%, EBIT margin was also well above the previous year's figure of +3.9%. The return on sales revenues was +4,8% as against +2,7% in the previous year.

Gross profit rose to EUR 14.6 million (H1 2007: EUR 9.4 million). With the substantial increase in sales, gross margin of 19.8% fell short of the previous year's figure of 21.1%. This is principally attributed to the changes in the sales structure by sharply rising Crystal Growing Systems division revenues. Here, the orders have a lower gross margin which is in line with the cost structures of this division.

Selling and administrative costs again increased at a slower rate than business volume to EUR 5.0 million (H1 2007: EUR 3.7 million) and EUR 3.7 million (H1 2007: EUR 2.8 million) respectively. Expansions of capacity and adjustments of structures to the higher order volume were also required in these areas. Additional sales commissions also accrued. These depend on the submarket an order is concluded in and whether an agent or a representative has been involved.

The segment analysis presents a varied picture. Vacuum Systems division substantially exceeded its operating profit for the previous-year period, as did Crystal Growing Systems division. Plasma Systems sales revenues came in slightly lower year-on-year due to weak incoming orders in late 2007/early 2008. The division's earnings were negatively impacted by movements in the Euro/US Dollar exchange rate, thus operating profits came in significantly lower year-on-year. We anticipate the segment earnings to improve in the second half of 2008 due to the increasing order flow seen in the last few months. We also expect earnings improvements to follow from the restructuring of sales activities in the US, now completed, and the management change there.

Operating profit (EBIT) by division in EUR '000	H1 2008		H1 2007	
Vacuum Systems	+1,958	(9.1)*	+216	(1.4)*
Crystal Growing Systems	+4,499	(9.8)*	+2,015	(9.1)*
Plasma Systems	-1,323	(-20.2)*	-493	(-6.7)*
<b>Total operating profit</b>	<b>5,134</b>	<b>(6.9)*</b>	<b>+1,738</b>	<b>(3.9)*</b>
*in percentage of turnover				

Construction financing reduced net financial income to EUR -0,4 million in line with expectations (H1 2007: 0). The associate PVA MIMtech LLC contributed earnings of EUR +0.2 million (H1 2007: EUR +0.1 million).

Income taxes of EUR -1.4 million (H1 2007: EUR -0.7 million) represents current tax expenses of EUR -0.8 million (H1 2007: EUR -0.1 million) and deferred taxes of EUR -0.6 million (H1 2007: EUR -0.6 million).

## 12. Personal Development

As of the reporting date June 30, 2008 the Group employed a total of 497 employees (June 30, 2007: 377 employees, December 31, 2007: 422 employees). The rise in the number of employees is due to the very good order situation in the Vacuum System division and particularly the Crystal Growing Systems division. Most new employees were for the subsidiary PVA Vakuum Anlagenbau Jena, part of Crystal Growing Systems division, for Vacuum Systems division at the Wettenberg plant and Vacuum and Crystal Growing Systems divisions at the Asslar location.

## 13. Risk Report

As a globally operating technology group, the PVA TePla Group faces a large number of opportunities and risks that are inextricably linked with the entrepreneurial activities of all divisions.

The economic environment of the company is characterized by global markets and the ever-growing complexity of technological applications. The risks of negative corporate and economic performance are continuously monitored and evaluated by the management of the company and, where appropriate and possible, reduced or compensated for. Assessment of the risk factors is integrated into corporate decisions.

No material opportunities or risks arose for the PVA TePla Group in the first six months of 2008 other than as outlined in detail on pages 63 ff. of the 2007 annual report. At present, there is no sign of any risks that individually or collectively jeopardize the continued existence of the company.

## 14. Supplementary Report

In late July 2008, PVA TePla AG sold the operating business of its subsidiary UV SYSTEC Gesellschaft für UV-Strahler und Systemtechnik mbH in Jena to uv-technik Speziallampen GmbH, Wümbach, in an asset deal. UV SYSTEC, which specializes in environmentally-compatible UV technology for chemical-free disinfection of water, air and surfaces – formerly a part of PVA TePla Vacuum Systems division – had only generated minor sales revenues for the past several years and was not a core PVA TePla business.

An agreement was concluded in July 2008 to merge SAM TEC GmbH, a wholly-owned subsidiary of PVA TePla AG, into Krämer Scientific Instruments (KSI) GmbH, itself a wholly-owned subsidiary of PVA TePla Group. Effective retroactively to January 1, 2008, this move was intended to streamline internal structures and processes. The name of the company was simultaneously changed to PVA TePla Analytical Systems GmbH, better reflecting the company's operations and its belonging to the PVA TePla Group.

A new managing director was hired for the US subsidiary PVA TePla America Inc. in connection with reorganization of the company, who has a strong background in semiconductors with a several prominent firms and over 15 years' professional experience in the distribution and serial production of capital goods. This move was in the interest of improving distribution and boosting Plasma Systems sales revenues in the US.

## 15. Outlook

We expect an expanding market for crystal growing systems in view of concern over fossil fuel resources and an increasing interest in alternative energies. Accordingly, our expectation is for rising sales for the PVA TePla Group.

Due to the very good order situation we anticipate a positive business development throughout the second half of 2008. We reiterate our previous estimate of a roughly 40% increase in sales revenues versus fiscal year 2007. Originally estimated at 7-9%, EBIT for 2008 is currently expected to come in at the upper end of this range.



Chip Carrier in Magazines prior fully automated Plasma Cleaning and Surface Activation



# Group Financial Statements

20|21

22	Consolidated Balance Sheet
24	Consolidated Income Statement
25	Consolidated Cash Flow Statement
26	Consolidated Statement of Changes in Equity
27	Notes



## Consolidated Balance Sheet

as at June 30, 2008

In EUR '000	30.06.2008	31.12.2007
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	12,997	13,041
Goodwill	11,465	11,465
Other intangible assets	1,532	1,576
<b>Property, plant and equipment</b>	<b>32,079</b>	<b>27,319</b>
Land, property rights and buildings, including buildings on third party land	23,655	11,075
Plant and machinery	2,999	3,192
Other plant and equipment, fixtures and fittings	1,780	1,489
Advance payments and assets under construction	3,646	11,563
<b>Investment property</b>	<b>508</b>	<b>519</b>
<b>Non-current investments</b>	<b>678</b>	<b>572</b>
Investments in associates	660	553
Other non-current receivables	18	19
<b>Deferred tax assets</b>	<b>3,471</b>	<b>3,982</b>
<b>Total non-current assets</b>	<b>49,732</b>	<b>45,433</b>
<b>Current assets</b>		
Inventories	15,695	12,639
Raw materials and operating supplies	8,804	7,000
Work in progress	5,618	4,801
Finished products and goods	1,273	838
<b>Coming receivables on construction contracts</b>	<b>22,641</b>	<b>19,394</b>
<b>Trade and other receivables</b>	<b>23,207</b>	<b>24,477</b>
Trade receivables	11,560	11,075
Amounts owed by associates	131	136
Payments in advance	8,005	9,235
Other receivables	3,511	4,031
<b>Tax repayments</b>	<b>528</b>	<b>326</b>
<b>Cash and cash equivalents</b>	<b>11,868</b>	<b>9,071</b>
<b>Total current assets</b>	<b>73,939</b>	<b>65,907</b>
<b>Total</b>	<b>123,671</b>	<b>111,340</b>

In EUR '000	30.06.2008	31.12.2007
<b>Liabilities and shareholders' equity</b>		
<b>Shareholders' equity</b>		
Share capital	21,750	21,750
Revenue reserves	13,046	9,367
Other reserves	-61	-199
Minority interest	-142	-10
<b>Total shareholders' equity</b>	<b>34,592</b>	<b>30,908</b>
<b>Deferred investment grants from public funds</b>	<b>2,449</b>	<b>2,552</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	18,504	17,113
Other non-current liabilities	10	11
Retirement pension provisions	7,211	7,037
Deferred tax liabilities	3,876	3,661
Other non-current provisions	540	569
<b>Total non-current liabilities</b>	<b>30,141</b>	<b>28,391</b>
<b>Current liabilities</b>		
Short term financial liabilities	3,456	2,294
Trade payables	4,718	4,516
Obligations on construction contracts	935	167
Advance payments received on orders	35,153	33,342
Accruals	7,137	4,878
Other short-term liabilities	1,296	1,315
Provisions for taxes	999	432
Other short-term provisions	2,794	2,545
<b>Total current liabilities</b>	<b>56,489</b>	<b>49,489</b>
<b>Total</b>	<b>123,671</b>	<b>111,340</b>

## Consolidated Income Statement

### 1 January - 30 June 2008

In EUR '000	01.04.- 30.06.2008	01.04.- 30.06.2007	01.01.- 30.06.2008	01.01.- 30.06.2007
<b>Revenue</b>	<b>39,445</b>	<b>29,258</b>	<b>74,033</b>	<b>44,688</b>
Cost of sales	-32,084	-23,434	-59,408	-35,278
<b>Gross profit</b>	<b>7,362</b>	<b>5,824</b>	<b>14,625</b>	<b>9,410</b>
Selling and distribution expenses	-2,288	-2,072	-5,038	-3,732
General administrative expenses	-2,033	-1,507	-3,659	-2,824
Research and development expenses	-455	-544	-801	-991
Other operating income	658	267	1,034	545
Other operating expenses	-260	-142	-1,027	-669
<b>Operating profit (EBIT)</b>	<b>2,984</b>	<b>1,825</b>	<b>5,134</b>	<b>1,738</b>
Finance revenue	-4	75	156	180
Finance costs	-315	-75	-573	-140
Share of profits from associates	115	59	215	141
<b>Financial result and share of profits from associates</b>	<b>-204</b>	<b>60</b>	<b>-203</b>	<b>182</b>
<b>Net profit before tax</b>	<b>2,779</b>	<b>1,885</b>	<b>4,931</b>	<b>1,920</b>
Income taxes	-818	-727	-1,385	-716
<b>Consolidated net profit for the period</b>	<b>1,961</b>	<b>1,158</b>	<b>3,546</b>	<b>1,204</b>
<b>of which attributable to:</b>				
Shareholders of PVA TePla AG	2,084	1,164	3,678	1,218
Minority interest	-123	-6	-132	-14
<b>Consolidated net profit for the period</b>	<b>1,961</b>	<b>1,158</b>	<b>3,546</b>	<b>1,204</b>
<b>Earnings per share</b>				
Earnings per share (basic/diluted) in EUR	0.10	0.05	0.17	0.06
Earnings per share (diluted) in EUR	0.10	0.05	0.17	0.06
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

## Consolidated Cash Flow Statement

### 1 January - 30 June 2008

In EUR '000	01.01.- 30.06.2008	01.01.- 30.06.2007
Consolidated net profit for the period	3,546	1,204
<b>Adjustments to the consolidated net profit for the period for reconciliation to the cash flow from operating activities</b>		
+ Income tax expense	1,385	716
- Finance revenue	-156	-180
+ Finance costs	573	140
<b>= Operating profit</b>	<b>5,348</b>	<b>1,879</b>
- Income tax payments	-416	-665
+ Amortization and depreciation	1,150	855
- Share of profits from associates	-215	-141
+/- Gains/losses on disposals of non-current assets	87	6
-/+ Other non-cash expenses (income)	1	-504
	<b>5,955</b>	<b>1,430</b>
+/- Increase/decrease in inventories, trade receivables and other assets	-4,891	-14,881
+/- Increase/decrease in provisions	407	1,851
+/- Increase/decrease in deferred investment grants from public funds	-103	-85
+/- Increase/decrease in trade payables and other liabilities	5,198	16,993
<b>= Cash flow from operating activities</b>	<b>6,566</b>	<b>5,308</b>
+ Receipts from associates	65	123
+ Proceeds from disposals of intangible assets and property, plant and equipment	35	11
- Acquisition of intangible assets and property, plant and equipment	-5,995	-4,973
+ Interest receipts	156	180
<b>= Cash flow from investing activities</b>	<b>-5,739</b>	<b>-4,659</b>
+ Receipts from issuance of debt and borrowing of loans	4,000	2,580
- Payments for redemption of debt and loans	-2,624	-476
+/- Change in short-term bank liabilities	1,158	298
- Payments of interest	-573	-140
<b>= Cash flow from financing activities</b>	<b>1,961</b>	<b>2,262</b>
net change in cash and cash equivalents	2,788	2,911
+/- Effect of exchange rate fluctuations on cash and cash equivalents	8	-27
+ Cash and cash equivalents at beginning of the period	9,071	12,077
<b>= Cash and cash equivalents at end of the period</b>	<b>11,868</b>	<b>14,962</b>

## Consolidated Statement of Changes in Equity

1 January - 30 June 2008

	Shares issued		Revenue reserves EUR '000	Other reserves		Total EUR '000	Minority interest EUR '000	Total Shareholders' equity EUR '000
	Number	EUR '000		Currency conversion EUR '000	Market valuation EUR '000			
<b>As at January 01, 2007</b>	<b>21,749,988</b>	<b>21,750</b>	<b>3,279</b>	<b>-351</b>	<b>0</b>	<b>24,678</b>	<b>26</b>	<b>24,704</b>
Income/expenses recognized directly in equity				-81	233	152		152
Net profit for the year			6,088			6,088	-36	6,052
Total income			6,088	-81	233	6,240	-36	6,204
<b>As at December 31, 2007</b>	<b>21,749,988</b>	<b>21,750</b>	<b>9,367</b>	<b>-432</b>	<b>233</b>	<b>30,918</b>	<b>-10</b>	<b>30,908</b>
<b>As at January 01, 2008</b>	<b>21,749,988</b>	<b>21,750</b>	<b>9,367</b>	<b>-432</b>	<b>233</b>	<b>30,918</b>	<b>-10</b>	<b>30,908</b>
Income/expenses recognized directly in equity				-30	168	138		138
Net profit for the period			3,679			3,679	-132	3,546
Total income			3,679	-30	168	3,817	-132	3,684
<b>As at June 30, 2008</b>	<b>21,749,988</b>	<b>21,750</b>	<b>13,046</b>	<b>-462</b>	<b>401</b>	<b>34,735</b>	<b>-142</b>	<b>34,592</b>

# Notes to PVA TePla AG 2008 Consolidated Half-Year Report

## A. General Information and Basis of Presentation

PVA TePla AG is a public limited company under German law. The Company is entered in the Commercial Register of the Wetzlar Local Court under HRB 4827. The address of the Company's registered office is Emmeliusstrasse 33, 35614 Asslar, Germany. Per shareholder resolution adopted June 19, 2008 at the Annual General Meeting, filing was submitted to transfer the registered office to the address Im Westpark, 35435 Wettenberg. By filing into the Commercial Register of the Giessen Local Court under HRB 6845 the change of the registered office of the PVA TePla AG became effective August 5.

### General principles and accounting standards

This half-year financial report was prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial report thus also complies with IAS 34 (Interim financial reporting).

This half-year report has not been audited.

These notes primarily concern items representing material changes in relation to the December 31, 2007 consolidated financial statements.

### Reporting currency and currency translation

The same reporting currency and currency translation principles were applied as for the 2007 annual financial statements. The exchange rates of countries outside the Euro zone materially relevant to the consolidated financial statements are as follows:

### Closing rate at reporting date (EUR = 1):

	June 30, 2008	December 31, 2007
USA (USD)	1.57878	1.47184
China (CNY)	10.81783	10.73537
Denmark (DKK)	7.45712	7.45656
Singapore (SGD)	2.15100	2.12785

### Average rate from January 1 – June 30 (EUR = 1):

	2008	2007
USA (USD)	1.52886	1.32870
China (CNY)	10.78400	10.24480
Denmark (DKK)	7.45601	7.45040
Singapore (SGD)	2.12193	2.06371

### Estimates and assumptions

The preparation of the consolidated half-yearly report requires management to make estimates and assumptions which have an influence on earnings, expenses, assets, liabilities and the disclosure of contingent liabilities at the time of the interim report. In cases where, at a later date, such estimates and assumptions which were made by management in good faith deviate from those which become actual then the original estimates and assumptions will be correspondingly adjusted in that reporting period in which the deviations actually occurred

### Roundings

The tables and figures used in these Notes are based on precisely calculated amounts that are subsequently rounded to the nearest thousand euro. Rounding differences within tables thus cannot always be avoided.

### Companies included in the 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 at June 30, 2008:

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, People's Republic of 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%
Krämer Scientific Instruments GmbH	Herborn, Germany	100%
SAM TEC GmbH	Aalen, Germany	100%

The consolidated financial statements also include PVA MIMtech LLC, Cedar Grove, NJ, USA, an associate in which PVA TePla AG has a participating interest of 50%.

There have been no changes to the scope of consolidation against December 31, 2007.

### Accounting and valuation principles

The accounting and valuation principles applied in this interim report for the period ended June 30, 2008 are the same as applied in the annual financial statements for the fiscal year ended December 31, 2007.

Concerning the sale of the business operations of subsidiary UV SYSTEC Gesellschaft für UV-Strahler und Systemtechnik mbH in late July 2008 to uv-technik Speziallampen GmbH, it had been determined that this business was relatively insignificant and thus immaterial in terms of Group assets, sales revenues and earnings.

No classification as a held-for-sale asset per IFRS 5 was conducted on the basis of immateriality, instead being shown fully consolidated within Vacuum Systems division results and on the consolidated balance sheet for the period ended June 30, 2008, as in the past.

## B. Notes on selected Balance Sheet Items

### Property, plant and equipment

The changes in property, plant and equipment versus the December 31, 2007 annual financial statements primarily reflect normal depreciation on these assets and investment in new assembly and administration facilities at the Wettenberg location.

The new production facilities at the Wettenberg location were accepted in the first half of 2008 and reclassified accordingly as land and buildings instead of advance payments and assets under construction. Assets in connection with construction of the new administration building at the Wettenberg location are shown as advance payments and assets under construction. This part of the construction activities was not yet completed as of June 30, 2008.

### Deferred tax assets

Please see item C. / 'Taxes on income' for relevant notes.

### Coming receivables on construction contracts

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

Contract costs accounted for under the percentage of completion method and revenue from work in progress in the system construction business is as follows:

In EUR '000	June 30, 2008	Dec. 31, 2007
Capitalized production costs including contract profit	46,471	44,098
for which advance payments received (progress billings)	-23,830	-24,704
<b>Total</b>	<b>22,641</b>	<b>19,394</b>

Further advance payments received of EUR 35,153 thousand and obligations on construction contracts of EUR 935 thousand – on contracts where payments received according to project progress exceed contract costs incurred plus proportionate profit – are shown under current liabilities. Additional notes are provided below.

### Other receivables

Other current receivables break down as follows:

In EUR '000	June 30, 2008	Dec. 31, 2007
Derivative financial instruments	632	402
Receivables from investment incentives	509	1,134
Value added tax due	1,085	1,178
Accounts payable with debit balances	52	107
Deferred prepayments	221	130
Other items	1,012	1,080
<b>Total</b>	<b>3,511</b>	<b>4,031</b>

### Shareholders' equity/authorized capital

#### Share capital

As at June 30, 2008 PVA TePla had issued 21,749,988 no-par value shares, each share representing EUR 1.00 of share capital.

#### Contingent and authorized capital

There was no contingent capital as at June 30, 2008.

By resolution the PVA TePla AG annual general meeting authorized the Management Board on June 15, 2007 to increase the Company's share capital up to a maximum EUR 10,874,994 through one or more offerings of bearer shares versus cash or stock through the date June 14, 2012 under disapplication of shareholder subscription rights –where legally viable–, subject to Supervisory Board approval. Capital increases were not passed for the authorized capital in first half of 2008.

#### Non-current financial liabilities

Non-current financial liabilities of EUR 18,504 thousand (December 31, 2007: EUR 17,113 thousand) are wholly owed to banks.

The increase in non-current financial liabilities is chiefly due to additional borrowing for the construction of new facilities at Wettenberg.

Non-current financial liabilities are made up of the following:

In EUR '000	June 30, 2008	Dec. 31, 2007
Non-current financial liabilities	19,760	18,364
less: portion of non-current financial liabilities with maturity of up to one year	-1,256	-1,251
Non-current financial liabilities less current portion	18,504	17,113

### Retirement pension provisions

The increase in pension provisions was made on the basis of the information on the expected pension provisions as at December 31, 2008 contained in the actuarial valuations used to prepare the consolidated financial statements as at December 31, 2007.

### Current financial liabilities

Short-term financial liabilities reported represent the short-term portion of long-term financial liabilities totaling EUR 1,256 thousand (December 31, 2007: EUR 1,251 thousand) and short-term bank borrowings of EUR 2,200 thousand (December 31, 2007: EUR 1,043 thousand) as of the reporting date.

### Obligations on construction contracts

In accordance with IAS 11.42, any amounts due on construction contracts are to be recognized as liabilities. We report such items separately as 'Obligations on construction contracts'.

Obligations on construction contracts consist of the following:

In EUR '000	June 30, 2008	Dec. 31, 2007
Advance payments received	15,480	2,144
less contract costs incurred (inc. share of profit)	-14,545	-1,977
<b>Total</b>	<b>935</b>	<b>167</b>

### Advance payments received on orders

The financing of the PVA TePla Group is largely based on the advance payments and interim payments that customers pay, particularly in the case of larger contracts. Advance payments received totaled EUR 35,153 thousand on June 30, 2008 (December 31, 2007: EUR 33,342 thousand).

### Accruals

Accruals are liabilities to be paid for goods or services received that are neither paid nor invoiced or formally agreed upon by the supplier on the balance sheet date. This also includes amounts owed to employees.

Accruals are made up of the following:

In EUR '000	June 30, 2008	Dec. 31, 2007
Obligations to employees	2,912	2,109
Obligations to suppliers	3,583	2,350
Other obligations	642	419
<b>Total</b>	<b>7,137</b>	<b>4,878</b>

All amounts given are current.

### Other provisions

Other provisions are classified as either long-term (EUR 540 thousand, December 31, 2007: EUR 569 thousand) or short-term (EUR 2,794 thousand, December 31, 2007: EUR 2,545 thousand), breaking down as follows:

In EUR '000	June 30, 2008	Dec. 31, 2007
Warranty	1,250	872
Year-end closing and audit	317	317
Anniversaries	93	91
Part-time retirement scheme	83	22
Impending losses on rentals	394	458
Additional production costs	132	294
Archiving	146	146
Penalties	319	255
Other items	600	659
<b>Total</b>	<b>3,334</b>	<b>3,114</b>

Provisions are solely set up in respect of obligations towards third parties, where utilization is highly probable. The measurement of provisions is at the amount of probable utilization.

Long-term provisions primarily represent provisions for impending losses and for archiving, and are reported separately on the balance sheet. All other provisions are short-term.

## C. Notes on an individual Income Statement Items

### Sales revenues

PVA TePla principally generates its revenue through the sale of systems. Additional revenue is generated from services and by supplying spare parts (referred to collectively as after-sales service), and providing services for customers in our own facilities (contract processing, mainly carried out by PVA Löt- und Werkstofftechnik GmbH and in the field of plasma treatment by PVA TePla America and PlaTeG GmbH). Sales revenues can be broken down into the separate categories as follows:

In EUR '000	First half of 2008	First half of 2007
Systems	66,772	39,173
After Sales	5,643	3,706
Contract Processing	1,522	1,625
Other	96	184
<b>Total</b>	<b>74,033</b>	<b>44,688</b>

### Research and development expenses

Government grants of EUR 53 thousand and 47 thousand were deducted from research and development expenses of EUR 801 thousand and EUR 991 thousand reported respectively on the H1 2008 and H1 2007 income statements.

### Taxes on income

Taxes on income are calculated on a best-estimate basis applying the projected weighted-average tax rate for the full fiscal year.

The actual German tax rate applied through December 31, 2007 was 38%. From January 1, 2008 onward, we have applied a tax rate of 29% based on the Unternehmenssteuerreformgesetz 2008 (UntStRefG 2008 – German Corporate Tax Reform Act 2008). This includes corporation tax at 15%, solidarity surcharge on corporation tax at 5.5%, and trade tax of 13%. Deferred taxes were measured after they had been incurred using the tax rates given or, for companies outside of Germany, using the country-specific tax rates.

The actual tax charge is based on probable future tax liabilities and repayment claims.

Expenses for taxes on income break down as follows:

In EUR '000	First half of 2008	First half of 2007
Current tax expense	751	100
Deferred tax expense/income	634	616
<b>Total</b>	<b>1,385</b>	<b>716</b>

### Earnings per share

Consolidated net profit for the half-year after minority interest came to EUR 3,678 thousand (H1 2007: EUR 1,218 thousand). During the first half of fiscal year 2008 an average of 21,749,988 no-par value shares were in circulation, as in the previous-year period.

Earnings per share are calculated by dividing net profit by the weighted mean number of shares outstanding during the year.

Calculation of earnings per share for H1 2007 und 2008:

As at the balance sheet date, there were no stock options issued to employees and members of the management and supervisory boards that entitled them to purchase PVA TePla AG shares. As at 30 June 2008, there are therefore no dilutive effects regarding earnings per share.

	First half of 2008	First half of 2007
<b>Numerator</b>		
Consolidated net profit for the year after minority interest (EUR '000)	3.678	1.218
<b>Denominator</b>		
Weighted number of outstanding shares – basic	21.749.988	21.749.988
<b>Earnings per share (EUR):</b>	<b>0,17</b>	<b>0,06</b>

## 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 2007 and is structured in the same way.

## E. Other Information

### Segment reporting

There were no changes versus the 2007 annual financial statements concerning the structure of segment reporting.

Segment revenues and operating profit for H1 2008 break down as follows:

Segment revenues In EUR '000	First half of 2008	First half of 2007
Vacuum Systems	21,440	15,225
Crystal Growing Systems	46,027	22,040
Plasma Systems	6,566	7,423
<b>Consolidated revenues</b>	<b>74,033</b>	<b>44,688</b>

Operating profit by segment In EUR '000	First half of 2008	First half of 2007
Vacuum Systems	1,958	216
Crystal Growing Systems	4,499	2,015
Plasma Systems	-1,323	-496
<b>Group operating profit</b>	<b>5,134</b>	<b>1,738</b>

### Derivative 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.

#### - Currency forwards and hedging

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 corresponding hedges.

Forward exchange contracts with an open volume of EUR 842 thousand or USD 1,309 thousand, have been concluded in order to hedge the US dollar payments on a delivery of the Vacuum Systems division. The due date on these forward exchange contracts was fixed to correspond to the dates when money was expected to be received. These forward exchange contracts have also been measured at market value on the basis of the forward currency rate on the balance sheet date for the remaining term and their fair values as of 30 June 2008 totaled EUR 6 thousand.

A forward exchange contract with an open volume of EUR 1,253 thousand or USD 1,880 thousand, has been concluded in order to hedge the US Dollar payments on another delivery of the Vacuum Systems division. The due date on this forward exchange contract was fixed to correspond to the date when money was expected to be received. This forward exchange contract was also carried at the market value as of the balance sheet date. The fair value of this contract is EUR 50 thousand.

An additional forward exchange contract with an open volume of EUR 1,207 thousand or USD 1,908 thousand was concluded to hedge US Dollar payments on a Crystal Growing Systems transaction. The expected currency delivery date was set as the due date, and the hedge was carried at market value as of the reporting date. The fair value of this contract is EUR 12 thousand.

#### - Interest rate hedging

To hedge the interest rate risk for financing investments in new buildings at the Wettenberg and Jena sites, interest rate hedges totaling EUR 11,600 thousand were concluded. The market value of these instruments is reported under 'Other receivables', totaling EUR 564 thousand as of June 30, 2008 (H1 2007: EUR 374 thousand). The cross entry of market values and deferred taxes accruing is booked directly to equity under 'Other reserves'.

#### Other financial commitments

There were no substantial changes to other financial commitments arising from leases and other contracts versus reporting in the 2007 annual financial statements.

#### Cost of materials

Cost of sales contains the following expenditures on materials:

In EUR '000	First half of 2008	First half of 2007
Cost of raw materials, consumables and supplies, and of goods purchased and held for resale	42,479	22,483
Cost of purchased services	4,333	1,351
<b>Total</b>	<b>46,812</b>	<b>23,834</b>

#### Personnel expenses

Personnel expenses break down as follows:

In EUR '000	First half of 2008	First half of 2007
Wages and salaries	12,846	9,564
Social charges	1,895	1,537
Expenditure on retirement pensions	360	383
<b>Total</b>	<b>15,101</b>	<b>11,484</b>

The table below shows the year-on-year change in average staff members by function:

Staff numbers by function (yearly average)	First half of 2008	First half of 2007
Administration	57	42
Sales	48	42
Construction, research and development	95	84
Production and service	274	195
<b>Total employees</b>	<b>474</b>	<b>363</b>

#### Executive bodies of the company

Dr. Peter Friedemann departed the Supervisory Board of PVA TePla AG, Asslar on June 19, 2008 in conformance with Board rules. Dr. Gernot Hebestreit of Leverkusen was appointed by the annual general meeting to the Supervisory Board of PVA TePla AG, Asslar on June 19, 2008. A German public auditor (“Wirtschaftsprüfer”) and tax accountant (“Steuerberater”), Dr. Hebestreit is a managing director and shareholder of Susat & Partner OHG and Executive Board Chairman of Association for Corporate Growth Rhein-Ruhr e.V. Dr. Hebestreit also sits on the following supervisory boards:

- Comvis AG, Essen (Deputy chairman of the Supervisory Board)
- Grant Thornton International Ltd., London, UK (Board of Governors).

Prof. Dr. Günter Bräuer as a member of the Supervisory Board is no longer director of FEP, the Fraunhofer Institute for Surface Engineering and Thin Films, Dresden since May 1, 2008.

Prof. Dr. Günter Bräuer assumed the following additional board memberships in H1 2008:

- PEP Photonics European Photovoltaics, Mainz (Supervisory Board member starting May 1, 2008).
- AMG Coating Technologies GmbH, Hanau (Board of Trustees member starting June 1, 2008)

There were no other changes as of June 30, 2008 with regard to PVA TePla AG executive body member seats on other supervisory boards.

#### Related parties

There are two categories of business transactions with related parties that are relevant for the PVA TePla Group. Firstly, there are transactions with companies in which executive officers of PVA TePla AG have significant shareholdings or over which they exercise significant influence. The second category relates to relationships with the associated company, PVA MIMtech LLC of Cedar Grove, New Jersey.

#### Relationships with executive officers

The normal business activities of the PVA TePla Group involves the exchange of services with companies in which the chairman of the executive board of PVA TePla AG holds shares or over which he exercises significant influence. This also applies to the exchange of services with Caverion GmbH. The PVA TePla AG Supervisory Board Chairman is simultaneously Chairman of the Advisory Board. All business is transacted at normal market conditions. Purchases from companies falling into this category in fiscal year 2008 totaled EUR 403 thousand, corresponding sales totaling EUR 6 thousand. Outstanding receivables and liabilities as of the June 30, 2008 reporting date totaled EUR 0 thousand and EUR 56 thousand respectively.

**Relationships with associated companies**

PVA TePla AG acts as European distributor for the associate PVA MIMtech LLC of Cedar Grove, New Jersey. Additionally, services are exchanged as part of after-sales service for MIMtech systems. There were no purchase or sale transactions between PVA MIMtech and PVA TePla Group companies in fiscal year 2008. As of June 30, 2008, receivables and liabilities totaled EUR 2 thousand and EUR 129 thousand respectively.

**Disclosures under Section 160 para. 1 (8) AktG**

No new disclosures were reportable in H1 2008.

**Significant post-reporting period events**

Please see page 19 of this Intermediate Report. No events occurred of relevance affecting valuations.

**Management declaration of accuracy**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the interim management report of the Group include a fair review of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Asslar, August 11, 2008



Peter Abel  
Chief Executive Officer



Arnd Bohle  
Chief Financial Officer

## Financial Calendar 2008

November 7	Quarterly report for Q3/2008
November 10	German Equity Forum

## Imprint

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