PVA TePla

Intermediate Report

Intermediate Report
January 1 – June 30, 2010

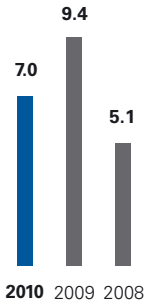
IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

in EUR '000	H1 2010	H1 2009	H1 2008
Sales Revenues	**63,866**	**76,459**	**74,033**
Industrial Systems	12,223	23,215	22,913
Semiconductor Systems	11,901	21,455	24,418
Solar Systems	39,741	31,789	26,702
Gross profit	**16,668**	**22,934**	**14,722**
in % sales revenues	26.1	30.0	19.9
R&D expenses	1,905	1,043	801
Operating result (EBIT)	**6,963**	**9,436**	**5,134**
in % sales revenues	10.9	12.3	6.9
Consolidated net profit	**4,231**	**6,075**	**3,546**
in % sales revenues	6.6	7.9	4.8
Earnings per Share (EPS) in EUR [1]	**0.19**	**0.28**	**0.17**
Capital expenditure	605	2,039	6,001
Total assets	**128,587**	**127,995** [2]	**122,081** [2]
Total Shareholders' Equity	**51,199**	**51,126** [2]	**40,360** [2]
Equity ratio in %	39.8	39.9 [2]	33.1 [2]
Employees as of 30.06.	**507**	**510**	**497**
Incoming orders	**41,685**	**29,929**	**140,552**
Order backlog	**56,237**	**103,897**	**202,379**
Book-to-bill-ratio	0.65	0.39	1.90
Cash flow from operating activities	10,019	17,585	6,571

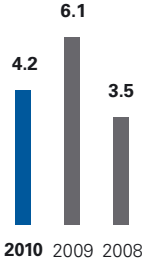
[1] Circulating shares on average 21.749.988
[2] As of the reporting date on December 31

SALES REVENUES
H1, EUR million

EBIT
H1, EUR million



CONSOLIDATED NET PROFIT
H1, EUR million



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January 1 – June 30, 2010

FOREWORD BY THE MANAGEMENT BOARD

DEAR PVA TEPLA SHAREHOLDERS, BUSINESS PARTNERS AND COLLEAGUES,

PVA TePla's consolidated sales revenues and profit developed as planned in the first half of 2010. Revenues amounted to EUR 64 million in the first six months, and together with an operating profit of EUR 7 million, we are on the way to achieving our annual targets: EUR 120 million in revenues and 8% – 10% operating profits.

Order intake for individual business units developed differently in the first two quarters. While business in the Vacuum Systems, Plasma Systems and Analysis Systems business units became more upbeat, the Solar Systems division did not yet receive any further large orders. However, we are still conducting a number of interesting negotiations with companies in the photovoltaics industry in Asia, USA and Europe and are confident of also achieving a positive order situation in this division in the second half of the year.

Sales in the Industrial Systems division amounted to EUR 12.2 million, and in the Semiconductor Systems division to EUR 11.9 million. As expected, both sales figures fall below those of the first half of 2009, reflecting that order backlog is lower than in 2009. In important business fields however, business started picking up again considerably – as explained above. The order from China from December 2009 and the order from Bosch Solar Wafers from 2008 for the delivery of crystal growing systems increases sales in the Solar Systems division from EUR 31.8 million in the same period in the previous year to EUR 39.7 million.

The liquidity position of PVA TePla Group still remains positive. Cash flow from operating activities was clearly positive again in the first half of 2010.

The vast majority of shareholders approved the items on the agenda at the Annual General Meeting of PVA TePla on June 21, 2010, at the Congress Center Giessen. The proposal of the Management Board and Supervisory Board to pay a dividend for the first time in the Company's history was approved to let our shareholders take part in the profit generated in the previous fiscal year.

We would like to thank you on behalf of ourselves and our division managers for the trust and commitment you have shown to our Company.

Peter Abel
Chief Executive Officer

Arnd Bohle
Chief Financial Officer

PVA TEPLA SHARES

PVA TePla AG, Wettenberg

PVA TEPLA SHARES

PERFORMANCE

In the first seven months of 2010, the price of the PVA TePla share dropped from EUR 5.13 to EUR 4.25 on July 22, 2010. As from mid July, our share came under pressure to sell and high sales figures put a stop to its positive development. The development of the PVA TePla share since the beginning of 2007 corresponded to the "Technology All Share" index.

ANNUAL GENERAL MEETING

At the Annual General Meeting of PVA TePla on June 21, 2010, at the Congress Center Giessen, Peter Abel, CEO, explained during his speech to the shareholders and guests of PVA TePla that fiscal year 2009 had been the most successful year in the Company's history going by profit. For the first time, a dividend of EUR 0.20 per share was to be distributed to shareholders to let them partake in the Company's profit. Arnd Bohle, CFO, afterwards explained the consolidated and annual financial statements 2009 and the figures for the first quarter of 2010. At the end, Peter Abel provided shareholders with an outlook for the current fiscal year. Around 47% of shareholders were present and approved the points on the agenda with a vast majority.

COMMUNICATION WITH THE CAPITAL MARKET

We again continued our intensive activities in the capital market in the second quarter. We presented our Company to institutional investors and analysts at telephone conferences regarding the quarterly figures, an analysts' meeting in Frankfurt, roadshows and by participating in a conference. Our varied activities are listed on the PVA TePla website under "Investor Relations".

SHAREHOLDINGS AND SUBSCRIPTION RIGHTS OF EXECUTIVE BODY MEMBERS

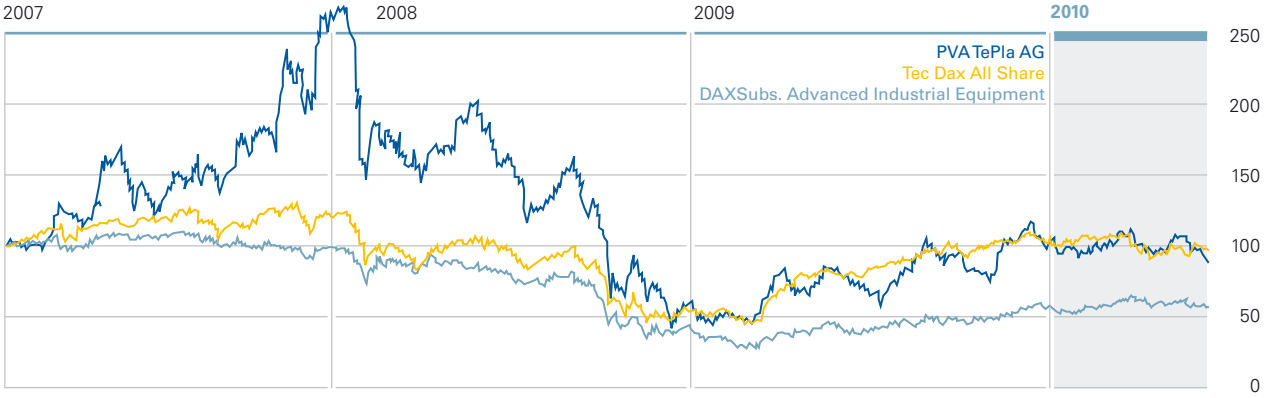
MANAGEMENT BOARD

	Shares June 30, 2010	Shares Dec. 31, 2009	Subscription rights June 30, 2010	Subscription rights Dec. 31, 2009
Peter Abel	5,616,275	5,616,275	0	0
Arnd Bohle	3,000	3,000	0	0

SUPERVISORY BOARD

	Shares June 30, 2010	Shares Dec. 31, 2009	Subscription rights June 30, 2010	Subscription rights Dec. 31, 2009
Alexander von Witzleben	0	0	0	0
Dr Gernot Hebestreit	0	0	0	0
Prof Dr Günter Bräuer	0	0	0	0

PERFORMANCE OF PVA TEPLA SHARES JANUARY 2007 – JULY 2010
in % / 1-day-interval



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INTERIM GROUP MANAGEMENT REPORT

PVA TePla AG, Wettenberg, January 1 – June 30, 2010

INTERIM GROUP MANAGEMENT REPORT

PVA TePla AG, Wettenberg, January 1 – June 30, 2010

1. INTRODUCTION

PVA TePla Group operates as a supplier of systems for the production, refinement and processing of high-quality materials such as hard metals, metals, semiconductors, ceramics and silicon. The production and treatment processes for these types of materials require complex systems in which stable processes can be carried out under reproducible conditions. For this reason, these processes typically take place in vacuum conditions, in inert gas atmospheres, at high temperatures or using low-pressure plasma. PVA TePla supplies vacuum systems for producing and treating high-tech materials and surfaces in vacuum, high-temperature and plasma environments. The global market for these systems involves advanced state-of-the-art materials and surface treatment technologies including 300mm silicon (Si) wafer technology for semiconductors, mono- or poly-crystalline wafers for photovoltaics, structural materials, such as for telescopes in outer space, metal powder production technologies, such as for hard metals, micro-sensor production technologies (MEMS, Micro Electromechanical Systems) and luminous light sources from semi-conductor diodes (HB LED, High Brightness Light Emitting Diodes), ultrathin wafer production technology, and surface treatment systems for plastic and steel. Non-destructive inspection and analysis systems for the quality control of manufactured materials round up the portfolio.

2. REPORTING STRUCTURE

This interim management report describes the business development of PVA TePla Group in the first half of fiscal year 2010. The reporting structure is the same as in the consolidated financial statements as of December 31, 2009. The Group divides its business activities and therefore reporting into the three divisions Industrial Systems, Semiconductor Systems and Solar Systems.

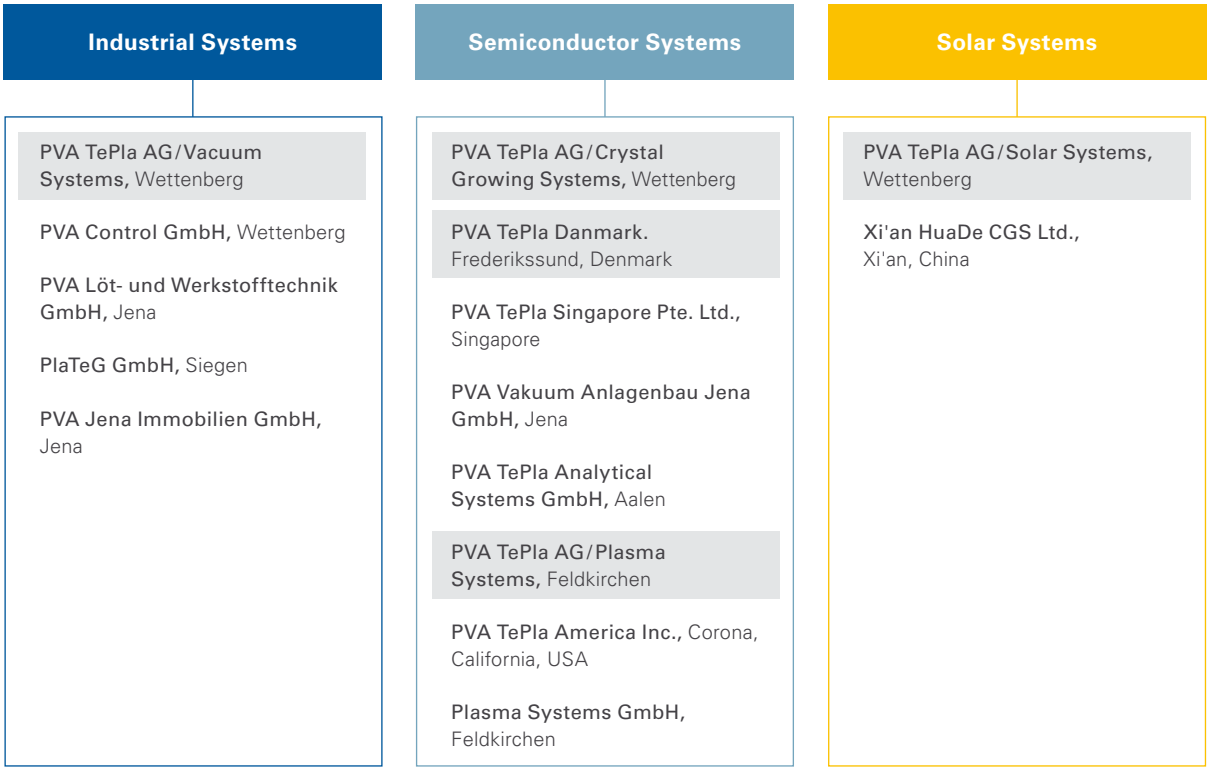
3. BUSINESS AND GENERAL ENVIRONMENT

3.1. MACROECONOMIC ENVIRONMENT

In the first half of 2010, the global recession came to an end. Economists of the European Central Bank (ECB) expect the gross domestic product (GDP) in the Eurozone to grow by 1% to 1.2% in 2010 and 2011. According to the Ifo Institute, Germany's GDP is forecast to grow by more than 2%. This would make up for almost half of the 4.9% drop in 2009. Asia remains the fastest growing economic region in the world. China anticipates 9% to 10% economic growth, but other countries such as Singapore and Taiwan also expect their economies to perform well this year. China therefore remains the strongest economic driver in the world. The economic recovery in the US remains shaky. Growth in the first quarter of 2010 amounted to just 0.7% compared to the previous quarter.

3.2. SECTOR DEVELOPMENTS

At the end of 2009, order intake was already stabilizing again, and the trend finally reversed itself in the first half of 2010. According to the Association of German Machine and Plant Manufacturers (Verband Deutscher Maschinen- und Anlagenbau – VDMA), order intake in the German machine and plant manufacturing industry in May was over 60% higher than in the previous year. But it must be taken into account that order intake in the previous year had been extremely low to begin with. According to the leading market research institute Gartner, the semiconductor industry forecasts global sales growth of 27% year-on-year in 2010. This increase is due to the market recovering in almost all global economic sectors and product groups. The growth rate for the photovoltaics market in 2010 and 2011 is also expected to increase by a high double-digit number.



The divisions highlighted in grey are operating units of PVA TePla AG.

4. STRUCTURAL CHANGES WITHIN PVA TEPLA GROUP

The structures of the divisions and allocation of subsidiaries are the same as in the consolidated financial statements as of December 31, 2009. As already reported in the annual report 2009, it was decided in November 2009 to close Plasma Systems production and logistics at the Feldkirchen site and to transfer production to the Jena site. The Company begun implementing this measure in the first quarter of 2010 and will complete it in the second half of the year.

5. SALES REVENUES

Consolidated sales revenues of the PVA TePla Group amounted to EUR 63.9 million in the first half of 2010 (previous year: EUR 76.5 million), therefore falling below the previous year's figure as expected.

The Industrial Systems division achieved sales revenues of EUR 12.2 million (previous year: EUR 23.2 million). This considerable drop is due to the economic and financial crisis and the resulting low order intake in 2009. The Semiconductor Systems division generated sales revenues of EUR 11.9 million (previous year: EUR 21.5 million). Business in floatzone systems at PVA TePla Danmark and plasma systems accounted for the majority of sales revenues. The Solar Systems division generated sales revenues of EUR 39.7 million (previous year: EUR 31.8 million).

SALES REVENUES BY DIVISION

in EUR '000	H1 2010	H1 2009
Industrial Systems	12,223	23,215
Semiconductor Systems	11,901	21,455
Solar Systems	39,741	31,789
Total sales revenues	**63,866**	**76,459**

When looking at sales revenues by region, a very large proportion of sales revenues is being generated in Germany. This is because the Solar Systems division currently conducts a lot of its business within the country. 47.5% of consolidated sales revenues in the first half of the year pertained to business in Germany. Compared to the same period in the previous year, sales revenues in Asia increased, amounting to 41.6% of total sales revenues.

Sales revenues of business in other European countries were almost the same as in the previous year and came to 8.3% of total sales revenues of PVA TePla Group.

SALES REVENUES BY REGION in EUR '000	H1 2010	H1 2009
Germany	30,998	50,986
Europe (excluding Germany)	5,298	5,472
North America	1,600	858
Asia	26,552	19,894
Others	74	179
Consolidation	-656	-930
Total sales revenues	**63,866**	**76,459**

6. ORDERS

In the first half of fiscal year 2010, PVA TePla Group's order situation improved year-on-year. The Company received orders to the value of EUR 41.7 million compared to EUR 29.9 million in the previous year.

Order intake in the Industrial Systems division amounted to EUR 17.0 million in the first six months, up on EUR 10.7 million in the previous year. Many of the orders were placed by Asian customers for hard-metal sintering systems. The Semiconductor Systems division achieved order intake of EUR 21.5 million (previous year: EUR 11.5 million), one of the main reasons being demand for floatzone systems at PVA TePla Danmark and analysis systems for non-destructive quality inspection of high-tech materials. But demand for plasma systems also developed positively. The Solar Systems division generated order intake of EUR 3.2 million (previous year: EUR 7.7 million).

Order backlog, consolidated and after already realized revenues shares according to the Percentage of Completion method (PoC), was EUR 56.2 million as of June 30, 2010 (previous year: EUR 103.9 million). The Industrial Systems division had an order backlog of EUR 16.7 million as of June 30, 2010 (previous year: EUR 16.5 million). The Semiconductor Systems division recorded an order backlog to the value of EUR 20.1 million compared to EUR 22.7 million in the previous year. The Solar Systems division had an order backlog of EUR 19.4 million (previous year: EUR 64.8 million) as of June 30, 2010, adjusted by EUR 6.7 million. An order received via a system integrator in the first quarter of 2008 from the European solar industry did not work out.

7. PRODUCTION

In the first half of fiscal year 2010, system production and contract processing were performed in Germany at the Wettenberg, Feldkirchen, Siegen, Aalen and Jena sites. The production sites outside Germany were Corona in the USA and Frederikssund in Denmark. The shift of production from the Feldkirchen site to the Jena site, which was previously announced, commenced during the first six months of 2010. This process will be completed in the second half of the year. Vertical integration remained low across all areas. Parts are manufactured in-house only to a minor extent. This means material costs are relatively high in percentage terms, but allows for rapid and flexible adjustment of production capacity as necessary to meet potential changes in demand.

8. RESEARCH & DEVELOPMENT

The cost of research and development for the Group in the reporting period totaled EUR 1.9 million (previous year: EUR 1.0 million). Several examples of division R&D activities are presented in the section below.

In the Industrial Systems division, R&D is largely conducted based on paid customer orders; these costs are thus recorded under cost of sales, and are not reported separately. R&D activity leading to innovations and to product optimization is estimated at approximately 10% of total design engineering output.

In the Semiconductor Systems division, a software enhancement was pursued in the field of analysis systems that allows defects (pinholes) to be detected at high resolution close to the surface and near the edges of high-tech materials.

The Solar Systems division continues to pursue increased productivity in the crystal growing process for solar silicon and the reduction of operating costs in the production facilities. The competence center for industrial crystal growing systems ("CCIC") focuses on these topics and is also working on integrated solutions for the production of silicon rods, so-called ingots, for example feeding the raw material silicon and recycling the process gas argon. Within the scope of projects funded by the State of Thuringia and the Federal Ministry of Economy and Employment as well as the Federal Ministry of Education and Research, the Solar Systems division is also involved in a number of

mostly integrated research projects focusing on the further development of efficient crystallization processes for multi-crystalline and monocrystalline silicon crystals.

9. INVESTMENTS

Investments totaled EUR 0.6 million in the first six months of 2010 (previous year: EUR 2.0 million). These investments mainly relate to other plant and equipment, fixtures and fittings as well as software licenses.

10. PERSONNEL

As of June 30, 2010 the Group employed 507 people (December 31, 2009: 507; June 30, 2009: 510 employees). Therefore the number of employees decreased slightly year on year. There were no significant changes in the number of employees within the individual divisions compared to December 31, 2009.

11. NET ASSETS AND FINANCIAL POSITION

Mainly as a result of the continued improvement in the liquidity situation, total assets as of June 30, 2010, increased to EUR 128.6 million compared to EUR 128.0 million as of December 31, 2009.

The value of property, plant and equipment decreased slightly to EUR 33.6 million (December 31, 2009: EUR 34.5 million) due to planned amortization and depreciation combined with low investments. There was no significant change in the value of intangible assets and financial assets. Long-term deferred tax assets increased to EUR 4.5 million (December 31, 2009: EUR 3.3 million). Non-current assets totaled EUR 48.0 million versus EUR 47.6 million as of December 31, 2009.

The change in current assets was also minor with an increase to EUR 80.6 million (December 31, 2009: EUR 80.4 million). Largely unchanged from the preceding quarter, the value of inventories increased from EUR 20.0 million as of December 31, 2009 to EUR 25.0 million in line with the order backlog being processed. Raw materials, consumables and operating supplies went up to EUR 9.0 million (December 31, 2009: EUR 7.5 million), work in progress to EUR 12.4 million (December 31, 2009: EUR 9.2 million) and finished products to EUR 3.6 million (December 31, 2009: EUR 3.3 million). Future receivables from production orders were valued at EUR 10.2 million (December 31, 2009: EUR 8.9 million). The total value of current receivables decreased to EUR 12.1 million (previous year: EUR 22.9 million). Trade receivables fell to EUR 8.4 million (December 31, 2009: EUR 17.2 million). Here a key variable was the receipt of large final payments after the final completion of major orders. Advance payments received decreased further to EUR 2.2 million (December 31, 2009: EUR 3.7 million). Other current receivables also fell to EUR 1.6 million (December 31, 2009: EUR 2.0 million). Cash and cash equivalents increased to EUR 33.0 million thanks to the positive operating cash flow (December 31, 2009: EUR 28.4 million).

Total current liabilities on the balance sheet decreased slightly to EUR 50.5 million (December 31, 2009: EUR 51.7 million). Declines in advance payments received on orders from EUR 16.4 million to EUR 14.2 million due to order processing and the reduced order backlog and in provisions for taxes from EUR 6.4 million to EUR 4.6 million due to corresponding tax payments and short-term provisions from EUR 12.6 million to EUR 11.1 million were offset by increases in obligations on construction contracts from EUR 0.6 million to EUR 4.2 million and trade payables from EUR 3.5 million to EUR 4.6 million.

Non-current liabilities (including non-current provisions) rose from EUR 25.2 million as of December 31, 2009 to EUR 26.9 million. This is due to the increase in deferred tax liabilities to EUR 6.0 million (December 31, 2009: EUR 3.9 million). Pension provisions increased to EUR 7.9 million as scheduled (December 31, 2009: EUR 7.7 million). The corresponding pension schemes were taken on from previous companies and contain only existing commitments. New pension obligations are generally no longer entered into.

The overall change in equity was minor due to the net profit for the period combined with the payment of the dividend for 2009, coming in at EUR 51.2 million (December 31, 2009: EUR 51.1 million). Due to the slight increase in total assets, the equity ratio fell slightly to 39.8% compared to the value of 39.9% for the previous year.

Operating cash flow was once again highly positive in the first six months of 2010 at EUR +10.0 million (previous year: EUR +17.6 million). This is mainly due to interim and final payments on existing and settled orders. Cash flow from

investing activities amounted to EUR -0.5 million (previous year: EUR -1.8 million). Due to the payment of the dividend for fiscal year 2009, the cash flow from financing activities was EUR -5.6 million (previous year: EUR -3.0 million).

Total cash flow in the 2010 reporting period including changes caused by exchange rate movements was EUR +4.6 million (previous year: EUR +12.8 million). Free cash flow came to EUR +9.4 million (previous year: EUR +15.5 million). The overall liquidity situation of PVA TePla Group therefore remains highly positive.

12. RESULTS OF OPERATIONS

The results of PVA TePla developed according to expectations in the first six months of 2010. Operating profit (EBIT) of EUR 7.0 million (previous year: EUR 9.4 million) and consolidated net profit of EUR 4.2 million (previous year: EUR 6.1 million) were generated. At 10.9%, the EBIT margin was slightly above the forecast range of 8% – 10%, but below the value of 12.3% in the previous year. The return on sales was 6.6% compared to 7.9% in the previous year.

Looking at just the second quarter, sales revenues at EUR 30.8 million was also below the value of EUR 37.8 million in the previous year. The operating profit (EBIT) was EUR 3.8 million (previous year: EUR 4.7 million) and the consolidated net profit for the period was EUR 2.3 million (previous year: EUR 3.2 million).

The figures for the first six months of 2010 are discussed and commented below.

As consolidated sales revenues fell to EUR 63.9 million (previous year: EUR 76.5 million), gross profit dropped to EUR 16.7 million (previous year: EUR 22.9 million). As expected, the gross margin at 26.1% also fell short of the very good value of 30.0% from the prior year.

Selling and administrative expenses in the first six months of 2010 were below the corresponding values for the previous year at EUR 4.6 million (previous year: EUR 5.4 million) and EUR 4.3 million (previous year: EUR 4.4 million), respectively. The market segments in which orders are being processed and whether representative commissions are incurred are also relevant to selling and distribution expenses. Research and development expenses increased significantly to EUR 1.9 million (previous year: EUR 1.0 million). This is due to the larger scope of the development projects PVA TePla is involved in. The net balance of other operating expenses versus other operating income was EUR +1.1 million (previous year: EUR -2.7 million). This figure includes income and expenses from exchange rate differences, rental income and proceeds from the release of provisions.

The Industrial Systems division once again generated a material profit at EUR +1.9 million (previous year: EUR +2.7 million). On the other hand, the operating profit of the Semiconductor Systems division at EUR -1.1 million fell significantly compared to the value of EUR +1.6 million in the previous year. This is mainly due to the lower business volume, which was expected. On a positive note, the Plasma Systems business unit generated a positive operating profit thanks to much higher sales revenues in the first six months of 2010. The results of the Semiconductor Systems division also improved noticeably compared to the previous quarter. At EUR 6.1 million (previous year: EUR 4.9 million), the Solar Systems division achieved the best results. This is due to the increase in the volume of business as well as improved order processing thanks to optimized logistics.

The net interest position was EUR -0.9 million (previous year: EUR -1.1 million). The profit of the associated company PVA MIMtech LLC totaled EUR -0.05 million (previous year: EUR -0.01 million). Earnings before tax came in at EUR 6.0 million (previous year: EUR 8.3 million).

Income tax expense of EUR 1.8 million (previous year: EUR 2.3 million) consists of current tax expense of EUR 0.9 million (previous year: EUR 2.5 million) and deferred tax expenses of EUR 0.9 million (previous year: income EUR 0.2 million). The current tax expense is mainly attributable to provisions and/or prepayments for the taxation of income of the German entities.

13. SUPPLEMENTARY REPORT

Since June 30, 2010 there have been no significant events that are expected to have a material impact on the net assets, financial position and results of operations of PVA TePla.

14. MARKET OPPORTUNITIES AND RISKS

As a globally operating technology group, PVA TePla Group faces a large number of opportunities and risks that are inextricably linked to its entrepreneurial activities. The economic environment of the Company is characterized by global markets and the ever-growing complexity of technological applications. The risks of negative business and economic developments are continuously monitored and evaluated by Company management and contained or compensated as appropriate and to the extent possible. Assessment of risk factors flows into corporate decision-making.

In the first six months of 2010, there has been no significant change in the material opportunities and risks for PVA TePla Group compared to those presented in detail in the annual report 2009 on pages 36 et seq. The risk management system was also described in detail in the annual report 2009. As a result, only current developments are examined here.

General economic conditions: General economic conditions have improved significantly in the first six months of 2010 compared to the same period in the previous year. This trend is also evident in the order volume during the first half of 2010 for a number of business units including Vacuum Systems, Analytical Systems and Plasma Systems. The Solar Systems division has not received any larger orders to date during 2010. While PVA TePla is currently involved in a number of intensive negotiations with customers, the timeframe cannot be clearly identified since contract negotiations are generally time-consuming due to the complexity of the subject matter. If corresponding contracts with the solar industry fail to materialize over the long term, the production capacities – which are highly flexible due the low level of vertical integration – will be adjusted. Possible capacity adjustment measures include increasing vertical integration in assembly, reducing the use of temporary and part-time workers and taking advantage of flexible working hour models.

Risks from financial instruments: PVA TePla Group only holds financial instruments to the extent resulting out of ongoing business operations and/or to hedge exchange rate and interest rate risks associated with ongoing business operations. In the past, relevant fluctuations in value have only resulted from valuation changes due to abrupt and unexpected changes in short-term interest rates on the capital markets. Notwithstanding the current negative valuation changes, this structure assures highly flexible financing of the new construction project in Wettenberg at a very favorable long-term interest rate.

Risks from deliveries: Due to the weakness of the economy over the past year, the risk of delivery bottlenecks on the part of our suppliers has decreased. As economic conditions have improved, the capacity utilization by the suppliers has once again increased. However, delivery bottlenecks affecting our orders are not occurring at this time. Efforts are also undertaken in order to ensure that a sufficient number of qualified suppliers is available for essential parts and components.

New competitors: New competitors have entered the market in the field of systems for the production of multicrystalline silicon blocks. We believe the market volume and growth rate are sufficient in order to successfully distribute our MultiCrystallizer system.

Human resource risks: From the perspective of our Company, the current employment market situation does not present any problems. The search for qualified personnel does not prove difficult at this time, especially since the hiring process at PVA TePla related to processing the order backlog has largely been concluded.

There are currently no identifiable risks potentially jeopardizing the continued existence of the Company as a going concern, either individually or in combination.

15. OUTLOOK

For the current fiscal year 2010, the Management Board of PVA TePla is confirming its estimate for consolidated sales revenues of EUR 120 million and an EBIT margin in the range of 8% to 10%. The order backlog as of June 30, 2010 in the amount of EUR 56.2 million supports these expectations.

Wettenberg, August 12, 2010

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PVA TePla AG, Wettenberg
as at June 30, 2010

PVA TePla AG, Wettenberg

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at June 30, 2010

ASSETS in EUR '000	June 30, 2010	December 31, 2009
Non-current assets		
Intangible assets	8,733	8,726
Goodwill	7,615	7,615
Other intangible assets	1,118	1,111
Property, plant and equipment	33,644	34,477
Land, property rights and buildings, including buildings on third party land	29,479	30,044
Plant and machinery	1,983	2,102
Other plant and equipment, fixtures and fittings	2,182	2,331
Investment property	465	475
Non-current investments	664	610
Investments in associates	644	593
Other non-current receivables	20	17
Deferred tax assets	4,490	3,319
Total non-current assets	47,996	47,607
Current assets		
Inventories	25,037	20,028
Raw materials and operating supplies	9,047	7,536
Work in progress	12,437	9,223
Finished products and goods	3,553	3,269
Coming receivables on construction contracts	10,203	8,884
Trade and other receivables	12,134	22,885
Trade receivables	8,397	17,221
Payments in advance	2,179	3,708
Other receivables	1,558	1,956
Tax repayments	253	222
Cash and cash equivalents	32,964	28,369
Total currents assets	80,591	80,388
Total	**128,587**	**127,995**

The following notes are an integral part of the Interim Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

in EUR '000	June 30, 2010	December 31, 2009
Shareholders' equity		
Share capital	21,750	21,750
Revenue reserves	29,971	30,081
Other reserves	-214	-406
Minority interest	-308	-299
Total shareholders' equity	51,199	51,126
Non-current liabilities		
Non-current financial liabilities	12,777	13,308
Other non-current liabilities	12	15
Retirement pension provisions	7,893	7,739
Deferred tax liabilities	5,958	3,856
Other non-current provisions	220	301
Total non-current liabilities	26,860	25,219
Current liabilities		
Current financial liabilities	2,629	2,702
Trade payables	4,552	3,480
Obligations on construction contracts	4,213	613
Advance payments received on orders	14,154	16,410
Accruals	7,464	7,383
Other short-term liabilities	1,873	2,070
Provisions for taxes	4,576	6,365
Other short-term provisions	11,067	12,627
Total current liabilities	50,528	51,650
Total	**128,587**	**127,995**

The following notes are an integral part of the Interim Consolidated Financial Statements.

PVA TePla AG, Wettenberg

CONSOLIDATED INCOME STATEMENT

January 1 – June 30, 2010

in EUR '000	April 01 – June 30, 2010	April 01 – June 30, 2009	January 01 – June 30, 2010	January 01 – June 30, 2009
Sales revenues	30,834	37,825	63,866	76,459
Cost of sales	-22,322	-26,043	-47,198	-53,525
Gross profit	8,512	11,782	16,668	22,934
Selling and distributing expenses	-1,838	-2,976	-4,580	-5,370
General administrative expenses	-2,149	-2,070	-4,291	-4,434
Research and development expenses	-1,348	-415	-1,905	-1,043
Other operating income	1,699	956	2,853	2,104
Other operating expenses	-1,115	-2,557	-1,782	-4,755
Operating profit (EBIT)	3,761	4,720	6,963	9,436
Finance revenue	34	24	75	74
Finance costs	-388	-373	-958	-1,165
Share of profits from associates	-71	5	-47	-13
Financial result and share of profits from associates	-425	-344	-930	-1,104
Net profit before tax	3,336	4,376	6,033	8,332
Income taxes	-1,077	-1,206	-1,802	-2,257
Consolidated net profit for the period	2,259	3,170	4,231	6,075
of which attributable to:				
Shareholders of PVA TePla AG	2,264	3,237	4,240	6,147
Minority interest	-5	-67	-9	-72
Consolidated net profit for the period	2,259	3,170	4,231	6,075
Earnings per share				
Earnings per share (basic/diluted) in EUR	0.10	0.15	0.19	0.28
Earnings per share (diluted) in EUR	0.10	0.15	0.19	0.28
Average number of share in circulation (basic)	21,749,988	21,749,988	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988	21,749,988	21,749,988

PVA TePla AG, Wettenberg

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 – June 30, 2010

in EUR '000	January 01 – June 30, 2010	January 01 – June 30, 2009
Consolidated net profit for the period	**4,231**	**6,075**
of which attributable to shareholders of PVA TePla AG	4,240	6,147
of which attributable to minority interest	-9	-72
Other comprehensive income		
Currency changes	343	17
Income taxes	-142	0
Changes recognized outside profit or loss (currency changes)	201	17
Changes in fair values of derivative financial instruments	-12	51
Income taxes	3	-14
Changes recognized outside profit or loss (derivative financial instruments)	-9	37
Other comprehensive income after taxes (changes recognized outside profit or loss)	**192**	**54**
of which attributable to shareholders of PVA TePla AG	192	54
of which attributable to minority interest	0	0
Total comprehensive income	**4,425**	**6,129**
of which attributable to shareholders of PVA TePla AG	4,434	6,201
of which attributable to minority interest	-9	-72

PVA TePla AG, Wettenberg

CONSOLIDATED CASH FLOW STATEMENT

January 1 – June 30, 2010

	in EUR '000	January 01 – June 30, 2010	January 01 – June 30, 2009
	Consolidated net profit for the period	4,231	6,075
	Adjustments to the consolidated net profit for the period for reconciliation to the cash flow operating activities:		
+	Income tax expense	1,802	2,257
-	Finance revenue	-75	-74
+	Finance costs	958	1,165
=	Operating profit	6,916	9,423
-	Income tax payments	-2,683	99
+	Amortization and depreciation	1,405	1,324
-	Share of profits from associates	47	13
-/+	Gains/losses on disposals of non-current assets	61	-2
+/-	Other non-cash expenses (income)	494	19
		6,240	10,876
-/+	Increase/decrease in inventories, trade receivables and other assets	4,565	7,659
+/-	Increase/decrease in provisions	-1,819	1,048
+/-	Increase/decrease in trade payables and other liabilities	1,033	-1,998
=	Cash flow from operating activities	10,019	17,585
+	Receipts from associates	2	116
+	Proceeds from disposals of intangible assets and property, plant and equipment	2	2
-	Acquisition of intangible assets and property, plant and equipment	-605	-2,039
+	Interest receipts	76	85
=	Cash flow from investing activities	-525	-1,836
-	Receipts from issuance of debt and borrowing of loans	-4,350	0
-	Change in short-term bank liabilities	-620	-2,664
+/-	Payment of interest	-3	213
-	Cash flow from financing activities	-632	-524
=	Cash Flow aus der Finanzierungstätigkeit	-5,605	-2,975
	net change in cash and cash equivalents	3,889	12,774
+/-	Effect of exchange rate fluctuations on cash and cash equivalents	706	7
+	Cash and cash equivalents at beginning of the period	28,369	5,198
=	Cash and cash equivalents at the end of the period	32,964	17,979

PVA TePla AG, Wettenberg

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 – June 30, 2010

in EUR '000	Shared issues		Revenue reserves	Other equity components	Total	Minority interest	Total Shareholders' equity
	Number						
As at January 01, 2009	21,749,988	21,750	19,267	-482	40,535	-175	40,360
Total income			6,147	54	6,201	-72	6,129
As at June 30, 2009			25,414	-428	46,736	-247	46,489
As at January 01, 2009	21,749,988	21,750	19,267	-482	40,535	-175	40,360
Total income			10,814	76	10,890	-124	10,766
As at December 31, 2009	21,749,988	21,750	30,081	-406	51,425	-299	51,126
As at January 01, 2010	21,749,988	21,750	30,081	-406	51,425	-299	51,126
Income/expenses recognized directly in equity			0	192	192	0	192
Net profit for the period			4,240	0	4,240	-9	4,231
Total income			4,240	192	4,432	-9	4,423
Dividend			-4,350	0	-4,350	0	-4,350
As at June 30, 2010	**21,749,988**	**21,750**	**29,971**	**-214**	**51,507**	**-308**	**51,199**

SELECTED NOTES TO THE PVA TEPLA AG CONSOLIDATED HALF-YEAR REPORT 2010

PVA TePla AG, Wettenberg, January 1 – June 30, 2010

A. GENERAL INFORMATION AND BASIS OF PRESENTATION

PVA TePla AG is a stock corporation in accordance with German law. The Company is entered in the Commercial Register of the Giessen Local Court under HRB 6845. The registered address of the Company is 35435 Wettenberg, Germany.

GENERAL PRINCIPLES AND ACCOUNTING STANDARDS

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

This half-year report has not been audited.

These notes mainly contain details of items in which there have been significant changes as against the consolidated financial statements as of December 31, 2009.

REPORTING CURRENCY AND CURRENCY TRANSLATION

The reporting currency and currency translation principles applied are the same as those used for the 2009 consolidated financial statements. The significant exchange rates of countries outside the euro zone that are included in the half-year report are as follows:

EUR = 1	Average rate		Closing rate at reporting date	
	H1 2010	H1 2009	June 30, 2010	Dec. 31, 2009
USA (USD)	1.32619	1.33314	1.22055	1.43328
China (CNY)	9.03996	9.09587	8.28500	9.77517
Denmark (DKK)	7.44158	7.44879	7.44602	7.44048
Singapore (SGD)	1.85250	1.98886	1.70619	2.01369
Norway (NOK)	8.00878	8.89601	7.91139	8.32639

COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include its fully consolidated subsidiaries and one associate carried at equity. The following companies were fully consolidated in the half-year consolidated financial statements as of June 30, 2010:

Name	Registered office	Equity interest
PVA TePla AG (parent company)	Wettenberg, Germany	
PVA TePla America Inc.	Corona/CA, USA	100.00 %
PVA Jena Immobilien GmbH	Jena, Germany	100.00 %
PVA Vakuum Anlagenbau Jena GmbH	Jena, Germany	100.00 %
Xi'an HuaDe CGS Ltd.	Xi'an, China	51.00 %
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100.00 %
PVA Control GmbH	Wettenberg, Germany	100.00 %
Plasma Systems GmbH	Feldkirchen, Germany	100.00 %
PlaTeG GmbH	Siegen, Germany	100.00 %
PVA TePla Singapore Pte. Ltd.	Singapore	100.00 %
PVA TePla Analytical Systems GmbH	Aalen, Germany	100.00 %

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

The companies included in the PVA TePla AG consolidated group have not changed as against December 31, 2009.

PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in this half-year report are the same as those applied in the consolidated financial statements as of December 31, 2009. The single entity financial statements included in the half-year financial statements are prepared with consistent accounting policies according to IAS 27 (Consolidated and Separate Financial Statements).

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in this half-year report as of June 30, 2010, are the same as those applied in the consolidated financial statements as of December 2009, with exception of a small change to low-value assets.

Since January 01, 2010, the Group applies the new tax regulations on amortization and depreciation of low-value assets. Low-value assets costing up to EUR 410 are written down immediately, all other assets costing more than that are recognized and written down over their useful lives.

ROUNDINGS

The tables and figures used in these half-year financial statements are based on precisely calculated amounts that are subsequently rounded to the nearest thousand euros or million euros. Rounding differences within tables and between figures thus cannot always be avoided.

ESTIMATES AND ASSUMPTIONS

The preparation of the half-year financial statements requires estimates and assumptions to be made by management. These influence the presentation of income and expenditure, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date.

Should such estimates and assumptions made by the management at the balance sheet date to the best of their knowledge deviate from the actual economic situation, the original estimates and assumptions are adjusted correspondingly for the period in which the change occurred.

B. NOTES TO SELECTED BALANCE SHEET ITEMS

COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

As part of the partial recognition of sales revenues from customer-specific construction contracts based on the percentage of completion, any amount due from customers for contract work is reported as an asset in accordance with IAS 11.42. These items are shown separately under "Coming receivables on construction contracts".

in EUR '000	June 30, 2010	Dec. 31, 2009
Capitalized production costs including contract profits	34,719	22,431
for which advance payments received (progress billing)	-24,516	-13,547
Total	**10,203**	**8,884**

OBLIGATIONS ON CONSTRUCTION CONTRACTS

As part of the partial recognition of sales revenues from customer-specific construction contracts based on the percentage of completion, any amount due to customers for contract work is reported as a liability in accordance with IAS 11.42. This results from the excess of invoiced amounts over the corresponding proportionate revenue. In the same way as for "Coming receivables on construction contracts", these items are reported separately in the balance sheet.

Only partial payments that are due on the basis of the progress of each individual system, and therefore meet the scope of progress billing, are recognized as invoiced amounts. Payments received at the inception of the order or partial payments that do not correspond to the progress of completion are presented separately as advance payments.

Obligations on construction contracts are composed as follows:

in EUR '000	June 30, 2010	Dec. 31, 2009
Advance payments received (progress billing)	34,847	17,528
less contract costs incurred (incl. share of profit)	-30,634	-16,915
Total	**4,213**	**613**

OTHER CURRENT RECEIVABLES

Other current receivables are composed as follows:

in EUR '000	June 30, 2010	Dec. 31, 2009
Derivative financial instruments	2	9
Value added tax due	275	226
Accounts payable with debit balances	41	113
Deferred prepayments	856	60
Others	384	1,548
Total	**1,558**	**1,956**

SHAREHOLDERS' EQUITY / AUTHORIZED CAPITAL

SHARE CAPITAL

As of June 30, 2010, PVA TePla AG had issued 21,749,988 no-par value shares each with a notional interest in the share capital of EUR 1.00.

CONTINGENT AND AUTHORIZED CAPITAL

There was no contingent capital as of June 30, 2010.

The Annual General Meeting of PVA TePla AG on June 15, 2007 authorized the Management Board to increase the Company's share capital with approval of the Supervisory Board on one or more occasions during the period to June 14, 2012 by a total of up to EUR 10,874,994 by issuing 10,874,994 new no-par value bearer shares against cash and/or non-cash contributions with shareholders' subscription rights excluded to the extent permitted by law. No capital increases from this authorized capital were resolved in 2010.

NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities totaled EUR 15,405 thousand (December 31, 2009: EUR 16,008 thousand) – all of which were liabilities towards banks. Non-current financial liabilities are composed as follows:

in EUR '000	June 30, 2010	Dec. 31, 2009
Non-current financial liabilities	15,405	16,008
less: portion of non-current financial liabilities due in less than one year	-2,628	-2,700
Non-current financial liabilities less current portion	**12,777**	**13,308**

RETIREMENT PENSION PROVISIONS

The addition to pension provisions was based on the information on the expected pension provisions as of December 31, 2010 contained in the actuarial reports used to prepare the consolidated financial statements as of December 31, 2009.

CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported here totaling EUR 2.6 million (December 31, 2009: EUR 2.7 million) primarily relate to the current positions of non-current financial liabilities. Current liabilities to banks amounted to EUR 0.0 million (December 31, 2009: EUR 0.0 million).

ADVANCE PAYMENTS RECEIVED ON ORDERS

The financing of the PVA TePla Group is largely based on the advance payments and interim payments received from customers, particularly in the case of larger contracts. The value of the advance payments received at June 30, 2010 was EUR 14,154 thousand (December 31, 2009: EUR 16,410 thousand).

ACCRUALS

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

Accrued liabilities are composed as follows:

in EUR '000	June 30, 2010	Dec. 31, 2009
Obligations to employees	4,057	2,929
Obligations to suppliers	3,163	2,773
Other commitments	244	1,681
Total	**7,464**	**7,383**

All of the reported amounts are short-term in nature.

OTHER PROVISIONS

Other provisions were divided into non-current (EUR 220 thousand; December 31, 2009: EUR 301 thousand) and current (EUR 11,067 thousand, December 31, 2009: EUR 12,627 thousand) and were composed as follows:

in EUR '000	June 30, 2010	Dec. 31, 2009
Warranty	3,581	4,407
Impending losses on rentals	255	373
Subsequent costs	2,832	1,703
Archiving	184	184
Penalties	735	709
Restructuring	788	1,928
Others	2,912	3,624
Total	**11,287**	**12,928**

Provisions are recognized solely in respect of obligations to third parties where utilization is probable. Provisions are measured at the amount of probable utilization.

Non-current provisions primarily relate to provisions for impending losses and archiving and are shown separately in the balance sheet. All other provisions are short-term in nature.

C. NOTES ON INDIVIDUAL INCOME STATEMENT ITEMS

REVENUE

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

in EUR '000	H1 2010	H1 2009
Systems	54,215	69,055
After-sales	7,930	6,523
Contract processing	1,575	868
Others	146	13
Total	**63,866**	**76,459**

Sales revenues in the first half of fiscal year 2010 were mainly comprised of business in the field of systems, which accounted for 84.9% of PVA TePla Group's total sales revenues. Growth in sales revenues in the field of after-sales developed positively (12.4% of total sales revenues) as did sales revenues in the field of contract processing (2.5% of total sales revenues) in the first half of 2010.

RESEARCH AND DEVELOPMENT EXPENSES

In calculating the research and development expenses reported in the income statement amounting to EUR 1,905 thousand for H1 2010 and EUR 1,043 thousand for H1 2009, government grants of EUR 166 thousand and EUR 48 thousand respectively were deducted.

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.

For companies in Germany, we have applied a tax rate of 28%. This includes corporation tax of 15%, a solidarity surcharge of 5.5% on corporation tax and trade tax of 12%.

Deferred taxes were measured at the rate at which they will be incurred using the tax rates stated above or, for companies outside of Germany, the country-specific tax rates.

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

Expenses for income taxes break down as follows:

in EUR '000	Jan. 01 – June 30, 2010	Jan. 01 – June 30, 2009
Current tax expense	-863	-2,461
Deferred tax expense/income	-939	204
Total income taxes	**-1,802**	**-2,257**

EARNINGS PER SHARE

Consolidated net profit for the year after minority interests amounted to EUR 4,240 thousand (previous year: EUR 6,147 thousand). As in the previous year, an average of 21,749,988 no-par value shares was in circulation in the first half of 2010.

The earnings per share figure is calculated by dividing consolidated net profit for the year after minority interests by the weighted average number of shares outstanding during the year.

Calculation of earnings per share for the first half of 2009 and 2010:

in EUR '000	H1 2010	H1 2009
Numerator:		
Consolidated net profit for the year after minority interests (EUR thousand)	4,240	6,147
Denominator:		
Weighted number of shares outstanding – basic	21,749,988	21,749,988
Earnings per share (in EUR)	0.19	0.28

No stock options were issued to employees and members of the Management and Supervisory Boards entitling them to purchase PVA TePla AG shares as of the balance sheet date. As a result, there are no dilution effects in regards to earnings per share as of June 30, 2010.

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 2009 and is structured in the same way.

E. ADDITIONAL DISCLOSURES

SEGMENT REPORTING

PVA TePla Group is divided into three divisions: Industrial Systems, Semiconductor Systems and Solar Systems. This should afford a sharper product focus in individual markets and enhance operational transparency for the capital markets.

Performance is assessed and decisions regarding the assignment of resources to the segments are made on the basis of PVA TePla AG's three divisions. The following segment reporting therefore follows the Group's organizational structures of three divisions based on PVA TePla's group internal management system. Cross segment

transactions – this mainly concerns PVA Vakuum Anlagenbau Jena GmbH, which is assigned to Semiconductor Systems for organizational purposes but also works for Solar Systems – are broken down accordingly for segment reporting.

The following tables provide a general overview of the operating segments of PVA TePla AG. In line with IFRS 8, segment reporting also includes a reconciliation from the total segment results to the Group's net income for the period.

The segment information for the **second quarter** is as follows:

in EUR '000	External sales revenues		Internal sales revenues		Total sales revenues		EBIT	% of sales revenues	EBIT	% of sales revenues
	2010	2009	2010	2009	2010	2009	2010		2009	
Industrial Systems	5,410	12,361	527	-162	5,936	12,199	1,083	20.0%	1,589	12.9%
Semiconductor Systems	8,532	10,597	-43	-119	8,489	10,478	-78	-0.9%	767	7.2%
Solar Systems	16,893	14,867	0	260	16,893	15,127	2,755	16.3%	2,358	15.9%
Segment total	**30,834**	**37,825**	**484**	**-21**	**31,318**	**37,804**	**3,760**	**12.2%**	**4,714**	**12.5%**
Consolidation	0	0	0	0	0	0	2		6	
Group	**30,834**	**37,825**	**484**	**-21**	**31,318**	**37,804**	**3,762**	**12.2%**	**4,720**	**12.5%**

The segment information for the **first half of the year** is as follows:

in EUR '000	External sales revenues		Internal sales revenues		Total sales revenues		EBIT	% of sales revenues	EBIT	% of sales revenues
	2010	2009	2010	2009	2010	2009	2010		2009	
Industrial Systems	12,223	23,215	1,443	337	13,666	23,552	1,899	15.5%	2,743	11.8%
Semiconductor Systems	11,901	21,455	870	-217	12,771	21,238	-1,125	-9.5%	1,587	7.4%
Solar Systems	39,741	31,789	0	260	39,741	32,049	6,117	15.4%	4,859	15.3%
Segment total	**63,866**	**76,459**	**2,314**	**380**	**66,179**	**76,839**	**6,891**	**10.8%**	**9,189**	**12.0%**
Consolidation	0	0	0	0	0	0	72		247	
Group	**63,866**	**76,459**	**2,314**	**380**	**66,179**	**76,839**	**6,963**	**10.9%**	**9,436**	**12.3%**

The reconciliation of the segment results (EBIT) to the consolidated net profit for the period is as follows:

in EUR '000	Q2 2010	Q2 2009	H1 2010	H1 2009
Total segment results	3,760	4,714	6,891	9,189
Consolidation	2	6	72	247
Group operating profit (EBIT)	3,762	4,720	6,963	9,436
Financial result	-355	-349	-883	-1,091
Share of profits from associates	-71	5	-47	-13
Net profit before tax	3,336	4,376	6,033	8,332
Income taxes	-1,077	-1,206	-1,802	-2,257
Consolidated net profit for the period	2,259	3,170	4,231	6,075

Business relationships between the segments were eliminated in consolidation.

DERIVATIVE FINANCIAL INSTRUMENTS

In 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 (EUR in the euro zone, USD in the US), exchange risks only arise in a limited number of cases. If material contracts are concluded in a foreign currency, the exchange risks occurring as a result are covered by corresponding hedging transactions.

A foreign exchange contract with an open volume of EUR 231 thousand or USD 282 thousand has been entered into in order to hedge the US Dollar payments on a delivery in the Industrial Systems division. The due date on this foreign exchange contract was set to correspond with the date when money was expected to be received. This foreign exchange contract was measured at fair value on the basis of the forward currency rate on the balance sheet date for the remaining term of the contract and its fair value as of June 30, 2010, totaled EUR 2 thousand.

Foreign exchange contracts with an open volume of EUR 2,027 thousand or USD 2,567 thousand have been entered into in order to hedge the US Dollar payments for deliveries by the Semiconductor Systems division. The due dates on these foreign exchange contracts were set to correspond with the date when money was expected to be received. They were also carried at fair value at the balance sheet date. The fair value of these contracts is EUR 8 thousand.

Interest Rate Hedging

To hedge the interest rate risk for financing investments in newly constructed buildings at the Wettenberg and Jena sites, interest rate hedges originally totaling EUR 11,600 thousand were concluded. The open amount of these hedges as of the reporting date of June 30, 2010, was EUR 9,506 thousand. The fair value of these instruments is reported under other provisions, totaling EUR -983 thousand as of the reporting date.

The loan of originally EUR 10,000 thousand to finance the new building at the Wettenberg site on which the above interest rate hedge is based had not been utilized as of June 30, 2010. Accordingly, the fair values of the interest rate derivatives and deferred taxes on these were not reported under other provisions. The fair values (cumulatively EUR -948 thousand, EUR -228 thousand of which recognized in income in the second quarter of 2010) were recognized under financing expenses.

OTHER FINANCIAL OBLIGATIONS

There were no notable changes in other financial obligations from leases and other contracts as against the 2009 annual financial statements.

COST OF MATERIALS

The cost of sales contains expenditure on materials as follows:

in EUR '000	H1 2010	H1 2009
Cost of raw materials, consumables and supplies and of goods purchased and held for resale	33,254	39,858
Cost of purchased services	2,461	3,723
Total	**35,715**	**43,581**

PERSONNEL EXPENSES

Personnel expenses are composed as follows:

in EUR '000	H1 2010	H1 2009
Wages and salaries	14,463	14,149
Social charges	2,469	2,461
Expenditure on retirement pensions	271	224
Total	**17,203**	**16,834**

The average number of employees by function has changed as follows in the reporting period:

Number of employees by function (average for the period)	H1 2010	H1 2009
Administration	71	70
Sales	52	50
Engineering, research and development	103	101
Production and service	281	289
Total number of employees	**507**	**510**

EXECUTIVE BODIES OF THE COMPANY

In the first half of 2010, the Management Board of PVA TePla AG consisted of the following persons:

Peter Abel, Wettenberg (Chairman/CEO)
Engineer

Managing Director of the following Group companies:
» PVA Jena Immobilien GmbH, Jena
» Plasma Systems GmbH, Feldkirchen
» PVA TePla Analytical Systems GmbH, Aalen

and of the following non-associated companies:
» PA Beteiligungsgesellschaft mbH, Wettenberg

Membership of supervisory bodies:
» PVA TePla America Inc., Corona, USA (Director)
» Xi' an HuaDe CGS Ltd., Xi' an, China
(Chairman of the Supervisory Board)
» ScheBo Biotech AG, Giessen
(Chairman of the Supervisory Board)
» OPTOTEC GmbH, Wettenberg
(Chairman of the Advisory Board)
» 3D Präzisionstechnik AG, Asslar
(Chairman of the Supervisory Board)

Arnd Bohle, Bochum (CFO)
Business graduate

Managing Director of the following Group companies:
» PlaTeG GmbH, Siegen

No membership of supervisory bodies.

In the first half of 2010, the Supervisory Board consisted of:

Alexander von Witzleben, Weimar (Chairman)
Feintool International Holding AG, Lyss/Switzerland
(President of the Administration Board)

Member of the following other supervisory bodies:
» VERBIO AG, Zörbig
(Chairman of the Supervisory Board)
» Caverion GmbH, Stuttgart
(Chairman of the Supervisory Board)
» Kaefer Isoliertechnik GmbH & Co. KG, Bremen
(Member of the Advisory Board)

Dr Gernot Hebestreit, Leverkusen
Global Leader Business Development and Client Service, Grant Thornton International Limited, London, Great Britain

Member of the following other supervisory bodies:
» Comvis AG, Düsseldorf
(Deputy Chairman of the Supervisory Board)
» Association for Corporate Growth Rhein-Ruhr e.V., Cologne (Advisory Board)

Prof Dr Günter Bräuer, Cremlingen
Director of the Fraunhofer Institute for Laminate and Surface Engineering, Braunschweig, and Managing Director of the Institute for Surface Engineering (IOT) at the Technical University of Braunschweig

Member of the following other supervisory bodies:
» PEP Photonos European Photovoltaics AG, Mainz
(Member of the Supervisory Board)
» AMG Coating Technologies GmbH, Hanau
(Member of the Advisory Board)
» Institut für Solarenergieforschung GmbH, Hameln
(Member of the Scientific Advisory Board)

As of the balance sheet date June 30, 2010, the functions and memberships of other supervisory bodies of the Supervisory Board and Executive Board members of PVA TePla AG remained unchanged.

RELATED PARTIES

Two categories of business transactions with related parties are relevant for PVA TePla Group: Transactions with companies in which executive officers of PVA TePla AG have significant shareholdings or over which they exercise significant influence, and relationships with the associated company PVA MIMtech LLC, Cedar Grove/NJ, USA.

RELATIONSHIPS WITH EXECUTIVE OFFICERS

The ordinary business activities of PVA TePla Group involve the exchange of services with companies in which the Chief Executive Officer of PVA TePla AG holds shares or over which he exercises significant influence. All transactions are conducted at arm's length conditions.

As in the past, the relevant transactions by PVA TePla AG with related parties are limited to IT companies. In the first two quarters of 2010, the value of the purchases from these companies amounted to EUR 440 thousand and the value of sales to EUR 0 thousand. Liabilities amounted to EUR 0 thousand and EUR 43 thousand respectively as of the balance sheet date June 30, 2010.

RELATIONSHIPS WITH ASSOCIATED COMPANIES

No services were exchanged between PVA TePla AG and the associated company PVA MIMtech LLC, Cedar Grove /NJ, USA.

DISCLOSURES UNDER SECTION 160 (1) NO. 8 AKTG

No new disclosures were received in the first half of 2010.

SIGNIFICANT POST-BALANCE SHEET DATE EVENTS

Please refer to section 13 of this half-year report. There have been no significant events after June 30, 2010.

AUDITOR

At the Annual General Meeting on June 21, 2010, the shareholders approved the Supervisory Board's proposal to appoint Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft/ Steuerberatungsgesellschaft, Frankfurt/Main, Germany, as auditor of the annual and consolidated financial statements for fiscal year 2010.

RESPONSIBILITY STATEMENT

"To the best of our knowledge we assure that in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and profit or loss of the Group, and the interim Group management report includes 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 fiscal year."

Wettenberg, August 12, 2010

Peter Abel
Chief Executive Officer

Arnd Bohle
Chief Financial Officer

FINANCIAL CALENDAR 2010

November 5	Publication of the Q3 Report
November 22–24	German Equity Forum

IMPRINT

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