PVA TePla


# Intermediate Report

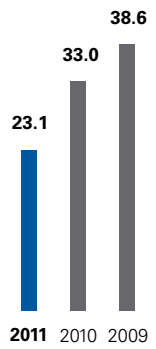
Intermediate Report
January 1 – March 31, 2011

# IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

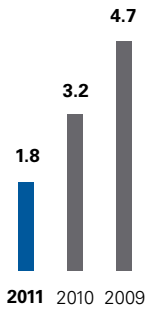
| in EUR '000 | Q1 2011 | Q1 2010 | Q1 2009 |
|---|---|---|---|
| **Sales Revenues** | **23,142** | **33,032** | **38,634** |
| Industrial Systems | 11,253 | 6,813 | 10,854 |
| Semiconductor Systems | 8,801 | 3,370 | 10,858 |
| Solar Systems | 3,088 | 22,848 | 16,922 |
| **Gross profit** | **6,432** | **8,156** | **11,152** |
| in % sales revenues | 27.8 | 24.7 | 28.9 |
| R&D expenses | 791 | 588 | 657 |
| **Operating result (EBIT)** | **1,753** | **3,201** | **4,716** |
| in % sales revenues | 7.6 | 9.7 | 12.2 |
| **Consolidated net profit** | **1,265** | **1,975** | **2,905** |
| in % sales revenues | 5.5 | 6.0 | 7.5 |
| **Earnings per Share (EPS) in EUR** [1] | **0.06** | **0.09** | **0.13** |
| Capital expenditure | 230 | 206 | 1,285 |
| **Total assets** | **124,685** | 121,737 [2] | 127,995 [2] |
| **Shareholders' equity** | **55,518** | 54,472 [2] | 51,126 [2] |
| Equity ratio in % | 44.5 | 44.7 [2] | 39.9 [2] |
| **Employees as of 31.03.** | **488** | **507** | **511** |
| **Incoming orders** | **38,952** | **18,694** | **16,292** |
| **Order backlog** | **68,661** | **71,118** | **129,785** |
| Book-to-bill-Ratio | 1.68 | 0.57 | 0.42 |
| **Cash Flow from operating activities** | **2,302** | **-570** | **4,490** |

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

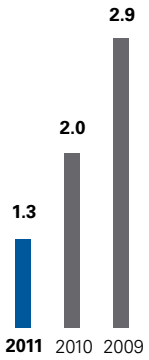
SALES REVENUES
Q1, EUR million




EBIT
Q1, EUR million




CONSOLIDATED NET PROFIT
Q1, EUR million



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Intermediate Report
January 1 – March 31, 2011

# FOREWORD BY THE MANAGEMENT BOARD

## DEAR SHAREHOLDERS OF PVA TEPLA, BUSINESS PARTNERS AND COLLEAGUES,

The business of PVA TePla Group developed as planned in the first quarter of 2011 with consolidated sales revenues coming to EUR 23.1 million and operating profit to EUR 1.8 million. We anticipated these figures, which are down on the previous year, due to existing order backlog, especially in the Solar Systems division, at the end of 2010. Order development was very positive in all divisions in the first months of the year. We therefore expect to achieve our annual targets of EUR 120 million to EUR 130 million in consolidated sales revenues and operating profit of around 8% to 10% at the upper limit of each bandwidth.

Order intake developed positively in the first months of 2011. The upswing in business in Vacuum Systems, Plasma and Analytical Systems in the past year continued. In January, our Company also received an order for 300mm wafer crystal growing systems for the semiconductor industry. The generally positive development of the semiconductor market makes us confident that order intake in the Semiconductor Systems division will be positive throughout 2011. The excellent business development of the Vacuum Systems division, which receives most of its orders for systems for the production of hard metal and graphite, should be pointed out here. In April, the Solar Systems division also received a large order to the value of around EUR 20 million from Asia for the delivery of systems for the production of monocrystalline silicon crystals.

In the Industrial Systems division, sales revenues almost doubled year-on-year to EUR 11.3 million. We anticipate an excellent year for this division, which could come close to 2008, our strongest year so far in terms of sales. The Semiconductor Systems division increased its sales revenues to EUR 8.8 million. The positive order situation – especially in the above-mentioned subdivisions Analytical and Plasma Systems – and the order for the delivery of crystal growing systems for the semiconductor industry will contribute to

f. l. t. r.: Dr Arno Knebelkamp, Peter Abel, Arnd Bohle

a successful development in the rest of the financial year. The order from the Asian solar industry, which we won in April, will help to increase sales revenues in the Solar Systems division in the coming quarters.

The liquidity position of PVA TePla Group remains excellent. Cash and cash equivalents came to EUR 32.7 million on the reporting date March 31, 2011, slightly up on December 31, 2010, due to positive operating cash flow.

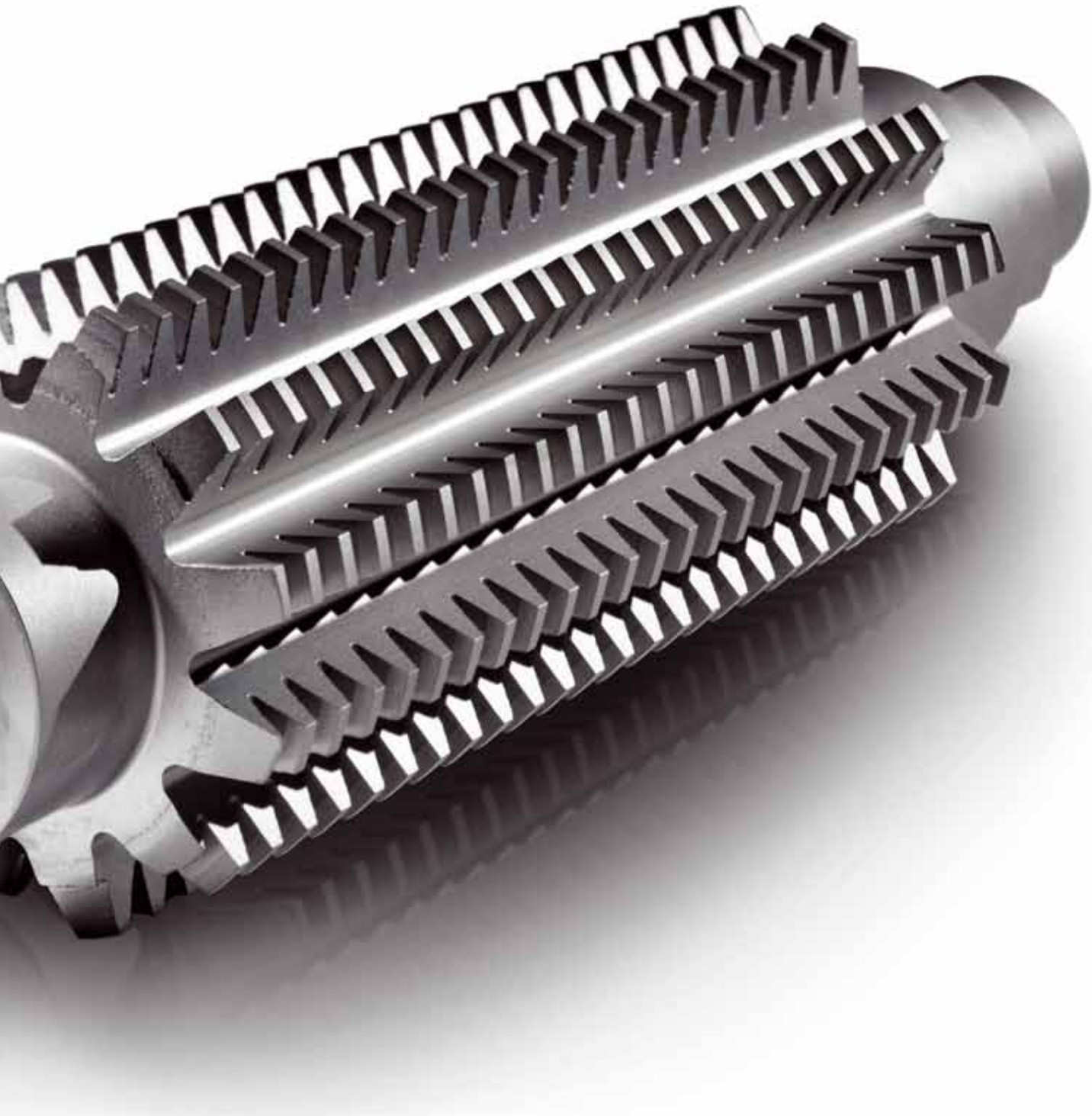
The balance sheet press conference and analysts' meeting on April 1, 2011 in Frankfurt for the publication of the 2010 business figures was very well frequented. Participants – primarily analysts and representatives of our banks – gained a comprehensive insight into the past and present financial year. The new member of the Management Board and future CEO Dr Knebelkamp took the opportunity to introduce himself. CEO Peter Abel emphasized once again that he will keep his shares in PVA TePla and that he will still be available to us as a strategic consultant.

We would like to thank you on our own behalf and that of our Division Managers for your trust in us and your commitment in our Company.

Peter Abel
Chairman of the
Management Board

Dr Arno Knebelkamp
Chief Technology Officer

Arnd Bohle
Chief Financial Officer



# PVA TEPLA SHARES

PVA TePla AG, Wettenberg

# PVA TEPLA SHARES

In the first four months of 2011, the price of the PVA TePla share rose from EUR 3.90 to EUR 4.59 as of April 28, 2011. Overall, interest in the share has been increasing in recent months, a development which is reflected in the share's trading volume.

Other companies comparable to PVA TePla as well as the relevant indices on the Prime Standard, "Technology All Share" and „DAXSubs. Advanced Industrial Equipment", also recorded similar price developments. In the first quarter, the Company was introduced at conferences in Germany and abroad and investors and analysts were able to obtain an overview of the latest developments within the Group. Discussions centered around the future order development in the individual divisions with focus on Solar Systems.

## Shareholdings and subscription rights of Executive Body members

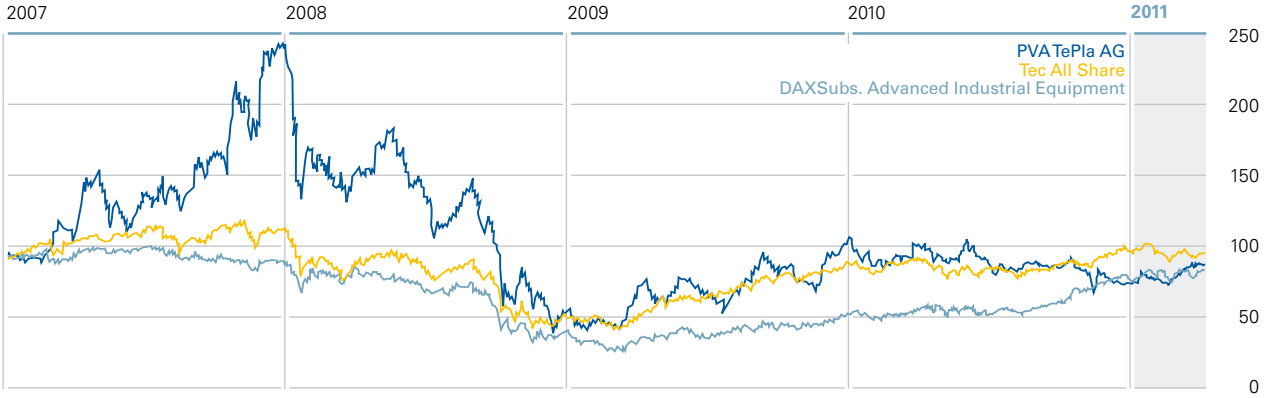
### MANAGEMENT BOARD

| | Shares Mar. 31, 2011 | Shares Dec. 31, 2010 | Subscription rights Mar. 31, 2011 | Subscription rights Dec. 31, 2010 |
|---|---|---|---|---|
| Peter Abel | 5,616,275 | 5,616,275 | 0 | 0 |
| Arnd Bohle | 3,000 | 3,000 | 0 | 0 |

### SUPERVISORY BOARD

| | Shares Mar. 31, 2011 | Shares Dec. 31, 2010 | Subscription rights Mar. 31, 2011 | Subscription rights Dec. 31, 2010 |
|---|---|---|---|---|
| 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 – APRIL 2011
in %/1-day-interval



# INTERIM MANAGEMENT REPORT

PVA TePla AG, Wettenberg
January 1 – March 31, 2011

# INTERIM MANAGEMENT REPORT

PVA TePla AG, Wettenberg January 1 – March 31, 2011

## 1. SALES REVENUES

Consolidated sales revenues came to EUR 23.1 million in the first three months of 2011 (previous year [PY]: EUR 33.0 million), considerably down on the value of the previous year. We expected this development. It is caused by the low amount of sales revenues contributed by the Solar Systems division, which dropped from EUR 22.8 million in the first quarter of 2010 to EUR 3.1 million at present. Sales revenues in this division will go up in the coming quarters on account of the order of around EUR 20 million received in April 2011. Sales revenues in Industrial Systems and Semiconductor Systems, on the other hand, went up steeply to EUR 11.3 million (PY: EUR 6.8 million) and EUR 8.8 million (PY: EUR 3.4 million) respectively.

## 2. ORDERS

In the first quarter of 2011, PVA TePla Group's order intake almost doubled from EUR 18.7 million in the previous year's quarter to EUR 39.0 million. The book-to-bill ratio of 1.7 (PY: 0.57) was clearly above 1. Order intake in Industrial Systems came to EUR 15.6 million in the first three months, much higher than the previous year's value of EUR 8.9 million. The main contributors to this increase were orders for hard-metal sintering systems and graphite processing systems. In the first quarter of 2011, PVA TePla received the highest quarterly number of orders for vacuum systems in the history of the Company. Asian customers in particular were a main driving force behind this favorable business development, which is continuing in the second quarter. In the Semiconductor Systems division, order intake came to EUR 22.4 million (PY: EUR 9.0 million). An order for the delivery of crystal growing systems for the semiconductor industry in Asia was one of the main contributors to this figure. Order intake in Plasma Systems and Analytical Systems also developed positively. Order intake in the Solar Systems division came to EUR 0.9 million (PY: EUR 0.8 million). This division is greatly dependent on large orders. In April, the Company won an order from the Asian solar industry worth EUR 20 million, which will considerably increase order intake in the second quarter of 2011.

Order backlog, consolidated and net of sales revenues shares already realized according to the "percentage of completion method" (PoC), came to EUR 68.7 million on March 31, 2011 (PY: EUR 71.1 million). Order backlog in the Industrial Systems division amounted to EUR 29.1 million on March 31, 2011, up more than double than on the previous year's reporting date (PY: EUR 13.8 million). The situation in Semiconductor Systems is similar; order backlog went up from EUR 16.0 million in the previous year to EUR 33.0 million. The Solar Systems division saw order backlog drop to EUR 6.6 million (PY: EUR 41.3 million) on March 31, 2011 after completing its large orders.

## 3. RESEARCH & DEVELOPMENT

PVA TePla Group invested EUR 0.8 million (PY: 0.6 million) into research and development (R&D) in the first three months of 2011. The Industrial Systems division carries out new developments as part of customer orders. These are not separately recognized as R&D expenses.

In the Semiconductor Systems division, subdivision Analytical Systems, the successful SAM 300/400 series – ultrasound analytical systems for the semiconductor industry, materials research and bio-medical research with improved high-frequency electronics – was developed further. Throughput and image quality were significantly improved in all systems. The controlling software was optimized further so as to improve the rate of detection in automated systems.

The Solar Systems division continued working on the further development of the Czochralski (Cz) method for growing monocrystalline silicon ingots, especially for SolarCrystalizer systems, at the competence center for industrial crystal growing systems in Wettenberg in the first quarter of 2011. This research is part of the "Solarvalley Mitteldeutschland" (Solarvalley Central Germany) top cluster. Its main objective is to considerably lower the costs and optimize the processes of Cz crystal growing processes in view of the technical specifications of the systems as well as the entire growing process.

## 4. INVESTMENTS

Investments totaled EUR 0.2 million in the first quarter of 2011 (PY: EUR 0.2 million) and primarily included small expansions or replacement parts for operating and office equipment and software.

## 5. NET ASSETS AND FINANCIAL POSITION

The balance sheet total as of March 31, 2011 increased to EUR 124.7 million compared to EUR 121.7 million as of the reporting date on December 31, 2010.

Non-current assets dropped from EUR 46.2 million on December 31, 2010 to EUR 44.9 million. The largest change was the decrease in deferred tax assets from EUR 2.9 million on December 31, 2010 to EUR 2.1 million and also scheduled depreciation and amortization on property, plant and equipment and intangible assets.

Total current assets went up to EUR 79.8 million (December 31, 2010: EUR 75.5 million). The largest change was the rise in inventories to EUR 26.9 million (December 31, 2010: EUR 21.0 million). Due to the procurement of materials and the processing of current orders, raw materials, consumables and operating supplies went up to EUR 14.0 million (December 31, 2010: EUR 9.8 million), work in progress to EUR 7.0 million (December 31, 2010: EUR 5.2 million), and coming receivables on construction contracts to EUR 8.1 million (December 31, 2010: EUR 5.8 million). Total current receivables went down from EUR 17.0 million on December 31, 2010 to EUR 11.7 million. The largest drop from EUR 13.7 million on December 31, 2010 to EUR 7.2 million was recorded for trade receivables. At EUR 1.4 million, advance payments remained almost the same (December 31, 2010: EUR 1.5 million). Other receivables rose to EUR 3.0 million (December 31, 2010: EUR 1.9 million). Cash and cash equivalents came to EUR 31.7 million, slightly up on EUR 30.3 million as of December 31, 2010, and other financial assets were EUR 1.0 million (December 31, 2010: EUR 1.0 million).

Non-current liabilities decreased from EUR 24.8 million as of December 31, 2010 to EUR 23.3 million. Non-current financial liabilities went down minimally to EUR 12.8 million (December 31, 2010: EUR 12.9 million) because of the planned repayment of the Company's loans. Pension provisions remained unchanged at EUR 8.1 million (December 31, 2010: EUR 8.1 million). The largest change was caused by the drop in deferred tax liabilities to EUR 1.9 million (December 31, 2010: EUR 3.1 million).

Total current liabilities went up from EUR 42.5 million as of December 31, 2010 to EUR 45.8 million. Current financial liabilities mainly pertain to the current positions of non-current financial liabilities. The Company did not have any significant current liabilities to banks as of March 31, 2011 on account of its positive liquidity position. Trade payables decreased to EUR 3.9 million (December 31, 2010: EUR 4.3 million), and obligations on construction contracts went up to EUR 3.9 million (December 31, 2010: EUR 1.7 million). Advance payments received on orders rose from EUR 13.5 million on December 31, 2010 to EUR 14.2 million. Other current provisions came to EUR 12.1 million (December 31, 2010: EUR 11.8 million) and accrued liabilities to EUR 7.4 million (December 31, 2010: EUR 6.8 million).

Equity increased further to EUR 55.5 million (December 31, 2010: EUR 54.5 million) on account of the positive result achieved by the Company. The equity ratio remained almost unchanged at 44.5% (December 31, 2010: EUR 44.7%) due to the balance sheet total also increasing.

Operating cash flow in the first quarter of 2011 was positive at EUR +2.3 million (PY: EUR -0.6 million). Cash flow from investing activities was EUR -0.2 million (PY: EUR -0.2 million). Cash flow from financing activities was EUR -0.4 million (PY: EUR -0.6 million). Aggregate cash flow, including changes caused by exchange rate movements, for the first quarter of 2011 came to EUR +1.4 million (PY: EUR -1.4 million). Free cash flow was EUR +2.1 million (PY: EUR -0.8 million). The liquidity position of PVA TePla Group remains very positive, mainly on account of the large volume of cash and cash equivalents.

## 6. RESULTS OF OPERATIONS

In the first quarter of financial year 2011, revenues and profit were down on last year's values, as anticipated. Operating profit (EBIT) of EUR +1.8 million (PY: EUR +3.2 million) and consolidated net profit of EUR +1.3 million (PY: EUR +2.0 million) were generated. The EBIT margin of 7.6% was still slightly down on the forecast bandwidth and the previous year's value of 9.7%. Return on sales came to +5.5% on March 31, 2011 compared to +6.0% in the previous year.

In line with sales revenues being lower, gross profit also dropped to EUR 6.4 million (PY: EUR 8.2 million). The resulting gross margin, on the other hand, went up to EUR 27.8% (PY: 24.7%). Selling and distribution expenses amounted to EUR 2.3 million and administration expenses to EUR 2.0 million. Both figures were down on their previous year's values of EUR 2.7 million and EUR 2.1 million respectively.

A look at each division shows: Industrial Systems once again achieved a positive EBIT margin. Semiconductor Systems managed to generate considerable net profit due to the steep rise in sales revenues. In Plasma Systems, savings from the concluded restructuring measures also had a positive effect on net profit. As from the second quarter, fixed costs will drop further due to the division moving from its previous location in Feldkirchen to Kirchheim on April 1, 2011. A significant drop in sales revenues after the completion of large orders resulted in operating losses and fixed costs not being sufficiently covered in the Solar Systems division.

At EUR 0.3 million, financing expenses were considerably lower than the previous year's figure of EUR 0.6 million. Finance revenue also went up year-on-year from EUR 0.04 million to EUR 0.3 million, mainly on account of a marked improvement in the market value of interest rate hedges used for hedging the financing of construction projects in the previous years. The net balance of financing expenses and finance revenue went up at the same time to EUR 0.0 million (PY: EUR -0.5 million). Income taxes of EUR -0.5 million (PY: EUR -0.7 million) comprised actual tax expenses of EUR -0.8 million (PY: EUR -0.02 million) and deferred taxes of EUR +0.3 million (PY: EUR -0.7 million). Please refer to the explanations in section C. of the notes to these interim financial statements for more details.

## 7. PERSONNEL

As of the reporting date March 31, 2011, the Group employed 488 people (March 31, 2010: 507 employees; December 31, 2010: 488 employees). The number of employees has therefore dropped slightly, primarily as a result of the restructuring measures at the Feldkirchen site.

## 8. ASSESSMENT OF OPPORTUNITIES AND RISKS

The opportunities in the markets for the products of our company depend on the investment activities of customers who process or produce high-tech materials. Growing investments in infrastructure measures and production facilities, e.g. in the automotive sector around the world, are only some examples for areas in which materials from our vacuum systems could be utilized. In markets such as photovoltaics and the semiconductor industry, PVA TePla provides technologies that will remain a firm part of each respective value added chain in the future. In the semiconductor industry, this could be systems for growing silicon crystals with a 300mm diameter or high-purity silicon crystals for high-performance electronics or analytical systems for the non-destructive quality control in LED production. Especially future technologies connected to "renewable energies" such as photovoltaics provide system suppliers such as PVA TePla Group with growth opportunities. Leading research institutes see significant growth potential in these areas.

Risks in the particular niche markets served by PVA TePla relate especially to unexpected fluctuations in capital investment activity on the part of customers and within specific industries. Risk is reduced by diversifying our range of products and services across different sectors including semiconductors, photovoltaics, tool making and hard metal technology, the production of high-quality metals and ceramics, the automotive and aerospace industries, and the electrical and electronic engineering sectors. The effects of cyclical, commonly foreseeable fluctuations in market volume are primarily offset by increasing or decreasing outsourcing levels, although unexpectedly high demand can give rise to production bottlenecks. The strategy of maintaining a relatively low level of vertical integration allows rapid response in this regard. The PVA TePla Group also provides high-quality contract processing work – such as plasma treatment, high-vacuum brazing and heat treatment of components – in which greater customer demand has historically been seen in times of generally restrained capital expenditure. The semiconductor business – a key

segment for the Group – is highly cyclical in nature, and for that reason involves major opportunities as well as risks. The semiconductor industry in recent decades has enjoyed average annual growth rates well above those of most old economy industries, throughout periods of robust growth and recession. In recent years the PVA TePla Group has seen major opportunities in expanding capacity to accommodate the manufacture of 300mm crystals. The drop in the semiconductor market caused by the global financial and economic crisis means the sales outlook for these systems was unfavorable in the past two years. However, semiconductor manufacturers are having to increasingly invest again, which has resulted in the above-mentioned new order.

The future condition of the general global economy is not entirely certain. After the financial and economic crisis seems to have come to an end for now, the developed industrialized countries are recording economic growth but their further economic development and particularly the investment activities of many companies remain unclear. Economic growth in the developing and emerging countries – an extremely important market for PVA TePla Group – is definitely on the up. The Company is following economic developments closely.

Order intake developed positively in the first four months of 2011. Demand in the markets for products from the Industrial Systems division remains high; this also applies to areas with series productions (such as plasma systems) in the Semiconductor Systems division. In the Solar Systems division, the order situation improved significantly on account of the large order received in April 2011. The Company is keeping a keen eye on the markets in view of the oversupplies of solar modules that usually occur in the market at least in the first half of the year. It is hard to forecast future investment volumes of customers in the solar industry. As the market is large and growing strongly in the medium term, competitive pressure is going to increase, especially coming from China. Leading technology and the continuous optimization of plant and equipment and their cost efficiency provide the Company with opportunities.

The current devaluation of the US dollar compared to the euro places the Company in a worse competitive position, particularly compared to its competitors from the US dollar currency zone. These developments mainly affect the Plasma Systems division. Existing foreign currency transactions are hedged against exchange rate fluctuations by corresponding hedging transactions and therefore do not incur any material risks.

The Company is watching the current development of interest rates and price rises closely. Due to its positive liquidity position and the long-term financing of investments, the current interest rate rises do not prove any risk. On the contrary, they provide opportunities as they increase interest income and improve the market value of existing interest rate hedges.

The development of raw materials prices only has an indirect impact and is only felt in the form of price developments for purchased components as the level of vertical integration is low. In the past, corresponding price developments were passed on to customers by calculating the prices for each individual order. The Company therefore does not expect any significant risks from any such developments.

In view of order backlog and the project situation, we are convinced to meet the targets for 2011. Maintaining a low level of verticality affords a flexible structure for adjusting capacity as needed to match demand.

In the first three months of 2011, the opportunities and risks presented in detail in the Annual Report 2010 on pages 32 et seq. did not change significantly. No further information other than that already stated in the Annual Report 2010 has been received regarding the future development of Japan after the earthquake and tsunami.

## 9. DEVELOPMENTS AFTER MARCH 31, 2011, AND OUTLOOK

On April 14, 2011, PVA TePla received an order from an Asian solar manufacturer for the delivery of systems for the production of monocrystalline silicon ingots to the value of around EUR 20 million. This order will be processed by the end of 2011/beginning of 2012.

Order backlog as of March 31, 2011 provides us with planning security regarding our sales revenues forecast. PVA TePla confirms the published 2011 consolidated sales revenues forecast of EUR 120 million to EUR 130 million and the anticipated EBIT margin between 8% and 10%. We expect figures to come in at the upper limit of each bandwidth on account of the positive order situation in the first months of 2011.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PVA TePla AG, Wettenberg
as at March 31, 2011

PVA TePla AG, Wettenberg

# INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

as at March 31, 2011

| ASSETS in EUR '000 | March 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 8,648 | 8,705 |
| Goodwill | 7,615 | 7,615 |
| Other intangible assets | 1,033 | 1,090 |
| Property, plant and equipment | 33,694 | 34,104 |
| Land, property rights and buildings, including buildings on third party land | 29,255 | 29,504 |
| Plant and machinery | 2,556 | 2,639 |
| Other plant and equipment, fixtures and fittings | 1,883 | 1,961 |
| Investment property | 448 | 453 |
| Non-current investments | 8 | 18 |
| Deferred tax assets | 2,116 | 2,922 |
| Total non-current assets | 44,914 | 46,202 |
| **Current assets** | | |
| Inventories | 26,885 | 20,953 |
| Raw materials and operating supplies | 13,993 | 9,840 |
| Work in progress | 6,957 | 5,198 |
| Finished products and goods | 5,935 | 5,915 |
| Coming receivables on construction contracts | 8,054 | 5,832 |
| Trade and other receivables | 11,684 | 17,022 |
| Trade receivables | 7,209 | 13,666 |
| Payments in advance | 1,435 | 1,471 |
| Other receivables | 3,040 | 1,885 |
| Tax repayments | 458 | 447 |
| Other financial assets | 1,001 | 1,001 |
| Cash and cash equivalents | 31,689 | 30,280 |
| Total current assets | 79,771 | 75,535 |
| **Total** | **124,685** | **121,737** |

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

| LIABILITIES AND SHAREHOLDERS' EQUITY in EUR '000 | March 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Shareholders' equity** | | |
| Share capital | 21,750 | 21,750 |
| Revenue reserves | 34,525 | 33,255 |
| Other reserves | -443 | -224 |
| Minority interest | -314 | -309 |
| Total shareholders' equity | 55,518 | 54,472 |
| **Non-current liabilities** | | |
| Non-current financial liabilities | 12,768 | 12,890 |
| Other non-current liabilities | 300 | 486 |
| Retirement pension provisions | 8,148 | 8,069 |
| Deferred tax liabilities | 1,907 | 3,125 |
| Other non-current provisions | 223 | 223 |
| Total non-current liabilities | 23,346 | 24,793 |
| **Current liabilities** | | |
| Short-term financial liabilities | 1,150 | 1,150 |
| Trade payables | 3,919 | 4,330 |
| Obligations on construction contracts | 3,885 | 1,682 |
| Advance payments received on orders | 14,210 | 13,510 |
| Accruals | 7,378 | 6,759 |
| Other short-term liabilities | 1,361 | 1,289 |
| Provisions for taxes | 1,831 | 1,992 |
| Other short-term provisions | 12,087 | 11,760 |
| Total current liabilities | 45,821 | 42,472 |
| **Total** | **124,685** | **121,737** |

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

PVA TePla AG, Wettenberg

# CONSOLIDATED INCOME STATEMENT

January 1 – March 31, 2011

| in EUR '000 | Jan. 01 – March 31, 2011 | Jan. 01 – March 31, 2010 |
|---|---|---|
| **Sales revenues** | 23,142 | 33,032 |
| Cost of sales | -16,710 | -24,876 |
| **Gross profit** | 6,432 | 8,156 |
| Selling and distributing expenses | -2,272 | -2,741 |
| General administrative expenses | -2,021 | -2,142 |
| Research and development expenses | -791 | -588 |
| Other operating income | 1,089 | 1,185 |
| Other operating expenses | -684 | -669 |
| **Operating profit (EBIT)** | 1,753 | 3,201 |
| Share of profits from associates | 0 | 25 |
| Finance revenue | 316 | 41 |
| Finance costs | -315 | -569 |
| Financial result and share of profits from associates | 1 | -503 |
| Net profit before tax | 1,754 | 2,698 |
| Income taxes | -489 | -723 |
| **Consolidated net profit for the period** | 1,265 | 1,975 |
| **of which attributable to:** | | |
| Shareholders of PVA TePla AG | 1,270 | 1,978 |
| Minority interest | -5 | -3 |
| Consolidated net profit for the period | 1,265 | 1,975 |
| **Earnings per share** | | |
| Earnings per share (basic/diluted) in EUR | 0.06 | 0.09 |
| Earnings per share (diluted) in EUR | 0.06 | 0.09 |
| Average number of share in circulation (basic) | 21,749,988 | 21,749,988 |
| Average number of share in circulation (diluted) | 21,749,988 | 21,749,988 |

PVA TePla AG, Wettenberg

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 – March 31, 2011

| in EUR '000 | Jan. 01 – March 31, 2011 | Jan. 01 – March 31, 2010 |
|---|---|---|
| **Consolidated net profit for the period** | **1,265** | **1,975** |
| of which attributable to shareholders of PVA TePla AG | 1,270 | 1,978 |
| of which attributable to minority interest | -5 | -3 |
| **Other comprehensive income** | | |
| Currency changes | -288 | -57 |
| Income taxes | 56 | 0 |
| Changes recognized outside profit or loss (currency changes) | -232 | **-57** |
| Changes in fair values of derivative financial instruments | 18 | 0 |
| Income taxes | -5 | 0 |
| Changes recognized outside profit or loss (derivative financial instruments) | 13 | **0** |
| **Other comprehensive income after taxes (changes recognized outside profit or loss)** | **-219** | **-57** |
| of which attributable to shareholders of PVA TePla AG | -219 | -57 |
| of which attributable to minority interest | 0 | 0 |
| **Total comprehensive income** | **1,046** | **1,918** |
| of which attributable to shareholders of PVA TePla AG | 1,051 | 1,921 |
| of which attributable to minority interest | -5 | -3 |

PVA TePla AG, Wettenberg

# CONSOLIDATED CASH FLOW STATEMENT

January 1 – March 31, 2011

| | in EUR '000 | Jan. 01 – March 31, 2011 | Jan. 01 – March 31, 2010 |
|---|---|---|---|
| | Consolidated net profit for the period | 1,265 | 1,975 |
| | **Adjustments to the consolidated net profit for the period for reconciliation to the cash flow operating activities:** | | |
| + | Income tax expense | 489 | 723 |
| - | Finance revenue | -316 | -41 |
| + | Finance costs | 315 | 569 |
| = | Operating profit | 1,753 | 3,226 |
| - | Income tax payments | -1,008 | -1,101 |
| + | Amortization and depreciation | 703 | 694 |
| - | Share of profits from associates | 0 | -25 |
| -/+ | Gains/losses on disposals of non-current assets | 1 | 1 |
| +/- | Other non-cash expenses (income) | -169 | 51 |
| | | 1,280 | 2,846 |
| -/+ | Increase/decrease in inventories, trade receivables and other assets | -2,545 | -9,252 |
| +/- | Increase/decrease in provisions | 407 | 2,836 |
| +/- | Increase/decrease in trade payables and other liabilities | 3,160 | 3,000 |
| = | Cash flow from operating activities | 2,302 | -570 |
| - | Acquisition of intangible assets and property, plant and equipment | -230 | -206 |
| + | Interest receipts | 42 | 42 |
| = | Cash flow from investing activities | -188 | -164 |
| - | Payments from redumption of debt and loans | -131 | -148 |
| +/- | Change in short-term bank liabilities | 1 | 6 |
| - | Payment of interest | -315 | -408 |
| = | Cash flow from financing activities | -445 | -550 |
| | net change in cash and cash equivalents | 1,669 | -1,284 |
| +/- | Effect of exchange rate fluctuations on cash and cash equivalents | -262 | -89 |
| + | Cash and cash equivalents at beginning of the period | 30,282 | 28,369 |
| = | Cash and cash equivalents at the end of the period | 31,689 | 26,996 |

PVA TePla AG, Wettenberg

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 – March 31, 2011

| in EUR '000 | Shared issues | | Revenue reserves | Other equity components | Total | Minority interest | Total Share-holders' equity |
|---|---|---|---|---|---|---|---|
| | Number | | | | | | |
| As at January 01, 2010 | 21.749.988 | 21.750 | 30.081 | -406 | 51.425 | -299 | 51.126 |
| Total income | | | 1.978 | -57 | 1.921 | -3 | 1.918 |
| As at March 31, 2010 | 21.749.988 | 21.750 | 32.059 | -463 | 53.346 | -302 | 53.044 |
| As at January 01, 2010 | 21.749.988 | 21.750 | 30.081 | -406 | 51.425 | -299 | 51.126 |
| Total income | | | 7.524 | 182 | 7.706 | -10 | 7.696 |
| Dividend | | | -4.350 | 0 | -4.350 | 0 | -4.350 |
| As at December 31, 2010 | 21.749.988 | 21.750 | 33.255 | -224 | 54.781 | -309 | 54.472 |
| **As at January 01, 2011** | **21.749.988** | **21.750** | **33.255** | **-224** | **54.781** | **-309** | **54.472** |
| Total income | | | 1.270 | -219 | 1.051 | -5 | 1.046 |
| **As at March 31, 2011** | **21.749.988** | **21.750** | **34.525** | **-443** | **55.832** | **-314** | **55.518** |

# SELECTED NOTES TO PVA TEPLA AG

Interim Consolidated Financial Report January 1 – March 31, 2011

## 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 quarterly 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 interim financial 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, 2010.

### REPORTING CURRENCY AND CURRENCY TRANSLATION

The reporting currency and currency translation principles applied are the same as those used for the 2010 consolidated financial statements. The significant exchange rates of countries outside the euro zone that are included in the interim financial report are as follows:

| EUR = 1 | Average rate | | Closing rate at reporting date | |
|---|---|---|---|---|
| | Q1 2011 | Q1 2010 | Mar. 31, 2011 | Dec. 31, 2010 |
| USA (USD) | 1.36597 | 1.38437 | 1.40984 | 1.32521 |
| China (CNY) | 8.97666 | 9.43931 | 9.23361 | 8.73362 |
| Denmark (DKK) | 7.45434 | 7.44214 | 7.45712 | 7.45156 |
| Singapore (SGD) | 1.74453 | 1.94194 | 1.77873 | 1.71028 |
| Norway (NOK) | 7.82473 | 8.10833 | 7.88022 | 7.81250 |

### COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include its fully consolidated subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control). The following companies were fully consolidated in the interim financial statements as of March 31, 2011:

| Name | Corporate domicile | Capital stake |
|---|---|---|
| PVA TePla AG (parent company) | Wettenberg, Germany | |
| PVA TePla America Inc. | Corona/CA, USA | 100% |
| PVA Jena Immobilien GmbH | Jena, Germany | 100% |
| PVA Vakuum Anlagenbau Jena GmbH | Jena, Germany | 100% |
| Xi'an HuaDe CGS Ltd. | Xi'an, PR China | 51% |
| PVA Löt- und Werkstofftechnik GmbH | Jena, Germany | 100% |
| PVA Control GmbH | Wettenberg, Germany | 100% |
| Plasma Systems GmbH | Feldkirchen, Germany | 100% |
| PlaTeG GmbH | Siegen, Germany | 100% |
| PVA TePla Singapore Pte. Ltd. | Singapore | 100% |
| PVA TePla Analytical Systems GmbH | Aalen, Germany | 100% |

The companies included in the PVA TePla AG consolidated group have not changed against December 31, 2010.

## PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in this interim financial report are the same as those applied in the consolidated financial statements as of December 31, 2010. The single entity financial statements included in the interim 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 interim financial report as of March 31, 2011, are the same as those applied in the consolidated financial statements as of December 31, 2010, with exception of one change.

Income from research and development grants is no longer netted with the corresponding research and development expenses but is recognized separately in other operating income. The previous year's figures were adjusted accordingly.

## ROUNDINGS

The tables and figures used in these interim 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.

# B. NOTES ON INDIVIDUAL BALANCE SHEET ITEMS

## NON-CURRENT INVESTMENTS

On March 31, 2011, non-current investments include other non-current receivables in the amount of EUR 8 thousand (December 31, 2010: EUR 18 thousand).

## 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".

## OTHER FINANCIAL ASSETS

On March 31, 2011, other financial assets include a short-term bonded loan in the amount of EUR 1,001 thousand (December 31, 2010: EUR 1,001 thousand).

## 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 hence that meet the scope of progressive 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 received on orders".

## RETIREMENT PENSION PROVISIONS

The addition to pension provisions was based on information on the expected pension provisions as of December 31, 2011, contained in the actuarial reports used to prepare the consolidated financial statements as of December 31, 2010.

## CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported here totaling EUR 1.2 million (December 31, 2010: EUR 1.2 million) primarily relate to the current positions of non-current financial liabilities. Current liabilities to banks amounted to EUR 0.0 million (December 31, 2010: EUR 0.0 million).

## OTHER FINANCIAL OBLIGATIONS

There were no notable changes in other financial obligations from leases and other contracts as against the 2010 annual financial statements.

# C. NOTES ON INDIVIDUAL INCOME STATEMENT ITEMS

## INCOME TAXES

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

A tax rate of 28% is applied for domestic companies. This includes corporation tax of 15%, a solidarity surcharge of 5.5% on corporation tax, and trade tax of 12%.

Deferred taxes were measured after they had been incurred using the tax rate stated above or country-specific tax rates for companies outside of Germany.

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

Income tax expenses are broken down as follows:

| in EUR '000 | Jan. 01 – Mar. 31, 2011 | Jan. 01 – Mar. 31, 2010 |
|---|---|---|
| Current tax expense | -835 | -16 |
| Deferred tax expense (-) / income | 346 | -707 |
| **Total income taxes** | **-489** | **- 723** |

# 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 2010 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. The aim is to 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 the 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 prove 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 **first quarter** is as follows:

| in EUR '000 | External sales revenues | | Internal sales revenues | | Total sales revenues | | EBIT | % of sales revenues | EBIT | % of sales revenues |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | | 2010 | |
| Industrial Systems | 11,253 | 6,813 | 127 | 917 | 11,380 | 7,730 | 1,094 | 9.7 % | 815 | 12.0 % |
| Semiconductor Systems | 8,801 | 3,370 | 0 | 913 | 8,801 | 4,283 | 996 | 11.3 % | -1,047 | -31.1 % |
| Solar Systems | 3,088 | 22,848 | 0 | 0 | 3,088 | 22,848 | -330 | -10.7 % | 3,363 | 14.7 % |
| **Segment total** | **23,142** | **33,032** | **127** | **1,830** | **23,269** | **34,861** | **1,761** | **7.6 %** | **3,131** | **9.5 %** |
| Consolidation | 0 | 0 | 0 | 0 | 0 | 0 | -8 | | 70 | |
| **Group** | **23,142** | **33,032** | **127** | **1,830** | **23,269** | **34,861** | **1,753** | **7.6 %** | **3,201** | **9.7 %** |

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

| in EUR '000 | Q1 / 2011 | Q1 / 2010 |
|---|---|---|
| Total segment results | 1,761 | 3,131 |
| Consolidation | -8 | 70 |
| Group operating profit (EBIT) | 1,753 | 3,201 |
| Financial result | 1 | -528 |
| Share of profits from associates | 0 | 25 |
| Net profit before tax | 1,754 | 2,698 |
| Income taxes | -489 | -723 |
| **Consolidated net profit for the period** | **1,265** | **1,975** |

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 from underlying transactions. 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 forward exchange contract with an open volume of EUR 933 thousand or USD 1,185 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 March 31, 2011, totaled EUR 97 thousand.

Foreign exchange contracts with an open volume of EUR 1,532 thousand or USD 2,134 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 28 thousand.

### Interest hedges

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 March 31, 2011, was EUR 9,053 thousand. The fair value of these instruments is reported under other financial liabilities, totaling EUR -449 thousand as of the reporting date.

The loan of originally EUR 10 million to finance the new building at the Wettenberg site on which the above interest rate hedge is based had not been utilized as of March 31, 2011. 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 -438 thousand, EUR 274 thousand of which were recognized in income in the first quarter of 2011) were recognized under finance revenue.

## RELATED PARTIES

Business transactions with related parties are transactions with companies in which executive officers of PVA TePla AG have significant shareholdings or over which they exercise significant influence.

## RELATIONSHIPS WITH EXECUTIVE OFFICERS

The ordinary business activities of the 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 quarter of 2011, the value of the purchases from these companies amounted to EUR 176 thousand and the value of sales to EUR 0 thousand. The net amounts of outstanding receivables and liabilities as of the reporting date on March 31, 2011, were EUR 0 thousand and EUR 39 thousand respectively.

## FINANCIAL CALENDAR 2011

| Date | |
|---|---|
| June 30 | Annual Shareholders' Meeting |
| August 12 | Publication of the Q2 Report |
| November 11 | Publication of the Q3 Report |
| November 21 – 23 | German Equity Forum |

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