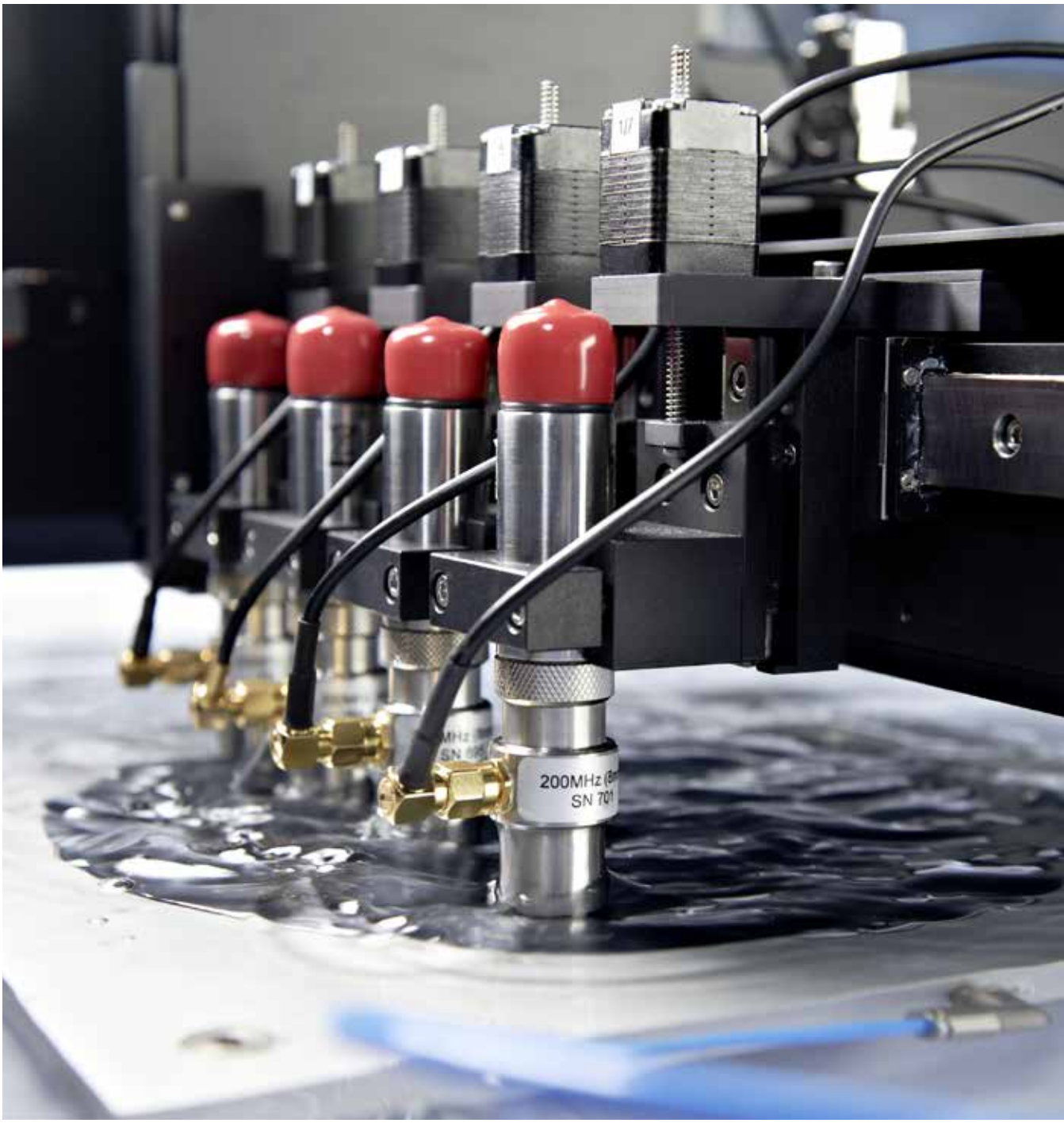
PVA TePla



Be equipped for tomorrow's materials.

Annual Report 2014

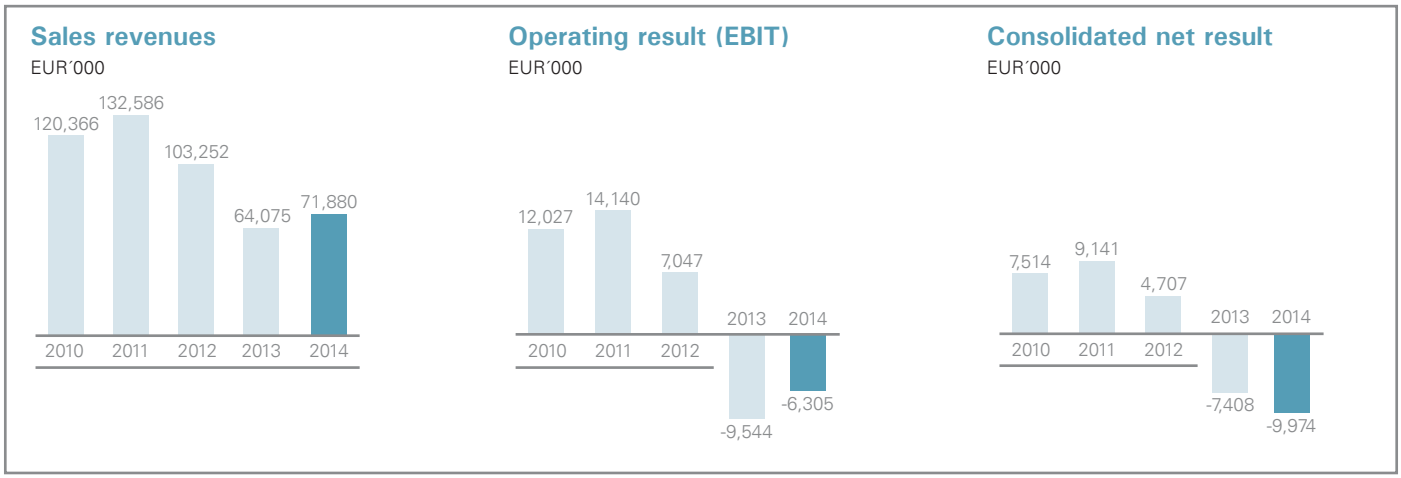
IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

EUR´000	2014	2013	2012 adjusted[2]
Sales revenues	**71,880**	**64,075**	**103,252**
Industrial Systems	35,572	28,712	44,102
Semiconductor Systems	36,308	35,363	59,150
Gross profit	**13,824**	**8,530**	**24,442**
in % sales revenues	19.2	13.3	23.7
R&D expenses	2,026	2,564	4,707
Operating result (EBIT)	**-6,305**	**-9,544**	**7,047**
in % sales revenues	-8.8	-14.9	6.8
Consolidated net result	**-9,974**	**-7,408**	**4,707**
in % sales revenues	-13.9	-11.6	4.6
Earnings per Share (EPS) in EUR[1]	**-0.46**	**-0.35**	**0.21**
Capital expenditure	918	1,116	2,232
Total assets	**89,037**	**92,363**	**103,721**
Shareholders' equity	**38,815**	**50,307**	**59,866**
Equity ratio in %	43.6	54.5	57.7
Employees as of 31.12.	**391**	**424**	**514**
Incoming orders	**67,235**	**80,133[3]**	**59,162**
Order backlog	**37,905**	**43,789[3]**	**30,741**
Book-to-bill-ratio	0.94	1.25	0.57
Cash Flow from operating activities	**-4,489**	**1,765**	**4,437**

[1] Circulating shares on average 21,749,988

[2] Due to the amended IAS 19 and disclosure of interest the comparative figures have been adjusted.

[3] Due to canceled orders the comparative figures have been adjusted.



PVA TePla AG

AS A VACUUM SPECIALIST FOR HIGH-TEMPERATURE AND PLASMA TREATMENT PROCESSES, PVA TEPLA AG IS ONE OF THE WORLD´S LEADING SYSTEM ENGINEERING COMPANIES IN THE FIELDS OF HARD METAL SINTERING, CRYSTAL GROWING, THE USE OF PLASMA SYSTEMS FOR SURFACE ACTIVATION AND ULTRA-FINE CLEANING AS WELL AS SYSTEMS FOR QUALITY INSPECTION.

INNOVATIVE DEVELOPMENTS

With its systems and services, PVA TePla enables and supports the innovative manufacturing processes and developments of its customers, primarily in the semiconductor, hard metal, electrical/electronic and optical industries – as well as in the energy, photovoltaic and environmental technologies.

INDIVIDUAL SOLUTIONS

The company provides its customers with customized solutions from a single source. These range from technology development through tailor-made design and construction of production facilities right up to an after-sales service that covers all four corners of the globe.

JOINTLY WITH OUR CUSTOMERS

The company will use its systems to enter the latest fields of application jointly with its customers – be they next-generation wafers for use in the semiconductor or photovoltaic industries, powdered-metal technology, new crystals for the optoelectronic industry, fiber-optics for data transmission or the development of high-tech materials and surfaces.

Foreword by the Management Board

DEAR SHAREHOLDERS AND BUSINESS PARTNERS OF PVA TEPLA,

This report provides in-depth information on business development at PVA TePla, the fiscal situation, and the company as a whole. Let us start with a brief review of the situation:

PVA TePla is one of the world's most renowned manufacturers of high-temperature process and analysis systems for the areas of hard metal, crystal growing, heat treatment, plasma, and the corresponding measuring technology. Our technology portfolio is unique. Over the past fiscal year, we expanded this technology portfolio through innovations. In the area of heat treatment systems, for example, the further development of what is known as a high-vacuum hot press (we are currently building the largest hot press in Europe) can promote the development of new user markets for our systems, for example the aviation industry or the tool industry. New applications for plasma process systems were also developed in the semiconductor / life science / industrial areas, for example a high-speed system for wafer processing or a continuous system for surface coating with water-repellent – or hydrophobic – coats, and these new applications are currently attracting great interest from customers.

We therefore look to the future with optimism. However, we are still far from where we want to go. Our profitability in particular displays a need for action: In the past year, we again had to report an operating loss that was disappointingly high. Our aim is to avoid the repeated misjudgment of market developments of the last two years, for example that of the solar market, by placing an even more consistent focus on our existing and potential customers in the future. This will allow us to establish the preconditions for us to return to profitability for the long term, and therefore also for a positive development of the stock price.

In the second half of the year under review, we initiated a far-reaching process of change in the entire company. This transformation process will improve our competitive edge permanently. All the measures involved in this process have one thing in common: We are seeking to become faster, more flexible, more streamlined, and more efficient, and be characterized by proximity to customers in all that we do. This is why we converted the operating activities of the AG company into smaller, more powerful limited liability companies under German law (GmbHs) with effect from January 1, 2015, and reduced the number of our accounting areas and administrative processes significantly.

At the same time, we improved our cost structures and initiated consolidation and personnel measures that will make a difference of approximately EUR 5 million in the future. With this strategic alignment of customer proximity and product innovation on the one hand, and cost reductions to reduce break-even sales on the other hand, we are equipped to face the situation in our markets and to leave the losses behind us in 2015.

We suffered some setbacks in the past fiscal year. In May, we had to adjust our original forecast for 2014 as a whole, since negotiated orders from Thailand and Russia that we had expected to process had to be removed from the order backlog. The difficult political and economic situation in these countries made it impossible to implement these orders. In fiscal 2014, this ultimately resulted in consolidated sales revenues of around EUR 72 million and operating earnings of EUR -6.3 million, which were due to, for example, the lost earnings contributions and the expenses for the restructuring measures. Nevertheless, our liquidity situation remains positive; cash and cash equivalents amount to EUR 5.7 million, and the equity ratio is more than 43%.

Incoming orders were inconsistent in the past year. In the Vacuum Systems business unit, incoming orders were unsatisfactory due to slow business in the hard metal area. In China, one of our long-established and important markets, a distinct investment restraint was displayed. In contrast, we achieved a higher rate of incoming orders in the Semiconductor Systems division as compared to the previous year. This is connected with the positive economic situation in the semiconductor industry, our product innovations, and a larger order of crystal growing systems from the wafer industry that PVA TePla had received in 2014.

For the current fiscal year, we are expecting revenues of between EUR 70 million and EUR 80 million and an EBIT in the order of a break-even result.

Ladies and gentlemen, we have great trust in our company. It is beyond doubt that PVA TePla has the potential to create long-term, lasting value – for you, our shareholders, for our customers, and for our employees. We will put all our energy into implementing this potential, and would like to ask you to accompany us on this journey.

Sincerely,

Peter Abel
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

Henning Döring
Chief Financial Officer

Applications for the Semiconductor Industry

Together with software engineering and software application, the semiconductor industry will be one of the most important – if not the most important – driving force for the global economy in the future.


CGS EKZ 3500
CGS EKZ 3500

Crystal Growing Systems for the semiconductor and photovoltaic industry

The economy is on the threshold to the fourth Industrial Revolution, which is now also known as "Industry 4.0." The first Industrial Revolution took place when water and steam power were used to mechanize processes that were previously performed by hand. It was followed by the second Industrial Revolution, which saw the arrival of conveyor belts and electric energy that made large-scale production possible. This, in turn, was followed by the third Industrial Revolution, the Digital Revolution, i.e. the use of electronics and IT for the further automation of production. The common understanding is that the fourth Industrial Revolution stands not only for the further digitization of the industry, which allows entire value networks to be controlled and optimized faster, but also for the merging of the real world and the virtual world to an "Internet of Things."

The companies of the PVA TePla Group have been deeply rooted in the semiconductor market with their systems for decades. Almost all renowned wafer and chip manufacturers are familiar with the systems for manufacturing high-purity semiconductor materials and producing electronic components.

The crystal growing system for manufacturing silicon carbide, which was introduced on the market two years ago, can manufacture semiconductor crystals on an industrial scale; due to their special electronic properties and high temperature resistance, these crystals will be of great importance for high-performance electronics. The electronic components manufactured from these crystals will be in great demand on the future mass markets for electric vehicles and high efficiency solar cells.

The product range for the semiconductor market is rounded off by plasma systems for cleaning and modifying wafer surfaces as well as systems for the non-destructive inspection of semiconductor materials. These high-tech systems address markets with a great potential for growth.

THE SEMICONDUCTOR MARKET WILL GROW IN THE LONG TERM

Despite recurring fluctuations, the semiconductor market will continue to grow. The market volume doubled from USD 150 billion (2003) to roughly USD 300 billion (2013) in the last ten years alone, despite the falling prices of microchips. An ever-increasing number of applications will help this development to continue in the future: In addition to information and communication technology, these are, above all, the decentralized generation and supply of energy, the industry and robotics, the extensive field of electromobility including transportation, and LED technology.

A fully automated acoustic inspection system´s loading subsystem. Used for process control during the production of semiconductors.

IMPROVED SEMICONDUCTORS ARE AN IMPORTANT PREREQUISITE

Silicon carbide, gallium nitride and gallium arsenide are important semiconductor materials. Their specific properties are urgently needed in sophisticated applications such as high-performance electronics. Rectifiers and transformers for photovoltaic systems or electric vehicles must process electric power between 100 and 500 kilowatts in a fast, fail-safe and efficient way and prevent the loss of energy as far as possible. IGBT modules on the basis of silicon carbide and gallium nitride in particular are used for this purpose today. They achieve efficiency levels close to 100%. Silicon carbide or gallium nitride modules only reach their limits at the absolute extremes, such as drive systems for trains, ships or turbines, where transmission capacities can reach up to one gigawatt.

AUTO INGOT: Analytical system for silicon single crystal ingots.
Defect resolutions to 100µm voids are possible in silicon.

SILICON REMAINS AN IMPORTANT SEMICONDUCTOR MATERIAL

Silicon will continue to dominate information and communication technology in the coming years. The keyword here is the "Internet of Things" mentioned above. The low price, the reliable manufacturing process and the constant further developments in the silicon chip industry will allow this material to play an important role in the future, too. Specialists are currently working at full speed to reduce the size of semiconductor structures. The researchers are already approaching the 10 nanometer mark, having started at the current size of 22 nanometers. Structure widths of as little as 7 nanometers are the aim for the medium term (1 nanometer = 1/1,000,000 millimeter). Silicon is the only material that can easily tackle the increase of wafer diameters and therefore of the surface on which tens of thousands of chips are manufactured in many process steps. The introduction of 450 mm wafers, which is expected to happen in a few years, will strengthen silicon's excellent position on the market.

WHAT DOES THIS MEAN FOR THE COMPANIES OF THE PVA TEPLA GROUP?

With its products, PVA TePla AG is very well-positioned on the semiconductor market. The broad selection of highly productive systems for manufacturing ultra-pure silicon monocrystals using the Czochralski or zone melting processes forms the basis. This expertise is reinforced by two new system concepts for the extremely demanding production of the compound semiconductor silicon carbide. The baSiC-T system, for example, produces high-purity SiC

crystals with a diameter of up to 6 inches (150 mm). The system uses the physical vapor transport method, which involves the sublimation (vaporization) of the base powder at high temperatures. A second system variant, the SiCube, produces silicon carbide monocrystals using the HTCVD (high-temperature chemical vapor deposition) method.

SEMICONDUCTOR EXPERTISE IN MANUFACTURING, SURFACE TREATMENT AND QUALITY ASSURANCE

As a provider of sophisticated solutions, PVA TePla is esteemed not only in semiconductor manufacturing. The systems for performing analyses, surface treatment and quality assurance underline our position as an integrated and competent partner. Chip manufacturers use the plasma systems from PVA Metrology & Plasma Solutions GmbH in Munich to safely remove the photoresist, applied during the structuring process, from the surface. Two other systems in the portfolio are known as metrology systems in the semiconductor industry. Vapor phase decomposition systems (VPD systems) are used in trace analysis to identify trace elements on wafer surfaces in the ppt range (1 ppt = 10^{-12} = 1 part per trillion).

Laser-based inspection systems from PVA Metrology & Plasma Solutions are used to measure shear stresses or defects on wafers. These can appear, for example, after cutting and polishing or following high-temperature processes.

BREAKING INTO NEW AREAS OF APPLICATION

Ultrasound electron scanning microscopy from PVA TePla Analytical Systems GmbH is firmly anchored in the quality assurance and in-process control of chip manufacturers. In new applications such as high-performance electronics, these systems are in great demand for performing non-destructive work piece inspection. They help to check and thereby optimize new processes or process steps. Manufacturing multi-layer power converter modules on a silicon carbide basis (IGBT modules) is an extremely demanding task. In general, these modules consist of a semiconductor chip, a ceramic layer for electrical insulation and a metal for heat dissipation. If microcracks between these layers are not detected during manufacturing, or if inclusions or uneven distribution of soldering pastes used prevent uninterrupted contact between two layers, the components will overheat and fail in practice. In areas of mass application such as electromobility or photovoltaics, where large quantities of power converters are installed, this would be a disaster – and not just for liability reasons.

Alternative methods such as infrared and X-ray analyses are far from reaching the degree of fault detection in boundary surfaces achieved by ultrasound electron scanning microscopy. Acoustic waves penetrate the material at up to 2,000 MHz. Cracks, inclusions or defects as small as 0.3 µm can be made visible this way.

The subsidiaries of PVA TePla AG use their decades of expertise in plant engineering to support numerous leading manufacturers throughout the world with essential processes in the semiconductor industry.

Report from the Supervisory Board

In fiscal year 2014, the Supervisory Board performed all duties required of it according to the law and the Articles of Association, and continuously monitored the work of the Management Board of PVA TePla AG in addition to advising the Management Board on a regular basis. At all times, we had sufficient opportunity to critically address the proposed resolutions of the Management Board and put forward suggestions at Supervisory Board meetings on the basis of the detailed written and verbal reports. The Management Board regularly, promptly and comprehensively informed the Supervisory Board with regard to key economic figures of the Group and business areas, other fundamental aspects of corporate management and planning, strategy, risk management, and compliance. The Management Board informed the Supervisory Board of a variety of business transactions not requiring approval and discussed them with it. Key topics were the further development of the product portfolio, current developments of the Group companies, the market situation, restructuring issues as well as the reorganization of the Company. The Supervisory Board was involved in decisions of fundamental importance. The Management Board also regularly reported to the Supervisory Board on the economic development of the Company with monthly reports and risk reports. The Supervisory Board adopted the resolutions required according to the law or the Articles of Association. This was also done by circulation when necessary. In addition to the meetings and reports, my colleagues on the Supervisory Board and I as Chairman of the Supervisory Board also regularly obtained information on the current situation in discussions with the Management Board.

COOPERATION BETWEEN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The meetings of the Supervisory Board were characterized by open and intensive dialog with the Management Board.

The Supervisory Board members were able to comprehensively prepare for resolutions on the basis of the documents made available by the Management Board before the meetings.

The Supervisory Board met eight times in 2014 – four ordinary meetings and four extraordinary meetings. All members of the Supervisory Board participated in the ordinary and extraordinary meetings. No committees were formed due to the size of the Supervisory Board (three members). All matters that would have been addressed by committees were addressed by the full Supervisory Board.

CONFLICTS OF INTEREST

There were no potential conflicts of interest of Management Board and Supervisory Board members requiring immediate disclosure to the Supervisory Board and notification to the Annual General Meeting.

FOCAL POINTS OF ADVICE

At all of its ordinary meetings, the Supervisory Board dealt with continued weak incoming order situation over the course of 2014 in the product areas important to the PVA TePla Group. The market situation and competitive situation were discussed in detail with the Management Board and division heads. The 2013 consolidated financial statements and the future financing strategy were discussed in detail at the first ordinary Supervisory Board meeting on March 24. The implementation of the financing strategy was also the object of all subsequent Supervisory Board meetings. The reorganization of the PVA TePla Group resolved at the 2014 Annual General Meeting and the individual alternative scenarios for this were also discussed in detail. In addition to the general market outlook of the individual project areas, the quality of results of individual orders in the Vacuum Systems business unit in particular were discussed at the Supervisory Board meeting on June 12/13, 2014. The Management Board explained the capacity utilization of the production facilities in Jena and Wettenberg and gave an overview of the status of the closing of the production facility in Frederikssund, Denmark. In the Supervisory Board meeting on September 26, the Supervisory Board was comprehensively presented with new system developments and their market potential. The budget for the current fiscal year and potential measures in case of a continuing underutilization of capacities were discussed in detail. The focus of the Supervisory Board meeting on November 26 was Company planning for 2015 to 2017 for the individual subsidiaries after the reorganization and the effects of the restructuring measures in Wettenberg. The Management Board informed the Supervisory Board with a comprehensive budget planning of all subsidiaries for the coming years, among other items. The four extraordinary Supervisory Board meetings involved discussions on Management Board issues, the acquisition of treasury shares, the range of compensation to be applied within the PVA TePla Group, the reorganization of the PVA TePla Group, the closing of the production site in Frederikssund, Denmark, and the sales revenues and earnings expectations for 2014 and making corresponding resolutions on these items.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

At the meeting on November 26, 2014, the Management Board and Supervisory Board discussed items including the update of the declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). The updated joint declaration of compliance was made permanently available to the public on the website www.pvatepla.com in the „Investor Relations – Corporate Governance“ section

in December 2014. Deviations from this Code were discussed intensively between the Management Board and Supervisory Board and justified. The Management Board reports on corporate governance, including for the Supervisory Board, in accordance with Item 3.10 of the Code on the Company's website at: http://www.pvatepla.com/pva-tepla-service/investor-relations/corporate-governance.

The election of the auditors „Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft" to audit the financial statements and consolidated financial statements for fiscal year 2014 was proposed to the Annual General Meeting. The Supervisory Board satisfied itself of the independence of the auditor in accordance with Section 107(3) Sentence 2 AktG, and obtained and assessed a corresponding declaration of independence. In line with a resolution by the Supervisory Board, the auditor performs no consultancy services for the Group. Following approval by the Annual General Meeting, the Supervisory Board issued the mandate to the auditor and set the audit fee. The main focal points of the audits of the annual and consolidated financial statements for 2014 were also coordinated between the Supervisory Board and the auditor.

The self-evaluation was performed on the basis of a detailed questionnaire and interviews, and the review of the efficiency of the Supervisory Board provided for in the German Corporate Governance Code was thus carried out.

DEPENDENT COMPANY REPORT

The Management Board prepared a dependent company report in accordance with Section 312(3) AktG. This report was audited by „Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft" and issued with an unqualified audit opinion with the following wording: „In accordance with our duly performed audit and assessment, we confirm that 1) the factual statements in the report are correct, and that 2) the amounts paid by the Companies with respect to the legal transactions listed in the report were not unduly high." The dependent company report was submitted to the Supervisory Board, which subjected it and the legal transactions and measures listed therein to an independent review pursuant to Section 314(2) AktG. This did not give rise to any objections. At the meeting on March 23, 2015, the auditor reported on the main findings of the audit.

ANNUAL FINANCIAL STATEMENTS

Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft audited the annual financial statements and consolidated financial statements to December 31, 2014 as well as the combined management report and Group management report for the fiscal year 2014 of PVA TePla AG. The auditor found that the present annual and consolidated financial statements were prepared in compliance with the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS) and gave an accurate reflection of the actual net assets, financial position, and income situation. The annual and consolidated financial statements along with the combined management report and Group management report received an unqualified audit opinion. The financial statements together with the management reports and the respective audit reports by the auditor were sent to each member of the Supervisory Board. The Supervisory Board assessed them and discussed them in detail at the

meeting on March 23, 2015. At this meeting, the auditor reported on the main findings of the audit. We examined the annual financial statements, the management report and the auditor's statement on the situation assessment by the Management Board as well as the recommendation for use of retained earnings, the consolidated financial statements and the Group management report. There were no objections. We therefore approve the results of the audit of the financial statements. We approve the annual financial statements and consolidated financial statements prepared by the Management Board. The annual financial statements are thus adopted in accordance with Section 172 Sentence 1 AktG. We are in agreement with the management reports and in particular the assessment of the future development of the Company. The Supervisory Board endorses the Management Board's proposal not to distribute a dividend due to the net loss for the year and to carry over the reported unappropriated surplus to new account.

COMPOSITION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

There were a number of changes to the make-up of the Supervisory Board and the Management Board in the reporting period. The term of office of the long-serving member of the Supervisory Board Prof. Günter Bräuer terminated at the end of the Annual General Meeting on June 13, 2014. Shareholder representatives elected Prof. Markus Thoma, Head of the Plasma and Astronautics Group at the Institute of Physics of the Justus Liebig University, to the Board in place of Prof. Bräuer. The composition of the Management Board of PVA TePla AG also changed. CEO Dr. Arno Knebelkamp resigned with effect from the end of the 2014 Annual General Meeting. The Supervisory Board appointed Management Board member Peter Abel as the new CEO as replacement. It has already appointed Henning K.G. Döring as the member of the Management Board with responsibility for finance at the March 2014 meeting.

THANKS

In retrospect, the PVA TePla Group has put another difficult year behind it in 2014, which confronted the Company with a comprehensive staff cost program and a number of new product developments. Due to the restructuring of the Group that took effect in 2015 and an adjustment of the cost structure, the Supervisory Board is convinced that the basis for future profitable growth has been established.

The Supervisory Board will continue to give the Management Board constructive support in its work. The Supervisory Board wishes to thank the management and all employees for their dedicated work in the 2014 fiscal year.

Wettenberg, March 2015

On behalf of the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board of PVA TePla AG

PVA TePla on Capital Markets

DEVELOPMENT OF PVA TEPLA SHARES

For the PVA TePla AG share, 2014 was a difficult year. Things began well at the start of the year. Initially, the share performed much better than the relevant indices. However, after the announcement of the revised sales revenues and earnings forecast, the PVA TePla share found things increasingly difficult from the end of May. PVA TePla operates in a generally difficult market environment – especially in the area of photovoltaics and vacuum technology – which is characterized by a trend to consolidation. Positive future business figures, the foundations of which were laid with past restructuring measures and the restructuring of the Group, will again considerably increase the appeal of the PVA TePla share. Since February 2015, the share price has stabilized again.

COMMUNICATION WITH THE CAPITAL MARKET

High transparency of our business activity on capital markets is important for us. Key topics of discussions with private and institutional investors were the long-term perspectives in the markets serviced by the PVA TePla Group, the restructuring measures taken in the last financial year, the reorganization of the corporate group and the technology development of products and their market perspectives.

The relevant company presentations are available for download on the company website www.pvatepla.com in the Investor Relations section.

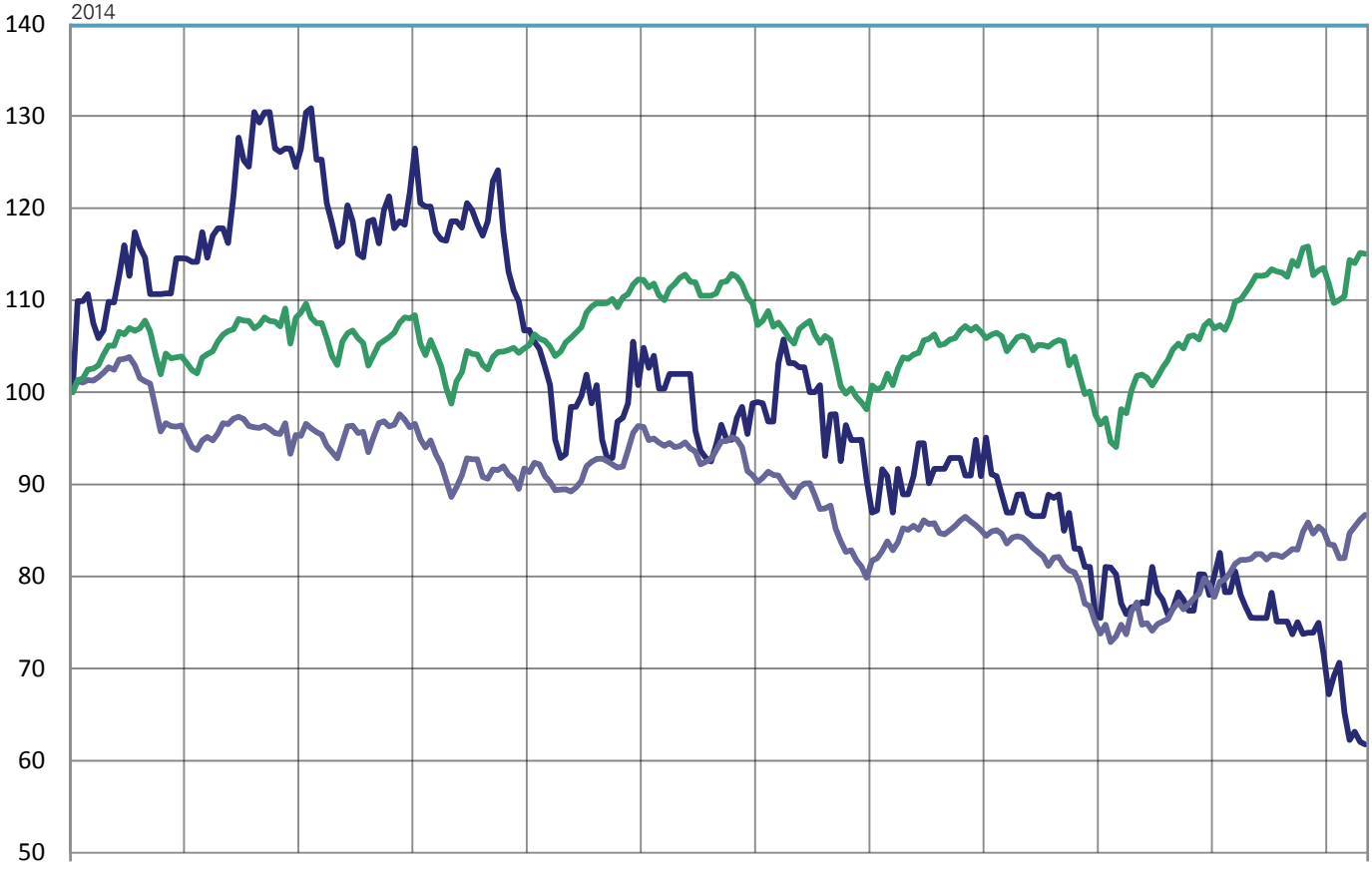
Shareholding structure	
Free float	73.4 %
PA Beteiligungsgesellschaft	26.6 %

ANNUAL GENERAL MEETING

The Annual General Meeting of PVA TePla AG was held at the Gießen Congress Center on June 13, 2014. The items on the agenda were passed with a large majority, and 40% of shareholders were in attendance. The focus of the meeting was the discussion on the restructuring of PVA TePla AG as of January 1, 2015 and the resulting streamlining of the company structures as well as the further reinforcement of customer orientation in the individual divisions.

PVA TePla shares key figures		2014	2013
Earnings per share (EPS)	EUR	-0.46	-0.35
Annual high	EUR	3.30	2.99
Annual low	EUR	1.56	1.85
Closing rate as of Dec. 31	EUR	1.62	2.55
Performance of PVA TePla shares	%	-36	+22
Performance of Technology All Share	%	+15	+41
Performance of DAXSubs. Advanced Industrial Equipment	%	-13	+60
Number of shares at year-end	Mio.	21.75	21.75
Market capitalization at year-end	Mio. EUR	35.2	55.5

Performance of PVA TePla shares January 2014 – December 2014
in % 1-day-interval



PVA TePla AG
DAXSubs. Advanced Industrial Equipment
Tec All Share


PVA TePla

COMBINED MANAGEMENT REPORT

This financial report comprises the combined Management Report, the consolidated financial statements and the Group Notes. The combined Management Report includes PVA TePla AG as well as the Group, and notes based on the German Commercial Code. Moreover, the Company Management Declaration and the remuneration report available at http://www.pvatepla.com/pva-tepla-service/investor-relations/corporate-governance form an integral part of the combined Management Report.

Combined Management Report

1. BASIC PRINCIPLES OF THE GROUP

Business Activities

The PVA TePla Group, headquartered in Wettenberg, Germany, offers its customers systems for the production and refinement of high-quality materials, which are processed under high temperature, vacuum and sometimes under pressure conditions and in plasma.

The market for these systems is closely tied to advanced state-of-the-art materials and surface treatment technologies including 300mm silicon (Si) wafer technology for semiconductors and high-purity (Si) wafers made of float zone materials as well as wafers made of silicon carbide (SiC) for high-performance electronics, mono- or poly-crystalline Si wafers for photovoltaics, structural materials for aviation and aerospace, metal powder production technologies, such as for hard metals, micro-sensor production technologies (MEMS, Micro Electromechanical Systems) and luminous light sources made from semiconductor diodes (HB LED, High Brightness Light Emitting Diodes), ultra-thin wafer production technology, and surface treatment systems for producing hydrophobic layers on electronic components and for plastics in the life sciences industry. The product portfolio also includes non-destructive inspection and analytical systems for the quality control of manufactured materials (metrology). This allows manufacturers of high-tech materials and complex semiconductor components to ensure increasingly high quality standards.

Even in future, high-tech materials indisputably have to be produced under vacuum and high temperature conditions, providing PVA TePla with excellent sales opportunities for its products and technologies in the global market.

Reporting Segments

The PVA TePla Group is divided into two divisions: Industrial Systems and Semiconductor Systems. The chart provides an overview of the organizational units and how subsidiaries are allocated to the divisions:

INDUSTRIAL SYSTEMS	SEMICONDUCTOR SYSTEMS
PVA TePla AG / Vacuum Systems, Wettenberg	PVA TePla AG / Crystal Growing Systems, Wettenberg
PVA Industrial Vacuum Systems GmbH, Wettenberg	PVA Crystal Growing Systems GmbH, Wettenberg
PVA Control GmbH, Wettenberg	PVA TePla Danmark, Frederikssund, Denmark
PVA Löt- und Werkstofftechnik GmbH, Jena	PVA TePla AG / Plasma Systems, Kirchheim
PlaTeG GmbH, Wettenberg	PVA Metrology & Plasma Solutions GmbH, Kirchheim
PVA TePla (China) Ltd., Beijing, PR China	PVA TePla America Inc., Corona, California, USA
	PVA TePla Singapore Pte. Ltd., Singapore
	PVA TePla Analytical Systems GmbH, Westhausen
	Munich Metrology GmbH, Kirchheim
	PVA Vakuum Anlagenbau Jena GmbH, Jena
	Xi'an HuaDe CGS Ltd., Xi'an, PR China

The areas with a grey background represent PVA TePla AG's operating units.

CHANGES TO THE REPORTING SEGMENTS

There have been a number of changes to the reporting segments in 2014 compared to the consolidated financial statements as of December 31, 2013. On the one hand, these are due to the previously reported continuation of the former Solar Systems division as a business unit in the Semiconductor Systems division starting in January 2014. The PVA TePla Group now only has two divisions as a result. Two newly founded subsidiaries have also been added to prepare for the reorganization of the PVA TePla Group starting in 2015.

As part of the reorganization carried out as of January 1, 2015, which was approved at last year's regular Annual General Meeting, two subsidiaries were founded in 2014 with the objective of integrating the business operations of the Vacuum Systems and Crystal Growing Systems business units, including float zone systems, into these companies by way of company lease agreements. PVA Industrial Vacuum Systems GmbH (PVA IVS) will carry on the Vacuum Systems and Plasma Nitriding Systems business units in the Industrial Systems division starting in January 2015. In the Semiconductor Systems division, PVA Crystal Growing Systems GmbH (PVA CGS) is going to carry on the Crystal Growing Systems business unit for the semiconductor and solar markets. The Plasma Systems business unit is being transferred to the existing subsidiary PVA TePla Metrology Systems GmbH, now renamed PVA Metrology & Plasma Solutions GmbH (PVA MPS).

PVA TePla AG will function solely as the management and functional holding company starting on January 1, 2015.

In the course of the reorganization and to further streamline the company structures, JenaWave GmbH was merged with PVA Metrology & Plasma Solutions GmbH, and PVA Vakuum Anlagenbau Jena GmbH into the intermediate holding PVA Jena Immobilien GmbH in 2014. The latter company in turn was subsequently renamed PVA Vakuum Anlagenbau Jena GmbH. Activities ceased at the operating and production facility for the construction of float zone crystal growing systems in Frederikssund, Denmark, at the end of 2014. Business operations will continue from Wettenberg.

PlaTeG GmbH and Munich Metrology GmbH are being merged with the operating units PVA IVS and PVA MPS with retroactive effect as of January 1, 2015.

Due to the reduction in the number of subsidiaries and accounting areas, the Company's organizational structure will be significantly streamlined going forward with a corresponding reduction of the cost base.

Corporate Management

Controlling in the PVA TePla Group is based on operational performance indicators related to the income statement (consolidated sales revenues, gross result (gross margin), EBIT (EBIT margin), net profit/loss for the period and segment profit/loss), balance sheet figures such as the equity ratio and liquidity performance indicators such as liquidity position, the net financial position and liquidity reserves.

Most significant financial performance indicators for managing results of operations are consolidated sales revenues, gross result and the operating result (EBIT) and the resulting EBIT margin. These figures are calculated on a monthly basis at segment level and represent an essential internal management tool.

The order situation is determined on a monthly basis using the relevant incoming orders and order backlog figures at segment level. The resulting book-to-bill ratio shows the ratio of incoming orders to sales revenues in a given period. A book-to-bill ratio above 1 indicates that incoming orders are higher than sales revenues, meaning a future increase in sales revenues can be expected. If the book-to-bill ratio is below 1, it means a decline in sales revenues is to be expected.

In addition to the monitoring of customers' and suppliers' payment targets, liquidity and liquidity reserves in the form of credit and guarantee lines are ongoing monitored and a rolling cash flow forecast is calculated on a monthly basis in order to manage the liquidity situation. The net financial position, the balance of current and non-current financial liabilities and cash, is reported on a quarterly basis. The Group-wide and segment-related weighted average cost of capital (WACC) and average cost of debt are reviewed on an annual basis.

PVA TePla – Core Controlling Parameters

Profitability	Orders	Liquidity
Sales revenues	Incoming orders	Net liquidity and liquidity reserves
Gross result (=sales revenue less cost of sales)	Book-to-bill ratio (ratio of incoming orders to sales revenues in a given period)	Net financial position (balance of current and noncurrent financial liabilities and cash)
Operating profit/loss (EBIT)	Order backlog	

Research and Development

Research and development (R&D) expenses totaled EUR 2.0 million for the Group in the reporting period (previous year: EUR 2.6 million). This year-on-year decrease is due to the reduction in personnel at the crystal growing center in Wettenberg and at the Jena site in 2013. It should be noted here that the PVA TePla Group frequently carries out the further development of products and processes as part of customer orders, so that the related expenditures are not included in the research and development costs. A selection of R&D activities in the individual divisions is presented in the section below:

In the Industrial Systems division, R&D is largely conducted based on paid customer orders; these costs are therefore recorded under cost of sales and are not reported separately. The pro-rata R&D services are 10% of the total design engineering output. A total of 90% of the design engineering output is for customer-specific system requirements. In the course of several customer orders for high vacuum diffusion bonding furnaces with a hydraulic press (hot press), a process control system was developed which makes it possible to regulate the pressing forces while simultaneously limiting the path, respectively to control the pressing stroke while limiting the pressing force – with extremely high precision. This gives the user control of the remaining forming in the diffusion welding process. These systems also incorporate the development of high-precision pressing force distribution (up to 250t) over the entire pressing surface of 600mm x 800mm. Three hot press diffusion bonding systems that were already ordered are being retrofitted with these functions as well. The hot press is intended for the development and application of diffusion bonding processes of various materials in different fields of application (material combinations without filler materials). Systems of this type can join larger work pieces as well as a broader range of harder materials. PVA TePla is currently developing Europe's largest hot press for a customer order.

In the Plasma Systems business unit of the Semiconductor Systems division, development was concluded for a new high-speed system for activating and cleaning surfaces in low-pressure plasma for the system is to be sold and delivered to one of Asia's leading semiconductor manufacturers (Advanced Packaging). This inline system with a high throughput offers significantly higher productivity for the customer. The corresponding sensors and data capture are integral for quality assurance and product tracking: Every substrate that is processed – for example lead frames – is captured in the course of the process and made available for evaluation with the corresponding process parameters. This is increasingly demanded by the automobile industry

and manufacturers of mobile communication devices. The system clearly sets itself apart from the competition as a result. Another development supported by a customer order involves a single wafer system for wafer diameters up to a maximum of 200mm. This system is aimed in particular at the important markets for power and compound semiconductors. For the power semiconductor and light emitting diode (LED) markets as well as the steadily growing micro electromechanical systems market (MEMS) market, the Plasma Systems business unit developed a fully automated microwave plasma system for removing photoresists. In the production of microelectronic components and system technology, these photoresists are needed for photolithography structuring in the sub-micrometer range. In the new "GIGAfab MODULAR" system, removal of the photoresists after the structuring processes is optimized by means of oxygen plasma with microwave excitation. The entire system is modular so that more process chambers can be added as the customer's production capacity increases. The market launch of the GIGAfab MODULAR is planned for near the end of the first quarter of 2015.

In the Analytical Systems business unit, development work was completed on the new series of "dual gantry systems" ultrasound microscopes in fully automated wafer inspection systems. The dual gantry systems now available in the market support higher scanning speeds and especially stable data capture. This is of increasingly high importance in wafer inspection and in the field of semiconductor packaging (packaging: the chip is joined to a substrate, for example insertion into casing (package) and electrical contacting) and DCB module inspection (Direct Copper Bond = new technology for the production of integrated circuits) in the field of electric drive concepts in the automobile industry. The first prototype of an automatic focus process system as well as a new user interface for ultrasound scanning microscopes in fault analysis systems were successfully tested as well. Development also continued in this business unit in the field of acoustic transducers for ultrasound measuring systems. The 200MHz to 300MHz technology model series which works with a resolution of 5 microns (µ) has been further adapted to the required uses and application-specific configuration is possible. The new GHz SAM (scanning acoustic microscope) is now equipped with much more precise control of the scanning system with further improvements to the graphical user interface.

Disclosures Relevant to the Right to Take Over

The required disclosures related to the right to take over pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) are provided below.

COMPOSITION OF SHARE CAPITAL

As of 31 December 2014, the issued share capital of PVA TePla AG consisted of 21,749,988 individual no-par bearer shares with a nominal value of EUR 1.00 each .

RESTRICTIONS OF VOTING RIGHTS OR THE TRANSFER OF SHARES

There are no restrictions of voting rights or the sale/transferability of shares.

SHAREHOLDINGS THAT EXCEED 10% OF VOTING RIGHTS

According to disclosures filed with the Company, PA Beteiligungsgesellschaft mbH, Wettenberg helds a share of voting rights as of 31 December 2014, above the 10% threshold.

SHARES WITH SPECIAL RIGHTS THAT IMPART THE RIGHT OF CONTROL

There were and are no shares with special rights that impart the right of control.

CONTROL OF VOTING RIGHTS BY EMPLOYEES HOLDING SHARES IN THE COMPANY

There is no control of voting rights by employees holding shares in the Company.

APPOINTMENT AND REVOCATION OF MANAGEMENT BOARD MEMBERS

The appointment of PVA TePla AG Management Board members is done in accordance with Section 84 of the German Stock Corporation Act (AktG), and Section 6, Articles 2 and 3 of the PVA TePla AG Articles of Incorporation. The following is established therein:

- Article 2: The appointment of members of the Management Board, the revocation of their appointment as well as the concluding, the amendment and the termination of contracts of employment with members of the Management Board are effected by the Supervisory Board. The same applies to the appointment of a member of the Management Board as chairman or as spokesman of the Management Board.
- Article 3: The appointment of a member of the Management Board ends in every case with the completion of his/her 65th year.

AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES

As of December 31, 2014, the Management Board is authorized per Annual General Meeting resolution to issue new shares from authorized capital in the amount of EUR 10,874,994.00 through June 30, 2017. The Management Board is authorized per Annual General Meeting resolution to buy back shares amounting to 10% of authorized capital by June 18, 2018.

COMPANY AGREEMENTS CONTINGENT UPON A CHANGE OF CONTROL AS THE RESULT OF A TAKEOVER OFFER

The current master agreements with the banks are based on a largely unchanged shareholder structure and, in case of a change in control, calls for renegotiation or, in one case, specifies that the bank has a right to cancellation. The provisions for a publicly funded research and development project also include a special right to cancellation in case of a change in control. There are no other agreements that are contingent upon a change of control as the result of a takeover offer.

CHANGE OF CONTROL PROVISION

In the event of a change of control, Executive Board members receive benefits that should not exceed 150% of the severance payment cap (value of two years' compensation including benefits).

Company Management Declaration (Section 289a German Commercial Code)

The Company management declaration according to Section 289a of the German Commercial Code (HGB) with the remuneration report is part of the Corporate Governance Report, available on the PVA TePla AG website under "Investor Relations – Corporate Governance" or directly under this link: www.pvatepla.com/pva-tepla-service/investor-relations/corporate-governance. The remuneration report describes the basics of the remuneration system pursuant to Section 289 no. 5 HGB and also forms an integral part of the 2014 consolidated financial statements of PVA TePla AG.

Dependency Report

In 2014, PA Beteiligungsgesellschaft mbH held the majority of votes at the Annual General Meeting of PVA TePla AG. The Management Board of PVA TePla AG therefore prepared a dependency report for fiscal year 2014 pursuant to Section 312 of the AktG.

The report for fiscal year 2014 contains the following final statement by the Management Board: "We declare that according to the information known to us at this time, our Company engaged in legal transactions with dependent companies pursuant to Section 312 of the AktG and received appropriate compensation in all cases. The Company did not take or fail to take any reportable measures."

2. ECONOMIC REPORT

Macroeconomic and Sector Environment

MACROECONOMIC ENVIRONMENT

As a manufacturer of capital goods, the PVA TePla Group was affected by the continued weak development of the global economy last year. Below is a brief outline of the economic development in the PVA TePla Group's key regions:

» A slight GDP increase of 0.8% compared to the year before was seen in the Eurozone during 2014.
» At 7.4%, GDP growth in China was lower in 2014 compared to previous years.
» In the USA, the 2.5% year-on-year GDP increase in 2014 was still significantly below the average growth of 4.2% reached in the 10 years before the financial crisis.

SECTOR ENVIRONMENT

The PVA TePla Group was confronted with a continuing, extremely difficult market environment for some product groups in the past fiscal year. As previously the largest single market for the Vacuum Systems business unit, the hard metal market continued to stagnate so that system sales from the previous years could not be matched in the past fiscal year. Wafer prices continued to fall in the semiconductor market. Since a lot of capacities for smaller wafer diameters have been taken out of the market, manufacturers in the 300mm wafer segment are increasingly working at their capacity limits. Overall, equipment investments in the semiconductor market increased significantly at around 16% in 2014. The photovoltaics market continued to be defined by a high level of excess capacity in 2014, as it was in previous years, since customers' willingness to invest remains low.

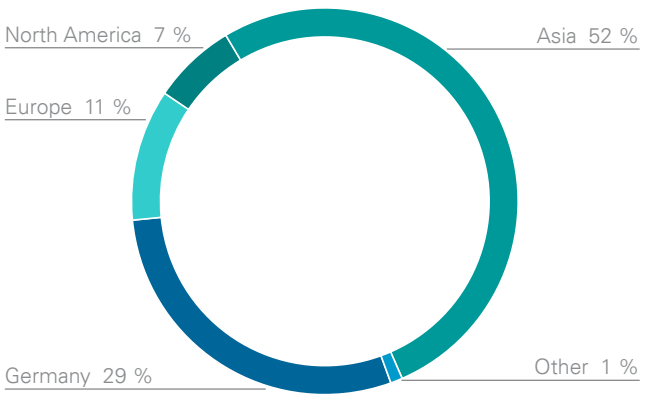
» According to the German Engineering Federation (VDMA), the mechanical engineering sector in Germany generated a year-on-year increase of around 2% in incoming orders for 2014.
» Global asset investments in the semiconductor industry increased by around 13% in 2014 year on year.
» Even with the significant increase of 18% in PV construction to 45GW in 2014, the photovoltaic market continued to be defined by excess production capacities.

Business Development

SALES REVENUES

The PVA TePla Group generated 12.2% higher consolidated sales revenues of EUR 71.9 million in fiscal year 2014 (previous year: EUR 64.1 million). This increase in sales revenues is due to higher incoming orders in the second half of 2013. Germany accounted for 29% of consolidated sales revenues (previous year: 30%). The importance of the Asian market remains very high and continued to grow as sales revenues increased in the semiconductor segment, with the region accounting for 52% of total sales revenues (previous year: 40%). 11% (previous year: 16%) of total sales revenues were generated in other European countries. North America accounted for 7% of total sales revenues (previous year: 10%). Other regions contributed 1% revenues (previous year: 4%).

Consolidated Sales Revenues by Region

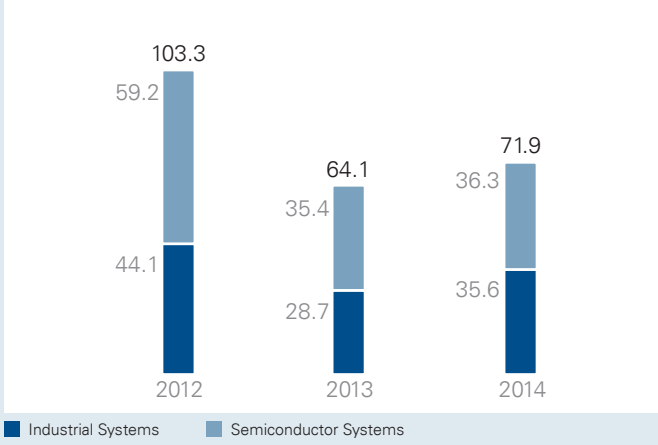


The section below provides a detailed discussion of sales revenues generated by the Industrial Systems and Semiconductor Systems division.

The Industrial Systems division generated sales revenue of EUR 35.6 million (previous year: EUR 28.7 million). It accounted for 49% of total sales revenues for the Group. This increase is mainly due to the improvement of incoming orders in the second half of 2013. Graphite purification systems, which were in high demand in these markets during previous years, only made a very minor contribution to the sales revenues of the Industrial Systems division in 2014. Sinter systems for hard metal production accounted for around 50% of system sales in the Vacuum Systems business unit. Even in absolute figures, sales of this system type were higher than in fiscal year 2013. The sales of systems for brazing materials, such as vacuum disconnecting chambers for the electrical industry, remained stable in 2014. There was good news in the form of much higher sales of melting and casting systems. Systems were delivered to a large German steel producer and a Russian customer.

Sales revenues in the Semiconductor Systems division totaled EUR 36.3 million in 2014 (previous year: EUR 35.4 million), therefore contributing 51% of the PVA TePla Group's total sales revenues. The slight increase in sales revenues is due to crystal growing systems for the semiconductor industry. Sales in the Metrology Systems and Plasma Systems business units, important elements for technology companies along the entire chip production value chain, were on par with the previous year.

Consolidated Sales Revenues by Division
EUR million



PVA TePla AG reported sales revenues of EUR 53.9 million (previous year: EUR 72.5 million) in its single-entity financial statements. The decline was due to the shift of the timing of revenue recognition according to HGB (with transfer of risk) and IFRS (acc. performance progress according to percentage-of-completion method) and the fluctuating orders.

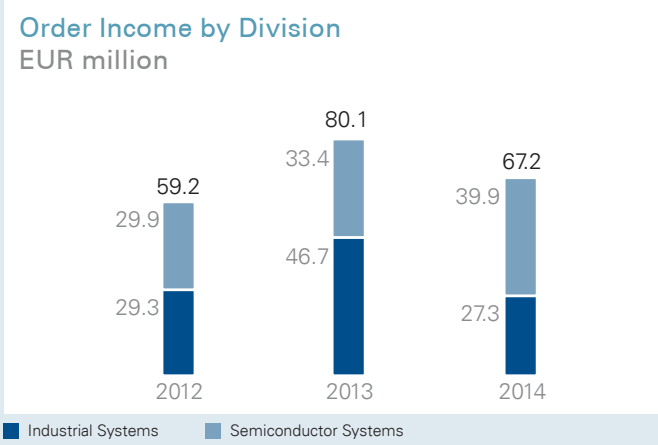
INCOMING ORDERS

At EUR 67.2 million, total incoming orders for the Group in fiscal year 2014 were significantly lower compared to the previous year (EUR 80.1 million*). The book-to-bill ratio at Group level reflects this with a value of 0.9 (previous year: 1.2*). The development of incoming orders in the Industrial Systems division was much weaker compared to the previous year, while incoming orders in the Semiconductor Systems division were up slightly.

The Industrial Systems division recorded incoming orders of EUR 27.3 million (previous year: EUR 46.7 million), or 40% of total incoming orders. Incoming orders were much lower in 2014 compared to 2013 and virtually all areas were affected. A major order from India in 2013 related to the ITER fusion reactor has to be considered here. Around 80% of the orders for vacuum systems came from abroad, with Asian customers in turn accounting for over 50% of all orders. While systems for the production of hard metal still accounted for around 50% of incoming orders in 2014, the number of orders has declined due to the significant increase of capacity in the hard metal sector in the last few years. Incoming orders for brazing systems were not satisfactory either. Fortunately, orders for systems for graphite purification remained stable at the previous year's level, caused in part by continuing investments in wafer production by the semiconductor industry.

At EUR 39.9 million, the Semiconductor Systems division recorded higher incoming orders in 2014 than in the previous year (previous year: EUR 33.4 million*), accounting

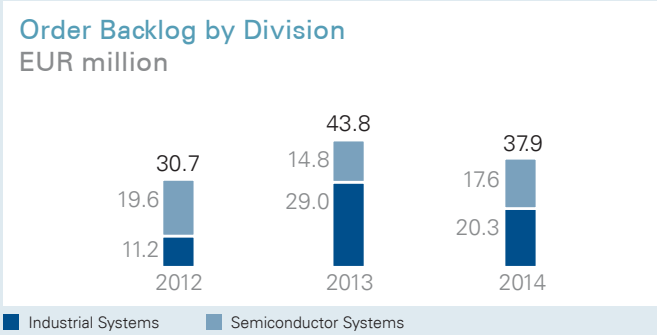
for 60% of the PVA TePla Group's total incoming orders. Increasing system investments in the semiconductor market benefited the PVA TePla Group in 2014. Greater willingness to invest was evident in the Crystal Growing Systems business unit for the semiconductor industry, especially in regards to 300mm technology. Orders for plasma systems accounted for most of the incoming orders in the Semiconductor Systems division.



When viewing **PVA TePla AG** on its own, incoming orders decreased from EUR 62.1 million* in the previous year to EUR 49.8 million in 2014. This includes orders of EUR 4.3 million from other Group companies (previous year: EUR 3.2 million). This reduction of incoming orders was due in particular to lower demand in the Vacuum Systems business unit in 2014.

ORDER BACKLOG

The PVA TePla Group's order backlog is reported after deducting sales revenues previously recognized applying the percentage of completion method (PoC). The Group's order backlog totaled EUR 37.9 million as of December 31, 2014 (previous year: EUR 43.8* million). The order backlog in the Industrial Systems division as of December 31, 2014 stood at EUR 20.3 million (previous year: EUR 29.0 million). The order backlog of the Semiconductor Systems division stood at EUR 17.6 million (previous year: EUR 14.8 million).



The order backlog of **PVA TePla AG** – presented individually here as nominal values in accordance with German accounting principles – totaled EUR 45.7 million (previous year: EUR 55.4 million*).

PRODUCTION

In 2014, systems production and contract processing were performed in Germany at the Wettenberg, Westhausen and Jena locations. The production locations outside Germany were Corona in the USA and Frederikssund in Denmark. The Frederikssund production location was closed on December 31, 2014 in the course of restructuring measures. 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 when the level of incoming orders fluctuates.

After dismissing the temporary workers and reducing staff in 2013, the production capacities at the Jena location were fully utilized in 2014. Due to lower incoming orders and the drop in order backlog, the reduction of personnel at the Wettenberg location was initiated at the end of 2014 in the course of a restructuring program effective starting in February 2015.

*As reported in the press release dated May 30, 2014, order backlog in the second quarter of 2014 was adjusted for orders that cannot be realized at this time. For this reason, the incoming orders of the Semiconductor Systems division and in the AG's financial statements in the previous year were adjusted by EUR 8.5 million, and the division's order backlog by EUR 10.1 million.

Position

RESULTS OF OPERATIONS

In the second quarter of 2014, the sales revenues forecast for fiscal year 2014 was revised downwards from between EUR 90 million and EUR 100 million to between EUR 70 million and EUR 80 million. Various cost reduction measures were subsequently initiated in order to adapt break-even sales revenues to the adjusted range of sales revenues. In addition to closing the production location in Denmark, personnel reduction measures were initiated especially at the central Wettenberg production location. The related costs for severance and redundancy payments as well as value adjustments and closure costs negatively impacted the results by EUR 1.6 million. Operating results were also reduced by EUR 2.5 million due to value adjustments on a large solar order in China and order cancellations from Russia and China as well as insolvencies in the solar segment.

Due to these measures and extraordinary influences, the operating loss (EBIT) in fiscal year 2014 was EUR -6.3 million (previous year: EUR -9.5 million) and the consolidated net result for the period was EUR -10.0 million (previous year: EUR -7.4 million). The EBIT margin amounted to -8.8% (previous year: -14.9%). The return on sales was -14.0% (previous year: -11.6%).

Based on consolidated sales revenues of EUR 71.9 million (previous year: EUR 64.1 million), gross profit amounted to EUR 13.8 million (previous year: EUR 8.5 million). The gross margin was 19.2% (previous year: 13.3%). This improvement is mainly due to the significant rise in capacity utilization thanks to the cost reduction measures implemented in previous years.

Selling and distributing expenses amounted to EUR 8.1 million (previous year: EUR 7.8 million). The slight increase is due to the higher volume of sales revenues, which resulted in a rise in sales commission. Selling and distributing expenses also include provisions for the personnel measures in Wettenberg at the end of 2014. Administrative expenses fell to EUR 7.1 million (previous year: EUR 8.2 million) due to the personnel measures commenced in 2013. They still include expenses for severance payments due to the personnel measures implemented in Wettenberg at the end of 2014. R&D expenses declined to EUR 2.0 million (previous year: EUR 2.6 million). The net balance of other operating expenses and income came to EUR -2.9 million (previous year: EUR 0.5 million).

Other operating income of EUR 2.7 million (previous year: EUR 2.8 million) mainly consists of subsidies for R&D projects, income from exchange rate differences and the release of provisions.

As the operating result and the individual functional expenses were impacted by one-off expenses for severance payments, value adjustments and other restructuring on the one hand and income from the release of provisions on the other hand, the following breakdown provides an overview of the amount relating to the one-off effects and the structure of functional expenses:

EUR'000	**Jan. 01 - Dec. 31, 2014**	**one-off effects Total**	**2014 adjusted**
Sales revenues	71,880	0	71,880
Cost of sales	-58,056	1,007	-57,049
Gross profit	**13,824**	**1,007**	**14,831**
Selling and distributing expenses	-8,074	136	-7,937
General administrative expenses	-7,098	672	-6,426
Research and development expenses	-2,026	0	-2,026
Other operating income	2,671	-889	1,782
Other operating expenses	-5,602	3,077	-2,525
Operating result	**-6,305**	**4,003**	**-2,302**
Gross margin	**19.2 %**		**20.6 %**
Overhead-costs	**-20,129**		**-17,133**

The one-off effects totaled EUR 4.0 million and affected the cost of sales by EUR 1.0 million. This includes EUR 0.5 million in value adjustments on inventories of the former Denmark location and EUR 0.5 million in severance payments for adjusting the personnel capacity to the reduced order backlog at the Denmark and Wettenberg locations. Selling and distributing expenses were increased by severance payments of EUR 0.1 million. Administrative expenses include one-time legal and consulting fees related to the reorganization that was initiated, and planned refinancing of EUR 0.3 million, severance payments of EUR 0.3 million and expenditures related to closing the Denmark location.

Other operating expenses include value adjustments on future receivables from production orders for projects in the solar segment that will no longer be realized and Russia, in the amount of EUR 2.5 million, and value adjustments on trade receivables of EUR 0.5 million. The gross margin adjusted for one-off effects in the past fiscal year was 20.6% and therefore 0.9% above the adjusted gross margin of the previous year (19.7%). Adjusted EBIT came to EUR -2.3 million (previous year: EUR -3.3 million).

The relatively low volume of sales revenues and the previously mentioned restructuring measures affected both divisions. EBIT in the Industrial Systems division was EUR -0.9 million (previous year: EUR -3.0 million). The Semiconductor Systems division generated EBIT of EUR -5.4 million (previous year: EUR -6.6 million).

The net balance of interest income and interest expenses came to a total of EUR -1.1 million (previous year: EUR -0.8 million). The results before taxes were EUR -7.5 million (previous year: EUR -10.3 million) and the consolidated net result for the year amounted to EUR -10.0 million (previous year: EUR -7.4 million). Income tax of EUR -2.5 million (previous year: EUR +2.9 million) consists of the current tax expense of EUR -0.1 million (previous year: EUR -1.2 million) and deferred tax expenses of EUR -2.4 million (previous year: EUR +4.1 million).

Due to volatility in the market environment and repeated budget deviations in the past years, the time period for determining whether loss carry-forwards can be realized was limited to three years. Insofar as the availment of loss-carry forwards appears realistic based on the current budget for 2015 through 2017, loss carry-forwards were recognized in deferred tax assets. Conversely, loss carry-forwards that are not expected to be realized until after 2017 were not or no longer capitalized. This limitation of the forecasting period resulted in a correction of deferred tax assets from loss carry-forwards that was expensed in the amount of EUR 2.4 million.

In fiscal year 2014, **PVA TePla AG** generated sales revenues of EUR 53.9 million (previous year: EUR 72.5 million). Gross profit amounted to EUR 4.8 million (previous year: EUR 7.3 Mio. EUR) and the gross margin was 8.9% (previous year: 10.0%). Since the realization of profit using the percentage of completion method according to IAS 11 does not apply in the annual financial statements under commercial law, value adjustments of EUR 2.1 million on inventories for solar orders according to the German Commercial Code (HGB) were not reported under other operating expenses but as production costs. These value adjustments reduced the gross margin by 3.9%. Selling and distribution expenses amounted to EUR 5.7 million, up on the previous year's value of EUR 5.3 million. Administrative expenses were EUR 5.0 million (previous year: EUR 5.7 million). R&D expenses were EUR 1.0 million (previous year: EUR 1.2 million). At EUR 5.6 million, other operating income came in above the figure for the previous year (EUR 3.8 million), as did other operating expenses at EUR 4.7 million (previous year: EUR 3.5 million). Income transfer agreements with subsidiaries generated EUR 0.2 million (previous year: EUR 0.6 million). Income from subsidiary profit distribution amounted to EUR 1.6 million (previous year: EUR 1.0 million). Income transfer agreements with subsidiaries resulted in expenses of EUR 0.9 million (previous year: EUR 2.7 million). Interest expenses totaled EUR 1.0 million (previous year: EUR 1.1 million). Interest income stood at EUR 0.6 million (previous year: EUR 0.7 million). Extraordinary income of EUR 0.2 million (previous year: EUR 0.1 million) includes proceeds from the reinstatement of a waived loan with debtor warrant to a subsidiary. Income tax expenses totaled EUR 0.02 million (previous year: EUR 1.2 million). Overall, PVA TePla AG's result from ordinary business activities came to EUR -5.7 million (previous year: EUR -6.0 million) and its net loss for the year amounted to EUR -5.6 million (previous year: EUR -7.4 million). The results of operations of PVA TePla AG were largely impacted by the same reasons that were already explained regarding the results of operations of the Group.

Comparison of Results of Operations with Forecast for 2014

For fiscal year 2014, the Management Board of the PVA TePla Group had expected consolidated sales revenues of EUR 90 million to EUR 100 million and a positive operating result and EBIT margin of 2% to 4%. This forecast was supported by an order backlog of EUR 53.9 million on December 31, 2013 and the assumption that anticipated incoming orders in the first half of 2014 would generate sales revenues and earnings. At the end of May 2014, it became apparent that two contractually guaranteed orders from the solar industry from 2013 would not be realized. The order backlog was then adjusted and a new sales revenues target in the range of EUR 70 million to EUR 80 million was released. During the first two quarters of 2014, it also became clear that incoming orders had lagged far behind expectations, especially in the Vacuum Systems business unit. The absence of contributions to earnings due to lo-

wer consolidated sales revenues that resulted from this, as well as the poorer order situation for projects – mainly orders from the solar industry – meant the estimated operating result also had to be revised and was now forecast to be in the range of EUR -6 million. In the course of further cost optimization in the Group, the Management Board also decided to close the operating and production facility for float zone crystal growing systems in Frederikssund, Denmark by the end of 2014 and to carry on the business in Wettenberg. These measures were followed by the restructuring of the Wettenberg location in November 2014, with a significant reduction in personnel expenses. This reduced the break-even point with the objective of remaining profitable even with lower sales revenues.

FINANCIAL POSITION

Capital Structure

PVA TePla AG was able to finance the operating costs and cash-effective special effects in fiscal year 2014 from its own resources and with bank loans. The net financial position (balance of cash and current and non-current financial liabilities) amounted to EUR -6.9 million at the end of the year. Compared to total assets, the net debt ratio is therefore 8%.

The development during the course of the year and in particular the cost savings and restructuring measures compelled us to cooperate more closely with our banks. In the second half of the year, one of our banks was commissioned to arrange a syndicated loan for a EUR 10 million mixed line (cash and guarantee lines) and EUR 25 million guarantee lines by mid-2015. Currently, the cash lines, with availment of only EUR 0.1 million on the reporting date, total EUR 14 million. The guarantee lines were EUR 37.5 million on the reporting date with availment of EUR 14.9 million.

Effective March 3, 2014, PVA TePla AG terminated two fixed-interest real estate loans, which were secured by charges and land, for a new building in Wettenberg for EUR 5,684 thousand and combined them into a new loan of EUR 6,000 thousand with a term until January 2023. The termination of the loans resulted in one-off and non-cash-effective expense of EUR 216 thousand for the reversal of debt discounts in 2014. The refinancing was prompted by the low interest rate phase on the basis of a variable 6-month EURIBOR plus a margin of 0.65%. PVA TePla expects considerable interest savings in the short and mid-term from these measures compared to the previous real estate financing.

The new loan was synchronized with existing interest hedging transactions for a total of EUR 6,000 thousand. However, effectiveness between the new underlying transactions and existing hedging transactions could not be achieved on the reporting date according to IFRS. The negative fair value of these hedging transactions was valued at EUR -972 thousand on December 31, 2014. Fair value changes are therefore recorded through profit or loss according to IFRS.

A credit line (December 31, 2014: EUR 5,333 thousand) secured by charges on land, which is available to the Company until December 2022, was utilized in the course of the year.

Investments

At EUR 0.9 million (previous year: EUR 1.1 million), the overall level of investments in 2014 was slightly lower than in the previous year. These investments mainly related to operating and office equipment, technical facilities and investments in IT software.

From the perspective of **PVA TePla AG** as a single entity, the value of investments in 2014 was EUR 3.6 million (previous year: EUR 0.5 million). The pronounced increase is due on the one hand to the addition of an unimpaired receivable of PVA TePla to the capital reserve of PVA TePla America in the amount of EUR 2.1 million, and on the other hand to the capital stock increases of the newly founded subsidiaries PVA Industrial Vacuum Systems GmbH and PVA Crystal Growing Systems GmbH as well as the subsidiary PVA Metrology & Plasma Solutions GmbH. Other smaller investments were made in CAD software and technical facilities as well as in operating and office equipment.

Liquidity

Operating cash flow was negative in 2014 at EUR -4.5 million (previous year: EUR +1.8 million). This was mainly due to two effects. The first was severance payments and the related payments for the restructuring programs in the amount of EUR 1.0 million. The second was incoming orders – especially for vacuum systems – which were lower in the second half of 2014 compared to the second half of 2013, so that advance payments on projects were also lower. Operating cash flow fluctuates heavily from one reporting date to the next in the Vacuum Systems and Crystal Growing Systems business units due to the project structure of orders and methods of payment. We receive considerable advance payments at the beginning of a project, which influence net cash flow positively if there are large orders. Cash flow is negative during order processing, whereas near the delivery date, the remaining amount due is paid, except for a small residual installment.

Due to the extent of the investment measures described above, cash flow from investing activities was EUR -0.9 million (previous year: EUR -1.2 million). Cash flow from financing activities was EUR +4.3 million (previous year: EUR -4.0 million) and – in addition to the disclosed refinancing of real estate – includes drawing down a real estate credit line for operating funds in the amount of EUR 5.3 million. Scheduled long-term loan amortization totaled EUR 1.4 million (previous year: EUR 1.2 million). Interest payments totaled EUR 0.4 million (previous year: EUR 0.7 million). Total cash flow in fiscal year 2014 including exchange rate differences amounted to EUR -1.1 million (previous year: EUR -3.4 million). The liquidity position of the PVA TePla Group remains positive. The net financial position amounted to EUR -6.9 million.

ASSET POSITION

Total assets on December 31, 2014 at EUR 89.0 million were below the value on December 31, 2013 at EUR 92.4 million.

Non-current assets fell by around 7% to EUR 43.2 million (previous year: EUR 46.7 million). The value of property, plant and equipment at EUR 29.8 million (previous year: EUR 31.0 million) declined slightly due to the investments described above in conjunction with scheduled depreciation. The value of intangible assets was more or less unchanged at EUR 8.7 million (previous year: EUR 8.8 million); these assets include derivative goodwill of EUR 7.8 million, which is tested for impairment at least once a year. The largest change was caused by the decrease in deferred tax assets to EUR 4.3 million (previous year: EUR 6.5 million) as the time period for determining the realizable value of loss carry-forwards was limited to three years after the balance sheet date.

Current assets remained virtually unchanged at EUR 45.8 million (previous year: EUR 45.7 million). The largest change was caused by an increase in work in progress to EUR 11.9 million (previous year: EUR 8.1 million).

Due to future receivables from production orders in the solar market that were not recoverable, these were reclassified to unfinished goods in the amount of EUR 3.9 million. Advance payments of EUR 3.1 million were received for these orders, which were offset in the previous year's financial statements based on the percentage of completion according to IAS 11. This exit from the reporting method according to IAS 11 therefore resulted in a balance sheet extension of EUR 3.1 million. In addition to the reclassification mentioned above, the decrease in future receivables from production orders to EUR 7.5 million (previous year: EUR 8.1 million) was due to decreasing sales revenues in the fourth quarter of 2014. Weaker sales in the closing quarter also led to the decrease in trade receivables to EUR 7.7 million (previous year: EUR 9.6 million) and the decrease in raw materials, consumables and operating supplies to EUR 6.9 million (previous year: EUR 8.3 million). Raw materials, consumables and operating supplies were also negatively impacted by value adjustments of EUR 2.6 million. Cash and cash equivalents fell to EUR 5.7 million because of negative operating cash flow (previous year: EUR 6.6 million). Other current receivables increased slightly to EUR 1.9 million (previous year: EUR 1.6 million), especially due to the receivables for input tax refunds and the recognition of accruals on the assets side. The tax refund claims totaled EUR 0.3 million (previous year: EUR 0.1 million).

On the liabilities side of the balance sheet, non-current liabilities (including non-current provisions) increased to EUR 21.8 million (previous year: EUR 20.5 million). The repor-

ted pension provisions increased due to the low-interest phase and the resulting decrease in the discount rate by 1.2%-points to EUR 14.0 million (previous year: EUR 11.4 million). Non-current financial liabilities decreased to EUR 5.8 million (previous year: EUR 6.5 million) due to the scheduled repayment of bank loans. Deferred tax liabilities decreased to EUR 1.0 million (previous year: EUR 1.4 million). Other non-current provisions were reduced mainly by the payout of a long-term remuneration component after the resignation of the former CEO.

Current liabilities increased to EUR 28.4 million (previous year: EUR 21.5 million). Due to the negative operating cash flow, a previously unused long-term approved real estate credit line was used to finance working capital. Advance payments on orders rose to EUR 12.9 million (previous year: EUR 8.3 million). The rise was due in particular to the fact that construction contracts amounting to EUR 3.9 million arising from coming receivables on construction contracts were reclassified to work in progress. These orders were offset by advance payments received amounting to EUR 3.1 million, which were disclosed with the stage of completion in the previous year's financial statements in accordance with IAS 11. It should be noted that only 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. Otherwise they are netted against construction contracts and reported under coming receivables on construction contracts (asset) or under obligations on construction orders (liability).

Trade payables fell significantly due to the reduction of incoming orders, to EUR 1.6 million (previous year: EUR 3.2 million).

The value of other provisions fell slightly to EUR 1.6 million (previous year: EUR 1.9 million). Debt accruals fell to EUR 4.1 million (previous year: EUR 5.7 million) because of reduced provisions for outstanding invoices and the drop in provisions for severance payments. Tax provisions are EUR 0.2 million (previous year: EUR 0.2 million) and include provisions for the payment of tax arrears for the assessment periods of 2007 through 2011 following the completion of a tax audit.

Shareholders' equity decreased to EUR 38.8 million (previous year: EUR 50.3 million) as a result of the net loss for the period of EUR -10.0 million (previous year: EUR -7.4 million) and due to changes in the value of pension provisions recorded directly in shareholders' equity at EUR -1.7 million, which were partly offset by minor currency translation effects. Together with lower total assets, the equity ratio decreased from 54.5% in the previous year to 43.6%.

Total assets of **PVA TePla AG** as of December 31, 2014 declined year on year from EUR 74.1 million to EUR 67.5 million.

Fixed assets amount to EUR 35.1 million (previous year: EUR 32.9 million). The value of intangible assets increased from EUR 0.1 million in the previous year to EUR 0.2 million due to the addition of CAD software. Given the investments described above, the value of property, plant and equipment declined slightly, from EUR 23.9 million in the previous year to EUR 23.1 million. Financial assets increased by EUR 2.9 million year on year to EUR 11.7 million (previous year: EUR 8.8 million). This is due to the founding and capitalization of subsidiaries as part of the reorganization. The companies PVA Industrial Vacuum Systems GmbH, PVA Crystal Growing Systems GmbH and PVA Metrology & Plasma Solutions GmbH each received EUR 0.25 million in capital stock. An unimpaired receivable of PVA TePla in the amount of EUR 2.1 million was also transferred to the capital reserve of PVA TePla America Inc. At the level of PVA TePla, this led to a corresponding asset exchange and simultaneous increase in the carrying amount of the investment.

Total inventories came to EUR 6.0 million, up from the previous-year figure of EUR 5.6 million. Of this amount, the figure for finished products and goods remained unchanged at EUR 1.7 million (previous year: EUR 1.7 million). Work in progress increased to EUR 17.5 million due to the processing of existing orders and the delivery of stock systems ordered within the Group (previous year: EUR 14.3 million). The value of raw materials, consumables and operating supplies fell to EUR 2.6 million (previous year: EUR 4.2 million) due to value adjustments, the decline in sales revenues during the fourth quarter and the intra-Group transfer of raw materials, consumables and operating supplies for

the semiconductor segment to the Jena production location (internal Group sale at carrying amounts). The volume of deducted advance payments received on orders totaled EUR 16.4 million (previous year: EUR 15.2 million).

Trade receivables declined year on year from EUR 4.9 million to EUR 4.1 million due to the development of sales revenues. Receivables from affiliated companies fell to EUR 18.9 million (previous year: EUR 24.5 million). Other assets increased to EUR 1.2 million (previous year: EUR 0.7 million) primarily as a result of tax receivables. Cash and cash equivalents declined to EUR 2.1 million (previous year: EUR 5.0 million) as a result of cash flow developments.

On the liabilities side of the balance sheet, liabilities increased to EUR 16.1 million (previous year: EUR 14.0 million), primarily due to the rise in liabilities to banks after drawing down a real estate credit line for operating funds. The main reason for the decrease in payables to affiliated companies to EUR 3.7 million was the reduction in trade payables (previous year: EUR 6.4 million). The reduction in trade payables was due to the decline in incoming orders. Pension provisions increased to EUR 9.9 million (previous year: EUR 9.3 million) due to the lower discount rate. The underlying pension schemes were taken on from previous companies and contain only existing commitments. New pension obligations are generally no longer entered into. Tax provisions amounted to EUR 0.1 million (previous year: EUR 0.2 million). Other provisions fell to EUR 5.1 million (previous year: EUR 8.6 million) since provisions of EUR 1.8 million for potential losses relating to internal orders for stock systems were able to be offset against inventories after the systems were delivered.

Equity totaled EUR 36.4 million (previous year: EUR 42.1 million). The equity ratio is now 54.0% (previous year: 56.8%). Retained earnings amount to EUR 12.5 million (previous year: EUR 18.1 million).

EMPLOYEES

The Group had 391 employees on the balance sheet date (previous year: 424 employees). The number of employees has already dropped significantly as against December 31, 2013 due to measures implemented at the end of 2014 to reduce personnel costs and as a result of natural turnover. All divisions were affected by these measures. The number of employees in the Industrial Systems division fell from 243 (previous year) to 231. In this division, the main effect of the personnel measures from the end of 2014 will only be felt in the course of the current fiscal year. In the Semiconductor Systems division, the number of employees was reduced to 160 as of December 31, 2014 (previous year: 181*). From a regional perspective, the largest share of employees by far is in Europe at 346 (previous year: 377). There were 26 employees in the USA at the end of 2014 (previous year: 29), while 19 people were employed in Asia (previous year: 18). In fiscal year 2014, the number of apprentices in the PVA TePla Group amounted to eleven. These young men and women were being trained in commercial or industrial professions.

*The previous–year figure for the Semiconductor Systems division also includes the employees of the former Solar Systems division.

PVA TePla AG employed a workforce of 251 at the end of 2014 (previous year: 280). One of whom is employed in Frederikssund (Denmark) (previous year: 14). The activities at the operating establishment located there ceased on December 31, 2014 and were relocated to Wettenberg.

3. SUPPLEMENTARY REPORT

There are no significant events to report after the end of the fiscal year.

4. RISK, OPPORTUNITIES AND FORECAST REPORT

Risk and Opportunities Report

The divisions of the PVA TePla Group are exposed to an array of risks that are inextricably linked to corporate activities. Risk is understood to be the possibility of events or activities jeopardizing the ability of the Group or one of its divisions to reach its targets. At the same time, it is also important for the PVA TePla Group to identify opportunities

for the company, take advantage of these opportunities and reinforce the Group's competitive position. Risks and opportunities are not offset against one another. Risks and opportunities are presented as follows.

Assessment of probability of occurrence / Potential scale

Level		Probability of occurrence	
Improbable	0% <	Probability of occurrence	≤ 20%
Possible	20% <	Probability of occurrence	≤ 70%
Probable	70% <	Probability of occurrence	≤ 100%

Level		Potential scale	
Low	EUR 0 <	Scale	< EUR 500 thousand
Moderate	EUR 500 thousand ≤	Scale	< EUR 1.000 thousand
High		Scale	≥ EUR 1.000 thousand

Risks are assessed on the basis of probability of occurrence as either improbable, possible or probable, as well as in terms of the potential scale of the risk. In assessing the extent, the effect is considered before actions (gross risks) on principle in relation to the operating result (EBIT) of PVA TePla Group.

RISK AND OPPORTUNITIES STRATEGY

The risk and opportunity strategy is embedded in the corporate strategy and is designed to secure the continuation of the Company as a going concern and guarantee its further development. The resulting strategy assesses the risk and opportunities of business activities. In the core activities of the Company/the Group, we make a conscious decision to enter into limited and containable risks, if they make appropriate compensation likely or are inevitable. In some cases, we allocate the risks to other parties. This mainly includes concluding suitable insurance policies. This process is conducted in close cooperation with an experienced and specialized insurance broker. It is regularly reviewed for efficiency and optimized where necessary.

Other risks, which are not related to core and support processes, are avoided as far as possible. A "Risk Manual" has been made available to the members of the Management Board and employees, which includes instructions on processes and a catalog of measures to safeguard appropriate and sustainable risk management. The manual details the concrete processes involved in risk management. It aims at the completeness of all risk-related activities and measures, i.e. the identification, assessment, controlling, reporting and monitoring of risks. Based on defined risk categories, risks at divisions, operating units as well as central units are identified and assessed according to their likelihood and potential damage.

RISK MANAGEMENT

Due to the organizational structure of the Company, risk management is carried out locally in the divisions and, in future, at the subsidiaries and business processes. The divisions' managers, and future Managing Directors, are therefore responsible for central processes of the risk management system. The main objective of the risk management system is the early recognition of risks, in order to regularly provide the Management Board with up to date information on the current risk situation within PVA TePla. The Management determines the limits for the reporting structure. The duties of those in charge include developing and where necessary installing measures to prevent, mitigate and hedge against risks. The main risks as well as the implemented measures are regularly monitored.

The risk reports are regularly compiled and analyzed by central risk management and checked and discussed by the Management Board and Supervisory Board. In addition to regular reporting, a reporting system has been installed

within the Group to immediately report the occurrence of unexpected risks. The system also includes an annual risk inventory, in which all of the risks relevant to the Group are reported and their relevance and possible effects assessed. Measures to reduce identified risk are defined and their implementation monitored.

The risk management system enables the Management Board to identify material risks at an early stage and to implement counter-measures. The key features of the risk management system described above are applied throughout the Group. As far as processes in financial disclosure are concerned, this means that identified risks are reviewed and assessed for their potential impact on disclosures in the respective financial reports. The idea is to provide important information at an early stage about potential changes in the fair value of assets and liabilities, possible impairments and important information to assess the necessity of forming and reversing provisions.

The adequacy and efficiency of the risk management system is reviewed on a regular basis at Management Board level and adjusted where necessary.

In 2007 an internal audit system was also established. An auditing firm was commissioned to set this up. The Management and Supervisory Boards agreed a medium-term plan, according to which all divisions of PVA TePla Group will be systematically audited.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR THE GROUP FINANCIAL DISCLOSURE PROCESS

The objective of the methods and measures we have put in place is to secure the assets of the Company and enhance operating efficiency. The internal control system that has been implemented is intended to ensure the reliability of accounting and reporting as well as compliance with internal rules as well as legal regulations and the Articles of Association. We assure the adequate separation of functions and have also implemented appropriate spans of control. Furthermore, we make sure that responsibilities do not overlap and that tasks, expertise and responsibilities are bundled. We have also integrated controls into the workflows. Key components of these structures and controls include strict compliance with the system of checks and balances for all essential accounting processes, effective and precisely defined access rights for our IT systems, spot checks of employees at all levels by the respective superior, the use of uniform Group-wide reporting and forms, and control over the structural and process organization including the key operational Company processes within the scope of our certified quality management system. The essential features of the internal control system described above apply to all functional areas. In the accounting process, the implementation of the structural and process organization controls within the internal control system assures data integrity for the information that flows into financial reporting.

In addition to these controls implemented in the organization, the individual functional areas are also monitored by superiors and the internal audit department. The internal audit department is responsible for reviewing the functioning and effectiveness of the internal control system. In order to conduct the audit, the internal audit department has comprehensive information and review rights.

Consolidation and the Group accounting process are based on the decentralized preparation of financial statements by each of the Group companies. These financial statements are prepared and submitted according to uniform Group-wide standards and data formats. The central accounting system is connected with the ERP system through numerous interfaces.

The consolidation of the financial statements is completed in cooperation with an external service provider with suitable qualifications (financial auditor). The entire process is controlled and verified by the central Group Accounting and Controlling department. Here the data is also verified with regard to form and content. All of the employees involved in the process receive training at regular intervals.

The parts of the internal control system relevant to financial reporting are reviewed in terms of effectiveness by the auditor as part of a risk-oriented approach.

In conclusion, we would like to point out that neither an internal control system nor a risk management system can ensure with absolute certainty that the related objectives will be achieved. Like all discretionary decisions, resolutions to implement suitable systems can also be incorrect in principle. Controls may not be adequate on a case by case basis due to simple errors or mistakes, or changes to environment variables may be recognized too late in spite of corresponding monitoring.

DESCRIPTION OF RISKS AND OPPORTUNITIES

The PVA TePla Group differentiates between business opportunities and risks, operational and financial opportunities and risks. These constitute the two pivotal areas for the Group. Opportunities and risks do not exist to the same extent in all subsegments.

Business opportunities and risks

Market Risks
The key risk in the markets in which PVA TePla operates is the fluctuation in customers' investment activity, the global economy and political developments. Statements regarding future developments of individual markets or decisions relating to economic policy in emerging markets cannot be made with sufficient accuracy.

The semiconductor business, a key sector for the Group, is highly cyclical in nature. Although the semiconductor industry in recent decades has enjoyed average annual growth rates well above those of most so-called old economy industries, this average includes periods of both robust growth and recession. Investment activity in the semiconductor industry fell sharply between 2011 and 2013, before recording major growth rates in 2014 and early 2015. Investments in wafer capacities, an essential market segment for PVA TePla, ground practically to a halt in the past year, before experiencing significant recovery in the previous fiscal year – particularly in the area of 300mm technology.

The solar market, characterized by high overcapacities in the last few years, was dominated by Chinese suppliers. After years of exceptional growth, the solar market and its supplier industry have been hard hit. In response, PVA TePla has closed down production capacities in Denmark in 2013 and 2014 and reduced staff numbers at all locations as a result of the market downturn. The residual carrying values of remaining solar systems on stock were depreciated to their realizable value.

In the Industrial Systems division, the focus of business is on sintering hard metals, with a high percentage in China. Due to the weaker economy, including in China, and the considerable increase in capacity in the hard metal area in recent years, demand has slumped significantly since 2012 in this business unit. Customers were cautious about making large investments and numerous investment decisions were being postponed. There has been no change in the tense market situation in the area of hard metal in the past fiscal year. This basically applies to all other important business units in the Industrial Systems division. It has also been observed that PVA TePla has not lost any market share to competitors in the top segment for heat treatment systems. In fact, the market is currently shaped by consolidation, which has also affected other competitors.

Market Opportunities
In markets such as hard metal manufacturing, the semiconductor industry and photovoltaics, PVA TePla provides process technologies that will remain a firm part of each respective value chain in the future. In the area of heat treatment furnaces, new user markets could be opened up through the development of heat treatment systems, with PVA TePla currently building the largest system in Europe. Examples of these new markets, in which this type of system could be used, include the aviation industry or the tool industry. In the semiconductor industry, for example, process technologies could include systems for growing silicon crystals with a 300mm diameter, for growing high-purity silicon crystals or silicon carbide crystals for high performance electronics, or analytical systems for non-destructive quality control in LED or MEMS production. Demand for plasma and analysis systems is correlated with trends in semiconductor markets (e.g. MEMS, LED, OLED/PLED, IGBT). Further growth for these products of PVA TePla is expected due to the growth in the semiconductor market anticipated by all market research institutions and

newly developed applications for plasma systems in the semiconductor/life science/industrial sectors, such as the newly developed 80 Plus High Speed inline system. The budget for 2015 includes moderate estimates in relation to sales revenues from new and further developments with small unit sales forecast. This was due to attempts to reduce the reliance on systems with a short product lifecycle that is difficult to forecast. No opportunities from major orders in the semiconductor market were taken into consideration in the budget.

Large overcapacity in the solar market and significant declines in sales prices across the entire supply chain of the solar industry resulted from significant investments to expand capacity, particularly by Chinese providers. Outside of Europe, there is also a wide range of further important growth markets for the solar industry: India, Australia, Morocco, the MENA region (Middle East and North Africa), as well as South Africa and South America. Opportunities also exist in markets where production capacities are set to expand because of economic policy considerations. However, these opportunities are often accompanied with problems in financing such projects. It is highly likely that a system technology will prevail that guarantees maximum efficiency and optimal cost of ownership. Given that PVA TePla can provide such systems, medium to long-term market prospects are cautiously optimistic, even given the difficult photovoltaics market at present. PVA TePla follows economic developments and individual markets closely. According to independent research institutes, existing production capacities are set to align again with demand for solar modules over the course of the fiscal year. This also opens up opportunities of new system orders for PVA TePla. However, as a precaution no major new orders or sales of warehousing facilities have been considered as part of the budget.

Economic Risks

Analysts forecast global GDP growth of between 2.9% and 3.7% in 2015. However, the overall economy remains highly uncertain despite this positive outlook. The debt crisis in the established industrialized countries continues to fester and may prove detrimental to the economies of the emerging markets, a key market for the PVA TePla Group. Weakening growth rates in emerging markets, particularly in China, are evidence of this problem. The Chinese market is extremely important to PVA TePla, especially in the area of vacuum systems. The slowdown of economic development in China over the past few years and of the correlation between products manufactured using PVA TePla systems and the expansion of infrastructures means that there is a chance of customers being reluctant to invest. The sanctions imposed on Russia by the West concern a market that is essentially of interest to the PVA TePla Group, not least because Russian customers have recently showed a desire to expand and widen the country's technological basis.

These market and economic risks are reduced by diversifying the range of products and services across different sectors including semiconductors, photovoltaic, 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, 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. In fiscal years 2013 and 2014, PVA TePla was unable to strike a balance within the scope of this diversification and synergy strategy that kept the Group profitable on account of the strong degree of parallel development in the sales markets' cycles. As a result, extensive consolidation measures were introduced affecting locations and employee numbers. A sustained shortfall in terms of expected orders, particularly those from China, and the further lack of compensatory opportunities would open up the risk of further consolidation measures becoming necessary.

Risks from Technological Developments

The risk of losing orders due to a new, unexpected technology appearing on the market (horizontal entry) is monitored worldwide and assessed by continuous observation of the latest research and development and published studies specific to the various sectors, and by maintaining dialog with key customers and research institutes. In addition to ongoing development activities, technological product optimization is further supported by, among other things, an

in-house laboratory as well as the operation of in-house service centers in which materials are processed for customers. Here, the Company's development department stays abreast of the latest material quality requirements of customers. The high level of technical complexity of our products and rapid technological advances pose research and development-related risks. Medium and long-term success is crucially dependent on developing marketable products and generating sufficient revenues within appropriate time frames in order to provide adequate cash flow for the Group's internal financing. The technical complexity of our products and the standards demanded by our customers may also give rise to quality-related risks that can generate increased warranty-related expenditures.

Opportunities from Technological Developments
As a supplier of technologies for the production and processing of materials and components for high-tech industries, where a vacuum and high temperature play a key role for production, new areas of application for materials produced using our systems may result in additional demand. Moreover, research may define new requirements for materials, requiring new types of systems.

Risks from Trade Sanctions
As an international Group with a high share of export business, PVA TePla is essentially susceptible to trade barriers or sanctions. Current geopolitical developments mean that the trend is going towards tighter sanctions. This currently concerns Russia in particular, but also "dual use" technologies in the MENA region. PVA Tepla continually reviews export licenses and, in the case of high-risk orders, hedges the political risk through capital goods credit insurances. A susceptibility to trade barriers will always remain, as contracts with insurance companies are only a limited option when political risks escalate.

Risk category	Probability of occurrence	Scale	Category of opportunity	Scale
Market Risks	Possible	High	Market Opportunities	High
Global economic risks	Probable	Moderate		
China economic risks	Possible	High		
Risks from Technological Developments	Improbable	High	Opportunities from Technological Developments	High
Risks from trade barriers	Possible	High		

Operating Opportunities and Risks

Risks from Suppliers
The probability of being affected by supplier capacity bottlenecks has decreased due to economic growth forecasts. Commodity prices (such as for stainless steel and copper) are trending downward, too. The risk of delivery delays and non-delivery is countered by identifying and prescreening additional suppliers in combination with close monitoring of existing suppliers. Dependence on individual suppliers is limited by having multiple qualified suppliers for key components and diversifying deliveries among them. The risk of supplier failure (e.g. as a result of insolvency) is substantially reduced by the systematic selection and evaluation of alternative domestic and international suppliers. Care is taken to ensure that all major suppliers have adequate quality management systems and third-party liability insurance coverage in place.

Risks and Opportunities from Investments and M&A
Cooperation with subsidiaries (all operating business was transferred to subsidiaries from 1 January 2015) is absolutely vital at PVA TePla. Together with better access to growth markets and technologies thanks to more flexible subsidiary structures, investments also serve to capitalize on synergies and optimize cost structures. Negative economic developments can endanger anticipated sales revenues and earnings targets under certain circumstances. Resulting adjustments can lead to a reduction in production and personnel capacities at individual subsidiaries or locations. All subsidiaries are subject to a continuous monitoring process in order to ensure prompt support is given to the investments and that their profitability is guaranteed. The difficult market environment at the current time is causing many manufacturers of heat treatment systems to consolidate. PVA TePla will also scrutinize potential acquisition targets. As a rule, acquisitions are only targeted in the case of companies that can usefully complement the PVA TePla Group either in terms of technology or in terms of market development.

Risks in Connection with Information Technology
The risk of IT equipment failures and the threat posed by software viruses and other malware (such as so-called Trojans) are reduced through regular and appropriate backups, adopting suitable protective measures against external influences (e.g. up-to-date virus protection systems and firewalls) and maintaining suitable access control systems.

Natural Hazards and Environmental Risks
Overall, appropriate insurance policies were concluded for natural hazards at PVA TePla AG locations. Due to the Company's business structure, with its focus on engineering and assembly and to a very limited extent its use of hazardous materials and other substances with risks for safety and the environment, the extent of environment risk posed by the activities of PVA TePla is very limited. Nevertheless, an environmental liability and accidental damage insurance policy with adequate coverage was concluded for this, too.

Risks from Legal Disputes
PVA TePla AG and its subsidiaries have a number of different legal proceedings to contend with, most of which concern labor court proceedings over employee terminations during the fiscal year. As there is a great deal of uncertainty surrounding these proceedings, it is possible that provisions formed for legal disputes prove to be insufficient once the final ruling is made. This can lead to additional expenses being incurred. This also applies to legal proceedings for which, in the current view of the Group, no provisions were to be formed. Even though the final outcome of individual legal proceedings can have an affect on earnings and cash flow at PVA TePla in a certain reporting period, the Group believes that the resulting liabilities will have no lasting influence on the financial position and profit or loss of PVA TePla.

Risk category	Probability of occurrence	Scale
Risks from suppliers	Improbable	High
Risks from investments and M&A	Possible	High
Risks in connection with information technology	Possible	Moderate
Natural hazards and environmental risks	Improbable	High
Legal disputes	Possible	Low

Financial Opportunities and Risks

Liquidity risks and risks from rating changes
The Group has sufficient credit lines for short-term financing operations, including the expansion of business volume, and sufficient guarantee lines for providing advance payment guarantees to customers. The negative business development since 2012 and the resulting rating downgrades mean that there is a risk that short-term credit lines and guarantee lines are reduced or the terms become more expensive. At the moment, PVA TePla covers its credit line requirements through a long-term credit line related to investment property of EUR 5.33 million. In order to secure a long-term loan commitment for further credit lines and guaranteed lines, PVA TePla tasked its bank in 2014 with negotiating and arranging a syndicated loan by mid-2015. Even though there are no indications at the current time that the syndicated loan cannot be realized, there remains a residual risk that, in case the syndicated loan is not able to be arranged and the budget is not secured, the credit lines and guaranteed lines could be significantly reduced. Given that the Group has sufficient financing alternatives even in this scenario, the Management Board does not believe that the PVA TePla Group is at risk of short- or medium-term insolvency. That being said, the rating downgrades mean that the Group expects financing costs to rise.

Risks and Opportunities from Changes in Exchange Rates
Despite hedging of exchange rate risks in individual transactions, there is a risk that the EUR/USD exchange rate in particular may move unfavorably, eroding our competitive position in this currency zone and exerting pricing pressure. In principle, the risk of currency volatility is addressed by having local production in the US and increasing the level of purchasing within the Dollar currency zone.

No hedging measures are taken in the Group in relation to changes in valuation relating to the conversion of net assets at foreign Group companies outside of the Eurozone and their income and expenses.

The tendency towards a "weaker" Euro compared to the US dollar observed over the past few months is strengthening our position against competitors in the Dollar currency zone.

Risks from Tax Issues
Because of the volume of major orders from abroad, the complexity of the related tax issues has increased. Primarily, these issues include intercompany prices for transactions between companies in the PVA TePla Group, and sales taxes – especially on services – and tax rules for employees sent abroad. We address these issues in close cooperation with our tax advisors and have not identified any material risks in this area. There are, however, increasing expenses with respect to these consultations, the internal administration and the implementation of regulations with the associated registrations.

Risk Reporting on the Use of Financial Instruments
Financial instruments arise as part of PVA TePla's core business activities (e.g. trade receivables and payables). Financial instruments are employed to finance business activities (e.g. loans from banks) or they arise from business activities (e.g. investment of excess current liquidity). In addition, derivative financial instruments are utilized to eliminate or limit risks from operating activities (e.g. exchange rate risks) or from financing (e.g. interest rate risks). Financial instruments are not used in isolation without connection to actual business activities. Opportunities and risks in connection with the respective relevant financial instrument categories are presented below (for further information see note 29 of the Group notes):

Trade Receivables:
Liquidity and credit risks involved in financing business operations are reduced, in the case of major orders, by means of customer/supplier financing. A contractual installment payment schedule is negotiated in most cases, starting at an average of 30% minimum due upon receipt

of the order for a single system. Collateral arrangements (e.g. letters of credit) are also frequently required to protect against default on receivables, in combination with intensive receivables monitoring.

In contrast, the Group itself only has to make advance payments to a few suppliers. In addition, the Group optimizes its external cash flow requirements through rolling cash flow forecasts for Group companies and short-term intra-Group loans.

Due to the short-term nature of the items, there is no significant market risk.

Other Receivables:
Due to the short-term nature of the items, there is no significant market risk.

Payments in Advance:
The individual Group companies primarily make payments in advance only to suppliers for larger deliveries/major components. On the purchasing side, advance payments are only made in return for a corresponding advance payment guarantee. Such guarantees ensure that the Group does not incur any discernible risks.

Financial Liabilities:
» This item primarily includes bank loans to finance investments.
» These loans are all either agreed at fixed interest rates for the entire term or hedged accordingly in the case of loans with variable nominal interest rates, effectively rendering them synthetic fixed interest rate loans.
» Effective March 3, 2014, two fixed-interest real estate loans, which were secured by charges and land, for a new building in Wettenberg for a total of EUR 5,684 thousand were terminated and combined into a new loan of EUR 6,000 thousand with a term until January 2023. The new loan has already been synchronized with existing interest hedges of EUR 6,000 thousand.
» As market interest rates at the balance sheet date were once again lower than the interest rates underlying the aforementioned hedging transactions, a provision for other liabilities was necessary totaling EUR 974 thousand (prior year: EUR 895 thousand) in the consolidated financial statements and a provision for impending losses totaling EUR 780 thousand (prior year: EUR 887 thousand) was necessary in the single-entity financial statements of PVA TePla AG.
» A previously unutilized long-term loan to finance the buildings at the Wettenberg location was utilized for financing short-term working capital. This loan with a variable nominal interest rate and no underlying interest rate hedge offers a low market risk from changes to corresponding market interest rates.
» Due to the extremely low interest rates environment at the moment and a no anticipated rise in market rates in the medium term, no interest hedge has been concluded yet for this loan.
» There is no risk from the failure to comply with financial covenants since such agreements have been avoided to date.

Trade Payables:
» There are short-term items invoiced almost exclusively denominated in Euros. Hence there is no relevant market or credit risk.

Other Liabilities:
Due to the short-term nature of the items, there is no significant market risk.

Exchange Rate Hedging:
» A large proportion of Group sales revenues, including those of PVA TePla AG, are generated in foreign markets. Projects are predominantly billed in Euros, also for non-Eurozone countries. Otherwise, in each individual case, the hedging of currency risks is assured by means of forward exchange contracts. Since these are closed positions in relation to the underlying transaction with

matching payment amounts and deadlines, there is no significant market risk. Calculations for the underlying transactions are based on the respective hedged forward rates.

» Due to the aforementioned selection of suppliers from around the world, some purchases are made in foreign currencies. US Dollar cash balances are used to a limited extent to meet payment obligations via natural hedging. Other foreign currency obligations and larger US Dollar payments are hedged with forward exchange transactions whose payment structure corresponds with the underlying transaction, thereby avoiding currency risk. Please refer to the explanations above for delivery/materials procurement risks.

Interest Rate Hedging:

» Some of the loans to finance new facilities were concluded at variable nominal interest rates and the interest rate was hedged, effectively making these synthetic fixed interest rate loans.

» For more details concerning risks arising from these financial instruments, please refer to the information above on financial liabilities.

Risk category	Probability of occurrence	Scale
Risks from changes in exchange rates	Improbable	Low
Risks from tax issues	Improbable	Low
Risks from financial liabilities	Improbable	Moderate
Risks from trade payables	Improbable	Low
Liquidity risks	Improbable	High
Rating risks	Probable	Moderate

GENERAL STATEMENT BY THE MANAGEMENT BOARD

The Management Board of PVA TePla AG is responsible for the risk management of the Group and assesses the Group's risks and opportunities. They have come to the following conclusion.

Summary

The Group's risk profile increased in fiscal year 2014 compared to fiscal year 2013. The main risks stem from lasting weak development in certain markets as mentioned above and the related reticence of our customers to invest. This trend was reflected in a decline in incoming orders for vacuum systems, which the Group countered in 2014 by introducing restructuring measures at the primary production location in Wettenberg. The completed personnel reduction program will lead to lower breakeven sales revenues in future. The Company also continued to work on increasing its sales activities in markets, which will become more attractive in future. The risk of trade barriers as well as the liquidity and rating risk were new additions to the risk situation. Risks potentially jeopardizing the continued existence of the Company and the Group as a going concern are monitored by means of suitable countermeasures. We consider all other risks to only have low residual risks on account of their low likelihood, their low potential damage or countermeasures that have been taken. The opportunities presented in this report constitute both untapped potential for PVA TePla but also significant challenges. The fundamentally flexible production structure means that PVA TePla Group companies are well equipped to capitalize on any opportunities that may arise.

Forecast Report

The forecast report describes the expected business development of the PVA TePla Group in fiscal year 2015. The statements in this chapter were made on the basis of the current Group portfolio and customers' portfolios and the above-mentioned assumptions on future macroeconomic and industry developments. The actual results may, as is often the case in the project business, deviate substantially from the forecast development if the underlying assumptions later prove to be incorrect.

Sales revenues in the Industrial Systems division are expected to remain on a par with the previous year in fiscal year 2015. Due to the positive development of the semiconductor market and the rise in order backlog, sales revenues in the Semiconductor Systems division are expected to rise by a seven-figure sum year on year.

Based on the development of the gross margin in 2014 and the lower breakeven sales revenues, the gross margin is expected to be around 20% in 2015.

In view of the order backlog of EUR 37.9 million as at December 31, 2014 and the fact that the orders received in the first half of 2015 may already be recognized in sales revenues and the result, the Management Board of PVA TePla forecasts consolidated sales revenues of EUR 70 million to EUR 80 million and EBIT on the scale of a balanced result for fiscal year 2015.

Focusing solely on **PVA TePla AG**, we anticipate a major decline in sales revenues in fiscal year 2015, which is substantiated by the change in business purpose of PVA TePla AG. From January 1, 2015, PVA TePla AG merely acts as a management and functional holding company. Aside from the processing of orders received up until December 31, 2014, the sales revenues of PVA TePla AG include management and services for a limited range of functions in the areas of marketing, IT, personnel, investment controlling, accounting and facility management. The scope of the management and services is set to stand at EUR 5 million to EUR 6 million, including income from rental and business lease agreements. Sales revenues from earlier orders are set to another EUR 28 million to EUR 30 million. On that basis PVA TePla AG expects to make an operating profit before profit and loss transfer agreements of EUR 4.0 million to EUR 5.0 million in 2015.

Wettenberg, March 17, 2015

PVA TePla AG
Vorstand

Peter Abel
Vorsitzender des Vorstands

Oliver Höfer
Vorstand Produktion und Technologie

Henning Döring
Vorstand Finanzen


FKA 9100

GROUP FINANCIAL STATEMENTS

Group Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS EUR´000	Notes	Dec. 31, 2014	Dec. 31, 2013
Non-current assets			
Intangible assets	(4)	**8,724**	**8,766**
Goodwill		7,808	7,808
Other intangible assets		886	918
Payments in advance		30	40
Property, plant and equipment	(5)	**29,756**	**31,038**
Land, property rights and buildings, including buildings on third party land		25,722	26,732
Plant and machinery		2,560	2,775
Other plant and equipment, fixtures and fittings		1,373	1,494
Advance payments and assets under construction		101	37
Investment property	(6)	**367**	**388**
Non-current investments	(7)	**9**	**8**
Deferred tax assets	(12)	**4,333**	**6,459**
Total non-current assets		**43,189**	**46,659**
Current assets			
Inventories	(8)	**21,370**	**18,832**
Raw materials and operating supplies		6,891	8,335
Work in progress		11,877	8,075
Finished products and goods		2,602	2,422
Coming receivables on construction contracts	(9)	**7,490**	**8,081**
Trade and other receivables	(10)	**10,977**	**12,149**
Trade receivables		7,692	9,619
Payments in advance		1,412	883
Other receivables		1,873	1,647
Tax repayments		**286**	**76**
Cash	(11)	**5,725**	**6,566**
Total current assets		**45,848**	**45,704**
Total		**89,037**	**92,363**

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

LIABILITIES AND SHAREHOLDERS' EQUITY EUR´000	Notes	Dec. 31, 2014	Dec. 31, 2013
Shareholders' equity	(13)		
Share capital		21,750	21,750
Revenue reserves		20,799	30,771
Other reserves		-3,649	-2,131
Minority interest		-85	-83
Total shareholders' equity		**38,815**	**50,307**
Non-current liabilities			
Non-current financial liabilities	(15)	5,847	6,540
Other non-current liabilities	(22)	755	688
Retirement pension provisions	(16)	13,975	11,377
Deferred tax liabilities	(25)	1,067	1,422
Other non-current provisions	(17)	168	490
Total non-current liabilities		**21,812**	**20,517**
Current liabilities			
Short-term financial liabilities	(18)	6,739	1,080
Trade payables		1,563	3,219
Obligations on construction contracts	(19)	41	97
Advance payments received on orders	(20)	12,926	8,282
Accruals	(21)	4,074	5,683
Other short-time liabilities	(22)	1,279	1,059
Provisions for taxes		190	204
Other short-term provisions	(17)	1,598	1,915
Total current liabilities		**28,410**	**21,539**
Total		**89,037**	**92,363**

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

CONSOLIDATED INCOME STATEMENT

EUR´000	Notes	Jan. 1 - Dec. 31, 2014	Jan. 1 - Dec. 31, 2013
Sales revenues	(23)	**71,880**	**64,075**
Cost of sales		-58,056	-55,545
Gross profit		**13,824**	**8,530**
Selling and distributing expenses		-8,074	-7,836
General administrative expenses		-7,098	-8,222
Research and development expenses	(24)	-2,026	-2,564
Other operating income		2,671	2,766
Other operating expenses		-5,602	-2,218
Operating result (EBIT)		**-6,305**	**-9,544**
Finance revenues		3	332
Finance costs		-1,145	-1,107
Financial result and share of profits from associates		**-1,142**	**-775**
Net result before tax		**-7,447**	**-10,319**
Income taxes	(25)	-2,527	2,911
Consolidated net result for the year		**-9,974**	**-7,408**
of which attributable to			
Shareholders of PVA TePla AG		-9,972	-7,576
Minority interest		-2	168
Consolidated net result for the year		**-9,974**	**-7,408**
Earnings per share			
Earnings per share (basic) in EUR	(26)	-0.46	-0.35
Earnings per share (diluted) in EUR		-0.46	-0.35
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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR´000	Jan. 1 - Dec. 31, 2014	Jan. 1 - Dec. 31, 2013
Consolidated net result for the year	**-9,974**	**-7,408**
of which attributable to shareholders of PVA TePla AG	-9,972	-7,576
of which attributable to minority interest	-2	168
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency changes	258	-185
Income taxes	-72	52
Changes recognized outside profit or loss (currency changes)	**186**	**-133**
Changes in fair values of derivative financial instruments	6	11
Income taxes	-2	-3
Changes recognized outside profit or loss (derivative financial instruments)	**4**	**8**
Total of items that may be reclassified to profit or loss	**190**	**-125**
Items that will never reclassified to profit or loss		
Changes in pension provisions	-2,371	206
Income taxes	663	-57
Changes recognized outside profit or loss (pension provisions)	**-1,708**	**149**
Total of items that will never reclassified to profit or loss	**-1,708**	**149**
Other comprehensive income after taxes (changes recognized outside profit or loss)	**-1,518**	**24**
of which attributable to shareholders of PVA TePla AG	-1,518	24
of which attributable to minority interest	0	0
Total comprehensive income	**-11,492**	**-7,384**
of which attributable to shareholders of PVA TePla AG	-11,490	-7,552
of which attributable to minority interest	-2	168

CONSOLIDATED CASH FLOW STATEMENT

	EUR´000	Jan. 1 - Dec. 31, 2014	Jan. 1 - Dec. 31, 2013
	Consolidated net result for the year	-9,974	-7,408
	Adjustments to the consolidated net result for the year for reconciliation to the cash flow operating activities:		
+	Income taxes	2,527	-2,911
-	Finance revenues	-3	-332
+	Finance costs	1,145	1,107
=	**Operating result**	**-6,305**	**-9,544**
+/-	Income tax payments	-319	67
+	Amortization and depreciation	2,242	2,520
-/+	Gains/losses on disposals of non-current assets	5	114
+/-	Other non-cash expenses/income	653	-14
		-3,724	**-6,857**
-/+	Increase/decrease in inventories, trade receivables and other assets	-825	7,908
+/-	Increase/decrease in provisions	-1,121	-460
+/-	Increase/decrease in trade payables and other liabilities	1,181	1,174
=	**Cash flow from operating activities**	**-4,489**	**1,765**
-	Payments for the acquisition of consolidated companies and other business units less acquired cash	0	-288
+	Proceeds from disposals of intangible assets and property, plant and equipment	32	4
-	Payment of intangible assets and property, plant and equipment	-918	-899
+	Interest receipts	3	27
=	**Cash flow from investing activities**	**-883**	**-1,156**
-	Payments to shareholders (dividends and capital repayments)	0	-2,175
+	Proceeds from issuing bonds and the raising of loans	316	0
-	Payments from redumption of debt and loans	-1,354	-1,151
+/-	Change in short-term bank liabilities	5,777	-2
-	Payment of interest	-441	-672
=	**Cash flow from financing activities**	**4,298**	**-4,000**
	Net change in cash	-1,074	-3,391
+/-	Effect of exchange rate fluctuations on cash	232	-52
+	Cash at the beginning of the period	6,566	10,009
=	**Cash at the end of the period**	**5,725**	**6,566**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR´000	Shared issues		Revenue reserves	Other equity com-ponents	Pension provisions	Total	Minority interest	Total share-holders' interest
	Number							
As at January 1, 2013	21,749,988	21,750	40,522	-241	-1,914	60,117	-251	59,866
Total income			-7,576	-125	149	-7,552	168	-7,384
Dividend			-2,175	0	0	-2,175	0	-2,175
As at December 31, 2013	21,749,988	21,750	30,771	-366	-1,765	50,390	-83	50,307
As at January 1, 2014	**21,749,988**	**21,750**	**30,771**	**-366**	**-1,765**	**50,390**	**-83**	**50,307**
Total income			-9,972	188	-1,706	-11,490	-2	-11,492
Dividend			0	0	0	0	0	0
As at December 31, 2014	**21,749,988**	**21,750**	**20,799**	**-178**	**-3,471**	**38,900**	**-85**	**38,815**

Group Notes

A. GENERAL INFORMATION AND BASIS OF PRESENTATION

1. GENERAL INFORMATION

Domicile and Legal Form of the Company
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.

Business Activities
PVA TePla AG and its subsidiaries ("PVA TePla" or the "Group") operate as global systems suppliers for producing, refining and processing high-quality materials such as metals, semiconductors, ceramics and glass as well as for performing controlled surface treatments of such materials and the widest range of plastic surfaces. Such production and treatment processes require stable, reproducible conditions. They therefore generally take place under vacuum conditions or inert gas atmospheres, at high temperatures and/or with the support of low-pressure plasma. Various systems are also used to monitor quality control for these high-grade materials.

PVA TePla supplies vacuum systems that produce and treat high-tech materials and surfaces in vacuum at high temperatures and in plasma. The market for these systems is closely tied to the latest developments in materials and surface treatment technologies around the world. A few examples include 300mm silicon (Si) wafer technology for semiconductors, mono- or multicrystalline Si wafers for photovoltaics, structural materials for space telescopes, production technologies for metal powder (e.g. for hard metals) and production technologies for flat-panel screens. This market will exist as long as high-tech materials are produced and further developed. PVA TePla's existing product range has been expanded with the creation of ultra-thin wafers and plasma nitration using the pulse plasma method and plasma coating. The product portfolio is further complemented by nondestructive testing and quality control systems for materials using optical and ultrasonic technologies as well as analysis systems to determine surface contamination on wafers for the semiconductor industry.

PVA TePla's markets are characterized by a limited number of suppliers, global dimensions and technologically advanced market niches.

With locations in Germany, the USA, China, Taiwan and Singapore, PVA TePla maintains business relationships around the world.

The fiscal year for PVA TePla AG and its subsidiaries is the calendar year.

The business activities of the Group are divided into two divisions: Industrial Systems and Semiconductor Systems. The Group's reporting is also organized according to this structure.

General Principles and Accounting Standards
As a capital market-oriented parent company domiciled in a member state of the EU from fiscal year 2005 onwards, PVA TePla has been obliged to prepare and publish its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and section 315a of the Handelsgesetzbuch (HGB – German Commercial Code). The consolidated financial statements of PVA TePla for the fiscal year from January 1 to December 31, 2014 have therefore been prepared in accordance with the IFRS regulations issued by the International Accounting Standards Board (IASB) as of the balance sheet date and with the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

In addition, the notes to the financial statements contain certain disclosures to meet the requirements of section 315a (1) HGB. In accordance with section 315a HGB in conjunction with section 315 HGB, the consolidated financial statements under IFRS have been supplemented by a Group management report.

The income statement has been prepared in accordance with the cost of sales method of presentation.

The consolidated financial statements convey a true and fair view of the net assets, financial position and results of operations of PVA TePla.

New Statements Issued by the IASB
The IASB has issued the following standards, interpretations and amendments to existing standards that could be relevant for the PVA TePla Group. Regulations that are not yet mandatory and not yet adopted by the European Commission have not been applied in advance by PVA TePla.

Standard/ interpretation		Mandatory application	Adoption by the EU Commission*	Effects
IAS 19	Amendment to IAS 19, employee benefits	July 1, 2014	No	Nothing significant
IAS 27	Equity method in single financial statements	January 1, 2016	No	Nothing significant
IFRS 9	Financial Instruments (amendment to IFRS 9 and IFRS 7 relating to the date of application and explanatory notes during transition and amendment to IFRS 9, IFRS 7 and IAS 39 relating to hedge accounting)	January 1, 2018	No	Additional note disclosures
IFRS 10 and IAS 28	Disposal or transfer of assets between an investor and an associated company or joint venture	January 1, 2016	No	None
IFRS 11	Reporting of shares acquired from cooperations	January 1, 2016	No	None
IFRS 14	Regulatory deferral accounts	January 1, 2016	No	None
IAS 16 and IAS 38	Methods of depreciation and amortisation	January 1, 2016	No	None
IAS 16 and IAS 41	Bearer plants	January 1, 2016	No	None
IFRS 15	Revenue recognition	January 1, 2017	No	The assessment of implications of the application of IFRS 15 for the consolidated financial statements is not complete
	Annual improvements to the IFRS cycle 2010-2012	July 1, 2014	No	Nothing significant
	Annual improvements to the IFRS cycle 2011-2013	July 1, 2014	No	Nothing significant
	Annual improvements to the IFRS cycle 2012-2014	January 1, 2016	No	Nothing significant
IFRIC 21	Levies	June 17, 2014	Yes	Nothing significant

*As at March 2015

PVA TePla AG generally only implements new standards and interpretations as application becomes required.

Reporting Currency and Currency Translation
The consolidated financial statements are prepared in euros (EUR). Currency translation is performed in accordance with the functional currency concept set out in IAS 21 (The Effects of Changes in Foreign Exchange Rates), which focuses on the primary economic environment. The translation of assets and liabilities as well as contingent liabilities and other financial obligations is performed at the prevailing rate on the balance sheet date (middle rate). By contrast, income statement items are translated using average exchange rates for the fiscal year, while shareholders' equity is translated at historical rates. Translation differences arising from exchange rate fluctuations between different fiscal years are reported in "Other reserves" under shareholders' equity. Evaluation in subsequent periods is performed in accordance with IAS 21.23.

Cumulative exchange differences from the currency translation of subsidiaries were not set to zero on the transition date (January 1, 2004), but instead are shown as a separate item in consolidated shareholders' equity.

The material exchange rates of countries outside the Eurozone that are included in the consolidated financial statements are as follows:

EUR = 1	Average exchange rate		Exchange rate on the balance sheet date	
	2014	2013	Dec. 31, 2014	Dec. 31, 2013
USA (USD)	1.3270	1.3277	1.2155	1.3767
China (CNY)	8.1566	8.2237	7.4683	8.4104
Denmark (DKK)	7.4571	7.4579	7.4460	7.4598
Singapore (SGD)	1.6815	1.6609	1.6085	1.7461
Taiwan (TWD)	40.3226	39.3701	38.6100	41.3223
Japan (JPY)	140.8451	129.8701	144.9275	144.9275

As all consolidated subsidiaries are domiciled in countries with no hyperinflation at present, IAS 29 is not applicable.

Estimates and Assumptions
The preparation of the consolidated financial statements requires estimates and assumptions to be made by management. These influence the presentation of assets and liabilities, the disclosure of contingent liabilities at the balance sheet date as well as the presentation of income and expenditures for the year under review.

In particular, this relates to allowances for bad debts, the degree of completion of customer-specific production orders, the amount and likelihood of utilization of other provisions, the measurement of goodwill and the recognition of deferred tax assets from tax loss carry-forwards. Management bases its judgment of these assumptions and estimates on past experience, estimates from experts (e.g. lawyers, rating agencies and associations) and the results of carefully weighing up different scenarios. Changes in the economic situation that deviate from the assumptions applied and that lie beyond the control of management may result in the actual amounts differing from the original estimates. If the original basis of estimation changes, accounting for the respective balance sheet items will be adjusted with an effect on the income statement.

Roundings
The tables and figures used in these notes are based on precisely calculated amounts that are subsequently rounded to the nearest thousand euros. Accordingly, rounding differences within the tables cannot always be avoided.

2. CONSOLIDATION

Companies Included in Consolidation
The present consolidated financial statements of PVA TePla include fully consolidated subsidiaries. All subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control) are fully consolidated.

The following companies are included in the consolidated financial statements as of December 31, 2014 on a fully consolidated basis:

Name	Corporate domicile	Ownership interest
PVA TePla AG (parent company)	Wettenberg, Germany	
PVA TePla America Inc.	Corona / CA, USA	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 %
PVA Metrology & Plasma Solutions GmbH	Kirchheim, Germany	100 %
PlaTeG GmbH	Wettenberg, Germany	100 %
PVA TePla Singapore Pte. Ltd.	Singapore	100 %
PVA TePla Analytical Systems GmbH	Westhausen, Germany	100 %
PVA TePla (China) Ltd.	Beijing, PR China	100 %
Munich Metrology GmbH	Kirchheim, Germany	100 %
Munich Metrology Taiwan Ltd.	Hsinchu, Taiwan	100 %
PVA Industrial Vacuum Systems GmbH	Wettenberg, Germany	100 %
PVA Crystal Growing Systems GmbH	Wettenberg, Germany	100 %

Vakuum Anlagenbau Service GmbH, Hanau (shareholding: 100%) is not included in the consolidated financial statements. On April 25, 2003, insolvency proceedings were initiated with respect to the Company's assets. Accordingly, management control is no longer exercised by PVA TePla. The carrying amounts of the interests in the Company were written off in previous years. According to information from the liquidator on January 12, 2015, insolvency proceeding have not yet be concluded.

PVA Industrial Vacuum Systems GmbH, which was founded in April 2014 with share capital of EUR 25 thousand, was included in the group of consolidated companies for the first time (December 31, 2014: EUR 250 thousand). The company is active in the development, production, distribution, processes, goods, systems and services of material and vacuum technology. In fiscal year 2014, the company will serve only as a "shell company" under German corporate law and will become operational as of January 1, 2015 when the reorganization commences.

PVA Crystal Growing Systems GmbH was also founded in April 2014 with share capital of EUR 25 thousand (December 31, 2014: EUR 250 thousand). The company is active in the development, production, distribution of processes, goods, systems and services of material and crystal growing technology. In fiscal year 2014, this company will also serve only as a "shell company" under German corporate law and will become operational as of January 1, 2015 when the reorganization commences.

Service company Munich Metrology USA Inc. was dissolved in the second quarter of 2014. No income or expenses arose in fiscal year 2014.

In September 2014, JenaWave GmbH was merged with PVA TePla Metrology Systems GmbH, Kirchheim, with retroactive effect as of January 1, 2014 and renamed PVA Metrology & Plasma Solutions GmbH in October 2014 (share capital as of December 31, 2014: 250 EUR thousand).

PVA Vakuum Anlagenbau Jena GmbH was also merged with PVA Jena Immobilien GmbH with retroactive effect as of January 1, 2014. PVA Jena Immobilien GmbH was then again renamed PVA Vakuum Anlagenbau Jena GmbH. Both mergers were intended to streamline the portfolio of interests without affecting the operating business.

No further changes have occurred since the 2013 consolidated financial statements.

Principles of Consolidation
The financial statements of the companies included in the consolidated financial statements have been prepared in accordance with IAS 27 (Consolidated and Separate Financial Statements) on the basis of uniform accounting and valuation principles.

Capital consolidation is performed in accordance with IFRS 3 (Business Combinations), under which the cost of acquisition of the participating interests are offset against the fair values of the assets and liabilities acquired. Any excess of cost over fair value is recognized as goodwill and subjected to impairment testing at least once a year. If there is an excess of fair value over cost, this is recognized in income after the fair values of the assets and liabilities acquired have been reviewed. If less than 100% of the shares are acquired, the historical cost of the participating interest is offset against the proportionate fair values of the assets and liabilities acquired. Minority interests are recognized in shareholders' equity at the amount of the remaining fair values, including profits and losses attributable to them.

If the percentage shareholding of the parent changes after control is acquired (step acquisition), any difference is recognized directly in equity without impact on the income statement.

3. ACCOUNTING AND VALUATION PRINCIPLES

Intangible Assets
Intangible assets primarily consist of the proportion of goodwill arising in connection with company acquisitions, which represents the excess of the purchase price over the net fair value of the net assets acquired.

The treatment of company mergers before the transition date was retained by invoking the exemption option under IFRS 1. In accordance with IFRS 1, goodwill amounts were transferred to the IFRS opening balance sheet at their carrying amounts in accordance with the previous accounting standard, providing the recognition criteria for intangible assets and contingent liabilities were met. Goodwill is not subject to amortization but instead is tested for impairment at least once a year or whenever there are indications of impairment and, if necessary, is written down to its lower fair value.

Other intangible assets with limited useful lives are carried at cost, reduced by normal straight-line amortization from the date on which they are first ready for use. Useful lives of three to eight years (for software: three to five years) are applied. Amortization of intangible assets is allocated to the functional areas utilizing the assets concerned. Useful lives are reviewed annually and, if necessary, adjusted to meet future expectations.

Internally generated intangible assets are capitalized when IAS 38 criteria are met. After they are capitalized for the first time, the asset is carried at cost less cumulative depreciation and cumulative impairment. Capitalized development costs contain all directly attributable costs plus their share of overheads and are depreciated over their scheduled useful life. Internally generated intangible assets that are not yet complete are subject to an annual impairment test.

Property, Plant and Equipment
Property, plant and equipment is carried at cost less cumulative depreciation. Depreciation is recognized on a straight-line basis over the expected useful life of the asset; in the case of tenants' fixtures or leasehold improvements, if appropriate, in accordance with the shorter duration of the lease. Pursuant to IAS 20.24, investment subsidies and tax-free investment contributions received are deducted from the book value of the relevant assets. Borrowing costs that can be assigned directly to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition or production cost of said asset. Expenditure for maintenance and repairs is expensed in the period in which it is incurred. The cost of an asset and the related cumulative depreciation are derecognized when assets are scrapped or disposed of, with any book gains or losses recognized in the income statement under "Other operating income" or "Other operating expenses"

Depreciation is conducted according to the following economic useful lives:

	Years
Buildings	25 - 33
Plant and machinery	3 - 20
Other plant and equipment, fixtures and fittings	2 - 14

Accordingly, low-value assets with an acquisition value of no more than EUR 410 are fully depreciated in the year of acquisition. All other assets with acquisition values greater than this are capitalized and depreciated over their normal useful lives.

Depreciation of property, plant and equipment is allocated to the functional areas utilizing the respective assets.

Impairment and Write-downs of Intangible Assets and Property, Plant and Equipment

Where the value of intangible assets or property, plant and equipment calculated using the principles described above is greater than the value attributed to them at the balance sheet date, impairment losses and write-downs are recognized accordingly. The fair value to be applied is calculated on the basis of either the net proceeds of sale or the present value of the estimated future cash flows from the use of the asset – whichever is higher. Impairment losses and write-downs are reported in other operating expenses.

In accordance with IFRS 3 (Business Combinations), the carrying amount of goodwill is reviewed by way of an impairment test at least once a year. This test must be completed annually and whenever there is an indication that the value of the cash-generating unit has been impaired.

Goodwill is allocated to cash-generating units in accordance with IAS 36 (Impairment of Assets). In accordance with IAS 36.80 (b), each cash-generating unit may not be larger than a segment for the purposes of segment reporting. Goodwill is reported for the following divisions:

Cash Generating Units (CGU)	Goodwill EUR'000
PlaTeG GmbH	50
PVA TePla Analytical Systems GmbH	4,831
Business unit Crystal Growing Systems (PVA TePla AG)	2,734
Munich Metrology GmbH	193
Total	**7,808**

As in fiscal year 2013, PlaTeG GmbH is treated as a separate cash-generating unit in the Industrial Systems division.

Within the Semiconductor Systems division, impairment tests on goodwill are conducted in three cash-generating units. These include the Crystal Growing Systems business unit within PVA TePla AG, as well as the subsidiaries PVA TePla Analytical Systems GmbH with registered office in Westhausen and Munich Metrology GmbH in Munich. The companies are also controlled and managed as a whole.

This breakdown of cash-generating units also corresponds to the levels at which the related goodwill is monitored and managed.

The recoverable amount of each cash-generating unit is calculated as its value in use via the discounted cash flow method. Using this method, cash flows are discounted on the basis of the adopted medium-term business plan with a planning horizon of three years and an extrapolation of this plan in line with expected market trends. Underlying these discounted cash flow calculations are forecasts for each cash-generating unit, which are based on the financial budgets approved by management and also used for internal purposes.

Key assumptions for the purpose of determining the fair value of each cash-generating unit by management include assumptions regarding the development of incoming orders, sales revenues, margins, investments and personnel. The values of these parameters are based on past experience as well as foreseeable future developments. A

growth rate of 1% was applied for the extrapolation of the budget figures when calculating the perpetual annuity for all cash-generating units.

The discount rate is based on the segment-specific weighted average cost of capital of the companies (WACC approach) and contains a reasonable risk premium. The parameters market risk and beta have the largest effect on the calculation of impairment.

Necessary write-downs are identified by comparing the carrying amounts of the cash-generating units with the recoverable amounts. If the carrying amount of a cash-generating unit exceeds the recoverable amount, the carrying amount of that cash-generating unit is written down by the difference. The impairment loss will be allocated to goodwill and higher amounts will be distributed proportionately between the assets of the cash-generating unit.

Impairment losses are reversed if the reasons for their recognition no longer exist. The reversal of an impairment loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past. Income from such reversals is reported in "Other operating income". Impairment losses on goodwill may not be reversed.

Leasing
All agreements under which the right to use an asset for a fixed period of time is transferred in exchange for payment are deemed to be leases. This also applies to agreements where the transfer of such a right is not expressly stated. Based on the risks and opportunities of leased item, an assessment is made whether the lessee (so-called finance leases) or the lessor (so-called operating leases) has the economic ownership of the leased item.

PVA TePla is the lessee of property, plant and equipment and lessor in connection with the leasing of its own buildings. In fiscal year 2014, as in the previous year, all leases of PVA TePla were treated as operating leases with lease installments expensed as incurred.

Inventories
Inventories are recognized at cost in accordance with the weighted average cost method or net realizable value, whichever is lower. In accordance with IAS 2 (Inventories), cost includes not only directly attributable costs, but also production and material overheads as well as write-downs. Fixed overheads are taken into account on the basis of the normal capacity utilization of the production facilities. The cost of idle production capacity is recognized in income under "Cost of sales". Write-downs are charged on inventories when their cost exceeds the expected net realizable value. The net realizable value is the expected disposal proceeds less any costs which are incurred until the sale.

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".

Receivables
Receivables are carried at their nominal amount.

Appropriate bad debt allowances are recognized for trade receivables in order to cover possible default risks.

Other Financial Assets
Other financial assets consist of interest-bearing securities with contractual maturities and redemption at nominal value. The assets are carried at amortized cost less any write-downs if applicable.

Cash
Cash comprises all freely available liquid funds such as cash in hand and cash in current accounts, as well as other current bank balances available.

Derivative Financial Instruments/Exchange Rate Hedging
Some sales are concluded in foreign currencies. As a rule, forward exchange contracts are entered into to hedge exchange rate risks in these cases.

These cases are represented as fair value hedges. The measurement effects resulting from changes in exchange rates for assets (trade receivables) recognized in the balance sheet or open sales transactions in foreign currencies are measured at fair value while the adjustment of the carrying amount for reflecting the fair value is recognized in the income statement as a component of other operating expenses or income. In accordance with IFRS, hedging instruments are also measured at fair value. If hedging is implemented completely, the opposing effects on earnings will compensate each other.

Derivative Financial Instruments/Interest Rate Hedging
Interest rate hedges were concluded to hedge interest rate risks for the financing of investments in new buildings. If the hedge relationship is effective, the positive market value of these instruments is recognized under "Other receivables". In this case, the offsetting entry is reported in equity under "Other reserves." The negative market value of these instruments is reported under other financial liabilities. The offsetting entry of the market value is reported in "Other reserves" without impact on the income statement.

For ineffective hedge relationships, changes in market value are recognized in the income statement in the financial result (net finance revenue or net finance costs).

As in 2013, the negative market values of all financial derivatives in fiscal year 2014 were reported as expenses in net finance costs under other financial liabilities.

Deferred Investment Grants from Public Funds
Some items of capital expenditure are supported by investment subsidies and tax-free investment grants. In accordance with IAS 20.24, these amounts are deducted from the carrying amount of the relevant assets.

Presentation of Equity
With the publication of amendments to IAS 1, new regulations regarding the presentation of other comprehensive income were introduced, which are applicable for fiscal years beginning on or after July 1, 2012.

PVA TePla AG will keep the separate presentation of income statement and the statement of comprehensive income. The presentation of other comprehensive income was changed so that individual subtotals can be shown for those that can be reused and those that cannot.

Payables
In accordance with IAS 39, liabilities are carried at amortized cost on the balance sheet date, which generally corresponds to the amount due on settlement.

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. These items are reported separately under "Obligations on construction contracts" on the balance sheet in the same manner as "Coming receivables on construction contracts".

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.

Obligations from Pension Commitments
Obligations from direct pension commitments are calculated in accordance with IAS 19 (Employee Benefits) using the projected unit credit method while taking future salary and pension adjustments into account. Actuarial reports are obtained annually for this purpose. The service cost for pension beneficiaries is derived from the scheduled change in provisions for pension commitments.

Pension obligations in Germany are calculated on the basis of the biometric 2005 G mortality tables issued by Professor Dr. Klaus Heubeck. There are no pension obligations outside Germany. Actuarial gains and losses have a direct impact on the consolidated balance sheet and are recognized in other comprehensive income.

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.

Other Provisions
In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions for other financial obligations are recognized when a present obligation towards a third party arises from a past event, future settlement is probable and the amount can be reliably estimated. Non-current provisions with a remaining term of more than one year are recognized at the amount required to settle the obligation, discounted to the balance sheet date.

Deferred Taxes
Taxes are deferred in accordance with IAS 12 (Income Taxes) for temporary differences arising between the amounts in the consolidated balance sheet and the tax base of the companies included in consolidation, as well as for consolidation adjustments and tax loss carry-forwards. Deferred tax assets and liabilities are also recognized for temporary differences arising from company acquisitions, with the exception of temporary differences on goodwill. Deferrals are recognized in the probable amount of the tax charge or relief in subsequent fiscal years. Tax assets from deferrals are only recognized if it is reasonably certain they will be recovered.

Tax loss carry-forwards are only included in tax deferrals to the extent that taxable income sufficient to recover the deferred tax assets is expected to be generated in the future. Deferred tax assets are reduced by amounts that are no longer likely to be utilized for tax purposes. Write-downs are recognized on deferred tax assets that are unlikely to be recovered. Given market volatility and recurring budget deviations in recent years, the period for determining if loss carry forwards can be realized has been limited to three years. Provided utilization of loss carry forwards appears likely for 2015 to 2017, based on the current budget, loss carry forwards were reported in deferred tax assets. Conversely, loss carry forwards not expected to be realized until after 2017 were not or no longer recognized.

Deferred taxes are calculated on the basis of the tax rates in force or announced in the individual countries at the realization date in accordance with the current legal situation.

Revenue Recognition
Sales revenues are recognized as soon as the goods are delivered or the services are performed, the transfer of risk has taken place and no technical risks or specific opposing contractual regulations exist. All sales revenues are recognized on the date of delivery or performance, as management regards other services and sales arrangements, such as seminars and training, as immaterial to the serviceability of the systems. Income from services and repair work is recognized when the related projects are completed.

Income from customer-specific construction contracts is generally realized in accordance with IAS 11 (Construction Contracts) on the basis of the progress of the work (percentage of completion method), as a reliable estimate of the outcome of the contract – the products to be delivered, the terms of payment and the manner in which the work is to progress – is clearly defined in the contracts and the fulfillment of the contractual arrangements by both the purchaser and the seller is considered to be probable. The degree of completion is determined as the ratio of the costs incurred at the balance sheet date to the estimated total costs (cost-to-cost method). Anticipated losses from long-term construction contracts are immediately expensed in full. When specific orders fail to meet all of the criteria listed above, billing for these contracts only takes place after performance is complete.

Warranty provisions are recognized at the balance sheet date for realized sales revenues. These provisions are based on estimates and past experience.

Research and Development Expenses
PVA TePla is engaged in high-tech mechanical engineering in single unit and small series production. The continued development of products is closely linked to research into new procedures and processes and the development of new product features. Activities in these two areas partially alternate in the course of a project. Accordingly, the sepa-

ration of research and development activities, and hence the separation of the respective costs, does not generally offer sufficient information value. Similarly, an estimate of probable benefits is too unreliable in light of the uncertainties in future market trends.

This means that of the conditions specified in IAS 38 (Intangible Assets) for the capitalization of development costs, two important criteria are not met. Accordingly, such costs are not capitalized. Research and development expenses are therefore usually expensed in the period in which they are incurred.

Prestigious research and development facilities have been working with us in a limited capacity in the form of cooperation agreements (contracts of employment). Provided adequate indication as to the usability of the development results is available and the other IAS 38 conditions are met, internally generated intangible assets are capitalized.

Interest
Interest and other borrowing costs are expensed in the period in which they are incurred.

Other Financial Obligations
A discount rate of 4.5% (previous year: 4.5%) has been applied in determining the present value of other financial commitments.

B. NOTES ON INDIVIDUAL BALANCE SHEET ITEMS

4. INTANGIBLE ASSETS

Changes in intangible assets in the year under review and in the previous year are shown in the consolidated statements of changes in fixed assets for 2014 and 2013, which are attached as an appendix.

The carrying amounts of intangible assets are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Intangible assets		
Goodwill	7,808	7,808
Other intangible assets	886	918
Payments in advance	30	40
Total	**8,724**	**8.766**

The goodwill of the Industrial Systems division resulted from the takeover of PlasmaTechnik Grün GmbH by PlaTeG GmbH in the year 2006 (EUR 50 thousand).

In the Semiconductor Systems division, goodwill resulted from the increase of the shareholding in Crystal Growing Systems GmbH (CGS) in July 2002 (EUR 2,734 thousand), the takeover of the current PVA TePla Analytical Systems GmbH, Westhausen in fiscal year 2007 (EUR 4,831 thousand) and the takeover of Munich Metrology GmbH, Munich in fiscal year 2012 (EUR 193 thousand).

In the course of impairment testing, the recoverable amount for each cash-generating unit was determined based on the value in use. To determine the value in use, a segment-specific cost of capital was calculated for discounting forecasted cash flows in order to take segment-specific risks more into account. The cost of capital in the fiscal year 2014 for the Industrial Systems and Semiconductor Systems divisions is 10.44% and 11.01% respectively (discount rate in the previous year: 11.52% or 10.13%).

The underlying assumptions of key planning indicators (such as sales revenue growth, cash flows, discount rates) reflect past experience and are set according to external information sources. Planning is based on a financial planning horizon of three years. For an impairment test, growth

of 1% has been set for cash flow for the following period. The underlying USD/EUR exchange rate is 1.25. The cash flow is discounted according to cost of capital approach while taking into account specific tax effects of the divisions.

For cash generating units with significant goodwill we have made the following assumptions:

Thanks to a wave of investment activity in the semiconductor sector and the effect of increased sales activities, we forecast medium geometric sales revenue growth (CAGR) of 10% in the next three years in the Analytical Systems business unit. In the Crystal Growing Systems business unit we forecast a CAGR of 14% (previous year: 83%).

There were no impairment write-downs to the lower value in use for fiscal year 2014 (previous year: EUR 0 thousand).

Information on the approach and assumptions used for impairment testing are found under note 3 of the Group notes.

Amortization of other intangible assets amounted to EUR 271 thousand in 2014 and EUR 330 thousand in 2013 and were primarily reported in the cost of sales.

5. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment in the year under review and in the previous year are shown in the consolidated statements of changes in fixed assets for 2014 and 2013, which are attached as an appendix.

The carrying amounts of property, plant and equipment are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Property, plant and equipment		
Property, plant and equipment Land, property rights and buildings, including buildings on third party land	25,722	26,732
Plant and machinery	2,560	2,775
Other plant and equipment, fixtures and fittings	1,373	1,494
Advance payments and assets under construction	101	37
Total	**29,756**	**31,038**

The "Land, property rights and buildings, including buildings on third-party land" item mainly consists of buildings in Wettenberg and Jena owned by the Group.

Depreciation of property, plant and equipment amounted to EUR 1,949 thousand in 2014 and EUR 2,168 thousand in 2013.

PVA Vakuum Anlagenbau Jena GmbH was merged with PVA Jena Immobilien GmbH with retroactive effect as of January 1, 2014. PVA Jena Immobilien GmbH was renamed PVA Vakuum Anlagenbau Jena GmbH.

In order to secure the loans originally advanced to PVA Vakuum Anlagenbau Jena GmbH for the financing of commercial property, land has been encumbered with a charge in the amount of EUR 4,929 thousand. The corresponding loans have remaining terms until March 2019 and were measured at EUR 643 thousand at the balance sheet date (previous year: EUR 1,037 thousand).

Land charges in the amount of EUR 2,401 thousand have been registered to secure the corresponding loans of former PVA Jena Immobilien GmbH. The corresponding loans with remaining terms until December 2022 were measured at EUR 348 thousand at the balance sheet date (previous year: EUR 466 thousand).

Land has been encumbered with a charge in the amount of EUR 18,000 thousand in order to secure the PVA TePla AG loans for the financing of new facilities in Wettenberg. One of these previously unused long-term loans was fully utilized for short-term working capital financing as of December 31, 2014. Effective March 3, 2014, two of the fixed-interest real estate loans secured by charges on land for EUR 5,684 thousand were terminated and combined into a new loan of EUR 6,000 thousand. The value of these loans was EUR 11,000 thousand at the balance sheet date (previous year: EUR 5,684 thousand) and they have a remaining term until January 2023.

In order to finance a brazing furnace for the subsidiary PVA Löt- und Werkstofftechnik GmbH, Jena, the financed furnace was assigned as collateral. The residual carrying amount of the furnace at the balance sheet date was EUR 198 thousand (previous year: EUR 270 thousand). The corresponding loan has a remaining unsettled amount of EUR 60 thousand (previous year: EUR 128 thousand) and ends in October 2015.

Subsidiary PVA Löt- und Werkstofftechnik GmbH, Jena concluded an installment purchase contract in fiscal year 2010 to finance an additional brazing furnace, for which PVA TePla AG has issued a directly enforceable guarantee and an extended retention of title to the leasing company consists. As of December 31, 2014 the carrying amount of the furnace was 599 thousand (previous year: EUR 668 thousand). The remaining carrying value of the loan however amounted to EUR 383 thousand (previous year: EUR 474 thousand) at year end.

In order to secure PVA TePla AG's loan for the financing of the photovoltaic plant in Wettenberg, the plant was assigned as security. The carrying amount of the photovoltaic plant amounted to EUR 100 thousand as of December 31, 2014 (previous year: EUR 107 thousand). The loan has a remaining term to December 2018 and was valued at EUR 66 thousand at the balance sheet date (previous year: EUR 80 thousand).

There are no other material restrictions on ownership or title in respect of the property, plant and equipment reported.

6. INVESTMENT PROPERTY

Following the capacity expansion at the Jena site, where new facilities were put in place, further internal use of the facilities in Kahla is no longer foreseeable and these facilities have already been leased out to a large extent. Accordingly, this real estate has been classified as investment property in accordance with IAS 40 since fiscal year 2007

Investment property was measured on the basis of the cost of acquisition less depreciation. The fair value of EUR 513 thousand (previous year: EUR 514 thousand) was calculated using a best estimate of the achievable rental income in the course of an assessment of property yields, taking into consideration land value. At December 31, 2014, the fair value was up on the carrying amount of the real estate, meaning that there were no grounds for the recognition of impairment losses.

In the past fiscal year 2014, rental income of EUR 41 thousand (previous year: EUR 40 thousand) was generated from the real estate (including the reimbursement of incidental costs). This income is offset by incidental costs and service and maintenance expenses in the amount of EUR 6 thousand (previous year: EUR 8 thousand).

The historical cost of the real estate totaled EUR 694 thousand for the land and buildings. At December 31, 2014, cumulative depreciation amounted to EUR 327 thousand (previous year: EUR 305 thousand). These figures are also presented in the consolidated statement of changes in fixed assets as of December 31, 2014.

Real estate is depreciated on a straight-line basis over a remaining useful life of 25 years.

7. NON-CURRENT INVESTMENTS

The carrying amounts of financial assets contain other receivables of EUR 9 thousand (previous year: EUR 8 thousand).

8. INVENTORIES

Inventories are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Raw materials and operating supplies	6,891	8,335
Work in progress	11,877	8,075
Finished products and goods	2,602	2,422
Total	**21,370**	**18,832**

In 2014, inventories were subject to write-downs in the amount of EUR 9,711 thousand (previous year: EUR 7,457 thousand. Write-downs are primarily attributable to typical write-downs for non-marketability and reductions for loss-free valuation. In addition, demonstration and leasing systems are reserved in the Semiconductor Systems division. As these can always be sold at short notice, they are reported in inventories. Scheduled write-downs were recognized to simulate depreciation over a useful life of 5 years. In addition, a lower-of-cost-or-market test is performed based on net realizable sales proceeds. As part of the sales market-oriented valuation impairment, originally recognized impairment losses were partially offset by reference to specific contract negotiations and ongoing purchase contracts. The amount of the reversal amounts to EUR 216 thousand.

See note 20 for the increase in work in progress.

Except for the retention of title by suppliers to the extent commonly accepted in the industry, there are no material claims to inventories on the balance sheet date.

9. COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

Contract costs accounted for using the percentage of completion method and revenues from work in progress in the system construction business are as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Capitalized production costs including contract profits	11,069	15,035
for which advance payments received (progress billings)	-3,579	-6,954
Total	**7,490**	**8,081**

Other advance payments for percentage of completion contracts amounting to EUR 7,410 thousand (previous year: EUR 4,646 thousand) are shown in "Current liabilities" under advance payments totaling EUR 12,926 thousand (previous year: EUR 8,282 thousand). Obligations on construc-

tion contracts in the amount of EUR 41 thousand (previous year: EUR 97 thousand) – on contracts where payments received according to the percentage of completion exceed the contract costs incurred plus proportionate profits – are shown under "Current liabilities". Further information can be found under notes 19 and 20.

10. RECEIVABLES

Receivables are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Trade receivables	7,692	9,619
Advance payments	1,412	883
Other receivables	1,873	1,647
Total	**10,977**	**12,149**

Other receivables include prepaid expenses.

Trade receivables consist of the following:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Trade receivables	8,285	9,904
Bad debt allowances	-593	-285
Total	**7,692**	**9,619**

In the course of ordinary business, supplier credit is granted to a broad range of customers. The creditworthiness of customers is regularly reviewed. Bad debt allowances are recognized to cover potential risks.

Write-downs on trade receivables developed as follows in the fiscal year:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Write-downs on January 1	285	260
Currency translation differences	1	0
Addition	372	84
Utilization	0	0
Release	-65	-59
Write-downs on December 31	**593**	**285**

Other receivables are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Receivables from investment incentives	138	369
Value added tax due	569	443
Accounts payable with debit balances	170	29
Deferred prepayments	352	299
Others	644	507
Total	**1,873**	**1,647**

Derivative financial instruments are carried at market value. Due to their short-term nature, the market value of other items does not significantly deviate from the carrying amounts presented.

11. CASH

Cash and cash equivalents of EUR 5,725 thousand (previous year: EUR 6,566 thousand) primarily consist of current bank balances. The cash balance is EUR 7 thousand (previous year: EUR 8 thousand).

12. DEFERRED TAX ASSETS

For further details, please refer to note 25 "Income taxes".

13. SHAREHOLDERS' EQUITY

Share Capital
As of December 31, 2014, 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 December 31, 2014.

At the Annual General Meeting on June 13, 2012, the former authorization of the Management Board to increase the share capital of the Company effective until June 14, 2012 was revoked.

At the same time, the Annual General Meeting of PVA TePla AG 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 30, 2017 by a total of up to EUR 10,874,994 by issuing up to 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 2014.

14. DEFERRED INVESTMENT GRANTS FROM PUBLIC FUNDS

PVA TePla has received financial incentives from various public authorities under government business development programs, including funding for the construction of production facilities. Pursuant to IAS 20.24, investment subsidies and tax-free investment contributions received are deducted from the book value of the relevant assets.

15. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities totaled EUR 5,847 thousand (previous year: EUR 6,540 thousand) – all of which were liabilities to banks.

Non-current financial liabilities primarily relate to loans for the financing of construction measures in Wettenberg.

Non-current financial liabilities are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Non-current financial liabilities	12,476	7,617
Portion of non-current financial liabilities due in less than one year	-6,629	-1,077
Non-current financial liabilities less current portion	**5,847**	**6,540**

Non-current financial liabilities for the financing of construction measures are all secured by charges on the land of the financed assets. In addition, the site in Jena is partially secured by the transfer of ownership of machines and facilities. The carrying amount of this collateral amounted to EUR 27,674 thousand as of December 31, 2014 (previous year: EUR 28,789 thousand). This exceeded the total value of non-current financial liabilities as of the balance sheet date. Effective March 3, 2014, two fixed-interest real estate loans, which were secured by charges and land, for a new building in Wettenberg for EUR 5,684 thousand were terminated and combined into a new loan of EUR 6,000 thousand with a term until January 2023. Unlike the previous year's annual report, a previously unutilized loan to finance the construction at the Wettenberg site was utilized to finance working capital in the short term.

The average weighted interest rate for non-current financial liabilities was 2.15% (previous year: 4.88%). Non-current financial liabilities declined to EUR 5,847 thousand (previous year: EUR 6,540 thousand) due to a regularly scheduled repayments of loans.

The repayment commitments for these non-current financial liabilities are structured as follows:

EUR´000	2014	2013
Due		
Up to 1 month	348	14
Between 1 and 3 months	84	68
Between 3 and 1 year	6,198	995
Between 1 and 5 years	3,459	3,023
More than 5 years	2,389	3,517

The loan for the financing of investments in machinery for the subsidiary PVA Löt- und Werkstofftechnik GmbH, Jena is secured through the transfer of ownership of the assets to be financed. The carrying amount of this collateral was EUR 797 thousand on December 31, 2014 (previous year: EUR 938 thousand).

The financial liabilities of PVA TePla AG are carried at amortized cost. As in the previous year, our banks were unable to provide us with the corresponding information, meaning that we were only able to approximate the actual market values using the present values of the principal repayments based on the yield curve at the balance sheet date plus a risk premium of 2.2%. This resulted in deviations between the conditions at the conclusion date and the balance sheet date in the amount of EUR -57 thousand (previous year: EUR -657 thousand).

16. PENSION PROVISIONS

Basic Principles

In the area of company pension schemes, a distinction is made between defined benefit plans and defined contribution plans. In the case of defined benefit plans, the Company is obliged to pay defined benefits to active and former employees.

In the case of defined contribution plans, the Company does not enter into any additional obligations other than making earmarked contributions.

Defined Benefit Plans

Provisions for pension obligations are recognized on the basis of pension plans for commitments to pay retirement, invalidity and dependents' benefits. The amount of benefit usually depends on the number of years of service and the salary of the respective employee.

Pension commitments in the form of defined benefit plans are in place for the eligible employees of PVA TePla AG and PVA Vakuum Anlagenbau Jena GmbH. The relevant pension plans were taken over from previous companies in each case and only consist of previous benefit obligations. New pension obligations are generally no longer entered into.

Obligations are calculated using the projected unit credit method, under which future obligations are measured on the basis of the proportionate benefit entitlement acquired at the balance sheet date. Measurement takes into account assumptions on trends for the relevant factors affecting the amount of benefits.

There is no external financing via a pension fund. The resulting residual risks from accounting of pension obligations are related to risks from the change in actuarial parameters, which are shown in the table below. The largest risk is the interest rate, where we refer to the separate sensitivity analysis.

In detail, the calculation is based on the following actuarial premises:

in %	Dec. 31, 2014	Dec. 31, 2013
Income trend	3.00	3.00
Pension trend	1.25	1.25
Staff turnover	1.50	1.50
Interest rate for active staff	2.40	3.60
Interest rate for pensioners	1.90	3.20

Biometric parameters have been calculated on the basis of the 2005 G mortality tables issued by Professor Klaus Heubeck. The measurement of pension obligations is supported by actuarial reports. The calculation is made using a mixed interest rate of 2.25% (previous year 3.5%) from the weighted average of the interest rate for active employees covered by the plan and pensioners.

The following amounts are recognized in the income statement:

EUR´000	2014	2013
Current service expenditures for services by employees in the current fiscal year; thereof	**165**	**174**
Cost of sales	140	128
Selling and distribution expenses	16	20
General administrative expenses	9	17
Research and development expenses	0	0
Other operating expenses	0	9
Interest expense	**390**	**380**
Total	**555**	**554**

Since fiscal year 2013, the interest portion included in pension expenses is reported under net interest income.

Changes in recognized provisions for pensions are as follows:

EUR´000	2014	2013
Pension provisions on Jan. 1	11,377	11,338
Expenditure on retirement pensions	2,926	348
Pension payments	-328	-309
Pension provisions on Dec. 31	**13,975**	**11,377**

At the balance sheet date, it can be assumed that EUR 373 thousand (previous year: EUR 332 thousand) must be fulfilled within the next 12 months and that EUR 13,602 thousand (previous year: EUR 11,045 thousand) must be fulfilled at a later date (over a very long term for some portions).

Changes in the present value of future pensions are as follows:

EUR´000	2014	2013
Present value of future pensions on Jan. 1	11,377	11,338
Current service expense for services provided by employees in the fiscal year	165	174
Interest expense	390	380
Pension payments	-328	-309
Actuarial gains and losses	2,370	-206
Present value of future pensions on Dec. 31	**13,975**	**11,377**

Sensitivity Analysis

When keeping to the other assumptions, the changes reasonably assumed possible on the balance sheet date would have influenced the defined pension plans as follows, based on actuarial gains and losses:

Effect in EUR´000 on Dec. 31, 2014	Increase	Reduction
Discount rate (0.25% change)	-541	575
Future pension increases (0.25% change)	435	-416

On December 31, 2014 the weighted average term of defined pension plans was 16.4 years.

Overview of the present value of pension obligations for the current year and previous years:

EUR´000	2014	2013	2012	2011	2010
Pension obligations	13,975	11,377	11,338	8,759	8,254
Actuarial gains / losses	2,370	-206	2,296	178	444

Actuarial gains and losses have a direct impact on the consolidated balance sheet and are only recognized in other comprehensive income.

Defined Contribution Plans
The only defined contribution plans of relevance to PVA TePla are the employer's statutory pension insurance contributions and contributions to the pension fund. In fiscal year 2014, the corresponding expenditure amounted to EUR 1,953 thousand (previous year: EUR 2,171 thousand).

17. OTHER PROVISIONS

Other provisions amounted to EUR 1,820 thousand (previous year: EUR 2,405 thousand) and changed during the reporting period as follows:

EUR´000	Jan. 1, 2014	Utilization	Release	Addition	Dec. 31, 2014
Warranty	1,054	456	189	292	701
Subsequent costs	537	326	26	475	660
Archiving	182	8	74	1	101
Penalties	0	0	0	33	33
Others	632	488	96	223	270
Total	**2,405**	**1,278**	**385**	**1,023**	**1,765**

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

Other provisions comprise long-term components in the amount of EUR 168 thousand (previous year: EUR 490 thousand). These relate primarily to provisions for archiving as well as non-current payments in connection with long-term performance-based compensation for the Management Board, and are shown separately in the balance sheet. Other non-current provisions declined primarily as a result of the payment of long-term remuneration components following the departure of the former CEO. All other provisions are short-term in nature.

18. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Amounts owed to banks on current accounts	110	3
Current portion of non-current bank borrowings	6,629	1,077
Total	**6,739**	**1,080**

Due to the current nature of these items, their market value does not deviate significantly from the carrying amounts presented.

19. OBLIGATIONS ON CONSTRUCTION CONTRACTS

Among other things, the PVA TePla Group manufactures large-scale systems under customer-specific contracts for which customers make payments in accordance with the progress of the contract. The negative balance resulting from sales revenues and progress billing, which is recorded on the basis of the percentage of completion, is presented in the balance sheet as obligations on construction contracts.

Obligations on construction contracts are composed as follows:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Advance payments received (progress billing)	684	393
less contract costs incurred (incl. share of profit)	-643	-296
Total	**41**	**97**

20. ADVANCE PAYMENTS RECEIVED ON ORDERS

The financing of the PVA TePla Group is largely based on advance and interim payments received from customers, particularly in the case of larger contracts. The value of the advance payments received as of December 31, 2014 was EUR 12,926 thousand (previous year: EUR 8,282 thousand). Given the irrecoverability of future receivables from construction contracts in the solar market, the services rendered for advance payments have been transferred to work in progress at EUR 3,478 thousand. These orders were offset by advance payments received amounting to EUR 2,578 thousand, which were disclosed with the stage of completion in the previous year's financial statements in accordance with IAS 11. The "exit" from this accounting method led to a balance sheet extension of EUR 2,578 thousand.

21. 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:

EUR´000	2014	2013
Obligations to employees	2,154	2,859
Obligations to suppliers	1,595	2,443
Other commitments	325	381
Total	**4,074**	**5,683**

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

22. OTHER LIABILITIES

Of the other liabilities in the amount of EUR 2,034 thousand (previous year: EUR 1,747 thousand), EUR 1,279 thousand (previous year: EUR 1,059 thousand) are current and EUR 755 thousand (previous year: EUR 688 thousand) are non-current. Other current liabilities are mainly composed of EUR 554 thousand in tax liabilities (payroll, church and sales tax; previous year: EUR 491 thousand).

C. NOTES ON INDIVIDUAL INCOME STATEMENT ITEMS

23. SALES REVENUES

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 Lot- und Werkstofftechnik GmbH and in the field of plasma treatment by PVA TePla America Inc. and PlaTeG GmbH). Sales revenues can be broken down into the following categories:

EUR´000	2014	in %	2013	in %
Systems	53,659	75	44,303	69
After-sales	13,557	19	14,628	23
Contract processing	3,025	4	3,657	6
Others	1,639	2	1,487	2
Total	**71,880**	**100**	**64,075**	**100**

Sales revenues from customer-specific contract production amounted to EUR 50,551 thousand in the 2014 fiscal year (previous year: EUR 29,464 thousand). These orders were invoiced according to the percentage of completion method.

The following revenue from customer specific contract production resulted from the partial realization of sales revenues in accordance with the percentage of completion method for customer-specific contracts already initiated by the balance sheet date and reported as future receivables on construction contracts or obligations on construction contracts:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Revenue from customer-specific contract production	11,712	15,331
For which contract costs incurred	-9,812	-12,171
Gains from customer-specific contract production	**1,899**	**3,160**

24. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to EUR 2,026 thousand in 2014 and EUR 2,564 thousand in 2013. Income from research and development project grants of EUR 376 thousand in 2014 and EUR 743 thousand in 2013 was recognized separately under "Other operating income".

25. INCOME TAXES

Income taxes are calculated on a best estimate basis for 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 taxes are broken down as follows:

EUR´000	2014	2013
Actual tax expense / income	-95	-1,239
Current tax expenses	-65	-1,190
Prior-period tax charges	-30	-49
Deferred tax expense / income	-2,432	4,150
Credit from tax loss carry-forwards	2,239	2,650
Write-downs on deferred tax assets	-4,322	0
Other deferred taxes	-350	1,500
Income taxes	**-2,527**	**2,911**

Deferred taxes of EUR 590 thousand (previous year: EUR -8 thousand) were recognized directly in equity without affecting the income statement. These are attributable in full to effects recognized in equity for derivative financial instruments, pension provisions and currency translation differences.

The following table shows the reconciliation of expected and actual tax expense:

	2014		2013	
	EUR´000	in %	EUR´000	in %
Results before taxes	-7,447		-10,320	
Expected tax charges	2,085	-28	2,890	-28
Tax rate changes	0	0	0	0
Changes in tax rates for foreign companies	184	-2	206	-2
Proportion of tax for permanent differences and temporary differences for which deferred taxes were not recorded	-230	-3	-27	0
Prior-period current income tax	-30	0	-48	0
Non recognition of tax losses	0	0	-9	0
Change in allowances	-4,322	-58	0	0
Other effects & adaptions	-214	-3	-100	-1
Actual tax charges	**-2,527**	**-34**	**2,911**	**-28**

Deferred taxes from differences in tax rates for foreign companies are due to the fact that PVA TePla Group companies outside Germany are subject to different tax rates than companies in Germany.

Deferred taxes relate to:

	Dec. 31, 2014		Dec. 31, 2013	
EUR´000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current Assets	128	182	143	209
Inventories	28	32	99	46
Obligations on construction contracts	0	481	0	861
Receivables	48	219	283	219
Tax loss carry-forwards	6,386	0	4,028	0
Pension provisions	1,717	0	1,071	0
Other provisions / accruals	349	151	835	91
Others	0	2	0	1
Total	**8,655**	**1,067**	**6,459**	**1,427**
Allowances for tax loss carry-forwards	-4,322	0	0	0
Total	**4,333**	**1,067**	**6,459**	**1,427**
Balance of deferred tax		**3,266**		**5,032**

At December 31, 2014, the German companies had tax loss carry forwards totaling approximately EUR 19,024 thousand (previous year: EUR 11,157 thousand), which related exclusively to the subsidiaries Munich Metrology GmbH, Munich, and PlaTeG GmbH, Wettenberg.

Given the market volatility and recurring budget deviations in recent years, the period for determining the feasibility of loss carry forwards has been limited to three years. Provided utilization of loss carry forwards appears likely for 2015 to 2017 based on the current budget, loss carry forwards were reported in deferred tax assets. Conversely, loss carry forwards not expected to be realized until after 2017 were not or no longer recognized. Given the limited forecast period, only loss carry forwards of EUR 3,588 thousand were regarded as recoverable and relevant write-downs were carried out.

All other domestic Group companies are generating positive results for tax purposes and no longer have unused tax loss carry forwards.

The tax loss carry forwards of PVA TePla America Inc. (USD 5.0 million for federal tax; USD 1.5 million for state tax) will gradually lapse from 2022 (federal tax) and 2016 (state tax) unless utilized prior to these dates and have been used only partially based on current budget. Due to the positive developments in fiscal year 2014, the recognized deferred tax assets in the amount of EUR 987 thousand (previous year: EUR 904 thousand) are considered to be recoverable on the basis of current earnings forecasts.

26. EARNINGS PER SHARE

The consolidated net result for the year before minority interests amounted to EUR -9,972 thousand (previous year: EUR -7,576 thousand). As in the previous year, an average of 21,749,988 no-par value shares was in circulation in fiscal year 2014.

Results per share are calculated by dividing consolidated net result for the year before minority interests by the weighted average number of shares outstanding during the year.

Calculation of results per share for 2014 and 2013:

	2014	2013
Numerator: Consolidated net result for the year before minority interests (EUR´000)	-9.972	-7,576
Denominator: Weighted number of shares outstanding - basic	21,749,988	21,749,988
Earnings per share (EUR)	**-0.46**	**-0,35**

At the balance sheet date, no stock options were issued to employees and members of the Management and Supervisory Boards entitling them to purchase PVA TePla AG shares. As a result, there were no dilution effects in regards to earnings per share as of December 31, 2014.

27. APPROPRIATION OF NET PROFIT/ RETAINED EARNINGS

The single-entity financial statements of PVA TePla AG (under HGB) show a net loss for the year of EUR -5,624 thousand (previous year: EUR -7,350 thousand) and lower retained earnings of EUR 12,493 thousand (previous year: EUR 18,117 thousand) as of December 31, 2014. These retained earnings represent the distributable amount in accordance with IAS 1.76(v).

In view of the net loss, the Management Board and Supervisory Board propose that the retained earnings reported in the 2014 annual financial statements amounting to EUR 12,493 thousand be carried forward to a new account at the same amount. There were no withdrawals from the share premium or retained earnings.

D. NOTES ON THE CASH FLOW STATEMENT AND ON CAPITAL MANAGEMENT

The cash flow statement has been prepared using the indirect method in accordance with IAS 7.20. The cash in the cash flow statement corresponds to the balance sheet item of the same name.

Business transactions not affecting cash have not been included in the cash flow statement.

Payments for investments in intangible assets and property, plant and equipment include only cash effective acquisitions.

The primary objective of PVA TePla's capital management is to ensure the financial flexibility required to reach the defined growth and yield targets, thereby enabling growth in the Company's value. The contents of capital management cover shareholders' equity and the external borrowing necessary to finance the Company's operations. The key indicator for capital management is the equity ratio. Actual management is performed by optimizing yields and setting limits on the commitment of funds. Further objectives of capital management include ensuring the Group's liquidity by agreeing appropriate and sufficient credit lines and maintaining the current ratio of advance payments, as well as optimizing the financial result in order to improve yields.

The capital management of PVA TePla therefore includes the following:

EUR´000	Dec. 31, 2014	Dec. 31, 2013
Shareholders' equity	38,815	50,307
Current and non-current financial liabilities	12,586	7,620
Advance payments received	12,926	8,282
Total amount	**64,327**	**66,209**
Total assets	**89,037**	**92,363**
Equity ratio	43.6%	54.5%

In fiscal year 2014, equity fell to EUR 38,815 thousand (previous year EUR 50,715 thousand). Unlike the scheduled repayment of financial liabilities, a credit line (December 31, 2014: EUR 5,333 thousand) secured by charges on land, which is available to the Company until December 2022, was utilized which reflects the increase in financial liabilities to EUR 12,586 thousand (previous year: EUR 7,620 thousand). The equity ratio deteriorated to 43.6% in 2014 (previous year: 54.5%).

E. ADDITIONAL DISCLOSURES

28. SEGMENT REPORTING

Performance is assessed and decisions regarding the assignment of resources to the segments are made on the basis of PVA TePla AG's two divisions. This means the segment reporting disclosures that follow are based on the Group's organizational structure, which underlies the internal management reporting systems of the PVA TePla Group according to the two divisions: the Industrial Systems division and Semiconductor Systems division.

The following tables gives an overview of PVA TePla AG's segments. Segment reporting in accordance with IFRS 8 also includes a reconciliation of the total result of the segments to the consolidated result for the year.

Sales revenues by divisions for fiscal years 2014 and 2013 are as follows:

EUR´000	2014		2013	
	External sales revenues	Internal sales revenues	External sales revenues	Internal sales revenues
Segment revenues				
Industrial Systems	35,572	921	28,712	816
Semiconductor Systems	36,308	362	35,363	433
Consolidated revenues	**71,880**	**1,283**	**64,075**	**1,249**

Operating profit by segment for fiscal years 2014 and 2013 was as follows:

	2014		2013	
Operating profit by segment	EUR´000	in %	EUR´000	in %
Industrial Systems	-942	-2.6	-2,978	-10.4
Semiconductor Systems	-5,375	-14.8	-6.632	-18.8
Consolidation	12		66	
Consolidated operating profit	**-6,305**	**-8.8**	**-9,544**	**-14.9**

The 2014 operating segment profit was reduced by one-off expenses for settlements and write-downs as follows: In the Industrial Systems division settlements of EUR 631 thousand were booked. Semiconductor Systems faced settlements of EUR 38 thousand.

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

EUR´000	2014	2013
Total segment results	-6,318	-9,610
Consolidation	13	66
Consolidated operating profit (EBIT)	-6,305	-9,544
Financial result	-1,142	-775
Results before taxes	-7,447	-10,319
Income taxes	-2,527	2,911
Consolidated net result	**-9,974**	**-7,408**

Other significant non cash-effective segment expenses were not incurred.

The following sales revenues were generated in fiscal years 2014 and 2013 by region:

EUR´000	2014	in %	2013	in %
Sales revenues by sales region				
Germany	20,979	29	19,054	30
Europe (excluding Germany)	7,970	11	10,266	16
North America	4,655	7	6,292	10
Asia	37,242	52	25,809	40
Others	1,033	1	2,654	4
Consolidated revenues	**71,880**	**100**	**64,075**	**100**

Sales revenues are distributed among the different categories as follows:

EUR´000	2014	in %	2013	in %
Systems	53,659	75	44,303	69
After-sales	13,557	19	14,628	23
Contract processing	3,025	4	3,657	6
Others	1,639	2	1,487	2
Total	**71,880**	**100**	**64,075**	**100**

As a matter of principle, transactions involving intersegment sales and revenues are conducted at arm's length conditions.

29. FINANCIAL INSTRUMENTS

This section contains a summary presentation of the Group's financial instruments and derivative financial instruments. Details of the individual categories of financial instruments are provided in the notes on the respective balance sheet and income statement items.

Principles of the Risk Management System
In addition to default risk and liquidity risk, the Company's assets, liabilities and planned transactions are subject to risks from changes in exchange rates and interest rates. The aim of financial risk management is to minimize these risks through ongoing operating and finance-oriented activities. Selected derivative instruments are employed to hedge market price risks, depending on the assessment of the respective risk. Derivative financial instruments are used solely as hedging instruments, meaning that they are not employed for trading or other speculative purposes. The basic details of the financial policy are established annually by the Management Board and monitored by the Supervisory Board. The Management Board is directly responsible for the implementation of the financial policy and ongoing risk management.

Categories of Financial Instruments

The financial instruments held by the Group are allocated to the following categories:

	Financial assets and liabilities carried at fair value through profit / loss affecting profit		Financial assets and liabilities carried at fair value through profit / loss not affecting profit		Extended loans and receivables		Financial liabilities		PoC receivables	
	Fair value		Fair value		Amortized cost		Amortized cost		Amortized cost	
EUR´000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Non-current assets										
Investment property	0	0	0	0	367	388	0	0	0	0
Non-current financial assets	0	0	0	0	9	8	0	0	0	0
Current assets										
Coming receivables on construction contracts	0	0	0	0	0	0	0	0	7,490	8,081
Trade receivables	0	0	0	0	7,689	9,619	0	0	0	0
Other receivables and assets	0	2	0	0	3,582	2,604	0	0	0	0
Cash	0	0	0	0	5,725	6,566	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0
Non-current liabilities										
Financial liabilities	0	0	0	0	0	0	5,847	6,540	0	0
Other liabilities	754	685	0	0	0	0	1	3	0	0
Current liabilities										
Financial liabilities	0	0	0	0	0	0	6,739	1,080	0	0
Trade payables	0	0	0	0	0	0	1,563	3,219	0	0
Other liabilities	249	202	2	8	0	0	18,292	15,123	0	0
Net finance cost / revenue	**-118**	**275**	**6**	**11**	**2**	**332**	**-510**	**-781**	**0**	**0**

With the exception of financial liabilities carried at amortized cost, the carrying amounts in the other categories largely correspond to the respective market values. No separate comparison of carrying amounts and market values is provided. In accordance with IFRS 7.27A, financial instruments measured at fair value must be assigned to different levels. PVA TePla AG's financial instruments measured at fair value are allocated to "level 2" at which measurement is based on stock exchange or market prices of similar instruments or on measurement models based on input parameters observable in the market.

The fair values of both forward exchange contracts and interest hedges were determined on the basis of discounted expected future cash flows, using market interest rates applicable to the remaining terms of the financial instruments.

The net loss from the financial assets and liabilities measured at fair value through profit or loss of EUR 118 thousand (previous year: net gain of EUR 275 thousand) comprises changes in the market value of derivative hedging instruments.

The net gain of EUR 11 thousand (previous year: net gain of EUR 6 thousand) from the financial assets and liabilities measured at fair value without affecting profit or loss comprises changes in the market value of derivative hedging instruments.

The net gain from issued loans and receivables recognized at amortized cost of EUR 2 thousand (previous year: net gain of EUR 322 thousand) includes interest income and income from derivative financial instruments.

The net result on financial liabilities recognized at amortized cost includes interest expense of EUR 510 thousand (previous year: EUR 781 thousand).

Credit Risk
The Company is exposed to counterparty default risk as a result of its operating activities and certain financing activities.

In its operating business, accounts receivable are monitored on a decentralized, ongoing basis. Default risks are taken into account through specific valuation allowances and flatrate specific valuation allowances.

For more information on the composition of receivables and the valuation allowances recognized, see note 10. Valuation allowances are recognized in the amount of the expected defaults on receivables.

Theoretically, the maximum default risk is shown by the carrying amounts of the financial assets recognized in the balance sheet. The PVA TePla Group recognized write-downs of EUR 593 thousand (previous year: EUR 285 thousand) on trade receivables to cover known risks. Risks from advance payments are avoided with advance payment bonds. Risks from advance payments are avoided with advance payment bonds. There are no discernible risks from other receivables. The PVA TePla Group did not have any other material agreements which could reduce the maximum default risk as of the balance sheet date.

Liquidity Risk
Revolving liquidity planning is performed in order to ensure the Company's solvency and financial flexibility at all times.

To the extent necessary, a liquidity reserve is held in the form of credit facilities and, if required, in cash.

For more information on the maturities of the individual financial liabilities, see the disclosures on the relevant balance sheet items in note 15. The maturity analysis of the derivative financial liabilities can be found in the sections "Currency risks" and "Interest hedges".

Market Risk
With regard to market price risk, the Company is exposed to currency risks, interest rate risks and other price risks.

Currency Risks
The Company's currency risks primarily result from its operating activities, financing measures and investments. Foreign currency risks with a significant impact on the Group's cash flow are hedged.

Foreign currency risks from operations primarily arise when planned transactions are settled in a currency other than the functional currency (EUR). These planned transactions relate in particular to expected future sales revenues invoiced in US dollars.

PVA TePla AG enters into forward exchange contracts to hedge its payment obligations. These derivative financial instruments have a term to maturity of less than one year and hedge payment obligations of EUR 854 thousand (previous year: EUR 237 thousand) as of December 31, 2014. The expected net payments from currency hedging instruments are as follows:

Expected net payments EUR´000 (prior-year net payments received)	Dec. 31, 2014	Dec. 31, 2013
Up to 1 month	-5	2
Between 1 and 3 months	-11	0
Between 3 months and 1 year	-15	0
Between 1 and 5 years	0	0

Currency risks due to foreign currency invoices are mainly hedged by forward exchange contracts, meaning that changes in exchange rates from foreign currency transactions have no significant effect on profit/loss or shareholders' equity.

For the prospective effectiveness measurement it is checked that key parameters of hedging instruments (nominal amount, term, etc.) match the hypothetical derivatives, and the cumulative dollar offset method is used for the retrospective effectiveness measurement.

Interest income and expenses from financial instruments at the German companies are recognized in the functional currency (EUR). This means that foreign currency risks can only arise from the financial instruments and assets held by the individual companies outside Germany that would be taken directly to currency reserves in equity.

For this reason, only an equity-based sensitivity analysis is performed.

If the euro had increased (decreased) by 10% against the US dollar as of December 31, 2014, other reserves in equity would have been EUR 66 thousand (EUR 54 thousand lower) (December 31, 2013: EUR 175 thousand lower (higher)).

If the euro had increased (decreased) by 10% against the other relevant currencies for the Company as of December 31, 2014, other reserves in equity would have been EUR 51 thousand higher (EUR 42 thousand lower) (December 31, 2013: EUR 17 thousand higher (lower)).

Interest Hedges

The Company is mainly subject to interest rate risk in the Eurozone. Taking the existing and planned debt structure into account, the Company uses interest rate derivatives (interest rate swaps) in order to counteract interest rate risks.

In accordance with IFRS 7 interest rate risks are presented using sensitivity analyses. These represent the effects of changes in market interest rates on interest payments, interest income and expenses, other earnings components and, where applicable, shareholders' equity.

As the Company has fixed interest rate agreements for its non-current primary financial instruments or variable interest rate agreements that are hedged via cash flow hedges and its financial liabilities are recognized at amortized cost, only financial derivatives have an impact on other reserves in equity. Effects on profit / loss from any changes in interest rates affecting the portion of current financial liabilities with variable interest rates totaling EUR 5,443 thousand (previous year: EUR 3 thousand) are negligible due to their maturity and current expectations for short-term interest rates.

Sensitivity analyses in accordance with IFRS 7 were performed for financial derivatives (swaps) not forming part of an effective hedge. If the market interest rate at December 31, 2014 had been 100 basis points higher, earnings would have increased by EUR 216 thousand (previous year: EUR 257 thousand). Conversely, if the market interest rate at December 31, 2014 had been 100 basis points lower, earnings would have decreased by EUR 232 thousand (previous year: EUR 277 thousand).

Interest rate hedges with a total original volume of EUR 11,600 thousand were entered into in order to hedge the interest rate risk for the financing of investments in new buildings at the Wettenberg and Jena sites. The outstanding balance of these hedging transactions at December 31, 2014 is EUR 5,787 thousand (previous year: EUR 6,613 thousand). The interest hedges have a term to maturity of up to eight years. The expected net payments from interest hedging instruments are as follows:

Expected net payments EUR´000	Dec. 31, 2014	Dec. 31, 2013
Up to 1 month	-113	-107
Between 1 and 3 months	-1	-2
Between 3 months and 1 year	-106	-101
Between 1 and 5 years	-588	-394

The interest hedging instruments and underlying loans were concluded in 2005 and 2007 on the basis of the corresponding interest rates. They ensure long-term, highly flexible financing for the new construction measures in Jena and Wettenberg.

The market value of these instruments at December 31, 2014 was EUR -974 thousand (previous year: EUR -895 thousand) and is reported under other financial liabilities. The offsetting entry for the market value and the related deferred taxes are reported in equity under "Other reserves" for those interest derivatives that have an effective hedging relationship with a loan.

Effective March 3, 2014, PVA TePla AG terminated two fixed-interest real estate loans for a new building in Wettenberg for EUR 5,684 thousand and combined them into a new loan of EUR 6.0 million with a term until January 2023. The new loan with interest hedges of more than EUR 6 million is synchronized. An effective relationship between the underlying and hedging transactions under IFRS was not achieved by the reporting date. The negative market value of these hedges was valued at EUR -972 thousand as of December 31, 2014; changes in market value are reported as expenses.

The previously unutilized loan to finance the building at the Wettenberg site was fully utilized to finance working capital in the short-term at EUR 5,333 thousand as of December 31, 2014. Given the currently low interest rate levels which are not expected to increase in the medium term, this loan with a variable nominal interest rate without a corresponding interest rate hedge bears only a minimal market risk from changes in the corresponding market interest rates. For this reason, the interest rates for the loan will not be hedged.

The corresponding offsetting entry for the market value of the interest hedge and the related deferred taxes will be reported in other current and non-current financial liabilities as well as the deferred tax assets or liabilities, depending on the change in market value.

The market value of these hedging instruments as of December 31, 2014 totals EUR -972 thousand (previous year: EUR -887 thousand), of which EUR 85 thousand was recognized in income under financing expenses through profit and loss in fiscal year 2014 (previous year: EUR 305 thousand in finance revenue).

Other Price Risks
As part of the description of market risks, IFRS 7 also requires disclosures on how hypothetical changes in other price risk variables would affect the prices of financial instruments. In particular, these risk variables include quoted prices and indices.

At December 31, 2014 and December 31, 2013, the Company did not hold any significant financial instruments that were subject to other notable price risks.

30. LEASING

PVA TePla is the lessee of property, plant and equipment and lessor in connection with the leasing of its own buildings. The leasing arrangements entered into by PVA TePla are all classified as operating leases. There are two main groups of leasing arrangements:

Rent of Buildings
PVA TePla has rented premises for production and administration from third parties at its sites in Kirchheim, Munich, Jena, Westhausen, Frederikssund (Denmark), Corona / California (USA), Beijing (China) and Xi'an (China) as well as in Singapore. In 2014, the monthly rent was EUR 10 thousand at the Kirchheim site (previous year: EUR 10 thousand), EUR 6 thousand at the Munich site (previous year: EUR 6 thousand), EUR 4 thousand at the Jena site (previous year: EUR 4 thousand), EUR 0 thousand at the Berlin site (previous year: EUR 3 thousand), EUR 7 thousand at the Westhausen site (previous year: EUR 7 thousand), EUR 10 thousand at the Frederikssund site (previous year: EUR 10 thousand), EUR 7 thousand at the Corona site (previous year: EUR 7 thousand), EUR 2 thousand at the Beijing site (previous year: EUR 2 thousand), EUR 9 thousand at the Singapore site (previous year: EUR 9 thousand) and EUR 1 thousand at the Xi'an site (previous year: EUR 0 thousand).

The relevant rental agreements are standard agreements for the rental of commercial premises. In 2014, a total of EUR 621 thousand was paid under these agreements (previous year: EUR 614 thousand). The minimum commitments for the coming years comprise the following amounts:

EUR´000	Payments	Present value
Remaining terms		
Up to 1 year	482	461
Between 1 and 5 years	873	776
More than 5 years	21	16

Sublease of Buildings
Lease agreements gave rise to income of EUR 82 thousand in 2014 (previous year: EUR 55 thousand). Income from leasing over the coming years can be broken down as follows:

EUR´000	Payments	Present value
Remaining terms		
Up to 1 year	78	75
Between 1 and 5 years	0	0
More than 5 years	0	0

Lease of Vehicles
PVA TePla AG restricts the number of company vehicles to an absolute minimum. As a matter of principle, cars for private use are provided on a priority basis to members of the Management Board, heads of divisions and managing directors as well as individual employees with a great deal of external activities. Above and beyond this, fleet vehicles are used for business travel. Since 2004, new vehicles have been leased. In 2014, expenditures of EUR 181 thousand were incurred for such leases (previous year: EUR 191 thousand). Over the next few years, the minimum commitments can be broken down as follows:

EUR´000	Payments	Present value
Remaining terms		
Up to 1 year	103	99
Between 1 and 5 years	80	72
More than 5 years	0	0

Other Leases
In addition to the aforementioned leases, the Company has other leases which mainly pertain to operating and office equipment. In 2014, expenditures of EUR 70 thousand were incurred for such leases (previous year: EUR 138 thousand). Over the next few years, the minimum commitments can be broken down as follows:

EUR´000	Payments	Present value
Remaining terms		
Up to 1 year	45	43
Between 1 and 5 years	87	78
More than 5 years	0	0

31. OTHER FINANCIAL OBLIGATIONS

Commitments from Current Agreements
Commitments under rental and lease agreements are discussed above (see note 30).

Total commitments from master purchase agreements can be broken down as follows:

EUR´000	Payments	Present value
Remaining terms		
Up to 1 year	615	589
Between 1 and 5 years	0	0
More than 5 years	0	0

Total commitments from other agreements (e.g. servicing agreements, security services) can be broken down as follows:

EUR´000	Payments	Present value
Remaining terms		
Up to 1 year	854	817
Between 1 and 5 years	22	19
More than 5 years	0	0

32. COST OF MATERIALS

The cost of sales for fiscal years 2014 and 2013 contain expenditures on materials as follows:

EUR´000	2014	2013
Cost of raw materials, consumables and supplies and of goods purchased and held for resales	34,037	20,495
Cost of purchased services	3,577	5,409
Total cost of materials	**37,614**	**25,904**

Accordingly, the materials ratio (cost of materials to total sales revenues) amounted to 52.3% in fiscal year 2014, compared to 40.4% in the previous year.

33. PERSONNEL EXPENSES

Personnel expenses for fiscal years 2014 and 2013 consist of the following:

EUR´000	2014	2013
Wages and salaries	27,195	27,340
Social charges	5,132	5,103
Total personnel expenses	**32,327**	**32,443**

Personnel expenses of EUR 778 thousand include severance and redundancy payments. Compared to sales revenues, personnel expenses therefore fell to 45,0% in fiscal year 2014, compared with 50.6% in the previous year. The percentage decline is largely due to the increase in sales revenues. Social charges contain expenditure on retirement provisions in the amount of EUR 631 thousand (previous year: EUR 391 thousand).

The Group had a total of 391 employees at year-end (previous year: 424) and an average of 407 employees for the year as a whole (previous year: 464).

Development in the number of employees at the following reporting dates:

EUR´000	Dec. 31, 2013	Q1/ 2014	Q2/ 2014	Q3/ 2014	Dec. 31, 2014
Administration	59	60	61	59	56
Sales	48	47	47	50	51
Engineering, research and development	92	88	89	90	85
Production and service	225	219	220	206	199
Total number of employees	**424**	**414**	**417**	**405**	**391**

The average number of employees by function has changed compared to the previous year as follows:

Number of employees by function (average for the year)	2014	2013
Administration	59	61
Sales	49	51
Engineering, research and development	88	102
Production and service	211	250
Total number of employees	**407**	**464**

The number of employees includes 7 assistants (previous year: 3).

34. AMORTIZATION AND DEPRECIATION

Depreciation and amortization are discussed in the disclosures on non-current assets (see notes 4 and 5).

35. RISK MANAGEMENT

The current risks and opportunities and PVA TePla's risk management system are presented in detail in the management report. Please refer to section 4 of the management report for more information.

36. EXECUTIVE BODIES OF THE COMPANY

Management Board
In fiscal year 2014, the Management Board of PVA TePla AG consisted of the following persons:

Dr. Arno Knebelkamp, Mülheim
(Chairman until June 13, 2014)

Managing Director of the following Group companies:
» PVA TePla Analytical Systems GmbH, Westhausen (until June 12, 2014)

Membership in supervisory bodies:
» PVA TePla America Inc., Corona, USA (Director) (until June 12, 2014)
» Profine GmbH, Troisdorf (Deputy Chairman of the Supervisory Board)

Oliver Höfer, Jena (Chief Operating Officer/COO)

Managing Director of the following Group companies:
» PVA Vakuum Anlagenbau Jena GmbH
» PVA Jena Immobilien GmbH, Jena

(until August 25, 2014 – merger)
» JenaWave GmbH, Jena (until August 25, 2014 – merger)
» PVA Crystal Growing Systems GmbH, Wettenberg (since April 11, 2014)
» PVA TePla Analytical Systems GmbH, Westhausen (since June 16, 2014)
» PVA TePla Singapore Pte. Ltd., Singapore (since June 20, 2014)

Peter Abel, Wettenberg (since April 1, 2014 responsible for strategic corporate planning; since June 13, 2014 Chief Executive Officer)

Managing Director of the following Group companies:
» PVA Industrial Vacuum Systems GmbH, Wettenberg (April 11 – October 22, 2014)
» PVA Crystal Growing Systems GmbH, Wettenberg (since April 11, 2014)

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

Membership in supervisory bodies:
» Xian Huade CGS Corp., Xian, China (Chairman of the Supervisory Board)
» SCHEBO Biotech AG, Gießen (until May 31, 2014 Chairman of the Supervisory Board)
» 3D Präzisionstechnik AG, Asslar (Chairman of the Supervisory Board)

Henning Döring, Giessen (since April 1, 2014 Chief Financial Officer)

Managing Director of the following Group companies:
» PVA TePla America Inc., Corona, USA (Director) (since June 19, 2014)
» PVA Metrology & Plasma Solutions GmbH, Kirchheim (Managing Director since September 9, 2014)

The total remuneration paid to the members of the Management Board in fiscal year 2014 was EUR 721 thousand (previous year: EUR 1,617 thousand). This remuneration consists of a non-performance related basic salary; other benefits (primarily non-cash benefits from the use of a company car, subsidies for health insurance premiums, as well as contributions to a pension fund); and performance-based, variable compensation in the form of bonus payments. The smaller share of the bonus payment is measured as a percentage of the annual net profit of the PVA TePla Group that exceeds a minimum of EUR 5 million. This bonus may be no more than half of the respective basic salary. The greater portion is paid out in the form of a long-term bonus. The reference amount is converted into notional shares using a current reference and is then calculated three years later using the reference exchange rate valid on that date. The long-term bonus may be no more than twice the fixed annual salary. This provision only applies to Chief Operating Officer/COO Oliver Höfer since December 2013. For the first seven months of fiscal year 2014, the performance-based component for Arnd Bohle was calculated using a rule under which the bonus is fully calculated pro rata for half of the basic salary. Henning Döring receives a variable bonus which amounts to a maximum of 30% of the fixed annual salary. The bonus for 2014 was determined at the beginning of the contract. From fiscal year 2015, the bonus for the respective fiscal year is divided between a long-term component and short-term components. It is based on a criteria catalogue comprising long and short-term objectives which are defined by the Supervisory Board annually. On this basis, members of the Management Board received the following remuneration in fiscal year 2014:

EUR´000	Salary	Other benefits	Performance-related components	Total 2014	Total 2013
Abel (since April 1, 2014)	90	0	0	90	0
Höfer	180	9	70	259	49
Döring (since April 1, 2014)	98	0	24	122	0
Dr. Knebelkamp (until July 31, 2014)	140	40	70	250	458

The performance-related component presented above contains amounts paid in 2014 for fiscal year 2013, as well as a deduction of the amounts recognized and reported as provisions in fiscal year 2013. Provisions established in 2014 for fiscal year 2014 are also included.

The performance related component of EUR 164 thousand is divided between a short and a long-term component. The long-term performance-related component for the Management Board amounts to EUR 60 thousand. This share-

based remuneration component comes within the scope of IFRS 2 and was calculated on the basis of an option pricing model.

Non-current payments are due in connection with the long-term performance-based compensation mentioned above. All other remuneration listed above is payable over the short term. Employer contributions to pension insurance are not paid. Pension obligations exclusively consist of past obligations for CEO Peter Abel of EUR 722 thousand (previous year: EUR 581 thousand). Since his reentry into the Management Board, no other pension obligations have been agreed. There are no pension obligations for the other members of the Management Board.

No share options were granted to members of the Management Board in fiscal year 2014. The contracts for the members of the Management Board foresees settlement payments in the event of the premature termination of activities as member of the Management Board, the amount of which – depending on contract of employment – is limited up to two years' salary (settlement cap). In the event of change of control and a subsequent premature termination of Management Board activities, the members receive remuneration which should not exceed 150% of the settlement cap.

The Company has pension commitments to former members of the Management Board with present values of EUR 2.003 thousand (previous year: EUR 1,724 thousand). In 2014, pensions of EUR 64 thousand (previous year: EUR 64 thousand) were paid to former members of the Management Board.

Supervisory Board

In fiscal year 2014, the Supervisory Board of PVA TePla AG consisted of:

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

Member of the following other supervisory bodies:
» VERBIO Vereinigte BioEnergie AG, Leipzig (Chairman of the Supervisory Board)
» Siegwerk Druckfarben AG & Co. KGaA, Siegburg (Member of the Supervisory Board)
» KAEFER Isoliertechnik GmbH & Co. KG, Bremen (Member of the Advisory Board)

Dr. Gernot Hebestreit, Leverkusen (Deputy Chairman)
» Global Leader Business Development and Markets, Grant Thornton International Limited, London/UK

Member of the following other supervisory bodies:
» Comvis AG, Essen (Deputy Chairman of the Supervisory Board)

Prof. Dr. Markus H. Thoma, Schöffengrund (since June 13, 2014)
» Professor of Plasma and Astronautics at the University of Giessen

Prof. Dr. Günter Bräuer, Cremlingen (until June 13, 2014)
» Director of the Fraunhofer Institute for Laminate and Surface Engineering (IST), Braunschweig, and Managing Director of the Institute for Surface Engineering (IOT) of Braunschweig Technical University

Member of the following other supervisory bodies:
» Institut für Solarenergieforschung GmbH, Emmerthal (Member of the Scientific Advisory Board)

The Supervisory Board now receives a fixed total remuneration of EUR 100 for its activities per fiscal year.

EUR´000	Fixed remuneration 2014	Variable remuneration 2014	Fixed remuneration 2013	Variable remuneration 2013
von Witzleben (chairman)	50.0	0	50.0	0
Prof. Dr. Bräuer (until June 13, 2014)	11.3	0	25.0	0
Dr. Hebestreit	25.0	0	25.0	0
Prof. Dr. Thoma (since June 13, 2014)	13.7	0	0	0
Total	**100.0**	**0**	**100.0**	**0**

This total remuneration is divided between the members of the Supervisory Board in such a way that the Chairman of the Supervisory Board receives double the amount paid to each regular member of the Supervisory Board. Members who leave the Supervisory Board during the fiscal year receive pro rata remuneration for their period of service.

D&O insurance has been taken out to cover the liability of the members of executive bodies under civil law. In fiscal year 2014, a premium of EUR 11 thousand (previous year: EUR 14 thousand) was paid for this insurance.

37. RELATED PARTIES

Business transactions with related parties are on the one hand transactions with companies in which executive officers of PVA TePla AG have significant shareholdings or over which they exercise significant influence. On the other hand, these are business transactions with companies controlled by parties that may exercise significant influence on PVA TePla (particularly via participating interests in the Company).

In the reporting period, only the relationship to the majority shareholder Peter Abel is relevant in this context. PVA TePla AG's relevant transactions with related parties principally encompass purchases from IT companies. In fiscal year 2014, the value of purchases from these companies has so far totaled EUR 732 thousand (previous year: EUR 705 thousand) and the value of sales was EUR 33 thousand (previous year: EUR 1 thousand). The balance of outstanding receivables and liabilities at the balance sheet date on December 31, 2014 was EUR 0 thousand (previous year: EUR 0 thousand) and EUR 162 thousand (previous year: EUR 45 thousand), respectively. All transactions are conducted at arm's length conditions.

38. AUDIT FEES (SECTION 314 HGB)

The auditors' fees recognized as expenses for PVA TePla AG and the other companies of the PVA TePla Group amounted to:

EUR´000	2014	2013
Audit of annual financial statements	221	212
Other assurance or valuation services	0	0
Tax consulting services	0	0
Other services	9	0

39. DECLARATION OF COMPLIANCE WITH SECTION 161 AKTG

The declaration of compliance with the German Corporate Governance Code as required by Section 161 of the German Stock Corporation Act (AktG) was again submitted by the Management Board and the Supervisory Board in the course of the fiscal year.

This declaration forms part of the separate corporate governance report and is permanently accessible to shareholders on the Company's Website (www.pvatepla.com) along with the declarations for previous fiscal years.

40. DISCLOSURES UNDER SECTION 160 (1) NO. 8 AKTG

As of December 31, 2014, PA Beteiligungsgesellschaft, based in Wettenberg and belonging to Peter Abel, held a participating interest in the Company of more than 25%.

Peter Abel, Wettenberg has notified us under Section 21 (1) and Section 22 (1) sentence 1 no. 1 and 2 of the German Securities Trade Act (WpHG) that his share of the voting rights in our Company exceeded the threshold of 25% on November 5, 2002, and now amounts to 29.99%. Of that, 29.32% of the voting rights under Section 22 (1) no. 1 and 2 of the German Securities Trade Act (WpHG) are allocated to him.

ARGOS FUNDS Luxembourg, Luxembourg, notified us on October 10, 2013 under Section 21 (1) sentence 1 WpHG that its share of the voting rights in PVA TePla AG, Wettenberg, Germany, exceeded the threshold of 5% on October 3, 2013 and that its total share of the voting rights in that company on that day amounted to 5.53%, corresponding to 1,202,890 of a total of 21,749,988 voting rights.

In addition, ARGOS INVESTMENT MANAGERS SA, Meyrin, Switzerland, notified us on October 10, 2013 under Section 21 (1) sentence 1 WpHG that its share of the voting rights in PVA TePla AG, Wettenberg, Germany, exceeded the threshold of 5% on October 3, 2013 and that its total share of the voting rights in that company on that day

amounted to 5.53%, corresponding to 1,202,890 of a total of 21,749,988 voting rights. In accordance with Section 22 (1) sentence 1 no. 6 WpHG, this 5.53% (corresponding to 1,202,890 of a total of 21,749,988 voting rights) of ARGOS FUNDS, Luxembourg, is attributed to ARGOS INVESTMENT MANAGERS SA.

Christian Graf Dürckheim, Switzerland, notified us on September 18, 2014 under Section 21 (1) sentence 1 of the German Securities Trading Act (WpHG) that his share of the voting rights in PVA TePla AG, Wettenberg, Germany, fell below the threshold of 5% on September 8, 2014, and that his total share of the voting rights in that company on that day amounted to 4.01%, corresponding to 872,070 voting rights.

41. ADDITIONAL DISCLOSURES

The following companies included in the consolidated financial statements of PVA TePla AG have utilized the exemption pursuant to Section 264 (3) HGB:

- PVA Löt- und Werkstofftechnik GmbH
- PVA Control GmbH
- PVA TePla Analytical Systems GmbH
- PVA Vakuum Anlagenbau Jena GmbH
- PVA Industrial Vacuum Systems GmbH
- PVA Crystal Growing Systems GmbH

42. AUTHORIZATION OF THE FINANCIAL STATEMENTS FOR PUBLICATION

On March 17, 2014, the Management Board of PVA TePla AG authorized the present consolidated financial statements for fiscal year 2014 to be released to the Supervisory Board. This represents the authorization for publication described in IAS 10.6.

43. SIGNIFICANT POST-BALANCE SHEET DATE EVENTS

Since the start of fiscal year 2015, there have been no significant changes in the Company's situation or the industry in which it operates. Concerning the changes in the corporate structure since the beginning of fiscal 2015, we refer to the comments in the combined management report. In addition no major changes are planned in the structure, administration or legal form of the Group or its personnel.

Wettenberg, March 17, 2015

PVA TePla AG

Peter Abel
Vorsitzender des Vorstands

Oliver Höfer
Vorstand Produktion und Technologie

Henning Döring
Vorstand Finanzen

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as at December 31, 2014

	Acquisition and manufacturing costs						
EUR´000	Jan. 1, 2014	Acquisitions 2014	Additions 2014	Transfers 2014	Disposals 2014	Exchange differences	Balance Dec. 31, 2014
Intangible assets							
1. Goodwill	12,658	0	0	0	0	0	12,658
2. Other intangible assets	6,495	0	216	40	283	1	6,469
3. Payments in advance	40	0	30	-40	0	0	30
Total	**19,193**	**0**	**246**	**0**	**283**	**1**	**19,157**
Property, plant and equipment							
1. Land, property rights and buildings, including buildings on third party land	33,344	0	8	0	3	10	33,359
2. Plant and machinery	6,686	0	241	0	65	156	7,018
3. Other plant and equipment, fixtures and fittings	6,461	0	322	36	1,015	11	5,815
4. Advance payments and assets under construction	37	0	100	-36	0	0	101
Total	**46,528**	**0**	**672**	**0**	**1,083**	**177**	**46,294**
Investment property	694	0	0	0	0	0	694
Total	**66,414**	**0**	**918**	**0**	**1,366**	**178**	**66,144**

	Accumulated amortization and depreciation							Residual carrying values	
	Balance Jan. 1, 2014	Additions 2014	Transfers 2014	Disposals 2014	Write-ups 2014	Exchange differences	Balance Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013
	4,850	0	0	0	0	0	4,850	7,808	7,808
	5,577	271	0	265	0	0	5,583	886	918
	0	0	0	0	0	0	0	30	40
	10,472	**271**	**0**	**265**	**0**	**0**	**10,433**	**8,724**	**8,766**
	6,612	1,017	0	0	0	10	7,638	25,722	26,732
	3,911	470	0	65	0	142	4,458	2,560	2,775
	4,967	462	0	999	0	10	4,441	1,373	1,494
	0	0	0	0	0	0	0	101	37
	15,490	**1,949**	**0**	**1,063**	**0**	**162**	**16,537**	**29,756**	**31,038**
	305	**22**	**0**	**0**	**0**	**0**	**327**	**367**	**388**
	26,222	**2,242**	**0**	**1,328**	**0**	**162**	**27,298**	**38,847**	**40,192**

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

as at December 31, 2013

	Acquisition and manufacturing costs						
EUR´000	Jan. 1, 2013	Acquisitions 2013	Additions 2013	Transfers 2013	Disposals 2013	Exchange differences	Balance Dec. 31, 2013
Intangible assets							
1. Goodwill	12,658	0	0	0	0	0	12,658
2. Other intangible assets	6,294	90	111	0	0	0	6,495
3. Payments in advance	0	0	40	0	0	0	40
Total	**18,952**	**90**	**151**	**0**	**0**	**0**	**19,193**
Property, plant and equipment							
1. Land, property rights and buildings, including buildings on third party land	33,349	0	50	0	52	-3	33,344
2. Plant and machinery	6,585	77	120	0	53	-49	6,680
3. Other plant and equipment, fixtures and fittings	6,314	50	541	0	441	-3	6,462
4. Advance payments and assets under construction	0	0	37	0	0	0	37
Total	**46,248**	**127**	**748**	**0**	**546**	**-55**	**46,522**
Investment property	694	0	0	0	0	0	694
Total	**65,893**	**217**	**899**	**0**	**546**	**-55**	**66,409**

	Accumulated amortization and depreciation							Residual carrying values	
	Balance Jan. 1, 2013	Additions 2013	Transfers 2013	Disposals 2013	Write-ups 2013	Exchange differences	Balance Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
	4,850	0	0	0	0	0	4,850	7,808	7,808
	5,247	330	0	0	0	0	5,577	918	1,047
	0	0	0	0	0	0	0	40	0
	10,097	**330**	**0**	**0**	**0**	**0**	**10,427**	**8,766**	**8,855**
	5,599	1,016	0	0	0	-3	6,612	26,732	27,750
	3,554	440	0	46	0	-43	3,905	2,775	3,031
	4,642	712	0	383	0	-3	4,968	1,494	1,672
	0	0	0	0	0	0	0	37	0
	13,795	**2,168**	**0**	**429**	**0**	**-49**	**15,485**	**31,038**	**32,453**
	283	**22**	**0**	**0**	**0**	**0**	**305**	**388**	**410**
	24,176	**2,520**	**0**	**429**	**0**	**-49**	**26,217**	**40,192**	**41,718**

Responsibility Statement

„To the best of our knowledge we assure that in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the net assets, financial position and profit or loss of the Group, and the Group Management Report - which has been combined with the Management Report of PVA TePla AG - gives a true and fair view 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."

Wettenberg, March 17, 2015

Peter Abel Chief Executive Officer	Oliver Höfer Chief Operating Officer	Henning Döring Chief Financial Officer

Auditor's Report

We have audited the consolidated financial statements of PVA TePla AG, Wettenberg – comprising the balance sheet, the statement of comprehensive income, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements as well as the combined management and group management report for the fiscal year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the combined management and group management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (HGB) is the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the combined management and group management report based on our audit.

We conducted our audit of the consolidated financial statements according to Section 317 of the German Commercial Code (HGB) and the audit principles established by the Institut der Wirtschaftsprüfer (IDW) (Institute of Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management and group management report are detected with reasonable assurance. Audit procedures are established based on our knowledge of the company's business activities, the economic and legal environment in which the group operates, and expectations regarding possible errors. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and the combined management and group management report. In our opinion, our audit provides a sufficiently secure basis to issue an opinion.

Our audit did not result in any objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management and group management report is consistent with the consolidated financial statements and, as a whole, provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, March 18, 2015

Ebner Stolz GmbH & Co. KG
Audit Firm Tax Consulting Firm

Christian Fuchs
Auditor

Carl-Markus Groß
Auditor

FINANCIAL CALENDAR

Date		Advise
May 8, 2015	Publication of the Q1 Report	
June 12, 2015	Annual Shareholders Meeting	Congress Center Giessen
August 14, 2015	Publication of the Q2 Report	
November 6, 2015	Publication of the Q3 Report	
November 23-25, 2015	German Equity Forum	Frankfurt

IMPRINT

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Published by
PVA TePla AG

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