

## Intermediate Report

Intermediate Report  
January 1 – June 30, 2016

## IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

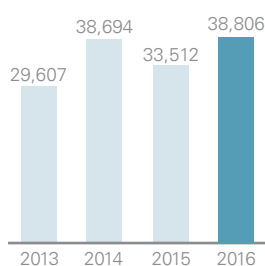
EUR'000	H1 / 2016	H1 / 2015	H1 / 2014
<b>Sales revenues</b>	<b>38,806</b>	<b>33,512</b>	<b>38,694</b>
Industrial Systems	18,260	14,877	18,184
Semiconductor Systems	20,546	18,635	20,510
<b>Gross profit</b>	<b>9,265</b>	<b>6,656</b>	<b>7,946</b>
in % sales revenues	23.9	19.9	20.5
R&D expenses	-1,480	-1,403	-1,013
<b>Operating result (EBIT)</b>	<b>569</b>	<b>-2,042</b>	<b>-5,121</b>
in % sales revenues	1.5	-6.1	-13.2
<b>Consolidated net result</b>	<b>386</b>	<b>-2,112</b>	<b>-4,065</b>
in % sales revenues	1.0	-6.3	-10.5
<b>Earnings per Share (EPS) in EUR<sup>1)</sup></b>	<b>0.02</b>	<b>-0.10</b>	<b>-0.19</b>
Capital expenditure	381	255	594
<b>Total assets</b>	<b>92,793</b>	<b>88,279<sup>2)</sup></b>	<b>89,037<sup>2)</sup></b>
<b>Shareholders' equity</b>	<b>38,339</b>	<b>37,941<sup>2)</sup></b>	<b>38,815<sup>2)</sup></b>
Equity ratio in %	41.3	43.0 <sup>2)</sup>	43.6 <sup>2)</sup>
<b>Employees as of June 30</b>	<b>372</b>	<b>355</b>	<b>417</b>
<b>Incoming orders</b>	<b>35,789</b>	<b>56,261</b>	<b>30,851</b>
<b>Order backlog</b>	<b>64,911</b>	<b>61,135</b>	<b>34,662</b>
Book-to-bill-ratio	0.92	1.68	0.80
<b>Cash Flow from operating activities</b>	<b>-6,567</b>	<b>-814</b>	<b>-10,460</b>

<sup>1)</sup> Circulating shares on average 21,749,988

<sup>2)</sup> As of December, 31

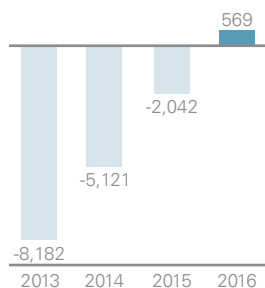
### Sales revenues

H1, EUR'000



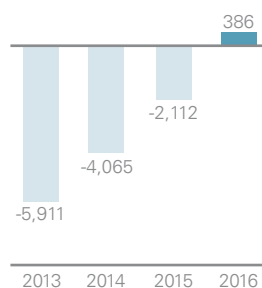
### Operating result (EBIT)

H1, EUR'000



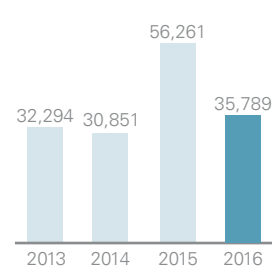
### Consolidated net result

H1, EUR'000



### Incoming orders

H1, EUR'000



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# Foreword by the Management Board

## DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

We – the Management Board of PVA TePla AG, the managing directors of the Group companies and the employees in Germany and abroad – confirm that we are firmly on course toward reaching our targets for the current fiscal year.

At EUR 38.8 million, our Group generated significantly higher sales revenues in the first six months of 2016 than in the first six months of 2015 (EUR 33.5 million), as expected. The gross profit, with a margin of almost 24% (prior year: 20%), underscores the success of our efforts aimed at adjusting the cost structure at our subsidiaries. After breaking even in fiscal year 2015, we generated a positive operating result (EBIT) of EUR 0.6 million and a net result for the period of EUR 0.4 million in the first six months of 2016, despite moving expenses of just under EUR 0.7 million for our Munich-based subsidiary.

But when it comes to optimizing our cost structure, we believe we still have a long way to go. The relocation of our subsidiary PVA Metrology & Plasma Solutions from Munich to Wettenberg that was announced at the start of the year, and the resulting reduction in our break-even sales revenues to less than EUR 70 million, is going as planned and will be largely completed in the second half of the year. Pooling resources and utilizing synergies continue to be the focal points our work.

Along with optimizing our cost structure, we also intend to further advance our operating activities. In addition to our subsidiary in Beijing, we have decided to set up a second company in China dedicated to developing and expanding supply chains for our systems so as to expand our business activities in what has for years been our largest market. The need for production systems for microelectronics in particular is growing rapidly in China. Chinese cus-

tomers are also making increasing efforts toward domestic production in this field, and our efforts are aimed at taking this into account in the medium term.

Incoming orders saw a pleasing level from January through June and are up slightly on our forecast. While incoming orders were weaker than expected in the Industrial Systems division, the Semiconductor Systems division managed to compensate for this trend.

We are confirming our forecast for the full year. In 2016, we intend to generate consolidated sales revenues of between EUR 80 million and EUR 90 million and EBIT of between EUR 2 million and EUR 4 million.

On behalf of our managing directors and all employees, we would like to thank you, our shareholders, for your trust in and commitment toward our Company.



Peter Abel  
Chief Executive Officer



Oliver Höfer  
Chief Operating Officer



Henning Döring  
Chief Financial Officer





# The Shares

## SHARE PRICE

There were no major changes in the PVA TePla share price in the first six months of 2016. After closing the prior year at EUR 2.48, the share price had risen marginally to EUR 2.55 on July 19, 2016.

## ANNUAL GENERAL MEETING

The 2016 Annual General Meeting of PVA TePla AG was held on June 14 at the Congress Center in Giessen. The agenda items were approved by a majority of almost 100% of the around 40% share of shareholders who were present.

CEO Peter Abel explained to the attending shareholders the developments of various process systems, among other issues, while CFO Henning Döring offered an overview of the prior fiscal year and the current high order backlog. The core statement here was that the Company generated a small but positive operating profit again after two years of losses. COO Oliver Höfer outlined the restructuring of the Company into a global holding company and explained the strategy of pooling resources within the Group. The Management Board then confirmed the forecast for the key figures in 2016. Sales revenues are expected to stand at between EUR 80 million and EUR 90 million and EBIT at between EUR 2 million and EUR 4 million.

## Shareholdings of Executive Body Members

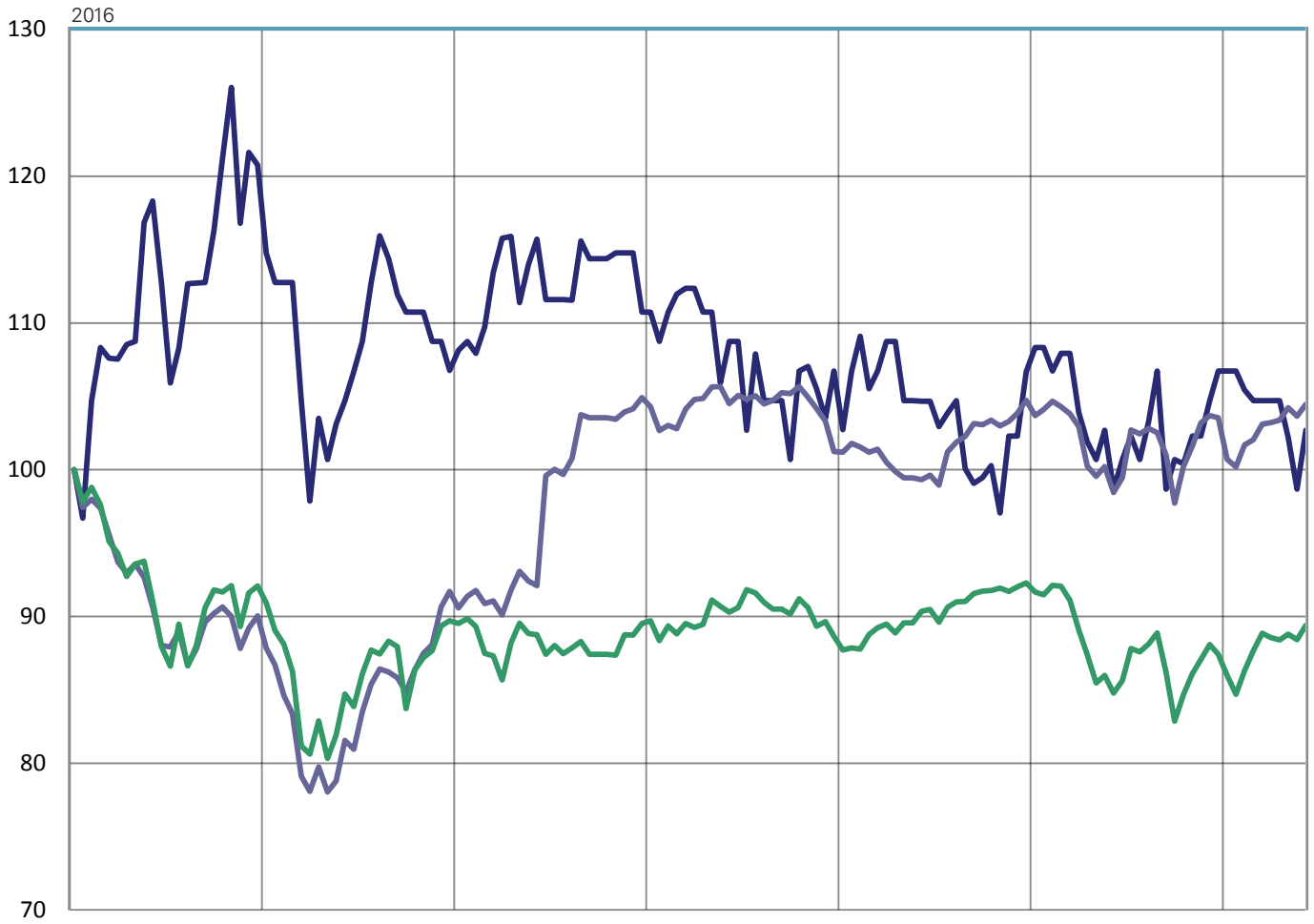
### MANAGEMENT BOARD

	Shares Jun. 30, 2016	Shares Dec. 31, 2015
Peter Abel (PA Beteiligungsgesellschaft)	6,025,819	5,948,422
Oliver Höfer	1,100	1,100
Henning Döring	2,764	8,000

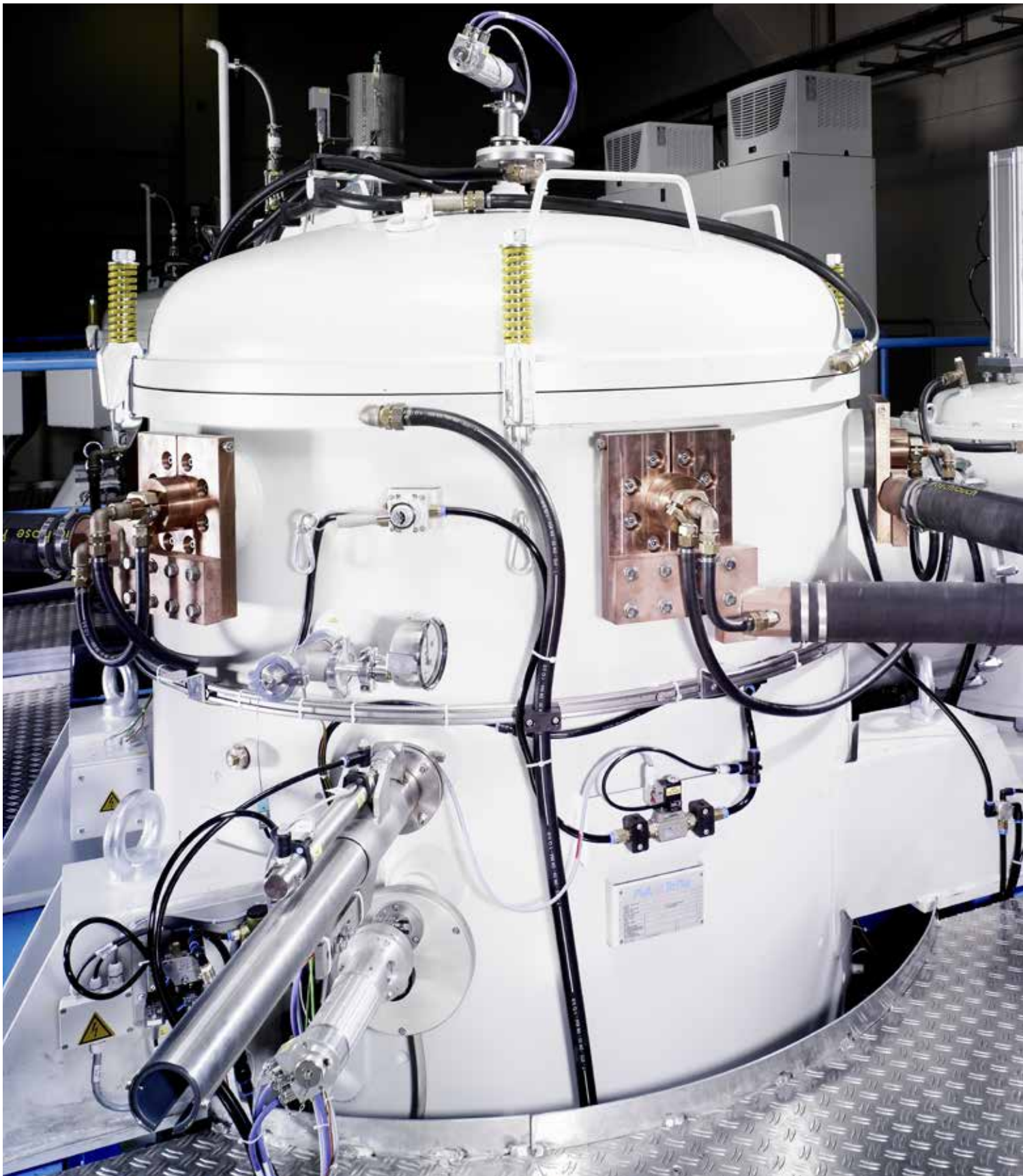
### SUPERVISORY BOARD

	Shares Jun. 30, 2016	Shares Dec. 31, 2015
Alexander von Witzleben	99,650	99,650
Dr. Gernot Hebestreit (Marion Hebestreit)	8,000	0
Prof. Dr. Markus H. Thoma	0	0

Performance of PVA TePla Shares January 1, 2016 – July 18, 2016  
in % / 1-day-interval



PVA TePla AG  
DAXSubs. Advanced Industrial Equipment  
Tec All Share





# Interim Group Management Report

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# Interim Group Management Report

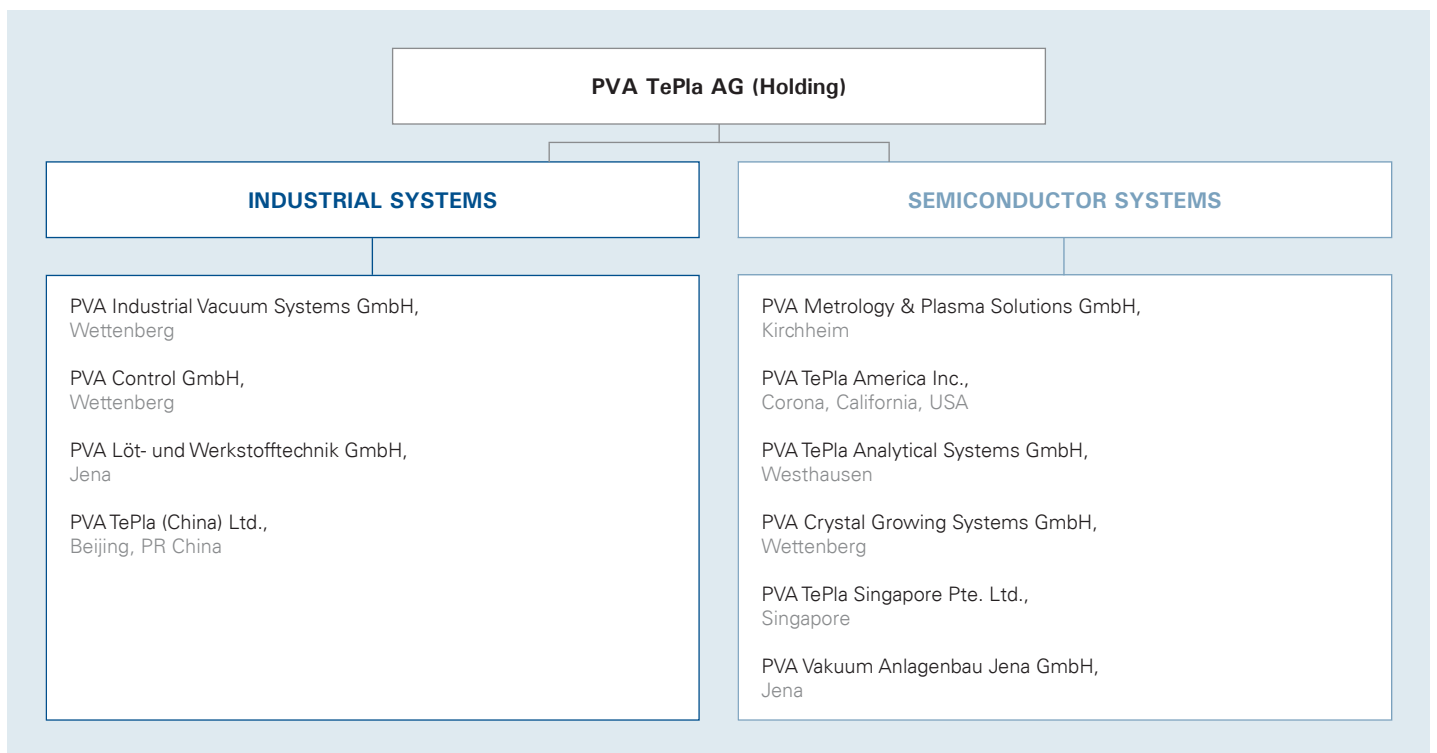
## 1. BASIC PRINCIPLES OF THE GROUP

### Business Activities

The PVA TePla Group, headquartered in Wettenberg, Germany, employed around 370 people as of June 30, 2016. It develops and constructs systems for its customers for the production and refinement of high-quality materials, which are processed under high temperatures and in vacuum conditions, under inert gas overpressure and in low pressure and atmospheric plasma.

### Reporting Segments

The Group has structured its business into two divisions: Industrial Systems and Semiconductor Systems. The chart provides an overview of how subsidiaries are allocated to the divisions:



## CHANGES TO THE REPORTING SEGMENTS

There were no changes to the structure of the reporting segments between December 31, 2015 and June 30, 2016.

### Research and Development

The costs for research and development (R&D) for the Group within the reporting period totaled EUR 1.5 million (prior year: EUR 1.4 million). 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. The activities in the divisions are described in the section below:

R&D activities in the **Industrial Systems division** were mainly focused on the continued development of diffusion bonding, which is used in hot presses. In this process, the integration of diffusion bonding into laminated object manufacturing (LOM) is at the forefront of activities. Here, complex components can be produced by layering thin sheets that are contoured and structured using laser-cutting techniques. Diffusion bonding generates an extremely high-quality bond with characteristics similar to the base material. LOM combined with diffusion bonding is an extremely promising additive production process that enables components to be produced with a complex cooling channel structure. This process has a great deal of potential, particularly in injection molding with contour cooling. Development activities in the first half of 2016 focused mainly on developing the process management system for injection molding tool steels. The process parameters were identified after several optimization rounds, resulting in a pore-free seam with characteristics similar to the base material. This fulfills a key criterion for the use of LOM technology as an additive production process (automatic and layered processes based on the principal of layer technology). Further activities concerned upscaling this process to larger components.

In terms of plants and equipment, a development project aimed at optimizing the hydraulics control unit in hot presses was kicked off. The ultimate objective here is to generate a significant boost in the precision of the pressing stamp's force/displacement measurement, thereby ensuring even better process security in diffusion bonding.

In the **Semiconductor Systems division**, a six-axis robot was used in the automation of quality control processes for the first time and delivered to customers in the ultrasound analytical systems business unit. These systems are able to analyze imagery automatically and are linked to the factory's material tracking system. Equipped with a four-channel system for rapid data acquisition, the equipment only requires a small amount of space in expensive clean room environments thanks to their optimal compact form with six-axis robots. The control software's new WINSAM 8 user interface has been further developed, with many new error analysis and quality control functions added.

In the VPD analysis business unit (**vapor phase decomposition** – sample preparation method in which metallic contamination can be detected on silicon samples), an important task is guaranteeing the stability and reliability of the systems in the production process. Systems such as these are often installed as part of production lines that qualify highly complex products. Such systems work around the clock, meaning that failures can lead to significant delays. As part of a development project, the feasibility study for a special system to monitor dosing equipment was all but completed in the first half of 2016. Etching is integrated into the processes to obtain contamination information from deeper layers, in other words down to several thousand atomic layers. An ozone module was developed for this purpose that will be certified as SEMI S2 and delivered to customers in fall 2016 (the SEMI S2 standard defines the minimum safety requirements for products used in semiconductor production). Thanks to the excellent etching rate distribution, ozone etching enables better quantification in many processes compared to alternative processes.

## 2. ECONOMIC REPORT

### Macroeconomic and Sector Environment

#### MACROECONOMIC ENVIRONMENT

Below is a brief outline of the expected economic development in the PVA TePla Group's key regions in the current fiscal year:

- » According to economic analyses from July 2016, German GDP is expected to grow by 1.7% year on year in 2016.
- » In the Eurozone, GDP growth is estimated at 1.6% year on year.
- » China's GDP is expected to expand by 6.6% in 2016.
- » In the United States, GDP growth is estimated at 1.5% on the prior year.

#### SECTOR ENVIRONMENT

The PVA TePla Group foresees stable development in its relevant markets for 2016.

- » Demand in the German mechanical engineering industry developed positively in the first half of the year, rising by 3% year on year. The market for vacuum furnaces dipped somewhat in the first half of 2016, but is expected to recover momentum in the second half of the year.
- » In the semiconductor industry, a slight decline in new investments in equipment of around 1% is expected in 2016 compared to 2015. In the wafer packaging business unit, which is particularly important to PVA TePla Group's plasma and analytical systems, a significant rise in investment in new equipment of approximately 3% is anticipated. Demand for silicon wafers for the semiconductor industry – both 200mm and 300mm wafers – also developed positively.

### Business Development

#### SALES REVENUES

PVA TePla Group generated sales revenues of EUR 38.8 million in the first six months of 2016, which, as expected, was higher than the figure posted in the prior-year period (EUR 33.5 million). The solid order backlog the Company took into fiscal year 2016 resulted in higher sales revenues in both divisions. Sales revenues are also set to gain momentum in the second half of the year.

Sales Revenues by Division EUR'000	H1 / 2016	H1 / 2015
Industrial Systems	18,260	14,877
Semiconductor Systems	20,546	18,635
<b>Total</b>	<b>38,806</b>	<b>33,512</b>

The **Industrial Systems division** generated sales revenues of EUR 18.3 million (prior year: EUR 14.9 million). In particular, sales revenues were generated by processing orders for vacuum systems for the hard metal market and brazing systems for various markets. In the **Semiconductor Systems division**, sales revenues came to EUR 20.5 million (prior year: EUR 18.6 million). The Plasma Systems business unit proved to be the best-performing business unit in terms of sales revenues within the Semiconductor Systems division.

#### INCOMING ORDERS

Incoming orders at the PVA TePla Group came to EUR 35.8 million in the first six months of 2016 (prior year: EUR 56.3 million) and therefore slightly exceeded expectations. The book-to-bill ratio stood at 0.9 (prior year: 1.7). The significant fall in order intake in 2016 was due to a large order to supply crystal growing systems in the second quarter of 2015. No orders of a similar size were expected in the first half of 2016.



Incoming orders in the [Industrial Systems division](#) came to EUR 13.8 million in the first six months of 2016 (prior year: EUR 16.9 million). Incoming orders mainly concerned orders of process systems to produce braze joints between materials. The [Semiconductor Systems division](#) recorded incoming orders of EUR 21.9 million (prior year: EUR 39.3 million). It must be noted here that the prior-year period included a major order for crystal growing systems, as described above. Incoming orders were particularly pleasing in relation to measuring technology for ultrasonic microscopy, VPD metrology and laser metrology.

## ORDER BACKLOG

The order backlog, consolidated and net of sales revenues recognized according to the percentage of completion method (PoC), stood at EUR 64.9 million as of June 30, up on the prior-year figure of EUR 61.1 million. Order backlog for the [Industrial Systems division](#) totaled EUR 31.0 million as of June 30, 2016, which was higher than the prior year's EUR 22.6 million. In the [Semiconductor Systems division](#), the order backlog was EUR 33.9 million, a decline on the prior year's figure of EUR 38.6 million.

## PRODUCTION

In the first half of 2016, systems production and contract processing were performed in Germany at the locations in Wettenberg, Jena and Westhausen. The production location outside Germany is Corona in the United States.

Vertical integration remained low across all areas. Only a small number of parts are manufactured in-house. 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 and fluctuations in incoming orders.

## Position

### RESULTS OF OPERATIONS

Based on the 15.8% increase in consolidated sales revenues to EUR 38.8 million (prior year: EUR 33.5 million), gross profit stood at EUR 9.3 million (prior year: EUR 6.7 million) and the gross margin was 23.9% (prior year: 19.9%). The gross margin was significantly higher than the same period in the prior year due to cost-cutting measures and the improvement in capacity utilization.

In spite of the rise in sales revenues, selling and distribution expenses remained on a par with the prior year in the first six months of 2016 at EUR 4.1 million (prior year: EUR 4.1 million). This was primarily due to the decrease in sales commission owing to product and sales mix effects. Administrative expenses fell marginally once again to EUR 3.0 million due to cost-cutting measures in the prior year (prior year: EUR 3.2 million). This saw the administrative cost ratio fall to 7.7% (prior year: 9.5%).

R&D costs were slightly up on the prior year at EUR 1.5 million due to the recruitment of physicists and development engineers (prior year: EUR 1.4 million). Other operating expenses amounted to EUR 1.7 million (prior year: EUR 1.1 million). These primarily included the costs for relocating the plasma and metrology business from Kirchheim near Munich to Wettenberg totaling EUR 0.7 million and expenses from exchange rate differences of EUR 0.4 million. Other operating income of EUR 1.5 million (prior year: EUR 1.1 million) predominantly included income in grants in the context of R&D projects (EUR 0.4 million), income from exchange rate differences of 0.4 million and the release of provisions (EUR 0.2 million).

As a result, PVA TePla generated operating profit (EBIT) of EUR 0.6 million (June 30, 2015 [prior year]: EUR -2.0 million) and a consolidated net result for the period of EUR 0.4 million (prior year: EUR -2.1 million). The EBIT margin amounted to +1.5% (prior year: -6.1%). The return on sales was +1.0% (prior year: -6.3%).

In the Industrial Systems division, EBIT of EUR 0.3 million (prior year: EUR 0.0) was generated, while the Semiconductor Systems division posted EBIT of EUR 1.3 million (prior year: EUR -1.1 million). The holding costs came in at EUR -1.0 million (prior year: EUR -1.1 million). The holding function's income/costs and transfer of service costs are reviewed on a semiannual basis. Subsequently, minor adjustments may be required during the course of the year.

The net balance of interest income and interest expenses came to EUR -0.5 million (prior year: EUR -0.3 million) due to the compounding of provisions and lower improvements in market value for non-effective hedging transactions. Net result before tax amounted to EUR 0.1 million (prior year: EUR -2.3 million) and the consolidated net result for the period amounted to EUR 0.4 million (prior year: EUR -2.1 million). Income taxes of EUR 0.3 million (prior year: EUR 0.2 million) include effects from deferred taxes of the same amount.

## FINANCIAL POSITION

### Investments

Investments totaled EUR 0.4 million in the first half of 2016 (prior year: EUR 0.3 million). These investments are mainly attributed to technical equipment, plant and office equipment.

### Liquidity

Operating cash flow was significantly negative at EUR -6.6 million in the first six months of 2016 (first half of 2015 [prior year]: EUR -0.8 million). This was primarily due to the advance financing of the solid order backlog, which can be turned into sales revenues in the upcoming quarters. Operating cash flow fluctuates heavily from one reporting date to the next in the vacuum furnaces and crystal growing systems business units due to the project structure of orders and methods of payment.

Cash flow from investing activities amounted to EUR -0.4 million (prior year: EUR -0.2 million). Cash flow from financing activities came to EUR 2.1 million (prior year: EUR -1.4 million). Total cash flow in the first six months of 2016, including exchange rate differences, amounted to EUR -4.7 million (prior year: EUR -2.0 million). Free cash flow was EUR -6.9 million (prior year: EUR -1.1 million). The net financial position (cash less current and non-current financial liabilities) amounted to EUR -10.5 million (prior year: EUR -7.8 million).

## ASSET POSITION

Total assets amounted to EUR 92.8 million as of June 30, 2016, up on the figure as of December 31, 2015 (prior year: EUR 88.3 million).

Property, plant and equipment decreased slightly to EUR 29.7 million (prior year: EUR 30.8 million). Intangible assets remained unchanged at EUR 8.8 million (prior year: EUR 8.8 million). Deferred tax assets rose by EUR 0.3 million to EUR 4.5 million (prior year: EUR 4.2 million). Overall, non-current assets totaled EUR 42.9 million compared to EUR 43.8 million in the prior year.

Current assets climbed to EUR 49.9 million (prior year: EUR 44.5 million). The main changes here resulted from the advance financing of the high order backlog with a rise in inventories to EUR 21.4 million (prior year: EUR 18.4 million), future receivables from construction contracts to EUR 11.6 million (prior year: EUR 7.8 million) and trade receivables to EUR 15.2 million (prior year: EUR 11.8 million). This was offset by a decrease in cash to EUR 1.7 million (prior year: EUR 6.5 million).

On the liabilities side of the balance sheet, non-current liabilities (including non-current provisions) decreased slightly to EUR 20.3 million (prior year: EUR 20.9 million). The reported value of pension provisions increased by a small margin to EUR 13.4 million (prior year: EUR 13.3 million). Non-current financial liabilities fell to EUR 4.2 million (prior

year: EUR 4.6 million) as planned. Current liabilities rose to EUR 34.1 million (prior year: EUR 29.4 million). Current financial liabilities climbed to EUR 8.0 million (prior year: EUR 5.3 million). Trade payables increased to EUR 4.4 million as of the reporting date (prior year: EUR 3.2 million) due to the higher volume of orders. Advance payments on orders rose by a small margin to EUR 12.8 million (prior year: EUR 12.7 million). The value of other current provisions increased slightly to EUR 1.8 million (prior year: EUR 1.7 million). Accrued liabilities rose to EUR 5.4 million (prior year: EUR 5.0 million) as a result of settlements paid to employees.

Equity increased slightly to EUR 38.3 million (prior year: EUR 37.0 million) due to the net profit for the period of EUR 0.4 million (prior year: EUR -2.1 million). The equity ratio fell marginally to 41.3% (prior year: 41.6%) as a result of the extension to the balance sheet caused by a rise in working capital.

## Non-Financial Performance Indicators

### EMPLOYEES

As of June 30, 2016, the Group employed 372 people (December 31, 2015: 361; June 30, 2015: 355). The number of employees increased slightly compared to June 30, 2015.

## 3. SUPPLEMENTARY REPORT

There have been no significant events since June 30, 2016.

## 4. RISK, OPPORTUNITIES AND FORECAST REPORT

During the first two quarters of fiscal year 2016, there were no significant changes to the opportunities and risks presented in the management report 2015 other than those described below.

### Market Risks

From a current perspective, there are no further risks to the Group. However, it should be noted that it is still unclear what the precise implications of the United Kingdom's decision to leave the European Union and of the resulting potential for restraint in investment activities will be.

### Forecast Report

The PVA TePla Management Board continues to anticipate consolidated sales revenues of between EUR 80 million and EUR 90 million for fiscal year 2016, as well as EBITDA of between EUR 4 million and EUR 6 million and an operating result (EBIT) of EUR 2 million to EUR 4 million.

Wettenberg, August 11, 2016







# Group Financial Statements

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# Group Financial Statements

## CONSOLIDATED BALANCE SHEET

as at June 30, 2016

ASSETS EUR'000	Jun. 30, 2016	Dec. 31, 2015
<b>Non-current assets</b>		
<b>Intangible assets</b>	<b>8,773</b>	<b>8,812</b>
Goodwill	7,808	7,808
Intangible assets under development	0	179
Other intangible assets	915	775
Payments in advance	50	50
<b>Property, plant and equipment</b>	<b>29,666</b>	<b>30,802</b>
Land, property rights and buildings, including buildings on third party land	24,096	24,716
Plant and machinery	4,510	3,558
Other plant and equipment, fixtures and fittings	921	1,201
Advance payments and assets under construction	139	1,327
<b>Non-current investments</b>	<b>10</b>	<b>10</b>
<b>Deferred tax assets</b>	<b>4,457</b>	<b>4,184</b>
<b>Total non-current assets</b>	<b>42,906</b>	<b>43,808</b>
<b>Current assets</b>		
<b>Inventories</b>	<b>21,377</b>	<b>18,361</b>
Raw materials and operating supplies	10,779	8,196
Work in progress	9,103	8,685
Finished products and goods	1,495	1,480
<b>Coming receivables on construction contracts</b>	<b>11,572</b>	<b>7,821</b>
<b>Trade and other receivables</b>	<b>15,188</b>	<b>11,794</b>
Trade receivables	8,491	8,926
Payments in advance	3,591	1,443
Other receivables	3,106	1,425
<b>Tax repayments</b>	<b>3</b>	<b>3</b>
<b>Cash</b>	<b>1,747</b>	<b>6,492</b>
<b>Total current assets</b>	<b>49,887</b>	<b>44,471</b>
<b>Total</b>	<b>92,793</b>	<b>88,279</b>

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

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> EUR'000	<b>Jun. 30, 2016</b>	Dec. 31, 2015
<b>Shareholders' equity</b>		
Share capital	21,750	21,750
Revenue reserves	19,732	19,349
Other reserves	-3,059	-3,074
Minority interest	-84	-84
<b>Total shareholders' equity</b>	<b>38,339</b>	<b>37,941</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	4,163	4,556
Other non-current liabilities	589	812
Retirement pension provisions	13,353	13,327
Deferred tax liabilities	1,894	1,914
Other non-current provisions	339	292
<b>Total non-current liabilities</b>	<b>20,338</b>	<b>20,901</b>
<b>Current liabilities</b>		
Short-term financial liabilities	8,037	5,313
Trade payables	4,366	3,165
Obligations on construction contracts	388	516
Advance payments received on orders	12,812	12,706
Accruals	5,415	5,037
Other short-time liabilities	1,250	999
Provisions for taxes	10	35
Other short-term provisions	1,838	1,666
<b>Total current liabilities</b>	<b>34,116</b>	<b>29,437</b>
<b>Total</b>	<b>92,793</b>	<b>88,279</b>

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

## CONSOLIDATED INCOME STATEMENT

January 1 - June 30, 2016

EUR'000	Apr. 1 - Jun. 30, 2016	Apr. 1 - Jun. 30, 2015	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
<b>Sales revenues</b>	<b>21,778</b>	<b>16,840</b>	<b>38,806</b>	<b>33,512</b>
Cost of sales	-15,805	-13,402	-29,541	-26,856
<b>Gross profit</b>	<b>5,973</b>	<b>3,438</b>	<b>9,265</b>	<b>6,656</b>
Selling and distributing expenses	-2,118	-2,101	-4,067	-4,098
General administrative expenses	-1,476	-1,391	-2,973	-3,180
Research and development expenses	-914	-1,018	-1,480	-1,403
Other operating income	924	438	1,529	1,058
Other operating expenses	-1,086	-652	-1,705	-1,075
<b>Operating result (EBIT)</b>	<b>1,303</b>	<b>-1,286</b>	<b>569</b>	<b>-2,042</b>
Finance revenues	0	67	29	155
Finance costs	-249	-133	-500	-423
<b>Financial result</b>	<b>-249</b>	<b>-66</b>	<b>-471</b>	<b>-268</b>
<b>Net result before tax</b>	<b>1,054</b>	<b>-1,352</b>	<b>98</b>	<b>-2,310</b>
Income taxes	560	-247	288	198
<b>Consolidated net result for the period</b>	<b>1,615</b>	<b>-1,599</b>	<b>386</b>	<b>-2,112</b>
<b>of which attributable to</b>				
Shareholders of PVA TePla AG	1,614	-1,599	385	-2,112
Minority interest	1	0	1	0
<b>Consolidated net result for the period</b>	<b>1,615</b>	<b>-1,599</b>	<b>386</b>	<b>-2,112</b>
<b>Earnings per share</b>				
Earnings per share (basic) in EUR	0.07	-0.07	0.02	-0.10
Earnings per share (diluted) in EUR	0.07	-0.07	0.02	-0.10
Average number of share in circulation (basic)	21,749,988	21,749,988	21,749,988	21,749,988
Average number of share in circulation (diluted)	21,749,988	21,749,988	21,749,988	21,749,988



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - June 30, 2016

EUR'000	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
<b>Consolidated net result for the period</b>	<b>386</b>	<b>-2,112</b>
of which attributable to shareholders of PVA TePla AG	385	-2,112
of which attributable to minority interest	1	0
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss</b>		
Currency changes	13	419
Income taxes	0	-117
<b>Changes recognized outside profit or loss (currency changes)</b>	<b>13</b>	<b>302</b>
Changes in fair values of derivative financial instruments	0	1
Income taxes	0	0
<b>Changes recognized outside profit or loss (derivative financial instruments)</b>	<b>0</b>	<b>1</b>
<b>Total of items that may be reclassified to profit or loss</b>	<b>13</b>	<b>303</b>
<b>Other comprehensive income after taxes (changes recognized outside profit or loss)</b>	<b>13</b>	<b>303</b>
of which attributable to shareholders of PVA TePla AG	13	303
of which attributable to minority interest	0	0
<b>Total comprehensive income</b>	<b>399</b>	<b>-1,809</b>
of which attributable to shareholders of PVA TePla AG	398	-1,809
of which attributable to minority interest	1	0

## CONSOLIDATED CASH FLOW STATEMENT

January 1 - June 30, 2016

EUR'000	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Consolidated net result for the period	386	-2,112
<b>Adjustments to the consolidated net result for the period for reconciliation to the cash flow operating activities:</b>		
+ Income taxes	-288	-198
- Finance revenues	-29	-155
+ Finance costs	500	423
<b>= Operating result</b>	<b>569</b>	<b>-2,042</b>
- Income tax payments	-34	29
+ Amortization and depreciation	1,506	1,167
-/+ Gains/losses on disposals of non-current assets	1	7
+/- Other non-cash expenses / income	5	-23
	<b>2,047</b>	<b>-862</b>
-/+ Increase/decrease in inventories, trade receivables and other assets	-10,202	-2,250
+/- Increase/decrease in provisions	205	931
+/- Increase/decrease in trade payables and other liabilities	1,383	1,367
<b>= Cash flow from operating activities</b>	<b>-6,567</b>	<b>-814</b>
+ Proceeds from disposals of intangible assets and property, plant and equipment	13	0
- Payment of intangible assets and property, plant and equipment	-381	-255
+ Interest receipts	0	23
<b>= Cash flow from investing activities</b>	<b>-368</b>	<b>-232</b>
- Payments from redumption of debt and loans	-394	-1,013
+/- Change in short-term bank liabilities	2,723	-107
- Payment of interest	-223	-230
<b>= Cash flow from financing activities</b>	<b>2,106</b>	<b>-1,350</b>
Net change in cash	-4,829	-2,396
+/- Effect of exchange rate fluctuations on cash	84	370
+ Cash at the beginning of the period	6,492	5,725
<b>= Cash at the end of the period</b>	<b>1,747</b>	<b>3,699</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - June 30, 2016

EUR'000	Shared issues		Revenue reserves	Other equity components	Pension provisions	Total	Minority interest	Total shareholders' interest
	Number							
As at January 1, 2015	21,749,988	21,750	20,799	-178	-3,471	38,900	-85	38,815
Total income			-1,450	383	192	-875	1	-874
As at December 31, 2015	21,749,988	21,750	19,349	205	-3,279	38,024	-84	37,941
As at January 1, 2015	21,749,988	21,750	20,799	-178	-3,471	38,900	-85	38,815
Total income			-2,112	303	0	-1,809	0	-1,809
As at June 30, 2015	21,749,988	21,750	18,686	127	-3,471	37,092	-85	37,007
As at January 1, 2016	21,749,988	21,750	19,349	205	-3,279	38,024	-84	37,941
Total income			386	12	0	398	0	398
As at June 30, 2016	21,749,988	21,750	19,734	218	-3,279	38,426	-84	38,339

# Selected Notes

## A. GENERAL INFORMATION AND BASIS OF PRESENTATION

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

### GENERAL PRINCIPLES AND ACCOUNTING STANDARDS

This interim consolidated financial report was prepared in accordance with International Financial Reporting Standards (IFRS). It thus also complies with IAS 34 (Interim Financial Reporting). This interim financial report has not been audited.

These notes mainly contain details of items in which there have been significant changes as against the consolidated financial statements as of December 31, 2015.

### COMPANIES INCLUDED IN CONSOLIDATION

These interim consolidated financial statements of PVA TePla include its fully consolidated subsidiaries in which PVA TePla holds a majority of the shareholders' voting rights (control). The following companies were fully consolidated in the interim financial report as of June 30, 2016:

Name	Corporate domicile	Ownership interest
PVA TePla AG (parent company)	Wettenberg, Germany	
PVA Control GmbH	Wettenberg, Germany	100 %
PVA Industrial Vacuum Systems GmbH	Wettenberg, Germany	100 %
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100 %
PVA TePla (China) Ltd.	Beijing, PR China	100 %

Name	Corporate domicile	Ownership interest
PVA Metrology & Plasma Solutions Taiwan Ltd.	Hsinchu, Taiwan	100 %
PVA Crystal Growing Systems GmbH	Wettenberg, Germany	100 %
PVA Metrology & Plasma Solutions GmbH	Kirchheim, Germany	100 %
PVA TePla America Inc.	Corona / CA, USA	100 %
PVA TePla Analytical Systems GmbH	Westhausen, Germany	100 %
PVA TePla Singapore Pte. Ltd.	Singapore	100 %
PVA Vakuum Anlagenbau Jena GmbH	Jena, Germany	100 %
Xi'an HuaDe CGS Ltd.	Xi'an, PR China	51 %

The Munich Metrology Taiwan Ltd. was renamed in PVA Metrology & Plasma Solutions Taiwan Ltd. in the first half 2016.

Compared with the consolidated financial statements 2015, no further changes have been made.

### PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in this interim financial report are the same as those applied in the consolidated financial statements as of December 31, 2015. The single entity financial statements included in the interim financial statements are prepared with consistent accounting policies according to IFRS 10 (Consolidated Financial Statements) and IAS 27 (Separate Financial Statements).

### ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles applied in this interim financial report as of June 30, 2016 are the same as those applied in the consolidated financial statements as of December 31, 2015.



## B. NOTES ON SELECTED BALANCE SHEET ITEMS

### FINANCIAL ASSETS

On June 30, 2016, financial assets included other non-current receivables in the amount of EUR 10 thousand (31.12.2015 [previous year]: EUR 10 thousand).

### COMING RECEIVABLES ON CONSTRUCTION CONTRACTS

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Capitalized production costs including contract profits	20,634	18,969
for which advance payments received	-9,062	-11,148
<b>Coming receivables on construction contracts</b>	<b>11,572</b>	<b>7,821</b>

### OTHER CURRENT RECEIVABLES

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Value added tax due	1,262	227
Deferred prepayments	880	365
Receivables from investment incentives	159	90
Accounts payable with debit balances	69	28
Others	736	715
<b>Other current receivables</b>	<b>3,106</b>	<b>1,425</b>

### NON-CURRENT FINANCIAL LIABILITIES

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Non-current financial liabilities	4,948	5,339
Portion of non-current financial liabilities due in less than one year	-785	-783
<b>Non-current financial liabilities less current portion</b>	<b>4,163</b>	<b>4,556</b>

### PENSION PROVISIONS

The increase in pension provisions is based on the additions during the year which are based on the projections of our actuaries. A weighted average interest rate for pensioners and aspirants of 2.25% (Previous year: 2.25%) was used. The calculation parameters are reviewed regularly so that it might come to retroactive adjustments in the further course of the year.

### CURRENT FINANCIAL LIABILITIES

Current financial liabilities reported relate to the current liabilities to banks totaling EUR 7,252 thousand (previous year: EUR 4,529 thousand) and current positions of non-current financial liabilities here totaling EUR 785 thousand (previous year: EUR 783 thousand).

### OBLIGATIONS ON CONSTRUCTION CONTRACTS

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Advance payments received (progress billing)	1,492	2,083
less contract costs incurred (incl. share of profit)	-1,104	-1,567
<b>Obligations on construction contracts</b>	<b>388</b>	<b>516</b>

## ACCRUALS

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Obligations to employees	2,985	1,731
Obligations to suppliers	1,525	3,005
Other commitments	905	301
<b>Accruals</b>	<b>5,415</b>	<b>5,037</b>

## OTHER CURRENT LIABILITIES

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Payroll and church tax liabilities	615	320
Other liabilities	635	679
<b>Other current liabilities</b>	<b>1,250</b>	<b>999</b>

## OTHER PROVISIONS

Other provisions were divided into non-current (EUR 339 thousand; previous year: EUR 292 thousand) and current provisions (EUR 1,838 thousand; previous year: EUR 1,666 thousand).

EUR'000	Jun. 30, 2016	Dec. 31, 2015
Warranty	908	942
Subsequent costs	627	398
Bonus (long-term)	255	207
Penalties	145	68
Others	242	343
<b>Total</b>	<b>2,177</b>	<b>1,958</b>

## C. NOTES ON SELECTED INCOME STATEMENT ITEMS

## SALES REVENUES

EUR'000	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Systems	30,124	22,781
After-sales	7,363	8,434
Contract processing	1,319	1,734
Others	-	563
<b>Total</b>	<b>38,806</b>	<b>33,512</b>

## INCOME TAXES

EUR'000	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Current tax expenses	-9	171
Deferred tax expenses (-) / income	297	27
<b>Total income taxes</b>	<b>288</b>	<b>198</b>

## EARNINGS PER SHARE

	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Numerator: Consolidated net result for the period before minority interests (EUR '000)	386	-2,112
Denominator: Weighted number of shares outstanding – basic	21,749,988	21,749,988
<b>Earnings per share (EUR)</b>	<b>0.02</b>	<b>-0.10</b>

## D. NOTES ON THE CASH FLOW STATEMENT

The cash flow statement was prepared in line with the same principles as in the consolidated financial statements 2015 and is structured in the same way.

## E. ADDITIONAL DISCLOSURES

### SEGMENT REPORTING

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

EUR'000	External sales revenues		Internal sales revenues		Total sales revenues		Operating result (EBIT)	% of sales revenues	Operating result (EBIT)	% of sales revenues
	2016	2015	2016	2015	2016	2015	2016		2015	
Industrial Systems	9,673	6,806	437	367	10,110	7,173	-341	-4.0	541	7.9
Semiconductor Systems	12,106	10,034	382	-46	10,312	9,988	2,387	19.2	-1,355	-13.5
Holding	-	-	602	-	602	-	-798	-	-616	-
<b>Segment total</b>	<b>21,779</b>	<b>16,840</b>	<b>1,421</b>	<b>321</b>	<b>21,025</b>	<b>17,161</b>	<b>1,248</b>	<b>6.0</b>	<b>-1,430</b>	<b>-8.5</b>
Consolidation	0	0	-602	0	-602	0	57	-	144	-
<b>Group</b>	<b>21,779</b>	<b>16,840</b>	<b>819</b>	<b>321</b>	<b>22,598</b>	<b>17,161</b>	<b>1,305</b>	<b>6.0</b>	<b>-1,286</b>	<b>-7.6</b>

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

EUR'000	External sales revenues		Internal sales revenues		Total sales revenues		Operating result (EBIT)	% of sales revenues	Operating result (EBIT)	% of sales revenues
	2016	2015	2016	2015	2016	2015	2016		2015	
Industrial Systems	18,260	14,877	585	699	18,845	15,576	334	0,0	1	0,0
Semiconductor Systems	20,546	18,635	541	-14	21,087	18,621	1,259	4.6	-1,060	-5.7
Holding	-	-	1,631	-	1,631	-	-1,024	-	-1,087	-
<b>Segment total</b>	<b>38,806</b>	<b>33,512</b>	<b>2,757</b>	<b>685</b>	<b>41,563</b>	<b>34,197</b>	<b>569</b>	<b>1.5</b>	<b>-2,146</b>	<b>-6.4</b>
Consolidation	0	0	-1,631	0	-1,631	0	0	-	104	-
<b>Group</b>	<b>38,806</b>	<b>33,512</b>	<b>1,126</b>	<b>685</b>	<b>39,932</b>	<b>34,197</b>	<b>569</b>	<b>1.5</b>	<b>-2,042</b>	<b>-6.1</b>

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

EUR'000	Apr. 1 - Jun. 30, 2016	Apr. 1 - Jun. 30, 2015	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Total segment results	1,248	-1,430	569	-2,146
Consolidation	57	144	0	104
Consolidated operating profit (EBIT)	1,305	-1,286	569	-2,042
Financial result	-250	-66	-471	-268
Results before taxes	1,055	-1,352	98	-2,310
Income taxes	560	-247	288	198
<b>Consolidated net result for the period</b>	<b>1,615</b>	<b>-1,599</b>	<b>386</b>	<b>-2,112</b>

## FINANCIAL INSTRUMENTS

Of the financial instruments recognized as of the reporting date, only derivative financial instruments are measured at fair value according to the following fair value hierarchy:

as of June 30, 2016 in EUR'000	Total	Level 1	Level 2	Level 3
<b>Financial liabilities measured at fair value:</b>				
Derivative financial instruments	<b>-775</b>	0	-775	0

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

Forward exchange contracts with a total open volume of EUR 2,217 thousand (previous year: EUR 2,900 thousand) were concluded to hedge USD payment claims. The present value of these forward exchange contracts on June 30, 2016 is EUR -14 thousand.

To hedge the interest rate risk for financing investments in buildings at the Wettenberg and Jena sites, interest rate hedges originally totaling EUR 11,600 thousand were concluded. The open amount of these hedges as of the reporting date on June 30, 2016 was EUR 5,000 thousand. The fair value of these instruments is EUR -761 thousand as of the reporting date.

## RELATED PARTIES

PVA TePla AG's relevant transactions with related parties principally encompass acquisition of operating and office equipment from IT companies. In the first six months of 2016, the value of purchases from these companies amounted to EUR 268 thousand and the value of sales to EUR 19 thousand up to now. The net amounts of outstanding receivables and liabilities as of the reporting date on June 30, 2016 were EUR 0 and EUR 63 thousand respectively. All transactions are conducted at arm's length conditions.

## AUDITOR

At the Annual General Meeting on June 14, 2016, the shareholders approved the Supervisory Board's proposal and, as in the previous year, appointed Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft / Steuerberatungsgesellschaft, Frankfurt am Main, Germany, as auditor of the annual and consolidated financial statements for the fiscal year 2016.

## RESPONSIBILITY STATEMENT

To the best of our knowledge, we assure that in accordance with the applicable reporting principles, the interim reporting of the Consolidated Financial Statements gives a true and fair view of the net assets, financial position and profit or loss of the Group, and that the interim Group Management Report 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 for the remainder of the fiscal year.

Wettenberg, August 11, 2016

Peter Abel  
Chief Executive Officer

Oliver Höfer  
Chief Operating Officer

Henning Döring  
Chief Financial Officer

## FINANCIAL CALENDAR

<b>Date</b>		
November 11, 2016	Interim Report as of September 30, 2016	
November 21-23, 2016	German Equity Forum	Frankfurt

## IMPRINT

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### **Published by**

PVA TePla AG

### **Text**

PVA TePla AG

### **Layout**

Johannes Pentz

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This report is available for download in English and German on the Internet at **[www.pvatepla.com](http://www.pvatepla.com)** under Investor Relations / Reports. In case of doubt the German version shall be authoritative.