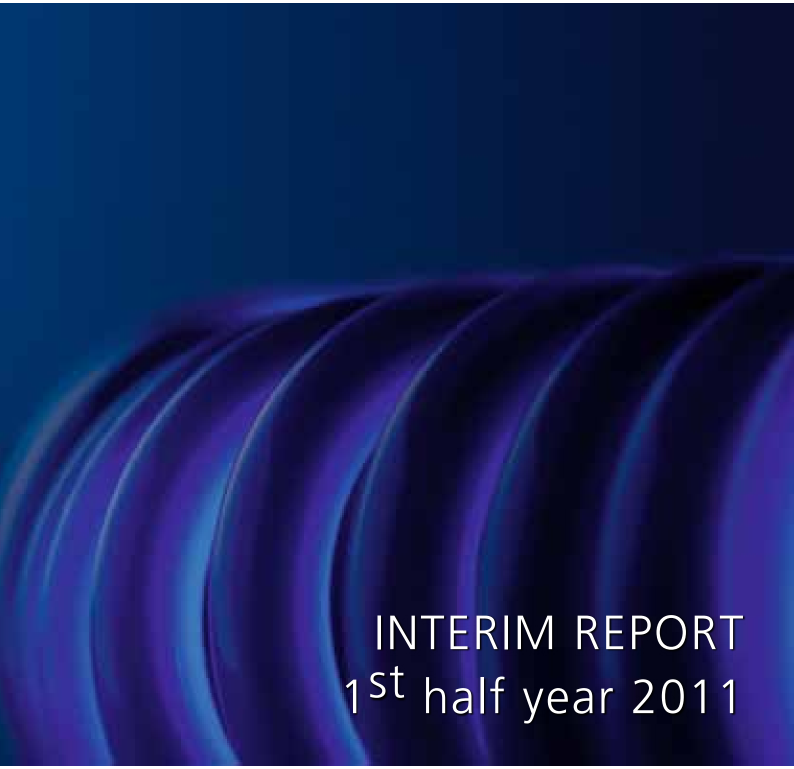
Masterflex



INTERIM REPORT
1st half year 2011

one step ahead

Masterflex in the first half of 2011

Highlights in the first half of the year 2011

Strategic development
Continuation of internationalisation with activities in Russia and Brazil
Start of direct sales activities in Czech Republic
Assessing market entry in Asia
Marketing start for two hose innovations

	June 30, 2011
Consolidated revenue (EUR thou.)	27,176
EBITDA (EUR thou.)	5,422
EBIT (EUR thou.)	4,104
EBT (EUR thou.)	2,996
Earnings from continued business units (EUR thou.)	1,733
Earnings/loss from discontinued business units (EUR thou.)	-140
Consolidated net income/loss (EUR thou.)	1,447
Earnings per share (EUR)	
from continued business units	0.18
from discontinued business units	-0.02
from continued and discontinued business units	0.16
EBIT-Margin (%)	15.1
Number of employees	447

	June 30, 2011
Consolidated equity (EUR thou.)	13,369
Consolidated total assets (EUR thou.)	55,052
Consolidated equity ratio (%)	24.3

Operating trends
High demand for high-tech connector systems
Strong earnings upturn
Sales of two Mobility equity investments completed
Equity ratio more than 24%
Greater reduction in debt with positive effects on future income statements

June 30, 2010	Change in %
22,669	19.9
4,188	29.5
3,014	36.2
648	362.3
514	237.2
-5,395	
-4,974	
0.10	80.0
-1.24	
-1.14	
13.3	
358	24.9
December 31, 2010	**Change in %**
12,213	9.5
65,416	-15.8
18.7	

Dear shareholders,

The year 2011 has developed extremely successfully to date. The growing demand for our high-tech hoses reflects not only the strong global economy up to now, but also our increased international sales activities. We also took advantage of the revenue growth of almost 20 % and the EBIT margin of over 15 % in the first six months of 2011 to improve the company's financial foundation again after the long and arduous restructuring period. With an equity ratio of more than 24 %, we are well on the way to achieving this. Our target here is the 30% mark.

In addition to the increase in equity ratio is Masterflex's reduction in debt, which has a positive impact on future income statements. Simultaneous with the decrease in interest-bearing borrowed funds, Masterflex's interest rates are falling as a result of our improved credit rating.

The capital market has rewarded our successful efforts. In comparison to the SDAX (up 4.7 %), the Masterflex share was an extremely successful investment in the first half of 2011 with an increase of over 36 %.

We will press ahead with building on the strengths of the Masterflex Group. We are generating additional momentum for our business on the basis of innovations and further internationalisation. We would like to emphasize the broad range of industries served by our customers, as well as the potential of the international markets.

Through innovations we will continue to increase our technological edge and our pioneering role on the target markets. After the successful launch of the heated hose at the beginning of this year, we are already working on further product innovations. Just recently around the middle of the year, modern smooth hoses made of modified POM were developed and launched on the market as a more efficient and sustainable alternative to conventional polyamide products. Further projects are in our development department's pipeline or are being tested in production already. In addition, we have aligned our product development process further with regard to generating adequate margins and reducing the time to market.

With our structured internationalisation, we will increase our offering of products on the global market. Just a few weeks ago, we began our direct sales activities in the Czech Republic in order to better address the positive economic development here and in the neighbouring regions. We are currently intensively examining entry on the Asian market. Here I can assure you that for any new market entry – whether with a partner or independently – opportunities and risks must be sounded out thoroughly and weighed sensibly from a commercial and strategic perspective.

Masterflex will set about the coming months with confidence. The conditions for a sustained profitable increase in revenue are excellent. However, due to seasonal effects and preproduction costs for internationalisation, we are currently maintaining our forecast of annual revenue of EUR 51 million and an EBIT margin of 14 %.

Gelsenkirchen, 1 August 2011

Yours sincerely,

Andreas Bastin

Dr Andreas Bastin
Chief Executive Officer

Interim Management Report

Group structure and business activities

Masterflex AG is a global specialist in the development and production of high-quality hoses and connector systems using high-tech plastics and fibres. Essentially, Masterflex's products are developed in house and are developed, produced and sold for a vast range of industrial and medical applications.

The international company's main production sites are located in Gelsenkirchen, Halberstadt, Norderstedt and Houston (USA). In addition, Masterflex has branches or sales partnerships at various sites in Europe and America. In the first half of 2011, the sales locations in Brazil and particularly in Russia that were established in the previous year began to generate significant revenues for the first time.

In 2010, Masterflex successfully completed the far-reaching restructuring process it began in 2008 and is now concentrating again on its core business of high-tech hose systems (HTS).

With effect from 20 April 2011, Masterflex sold its 51 % stake in Clean Air Bike GmbH, Berlin, and its 100 % stake in Velo Drive GmbH, Herten. Both companies belonged to the Mobility business unit. Masterflex decided in 2010 to dispose of this business unit. The sale and deconsolidation of the two companies as at 30 June 2011 did not result in any further negative impact for Masterflex, since all resulting effects had been taken into account in 2010. The last remaining Mobility segment activities in the Masterflex Group is fuel cell technology, for which we plan a sale or cooperation with an external partner.

The Advanced Material Design business unit, which was still part of the Masterflex Group in the comparable period of the first half of 2010, was sold in August 2010 and the previous year's figures adjusted accordingly.

Market and competition

In the first half of 2011, manufacturing continued to move on a stable growth path in the countries and regions important for Masterflex. Neither the events in Japan nor the turbulence on the global financial markets led to negative effects on the markets relevant to Masterflex.

Business development in the first half of the year 2011

We started the year very positively with our high-tech hose and connector systems. In the first six months, consolidated revenue totalled EUR 27.2 million, up a good EUR 4.5 million (19.9 %) year-on-year.

In addition to incoming orders and revenue, the response to our trade fair exhibitions is an important indicator of sentiment. In the first six months of 2011, Masterflex presented its products not only at the Hanover Fair but also at Schüttgut, a specialist fair for a major area of application for HTS, and at Medtec, the leading specialist fair for medical technology. The demand and sentiment among customers from a wide range of application areas were decidedly positive.

Internationalisation

At the end of 2010, Masterflex had expanded its international presence with branches in the BRIC countries Brazil and Russia. In the first half of 2011, these branches posted notable incoming orders and revenue for the first time, with the Russian joint venture seeing a particularly successful start. Sales activities in other regions which in some cases have been served for many years, such as the USA and Eastern Europe, were also stepped up. In the Czech Republic, local direct sales activities were recently begun in order to better address the positive economic development here and in the neighbouring regions. We are also intensively examining entry on the Asian market at present.

Innovation

The templine heated hose system launched at the turn of 2010/11 was well received on the market. The heatable hose system has an extremely broad scope of application and can therefore gain new customers and markets for the company.

Innovative aspects of the templine heated hoses as compared to conventional systems include the consistent heat distribution over the entire connection length and the high energy efficiency with savings of up to 30 %. The number of possible applications in processing technology is large. For example, electrically heated hose systems are used in chemical and petrochemical plants for liquefaction of fats and oils, in mobile systems for transporting chemicals, and in the food, beverages and tobacco industry for transporting fats such as cocoa butter or liquid sugar. Further applications are being discussed with customers and then examined.

The new product templine heated hose

The market launch of templine was important for Masterflex in two respects. For the first time in the company's history, expert solutions were developed in control engineering on the basis of the many years of expertise in hoses, thus extending the technology range offered. Secondly, with their current uniqueness on the market, templine products make it possible to access new areas of application in Masterflex's established target markets and to address industries that Masterflex did not cater to previously.

Just recently, we managed – together with one of our materials manufacturers – to successfully complete our intensive developments for a modern smooth hose resistant to pressure and cold. The result of the development work at our subsidiary Novoplast Schlauchtechnik is smooth hoses and profiles made of modified POM (polyoxymethylene). This material has the same or in some cases even better physical properties in terms of resilience against pressure and cold as PA (polyamide). In addition, it has the advantage of being easily available, since the base materials for POM, unlike those for PA, are available. This also ensures generally stable prices, which are currently no longer guaranteed for PA materials. The initial main areas of application will be more sophisticated connection solutions for the automotive industry and in pneumatic applications.

Further innovations are in our development department's pipeline.

Results of operations, net assets and financial position

Results of operations

Revenue throughout the Group increased by 19.9 % in the first half of 2011 to EUR 27.2 million. The rise in revenue is primarily due to higher demand as a result of the general economic development and our successful growth measures as part of internationalisation and innovation. Price and currency effects did not play a major role.

Abrasion resistant polyurethane hoses for material handling

Total operating performance of the Group saw a somewhat greater increase of 22.6 % to EUR 28.0 million. The reason for this was that the inventory of finished and semi-finished products in the same period of the previous year had been reduced in order to decrease the capital tied up in operations, while the inventories in the current year were increased again due to strong demand.

EBITDA rose to EUR 5.4 million, up 29.5 % compared to the first half of 2010. This was chiefly due to the increase in revenue in the high-margin business with high-tech hoses and successful cost optimisation measures.

Owing to the increased revenue together with the global rise in commodity prices and the associated higher materials usage rate (30.7 %, previous year: 29.6 %), the cost of materials climbed to EUR 8.4 million. Staff costs amounted to EUR 8.9 million; the increase is primarily due to hiring new staff on account of the positive business development. Nevertheless, the ratio of staff cost to sales decreased from 34.1 % (previous year) to 32.5%. Other expenses rose by 22.7 % to EUR 5.3 million as a result of the accelerated internationalisation and growth. Depreciation for the first six months was at EUR 1.3 million as scheduled.

EBIT increased at a rate of 36.2 % to EUR 4.1 million. The EBIT margin in the first six months of the financial year was 15.1 %. This clearly shows the high profitability of business with high-tech hoses and connector systems. Earnings after taxes for the first half of 2011 amounted to

EUR 1.7 million and was thus more than three times as high as the previous year's figure from the HTS-business.

Earnings per share improved to EUR 0.16. These results clearly demonstrate that the Masterflex Group has definitively returned to profitability.

Net assets

As at 30 June 2011, non-current assets amounted to EUR 33.2 million (31 December 2010: EUR 34.0 million) and were roughly at the same level as the previous year. There were shifts between the balance sheet items of technical equipment and machinery and advance payments and assets under development due to the completion of machinery and tools. Deferred taxes decreased due to the positive result in EBIT.

In contrast, current assets decreased more significantly by 30.4 % to EUR 21.9 million. This was chiefly due to the use of cash and cash equivalents to repay financial liabilities. Cash in hand and bank balances thus fell from EUR 14.4 million (31 December 2010) to EUR 5.1 million as at 30 June 2011. Due to the increase in turnover, receivables and other assets increased to EUR 8.0 million by 36.9%. Assets held for sale decreased because of the deconsolidation of two companies. In line with the reduction in liabilities, total assets decreased by 15.8 % to EUR 55.1 million at the middle of 2011.

Financial position

A particularly significant development in the first half of 2011 was the repayment of borrowed funds. The comfortable liquidity position following the capital increase at the end of 2010 allowed for non-current financial liabilities to be reduced by 27.3 % to EUR 21.8 million and current liabilities by 9.1 % to EUR 6.5 million. As a result of the decreasing debt and the covenants of the long-term syndicated loan agreement, additional positive effects are to be expected in interest expense in future subsequent periods.

The positive development in the equity position is also influenced by the profits turnaround at the Masterflex Group. Thanks to the net profit for the period, equity rose from EUR 12.2 million to EUR 13.4 million. As a result of the increase in equity combined with the decline in total assets, the equity ratio as at 30 June 2011 is now at a satisfactory level of 24.3 %.

Employees

On the basis of the growth strategy implemented since 2011, Masterflex created a number of new jobs during the reporting period. As at 30 June 2011, the number of employees in the Group increased by 24.9 % year-on-year to 447 *. In addition to the increase in staff due to production and revenue factors, almost a third of the new employees work at foreign companies, reflecting the Group's international growth strategy.

Research and Development

With the templine hose systems, a key R&D project was brought to market maturity at the turn of the year 2010/2011 and taken up in sales. In addition, around the middle of the year hoses made of modified POM were developed and launched on the market as a sustainable and more efficient alternative to conventional PA products. Further R&D projects are ongoing. As of 30 June 2011, there were no significant changes against the statements made in the 2010 Group management report.

Events after the Reporting Period

There were no events after the balance sheet date affecting net assets, financial position and results of operations.

Opportunity and risk report

There were no changes to the opportunity and risk situation as described in the 2010 Group report.

* plus another 9 employees in the discontinued Mobility business unit

Outlook

The risk of economic overheating seems to have been averted, as global growth has lost momentum recently, with lower growth rates reported in Asia, Australia and above all in the USA. In Germany and in the euro zone the upturn is still intact, having only lost pace somewhat.

Currently, Masterflex has reached a solid financial foundation and is relatively independent from regional or cyclical economic developments. This independence allows us to meet our growth objectives based on further internationalisation of our business and on innovations.

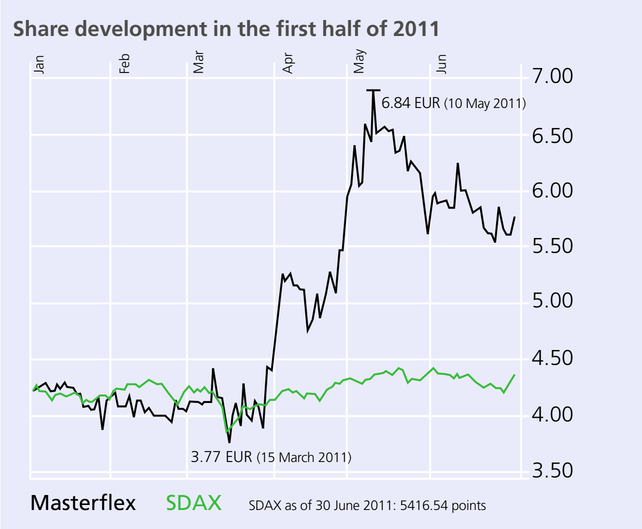
The key statements of the report on expected developments in the 2011 Group management report remain valid.

For 2011 as a whole, the Masterflex Group plans revenue of EUR 50 million to EUR 51 million (up by 8% to 10%). The earnings trend on the basis of EBIT will shadow the growth in revenues, albeit at a somewhat more moderate rate. Due to rising commodity prices and the limited but necessary preproduction costs of opening up new markets, Masterflex expects an increase in EBIT to over EUR 7.0 million this year. This would correspond to an EBIT margin of 14 % for the whole year. The company is also expecting a very positive consolidated net profit for the period.

Masterflex is thus retaining the forecast given in the annual financial statements for 2010, despite the above-average first half of the year. The reasons for this are firstly the normal seasonal variations in our business which cannot be exactly quantified due to the slightly changing economic environment and secondly price pressure for raw materials which can be passed on in sales to a limited extent only or with a time lag.

Due to its top technological position and the international presence it has since achieved, Masterflex has a very solid foundation for future, profitable growth. This year will be another year of new product launches and improvements. Entry on the Asian market is being examined in the short to medium term. Masterflex has thus created the best conditions for making 2011 an extremely successfully financial year.

The Masterflex share

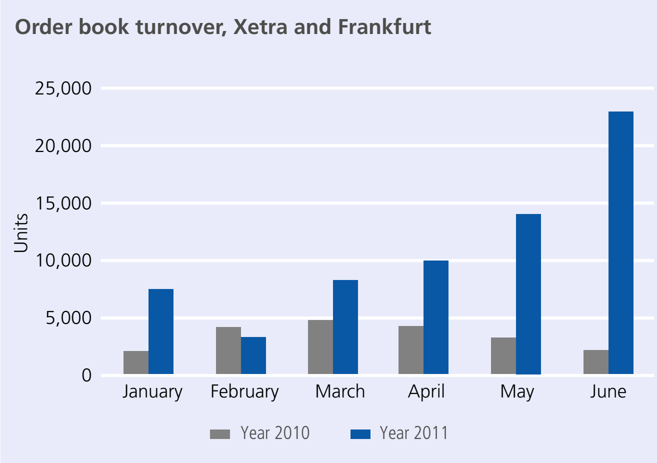


With a rise of 36.5% in the first half of 2011, the Masterflex share significantly outperformed the benchmark indices DAX (up 6.7%) and SDAX (up 4.7%). The successful restructuring with a focus on sustained profitable business with high-tech hose systems convinced the capital market. Since the Annual General Meeting on 28 June, the share has varied between EUR 5.45 and, most recently, EUR 5.75.

In the first half of the year, the trading range was EUR 3.77 to EUR 6.84. In comparison to the same period of 2010, liquidity has improved greatly. Since the beginning of the year, Close Brother Seydler Bank AG

Muffler-Sleeve for sound attenuation of cabin ventilation at the AIRBUS A380

has acted as the designated sponsor. The average daily trading volume was 12,699 shares, considerably higher than the previous year's level of 3,756 shares. This is shown in the following graph (basis: monthly average values).



On 16 June, the 4,365,874 new bearer shares resulting from the capital increase at the end of 2010 were admitted for trading on the regulated market (Prime Standard) on the Frankfurt Stock Exchange. Since 17 June, the new shares are traded under the same securities identification number as the other shares (549 293). This further reinforced the trend towards an increasing trading volume.

2011 Annual General Meeting

On 28 June, the ordinary Annual General Meeting for the 2010 financial year was held at Schloss Horst in Gelsenkirchen, with a high proportion of shareholders in attendance. The actions of the Executive Board and Supervisory Board were approved, the remuneration system for the Executive Board was approved, and Rölfs RP AG Wirtschaftsprüfungsgesellschaft were appointed as the auditors for the 2011 financial statements.

A number of capital measures were also resolved. Subject to certain conditions, the Annual General Meeting authorised the company to acquire treasury shares of up to 10% of the share capital until 28 June 2016 in exchange for cash or non-cash contributions, possibly disapplying subscription rights. The company was also authorised to sell on these shares in exchange for non-cash contributions or cash payments, possibly disapplying subscription rights. The Annual General Meeting also approved authorised capital of up to EUR 4,432,937 until 2016 (contingent capital I). On the basis of these capital resolutions adopted in advance, the company can flexibly take advantage of any acquisition opportunities which may arise.

PUR profiles used for oil wipers

In addition, the Annual General Meeting approved two profit transfer agreements between Masterflex AG and Novoplast Schlauchtechnik GmbH and between Masterflex AG and M&T Verwaltungsgesellschaft mbH. This enables tax loss carryforwards in the Masterflex Group to be utilised better in the future.

All voting results are published on the website www.masterflex.de under Investor Relations/Annual General Meeting.

Financial calendar 2011

28 April	Financials press conference, presentation of 2010 annual report, Düsseldorf
28 April	DVFA analysts' conference, Frankfurt/Main
12 May	Interim report I/2011
28 June	Annual General Meeting, 11:00 a.m., Gelsenkirchen
11 August	Interim report for first half of 2011
29 August	DVFA Small Cap Conference, Frankfurt/Main
15 November	Interim report III/2011
21 to 23 November	German Equity Forum, Frankfurt/Main

Notes to the interim report (first half of 2011)

1. Accounting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and International Accounting Standards (IAS) promulgated by the International Accounting Standard Board (IASB), and conforms to the Company's accounting principles as outlined below. It was prepared using the same accounting policies as the consolidated financial statements for the year ended 31 December 2010.

2. Basis of consolidation

The basis of consolidation has changed in comparison with the previous year. Clean Air Bike GmbH, Berlin, and Velodrive GmbH, Herten, which were included in the consolidated financial statements for the previous year, were sold and deconsolidated on 20 April 2011.

Company name	Company headquarters		Equity interest held by Masterflex (%)
Masterflex S.A.R.L.	F	Béligneux	80
Masterflex Technical Hoses Ltd.	GB	Oldham	100
Masterduct Holding Inc.*	USA	Houston	100
- Flexmaster USA, Inc.	USA	Houston	100*
- Masterduct Inc.	USA	Houston	100*
- Masterduct Holding SA Inc.	USA	Houston	100*
- Masterduct Brazil LTDA.	BR	Santana de Parnaiba	100*
Novoplast Schlauchtechnik GmbH	D	Halberstadt	100
Fleima-Plastic GmbH	D	Mörlenbach	100
Masterflex Handelsgesellschaft mbH	D	Gelsenkirchen	100
Masterflex Cesko s.r.o.	CZ	Plana	100
M & T Verwaltungs GmbH*	D	Gelsenkirchen	100
- Matzen und Timm GmbH	D	Norderstedt	100*
Masterflex RUS	RUS	St. Petersburg	51
Masterflex Scandinavia AB	S	Kungsbacka	100
SURPRO Verwaltungsgesellschaft mbH	D	Gelsenkirchen	100
Masterflex Mobility GmbH*	D	Herten	100
- Masterflex Brennstoffzellentechnik GmbH	D	Herten	100*

*) = sub group

3. Company sales/discontinued business units

Masterflex AG sold its equity investments in Clean Air Bike GmbH, Berlin, and in Velodrive GmbH, Herten, with effect from 20 April 2011. The assets and liabilities attributable to the Mobility Group were already entered separately as available for sale in the consolidated balance sheet as at 31 December 2010. The carrying amount of the net assets belonging to the disposal group exceeded the expected gain on disposal less ancillary costs to sell at the end of 2010, meaning that an impairment of EUR 1,155 thousand was recognised when reclassifying the business unit as held for sale. Therefore, no further impairment was incurred as a result of the sale. Further details from the sale are shown in the tables below.

Carrying amount of net assets sold

	June 30, 2011 EUR thou.
Current assets	
Cash	39
Trade receivables	879
Inventories	2,293
Other	169
Current liabilities	
Liabilities	3,595
Net assets sold	-215
Gain on disposal	1,065
Total	**850**

Sale price

	June 30, 2011 EUR thou.
Sale price settled in cash	**850**

Net cash inflow from sale

	June 30, 2011 EUR thou.
Sale price settled in cash	850
Less: cash issued on sale	-39
Total	**811**

The result components from the discontinued business unit included in the statement of income and accumulated earning are shown below. The comparative disclosures from the previous year regarding results and cash flows from discontinued business units contain components from both the Mobility Group and SURPRO GmbH.

	June 30, 2011 EUR thou.	June 30, 2010 EUR thou.
Result from discontinued business units		
Revenue	564	8,282
Changes in inventories of finished goods	-5	-564
Other operating income	645	149
	1,204	**7,867**
Costs of materials	-475	-4,522
Other expenses	-849	-9,162
Earnings before taxes	-120	-5,817
Income tax expense to be included	-20	422
Earnings after taxes from discontinued business units	**-140**	**-5,817**
Cash flows from discontinued business units		
Net cash flows from operating activities	-98	277
Net cash flows from investment activities	-34	-16
Net cash flows from financing activities	71	-87
Total Net cash flows	**-61**	**86**

4. Dividend

Masterflex AG did not pay out a dividend for the 2010 financial year.

5. Segment reporting

The following segment reporting is based on IFRS 8 “Operating Segments”, which defines the requirements for the reporting of segment results.

As a result of the implementation of the Group strategy and the associated concentration on the core business unit High-Tech Hose Systems (HTS), the Surface Technology (AMD) segment sold in the financial year 2010 and the climate-neutral Mobility (MOB) segment reported as "held-for-sale" are presented on a uniform basis under "Discontinued business units". Masterflex thus has only one operating segment, the business unit (HTS).

Segment reporting June 30, 2011	High-Tech-Hose systems EUR thou.	Total for continued business units EUR thou.	Dis-continued business units EUR thou.	Total EUR thou.
Revenue from non-Group third parties	27,176	27,176	565	27,741
Earnings (EBIT)	4,104	4,104	-164	3,940
Consolidated net income/ loss	1,587	1,587	-140	1,447
Investments in property, plant and equipment and intangible assets	1,281	1,281	34	1,315
Depreciations	1,318	1,318	9	1,327
Assets	54,901	54,901	151	55,052

Segment reporting June 30, 2010	High-Tech-Hose systems EUR thou.	Total for continued business units EUR thou.	Dis-continued business units EUR thou.	Total EUR thou.
Revenue from non-Group third parties	22,669	22,669	8,282	30,951
Earnings (EBIT)	3,014	3,014	-581	2,433
Consolidated net income/ loss	421	421	-5,395	-4,974
Investments in property, plant and equipment and intangible assets	826	826	16	842
Depreciations	1,174	1,174	4,006	5,180
Assets	57,776	57,776	10,840	68,616

6. Earnings per share

In accordance with IAS 33, basic earnings per share is calculated by dividing the consolidated net profit for the period by the weighted average number of shares outstanding during the period under review. At 30 June 2011, the basic earnings per share from continuing operations amounted to EUR 0.18 and the basic earnings per share from continuing and discontinued operations amounted to EUR 0.16 based on a weighted average number of shares of 8,865,874.

Since the company does not operate a stock option plan, it is not necessary to calculate diluted earnings per share.

7. Treasury shares

As at 30 June 2011, Masterflex AG held a total of 134,126 treasury shares.

8. Employees

The Group had a total of 447 employees at 30 June 2011, up 24.9% on the same period of the previous year (358 employees).

9. Income taxes

Income tax expense in this financial report for the first half of the year is determined on the basis of the estimated effective tax rate for Masterflex AG for the 2011 financial year as a whole, which is applied to the pre-tax profit for half of the year. The effective tax rate is based on current earnings and tax forecasts.

10. Cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS 7 (Cash Flow Statements). A distinction is made between cash flows from operating, investing and financing activities. The cash and cash equivalents reported in the cash flow statement correspond to the cash in hand and bank balances reported in the balance sheet.

The cash and cash equivalents at the end of the period, as presented in the consolidated cash flow statement, can be reconciled to the associated items in the consolidated balance sheet as follows:

	June 30, 2011 EUR thou.	June 30, 2010 EUR thou.
Cash and cash equivalents at the end of period	5,165	8,429
Cash in hand and bank balances included in assets held for sale	72	0
Cash in hand and bank balances	**5,093**	**8,429**

11. Related party disclosures

Masterflex AG and the companies included in the consolidated financial statements conducted material transactions with the following related parties within the meaning of IAS 24:
MODICA Grundstücks-Vermietungsgesellschaft mbH & Co., Objekt Masterflex KG, Gelsenkirchen.

The Group also has a subordinated receivable of EUR 1,803 thousand from one member of the Supervisory Board and two major shareholders.

Information on these related parties can be found in the 2010 Annual Report in section 36 of the notes to the consolidated financial statements. There were no changes to this information during the period under review.

12. Audit review of the report on the first half of the year

The interim financial statements and the interim management report for the first half of the year have neither been audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

13. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

Gelsenkirchen, 1 August 2011

Dr Andreas Bastin	Mark Becks
Chief Executive Officer	Chief Financial Officer

Interim Financial Statements

Consolidated balance sheet

Assets	June 30, 2011 * EUR thou.	December 31, 2010 EUR thou.
NONCURRENT ASSETS		
Intangible assets	**4,082**	**4,090**
Concessions, industrial and similar rights	685	706
Development costs	31	33
Goodwill	3,258	3,258
Advance payments	108	93
Property, plant and equipment	**21,067**	**21,155**
Land, land rights and buildings	11,662	11,819
Technical equipment and machinery	6,560	6,005
Other equipment, operating and office equipment	2,044	2,184
Advance payments and assets under development	801	1,147
Noncurrent financial assets	**2,500**	**2,664**
Noncurrent financial instruments	102	193
Other loans	2,398	2,471
Other assets	**38**	**38**
Other financial assets	**216**	**216**
Deferred taxes	**5,288**	**5,866**
	33,191	**34,029**
CURRENT ASSETS		
Inventories	**8,425**	**7,397**
Row materials and consumables used	4,799	4,169
Work in progress	466	437
Finished products and goods purchased and held for sale	3,108	2,721
Advance payments	52	70
Receivables and other assets	**7,984**	**5,830**
Trade receivables	6,041	4,361
Other assets	1,817	1,415
Other financial assets	126	54
Income tax assets	**208**	**163**
Cash in hand and bank balances	**5,093**	**14,398**
Assets held for sale	**151**	**3,599**
	21,861	**31,387**
Total Assets	**55,052**	**65,416**

* unaudited

Equity and liabilities	June 30, 2011 * EUR thou.	December 31, 2010 EUR thou.
SHAREHOLDERS´ EQUITY		
Consolidated equity	**12,924**	**11,813**
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-20,505	-21,952
Revaluation reserve	-694	-629
Exchange differences	-861	-590
Minority interest	**445**	**400**
Total equity	**13,369**	**12,213**
NONCURRENT LIABILITIES		
Provisions	**181**	**116**
Financial liabilities	**21,832**	**30,045**
Other financial liabilities	**187**	**220**
Other liabilities	**1,880**	**1,869**
Deferred taxes	**554**	**514**
	24,634	**32,764**
CURRENT LIABILITIES		
Provisions	**4,061**	**4,492**
Financial liabilities	**6,485**	**7,135**
Other financial liabilities	**34**	**37**
Income tax liabilities	**1,058**	**1,075**
Other liabilities	**3,168**	**3,317**
Trade payables	1,598	1,768
Other liabilities	1,570	1,549
Liabilities directly connected with assets held for sale	**2,243**	**4,383**
	17,049	**20,439**
Total equity and liabilities	**55,052**	**65,416**

* unaudited

Statement of Income and Accumulated Earnings

	First half of 2011	01.01.– 30.06.2011* EUR thou.	01.01.– 30.06.2010* EUR thou.
Continued business units:			
1.	Revenue	27,176	22,669
2.	Changes in finished goods and work in progress	272	-97
3.	Work performed by the enterprise and capitalized	39	5
4.	Other operating income	527	264
	Gross profit	**28,014**	**22,841**
5.	Costs of materials	-8,422	-6,680
6.	Staff costs	-8,919	-7,692
7.	Depreciations	-1,318	-1,174
8.	Other expenses	-5,251	-4,281
9.	Financial result		
	Financial expenses	-1,254	-1,608
	Other financial result	146	33
10.	**Earnings before taxes and non-operating expenses**	**2,996**	**1,439**
11.	Non-operating expenses	0	-791
12.	**Earnings before taxes**	**2,996**	**648**
13.	Income tax expense	-1,263	-134
14.	**Earnings after taxes from continued business units**	**1,733**	**514**
Discontinued business units:			
15.	**Earnings after taxes from discontinued business units**	**-140**	**-5,395**
16.	**Consolidated net income/loss**	**1,593**	**-4,881**
	Other result		
17.	Currency translation differences from the translation of foreign operations	-271	544
18.	Net result from "available-for-sale" financial assets	-65	-43
19.	**Other result for the period under review, after taxes**	**-336**	**501**
20.	**Overall result for the period under review**	**1,257**	**-4,380**
	Consolidated net income/loss:	**1,593**	**-4,881**
	thereof minority interests	146	93
	thereof attributable to shareholders of Masterflex AG	**1,447**	**-4,974**
	Overall result for the period under review:	**1,257**	**-4,380**
	thereof minority interests	146	93
	thereof attributable to shareholders of Masterflex AG	**1,111**	**-4,473**
	Earnings per share (diluted and basic)		
	from continued business units	0.18	0.10
	from discontinued business units	-0.02	-1.24
	from continued and discontinued business units	0.16	-1.14

* unaudited

Second quarter of 2011	01.04.–30.06.2011* EUR thou.	01.04.–30.06.2010* EUR thou.
Continued business units:		
1. Revenue	13,247	11,455
2. Changes in finished goods and work in progress	-29	122
3. Work performed by the enterprise and capitalized	8	0
4. Other operating income	421	147
Gross profit	**13,647**	**11,724**
5. Costs of materials	-3,949	-3,493
6. Staff costs	-4,404	-3,933
7. Depreciations	-703	-592
8. Other expenses	-2,886	-2,067
9. Financial result		
Financial expenses	-560	-893
Other financial result	87	19
10. Earnings before taxes and non-operating expenses	**1,232**	**819**
11. Non-operating expenses	0	-366
12. Earnings before taxes	**1,232**	**453**
13. Income tax expense	-751	-219
14. Earnings after taxes from continued business units	**481**	**234**
Discontinued business units:		
15. Earnings after taxes from discontinued business units	**138**	**-4,725**
16. Consolidated net income/loss	**619**	**-4,491**
Other result		
17. Currency translation differences from the translation of foreign operations	-279	146
18. Net result from "available-for-sale" financial assets	-32	-63
19. Other result for the period under review, after taxes	**-311**	**83**
20. Overall result for the period under review	**308**	**-4,408**
Consolidated net income/loss:	**619**	**-4,491**
thereof minority interests	107	73
thereof attributable to shareholders of Masterflex AG	**512**	**-4,564**
Overall result for the period under review:	**308**	**-4,408**
thereof minority interests	107	73
thereof attributable to shareholders of Masterflex AG	**201**	**-4,481**
Earnings per share (diluted and basic)		
from continued business units	0.04	0.04
from discontinued business units	0.01	-1.09
from continued and discontinued business units	0.05	-1.05

* unaudited

Consolidated Cash Flow Statement

Financial statements as of	June 30, 2011 * EUR thou.	June 30, 2010 * EUR thou.
Consolidated net income/loss before taxes, interest expenses and financial income	3,906	-3,495
Gain/loss from the disposal of business units	-1,065	0
Income taxes paid	-804	-851
Depreciation expense for property, plant and equipment and intangible assets	1,332	1,455
Loss from the revaluation of discontinued business units	0	4,592
Change in provisions	-65	484
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	99	77
Changes in inventories	-923	-178
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-1,666	-2,328
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	-98	1,849
Net cash from operating activities	**716**	**1,605**
Proceeds from the disposal of property, plant and equipment and intangible assets	22	22
Payments to acquire intangible assets	-1,315	-842
Changes in cash and cash equivalents due to the sale of consolidated subsidiaries	1,850	84
Changes in chash and cash equivalents due to the acquisition of consolidated subsidiaries	-69	0
Net cash from/used in investing activities	**488**	**-736**
Payments to owners and minority interests (dividends, purchase of treasury shares)	-171	-107
Interest and dividend receipts	79	31
Interest expenditure	-1,307	-1,667
Proceeds from the sale of term deposits/securities	77	19
Proceeds from raising loans	0	1,290
Payments for the repayment of loans	-8,900	-329
Net cash from/used in financing activities	**-10,222**	**-763**
Net change in cash and cash equivalents	**-9,018**	**106**
Changes in cash and cash equivalents due to exchange rates and other factors	-271	544
Cash and cash equivalents at start of period	**14.493**	**7,779**
Change in the consolidated group	**-39**	**0**
Cash and cash equivalents at the end of period	**5,165**	**8,429**

* unaudited

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Consolidated Statement of Changes in Equity

	Subscribed capital EUR thou.	Capital reserve EUR thou.	Retained earnings (retained profits brought forward) EUR thou.
Equity at Dec. 31, 2010	**8,732**	**26,252**	**-21,952**
Consolidated net income/ Minority interests	0	0	1,447
Changes in fair values of financial instruments	0	0	0
Currency translation gains/losses from translation of foreign financial statements	0	0	0
Overall result for the financial year	**0**	**0**	**1,447**
Dividend distributions	0	0	0
Other changes	0	0	0
Equity at June 30, 2011	**8,732**	**26,252**	**-20,505**
Equity at Dec. 31, 2009	**4,366**	**17,521**	**-19,618**
Consolidated net income/ Minority interests	0	0	-4,974
Changes in fair values of financial instruments	0	0	0
Currency translation gains/losses from translation of foreign financial statements	0	0	0
Overall result for the financial year	**0**	**0**	**-4,974**
Dividend distributions	0	0	0
Other changes	0	0	5
Equity at June 30, 2010	**4,366**	**17,521**	**-24,587**

	Revaluation reserve	Exchange differences	Minority interest	Total
	EUR thou.	EUR thou.	EUR thou.	EUR thou.
	-629	**-590**	**400**	**12,213**
	0	0	146	1,593
	-65	0	0	-65
	0	-271	0	-271
	-65	**-271**	**146**	**1,257**
	0	0	-171	-171
	0	0	70	70
	-694	**-861**	**445**	**13,369**
	-590	**-897**	**213**	**995**
	0	0	93	-4,881
	-43	0	0	-43
	0	544	0	544
	-43	**544**	**93**	**-4,380**
	0	0	-107	-107
	0	0	0	5
	-633	**-353**	**199**	**-3,487**

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Investor Relations
Dr. Annette Littmann
fon +49 (0) 209 97077-44
fax +49 (0) 209 97077-20
ir@masterflex.de
www.masterflex.de

Masterflex AG

Willy-Brandt-Allee 300
D-45891 Gelsenkirchen

fon +49 209 97077-0
fax +49 209 97077-33
info@masterflex.de
www.masterflex.de/com