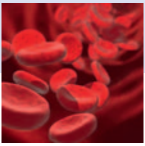
Masterflex

INTERIM REPORT
1st half year 2012



one step ahead

MASTERFLEX AT A GLANCE

Highlights in the first six months

Strategic development
Annual General Meeting approves conversion into SE
Chinese company established
Specialist fluoropolymers added to processing expertise

	30 Jun. 2012
Consolidated revenue (€ thousand)	28,261
EBITDA (€ thousand)	5,295
EBIT (€ thousand)	4,013
EBT (€ thousand)	3,231
Consolidated earnings from continued business units (€ thousand)	2,053
Consolidated earnings from discontinued business units (€ thousand)	-14
Consolidated net income/loss (€ thousand)	1,940
Earnings per share (€)	
from continued business units	0.22
from discontinued business units	0.00
from continued and discontinued business units	0.22
EBIT margin	14.2 %
Employees	485

	30 Jun. 2012
Consolidated equity (€ thousand)	18,047
Consolidated total assets (€ thousand)	51,264
Consolidated equity ratio %	35.2 %

Operating trends

- Sentiment and demand for high-tech hoses remain positive
- Results of operations stable despite initial costs for the expansion
- Equity ratio at over 35%

	30 Jun. 2011	Change in %
	27,176	4.0 %
	5,422	-2.3 %
	4,104	-2.2 %
	2,996	7.8 %
	1,733	18.5 %
	-140	90.0 %
	1,447	40.9 %
	0.18	22.2 %
	-0.02	
	0.16	37.5 %
	15.1 %	
	447	8.5 %
	31 Dec. 2011	**Change in %**
	16,239	11.1 %
	50,930	0.7 %
	31.9 %	

Only the German Version of this report is legally binding.

Dear shareholders,

Anybody reading the headlines in the media gets the impression that the next recession will be upon us at any moment. 2012 is certainly not a euphoric year – the continuing discussion on sovereign debt and the Euro zone alone do not offer any reason for optimism. However, we really think the pervasive pessimism is exaggerated. Our business is performing as planned and the mood at trade fairs and among our customers is also mostly positive.

A look at our figures for the half year proves this. At € 28.3 million or 4.0% up on the previous year, revenue in our anniversary year is entirely consistent with our planned growth and consequently with our forecast for the year. This is also true of income. Our EBIT margin is stable at 14.2% – and is thus at the upper edge of the forecast.

These results are due to our business model. We are specialist providers for high-tech hoses, which provide reliable and highly-efficient solutions to our customers' connection tasks for solid, liquid or gaseous materials. To find the suitable solution in each specific application situation, our technical sales team provides our customers with detailed advice on site. This consultation-oriented sales approach, our longstanding materials and production expertise as well as our diverse array of products – (our hose portfolio comprises more than 25,000 articles) – distinguishes us from our competitors. This differential gives us the courage to envision being the global market leader in all the markets we serve.

At present, we are investing massively in our future with innovation and a consistent policy of internationalisation. Examples of innovations in the first half include the "green" Master-PURgreen hoses, which are manufactured sustainably, or the new product line XFlame® (see page 10 f.). Internationalisation is the key word: we are driving our expansion in Asia forward as a matter of priority. We received the licence for our Chinese business a few days ago. The sales team in Asia is being developed and trained at present. Sales activities are currently being boosted in other parts of the world – such as in North and South America.

This internationalisation start up effort is costly. Therefore the EBIT margin of 14.2% is also slightly down, compared to the margin in the same period in the previous year of 15.2%. These cost are an investment in our future – which has, of course, been taken into account in our long term planning. In the future, our business will be increasingly less Germany and Europe-focused thanks to internationalisation. The business will be less affected by regional fluctuation in the economy, because we are stepping up research, development and investment to meet the demand for hoses used in foodstuffs, pharmaceuticals and medical technology. Our business will continue to grow. In addition to many gaps on the map, the potential for the deployment and use of high-tech hoses is anything but exhausted.

Accompany us, honoured shareholders, on our path to value-oriented growth!

Gelsenkirchen, 6 August 2012

Yours sincerely,

Andreas Bastin

Dr. Andreas Bastin
Chief Executive Officer

INTERIM MANAGEMENT REPORT

Group structure and business activities

The Masterflex Group, whose parent company is Masterflex AG, Gelsenkirchen, (hereafter Masterflex Group or Masterflex) is a global specialist in the development and production of high-quality hoses and connector systems using high-tech plastics and fibres. Masterflex products are essentially proprietary developments and are developed, produced and distributed for a vast range of industrial and medical applications.

The main production sites of the international Masterflex Group with twelve significant operating subsidiaries are located in Gelsenkirchen, Halberstadt, Norderstedt and Houston (USA). In addition, Masterflex has branches or sales partnerships at various sites in Europe and America. As part of the internationalisation strategy, the management company was established in Singapore for the Group's Asian business in the first half of 2012.

Masterflex shares have been traded on the Frankfurt Stock Exchange since 2000.

As of the balance sheet date, the basis of consolidation has been extended in comparison with the end of 2011 by the newly established Masterflex Asia Pte. Ltd., Singapore. As of 30 June 2012, the Masterflex Group holds 80% of the shares in this new company.

Market and competition

The global market for high-tech hoses comprises many, rather regional specialist markets, which are mostly served by SMEs. Customers primarily come from manufacturing including industrial applications (B2B market). Due to the hard-to-come-by expertise in materials, processing and application of the demanding polymers (such as polyurethane), and the diverse possible applications, it is an attractive market, which is characterised by small batch sizes per project, development expertise for customer-specific solutions and the intensity of consulting involved in sales.

Notwithstanding the increasingly prevalent impression of an economic slowdown among the public, sentiment in the regional markets of relevance for Masterflex has appeared stable on average. While uncertainty regarding future developments in the Euro zone has intensified, it has not yet impacted our business at the level of the real economy to any significant effect. The order situation and sentiment remain benign. That was tangible at the trade fairs that are so important for us, such as the world's largest industrial trade fair, the Hanover Trade Fair, or at the Anuga FoodTec.

At the same time, growth varies considerably in the regions in which Masterflex operates. For instance, the Euro zone is affected more by the generally perceived uncertainty than North and South America or Russia. However, the influence of individual regional developments is increasingly less significant thanks to our internationalisation strategy. We have also further decreased the entire Group's dependency on the economy. Our customers come not only from mechanical engineering, aviation and the automotive industry but also from the energy industry, the food and pharmaceutical industry and the medical industry.

Business development in the first six months of 2012

The first half of 2012 has gone entirely as planned. From January to June, revenue increased by 4.0% from € 27.2 million (previous year) to € 28.3 million. Having already been implemented in 2012, the planned growth measures – in particular the expansion of our worldwide sales activities – are successively impacting in the course of this year. This revenue growth means that we are on course for long-term, value-oriented growth based on internationalisation and innovation.

Pneumatic coil tubing in customized manufacture made by our subsidiary Novoplast Schlauchtechnik

On 19 June 2012, the Annual General Meeting agreed with a majority of 99.79% of the share capital present to convert Masterflex AG into an SE (Societas Europaea). Following the gratifyingly large vote in favour by our shareholders, we have instigated the additional steps needed for the conversion. We expect the conversion to be registered in the Commercial Register during the autumn and for the change in legal form to become effective as a result. The management proposed this measure to the Annual General Meeting because the international legal form of an SE facilitates our company's acceptance among globally active customers and investors.

Internationalisation

Expansion into Asia is being driven forward as a matter of priority. Having established the German interim holding company Masterflex Asia Holding GmbH at the end of 2011, the management company for the Group's Asian business, Masterflex Asia Pte. Ltd. was registered in Singapore in February 2012. The staff recruitment process, particularly for sales staff, then started. The licence for the Chinese subsidiary Masterflex Hoses (Kunshan) Co. Ltd. was then issued in summer. We shall start production of some of our products in Kunshan, which is near Shanghai, in the course of this year; the new sales staff are gradually starting their activities at present.

Market entries from previous years – Russia, Brazil and the Czech Republic – are now making a significant contribution to revenue in most cases. And our activities in the USA are also delivering increasing results. This is evidence of the effectiveness of our consultancy-oriented approach to sales, since we have also intensified our sales measures in the USA and will develop them still further. The aim is to increase market penetration in this major and consequently industrially diverse region.

Since 2011, we have also started to identify gains in efficiency from internal synergies, which are currently still wholly or partly unrealised. In the next stage, measures aimed at gradually realising these synergies are planned or have even started. This relates to strengthening the sales team in particular. We wish to offer our entire product range – spiral hoses, technical tubings and components – actively in all the regions of the world in which we are present. For historical reasons, this has not been the case everywhere so far.

Innovation

Since just recently we have been able to manufacture hoses that have similar characteristics to connector elements manufactured using PTFE (polytetrafluoroethylene, familiar as coating material for saucepans). The high-performance polymers FEP (fluorinated ethylene propylene copolymer) and PFA (perfluoroalkoxy polymer) used for this purpose were specially developed as alternatives to PTFE. The materials FEP and PFA have approximately the same positive characteristics as PTFE: considerable resistance to chemicals, heat and weathering as well as high density with low moisture absorption combined with a very smooth surface to which hardly anything sticks (the saucepan effect, as it is known). At the same time, however, these high-tech polymers – this is different from the material PTFE, which is only available in powder form and demands a special processing method – can be made into hoses and moulded parts of all kinds thermoplastically using normal extrusion manufacturing processes. With the new extrusion plant and the material and application expertise in these advanced polymers, the expertise of our subsidiary Novoplast Schlauchtechnik GmbH was further extended.

Hollow needle collector box made by our subsidiary FLEIMA-PLASTIC

The Master-PURgreen hoses from the Masterflex parent company represent another addition to the product range this year. Up to 52% of the materials used in these hoses are made from renewable resources. These are agricultural and forest products, which are not used for nutrition or as feedstuffs, such as castor oil from the castor oil plant. In relation to mechanical characteristics and durability, Master-PURgreen hoses feature the same quality as the traditional Master-PUR product range. At the same time, they constitute a sustainable alternative to traditional products.

In the area of product innovation, our subsidiary Novoplast Schlauchtechnik presented the XFlame® product series to the public for the first time at the Hanover Trade Fair. We are meeting our customers' particularly exacting requirements for the use of hoses in welding systems, welding robots, spot welding guns or grinding machines with this innovative product generation of flame-resistant hoses. Initial feedback from sales, which started in April, is extremely hopeful.

There are further innovations in the product development pipeline.

Results of operations, net assets and financial position

Results of operations

In the first half of 2012, revenue grew by 4.0% to € 28.3 million throughout the Group. Demand for our high-tech hoses and connector systems is remaining positive despite the subdued mood regarding the economic situation among the public.

Gross profit increased slightly less than revenue to € 28.8 million (+2.8%). This was due to our somewhat reduced inventories.

Nevertheless, at € 5.3 million (previous year € 5.4 million), consolidated net profit before interest, taxes and depreciation and amortisation (EBITDA) is slightly, namely € 0.1 million or 2.3%, down on the level of the previous year. In particular, the initial costs for internationalisation are apparent here, which are reflected in higher staff costs of € 9.9 million and a resultant increase in the staff cost ratio (ratio of staff costs to revenue and the change in inventories) of 34.7% compared with 32.5% (previous year). In the first half of 2012, EBITDA was also adversely affected by rising commodity prices, which we were not always able to pass on promptly through our pricing policies. This is also apparent from the slight increase in the materials usage rate (31.7%, same period in the previous year: 30.7%).

Depreciation and amortisation for the first six months of 2012 were virtually unchanged at € 1.3 million.

EBIT amounts to € 4.0 million (previous year: € 4.1 million). This generates an EBIT margin of 14.2%. As a result, this margin is at the upper edge of our forecast for the year, which envisages a margin of around 14%.

The slight decrease in the EBIT margin compared with the same period in the previous year reflects our investment in internationalisation, which first signifies expenditure and then growth in sales chronologically speaking. However, an EBIT margin of 14.2% also demonstrates the ability of our business model to generate stable earnings despite the costs now being incurred for our growth strategy.

The financial result has improved further with net expense of € -0.7 million (previous year € -1.1 million) thanks to the reduction in debt since 2010. This is due to both the fall in nominal debt and the improvement in Masterflex's credit rating, which is reflected in lower interest rates for the syndicated loan. These volume and price effects will also have a positive impact on the financial result in subsequent periods.

Non-operating expenses of € -0.1 million contain only the costs of the change of legal form from Masterflex AG to Masterflex SE resolved by the Annual General Meeting of 2012. This expense, primarily legal and consultancy costs, is non-recurring because of the reason and is therefore recognised separately from other expenses.

The consolidated net profit amounts to € 1.9 million and is consequently 34.1% up on the result of the previous year (€ 1.5 million). Earnings per share also improved more sharply by a good 37% to € 0.22 compared with the same period in the previous year thanks to the loss of burdens from discontinued business units.

Net assets

As at the balance sheet date of 30 June 2012, total assets have increased slightly by 0.7% to € 51.3 million compared with 31 December 2011.

This effect is based on two opposite developments. Non-current assets have fallen by 3.3% from € 31.3 million (31 December 2011) to € 30.3 million. Apart from smaller changes in intangible assets and development costs, this is primarily attributable to the fall in deferred tax assets: this item has fallen by 9.4% to € 5.1 million on the basis of the positive performance of the business.

However, current assets have increased by 7.0% from € 19.6 million to € 21.0 million. At the same time, inventories (+ € 1.3 million) have risen sharply, as have receivables and other assets (+ € 1.9 million), and this development also reflects the rise in revenue performance. Cash in hand and bank balances have fallen by € 1.7 million to € 2.8 million as a result. This is mainly attributable to the lump-sum payments that traditionally accrue in the first half (bonus payments, insurance premiums etc.) and the increase in working capital.

As at 30 June 2012, there has been a gratifyingly marked change in total equity among the items on the equity and liabilities side of the balance sheet. In particular, equity has risen by 11.1% to € 18.0 million because of the profit for the period. This equates to a very satisfactory equity ratio of 35.2%.

Financial position

Both current and non-current debt fell. In the process, non-current debt only decreased slightly by 2.9% to € 20.2 million, in particular due to repayments of non-current liabilities. In contrast, net current liabilities have fallen by 4.8% to stand at € 12.8 million now. Apart from the utilisation of provisions and the increase in financial liabilities, falling income tax liabilities and lower other liabilities are also recognised here.

Staff report

As part of its internationalisation strategy, the Masterflex Group has invested significantly in its staff count. Halfway through the year, there were 485 employees, that is 38 employees or 8.5% on average more than in mid-2011. Apart from the sales-related expansion in production, sales activities were expanded in particular, not only in Germany but also at the international sites, in Asia, Russia or the USA for instance.

We continue to be actively involved in attracting future specialists and training young people. Two trainees passed their examinations to become a machinery and equipment operator and an industrial manager in early summer 2012 and were taken on. Nine young people will start their professional lives by undertaking an administrative or a commercial training programme with us when training starts on 1 August 2012. We also offer students internships and dual courses (such as Bachelor of Business Administration) in cooperation with universities of applied sciences.

Research and Development

Since just recently, we have been able to produce hoses that have similar characteristics to connector elements manufactured using PTFE (polytetrafluoroethylene, known as coating material for saucepans) using normal extrusion manufacturing processes. The high-performance polymers used for this purpose FEP (fluorinated ethylene propylene copolymer) and PFA (perfluoroalkoxy polymer) were developed as an alternative and have approximately the same positive characteristics as PTFE but can also be processed thermoplastically into hoses and moulded parts of all kinds.

With the market launch of XFlame®, an innovative product line of flame-resistant hoses, our subsidiary Novoplast Schlauchtechnik GmbH was able to address our customers' particular requirements for the use of hoses in welding systems, welding robots, spot welding guns or grinding machines for example.

Additional R&D projects are currently in the process of development. As at 30 June 2012, there have been no material changes compared with the statements made in the 2011 Group management report.

Insulated ventilation hose for reducing heat loss made by our subsidiary MATZEN & TIMM

Report on post-balance sheet date events

With effect from 30 September 2011, the assets of Masterflex Vertriebs GmbH, previously Masterflex Brennstoffzellentechnik GmbH, were sold to HyPower GmbH as part of an asset deal. In July 2012, HyPower GmbH, Herten, applied to have insolvency proceedings opened. The insolvency will have no impact on the results of operations, net assets and financial position of the Masterflex Group.

No other events subject to reporting requirements of particular significance for the Group's results of operations, net assets and financial position have occurred since 30 June 2012.

Opportunities and risk report

There have been no changes to the opportunities and risk situation as presented in the 2011 consolidated report.

Outlook

The outlook for economic development remains very ambivalent. In the Euro zone, which is still the most significant region for Masterflex, the politically related turbulence on financial markets remains. At present, we are not feeling any more marked falls in economic activity or outflows of capital and investment. However, sentiment – both generally-speaking and, in particular, the comments emanating from the media – is pointing in this direction. In the other regions of the world, in which Masterflex is increasingly active, the vast majority of signals indicate additional economic growth even if the momentum has eased slightly.

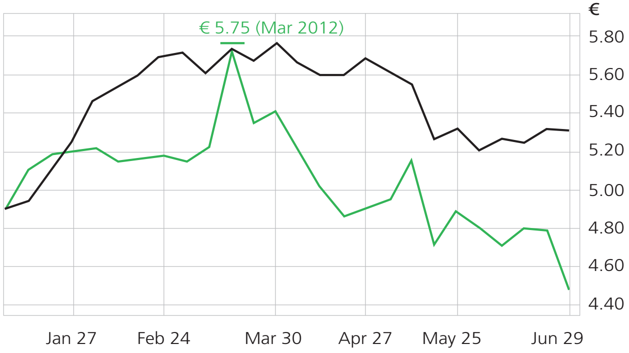
The Masterflex Group will adhere to its growth strategy, which is based on further structured internationalisation of its business, on innovation and on a broader customer structure that is less dependent on fluctuations in the economy. With the establishment of our own activities in almost all the BRIC countries, we also have an expanding presence in the world's most dynamic regions. This is to be followed by further steps targeted at opening new markets not addressed by us before. Our development engineers and our sales team are working continuously on new, more efficient solutions for connection problems. We wish to remain the technological leader with these product innovations.

Masterflex is also achieving organic growth. Potential gains in efficiency from internal synergies, which are not yet fully realised at present, are now being identified. In the next stage, measures aimed at gradually realising these synergies are planned.

We are retaining our forecast: for 2012 as a whole, we expect revenue of € 57 to 58 million. Because of the initial costs for additional internationalisation, the costs accruing from internal synergy projects and rising commodity prices, we are assuming EBIT of € 8.0 million for 2012 and an EBIT margin of around 14%.

THE MASTERFLEX SHARE

Masterflex share price performance in relation to the German S-Dax



Masterflex S-DAX S-Dax up to 30 June 2012: 4,804 points

The downward trend of 16% in the Masterflex share based on daily closing prices during the first six months of 2012 has differed significantly from that of the S-DAX (see graphic). While the share largely followed the general upward trend in German share prices in the middle of January, it subsequently tended to trend sideways until March. Following publication of the provisional figures for the year at the beginning of March, the share rose sharply to a price of € 5.75. The share then came under pressure as a result of profit-taking but this pressure eased again following confirmation of the forecast for 2012. However, ultimately the share was squeezed to a low of € 4.47 at the end of the first half. Consequently, the share fluctuated between a low of € 4.47 (29 June 2012, Q2 closing price) and a high of € 5.75 (15 and 19 March 2012). The share has again recovered somewhat up to the beginning of August to prices of around € 4.70.

Liquidity in the share remained stable at a higher level in the first half of 2012. Over 1,364 million shares were traded on the Frankfurt Stock Exchange – on Xetra and on the floor – in the period. This was approximately 10,660 shares on average per trading day. The figure was somewhat higher in the same period in the previous year, at 12,699 shares on average. This reflects investors' general caution with regard to shares in the small-cap and micro-cap categories (market capitalisation of less than € 100 million) since the outbreak of the sovereign debt crisis.

Annual General Meeting 2012

On 19 June 2012, a large number of shareholders met for the ordinary Annual General Meeting (AGM) at Schloss Horst in Gelsenkirchen. Following a lively discussion about the past, successful 2011 financial year and the expansionary course that has now been adopted, discharge was granted to the Executive Board and the Supervisory Board. Rölfs RP AG Wirtschaftsprüfungsgesellschaft was again appointed as auditor for the 2012 financial year.

The proposal by the management to change legal form from an AG to a European company (Societas Europaea, abbreviated to SE), was approved by an extremely large majority, at 99.79%, of the share capital present. The international legal form of SE is more acceptable to globally operating customers and investors. Following the large vote in favour by the AGM, we have instigated the additional steps needed for the conversion. We expect the conversion to be registered in the Commercial Register during the autumn and for the change in legal form to become effective as a result.

The imminent change to Masterflex SE will not change the listing of the share on the Frankfurt Stock Exchange or the share's ISIN code (DE0005492938) and its security identification number (549 293).

Financial calendar

29 March	Financials press conference, presentation of 2011 annual report, Dusseldorf
29 March	DVFA analysts' conference, Frankfurt/ Main
7 May	Interim report 1/2012
19 June	Annual General Meeting, 11:00 a.m., Gelsenkirchen
13 August	Interim report, H1 2012
12 November	Interim report 3/2012
12 to 13 November	German Equity Forum, Frankfurt/Main

INTERIM FINANCIAL STATEMENTS

Consolidated balance sheet

Assets	30 Jun. 2012* EUR thou.	31 Dec. 2011 EUR thou.
NON-CURRENT ASSETS		
Intangible assets	**4,045**	**4,107**
Concessions, industrial and similar rights	724	774
Development costs	16	29
Goodwill	3,258	3,258
Advance payments	47	46
Property, plant and equipment	**20,652**	**20,881**
Land, land rights and buildings	11,315	11,504
Technical equipment and machinery	6,638	6,975
Other equipment, operating and office equipment	1,965	1,952
Advance payments and assets under development	734	450
Non-current financial assets	**440**	**615**
Non-current financial instruments	34	74
Other loans	406	541
Other assets	**27**	**30**
Other financial assets	**18**	**51**
Deferred taxes	**5,109**	**5,641**
	30,291	**31,325**
CURRENT ASSETS		
Inventories	**10,643**	**9,295**
Raw materials and consumables used	6,675	5,566
Work in progress	292	303
Finished products and goods purchased and held for sale	3,600	3,389
Advance payments	76	37
Receivables and other assets	**7,460**	**5,600**
Trade receivables	6,185	4,942
Other assets	1,268	641
Other financial assets	7	17
Income tax assets	**16**	**144**
Cash in hand and bank balances	**2,835**	**4,544**
	20,954	**19,583**
Assets held for sale	**19**	**22**
	20,973	**19,605**
Total Assets	**51,264**	**50,930**

* unaudited

Equity and liabilities	30 Jun. 2012* EUR thou.	31 Dec. 2011 EUR thou.
SHAREHOLDERS' EQUITY		
Consolidated equity	**17,651**	**15,682**
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-16,137	-18,075
Revaluation reserve	-787	-747
Exchange differences	-409	-480
Minority interest	**396**	**557**
Total equity	**18,047**	**16,239**
NON-CURRENT LIABILITIES		
Provisions	**241**	**242**
Financial liabilities	**17,662**	**18,262**
Other financial liabilities	**168**	**184**
Other liabilities	**1,629**	**1,629**
Deferred taxes	**456**	**431**
	20,156	**20,748**
CURRENT LIABILITIES		
Provisions	**2,772**	**3,561**
Financial liabilities	**6,192**	**5,612**
Other financial liabilities	**141**	**44**
Income tax liabilities	**985**	**1,042**
Other liabilities	**2,723**	**3,202**
Trade payables	1,739	1,498
Other liabilities	984	1,704
	12,813	**13,461**
Liabilities directly connected with assets held for sale	**248**	**482**
	13,061	**13,943**
Total Equity and liabilities	**51,264**	**50,930**

* unaudited

Consolidated income statement

		01 Jan.–30 Jun. 2012* EUR thou.	01 Jan.–30 Jun. 2011* EUR thou.
Continued business units			
1.	Revenue	28,261	27,176
2.	Changes in inventories of finished goods and work in progress	178	272
3.	Work performed by the enterprise and capitalised	15	39
4.	Other operating income	338	527
	Gross profit	**28,792**	**28,014**
5.	Cost of materials	-9,002	-8,422
6.	Staff costs	-9,868	-8,919
7.	Depreciations	-1,282	-1,318
8.	Other expenses	-4,627	-5,251
9.	Financial result		
	Financial expenses	-760	-1,254
	Other financial result	70	146
10.	**Earnings before taxes and non-operating expenses**	**3,323**	**2,996**
11.	Non-operating expenses	-92	0
12.	**Earnings before taxes**	**3,231**	**2,996**
13.	Income tax expense	-1,178	-1,263
14.	**Earnings after taxes from continued business units**	**2,053**	**1,733**
Discontinued business units			
15.	**Earnings after taxes from discontinued business units**	**-14**	**-140**
16.	**Consolidated net income/loss**	**2,039**	**1,593**
	thereof minority interests	99	146
	thereof attributable to shareholders of Masterflex AG	**1,940**	**1,447**
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.22	0.18
	from discontinued business units	0.00	-0.02
	from continued and discontinued business units	**0.22**	**0.16**

* unaudited

Consolidated statement of comprehensive income

		01 Jan. – 30 Jun. 2012* EUR thou.	01 Jan. – 30 Jun. 2011* EUR thou.
	Consolidated net income/loss	**2,039**	**1,593**
	Other result		
1.	Currency translation differences from the translation of foreign operations	71	-271
2.	Net result from "available-for-sale" financial assets	-40	-65
3.	**Other result for the period under review, after taxes**	**31**	**-336**
4.	**Overall result**	**2,070**	**1,257**
	Overall result:	**2,070**	**1,257**
	thereof minority interests	99	146
	thereof attributable to shareholders of Masterflex AG	**1,971**	**1,111**

* unaudited

Drainage hose for an aircraft made by our subsidiary MATZEN & TIMM

Consolidated income statement

		01 Apr. – 30 Jun. 2012* EUR thou.	01 Apr. – 30 Jun. 2011* EUR thou.
Continued business units			
1.	Revenue	13,750	13,247
2.	Changes in inventories of finished goods and work in progress	-335	-29
3.	Work performed by the enterprise and capitalised	15	8
4.	Other operating income	226	421
	Gross profit	**13,656**	**13,647**
5.	Cost of materials	-4,195	-3,949
6.	Staff costs	-4,928	-4,404
7.	Depreciations	-645	-703
8.	Other expenses	-1,999	-2,886
9.	Financial result		
	Financial expenses	-356	-560
	Other financial result	56	87
10.	**Earnings before taxes and non-operating expenses**	**1,589**	**1,232**
11.	Non-operating expenses	-92	0
12.	**Earnings before taxes**	**1,497**	**1,232**
13.	Income tax expense	-581	-751
14.	**Earnings after taxes from continued business units**	**916**	**481**
Discontinued business units			
15.	**Earnings after taxes from discontinued business units**	**-8**	**138**
16.	**Consolidated net income/loss**	**908**	**619**
	thereof minority interests	31	107
	thereof attributable to shareholders of Masterflex AG	**877**	**512**
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.10	0.04
	from discontinued business units	0.00	0.01
	from continued and discontinued business units	**0.10**	**0.05**

* unaudited

Consolidated statement of comprehensive income

		01 Apr. – 30 Jun. 2012* EUR thou.	01 Apr. – 30 Jun. 2011* EUR thou.
	Consolidated net income/loss	**908**	**619**
	Other result		
1.	Currency translation differences from the translation of foreign operations	28	-279
2.	Net result from "available-for-sale" financial assets	-47	-32
3.	**Other result for the period under review, after taxes**	**-19**	**-311**
4.	**Overall result**	**889**	**308**
	Overall result:	**889**	**308**
	thereof minority interests	31	107
	thereof attributable to shareholders of Masterflex AG	**858**	**201**

* unaudited

Consolidated cashflow statement

As of	30 Jun. 2012 * EUR thou.	30 Jun. 2011 * EUR thou.
Result for the period before taxes, interest expenses and financial income	3,808	3,906
Result from the disposal of business units	0	-1,065
Income taxes paid	-1,061	-804
Depreciation expense for property, plant and equipment and intangible assets	1,282	1,332
Change in provisions	-668	-65
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	77	99
Changes in inventories	-1,348	-923
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-1,164	-1,666
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	-407	-98
Net cash from operating activities	**519**	**716**
Proceeds from the disposal of non-current assets	5	22
Payments to acquire intangible assets	-978	-1,315
Changes in cash and cash equivalents due to the sale of consolidated subsidiaries	60	1,850
Changes in cash and cash equivalents due to the acquisition of consolidated subsidiaries	0	-69
Net cash from/used in investing activities	**-913**	**488**
Payments to owners and minority interests	-320	-171
Interest and dividend receipts	83	79
Interest expenditure	-907	-1,307
Proceeds from the sale of term deposits/securities	5	77
Proceeds from raising loans	500	0
Payments for the repayment of loans	-748	-8,900
Net cash from/used in financing activities	**-1,387**	**-10,222**
Net change in cash and cash equivalents	**-1,781**	**-9,018**
Changes in cash and cash equivalents due to exchange rates and other factors	70	-271
Cash and cash equivalents at the start of period	**4,561**	**14,493**
Change in the consolidated group	**0**	**-39**
Cash and cash equivalents at the end of period	**2,850**	**5,165**

* unaudited

Y-connectors for the medical devices made by our subsidiary FLEIMA-PLASTIC

Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings (retained profits brought forward)
	EUR thou.	EUR thou.	EUR thou.
Equity at 31 Dec. 2011	**8,732**	**26,252**	**-18,075**
Consolidated net income/ Minority interests	0	0	1,940
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**	**1,940**
Dividend distributions	0	0	0
Change due to equity increases/decreases	0	0	-2
Other changes	0	0	0
Equity at 30 Jun. 2012	**8,732**	**26,252**	**-16,137**
Equity at 31 Dec. 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 30 Jun. 2011	**8,732**	**26,252**	**-20,505**

Revaluation reserve	Exchange differences	Minority interest	Total
EUR thou.	EUR thou.	EUR thou.	EUR thou.
-747	**-480**	**557**	**16,239**
0	0	99	2,039
-40	0	0	-40
0	71	0	71
-40	**71**	**99**	**2,070**
0	0	-320	-320
0	0	60	58
0	0	0	0
-787	**-409**	**396**	**18,047**
-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**

Notes to the Interim Report

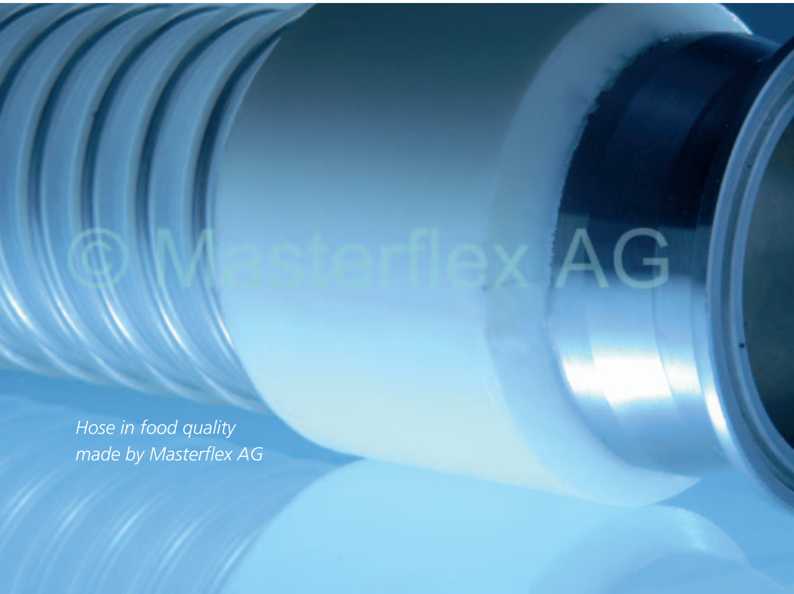
1. Reporting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and International Accounting Standards (IAS) of the International Accounting Standard Board (IASB) and is in keeping with the company's key accounting principles presented here. The same accounting principles were applied as in the consolidated financial statements for the financial year that ended on 31 December 2011.

2. Basis of consolidation

The basis of consolidation has changed in comparison with the previous year. Masterflex Asia Pte. Ltd., Singapore, Republic of Singapore, was established on 1 February 2012. The shares in Masterflex Asia Pte Ltd. are held by Masterflex Asia Holding GmbH, Gelsenkirchen.

On 14 February 2012, the Group sold a 20% equity investment in Masterflex Asia Holding GmbH, Gelsenkirchen, for a purchase price of € 40 thousand. Consequently, the non-controlling shares rose by € 40 thousand.



Hose in food quality
made by Masterflex AG

Company name	Company headquarters		Equity interest held by Master-flex (%)
Masterflex S.A.R.L.	F	Béligneux	80
Masterflex Technical Hoses Ltd.	GB	Oldham	100
Masterduct Holding Inc.*	USA	Houston	100
· Flexmaster U.S.A, Inc.	USA	Houston	100*
· Masterduct Inc.	USA	Houston	100*
· Masterduct Holding S.A. Inc.	USA	Houston	100*
· Masterduct Brazil LTDA.	BR	Santana de Parnaiba	100*
Novoplast Schlauchtechnik GmbH	D	Halberstadt	100
FLEIMA-PLASTIC GmbH	D	Wald-Michel-bach	100
Masterflex Handelsgesellschaft mbH	D	Gelsenkirchen	100
Masterflex Cesko s.r.o.	CZ	Plana	100
M & T Verwaltungs GmbH*	D	Gelsenkirchen	100
· MATZEN & TIMM GmbH	D	Norderstedt	100*
Masterflex RUS	RUS	St. Petersburg	51
Masterflex Scandinavia AB	S	Kungsbacka	100
SURPRO Verwaltungsgesells-chaft mbH	D	Gelsenkirchen	100
Masterflex Entwicklungs GmbH*	D	Gelsenkirchen	100
· Masterflex Vertriebs GmbH	D	Gelsenkirchen	100*
Masterflex Asia Holding GmbH*	D	Gelsenkirchen	80
· Masterflex Asia Pte. Ltd.	SGP	Singapore	100*

*) = subgroup

3. Dividend

Masterflex AG did not pay a dividend for the 2011 financial year.

4. Segment reporting

The Masterflex Group divides up its operating segments in accordance with the criteria of IFRS 8. Reporting for operating segments subject to reporting requirements is carried out on the basis of the information to which the management refers when measuring the performance of operating segments and allocating resources (management approach).

As a result of the implementation of the Group strategy and the associated concentration on the core business unit High-Tech Hose Systems (HTS), SURPRO Verwaltungsgesellschaft mbH, Masterflex Entwicklungs GmbH and Masterflex Vertriebs GmbH are presented on a uniform basis under "Discontinued business units". Masterflex AG thus has one operating segment, the core business unit (HTS).

Segment reporting 30 Jun. 2012	High-Tech Hose systems EUR thou.	Total for continued business units EUR thou.	Discontinued business units EUR thou.	Total EUR thou.
Revenue from non-Group third parties	28,261	28,261	0	28,261
Earnings (EBIT)	4,013	4,013	121	4,134
Investments in property, plant and equipment and intangible assets	978	978	0	978
Depreciations	1,282	1,282	0	1,282
Assets	51,245	51,245	19	51,264

Segment reporting 30 Jun. 2011	High-Tech Hose systems EUR thou.	Total for continued business units EUR thou.	Discontinued 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
Investments in property, plant and equipment and intangible assets	1,587	1,587	110	1,697
Depreciations	1,318	1,318	9	1,327
Assets	54,901	54,901	151	55,052

5. Earnings per share

Basic earnings per share is calculated in accordance with IAS 33 by dividing consolidated net income by the weighted average of the number of shares in circulation during reporting period. As at 30 June 2012, basic earnings per share from continued business units amounted to € 0.22, while the figure from discontinued business units was also € 0.22 with a weighted average number of shares of 8,865,874.

Since there is no stock option plan, diluted earnings are not calculated.

6. Treasury shares

As at 30 June 2012, Masterflex AG held a total of 134,126 treasury shares.

7. Employees

As at 30 June 2012, the number of employees stood at 485 and was consequently 8.5% up on the previous year (447 employees).

8. Non-operating expenses

This item contains expenses that were incurred in connection with the change of legal form by Masterflex AG into a European stock corporation (Societas Europaea, SE). In the interests of clarity, these expenses were eliminated from the item for Other expenses and shown in an individual item in the consolidated income statement.

9. Income tax

In the Interim financial report, income tax expense is calculated on the basis of the estimated effective tax rate for Masterflex AG for 2012 as a whole, which was applied to the pre-tax earnings in the first six months. The effective tax rate is based on current earnings and tax planning.

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 on the face of 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:

	30 Jun. 2012 EUR thou.	30 Jun. 2011 EUR thou.
Cash and cash equivalents at the end of period	2,850	5,165
Cash in hand and bank balances included in assets held for sale	15	72
Cash in hand and bank balances	**2,835**	**5,093**

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 relationships are explained in the notes to the consolidated financial statements under note 36 in the 2011 annual report. There have been no changes to the comments made there in the reporting period.

12. Review of the Interim financial report by an auditor

The interim financial statements and the interim management report in the report on the half year were neither audited in accordance with section 317 of the German Commercial Code 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 assets, liabilities, financial position and profit or loss 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 rest of the financial year.

6 August 2012

Dr. Andreas Bastin
Chief Executive Officer

Mark Becks
Chief Financial Officer

WE ARE THERE FOR YOU WHENEVER AND WHEREVER YOU NEED US!

To find out more about the Masterflex Group, please log on to:
www.masterflex.de > Company > Locations

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