Interim Report
1st half year 2013

MASTERFLEX GROUP
Connecting Values

Masterflex at a glance

Highlights in the first six months

Strategic development
PA DUOPART® product innovation launched onto the market
New loan agreement concluded inc. funding for potential acquisitions
Annual general meeting approves profit transfer agreement

	30. Jun. 2013	
Consolidated revenue (k€)	28,966	
EBITDA (k€)	4,568	
EBIT (k€)	3,302	
EBT (k€)	2,443	
Consolidated earnings from continued business units (k€)*	1,550	
Consolidated earnings from discontinued business units (k€)	2	
Consolidated net income/loss (k€)	1,470	
Earnings per share (€)		
from continued business units	0.17	
from discontinued business units	0.00	
from continued and discontinued business units	0.17	
EBIT margin	11.4 %	
Employees	525	
	30. Jun. 2013	
Consolidated equity (k€)	21,711	
Consolidated total assets (k€)	54,922	
Consolidated equity ratio	39.5 %	

* without minority interests

Only the german version is legally binding.

Operating trends
Demand picked up markedly over the course of the year
Results of operations largely stable despite start-up costs
Equity ratio close to 40 percent

30. Jun. 2012	Change
28,261	2.5 %
5,295	–13.7 %
4,013	–17.7 %
3,231	–24.4 %
2,053	–24.5 %
–14	
1,940	–24.2 %
0.22	–22.7 %
0.00	
0.22	–22.7 %
14.2 %	
485	8.2 %
31. Dec. 2012	**Change**
20,524	5.8 %
52,435	4.7 %
39.1 %	

Dear Shareholders,

Let me say first and foremost: we're doing ok! With a growth rate of 6.4 percent in the second quarter, we return to the growth path we have pursued in recent years. This also confirms our assumption that the setback of Q1 was mainly due to the low number of working days. Revenue totalled € 29 million in the first six months, around 2.5 percent more compared to the previous year.

Dr. Andreas Bastin, Chief Executive Officer

Thus, as a technology leader in a speciality market segment, we were able to clearly distance ourselves from the downbeat tones being played out by the European economy. Moreover, it shows that our strategy of internationalisation is the right one and clearly leads to measurable successes for the first time.

Nevertheless, we will not slacken the pace of our efforts. Because, even if our high tech hose and connector systems, made or designed in Germany, are widely accepted all over the world, we still have a long way to go to become global market leader in our specialist markets. We have already paved the way when it comes to implementing our internationalisation strategy, particularly with regard to building up our sales teams. And this proactive stance will gradually pay off with increasing sales. These up-front costs of internationalisation are nevertheless essential in order to be successful in the long term.

Somewhere else we will not hold back is in our innovation strategy. Our engineers, technicians and machine operators are continuously engaged in trying out new material variants when manufacturing or in the field of application of our products. The PA DUOPART® product innovation from the Novoplast Schlauchtechnik brand which was introduced onto the market in spring is one such case. Following a customer request – “Can you solve this problem? – our technicians from Halberstadt worked meticulously until they were able to make a partially welded PA compressed air hose. The hose has been very well received by customers. And this year, it doesn't just end there with the PA DUOPART®: currently, some additional innovations from the Masterflex Group are about to be launched on the market. We are waiting to see what it is in store with eager anticipation!

To put things into perspective, both pillars of our growth strategy are equally important: internationalisation helps us leave our historically rooted central focus on Germany behind us and it's only through product innovations that we can maintain ourselves at the top of the value pyramid – a position which is also exciting for the shareholders. We are happy to answer any questions if you would like to know any more about our innovations. Look forward to hearing from you!

Gelsenkirchen, 29 July 2013

Ihr
Andreas Bastin

Dr. Andreas Bastin
Chief Executive Officer

Interim Management Report

Group structure and business activities

The Masterflex Group, with its parent company Masterflex SE, Gelsenkirchen (referred to below as Masterflex Group or Masterflex), is a supplier of high tech hoses and connector systems. The internationally operating group company with German roots is a specialist in the development and manufacture of high-quality connector systems made from high tech plastics and fabrics.

The main production sites of the international Masterflex Group and its 13 operating subsidiaries are Gelsenkirchen, Halberstadt, Norderstedt and Houston (USA). In addition, Masterflex has different locations in Europe, America and Asia through our subsidiary branches or sales partners.

Masterflex shares have been listed on the Frankfurt stock exchange since 2000.

Market and Competition

The global market for high tech hoses and connector systems comprises many predominantly regionally-oriented specialist markets which are mostly served by SMEs. Customers come primarily from the manufacturing sector including industrial applications (B2B market). Nevertheless, due to the scarcity of expertise in production, processing and application of the demanding polymers and many diverse fields of use, it is an attractive and profitable market.

For the first half of 2013, our markets have been characterised by a regionally very different dynamic. Whilst the economy in Europe and even in Germany continues to suffer from the effects of the European sovereign debt crisis, the comparatively high pace of growth continues in Asia and America, even though growth in Asia is not expected to be quite as high as at the beginning of the year. Masterflex responded to this continental divergence some time ago with its internationalisation strategy to spread the traditional sales focus of the European market to several regions of the world in the future.

Business development in the first half of 2013

2013 has seen significant progress after a not-too-easy start. In the second quarter of 2013, revenue increased by 6.4 percent on last year. This is all the more gratifying as the first quarter was still under the effect of slightly declining revenues. Thus, revenues increased by 2.5 percent in total over the first six months. This now confirms that the development at the start of the year was only a temporary event caused, in particular, by the low number of working days and lack of significant development in our market for high tech connector systems.

This also shows that our approach of a multi-branch strategy with a broad client base is right. At its inception decades ago, Masterflex was very much focussed on a small number of sectors, yet today our customers come from a variety of industries and particularly from growth areas.

Since March 2013 we have had, for the first time, a global uniform brand identity. The umbrella brand name of the company – Masterflex Group – now encompasses the sale of all our products worldwide under the brands Masterflex, Matzen & Timm, Novoplast Schlauchtechnik, Fleima-Plastic and Masterduct. The slogan Connecting Values expresses our performance promise in brief and succinct form: we offer more than hoses, namely competent advice with universal solutions from the technology leader.

To coincide with the new brand identity, our online presence has also been comprehensively redesigned. The Masterflex Group and all its products and locations can be found at **www.MasterflexGroup.com**. The websites for our products and brands will now be successively revised. For a short time you have already been able to find all the Masterflex brand products on our newly designed website **www.masterflex.de** which has updated content and layout.

In the second quarter, we were able to sign and implement a syndicated loan agreement. This new loan has a maturity of five years and completely replaces the old agreement. These four institutes now form a well-balanced number of banking partners, which secure the credit financing for our business needs; in addition, the State guarantee was able to be returned.

Internationalisation
Since the beginning of 2013, we have been recording substantial business at our new location in Kunshan in Shanghai, China. Healthy demand for “Made or Designed in Germany” high tech hoses is originating both from international customers as well as from local companies. This also applies to our site in Singapore which is successfully driving forward the expansion of our dealer network in other Asian regions. In the United States of America too, our intensified sales activities exhibit noticeable growth. Our internationalisation strategy clearly demonstrates measurable successes for the first time.

Innovation
In spring, we launched the new PA DUOPART® product under our Novoplast Schlauchtechnik brand. This innovation is particularly significant for pneumatic applications.

Up to now, it has only been technically possible to weld two polyamide (PA) hoses together over their entire length. To attach the pair (or trio) of hoses to individual couplings, the weld had to be partially cut open again. This resulted in the formation of burr which made a really air-tight seal to the coupling virtually impossible such as that required for pneumatic applications.

Thanks to an innovative manufacturing process, it is now possible to produce PA hoses with non-welded sections on a routine basis. An additional advantage of the technique is that complex bundling of individual hoses by hand is eliminated completely. Thus our new PA DUOPART® is the optimal solution for use with externally sealed couplings in pneumatic and hydraulic applications.

The new PA DUOPART® hose by NOVOPLAST SCHLAUCHTECHNIK, made from polyamide. The regularly recurring welded and non-welded sections mean it is of particular significance in pneumatic applications.

Further innovative connecting products are currently being developed. Our next product innovation will be launched In the autumn.

Results of operations, nets assets and financial position

Results of operations
Consolidated revenue has grown in the first half of 2013 against the same period of the previous year by 2.5 percent to € 29.0 million. In the second quarter of 2013 alone, revenue grew by 6.4 percent to € 14.6 million.

At € 29.5 million, gross revenue was 2.6 percent above that of the previous year (€ 28.8 million). This slightly disproportionate increase is due to a build-up of stock.

Consolidated net profit before interest, taxes, depreciation and amortisation (EBITDA) fell from € 5.3 million to € 4.6 million (–13.7 percent) compared to the same period of the previous year. This is principally attributable to the start-up costs of internationalisation which unlike investments in property, plant and equipment at new sites is entered completely negative in the budget in terms of staff costs. An additional factor is rising staff costs within the annual wage and salary increases (inflationary effect). Totally, the staff costs amount to € 11.0 million (2012: € 9.9 million). The staff cost ratio (ratio of staff costs to revenue plus the changes in inventories) thus increased to 37.7 percent (previous year 34.7 percent). The cost of materials fell slightly from € 8.9 million (previous year: € 9.0 million) which equates to a cost-of-material ratio (ratio of the cost of materials to revenue plus the change in inventories) of 30.6 percent (previous year 31.7 percent). Other operating expenses amounted to € 5.0 million; this equates to 9.0 percent more than the same period in the previous year (€ 4.6 million).

In the first six months, depreciation and amortisation on property, plant and equipment remained virtually unchanged on the previous year at € 1.3 million.

The operating result (EBIT) amounted to € 3.3 million. This is a decline of 17.7 percent against the same period of the previous year (€ 4.0 million). Based on turnover, the EBIT margin stands at 11.4 percent. The slight decline of the margin is planned to be a temporary occurrence due to our internationalisation strategy.

The financial result amounts to € –0.9 million (previous year € –0.7 million) The increase over the previous year is essentially due to one-off items: by returning the State guarantee, annual costs only had to be allocated in the first half year. Over the next few months, we expect a reduction in the interest charges and thus also in the financial result while EURIBOR interest rates remain low.

Consolidated net profit is € 1.5 million (same period in the previous year was € 1.9 million). This equates to earnings per share of € 0.17 compared with € 0.22 per share in the first half year of 2012.

Net assets

On the balance sheet date of 30 June 2013, total assets had increased by 4.7 percent from € 52.4 million to € 54.9 million.

Non-current assets amount decreased slightly by 1.3 percent to € 31.4 million from the end of 2012: € 31.8 million). This is primarily attributable to deferred tax assets of € 5.7 million, which fell by 3.7 percent due to the positive business results (end of 2012: € 5.9 million).

In contrast, current assets jumped 14.1 percent from € 20.6 million to € 23.5 million. On the one hand, this is due to an increase in receivables and other assets of +24.5 percent from € 6.3 million to € 7.8 million. This was largely due to trade receivables from ongoing business activities. On the other hand, current assets have risen primarily due to increased cash in hand and bank balances of € 4.0 million (+40.8 percent) owing to completion of the new syndicated loan in June.

Financial position

On 3 May 2013, Masterflex concluded a new syndicated loan agreement with four banks of up to € 40 million which runs until 2018. The first two tranches have replaced the current syndicated loan agreement which was running until 2015 as well as essentially all other credit lines in the Masterflex Group. The third tranche will be used to finance possible acquisitions into the core business. Covenants are agreed for the equity ratio, interest coverage and debt equity ratio. The State guarantee will be cancelled without being replaced. Disbursement of the syndicated loan took place in mid-June.

Equity has grown by 5.8 percent from € 20.5 million to the current figure of € 21.7 million due to the positive business results. The equity ratio is now 39.5 percent, while the capital ratio lies slightly under the first quarter figure predominantly due to the higher cash-in-hand amount and balance sheet increase associated with it.

Long term borrowings have increased by 10.5 percent to € 21.7 million. This figure reflects the new syndicated loan in which in particular all bank liabilities of the Group are now pooled into a long term amortisable loan.

In turn, short term financial liabilities fell 27.3 percent from € 6.1 million to € 4.4 million. Provisions amounted to € 2.3 million at the balance sheet date (2012 year end: € 2.6 million).

Staff report

As part of its growth strategy, the Masterflex Group has created a range of new jobs. In the first half of 2013, the number of employees employed in the Masterflex Group averaged 525. This corresponds to an increase of 8.2 percent compared to the same period of 2012. Almost all sites have invested in new staff. This primarily involved sales within the framework of the internationalisation strategy as well as production-related expansion.

Research and development

In spring, we launched the new PA DUOPART® product under the Novoplast Schlauchtechnik brand. This innovation is particularly significant for pneumatic applications.

Other R&D projects are being developed. As of 30 June 2013, there were no material changes compared with the statements included in the 2012 consolidated management report.

Report on post balance sheet date events

No events of particular significance relating to the results of operations, net assets and financial position took place after the balance sheet date.

Opportunities and risks report

There have been no changes to the opportunities and risk situation as presented in the 2012 consolidated report.

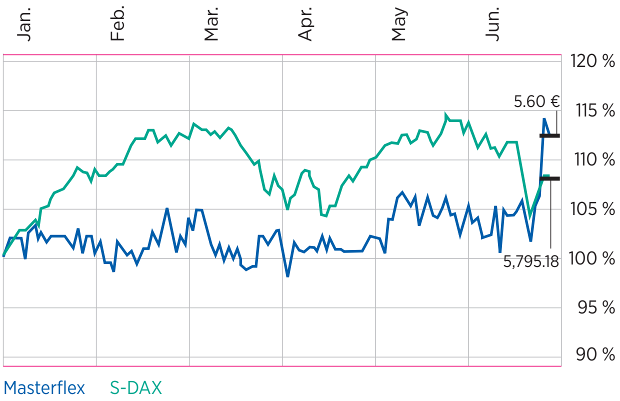
Outlook

Economic development remains ambivalent. Even if the German economy is still more stable than most other significant countries in the Euro zone, here as well there are first signs of a slowdown. In the other regions of the world where Masterflex is increasingly active, the signals indicate a clear tendency towards additional and more significant economic growth. This applies in particular to Asia as well as America.

The Masterflex Group continues to implement its long-term growth strategy in a consistent manner, which is based on continued internationalisation of the business, on innovation and on a series of internal measures for optimising the business model. This includes consistently implementing our unified brand identity, increased benchmarking for Group-wide implementation of success strategies as well as systematically optimising and unifying various internal processes and structures.

For 2013, we expect a significant increase in revenue, above that of 2012, depending on the progress made in implementing our internationalisation measures. Our operating result will follow the sales growth at a more moderate pace: given the start-up costs for further internationalisation, which in the main were recorded immediately in the financial statements, we nevertheless expect a clear two-digit EBIT margin for 2013.

The Masterflex Share



Based on the daily closing prices, the Masterflex share price has moved mainly sideways since the start of the year until the beginning of May 2013 with prices ranging from € 4.95 to 5.10. Then from mid-May, subsequent to publication of the first quarter results, the share price began to climb and at times experienced some lively trading. At the end of June, following the well-attended AGM on 11 June, the share price rose to well over € 5.50 accompanied also by comparatively lively trading.

In the first half of 2013, the share price fluctuated between an all-time low of € 4.85 (22 March 2013) and up to a high of € 5.69 (27 June 2013).

Liquidity of the shares has increased over the course of 2013. Over 977,000 shares have been traded on Xetra and on the floor following a quiet start in the second quarter. This averages around 7,818 shares per trading day. Even if trade has revived somewhat compared to the start of the year, the liquidity has not yet fully recovered to that of the first half of 2012 (10,660 per trading day). We hope to see an imminent revival in trade by expanding the circle of stock managers: since April, WGZ Bank has assumed in addition the function of Designated Sponsor alongside Close Brother Seydler Bank AG.

In May, Masterflex took part in the Spring conference of the German Stock Exchange in Frankfurt. At our very well attended presentation, there was a lively discussion about the characteristics of the market for high tech hoses and our future opportunities.

The annual general meeting (AGM) took place on 11 June 2013 at the traditional site of Schloss Horst in Gelsenkirchen. Around 43 percent of the share capital was represented. By a large majority, the shareholders agreed to the measures suggested by the management. The results and some images from the AGM can be found at **www.MasterflexGroup.com/Investor-relations/Hauptversammlung**. A profit-transfer agreement with our subsidiary FLEIMA-PLASTIC GmbH, in Wald-Michelbach, was amongst the resolutions passed in the AGM thus optimising the tax burden of the Masterflex Group.

In June 2013, BBC GmbH informed us that they had exceeded the voting rights limit of five percent in the company and now have a share portfolio of 6.15 percent of Masterflex SE share capital. The shareholders of BBC GmbH are the two Executive Board members of Masterflex SE.

Financial Calendar

Dates for 2013	
26 March	Financials press conference, presentation of the 2012 annual report, Frankfurt/Main
26 March	DVFA analysts' conference, Frankfurt/Main
7 May	Q1 2013 report
11 June	Annual general meeting, 11 am, Gelsenkirchen
12 August	Interim report for the first half year of 2013
11 November	Q3 2013 report
11–12 November	Germany Equity Forum, Frankfurt/Main

Roller clamps by FLEIMA-PLASTIC, inserted in infusion tube sets to regulate flow volume.

Interim financial statements

Consolidated balance sheet

Assets	30. Jun. 2013* k€	31. Dec. 2012 k€
NON-CURRENT ASSETS		
Intangible assets	**4,208**	**4,187**
Concessions, industrial and similar rights	699	678
Development costs	93	93
Goodwill	3,258	3,258
Advance payments	158	158
Property, plant and equipment	**21,164**	**21,232**
Land, land rights and buildings	11,360	11,674
Technical equipment and machinery	6,941	7,259
Other equipment, operating and office equipment	1,972	1,963
Advance payments and assets under development	891	336
Non-current financial assets	**311**	**445**
Non-current financial instruments	60	59
Other loans	251	386
Other assets	**22**	**26**
Other financial assets	**0**	**0**
Deferred taxes	**5,704**	**5,932**
	31,409	**31,822**
CURRENT ASSETS		
Inventories	**11,602**	**11,119**
Raw materials and consumables used	6,710	6,507
Work in progress	482	244
Finished products and goods purchased and held for sale	4,405	4,365
Advance payments	5	3
Receivables and other assets	**7,835**	**6,291**
Trade receivables	6,750	5,464
Other assets	1,083	825
Other financial assets	2	2
Income tax assets	**87**	**364**
Cash in hand and bank balances	**3,976**	**2,823**
	23,500	**20,597**
Assets held for sale	**13**	**16**
	23,513	**20,613**
Total Assets	**54,922**	**52,435**

* unaudited

Equity and liabilities	30. Jun. 2013* k€	31. Dec. 2012 k€
SHAREHOLDERS' EQUITY		
Consolidated equity	**21,244**	**19,988**
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	–12,172	–13,642
Revaluation reserve	–732	–733
Exchange differences	–836	–621
Minority interest	**467**	**536**
Total equity	**21,711**	**20,524**
NON-CURRENT LIABILITIES		
Provisions	**191**	**191**
Financial liabilities	**19,195**	**16,987**
Other financial liabilities	**118**	**139**
Other liabilities	**1,491**	**1,489**
Deferred taxes	**720**	**838**
	21,715	**19,644**
CURRENT LIABILITIES		
Provisions	**2,299**	**2,600**
Financial liabilities	**4,357**	**6,012**
Other financial liabilities	**44**	**44**
Income tax liabilities	**844**	**409**
Other liabilities	**3,737**	**2,755**
Trade payables	2,559	1,717
Other liabilities	1,178	1,038
	11,281	**11,820**
Liabilities directly connected with assets held for sale	**215**	**447**
	11,496	**12,267**
Total Equity and liabilities	**54,922**	**52,435**

* unaudited

Consolidated income statement

	Continued business units	01. Jan.– 30. Jun. 2013* k€	01. Jan. – 30. Jun. 2012* k€
1.	Revenue	28,966	28,261
2.	Changes in inventories of finished goods and work in progress	234	178
3.	Work performed by the enterprise and capitalised	4	15
4.	Other operating income	336	338
	Gross revenue	**29,540**	**28,792**
5.	Cost of materials	–8,926	–9,002
6.	Staff costs	–11,002	–9,868
7.	Depreciations	–1,266	–1,282
8.	Other expenses	–5,044	–4,627
9.	Financial result		
	Financial expenses	–870	–760
	Other financial result	11	70
10.	**Earnings before taxes and non-operating expenses**	**2,443**	**3,323**
11.	Non-operating expenses	0	–92
12.	**Earnings before taxes**	**2,443**	**3,231**
13.	Income tax expense	–893	–1,178
14.	**Earnings after taxes from continued business units**	**1,550**	**2,053**
	Discontinued business units		
15.	**Earnings after taxes from discontinued business units**	**2**	**–14**
16.	**Consolidated net income/loss**	**1,552**	**2,039**
	thereof minority interests	82	99
	thereof attributable to shareholders of Masterflex SE	**1,470**	**1,940**
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.17	0.22
	from discontinued business units	0.00	0.00
	from continued and discontinued business units	0.17	0.22

* unaudited

Consolidated statement of comprehensive income

		01. Jan.– 30. Jun. 2013* k€	01. Jan.– 30. Jun. 2012* k€
	Consolidated net income/loss	**1,552**	**2,039**
	Other result		
1.	Currency translation differences from the translation of foreign operations	–215	71
2.	Net result from “available-for-sale” financial assets	1	–40
3.	**Other result for the period under review, after taxes**	**–214**	**31**
4.	**Overall result**	**1,338**	**2,070**
	Overall result:	**1,338**	**2,070**
	thereof minority interests	82	99
	thereof attributable to shareholders of Masterflex SE	**1,256**	**1,971**

* unaudited

Fireproof bellow from MATZEN & TIMM, used in aircrafts to compensate movements

Consolidated income statement

	Continued business units	01. Apr.– 30. Jun. 2013* k€	01. Apr.– 30. Jun. 2012* k€
1.	Revenue	14,627	13,750
2.	Changes in inventories of finished goods and work in progress	133	–335
3.	Work performed by the enterprise and capitalised	4	15
4.	Other operating income	145	226
	Gross revenue	**14,909**	**13,656**
5.	Cost of materials	–4,629	–4,195
6.	Staff costs	–5,540	–4,928
7.	Depreciations	–641	–645
8.	Other expenses	–2,549	–1,999
9.	Financial result		
	Financial expenses	–582	–356
	Other financial result	5	56
10.	**Earnings before taxes and non-operating expenses**	**973**	**1,589**
11.	Non-operating expenses	0	–92
12.	**Earnings before taxes**	**973**	**1,497**
13.	Income tax expense	–390	–581
14.	**Earnings after taxes from continued business units**	**583**	**916**
	Discontinued business units		
15.	**Earnings after taxes from discontinued business units**	**–1**	**–8**
16.	**Consolidated net income/loss**	**582**	**908**
	thereof minority interests	57	31
	thereof attributable to shareholders of Masterflex SE	**525**	**877**
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.06	0.10
	from discontinued business units	0.00	0.00
	from continued and discontinued business units	0.06	0.10

* unaudited

Consolidated statement of comprehensive income

		01. Apr.– 30. Jun. 2013* k€	01. Apr. – 30. Jun. 2012* k€
	Consolidated net income/loss	**582**	**908**
	Other result		
1.	Currency translation differences from the translation of foreign operations	–526	28
2.	Net result from “available-for-sale” financial assets	9	–47
3.	**Other result for the period under review, after taxes**	**–517**	**–19**
4.	**Overall result**	**65**	**889**
	Overall result:	**65**	**889**
	thereof minority interests	14	31
	thereof attributable to shareholders of Masterflex SE	**51**	**858**

* unaudited

Consolidated cash flow statement

As of	30. Jun. 2013* k€	30. Jun. 2012* k€
Result for the period before taxes, interest expenses and financial income	3,222	3,808
Income taxes paid	–571	–1,061
Depreciation expense for property, plant and equipment and intangible assets	1,266	1,282
Change in provisions	–307	–668
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	78	77
Changes in inventories	–482	–1,348
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	–1,034	–1,164
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	748	–407
Net cash from operating activities	**2,920**	**519**
Proceeds from the disposal of non-current assets	0	5
Payments to acquire intangible assets	–1,105	–978
Changes in cash and cash equivalents due to the sale of consolidated subsidiaries	0	60
Changes in cash and cash equivalents due to the repayment of financial assets	23	0
Net cash from/used in investing activities	**–1,082**	**–913**
Payments to owners and minority interests	-152	-320
Interest and dividend receipts	10	83
Interest expenditure	–864	–907
Proceeds from the sale of term deposits/ securities	0	5
Proceeds from raising loans	24,000	500
Payments for the repayment of loans	–23,467	–748
Net cash from/used in financing activities	**–473**	**–1,387**
Net change in cash and cash equivalents	**1,365**	**–1,781**
Changes in cash and cash equivalents due to exchange rates and other factors	-215	70
Cash and cash equivalents at the start of period	2,835	4,561
Cash and cash equivalents at the end of period	3,985	2,850

* unaudited

Side take-off fittings (with damper) for MASTERDUCT HVAC systems

Consolidated statement of changes in equity

	Sub-scribed capital k€	Capital reserve k€	Retained earnings (retained profits brought forward) k€
Equity at 31. Dec. 2012	**8,732**	**26,252**	**–13,642**
Consolidated net income/ Minority interests	0	0	1,470
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**	**1,470**
Dividend distributions	0	0	0
Change due to equity increases/ decreases	0	0	0
Equity at 30. Jun. 2013	**8,732**	**26,252**	**–12,172**
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
Equity at 30. Jun. 2012	**8,732**	**26,252**	**–16,137**

Revaluation reserve k€	Exchange differences k€	Minority interest k€	Total k€
–733	**–621**	**536**	**20,524**
0	0	82	1,552
1	0	0	1
0	–215	0	–215
1	**–215**	**82**	**1,338**
0	0	–151	–151
0	0	0	0
–732	**–836**	**467**	**21,711**
–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
–787	**–409**	**396**	**18,047**

Notes to the Interim Report (1st half year 2013)

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 2012.

2. Basis of consolidation

The basis of consolidation has not changed in comparison with 31 December 2012.

3. Dividend

Masterflex SE did not pay a dividend for the financial year 2012.

4. Financial liabilities

The syndicated loan agreement, which was concluded in June has a total volume of € 40 million and a maturity date of May 2018. The drawdown of the loan amounted to € 24.0 million on the balance sheet date.

The syndicated loan agreement was reduced in the balance sheet by the directly attributable transaction costs of € 727 thousand at initial recognition. The subsequent measurement is carried out at amortised cost according to the effective interest rate method. The difference between the disbursed amount (after deduction of transaction costs) and the redemption amount is distributed over the term at a rate consistent with the effective interest rate and recorded under net interest income.

The receivables from the bank consortium from the syndicated loan agreement are secured by the Masterflex Group companies among others by land debts registered on domestic real estate, the pledging of shares, the assignment of receivables and the transfers of ownership.

Company name	Company headquarters		Equity interest held by Masterflex (%)
Masterflex SARL	FR	Béligneux	80
Masterflex Technical Hoses Ltd.	GB	Oldham	100
Masterduct Holding, Inc.*	US	Houston	100
· Masterduct, Inc.	US	Houston	100*
· Flexmaster U.S.A, Inc.	US	Houston	100*
· Masterduct Holding S.A., Inc.	US	Houston	100*
· Masterduct Brasil LTDA.	BR	Santana de Parnaiba	100*
Novoplast Schlauch-technik GmbH	DE	Halberstadt	100
FLEIMA-PLASTIC GmbH	DE	Wald-Michel-bach	100
Masterflex Handels-gesellschaft mbH	DE	Gelsenkirchen	100
Masterflex Česko s.r.o.	CZ	Planá	100
M & T Verwaltungs GmbH*	DE	Gelsenkirchen	100
· Matzen & Timm GmbH	DE	Norderstedt	100*
OOO Masterflex RUS	RU	St. Petersburg	51
Masterflex Scandinavia AB	SE	Kungsbacka	100
SURPRO Verwaltungs-gesellschaft mbH	DE	Gelsenkirchen	100
Masterflex Entwicklungs GmbH*	DE	Gelsenkirchen	100
· Masterflex Vertriebs GmbH	DE	Gelsenkirchen	100*
Masterflex Asia Holding GmbH*	DE	Gelsenkirchen	80
· Masterflex Asia Pte. Ltd.	SG	Singapur	100*
· Masterflex Hoses (Kunshan) Co., Ltd.	CN	Kunshan	100*

*) = sub-group

5. Segment reporting

The Masterflex Group divides up its operating segments in accordance with the criteria of IFRS 8. Control is carried out on the basis of the information that the management as chief operating decision maker receives for measuring the performance of and allocating resources for the entire Masterflex Group (management approach).

The basis of segmentation has not changed in comparison with the consolidated financial statements of 31 December 2012. SURPRO Verwaltungsgesellschaft mbH, Masterflex Entwicklungs GmbH and Masterflex Vertriebs GmbH are presented on a uniform basis under "Discontinued business units". The Masterflex Group thus has one operating segment, the core High tech hose systems business unit (HTS).

Segment reporting 30. June 2013	High tech hose sytems k€	Continued operations k€	Discontinued operations k€	Total segments k€
Revenue from non-Group third parties	28,966	28,966	0	28,966
Earnings (EBIT)	3,302	3,302	2	3,304
Investments in property, plant and equipment and intangible assets	1,105	1,105	0	1,105
Depreciations	1,266	1,266	0	1,266
Assets	54,909	54,909	13	54,922

Segment reporting 30. June 2012	High tech hose sytems k€	Con-tinued opera-tions k€	Discon-tinued opera-tions k€	Total seg-ments k€
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

6. 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 2013, basic earnings per share from continued operations amounted to € 0.17 and earnings per share from continued and discontinued operations amounted also to € 0.17; both figures are based on a weighted average number of shares of 8,865,874.

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

7. Treasury shares

As at 30 June 2013 Masterflex SE held a total of 134,126 treasury shares.

8. Employees

In the reporting period, the number of employees was 525, up 8.2 percent on the previous year period (485 employees).

9. Income tax

In the calculation of income tax expense in the interim financial report for the first half year, the estimated effective income tax rate for the current financial year is included in the intra-year calculation of tax expense. 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. June 2013 k€	30. June 2012 k€
Cash and cash equivalents at the end of period	3,985	2,850
Cash in hand and bank balances included in assets held for sale	9	15
Cash in hand and bank balances	3,976	2,835

11. Related party disclosures

Masterflex SE 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 35 in the 2012 Annual report. There have been no changes to the comments made there in the reporting period.

12. Auditor's review of the interim financial report

The interim financial statements and the interim management report of the first half year financial report 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.

29 July 2013

Dr. Andreas Bastin	Mark Becks
CEO	CFO

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