

Quarterly financial report 1/2014

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MASTERFLEX GROUP
Connecting Values

Masterflex at a glance

Highlights in the first three months

Strategic development
Market launch of product innovation Master-PUR Trivolution®
Organisational merger of German locations
Order situation stable and healthy

	31.03.2014	
Consolidated revenue (k€)	15,988	
EBITDA (k€)	2,768	
EBIT (k€)	2,085	
EBT (k€)	1,750	
Consolidated earnings from continued business units (k€)*	1,163	
Consolidated earnings from discontinued business units (k€)	-19	
Consolidated net income/loss (k€)	1,136	
Earnings per share (€)		
from continued business units	0.13	
from discontinued business units	0.00	
from continued and discontinued business units	0.13	
EBIT margin	13.0 %	
Employees	568	
	31.03.2014	
Consolidated equity (k€)	24,106	
Consolidated total assets (k€)	54,895	
Consolidated equity ratio	43.9 %	

* without minority interests

Only the german version of this report is legally binding.

Operating trends

Rising demand for high-tech hoses

EBIT margin of 13 %

Further increase in own funds

31.03.2013	Change
14,339	11.5 %
2,377	16.4 %
1,752	19.0 %
1,470	19.0 %
967	20.3 %
3	
945	20.2 %
0.11	18.2 %
0.00	
0.11	18.2 %
12.2 %	
506	12.3 %
31.12.2013	Change
23,023	4.7 %
53,690	2.2 %
42.9 %	

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Dear Shareholders,

The start to 2014 has been highly successful: With revenue of € 16.0 million, an increase of 11.5 %, the positive climate continued seamlessly from the end of the previous year. Even though some of this rise in revenue is due to this year's late Easter, the incoming orders show us that our business is doing well. The development, production and application-based sale of high-tech hoses and connecting systems is a specialty market on which the Masterflex Group is excellently positioned.

The good revenue development is also the reason why our operating earnings have soared by 19 % to € 2.1 million. This is because the personnel capacity that we established for our expansion, which had led to tangible upfront costs in 2013, is gradually being utilised with much greater efficiency. This is also reflected in the staff cost ratio, which is declining again, of 35.2 % (Q3/2013: 37.2 %, 2013: 37.5 %).

Our strategic outlook still stands. Our long-term growth strategy firstly includes our process of internationalisation. In addition to strong export business, our locations all over the world contribute to this.

Just as important is our second strategic pillar, launching product innovations, which is continuing all the time. We have just launched the spiral hose Master-PUR Trivolution®. Along with the customary advantages of high durability and flexibility, this hose combines three key additional properties for on-site operation: it is antistatic, hardly inflammable and microbe-resistant. The Master-PUR Trivolution® is, so to say, "a hose of many uses", which accommodates the wishes of our trading partners and our customers alike for easy product selection and simplified storage. The initial feedback from the market on our new product has therefore been very good as well.



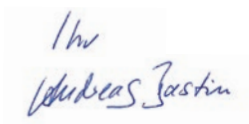
Dr. Andreas Bastin,
Chief Executive Officer

The optimisation of our internal processes that began some time ago is now also becoming visible from the outside. Since the start of the year three out of four German locations have been reorganised under single management. This means we are leveraging synergies within the Group. This has already led to measurable successes.

Dear shareholders,

Our Annual General Meeting on 24 June in Gelsenkirchen is just around the corner; you will be receiving your invitation in the next couple of days. There we will propose creating contingent capital of up to € 4.4 million. This way we intend to preserve our flexibility in financing possible steps in our expansion. For we still foresee big growth potential for our high-tech hoses around the world, both organically and through acquisitions. And we would be delighted if you would accompany us on this long-term, profitable path!

Gelsenkirchen, 30 April 2014

A handwritten signature in blue ink, reading "Dr. Andreas Bastin". The signature is written in a cursive style, with the first name "Andreas" being more prominent and the last name "Bastin" following it.

Dr. Andreas Bastin
Chief Executive Officer

Interim Management Report

Group structure and business activities

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

The main production sites of the international Masterflex Group with five corporate brands, 13 operating subsidiaries are Gelsenkirchen, Halberstadt, Norderstedt and Houston (United States). In addition, the Masterflex Group has various locations in Europe, America and Asia through its branches and sales partners.

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

Market and competition

The global market for high-tech hoses and connecting systems comprises many predominantly regionally oriented specialist markets, which are mostly served by SMEs. Its customers primarily come from the manufacturing sector including industrial applications (B2B market). Nevertheless, it is an attractive market given the difficulty in acquiring expertise in the production, processing and application of the sophisticated polymers and the variety of possible operations. This is characterised by small batch sizes, in both production and sales, and by consulting intensity and development expertise for customer-specific solutions.

The positive economic performance of the end of last year continued in the first quarter of 2014. Economists are now forecasting slightly higher growth for Germany for the year as a whole. At the same time, the economic momentum in the regions in which the Masterflex Group operates is varied. In Russia, for example, we have so far seen little impact from the Ukraine crisis, while US business suffered

from the unusually severe winter by its standards. It is important to us to keep pressing ahead with the international expansion.

Business performance in the first quarter of 2014

The Masterflex Group had an really good start to 2014. Revenue in the first quarter of 2014 grew by 11.5% to € 16.0 million (Q1/2013: € 14.3 million). In addition to the higher number of working days, our more intensive sales efforts can also be seen here. With this increase in revenue we are on the path for long-term, value-oriented growth built on the two pillars of internationalisation and innovation.

Our very broad customer structure is also helping us to overcome the economic problems in Europe. Our clients come from sectors such as mechanical engineering, aviation, the automotive industry, energy, food, pharmaceuticals and, increasingly, medicine as well.

Given the rebranding last year, the Internet site of the Masterflex Group and its five product brands is also being gradually overhauled. The Masterflex Group with all its products and locations can be found at www.MasterflexGroup.com; in addition to the already revamped sites www.masterflex.de and www.schlauchtechnik.de, the brands Matzen & Timm (www.matzen-timm.de) and Masterduct (www.masterduct.com) also now have a new look online.

To aid the further optimisation of our internal processes, we have combined the operational organisation of three of the four German locations (exception: Matzen & Timm in Norderstedt) since the start of the year. This measure is another logical step as part of the procedural and structural adjustments we initiated some time ago. The main goal of this is to leverage synergies within the Group and to tap productivity and cost potential. The first signs of success can already be seen, even though these measures are more of a long-term nature overall.

Internationalisation

Our Chinese location in Kunshan near Shanghai has been fully operational for a year. The development of a retailer network in other Asian countries is also being actively continued. In Russia we have yet to feel any repercussions from the Ukraine political crisis. In the United States our goal is to further increase market penetration in this large and therefore industrially diverse region.

Innovation

In February we launched a further product innovation from the Masterflex brand as part of a major campaign: the Master-PUR Trivolution®, which is based on a blend of materials designed and then extensively tested by us combined with a specific production technique. The appeal of this highly durable and extremely flexible spiral hose is further heightened by its additional properties – the hose is *antistatic* in accordance with TRBS 2153, *hardly inflammable* in accordance with DIN 4102 B1 and is *microbe-resistant* as well. This innovative product simplifies our spiral hose range, improves item availability and facilitates product selection and the order process for users.

Further innovative connecting products are currently in product development.

The Master-PUR Trivolution® combines three important extra features in one robust and highly flexible spiral hose

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Results of operations, net assets and financial position

Results of operations

Revenue increased by 11.5 % year-on-year in the first quarter of 2014 to € 16.0 million. In particular, revenue from the Masterflex and Novoplast Schlauchtechnik brands contributed to this.

At € 16.5 million, gross revenue was 12.9 % higher than in the previous year (€ 14.6 million). The slight increase compared to the change in revenue was primarily due to the expansion in inventories.

Consolidated EBITDA for the first quarter of 2014 climbed by 16.4 % as against the same period of the previous year from € 2.4 million to € 2.8 million. This surge reflects the rising utilisation of our capacity following the completion of the first stage of internationalisation, which had resulted in a sharp rise in staff costs in the previous year. As a result of the improved utilisation, our staff costs ratio (ratio of staff costs to revenue plus changes in inventories) therefore also improved to 35.2 % in the first quarter of 2014 (previous year: 37.8 %). At € 5.7 million, total staff costs were up 5.0 % year-on-year.

The costs of materials climbed slightly more strongly by 22.5 % to € 5.3 million. This corresponds to a cost of materials rate (cost of materials in relation to revenue plus changes in inventories) of 32.3 % in Q1/2014 as against 29.8 %. This is mainly due to changes in the product mix. At € 2.8 million, other expenses were up 10.5 % on the previous year (€ 2.5 million).

Depreciation and amortisation expense for the first three months of 2014 climbed by 9.3 % to € 0.7 million as a result of the higher investments in 2013 (previous year: € 0.6 million). In particular, this was caused by the expansion investments in medical technology for our Novoplast Schlauchtechnik brand.

At € 2.1 million, EBIT for the first quarter was 19.0 % higher than in the same period of the previous year (€ 1.8 million). Relative to revenue, the EBIT margin was 13.0 %. This also clearly reflects the improved utilisation of our capacity.

At minus € 0.3 million, net finance costs in the first quarter of 2014 were virtually constant compared to the same period of the previous year (minus € 0.3 million). The decline in interest expense from the new syndicated loan in place until 2018 is offset by costs from the depreciation of interest rate hedging instruments, which will decline over time.

The consolidated net profit for the first three months of 2014 amounted to more than € 1.1 million (previous year: € 0.9 million). Calculated per share, this corresponds to earnings per share of € 0.13 after € 0.11 in the first quarter of 2013.

Net assets

Total assets amounted to € 54.9 million as at 31 March 2014. This means slight growth of 2.2% as against the end of 2013 (€ 53.7 million).

At a carrying amount of € 31.1 million, non-current assets account for 56.6% of all assets. As against the end of 2013 (€ 31.9 million), non-current assets as a whole therefore decreased slightly by 2.4%.

By contrast, current assets climbed by 9.1% from € 21.8 million to € 23.8 million. This is mainly due to the 8.8% increase in inventories to € 11.6 million and – as a result of expansion and as is typical for this time of year – the rise in trade receivables of 33.7% to currently € 6.8 million.

Cash and cash equivalents and bank balances declined by 9.8% from € 4.7 million to € 4.3 million on account of non-recurring payments for bonuses and insurance premiums traditionally due at the start of the year.

Financial position

With earnings for the quarter of € 1.1 million, the equity of the Masterflex Group climbed by 4.7% from € 23.0 million to € 24.1 million. This corresponds to relatively good equity resources of 43.9%.

Non-current borrowing decreased slightly by 0.5% from € 20.4 million to € 20.3 million. This is essentially due to a drop in non-current provisions to € 0.1 million (€ 0.2 million). Non-current financial liabilities remained virtually constant at € 18.3 million.

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Current liabilities climbed slightly by 2.5% from € 10.0 million to € 10.2 million. This includes the reduction in current provisions due to utilisation on the one hand and, on the other, the rise in trade payables to currently € 1.9 million (end of 2013: € 1.6 million) and miscellaneous liabilities of € 1.5 million as against € 1.1 million at the end of 2013.

Staff report

As part of its growth strategy, the Masterflex Group has created a greater number of new jobs, particularly in 2013. Compared to the same period of the previous year (Q1/2013), the average number of employees for the first quarter of 2014 was 568; this marks an increase of 12.3%. The high percentage rise reflects in particular the growth over the course of 2013; further production-related recruitment has continued in some areas since the start of 2014.

Research and development

With the launch of the Master-PUR Trivolution® under the traditional Master-PUR series of the Masterflex brand, we can now offer our customers a hose that combines three key additional properties in a single hose, namely being antistatic, hardly inflammable and microbe-resistant. With these additional features the Master-PUR Trivolution® hose range covers many of the application challenges in transporting solid or gaseous media.

We are continuing to develop other R&D projects all the time. As at 31 March 2014 there have been no material changes since the statements made in the 2013 Group management report.

Report on post balance sheet date events

No events of particular significance relating to the results of operations, net assets or financial position occurred after the end of the reporting period.

Opportunities and risk report

There have been no changes in the opportunities and risk situation as presented in the 2013 Group report.

Outlook

As expected, economic developments are so far progressing more positively. This applies above all to Germany. However, uncertainty has generally risen, particularly as a result of the political escalation in Ukraine. Astonishingly, our business in Russia has so far not been affected by the political crisis concerning Ukraine, apart from the exchange rate changes. However, the situation can change more rapidly. In the United States business is now somewhat brisker again following the end of the unusually harsh winter. The signals in the other regions of the world where the Masterflex Group operates indicate a trend towards further economic growth.

The Masterflex Group is systematically continuing its growth strategy. This strategy is based on two key pillars: ongoing internationalisation of hose and connecting system business by expanding export business and through international locations, and undiminished innovation, through which we will regularly launch benchmark product innovations.

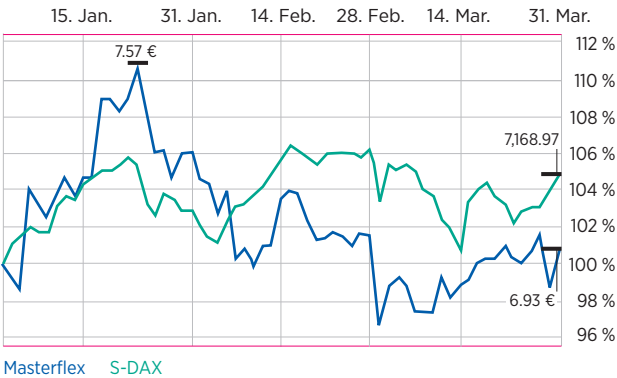
We are still forecasting growth in revenue in excess of global economic expansion in 2014. The first quarter of 2014 more than lived up to this expectation; the orders received to date are pointing in this direction. In terms of EBIT we are well on course to meet our forecast for 2014, namely a double-digit EBIT margin and growth in operating earnings ahead of the increase in revenue.

At the Annual General Meeting on 24 June 2014 we will be proposing the creation of new contingent capital of up to € 4,432,937. This will replace the authorisation to issue warrant or convertible bonds from 2009, which will expire as at 31 July 2014 and has not yet been utilised. The reasons for this proposed contingency resolution are that we want to maintain our flexibility in the coming years as well in order to take advantage of attractive financing

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alternatives given the market situation, thereby multiplying our growth prospects on the promising market for high-tech hoses and connecting systems, which is fragmented across many regions around the world.

The Masterflex Share



Masterflex shares performed most dynamically in the opening weeks of the year, rising to record levels of above € 7.50 in the second half of January. In doing so the shares distanced themselves somewhat from the trend on the market. Then, for no clear reason, the previously effervescent enthusiasm turned against the shares. In the aftermath, the shares fell more rapidly than the market to prices of € 6.64 by the beginning of March. Over the course of the month of March they then stabilised again at prices of between € 6.70 and € 6.80. Over the entire first quarter of 2014, the shares dropped by one percent as against the end of 2013 (€ 7.00).

In the first quarter of 2014 the share price fluctuated between a low of € 6.60 (11 and 13 March 2014) and a high of € 7.57 (23 January 2014).

More so than for the price of shares, share liquidity thankfully remained at the 2013 level. In the first three months, 676,000 shares or an average of 10,735 shares per trading day changed hands on Xetra and in Frankfurt. In the same period of the previous year, this had been only 7,327 shares per day on Xetra and in Frankfurt. Including all trading venues tracked by Deutsche Börse, more than 851,000 shares were traded in the first quarter of 2014. This ongoing rise in liquidity is not only gratifying, but we feel that it shows the general recovery in acceptance of our shares on the market for small and mid caps. We are supporting the positive feedback with regular contact with capital market participants and investors.

Financial calendar

Dates for 2014	
28 March	Financial press conference, presentation of 2013 Annual Report, Düsseldorf
28 March	DVFA Analyst Conference, Frankfurt/Main
12 May	Quarterly report 1/2014
24 June	Annual General Meeting, 11:00 a.m., Gelsenkirchen
14 August	Half year report 2014
14 November	Quarterly report 3/2014
24 to 26 November	German Equity Forum, Frankfurt/Main



Interim financial statements

Consolidated balance sheet

Assets	31.03.2014* k€	31.12.2013 k€
NON-CURRENT ASSETS		
Intangible assets	4,204	4,245
Concessions, industrial and similar rights	595	639
Development costs	139	142
Goodwill	3,258	3,258
Advance payments	212	206
Property, plant and equipment	21,444	21,759
Land, land rights and buildings	11,164	11,256
Technical equipment and machinery	8,095	8,280
Other equipment, operating and office equipment	1,999	2,008
Advance payments and assets under development	186	215
Non-current financial assets	323	342
Non-current financial instruments	109	117
Other loans	214	225
Other assets	1	1
Other financial assets	42	83
Deferred taxes	5,085	5,441
	31,099	31,871
CURRENT ASSETS		
Inventories	11,636	10,699
Raw materials and consumables used	6,323	5,719
Work in progress	627	546
Finished products and goods purchased and held for sale	4,679	4,367
Advance payments	7	67
Receivables and other assets	7,754	6,173
Trade receivables	6,825	5,103
Other assets	915	1,045
Other financial assets	14	25
Income tax assets	116	192
Cash in hand and bank balances	4,285	4,749
	23,791	21,813
Assets held for sale	5	6
	23,796	21,819
Total Assets	54,895	53,690

* unaudited

Equity and liabilities	31.03.2014* k€	31.12.2013 k€
SHAREHOLDERS' EQUITY		
Consolidated equity	23,521	22,447
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-9,621	-10,757
Revaluation reserve	-599	-591
Exchange differences	-1,243	-1,189
Minority interest	585	576
Total equity	24,106	23,023
NON-CURRENT LIABILITIES		
Provisions	80	194
Financial liabilities	18,201	18,162
Other financial liabilities	77	88
Other liabilities	1,388	1,388
Deferred taxes	582	594
	20,328	20,426
CURRENT LIABILITIES		
Provisions	2,049	2,485
Financial liabilities	4,246	4,362
Other financial liabilities	45	45
Income tax liabilities	521	430
Other liabilities	3,381	2,670
Trade payables	1,904	1,588
Other liabilities	1,477	1,082
	10,242	9,992
Liabilities directly connected with assets held for sale	219	249
	10,461	10,241
Total Equity and liabilities	54,895	53,690

* unaudited

Consolidated income statement

	Continued business units	01.01.– 31.03.2014* k€	01.01.– 31.03.2013* k€
1.	Revenue	15,988	14,339
2.	Changes in inventories of finished goods and work in progress	297	101
3.	Work performed by the enterprise and capitalised	152	0
4.	Other operating income	84	191
	Gross revenue	16,521	14,631
5.	Cost of materials	-5,263	-4,297
6.	Staff costs	-5,734	-5,462
7.	Depreciations	-683	-625
8.	Other expenses	-2,756	-2,495
9.	Financial result		
	Financial expenses	-340	-288
	Other financial result	5	6
10.	Earnings before taxes	1,750	1,470
11.	Income tax expense	-587	-503
12.	Earnings after taxes from continued business units	1,163	967
	Discontinued business units		
13.	Earnings after taxes from discontinued business units	-19	3
14.	Consolidated net income/loss	1,144	970
	thereof minority interests	8	25
	thereof attributable to shareholders of Masterflex SE	1,136	945
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.13	0.11
	from discontinued business units	0.00	0.00
	from continued and discontinued business units	0.13	0.11

* unaudited

Consolidated statement of comprehensive income

		01.01.– 31.03.2014* k€	01.01.– 31.03.2013* k€
	Consolidated net income/loss	1,144	970
	Other result		
1.	Currency translation differences from the translation of foreign operations	-54	311
2.	Net result from “available-for-sale” financial assets	-8	-8
3.	Other result for the period under review, after taxes	-62	303
4.	Overall result	1,082	1,273
	Overall result:	1,082	1,273
	thereof minority interests	8	25
	thereof attributable to shareholders of Masterflex SE	1,074	1,248

* unaudited



Consolidated cash flow statement

As of	31.03.2014* k€	31.03.2013* k€
Result for the period before taxes, interest expenses and financial income	2,058	1,730
Income taxes paid	-245	-271
Depreciation expense for property, plant and equipment and intangible assets	683	625
Change in provisions	-580	-746
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	-144	25
Changes in inventories	-938	-700
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-1,106	-626
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	311	73
Net cash from operating activities	39	110
Proceeds from the disposal of non-current assets	5	0
Payments to acquire non-current assets	-180	-577
Changes in cash and cash equivalents due to the repayment of financial assets	11	0
Net cash from/used in investing activities	-164	-577
Interest and dividend receipts	5	5
Interest expenditure	-203	-316
Proceeds from raising loans	2,000	1,000
Payments for the repayment of loans	-2,088	-785
Net cash from/used in financing activities	-286	-96
Net change in cash and cash equivalents	-411	-563
Changes in cash and cash equivalents due to exchange rates and other factors	-54	311
Cash and cash equivalents at the start of period	4,755	2,835
Cash and cash equivalents at the end of period	4,290	2,583

* unaudited

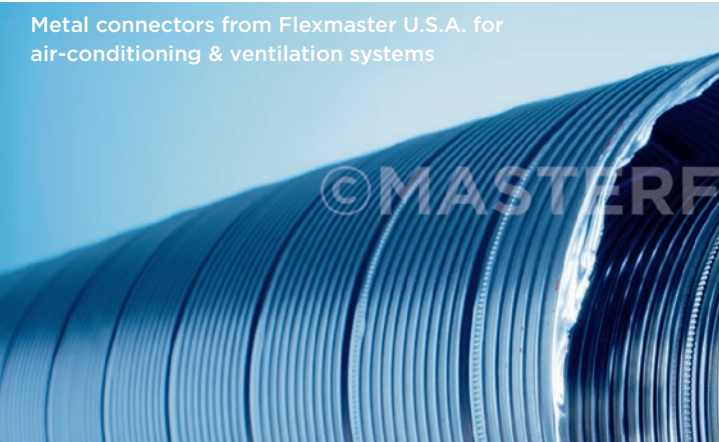
Cast-on pipe screw-fittings for Master-PUR Food hoses, primarily used in the food, chemicals and pharmaceutical industries



Consolidated statement of changes in equity

	Sub- scribed capital	Capital reserve	Retained earnings (retained profits brought forward)	
	k€	k€	k€	
Equity at 31.12.2013	8,732	26,252	-10,757	
Consolidated net income/ Minority interests	0	0	1,136	
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	1,136	
Other changes	0	0	0	
Equity at 31.03.2014	8,732	26,252	-9,621	
Equity at 31.12.2012	8,732	26,252	-13,642	
Consolidated net income/ Minority interests	0	0	945	
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	945	
Other changes	0	0	-1	
Equity at 31.03.2013	8,732	26,252	-12,698	

Metal connectors from Flexmaster U.S.A. for
air-conditioning & ventilation systems



	Revaluation reserve	Exchange differences	Minority interest	Total
	k€	k€	k€	k€
	-591	-1,189	576	23,023
	0	0	8	1,144
	-8	0	0	-8
	0	-54	0	-54
	-8	-54	8	1,082
	0	0	1	1
	-599	-1,243	585	24,106
	-733	-621	536	20,524
	0	0	25	970
	-8	0	0	-8
	0	311	0	311
	-8	311	25	1,273
	0	0	1	0
	-741	-310	562	21,797



Notes to the financial quarterly report 1/2014

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 (IAS B) 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 2013.

2. Basis of consolidation

The basis of consolidation has not changed in comparison with 31 December 2013.

3. Dividend

The Executive Board and Supervisory Board of Masterflex SE will propose at the Annual General Meeting on 24 June 2014 to waive the payment of a dividend.

4. 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 2013. 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.

Segment reporting	High tech hose systems	Con- tinued opera- tions	Discon- tinued opera- tions	Total seg- ments
31.03.2014	k€	k€	k€	k€
Revenue from non-Group third parties	15,988	15,988	0	15,988
Earnings (EBIT)	2,085	2,085	-19	2,066
Investments in property, plant and equipment and intangible assets	180	180	0	180
Depreciations	683	683	0	683
Assets	54,890	54,890	5	54,895

Segment reporting	High tech hose systems	Con- tinued opera- tions	Discon- tinued opera- tions	Total seg- ments
31.03.2013	k€	k€	k€	k€
Revenue from non-Group third parties	14,339	14,339	0	14,339
Earnings (EBIT)	1,752	1,752	3	1,755
Investments in property, plant and equipment and intangible assets	577	577	0	577
Depreciations	625	625	0	625
Assets	53,435	53,435	18	53,453

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 31 March 2014, basic earnings per share from continued operations amounted to € 0.13 and earnings per share from continued and discontinued operations amounted also to € 0.13; 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.

6. Treasury shares

As at 31 March 2014 Masterflex SE held a total of 134,126 treasury shares.

7. Employees

In the reporting period, the number of employees was 568, up 12.3% on the previous year period (506 employees).

8. Income tax

In the calculation of income tax expense in the quarterly financial report, the estimated effective income tax rate for the current financial year 2014 is included in the intra-year calculation of tax expense. The effective tax rate is based on current earnings and tax planning.

9. 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:

	31.03.2014 k€	31.03.2013 k€
Cash and cash equivalents at the end of period	4,290	2,583
Cash in hand and bank balances included in assets held for sale	5	13
Cash in hand and bank balances	4,285	2,570

10. 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 2013 Annual Report. There have been no changes to the comments made there in the reporting period.

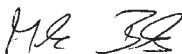
11. Auditor's review of the quarterly financial report

The interim financial statements and the interim management report in the quarterly financial report were neither audited in accordance with section 317 of the German Commercial Code nor reviewed by an auditor.

Gelsenkirchen, 30 April 2014



Dr. Andreas Bastin
CEO



Mark Becks
CFO

 MASTERFLEX

 MATZEN & TIMM

 NOVOPLAST
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