

MASTERFLEX SE
INTERIM REPORT
1ST HALF-YEAR 2015

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The background of the lower half of the cover features four different types of Masterflex hoses arranged in a 2x2 grid. Top-left: A white, corrugated flexible hose. Top-right: A copper-colored, corrugated flexible hose. Bottom-left: A clear, flexible hose with a metal clamp or fitting attached. Bottom-right: A black, corrugated flexible hose. The hoses are set against a blue background with a subtle grid pattern.

Highlights in the first six Months

Revenue increases by 3.2 %

Growth primarily in international activities

Equity ratio rises to 47.0 %

Please note: Only the German version is legally binding.

Masterflex at a Glance

in k€

Consolidated revenue

EbitDA

Ebit

EBT

Financial result

Consolidated earnings from continued business units*

Consolidated earnings from discontinued business units

Consolidated net income/loss

Earnings per share (€)

from continued business units

from discontinued business units

from continued and discontinued business units

EBIT margin

Employees

Consolidated equity

Consolidated total assets

Consolidated equity ratio

* without minority interests

30.06.2015	30.06.2014	Change
32,987	31,974	3.2 %
4,476	4,921	-9.0 %
3,046	3,538	-13.9 %
2,561	2,909	-12.0 %
-485	-629	-22.9 %
1,637	1,904	-14.0 %
-30	-22	
1,588	1,860	-14.6 %
0.18	0.21	-14.3 %
0.00	0.00	
0.18	0.21	-14.3 %
9.2 %	11.1 %	
599	578	3.6 %
30.06.2015	31.12.2014	Change
25,864	23,835	8.5 %
55,047	51,982	5.9 %
47.0 %	45.9 %	

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Foreword by the CEO

Dear Shareholders,

The first half of 2015 went well for us on the whole. With the design, production and consultancy-driven sale of high-tech hoses and connection systems we turned over € 33.0 million, more than ever before in a single half-year. Year on year, this is a 3.2 % increase in revenue. Although we had greater expectations at the start of the year, this sustainable revenue demonstrates the stability that our regionally broad-based business has now achieved.

Meanwhile, general conditions are not all supportive. And I am not just talking about Russia, whose macroeconomic future is completely uncertain. In Germany, discussions about Greece have meant that, while the economy has grown slightly, the growth rate is anything but beguiling. As we generate the greatest revenue here on the basis of our position as market leader, a limited propensity to invest is curbing our business. However, we expect the uncertainty to decline in the second half of the year, and we will then meet our forecast guidance for 2015 in terms of revenue – and consequently also in our operating result.

We are now very pleased with our development in China and Asia, where we are now posting double-digit growth rates in the business with our high-tech hoses. This shows that patience is an important virtue when it comes to internationalisation. And although economic growth in China is no longer as rapid as it was when we launched three years ago, the forecast growth rates for China are still considerably higher than what we are used to in generally less dynamic Europe.

We need to take action in North America. Looking back at recent months, we can see that we have generated stable business in the USA, primarily due to exchange rates. As we believe our long-life high-tech hoses have much greater potential in this large and attractive market, we will replace the regional management as of 1 September 2015 in addition to further measures in sales and marketing in particular.



Dr. Ing. Andreas Bastin
Chief Executive Officer

At the same time, we have stepped up our efforts to grow stronger with an international acquisition in the market for special hoses. The market for companies is not easy at present: Prices have risen sharply due to global low-interest-rate policies. We are therefore evaluating carefully this matter so that any purchase pays off for the company – and thus for Masterflex shareholders – in the long term. I think, dear shareholders, that this is also in your interests!

Gelsenkirchen, 31 July 2015

Yours



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), concentrates on the development, production and marketing of high-tech hoses and connection systems for a wide range of applications in industry and manufacturing. The particular competence is the use of sophisticated polymers.

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

Masterflex SE shares have been traded on the Frankfurt Stock Exchange since 2000 under the German securities identification number 549 293.

MARKET AND COMPETITION

The global market for high-tech hoses and connection systems comprises many predominantly regionally oriented specialist markets, which are largely served by SMEs. Its customers primarily come from the manufacturing sector, including industrial applications (B2B market). Due to its rather heterogeneous structure with clear demarcations not being possible, there is very little reliable market data. We have been observing, documenting and analysing this market and its participants in our core regions intensively for several years.

Nevertheless, given the difficulty in acquiring expertise in the production, processing and application of the sophisticated polymers and the variety of possible operations, it is an attractive market. It is characterised by small batch sizes in both production and sales, and by intensive consulting combined with development expertise for customer-specific solutions. Our customers come from almost all sectors of industry and manufacturing.

Business Development in the First Half of the Year

The economic situation in Germany has fundamentally stabilised. Nonetheless, uncertainty has increased, including because of the Greek crisis. This is negatively affecting business sentiment and now sometimes leading to delays in investment projects. In Europe, there are some very significant upward movements, but here, too, opinions and investments are shaped by the Greek crisis. In the USA, the economy is undergoing a positive development that has now gained a lot of ground. In China, growth momentum has declined somewhat, but is still high compared to Europe.

The strong variations in economic sentiment influenced our business in the first half of the year. Business is stable in Germany, largely positive in Europe. Our activities in Asia are developing very dynamically. In contrast, Russia has fallen far short of the previous year. All in all, revenue with high-tech hoses and connection systems grew by 3.2 % in the first half of 2015 to € 33.0 million with a stable order backlog.

Internationalisation

Within the context of our targeted internationalisation process, we want to gradually shift the focal point of our revenue, which is still in Europe today, to selected markets in other continents, particularly North America and Asia. Alongside the growth momentum that dominates there and in which we want to participate, our ability to supply internationally for a large share of our customers – German global players – is an important aspect for us as they feel well serviced by our locations all over the world.

In Russia, economic activities continue to proceed at a constrained level. This also applies to the business activities of our joint venture, Masterflex RUS (Masterflex share of 51 %) based in St. Petersburg. In our view, it is uncertain when the situation here will improve again.

In China we are actively operating on the market for the third year; we have now secured ourselves a good foundation as a European manufacturer of special hoses in Kunshan, near Shanghai. In the first half of the year, the development of our revenue was very lively compared to the same period of the previous year. The expansion of our trader network in other Asian countries was also continued successfully. If this trend continues in Asia, we expect positive results from our activities, newly founded in 2013, in the medium term.

In North America, the economic climate remains positive despite negative factors such as the comparatively strong US dollar. Year on year, our US business with the Masterduct brand developed stably when adjusted for currency effects. Our objective is to further increase market penetration in this large and industrially manifold region. In order to achieve this goal faster, we will replace the management of our US company as of 1 September 2015.

Innovation

The second element of our growth strategy is our innovation. We are continually developing new hoses and connecting parts, which are frequently based on innovations initiated by customer inquiries. Product innovations developed exclusively for individual customers are not generally launched publically. Further innovative connecting products are currently in the development or test phase.

An extensive pool of high-quality measuring and analysis instruments is required for testing and meeting the diverse licensing requirements, which we have acquired over recent years by making investments. We will show you a few pictorial examples in this report.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

Results of Operations

In the first half of 2015, revenue with high-tech hoses and connection systems grew by 3.2 % from € 32.0 million to € 33.0 million. At € 33.9 million, gross revenue was 5.0 % higher than in the previous year (€ 32.3 million). The growth in the first half of the year was therefore at the lower edge of our annual forecast. We expect the momentum of our business to have a greater effect in the second half of the year.

Consolidated EBITDA in the first half of 2015 declined by 9.0 % from € 4.9 million (2014) to € 4.5 million this year. EBIT therefore moved down by 13.9 % to the current level of € 3.0 million and was thus below our forecast guidance of a slight EBIT upturn. These lower-than-expected results are attributable in particular to the lower increase in revenue. We are currently seeing more growth abroad, which we established or expanded a number of years ago on the basis of our internationalisation strategy.

In addition, costs rose somewhat more sharply, with other expenses rising by 11.2 % to € 6.1 million and staff costs by 10.0 % to € 12.8 million. Alongside the general, in some cases legislated increases in wage costs and the growth-driven rise in staff, this year the increased staff costs are also due to expenses for the restaffing of sales and management positions. The staff cost ratio (ratio of staff costs to revenue plus changes in inventories) was 38.3 % and therefore higher than the 36.3 % of the same period of the previous year. On the basis of corresponding revenue growth, we are aiming to reduce this increase to the level of recent years in the medium term.

In contrast, the cost of materials developed stably. It grew by 2.6 % - and therefore at a lower rate - in the first six months to € 10.6 million. Both cost stability on the raw materials side as well as the savings effect of the design to cost policy contributed to this. The cost of materials ratio (ratio of cost of materials to revenue plus changes in inventories) was thus reduced slightly to 31.6 % (same period of 2014: 32.1 %).

As part of our growth strategy we are continually investing in locations and facilities. Depreciation on property, plant and equipment rose by 3.4 % to € 1.4 million, as planned.

The financial result decreased by 22.9 % from € -0.6 million to € -0.5 million. This was driven by declining financial liabilities and lower interest hedging costs. At € 0.9 million, income taxes were 8.1 % lower than in the previous year (€ 1.0 million), too.

However, in absolute terms, these lower expenses did not compensate for the decrease in the operating result. For this reason, the Group result after minority interests declined by 14.6 % to € 1.6 million. Earnings per share were € 0.18 compared to € 0.21 in the same period of the previous year.

Net Assets

Total assets amounted to € 55.0 million as of the reporting date. This marks growth of 5.9 % as against the end of 2014. The increase is attributable solely to the rise in current assets to € 25.6 million.

Non-current assets declined slightly by 0.4 % to € 29.5 million. On balance, property, plant and equipment, which increased to € 23.2 million, was nearly compensated for by deferred tax assets, which fell to € 2.0 million (previous year: € 2.6 million).

The 14.2 % increase in current assets is attributable especially to a higher inventory holding of € 13.1 million and the revenue-driven growth of our receivables and other assets to € 9.1 million. Cash and cash equivalents and bank balances developed in the opposite direction to € 3.3 million as of the reporting date (end of 2014: € 4.4 million), which is due to calendar effects and growth.

Financial Position

In the first half of 2015, the Masterflex Group's equity grew by 8.5 % to € 25.9 million. This equates to an equity ratio of 47.0 % (2014 reporting date: 45.9 %). In addition to the net profit for the period of € 1.6 million, positive currency translation effects also contributed to this.

Non-current borrowing declined by 9.7 % to € 15.5 million. This was especially due to a further reduction of non-current financial liabilities to € 13.5 million.

As of the reporting date, current borrowings amounted to € 13.5 million compared to € 10.8 million at the end of 2014. The increase is chiefly based on an increase in current financial liabilities to € 7.2 million in order to pre-finance our growth via inventory expansion and increased invoicing.

Operating cash flow was just positive in the first half of the year at € 0.2 million (previous year: € 1.9 million) after a cash-negative Q1/2015. Alongside the lower cash result, this primarily reflects the expansion of inventory and the revenue-driven increase in our trade receivables. In addition, our liquid assets decreased to € 3.3 million (end of 2014: € 4.1 million) due to our increased investment activities.

The Masterflex Group was solvent at all times in the reporting period. In addition, Masterflex SE has a free, unutilised credit facility under the syndicated loan.

Staff Report

In the first half of 2015, the Masterflex Group created several new jobs in the context of its growth. The Masterflex Group employed an average of 599 people in the first six months. This marks an increase of 3.6 % as against the same period of the previous year (578 employees). New jobs were created, particularly in production for the Masterflex and Matzen & Timm brands.

Research and Development

We are continuing to develop R&D projects all the time. As at 30 June 2015, there were no material changes since the statements made in the 2014 Group 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 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 2014 Group report.

Outlook

The situation of the economy in the regions of the world in which the Masterflex Group has operations is continuing to develop in a stable to positive fashion – with the exception of Russia. However, uncertainty has grown due to the Greek issue, which could have a greater negative impact on propensity to invest. This applies particularly to Germany and Europe, where the Masterflex Group still has its revenue focus.

Our growth strategy is based on the pillars of structured internationalisation and product innovations. We want to continue on this growth path without interruption. In addition, we are stepping up our efforts to grow stronger with an international acquisition in the market for special hoses.

In the operating business, we are focusing on the further expansion of our market presence in North America and Asia. While our development in Asia is now really picking up the pace this year, we are still using too little of our enormous potential in the US market. We want to tap into additional business volume with accelerated market cultivation under new regional management in future; the first sustainable

success should become visible in the coming year. We will keep on working - purposefully, constantly and sustainably - to make better use of this potential.

For 2015 we continue to expect revenue growth at a level higher than global economic growth. The foundation for this was laid in the first half of the year with growth of 3.2 %. On the basis of incoming orders, we estimate that this business expansion will be clearly accomplished in the second half of 2015.

In terms of results, we are below our forecast of EBIT rising slightly in relation to the development of revenue in the first half of the year. However, we are confident that EBIT will improve over the course of 2015 thanks to a corresponding business expansion, thus achieving our annual forecast.

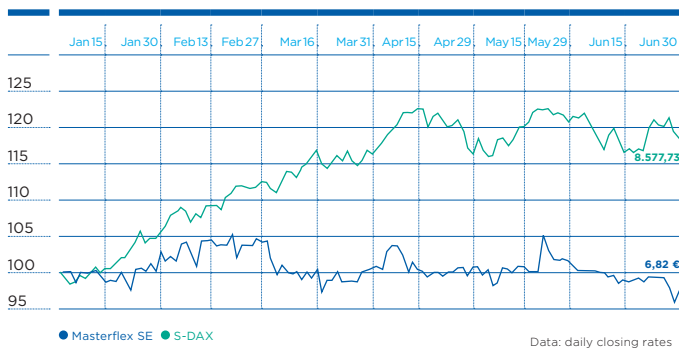


Tensile test

The adhesion behaviour of supplied silicone in relation to identical or different elastomers is tested here. Forces of up to 3,000 N (3 kilonewtons) are exerted on the silicone strip. Our products are frequently subject to certified requirements. For this reason, strict incoming tests on the material are extremely important for ensuring our high product quality.

 **MASTERFLEX**

The Masterflex Shares



In the first half of the year, the value of the Masterflex share dropped slightly; the closing price was € 6.82 and therefore 2.6 % down on the start of the year. While the share was still moving upwards until the beginning of March, this development was superseded by a sideways movement at a level of plus/minus € 7 triggered by the ad hoc disclosure of 3th March. Presumably due to increasing uncertainty on the capital market as a result of the Greek issue, which also led to a general sideways trend in the S-Dax, the Masterflex share as a small cap came under selling pressure in June and closed at € 6.82. Overall, the share price fluctuated between a high of € 7.41 and a low of € 6.70.

After a quiet end of the year, share turnover again moved up somewhat in the first six months. At the same time, trading of just under 950,000 shares on all German stock exchanges in the first half of the year was somewhat below the comparable period of the previous year when around 1.2 million shares were traded. On a daily basis, turnover in shares also varied more significantly at times.

The IR team maintains regular contact to investors and analysts, thereby endeavouring to improve the visibility of the stock on the market. The Masterflex Group will again participate at the Equity Forum from 23 to 25 November and at roadshows for private investors.

The Annual General Meeting

The 2015 Annual General Meeting took place in Gelsenkirchen on 16 June. For the first time in the history of Masterflex SE, the shareholders' meeting was held in the Veltins Arena. The number of

attendees increased compared to previous years, and at 54.7 %, more than half of the share capital was represented at an AGM for the first time. The new venue was overwhelmingly rated very positively.

The items on the agenda proposed by the management were all approved with a very large majority. There was a lively discussion about the supplementary agenda item on the appropriation of profit; however, the countermotion from a shareholder association for a dividend distribution did not find a majority due to the overwhelming prioritisation of financing growth.

The Articles of Association decided upon by the AGM have been available online since July.

FINANCIAL CALENDAR

Dates for 2015

30 March	Financials Press Conference, Düsseldorf
30 March	Analysts' Conference, Frankfurt/Main
11 May	Quarterly Financial Report Q1/2015
16 June	Annual General Meeting, Gelsenkirchen
10 August	Quarterly Financial Report Q2/2015
9 November	Quarterly Financial Report Q3/2015
23-25 November	German Equity Forum, Frankfurt

Pressure test bench

A connection part must be able to withstand a specific pressure in accordance with requirements. Fastidious tests are therefore performed here. The test pressure (measured in bar) also depends on the customer requirements, and can be tested on the pressure test bench at temperatures between -70°C and +300°C.

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Interim Financial Statements

Consolidated Statement of Financial Position

Assets in k€	30.06.2015*	31.12.2014
NON-CURRENT ASSETS		
Intangible assets	3,986	4,077
Concessions, industrial and similar rights	412	495
Development costs	133	141
Goodwill	3,258	3,258
Advance payments	183	183
Property, plant and equipment	23,170	22,641
Land, land rights and buildings	11,359	11,413
Technical equipment and machinery	8,825	8,413
Other equipment, operating and office equipment	2,253	2,182
Advance payments and assets under development	733	633
Non-current financial assets	278	311
Non-current financial instruments	120	131
Other loans	158	180
Other assets	0	0
Other financial assets	8	20
Deferred taxes	2,048	2,553
	29,490	29,602
CURRENT ASSETS		
Inventories	13,134	11,694
Raw materials and consumables used	6,889	6,107
Work in progress	971	662
Finished products and goods purchased and held for sale	5,247	4,904
Advance payments	27	21
Receivables and other assets	9,080	6,178
Trade receivables	7,880	5,350
Other assets	1,193	820
Other financial assets	7	8
Income tax assets	19	82
Cash in hand and bank balances	3,321	4,422
	25,554	22,376
Assets held for sale	3	4
	25,557	22,380
Total Assets	55,047	51,982

Consolidated Statement of Financial Position

Equity and Liabilities in k€	30.06.2015*	31.12.2014
SHAREHOLDERS' EQUITY		
Consolidated equity	25,456	23,446
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-8,087	-9,674
Revaluation reserve	-587	-576
Exchange differences	-854	-1,288
Minority interest	408	389
Total equity	25,864	23,835
NON-CURRENT LIABILITIES		
Provisions	76	206
Financial liabilities	13,539	15,052
Other financial liabilities	20	45
Other liabilities	1,251	1,251
Deferred taxes	604	604
	15,490	17,158
CURRENT LIABILITIES		
Provisions	2,154	2,303
Financial liabilities	7,212	5,150
Other financial liabilities	60	55
Income tax liabilities	563	590
Other liabilities	3,490	2,677
Trade payables	2,206	1,487
Other liabilities	1,284	1,190
	13,479	10,775
Liabilities directly connected with assets held for sale	214	214
	13,693	10,989
Total equity and liabilities	55,047	51,982

*unaudited

Consolidated Income Statement

Continued business units in k€	01.01. – 30.06.2015*	01.01. – 30.06.2014*
1. Revenue	32,987	31,974
2. Changes in inventories of finished goods and work in progress	430	69
3. Work performed by the enterprise and capitalised	77	153
4. Other operating income	435	130
Gross revenue	33,929	32,326
5. Cost of materials	-10,560	-10,292
6. Staff costs	-12,784	-11,617
7. Depreciations	-1,430	-1,383
8. Other expenses	-6,109	-5,496
9. Financial result		
Financial expenses	-494	-642
Other financial result	9	13
10. Earnings before taxes	2,561	2,909
11. Income tax expense	-924	-1,005
12. Earnings after taxes from continued business units	1,637	1,904
Discontinued business units in k€		
13. Earnings after taxes from discontinued business units	-30	-22
14. Consolidated net income/loss	1,607	1,882
thereof minority interests	19	22
 thereof attributable to shareholders of Masterflex SE	1,588	1,860
Earnings per share (diluted and non-diluted)		
from continued business units	0.18	0.21
from discontinued business units	0.00	0.00
from continued and discontinued business units	0.18	0.21

*unaudited

Consolidated Statement of Comprehensive Income

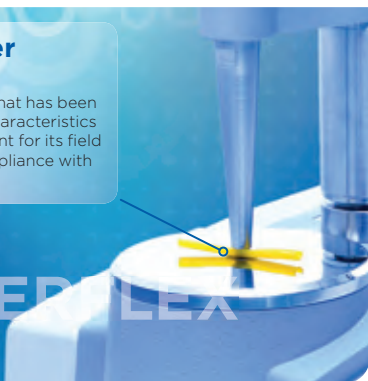
in k€	01.01. – 30.06.2015*	01.01. – 30.06.2014*
Consolidated net income/loss	1,607	1,882
Other result		
Items, that may be reclassified subsequently to profit or loss if specific conditions are met		
1. Exchange differences on translation of foreign financial instruments	437	104
2. Changes in fair values of financial instruments	-11	-6
3. Income taxes	-3	-8
4. Other earnings after taxes	423	90
5. Overall result	2,030	1,972
Overall result	2,030	1,972
thereof minority interests	13	22
thereof attributable to shareholders of Masterflex SE	2,017	1,950

*unaudited

Infrared spectrometer

The material composition of tubing that has been cut open is checked here. Specific characteristics of a tube, which can be very important for its field of application, depend on exact compliance with the formulations.

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Consolidated Income Statement

Continued business units in k€	01.04. – 30.06.2015*	01.04. – 30.06.2014*
1. Revenue	16,225	15,986
2. Changes in inventories of finished goods and work in progress	341	-228
3. Work performed by the enterprise and capitalised	77	1
4. Other operating income	315	46
Gross revenue	16,958	15,805
5. Cost of materials	-5,290	-5,029
6. Staff costs	-6,347	-5,883
7. Depreciations	-718	-700
8. Other expenses	-3,234	-2,740
9. Financial result		
Financial expenses	-251	-302
Other financial result	7	8
10. Earnings before taxes	1,125	1,159
11. Income tax expense	-429	-418
12. Earnings after taxes from continued business units	696	741
Discontinued business units in k€		
13. Earnings after taxes from discontinued business units	-25	-3
14. Consolidated net income/loss	671	738
thereof minority interests	6	14
 thereof attributable to shareholders of Masterflex SE	665	724
Earnings per share (diluted and non-diluted)		
from continued business units	0.08	0.08
from discontinued business units	0.00	0.00
from continued and discontinued business units	0.08	0.08

*unaudited

Consolidated Statement of Comprehensive Income

in T€	01.04. – 30.06.2015*	01.04. – 30.06.2014*
Consolidated net income/loss	671	738
Other result		
Items, that may be reclassified subsequently to profit or loss if specific conditions are met		
1. Exchange differences on translation of foreign financial instruments	-325	162
2. Changes in fair values of financial instruments	-28	2
3. Income taxes	1	-12
4. Other earnings after taxes	-352	152
5. Overall result	319	890
Overall result	319	890
thereof minority interests	0	14
thereof attributable to shareholders of Masterflex SE	319	876

*unaudited

Climate testing

In addition to mechanical loads such as tension and pressure, some tubes also have to remain dimensionally stable and flexible under strict climatic conditions. It can get as cold as 70°C or as hot as 190°C in the climate chamber. In addition, the air humidity can vary between a dry 10 % and an extremely humid 95 %.

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Consolidated Cash Flow Statement

in k€	01.01. – 30.06.2015*	01.01. – 30.06.2014*
Result for the period before taxes, interest expenses and financial income	2,997	3,494
Income taxes paid	-586	-474
Depreciation expense for property, plant and equipment and intangible assets	1,430	1,383
Change in provisions	-279	-284
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	-58	-131
Changes in inventories	-1,440	-936
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-2,320	-1,144
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	466	19
Net cash from operating activities	210	1,927
Proceeds from the disposal of non-current assets	0	5
Payments to acquire non-current assets	-1,792	-1,351
Changes in cash and cash equivalents due to the repayment of financial assets	23	23
Net cash from/used in investing activities	-1,769	-1,323
Interest and dividend receipts	0	-151
Interest expenditure	9	13
Proceeds from raising loans	-484	-591
Payments for the repayment of loans	2,000	2,500
Auszahlungen für die Tilgung von Krediten	-1,500	-3,104
Net cash from/used in financing activities	25	-1,333
Net change in cash and cash equivalents	-1,534	-729
Changes in cash and cash equivalents due to exchange rates and other factors	434	96
Cash and cash equivalents at the start of period	4,425	4,755
Cash and cash equivalents at the end of period	3,325	4,122

*unaudited

A close-up photograph of a Shore A hardness testing device. The device is primarily black with a silver-colored dial gauge. The dial has a scale from 0 to 90, with markings every 10 units. The needle points to 78. Text on the dial includes "Shore A", "Härteprüfgerät", "DIN 51005", "ASTM D 2240", and "ISO 868". The device is mounted on a silver-colored base. The background is a solid blue color with a faint circular pattern.

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Hardness testing device

This device measures the hardness of elastomers or plastics on standardised test plates. The plastics that we use are normally soft and thus flexible, but they can also be hard for particular applications. Shore hardness is measured depending on a needle's penetration depth into a test plate, i.e. 78 Shore A in this case.

Consolidated Statement of Changes in Equity

in k€	Subscribed capital	Capital reserve	Retained earnings
Equity at 31.12.2014	8,732	26,252	-9,674
Other changes	0	0	-1
Overall result	0	0	1,588
Group result	0	0	1,588
Other earnings after taxes	0	0	0
Changes in fair values of financial instruments	0	0	0
Exchange differences on translation of foreign financial statements	0	0	0
Income taxes on other comprehensive income	0	0	0
Equity at 30.06.2015	8,732	26,252	-8,087
Equity at zum 31.12.2013	8,732	26,252	-12,717
Dividends	0	0	0
Overall result	0	0	1,860
Group result	0	0	1,860
Other earnings after taxes	0	0	0
Changes in fair values of financial instruments	0	0	0
Exchange differences on translation of foreign financial statements	0	0	0
Income taxes on other comprehensive income	0	0	0
Equity at 30.06.2014	8,732	26,252	-10,857

INTERIM REPORT 1st HALF-YEAR 2015 · INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Revaluation reserve	Exchange differences	Equity attributable to Masterflex SE shareholders	Minority interest	Total
-576	-1,288	23,446	389	23,835
0	0	-1	0	-1
-11	434	2,011	19	2,030
0	0	1,588	19	1,607
-11	434	423	0	423
-11	0	-11	0	-11
0	437	437	0	437
0	-3	-3	0	-3
-587	-854	25,456	408	25,864
-591	-1,189	20,487	576	21,063
0	0	0	-151	-151
-6	96	1,950	22	1,972
0	0	1,860	22	1,882
-6	96	90	0	90
-6	0	-6	0	-6
0	104	104	0	104
0	-8	-8	0	-8
-597	-1,093	22,437	447	22,884

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 (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 2014.

2. BASIS OF CONSOLIDATION

The basis of consolidation has not changed in comparison with 31 December 2014.

3. DIVIDEND

Masterflex SE did not pay a dividend for the Financial Year 2014.

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 2014. 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 30.06.2015

In k€	High-tech hose systems	Continued operations	Discon- tinued operations	Total segments
Revenue from non-Group third parties	32,987	32,987	0	32,987
Earnings (EBIT)	3,046	3,046	-30	3,016
Investments in property, plant and equipment and intangible assets	1,792	1,792	0	1,792
Depreciations	1,430	1,430	0	1,430
Assets	55,044	55,044	3	55,047

SEGMENT REPORTING 30.06.2014

In k€	High-tech hose systems	Continued operations	Discon- tinued operations	Total segments
Revenue from non-Group third parties	31,974	31,974	0	31,974
Earnings (EBIT)	3,538	3,538	-22	3,516
Investments in property, plant and equipment and intangible assets	1,351	1,351	0	1,351
Depreciations	1,383	1,383	0	1,383
Assets	55,217	55,217	7	55,224

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 2015, basic earnings per share from continued operations amounted to € 0.18 and earnings per share from continued and discontinued operations amounted also to € 0.18; 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 of 30 June 2015 Masterflex SE held a total of 134,126 treasury shares.

BASIS OF CONSOLIDATION

Company Name	Company's Headquarters		Equity Interest held by Masterflex SE (%)
Masterflex SARL	F	Béligneux	80
Masterflex Technical Hoses Ltd.	UK	Oldham	100
Masterflex 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 Brasil LTDA.	BR	Santana de Parnaíba	100*
Novoplast Schlauchtechnik GmbH	GER	Halberstadt	100
FLEIMA-PLASTIC GmbH	GER	Wald-Michelbach	100
Masterflex Handelsgesellschaft mbH	GER	Gelsenkirchen	100
Masterflex Česko s.r.o.	CZ	Planá	100
M & T Verwaltungs GmbH*	GER	Gelsenkirchen	100
Matzen & Timm GmbH	GER	Norderstedt	100*
OOO Masterflex RUS	RUS	St. Petersburg	51
Masterflex Scandinavia AB	S	Kungsbacka	100
Masterflex Entwicklungs GmbH*	GER	Gelsenkirchen	100
Masterflex Vertriebs GmbH	GER	Gelsenkirchen	100*
Masterflex Asia Holding GmbH*	GER	Gelsenkirchen	80
Masterflex Asia Pte, Ltd.	SG	Singapur	100*
Masterflex Hoses (Kunshan) Co., Ltd.	CN	Kunshan	100

*) = Subgroup

Pressure test bench

At what pressure does a hose burst? This does not only depend on the hose material, the dimensions and the precision of manufacturing. The bursting pressure, measured in bar, also depends heavily on the temperature of the substance to be transported. For example, tests are performed here at temperatures of up to 80°C.



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7. EMPLOYEES

In the reporting period, the number of employees was 599, up 3.6 % on the previous year period (578 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 2015 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:

In k€	30.06.2015	30.06.2014
Cash and cash equivalents at the end of period	3,325	4,122
Cash in hand and bank balances included in assets held for sale	4	7
Cash in hand and bank balances	3,321	4,115

10. RELATED PARTY DISCLOSURES

The relationships are explained in the Notes to the consolidated financial statements under note 35 in the 2014 Annual Report. There have been no changes to the comments made there in the reporting period.

11. AUDITOR'S REVIEW OF THE INTERIM 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.

12. 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. 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.

Gelsenkirchen, 31 July 2015



Dr. Andreas Bastin
CEO



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