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MASTERFLEX SE
INTERIM REPORT
1ST HALF-YEAR 2016



Highlights in the first six months

Hose revenue grows by 3.9 %

Operating margin again in double digits

Two product innovations launched on the market

New syndicated loan with better conditions

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

The Group



MASTERFLEX

Spiral hoses and connection systems for all industrial applications



MATZEN & TIMM

Special vulcanized shapes and hoses for the aviation, the automotive industry as well as the rail traction



NOVOPLAST SCHLAUCHTECHNIK

Preformed tubes and technical tubings for medical as well as industrial uses



FLEIMA-PLASTIC

Injection moulded parts and components for the medical technology



MASTERDUCT

High-tech hoses and connection systems and HVAC elements

30.6.2016	30.6.2015	Change
34,279	32,987	3.9 %
4,773	4,476	6.6 %
3,451	3,046	13.3 %
2,682	2,561	4.7 %
-769	-485	58.6 %
1,972	1,637	20.5 %
-529	-30	1,663.3 %
1,430	1,588	-9.9 %
0.22	0.18	22.2 %
-0.06	0.00	
0.16	0.18	-11.1 %
10.1 %	9.2 %	
609	599	1.7 %
30.6.2016	31.12.2015	Change
26,940	26,012	3.6 %
61,621	54,484	13.1 %
43.7 %	47.7 %	

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Foreword by the CEO

Dear Shareholders,

I am more than satisfied to say that we are on the right track! Our growth continued in the first half of 2016 at a rate of 3.9 %. And when the prior-period amounts are adjusted for the Russia effect (sale of the Russian joint venture in October 2015), we grew by as much as 5.7 %.

Our profitability has increased at the same time, as demonstrated impressively by our operating earnings of € 3.5 million (first half of 2015: € 3.1 million) and our EBIT margin of 10.1 % (same period of the previous year: 9.2 %). This is a nice validation of our package of measures from autumn 2015, which has since been implemented in increments and of course enhanced. And the capital market agrees: our share price rose 6.3 % between the start of the year and the half-year reporting date.

At the same time, we launched another two innovations on the market: the Master-PUR L-F Trivolution®, an attractively priced, super-light film hose for simple aspiration applications and the templine® VARIO, a new child of the growing templine family of heated hoses, here with a quickly replaceable inner transport hose.

In light of these exciting new products, which have been well received by the market, it is fitting that we were recently named the “TOP Innovator 2016”. The prize is awarded to the 100 most innovative German medium-sized companies by the Institute for Entrepreneurship and Innovation at the Vienna University of Economics and Business. We were of course delighted about this new award – following the title of “Global Market Leader 2016” at the start of the year. We also see this as an endorsement to continue on this path, guided by innovation and efficiency.

Another milestone was the renegotiated syndicated loan to replace the previous financing from 2013. With this new Group loan, we have not only adapted the conditions to our improved credit rating and the further decline in interest rates, but also achieved financing security up to mid-2021. The package again includes a credit facility for potential company acquisitions in the hose business.

The biggest downside of the first half of 2016 was undoubtedly the decision of the Dusseldorf Higher Regional Court obliging us to pay € 0.9 million plus interest to a group of investors that financed the purchase of shares in the then subsidiaries CAB and Velo Drive in 2011.

Our close examination of the legal situation did not lead us to expect this decision; we have since lodged an appeal. Nonetheless, the decision must be presented in Euros and Cents. This is the only reason our half-year profit fell to € 1.4 million due to one-off costs of € 0.5 million from discontinued operations.

Some attendees of our Annual General Meeting at Schloss Horst in mid-June may have felt a bit sad: our long-standing Supervisory Board Chairman and cofounder of the Company, Friedrich Wilhelm Bischooping, resigned his post for reasons of age as of the end of the meeting. Although he has found an excellent successor – Georg van Hall, already a member of the Masterflex Supervisory Board since 2010 and utterly familiar with all the Group's issues as a financial expert – saying farewell after such a long time is always emotional. And as we as a company do not want to do without his advice, Mr Bischooping was appointed Honorary Chairman of the Supervisory Board with 99.91 % approval from the AGM. It is great that he can continue to join us on our journey.

The construction in connection with our site expansion in Gelsenkirchen is on time and on budget. The next step for future integration will be the installation of modern machines and control systems. We thus want to continue successfully pursuing our goal of sustainably profitable growth.

The share will join us on this journey. This was confirmed in the first half of 2016 with good price growth, and this will continue in the future, because sustainable success – regardless of often temporary irrationality on the stock market – is ultimately valued positively there too.

With this in mind, I look forward to your further support!

Gelsenkirchen, 29 July 2016

With kind regards,



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. This business has been the continuously profitable mainstay of the Masterflex Group since its inception in 1987.

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

Masterflex SE shares have been traded in the Prime Standard of 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 rather regionally-oriented specialist markets, which are mostly served by SMEs. Its customers primarily come from the manufacturing sector, including industrial applications (B2B market).

Given the difficulty in acquiring expertise in the production, processing and application of the high-tech polymers and the variety of possible applications of flexible connections, it is an attractive market with great future potential.

Business Development in the First Half of the Year

The economic situation in Europe appears largely stable to positive. This is particularly true of Germany, where private consumption and rising demand in construction and equipment spending led to a stronger recovery. In contrast, this is compromised by the discussion about the future of the European Union and a number of violent altercations – more frequently picked up by the media. The economy in the USA is developing positively, but not to the significant degree expected. In China, growth momentum has declined somewhat, but is still relatively high compared to Europe.

All in all, revenue with high-tech hoses and connection systems grew by 3.9 % in the first half of 2016 to € 34.3 million with a stable order backlog.

Internationalisation

Within the context of our targeted internationalisation process, we want to incrementally broaden the focal point of our revenue, which is still in Europe today, to other selected markets, particularly North America and China. 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.

We are in our fourth year of operating on the market in China, in Kunshan near Shanghai. We have now acquired a good reputation there as a German hose specialist. In the first half of the year, the development of our revenue in Asia remained lively compared to the same period of the previous year.

In North America, the economic climate remains positive. Year on year, our US business with the Masterduct brand developed successfully. To cement these improved market successes, further personnel and organisational adjustments have been made in the past six months following the replacement of the top management in autumn 2015. Our second mainstay in the USA, the business with air conditioning and ventilation hoses, has also grown disproportionately strongly.

Innovation

The second element of our growth strategy is our innovation. We continually develop new hoses and connection parts.

In the first half of 2016, two new products were brought to market:

- The Master-PUR L-F Trivolution®. This premium product is an attractively priced, super-light film hose made of polyurethane with a wall thickness of 0.4 millimetres. It was designed especially for the segment of simple aspiration applications. Due to its material mix, it is permanently antistatic, microbe-resistant and flame retardant.
- The templine® VARIO was brought to market in June. In this update to our templine heated hose, the medium-carrying hose (the inner liner) can be replaced at any time. This gives

users the ability to change the inner liner themselves, e.g. because a different medium must be transported or the inner hose is subject to specific demands that require more frequent replacement.

Further innovative connecting products are currently in the development or test phase.

In addition, the site expansion in Gelsenkirchen is proceeding according to plan. Some of our inefficient processes that we analysed last year were due to lack of space and therefore difficult logistical processes. The expansion of the site with production, development, logistics and office space will result in simplified structures in 2017, which will also have a positive effect on our efficiency.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

Results of Operations

In the first half of 2016, revenue with high-tech hoses and connection systems grew by 3.9 % to € 34.3 million. Most brands and locations contributed to this. Gross revenue increased by 2.3 % to € 34.7 million. The growth in the first half of the year was therefore higher than our annual forecast. When the prior-period amounts are adjusted for the Russia effect (sale of the Russian joint venture in October 2015), our growth in the first half of 2016 amounts to as much as 5.7 %.

Consolidated EBITDA increased by 6.6 % in the reporting period from € 4.5 million to € 4.8 million. This was due to a virtually stable cost of materials of € 10.6 million (first half (H1) of 2015: € 10.6 million), only a slight increase in staff costs to € 13.1 million (H1 2015: € 12.8 million) and a likewise disproportionately small increase in other expenses to € 6.3 million (H1 2015: € 6.1 million). This reflects the first successes of our efficiency measures, which should become more marked over the course of the year. The cost ratios (ratio of cost to revenue plus changes in inventories) were therefore 31.0 % (H1 2015: 31.6 %) for the cost of materials and 38.1 % (H1 2015: 38.3 %) for staff cost. We are already in a good position when it comes to the cost of materials ratio. Our aim is to gradually lower the staff cost ratio in the next few years.

Depreciation and amortisation of assets fell by 7.6 % to € 1.3 million in the first half of 2016, as planned.

Due to the sharper growth in revenue, the initial successes of the efficiency measures introduced at the end of 2015 and the decline in depreciation and amortisation, earnings before interests and taxes (EBIT) climbed by 13.3 % to € 3.5 million (previous year: € 3.0 million).

The financial result increased more sharply from € - 0.5 million to € -0.8 million. This is primarily attributable to the effective interest method prescribed by IFRS, whereby the ancillary costs of a loan (e.g. bank fees, legal fees and costs of interest rate hedging) recognised as liabilities over the entire term had to be derecognised as expenses for the former syndicated loan when it was replaced on 30 June.

At € 0.7 million, income taxes were 23.2 % lower than in the previous year (€ 0.9 million), too.

Overall, income from the continued business unit (High-Tech Hoses and Connection Systems, HTS) increased by a gratifying 20.5 % to € 2.0 million.

In contrast, expenses from discontinued operations multiplied many times from € -0.03 million to € -0.5 million now. This is due exclusively to the decision of the Dusseldorf Higher Regional Court. Unlike at the Dusseldorf Regional Court of the first instance, the judges of the Higher Regional Court awarded the purchasers of the shares in Clean Air Bike GmbH and Velodrive GmbH the reimbursement of the purchase price and other, related expenses totalling € 0.9 million plus interest. The amount in excess of our accounting provision of around € 0.5 million consequently results in a hefty increase in expenses from discontinued operations. As we continue to see good reasons for our stance, we have lodged an appeal against the decision.

Taking this one-off charge into account, the Group result after minority interests fell by 9.9 % to € 1.4 million (H1 2015: € 1.6 million). Earnings per share were € 0.16 compared to € 0.18 in the same period of the previous year.

Net Assets

As of 30 June 2016, the balance sheet date, total assets amounted to € 61.6 million. This marks growth of 13.1 % as against the end of 2015. The stronger growth is attributable partly to the growth in property,

plant and equipment – and there the expansion of the Gelsenkirchen site under construction – and mostly to the lively hose business and the disbursement of the new syndicated loan as of the balance sheet date.

Non-current assets increased by 6.0 % or € 1.8 million to € 31.3 million. This is chiefly due to the 'advance payments and assets under development' item of the balance sheet, which includes the expansion at the site of the headquarters until it is completed.

The 21.5 % or € 5.4 million increase in current assets is, typically for the time of year, attributable especially to increased receivables from our business with high-tech hoses and other assets. In addition, 'cash in hand and bank balances' increased by 69.8 % to € 6.8 million as of the reporting date (end of 2015: € 4.0 million). This exclusively reflects the disbursement of the new syndicated loan with a term until 2021 at the end of the reporting period.

Financial Position

In the first half of 2016, the Masterflex Group's equity grew by € 0.9 million to € 26.9 million. This corresponds to an equity ratio of 43.7 %. However, as the growth was below the lively growth of the business and the site expansion, the equity ratio has decreased accordingly compared to the end of 2015 (47.7 %).

Non-current borrowing nearly doubled from € 13.1 million to € 23.8 million. This reflects the new syndicated loan with four banks disbursed on 30 June. This loan, arranged with the existing bank syndicate and with a term until June 2021, is divided into four tranches and replaces the previous financing from 2013. All the former financial liabilities, including the financing for the site expansion, which has already been disbursed in full, are consolidated in two amortising loans. In addition, there is again an acquisition line of credit for potential company acquisitions in the hose business as well as an overdraft facility. With the new syndicate agreement, the Masterflex Group has adapted its refinancing to its improved credit rating and increased its financing security for another five years.

Current borrowing fell from € 14.9 million to € 9.9 million. This is primarily attributable to the reduction of the current financial liabilities to now € 3.7 million. In contrast, and typically for the time of year, trade payables and other liabilities increased by € 0.5 million to € 3.3 million.

The operating cash flow of € 0.9 million in the first half of the year was somewhat higher than in the previous year (€ 0.2 million) after a slightly negative cash flow in Q1/2016. This partly reflects the lower increase in inventories, the reduced depreciation and amortisation and the increased provisions.

The nearly doubled cash flow from investing activities of € 3.3 million reflects the building extension at the headquarters in Gelsenkirchen. The cash flow from financing activities reflects the simultaneous disbursement of the new syndicated loan and the replacement of the credit facility from 2013. This also resulted in the sharp rise in cash and cash equivalents at the end of the reporting period.

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

As part of our efficiency offensive, certain tasks and roles have been merged in recent months; this has particularly affected management positions. In contrast, new roles have been created for the brands and companies with strong growth in order to secure production. Overall, the average number of employees over the last twelve months increased by 1.7 % to 609 compared to 599.

Research and Development

We are continuing to develop R&D projects all the time. We were therefore again able to bring two product innovations to market in the reporting period: the Master- PUR L-F Trivolution® and the templine® VARIO. Both hoses were positively received on the market.

As at 30 June 2016, there were no other material changes since the statements made in the 2015 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 Risks Report

When the Dusseldorf Higher Regional Court's verdict was published in June, the risk of a negative outcome to the legal proceedings for the Masterflex Group became a reality. Furthermore, there have been no other changes in the opportunities and risk situation as presented in the 2015 Group report in the first half of 2016.

Outlook

The situation of the economy in the regions of the world in which the Masterflex Group has operations is developing stably. Due to various developments, however, uncertainty has not diminished. The British population's vote also casts doubt over the future of the British market, in which we operate with a subsidiary. The same is true, albeit not to the same degree, for the internal European market.

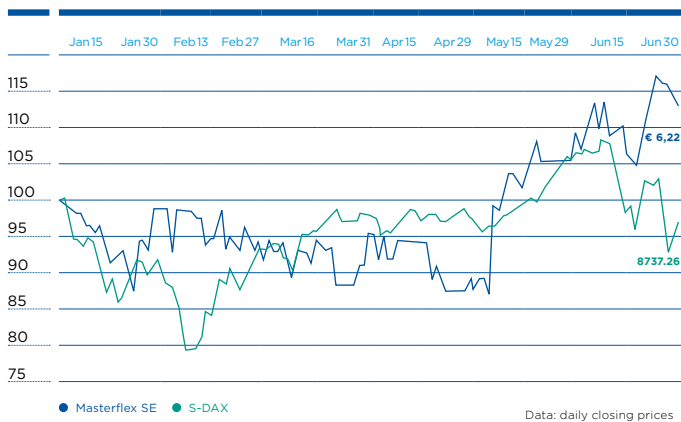
Our growth strategy is based on structured internationalisation and constantly evolving product innovations. We will unabatedly continue on this growth path. In addition, we are continuing our search for an appropriate acquisition in the market for special hoses.

In the operating business, we are focusing on the continuation of the efficiency improvements. This also includes the expansion of the headquarters in Gelsenkirchen, which is currently completely on time and on budget. Production is set to commence there before the end of the year, when certain minor additional costs that currently still exist due to externally rented warehousing, for example, will be eliminated. We are working purposefully on unlocking and consolidating the identified efficiency potential.

For 2016, we continue to expect revenue growth at a level higher than the initially expected global economic growth of 2.9 %. This expectation was met in the first few months. Our incoming orders are also stable. We therefore assume that we will at least be able to continue our growth on this scale.

With regard to operating result, too, we are clearly meeting or exceeding the forecast after the first half of the year: with growth of 13.3 %, EBIT is well up on the previous year. The resulting EBIT margin now accounts for almost double digits (10.1 %). We therefore assume that we will be able to meet our EBIT forecast convincingly in 2016 as a whole.

The Masterflex Shares



In the first half of the year, the value of the Masterflex share rose 6.3 % compared to the S-Dax, which declined slightly by 1.7 percentage points. However, this phase of recovery for our share only began in May after the announcement of the results for the first quarter, which were probably better than the capital market expected. Previously, the share had tested a bottom of around € 5.50 on several occasions between February and early May. This poor performance up until May was likely due to the profit warnings for the FY 2015 in October and February.

The closing price on 30 June 2016 was € 6.22. Overall, the share price fluctuated between a high of € 6.51 and a low of € 5.45.

The IR staff maintain continuous contact with investors and analysts. In addition to the analysts' conference in Frankfurt in April, the IR staff attended roadshows for institutional as well as private investors. Talks with foreign shareholders were held in the run-up to the Annual General Meeting. The talks with all target groups will be continued in the second half of the year. We are thus endeavouring to improve the visibility of the stock on the market. The Masterflex Group will participate in the Equity Forum from 21 to 23 November and at roadshows for private and institutional investors.

The Annual General Meeting

The Annual General Meeting (AGM) was held in Schloss Horst in Gelsenkirchen on 14 June 2016. The volume of share capital represented again increased year on year to around 55.3 %. This is attributable to the increased involvement of blockholders and a slight decline in the free float.

The Supervisory Board members proposed by the management, Dr Gerson Link and Jan van der Zouw, were elected by a large majority of the AGM, as were the other agenda items proposed by the management. In addition, the AGM appointed the co-founder of the Company and long-standing Supervisory Board Chairman Friedrich-Wilhelm Bischooping as the Honorary Chairman of the Supervisory Board.

At the constituent meeting of the Supervisory Board following the AGM, Georg van Hall was elected Chairman of the Supervisory Board. Previously, van Hall was Deputy Chairman; he has been a member of the Board since 2009. The Deputy Chairman of the Supervisory Board is now Dr Link.

FINANCIAL CALENDAR

Dates for 2016

12 August	2016 Half-Year Report
14 November	Quarterly Release III/2016
21 – 23 November	German Equity Forum, Frankfurt

 MASTERFLEX

Master-Clip HTP 800

Extremely heat-resistant hose for extracting hot exhaust gases, such as car engines or diesel engines. Temperature-resistant to +800 °C. Pressure-resistant up to 0.3 bar at +800 °C.



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Interim Financial Statements

Consolidated Statement of Financial Position

Assets in k€	30.6.2016*	31.12.2015
NON-CURRENT ASSETS		
Intangible assets	4,017	3,967
Concessions, industrial and similar rights	292	351
Development costs	195	146
Goodwill	3,258	3,258
Advance payments	272	212
Property, plant and equipment	25,453	23,435
Land, land rights and buildings	11,596	11,169
Technical equipment and machinery	8,340	8,715
Other equipment, operating and office equipment	2,298	2,284
Advance payments and assets under development	3,219	1,267
Non-current financial assets	102	266
Non-current financial instruments	102	131
Other loans	0	135
Deferred taxes	1,715	1,840
	31,287	29,508
CURRENT ASSETS		
Inventories	13,907	13,558
Raw materials and consumables used	6,737	6,474
Work in progress	1,010	957
Finished products and goods purchased and held for sale	6,091	6,114
Advance payments	69	13
Receivables and other assets	9,634	7,307
Trade receivables	8,192	6,465
Other assets	1,442	842
Income tax assets	4	109
Cash in hand and bank balances	6,787	3,997
	30,332	24,971
Assets held for sale	2	5
	30,334	24,976
Total Assets	61,621	54,484

* unaudited

Consolidated Statement of Financial Position

Equity and Liabilities in k€	30.6.2016*	31.12.2015
SHAREHOLDERS' EQUITY		
Consolidated equity	27,067	26,059
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-6,839	-7,726
Revaluation reserve	-605	-576
Exchange differences	-473	-623
Minority interest	-127	-47
Total equity	26,940	26,012
NON-CURRENT LIABILITIES		
Provisions	89	158
Financial liabilities	21,920	11,153
Other financial liabilities	0	0
Other liabilities	1,119	1,119
Deferred taxes	654	672
	23,782	13,102
CURRENT LIABILITIES		
Provisions	2,329	2,160
Financial liabilities	3,709	8,908
Other financial liabilities	18	50
Income tax liabilities	509	899
Other liabilities	3,304	2,847
Trade payables	1,809	1,476
Other liabilities	1,495	1,371
	9,869	14,864
Liabilities directly connected with assets held for sale	1,030	506
	10,899	15,370
Total equity and liabilities	61,621	54,484
* unaudited		

Consolidated Income Statement

Continued business units in k€	1.1.– 30.6.2016*	1.1.– 30.6.2015*
1. Revenue	34,279	32,987
2. Changes in inventories of finished goods and work in progress	-63	430
3. Work performed by the enterprise and capitalised	89	77
4. Other operating income	395	435
Gross revenue	34,700	33,929
5. Cost of materials	-10,620	-10,560
6. Staff costs	-13,051	-12,784
7. Depreciations	-1,322	-1,430
8. Other expenses	-6,256	-6,109
9. Financial result		
Financial expenses	-772	-494
Other financial result	3	9
10. Earnings before taxes	2,682	2,561
11. Income tax expense	-710	-924
12. Earnings after taxes from continued business units	1,972	1,637
Discontinued business units in k€		
13. Earnings after taxes from discontinued business units	-529	-30
14. Consolidated net income/loss	1,443	1,607
thereof minority interests	13	19
thereof attributable to shareholders of Masterflex SE	1,430	1,588
Earnings per share (diluted and non-diluted)		
from continued business units	0.22	0.18
from discontinued business units	-0.06	0.00
from continued and discontinued business units	0.16	0.16

*unaudited

INTERIM REPORT FOR THE 1ST HALF OF 2016 · INTERIM STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income

in k€	1.1.– 30.6.2016*	1.1.– 30.6.2015*
Consolidated net income/loss	1,433	1,607
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	-406	437
2. Changes in fair values of financial instruments	-29	-11
3. Income taxes	13	-3
4. Other earnings after taxes	-422	423
5. Overall result	1,021	2,030
Overall result	1,021	2,030
thereof minority interests	13	19
thereof attributable to shareholders of Masterflex SE	1,008	2,011

* unaudited

INTERIM REPORT FOR THE 1ST HALF OF 2016 · INTERIM STATEMENT
CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement

Continued business units in k€	1.4.- 30.6.2016*	1.4.- 30.6.2015*
1. Revenue	16,818	16,225
2. Changes in inventories of finished goods and work in progress	67	341
3. Work performed by the enterprise and capitalised	9	77
4. Other operating income	163	315
Gross revenue	17,057	16,958
5. Cost of materials	-5,249	-5,290
6. Staff costs	-6,335	-6,347
7. Depreciations	-658	-718
8. Other expenses	-3,186	-3,234
9. Financial result		
Financial expenses	-545	-251
Other financial result	1	7
10. Earnings before taxes	1,085	1,125
11. Income tax expense	-212	-429
12. Earnings after taxes from continued business units	873	696
Discontinued business units in k€		
13. Earnings after taxes from discontinued business units	-526	-25
14. Consolidated net income/loss	347	671
thereof minority interests	20	6
thereof attributable to shareholders of Masterflex SE	327	665
Earnings per share (diluted and non-diluted)		
from continued business units	0.09	0.08
from discontinued business units	-0.06	0.00
from continued and discontinued business units	0.03	0.08

*unaudited

INTERIM REPORT FOR THE 1ST HALF OF 2016 · INTERIM STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income

in k€	1.4.- 30.6.2016*	1.4.- 30.6.2015*
Consolidated net income/loss	347	671
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	-455	-325
2. Changes in fair values of financial instruments	-10	-28
3. Income taxes	-10	1
4. Other earnings after taxes	-475	-352
5. Overall result	-128	319
Overall result	-128	319
thereof minority interests	20	6
thereof attributable to shareholders of Masterflex SE	-148	313

* unaudited

Consolidated Cash Flow Statement

in k€

Result for the period before taxes, interest expenses and financial income
Income taxes paid
Depreciation expense for property, plant and equipment and intangible assets
Change in provisions
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets
Changes in inventories
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities
Net cash from operating activities
Proceeds from the disposal of non-current assets
Payments to acquire non-current assets
Changes in cash and cash equivalents due to the repayment of financial assets
Net cash from/used in investing activities
Interest and dividend receipts
Interest expenditure
Proceeds from raising loans
Payments for the repayment of loans
Net cash from/used in financing activities
Net change in cash and cash equivalents
Changes in cash and cash equivalents due to exchange rates and other factors
Cash and cash equivalents at the start of period
Cash and cash equivalents at the end of period

*unaudited

Consolidated Cash Flow Statement

	1.1.- 30.6.2016*	1.1.- 30.6.2015*
	3,052	2,997
	-881	-586
	1,322	1,430
	625	-279
	-76	-58
	-349	-1,440
	-2,257	-2,320
	-546	466
	890	210
	0	0
	-3,301	-1,792
	135	23
	-3,166	-1,769
	3	9
	-784	-484
	28,500	2,000
	-22,806	-1,500
	4,913	25
	2,637	-1,534
	150	434
	4,002	4,425
	6,789	3,325

INTERIM REPORT FOR THE 1ST HALF OF 2016 · INTERIM STATEMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity

in k€	Subscribed capital	Capital reserve	Retained earnings
Equity at 31.12.2015	8,732	26,252	-7,726
Dividends	0	0	0
Other changes	0	0	-543
Overall result	0	0	1,430
Group result	0	0	1,430
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 30.6.2016	8,732	26,252	-6,839
Equity at 31.12.2014	8,732	26,252	-9,674
Dividends	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 30.6.2015	8,732	26,252	-8,087

INTERIM REPORT FOR THE 1ST HALF OF 2016 · INTERIM STATEMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity

Revaluation reserve	Exchange differences	Equity attributable to Masterflex SE shareholders	Minority interest	Total
-576	-623	26,059	-47	26,012
0	0	0	0	0
0	543	0	-93	-93
-29	-393	1,008	13	1,021
0	0	1,430	13	1,443
-29	-393	-422	0	-422
-29	0	-29	0	-29
0	-406	-406	0	-406
0	13	13	0	13
-605	-473	27,067	-127	26,940
-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

Notes to the Half-Year 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 2015.

2. BASIS OF CONSOLIDATION

The basis of consolidation has not changed in comparison with 31 December 2015.

3. DIVIDEND

Masterflex SE did not pay a dividend for the Financial Year 2015.

4. FINANCIAL LIABILITIES

The syndicated loan agreement concluded in June has a volume of € 45.0 million and an expiry date of June 2021. The drawdown was € 26.0 million on the balance sheet day.

The syndicated loan agreement was reduced in the balance sheet by the directly attributable transaction costs of € 435 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 bank syndicate's receivables from the syndicated loan agreement are secured by the Masterflex Group companies via, among other things, registered land charges on domestic land, the assignment of receivables and transfers of title.

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 2015. 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 30.6.2016

In k€	High-tech hose systems	Continued operations	Discontinued operations	Total segments
Revenue from non-Group third parties	34,279	34,279	0	34,279
Earnings (EBIT)	3,451	3,451	-386	3,065
Investments in property, plant and equipment and intangible assets	3,301	3,301	0	3,301
Depreciations	1,322	1,322	0	1,322
Assets	61,619	61,619	2	61,621

SEGMENT REPORTING 30.6.2015

In k€	High-tech hose systems	Continued operations	Discontinued 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

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 2016, basic earnings per share from continued operations amounted to € 0.22 and earnings per share from continued and discontinued operations amounted to € 0.16; both figures are based on a weighted average number of shares of 8,731,748.

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

7. TREASURY SHARES

As of 30 June 2016, Masterflex SE held a total of 134,126 treasury shares.

BASIS OF CONSOLIDATION

Company Name	Company Headquarters		Equity Interests held by Masterflex SE (%)
Masterflex SARL	F	Béligneux	80
Masterflex Technical Hoses Ltd.	GB	Oldham	100
Masterduct Holding, Inc.*	USA	Houston	100
Flexmaster U.S.A., Inc.	USA	Houston	100*
Masterduct, Inc.	USA	Houston	100*
Masterduct Holding S.A., Inc.	USA	Houston	100*
Masterduct 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*
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

8. EMPLOYEES

In the reporting period, the number of employees was 609, up 1.7 % on the previous year period (599 employees).

9. INCOME TAX

In the calculation of income tax expense in the half-year financial report, the estimated effective income tax rate for the current financial year 2016 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:

In k€	30.6.2016	30.6.2015
Cash and cash equivalents at the end of period	6,789	3,325
Cash in hand and bank balances included in assets held for sale	2	4
Cash in hand and bank balances	6,787	3,321

11. RELATED PARTY DISCLOSURES

The relationships are explained in the Notes to the consolidated financial statements under note 35 in the 2015 Annual Report.

The composition of the Supervisory Board changed in the reporting period. On 14 June 2016, the Supervisory Board members proposed

by the management, Dr Gerson Link and Jan van der Zouw, were elected by the Annual General Meeting. Mr Bischooping was also elected as the Honorary Chairman of the Supervisory Board. At the constituent meeting of the Supervisory Board directly following the Annual General Meeting, Georg van Hall was elected Chairman of the Supervisory Board. Previously, van Hall was Deputy Chairman; he has been a member of the Board since 2009.

12. AUDITOR'S REVIEW OF THE INTERIM REPORT

The interim financial statements and the interim management 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. 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, 29 July 2016



Dr. Andreas Bastin
CEO



Mark Becks
CFO

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