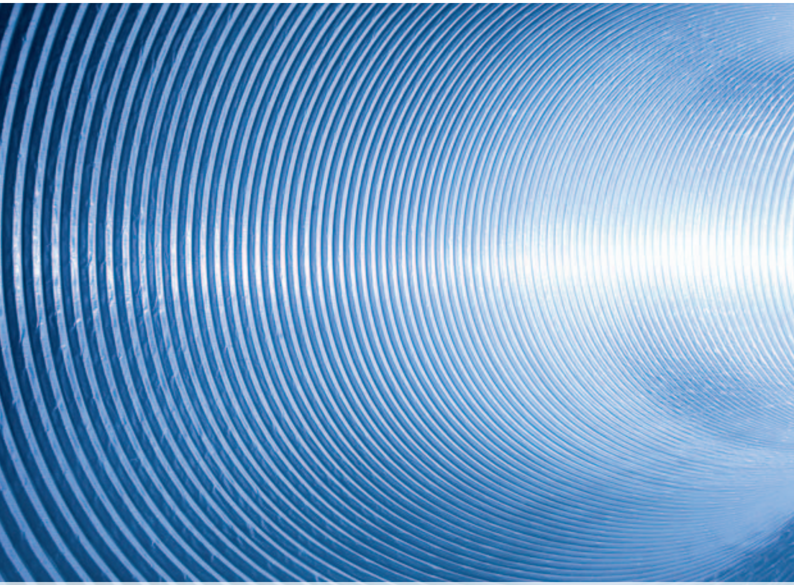
Masterflex



INTERIM REPORT
1st half year 2009

one step ahead

Masterflex at a Glance

- Concentration on High-Tech Hose Systems – restructuring of the Group advancing successfully
- Mitigation of the economic crisis through early cost savings
- Earnings impacted by restructuring costs, positive operating EBIT
- Significant positive cash flow
- Securing external financing

Continued Business Units	June 30, 2009
Consolidated revenue (€ thou.)	36,586
Consolidated EBITDA (€ thou.)	1,821
Consolidated EBIT (€ thou.)	
without restructuring costs	72
incl. restructuring costs	-1,455
Consolidated EBT (€ thou.)	-3,251
Consolidated net income after minority interests (€ thou.)	-2,452
Earnings per share (€)	
from continued business units	-0.56
from discontinued business units	0.00
from continued and discontinued business units	-0.56
Consolidated EBIT margin	
without restructuring costs	0.0 %
incl. restructuring costs	-4.0 %
Consolidated return on sales	-6.7 %
Number of employees	697

	June 30, 2009
Consolidated equity (€ thou.)	12,441
Consolidated total assets (€ thou.)	96,114
Consolidated equity ratio (%)	12.9 %

The Executive Board of Masterflex AG

Dr. Andreas Bastin, Chief Executive Officer
Ulrich Wantia, Chief Financial Officer (until 15 May 2009)
Mark Becks, Chief Financial Officer (since 1 June 2009)

The Supervisory Board of Masterflex AG

Friedrich Wilhelm Bischoping, Chairman of the Supervisory Board
Prof. Dr. Detlef Stolten, Deputy Chairman of the Supervisory Board
Detlef Herzog, member of the Supervisory Board

June 30, 2008	Change in %
45,563	-19.7 %
5,834	-68.8 %
2,380	-97.0 %
2,318	
-5,015	-35.2 %
-2,469	-0.7 %
-0.82	-31.7 %
0.26	
-0.56	
5.2 %	
5.1 %	
-5.4 %	
758	-8.0 %
December 31, 2008	**Change in %**
14,840	-16.2 %
101,475	-5.3 %
14.6 %	-11.6 %

Dear Shareholders,

As expected, the business development of Masterflex AG in the first half of 2009 was dominated by the ongoing restructuring. In addition, the economic crisis continued to leave its mark on the Group business development, although the decline in revenues seems to have bottomed out in the second quarter.

Revenue in the core business unit High-Tech Hose Systems remained at the level of the first quarter of 2009 but was below that of the previous year. Whilst revenue development in the Medical Technology and Mobility business units was generally stable, there was a further considerable decline in revenue in Surface Technology.

As we began introducing extensive cost reduction measures at the end of last year, and thus at a very early stage, we were largely very successful in stemming the severely negative earnings consequences. However, the costs for successfully continuing restructuring and for securing further external financing in particular were unexpectedly high. Nonetheless, we once again achieved a break-even operating result, despite the economic crisis and the ongoing restructuring of the Group.

In line with Company strategy, we continued to concentrate activities on the core High-Tech Hose Systems business as planned in the first half of 2009. We have chosen the right path here. There are examples of this on many levels: the broadly diversified sales markets are significantly mitigating the negative impact of the economic crisis. Our unabated drive in innovation is leading to success in individual sectors and various countries such as the US, where we are proving robust against the negative general economic developments with products and system solutions completely new to this market.

The most important individual result for Masterflex AG was achieved just after the end of the reporting period in the form of the loan extension until 30 June 2010. We have succeeded in creating a joint contractual framework for the large number of our lending banks which gives us sufficient time to properly restructure our external debt.

Thanks to this measure to ensure liquidity we can remain viable and can devote our full energies to continuing the Group's restructuring and expanding our core business. In addition, we also began introducing further measures to regain financial efficiency in the long term. These include developing a stricter cost management system and consequently divesting activities that do not meet certain risk/reward criteria or that do not show any potential for synergies with our core business. The measures also include reviewing external options for sustainably improving our equity position. We will continue to systematically target the considerable opportunities offered by the core High-Tech Hose Systems business unit in terms of consistent growth and a very promising future.

In this half-yearly report – as in the quarterly report for Q1 2009 – the results are presented on the basis of continuing operations, i.e. without DICOTA GmbH (Mobile Office Systems), which was sold on 16 December 2008. The trend in the operating development observed in the first quarter of 2009 continued through to the end of the reporting period. As a result of the economic crisis, consolidated revenue decreased by 19.7% as against the same period of the previous year to € 36.6 million. However, consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) remained positive at € 1.8 million, as did consolidated earnings before interest and taxes (EBIT), which totalled € 72.0 thousand. Including restructuring effects, EBIT amounts to € -1.5 million. This includes the € 1.2 million decrease in inventories – which is positive from a liquidity point of view – and legal and consultancy fees in the amount of € 1.5 million. As before, the Advanced Material Design business unit in particular is suffering heavily as a result of the economic crisis, and therefore had a considerable negative impact on the Group's earnings development.

Despite the difficult current situation, Masterflex AG is generally well positioned for the future thanks not least to its innovative product portfolio and the extensive measures introduced at an early stage to counter the effects of the economic crisis. Masterflex AG's efficiency and the success of its measures for boosting liquidity are reflected in the fact that an operating cash flow of € 2.7 million was generated in the first half of 2009. In addition, the level of debt was successfully reduced further. The second purchase price instalment from the sale of DICOTA GmbH in the amount of € 5.1 million was paid as scheduled on 30 June 2009. Masterflex AG thus has a relatively high level of cash in hand of € 15.5 million. These funds will be used to further reduce debt and to finance operations, particularly in terms of investments in innovations in our core business.

Dear shareholders, even during this economic crisis Masterflex AG's core business is showing stability and profitability. In addition, our growth potential – in terms of both markets and technology – is opening up a great number of opportunities for the future. We will make good use of these! We also counting on Masterflex AG's superior technological expertise in the market for high-quality connector and hose systems using innovative high-tech plastics.

Given the general economic situation, it is difficult to forecast further business development. Overall, both consolidated revenue and consolidated operating EBIT are above our planned levels so far. There are also initial signs of economic stabilisation, meaning that we are optimistic of achieving our targets for the end of the year, too.

August 2009

Dr. Andreas Bastin
Chief Executive Officer

Interim Management Report

Group structure and business activities

Masterflex AG, Gelsenkirchen, is a specialist in the development and production of high-quality connector and hose systems in its core High-Tech Hose Systems business unit. While it previously predominantly processed polyurethane, the Company now processes a range of other high-tech plastics. This area – our core business unit – is being expanded further.

There are also the Medical Technology, Advanced Material Design and Mobility (climate-neutral mobility) business units.

Market and competition

High-Tech Hose Systems

The first half of 2009 was dominated by the severe global recession. After years of unrestrained growth, the plastics industry has been experiencing a sharp downturn since autumn 2008. For example, according to the industry association Verband PlasticsEurope Deutschland e.V., plastics production has fallen by between 30% and 40% since October 2008. As a result of the slump for OEMs, particularly in mechanical engineering and the automotive industry, plastics processing companies have also been hit hard by the crisis. Plastics processing is a key industry in Germany, representing 4% of total production in the manufacturing industry. No figures are available yet for 2009. However, experts anticipate that in light of the strong first half of 2008, the spring of 2009 will be considerably negative by comparison. It is also uncertain when an improvement in the general economic situation can be expected. However, due to the varied and as yet untapped application possibilities, the future potential for plastics is considered positive overall.

In this difficult environment, the Masterflex Group also felt the effects of the crisis. However, in contrast to many other companies, we were able to limit the impact of the downturn thanks to our wide range of applications for different customers and industries. As a supplier, we have seen the often dramatic downswing in many of the industries we supply. For

example, in February 2009, the mechanical engineering industry posted a drop in incoming orders of almost 50%. There were also slumps in other industries such as the chemical and automotive sector. Segment revenue in the High-Tech Hose Systems business unit decreased by just 21.8% to € 18.7 million in the first half of 2009 (H1 2008: € 23.9 million). In the second quarter of 2009, segment revenue stabilised at the level of the first quarter.

This was due to the positive development in certain sub-industries we supply such as aviation and the food industry. The highly specialised area of medical hoses and catheters is also continuing to develop very promisingly, albeit still at a low level. Due to our concentration on hose business, we have now added this group of products to the High-Tech Hose Systems segment as high-performance plastics are processed by extrusion in the same way as for technical products. These products help to improve traditional examination methods, as well as opening up entirely new areas of application. Internationalisation, in the US for example, is also developing positively, helping to lessen the effects of the crisis.

EBIT before reconciliation declined considerably by 58.4% to € 1.8 million (H1 2008: € 4.4 million). This is essentially due to lower revenue.

Despite the more difficult conditions, we have systematically stuck to our strategy and driven ahead the expansion of our core business unit. The development in the US confirms our belief that internationalisation, together with product development, offers a great deal of potential. For this reason, we opened a sales office in Sweden in April 2009. Its first months have already led to interesting further contacts and initial transactions.

Another result of reviewing our earnings potential was that we chose to sell the assets of TechnoBochum GmbH, which is purely a trading company, in April 2009 as it had no synergies with our core business.

Innovative products are an important component of our success. We have developed a range of new product innovations which we presented at major trade fairs such as the Hanover Trade Fair, ACHEMA and ITM in Poland. These include hoses made from renewable raw materials, which can be used for various different applications as they combine several product properties in one hose type for the first time. We expect this hose type to open up entirely new sales markets.

One further innovation is a hose with sidelight fibres, which can be used in many different areas such as in the advertising industry or for labels in dark rooms or rooms with large temperature fluctuations. Its key material properties include high friction and abrasion resistance and tensile strength, as well as excellent tear growth resistance.

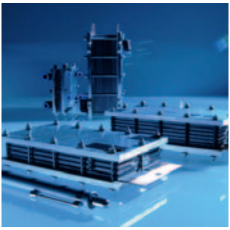
These examples highlight our technological leadership, which we will continue to push forward and expand in the coming years.

Mobility business unit – Rapidly expanding the business area

To date, the economic crisis has had little effect on our new Mobility division. The prospects for electric bicycles and drive systems are good. Several thousand units of the electric bicycles have already been sold this year and segment revenue rose considerably in the first half of 2009.

At the start of 2009, activities in the fuel cell technology department were focused on the presentation of the new "low pressure security" system. As well as a high level of security, the patent-pending "Lopes" also makes system integration considerably easier as it is possible to dispense fully with any additional security devices. This system attracted a great deal of interest at the Hanover Trade Fair 2009.

In the next phase, "Lopes" is to be tested for selected applications, such as the indoor application of mobile ward round and workshop trolleys. An agreement has also been in place with digomed: medical IT solutions GmbH, Castrop-Rauxel, for the future marketing of fuel cells since the start of 2009. We are also conducting negotiations for cooperations to test our security system in other applications as well.



It is possible that the "Lopes" indoor fuel cell applications will contribute towards the breakthrough of this technology. "Lopes" has enabled the full integration of fuel cells into these applications without other security technologies for the first time. The security system is marketed independently, and there are plans to develop a licensed model so that other manufacturers of fuel cell systems can also use this security technology. Another possibility may also be applications which use flammable and toxic gases.

In the area of fuel cell-driven Cargobikes, we will have delivered a total of 50 vehicles by the end of the year. New model variants will be presented at the "Eurobike" trade fair at the start of September.

Overall, segment revenue soared by 116.1% in the first half of 2009 to € 3.1 million (H1 2008: € 1.4 million). Segment EBIT improved significantly year-on-year and was positive for the first time at € 8 thousand after € -516 thousand in the same period of the previous year.

This clearly shows the potential in this business area. In order to further accelerate this development, particularly with regard to profitability, the Company is considering developing this area more intensively with a partner. The state of technology achieved to date and the application potential of our fuel cell technology offer a good starting position for future business success.

Medical Technology – Increasing earnings power

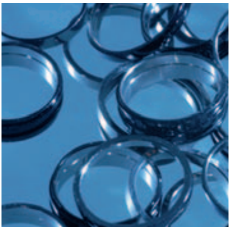
We are still highly satisfied with the development of our Medical Technology activities. The medical sets continued to develop extremely well in the first half year of 2009 in line with our clearly defined earnings considerations. The measures to enhance efficiency in the product range and sales areas are showing clear signs of success at our subsidiary Angiokard Medizintechnik GmbH & Co. KG.

Segment revenue in Medical Technology declined by 3.8 % to € 8.8 million in the first half of 2009 on account of the streamlining of our product range (H1 2008: € 9.2 million). Segment EBIT before reconciliation developed very well. While EBIT had been negative in the previous year, it rose to € 0.5 million in the first half of 2009 (H1 2008: € -0.6 million). When comparing figures against the previous year it should be noted that impairment was recognised last year and the "LaryVent respiratory mask" project was written down. The EBIT margin was 5.7% after the first six months of 2009. We are benefiting from the trend in healthcare towards products that are medically safe on the one hand and that save costs on the other – the type of products that are offered in our range.

Advanced Material Design – Comprehensive restructuring

The Advanced Material Design business unit comprises the operations of the SURPRO Group, which specialises in surface technology. SURPRO is a highly specialised niche provider for the production and finishing of precision surfaces.

The difficult situation in the 2008 financial year continued in the first half of 2009. Both revenue and EBIT were in decline and therefore had a significant negative effect on Group development. As before, the economic crisis – which has hit the luxury goods sector hard – is taking its toll.



We have introduced far-reaching measures to reduce costs. These include, for example, a comprehensive headcount reduction, the closure of an outsourced production location abroad, various production adjustments and the reduction of inventories. Nonetheless, the situation in surface technology remains extremely difficult on account of the current economic pressures.

Overall, segment revenue tumbled by almost 46% in the first half of 2009 to € 6.0 million (H1 2008: € 11.0 million). EBIT before reconciliation was clearly negative at € -1.5 thousand (H1 2008: € 28 thousand).

Results of operations, net assets and financial position

Results of operations

The consolidated income statement as at 30 June 2009 reflects the effects of the economic crisis and the expenses for the restructuring of Masterflex AG. For instance, consolidated revenue decreased by 19.7% to € 36.6 million (H1 2008: € 45.6 million). Inventories of finished goods and work in progress were reduced considerably by € 1.2 million (H1 2008: € 0.2 million). On the other hand, this liquidity-boosting effect also has a negative impact on the development of earnings.

The cost of materials dropped by 21.1% due to the lower order levels. Staff costs fell from € 13.5 million to € 12.2 million.

Other expenses rose by 6.5% to € 7.5 million (H1 2008: € 7.0 million). It should be noted that this figure includes non-operating expenses of € 1.5 million, which mainly relate to the legal and consultancy fees for devising the refinancing concept. It also includes refinancing payments owed to banks of € 0.3 million which we also expect to be incurred in similar amounts in the second half of 2009. As of this year, other taxes are reported differently under IFRS, resulting in a further negative effect of € 104 thousand on consolidated earnings before interest and taxes.

Despite the restructuring expenses, overall the adjusted measures for mitigating the effects of the recession resulted in positive consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) of € 1.8 million (H1 2008: € 5.8 million).

Write-downs on non-current assets declined year-on-year to € 1.7 million (H1 2008: € 3.5 million).

Overall, these negative effects led to consolidated earnings before interest and taxes (EBIT) of € -1.5 million (H1 2008: € 2.3 million). However, not including the extraordinary negative effects, positive consolidated operating EBIT of € 72.0 thousand was generated.

As a result of the rise in financial expenses (including those for refinancing), consolidated earnings before taxes (EBT) were negative as at 30 June 2009, amounting to € -3.3 million (H1 2008: € -5.0 million). The tax rate was 28.06 %. As a result of the effects described, consolidated net profit after minority interests was also significantly negative at € -2.5 million (H1 2008: € -2.5 million), equivalent to earnings per share of € -0.56.

Net assets

Masterflex AG's asset position decreased by 5.3 % between December 2008 and 30 June 2009, with total assets amounting to € 96.1 million (31 December 2008: € 101.5 million). There were hardly any significant changes to the consolidated balance sheet as against the end of 2008.

Financial assets rose only slightly by € 78 thousand to € 4.8 million.

On the one hand, current assets reflected the success of the measures described above to increase liquidity by reducing inventories, which were down by € 3.2 million as against 31 December 2008. On the other hand, cash in hand was up € 4.5 million as, among other things, the second tranche of the proceeds from the disposal of DICOTA GmbH became due in the second quarter of 2009.

At 12.9 %, the equity ratio was down 11.6 % on the figure as of 31 December 2008 (14.6 %).

Non-current financial liabilities already declined at the end of the 2008 financial year. This was essentially due to the reclassification of non-current to current liabilities in addition to the scheduled repayment of amortising loans and lease liabilities.

Taking into account the cash and cash equivalents at the balance sheet date, net debt (financial liabilities less cash and cash equivalents) fell further by € 6 million to € 52.1 million.

Financial position

The consolidated cash flow statement for the first half of 2009 included only continued business units, whereas the one for the first half of 2008 included both continued and discontinued business units.

As at 30 June 2009, the liquidity situation has continued to improve. Cash in hand increased by € 4.5 million to € 15.5 million. Positive cash flow from operating activities was generated in the amount of € 2.8 million. This attests to the Group's efficiency even during the economic crisis, and convincingly demonstrates that the strategy of focussing on the core business unit is economically the right one.

Human resources report

The Group had a total of 697 employees at 30 June 2009, down 8.0% on the same period of the previous year. This is primarily due to significant adjustments in the Advanced Material Design business unit.

As before, some locations are operating on reduced working hours in order to lessen the effects of the economic crisis and to avoid redundancies as far as possible.

In the first half of 2009, there was a change in the Executive Board. Mr. Ulrich Wantia, Chief Financial Officer of Masterflex AG since the end of 2004, stepped down from this position on 15 May 2009. As of 1 June 2009, Mr. Mark Becks is the Chief Financial Officer of Masterflex AG. The industrial engineer (42) has extensive experience in controlling and finance management following many years of work for different medium-sized companies.

Changes in the Supervisory Board were also announced after the end of the reporting period. These are described in the report on the shares.

Research and development, Investments

There were no significant changes in the period under review compared with the disclosures provided in the 2008 Annual Report.

Report on post-balance sheet date events

Significant events after the end of the reporting period

On 10 July 2009, Masterflex AG was granted approval by all banks involved for the extension of the loan terms to 30 June 2010. We have succeeded in creating a single joint contractual framework for the large number of our lending banks which gives us sufficient time to properly restructure our external debt.

This important measure to secure liquidity also means that Masterflex AG can again focus more intensively on continuing to restructure the Group. The focus here, in accordance with the Company's strategy, is on expanding the core High-Tech Hose Systems business unit.

Risk report

A detailed presentation of the risk management system and a discussion of the potential risks affecting the Group can be found in the 2008 Annual Report. The general information contained therein remains essentially unchanged. It should also be noted that Masterflex AG does not have a risk management system specifically relating to the accounting process.

Outlook and opportunities

Focus on restructuring and refinancing

For over twenty years, the name Masterflex has stood for outstanding expertise in the High-Tech Hose Systems market. We now also operate in the business units Mobility, Medical Technology and Surface Finishing (Advanced Material Design). The synergies that can be generated between the business units and the markets they serve are low.

Hose activities contribute significantly to the income situation. Masterflex AG in Gelsenkirchen alone has shouldered the majority of the restructuring costs incurred to date. The positive cash flow is predominantly generated by the hose business.

This is why we are continuing the focus on our business model and the consolidation of our corporate structure. We have a clear vision for the future that centres on the successful and superior core competencies of Masterflex AG and defines our roadmap going forward: Over the coming years we intend to become a focused technology company that is the clear market leader for sophisticated connector and hose systems using innovative high-tech plastics.

The Mobility division also has good prospects. We hold a leading technological position in fuel cell technology. In the medium term we will decide whether and in what form business independence would be a more logical strategic step for these activities.

We will carry out a strict review of how all other activities in the Group contribute to corporate value and the long-term strategy and will act accordingly. This strategy must be supported by a solid financial structure that allows us to implement our expansion plans, i.e. to make investments and carry out targeted acquisitions as well. Drawing up a solid, long-term finance concept is at the heart of our short-term planning. In the medium term, we are striving for a stable equity ratio again.

We will achieve this in line with our strategic outlook: with selective divestments and the high earnings power of our core business, which will lead to sustainable positive cash flows again. In terms of borrowed capital, we are counting on the financial assurances we have now been given that will provide us with sufficient time for a proper and extensive restructuring of the equity and liabilities side of our balance sheet.

Opportunities

Thanks to its outstanding materials and technical expertise, Masterflex AG has promising opportunities for the future. These are described in detail in the 2008 Annual Report. The general information contained therein remains essentially unchanged.

Our future clearly lies in our core business unit, High-Tech Hose Systems. We believe that concrete opportunities will be provided by the following factors:

- Expansion of our product range
  We intend to offer full systems to a greater extent, e.g. hoses with connector elements and application-oriented systems as comprehensive supply solutions.
- Accelerated internationalisation
  We intend to intensify the marketing activities that we have successfully initiated in North America and Eastern Europe. In the US in particular, developments in the first half of 2009 were more successful than expected. To date, our activities in Asia and overseas have been limited, but we are currently examining strategic options for market entry in these regions.
- Development of materials expertise
  Ten years ago, up to 80 % of our plastics processing activities involved polyurethane (PUR). Since then, however, the share attributable to other hightech plastics has risen steadily, with PUR now only accounting for around 50 %. The high-performance plastics used in our products demand extremely complex processing and a high level of experience. It is this technological expertise that has distinguished Masterflex for more than 20 years, and offers potential for further opportunities.

Outlook for the 2009 financial year

The prolongation of the loans was an essential requirement for systematically continuing the Group's restructuring and ensuring that the Company is sustainable for the long-term.

Operating developments have shown the importance and performance of High-Tech Hose Systems, even in times of crisis. Despite the pronounced global recession, we are earning money in our core business unit and have generated a positive cash flow again as of the second half of 2009. We will use these funds to reduce debt systematically and to further expand core business to find our way back to the success of previous years.

However, more time will be needed for the Group's restructuring and the development of a viable structured finance concept, and there will also be further restructuring expenses to come. We will therefore need longer than originally thought for our expansion plans to improve sales and earnings development.

However, we feel we have good prospects of becoming successful again with our core competences in the subsequent years. The market potential we have identified for high-tech hose systems in internal and external market research is substantial and amounts to around € 600 million worldwide for spiral hoses alone. In our growth we are counting on our innovative drive, further internationalisation and targeted acquisitions to increase our technological expertise.

In the Mobility unit, potential for expansion lies in our leading technological position. Revenue development is encouraging but the earnings situation has to be improved in the long term. We can easily imagine achieving our goals together with partner companies. We are therefore actively looking at opportunities for cooperation.

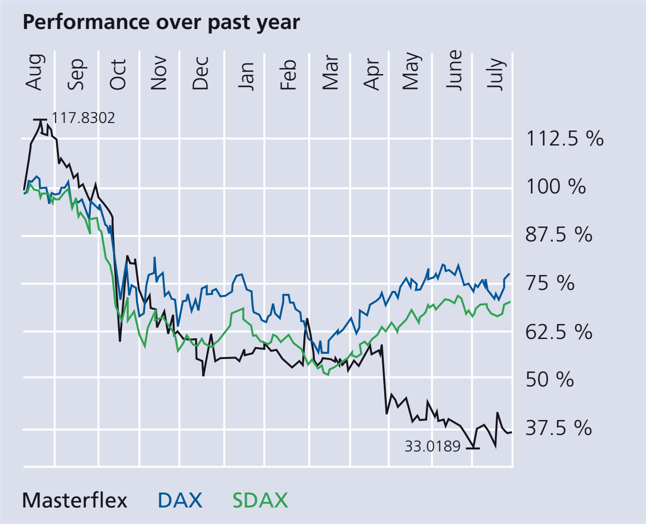
Medical Technology has so far developed well in 2009, earnings performance has been positive and in line with planning.

Advanced Material Design is the only business unit where we are still facing major restructuring work. This segment, which is highly dependent on the luxury goods industry, has slumped sharply as a result of the economic crisis. Measures to improve business developments have been introduced but it will take until at least next year before any sustainable improvement is seen.

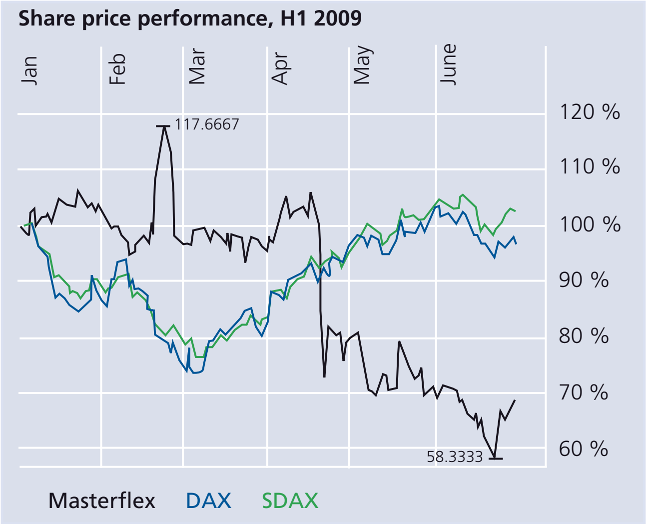
Overall, we are forecasting a decline in consolidated revenue in the 2009 financial year owing to the economic crisis. There are minor indications of a recovery in the second half of the year that could slightly alleviate this development. In terms of earnings, the restructuring expenses still forecast are not insignificant but we are anticipating positive operating consolidated earnings before interest and taxes, though these will be at a low level and not without risk.

Dear shareholders, the Executive Board of Masterflex AG is firmly convinced that we will return to our path of success if we focus systematically on our strengths. Hence, we will be gearing all our activities towards our High-Tech Hose Systems business area.

The Masterflex share



Masterflex AG's share price performance was at a low level in the first half of 2009. However, the overall performance of Masterflex shares in the first quarter of 2009 was still at times considerably better than the DAX and SDAX benchmark indices. However, the announcement of the Company's results for 2008 – which were marked by extensive write-downs and the restructuring of company financing that had not been completed at that time – halted this trend at the end of April 2009. In the second quarter, Masterflex shares hit several new lows. The current record low was reached in floor trading at € 3.60 on 22 June, and on Xetra at € 3.50 on 23 June. The price then recovered somewhat. After the end of the reporting period, the loans were extended by the banks on 10 July. This was rewarded on the stock market with an increase of more than 20% to € 4.55 (Xetra). The share then hovered just below the € 4.00 mark.



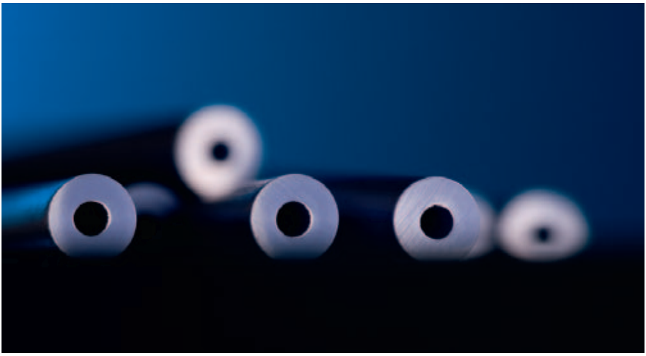
The price potential of Masterflex shares lies in the strong growth prospects of the core business High-Tech Hose Systems, which the Company is now focusing on more closely. Opportunities lie in exploiting our innovative capability, the sophistication of our high-tech materials and our international positioning. Our primary investor relations objective is therefore to communicate the Group's potential and performance – despite the considerable restructuring expenses – and to outline in a transparent fashion the measures necessary to restore Masterflex AG to a wellcapitalised enterprise.

Annual General Meeting 2009

The Ordinary General Meeting will be held on the date of publication of this report, 11 August 2009, at Schloss Horst in Gelsenkirchen. The results of votes will be published promptly in the Investor Relations/ Annual General Meeting section of our website www.masterflex.de.

At the end of June 2008, Detlef Herzog, former Chief Executive Officer and now a member of the Supervisory Board of Masterflex AG since the 2008 Annual General Meeting, announced his intention to step down from his position at the end of this year's Annual General Meeting.

Mr. Herzog decision's was also made in the context of satisfying the requirements of the German Act to Modernise Accounting Law (Bilanzrechtsmodernisierungsgesetz), which came into force on 29 May 2009. Under this Act, the supervisory boards of capital market-oriented stock corporations must have an independent member with expert knowledge in the fields of accounting and auditing. To take account of this requirement, the Supervisory Board will propose Mr. Georg van Hall, a graduate in business management, certified auditor and tax advisor, with the appropriate qualifications and experience, as his replacement at the Company's forthcoming Annual General Meeting.



Notes to the interim financial statements (H1 2009)

1. Accounting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) promulgated by the International Accounting Standards Board (IASB), and conforms to the Company's accounting principles as outlined below. It was prepared using the same accounting policies as the consolidated financial statements for the year ended 31 December 2008 and for the first quarter of 2009.

2. Basis of consolidation

The following changes in the basis of consolidation occurred as against 31 December 2008 and the first quarter of 2009: The assets of TechnoBochum GmbH were sold on 30 April 2009. The GmbH shell shall remain with Masterflex AG as Masterflex Handelsgesellschaft mbH. Masterflex Scandinavia AB has been included in consolidation since 1 April 2009.

3. Dividend

Masterflex AG did not pay a dividend for the 2008 financial year.

4. Segment reporting

The following segment reporting is based on IFRS 8 "Operating Segments", which defines the requirements for the reporting of segment results. Masterflex AG has four business units: High-Tech Hose Systems, Mobility, Medical Technology and Advanced Material Design.

Segment reporting June 30, 2009	HTS High-Tech Hose systems EUR thou.	Mobility EUR thou.	MT Medical Technology EUR thou.
Revenue	18,709	3,100	8,819
Earnings (EBIT)	1,822	8	499
Investments in property, plant and equipment and intangible assets	435	84	103
Assets	36,630	5,929	13,738
Depreciation and amortisation	1,077	47	145
Liabilities	8,072	1,661	1,144

Segment reporting June 30, 2008	HTS High-Tech Hose systems EUR thou.	Mobility EUR thou.	MT Medical Technology EUR thou.
Revenue	23,937	1,435	9,172
Earnings (EBIT)	4,376	-516	-552
Investments in property, plant and equipment and intangible assets	1,680	131	189
Assets	40,039	6,913	13,161
Depreciation and amortisation	1,957	23	1,188
Liabilities	7,525	1,933	1,265

5. Earnings per share

In accordance with IAS 33, basic earnings per share is calculated by dividing the consolidated net profit for the period by the weighted average number of shares outstanding during the period under review. As at 30 June 2009, basic earnings per share amounted to € -0.56 based on a weighted average of 4,365,874 shares outstanding.

As the Company does not operate a stock option plan, there is no calculation of diluted earnings.

6. Treasury shares

As at 30 June 2009, Masterflex AG held a total of 134,126 treasury shares.

AMD Advanced Material Design	Segment totals	Reconci-liation	Group
EUR thou.	EUR thou.	EUR thou.	EUR thou.
5,958	36,586	0	36,586
-1,531	798	-2,253	-1,455
34	656	0	656
14,601	70,898	25,216	96,114
480	1,749	0	1,749
3,869	14,746	68,927	83,673

AMD Advanced Material Design	Segment totals	Reconci-liation	Group
EUR thou.	EUR thou.	EUR thou.	EUR thou.
11,020	45,564	0	69,498
28	3,336	-1,018	4,337
387	2,387	0	2,587
20,726	80,839	19,188	129,554
286	3,454	0	3,530
5,008	15,731	76,028	101,302

7. Employees

The Group had a total of 697 employees at 30 June 2009, down 8.0 % on the same period of the previous year (H1 2008: 758 employees).

8. Income tax expense

Income tax expense in the interim report is determined on the basis of the estimated effective tax rate for Masterflex AG for the 2009 financial year as a whole, which is applied to the pre-tax profit for the quarter. The effective tax rate is based on current earnings and tax planning.

9. Related party disclosures

Masterflex AG and the companies included in the consolidated financial statements conducted transactions with the following individuals or companies constituting related parties as defined by IAS 24:

MODICA Grundstücks-Vermietungsgesellschaft mbH & Co., Objekt Masterflex KG, Gelsenkirchen.

There is also a subordinated receivable of € 3,236 thousand due from two members of the Supervisory Board and a major shareholder.

Information on these related parties can be found in the 2008 Annual Report in section 38 (page 118) of the notes to the annual financial statements. There were no changes to this information during the period under review.

10. Review of the half-yearly report

The interim financial statements and the interim management report for the half-yearly report have not been audited in accordance with section 317 of the German Commercial Code or reviewed by an auditor.

11. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

August 2009

Dr. Andreas Bastin	Mark Becks
Chief Executive Officer	Member of the Executive Board

Shareholdings

Company name	Company headquarters	Equity interest held by MASTERFLEX in %
MASTERFLEX S.A.R.L.	F-Béligneux	80
MASTERFLEX Technical Hoses Ltd.	GB-Oldham	100
Masterduct Holding, Inc. (subgroup)	USA-Houston	100
MASTERFLEX Handelsgesellschaft mbH	D-Gelsenkirchen	100
MASTERFLEX Cesko s.r.o	CZ-Plana	100
MASTERFLEX Bulgaria Eood	BG-Sofia	100
MASTERFLEX Scandinavia AB	S-Kungsbackat	100
ANGIOKARD Medizintechnik GmbH & Co. KG (subgroup)	D-Friedeburg	100
ANGIOKARD Medizintechnik Verwaltungs-GmbH	D-Friedeburg	100
SURPRO-Verwaltungs GmbH (subgroup)	D-Wilster	100
MASTERFLEX Mobility GmbH (subgroup)	D-Herten	100
Matzen & Timm GmbH	D-Norderstedt	100

Masterflex AG Financial Calendar 2009

30 April	Financials press conference, presentation of 2008 annual report, Düsseldorf
30 April	DVFA analysts' conference, Frankfurt
14 May	Interim report I/2009
11 August	Annual General Meeting, Gelsenkirchen
11 August	Interim report II/2009
5 November	Interim report III/2009
11 November	German Equity Forum, Frankfurt, presentation at 8:15 a.m., "Milan" room

Interim Financial Statements

Consolidated Balance Sheet

Assets	June 30, 2009* EUR thou.	December 31, 2008 EUR thou.
NONCURRENT ASSETS		
Intangible assets	**14,613**	**14,633**
Concessions, industrial and similar rights	1,548	1,613
Development costs	2,135	2,054
Goodwill	10,533	10,533
Advance payments	397	433
Property, plant and equipment	**27,630**	**28,701**
Land, land rights and buildings	13,106	13,309
Technical equipment and machinery	9,481	9,993
Other equipment, operating and office equipment	4,121	4,521
Advance payments and assets under development	922	878
Noncurrent financial assets	**4,807**	**4,729**
Noncurrent financial instruments	213	253
Other loans	4,594	4,476
Other assets	**900**	**900**
Deferred taxes	**4,766**	**3,431**
	52,716	**52,394**
CURRENT ASSETS		
Inventories	**17,929**	**21,114**
Row materials and consumables used	8,586	10,277
Work in progress	4,468	5,224
Finished products and goods purchased and held for sale	4,767	5,559
Advance payments	108	54
Prepaid expenses	**513**	**601**
Receivables and other assets	**9,314**	**14,133**
Trade receivables	7,805	7,421
Other assets	1,509	6,712
Income tax assets	**162**	**2,221**
Cash in hand and bank balances	**15,480**	**11,012**
	43,398	**49,081**
Total Assets	**96,114**	**101,475**

* Unaudited

Equity and liabilities	June 30, 2009* EUR thou.	December 31, 2008 EUR thou.
SHAREHOLDERS´EQUITY		
Consolidated equity	**12,271**	**14,644**
Subscribed capital	4,366	4,366
Capital reserve	17,521	17,521
Retained earnings	-8,310	-5,885
Revaluation reserve	-617	-611
Exchange differences	-689	-747
Minority interest	**170**	**196**
Total equity	**12,441**	**14,840**
NONCURRENT LIABILITIES		
Provisions	**1,295**	**1,263**
Noncurrent financial liabilities	**21,214**	**21,536**
Prepaid expenses	**2,690**	**2,817**
Other current liabilities	**0**	**111**
Deferred taxes	**1,716**	**1,665**
	26,915	**27,392**
CURRENT LIABILITIES		
Provisions	**2,581**	**3,539**
Current financial liabilities	**46,392**	**47,544**
Prepaid expenses	**348**	**231**
Income tax liabilities	**606**	**516**
Other current liabilities	**6,831**	**7,413**
Trade payables	3,875	4,780
Other current liabilities	2,956	2,633
	56,758	**59,243**
Total Equity and liabilities	**96,114**	**101,475**

* Unaudited

Consolidated Income Statement

	Continued business units	01.01.–30.06.2009* EUR thou.	01.01.–30.06.2008* EUR thou.
1.	Revenue	36,586	45,563
2.	Changes in inventories of finished goods and work in progress	-1,165	240
3.	Work performed by the enterprise and capitalised	103	159
4.	Other operating income	540	655
	Gross profit	**36,064**	**46,617**
5.	Costs of materials	-16,024	-20,314
6.	Staff costs	-12,247	-13,487
7.	Depreciations	-1,749	-3,454
	thereof valuation allowances	0	-1,952
8.	Other expenses	-7,500	-7,044
	thereof restructuring costs	-1,528	-62
9.	Financial result		
	Financial expense	-1,856	-1,612
	Other financial result	61	-5,720
	thereof valuation allowances	0	-6,065
10.	**Earnings before taxes**	**-3,251**	**-5,014**
	Income tax expense	883	1,464
11.	**Earnings after taxes from continued business units**	**-2,368**	**-3,550**
	Discontinued business units		
12.	**Earnings after taxes from discontinued business units**	**0**	**1,115**
13.	**Group net income**	**-2,368**	**-2,435**
14.	thereof minority interests	84	34
15.	**thereof attributable to shareholders of Masterflex AG**	**-2,452**	**-2,469**
	Earnings per share (diluted and non-diluted)		
	from continued business units	-0.56	-0.82
	from discontinued business units	0.00	0.26
	from continued and discontinued business units	-0.56	-0.56

* Unaudited

	Continued business units	**01.04.–30.06.2009* EUR thou.**	**01.04.–30.06.2008* EUR thou.**
1.	Revenue	18,003	23,841
2.	Changes in inventories of finished goods and work in progress	-620	-312
3.	Work performed by the enterprise and capitalised	49	74
4.	Other operating income	288	308
	Gross profit	**17,720**	**23,911**
5.	Costs of materials	-8,111	-10,309
6.	Staff costs	-6,024	-7,019
7.	Depreciations	-942	-2,719
	thereof valuation allowances	0	-1,952
8.	Other expenses	-4,149	-4,037
	thereof restructuring costs	-1,528	-62
9.	Financial result		
	Financial expense	-779	-764
	Other financial result	-146	-5,917
	thereof valuation allowances	0	-6,065
10.	**Earnings before taxes**	**-2,431**	**-6,854**
	Income tax expense	697	1,952
11.	**Earnings after taxes from continued business units**	**-1,734**	**-4,902**
	Discontinued business units		
12.	**Earnings after taxes from discontinued business units**	**0**	**531**
13.	**Group net income**	**-1,734**	**-4,371**
14.	thereof minority interests	51	-1
15.	**thereof attributable to shareholders of Masterflex AG**	**-1,785**	**-4,370**
	Earnings per share (diluted and non-diluted)		
	from continued business units	-0.41	-1.12
	from discontinued business units	0.00	0.12
	from continued and discontinued business units	-0.41	-1.00

* Unaudited

Consolidated Cash Flow Statement

Cash Flow	June 30, 2009 * EUR thou.	June 30, 2008 * EUR thou.
Result for the accounting period before taxes, interest income and financial income	-1,550	-1,865
Income tax paid	-463	-1,626
Depreciation expense for property, plant and equipment and intangible assets	1,759	3,530
Change in provisions	-926	-834
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	-48	-10
Changes in inventories	3,185	396
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	1,366	-153
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	-535	6,083
Net cash from operating activities	**2,788**	**5,521**
Proceeds from the disposal of property, plant and equipment and intangible assets	67	36
Payments to acquire intangible assets	-656	-3,824
Proceeds from the sale of consolidated subsidiaries	5,100	0
Net cash from/used in investing activities	**4,511**	**-3,788**
Payments to owners and minority interests (dividends, purchase of own shares)	-110	-3,670
Interest and dividend receipts	79	87
Interest expenditure	-1,449	-1,099
Proceeds from the sale of term deposits/securities	65	63
Proceeds from raising loans	789	5,893
Payments for the repayment of loans	-2,263	-1,381
Net cash from/used in financing activities	**-2,889**	**-107**
Net change in cash and cash equivalents	**4,410**	**1,626**
Changes in cash and cash equivalents due to exchange rates and other factors	58	-294
Cash and cash equivalents at start of period	**11,012**	**5,895**
Cash and cash equivalents at the end of period	**15,480**	**7,227**

* Unaudited

Consolidated Statement of Changes in Equity

	Subscribed capital EUR thou.	Capital reserve EUR thou.	Retained earnings (retained profits brought forward) EUR thou.
Equity at Dec. 31, 2008	**4,366**	**17,521**	**-5,885**
Net profit	0	0	-2,452
Changes in fair values of financial instruments	0	0	0
Currency translation gains/losses from translation of foreign financial statements	0	0	0
Dividend distributions	0	0	0
Other changes	0	0	27
Equity at June 30, 2009	**4,366**	**17,521**	**-8,310**
Equity at Dec. 31, 2007	**4,366**	**17,521**	**14,756**
Net profit	0	0	-2,469
Changes in fair values of financial instruments	0	0	0
Currency translation gains/losses from translation of foreign financial statements	0	0	0
Dividend distributions	0	0	-3,493
Other changes	0	0	4
Equity at June 30, 2008	**4,366**	**17,521**	**8,798**

Revaluation reserve	Exchange differences	Minority interest	Total
EUR thou.	EUR thou.	EUR thou.	EUR thou.
-611	**-747**	**196**	**14,840**
0	0	84	-2,368
-6	0	0	-6
0	58	0	58
0	0	-110	-110
0	0	0	27
-617	**-689**	**170**	**12,441**
-176	**-2,492**	**797**	**34,772**
0	0	138	-2,331
-229	0	0	-229
0	-294	0	-294
0	0	-177	-3,670
0	0	0	4
-405	**-2,786**	**758**	**28,252**

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www.masterflex.de > Company > Locations

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