



Macfarlane Group PLC to dispose of its US/Mexico operations (“the business”)

8 October 2007

In line with the Group’s strategy to concentrate on and develop its core businesses, Macfarlane Group PLC (“Macfarlane”) is pleased to announce that it has concluded an agreement to sell its US and Mexican operations, Macfarlane Western Foam Packaging Products Inc. and Macfarlane de Mexico S.A de C.V, which design and manufacture foam packaging components, to Specialized Packaging Group L.P., for a total cash consideration of £3.8 million after attributable expenses of £0.2m. £3.6 million of the consideration will be paid immediately, with the retained consideration becoming payable in January 2008. The proceeds will be used to further reduce Group borrowings.

The business made an operating profit of £0.2 million on turnover of £18.2 million in the year to 31 December 2006 (audited).

The gross assets of the business disposed of were £6.4 million (unaudited) at 30 September 2007 and the net assets of the business being sold totalled £5.3 million (unaudited) at the same date. The Directors estimate that the disposal will produce a realised loss of £1.7 million in the current financial year to 31 December 2007. This loss was provided in the accounts for the six months to 30 June 2007 issued with our interim results announcement on 11 September 2007.

Further information:

Archie S. Hunter	Chairman	0141 333 9666
Peter D. Atkinson	Chief Executive	0141 333 9666
John Love	Finance Director	0141 333 9666