



INTERIM MANAGEMENT STATEMENT

Macfarlane Group PLC today publishes its Interim Management Statement for 2009 to date. At the Annual General Meeting, which takes place today, 5 May 2009 at 12 noon at the Thistle Hotel, Cambridge Street, Glasgow, Archie Hunter, Chairman of Macfarlane Group said:-

“In my statement with the Annual Report and Accounts on 3 March 2009, I said that trading predictions in the current climate were very difficult but that the Board expected that the broad range of industries we serve and our continued focus on improving operational performance would enable the business to withstand the difficult economic conditions and that statement is just as appropriate now as it was two months ago.

Whilst it is inevitable that we will feel the headwind of recession, particularly where our customers are most seriously affected, equally resilience is being demonstrated.

In our Packaging Distribution business, turnover reductions of 6% are being more than offset by margin improvements and overhead reductions. Profits in Packaging Distribution have increased albeit with the support of the Allpoint Packaging acquisition but also through new business wins and in the current climate, the improvement achieved is encouraging.

Within our Manufacturing Operations, the Labels business has performed well in the first quarter but is now facing higher raw material prices. It is in the Packaging Manufacturing business that reduced customer demand is having the greatest effect. In this business a 17% reduction in demand has required that we carry out an extensive examination of cost structures and restructuring plans are being implemented to reduce the cost base accordingly, with an inevitable impact on performance and results.

With regard to the 2009 trading outlook, the cost of restructuring to meet current market conditions will clearly have an impact on the results for the first half of 2009. However the benefits of the restructuring, the current margin trend and the benefits of new business wins will all feature more significantly in the second half. It would be very bold to make firm predictions in these times but the Board believes that the steps the Group has taken should enable Macfarlane Group to perform in line with our expectations for 2009. I emphasise that the outcome will be dependent on how the economy behaves in the remainder of the year.

The company continues to operate well within existing bank facilities. We propose to pay a dividend of 1p per share on 11 June 2009. Our dividend objectives remain unchanged, but payment will of course be dependent on trading performance and conditions and the level of the Group’s pension deficit.”

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Notes to Editors:

Macfarlane Group PLC is a UK-based group of companies focused on packaging-related activities. The Packaging Distribution business is the leading UK distributor of a comprehensive range of packaging consumable products. The Manufacturing Operations comprise two businesses, the manufacture of transit packaging and the manufacture of self-adhesive and re-sealable labels. Headquartered in Glasgow, Scotland, Macfarlane Group employs 750 people at 22 sites, principally in the UK and Ireland, servicing over 20,000 customers, in a wide range of sectors including: consumer goods; logistics; electronics; food manufacturing and retailing; internet and home retailing.