



Interim Management Statement

9 November 2009

Macfarlane Group PLC, which includes the UK's leading packaging distribution business, today publishes its Interim Management Statement for the period from 30 June 2009 to date. As anticipated in the interim results announcement, the Group has recorded a stronger trading performance in the second half of 2009.

In Packaging Distribution, a continuing improvement in gross margins and an 8% reduction in overheads have led to marginally higher profitability relative to the same period in 2008. This improved performance has been achieved despite revenue in the division reducing by 6% and includes the benefit of the acquisition of Allpoint Packaging, which was acquired in the final quarter of 2008 and continues to trade well.

Manufacturing Operations' revenues are 12% below those seen at this point in 2008. We have already taken action to ensure that our cost base is aligned with these lower levels of demand. These actions together with operational momentum have ensured that both businesses in this division, Labels and Packaging Manufacturing, have traded profitably since 30 June 2009.

The performances referred to are after taking account of costs of £0.6m for the restructuring programme, which has had a considerable mitigating effect on the impact of the UK economic downturn.

Bank borrowings have reduced since 30 June 2009 and are expected to reduce further in the remainder of 2009, given the strong focus on working capital management.

Whilst recent rises on equity markets have improved investment values in the Group's final salary pension scheme, reductions in bond yields have offset this improvement. The Group has recently concluded an agreement with the pension scheme's trustees that annual contributions of £2.0m (previously £1.3m) will be made until the conclusion of the next actuarial valuation, due on 1 May 2011. The Group is committed to addressing the means by which the level of deficit and the volatility can be managed in future years.

Archie Hunter, Chairman of Macfarlane Group, said

"Macfarlane Group has the business strength and momentum to deal with the current economic conditions. We have taken strong actions to reduce our cost base in line with current demand conditions and the Board remains confident that the results for 2009 will be in line with its expectations. Macfarlane Group remains well placed to benefit from the economic recovery when it emerges."

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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 700 people at 22 sites, principally in the UK and Ireland, servicing 20,000+ customers, in a wide range of sectors including: consumer goods; logistics; electronics; food manufacturing and retailing; internet and home retailing.