MACFARLANE GROUP

27 February 2014

MACFARLANE GROUP PLC ANNUAL RESULTS FOR THE YEAR TO 31 DECEMBER 2013

- Profit before tax and exceptional items of £5.1m (2012: £4.5m)
- Group turnover of £143.9m (2012: £141.8m)
- Profit before tax of £4.7m (2012: £5.5m after net exceptional credits in 2012 of £1.0m)
- Net debt reduces to £5.9m (2012: £6.8m)
- Pension deficit reduces to £15.9m (2012: £18.9m)
- Proposed final dividend of 1.10p per share, providing full year total of 1.60p (2012 – 1.55p)

Graeme Bissett, Chairman of Macfarlane Group PLC today said: -

"Macfarlane Group increased profit before tax and exceptional items in 2013 by 13% to £5.1m. The early signs of economic recovery now visible in the UK market are welcome but should not mask the fact that 2013 was another challenging year. The real incomes of UK consumers remain below pre-recession levels though with some signs that the corner will be turned in 2014. The story on business investment is one of rising confidence and future action but with only limited progress in 2013. Against that backdrop, further growth in our profits in 2013 represents a very solid performance and one that can be built upon as conditions improve.

Trading

Our Packaging Distribution business grew operating profit before exceptional items by £0.1m to £5.0m. New business wins once more offset the impact of subdued demand. The growing impact of the internet as a retail channel is now well documented and we have developed the customer base in that sector over the last few years. We believe this sector will continue to offer good growth potential. Cost control was again a significant contributor to profit performance but we have nonetheless continued to develop new sales, marketing and fulfilment initiatives, which will bear fruit in future years.

Our Manufacturing businesses made further progress in 2013, driven by our high-quality design-led packaging manufacturing business and increased sales from our Reseal-it label range. Operating profit before exceptional items increased to £1.3m compared to £1.0m in 2012.

The commitment and abilities of the people of Macfarlane Group remains our most important asset and on behalf of the Board, I would like to thank them for all their efforts in 2013. Their skills and determination to provide the best possible service to our customers will be a key driver of future success.

Exceptional items

During 2013 the Group incurred exceptional charges of £0.3m to terminate the leases for surplus properties and also adjusted the carrying value of a property to reflect the latest assessment of realisable value. In 2012, a Pension Increase Exchange exercise was completed, reducing the pension deficit by £1.65m, which was reflected as an exceptional credit. This benefit was partly offset by a reorganisation of our activities in Ireland, which resulted in an exceptional charge of £0.66m in our 2012 financial statements.

Bank Facilities

The Group operated comfortably within its banking facilities in 2013, including the seasonal peak working capital requirement in the final quarter. In February 2014, we have agreed a new three-year facility with Lloyds Banking Group, which will enable us to continue to finance our trading requirements but also to support controlled expansion activity and to make a further contribution to reducing the pension scheme deficit. The new bank facility extends up to £20.0m and is committed until 2017, providing a medium-term funding platform for the growth of our business. We see appropriate acquisitions as an important element of our growth strategy, which the new funding will help facilitate.

Pension Scheme

The pension deficit at the end of the year was £15.9m, a reduction of £3.0m from £18.9m a year previously. Whilst still subject to influences beyond our control such as corporate bond yields and volatile returns from stock markets, the combined effect of action taken in conjunction with the scheme's trustees and significant contributions in 2013 from our cash flows have reduced the impact on reserves. We will continue to work in partnership with the scheme's trustees to reduce the deficit further. This includes an agreement to make a contribution of £2.5m to the scheme from the new bank facility in advance of the next triennial actuarial valuation on 1 May 2014.

Dividends

We remain aware of the potential adverse impact of bond yields on our pension scheme deficit and on the distributable reserves from which dividends are paid. This feature and continued earnings growth, will be the key influences in considering the level of dividend increases in future years.

We have held our dividend level at 1.55p per share for two years. In recognition of the progress achieved with profitability and the improved economic outlook, the directors are pleased to propose to increase the final dividend by 5% to 1.10p per share, making 1.60p per share for the year, an increase of 3% on the previous year. Subject to the approval of shareholders at the Annual General Meeting in May 2014, this will be paid on 5 June 2014.

Future Prospects

Macfarlane Group's performance in the last quarter of 2013 demonstrated good year on year growth, primarily from the benefit of new customer wins. Performance in the early months of 2014 has continued these trends. We believe that our new funding arrangement will enable the Group to sustain our organic growth, further reduce the legacy pension deficit and enable us to expand through a controlled acquisition strategy.

Overall increases in market demand remain elusive, but the signs are certainly more positive than they have been for a number of years and we are confident that Macfarlane Group will continue to succeed through its own actions, together with some benefit from improving market conditions."

Further enquiries:	**Macfarlane Group**		Tel: 0141 333 9666
	Graeme Bissett	Chairman	
	Peter Atkinson	Chief Executive	
	John Love	Finance Director	
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Notes to Editors:

- Macfarlane Group PLC is listed on the London Stock Exchange (LSE: MACF) in the Industrials Sector.
- The company has more than 60 years' experience in the UK packaging industry.
- Macfarlane Group has three businesses:
    - **Macfarlane Packaging** is the leading UK distributor of a comprehensive range of protective packaging products.
    - **Labels** designs and prints high quality self-adhesive and re-sealable labels, principally for FMCG companies.
    - **Packaging Design and Manufacture** specialises in designing and producing protective packaging for high value, fragile products.
- Macfarlane Group is headquartered in Glasgow, Scotland, and employs over 700 people at 24 sites, principally in the UK and Ireland.
- The company has 20,000+ customers in the UK, Europe and the USA providing 600,000+ lines to a wide range of industry sectors including: consumer goods; food manufacturing; logistics; internet retail; mail order; electronics; defence and aerospace.

Group performance

Segment	**Revenue 2013 £000**	**Profit before exceptional items 2013 £000**	Revenue 2012 £000	Profit before exceptional items 2012 £000
Packaging Distribution	**116,280**	**4,960**	114,807	4,867
Manufacturing Operations	**27,591**	**1,291**	27,016	967
Revenue from continuing operations	**143,871**		141,823	
Operating profit		**6,251**		5,834
Net finance costs		**(1,199)**		(1,349)
Profit before tax - continuing operations		**5,052**		4,485

The UK economic environment remained challenging in 2013 with subdued demand levels and as a result, increased levels of competition. Despite this, Macfarlane Group's sales in 2013 were 1.4% above the level achieved in 2012. The growth in sales was supported by management actions to reduce costs and, as a result, profit before tax and exceptional items at £5.1 million was 13% ahead of the level achieved in 2012.

The Packaging Distribution business achieved a sales increase versus 2012 of 1.3%. There was a strong final quarter's sales performance, reflecting a 3.4% increase versus 2012, through the benefit of new business wins earlier in the year. The growth in new business particularly focused on the supply of protective packaging to internet retailers both directly and through our partnerships with major Third Party Logistics ("3PL") customers. The increased competitive environment together with supplier price inflation resulted in a lower gross margin of 29.1% compared to 30.3% in 2012. Costs in 2013 were below 2012 primarily through lower property costs. Operating profit before tax and exceptional items in the Packaging Distribution business at £5.0 million showed growth of 2% versus 2012.

2013 was a year of continued improvement for our Manufacturing Operations. The focus for both our Labels and Packaging Design and Manufacture businesses in 2013 was to concentrate on their higher added-value activities and this resulted in changes to both the customer and product mix. Sales in our Manufacturing Operations increased by 2.1% versus 2012 and gross margin improved through this concentration on higher added-value products. Both businesses held their cost base at similar levels to 2012 resulting in 2013 operating profit before tax and exceptional items of £1.3 million compared with £1.0 million in 2012.

Whilst there are early signs of a very modest improvement in the economic environment in 2014, our performance will again be largely dependent on our own efforts to grow sales and increase efficiencies. We operate a flexible business model and our ability to focus on the most attractive UK market sectors for our products and services gives us confidence in 2014 being another year of progress for Macfarlane Group.

Business Review

Macfarlane Packaging Distribution is the leading specialist UK distributor of protective packaging materials. In a highly fragmented market, Macfarlane is the market leader. The business operates through 16 Regional Distribution Centres (RDCs) supplying customers with a comprehensive range of protective packaging materials and services on a local, regional and national basis.

Competition in the distribution market is from local and regional protective packaging specialist companies and national distribution generalists who supply a range of products, including protective packaging materials. Macfarlane competes effectively on a local basis through its strong focus on and regular monitoring of customer service, its breadth and depth of product offer and through the recruitment and retention of staff with good local market knowledge. On a national basis Macfarlane has focus, expertise and a breadth of product and service knowledge all of which enables it to compete effectively against non-specialist packaging distributors.

Macfarlane Packaging benefits its customers by enabling them to ensure their products are cost-effectively protected in transit and storage through the supply of a comprehensive product range, single source supply, Just In Time delivery, tailored stock management programmes, electronic trading and independent advice on both packaging materials and packing processes.

2013 Performance

In 2013 Packaging Distribution operating profit before exceptional items showed an increase to £5.0 million from £4.9 million in 2012.

- Sales grew by 1.3% over 2012 levels with volume higher than 2012 but sales value was reduced by price deflation with competitive price pressure intensifying due to subdued demand conditions;
- Sales growth in the final quarter was 3.4% ahead of 2012 primarily through a number of significant new business wins in the internet retail sector including ASOS, Feel Unique and The Hut;
- Our business in the 3PL sector grew by 9.4% as we continued to strengthen our partnerships with key 3PL operators;
- Sales to internet retailers grew by 6.2% versus 2012 and represented 21.8% of total sales for the year;
- Gross margin at 29.1% reduced versus 2012 due to the impact of strong competition and supplier input price movements in the final quarter of 2013, which have yet to be fully recovered;
- Overheads (before exceptional items) were £0.9 million lower than 2012 reflecting our ongoing programme to reduce property costs; and
- Progress is being made on improving our focus on key segments of our customer base and a new Customer Service Centre has been created at Milton Keynes to facilitate this improvement.

Performance Potential

The 16 RDCs in our network are managed and measured as profit centres. In 2013 we had 11 RDCs performing above the target return on sales level of 5%. The remaining 5 RDCs continue to demonstrate improvements that indicate their ability to achieve the target return on sales.

Acquisitions

During 2013 we considered a number of opportunities to acquire quality businesses in order to accelerate growth and better utilise our current RDC infrastructure. However none of the opportunities was pursued as they failed to meet our return criteria.

Macfarlane Packaging Distribution

Future Plans

We expect general demand levels to increase, albeit very modestly, in 2014. Therefore our plans for 2014 are focused on those markets showing growth, building market share and improving operational effectiveness through the following actions:

- Improving our sales focus on key segments of our customer base with the new Customer Service Centre at Milton Keynes being a key element to facilitate this improvement;
- Accelerating our penetration of the growing internet retail sector both directly and through our partnerships with key 3PL organisations;
- Expanding our focus in industry sectors which benefit from Macfarlane's national coverage through our specialist National Account sales team;
- Continuing the development of our web-based presence through macfarlanepackaging.com to improve online visibility and access to our full range of products and services;
- Enhancing organic growth through the identification of suitable acquisition opportunities;
- Improving the awareness of our membership of NovuPak, for UK based customers requiring our capabilities on a wider European basis;
- Enhancing RDC productivity and customer engagement through the re-launch of our electronic trading system Customer Connect;
- Continuing to reduce property cost by evaluating alternatives to our current property footprint;
- Implementing further operational savings in logistics through expanded use of the Paragon vehicle management system and the introduction of a warehouse best practice programme; and
- Maintaining the focus on working capital management to reduce borrowing levels.

Manufacturing Operations

Macfarlane's Manufacturing Operations comprise **Labels,** which includes self-adhesive and resealable labels and our **Packaging Design and Manufacture** business.

In 2013 Macfarlane's Manufacturing Operations recorded an operating profit before exceptional items of £1.3 million (2012 - £1.0 million). The key features of the Manufacturing Operations performance in 2013 were:

- Sales increased by 2.1% versus 2012 mainly through new business growth in resealable labels and systems in Europe and the UK;
- Gross margins improved compared to 2012 through the focus on higher added value products and services; and
- Net overheads were largely flexed in line with sales, reducing marginally as a percentage of sales from 35.6% in 2012, to 35.3% in 2013.

Labels

Our Labels business designs and prints self-adhesive labels for major FMCG customers in the UK and Europe and resealable labels for major customers in the UK, Europe and the USA. The business operates from production sites in Kilmarnock and Wicklow and a sales and design office in Sweden, which focuses on the development and growth of our resealable labels business - Reseal-it. The Labels business has a high level of dependency on a small number of major customers. Management works closely with these key customers to ensure high levels of service and to introduce product and service development initiatives to achieve competitive differentiation.

Business Performance

2013 was a year where despite sales growth of 3.6%, profits were below the level achieved in 2012 due to the higher costs associated with the re-location of our manufacturing activities in Ireland to a larger site in Wicklow.

We continued to make good progress in the development of the resealable range of labels and systems and Reseal-it in 2013 represented 36% of revenue compared with 33% in 2012. Competition in the resealable label sector is increasing but total sales for Reseal-it grew by 13% versus 2012. Despite some slowing of momentum in the USA this was more than offset with good growth in Reseal-it system sales in Europe and improved penetration in the UK market through major retailers.

Business Review

Labels (continued)

Future Plans

The priorities for Labels in 2014 are: -

- Maintenance of the strategic focus on higher added value products and services;
- Continued improvement in operational efficiencies to counterbalance competitive price pressure;
- Further development of the Reseal-it product in the US market through the Printpack partnership, in Europe through new business wins and in the UK through improved penetration with key retailers; and
- Increased penetration of the Irish market through our new manufacturing facility in Ireland.

Packaging Design and Manufacture

The principal activity of the **Packaging Design and Manufacture** business is the design, manufacture and assembly of custom-designed packaging solutions for customers requiring cost-effective methods of protecting high value products in storage and transit. The primary raw materials are corrugate, timber and foam. The business operates from two manufacturing sites in Grantham and Westbury, supplying both direct to customers and also through the RDC network of the Packaging Distribution business.

The key market sectors supplied are aerospace, medical equipment, electronics and automotive. The markets in which we operate are highly fragmented with a range of locally based competitors. We differentiate ourselves through our technical expertise, design capability, industry accreditations and national coverage through the partnership with Macfarlane Packaging Distribution.

Business Performance

2013 sales were at the same level as 2012 partly through lower demand and the impact of the offshoring of a key customer. Management continued to change the mix of products and services towards those with higher added-value and the benefit was an improvement in gross margin, which together with good cost control contributed to an overall level of profitability in 2013 ahead of that achieved in 2012. There was encouraging progress during 2013 in the development of new customer relationships, which should benefit the business in 2014.

Future Plans

The priorities for 2014 are:

- Accelerate sales growth, particularly in key sectors e.g. Defence, Aerospace and Medical;
- Prioritise our sales activity on the higher added-value bespoke composite pack product range;
- Continue to strengthen the relationship between our Packaging Design & Manufacture operations and our Packaging Distribution business to create both sales and cost synergies; and
- Make selective investments to improve productivity at both our manufacturing sites.

2014 Outlook

We expect general market demand in 2014 to increase slightly on the levels we experienced in 2013 as the UK economy begins to strengthen. There are specific market sectors such as internet retail which are forecast to show good growth and Macfarlane Group will continue to focus on ensuring we are well positioned to benefit from the growth expected in these sectors.

During 2014 the completion of our new bank facilities will enable us to accelerate sales growth through the acquisition of quality protective packaging businesses that can leverage our current infrastructure or improve our geographic penetration.

Macfarlane Group's businesses all have good market positions with strong differentiated product and service offerings. Our business model is flexible and we have a clear strategic plan, which is being effectively implemented as reflected in our track record of consistent, profitable growth.

We expect 2014 to be another successful year for Macfarlane Group.

Business Review

The principal risks and uncertainties faced by the Group and factors mitigating these risks are detailed below.

Risk	Mitigating Factors
Raw material prices The Group's businesses are impacted by commodity-based raw material prices and manufacturer energy costs, with profitability sensitive to supplier price changes. The principal components are corrugated paper, polythene films, timber and foam, with changes to paper and oil prices having a direct impact on the price we pay to our suppliers.	The Group works closely with its supplier base to manage the scale and timing of price increases to end-users effectively. Our IT systems monitor and measure our effectiveness in recovering supplier price changes. Where possible, alternative supplier relationships are maintained to minimise supplier dependency. We work with customers to redesign packs and reduce packing cost to mitigate the impact of cost increases.
Funding defined benefit pension scheme The Group's defined benefit pension scheme is sensitive to a number of key factors; investment returns, discount rates used to calculate scheme liabilities (based on corporate bond yields) and mortality assumptions. The IAS19 valuation of the Group's defined benefit pension scheme as at 31 December 2013 estimated the scheme deficit to be £15.9 million. Small changes in these assumptions could mean that the deficit increases.	Steps undertaken include: - The scheme was closed to new members in 2002. Benefits for active members were amended by freezing pensionable salaries at 30 April 2009 salary levels. The revaluation of deferred members' benefits has reflected Consumer Prices Index as the inflation measure since 2010. During 2012 a Pension Increase Exchange exercise was completed to offer flexibility to pensioners in the current level of pension benefits and the rate of future increases. Further actions to reduce volatility will be evaluated in 2014.
Property Given the multi-site nature of its business, the Group has a property portfolio comprising 4 owned sites and 25 leased sites of which 3 are sublet with 2 vacant at the balance sheet date. This portfolio gives rise to risks for ongoing lease costs, dilapidations and fluctuations in value.	Where a site is non-operational the Group seeks to assign or sub-lease the building to mitigate the financial impact. If this is not possible, rental voids are provided on vacant properties taking into consideration the likely period of vacancy and incentives to re-let. In 2013 the Group relocated its Labels business in Ireland to better utilise its property portfolio.
Financial liquidity, debt covenants and interest rates The Group needs continuous access to funding to meet its trading obligations and to support organic growth and acquisitions. There is a risk that the Group may be unable to obtain the necessary funds or that such funds will only be available on unfavourable terms. The Group's borrowing facilities comprise a committed facility including requirements to comply with specified covenants, with a breach potentially resulting in Group borrowings being subject to more onerous conditions.	The Group seeks to maintain an appropriate level of committed bank facilities that provides sufficient headroom above peak projected borrowing requirements. The Group continually monitors net debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due. Compliance with debt covenants is monitored on a monthly basis and sensitivity analysis is applied to forecasts to assess the impact on covenants.

Risk	Mitigating Factors
Decentralised structure The Packaging Distribution business model reflects a decentralised approach with a high dependency on effective local decision-making. There is a risk that management control is less effective and local decisions do not meet overall corporate objectives.	A comprehensive management information system is maintained with key performance indicators monitored consistently and regularly with actions taken when required.
Working capital The Group has a significant investment in working capital in the form of trade receivables and inventories. There is a risk that this investment is not fully recovered.	Credit risk is controlled by applying rigour to the management of trade receivables by our credit control team, managed by a credit control manager and subject to additional scrutiny from the Group Finance Director. Inventory levels and order patterns are regularly reviewed and risks arising from holding bespoke stocks are managed by obtaining order cover from customers.
Referendum The Independence Referendum takes place in September 2014. The full implications following the outcome of the Referendum are as yet unknown.	The Board will monitor the outcome of the Independence Referendum in September 2014 and assess the implications for the Group's business once the outcome is clear.

There are a number of other risks that we manage which are not considered to be key risks. In addition the Group is subject to the impact of general economic conditions, the competitive environment and risks associated with business continuity. These are all mitigated in ways that are common to all businesses and not specific to Macfarlane Group.

These risks are complemented by an overall governance framework including clear and delegated authorities, business performance monitoring and appropriate insurance cover for a wide range of potential risks. There is a dependence on good quality local management, which is supported by an investment in training and development and ongoing performance evaluation.

Going Concern

The Directors, in their consideration of going concern, have reviewed the Group's future cash flow forecasts and revenue projections, which they believe are based on prudent market data and past experience. The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Chairman's Statement and Business Review on pages 1 to 8.

The Group's principal financial risks in the medium term relate to liquidity and credit risk. Liquidity risk is managed by ensuring that the Group's day-to-day working capital requirements are met by having access to banking facilities with suitable terms and conditions to accommodate the requirements of the Group's operations. Credit risk is managed by applying considerable rigour in managing the Group's trade receivables. The Directors believe that the Group is adequately placed to manage its financial risks effectively despite the current uncertain economic outlook.

The Group's principal banking facilities of up to £20.0 million are now in place until February 2017 and the Directors are of the opinion that the Group's cash forecasts and revenue projections, taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the Group should be able to operate within its current facilities and comply with its banking covenants.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Cautionary Statement

The Chairman's Statement and the Business Review on pages 1 to 8 have been prepared to provide additional information to members of the Company to assess the Group's strategy and the potential for the strategy to succeed. It should not be relied on by any other party or for any other purpose.

This report and the financial statements contain certain forward-looking statements relating to operations, performance and financial status. By their nature, such statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors, including both economic and business risk factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report.

Responsibility Statement Of The Directors

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2013. Certain parts of the full annual report are not included within this announcement. The Directors of Macfarlane Group PLC are

G. Bissett	Chairman
P.D. Atkinson	Chief Executive
J. Love	Finance Director
M. Arrowsmith	Non-Executive Director and Senior Independent Director
S. Paterson	Non-Executive Director
R. McLellan	Non-Executive Director

To the best of the knowledge of the Directors (whose names and functions are set out above), the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Company and the undertakings included in the consolidation taken as a whole; and

Pursuant to Disclosure and Transparency Rules, Chapter 4, the Directors' Report of the Company's annual report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the business.

Peter Atkinson	John Love
Chief Executive	Finance Director
27 February 2014	27 February 2014

Macfarlane Group PLC

Consolidated income statement

For the year ended 31 December 2013

	Note	**Year to 31 December 2013 before exceptional items £000**	Exceptional items £000 (see Note 3)	**Year to 31 December 2013 £000**	Year to 31 December 2012 before exceptional items £000 As restated (See Note 2)	Exceptional items £000 (see Note 3)	Year to 31 December 2012 £000 As restated (See Note 2)
Continuing operations	3						
Revenue		**143,871**	-	**143,871**	141,823	-	141,823
Cost of sales		**(98,983)**	-	**(98,983)**	(96,510)	-	(96,510)
Gross profit		**44,888**	-	**44,888**	45,313	-	45,313
Distribution costs		**(7,458)**	-	**(7,458)**	(7,382)	-	(7,382)
Administrative expenses		**(31,179)**	(336)	**(31,515)**	(32,097)	993	(31,104)
Operating profit	3	**6,251**	(336)	**5,915**	5,834	993	6,827
Finance income	4	**-**	-	**-**	31	-	31
Finance costs	4	**(1,199)**	-	**(1,199)**	(1,380)	-	(1,380)
Profit before tax		**5,052**	(336)	**4,716**	4,485	993	5,478
Tax	5	**(1,265)**	5	**(1,260)**	(1,223)	(390)	(1,613)
Profit for the year	7	**3,787**	(331)	**3,456**	3,262	603	3,865

Earnings per ordinary share

	Note						
Basic	7	3.32p	(0.29p)	3.03p	2.87p	0.53p	3.40p
Diluted	7	3.32p	(0.29p)	3.03p	2.87p	0.53p	3.40p

Macfarlane Group PLC

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Note	**2013 £000**	2012 £000 As restated (See Note 2)
Exchange differences on translation of foreign operations		**40**	(63)
Remeasurement of pension scheme liability	9	**1,177**	(1,776)
Tax recognised in other comprehensive income			
Tax on remeasurement of pension scheme liability	10	**(271)**	403
Long-term corporation tax rate change	10	**(476)**	(365)
Other comprehensive income/(expense) for the year		**470**	(1,801)
Profit for the year		**3,456**	3,865
Total comprehensive income for the year		**3,926**	2,064

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Note	Share Capital £000	Revaluation Reserve £000	Own Shares £000	Translation Reserve £000	Retained Earnings £000	Total £000 As restated (See Note 2)
At 1 January 2012		28,755	70	(810)	246	(4,546)	23,715
Profit for the year		-	-	-	-	3,865	3,865
Dividends	6	-	-	-	-	(1,761)	(1,761)
Exchange differences on translation of foreign operations		-	-	-	(63)	-	(63)
Remeasurement of pension liability	9	-	-	-	-	(1,776)	(1,776)
Tax on remeasurement of pension liability	10	-	-	-	-	403	403
Long-term corporation tax rate change	10	-	-	-	-	(365)	(365)
At 31 December 2012		**28,755**	**70**	**(810)**	**183**	**(4,180)**	**24,018**
Profit for the year		**-**	**-**	**-**	**-**	**3,456**	**3,456**
Dividends	6	**-**	**-**	**-**	**-**	**(1,774)**	**(1,774)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**40**	**-**	**40**
Transfer of own shares to pension scheme		**-**	**-**	**499**	**-**	**(245)**	**254**
Remeasurement of pension liability	9	**-**	**-**	**-**	**-**	**1,177**	**1,177**
Tax on remeasurement of pension liability	10	**-**	**-**	**-**	**-**	**(271)**	**(271)**
Long-term corporation tax rate change	10	**-**	**-**	**-**	**-**	**(476)**	**(476)**
At 31 December 2013		**28,755**	**70**	**(311)**	**223**	**(2,313)**	**26,424**

Macfarlane Group PLC

Consolidated balance sheet at 31 December 2013

	Note	2013 £000	2012 £000
Non-current assets			
Goodwill and other intangible assets		**25,415**	25,710
Property, plant and equipment		**7,281**	7,718
Other receivables		**1,651**	1,783
Deferred tax assets	10	**3,628**	4,906
Total non-current assets		**37,975**	40,117
Current assets			
Inventories		**7,931**	8,120
Trade and other receivables		**35,481**	34,515
Cash and cash equivalents	8	**477**	289
Total current assets		**43,889**	42,924
Total assets	3	**81,864**	83,041
Current liabilities			
Trade and other payables		**32,346**	31,705
Current tax liabilities		**435**	256
Provisions		**82**	332
Finance lease liabilities	8	**33**	126
Bank borrowings	8	**6,359**	6,954
Total current liabilities		**39,255**	39,373
Net current assets		**4,634**	3,551
Non-current liabilities			
Retirement benefit obligations	9	**15,896**	18,898
Deferred tax liabilities	10	**253**	381
Provisions		**-**	250
Trade and other payables		**36**	88
Finance lease liabilities	8	**-**	33
Total non-current liabilities		**16,185**	19,650
Total liabilities	3	**55,440**	59,023
Net assets		**26,424**	24,018
Equity			
Share capital		**28,755**	28,755
Revaluation reserve		**70**	70
Own shares		**(311)**	(810)
Translation reserve		**223**	183
Retained earnings		**(2,313)**	(4,180)
Total equity	3	**26,424**	24,018

Macfarlane Group PLC

Consolidated cash flow statement

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	8	**3,427**	3,330
Investing activities			
Interest received		**-**	31
Disposal of subsidiary undertaking		**-**	25
Proceeds on disposal of property, plant and equipment		**30**	3
Purchases of property, plant and equipment		**(774)**	(825)
Net cash used in investing activities		**(744)**	(766)
Financing activities			
Dividends paid	6	**(1,774)**	(1,761)
Repayments of obligations under finance leases	8	**(126)**	(233)
Net cash used in financing activities		**(1,900)**	(1,994)
Net increase in cash and cash equivalents	8	**783**	570
Cash and cash equivalents at beginning of year		**(665)**	(1,235)
Cash and cash equivalents at end of year	8	**118**	(665)

Macfarlane Group PLC

Notes to the financial information

For the year ended 31 December 2013

1. General information

The financial information set out in this preliminary announcement does not constitute the Group's statutory financial statements as defined in Section 435 of the Companies Act 2006 and has been extracted from the full statutory accounts for the years ended 31 December 2013 and 31 December 2012 respectively.

The financial statements for 2013 were approved by the Board of Directors on 27 February 2014. The auditor's report on the statutory financial statements for the year ended 31 December 2013 was unqualified pursuant to Section 498 of the Companies Act 2006 and did not contain a statement under sub-section 498 (2) or (3) of that Act. The comparative figures for the financial year ended 31 December 2012 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out on pages 1 to 8.

The Group's principal financial risks in the medium term relate to liquidity and credit risk. Liquidity risk is managed by ensuring that the Group's day-to-day working capital requirements are met by having access to committed banking facilities with suitable terms and conditions to accommodate the requirements of the Group's operations. Credit risk, which is heightened as a result of the difficulties customers may face in the current climate, is managed by applying considerable rigour in managing the Group's trade receivables. The Directors believe that the Group is adequately placed to manage its financial risks effectively despite the current uncertain economic outlook.

The Group agreed a new debt facility with Lloyds Banking Group PLC with the new facility comprising a three-year committed borrowing facility of up to £20.0 million and secured over part of Macfarlane Group's trade receivables. In recognition of the agreement of the trustees of Macfarlane's final salary pension scheme to the new arrangements, the Group will make an additional payment of £2.5 million to the scheme to further reduce the deficit in the first half of 2014. The facility bears interest at normal commercial rates and carries standard financial covenants in relation to interest cover and levels of headroom over trade receivables.

The Directors are of the opinion that the Group's cash forecasts and revenue projections, which they believe are based on prudent market data and past experience taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the Group should be able to operate within its current facilities and comply with its banking covenants.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2013.

2. Basis of preparation (continued)

Restatement of prior year

In the current financial year the application of IAS19 (R) impacts the measurement of the various components representing movements in the retirement benefit obligations and associated disclosures, but not the Group's total retirement benefit obligations. Following the replacement of expected returns on pension scheme assets with a net finance cost in the consolidated income statement, the profit for the year reduces and accordingly other comprehensive income increases.

This change has been applied retrospectively and accordingly the comparative figures have been restated for the year ended 31 December 2012. The effect is to increase the interest expense on retirement benefit obligations recognised in the Consolidated Income Statement by £429,000 in that year and to reduce the expense recognised in the Consolidated Statement of Comprehensive Income by the same amount as set out in the table below.

Consolidated income statement	Year to 31 December 2012 £000
Finance income and finance costs (as previously reported)	
Expected return on pension scheme assets	2,685
Interest cost of pension scheme liabilities	(3,186)
Net interest cost of pension scheme liabilities	(501)
Finance income and finance costs (as restated)	
Net interest expense on retirement benefit obligation	(930)
Impact on finance costs and profit before taxation	(429)
Tax	
Adjustment to deferred tax thereon	104
Impact on profit for the period	(325)
Consolidated statement of comprehensive income	
Remeasurement of pension scheme liability	
Previously shown as	(2,205)
Now shown as	(1,776)
Impact on remeasurement of pension scheme liability	429
Tax	
Adjustment to deferred tax thereon	(104)
Impact on comprehensive income/(expense) for the year	325

There was no impact on the retirement benefit obligations or net asset position recorded on the balance sheet at 31 December 2012.

As in previous years, all scheme administration costs continue to be met by the Company.

3. Segmental information

The Group's principal business segment is **Packaging Distribution,** comprising the distribution of packaging materials and supply of storage and warehousing services in the UK. This constitutes over 80% of Group turnover and profit and as such, the Group has elected to combine the remaining operations for the manufacture and supply of self-adhesive and resealable labels to a variety of FMCG customers in the UK & Europe and the design, manufacture and assembly of timber, corrugated and foam-based packaging materials in the UK into one segment headed **Manufacturing Operations**. No individual business segment within Manufacturing Operations represents more than 10% of Group revenue or income.

3. Segmental information (continued)

Packaging Distribution	**Profit before Exceptional items £000**	**Exceptional items £000**	**2013 £000**
Revenue	**116,280**	**-**	**116,280**
Cost of sales	**(82,415)**	**-**	**(82,415)**
Gross profit	**33,865**	**-**	**33,865**
Net operating expenses	**(28,905)**	**(42)**	**(28,947)**
Operating profit	**4,960**	**(42)**	**4,918**
Manufacturing Operations			
Revenue	**27,591**	**-**	**27,591**
Cost of sales	**(16,568)**	**-**	**(16,568)**
Gross profit	**11,023**	**-**	**11,023**
Net operating expenses	**(9,732)**	**(294)**	**(10,026)**
Operating profit	**1,291**	**(294)**	**997**

Packaging Distribution	Profit before Exceptional items £000	Exceptional items £000	2012 £000
Revenue	114,807	-	114,807
Cost of sales	(80,077)	-	(80,077)
Gross profit	34,730	-	34,730
Net operating expenses	(29,863)	776	(29,087)
Operating profit	4,867	776	5,643
Manufacturing Operations			
Revenue	27,016	-	27,016
Cost of sales	(16,433)	-	(16,433)
Gross profit	10,583	-	10,583
Net operating expenses	(9,616)	217	(9,399)
Operating profit	967	217	1,184

Exceptional items 2013	Packaging Distribution £000	Manufacturing Operations £000	**2013 £000**
Costs to exit surplus properties	(42)	(294)	**(336)**

During 2013 the Group incurred exceptional costs of £0.3 million to terminate the leases for surplus properties to minimise future costs and take a write-down against a property reflect the latest assessment of realisable value. Exceptional items are those transactions material to the income statement where separate disclosure is necessary for an appropriate understanding of the Group's financial performance.

3. Segmental information (continued)

Exceptional items 2012	Packaging Distribution £000	Manufacturing Operations £000	**2012 £000**
Pension Scheme			
Pension Increase Exchange exercise	872	983	**1,855**
Related professional costs	(96)	(109)	**(205)**
	776	874	**1,650**
Provisions for relocation costs in Ireland	-	(657)	**(657)**
	776	217	**993**

In 2012, Macfarlane Group PLC made a Pension Increase Exchange ("PIE") offer to pensioner members at 1 May 2012 and providing a PIE option for deferred and active members after 1 May 2012. As a result of both of these actions, a gain of £1.65 million was recorded in 2012. This was offset by a reorganisation of our Labels business in Ireland, which gave rise to an exceptional charge of £0.66 million.

Group segment	**2013 £000**	2012 £000 As restated (See Note 2)
Packaging Distribution	**4,918**	5,643
Manufacturing Operations	**997**	1,184
Operating profit – continuing operations	**5,915**	6,827
Net finance costs	**(1,199)**	(1,349)
Profit before tax	**4,716**	5,478
Tax	**(1,260)**	(1,613)
Profit for the year	**3,456**	3,865

	Assets £000	**Liabilities £000**	**Net assets £000**
Group segments			
Packaging Distribution	**68,493**	**48,544**	**19,949**
Manufacturing Operations	**13,371**	**6,896**	**6,475**
Net assets 2013	**81,864**	**55,440**	**26,424**

	Assets £000	Liabilities £000	Net assets £000
Group segments			
Packaging Distribution	69,054	50,868	18,186
Manufacturing Operations	13,987	8,155	5,832
Net assets 2012	83,041	59,023	24,018

4. Net finance expense

	2013	2012
	£000	£000 As restated (See Note 2)
Investment income	**-**	31
Interest on bank loans and overdrafts	**(418)**	(434)
Interest on obligations under finance leases	**(6)**	(16)
Net interest expense on retirement benefit obligation (see note 9)	**(775)**	(930)
Total finance costs	**(1,199)**	(1,380)
Net finance expense	**(1,199)**	(1,349)

5. Tax

	2013	2012
	£000	£000 As restated (See Note 2)
Current tax		
United Kingdom corporation tax at 23.25% (2011: 24.50%)	**(795)**	(811)
Foreign tax	**(62)**	(12)
Total current tax	**(857)**	(823)
Total deferred tax (see note 10)	**(403)**	(790)
Total	**(1,260)**	(1,613)

The standard rate of tax based on the UK average rate of corporation tax, is 23.25% (2012 – 24.50%). Taxation for other jurisdictions is calculated at the rates prevailing in these jurisdictions. The actual tax charge for the current and previous year varies from 23.25% (2012 – 24.50%) of the results as set out in the income statement for the reasons set out in the following reconciliation:

	2013	2012
	£000	£000
Profit before taxation	**4,716**	5,478
Tax on profit at 23.25% (2012 – 24.50%)	**(1,096)**	(1,343)
Factors affecting tax charge for the year:-		
Non-deductible expenses	**(70)**	(23)
Difference on overseas tax rates	**(47)**	(4)
Changes in estimates related to prior years	**16**	(129)
Exceptional items	**(63)**	(114)
Tax charge for the year	**(1,260)**	(1,613)

6. Dividends

	2013	2012
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2012 of 1.05p per share (2011 – 1.05p per share)	**1,202**	1,193
Interim dividend for the year ended 31 December 2013 of 0.50p per share (2012 – 0.50p per share)	**572**	568
	1,774	1,761

Dividends are not payable on own shares held in the employee share trust.

In addition to the amounts shown above, a proposed dividend of 1.10p per share will be paid on 5 June 2014 to those shareholders on the register at 9 May 2014 and is subject to approval by shareholders at the Annual General Meeting in 2014 and has not been included as a liability in these financial statements.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2013	2012
	£000	£000 As restated (See Note 2)
Basic Earnings per share	**3.03p**	3.40p
Earnings from continuing operations for the purposes of earnings per share being profit for the year from continuing operations	**3,456**	3,865

Number of shares in issue for the purposes of calculating basic and diluted earnings per share	**2013 No. of shares ‘000**	2012 No. of shares ‘000
Weighted average number of ordinary shares in issue	**115,019**	115,019
Weighted average number of shares in Employee Share Ownership Trusts	**(846)**	(1,436)
Weighted average number of shares in issue for the purposes of basic earnings per share	**114,173**	113,583
Effect of dilutive potential ordinary shares due to share options	**96**	-
Weighted average number of shares in issue for the purposes of diluted earnings per share	**114,269**	113,583

8. Notes to the cash flow statement

	2013 £000	2012 £000
Operating profit before exceptional items	**6,251**	5,834
Adjustments for:		
Amortisation of intangible assets	**295**	306
Depreciation of property, plant and equipment	**1,036**	1,020
Gain/(loss) on disposal of property, plant and equipment	**(12)**	1
Operating cash flows before movements in working capital	**7,570**	7,161
Decrease in inventories	**189**	517
(Increase)/decrease in receivables	**(809)**	2,202
Increase/(decrease) in payables	**765**	(2,600)
Decrease in provisions	**(693)**	-
Adjustment for pension scheme funding	**(2,493)**	(2,583)
Cash generated by operations	**4,529**	4,697
Income taxes paid	**(678)**	(917)
Interest paid	**(424)**	(450)
Net cash inflow from operating activities	**3,427**	3,330

Movement in net debt		**2013 £000**	2012 £000
Decrease in cash and cash equivalents in the year		**783**	570
Repayment of obligations under finance leases		**126**	233
Movement in net debt in the year		**909**	803
Opening net debt		**(6,824)**	(7,627)
Closing net debt		**(5,915)**	(6,824)
Net debt comprises:			
Cash and cash equivalents		**477**	289
Bank overdrafts and loans		**(359)**	(954)
Cash and cash equivalents in statement of cash flows		**118**	(665)
Bank loans		**(6,000)**	(6,000)
Net bank debt		**(5,882)**	(6,665)
Obligations under finance leases	Due within one year	**(33)**	(126)
	Due outwith one year	**-**	(33)
Closing net debt		**(5,915)**	(6,824)

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less.

Bank overdrafts and loans comprise £6.0 million of loans repayable within one year, the remainder being bank overdrafts repayable on demand for which there is no right of offset against cash and cash equivalents on the balance sheet. For the purposes of the cash flow statement, the overdraft is included within cash and cash equivalents.

9. Pension scheme

Macfarlane Group PLC sponsors a defined benefit pension scheme for certain active and former UK employees – the Macfarlane Group PLC Pension & Life Assurance Scheme (1974) ("the scheme"). The two major trading subsidiaries, Macfarlane Group UK Limited and Macfarlane Labels Limited are the other two sponsoring employers of the scheme.

The scheme is administered by a separate Board of Trustees composed of employer nominated representatives and member nominated Trustees and is legally separate from the Group. The assets of the scheme are held separately from those of the Group in managed funds under the supervision of the Trustees. The Trustees are required by law to act in the interest of all classes of beneficiary in the scheme and are responsible for investment policy and the day-to-day administration of benefits. The scheme was closed to new entrants during 2002.

The scheme provides qualifying employees with an annual pension of 1/60 of pensionable salary for each completed year's service on attainment of a normal retirement age of 65. Pensionable salaries were frozen for the remaining active members at the levels current at 30 April 2009 with the change taking effect from 30 April 2010. As a result no further salary inflation applies for active members who elected to remain in the scheme. Active members' benefits also include life assurance cover, albeit the payment of these benefits is at the discretion of the Trustees of the scheme.

On withdrawing from active service a deferred member's pension is revalued from the time of withdrawal until the pension is drawn. Revaluation in deferment is statutory and since 2010 has been revalued on the Consumer Price Index ("CPI") measure of inflation. Revaluation of pensions in payment is a blend of fixed increases and inflationary increases depending on the relevant periods of accrual of benefit. For pensions in payment, the inflationary increase is currently based on the Retail Prices Index ("RPI") measure of inflation.

During 2012, Macfarlane Group PLC made the decision to amend benefits for pensioner, deferred and active members in the defined benefit pension scheme by making a Pension Increase Exchange ("PIE") offer to pensioner members at 1 May 2012 and providing a PIE option for deferred and active members after 1 May 2012. Details are set out in note 3 and as a result of both of these actions, a gain of £1.65 million was recorded in the first half of 2012 after charging attributable professional expenses of £0.20 million.

The Group will consider a number of further actions to reduce the deficit in 2014.

Balance sheet disclosures

The assets in the scheme, the net liability position for the scheme and the expected rates of return have been based on the results of the actuarial valuation as at 1 May 2011, updated to the year-end.

	Fair value 2013 £000	Fair value 2012 £000	Fair value 2011 £000	Fair value 2010 £000	Fair value 2009 £000
Asset class					
Equities	**15,078**	14,474	12,782	26,577	23,315
Multi-asset diversified funds	**22,536**	13,026	12,206	-	-
Bonds	**16,413**	23,544	21,806	18,436	17,277
Other (cash)	**211**	305	174	280	30
Fair value of assets	**54,238**	51,349	46,968	45,293	40,622
Present value of scheme liabilities	**(70,134)**	(70,247)	(67,452)	(61,018)	(60,988)
Deficit in the scheme	**(15,896)**	(18,898)	(20,484)	(15,725)	(20,366)
Related deferred tax asset (see note 10)	**3,179**	4,346	5,121	4,246	5,702
Net pension scheme liability	**(12,717)**	(14,552)	(15,363)	(11,479)	(14,664)

9. Pension scheme (continued)

The Trustees review the investments of the scheme on a regular basis and consult with the Company regarding any proposed changes to the investment profile. At the start of February 2014, the investment in fixed interest government gilts was transferred into an investment fund, which concentrates solely on interest rate and inflation protection strategies, to provide a more effective hedge against the impact of both interest rates and inflation on the liabilities in the scheme.

The scheme's liabilities were calculated on the following bases as required under IAS 19:

Assumptions	**2013**	2012	2011	2010	2009
Discount rate	**4.50%**	4.40%	4.80%	5.50%	5.75%
Rate of increase in salaries	**0.00%**	0.00%	0.00%	0.00%	3.50%
Inflation assumption (RPI)	**3.40%**	3.00%	3.00%	3.50%	3.50%
Inflation assumption (CPI)	**2.50%**	2.30%	2.20%		
Spouse's pension assumption					
Pensioner members	**70%**	70%	90%	90%	90%
Deferred and active members	**80%**	80%	90%	90%	90%
Life expectancy beyond normal retirement date of 65					
Male	**22.6 years**	22.4 years	22.3 years	21.5 years	21.3 years
Female	**25.1 years**	24.6 years	24.6 years	24.0 years	24.0 years

Movement in scheme deficit	**2013 £000**	2012 £000 As restated (See Note 2)	2011 £000	2010 £000	2009 £000
At 1 January	**(18,898)**	(20,484)	(15,725)	(20,366)	(17,477)
Current service cost	**(148)**	(146)	(150)	(119)	(240)
Employer contributions	**2,748**	2,583	2,169	2,705	2,415
Pension Increase Exchange gain	**-**	1,855	-	-	-
Net finance cost	**(775)**	(930)	(333)	(735)	(916)
Curtailments and settlements	**-**	-	(13)	1,250	134
Remeasurement of pension scheme liability	**1,177**	(1,776)	(6,432)	1,540	(4,282)
At 31 December	**(15,896)**	(18,898)	(20,484)	(15,725)	(20,366)

Funding

UK pension legislation requires that pension schemes are funded prudently. Macfarlane Group PLC is currently paying deficit reduction contributions in accordance with an agreement with the scheme trustees to reduce the deficit over 13 years.

The next triennial actuarial valuation of the scheme is due at 1 May 2014.

9. Pension scheme (continued)

Sensitivity to key assumptions

The key assumptions used for IAS 19 are discount rate, inflation and mortality. If different assumptions were used, then this could have a material effect on the results disclosed. Assuming all other assumptions are held static then a movement in the following key assumptions would affect the level of the deficit as shown below:-

Assumptions	**2013 £000**	2012 £000
Discount rate movement of +0.1%	**1,192**	1,194
Inflation rate movement of +0.1%	**(281)**	(281)
Mortality movement of +0.1 year in age rating	**231**	232

The sensitivity information has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date and is consistent with the approach adopted in previous years.

10. Deferred tax

	2013 £000	2012 £000 As restated (See Note 2)
At 1 January	**4,525**	5,277
Charged in income statement	**(403)**	(790)
(Charged)/credited in other comprehensive income		
Remeasurement of pension scheme liability	**(271)**	403
Long-term corporation tax rate change	**(476)**	(365)
At 31 December	**3,375**	4,525
Retirement benefit obligations (see note 9)	**3,179**	4,346
Corporation tax losses	**449**	728
Accelerated tax depreciation and tax on held over gains	**-**	(168)
Disclosed as deferred tax asset	**3,628**	4,906
Other intangible assets		
Disclosed as a deferred tax liability	**(253)**	(381)
At 31 December	**3,375**	4,525

The Chancellor's Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 20% by 2015. The most recent rate reductions to 23% (effective from 1 April 2013) were substantively enacted on 3 July 2012 and those reductions to 21% from April 2014 and 20% from April 2015 were substantively enacted on 2 July 2013 and have been reflected in the financial statements at 31 December 2012 and 31 December 2013 respectively.

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Details of individual and collective remuneration of the Company's Directors and dividends received by the Directors for calendar year 2013 will be disclosed in the Group's Annual Report for the year ending 31 December 2013.

The investment in equities by the pension scheme of £14,474,000 at 31 December 2012 included a holding of 1,145,918 ordinary shares in Macfarlane Group PLC held at a value of £321,000. In April 2013 the Company transferred 885,000 shares held as own shares, with a market value of £255,000, to the Macfarlane Group PLC Pension & Life Assurance Scheme (1974). The pension scheme trustees then sold 2,130,918 shares in June 2013 for a consideration of £558,000 and the scheme no longer holds any shares in Macfarlane Group PLC.

The directors are satisfied that there are no other related party transactions occurring during the year which require disclosure.

12. Posting to shareholders and Annual General Meeting

The Annual Report and Accounts will be sent to shareholders on Friday 28 March 2014 and will be available to members of the public at the Company's Registered Office, 21 Newton Place, Glasgow G3 7PY from 3 April 2014. The Annual General Meeting will take place at the Thistle Hotel, Cambridge Street Glasgow at 12 noon on Tuesday 6 May 2014.