



 **MACFARLANE
GROUP**

**INTERIM REPORT
2014**



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CHAIRMAN'S STATEMENT

PERFORMANCE IN THE SIX MONTHS TO 30 JUNE 2014

Our results for the six months to 30 June 2014 are in line with our statement at the AGM in May. Group sales were 3% ahead of the comparable period in 2013, but Group profit before exceptional items at £1.2m was behind the level achieved in 2013 due mainly to margin pressure and our increased weighting in the internet retail sector where the trading pattern of customers is more highly focused towards the second half of the year. The Board is confident that full year expectations will be met.

In our core Packaging Distribution business, sales were 4% ahead of 2013. Margins in that division were lower, reflecting a competitive market and despite overheads being held at 2013 levels, operating profit before exceptional items was slightly down on 2013 at £1.5m (2013: £1.6m). Our Manufacturing Operations' operating profit before exceptional items was £0.2m (2013: £0.6m). This reflected lower sales in Packaging Design and Manufacture due to the absence of higher-margin project work, which benefited the first half of 2013 and margin erosion in our Labels business caused by the highly competitive conditions in the UK retail sector.

In May 2014, we acquired Lane Packaging, a packaging distributor based in Reading. It is pleasing to report that the business is performing well.

Net debt at 30 June 2014 was £11.6m, an increase of £4.4m compared to the same point last year. A new longer-term borrowing facility was put in place in February 2014 to accommodate working capital requirements, finance for acquisitions and a contribution to reduce the pension scheme deficit. In the first half of 2014, an additional £2.5m was paid to the pension scheme and the initial cost of acquiring Lane Packaging, including inherited debt, was £1.2m. The pension scheme deficit reduced from £15.9m at 31 December 2013 to £13.2m at 30 June 2014, mainly as a result of the additional £2.5m contribution. The first half has also seen the expected seasonal uplift in working capital.

The Board expects Group trading to be strongly cash generative in the second half of 2014.

DIVIDEND

The Board is recommending that an interim dividend of 0.50p per share be paid on 16 October 2014 to shareholders on the register as at Friday 10 October 2014.

OUTLOOK

Signs of growth in the economy are now more evident and our results in July and August to date are encouraging. Combined with our strength in the more seasonal internet retail sector, these factors should support the planned uplift in performance in the second half of 2014. Accordingly, the Board is confident that our full year expectations will be met.

Future growth for Macfarlane Group will be mostly dependent on our continuing efforts to win new business in target sectors and through value-enhancing acquisitions. Discussions are moving ahead well on prospective acquisitions. The Board will take steps to ensure that the funding of this programme continues to achieve a proper balance between debt and equity. Acquisitions are an important aspect of our strategy and we look forward to updating shareholders when appropriate.



Graeme Bisset
Chairman
28 August 2014



INTERIM RESULTS – MANAGEMENT REPORT

Macfarlane Group's trading activities comprise two divisions, **Packaging Distribution** and **Manufacturing Operations**.

PACKAGING DISTRIBUTION

Macfarlane's **Packaging Distribution** business is the leading UK distributor of a comprehensive range of protective packaging materials. In a highly fragmented market, Macfarlane is the market leader. We operate through 17 Regional Distribution Centres (RDCs) supplying customers with a range of protective packaging materials and services on a local, regional and national basis. Macfarlane 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.

RESULTS BEFORE EXCEPTIONAL ITEMS

	2014 £000	2013 £000
Sales	56,978	54,896
Gross margin 28.6% (2013: 29.8%)	16,298	16,374
Overheads 25.9% (2013: 26.9%)	14,784	14,797
Profit before exceptional items 2.7% (2013: 2.9%)	1,514	1,577

The main features of our first half performance in 2014 were:

- > Sales showed growth of 3.8% on 2013, with volumes comprising 2.9%, reflecting the recent upturn in the UK economy and the benefit of new business wins and the Lane acquisition;
- > Sales to internet retailers accounted for 16% of our business in H1 2014. We continue to make good progress in this key growth sector and the trends in the sector will benefit our sales performance in H2 2014;
- > Our business in the Third-party Logistics (3PL) sector is now 9% of the business as we continue to strengthen our partnerships with key 3PL operators;

- > We commenced our acquisition programme with the purchase of Lane Packaging;
- > Gross margin at 28.6% reduced versus 2013 due to an increasingly competitive pricing environment and a change in the customer mix;
- > Overheads (before exceptional items) were held at 2013 levels reflecting the strong cost control ethos throughout the business; and
- > Progress is being made on improving our focus on key segments of our local customer base and benefits are now being seen from the recently introduced Customer Service Centre at Milton Keynes.

We expect sales to strengthen in H2 2014 reflecting the proportion of internet retailers in our customer base. The key areas we shall focus on to support this are:

- > We will build on the new business momentum created in H1 2014 to ensure the key business wins are effectively implemented to achieve annualised sales growth as we exit 2014;
- > Our focus will be maintained on the growth potential for protective packaging in the internet retail sector both directly and through our partnerships with key 3PL operators;
- > Supplier pricing remains volatile and we will work closely both with our suppliers and customers to recover gross margins in the remainder of the year;
- > Cost reduction opportunities will continue to be pursued particularly in respect of the property portfolio;
- > We will maintain the focus on improving our positioning and service to key segments of the UK protective packaging market which clearly benefit from the Macfarlane offering;
- > The recently acquired Lane Packaging will be integrated into the Macfarlane business; and
- > Work is progressing well with a number of further acquisition opportunities.

MANUFACTURING OPERATIONS

Macfarlane's manufacturing businesses comprise **Labels** and **Packaging Design & Manufacture**.

RESULTS BEFORE EXCEPTIONAL ITEMS

	2014 £000	2013 £000
Sales	15,767	15,121
Gross margin 32.7% (2013: 35.5%)	5,149	5,366
Overheads 31.3% (2013: 31.4%)	4,928	4,740
Profit before exceptional items 1.4% (2013: 4.1%)	221	626

Our **Labels** business designs and produces 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 County Wicklow in Ireland and a sales and design office in Sweden, which focuses on the development and growth of our resealable labels business – Reseal-it. More new product sectors are adopting the re-sealable label format, improving the penetration of our Reseal-it product in the UK, Europe and the USA. This is a key strategic focus for the Labels management team.

In H1 2014 Labels' sales revenue was 5% above 2013 levels with good sales growth in our range of resealable labels systems, partly offset by weaker self-adhesive label sales. Gross margin was lower than H1 2013 due to the ongoing impact of retailer pressure on our customers, reducing both prices and production runs affecting our operational efficiency. Profit in the first half of 2014 was below that achieved in the same period in 2013.

We operate the **Packaging Design & Manufacture** business from two UK sites – Grantham and Westbury, where we design, manufacture and assemble custom-designed packaging solutions for customers requiring cost-effective methods of protecting high value products in storage and transit. We differentiate ourselves through our technical expertise, design capability, industry accreditations and national capability through the partnership with Macfarlane Packaging Distribution.

Packaging Design & Manufacture sales reduced by 6% from last year's levels due to the non-recurrence of project-based work undertaken in H1 2013 and a significant customer relocating their facility offshore. Gross margin remained strong as we concentrated on the higher added value bespoke composite pack product range. As a result, Packaging Design & Manufacture profit in H1 2014 was slightly below that achieved in the same period in 2013.

The priorities for the Manufacturing Operations in the second half of 2014 are to:

- > Accelerate the Reseal-it growth momentum through improved geographic penetration, extending the Reseal-it product range and introducing Reseal-it to new product sectors;
- > Increase our new business in the UK self-adhesive labels market, particularly in the branded sectors in order to create a more balanced customer portfolio;
- > Improve operational efficiency at our Kilmarnock site through the introduction of a new printing press;
- > Maintain focus on operational and customer service improvements at Grantham and Westbury;
- > Accelerate Packaging Design & Manufacture 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; and
- > Continue to strengthen the relationship between our Packaging Design & Manufacture operations and our Packaging Distribution business to create both sales and cost synergies.

INTERIM RESULTS – MANAGEMENT REPORT

SUMMARY AND FUTURE PROSPECTS

The Macfarlane businesses all have strong market positions with differentiated product and service offerings. We have a flexible business model and a clear strategic plan, incorporating a range of actions, which is being effectively implemented. Our track record of continued profitable growth reflects the successful execution of this plan.

Our specific focus is on attractive market sectors for protective packaging, such as

internet retail and National Accounts customers, both of which are forecast to show above average growth and where, through our experience and expertise, Macfarlane Group is well positioned.

As evidenced by encouraging trading through July and August we expect general market demand in the remainder of 2014 to grow. The Board is confident that full year expectations will be met and for 2014 to be another successful year for Macfarlane Group.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties, which could impact on the performance of the Group, were outlined in our Annual Report and Accounts for 2013 (available on our website at www.macfarlanegroup.com) together with the mitigating actions. These remain substantially the same for the remaining six months of the financial year and are summarised below:

- > The Group's businesses are impacted by commodity-based raw material prices and manufacturer energy costs, with profitability sensitive to supplier price changes. The Group works closely with its supply partners to manage effectively the scale and timing of these price movements and any resultant impact on profit;
- > The Group's defined benefit pension scheme is sensitive to a number of key factors; investment returns, discount rates used to calculate the scheme's liabilities (based on corporate bond yields) and mortality assumptions. Small changes in these assumptions could cause significant movements in the pension deficit. The Group has sought to manage the volatility of the pension scheme deficit caused by these factors by undertaking a number of exercises as well as making substantial contributions to reduce the deficit. Additional exercises will be considered in the future;
- > Given the multi-site nature of its business the Group has an extensive property portfolio, which can give rise to risks in relation to ongoing lease costs, dilapidations and fluctuations in value. The Group adopts a proactive approach to managing property costs and exposures;
- > The Group needs continuous access to funding to meet its trading obligations and to support organic growth and acquisitions and 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. In February 2014, the Group agreed a new three-year banking facility with Lloyds Banking Group for up to £20.0 million committed until 2017, to finance our trading requirements but also to support controlled expansion, providing a medium-term funding platform for the growth of our business;
- > In Packaging Distribution, the business model reflects a decentralised approach with a high dependency on effective local decision-making. There is a risk that local decisions may not always meet overall corporate objectives. This is closely monitored in the Group with regular reviews of performance and prospects for all locations;
- > The Group has a significant investment in working capital in the form of trade receivables and inventories and there is a risk that this investment is not fully recovered. Rigour is applied to the management of trade receivables and inventories throughout the Group to mitigate these risks; and
- > The Scottish Independence Referendum takes place in September 2014. The Board has considered the potential implications and will monitor these for the Group's business once the outcome is clear.

The Group operates a formal framework for the identification and evaluation of the major business risks faced by each business and determines an appropriate course of action to manage these risks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Macfarlane Group PLC are:

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

The Directors confirm that, to the best of their knowledge:

- (i) The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- (ii) The interim management report includes a fair review of the information required by:
 - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by the Board of Directors on 28 August 2014 and signed on its behalf by:



Peter D. Atkinson **John Love**
Chief Executive Finance Director

CAUTIONARY STATEMENT

This announcement has been prepared solely to provide additional information to shareholders 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 announcement contains certain forward-looking statements relating to operations, performance and financial status. Such statements involve risk and uncertainty because

they relate to events and depend upon circumstances that will occur in the future and should be treated with caution as 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 announcement.

INDEPENDENT REVIEW REPORT TO MACFARLANE GROUP PLC

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2014, which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the DTR) of the UK's Financial Conduct Authority (the UK FCA). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1 the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in the half yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.



Craig Anderson
for and on behalf of KPMG LLP
Chartered Accountants
191 West George Street
Glasgow G2 2LJ
28 August 2014

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	EXCEPTIONAL ITEM £000 (SEE NOTE 4)	SIX MONTHS TO 30 JUNE 2013 BEFORE EXCEPTIONAL ITEMS £000	YEAR TO 31 DECEMBER 2013 £000
CONTINUING OPERATIONS	3					
Revenue		70,146	68,093	–	68,093	143,871
Cost of sales		(48,699)	(46,353)	–	(46,353)	(98,983)
GROSS PROFIT		21,447	21,740	–	21,740	44,888
Distribution costs		(3,607)	(3,743)	–	(3,743)	(7,458)
Administrative expenses		(16,105)	(15,987)	(193)	(15,794)	(31,515)
OPERATING PROFIT	3	1,735	2,010	(193)	2,203	5,915
Net finance costs	5	(516)	(599)	–	(599)	(1,199)
PROFIT BEFORE TAX		1,219	1,411	(193)	1,604	4,716
Tax	6	(257)	(409)	5	(414)	(1,260)
PROFIT FOR THE PERIOD		962	1,002	(188)	1,190	3,456
EARNINGS PER SHARE	8					
Basic and diluted		0.84p	0.88p	(0.16p)	1.04p	3.03p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
Foreign currency translation differences		(60)	89	40
Remeasurement of pension scheme liability	11	(870)	1,045	1,177
Tax recognised in other comprehensive income				
Tax on remeasurement of pension scheme liability	12	174	(239)	(271)
Long-term corporation tax rate change	12	–	–	(476)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		(756)	895	470
Profit for the period		962	1,002	3,456
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		206	1,897	3,926

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	SHARE CAPITAL £000	REVALUATION RESERVE £000	OWN SHARES £000	TRANSLATION RESERVE £000	RETAINED EARNINGS £000	TOTAL £000
At 1 January 2014		28,755	70	(311)	223	(2,313)	26,424
Profit for the period		–	–	–	–	962	962
Dividends	7	–	–	–	–	(1,265)	(1,265)
Foreign currency translation differences		–	–	–	(60)	–	(60)
Remeasurement of pension scheme liability	11	–	–	–	–	(870)	(870)
Tax recognised in other comprehensive income	12	–	–	–	–	174	174
Exercise of share options		–	–	311	–	(168)	143
AT 30 JUNE 2014		28,755	70	–	163	(3,480)	25,508

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	NOTE	SHARE CAPITAL £000	REVALUATION RESERVE £000	OWN SHARES £000	TRANSLATION RESERVE £000	RETAINED EARNINGS £000	TOTAL £000
At 1 January 2013		28,755	70	(810)	183	(4,180)	24,018
Profit for the period		–	–	–	–	1,002	1,002
Dividends	7	–	–	–	–	(1,202)	(1,202)
Foreign currency translation differences		–	–	–	89	–	89
Remeasurement of pension scheme liability	11	–	–	–	–	1,045	1,045
Tax recognised in other comprehensive income	12	–	–	–	–	(239)	(239)
Transfer of own shares to pension scheme		–	–	499	–	(245)	254
AT 30 JUNE 2013		28,755	70	(311)	272	(3,819)	24,967

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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
At 1 January 2013		28,755	70	(810)	183	(4,180)	24,018
Profit for the period		–	–	–	–	3,456	3,456
Dividends	7	–	–	–	–	(1,774)	(1,774)
Foreign currency translation differences		–	–	–	40	–	40
Remeasurement of pension scheme liability	11	–	–	–	–	1,177	1,177
Tax recognised in other comprehensive income	12	–	–	–	–	(747)	(747)
Transfer of own shares to pension scheme		–	–	499	–	(245)	254
AT 31 DECEMBER 2013		28,755	70	(311)	223	(2,313)	26,424

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AT 30 JUNE 2014

	NOTE	30 JUNE 2014 £000	30 JUNE 2013 £000	31 DECEMBER 2013 £000
NON-CURRENT ASSETS				
Goodwill and other intangible assets		26,932	25,567	25,415
Property, plant and equipment		7,099	7,148	7,281
Other receivables		726	1,716	1,651
Deferred tax asset	12	3,552	4,312	3,628
TOTAL NON-CURRENT ASSETS		38,309	38,743	37,975
CURRENT ASSETS				
Inventories		9,227	9,168	7,931
Trade and other receivables		35,765	33,141	35,481
Cash and cash equivalents	10	258	315	477
TOTAL CURRENT ASSETS		45,250	42,624	43,889
TOTAL ASSETS	3	83,559	81,367	81,864
CURRENT LIABILITIES				
Trade and other payables		32,441	31,548	32,346
Current tax liabilities		103	92	435
Provisions		52	82	82
Obligations under finance leases	10	16	96	33
Bank overdrafts and loans	10	11,824	7,389	6,359
TOTAL CURRENT LIABILITIES		44,436	39,207	39,255
NET CURRENT ASSETS		814	3,417	4,634
NON-CURRENT LIABILITIES				
Retirement benefit obligations	11	13,185	16,787	15,896
Deferred tax liabilities	12	356	326	253
Other creditors		36	80	36
Obligations under finance leases	10	38	–	–
TOTAL NON-CURRENT LIABILITIES		13,615	17,193	16,185
TOTAL LIABILITIES		58,051	56,400	55,440
NET ASSETS	3	25,508	24,967	26,424
EQUITY				
Share capital		28,755	28,755	28,755
Revaluation reserve		70	70	70
Own shares		–	(311)	(311)
Translation reserve		163	272	223
Retained earnings		(3,480)	(3,819)	(2,313)
TOTAL EQUITY		25,508	24,967	26,424

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	10	(617)	1,274	3,427
INVESTING ACTIVITIES				
Interest received		–	2	–
Acquisition of subsidiary undertakings	9	(1,216)	–	–
Proceeds on disposal of property, plant and equipment		58	34	30
Purchases of property, plant and equipment		(252)	(454)	(774)
NET CASH USED IN INVESTING ACTIVITIES		(1,410)	(418)	(744)
FINANCING ACTIVITIES				
Dividends paid	7	(1,265)	(1,202)	(1,774)
Proceeds on sale of own shares to satisfy share options		143	–	–
Repayment of bank loan		(6,000)	–	–
Additional payment to pension scheme		(2,500)	–	–
Drawdown on bank facility		9,000	–	–
Repayments of obligations under finance leases		(35)	(63)	(126)
NET CASH USED IN FINANCING ACTIVITIES		(657)	(1,265)	(1,900)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,684)	(409)	783
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		118	(665)	(665)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	(2,566)	(1,074)	118

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2013.

Judgements, assumptions and estimation uncertainties

In preparing these condensed financial statements, management has made judgements, estimates and assumptions, which affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the amounts estimated. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements, assumptions and estimation uncertainties made in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements and therefore have the most significant risk of resulting in a material adjustment are as follows:

- | | |
|--|---|
| (i) Trade and other receivables | the provision for doubtful receivables is based on judgmental estimates over the recoverable amounts |
| (ii) Retirement benefit obligations | the valuation of the pension deficit is affected by key actuarial assumptions |
| (iii) Goodwill and other intangible assets | the impairment test of the valuation of goodwill is affected by key assumptions such as the discount rate and revenue growth rate |

Business activities, risks and financing

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Interim Management Report on pages 1 to 5.

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 has access to banking facilities with suitable terms and conditions to accommodate the requirements of the Group's operations. Credit risk is managed by applying rigour in controlling the Group's trade receivables. The Directors believe that the Group is adequately placed to manage its financial risks effectively.

The Group debt facility with Lloyds Banking Group PLC comprises a three-year committed borrowing facility of up to £20.0 million, in place until February 2017. The asset-backed lending 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 flow 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 this condensed set of financial statements.

Approval and review of condensed financial statements

These condensed financial statements were approved by the Board of Directors on 28 August 2014.

This condensed set of financial statements is unaudited but has been formally reviewed by the auditor and their Independent Review Report to the Company is set out on page 6.

2. GENERAL INFORMATION

The comparative figures for the financial year ended 31 December 2013 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.

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. 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 comprise one segment headed Manufacturing Operations. No individual business segments within **Manufacturing Operations** represents more than 10% of Group turnover or profit in each calendar year.

Trading results – continuing operations

	SIX MONTHS TO 30 JUNE 2014 £000
PACKAGING DISTRIBUTION	
REVENUE	56,978
Cost of sales	(40,680)
GROSS PROFIT	16,298
Net operating expenses	(14,784)
OPERATING PROFIT	1,514
MANUFACTURING OPERATIONS	
REVENUE	15,767
Cost of sales	(10,618)
GROSS PROFIT	5,149
Net operating expenses	(4,928)
OPERATING PROFIT	221

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

3. SEGMENTAL INFORMATION (CONTINUED)

Trading results – continuing operations (continued)

	SIX MONTHS TO 30 JUNE 2013 £000	EXCEPTIONAL ITEMS £000 (SEE NOTE 4)	SIX MONTHS TO 30 JUNE 2013 BEFORE EXCEPTIONAL ITEMS £000
PACKAGING DISTRIBUTION			
REVENUE	54,896	–	54,896
Cost of sales	(38,522)	–	(38,522)
GROSS PROFIT	16,374	–	16,374
Net operating expenses	(14,839)	(42)	(14,797)
OPERATING PROFIT	1,535	(42)	1,577
MANUFACTURING OPERATIONS			
REVENUE	15,121	–	15,121
Cost of sales	(9,755)	–	(9,755)
GROSS PROFIT	5,366	–	5,366
Net operating expenses	(4,891)	(151)	(4,740)
OPERATING PROFIT	475	(151)	626
	YEAR ENDED 31 DECEMBER 2013 £000	EXCEPTIONAL ITEMS £000 (SEE NOTE 4)	YEAR ENDED 31 DECEMBER 2013 BEFORE EXCEPTIONAL ITEMS £000
PACKAGING DISTRIBUTION			
REVENUE	116,280	–	116,280
Cost of sales	(82,415)	–	(82,415)
GROSS PROFIT	33,865	–	33,865
Net operating expenses	(28,947)	(42)	(28,905)
OPERATING PROFIT	4,918	(42)	4,960
MANUFACTURING OPERATIONS			
REVENUE	32,180	–	32,180
Cost of sales	(21,157)	–	(21,157)
GROSS PROFIT	11,023	–	11,023
Net operating expenses	(10,026)	(294)	(9,732)
OPERATING PROFIT	997	(294)	1,291

3. SEGMENTAL INFORMATION (CONTINUED)

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
GROUP SEGMENT – TOTAL REVENUE			
Packaging Distribution	56,978	54,896	116,280
Manufacturing Operations	15,767	15,121	32,180
Inter-segment revenue	(2,599)	(1,924)	(4,589)
EXTERNAL REVENUE – CONTINUING OPERATIONS	70,146	68,093	143,871
OPERATING PROFIT – CONTINUING OPERATIONS			
Packaging Distribution	1,514	1,535	4,918
Manufacturing Operations	221	475	997
OPERATING PROFIT	1,735	2,010	5,915
Net finance costs (see note 5)	(516)	(599)	(1,199)
PROFIT BEFORE TAX	1,219	1,411	4,716
Tax (see note 6)	(257)	(409)	(1,260)
PROFIT FOR THE PERIOD	962	1,002	3,456

The Packaging Distribution business has historically benefited from additional demand in the final months of the year, resulting in revenue and profitability at higher levels in the second half of the year.

	30 JUNE 2014 £000	30 JUNE 2013 £000	31 DECEMBER 2013 £000
TOTAL ASSETS			
Packaging Distribution	69,314	68,280	68,493
Manufacturing Operations	14,245	13,087	13,371
TOTAL ASSETS	83,559	81,367	81,864
NET ASSETS			
Packaging Distribution	18,784	17,887	19,949
Manufacturing Operations	6,724	7,080	6,475
NET ASSETS	25,508	24,967	26,424

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

4. EXCEPTIONAL ITEMS

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR ENDED 31 DECEMBER 2013 £000
PROPERTY COSTS FOR VACATED PREMISES	–	(193)	(336)
Tax thereon	–	5	5
EXCEPTIONAL ITEMS AFTER TAX	–	(188)	(331)

During 2013 the Group incurred exceptional costs of £0.3 million to terminate the leases for surplus properties to minimise future costs and took a write-down against its owned property to reflect the latest assessment of realisable value. This represents a continuation of our proactive approach to reducing ongoing property costs and exposures.

Exceptional items are those transactions that are material to the income statement and their separate disclosure is necessary for an appropriate understanding of the Group's financial performance.

5. FINANCE INCOME AND FINANCE COSTS

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
Interest on bank loans and overdrafts	(201)	(206)	(418)
Interest on obligations under finance leases	(1)	(3)	(6)
Net interest expense on retirement benefit obligation (See note 11)	(314)	(390)	(775)
TOTAL FINANCE COSTS	(516)	(599)	(1,199)
NET FINANCE COSTS	(516)	(599)	(1,199)

6. TAX

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
CURRENT TAX			
UK corporation tax	–	(105)	(806)
Overseas tax	(79)	(16)	(62)
Prior year adjustments	42	12	11
TOTAL CURRENT TAX	(37)	(109)	(857)
TOTAL DEFERRED TAX (see note 12)	(220)	(300)	(403)
TOTAL	(257)	(409)	(1,260)

Tax for the first six months has been charged at 23.5% (2013: 25.8%) representing the best estimate of the effective tax charge for the full year.

7. DIVIDENDS

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
Amounts recognised as distributions to equity holders in the period			
Final Dividend (1.10p per share) (2013: 1.05p per share)	1,265	1,202	1,202
Interim Dividend (2013: 0.50p per share)	–	–	572
DISTRIBUTIONS IN THE PERIOD	1,265	1,202	1,774

Dividends were not paid on the Own shares held in the Employee Share Ownership Trust.

The dividend of 0.50p per share, payable on 16 October 2014 was declared on 28 August 2014 and has therefore not been included as a liability in these condensed financial statements.

8. EARNINGS PER SHARE

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
EARNINGS			
Earnings from continuing operations for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	962	1,002	3,456
NUMBER OF SHARES '000			
Weighted average number of ordinary shares in issue	115,019	115,019	115,019
Weighted average number of Own shares in Employee Share Ownership Trust	368	(1,141)	(846)
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE FOR THE PURPOSES OF BASIC EARNINGS PER SHARE	114,651	113,878	114,173
Effect of dilutive potential ordinary shares due to share options	–	41	96
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE FOR THE PURPOSES OF DILUTED EARNINGS PER SHARE	114,651	113,919	114,269
EARNINGS PER SHARE	0.84p	0.88p	3.03p

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

9. ACQUISITION OF SUBSIDIARY

On 2 May 2014, the Group acquired 100% of the issued share capital of PSD Industrial Holdings Limited, the immediate parent company of Lane Packaging Limited for a consideration of approximately £0.9 million. £0.7 million of the consideration was paid in cash on acquisition, with the remainder comprising deferred consideration which will become payable in the second quarter of 2015, subject to certain trading targets being met in the year to 30 April 2015. The business is a Packaging Distributor and is accounted for in the Packaging Distribution segment.

The fair values assigned to the assets acquired, which are equivalent to book values, and the consideration paid and provisional estimate of the deferred consideration payable are set out below:

	30 JUNE 2014 £000
NET ASSETS ACQUIRED	
Other intangible assets	663
Property, plant and equipment	76
Inventories	72
Trade and other receivables	453
Bank loans and overdrafts	(532)
Trade and other payables	(681)
Current tax liabilities	(16)
Finance lease liabilities	(56)
Deferred tax liabilities	(133)
NET ASSETS ACQUIRED	<u>(154)</u>
Goodwill arising on acquisition	1,001
TOTAL CONSIDERATION	<u>847</u>
SATISFIED BY:	
Cash	684
Deferred consideration	163
TOTAL CONSIDERATION	<u>847</u>
NET CASH OUTFLOW ARISING ON ACQUISITION	
Cash consideration	(684)
Bank loans and overdrafts acquired	(532)
NET CASH OUTFLOW	<u>(1,216)</u>

The goodwill arising on the acquisition of Lane Packaging Limited is attributable to the anticipated future profitability of the distribution of the Group's product ranges in new geographical markets in the UK and anticipated operating synergies from the future combination of activities with the existing Packaging Distribution network.

Lane Packaging Limited contributed £0.5 million to revenue and £19,000 to the Group's profit before tax for the period between the date of acquisition and 30 June 2014.

10. NOTES TO THE CASH FLOW STATEMENT

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	1,735	2,203	6,251
Adjustments for:			
Amortisation of intangible assets	147	143	295
Depreciation of property, plant and equipment	487	514	1,036
Profit on disposal of property, plant and equipment	(35)	(24)	(12)
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	2,334	2,836	7,570
(Increase)/decrease in inventories	(1,224)	(1,048)	189
Decrease/(increase) in receivables	1,069	1,941	(809)
(Decrease)/increase in payables	(784)	60	765
Decrease in provisions	(30)	(500)	(693)
Adjustment for pension scheme funding – recurring funding	(1,395)	(1,529)	(2,493)
CASH (ABSORBED BY)/GENERATED BY OPERATIONS	(30)	1,760	4,529
Income taxes paid	(385)	(275)	(678)
Interest paid	(202)	(211)	(424)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(617)	1,274	3,427
MOVEMENT IN NET DEBT			
(Decrease)/increase in cash and cash equivalents in period	(5,740)	(409)	783
Cash flows from lease financing	35	63	126
MOVEMENT IN NET DEBT IN THE PERIOD	(5,705)	(346)	909
Opening net debt	(5,915)	(6,824)	(6,824)
CLOSING NET DEBT	(11,620)	(7,170)	(5,915)
NET DEBT COMPRISES:			
Cash and cash equivalents	258	315	477
Bank overdraft	(2,824)	(1,389)	(359)
Cash and cash equivalents in statement of cash flows	(2,566)	(1,074)	118
Bank loans	(9,000)	(6,000)	(6,000)
NET BANK DEBT	(11,566)	(7,074)	(5,882)
Obligations under finance leases			
Due within one year	(16)	(96)	(33)
Due outwith one year	(38)	–	–
CLOSING NET DEBT	(11,620)	(7,170)	(5,915)

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.

The drawdown under our new bank facility comprised £11.8 million at 30 June 2014. £9.0 million of funding drawn down is considered to represent loan finance due to the intended purpose for which it was drawn, with the remaining £2.8 million financing short-term movements in working capital. For the purposes of the cash flow statement, £9.0 million has been presented as bank loans and £2.8 million presented as overdraft funding and included in cash and cash equivalents.

The loans in 2013 totalling £6.0 million were refinanced in February 2014 as set out in note 1.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

11. RETIREMENT BENEFIT OBLIGATIONS

The figures below have been prepared by Aon Hewitt and are based on the results of the triennial actuarial valuation as at 1 May 2011, updated to 30 June 2014, 30 June 2013 and 31 December 2013. The assets in the scheme and the net liability position of the scheme as calculated under IAS 19 are as follows:

	30 JUNE 2014 £000	30 JUNE 2013 £000	31 DECEMBER 2013 £000
INVESTMENT CLASS			
EQUITIES			
UK equities and equity funds	5,486	7,554	5,790
Overseas equity funds	9,654	8,170	9,289
Multi-asset diversified funds	17,974	13,436	16,414
BONDS			
Liability Driven Investment funds	15,516	–	–
Government gilt funds (fixed interest)	–	8,173	8,128
Government gilt funds (index-linked)	–	4,937	4,918
Corporate bond fund	10,082	9,180	9,488
OTHER			
Cash	220	632	211
Fair value of assets	58,932	52,082	54,238
Present value of scheme liabilities	(72,117)	(68,869)	(70,134)
PENSION SCHEME DEFICIT	(13,185)	(16,787)	(15,896)
Deferred tax asset (see note 12)	2,637	3,861	3,179
PENSION SCHEME DEFICIT NET OF RELATED DEFERRED TAX ASSET	(10,548)	(12,926)	(12,717)

These amounts were calculated using the following principal assumptions as required under IAS 19:

Assumptions

	30 JUNE 2014	30 JUNE 2013	31 DECEMBER 2013
Discount rate	4.30%	4.60%	4.50%
Rate of increase in salaries	0.00%	0.00%	0.00%
Rate of increase in pensions in payment	3% or 5% for fixed increases or 3.30% for LPI	3% or 5% for fixed increases or 2.90% for LPI	3% or 5% for fixed increases or 3.30% for LPI
Inflation assumption (RPI)	3.30%	3.40%	3.40%
Inflation assumption (CPI)	2.40%	2.50%	2.50%
Life expectancy beyond normal retirement age of 65			
Male	22.7 years	22.6 years	22.6 years
Female	25.1 years	24.9 years	25.1 years

11. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
MOVEMENT IN SCHEME DEFICIT IN THE PERIOD			
At start of period	(15,896)	(18,898)	(18,898)
Current service costs	(67)	(73)	(148)
Contributions from sponsoring companies	3,962	1,529	2,748
Net finance cost	(314)	(390)	(775)
Remeasurement of net pension scheme liability in the period	(870)	1,045	1,177
AT END OF PERIOD	(13,185)	(16,787)	(15,896)

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

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
Discount rate movement of +0.1%	1,226	1,192	1,192
Inflation rate movement of +0.1%	(288)	(281)	(281)
Mortality movement of +0.1 year in age rating	238	231	231

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.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

11. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	SIX MONTHS TO 30 JUNE 2014 £000	SIX MONTHS TO 30 JUNE 2013 £000	YEAR TO 31 DECEMBER 2013 £000
MOVEMENT IN FAIR VALUE OF SCHEME ASSETS			
Scheme assets at start of period	54,238	51,349	51,349
Interest income	1,245	1,122	2,241
Return on scheme assets (exc. amounts shown in interest income)	1,221	7	1,469
Contributions from sponsoring companies	3,962	1,529	2,748
Contributions from scheme members	38	36	70
Benefits paid	(1,772)	(1,961)	(3,639)
SCHEME ASSETS AT END OF PERIOD	58,932	52,082	54,238
MOVEMENT IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS			
Obligations at start of period	(70,134)	(70,247)	(70,247)
Current service costs	(67)	(73)	(148)
Interest cost	(1,559)	(1,512)	(3,016)
Contributions from scheme members	(38)	(36)	(70)
Changes in assumptions underlying the defined benefit obligations	(2,091)	1,038	(292)
Benefits paid	1,772	1,961	3,639
OBLIGATIONS AT END OF PERIOD	(72,117)	(68,869)	(70,134)

Investments

The trustees, in co-operation with the Group, have changed the profile of the pension scheme's investments in recent years to provide a more effective match against the pension scheme liabilities. As a result, despite the reductions in bond yields in the first half of 2014 causing an increase in liabilities, improved investment returns have helped offset this.

Funding

UK pension legislation requires that pension schemes be 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 triennial actuarial valuation of the scheme due at 1 May 2014 is currently in progress.

12. DEFERRED TAX

	30 JUNE 2014 £000	30 JUNE 2013 £000	31 DECEMBER 2013 £000
DEFERRED TAX ASSET ON PENSION SCHEME DEFICIT			
At start of period	3,179	4,346	4,346
Credit/(charge) on actuarial movement in the period applied through statement of comprehensive income	174	(239)	(271)
Charge on actuarial deficit in the period due to long-term corporation tax rate change applied through statement of comprehensive income	–	–	(476)
Charge through income statement based on payments made to reduce deficit in the period	(716)	(246)	(420)
	<hr/>	<hr/>	<hr/>
Deferred tax asset on pension scheme deficit (see note 11)	2,637	3,861	3,179
Deferred tax asset on other timing differences	915	451	449
DEFERRED TAX ASSET AT END OF PERIOD	<hr/>	<hr/>	<hr/>
	3,552	4,312	3,628
DEFERRED TAX ASSET ON OTHER TIMING DIFFERENCES			
At start of period	449	560	560
Credit/(charge) through income statement	466	(109)	(111)
DEFERRED TAX ASSET AT END OF PERIOD	<hr/>	<hr/>	<hr/>
	915	451	449
DEFERRED TAX LIABILITY ON OTHER INTANGIBLE ASSETS			
At start of period	(253)	(381)	(381)
Inherited on acquisition (see note 9)	(133)	–	–
Credit through income statement			
Credit on movement in other intangible assets in the period	30	55	128
DEFERRED TAX LIABILITY AT END OF PERIOD	<hr/>	<hr/>	<hr/>
	(356)	(326)	(253)

The Chancellor's Autumn Statement on 5 December 2012 announced that the UK corporation tax rate would reduce to 20% by 2015. The most recent rate 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 30 June 2014 and 31 December 2013 respectively.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

13. 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 2014 will be disclosed in the Group's Annual Report for the year ending 31 December 2014.

Peter Atkinson, the Group's Chief Executive, exercised options over 551,372 ordinary shares of 25p each on 8 May 2014. The consideration paid for the shares was £143,357. He then sold 442,500 ordinary shares for a consideration of £194,700. As a result of these transactions, his beneficial holding in Macfarlane Group PLC increased from 745,300 ordinary shares to 854,172 ordinary shares, representing 0.74% of the issued share capital of 115,019,000 ordinary shares.

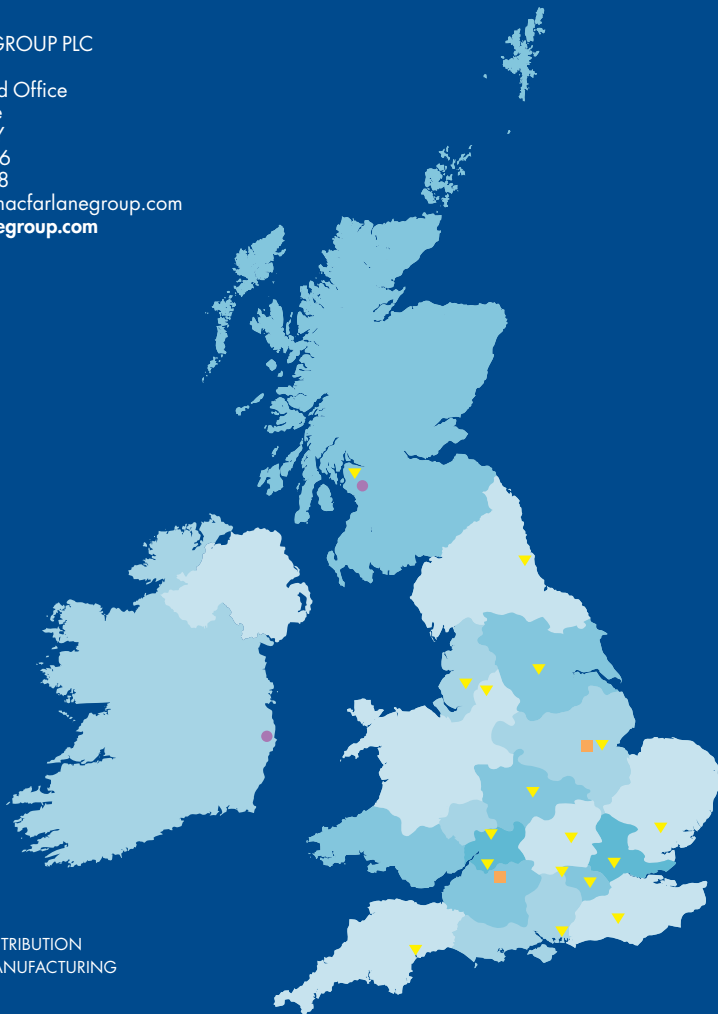
The directors are satisfied that there are no other related party transactions occurring during the six month period which require disclosure.

14. INTERIM REPORT

The interim report will be posted to shareholders on 12 September 2014. Copies will be available from the registered office, 21 Newton Place, Glasgow G3 7PY and available on the Company's website, www.macfarlanegroup.com, from that date.

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