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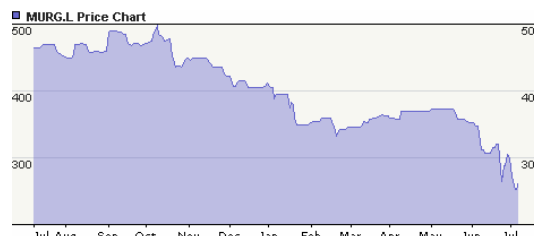
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Murgitroyd Group PLC Steady as she goes 265p

8 July 2008



European Patent and Trade Mark Attorney, Murgitroyd Group, has released a trading update following the end of the company's 31 May 2008 financial year.

The company can confirm that results for the full year are on track so as to be within the range of market expectations.

Current market consensus forecasts for the financial year ending 31 May 2008 are for normalised pre-tax profits of £3.1m, earnings per share of 24.6p and dividends per share of 9.8p.

During the year Murgitroyd acquired Kennedys Patent Agency Limited and the current year's results will contain a three-month fee earning contribution generated by the staff whom joined Murgitroyd as a result of the acquisition – all of whom still remain with the Group.

While the market in which Murgitroyd operates is largely driven by expenditure on Research & Development it is important to remember that the Group's earning capability is directly related to the fee earning capacity of the Group's staff. To this end the Group continues to add new Attorneys into the team – we note on the company's website positions currently being advertised for Trade Mark Attorneys in Scotland and London and for Patent Attorneys in Dublin and York. New Attorneys have already been recruited post year-end for the Group's Milan and London offices.

Share Price: 265p

12m High: 497.5p

12m Low: 252.5p

Market Cap: £22.0m

Shares in Issue: 8.3m

NAV/Share: 155p (incl. intangibles – as at 30 November 2007)

Gearing: 33% (incl. intangibles – as at 30 November 2007)

Interest Cover: 11.3x

EPIC Code: MUR

SEDOL No: 3106745

Sector: Support Services

Market: London AIM

Nominated Advisor & Broker: Noble Group

PR: Cardew Group

Website: www.murgitroyd.com

Previous Research Note: 26 February 2008
"Acquisition of Kennedys"

Analyst: Rae Ellingham

| | Sales £m | Declared Profit £m | Adjusted Profit £m | Adjusted Eps p. | P/e ratio Adj | Divi p. | Yield % |
|--------|-------------|-----------------------|-----------------------|--------------------|------------------|---------|------------|
| May | | | | | | | |
| 2006A | 18.8 | 1.4 | 1.9 | 14.7 | 18.0 | 4.7 | 1.8 |
| 2007A | 22.8 | 2.9 | 2.9 | 24.2 | 11.0 | 9.0 | 3.4 |
| 2008E* | 25.5 | 2.9 | 3.1 | 25.0 | 10.6 | 10.0 | 3.8 |
| 2009E | 29.6 | 3.5 | 3.5 | 28.0 | 9.5 | 12.0 | 4.5 |

*includes allowance for a one-off onerous lease provision

The latest figures from the European Patent Office – published on 19 June 2008 – reveal that the number of European Patents granted in 2007 was close to 13% lower than the number granted in the 2006 year. This was despite a close to 4% increase in the number of applications being filed.

Comparative statistics issued by the European Community Trade Mark office have shown Trade Mark applications at nearly 14% higher year on year.

While of interest as a general gauge of the health of the Intellectual Property space do the latest statistics on Patent and Trade Mark application growth imply anything for Murgitroyd’s financial results?

We have in a previous note suggested that Patent drafting services are a low turnover but high margin business when compared to large scale Trade Mark filing and searching programmes, which can be high turnover but low margin business. In recent years Murgitroyd has seen an increase in the amount of Patent work that its Attorneys have been undertaking as compared to Trade Mark work. Despite the higher growth in Trade Mark applications than in Patent applications revealed in the high level statistics we are not aware of any reason to suggest that this has directly translated into Murgitroyd’s own business mix and therefore we see no need to make changes to our financial forecasts.

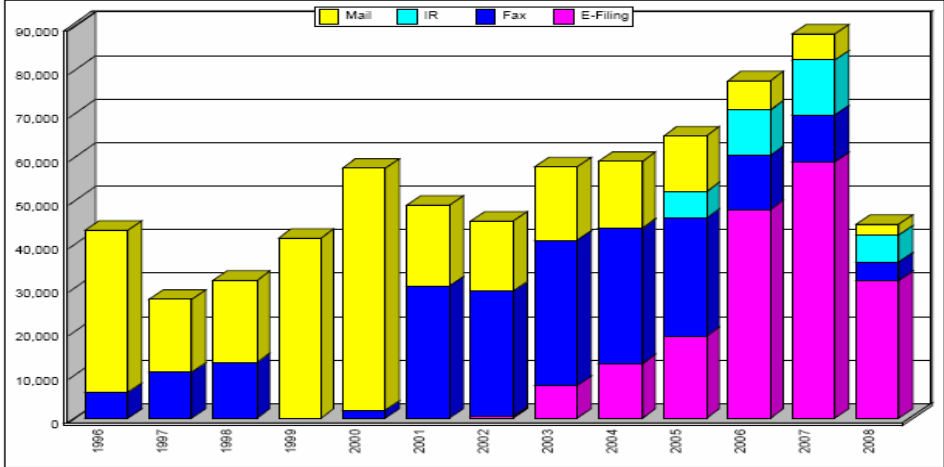
Finally, the Group has announced its appointment as Patent and Trade Mark Attorneys to Ancon Building Products, a UK based designer and manufacturer of high integrity steel products for the construction industry, with over 300 employees. The contract was won in a competitive closed tender situation for which Murgitroyd was invited to bid. Ancon Building Products is one of the many clients that Murgitroyd services – the largest client of this well diversified services business accounts for less than 4% of the Group’s overall sales.

Hopefully in issuing a trading statement informing the market that it is business as usual investors in this “steady as she goes” business will have been reassured. Full year results to 31 May 2008 are due to be announced early September.

At 265p per share Murgitroyd Group is trading on a prospective 2008 P/E multiple of 10.6x and is paying a dividend yield of close to 4%. The wider known RWS Holdings is trading on a prospective 2008 P/E multiple of 14.2x and yielding less than 3%.

While the two companies are not directly comparable in their business mix or “modus operandi” both companies are exposed to the same macroeconomic headwinds. However, the market is likely factoring in higher growth expectations in its pricing of RWS Holdings.

CTM Applications Filed 1996 – 2008 YTD



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