

2 February 2009

Murgitroyd Group PLC ("Murgitroyd" or "the Group")

Unaudited Interim Results for the six months ended 30 November 2008

Murgitroyd (AIM:MUR), the European Patent and Trade Mark Attorney, is pleased to announce its unaudited interim results for the six months ended 30 November 2008.

Highlights

- Revenue up 17% to £14.2 million (2007: £12.2 million)
- Gross profit up 13% to £9.1 million (2007: £8.1 million)
- Profit before income tax up 28%* to £1.7 million (2007: £1.3 million)
- Basic EPS up 34% to 14.07p (2007: 10.47p)
- Benefits realised from integrating acquired businesses
- Qualified Attorney numbers up from 55 to 64 year-on-year
- Continued organic growth
- Unchanged proposed interim dividend of 3p per share (2007: 3p per share)
- Since the period end, completed fifth acquisition, of Raworth Moss & Cook ("Raworth")

* 11% increase after adjusting for the Onerous Lease provision in 2007

Ian Murgitroyd, Group Chairman, commented:

"I am pleased to report Murgitroyd's eighth consecutive year of growth since flotation against the backdrop of an economic downturn. Revenue has increased by 17%, which reflects organic growth in addition to a full period's contribution from the former Kennedys practice.

During the period we have successfully renewed our existing banking facilities with Clydesdale Bank, in addition to agreeing facilities for the acquisition of Raworth, which has completed since the period end. Raworth represents an excellent fit and further adds to the strength of the Group's service offering.

The Group continues to seek to grow organically, and to evaluate suitable acquisition opportunities. We will only consider acquisitions that will be immediately earnings enhancing and complementary to the Group's existing offering as well as providing an additional fee earning capacity. While we are not immune to the broader economic downturn, the Board believes that Murgitroyd remains positioned to take advantage of potential opportunities within the market."

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Notes to Editors

Murgitroyd Group PLC, the holding company of Murgitroyd & Company Limited ("Murgitroyd & Company"), a European Patent and Trade Mark Attorney practice, was floated on AIM on 30 November 2001. The practice has European offices in Aberdeen, Belfast, Dublin, Edinburgh, Glasgow, London, Milan, Muenster, Munich, Newcastle, Nice and York, and a US Sales Office in Raleigh, North Carolina.

Murgitroyd Group PLC specialises in the provision of Intellectual Property services, including filing, prosecuting, litigating, licensing, assigning and renewing Patents, Trade Marks and Designs, advising on Copyright and generally assisting clients with the management of their Intellectual Property. Patent services span the major sectors of the global economy including engineering, electronics, chemistry and biotechnology with clients ranging from large multi-national corporations to individual inventors and both in-house and external Patent Attorneys. The practice services major Trade Mark clients from the personal care, clothing, food and drinks, tobacco, pharmaceuticals, chemicals and oil industries together with service sector, sport and entertainment and retail industry clients. Trade Mark services are also provided to other private practice Trade Mark Attorneys.

Murgitroyd Group PLC ("the Group") Chairman's Statement

Financial and operating review

For the six months ended 30 November 2008, Group revenue increased 17% to £14.2 million (2007: £12.2 million). Gross profit rose 13% to £9.1 million (2007: £8.1 million). This growth reflects organic growth in addition to a full period's contribution from the former Kennedys practice. The increase in operating profit to £2.0 million (2007: £1.5 million) was accentuated by the provision for an "Onerous Lease" in the comparative period of £200,000. This provision was fully explained in my Chairman's Statement at the time. Basic earnings per share were 14.1p during the period (2007: 10.5p, 12.1p before the provision for "Onerous Lease").

Gross margin for the Group was 64.1% (2007: 66.1%) principally reflecting the nature of work instructed, combined with price pressure in the current economic climate.

Net cash flow in the period was positive at £634,000.

Interest charges for the six months under review were marginally higher than anticipated largely as a result of higher LIBOR. Foreign exchange gains rose to £121,000 (2007: £100,000) as the Group successfully managed significant volatility in foreign exchange markets, principally Sterling's material weakening against both the Euro and US Dollar. As I said in my Chairman's Statement this time last year, the Group will continue to monitor exchange rate movements. Notwithstanding the successful navigation through difficult foreign exchange markets in the second half of 2008, as a net purchaser of the Euro, the Group will need to continue to be vigilant with respect to the value of the Sterling against the Euro and/or continuing significant volatility in foreign exchange rates.

Our head office, Scotland House, is owned by the Group and is revalued annually as at our financial year end balance sheet date. It was last revalued in June 2008. Although secured by Clydesdale Bank, the property's valuation forms no part of the Group's banking covenants, and no Term Loans attach specifically to it. The Group is cognisant of the particular pressures affecting the property market and will, therefore, revalue the property again at the end of its financial year.

The Group now operates thirteen offices in eight countries, following the addition of the Newcastle office in 2008, a former Kennedys office. The growth and development of the Group's offices is ongoing and during the period new professional staff were added to the London, Milan and Dublin offices. Continued expansion of the US Sales Office also reflects the Group's continuing commitment to business development in this major market place.

The Group continues to look for, and evaluate, suitable acquisition opportunities. Strict assessment criteria remain paramount and we will only consider acquisitions that will be immediately earnings enhancing and complementary to the Group's existing offering as well as providing long term additional fee earning capacity.

Banking

In addition to agreeing facilities with Clydesdale Bank for the acquisition of Raworth, the Group has also completed its annual review of facilities with the same bank. The new facilities agreed in connection with the acquisition of Raworth are priced at LIBOR plus 2% and add to the other Term Loan debt priced at LIBOR plus 1%. The total outstanding Term Loan debt as at 30 November 2008 amounted to £5.9 million (31 May 2008: £6.0 million). The annual review of bank facilities also saw the Group's overdraft facility of £1.5 million renewed, priced at Base Rate plus 2% (previously Base Rate plus 0.9%). The Group continues to trade within its trading and cash flow banking covenants that remain unchanged despite the new Term Loan facilities. The Board believes the Group's renewed banking facilities are competitively priced in the current circumstances, and are sufficient for our current purposes. The Group will continue to closely monitor and manage cash flows as well as interest rates.

The market

The European Patent Office ("EPO") has not yet published the statistics for 2008. In 2007 the EPO reported a 4% year on year increase in the number of European Patents filed while the Community Trade Mark ("CTM") Office's 2008 statistics showed new Community Trade Marks filings were marginally lower year on year (87,300 compared to 88,300 in 2007). These statistics are used as benchmarks for the number of new filings for Intellectual Property Rights ("IPR") and are a good indication as to the likely future market environment. These statistics suggest that the wider economic slowdown has had some impact on applications for new IPR and are reflected in the Group's own organic growth which, although continuing, has slowed from historic higher levels.

The Group, as ever, remains watchful of the demographic, market-wide, problem of a lack of qualified Patent Attorneys. Despite the economic downturn, the Group continues to invest in training new Attorneys, as the lead time for a new graduate qualifying is normally between five and seven years.

People

As noted above, Murgitroyd continues to invest in internal training and exam preparation, the benefits of which are reflected in the newly qualified Attorney retention rate. During the period under review, several new Attorneys qualified and the Group was also successful in laterally hiring three new Attorneys. The total number of employees as at 30 November 2008 was 226 (2007: 206). This figure includes a total of 64 qualified Attorneys (2007: 55).

I would like to take this opportunity to thank all our staff for their continued hard work and commitment to the Group.

Share price

During the period, the middle market share price fluctuated between 230p and 352.5p. The current middle market price is 220p. In common with many, if not most, public companies, Murgitroyd has seen its share price suffer over the last twelve to eighteen months, falling from a high of 512p in February 2007, in spite of the Group's trading performance and continued growth, and the consistent meeting of market expectations.

Dividend

As a result of the performance of the Group, but taking into account current economic conditions and ongoing uncertainty in the wider economy, the Board is proposing an interim dividend of 3p per share (2007: 3p). The Board intends, subject to trading results, economic outlook and the availability of distributable reserves, to recommend a final dividend.

Acquisition

On 1 December 2008, the Group announced that it had entered into a non binding Heads of Terms Agreement with a party which, subject to certain conditions (including due diligence), may lead to an acquisition. On 19 January 2009 a further announcement confirmed that the south London practice of Raworth Moss & Cook ("Raworth") had become the fifth acquisition made by the Group since 2003. The Group completed the acquisition of Raworth, a European Patent and Trade Mark Attorney practice based in Croydon, south London, for a consideration of £0.5 million, excluding net assets to be confirmed by Completion Accounts, but estimated at around £200,000. Under the terms of the agreement, £0.5 million was paid in cash upon completion, with the remainder being paid on the first anniversary of completion. The transaction has been funded through facilities arranged with Clydesdale Bank PLC.

Raworth, a partnership founded in 1894, was owned and managed by Stephen Wise and Graham Feakins, and, for the year to 30 April 2008, turned over £1.4 million. Mr Wise, Mr Feakins and two other Patent and Trade Mark professionals have remained with Murgitroyd following the acquisition. In addition, five experienced support staff joined the Group as part of the transaction. Four former Raworth support and administrative staff left the practice at completion, and the services provided by three self-employed contractors were discontinued.

The acquisition of Raworth further enhances the scope of Murgitroyd's existing Patent and Trade Mark practices in the London area. Its integration into the core Murgitroyd business provides the Group with new corporate clients. The acquisition is expected to be both earnings enhancing, as a result of administrative economies of scale, and cash flow positive immediately. Raworth started to trade under the Murgitroyd brand with immediate effect. The enlarged Group's London operations are all now located in the Group's existing offices in Croydon. The departures of some support staff, combined with the relocation of remaining staff to Murgitroyd's existing office in Croydon, as well as the Group being released from, and indemnified against, all historic and future liabilities in connection with Raworth's office, will accrue immediate cost savings.

Outlook

Despite a difficult and worsening wider economic background, Murgitroyd has produced its eighth consecutive year of growth since flotation. The Group also continues to critically assess its cost base, including staff utilisation and capacity, whilst continuing its investment in the business development activities to support organic growth.

The Group continues to pursue its strategy of growing both organically and, where appropriate, through selective acquisitions. While we are not immune to the broader economic downturn, the Board believes that Murgitroyd remains well positioned to take advantage of potential opportunities within the market. Opportunities to tender for meaningful Intellectual Property portfolios continue to present themselves.

Ian G Murgitroyd
Chairman

2 February 2009

This interim announcement was approved by the Board of Directors on 30 January 2009.

MURGITROYD GROUP PLC

Unaudited Consolidated Income Statement For the six months ended 30 November 2008

	Six months ended 30 November 2008 £'000	Six months ended 30 November 2007 £'000	Year ended 31 May 2008 £'000
Revenue	14,214	12,183	25,693
Cost of sales	(5,099)	(4,130)	(8,540)
Gross profit	9,115	8,053	17,153
Administrative expenses (including Onerous Lease provision of £200,000)	(7,153)	(6,574)	(13,919)
Operating profit before Onerous Lease provision	1,962	1,679	3,434
Onerous Lease provision	-	(200)	(200)
Operating profit	1,962	1,479	3,234
Financial income	3	6	15
Financial expense	(262)	(153)	(373)
Profit before income tax	1,703	1,332	2,876
Income tax	(512)	(459)	(876)
Profit for the period attributable to equity holders of the parent	1,191	873	2,000
Earnings per share			
Basic	14.07p	10.47p	23.96p
Diluted	13.84p	10.11p	23.34p

MURGITROYD GROUP PLC**Unaudited Consolidated Balance Sheet
At 30 November 2008**

	30 November 2008 £'000	30 November 2007 £'000	31 May 2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	2,430	2,608	2,500
Intangible assets	14,193	10,409	14,156
Deferred tax asset	-	35	30
Total non current assets	16,623	13,052	16,686
Current assets			
Work in progress	509	567	600
Trade and other receivables	9,816	7,658	9,407
Cash and cash equivalents	938	353	467
Total current assets	11,263	8,578	10,474
Total assets	27,886	21,630	27,160
Current liabilities			
Bank overdraft	(728)	(190)	(891)
Other interest-bearing loans and borrowings	(1,568)	(1,175)	(2,022)
Trade and other payables	(5,030)	(3,691)	(4,493)
Tax payable	(460)	(440)	(207)
Total current liabilities	(7,786)	(5,496)	(7,613)
Non-current liabilities			
Other interest-bearing loans and borrowings	(5,636)	(3,164)	(5,750)
Other payables	-	-	-
Provisions for liabilities	(65)	(125)	(84)
Deferred tax liabilities	(37)	-	-
Total non-current liabilities	(5,738)	(3,289)	(5,834)
Total liabilities	(13,524)	(8,785)	(13,447)
Net assets	14,362	12,845	13,713
Equity			
Share capital	848	834	843
Share premium	2,557	2,337	2,471
Merger reserve	6,436	6,436	6,436
Revaluation reserve	34	155	34
Retained earnings	4,487	3,083	3,929
Total equity attributable to equity holders of the parent	14,362	12,845	13,713

MURGITROYD GROUP PLC

Unaudited Consolidated Statement of Cash Flows For the six months ended 30 November 2008

	Six months ended 30 November 2008 £'000	Six months ended 30 November 2007 £'000	Year ended 31 May 2008 £'000
Cash flows from operating activities			
Profit for the period	1,191	873	2,000
<i>Adjustments for:</i>			
Depreciation	135	123	236
Amortisation	7	-	7
Gain on disposal of property, plant and equipment	-	-	1
Provision for "Onerous Lease"	-	200	159
Financing costs	259	147	358
Equity settled share-based payment expense	-	15	31
Income tax expense	512	459	876
	2,104	1,817	3,668
Increase in trade and other receivables	(409)	(324)	(980)
Decrease/(increase) in work in progress	91	(86)	(119)
Increase in trade and other payables	541	287	564
	2,327	1,694	3,133
Interest paid	(220)	(117)	(298)
Interest received	3	6	15
Income tax paid	(293)	(481)	(1,180)
Net cash from operating activities	1,817	1,102	1,670
Cash flows from investing activities			
Acquisition of property, plant and equipment	(66)	(236)	(389)
Proceeds from disposal of property, plant and equipment	-	-	2
Acquisition of subsidiary, net of cash acquired	(271)	-	(3,006)
Net cash used in investing activities	(337)	(236)	(3,393)
Cash flows from financing activities			
Proceeds from exercise of share options	91	-	143
Loans received	300	300	3,519
Repayment of borrowings	(686)	(488)	(1,598)
Payment of finance lease liabilities	-	(8)	(8)
Dividends paid	(551)	(751)	(1,001)
Net cash (used in)/from financing activities	(846)	(947)	1,055
Net increase/(decrease) in cash and cash equivalents	634	(81)	(668)
Cash and cash equivalents at start of period	(424)	244	244
Cash and cash equivalents at period end	210	163	(424)

NOTES:

1 Basis of preparation

Murgitroyd Group PLC ("the Group") is a company domiciled in the United Kingdom. The consolidated interim financial statements of the Group for the six months ended 30 November 2008 comprise the Murgitroyd Group PLC and its subsidiaries (together referred to as "the Group").

The interim statement is prepared applying the recognition and measurement requirements of Adopted International Financial Reporting Standards ("IFRSs as adopted by the EU"). The Group has elected not to prepare the interim statement in accordance with IAS 34 as adopted by the EU.

The interim statement does not include all the information required for full annual financial statement and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 May 2008 which were prepared in accordance with IFRS as adopted by the EU.

The preparation of the interim statement requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results differ from these estimates. The accounting policies applied by the Group in this interim statement is the same as those applied in its financial statements as at and for the year ended 31 May 2008.

The comparative figures for the financial year ended 31 May 2008 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2 Taxation

A charge for taxation has been included at the effective rate likely to be applied to the UK result for the full year to 31 May 2009. Deferred tax is recognised at 28%.

3 Earnings per share

The earnings per share of Murgitroyd Group PLC are calculated by reference to the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during each period, as follows:

	Six months ended 30 November 2008 £'000	Six months ended 30 November 2007 £'000	Year ended 31 May 2008 £'000
Profit for the period attributable to equity holders of the parent	1,191	873	2,000
Basic weighted average number of shares	8,458,102	8,343,239	8,353,102
Diluted weighted average number of shares	8,601,305	8,638,132	8,576,476
Basic earnings per share	14.07p	10.47p	23.96p
Diluted earnings per share	13.84p	10.11p	23.34p

4 Dividend

The Directors propose to pay an interim dividend of 3p per share (2007: 3p). In addition the Directors intend, subject to trading results, economic outlook and the availability of distributable reserves, to recommend a final dividend to shareholders in respect of the financial year ending 31 May 2009.

Copies of this announcement and the full interim statement will be available, free of charge for a period of one month, from the Group's Nominated Adviser:

Noble & Company Limited 76 George Street Edinburgh EH2 3BU	Noble & Company Limited 120 Old Broad Street London EC2N 1AR
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Independent review report to Murgitroyd Group PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 November 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly 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. 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 report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

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 this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs 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 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 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 report for the six months ended 30 November 2008 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM rules.

KPMG Audit Plc
Chartered Accountants
Glasgow

2 February 2009