

7 September 2009

**Murgitroyd Group PLC ("Murgitroyd" or "the Group")
Preliminary Results for the year ended 31 May 2009**

Murgitroyd (AIM:MUR), the European Patent and Trade Mark Attorney, is pleased to announce its audited results for the year ended 31 May 2009.

Highlights

Turnover increased by 12.5% to £28.9m (2008: £25.7m)

Gross profit up 7% to £18.4m (2008: £17.2m)

Operating profit (before one-off charges) rose 12.2% to £3.85m (2008: £3.43m)

Operating profit £3.5m (2008: £3.2m)

Profit on ordinary activities before tax £3.1m (2008: £2.9m)

Earnings per share (before one-off charges) of 28.42p (2008: 25.68p)

Basic earnings per share of 24.23p (2008: 23.96p)

Proposed final dividend of 6.5p per share, giving a total dividend for the year of 9.5p (2008: 9.5p)

Acquisition and successful integration of Raworth Moss & Cook

Ian Murgitroyd, Chairman of Murgitroyd Group PLC said:

"I am pleased to report that Murgitroyd has performed well in a challenging economic environment. While the business is not immune to the broader economic downturn, the resilience of the Group's performance is encouraging. The business has again produced strong cash flow and quality earnings underpinned by steady organic growth, albeit at a reduced gross margin. We have invested in new business development and have acquired and successfully integrated Raworth Moss & Cook which has further strengthened our team and service offerings. We are seeing a growing number of opportunities from our US business development office and the Board remains confident of our ability to generate continued long-term growth and value for shareholders."

For further information, please contact:

Keith Young, Murgitroyd	T: 07802 951913
David Ovens, Noble & Company Limited	T: 0131 225 9677
Nadja Vetter/Catherine Maitland, Cardew Group	T: 0207 930 0777

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

Chairman's Statement

Financial review

It has been a year of steady growth despite a challenging economic environment. Turnover increased by 12.5% to £28.9m (2008: £25.7m), as the Group continues to see organic sales growth and new contract wins, with a full period's contribution from the former Kennedys practice. While gross profit rose 7% to £18.4m (2008: £17.2m), this represents a smaller percentage increase than in previous years due to greater pressure on margins. Gross margin for the Group was 63.7% (2008: 66.8%) and operating profit was £3.5m (2008: £3.2m). The gross margin percentage will continue to fall in the short term as the Group wins high volume work in a highly competitive environment, much of this through our IP Portal that carries out low-cost worldwide Patent filing programmes for clients. The rate of decline in gross margin percentage will, however, slow as applications filed by the IP Portal enter their prosecution phases and accrue higher-margin sales to the Group.

As noted in the Interim Statement, our head office, Scotland House, is owned by the Group and is revalued annually as at our financial year end date. The annual revaluation of the Group's head office building has reflected the general downturn in commercial property values resulting in an exceptional charge of £355,000 being made against profit. 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 reduction in the property's valuation neither reflects nor impacts the Group's underlying trading performance and/or prospects. As I reported in my Chairman's Statement last year, operating profit in 2008 was impacted by the provision of £200,000 for an "Onerous Lease". Excluding these one-off charges operating profit rose 12.2% to £3.85m (2008: £3.43m).

We trade within our trading and cash flow banking covenants, and the Group has headroom across all facilities. Competitively priced new facilities were secured with Clydesdale Bank to acquire Raworth Moss & Cook ("Raworth") in January 2009. These additional facilities are priced at LIBOR plus 2% and add to the other Term Loan debt priced at LIBOR plus 1%. The review of the Group's overdraft facility (annually in November) saw the pre-existing facility of £1.5 million renewed, priced at Base Rate plus 2% (previously Base Rate plus 0.9%). Net debt as at 31 May 2009 was £7.0m (2008: £8.2m). The Group has benefited from falling interest rates resulting in earnings and cash flow benefits to the Group. Net cash flow in the period was positive at £1.2m. The Board believes the Group's banking facilities are competitively priced in the current circumstances, and are sufficient for current, and anticipated future, purposes. The Group will continue to closely manage cash flows as well as monitor interest rates.

Interest charges for the full year under review were almost 15% lower than budgeted. Foreign exchange gains amounted to £348,000 (2008: £417,000) 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 Sterling against the Euro and/or continuing significant volatility in foreign exchange rates.

Capital expenditure has been restricted and working capital carefully managed in order to optimise cash flow. In addition, although debtor days have predictably lengthened in the current economic climate, the Group's bad debt exposure remains less than 1% of sales, and remains unexposed to any significant individual client or small group of sizeable clients. Management continued to critically assess the Group's overhead base during the year and, excluding the exceptional charges in 2008 and 2009, administrative expenses have fallen as a percentage of turnover from 53.4% to 50.3%. Stringent control over payroll costs, including restrictions on salary increases, were implemented during the year, including no bonuses being paid, despite continuing growth in earnings.

Operating review

In January 2009 the Group announced the acquisition of the south London practice of Raworth for a consideration of £0.5 million, excluding net assets to be confirmed by Completion Accounts (now estimated at around £351,000).

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 was 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 Raworth support and administrative staff left the practice before completion, and the services provided by three self-employed contractors were discontinued at the date of acquisition.

This was the fifth acquisition made by the Group since 2003 and reflected Murgitroyd's selective acquisition policy. The acquisition was both immediately earnings enhancing, as a result of administrative economies of scale, and cash flow positive. It also enhanced the scope of Murgitroyd's existing Patent and Trade Mark practices in the London area.

Raworth has already been fully integrated and has provided the Group with new corporate clients. The departures of some support staff immediately prior the acquisition being completed, 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, accrued immediate cost savings. Murgitroyd expects to benefit from the full effect of the acquisition in the current financial year.

The Group continues to look for suitable acquisition opportunities, which are assessed against our strict selective acquisition policy. 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.

The Group's US business development group in Raleigh, North Carolina, has expanded to three people and we continue to look for new staff as our IP Portal service offering attracts new clients. The US remains an important growth market for the Group with turnover from US clients increasing by £845,000 year-on-year, assisted by a full year's billing to US clients of the former Kennedys practice combined with the efforts of the US-based business development staff.

Murgitroyd is actively considering opportunities to replicate the success of the US business development operation in other geographic areas.

The Group now operates thirteen offices in eight countries. The growth and development of Murgitroyd's offices is ongoing and during the period new professional staff were added to the London, Milan and Dublin offices. Pan-European expansion also remains key to the Group's growth and plans to open a first office in the Nordic territories are well advanced.

People

The total number of employees as at 31 May 2009 was 227 (2008: 216). During the year, a number of fee earners gained qualification as Attorneys. The average age of all fee earners remains under 40 and the Group remains committed to investing in in-house training, as the lead-time for new graduates is generally between five to seven years. Murgitroyd's fee earner resource continues to represent a long-term asset and we are pleased to report that we have retained all the staff who transferred from Raworth, with the exception of one support staff member. Our recruitment, training, appraisal and career development is aimed at maximising staff retention.

With our long-term growth strategy unchanged, and from a position that is considered to be one of comparative strength compared to our major competitors, the Group continues to look to selectively recruit new staff, both professional and support.

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

The market

Patent applications at the European Patent Office ("EPO") in the calendar year 2008 showed a 1.8% increase year-on-year as compared to 2007 despite the worsening global recession. Community Trade Mark applications year-on-year, between 2007 and 2008, were virtually unchanged, falling by 0.6%. The EPO has not yet published the statistics for Patents for 2009, but Community Trade Marks show a 5% fall in new applications in the six months to 30 June 2009. However the Group continues to see a robust number of opportunities to tender for portfolios of work, although clients are exerting increased price pressure.

Share price

Despite the Group meeting forecasts and demonstrating continued growth the share price was undoubtedly affected by wider market conditions. During the period, the middle market price of the Company's shares fluctuated between 210p and 352.5p.

The current middle market price is 285p.

Dividend

An interim dividend of 3p per share was paid, reflecting the Board's confidence in the continued performance of the Group. An unchanged final dividend of 6.5p per share is being proposed, maintaining the dividend for the year at 9.5p (2008: 9.5p).

Subject to approval at the Annual General Meeting, the dividend will be paid on 4 December 2009 to shareholders on the register on 6 November 2009.

Outlook

Murgitroyd has performed well in a challenging economic environment and we have produced our eighth consecutive year of growth since flotation. We continue to pursue our strategy of growing both organically and, where appropriate, through selective acquisitions, while retaining a stringent control of the cost base. We are not immune to the broader economic downturn, but the Board believes that Murgitroyd remains well positioned to take advantage of the opportunities within the market having acted decisively in managing the business during the current recession.

The new financial year has started positively and we are confident of our ability to continue to generate long-term sustainable growth and value for shareholders. This will be achieved by continuing to invest in our people, improved processes and new services, as well as by continuing the Group's geographic expansion replicating the success of the US business development IP Portal concept. This investment programme, although likely to impact growth in earnings in the new financial year, will underpin the Group's long-term growth to the benefit of shareholders.

Ian G Murgitroyd
Chairman

4 September 2009

This preliminary announcement was approved by the Board of Directors on 4 September 2009.

Consolidated income statement

for the year ended 31 May 2009

	Note	Year ended 31 May 2009 £'000	Year ended 31 May 2008 £'000												
Revenue		28,904	25,693												
Cost of sales		<u>(10,503)</u>	(8,540)												
Gross profit		18,401	17,153												
Administrative expenses (including property revaluation deficit of £355,000; 2008: Onerous Lease provision of £200,000)		<u>(14,907)</u>	(13,919)												
<table> <tbody> <tr> <td>Operating profit before property revaluation deficit (2008: Onerous Lease provision)</td> <td></td> <td style="text-align: right;">3,849</td> <td style="text-align: right;">3,434</td> </tr> <tr> <td>Property revaluation deficit</td> <td></td> <td style="text-align: right;">(355)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Onerous Lease provision</td> <td></td> <td style="text-align: right;">-</td> <td style="text-align: right;">(200)</td> </tr> </tbody> </table>				Operating profit before property revaluation deficit (2008: Onerous Lease provision)		3,849	3,434	Property revaluation deficit		(355)	-	Onerous Lease provision		-	(200)
Operating profit before property revaluation deficit (2008: Onerous Lease provision)		3,849	3,434												
Property revaluation deficit		(355)	-												
Onerous Lease provision		-	(200)												
Operating profit		3,494	3,234												
Financial income		9	15												
Financial expense		<u>(411)</u>	(373)												
Profit before income tax		3,092	2,876												
Income tax		<u>(1,040)</u>	(876)												
Profit for the year attributable to equity holders of the parent		<u>2,052</u>	2,000												
Earnings per share	2														
Basic		24.23p	23.96p												
Diluted		23.75p	23.34p												

Consolidated balance sheet

at 31 May 2009

	31 May 2009 £'000	31 May 2008 £'000
Assets		
Non-current assets		
Property, plant and equipment	1,921	2,500
Intangible assets	14,806	14,156
Deferred tax asset	-	30
Total non-current assets	<u>16,727</u>	<u>16,686</u>
Current assets		
Work in progress	479	600
Trade and other receivables	10,156	9,407
Cash and cash equivalents	2,143	467
Total current assets	<u>12,778</u>	<u>10,474</u>
Total assets	<u>29,505</u>	<u>27,160</u>
Current liabilities		
Bank overdraft	(1,386)	(891)
Other interest-bearing loans and borrowings	(1,699)	(2,022)
Trade and other payables	(5,178)	(4,493)
Taxation payable	(135)	(207)
Total current liabilities	<u>(8,398)</u>	<u>(7,613)</u>
Non-current liabilities		
Other interest-bearing loans and borrowings	(6,057)	(5,750)
Other payables	-	-
Provisions for liabilities	(45)	(84)
Deferred tax liabilities	(19)	-
Total non-current liabilities	<u>(6,121)</u>	<u>(5,834)</u>
Total liabilities	<u>(14,519)</u>	<u>(13,447)</u>
Net assets	<u>14,986</u>	<u>13,713</u>
Equity		
Share capital	848	843
Share premium	2,557	2,471
Merger reserve	6,436	6,436
Revaluation reserve	-	34
Retained earnings	5,145	3,929
Total equity attributable to equity holders of the parent	<u>14,986</u>	<u>13,713</u>

Consolidated cash flow statement

for the year ended 31 May 2009

	Year ended 31 May 2009 £'000	Year ended 31 May 2008 £'000
Cash flows from operating activities		
Profit for the year	2,052	2,000
<i>Adjustments for:</i>		
Depreciation	261	236
Amortisation	7	7
Loss on disposal of property, plant and equipment	1	1
Provision for "Onerous Lease"	(39)	159
Property revaluation deficit	355	-
Financing costs	402	358
Equity settled share-based payment expense	27	31
Income tax expense	1,040	876
	<hr/>	<hr/>
	4,106	3,668
Increase in trade and other receivables	(432)	(980)
Decrease/(increase) in work in progress	125	(119)
Increase in trade and other payables	525	564
	<hr/>	<hr/>
	4,324	3,133
Interest paid	(329)	(298)
Interest received	9	15
Income tax paid	(1,107)	(1,180)
	<hr/>	<hr/>
Net cash from operating activities	2,897	1,670
Cash flows from investing activities		
Acquisition of property, plant and equipment	(85)	(389)
Proceeds from disposal of property, plant and equipment	-	2
Acquisition of subsidiaries, net of cash acquired	(961)	(3,006)
	<hr/>	<hr/>
Net cash used in investing activities	(1,046)	(3,393)
Cash flows from financing activities		
Proceeds from exercise of share options	91	143
Loans received	1,531	3,519
Repayment of borrowings	(1,486)	(1,598)
Payment of finance lease liabilities	-	(8)
Dividends paid	(806)	(1,001)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(670)	1,055
Net increase/(decrease) in cash and cash equivalents	1,181	(668)
Cash and cash equivalents at start of year	(424)	244
	<hr/>	<hr/>
Cash and cash equivalents at year end	757	(424)

Notes to the announcement:

1. Basis of preparation

The financial statements are prepared on the historical cost basis except that freehold property is stated at fair value. The preparation of the financial statements 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These consolidated financial statements are presented in Pounds which is the parent company's functional currency. All financial information presented in Pounds has been rounded to the nearest thousand.

The financial information set out in this announcement does not constitute the statutory accounts for the years ended 31 May 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies, and those for 2009 will be delivered in due course. The Auditors have reported on those accounts; their reports were (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 in respect of the accounts for 2008 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2009.

2. Earnings per share

Earnings per 10p ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive shares.

	Profit for the year	Weighted average number of shares Number	2009 Earnings per share p	Profit for the year	Weighted average number of shares Number	2008 Earnings per share p
	£'000			£'000		
Basic earnings per share	2,052	8,470,636	24.23p	2,000	8,353,102	23.96p
Dilutive share options	-	173,171	0.48p	-	223,374	0.62p
Diluted earnings per share	2,052	8,643,807	23.75p	2,000	8,576,476	23.34p

3. Annual General Meeting

The Annual General Meeting of the company will be held at Scotland House, 165-169 Scotland Street, Glasgow G5 8PL at 11 am on 29 October 2009.

4. Further copies

Further copies of the Directors' report and financial statements will be available, free of charge, for a period of one month following posting to shareholders from the company's Nominated Adviser and Broker, Noble & Company Limited, 120 Old Broad Street, London, EC2N 1AR, telephone: 0207 763 2200. Copies of the full financial statements will be posted to shareholders as soon as practicable.

A copy of this announcement will be made available on the company's website:

<http://www.murgitroyd.com/plc/announcements.htm>