

20 January 2003

**Murgitroyd Group PLC ("Murgitroyd" or "the Company")
Trading update for 6 month period to 30 November 2002**

Murgitroyd, the Patent and Trade Mark Attorney group quoted on AiM, today provides a trading update ahead of its financial results for the interim 6 month period to 30 November 2002 ("the interim period"), due to be announced in February.

Financial highlights

Turnover and gross margin for the interim period were broadly in line with analyst expectations and will demonstrate encouraging growth from the equivalent period in 2001, primarily from new business. Overheads, however, have also increased and will be reported at a level in excess of the expected figure. This has been caused by a number of factors, namely higher salary costs (including recruitment costs) associated with additional hires of staff over those anticipated for this period, and higher support costs associated with the establishment of new overseas offices. This increase in overheads will have an impact on the profit generated for the interim period.

Trading

The Company has been successful in attracting a number of new clients over the period which have been primarily responsible for the ongoing sales growth. In addition to the acquisition of the Trade Mark portfolio of Kyndal Spirits Limited, the Company has also attracted a healthy level of new business through its association with US law firm, Drinker Biddle & Reath. Sales activity from existing clients have been relatively flat since the year end, 31 May 2002.

As a result of carrying out a strategic review into its overhead base a cost-reduction programme has been completed that is expected to produce annualised savings of more than £300,000. The actions taken have not, in any way, reduced the technical capacity or capability and the Company remains committed to its pan-European expansion. In this regard staff numbers in its Nice Office will treble by April as a result of the recent recruitment of more qualified European Patent Attorneys to be based there and recruitment for permanent staff at the Munich Office is ongoing.

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