

28 February 2003

**Murgitroyd Group PLC ("the Group")
Unaudited Interim Results for the six months ended 30 November 2002**

Pro-forma highlights

- Turnover increased by 24% to £5.13m (2001: £4.15m)
- Profit before tax and exceptional items rose by 9% to £284,700 (2001: £261,200)
- Further progress of European expansion
- High profile new client wins

Ian Murgitroyd, the Group's Chairman, commented:

"I am pleased to report a solid performance by the Group during the period under review, despite global economic uncertainty, with an increase in turnover of 24%. The Group's pan-European expansion plans are progressing well and I am encouraged that high profile clients such as Kyndal Spirits Limited and Queen's University, Belfast have been attracted and retained respectively. I believe we are in a strong position to move the business forward and achieve the objectives we set ourselves at flotation."

For further information, please contact:

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Notes to Editors

Murgitroyd Group PLC, the holding company of Murgitroyd & Company Limited, a European Patent and Trade Mark Attorney practice, was floated on the Alternative Investment Market of the London Stock Exchange ("AIM") on 30 November 2001. The Company is based in Glasgow with further offices in Aberdeen, Belfast, Dublin, London, Munich and Nice.

Murgitroyd Group PLC specialises in the provision of Intellectual Property ("IP") services, including filing, prosecuting, litigating, licensing, assigning and renewing Patents, Trade Marks and Designs and advising on Copyright. Services span the major sectors of the global economy including technology, engineering, electronics, chemistry and biotechnology. Clients range from large multi-national corporations to individual inventors and both in-house and external Patent Attorneys.

Murgitroyd Group PLC (“the Group”) Chairman’s Statement

I am pleased to be able to report a solid performance by the Group for the six months to 30 November 2002. Pro-forma revenues rose by 24% from £4.15m to £5.13m and the level of new business development by the Group since the end of the last financial year has resulted in the Group winning new contracts with clients such as Kyndal Spirits Limited as well as retaining clients of the calibre of Queen’s University, Belfast.

The Group was incorporated on 1 August 2001 in advance of its purchase of the entire share capital of Murgitroyd & Company Limited (“Murgitroyd”) in November 2001. Therefore, by the end of the period under review, the Group had only been trading for one full year. This means that the provision of any performance comparisons for the Group remains difficult. In order to offer a year-on-year comparison, this report provides pro-forma results for the six months to 30 November 2002 for the Group’s wholly-owned operating subsidiary company, Murgitroyd. The latter underwent fundamental restructuring prior to its acquisition by the Group. This should continue to be taken into account when looking at the comparative period’s performance.

Operating and Financial Review

Murgitroyd’s turnover was up by 24% to £5.13 million (2001: £4.15 million). Operating profit before exceptional items rose by 9% to £284,700 (2001: £261,200) and profit before tax excluding exceptional items increased by 26% to £256,900 (2001: £203,800). The gross margin percentage stands at 67.6% (2001: 64.4%). During this period overheads increased by 32% to £3.18 million (2001: £2.41 million).

The trading performance of the Group during the period under review has been encouraging, particularly with regard to turnover growth and the increase in gross margin, despite the global economic uncertainty. Whilst profit before tax for the period is lower than originally expected, the factors which have caused this have been recognised and addressed. The principal factor recognised in this regard was the increase in overhead costs during the period, many of which can be considered non-recurring. These include recruitment costs for new Attorneys, associated relocation expenses and set up costs for new offices in Nice and Munich. It is also worth noting that tendering for and taking over an IP portfolio the size and complexity of that of Kyndal Spirits Limited’s involved a significant and mainly irrecoverable upfront investment of both time and direct cost.

In addition, it was unfortunate that one of the Group’s largest customers in recent years, Artlite Limited, went into receivership in January 2003 owing the Group approximately £88,000 net of VAT. The company was put into receivership by Sericol Limited. Artlite is believed to be controlled by the Stakis family and had been part-funded by Sericol (the printing division of BP plc subsidiary, Burmah Castrol). It is believed that one of Artlite’s Directors was also a Director of Sericol International Limited when appointed to Artlite’s Board. Sericol holds security over Artlite’s Intellectual Property and, it is understood, has recently been the subject of a management participation purchase by Saratoga Partners. Whilst it is possible that the Group will be able to recover some of the sum due through legal process, substantially all of this debt has been written off for the purpose of these interim results.

The Board is encouraged by the fact that the Group has continued to attract a number of new clients. We have however noted that income from existing clients has been relatively flat. We believe this is principally due to a general cutback in new research and development expenditure in light of global economic conditions. Therefore, the increase in turnover for the period can be largely attributed to work from new clients. Indeed, informal discussions with the European Patent Office lead us to believe there has been a drop of perhaps as much as 10% in the filing of European Patent Applications in 2002 as compared to 2001.

Strategy

In our prospectus issued at the time of our flotation in November 2001 we stated that, inter alia, two of the reasons for seeking a capital market quotation were to facilitate the offering of a pan-European service involving the establishment of offices in key European locations and the ability to attract, retain and incentivise new staff, particularly Patent and Trade Mark Attorneys.

The Group's pan-European expansion plans are progressing well with the new larger Dublin Office now operating well. The Nice Office now has a full complement of professional staff contracted to start at the beginning of April. The recruitment of staff for the Munich Office is ongoing and negotiations continue with interested Attorneys. New medium term office accommodation is occupied.

The total number of staff as at 30 November 2002 was 144 compared to 113 at 30 November 2001. In the period under review Murgitroyd has recruited four European Patent Attorneys; two UK Patent Attorneys, a French Patent Attorney and a Dutch Patent Attorney. In addition two of its part-qualified Attorneys gained fully-qualified European Patent Attorney status. The Group has also recruited six new trainees to its Attorney training programme; three new graduates and three part-qualified Attorneys including a qualified South African Solicitor. Our in-house training program continues to produce encouraging results in developing existing personnel.

Share Price

During the Interim Period, the middle market price of our shares varied from 115p to 150p. The current middle market price is 125p. This compares with our flotation price of 121p.

Recent developments

In January 2003, the Group undertook a review of its cost base in order to identify and eliminate any costs which we felt were contributing to the unexpectedly high level of overheads and which we did not deem to be strictly necessary. We are pleased to report that following this review, we have introduced cost savings that we believe will amount to £300,000 on an annualised basis. The benefits of these savings should start to become apparent in the second half of the current financial year.

In addition, we continue to develop relationships with other professional organisations that we believe will be able to develop the expansion of our services. An example of this is the previously announced alliance with US law firm, Drinker, Biddle & Reath LLP, that has generated more than £125,000 of sales in the period, up from £57,000 in the comparative period in 2001.

Outlook

As we mention above, unofficially the European Patent Office reports an unprecedented drop of perhaps up to 10% in the filing of European Patent Applications in 2002 as compared to 2001. In the Directors' view, this is partly due to the uncertainty in the world economy. Another possible reason is a change in the procedural rules of the Patent Co-operation Treaty which has extended by ten months the period for the non-European phase of international Patent applications. This latter factor would be a one-off effect.

Despite the uncertain political and macro-economic conditions, we believe we are in a strong position to move the business forward and fulfil the objectives we set out on our flotation prospectus.

Ian G Murgitroyd
Chairman

28 February 2003

This interim announcement was approved by the Board of Directors on 27 February 2003.

MURGITROYD GROUP PLC

Unaudited Consolidated Profit and Loss Account For the six months ended 30 November 2002 (period from 1 August 2001 to 30 November 2001)

	Six months ended 30 November 2002	Period from 1 August 2001 to 30 November 2001
	£'000 (unaudited)	£'000 (unaudited)
Turnover	5,130.2	-
Cost of sales	(1,662.9)	-
Gross Profit	<u>3,467.3</u>	<u>-</u>
Administrative expenses	(3,183.5)	(0.4)
Exceptional bad debt write-off	(73.4)	-
Goodwill amortisation	(175.7)	-
Operating profit/(loss)	<u>34.7</u>	<u>(0.4)</u>
Other interest receivable and similar income	1.9	2.2
Interest payable and similar charges	(29.6)	-
Profit on ordinary activities before taxation	<u>7.0</u>	<u>1.8</u>
Taxation on profit on ordinary activities	(5.8)	-
Profit on ordinary activities retained for the period	<u>1.2</u>	<u>1.8</u>
Earnings per 10p ordinary share		
Basic	0.01p	0.02p
Diluted	0.01p	0.02p
Adjusted, basic before goodwill amortisation	2.14p	0.02p
Adjusted, diluted before goodwill amortisation	2.09p	0.02p

MURGITROYD GROUP PLC**Unaudited Consolidated Balance Sheet
At 30 November 2002**

		30 November 2002 £'000 (unaudited)		30 November 2001 £'000 (unaudited)
Fixed assets				
Tangible fixed assets		1,891.3		1,743.4
Goodwill		6,676.2		7,027.5
		<u>8,567.5</u>		<u>8,770.9</u>
Current Assets				
Work in progress	262.8		240.2	
Debtors	4,195.1		3,364.3	
Cash at bank and in hand	135.8		1,826.4	
	<u>4,593.7</u>		<u>5,430.9</u>	
Creditors: amounts falling due within one year	(3,289.8)		(4,296.3)	
Net current assets		<u>1,303.9</u>		<u>1,134.6</u>
Total assets less current liabilities		<u>9,871.4</u>		<u>9,905.5</u>
Creditors: amounts falling due after more than one year		(247.1)		(289.2)
Provision for liabilities and charges		(8.7)		(77.6)
Net Assets		<u>9,615.6</u>		<u>9,538.7</u>
Capital and reserves				
Called up share capital		827.8		827.8
Share premium account		8,694.6		8,709.1
Revaluation reserve		36.2		-
Profit and loss account		57.0		1.8
Shareholders funds - equity		<u>9,615.6</u>		<u>9,538.7</u>

MURGITROYD & COMPANY LIMITED**Unaudited Profit and Loss Account****For the six months ended 30 November 2002 (six months ended 30 November 2001)**

	2002 £'000 (unaudited)	2001 £'000 (unaudited)
Turnover	5,130.2	4,148.4
Cost of sales	(1,662.9)	(1,475.6)
Gross Profit	<u>3,467.3</u>	<u>2,672.8</u>
Administrative expenses	(3,182.6)	(2,411.6)
Exceptional bad debt write-off	(73.4)	-
Operating profit	<u>211.3</u>	<u>261.2</u>
Other interest receivable and similar income	1.9	16.3
Interest payable and similar charges	(29.6)	(73.7)
Profit on ordinary activities before taxation	<u>183.6</u>	<u>203.8</u>
Taxation on profit on ordinary activities	(5.8)	(75.4)
Profit on ordinary activities after taxation	<u>177.8</u>	<u>128.4</u>
Dividends	-	-
Retained profit for the period	<u>177.8</u>	<u>128.4</u>

MURGITROYD & COMPANY LIMITED**Unaudited Consolidated Balance Sheet
At 30 November 2002**

	£'000	30 November 2002 £'000 (unaudited)	£'000	30 November 2001 £'000 (unaudited)
Fixed assets				
Tangible fixed assets		1,891.3		1,743.4
Current assets				
Work in progress	262.8		240.2	
Debtors	4,194.5		3,364.3	
Cash at bank and in hand	135.8		826.4	
	<u>4,593.1</u>		<u>4,430.9</u>	
Creditors: amounts falling due within one year	(4,795.3)		(4,778.7)	
Net current liabilities		<u>(202.2)</u>		<u>(347.8)</u>
Total assets less current liabilities		1,689.1		1,395.6
Creditors: amounts falling due after more than one year		(247.1)		(289.2)
Provision for liabilities and charges		(8.7)		(77.6)
Net Assets		<u>1,433.3</u>		<u>1,028.8</u>
Capital and reserves				
Called up share capital		265.0		265.0
Revaluation reserve		273.6		237.5
Profit and loss account		894.7		526.3
Shareholders' funds - equity		<u>1,433.3</u>		<u>1,028.8</u>

NOTES:

The accounting policies that have been applied to the unaudited interim results are consistent with the latest published audited accounts of Murgitroyd & Company Limited.

These interim results are unaudited and do not comprise full accounts within the meaning of section 240 of the Companies Act 1985. Full accounts for the year ended 31 May 2002 for Murgitroyd & Company Limited, on which the auditors gave an unqualified report, have been delivered to the Registrar of Companies.

The earnings per share of Murgitroyd Group PLC is 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:

	6 months ended 30 November 2002	Period 1 August 2001 to 30 November 2001
Basic earnings for period	1,200	1,800
Weighted average number of shares in issue	8,277,887	8,277,887
Basic earnings per share	0.01p	0.02p
Basic earnings for period	1,200	1,800
Weighted average number of shares in issue (including share options)	8,463,051	8,441,267
Fully diluted earnings per share	0.01p	0.02p

The pro-forma earnings per share of Murgitroyd & Company Limited is calculated by reference to the pro-forma earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during each period, as follows:

	6 months ended 30 November 2002	6 months ended 30 November 2001
Pro-forma earnings for period	177,800	128,400
Weighted average number of shares in issue	265,000	265,000
Pro-forma earnings per share	67.1p	48.5p

The Directors do not propose to pay an interim dividend at this time. The Directors do intend, subject to the availability of distributable reserves, that dividends will be paid to shareholders following the announcement of the annual report and accounts. The Directors aim to continue to distribute 25% of post-tax profits of Murgitroyd & Company Limited by way of dividend.

A copy of the interim trading statement for the six months ended 30 November 2002 is due to be sent to all shareholders on or about 1 March 2003. 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 1 Frederick's Place London EC2R 8AB
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Murgitroyd Group PLC
Independent review report by KPMG Audit Plc to Murgitroyd Group PLC

Introduction

We have been engaged by the company to review the financial information set out on pages 5 to 9 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 Listing Rules of the Financial Services Authority. 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 November 2002.

KPMG Audit Plc
Chartered Accountants

28 February 2002

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