

30 August 2005

**Murgitroyd Group PLC (“Murgitroyd” or “the Group”)
Preliminary Results for the year ended 31 May 2005**

Highlights

Turnover increased 18% to £14.5m (2004: £12.3m)
Profit before tax, excluding goodwill, rose by 42% to £1,376,000 (2004: £970,000)
Basic earnings per share is 6.20p increasing 73% (2004: 3.59p)
Dividend up 67% to 3.32p per share (2004: 1.99p)
Successful completion and integration of Castles acquisition
Murgitroyd has increased the number of qualified Attorneys from 22 to 32

Ian Murgitroyd, Chairman, said:

“I am very pleased to announce the results of another successful year with turnover increasing by 18%, and profits exceeding expectations. The successful integration of Castles into our core business together with our continued organic growth has further strengthened Murgitroyd’s strong client portfolio. We are continuing to build on our strengths and deliver a growth rate that is both continuous and sustainable.”

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Notes:

Murgitroyd Group PLC, the holding company of Murgitroyd & Company Limited (“Murgitroyd & Company”), 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 practice has offices in Aberdeen, Belfast, Dublin, Glasgow, London, Muenster, Munich and Nice.

Murgitroyd Group PLC specialises in the provision of Intellectual Property services, including filing, prosecuting, litigating, licensing, assigning and renewing Patents, Trade Marks and Designs and advising on Copyright. Patent services span the major sectors of the global economy including technology, 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 and operating review

I am delighted to report on another successful year for the Group for the financial year ending 31 May 2005. Our stated aim of sustained growth has, once again, been achieved.

Group turnover increased by 18% to £14.5m (2004: £12.3m). Turnover for the second half of the financial year to 31 May 2005 rose by 26% year on year to £8.2m (six months to 31 May 2004: £6.5m), an increase boosted by the acquisition of Castles.

Profit before tax, excluding goodwill, increased by 42% to £1,376,000 (2004: £970,000), which exceeded expectations. The Group's basic earnings per share were up by 73% to 6.20p (2004: 3.59p). During the period under review, the gross margin was 66.9%, increasingly slightly on the previous year (2004: 66.7%).

The client base has been expanded both through the acquisition of Castles, adding a number of significant new clients to the portfolio, and through increased organic growth. The Group has seen a number of client wins throughout the year, including Jordans Cereals, Baxter's Food Group and Rohm & Haas, which have added further strength to our existing portfolio of clients. The acquisition of Castles and subsequent Trade Mark client wins continues to bring better balance to the group's activities across a wide range of industry sectors.

Following the success of the pilot scheme of Attorney secondments last year, the Group has continued to develop this programme. The scheme allows Attorneys to work in a quasi in-house capacity for clients and has provided a high degree of flexibility for the Group.

The Group's clients enjoy representation rights in the UK, Ireland, Germany, France, Monaco and the Netherlands. It is the Group's aim to remain focused on the expansion programme in order to maintain our position as the leading pan-European Patent and Trade Mark Attorney practice.

Acquisition

The Group's second half figures reflect the acquisition of Castles, which occurred in January 2005. Turnover rose from £6.26m in the first half to £8.2m in the second half. The integration of Castles has been successful in terms of cost and income generation. The economies of scale gained through the acquisition have enabled more efficient utilisation of central overheads and contributed to the increased bottom line for the Group. The success of the integration means that what was the Castles practice has been fully absorbed into the Group and its facility operates as Murgitroyd & Company's principal London Office. The success is also reflected by the fact we have not lost any staff in London since acquiring Castles and, in fact, have expanded the staff complement based there, both fee earning and support.

The market

The market continues to show signs of healthy growth. The European Patent Office and Community Trade Mark Office statistics are used as benchmarks for the number of new filings for Intellectual Property Rights. Between 2001 and 2003, Patent growth was flat; 2004 saw an increase of 10%. 2004 also saw a 1% rise in the number of Community Trade Marks filed. These are encouraging signs that are supported by the increase in organic growth experienced by the Group. We believe this positive trend will continue.

Demand for qualified Attorneys still exceeds supply and this is compounded by the continuing poor average age demographic in the European Patent and Trade Mark profession. Our pan-European strategy has effectively countered this and we continue to avoid the demographic problem facing the industry while using it to our advantage.

People

As at 31 May 2005 the Group employed 32 qualified Attorneys (2004: 22). This increase in qualified Attorneys reflects both our internal staff-training programmes and our continuing recruitment programme. The total number of employees as at 31 May 2005 was 165 (2004: 142).

As is evident, the Group's internal training programmes continue to produce excellent results, with six staff achieving full qualification as Attorneys this year.

The Belfast and Nice offices have seen some further recruitment over the last year. The Aberdeen office is still growing and we continue to look to expand our Muenster office. The expansion in Belfast led to our moving to larger office accommodation in July 2005.

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

Share price

During the period, the middle market price of the company's shares fluctuated between 193.75p and 110p. The current middle market price is 180p. This compares with the flotation price of 121p in November 2001.

Dividend

As in previous years, the Board did not award an interim dividend. However, a final dividend of 3.32p per share (2004: 1.99p) is being proposed. Subject to approval at the Annual General Meeting, the dividend will be paid on 6 October 2005 to shareholders on the register on 9 September 2005.

Outlook

The acquisition of Castles has significantly helped the development of the Group. Its successful integration, following the similarly successful integration of Cabinet Bonneau, gives the Group the confidence to look at other possible acquisitions as they present themselves. Healthy growth in earnings has, therefore, been organically and acquisition driven. The current financial year has had an encouraging start and we expect first half trading to be in line with the Board's optimistic expectations.

Ian G. Murgitroyd
Chairman

30 August 2005

**Consolidated Profit and Loss Account
for the years ended 31 May 2005 and 31 May 2004**

	Before goodwill amortisation	Goodwill amortisation	2005 Year ending 31 May 2005	Before goodwill amortisation	Goodwill amortisation	2004 Year ending 31 May 2004
	0	0	0	£	£	£
Turnover	14,456	-	14,456	12,287	-	12,287
Cost of sales	(4,784)	-	(4,784)	(4,087)	-	(4,087)
Gross profit	9,672	-	9,672	8,200	-	8,200
Administrative expenses	(8,170)	(430)	(8,600)	(7,168)	(360)	(7,528)
Operating profit	1,502	(430)	1,072	1,032	(360)	672
Interest receivable and similar income	4	-	4	3	-	3
Interest payable and similar charges	(130)	-	(130)	(65)	-	(65)
Profit on ordinary activities before taxation	1,376	(430)	946	970	(360)	610
Tax on profit on ordinary activities	(434)	-	(434)	(313)	-	(313)
Profit on ordinary activities after taxation and for the financial year	942	(430)	512	657	(360)	297
Dividends - equity	(275)	-	(275)	(165)	-	(165)
Retained profit for the year	667	(430)	237	492	(360)	132
Earnings per 10p ordinary share						
Basic	-		6.20p	-		3.59p
Diluted	-		6.19p	-		3.58p
Adjusted, basic before goodwill amortisation	11.39p		-	7.95p		-
Adjusted, diluted before goodwill amortisation	11.38p		-	7.93p		-

There were no discontinued operations in the current or previous year.

Balance Sheets
at 31 May 2005 and 31 May 2004

	Group 0	2005 Company 0	Group 0	2004 Company 0
Fixed assets				
Intangible assets	9,211	-	6,340	-
Tangible assets	2,180	-	2,075	-
Investments	-	8,056	-	8,056
	11,391	8,056	8,415	8,056
Current assets				
Work in progress	434	-	265	-
Debtors	5,340	1,780	4,621	1,670
Cash at bank and in hand	477	-	344	-
	6,251	1,780	5,230	1,670
Creditors: amounts falling due within one year	(4,702)	(275)	(3,677)	(165)
Net current assets	1,549	1,505	1,553	1,505
Total assets less current liabilities	12,940	9,561	9,968	9,561
Creditors: amounts falling due after more than one year	(2,857)	-	(162)	-
Provisions for liabilities and charges	-	-	(1)	-
Net assets	10,083	9,561	9,805	9,561
Capital and reserves				
Called up share capital	828	828	828	828
Share premium account	2,258	2,258	2,258	2,258
Merger reserve	6,436	6,436	6,436	6,436
Revaluation reserve	103	-	62	-
Profit and loss account	458	39	221	39
Shareholders funds all equity	10,083	9,561	9,805	9,561

**Consolidated Cash Flow statement
for the years ended 31 May 2005 and 31 May 2004**

	Year ending 31 May 2005 0	Year ending 31 May 2004 0
Net cash inflow from operating activities	1,331	846
Returns on investments and servicing of finance		
Interest received	4	15
Bank interest paid	(96)	(61)
Interest element of hire purchase repayments	(5)	(3)
Net cash outflow from returns on investments and servicing of finance	(97)	(49)
Taxation	(432)	(284)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(160)	(191)
Proceeds from sale of tangible fixed assets	-	1
Net cash outflow from capital expenditure and financial investment	(160)	(190)
Acquisitions		
Purchase of subsidiary undertaking	(1,730)	-
Purchase of trade and assets	-	(194)
Cash at bank and in hand acquired with subsidiary undertaking	631	-
Cash outflow from acquisitions	(1,099)	(194)
Equity dividends paid	(165)	(130)
Net cash outflow before financing	(622)	(1)
Financing		
Increase in bank loans due within one year	43	15
Increase/(decrease) in bank loans due outwith one year	1,363	(60)
Repayment of capital element of hire purchase obligations	(46)	(29)
Net cash outflow from financing	1,360	(74)
Increase/(decrease) in cash in the year	738	(75)

Notes to the announcement:

1. Accounting policies

The Financial Statements have been prepared in accordance with applicable Accounting Standards, and under the historical cost accounting rules, modified to include the revaluation of buildings. The premium on the shares issued in exchange for shares in Murgitroyd & Company Limited qualified for merger relief under section 131 of the Companies Act 1985 and therefore that premium has been transferred from the share premium account to the merger reserve. The prior year figures have been restated accordingly.

2. Basis of preparation

The financial information set out in this announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The balance sheet, consolidated profit and loss account and consolidated cash flow statement at 31 May 2005 for Murgitroyd Group PLC have been extracted from the statutory accounts upon which the auditors opinion was unqualified and does not contain a statement under section 237(2) of the Companies Act 1985. The statutory accounts for the year ended 31 May 2005 will be filed with the Registrar of Companies.

3. 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 period. 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 financial year 0	Weighted average number of shares Number	2005 Earnings per share p	Profit for the financial year 0	Weighted average number of shares Number	2004 Earnings per share p
Basic earnings per share	512	8,277,887	6.20	297	8,277,887	3.59
Dilutive share options	-	7,516	(0.01)	-	18,669	(0.01)
Diluted earnings per share	512	8,285,403	6.19	297	8,296,556	3.58
Amortisation of goodwill	430	8,285,403	5.19	360	8,296,556	4.35
Adjusted, diluted earnings per share	942	8,285,403	11.38	657	8,296,556	7.93
Adjusted, basic earnings per share	942	8,277,887	11.39	657	8,277,887	7.95

4. Annual General Meeting

The Annual General Meeting of the company will be held at Scotland House, 165 -169 Scotland Street, Glasgow G5 8PL at 11am on 28 September 2005.

5. Further copies

Further copies of the Annual Report and Accounts 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, tel: 020 7763 2200. Copies of the full Financial Statements will be posted to shareholders as soon as practicable.