

30 September 2002

Murgitroyd Group PLC
Results for the financial period ended 31 May 2002

Murgitroyd Group PLC ("the Group") was incorporated on 1 August 2001 in advance of its purchase of the entire share capital of Murgitroyd & Company Limited in November 2001. As such, its results represent consolidated results for the six months commencing 1 December 2001, the effective date the group commenced trading. To better reflect the underlying performance of the business of Murgitroyd & Company Limited however this report also provides pro-forma results for the twelve months to 31 May 2002 of Murgitroyd & Company Limited.

Financial highlights

	Murgitroyd & Company Limited for the twelve months trading to 31 May 2002	Year-on-year change excluding exceptional items	Murgitroyd Group PLC for the six months trading since its acquisition of Murgitroyd & Company Limited to 31 May 2002
Turnover	£9.054M	+16.8%	£4,917M
Profit before goodwill amortisation and taxation	n/a	n/a	£430,000
Profit before taxation	£634,000	+49.2%	£255,000
Basic earnings per share before goodwill amortisation	n/a	n/a	4.13p
Basic earnings per share	n/a	n/a	2.00p
Dividend	n/a	n/a	1.329p per share

Ian Murgitroyd, the Group's Chairman, commented:

"I am delighted to report that the Group has turned in such a strong performance in this, its first, reporting period as a public company. We have achieved all the initial aims set out in our Prospectus and our pan-European expansion plans proceed on schedule. We continue to attract and retain new clients and are continuing to strengthen the financial base of the Group."

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About Murgitroyd Group PLC

Murgitroyd Group PLC (“the group”), 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 business was founded by Ian Murgitroyd as a sole-trader in 1975, evolved into a partnership and became a limited company in 1993. It now employs 127 people in Glasgow, Aberdeen, Belfast, Dublin, London, Munich and Nice.

The group specialises in the provision of Intellectual Property (“IP”) services, including filing, prosecuting, litigating, licensing, assigning and renewing Patents, Trade Marks, 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.

From an early stage the company sought to differentiate its services from its competitors and to devise innovative client solutions. To achieve this, the management has developed an infrastructure, based on an IT network, which extends throughout all its staffed offices and office facilities. The systems were selected, integrated and are supported by an in-house IT team. Direct client access can be provided to case record information. A technical support group provides assistance with searching, translation and Patent illustration including 3D modelling services for inventors and evidence presentation for Patent litigators. This strategy resulted in Murgitroyd & Company attaining average compound turnover growth of around 20% per annum in the fifteen years prior to its acquisition by the group.

Murgitroyd Group PLC Chairman's Statement

Operating and Financial Review

I am pleased to be able to report a strong performance by Murgitroyd Group PLC ("the group") for this, its first, reporting period as a public company. The group joined the Alternative Investment Market (AIM) on 30 November 2001 and we have achieved the initial aims set out in our Prospectus of expanding our pan-European Intellectual Property offering, progressively restructuring the financial base of the group, and enhancing our trading performance.

Murgitroyd Group PLC was incorporated on 1 August 2001 because the group's flotation required the formation of a new holding company. For the benefit of ongoing financial performance comparisons, this report provides pro-forma results for the twelve months to 31 May 2002 of the group's trading subsidiary, Murgitroyd & Company Limited, as well as the consolidated results for the ten months, since its incorporation, of the group.

The events of 11 September 2001 have not had an identifiable long-term impact on your group's trading activity. The underlying performance of Murgitroyd & Company has been better than expected at the time of flotation in terms of turnover, gross margin and profit. In the twelve months to 31 May 2002, Murgitroyd & Company's turnover has increased by 16.8% from £7,749,000 to £9,053,000. Gross margin percentage has increased from 60.7% to 65.2% and profit before taxation (excluding exceptional items) has increased by 49.2% from £425,000 to £634,000.

Corporate Strategy

Our primary growth strategy continues to be based on the development of a truly pan-European service. This strategy has at its core the recruitment of Patent and Trade Mark Attorneys qualified in other mainland European countries and the establishment of additional offices in mainland Europe. I am pleased to report that we are ahead of plan with regard to opening of new offices. Our Irish office is now fully operational and has moved to new premises in Blanchardstown near Dublin Airport. Our French office has opened in the Arenas area of Nice, a few minutes walk from Nice Airport. Interviews for employment in our German office, in Munich, have been ongoing and are nearing completion; new office accommodation nearby the European Patent Office, has been identified and leased.

Our offices in Aberdeen and Belfast continue to both expand and operate successfully and our London office provides a convenient facility for servicing a number of Murgitroyd & Company's clients.

In May 2002 we entered into a "strategic alliance" with Drinker Biddle & Reath LLP, a substantial US law firm, which will act as the company's preferred supplier for work carried out for clients in the US. This "alliance" provides a significant growth opportunity because Murgitroyd & Company is now Drinker Biddle & Reath LLP's preferred European supplier, servicing their offices in Philadelphia, Washington, New York, Phoenix, Los Angeles and San Francisco.

People

Our in-house training program continues to produce encouraging results in developing existing personnel and external recruitment of Attorneys has proved better than expected in a difficult market place. During Murgitroyd & Company's financial year, we have increased the number of qualified Attorneys by 55%, from eleven to seventeen, total technical staff from 32 to 38 and total staff numbers from 98 to 127. Year-on-year, qualified Attorneys continue to represent a significantly higher proportion of the overall pool of technical staff (45% compared to 34%), which reflects positively on the company's in-house training program.

Since our AIM flotation we have welcomed Dr Christopher Greig on to the Board of the group as a non-executive Director. Dr Greig is a highly experienced public company Director and is currently Chairman of Belhaven Brewery plc, PPL Therapeutics plc and William Grant & Sons Limited.

AIM Flotation

The flotation in November 2001 was at a time of difficult market conditions. It was a significant challenge which was met admirably. With the assistance of Noble & Company Limited as Nominated Advisers and Brokers, we raised £3 million on AIM (£2.51 million after issue costs and expenses) at a price of 121p per share. The shares commenced trading on 30 November, and have subsequently traded in a range of 129¼p to 159p.

Dividend

The Directors are proposing a maiden dividend of 1.329p per share for the period ended 31 May 2002. Subject to approval at the Annual General Meeting the dividend will be paid on 8 November 2002 to shareholders on the register on 11 October 2002.

Outlook

I am pleased to be able to report to shareholders continued growth for the period under review. The period has seen considerable expansion and we have laid firm foundations for the future. I am delighted to say that Murgitroyd & Company continues to attract a considerable number of new clients and an encouraging number of invitations to tender. Demand for Intellectual Property advisory services is still believed to exceed the supply of available Attorneys and the group ends its first reporting period as a quoted company committed to continue its progress towards fully achieving the aims set out in the flotation Prospectus.

Ian G Murgitroyd
Chairman

30 September 2002

Murgitroyd & Company Limited sub-group
Pro forma Profit and Loss Account
for the years ended 31 May 2002 and 31 May 2001

	Before exceptional items £'000	Exceptional items £'000	Year ending 31 May 2002 £'000	Before exceptional items £'000	Exceptional items £'000	Year ending 31 May 2001 £'000
Turnover	9,054	-	9,054	7,749	-	7,749
Cost of sales	(3,150)	-	(3,150)	(3,045)	-	(3,045)
Gross profit	5,904	-	5,904	4,704	-	4,704
Administrative expenses	(5,192)	-	(5,192)	(4,080)	-	(4,080)
Exceptional loan write off	-	-	-	-	(233)	(233)
Operating profit/(loss)	712	-	712	624	(233)	391
Impairment of fixed assets	-	-	-	-	(201)	(201)
Interest receivable and similar income	19	-	19	43	-	43
Interest payable and similar charges	(97)	-	(97)	(242)	-	(242)
Profit/(loss) on ordinary activities before taxation	634	-	634	425	(434)	(9)

Murgitroyd Group PLC
Consolidated Profit and Loss Account
for the ten month period ended 31 May 2002

	Before goodwill amortisation £'000	Goodwill amortisation £'000	Period ending 31 May 2002 £'000 Acquisitions
Turnover	4,917	-	4,917
Cost of sales	(1,674)	-	(1,674)
Gross profit	3,243	-	3,243
Administrative expenses	(2,794)	(175)	(2,969)
Operating profit	449	(175)	274
Interest receivable and similar income	5	-	5
Interest payable and similar charges	(24)	-	(24)
Profit on ordinary activities before taxation	430	(175)	255
Tax on profit on ordinary activities	(89)	-	(89)
Profit on ordinary activities after taxation and for the financial period	341	(175)	166
Dividends - equity	(110)	-	(110)
Retained profit for the period	231	(175)	56
Earnings per 10p ordinary share			
Basic	-		2.00p
Diluted	-		1.96p
Adjusted, basic before goodwill amortisation	4.13p		-
Adjusted, diluted before goodwill amortisation	4.04p		-

Murgitroyd Group PLC
Balance sheets
at 31 May 2002

	Group 2002 £'000	Company 2002 £'000
Fixed assets		
Tangible assets	1,876	-
Investments	-	8,056
Intangible assets	6,852	-
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	8,728	8,056
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Current assets		
Work in progress	241	-
Debtors	3,688	1,633
Cash at bank and in hand	1,147	1,012
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	5,076	2,645
Creditors: amounts falling due within one year	(3,909)	(1,137)
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Net current assets	1,167	1,508
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Total assets less current liabilities	9,895	9,564
Creditors: amounts falling due after more than one year	(272)	-
Provisions for liabilities and charges	(8)	-
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Net assets	9,615	9,564
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Capital and reserves		
Called up share capital	828	828
Share premium account	8,695	8,695
Revaluation reserve	36	-
Profit and loss account	56	41
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Shareholders' funds – all equity	9,615	9,564
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Murgitroyd Group PLC
Consolidated Cash Flow statement
for the ten month period ended 31 May 2002

	Period ending 31 May 2002 £'000
Net cash outflow from operating activities	(2,034)
Returns on investments and servicing of finance	
Interest received	3
Bank interest paid	(34)
Interest element of hire purchase repayments	(1)
Net cash outflow from returns on investments and servicing of finance	(32)
Taxation	(160)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(163)
Proceeds from sale of tangible fixed assets	-
Net cash outflow from capital expenditure and financial investment	(163)
Acquisitions	
Purchase of subsidiary	-
Cash at hand and in bank acquired with subsidiary undertaking	826
Net cash inflow from acquisitions	826
Cash outflow before financing	(1,563)
Financing	
Issue of ordinary share capital for cash	3,000
Expenses of share issues	(493)
Decrease in bank loans due outwith one year	(25)
Repayment of capital element of hire purchase obligations	(15)
Net cash inflow from financing	2,467
Increase in cash in the period	904

NOTES:

1. Accounting Policies

The Financial Statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules, modified by the revaluation of certain tangible fixed assets. The directors have adopted the requirements of FRS 19 "Deferred Tax" during the current period.

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 sheets at 31 May 2002, and the consolidated Profit and Loss Account and consolidated cash flow statement for the ten month period ended 31 May 2002 for Murgitroyd Group Plc have been extracted from the statutory accounts upon which the auditor's opinion was unqualified and does not contain a statement under section 237(2) of the Companies Act 1985. The statutory accounts for the period ended 31 May 2002 have been 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 dilutive potential shares.

	Earnings £'000	Weighted average number of shares Number	2002 earnings per share p
Basic earnings per share	166	8,277,887	2.00
Dilutive share options	-	185,164	(0.04)
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Diluted earnings per share	166	8,463,051	1.96
Amortisation of goodwill	175	8,463,051	2.08
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Adjusted, diluted earnings per share	341	8,463,051	4.04
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Adjusted, basic earnings per share	341	8,277,887	4.13

4. Dividend

The Company intends to pay a maiden dividend of 1.329p per share for the period ended 31 May 2002.

5. Annual General Meeting

The Annual General Meeting will be held at Noble & Company Limited, 1 Frederick's Place, London, EC2R 8AB at 11.00a.m. on 23 October 2002.

5. Further Copies

Copies of this announcement and the full annual report and accounts are available, free of charge, for a period of one month from the Company's Nominated Adviser and Broker Noble & Company Limited, 1 Frederick's Place, London, EC2R 8AB, Tel: 020 7367 5600. Copies of the full financial statements will be posted to shareholders as soon as practicable.