1 September 2008

Murgitroyd Group PLC ("Murgitroyd" or "the Group")
Preliminary Results for the year ended 31 May 2008

Murgitroyd (AIM:MUR), the European Patent and Trade Mark Attorney, is pleased to announce its audited results for the year ended 31 May 2008.

Highlights

- Turnover increased by 12.7% to £25.7m (2007: £22.8m)
- Gross profit up 14.7% to £17.2m (2007: £15.0m)
- Operating profit (before onerous lease provision) rose 6.3% to £3.4m (2007: £3.2m)
- Operating profit £3.2m (2007: £3.2m)
- Profit on ordinary activities before tax £2.9m (2007: £2.9m)
- Earnings per share (before onerous lease provision) of 26.35p (2007: 24.15p)
- Basic earnings per share of 23.96p (2007: 24.15p)
- Proposed final dividend of 6.5p per share, giving a total dividend for the year of 9.5p (2007: 9p)
- Acquisition and successful integration of Kennedys Patent Agency Limited

Ian Murgitroyd, Chairman of Murgitroyd said:

"I am pleased to present a good set of results, following what has been a year of consolidation for the Group having made two acquisitions in as many years. During the period we have acquired and successfully integrated Kennedys which has added further strength and depth to the Group's service offerings.

Murgitroyd has delivered years of consistent growth, both organically and by acquisition, and has built an impressive network of European offices with rights of representation in five jurisdictions. The outlook for Patents and Trade Marks remains positive and despite an uncertain global economic environment, we remain confident of our ability to generate continued steady growth and value for shareholders."

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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

This is the first full year the Group's Directors' report and financial statements have been presented under Adopted International Financial Reporting Standards ("IFRSs as adopted by the EU") which involved restating our figures for prior periods back to the date of transition on 1 June 2006.

This has been a successful year of consolidation for the Group. Group turnover increased by 12.7% to £25.7m (2007: £22.8m). Gross profit rose by 14.7% to £17.2m (2007: £15.0m). Operating profit was £3.23m (2007: £3.21m). This was reduced by the effect of the Onerous Lease ("OL") provision, as disclosed in the Interim Statement. Excluding the impact of the OL provision operating profit was £3.43m. Including the impact of the OL provision, profit before tax was in line with expectations at £2.9m.

The Group closely monitors exchange rates between Sterling and both the Euro and US Dollar, and successfully managed its exposure through relatively turbulent markets in late 2007. Foreign exchange gains were £417,000 (2007: £237,000). As a net purchaser of the Euro, the Group could be impacted by any further decline in the value of Sterling against the Euro, and will therefore continue to closely monitor the performance of Sterling against this and other currencies, particularly the US Dollar.

In spite of difficult macro-economic conditions, the Group's bad debt exposure remains less than 1% of sales.

As explained in the Interim Statement, an accounting provision has been made in connection with the Group's lease of the former Fitzpatricks offices. When Murgitroyd acquired Fitzpatricks, it was decided that these offices would be emptied and Fitzpatricks staff would relocate to the Group's Head Office at Scotland House thereby realising the operational efficiencies that would accrue from all Glasgow staff being on one site. The leasing costs associated with the property were fully anticipated and built into the acquisition purchase price, management's expectations and analyst post-acquisition forecasts. Therefore, whilst a sub-letting of the property has been actively pursued since the property was emptied, it was never taken for granted that a new tenant would be found for a relatively short unexpired lease.

The Group sub-let the property in 2007 and the terms thereof should result in the Group generating £150,000 in unforecast earnings over the remainder of the lease term (to 2010).

However, accounting rules require that future costs be brought forward where specific income generated by such a sub-let does not completely offset related lease costs and the amount of the provision represents the difference between the remaining costs attaching to the property and the income that should be generated from the proposed sub-let over the same period. This OL provision has no cash flow effect and will be released over the remaining lease term.

Operating review

In February 2008 the Group announced the acquisition of Kennedys Patent Agency Limited ("Kennedys"), a European Patent and Trade Mark Attorney practice, headquartered in Glasgow with additional offices in Aberdeen and Newcastle, for a consideration of approximately £3.4 million (including costs). Fifteen fee earning staff joined the Group from Kennedys, including six qualified Attorneys.

This acquisition was typical of Murgitroyd's selective acquisition policy, being immediately earnings enhancing, while also strengthening both the Group's client base and service offering. Kennedys has been fully integrated into the Group, and all those permanent staff who joined Murgitroyd as part of the acquisition remain with the Group. All major clients have also been retained. Murgitroyd expects to benefit from the full effect of the acquisition in the current financial year.

Under the terms of the agreement, £2.4 million was paid in cash upon completion, with the remainder being paid over three years.

The Group continues to have access to a good pipeline of acquisition opportunities, which are assessed against the Group's strict selective acquisition policy.

The Group now has a network of thirteen offices in eight countries and continues its growth and development. New staff have been recruited to the Milan, Edinburgh and York offices. As a result of the acquisition of Kennedys, the Group now also has a Newcastle office. Murgitroyd's increased commitment to business development is fuelling growth across the Group, including the expansion of the US Sales Office, which has further raised Murgitroyd's profile in that important market.

People

The total number of employees as at 31 May 2008 was 226 (2007: 194). This figure included a total of 65 qualified Attorneys (2007: 46).

During the year, 21 people in total joined the Group as a result of the acquisition of Kennedys. In addition, Murgitroyd's recruitment programme has continued successfully, with the Group attracting four new Attorneys in the period. The Group also remains committed to in-house training. Nine professional staff have qualified in the period which, although involving a cost to the Group, is an excellent medium and long term investment. The efficiency of Murgitroyd's internal training is reflected in the examination results of its employees as, since the year end, four Attorneys successfully completed the European Qualifying Examinations and qualified as European Patent Attorneys. This takes the total number of qualified Attorneys in the Group to 66.

The Group is pleased to report that it has retained the key senior personnel from the former Castles practice after the completion of their post-acquisition contractual terms. David Castle, Mark Hickey and Emma Hodson all remain with the Group, with David Castle having been appointed Executive Deputy Chairman in February 2008. This role allows David to continue in a client-facing capacity. He also continues to chair the Business Development Management Group, a key driving force behind the Group's organic growth.

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

The market

Despite the impact of the volatile global economic environment, market conditions remain positive. The Annual Report of the European Patent Office, published on 19 June 2008, showed that the number of applications for European Patents grew by 3.6% in 2007, reflecting continued growth in that core market, whilst comparative statistics from the European Community Trade Mark ("CTM") office showed CTM applications were 13.9% higher in 2007 than in the previous year.

Share price

The Group's share price was undoubtedly affected by wider market conditions. During the period, the middle market price of the company's shares fluctuated between 320p and 498p.

The current middle market price is 332.5p.

Dividend

A maiden interim dividend of 3p per share was paid, reflecting the Board's confidence in the continued performance of the Group. A final dividend of 6.5p per share is being proposed, taking the dividend for the year to 9.5p (2007: 9p).

Subject to approval at the Annual General Meeting, the dividend will be paid on 17 November 2008 to shareholders on the register on 31 October 2008.

IFRSs as adopted by the EU

These are the first Directors' report and financial statements presented under IFRSs as adopted by the EU and, as with other companies reporting for the first time in this new format, this has involved restating our financial statements for prior periods.

The main changes which shareholders will note are changes in accounting for goodwill amortisation, employee benefits and deferred tax.

The impact of IFRSs as adopted by the EU was explained in detail in the interim announcement.

Outlook

Murgitroyd has delivered sustainable revenue growth for the seventh consecutive year since its flotation. This has been a year of successful consolidation for the Group, following two successful acquisitions in as many years.

While market conditions remain good, the Group remains cautious in light of the current uncertain economic environment. The new financial year has started positively and we are confident of our ability to generate continued steady growth and value for shareholders.

Ian G Murgitroyd
Chairman

29 August 2008

This preliminary announcement was approved by the Board of Directors on 29 August 2008.

Consolidated income statement
for the year ended 31 May 2008

	Note	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Revenue		**25,693**	22,843
Cost of sales		**(8,540)**	(7,814)
Gross profit		**17,153**	15,029
Administrative expenses (including Onerous Lease provision of £200,000)		**(13,919)**	(11,815)
Operating profit before Onerous Lease provision		**3,434**	3,214
Onerous Lease provision		**(200)**	-
Operating profit		**3,234**	3,214
Financial income		**15**	11
Financial expense		**(373)**	(284)
Profit before income tax		**2,876**	2,941
Income tax		**(876)**	(934)
Profit for the year attributable to equity holders of the parent		**2,000**	2,007
Earnings per share	**2**		
Basic		**23.96p**	24.15p
Diluted		**23.34p**	23.40p

Consolidated balance sheet
at 31 May 2008

	31 May 2008 £'000	31 May 2007 £'000
Assets		
Non-current assets		
Property, plant and equipment	**2,500**	2,570
Intangible assets	**14,156**	10,409
Deferred tax asset	**30**	-
Total non current assets	**16,686**	12,979
Current assets		
Work in progress	**600**	481
Trade and other receivables	**9,407**	7,334
Cash and cash equivalents	**467**	453
Total current assets	**10,474**	8,268
Total assets	**27,160**	21,247
Current liabilities		
Bank overdraft	**(891)**	(209)
Other interest-bearing loans and borrowings	**(2,022)**	(1,172)
Trade and other payables	**(4,493)**	(3,201)
Taxation payable	**(207)**	(452)
Total current liabilities	**(7,613)**	(5,034)
Non-current liabilities		
Other interest-bearing loans and borrowings	**(5,750)**	(3,336)
Other payables	**-**	(195)
Provisions for liabilities	**(84)**	-
Deferred tax liabilities	**-**	(34)
Total non-current liabilities	**(5,834)**	(3,565)
Total liabilities	**(13,447)**	(8,599)
Net assets	**13,713**	12,648
Equity		
Share capital	**843**	834
Share premium	**2,471**	2,337
Merger reserve	**6,436**	6,436
Revaluation reserve	**34**	155
Retained earnings	**3,929**	2,886
Total equity attributable to equity holders of the parent	**13,713**	12,648

Consolidated cash flow statement

for the year ended 31 May 2008

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Cash flows from operating activities		
Profit for the year	**2,000**	2,007
Adjustments for:		
Depreciation	**236**	232
Amortisation	**7**	-
Gain on disposal of property, plant and equipment	**1**	-
Provision for "Onerous Lease"	**159**	-
Financing costs	**358**	273
Equity settled share-based payment expense	**31**	38
Income tax expense	**876**	934
	3,668	3,484
Increase in trade and other receivables	**(980)**	(595)
(Increase)/decrease in work in progress	**(119)**	4
Increase/(decrease) in trade and other payables	**564**	(334)
	3,133	2,559
Interest paid	**(298)**	(198)
Interest received	**15**	11
Income tax paid	**(1,180)**	(822)
Net cash from operating activities	**1,670**	1,550
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(389)**	(356)
Proceeds from disposal of property, plant and equipment	**2**	-
Acquisition of subsidiary, net of cash acquired	**(3,006)**	(809)
Net cash used in investing activities	**(3,393)**	(1,165)
Cash flows from financing activities		
Proceeds from exercise of share options	**143**	85
Loans received	**3,519**	1,500
Repayment of borrowings	**(1,598)**	(1,103)
Payment of finance lease liabilities	**(8)**	(46)
Dividends paid	**(1,001)**	(386)
Net cash from financing activities	**1,055**	50
Net (decrease)/increase in cash and cash equivalents	**(668)**	435
Cash and cash equivalents at start of year	**244**	(191)
Cash and cash equivalents at year end	**(424)**	244

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 statutory accounts as defined in section 240 of the Companies Act 1985 but is derived from the full financial statements for the year ended 31 May 2008. Group financial statements for the year ended 31 May 2007, which were prepared under UK GAAP, have been delivered to the Registrar of Companies and those for 2008, prepared under International Financial Reporting Standards as adopted by the EU, will be delivered in due course. The report of the Auditors was (i) unqualified, (ii) did not include references to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

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**	**2008 Earnings per share**	Profit for the year	Weighted average number of shares	2007 Earnings per share
	£'000	**Number**	**p**	£'000	Number	p
Basic earnings per share	**2,000**	**8,353,102**	**23.96p**	2,007	8,307,012	24.15p
Dilutive share options	**-**	**223,374**	**0.62p**	-	266,787	0.75p
Diluted earnings per share	**2,000**	**8,576,476**	**23.34p**	2,007	8,573,799	23.40p

3. Annual General Meeting

The Annual General Meeting of the company will be held at 12 Suffolk Street, London SW1Y 4HG at 11am on 30 October 2008.

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