11 February 2008

Murgitroyd Group PLC ("the Group")

Unaudited Interim Results
for the six months ended 30 November 2007

Highlights

- Revenue up 9% to £12.2 million
- Gross profit up 10% to £8.1 million
- Operating profit before provision* unchanged at £1.7 million
- Operating profit £1.5 million
- Strong organic growth with increased gross margin percentage
- Qualified Attorney numbers up 17% to 55 at 30 November 2007
- Maiden interim dividend declared
- Completion of fourth acquisition imminent

* Full details of an "Onerous Lease" provision are given in the Chairman's Statement

Ian Murgitroyd, Group Chairman, commented:

"I am delighted to announce yet another strong first half performance by the Group. In our Preliminary Results statement in September 2007, we announced that the current financial year would be a year to consolidate our growth and development, and I believe we have made a positive start. Turnover has increased by 9% and gross profit by 10% on last year, reflecting strong organic growth. We have continued to develop and expand our office network across Europe and attracted and retained a significant number of qualified Attorneys, bringing the Group total to 55 at the end of the period under review.

Acquisitions remain an important part of Murgitroyd's growth strategy and, after having made three selective acquisitions in the last four years, the Group announced in late December that non-binding Heads of Terms had been entered into with another company with a view to purchasing a fourth practice. An update will be provided on this in due course.

We remain committed to generating predictable, long-term growth and value for shareholders, and I believe that Murgitroyd continues to be well positioned to achieve this. The Group remains firmly on track to meet market expectations for the full year."

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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, 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 ("the Group")
Chairman's Statement

Financial and operating review

This is the first financial report presented under International Financial Reporting Standards ("IFRS") which involved restating our figures for prior periods back to the date of transition on 1 June 2006.

For the six months ended 30 November 2007, Group turnover increased 9% to £12.2 million (2006: £11.2 million). Gross profit rose 10% to £8.1 million (2006: £7.3 million). This growth reflects strong organic growth of around 8% combined with the effect of a full period's contribution from the former Fitzpatricks' practice. Operating profit (before provision for an "Onerous Lease") was slightly ahead of management expectations at £1.7 million (2006: £1.7 million) with additional overhead economies of scale being offset by increased payroll costs as a consequence of the increased investment in additional Attorneys. Basic earnings per share were 10.5p (2006: 12.9p) during the period, 12.1p before the provision for "Onerous Lease" which is explained later in this section.

Gross margin for the Group improved to 66.1% (2006: 65.8%). This improvement was due to the continued impetus on time based charging and system improvements, a change which we began implementing at the beginning of 2007.

Net cash flow in the period was negative at £81,000. Reasons behind this included higher than normal capital expenditure of £236,000 (2006: £107,000) and the payment of an increased dividend in October.

Interest charges for the six months under review remained higher than anticipated largely as a result of the higher UK Base Rates. Additionally, foreign exchange gains were down 23% to £100,000 (2006: £130,000) as Sterling materially weakened against both the Euro and US Dollar. Looking ahead, the Group will continue to monitor exchange rate movements and volatility between Sterling and both the aforementioned foreign currencies very closely. As a net purchaser of the Euro, the Group could be adversely impacted by any further sharp decline in the value of the Sterling against the Euro in particular.

The Group now operates twelve offices in eight countries, following the addition of the Milan office in 2007. The growth and development of the Group's offices is ongoing and during the period additional new professional staff were added to the Dublin, Edinburgh, London, Milan, Muenster and York offices. Expansion to the US Sales Office reflects the Group's continuing commitment to business development in this major market place, and is expected to help fuel future organic growth. Business development remains a core focus for the Group.

The Group continues to look for, and evaluate, suitable acquisition opportunities as they arise. Strict assessment criteria remain paramount and we will only consider acquisitions that will be immediately earnings enhancing and complementary to the Group's existing offering as well as providing a long term additional fee earning capacity. On 24 December 2007, the Group announced that it had entered into a non binding Heads of Terms Agreement with a party which, subject to certain conditions (including due diligence), may lead to an acquisition. An update will be provided on this in due course.

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.

I am pleased to say that the Group has now agreed Heads of Terms to sub-let the property and the terms thereof should result in the Group generating £150,000 in additional 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 "Onerous Lease" provision has no cash flow effect.

The Market

With calendar year 2007's statistics not yet published, in 2006 the European Patent Office ("EPO") showed a 7% year on year increase in the number of European Patents filed while the Community Trade Mark ("CTM") Office's 2007 statistics demonstrated a considerable 14% increase in new Community Trade Marks filed. These statistics are used as benchmarks for the number of new filings for Intellectual Property Rights and a good indication as to the likely future market environment. Encouragingly, these statistics are reflected in the Group's own new business pipeline which remains healthy.

The Group, as ever, remains watchful of the demographic, market-wide, problem of a lack of qualified Patent Attorneys. We continue to invest in our internal training programme and by pursuing our strategy of growth through acquisitions, the Group continues to counteract this imbalance, although does remain ever mindful of it.

People

Murgitroyd continues to invest in internal training and exam preparation, the benefits of which are reflected in the newly qualified Attorney retention rate. During the period under review, new Attorneys qualified and the Group was also successful in attracting new Attorneys, with five laterally hired. The total number of employees as at 30 November 2007 was 206 (2006: 194). This figure includes a total of 55 qualified Attorneys (2006: 47).

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

Share Price

During the period, the middle market price of the Company's shares fluctuated between 360p and 498p. The current middle market price is 360p.

Dividend

As a result of the Board's continued confidence in the performance of the Group, it has been decided that a more progressive dividend strategy is appropriate going forward. Accordingly, an interim dividend policy has been sanctioned and the Board is proposing a maiden interim dividend of 3p per share. The Board also intends, subject to the availability of distributable reserves, to recommend a final dividend.

IFRS

This is the first financial report presented under International Financial Reporting Standards as adopted by the EU ("adopted IFRS") 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 adopting IFRS is explained in detail in Note 5 to the Interim Statement.

Outlook

Market conditions have remained favourable, allowing the Group to enter its seventh consecutive year of growth since flotation. The Group continues to pursue its strategy of growing both organically and, where appropriate, through selective acquisitions. The pipeline of opportunities to tender for meaningful Intellectual Property portfolios remains healthy and there are a number of potential acquisition opportunities for the Group to assess.

Therefore the Board believes that Murgitroyd can continue to achieve predictable, long term growth and create value for shareholders. Following a good start, the Board looks forward to the remainder of the year with confidence.

Ian G Murgitroyd
Chairman

8 February 2008

This interim announcement was approved by the Board of Directors on 8 February 2008.

MURGITROYD GROUP PLC

Unaudited Consolidated Income Statement
For the six months ended 30 November 2007

	Six months ended 30 November 2007 £'000	Six months ended 30 November 2006 £'000	Year ended 31 May 2007 £'000
Revenue	**12,183**	11,163	22,843
Cost of sales	**(4,130)**	(3,816)	(7,814)
Gross profit	**8,053**	7,347	15,029
Administrative expenses (including Onerous Lease provision of £200,000)	**(6,574)**	(5,653)	(11,815)
Operating profit before Onerous Lease provision	**1,679**	1,694	3,214
Onerous Lease provision	**(200)**	-	-
Operating profit	**1,479**	1,694	3,214
Financial income	**6**	6	11
Financial expense	**(153)**	(138)	(284)
Profit before income tax	**1,332**	1,562	2,941
Income tax	**(459)**	(494)	(931)
Profit for the period attributable to equity holders of the parent	**873**	1,068	2,010
Earnings per share			
Basic	**10.47p**	12.88p	24.18p
Diluted	**10.11p**	12.50p	23.43p

MURGITROYD GROUP PLC

Unaudited Consolidated Statement of Recognised Income and Expense
For the six months ended 30 November 2007

	Six months ended 30 November 2007 £'000	Six months ended 30 November 2006 £'000	Year ended 31 May 2007 £'000
Revaluation of property	**-**	-	56
Income tax on income and expense recognised directly in equity	**-**	-	(17)
Income and expense recognised directly in equity	**-**	-	39
Profit for the period	**873**	1,068	2,010
Total recognised income and expense for the period	**873**	1,068	2,049

MURGITROYD GROUP PLC

Unaudited Consolidated Balance Sheet
At 30 November 2007

	30 November 2007 £'000	30 November 2006 £'000	31 May 2007 £'000
Assets			
Non-current assets			
Property, plant and equipment	**2,608**	2,389	2,570
Intangible assets	**10,409**	10,411	10,409
Deferred tax asset	**35**	-	-
Total non current assets	**13,052**	12,800	12,979
Current assets			
Work in progress	**567**	443	481
Trade and other receivables	**7,658**	7,111	7,334
Cash and cash equivalents	**353**	689	453
Total current assets	**8,578**	8,243	8,268
Total assets	**21,630**	21,043	21,247
Current liabilities			
Bank overdraft	**(190)**	(639)	(209)
Other interest-bearing loans and borrowings	**(1,175)**	(1,140)	(1,172)
Trade and other payables	**(3,691)**	(3,450)	(3,201)
Tax payable	**(440)**	(480)	(452)
Total current liabilities	**(5,496)**	(5,709)	(5,034)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(3,164)**	(3,725)	(3,336)
Other payables	**-**	-	(195)
Provisions for liabilities	**(125)**	-	-
Deferred tax liabilities	**-**	(23)	(15)
Total non-current liabilities	**(3,289)**	(3,748)	(3,546)
Total liabilities	**(8,785)**	(9,457)	(8,580)
Net assets	**12,845**	11,586	12,667
Equity			
Share capital	**834**	830	834
Share premium	**2,337**	2,282	2,337
Merger reserve	**6,436**	6,437	6,436
Revaluation reserve	**155**	117	155
Retained earnings	**3,083**	1,920	2,905
Total equity attributable to equity holders of the parent	**12,845**	11,586	12,667

MURGITROYD GROUP PLC

Unaudited Consolidated Statement of Cash Flows
For the six months ended 30 November 2007

	Six months ended 30 November 2007 £'000	Six months ended 30 November 2006 £'000	Year ended 31 May 2007 £'000
Cash flows from operating activities			
Profit for the period	**873**	1,068	2,010
Adjustments for:			
Depreciation	**123**	110	232
Provision for "Onerous Lease"	**200**	-	-
Financing costs	**147**	132	273
Equity settled share-based payment expense	**15**	20	38
Income tax expense	**459**	494	931
	1,817	1,824	3,484
Increase in trade and other receivables	**(324)**	(373)	(595)
(Increase)/decrease in work in progress	**(86)**	43	4
Increase/(decrease) in trade and other payables	**287**	(87)	(334)
	1,694	1,407	2,559
Interest paid	**(117)**	(91)	(198)
Interest received	**6**	6	11
Income tax paid	**(481)**	(359)	(822)
Net cash from operating activities	**1,102**	963	1,550
Cash flows from investing activities			
Acquisition of property, plant and Equipment	**(236)**	(107)	(356)
Acquisition of subsidiary, net of cash Acquired	**-**	(804)	(809)
Net cash used in investing activities	**(236)**	(911)	(1,165)
Cash flows from financing activities			
Proceeds from exercise of share Options	**-**	26	85
Loans received	**300**	1,000	1,500
Repayment of borrowings	**(488)**	(422)	(1,103)
Payment of finance lease liabilities	**(8)**	(29)	(46)
Dividends paid	**(751)**	(386)	(386)
Net cash (used in)/from financing activities	**(947)**	189	50
Net (decrease)/increase in cash and cash Equivalents	**(81)**	241	435
Cash and cash equivalents at start of period	**244**	(191)	(191)
Cash and cash equivalents at period end	**163**	50	244

NOTES:

1 Significant accounting policies

Murgitroyd Group PLC ("the Company") is a company domiciled in the United Kingdom. The consolidated interim financial statements of the Company for the six months ended 30 November 2007 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The AIM rules require that the next annual consolidated financial statements of the Company, for the year ending 31 May 2008, will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("adopted IFRS").

This interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRS as at 30 November 2007 that are effective (or available for early adoption) at 31 May 2008, the Group's first annual reporting date at which it is required to use adopted IFRS. Based on these adopted IFRS, the Directors have applied the accounting policies, as set out below, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 May 2008.

However, the adopted IFRS that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 May 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 May 2008.

The interim report for the six months ended 30 November 2007 was approved by the Board of Directors on 8 February 2008.

Comparative figures

The comparative figures for the year ended 31 May 2007 are not the Company's statutory accounts for that financial year. Those statutory accounts, which were prepared under UK Generally Accepted Accounting Practices ("UK GAAP" or "previous GAAP"), have been reported on by the Company's Auditors and delivered to the Registrar of Companies. The report of the Auditors was (i) unqualified, (ii) did not include a reference to any matters which the Auditors drew attention to by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Impact of IFRS

As required by IFRS 1, an explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 5. This note includes reconciliations of equity and profit or loss for comparative periods reported under UK GAAP to those reported for those periods under IFRS.

1 Significant accounting policies *(continued)*

The interim statements are prepared on the historical cost basis except that freehold property stated at fair value. The preparation of the interim 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.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intangible assets - goodwill

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of acquisitions that have occurred since 1 June 2006, goodwill represents the difference between the cost of acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. In respect of acquisitions prior to that date goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 June 2006 by merger accounting has not been reconsidered.

Goodwill is stated at cost less any accumulated impairment losses. The value of goodwill is tested for impairment on an annual basis. An impairment is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the greater of the value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and risks specific to the cash-generating unit. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably and are amortised on a straight line basis over their useful economic lives.

1 Significant accounting policies *(continued)*

Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is recognised in the profit and loss account to write off the cost less the estimated residual value of plant and equipment by equal annual instalments over their estimated useful economic lives of each part of an item of plant and equipment. The estimated useful economic lives over which assets are depreciated are as follows:

Leasehold improvements	Over the term of the lease
Motor vehicles	25%
Furniture and fixtures	10% to 20%
Office equipment	20%

Freehold property is stated at fair value.

Freehold property is not depreciated as the Directors believe any annual or accumulated depreciation would be immaterial. Any impairment will be charged to profit although annual testing carried out does not indicate that any such impairment has taken place.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement. The assets and liabilities of overseas operations are translated at the rate of exchange ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period. Exchange differences arising from this translation of foreign operations are taken directly to reserves.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Lease expenses

<u>Operating lease payments</u>
Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

<u>Finance lease payments</u>
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1 Significant accounting policies *(continued)*

Financial income and expense
Financial income and expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Employee benefits

Defined contribution pension plans
The amounts charged to the income statement represent the contributions payable to the schemes in respect of the accounting period.

Share based payment transactions
The share option scheme allows employees to acquire shares of the company. The fair value of options granted after 7 November 2002 and not vested as at 1 June 2006 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Work in progress

Work in progress represents costs incurred on specific client assignments prior to reaching a specific act which results in revenue being recognised. Work in progress is stated at the lower of direct cost and net realisable value. Cost comprises direct salary costs and a proportion of attributable overhead costs. Net realisable value represents estimated selling price less all estimated costs to complete.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provision is made for future net lease obligations in respect of onerous leases of vacant, partially vacant or sublet properties.

Taxation

The tax expense represents the sum of the current taxes payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax payable is based on taxable income for the year using tax rates that have been enacted or substantively enacted by the balance sheet date.

1 Significant accounting policies *(continued)*

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Revenue

Revenue represents the amounts (excluding valued added tax) derived from the provision of Intellectual Property services, including filing, prosecuting, litigating, licensing, assigning and renewing Patents, Trade Marks and Designs to third party customers. Revenue is recognised in the period as specific acts are completed on each client assignment.

Dividends on shares presented within equity attributable to equity holders

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Trade and other receivables

Trade and other receivables are initially recognised at their fair value and then stated at amortised cost.

Trade and other payables

Trade and other payables are initially recognised at fair value and then stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

2 Taxation

A charge for taxation has been included at the effective rate likely to be applied to the UK result for the full year to 31 May 2008. Deferred tax is recognised at 28% (November 2006 and May 2007: 30%) following the change in the UK corporation tax rate from April 2008 which was substantively enacted by 30 June 2007. The impact of the change in rate is immaterial.

3 Earnings per share

The earnings per share of Murgitroyd Group PLC are 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:

	Six months ended 30 November 2007 £'000	Six months ended 30 November 2006 £'000	Year ended 31 May 2007 £'000
Profit on ordinary activities after taxation and for the period	873	1,068	2,010
Basic weighted average number of shares	8,343,239	8,293,464	8,307,012
Diluted weighted average number of shares	8,638,132	8,545,175	8,573,799
Basic earnings per share	10.47p	12.88p	24.18p
Diluted earnings per share	10.11p	12.50p	23.43p

Earnings per share before provision for Onerous Lease is calculated on profit on ordinary activities after taxation for the period of £1,013,000 and the basic weighted average number of shares of 8,343,239

4 Dividend

The Directors propose to pay an interim dividend of 3p per share (six-month period ended November 2006: nil). In addition the Directors intend, subject to the availability of distributable reserves, to recommend a final dividend to shareholders in respect of the financial year ending 31 May 2008.

5 Explanation of transition to IFRS

The rules for first time adoption of IFRS are set out in IFRS 1 "First-time adoption of International Financial Reporting Standards". In general a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its balance sheet, at the date of transition, under IFRS. The standard allows a number of exceptions to this general principle to assist companies in the transition period. The 2006 comparative information has, as permitted by IFRS 1, been prepared taking advantage of the exemption not to restate business combinations prior to 1 June 2006. The accounting policies set out in note 1 have been applied consistently in the transition to adopted IFRS including the opening IFRS balance sheet and comparative information.

The reconciliations of equity at 1 June 2006 (date of transition to IFRS) and at 31 May 2007 (date of last UK GAAP financial statements) and the reconciliation of profit for the year ended 31 May 2007 are required under IFRS in the year of transition. In addition to the above reconciliations, the reconciliation of equity at 30 November 2006 and the reconciliation of profit for the six months ended 30 November 2006 have been included below to enable a comparison of the 2007 interim figures with the corresponding period of the previous financial year.

No adjustments have been made for changes in estimates made at the time of approval of the last UK GAAP financial statements on which the IFRS comparative information is based.

5 Explanation of transition to IFRS *(continued)*

Reconciliation of equity at 1 June 2006 (date of transition to IFRS)

	Previously reported under UK GAAP*	IFRS 3 Business Combinations	IAS 19 Employee Benefits	IAS 12 Income Taxes	Effect of Transition to IFRS	**Restated under IFRS**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Non-current assets						
Property, plant and equipment	2,252	-	-	-	-	**2,252**
Intangible assets	8,695	-	-	-	-	**8,695**
	10,947	-	-	-	-	**10,947**
Current assets						
Work in progress	317	-	-	-	-	**317**
Trade and other receivables	5,981	-	-	-	-	**5,981**
Cash and cash equivalents	298	-	-	-	-	**298**
	6,596	-	-	-	-	**6,596**
Total assets	17,543	-	-	-	-	**17,543**
Current liabilities						
Bank overdraft	(489)	-	-	-	-	**(489)**
Other interest bearing loans and borrowings	(727)	-	-	-	-	**(727)**
Trade and other payables	(2,592)	-	(54)	-	(54)	**(2,646)**
Tax payable	(328)	-	-	-	-	**(328)**
	(4,136)	-	(54)	-	(54)	**(4,190)**
Non-current liabilities						
Other interest-bearing loans and borrowings	(2,499)	-	-	-	-	**(2,499)**
Other payables	-	-	-	-	-	**-**
Deferred tax liabilities	(73)	-	16	(22)	(6)	**(79)**
	(2,572)	-	16	(22)	(6)	**(2,578)**
Total liabilities	(6,708)	-	(38)	(22)	(60)	**(6,768)**
Net assets	10,835	-	(38)	(22)	(60)	**10,775**
Equity						
Share capital	828	-	-	-	-	**828**
Share premium	2,258	-	-	-	-	**2,258**
Merger reserve	6,436	-	-	-	-	**6,436**
Revaluation reserve	166	-	-	(50)	(50)	**116**
Retained earnings	1,147	-	(38)	28	(10)	**1,137**
Total equity attributable to equity holders of the parent	10,835	-	(38)	(22)	(60)	**10,775**

* In IFRS Format

5 Explanation of transition to IFRS *(continued)*

Reconciliation of equity at 30 November 2006

	Previously reported under UK GAAP*	IFRS 3 Business Combinations	IAS 19 Employee Benefits	IAS 12 Income Taxes	Effect of Transition to IFRS	**Restated under IFRS**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Non-current assets						
Property, plant and equipment	2,389	-	-	-	-	**2,389**
Intangible assets	10,091	320	-	-	320	**10,411**
	12,480	320	-	-	320	**12,800**
Current assets						
Work in progress	443	-	-	-	-	**443**
Trade and other receivables	7,111	-	-	-	-	**7,111**
Cash and cash equivalents	689	-	-	-	-	**689**
	8,243	-	-	-	-	**8,243**
Total assets	20,723	320	-	-	320	**21,043**
Current liabilities						
Bank overdraft	(639)	-	-	-	-	**(639)**
Other interest bearing loans and borrowings	(1,140)	-	-	-	-	**(1,140)**
Trade and other payables	(3,448)	-	(2)	-	(2)	**(3,450)**
Tax payable	(480)	-	-	-	-	**(480)**
	(5,707)	-	(2)	-	(2)	**(5,709)**
Non-current liabilities						
Other interest-bearing loans and borrowings	(3,725)	-	-	-	-	**(3,725)**
Other payables	-	-	-	-	-	**-**
Deferred tax liabilities	(81)	-	-	58	58	**(23)**
	(3,806)	-	-	58	58	**(3,748)**
Total liabilities	(9,513)	-	(2)	58	56	**(9,457)**
Net assets	11,210	320	(2)	58	376	**11,586**
Equity						
Share capital	830	-	-	-	-	**830**
Share premium	2,282	-	-	-	-	**2,282**
Merger reserve	6,437	-	-	-	-	**6,437**
Revaluation reserve	167	-	-	(50)	(50)	**117**
Retained earnings	1,494	320	(2)	108	426	**1,920**
Total equity attributable to equity holders of the parent	11,210	320	(2)	58	376	**11,586**

* In IFRS Format

5 Explanation of transition to IFRS *(continued)*

Reconciliation of equity at 31 May 2007 (date of last UK GAAP financial statements)

	Previously reported under UK GAAP*	IFRS 3 Business Combinations	IAS 19 Employee Benefits	IAS 12 Income Taxes	Effect of Transition to IFRS	**Restated under IFRS**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Non-current assets						
Property, plant and equipment	2,570	-	-	-	-	**2,570**
Intangible assets	9,757	652	-	-	652	**10,409**
	12,327	652	-	-	652	**12,979**
Current assets						
Work in progress	481	-	-	-	-	**481**
Trade and other receivables	7,334	-	-	-	-	**7,334**
Cash and cash equivalents	453	-	-	-	-	**453**
	8,268	-	-	-	-	**8,268**
Total assets	20,595	652	-	-	652	**21,247**
Current liabilities						
Bank overdraft	(209)	-	-	-	-	**(209)**
Other interest bearing loans and borrowings	(1,172)	-	-	-	-	**(1,172)**
Trade and other payables	(3,138)	-	(63)	-	(63)	**(3,201)**
Tax payable	(452)	-	-	-	-	**(452)**
	(4,971)	-	(63)	-	(63)	**(5,034)**
Non-current liabilities						
Other interest-bearing loans and borrowings	(3,336)	-	-	-	-	**(3,336)**
Other payables	(195)	-	-	-	-	**(195)**
Deferred tax liabilities	(101)	-	19	67	86	**(15)**
	(3,632)	-	19	67	86	**(3,546)**
Total liabilities	(8,603)	-	(44)	67	23	**(8,580)**
Net assets	11,992	652	(44)	67	675	**12,667**
Equity						
Share capital	834	-	-	-	-	**834**
Share premium	2,337	-	-	-	-	**2,337**
Merger reserve	6,436	-	-	-	-	**6,436**
Revaluation reserve	222	-	-	(67)	(67)	**155**
Retained earnings	2,163	652	(44)	134	742	**2,905**
Total equity attributable to equity holders of the parent	11,992	652	(44)	67	675	**12,667**

* In IFRS Format

5 Explanation of transition to IFRS *(continued)*

Reconciliation of profit for the six months ended 30 November 2006

	Previously reported under UK GAAP* £'000	IFRS 3 Business Combinations £'000	IAS 19 Employee benefits £'000	Effect of transition to IFRS £'000	**Restated under IFRS £'000**
Revenue	11,163	-	-	-	**11,163**
Cost of sales	(3,816)	-	-	-	**(3,816)**
Gross profit	7,347	-	-	-	**7,347**
Administrative expenses (including goodwill amortisation)	(6,025)	320	52	372	**(5,653)**
Operating profit	1,322	320	52	372	**1,694**
Financial income	6	-	-	-	**6**
Financial expense	(138)	-	-	-	**(138)**
Profit before tax	1,190	320	52	372	**1,562**
Taxation	(479)	-	(15)	(15)	**(494)**
Profit after Tax	711	320	37	357	**1,068**
Earnings Per Share					
Basic	8.58p				**12.88p**
Diluted	8.32p				**12.50p**

* In IFRS Format

5 Explanation of transition to IFRS *(continued)*

Reconciliation of profit for the year ended 31 May 2007

	Previously reported under UK GAAP*	IFRS 3 Business Combinations	IAS 19 Employee benefits	Effect of transition to IFRS	**Restated under IFRS**
	£'000	£'000	£'000	£'000	**£'000**
Revenue	22,843	-	-	-	**22,843**
Cost of sales	(7,814)	-	-	-	**(7,814)**
Gross profit	15,029	-	-	-	**15,029**
Administrative expenses (including goodwill amortisation)	(12,458)	652	(9)	643	**(11,815)**
Operating profit	2,571	652	(9)	643	**3,214**
Financial income	11	-	-	-	**11**
Financial expense	(284)	-	-	-	**(284)**
Profit before tax	2,298	652	(9)	643	**2,941**
Taxation	(934)	-	3	3	**(931)**
Profit after Tax	1,364	652	(6)	646	**2,010**
Earnings Per Share					
Basic	16.41p				**24.18p**
Diluted	15.90p				**23.43p**

* In IFRS Format

5 Explanation of transition to IFRS *(continued)*

Intangible assets

Under UK GAAP, goodwill was amortised over its useful economic life, not exceeding 20 years. As of 1 June 2006, under IFRS 3 "Business Combinations" goodwill is not amortised but tested annually for impairment. Accordingly, the goodwill amortisation charge for the year ended 31 May 2007 of £652,000 (six-month period ended November 2006: £320,000) has been reversed. All goodwill has been tested for impairment at 1 June 2006 and at 31 May 2007 and no impairments have been identified.

Deferred Tax

The scope of IAS 12, "Income Taxes" is wider than the corresponding UK GAAP standards, and requires deferred tax to be provided on all temporary differences rather than just timing differences (under UK GAAP). A deferred tax liability has therefore been recognised in respect of the uplift on the revaluation of the Group's property. The impact on the IFRS opening balance sheet at 1 June 2006 is to increase the deferred tax liability by £50,000, (30 November 2006 by £50,000, 31 May 2007 by £67,000) and decrease equity by a corresponding amount. A deferred tax asset has been recognised on the allowable tax deduction that the Group would receive if the share options within the various schemes operated by the company were exercised. The impact on the IFRS opening Balance Sheet at 1 June 2006 is to decrease the deferred tax liability by £28,000 (30 November 2006 by £108,000; 31 May 2007 by £134,000) and to increase equity by a corresponding amount.

Employee benefits

A liability has been reflected in respect of compensated absences in accordance with the requirements of IAS 19, "Employee Benefits". The impact on the IFRS opening Balance Sheet at 1 June 2006 was to increase trade and other liabilities by £54,000 (30 November 2006 by £2,000; 31 May 2007 by £63,000) with a corresponding decrease in the deferred tax liability of £16,000 (30 November 2006: £nil; 31 May 2007: £19,000) and decreasing equity by £38,000 (30 November 2006 by £2,000; 31 May 2007 by £44,000).

Explanation of material adjustments to the cash flow statement for 2007

There are no material differences between the cash flow statements presented under IFRS and the cash flow statements presented under UK GAAP other than reclassification between cash flow statement categories.

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 120 Old Broad Street London EC2N 1AR

KPMG Audit Plc

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent review report to Murgitroyd Group PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 November 2007 which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. 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 half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with IFRSs as adopted by the EU.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the directors currently intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not able us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 November 2007 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM rules.

KPMG Audit Plc
Chartered Accountants
Glasgow

8 February 2008