

2 February 2015

**Murgitroyd Group PLC ("the Group")
Unaudited Interim Results for the six months ended 30 November 2014**

The Group (AIM: MUR) is pleased to announce its unaudited interim results for the six months ended 30 November 2014.

Highlights

- Revenue marginally up at £19.28m (2013: £19.22m)
- Interim profit before income tax in line with expectations at £1.98m (2013: £2.28m)
- Basic EPS of 16.2p (2013: 18.6p)
- Proposed interim dividend of 4.25p per share (2013: 3.75p per share), an increase of 13.3%
- Continuing growth in US markets with revenue from this region increasing by 22% to £7.5m

Ian Murgitroyd, Group Chairman, commented:

"We are pleased to confirm that the Group remains on track to meet its revenue and earnings targets for the full year, in line with expectations. Our operating companies' focus on business development, as well as improvements in systems, processes and people provides the catalyst for them to continue to win new business and ensure the delivery of high quality services to clients. The strong growth achieved in the US is testament to the investment in this market. As illustrated by the increase in the interim dividend, the Board remains committed to delivering attractive returns to shareholders, whilst at the same time generating cash and strengthening the balance sheet. Although markets remain challenging, we are confident that the investments made will enable us to deliver long-term and sustainable growth."

For further information, please contact:

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Murgitroyd Group PLC

Chairman's Statement

Financial review

In the six months to 30 November 2014, revenue increased marginally from £19.22m to £19.28m. Profit before income tax decreased to £1.98m (six months ended 30 November 2013: £2.28m) reflecting on-going investment in new business and a greater proportion of revenue from the US where margins are currently lower. This performance is however in line with market expectations and represents an improvement on the six month period ended 31 May 2014 (£1.82m). We expect a further improvement in the second half of the current financial year. Basic earnings per share were 16.2p (2013: 18.6p).

Administrative expenses decreased marginally in the period under review as we continued to exercise tight cost control.

Continuing strong cash flow resulted in net cash of £288,000 as at 30 November 2014 (30 November 2013: net debt of £827,000). As a result interest charges were down to £13,000 from £21,000 as the Group continued to pay down its debt.

Operating review

Murgitroyd continues to service clients from fifteen offices in eight countries and the Group's operating businesses were rebranded as simply "Murgitroyd" on 1 July 2014. Led by Edward Murgitroyd and his management team, the operating businesses saw increased revenues driven by continued investment in business development, particularly in the US, and a focus on evolving the product offering enabling the better servicing of the demands of clients. The IP Portal filing service has proven increasingly popular amongst clients and there are adequate resources in place to provide for the growing number of larger corporate users. The investments made in internal, as well as client-facing, systems continue to deliver cost reductions in a market facing pricing pressures.

Business from the US saw significant growth of 22% in Sterling terms. In line with strategy, the US remains a key focus for investment and an increasingly important growth market, with revenue from this region contributing to circa 38% of Group revenue. The US is the largest source of European Patent applications and the growing presence in this market is helping to offset the effects of a stagnating market in Europe. Going forward our operating businesses will also be addressing the contraction in European revenues on a country by country basis.

The European Community Trade Mark Office ("OHIM") has shown that there has been an increase in Community Trade Mark ("CTM") applications. Their figures reveal that in 2014, more than 117,000 (2013: 114,000) CTM applications were filed. This is the fifth consecutive year of growth and set a new record, although the rate of growth has slowed over the past two years.

The European Patent Office ("EPO") has also reported a 3% year on year increase in Patent filings for 2014, the number of applications rising to more than 273,000, an all-time high. The composition of these filings very much reflect Murgitroyd's experience, with applications from the US increasing by 6.7%, Japanese applications falling by 3.8% and European applications remaining virtually unchanged.

OHIM's and EPO's statistics are considered good indicators of the current state of the European Intellectual Property market.

People

As at 30 November 2014 the Group employed 254 staff (2013: 244) including 62 (2013: 67) qualified Attorneys reflecting the continuing evolution in the composition of Group companies' staff complements, that sees a greater proportion of revenue being generated by formalities and paralegal staff.

Dividend

The Board is proposing an interim dividend of 4.25p per share (2013: 3.75p) that will be paid by 13 March 2015 to shareholders on the register at 13 February 2015. The ex-dividend date will be 12 February 2015. This increase reflects our previous announcement that the Group intends to adopt a higher payout ratio, reflecting the consistently cash generative nature of our business. The Board intends, subject to trading results, the availability of distributable reserves and economic outlook at that time, to recommend an increased final dividend.

Outlook

In a fairly difficult trading environment, these results are encouraging and the Board is confident in the Group's ability through ongoing investment and an established market presence to deliver sustainable, long-term growth and value to shareholders. We continue to seek earnings enhancing acquisitions and we are pleased to report that trading is in line with market expectations.

Ian G Murgitroyd
Group Chairman

2 February 2015

This interim announcement was approved by the Board of Directors on 2 February 2015.

MURGITROYD GROUP PLC

Unaudited consolidated statement of comprehensive income

for the six months ended 30 November 2014

	Six months ended 30 November 2014 £'000	Six months ended 30 November 2013 £'000	Year ended 31 May 2014 £'000
Revenue	19,276	19,215	38,353
Cost of sales	(8,579)	(8,143)	(16,268)
Gross profit	10,697	11,072	22,085
Administrative expenses	(8,704)	(8,771)	(17,952)
Operating profit	1,993	2,301	4,133
Financial income	2	2	4
Financial expense	(13)	(21)	(37)
Profit before income tax	1,982	2,282	4,100
Income tax	(533)	(632)	(1,150)
Profit for the period attributable to equity holders of the parent	1,449	1,650	2,950
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment	-	-	50
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign exchange translation differences – equity accounted investments	76	-	(118)
Profit for the financial period and total comprehensive income all attributable to equity holders of the parent	1,525	1,650	2,882
Earnings per share			
Basic	16.23p	18.58p	33.16p
Diluted	16.00p	18.31p	32.67p

MURGITROYD GROUP PLC

Unaudited consolidated balance sheet at 30 November 2014

	30 November 2014 £'000	30 November 2013 £'000	31 May 2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	2,407	2,392	2,462
Intangible assets	14,927	14,969	14,936
Deferred tax asset	28	99	28
Total non-current assets	17,362	17,460	17,426
Current assets			
Work in progress	707	731	671
Trade and other receivables	14,989	13,908	14,515
Tax recoverable	-	-	125
Cash and cash equivalents	1,652	1,518	1,457
Total current assets	17,348	16,157	16,768
Total assets	34,710	33,617	34,194
Current liabilities			
Bank overdraft	-	(4)	-
Other interest-bearing loans and borrowings	(523)	(953)	(795)
Trade and other payables	(6,180)	(5,786)	(5,998)
Tax payable	(133)	(132)	-
Total current liabilities	(6,836)	(6,875)	(6,793)
Non-current liabilities			
Other interest-bearing loans and borrowings	(841)	(1,388)	(1,045)
Provisions for liabilities	-	(55)	-
Total non-current liabilities	(841)	(1,443)	(1,045)
Total liabilities	(7,677)	(8,318)	(7,838)
Net assets	27,033	25,299	26,356
Equity			
Share capital	893	891	893
Share premium	3,368	3,322	3,368
Merger reserve	6,436	6,436	6,436
Revaluation reserve	47	-	47
Foreign currency translation reserve	(42)	-	(118)
Retained earnings	16,331	14,650	15,730
Total equity attributable to equity holders of the parent	27,033	25,299	26,356

MURGITROYD GROUP PLC

Unaudited consolidated statement of cash flows for the six months ended 30 November 2014

	Six months ended 30 November 2014 £'000	Six months ended 30 November 2013 £'000	Year ended 31 May 2014 £'000
Cash flows from operating activities			
Profit for the period	1,449	1,650	2,950
<i>Adjustments for:</i>			
Depreciation	142	120	255
Amortisation	31	32	65
Loss on disposal of property, plant and equipment	-	-	(15)
Other reserves movements	76	-	(118)
Financing costs	11	19	33
Income tax expense	533	632	1,150
	2,242	2,453	4,320
Increase in trade and other receivables	(474)	(40)	(647)
Increase in work in progress	(36)	(108)	(48)
Increase in trade and other payables	180	87	302
Decrease in provision for liabilities	-	-	(55)
	1,912	2,392	3,872
Interest paid	(11)	(24)	(43)
Interest received	2	2	4
Income tax paid	(275)	(321)	(947)
	1,628	2,049	2,886
Net cash from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	(87)	(198)	(320)
Acquisition of intangible assets	(22)	(87)	(87)
Proceeds from disposal of property, plant and equipment	-	-	15
	(109)	(285)	(392)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from exercise of share options	-	97	145
Repayment of borrowings	(476)	(553)	(1,054)
Dividends paid	(848)	(779)	(1,113)
	(1,324)	(1,235)	(2,022)
Net cash used in financing activities			
Increase in cash and cash equivalents	195	529	472
Cash and cash equivalents at start of period	1,457	985	985
Cash and cash equivalents at period end	1,652	1,514	1,457

MURGITROYD GROUP PLC

Unaudited consolidated statement of changes in equity for the six months ended 30 November 2014

	Share capital	Share premium	Profit and loss account	Foreign currency translation reserve	Revaluation reserve	Merger reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 June 2013	886	3,230	13,779	-	-	6,436	24,331
<i>Total comprehensive income for the year:</i>							
Profit for the year	-	-	2,950	-	-	-	2,950
Exchange rate differences	-	-	-	(118)	-	-	(118)
Revaluation in year	-	-	-	-	83	-	83
Transfer between reserves	-	-	33	-	(33)	-	-
<i>Transactions with owners recorded directly in equity:</i>							
Dividends	-	-	(1,113)	-	-	-	(1,113)
Deferred tax on share options	-	-	81	-	-	-	81
Share options exercised	7	138	-	-	-	-	145
Deferred tax on revaluation in year	-	-	-	-	(3)	-	(3)
Total equity at 31 May 2014	893	3,368	15,730	(118)	47	6,436	26,356
At 1 June 2013	886	3,230	13,779	-	-	6,436	24,331
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	1,650	-	-	-	1,650
<i>Transactions with owners recorded directly in equity:</i>							
Dividends	-	-	(779)	-	-	-	(779)
Share options exercised	5	92	-	-	-	-	97
Total equity at 30 November 2013	891	3,322	14,650	-	-	6,436	25,299
At 1 June 2014	893	3,368	15,730	(118)	47	6,436	26,356
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	1,449	-	-	-	1,449
Exchange rate differences	-	-	-	76	-	-	76
<i>Transactions with owners recorded directly in equity:</i>							
Dividends	-	-	(848)	-	-	-	(848)
Total equity at 30 November 2014	893	3,368	16,331	(42)	47	6,436	27,033

NOTES:

1 Basis of preparation

Murgitroyd Group PLC ("the Group") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Group for the six months ended 30 November 2014 comprise those of Murgitroyd Group PLC and its subsidiaries (together referred to as "the Group").

The interim statement is prepared applying the recognition and measurement requirements of IFRSs as adopted by the EU. The Group has elected not to prepare the interim statement in accordance with IAS 34 as adopted by the EU.

The interim statement does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 May 2014 which were prepared in accordance with IFRS as adopted by the EU.

The preparation of the interim statement 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. Actual results differ from these estimates. The accounting policies applied by the Group in this interim statement are the same as those applied in its financial statements as at and for the year ended 31 May 2014. The following amendments to existing standards were effective for the first time in the financial period commencing on 1 June 2014 but did not have a material impact on the condensed interim statements of the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (Mandatory for year commencing on or after 1 January 2014.) This is part of a new suite of standards that replaces the existing accounting for subsidiaries and joint ventures.

IFRS 12 Disclosure of Interests in Other Entities (Mandatory for year commencing on or after 1 January 2014.) This standard contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

IAS 27 Separate Financial Statements (Mandatory for year commencing on or after 1 January 2014.) This standard carries forward the existing accounting and disclosure requirements of IAS 21 (2008) for separate financial statements with minor clarifications.

Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (Mandatory for year commencing on or after 1 January 2014.)

Amendments to IAS 36 – "Recoverable amount disclosures for non-financial assets" (Mandatory for year commencing on or after 1 January 2014.)

Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (Mandatory for year commencing on or after 1 January 2014.)

IFRIC Interpretation 21 Levies (Mandatory for year commencing on or after 1 January 2014.)

The comparative figures for the financial year ended 31 May 2014 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group'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 to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim statement was approved by the Board of Directors on 2 February 2015.

2 Taxation

A charge for taxation has been included at the effective rate likely to be applied to the Group result for the full year to 31 May 2015. Deferred tax is recognised at 20%.

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 2014 £'000	Six months ended 30 November 2013 £'000	Year ended 31 May 2014 £'000
Profit for the period attributable to equity holders of the parent	1,449	1,650	2,950
Basic weighted average number of shares	8,926,847	8,876,579	8,897,617
Diluted weighted average number of shares	9,057,367	9,010,322	9,030,610
Basic earnings per share	16.23p	18.58p	33.16p
Diluted earnings per share	16.00p	18.31p	32.67p

4 Dividend

The Board is proposing an interim dividend of 4.25p per share (30 November 2013: 3.75p) that will be paid on 13 March 2015 to shareholders on the register at 13 February 2015 and will have an ex-dividend date of 12 February 2015.

The Board intends, subject to trading results, the availability of distributable reserves and economic outlook at that time, to recommend an increased final dividend.

5 Further copies

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 Broker, Nplus1 Singer Capital Markets Limited, Time Central, Gallowgate, Newcastle, NE1 4SR.



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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 2014 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity 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 annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of 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 enable 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 2014 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.

Bruce Marks
for and on behalf of KPMG LLP
Chartered Accountants
2 February 2015