

3 February 2014

**Murgitroyd Group PLC ("Murgitroyd" or "the Group")
Unaudited Interim Results for the six months ended 30 November 2013**

Murgitroyd (AIM: MUR), the European Patent and Trade Mark Attorney group, is pleased to announce its unaudited interim results for the six months ended 30 November 2013.

Highlights

- Turnover up 9% to £19.2 million (2012: £17.6 million)
- Profit before income tax up 1% to £2.28 million (2012: £2.27 million)
- Basic EPS of 18.6p (2012: 18.7p)
- Proposed interim dividend of 3.75p per share (2012: 3.75p per share)
- Continuing growth in US markets with turnover in this region increasing by 33%, to £6.1 million

Ian Murgitroyd, Group Chairman, commented:

"I am pleased to report growth in the first half of the financial year, and the delivery of new record half-year sales and profits. The evolution of Murgitroyd continues as the Group responds to a price-sensitive marketplace for professional services. Our commitment to ongoing investment in business development, improvements in systems and processes, and people continued in the half year, providing us with a robust platform upon which we can deliver sustainable long-term growth. We pride ourselves in providing our clients with a high quality service at competitive prices. We are confident in our strategy and in our ability to continue to deliver further positive results in a challenging economic climate."

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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, Helsinki, London (two), Milan, Munich, Newcastle, Nice and York, and Sales Offices in Durham, North Carolina and San Francisco, California. 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 and operating review

Murgitroyd saw strong organic sales growth in the six months to 30 November 2013, with turnover increasing by just under 9% to £19.2 million, a record for the first half of a financial year. Winning new business and, with it, increasing market share was particularly pleasing given the price pressure that continues in the market for professional IP advisory services. The main driver of this growth was the Group's continued investment in its business development activities, principally in the US. This is linked to the ongoing evolution of internal work processes and interactions with clients facilitated by IT and other systems development.

Comparing the six-month trading period ended 30 November 2013 with the comparative period in 2012, turnover generated from US clients rose by 33%, to £6.1M, which represented more than 30% of total turnover for the first time. The Group continues to see the US, the largest source of European Patent applications, as a growth market. As such, Murgitroyd strengthened its US presence with a European Patent Attorney based in its West Coast office from January 2014.

Profit before income tax increased slightly to £2.28 million (2012: £2.27 million) and basic earnings per share were 18.58p (2012: 18.68p).

Interest charges for the six months under review were down by 49% to £21,000 compared to the same period last year (2012: £41,000), as debt continues to be paid down and interest rates remained low. Net debt as at 30 November 2013 stood at £0.8 million (30 November 2012: £2.8 million) reflecting both the reduction in term loan debt and strong operating cash flows. The Group continues to trade comfortably within its trading and cash flow banking covenants.

Administrative expenses in the six months ended 30 November 2013 increased by less than 1% reflecting tight cost control within the Group.

Murgitroyd operated from its fifteen offices, in eight countries, worldwide during the period. The Group is actively looking to recruit additional staff in all countries to support future growth.

The market

Statistics available from the European Community Trade Mark Office ("OHIM") continue to show an increase in Community Trade Mark ("CTM") applications. In the year to 30 November 2013, the number of CTM applications increased by 2.5% compared to the preceding twelve-month period. 2012 as a whole, with more than 107,000, saw the highest number of CTM applications filed. It was the fourth calendar year in a row that a new record level had been set.

The European Patent Office's ("EPO") most recent published statistics are for the calendar year 2013. These preliminary figures, issued in a news release on 16 January 2014, showed an annual increase of 2.8% in European Patent applications, to 265,000, an all-time high. Of these, 64% came from applicants based outside Europe, with a quarter of all filings coming from the US.

OHIM's and the EPO's statistics are considered good indicators of the current state of the market in which the Group operates.

People

At 30 November 2013 the Group employed 244 staff including 62 qualified Attorneys. The Group's ability to generate the increase in turnover reported for the period under review without increasing overall headcount reflects the changes made in working practices and the investment made in IT systems mentioned above. As previously reported, the principal change in working practices has centred on the increased use of formalities and paralegal fee earners, whilst investments in IT systems improve communication with clients, work sharing and productivity.

Share price

During the period, the middle market share price fluctuated between 474p and 528p. The current middle market price is 647.5p.

Dividend

The Board is proposing an interim dividend of 3.75p per share (2012: 3.75p) that will be paid on 3 March 2014 to shareholders on the register at 14 February 2014 and will have an ex-dividend date of 12 February 2014. It will also, subject to trading results, the availability of distributable reserves and economic outlook, recommend a final dividend.

Outlook

Murgitroyd has again reported a strong trading result for the first half of its financial year, successfully balancing the investment necessary to generate sustainable growth with shareholder expectations. We are however not complacent given the continuing challenges facing the global economy. The Board is confident that Murgitroyd can continue to deliver long-term growth and value to shareholders. Current trading is in line with market expectations.

Ian G Murgitroyd
Chairman

3 February 2014

This interim announcement was approved by the Board of Directors on 3 February 2014.

MURGITROYD GROUP PLC

Unaudited Condensed Consolidated Income Statement For the six months ended 30 November 2013

	Six months ended 30 November 2013 £'000	Six months ended 30 November 2012 £'000 (Restated, see Note 1)	Year ended 31 May 2013 £'000 (Restated, see Note 1)
Revenue	19,215	17,638	35,969
Cost of sales	<u>(8,143)</u>	<u>(6,621)</u>	<u>(13,882)</u>
Gross profit	11,072	11,017	22,087
Administrative expenses (including property revaluation uplift of £115,000 in year ended 31 May 2013)	<u>(8,771)</u>	<u>(8,711)</u>	<u>(17,408)</u>
Operating profit before property revaluation uplift	2,301	2,306	4,564
Property revaluation uplift	<u>-</u>	<u>-</u>	<u>115</u>
Operating profit	2,301	2,306	4,679
Financial income	2	2	3
Financial expense	<u>(21)</u>	<u>(41)</u>	<u>(71)</u>
Profit before income tax	2,282	2,267	4,611
Income tax	<u>(632)</u>	<u>(658)</u>	<u>(1,285)</u>
Profit for the period attributable to equity holders of the parent	<u>1,650</u>	<u>1,609</u>	<u>3,326</u>
Earnings per share			
Basic	18.58p	18.68p	38.15p
Diluted	18.31p	18.33p	37.52p

MURGITROYD GROUP PLC**Unaudited Condensed Consolidated Balance Sheet
At 30 November 2013**

	30 November 2013 £'000	30 November 2012 £'000	31 May 2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	2,392	2,185	2,314
Intangible assets	14,969	14,865	14,914
Deferred tax asset	99	73	99
Total non-current assets	17,460	17,123	17,327
Current assets			
Work in progress	731	747	623
Trade and other receivables	13,908	13,395	13,868
Tax recoverable	-	-	179
Cash and cash equivalents	1,518	969	989
Total current assets	16,157	15,111	15,659
Total assets	33,617	32,234	32,986
Current liabilities			
Bank overdraft	(4)	(314)	(4)
Other interest-bearing loans and borrowings	(953)	(1,119)	(1,001)
Trade and other payables	(5,786)	(5,569)	(5,702)
Tax payable	(132)	(227)	-
Total current liabilities	(6,875)	(7,229)	(6,707)
Non-current liabilities			
Other interest-bearing loans and borrowings	(1,388)	(2,384)	(1,893)
Provisions for liabilities	(55)	(55)	(55)
Total non-current liabilities	(1,443)	(2,439)	(1,948)
Total liabilities	(8,318)	(9,668)	(8,655)
Net assets	25,299	22,566	24,331
Equity			
Share capital	891	878	886
Share premium	3,322	3,067	3,230
Merger reserve	6,436	6,436	6,436
Retained earnings	14,650	12,185	13,779
Total equity attributable to equity holders of the parent	25,299	22,566	24,331

MURGITROYD GROUP PLC

Unaudited Condensed Consolidated Statement of Cash Flows For the six months ended 30 November 2013

	Six months ended 30 November 2013 £'000	Six months ended 30 November 2012 £'000	Year ended 31 May 2013 £'000
Cash flows from operating activities			
Profit for the period	1,650	1,609	3,326
<i>Adjustments for:</i>			
Depreciation	120	104	217
Amortisation	32	5	27
Loss on disposal of property, plant and equipment	-	-	(1)
Property revaluation surplus	-	-	(115)
Financing costs	19	39	68
Equity settled share-based payment expense	-	12	23
Income tax expense	632	658	1,285
	2,453	2,427	4,830
Increase in trade and other receivables	(40)	(219)	(692)
Increase in work in progress	(108)	(385)	(261)
Increase/(decrease) in trade and other payables	87	(374)	(239)
Decrease in provision for liabilities	-	-	-
	2,392	1,449	3,638
Interest paid	(24)	(41)	(73)
Interest received	2	2	3
Income tax paid	(321)	(549)	(1,421)
Net cash from operating activities	2,049	861	2,147
Cash flows from investing activities			
Acquisition of property, plant and equipment	(198)	(162)	(280)
Acquisition of intangible assets	(87)	(43)	(114)
Proceeds from disposal of property, plant and equipment	-	-	1
Net cash used in investing activities	(285)	(205)	(393)
Cash flows from financing activities			
Proceeds from exercise of share options	97	414	585
Repayment of borrowings	(553)	(596)	(1,205)
Dividends paid	(779)	(735)	(1,065)
Net cash used in financing activities	(1,235)	(917)	(1,685)
Increase/(decrease) in cash and cash equivalents	529	(261)	69
Cash and cash equivalents at start of period	985	916	916
Cash and cash equivalents at period end	1,514	655	985

MURGITROYD GROUP PLC

Unaudited Condensed Consolidated Statement of Changes in Equity For the six months ended 30 November 2013

	Six months ended 30 November 2013 £'000	Six months ended 30 November 2012 £'000	Year ended 31 May 2013 £'000
Opening total equity	24,331	21,266	21,266
Profit for the period	1,650	1,609	3,326
Dividends	(779)	(735)	(1,065)
Share based payments	-	12	23
Deferred tax on share options	-	-	196
Share options exercised	97	414	585
Revaluation in period	-	-	9
Deferred tax on revaluation in period	-	-	(9)
Closing total equity	25,299	22,566	24,331

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 2013 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 2013 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 2013. The following amendments to existing standards were effective for the first time in the financial period commencing on 1 June 2013 but did not have a material impact on the condensed interim statements of the Group.

IFRS 10 Consolidated Financial Statements This standard supersedes IAS 27 Consolidated and Separate Financial Statements and provides a single model to be applied in the control analysis for all investees. The standard is part of a new suite of standards on consolidation including IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The latter contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

IAS 27 Separate Financial Statements (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications.

Recoverable amount disclosures for non-financial assets – Amendments to IAS 36 The amendments reverse the requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash generating unit to which significant goodwill or indefinite lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The comparative figures for the financial year ended 31 May 2013 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.

Foreign exchange gains and losses (2013: gain of £594,000, 2012: gain of £428,000, year ended 31 May 2013: gain of £1,237,000), previously accounted for in administrative expenses, are now accounted for in cost of sales in the Unaudited Condensed Consolidated Income Statement. The cost of sales and administrative expenses figures for both comparative accounting periods have been restated accordingly.

The interim statement was approved by the Board of Directors on 3 February 2014.

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 2014. Deferred tax is recognised at 22%.

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 2013 £'000	Six months ended 30 November 2012 £'000	Year ended 31 May 2013 £'000
Profit for the period attributable to equity holders of the parent	1,650	1,609	3,326
Basic weighted average number of shares	8,876,579	8,613,681	8,718,070
Diluted weighted average number of shares	9,010,322	8,775,469	8,864,761
Basic earnings per share	18.58p	18.68p	38.15p
Diluted earnings per share	18.31p	18.33p	37.52p

4 Dividend

The Board is proposing an interim dividend of 3.75p per share (30 November 2012: 3.75p) that will be paid on 3 March 2014 to shareholders on the register at 14 February 2014 and will have an ex-dividend date of 12 February 2014. It will also, subject to trading results, the availability of distributable reserves and economic outlook, recommend a 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 Adviser and Broker, Nplus1Brewin LLP, 12 Smithfield Street, London, EC1A 9LA.



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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 2013 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Cash Flows, the Condensed 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 2013 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

3 February 2014