3 September 2007

Murgitroyd Group PLC (“Murgitroyd” or “the Group”)
Preliminary Results for the year ended 31 May 2007

Highlights

- Turnover increased 21% to £22.8m (2006: £18.8m)
- Operating profit rose by 66% to £2.57m (2006: £1.55m) and, before goodwill amortisation (EBITA) rose by 56% to £3.22m (2006: £2.07m)
- Profit on ordinary activities before taxation (excluding goodwill amortisation) rose by 58% to £2.95M (2006: £1.87M)
- Basic earnings per share are 16.41p up 110% (2006: 7.83p)
- Proposed dividend increased 94% to 9p per share (2006: 4.65p)
- Successful acquisition and integration of Fitzpatricks
- New offices in Milan and Edinburgh opened and fully operational

Ian Murgitroyd, Chairman, said:

"I am delighted to announce yet another strong performance by the Group. Both turnover and EBITA, exceeded market expectations. Synergies are still being generated from our latest acquisition and the enlarged Group has retained its ability to deliver good organic growth. Murgitroyd has delivered steady growth for the sixth consecutive year and I believe the company is well placed to continue this performance."

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Notes:

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 offices in Aberdeen, Belfast, Dublin, Edinburgh, Glasgow, London, Milan, Muenster, Munich, Nice and York.

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 technology, 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

Group turnover increased 21.3% to £22.8 million (2006: £18.8 million). Operating profit rose by 66.2% to £2.57 million (2006: £1.55 million) and, before goodwill amortisation (EBITA) rose by 55.5% to £3.22 million (2006: £2.07 million), exceeding market expectations. These results are due to the integration of Fitzpatricks filtering through, continued organic growth, economies of scale, and a proportionate reduction in overheads for the second consecutive year.

The Group's basic earnings per share increased 110% to 16.41p (2006: 7.83p) during the period under review, and net cash flow after financing for the period was positive at £435,000.

Profit before tax increased by 70.8% to £2.30 million (2006: £1.35 million).

At the time of the Interim results in January 2007, Murgitroyd highlighted an improved gross margin of 65.8% for the Group, for the six months ended 30 November 2006. This was a direct result of a move towards increased time-based charging, and reflected improved time recording systems. During the second half of the year, the Group continued to benefit from this and, with continuing systems improvements, the gross margin for the current year improved to 65.8% (2006: 62.8%).

The company anticipates the adoption of International Financial Reporting Standards for the financial year ended 31 May 2008. The Directors are currently assessing the likely areas of financial impact following transition and these will be reported at the time of announcement of the 2008 interim results.

Operating review

At the beginning of the current financial year, the Group announced the acquisition of Fitzpatricks, one of the UK's longest established and leading providers of Patent and Trade Mark services, for a consideration of £1.3 million (excluding costs), in addition to approximately £270,000 for net assets. The acquisition was immediately earnings enhancing, strengthening the corporate client base and extending the service offering for the Group. The integration of Fitzpatricks continues and the stringent cost controls adopted by the Group are generating the anticipated post acquisition synergies. No significant client losses have occurred since the acquisition and all fee earners employed by Fitzpatricks at acquisition have been retained. As part of the integration process the Group plans to sublet the leasehold property previously occupied by Fitzpatricks, and a number of third parties are actively interested in doing so.

Murgitroyd's agreement with Coats plc ("Coats"), a global leader in sewing, thread and needlecraft products, continues to prove extremely successful. Under the terms of the agreement, the Group has taken over the functions of Coats' Intellectual Property department at a fixed annual fee, a service that the Group is looking to replicate.

The Group continues with its Attorney secondment programmes, both to and from key clients. This is an excellent way of cementing relationships and has proved successful over the past few years.

The new offices in Milan and Edinburgh, and a sales office in Raleigh, North Carolina, USA, are now fully operational, bringing the Group's network to twelve offices in eight countries. All three offices have recruited additional new staff and Milan and Edinburgh are already contributing to earnings while the US sales office has further raised the Group's profile in that important market. Additionally, trainee Attorneys will be brought into the new Italian office during the current financial year. Murgitroyd's clients now enjoy direct representation rights before Patent and Trade Mark Offices in the UK, Ireland, Germany, France, Italy, Monaco, the Netherlands, Austria and Switzerland.

The market

The market continues to remain buoyant. The European Patent Office ("EPO") and Community Trade Mark ("CTM") Office statistics are used as benchmarks for the number of new filings for Intellectual Property Rights. For the calendar year 2006 the EPO showed a 7% year-on-year increase in the number of European Patents filed while the CTM office demonstrated a considerable 20% increase in new Community Trade Marks filed. These statistics are reflected by the Group's own new business pipeline.

The demographic, market-wide, problem of a lack of qualified Patent Attorneys is ever present. Murgitroyd's internal training programme, combined with its expansion strategy, continues to counteract this. The Group continues to be watchful of this imbalance and investment in "in-house" training remains a primary focus for the Group.

People

The total number of employees as at 31 May 2007 was 194 (2006: 167). This figure includes a total of 46 qualified Attorneys (2006: 37). During the period, 25 people, including eight qualified Attorneys, joined the Group as a result of the acquisition of Fitzpatricks. Our recruitment programme, which identifies experienced, qualified staff as well as candidates for Attorney training, has continued successfully. Our internal training is an integral part of the Group's culture. The success of the internal training and exam preparation has become more and more evident, with an increasing number of newly qualified Attorneys being retained. The year saw a number of Attorneys gaining second Attorney qualifications, either as European Attorneys or as nationally qualified Attorneys. Training currently occurs in each of the Group's four principal legal jurisdictions: the UK, Ireland, France and Germany.

In October 2006, Graham Murnane was appointed as an Executive Director to the Board, following Roisin McNally's resignation in September 2006. Mr Murnane possesses a wealth of expertise and his experience is already proving a valuable asset to the Board.

I am pleased to announce that David Castle has agreed to stay with the Group after the end of his three-year contract, following the acquisition of Castles in January 2005. David will become Deputy Chairman and continue in a client-facing capacity, based in the Group's South London office. He will also continue to chair the Business Development Management Group, a key driving force behind the Group's organic growth.

Edward Murgitroyd has moved from a fee-earning role to a role as head of Group Operations. Group Operations consolidates strategic IT development and implementation; internal control, quality and auditing; and translation support services. Edward also retains a focus on business development in the US.

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

Share price

During the period, the middle market price of the company's shares fluctuated between 257.5p and 529p. The current middle market price is 460p. This compares with the flotation price of 121p in November 2001.

Dividend

As in previous years, the Board did not recommend an interim dividend. However, a final dividend of 9p per share (2006: 4.65p) is being proposed. Subject to approval at the Annual General Meeting, the dividend will be paid on 30 October 2007 to shareholders on the register on 12 October 2007.

Outlook

Murgitroyd has delivered sustainable growth and increased its market share for the sixth consecutive year since its flotation. The Group's aim is to continue to achieve predictable long term growth, both organically and, where appropriate, through selective acquisitions. Although acquisition opportunities present themselves on a regular basis, our stringent assessment criteria require any potential acquisition to be immediately earnings enhancing and have a long term additional fee earning capacity as well as a range of good quality new clients.

The market remains strong with a healthy number of existing new business opportunities to tender for meaningful Intellectual Property portfolios and we have no reason to believe that this positive trend will not continue.

Murgitroyd's clear strategy and the current market environment provide the solid platform upon which the Group can consolidate whilst continuing to deliver predictable returns for shareholders. In the wake of a promising start to the first half, the Board looks at the current financial year with confidence.

Ian G. Murgitroyd
Chairman
31 August 2007

Consolidated Profit and Loss Account
for the years ended 31 May 2007 and 31 May 2006

	Before goodwill amortisation	**Goodwill amortisation**	**2007 Year ended 31 May 2007**	Before goodwill amortisation (restated*)	Goodwill amortisation	2006 Year ended 31 May 2006 (restated)*
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	**22,843**	**-**	**22,843**	18,837	-	18,837
Cost of sales	**(7,814)**	**-**	**(7,814)**	(7,012)	-	(7,012)
Gross profit	**15,029**	**-**	**15,029**	11,825	-	11,825
Administrative expenses	**(11,806)**	**(652)**	**(12,458)**	(9,752)	(527)	(10,279)
Operating profit	**3,223**	**(652)**	**2,571**	2,073	(527)	1,546
Interest receivable and similar income	**11**	**-**	**11**	5	-	5
Interest payable and similar charges	**(284)**	**-**	**(284)**	(206)	-	(206)
Profit on ordinary activities before taxation	**2,950**	**(652)**	**2,298**	1,872	(527)	1,345
Tax on profit on ordinary activities	**(934)**	**-**	**(934)**	(697)	-	(697)
Profit for the financial year	**2,016**	**(652)**	**1,364**	1,175	(527)	648
Earnings per 10p ordinary share						
Basic			**16.41p**			7.83p
Diluted			**15.90p**			7.67p

* See Note 1.

There were no discontinued operations in the current or previous year.

There is no difference between the profit for the financial year and the historical cost equivalent.

Consolidated Balance Sheet
at 31 May 2007 and 31 May 2006

	2007 £'000	2006 £'000
Fixed assets		
Intangible assets	9,757	8,695
Tangible assets	2,570	2,252
	12,327	10,947
Current assets		
Work in progress	481	317
Debtors	7,334	5,981
Cash at bank and in hand	453	298
	8,268	6,596
Creditors: amounts falling due within one year	(4,971)	(4,136)
Net current assets	3,297	2,460
Total assets less current liabilities	15,624	13,407
Creditors: amounts falling due after more than one year	(3,531)	(2,499)
Provisions for liabilities and charges	(101)	(73)
Net assets	11,992	10,835
Capital and reserves		
Called up share capital	834	828
Share premium account	2,337	2,258
Merger reserve	6,436	6,436
Revaluation reserve	222	166
Profit and loss account	2,163	1,147
Shareholders' funds	11,992	10,835

Consolidated Cash Flow statement
for the years ended 31 May 2007 and 31 May 2006

	Year ended 31 May 2007 £'000	Year ended 31 May 2006 £'000
Net cash inflow from operating activities	**2,559**	1,740
Returns on investments and servicing of finance		
Interest received	**11**	5
Bank interest paid	**(194)**	(121)
Interest element of hire purchase repayments	**(4)**	(5)
Net cash outflow from returns on investments and servicing of finance	**(187)**	(121)
Taxation	**(822)**	(578)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(356)**	(203)
Proceeds from sale of tangible fixed assets	**-**	-
Net cash outflow from capital expenditure and financial investment	**(356)**	(203)
Acquisitions		
Purchase of subsidiary undertaking	**(856)**	(692)
Cash at bank and in hand acquired with subsidiary undertaking	**47**	-
Cash outflow from acquisitions	**(809)**	(692)
Equity dividends paid	**(386)**	(275)
Net cash outflow before financing	**(1)**	(129)
Financing		
Issue of ordinary share capital for cash	**85**	-
Increase in bank loans due within one year	**101**	45
Increase in bank loans due outwith one year	**796**	102
Repayment of capital element of hire purchase obligations	**(46)**	(51)
Repayment of Loan Notes	**(500)**	(300)
Net cash inflow/(outflow) from financing	**436**	(204)
Increase/(decrease) in cash in the year	**435**	(333)

Notes to the announcement:

1. Basis of preparation

The Financial Statements have been prepared in accordance with applicable Accounting Standards, and under the historical cost accounting rules, modified to include the revaluation of buildings. The accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Financial Statements except for a change in accounting policy for the valuation of share options in accordance with FRS20 "Share-based payments". The comparative figures for the year ended 31 May 2006 have also been restated on adoption of FRS20 "Share-based payments". The impact of introducing FRS20 on the company's financial position has been to recognise a cumulative charge of £92,000 (2006: £54,000). The impact of the change on the Profit and Loss Account has been to reduce the profit before tax for the year ended 31 May 2007 by £38,000 (2006: £41,000).

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 2007. Group Financial Statements for the year ended 31 May 2006 have been delivered to the Registrar of Companies and those for 2007 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 period. 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 financial year	**Weighted average number of shares**	**2007 Earnings per share**	Profit for the financial year (restated*)	Weighted average number of shares (restated*)	2006 Earnings per share (restated*)
	£'000	**Number**	**p**	£'000	Number	p
Basic earnings per share	**1,364**	**8,307,012**	**16.41**	648	8,277,887	7.83
Dilutive share options	**-**	**266,787**	**(0.51)**	-	169,975	(0.16)
Diluted earnings per share	**1,364**	**8,573,799**	**15.90**	648	8,447,862	7.67
Amortisation of goodwill	**652**	**8,573,799**	**7.60**	527	8,447,862	6.24
Adjusted, diluted earnings per share	**2,016**	**8,573,799**	**23.50**	1,175	8,447,862	13.91
Adjusted, basic earnings per share	**2,016**	**8,307,012**	**24.26**	1,175	8,277,887	14.19

* See Note 1.

Adjusted earnings per share have been shown in order to demonstrate the performance of the Group before goodwill amortisation.

3. Annual General Meeting

The Annual General Meeting of the company will be held at Scotland House, 165-169 Scotland Street, Glasgow G5 8PL at 11am on 25 October 2007.

4. Further copies

Further copies of the Annual Report and Accounts 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, tel: 020 7763 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