

2 February 2004

Murgitroyd Group PLC ("the Group")
Unaudited Interim Results
for the six months ended 30 November 2003

Highlights

- Turnover increased by 14% to £5.8 million (2002: £5.1 million)
- EBITA rose by 112% to £448,000 (2002: £210,000)
- Profit before tax increased to £243,000 (2002: £7,000)
- Adjusted basic earnings per share of 3.12p (2002: 2.14p)
- Further European expansion planned

Ian Murgitroyd, Group Chairman, commented:

"I am delighted to report a robust performance by the Group with a rise in turnover of 14% and a considerable increase in profitability. The acquisition of Cabinet Bonneau EURL has proved to be highly successful. With the Group's expansion plans in Europe progressing well and its current and future client portfolio remaining strong, I believe we are in an excellent position to continue the growth of the business."

For further information, please contact:

Keith Young, Murgitroyd Group PLC, 0141 307 8400
Alasdair Robinson, Noble & Company Limited, 0131 225 9677
Nadja Vetter/Richard Fallowfield, CardewChancery, 020 7930 0777

Notes to Editors

Murgitroyd Group PLC, the holding company of Murgitroyd & Company Limited, a European Patent and Trade Mark Attorney practice, was floated on the Alternative Investment Market of the London Stock Exchange ("AIM") on 30 November 2001. The Company is based in Glasgow with offices in Aberdeen, Belfast, Dublin, London, Munich and Nice.

Murgitroyd Group PLC specialises in the provision of Intellectual Property ("IP") services, including filing, prosecuting, litigating, licensing, assigning and renewing Patents, Trade Marks and Designs and advising on Copyright. Services span the major sectors of the global economy including technology, engineering, electronics, chemistry and biotechnology. Clients range from large multi-national corporations to individual inventors and both in-house and external Patent Attorneys.

Murgitroyd Group PLC ("the Group") Chairman's Statement

I am pleased to be able to report a robust performance by the Group for the six months to 30 November 2003. Revenues rose by 14% from £5.1m to £5.8m and profitability increased considerably with profit before tax at £243,000. The acquisition and integration of Cabinet Bonneau, a French Patent and Trade Mark Attorney practice, has proved highly successful. The Group remains focused on its strategy of establishing itself as the leading Pan-European Patent and Trade Mark Attorneys through its expansion programme.

Operating and Financial Review

As a result of a thorough review of the Group's cost base and the subsequent implementation of tighter cost controls, operating profit rose to £272,000 (2002: £35,000) and profit before tax increased to £243,000 (2002: £7,000). During this period the increase in overheads was limited to 6% at £3.5 million (2002: £3.3 million).

During the period, the gross margin is 67%, marginally lower than the previous year (2002: 68%). This is primarily due to the historically lower sales prices of Cabinet Bonneau. The aim is to harmonise prices across the Group over the medium term. The acquisition of Cabinet Bonneau, which took place in July 2003, has been successful and represents a further step forward in our ability to offer a truly Pan-European service. The staff at Cabinet Bonneau have been fully integrated with the Group's Nice office and the Group, as a result of the acquisition as well as through organic growth now enjoys full representation rights in the UK, Ireland, France, Monaco and the Netherlands. Overall, the Group's pan-European expansion strategy, involving the establishment of offices in key European locations, is progressing well.

The Group has added a significant number of clients to its portfolio during the period. This reflects our established reputation as leading Patent and Trade Mark Attorneys. Out of the top 25 clients, ranked by turnover, three are recent client wins. As a result of the acquisition of Cabinet Bonneau we have also added 3,000 active cases to our portfolio.

The Marketplace

European Patent applications have shown consistent growth, with the number of applications continuing to rise. In our opinion, market indicators show no sign of a significant slowdown in research spending by key industries in the Patent marketplace.

Board Changes

In June, Paolo Pacitti, an Executive Director, began a one-year sabbatical and resigned his Directorships with the Company and its principal operating subsidiary, Murgitroyd & Company Limited. In the event, Mr Pacitti has decided to retire. The Board would like to take this opportunity to thank Paolo for his significant and longstanding contribution to the business and wish him every success in the future.

We were pleased to welcome Edward Murgitroyd to the Board as an Executive Director on 25 November 2003. Edward Murgitroyd has been with the Group's subsidiary, Murgitroyd & Company, since 1997 and has sat on the Risk Assessment Committee since its inception. He joins the Board of Directors as a second representative of the Murgitroyd family, the majority shareholders in the Company.

People

The total number of employees as at 30 November 2003 was 138 (2002: 144). In the period, Murgitroyd has increased its qualified Patent Attorneys by three: a UK Attorney and two European Attorneys one of whom is also a qualified French Attorney. The Group has further increased the number of trainees to its Attorney training programme by three: a new graduate trainee Trade Mark Attorney and two part-qualified French Attorneys. Our in-house training programme continues to produce encouraging results in the development of existing personnel.

Dividend

The Directors do not propose to pay an interim dividend. The Directors do intend, subject to the availability of distributable reserves, that dividends will be paid to shareholders following the announcement of the annual report and accounts.

Share Price and Notifiable Interest

During the period, the middle market price of Murgitroyd's shares fluctuated between 115p and 145p. The current middle market price is 152p. This compares with the Group's flotation price of 121p. The Company received notification on 22 October 2003 that Norman Pattullo, an Executive Director of the Company, sold 795,728 ordinary shares in the Company. Mr Pattullo now holds 232,242 ordinary shares in the Company, representing 2.81 per cent of the issued share capital. In addition, Pierpaolo AME Pacitti's Liferent Trust sold 189,541 ordinary shares in the Company on 22 October 2003. The Liferent Trust now holds 232,241 ordinary shares in the Company representing 2.81 per cent of the issued share capital and thus no longer has a notifiable interest in the Company.

Schroder Investment Management Limited ("SIM") acquired 700,000 ordinary shares in the Company on 22 October 2003. This is equivalent to 8.46 per cent of the current issued share capital of the Company and represents SIM's entire shareholding in the Company. Murgitroyd is delighted to welcome a new institutional shareholder of the standing of SIM. It is the Company's objective to continue to attract similar investors.

Outlook

Bearing in mind the improvement in the operating environment, we believe that the Group is in a strong position to continue its expansion into Europe. The Board will continue to seek to increase revenue and profitability, through organic and, where deemed appropriate, acquisitive growth. We look forward to the remainder of the year with confidence.

Ian G Murgitroyd
Chairman

30 January 2004

This interim announcement was approved by the Board of Directors on 30 January 2004.

MURGITROYD GROUP PLC

Unaudited Consolidated Profit and Loss Account

For the six months ended 30 November 2003 (six months ended 30 November 2002)

	Six months ended 30 November 2003 £'000 (unaudited)	Six months ended 30 November 2002 £'000 (unaudited)
Turnover	5,834	5,130
Cost of sales	(1,931)	(1,663)
Gross Profit	<u>3,903</u>	<u>3,467</u>
Administrative expenses	(3,455)	(3,256)
Goodwill amortisation	(176)	(176)
Operating profit	<u>272</u>	<u>35</u>
Other interest receivable and similar income	2	2
Interest payable and similar charges	(31)	(30)
Profit on ordinary activities before taxation	<u>243</u>	<u>7</u>
Taxation on profit on ordinary activities	(160)	(6)
Profit on ordinary activities retained for the period	<u>83</u>	<u>1</u>
Earnings per 10p ordinary share		
Basic	1.00p	0.01p
Diluted	1.00p	0.01p
Adjusted, basic before goodwill amortisation	3.12p	2.14p
Adjusted, diluted before goodwill amortisation	3.12p	2.13p

MURGITROYD GROUP PLC

Unaudited Consolidated Balance Sheet At 30 November 2003

	£'000	2003 £'000 (unaudited)	£'000	2002 £'000 (unaudited)
Fixed assets				
Tangible fixed assets		2,009		1,891
Goodwill		6,540		6,676
		<hr/>		<hr/>
		8,549		8,567
Current Assets				
Work in progress	309		263	
Debtors	4,692		4,195	
Cash at bank and in hand	90		136	
	<hr/>		<hr/>	
	5,091		4,594	
Creditors: amounts falling due within one year	(3,672)		(3,290)	
	<hr/>		<hr/>	
Net current assets		1,419		1,304
Total assets less current liabilities		<hr/>		<hr/>
		9,968		9,871
Creditors: amounts falling due after more than one year		(218)		(247)
Provision for liabilities and charges		(10)		(8)
		<hr/>		<hr/>
Net Assets		9,740		9,616
Capital and reserves				
Called up share capital		828		828
Share premium account		2,258		2,258
Merger reserve		6,437		6,437
Revaluation reserve		46		36
Profit and loss account		171		57
		<hr/>		<hr/>
Shareholders funds - equity		9,740		9,616
		<hr/>		<hr/>

NOTES:

1. The accounting policies that have been applied to the unaudited interim results are consistent with the latest published audited accounts of Murgitroyd & Company Limited. The premium on the shares issued in exchange for shares in Murgitroyd & Company Limited qualified for merger relief under section 131 of the Companies Act 1985 and therefore that premium has been transferred from the share premium account to the merger reserve. The prior year figures have been restated accordingly.
2. These interim results are unaudited and do not comprise full accounts within the meaning of section 240 of the Companies Act 1985. Full accounts for the year ended 31 May 2003 for Murgitroyd & Company Limited, on which the auditors gave an unqualified report, have been delivered to the Registrar of Companies.
3. A charge for taxation has been included at the effective rate likely to be applied to the UK result, excluding the goodwill amortisation, for the full year to 31 May 2004.
4. The earnings per share of Murgitroyd Group PLC is 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 2003	Six months ended 30 November 2002
Profit after taxation	82,884	1,120
Amortisation of goodwill	175,689	175,689
	<u>258,573</u>	<u>176,809</u>
Basic weighted average number of shares	8,277,887	8,277,887
Diluted weighted average number of shares	8,288,803	8,288,743
Basic earnings per share	1.00p	0.01p
Diluted earnings per share	1.00p	0.01p
Adjusted basic earnings per share	3.12p	2.14p
Adjusted diluted earnings per share	3.12p	2.13p

5. The Directors do not propose to pay an interim dividend at this time. The Directors do intend, subject to the availability of distributable reserves, that dividends will be paid to shareholders following the announcement of the annual report and accounts.
6. A copy of the interim trading statement for the six months ended 30 November 2003 is due to be sent to all shareholders on or about 3 February 2003. 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 1 Frederick's Place London EC2R 8AB
--	---



Independent review report by KPMG Audit Plc to Murgitroyd Group PLC

Introduction

We have been engaged by the company to review the financial information set out on pages 4 to 6 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 November 2003

KPMG Audit Plc
Chartered Accountants

30 January 2004

24 Blythswood Square
Glasgow
G2 4QS