21 February 2019

Murgitroyd Group PLC ("the Group")
Unaudited Interim Results for the six months ended 30 November 2018, acquisition and Board changes

The Group (AIM: MUR) announces today its unaudited interim results for the six months ended 30 November 2018, the acquisition of Chapman IP and Board changes.

Highlights

Interim results

- Revenue increased 5% to £22.67m (2017: £21.6m)
- Profit before income tax increased to £1.70m (2017: £1.67m)
- Basic EPS increased 3% to 14.2p (2017: 13.8p)
- Proposed interim dividend of 7p per share (2017: 6.5p), an increase of 7.7%
- Strong net cash position at period end of £2.23m (31 May 2018: £3.03m)

Developments since the period end

Acquisition

- Earnings-enhancing acquisition of the entire issued share capital of Chapman IP Limited ("Chapman IP"), a UK Attorney practice based in the south of England, for an aggregate cash consideration of approximately £6.6m.

Board changes

- Chief Executive and Finance Director roles split with Edward Murgitroyd, after four years as CEO of the operating business, becoming CEO of Murgitroyd Group PLC and Keith Young continuing as Finance Director.
- Having both served seventeen years as Non-executive Directors, Dr. Kenneth Chrystie retires from the Board with effect from today and Mark Kemp-Gee has indicated that he will step down from the Board at the AGM later this year.
- Helga Chapman, founder and former Managing Director of Chapman IP, appointed as a Non-executive Director with immediate effect.
- Process to appoint an additional independent Non-executive Director at an advanced stage.

Ian Murgitroyd, Chairman, commented:

"I am pleased to report an increase in both revenue and profit before tax, which has allowed us again to propose an increased interim dividend, despite continuing macro-economic and political uncertainties. While MURGITROYD operates in a market with good long-term prospects, we are not complacent and will continue our capital investment programme initiated in 2018 through the current financial year, underpinning our future growth plans.

Reflecting the continuing importance to the Group of its European Patent and Trade Mark Attorney practice, the acquisition of Southampton-based Chapman IP complements MURGITROYD's existing European network and client base. The acquisition is expected to be earnings enhancing for MURGITROYD in the first full financial year following completion.

Today we also announce a number of important Board changes, signalling our intent to refresh the Non-executive Board, and adopting a conventional Executive Board structure in anticipation of the next phase of our growth and our increasing activity in the USA.

As stated at the time of our full year results, the Board will continue to critically assess all aspects of the Group, its activities, global operations and structures, reflecting our commitment to ongoing improvement in a fast-changing marketplace. We remain confident that we can continue to deliver sustainable long-term growth and value to shareholders, whilst maintaining our progressive dividend policy."

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Murgitroyd Group PLC
Chairman's Statement

Financial review

In the six months to 30 November 2018, the Group reported revenues of £22.67m (2017: £21.6m) and underlying profit before income tax of £1.7m (2017: £1.67m). Basic earnings per share for the interim period are 3% higher year-on-year at 14.2p.

The trends seen in recent years of strong growth in support services revenue, and revenue from USA-based clients, continued in the period. Interim period global support services revenue increased by 19%, to represent more than 40% of total revenue for the first time. Total revenue from USA-based clients rose by just under 7%, to £11.50m. The split of revenue in the period between Attorney Practice Groups and the Global Support Services group was 60:40.

Pleasingly, and reflecting the mix of revenue generated in the period, the gross margin percentage increased to 56% (2017: 53.7%).

More than half of the Group's revenue is being generated in either US Dollars or Euros, and a substantial part of its costs are incurred in currencies other than Sterling. The Group retains therefore an exposure to foreign exchange rate volatility and, in general terms, is a net beneficiary of Sterling weakness. The value of Sterling has been materially impacted by developments in, and sentiments about, the United Kingdom's ("UK") exit ("Brexit") from the European Union ("EU"). In this regard, the comparative strength of the US Dollar in the period has made a positive contribution to Group performance overall.

The underlying Group operating cash flow, despite higher taxation outflows caused by the timing of payments on account, remained strong with period-end cash balances of £2.23m (31 May 2018: £3.03m). This strong cash position has facilitated the continued investment in MURGITROYD's technology platform (£0.55m) and, in line with the Group's commitment to a progressive dividend policy, enabled the Board to declare an interim dividend of 7p per share.

The Group's investment in growth is also reflected in the number of people employed and the costs attaching thereto, headcount increasing to 275 as at 30 November 2018 (30 November 2017: 257). This will increase to around 290 through the acquisition of Chapman IP.

Operating review

The Group is trading satisfactorily in challenging conditions, particularly in the UK where the uncertainty around the UK leaving the EU and how it might affect the European marketplace and IP systems remains unresolved. MURGITROYD has an unrivalled pan-European office network, now comprising fourteen offices (fifteen including that of Chapman IP) in ten countries. This geographic spread ensures that MURGITROYD is well placed to support clients to manage this uncertain situation and to continue to represent our clients in Europe in respect of their IP rights, as we have been doing since the referendum on the UK's membership of the EU. Over the past two years, MURGITROYD has already seen some upside in revenues attributed to clients taking a safety-first approach and filing a Trade Mark both in the UK and in Europe, whereas previously they would have filed only in the EU and relied upon that pan-European right.

The EU and UK Government have set out guidance and intentions around how European Trade Mark and Registered Design rights will be treated following Brexit, however these proposals are not enshrined in law and hence subject to change based on the Brexit outcome. A further potential upside to activity levels and revenues could be expected when Brexit occurs resulting from opportunities to take on professional representation of Trade Mark and Registered Design Right portfolios for clients, where owners' existing EU-based advisors can no longer act for clients in the UK.

Operating review (cont'd)

While MURGITROYD operates in a market with good long-term prospects, we are not complacent. The level of capital investment in our technology platform and the development of our support services offerings, initiated in 2018, will be sustained through the current financial year and beyond. This continues a programme of investment that has reshaped the Group's processes and systems and, I believe, puts us in a good position for future growth. As part of this, the Board will continue to critically assess all aspects of the Group, its activities, operations and structures, reflecting the commitment to ongoing improvement in a fast-changing marketplace.
I believe MURGITROYD's major investment in its technology platform and IT systems is now beginning to bear fruit, transforming interactions with our clients. This is necessary to provide MURGITROYD with a competitive edge when it comes to winning and retaining clients in the long term and is, as noted, made possible by the Group's strong cash flow.

The Group also continues to look to identify administrative support tasks that can be effectively delivered from our Managua office at substantially reduced cost. Further planned investment in Managua will initially see significant growth in the IP records docketing team based there, docketing being an IP support service identified for growth.

As mentioned above, the USA is a substantial part of the business. More than half of the Group's revenue is generated in the USA, as the strength of that economy, and MURGITROYD's active and growing presence there, continues to drive revenue growth.

Acquisition

The UK remains an important market for MURGITROYD, with UK clients still generating more than a quarter of Group revenue. Business development in the UK market continues and I am pleased to report that, since the half-year end, the Group has completed the acquisition of the entire issued share capital of Chapman IP Limited ("Chapman IP") for a total consideration of approximately £6.6m, including net assets to be confirmed by completion accounts, but estimated at around £0.6m. The acquisition follows a period of extensive due diligence and was completed on 20 February 2019.

Under the terms of the agreement, £5m was paid in cash upon completion, the net asset payment will follow immediately upon agreement of completion accounts and the balance of £1m is payable twelve months following completion. The transaction has been funded through a combination of existing cash resources and new term debt facilities amounting to £5m arranged with Clydesdale Bank PLC.

Chapman IP, a European Patent and Trade Mark Attorney practice, is based in Southampton and has a particular focus on providing IP services to the engineering, electronics, materials science, chemistry, software and IT, technology and creative services sectors. The practice, founded in 2002, was previously owned and managed by Helga Chapman.

For the year to 30 June 2018, Chapman IP's turnover amounted to £4.1m, with EBITA totalling £762,000 and net assets amounting to £506,000. With the exception of Ms. Chapman, all of Chapman IP's Patent and Trade Mark Attorneys are remaining as employees with the Group following the acquisition. Ms. Chapman stepped down from an executive role with the company upon completion but will remain with the enlarged Group, joining the Board of Murgitroyd as a Non-executive Director. In addition to the five qualified Attorneys remaining, an Attorney consultant, three trainee or part-qualified Attorneys and five experienced support staff will join the Group as part of the transaction. Three other former Chapman IP support and administrative staff left Chapman IP prior to completion.

Acquisition (cont'd)

Chapman IP complements MURGITROYD's existing UK Attorney practice network and client base and its acquisition is expected to be earnings enhancing in the first full financial year following completion. The impact of the acquisition at Group level will however be tempered by the planned reinvestment of a proportion of the incremental profits expected to flow from Chapman IP into the expansion of MURGITROYD's global reach and service offerings, with a view to driving growth in profits and shareholder value over the long term.

Employees

Our commitment to long-term growth, across the Group's office network, continues to be reflected in our investment in people. As at 30 November 2018, the Group employed 275 staff (30 November 2017: 257). This figure increased to around 290 through the Chapman IP acquisition, and MURGITROYD's reputation and high level of client service is a credit to the hard work and dedication of all our staff. On behalf of the Board I would like to thank them for their continuing efforts.

Board Changes

Today we also announce a number of important Board changes, signalling our intent to refresh the Non-executive Board, and adopting a conventional Executive Board structure in anticipation of the next phase of our growth and our increasing activity in the USA.

Reflecting the continuing growth and development of the Group, the Board has decided that it is appropriate to adopt a conventional Executive Board structure by splitting the roles of Chief Executive and Finance Director. After four years as CEO of the operating business, Edward Murgitroyd becomes CEO of Murgitroyd Group PLC with immediate effect, with Keith Young continuing as Finance Director.

Dr. Kenneth Chrystie retires from the Board with effect from today. I would like to take this opportunity to thank Kenneth for his sterling contribution to the business over many years, including serving as a Non-executive Director and Board Committee member since flotation in 2001. The Board wishes him every success in the future. John Reid has succeeded Dr. Chrystie as Chairman of the Audit Committee. Mark Kemp-Gee has indicated that he will step down from the Board at the AGM later this year after seventeen years' service as Senior Non-Executive Director and Remuneration Committee Chairman.

Helga Chapman, founder and former Managing Director of Chapman IP joins the Board as Non-executive Director following completion of the acquisition of Chapman IP.

Ms. Chapman graduated from Leeds University with a Mechanical Engineering degree and entered the IP profession in 1991. She is a Chartered UK Patent Attorney, European Patent Attorney, Patent Attorney Litigator, Trade Mark Attorney, European Trade Mark Attorney and European Design Attorney. Following experience in private practice and as IP Counsel at Rolls-Royce Aerospace, she founded Chapman IP in 2002.

A Board process to appoint an additional independent Non-executive Director is at an advanced stage and we expect to be in a position to confirm an appointment shortly.

The Board has decided to split the roles of Auditors and tax advisors and has appointed Grant Thornton as Auditors to Murgitroyd Group PLC, KPMG being retained as the Group's principal tax advisers. It has also appointed Burness Paull as principal solicitors to the Group.

Dividend

The Board has declared an interim dividend of 7p per share (2017: 6.5p) that will be paid on 22 March 2019 to shareholders on the register at 1 March 2019. The ex-dividend date will be 28 February 2019. This increase reflects the Group's previously stated intention to adopt a higher pay-out ratio in recognition of its strong balance sheet and operating cash flow. The Board also intends, subject to trading results, the availability of distributable reserves and the economic outlook at that time, to recommend the payment of a final dividend.

Outlook

The Board is pleased with the performance of the Group for the first half of the current financial year and remains committed to delivering the highest quality client service at competitive prices. Our continued investment puts us in a good position for future growth. As part of this, the Board will continue to critically assess all aspects of the Group reflecting the commitment to ongoing improvement in a fast-changing global marketplace.

Whilst the focus remains on organic growth, the Board continues to believe, as demonstrated by the acquisition of Chapman IP, appropriate acquisitions to be complementary to the Group's long-term objective where these are expected to be earnings enhancing in the near term. In that context, the Board would look beyond the Group‘s current core business in Europe and the USA and consider opportunities in Asia and Australasia, although no such opportunities are under active consideration at the present time.

In view of macro-economic and political uncertainties, we prudently expect a broadly unchanged result at Group level in the 2019 financial year notwithstanding the acquisition of Chapman IP, the acquisition completing relatively late in the financial year and triggering non-recurring professional and integration expenses. As noted above, the impact of the acquisition at Group level in the 2020 financial year will be tempered by the planned reinvestment of a proportion of the incremental profits expected to flow from Chapman IP into the expansion of MURGITROYD's global reach and service offerings, with a view to driving growth in profits and shareholder value over the long term. Notwithstanding the macro-economic and political uncertainties, I remain confident that the Group can achieve its objectives. This confidence is reflected in the further increase in our assessment of the sustainable level of dividends, consistent with our progressive dividend policy.

Ian G Murgitroyd
Chairman

21 February 2019

This interim announcement was approved by the Board of Directors on 21 February 2019.

MURGITROYD GROUP PLC

Unaudited consolidated statement of comprehensive income
for the six months ended 30 November 2018

	Six months ended 30 November 2018 £'000	Six months ended 30 November 2017 £'000	Year ended 31 May 2018 £'000
Revenue	**22,674**	21,604	43,896
Cost of sales	**(9,981)**	(10,005)	(19,683)
Gross profit	**12,693**	11,599	24,213
Administrative expenses	**(10,991)**	(9,931)	(20,646)
Operating profit	**1,702**	1,668	3,567
Financial income	**-**	4	11
Financial expense	**(2)**	(2)	(4)
Profit before income tax	**1,700**	1,670	3,574
Income tax	**(425)**	(433)	(906)
Profit for the period attributable to equity holders of the parent	**1,275**	1,237	2,668
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences – overseas undertakings	**102**	(100)	(65)
Revaluation of property, plant and equipment	**-**	-	27
Profit for the financial period and total comprehensive income all attributable to equity holders of the parent	**1,377**	1,137	2,630
Earnings per share			
Basic	**14.16p**	13.76p	29.66p
Diluted	**14.00p**	13.65p	29.39p

MURGITROYD GROUP PLC

Unaudited consolidated balance sheet
at 30 November 2018

	30 November 2018 £'000	30 November 2017 £'000	31 May 2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	**2,732**	2,396	2,688
Intangible assets	**17,878**	16,964	17,456
Total non-current assets	**20,610**	19,360	20,144
Current assets			
Work in progress	**643**	429	438
Trade and other receivables	**16,590**	15,027	15,341
Tax recoverable	**326**	211	174
Cash and cash equivalents	**2,230**	2,625	3,026
Total current assets	**19,789**	18,292	18,979
Total assets	**40,399**	37,652	39,123
Current liabilities			
Other interest-bearing loans and borrowings	**(135)**	(122)	(111)
Trade and other payables	**(7,119)**	(5,363)	(5,954)
Total current liabilities	**(7,254)**	(5,485)	(6,065)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(63)**	(153)	(84)
Other payables	**-**	-	-
Deferred tax liabilities	**(28)**	(79)	(28)
Provision for liabilities	**-**	-	-
Total non-current liabilities	**(91)**	(232)	(112)
Total liabilities	**(7,345)**	(5,717)	(6,177)
Net assets	**33,054**	31,935	32,946
Equity			
Share capital	**902**	900	901
Share premium	**3,521**	3,497	3,509
Merger reserve	**6,436**	6,436	6,436
Revaluation reserve	**49**	47	49
Foreign currency translation reserve	**398**	261	296
Retained earnings	**21,746**	20,794	21,755
Total equity attributable to equity holders of the parent	**33,054**	31,935	32,946

MURGITROYD GROUP PLC

Unaudited consolidated statement of cash flows
for the six months ended 30 November 2018

	Six months ended 30 November 2018 £'000	Six months ended 30 November 2017 £'000	Year ended 31 May 2018 £'000
Cash flows from operating activities			
Profit for the period	**1,275**	1,237	2,668
Adjustments for:			
Depreciation	**173**	139	299
Amortisation	**126**	58	138
Gain on disposal of property, plant and equipment	**-**	-	4
Financing costs	**2**	(2)	(7)
Equity settled share-based payment expense	**24**	22	44
Income tax expense	**425**	433	906
	2,025	1,887	4,052
Other reserves movements	**102**	(100)	(65)
(Increase)/decrease in trade and other receivables	**(1,249)**	601	287
Increase in work in progress	**(205)**	(128)	(137)
Increase/(decrease) in trade and other payables	**1,165**	(525)	66
Decrease in provision for liabilities	**-**	(17)	(17)
	1,838	1,718	4,186
Interest paid	**(2)**	(2)	(4)
Interest received	**-**	4	11
Income tax paid	**(577)**	(138)	(558)
Net cash from operating activities	**1,259**	1,582	3,635
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(151)**	(164)	(592)
Acquisition of intangible assets	**(548)**	(176)	(748)
Business combinations	**-**	-	-
Proceeds from disposal of property, plant and equipment	**-**	-	-
Net cash used in investing activities	**(699)**	(340)	(1,340)
Cash flows from financing activities			
Proceeds from exercise of share options	**13**	-	13
Repayment of borrowings	**(63)**	(76)	(156)
Dividends paid	**(1,306)**	(1,080)	(1,665)
Net cash used in financing activities	**(1,356)**	(1,156)	(1,808)
(Decrease)/increase in cash and cash equivalents	**(796)**	86	487
Cash and cash equivalents at start of period	**3,026**	2,539	2,539
Cash and cash equivalents at period end	**2,230**	2,625	3,026

MURGITROYD GROUP PLC

Unaudited consolidated statement of changes in equity
for the six months ended 30 November 2018

	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 2017	900	3,497	20,615	361	47	6,436	31,856
Total comprehensive income for the year:							
Profit for the year	-	-	2,668	-	-	-	2,668
Exchange rate differences	-	-	-	(65)	-	-	(65)
Revaluation in year	-	-	-	-	27	-	27
Transfer between reserves	-	-	27	-	(27)	-	-
Transactions with owners recorded directly in equity:							
Dividends	-	-	(1,665)	-	-	-	(1,665)
Share based payments	-	-	44	-	-	-	44
Deferred tax on share options	-	-	66	-	-	-	66
Share options exercised	1	12	-	-	-	-	13
Deferred tax on revaluation	-	-	-	-	2	-	2
Total equity at 31 May 2018	**901**	**3,509**	**21,755**	**296**	**49**	**6,436**	**32,946**
At 1 June 2017	900	3,497	20,615	361	47	6,436	31,856
Total comprehensive income for the period:							
Profit for the period	-	-	1,237	-	-	-	1,237
Exchange rate differences	-	-	-	(100)	-	-	(100)
Transactions with owners recorded directly in equity:							
Dividends	-	-	(1,080)	-	-	-	(1,080)
Share based payment	-	-	22	-	-	-	22
Share options exercised	-	-	-	-	-	-	-
Total equity at 30 November 2017	**900**	**3,497**	**20,794**	**261**	**47**	**6,436**	**31,935**
At 1 June 2018	901	3,509	21,755	296	49	6,436	32,946
Total comprehensive income for the period:							
Profit for the period	-	-	1,275	-	-	-	1,275
Exchange rate differences	-	-	-	102	-	-	102
Transactions with owners recorded directly in equity:							
Dividends	-	-	(1,306)	-	-	-	(1,306)
Share based payment	-	-	24	-	-	-	24
Share options exercised	1	12	-	-	-	-	13
Total equity at 30 November 2018	**902**	**3,521**	**21,748**	**398**	**49**	**6,436**	**33,054**

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 2018 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. These condensed consolidated interim financial statements for the six months ended 30 November 2018 have been prepared in accordance with the accounting policies set out in the financial statements of the Group for the year ended 31 May 2018, with the additional application of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

The application of IFRS 15 has not had a material impact on the interim results or the comparative values presented in these accounts due to the nature of the Group's existing billing and income recognition practices. The Group does not enter in to contingent contracts. On non-contingent contracts work in progress is billed over time in line with the provision of services to the client. As this billing approach is compliant with the requirements of IFRS 15 no significant changes in revenue recognition have been necessary.

IFRS 9 introduces the new expected credit loss that is to be recognised for each applicable financial asset. These losses, applied to trade receivables and WIP balances, have been modelled based on historically observed loss rates across the Group which is considered to be a single operating segment, adjusted for any relevant forward-looking information available. The Group has rebutted the presumption that debts being more than 30 days past due are an indicator of a significant increase in credit risk. This is on the basis that historical observations support that the losses on debts 30 days or more past due are not significantly greater than those less than 30 days past due. As a result of the historical model in determining it being consistent with the requirements of IFRS 9, the doubtful debt balance recognised is not materially different than in comparative periods.

An election has been made not to restate the prior period comparatives in the interim statements as the impact is not considered to be material.

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 2018 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.

There were no amendments to existing standards in the financial period commencing 1 June 2018.

The comparative figures for the financial year ended 31 May 2018 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor 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 21 February 2019.

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 2019.

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 2018 £'000	Six months ended 30 November 2017 £'000	Year ended 31 May 2018 £'000
Profit for the period attributable to equity holders of the parent	**1,275**	1,237	2,668
Basic weighted average number of shares	**9,004,364**	8,994,849	8,997,693
Diluted weighted average number of shares	**9,105,995**	9,067,037	9,080,465
Basic earnings per share	**14.16p**	13.76p	29.55p
Diluted earnings per share	**14.00p**	13.65p	29.39p

4 Dividend

The Board has declared an interim dividend of 7p per share (2017: 6.5p) that will be paid on 22 March 2019 to shareholders on the register at 1 March 2019. The ex-dividend date will be 28 February 2019.

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

5 Post balance sheet event

After the period end the Group acquired the entire issued share capital of Advantip Limited, and its subsidiary undertaking Chapman IP Limited, for a total consideration of approximately £6,600,000, including net assets to be confirmed by completion accounts, but estimated at around £600,000. The acquisition follows a period of extensive due diligence and was completed on 20 February 2019.

Under the terms of the agreement, £5,000,000 was paid in cash upon completion, and the net asset payment and the balance of £1,000,000 are payable twelve months following completion. The transaction has been funded through a combination of existing cash resources and new term debt facilities amounting to £5,000,000 arranged with Clydesdale Bank PLC.

Given the timing of the acquisition the consideration of the fair value allocation of the assets acquired will be included in the year end financial statements.

6 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, N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX, telephone: 0207 496 3000. A copy of this announcement will be made available on the company's website: www.murgitroyd.com

Independent review report to Murgitroyd Group PLC

Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 November 2018 which comprises Unaudited Consolidated Statement of Comprehensive Income, the Unaudited Consolidated Balance Sheet, the Unaudited Consolidated Statement of Cash Flows, the Unaudited Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial information in the half-yearly financial 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 United Kingdom. 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 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 financial information in the half-yearly financial report for the six months ended 30 November 2018 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Use of our report

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in a review 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 conclusion we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

21 February 2019