17 September 2019

Murgitroyd Group PLC ("the Group")
Preliminary Results for the year ended 31 May 2019

The Group (AIM:MUR), is pleased to announce its audited results for the year ended 31 May 2019.

Highlights

- Revenue increased 7.5% to £48.0m (2018: £44.6m)
- Profit before tax up 16.4% to £4.16m (2018: £3.57m)
- Basic EPS rose 11.9% to 33.2p (2018: 29.7p)
- Proposed final dividend of 15p per share (2018: 14.5p), resulting in a total dividend for the year of 22p, an increase of 4.8% year-on-year
- Net debt at period end of £3.71m (31 May 2018: net funds of £2.83m), reflecting initial £5.0m consideration paid for the acquisition of Chapman IP in February 2019
- Earnings-enhancing acquisition of the entire issued share capital of Chapman IP, a European Patent and Trade Mark Attorney practice based in Southampton, for an aggregate consideration of £6.6m.
- 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.
- Non-executive Board refreshed with Dr. Kenneth Chrystie retiring from the Board and Mark Kemp-Gee announcing his intention to retire at this year's AGM. Helga Chapman and Willie MacDiarmid joined the Board as Non-executive Directors, the latter also taking on the role of Deputy Chairman.

Development since the year-end

- Named the leading Patent law firm in Europe by the Financial Times and Statista Survey

Ian Murgitroyd, Non-executive Chairman of Murgitroyd Group PLC, said:

"*The year under review has been one of change and developments for the Group including the restructuring of the Board and the acquisition of Chapman IP which I am pleased to report has been integrated successfully. Both revenue and profit before tax have increased, which has allowed us again to propose an increased final dividend. Despite continuing macro-economic and political uncertainties, the Group's European and international presence, with eighteen offices in ten countries, puts us in a strong position to balance out any weaknesses in individual markets and to support our clients worldwide.*

"*We were particularly pleased to be named the leading Patent law firm in Europe by the Financial Times and Statista Survey which ranks the firms rated most highly by their clients and peers. MURGITROYD was the only firm to have been awarded Gold in all six industry sectors. This is testament to our firm's commitment to service and innovation and we are honoured to have been recognised in such a resounding way by our clients.*

"*The Group's trading performance in the early part of the new financial year has been strong, partly as a result of a growing case-load from major US-based corporates, including a new retained advisory relationship.*

"While MURGITROYD operates in a market with good long-term prospects, we are not complacent and the Board remains committed to the reinvestment of a proportion of incremental profits in systems, customer service and business development, which underpin our future growth plans. Nonetheless, the Group is currently well placed to deliver on its expectations for the financial year as a whole and I remain confident that we can achieve both our financial and operating objectives and maintain our progressive dividend policy."

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Murgitroyd Group PLC
Chairman's Statement

Financial review

In the full year to 31 May 2019, the Group reported revenues of £48.0m (2018: £44.6m) and profit before tax of £4.16m (2018: underlying profit before tax of £4.08m), an increase of 2%, in line with market expectations.

Reported basic earnings per share for the year ended 31 May 2019 are 11.9% higher year-on-year at 33.2p (2018, after exceptional item: 29.7p). Earnings were again strongly weighted towards the second half, consistent with recent years.

The acquisition of Chapman IP has resulted in revenue from UK-based clients increasing given the composition of Chapman IP‘s historic client base. Total revenue from USA-based clients rose by just under 8.4%, to £24.18m. Pleasingly, and reflecting the mix of revenue generated in the period, the gross margin percentage increased to 56.4% (2018: 54.3%). The split of revenue in the period between Attorney Practice Groups (APG) and the Global Support Services (GSS) group was 60:40.

The trends seen in recent years of strong growth in support services revenue continued in the period. Global support services revenue increased by more than 18%, to represent 40% of total revenue. The market place for these services, which include search, illustration, docketing and renewals continues to see the effects of commoditisation and the Group's investment in its technology platform and IT systems is necessary for the Group to compete in this fast-changing environment.

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 exit from the European Union. In this regard, the comparative strength of the US Dollar in the period has made a positive contribution to Group performance overall.

Cash flow

Net cash flow after financing in the year under review was negative at -£1.22m (2018: +£0.48m). The single biggest factor in the net outflow was the use of internal funds in connection with the acquisition of Chapman IP. Of the cash payment made at completion, £1m was settled from internal funds, and £148,000 of transaction-related expenses were also cash-settled. The continued investment in MURGITROYD's technology platform continued throughout the year, £1.1m being further invested in it during the year (2018: £748,000).

Net cash on hand/at bank as at 31 May 2019 amounted to £1.81m (2018: £3.03m).

The other direct consequence of the acquisition was the reversal of the previous net funds position to a net debt position, the £4m term loan debt and £1m vendor loan notes, taken on/issued in connection with the acquisition of Chapman IP resulting in a group net debt position at 31 May 2019 of £3.71m (2018: net funds of £2.83m).

In line with the Group's commitment to a progressive dividend policy, the Board proposes a final dividend of 15p per share, resulting in a total dividend for the year of 22p (2018: 21p), an increase of 4.8% year-on-year.

The Group's investment in growth is also reflected in the number of people employed and the costs attaching thereto, headcount increasing to 294 as at 31 May 2019 (31 May 2018: 273). This increase is largely due to the acquisition of Chapman IP.

Financial review *(continued)*

The Group's 2019 results reflect the implementation of two new International Accounting Standards, IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) becoming mandatory in the financial year ended 31 May 2019. The application of IFRS 15 has not had a material impact on the results or comparative values due to the nature of the Group's existing billing and income recognition practices. Compliant with the standard, recoverable costs recognised as contract assets amounting to £1.12m have been included in revenue in 2019. In previous years these recoverable costs were included in cost of sales (2018: £0.71m). Revenue and cost of sales for 2018 have been restated to reflect the impact that adoption of IFRS 15 in that year would have had, gross profit remaining unchanged. The initial application of IFRS 9 has no impact on the Group's financial assets as regards their classification and measurement.

Operating review

The Group is trading most satisfactorily notwithstanding the continuing uncertainty around the UK leaving the EU and how it might affect the European marketplace and IP systems. MURGITROYD has an office network now comprising eighteen offices in ten countries and the Board continues to review the potential to expand beyond its current core office network in Europe and the US. The current geographic spread ensures that MURGITROYD is well placed to support clients to manage Brexit-induced change 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.

The EU Intellectual Property Office ("EUIPO") and the European Patent Office ("EPO") statistics are good indicators of the current state of the Group's principal markets. They both suggest that the numbers of Trade Mark and Patent applications filed continue to increase, which is a long-term trend. The EPO's annual statistics for 2018 indicate that European Patent applications were at a new record high, increasing by 4.6%, with 47% and 25% of filings being made by European and US applicants respectively. MURGITROYD also continues to see a growing involvement in representing clients in hearings before the EPO.

The new Unitary Patent ("UP") and Unified Patent Court ("UPC") continue their slow progress. The UK ratified the UPC Agreement in April 2018, The UK Government confirmed in its White Paper in July 2018 that it would seek to remain within the UP and UPC regime after the UK's departure from the EU.

More than half of the Group's revenue is now generated in the USA, as the strength of that economy and MURGITROYD's growing presence there has seen continued blue-chip client wins. The Group has benefited from increasing demand for service providers that can deliver commoditised elements of the IP lifecycle such as renewals, PCT and other Patent filings, and European Patent validations, underpinned by excellent client service. Investment in our office operation in Managua, Nicaragua allows MURGITROYD the option to provide back-office services such as searching and docketing at substantially reduced cost. The Managua office has delivered its five highest revenue-generating months in the second half of the financial year under review.

While MURGITROYD operates in a market with good long-term prospects, we are not complacent. The capital investment in our technology platform and the development of our support services offerings, initiated in 2018, has begun to bear fruit by transforming the Group's processes, systems and interactions with our clients. I believe this puts us in a good position for continuing growth and is necessary to provide MURGITROYD with a competitive edge when it comes to winning and retaining clients in the long term and is, as already noted, made possible by the Group's strong cash flow. The Board continues critically to assess all aspects of the Group, its activities, operations and structures, reflecting the commitment to ongoing improvement in a fast-changing marketplace.

Acquisition

The UK remains an important market for MURGITROYD, with UK clients generating more than a quarter of Group revenue. Business development in the UK market continues and on 20 February 2019, MURGITROYD completed the acquisition of the entire issued share capital of Chapman IP Limited ("Chapman IP") for a total consideration of £6.64m, including net assets of £0.62m.

Under the terms of the agreement, £5m was paid in cash upon completion, the net asset payment followed immediately upon agreement of completion accounts and the balance of £1m is payable twelve months after completion. The transaction has been funded through a combination of existing cash resources, a vendor loan note 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.

Award

Since the year end, the Group was particularly pleased to be named the leading Patent law firm in Europe by the Financial Times and Statista Survey which ranks the firms rated most highly by their clients and peers. MURGITROYD was the only firm to have been awarded Gold in all six industry sectors: biotechnology and food, chemistry and pharmaceuticals, electrical engineering, IT and software, materials and nanotechnology and mechanical engineering. This is testament to our firm’s commitment to service and innovation and we are honoured to have been recognised in such a resounding way by our clients

The Financial Times survey was conducted between February and April 2019 with 2727 participants responding to the survey. MURGITROYD was selected from a list of 142 firms that offer Patent Attorney services such as drafting, filing prosecution and strategic counselling in Europe.

Employees

Our commitment to long-term growth, across the Group's office network, continues to be reflected in our investment in people. As at 31 May 2019, the Group employed 294 staff (31 May 2018: 273) with the increase mainly due to the Chapman IP acquisition. 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

During the year under review, the Group announced a number of important Board changes, signalling our intention 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 decided that it was 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 became CEO of Murgitroyd Group PLC in February, with Keith Young continuing as Finance Director.

Helga Chapman, founder and former Managing Director of Chapman IP joined the Board as a Non-executive Director following the 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.

Board changes *(continued)*

In April, the Group announced that Mr. Willie MacDiarmid had been appointed to the Board of the Company as a Non-executive Director and Deputy Chairman. He took over the latter role from Edward Murgitroyd. Willie MacDiarmid occupied executive and non-executive roles with a range of public companies, most notably in the utilities and business services sectors. He held senior positions with Scottish Power, EAGA PLC, May Gurney PLC and Barchester Healthcare Limited. Mr. MacDiarmid is currently Chairman of Smart Metering Systems plc, Fallago Rigg and Ogilvie Group.

Dr. Kenneth Chrystie retired from the Board at the time of the interim results, having served as a Non-executive Director and Board Committee member since flotation in 2001. Mark Kemp-Gee indicated earlier this year that he will step down from the Board at this year’s AGM after seventeen years' service as Senior Non-Executive Director and Remuneration Committee Chairman. I would like to thank both Kenneth and Mark for their valuable contribution to the business over many years, and the Board wishes them every success in the future. John Reid has succeeded Dr. Chrystie as Chairman of the Audit Committee.

Dividend

The Board is proposing a final dividend of 15p per share (2018: 14.5p), giving a total dividend for the year of 22p (2018: 21p), an increase of 4.8% year-on year. This increase reflects the strength of the Group's cash flows and the Board's long-stated position of maintaining a progressive dividend policy. Subject to approval at the Annual General Meeting, the final dividend will be paid on 8 November 2019 to shareholders on the register at 11 October 2019. The ex-dividend date is 10 October 2019.

Outlook

The Board is pleased with the performance of the Group for the year under review 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. While macro-economic and political uncertainties persist, MURGITROYD operates in a global market which has experienced steady underlying growth over the long-term.

We are also pleased with the smooth integration of the Chapman acquisition completed in February. Whilst the focus remains on organic growth, the acquisition of Chapman IP illustrates the Board‘s continuing belief in making appropriate acquisitions complementary to the Group's long-term objective where these are expected to be earnings-enhancing in the near term.

The Group’s trading performance in the early part of the new financial year has been strong, comfortably ahead of both budget and the equivalent period last year, partly as a result of a growing case-load from major US-based corporates, including a new retained advisory relationship. With approximately half of Group revenues generated in US Dollars and the majority of overheads incurred in Sterling, recent Sterling weakness is also a net positive, although one which we recognise could quickly reverse in current volatile markets.

The Board remains committed to the reinvestment of a proportion of incremental profits in systems, business development and core professional resource to drive future growth. Nonetheless, the Group is currently well placed to deliver on its expectations for the financial year as a whole.

Ian G Murgitroyd
Chairman

16 September 2019

This preliminary announcement was approved by the Board of Directors on 16 September 2019.

Consolidated statement of comprehensive income

for the year ended 31 May 2019

	Note	**Year ended 31 May 2019**	Year ended 31 May 2018 Underlying (Restated)	Exceptional item (note 3)	Year ended 31 May 2018 (Restated)
		£'000	£'000	£'000	£'000
Revenue		**47,967**	44,603	-	44,603
Cost of sales		**(20,926)**	(20,390)	-	(20,390)
Gross profit		**27,041**	24,213	-	24,213
Administrative expenses		**(22,853)**	(20,142)	(504)	(20,646)
Operating profit		**4,188**	4,071	(504)	3,567
Financial income		**3**	11	-	11
Financial expense		**(31)**	(4)	-	(4)
Profit before income tax		**4,160**	4,078	(504)	3,574
Income tax		**(1,171)**	(1,002)	96	(906)
Profit for the year attributable to equity holders of the parent		**2,989**	3,076	(408)	2,668
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign exchange translation differences – overseas undertakings		**130**	(65)	-	(65)
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment		**78**	27	-	27
Deferred tax on revaluation		**(9)**	2	-	2
Profit for the financial year and total comprehensive income all attributable to equity holders of the parent		**3,188**	3,040	(408)	2,632
Earnings per share	3				
Basic		**33.20p**	34.19p	(4.53p)	29.66p
Diluted		**32.97p**	33.88p	(4.49p)	29.39p

Consolidated balance sheet
at 31 May 2019

	31 May 2019	31 May 2018 (Restated)	31 May 2017 (Restated)
	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	**3,077**	2,688	2,371
Intangible assets and goodwill	**24,300**	17,456	16,846
Total non-current assets	**27,377**	20,144	19,217
Current assets			
Trade and other receivables	**18,801**	15,779	15,929
Taxation recoverable	**138**	174	506
Cash and cash equivalents	**1,809**	3,026	2,539
Total current assets	**20,748**	18,979	18,974
Total assets	**48,125**	39,123	38,191
Current liabilities			
Other interest-bearing loans and borrowings	**(908)**	(111)	(144)
Trade and other payables	**(9,828)**	(5,954)	(5,888)
Total current liabilities	**(10,736)**	(6,065)	(6,032)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(3,024)**	(84)	(207)
Deferred tax liabilities	**(112)**	(28)	(79)
Provision for liabilities	**-**	-	(17)
Total non-current liabilities	**(3,136)**	(112)	(303)
Total liabilities	**(13,872)**	(6,177)	(6,335)
Net assets	**34,253**	32,946	31,856
Equity			
Share capital	**902**	901	900
Share premium	**3,522**	3,509	3,497
Merger reserve	**6,436**	6,436	6,436
Revaluation reserve	**90**	49	47
Foreign currency translation reserve	**426**	296	361
Retained earnings	**22,877**	21,755	20,615
Total equity attributable to equity holders of the parent	**34,253**	32,946	31,856

Consolidated statement of cash flows
for the year ended 31 May 2019

	Year ended 31 May 2019 £'000	Year ended 31 May 2018 £'000
Cash flows from operating activities		
Profit for the year	**2,989**	2,668
Adjustments for:		
Depreciation	**362**	299
Amortisation	**286**	138
(Gain)/loss on disposal of property, plant and equipment	**-**	4
Net financing costs/(income)	**28**	(7)
Equity settled share-based payment expense	**59**	44
Income tax expense	**1,171**	906
	4,895	4,052
Other reserves movements	**130**	(65)
(Increase)/decrease in trade and other receivables	**(2,067)**	150
Increase in trade and other payables	**1,521**	66
Increase/(decrease) in provision for liabilities	**-**	(17)
	4,479	4,186
Interest paid	**(29)**	(4)
Interest received	**3**	11
Income tax paid	**(1,155)**	(558)
Net cash from operating activities	**3,298**	3,635
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(582)**	(592)
Acquisition of intangible fixed assets	**(1,107)**	(748)
Business combinations, net of cash acquired	**(4,572)**	-
Proceeds from disposal of property, plant and equipment	**-**	-
Net cash used in investing activities	**(6,261)**	(1,340)
Cash flows from financing activities		
Proceeds from exercise of share options	**14**	13
Loans received	**4,000**	-
Repayment of borrowings	**(311)**	(156)
Repayment of hire purchase obligations	**(20)**	-
Dividends paid	**(1,937)**	(1,665)
Net cash from/(used in) financing activities	**1,746**	(1,808)
Net (decrease)/increase in cash and cash equivalents	**(1,217)**	487
Cash and cash equivalents at start of year	**3,026**	2,539
Cash and cash equivalents at year end	**1,809**	3,026

Notes to the announcement:

1. Basis of preparation

The financial statements are prepared on the historical cost basis except that freehold property is stated at fair value. The preparation of the financial statements 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These consolidated financial statements are presented in Pounds which is the parent company's functional currency. All financial information presented in Pounds has been rounded to the nearest thousand.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 May 2018 or 2019 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the registrar of companies, and those for 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (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.

2. Adoption of new and revised IFRSs – amendments to IFRSs that are mandatorily effective

IFRS 9 Financial instruments

IFRS 9 introduced the new expected credit loss ("ECL") that is to be recognised for each applicable financial asset. These losses (see note 19), applied to trade receivables and work in progress 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.

The Group reviewed and assessed the Group's existing financial assets as at 1 June 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has no impact on the Group's financial assets as regards their classification and measurement.

IFRS 15 Revenue from Contracts with Customers

The Group carried out an impact assessment that considered the nature of transactions with clients and the performance obligations these entail, how transaction prices are determined and allocated, and, consequently, how revenue is recognised. The conclusion of the impact assessment is that the Group does not enter in to contingent contracts. On non-contingent contracts work is billed over time in line with the provision of services to the client, and where a performance obligation is ongoing recoverable amounts are recognised as contract assets in the balance sheet. The Group have applied the full retrospective method of application, this has resulted in trade and other receivables increasing by £1,146,000 in 2019 (2018: £438,000 and 2017: £301,000) as a result of reclassifying balances previously disclosed as work in progress, as contract assets. In addition, following the application of IFRS 15, the Group's revenue recognition policy recognises £1,118,000 of contract assets as revenue in the consolidated statement of comprehensive income (2018: £707,000). These amounts were previously included within cost of sales reflecting the Group's prior revenue recognition policy whereby revenue was recognised at the point of completion of final performance obligations. The adjustments made as a consequence of implementing IFRS 15 have had no impact on the profit of the group, are purely presentational changes.

3. 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 year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive shares.

			2019			2018 Underlying			2018
	Profit for the year £'000	**Weighted average number of shares Number**	**Earnings per share p**	Profit for the year £'000	Weighted average number of shares Number	Earnings per share p	Profit for the year £'000	Weighted average number of shares Number	Earnings per share p
Basic earnings per share	**2,989**	**9,006,849**	**33.20p**	3,076	8,997,693	34.19p	2,668	8,997,693	29.66p
Dilutive share options	**-**	**63,258**	**(0.23p)**	-	82,772	(0.31p)	-	82,772	(0.27p)
Diluted earnings per share	**2,989**	**9,070,107**	**32.97p**	3,076	9,080,465	33.88p	2,668	9,080,465	29.39p

4. Acquisition of subsidiary

On 21 February 2019, the Group acquired the entire share capital of Advantip Limited and its subsidiary undertaking Chapman IP Limited, a European Patent and Trade Mark Attorney practice. The following table sets out the provisional fair values, equal to the book values of the net assets acquired by the Group.

	£'000	**2019 Fair value to the Group £'000**
Property, plant and equipment		**24**
Work in progress		**11**
Trade and other receivables		**944**
Cash and cash equivalents		**458**
Trade and other payables		**(742)**
Tax payable		**(79)**
Net assets		**616**
Consideration:		
Cash	**5,030**	
Loan Note issued	**993**	
Deferred consideration	**616**	**6,639**
Goodwill		**6,023**

Cash outflow in relation to business combinations, excluding acquisition costs of £118,000, amounted to £5,030,000 (above). The deferred consideration is in respect of the trade, assets and liabilities of Chapman IP Limited that were transferred to Murgitroyd & Company Limited on 21 February 2019 and, given the immediate integration of the acquired business and as the Group is managed on an office and functional basis, the post-acquisition results of the previous Chapman IP business are not separately identifiable and therefore the attributable revenue, operating profit and impact on group revenue and net profit had the acquisition occurred on 1 June 2018 cannot be disclosed.

4. Acquisition of subsidiary *(continued)*

The deferred consideration comprises the settlement of the £1,000,000 bank-guaranteed Loan Note and payment for the net assets acquired, provisionally estimated as £616,000 at the date of acquisition, on or before 20 February 2020. The provisional fair value exercise has recognised adjustments to be made to the acquired net assets amounting to £22,000 (see note 16), goodwill in respect of the skills and technical expertise of the acquired assembled workforce, and the synergies expected to be achieved from integrating the acquired business into the Group. The value of other intangible assets, including customer relationships, and the final determination of the consideration in respect of the net assets acquired, are being considered, consistent with IFRS 3, as part of the finalisation of the fair value exercise that will be completed in advance of the payment of the deferred consideration and settlement of the Loan Note on or before 20 February 2020.

5. 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 31 October 2019.

6. Further copies

Further copies of the Directors' report and financial statements will be available, free of charge, for a period of one month following posting to shareholders from the company's Nominated Adviser and Broker, N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX, telephone: 0207 496 3000. 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: www.murgitroyd.com