

Portmeirion Group PLC

12 March 2003

PORTMEIRION GROUP PLC

RESULTS FOR YEAR ENDED 31st DECEMBER 2002

CHAIRMAN'S STATEMENT

Financial Highlights:

		2002	2001
Increase		£000's	£000's
%			
3.7	Turnover	30,712	29,626
80.1	Profit before tax	2,923	1,623
105.1	Basic earnings per share	19.75p	9.63p
-	Dividends per share	13.25p	13.25p

Sales for the year were £30.712m, 4% above the previous year.

The profit before tax of £2.923m., compares with £1.623m. for the previous year,

an increase of 80%.

Basic earnings per share were 19.75p which compares with 9.63p in the previous

year.

The Board is recommending a final dividend of 9.95p bringing the total to 13.25p

for the year. This is unchanged from 2001.

The year has seen a commendable recovery in both sales and profitability, at a

time when the economic climate has been difficult, particularly in one of our

major markets, North America. Our strategy concerning new product ranges, and

new areas of distribution, has protected the company from the negative impact of

reduced consumer spending in both the USA and Europe.

Sales in the UK increased by 2% compared with the previous year, supported by an

annual increase of 15% in our own retail sales. This is a creditable

performance considering the worsening economic outlook in the second half of the

year. The company expects to continue to expand the number of our own retail

outlets during this year.

In the USA sales declined by 4% compared with the previous year. The negative

forces affecting this market have been well documented, and they have lead to a

significant reduction in consumer spending, particularly in our middle to upper

end target market. I therefore believe that limiting the sales decline to only

4% is a

creditable achievement, and is far better than the industry average. The USA

accounts for 37% of total Group sales, and with no improvement in trading

conditions in sight, the challenge is enormous. The introduction of new ceramic

and glassware ranges has ensured that Portmeirion has out-performed many of its

competitors, and this, together with a drive into new channels of distribution,

is the strategy for the current year.

The Far East proved to be the biggest growth market. Sales to South Korea

increased by 120%, to almost £3m. and together with Japan now accounts for 11%

of total sales. We have first class local management in these markets and with

their guidance we are developing additional products exclusively for them.

I

believe there is the opportunity for further growth in the Far East, and we will

continue to invest in our efforts to increase market share in both Japan and

Korea.

The improvement in manufacturing efficiency and productivity has continued

during the year, resulting in a significant improvement in manufacturing gross

profit margin. A reduction in stock levels was managed very efficiently, the

Group total reducing by £1.4 million. This contributed to the Group's total

cash balance, which improved by £2.4 million.

The Board has, therefore, decided that the dividend will be maintained.

The company has recently launched several new product ranges designed in

conjunction with the homeware designer, Ella Doran, featuring ceramics,

placemats and coasters, and glassware, and their success has lead us to develop

further ranges for Spring 2003. A new range of bone china mugs has been

designed in conjunction with Rob Scotton, a well known graphics designer,

launched in the autumn of 2002 with great success, and the range will be

expanded in 2003.

These initiatives illustrate the commitment within the company to constant

innovation and excellence of design, not only in ceramics, but also in our

well-established glassware and gift ranges.

We need to offer our retail customers high quality products and excellent service, particularly ever-decreasing lead-times. Portmeirion will, therefore,

continue to invest in the ceramic manufacturing facility in Stoke-on-Trent. I

believe that, as a result, still further improvements can be achieved in productivity and service levels.

I would like to congratulate and thank the management team and workforce for

their achievements. They have enhanced the company's reputation in 2002.

New proposals on the role and effectiveness of non-executive directors have been

put forward in the Higgs Report. I can report that Portmeirion already conforms

with the majority of the recommendations.

I am delighted to report that our founder, Susan Williams-Ellis, has been awarded an honorary Masters degree by Keele University for 'an outstanding contribution to the ceramic industry'. Many congratulations. Susan's belief

that good design is good business has served the company well.

We are now faced with a very challenging set of circumstances. The uncertain

political situation, together with declining economic prospects in our major

markets, are threatening to depress consumer spending. Inevitably, therefore,

we have to be cautious about the prospects for 2003. However, we have a strong

management team and a well proven strategy. I believe that we are well placed

to take advantage of any improvement in market conditions as the year unfolds.

Arthur Ralley

Chairman

12th March 2003

For further information please contact:

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PORTMEIRION GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2002

£000's		£000's
Turnover - continuing operations	4	30,712
29,626		
Raw materials and operating costs		(28,174)
(28,492)		
Operating profit - continuing operations		2,538
1,134		
Share of profit of associated undertakings		230
245		
Interest receivable and similar income		155
244		
Profit on ordinary activities before taxation		2,923
1,623		
Taxation on profit on ordinary activities		(870)
(623)		
Profit on ordinary activities after taxation		2,053
1,000		

being the profit for the financial year

Dividends		(1,378)
(1,377)		

Retained profit/(loss) for the financial year		675
(377)		

Earnings per share	2	19.75p
9.63p		

Diluted earnings per share	2	19.71p
9.61p		

Dividend per share	3	13.25p
13.25p		

PORTMEIRION GROUP PLC

CONSOLIDATED BALANCE SHEET

As at 31st December 2002

2001

2002

£000's    £000's

£000's

£000's



Fixed assets

Tangible assets 8,249  
8,952

Investments 1,503  
1,453

10,405 9,752

Current assets

Stocks 6,195  
7,591

Debtors 5,715  
6,110

Cash at bank and in hand 7,678  
5,205

18,906 19,588

Creditors: amounts falling due within one year (4,732)  
(4,851)

Net current assets 14,856  
14,055

Total assets less current liabilities 24,608  
24,460

Provisions for liabilities and charges (192)	(261)
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Net assets 24,268	24,347
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Capital and reserves

Called up share capital 519	520
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Share premium account 4,536	4,547
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Profit and loss account 19,213	19,280
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Equity shareholders' funds 24,268	24,347
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PORTMEIRION GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2002

2001	Notes	2002
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£000's		£000's
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Cash inflow from operating 1,252	6	5,053
activities		
Returns on investments and servicing of finance 244	7	175
Taxation (1,018)		(827)
Capital expenditure and financial investment (1,034)	7	(563)
Equity dividends paid (1,377)		(1,377)
Cash inflow/(outflow) before use of liquid (1,933)		2,461
resources and financing		
Management of liquid resources 1,350		(1,824)
Financing -	7	12

Increase/(decrease) in cash in the year (583)	5	649
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Reconciliation of net cash flow to movement in net funds

2001		2002
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£000's		£000's
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Increase/(decrease) in cash in (583)		649
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the year

Cash outflow/(inflow) from increase /(decrease) (1,350)		1,824
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in liquid resources

Net funds at 1st January 7,138		5,205
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Net funds at 31st December 5,205		7,678
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PORTMEIRION GROUP PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31st December 2002

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002
2001	
	£000's
Profit for the financial year 1,000	2,053
Currency translation 169 differences	(608)
Total recognised gains and losses for the financial 1,169 year	1,445

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002
2001	
£000's	£000's
Profit for the financial year	2,053
1,000	
Dividends	(1,378)
(1,377)	
Currency translation	(608)
169	
differences	
Shares issued under employee share schemes	12
-	
Net addition/(reduction) to shareholders' funds	79
(208)	
Opening shareholders' funds,	24,268
24,476	
Closing shareholders' funds	24,347
24,268	

PORTMEIRION GROUP PLC

NOTES

1. The financial information set out above does not constitute the Company's

statutory accounts for the years ended 31st December 2002 and 2001 but is

derived from those accounts. Statutory accounts for 2001, which have been

delivered to the Registrar of Companies, contain an unqualified audit opinion and did not contain a statement under Section 237(2) or (3) of the

Companies Act 1985. Statutory accounts for the year ended 31st December

2002 on which the auditors have given an unqualified opinion and do not

contain a statement under Section 237(2) or (3) of the Companies Act 1985

will be delivered to the Registrar of Companies in due course. This announcement was approved by the Board of Directors on 11th March 2003.

2. Earnings per share

Basic

The basic earnings per share is calculated by dividing the profit after

taxation of £2,053,000 (2001 - £1,000,000) by the weighted average number

of Ordinary shares in issue during the year of 10,394,731 (2001 - 10,389,230).

Diluted

The diluted earnings per share is calculated in accordance with Financial

Reporting Standard 14. This calculation uses a weighted average number of

Ordinary shares in issue adjusted to assume conversion of all dilutive potential Ordinary shares and is show below:

Earnings	2001	Earnings	2002	Earnings
£	Weighted per Share	£	Weighted	Per Share
Number of	(Pence)	Number of	Number of	(Pence)
Shares		Shares	Shares	
Basic earnings per share		2,053,000	10,394,731	19.75
1,000,000	10,389,230	9.63		

Effect of dilutive



securities:

Employee share options	23,092
15,889	

Diluted earnings per share	2,053,000	10,417,823	19.71
1,000,000	10,405,119	9.61	

3. The Directors propose the payment of a final dividend of 9.95p (2001 - 9.95p) per Ordinary share on 27 May 2003 to shareholders on the register on 2 May 2003.

4. Turnover by destination

	2001	2002
	£000's	£000's
United Kingdom	12,576	12,820
North America	12,625	12,108
European Union	2,006	1,792

1,721	Far East	3,448
698	Rest of the World	544
29,626		30,712

5. Analysis of net funds

Cash flow	2002	2001
£000's	£000's	£000's

649	Cash in hand, at bank	545
	1,194	
1,824	Short term money market deposits	4,660
	6,484	
2,473	Total	5,205
	7,678	

6. Reconciliation of operating profit to operating cash flows.

2001	2002
£000's	£000's

1,134	Operating profit	2,538
1,217	Depreciation	1,231
134	Exchange (loss)/gain	(478)
(16)	Loss/(Profit) on sale of tangible fixed assets	9
(1,017)	Decrease/(Increase) in stocks	1,396
(413)	Decrease/(Increase) in debtors	461
213	(Decrease)/Increase in creditors	(104)
1,252	Net cash inflow from operating activities	5,053

All of the above relate to continuing operations

7. Analysis of cash flows for headings netted in the cash flow statement

2001		2002
£000's	£000's	

	Returns on investments and servicing of finance	
244	Interest received	175
	Net cash inflow for returns on investments	
175	and servicing of finance	244
	Capital expenditure and financial investment	
(1,158)	Purchase of tangible fixed assets	(611)
124	Sale of tangible fixed assets	48
	Net cash outflow for capital expenditure	
(563)	and financial investments	(1,034)
	Financing	
-	Issue of Ordinary shares under share option	12
	schemes	
12	Net cash inflow from financing	-