18 March 2004

PORTMEIRION GROUP PLC

PRELIMINARY RESULTS

FOR YEAR ENDED 31 DECEMBER 2003

CHAIRMAN'S STATEMENT

Financial summary for the year

	2003	2002	(Decrease)
	?000's	?000's	%
Turnover	28,512	30,712	(7.2)
Profit before tax	2,003	2,923	(31.5)
Basic earnings per share	12.54p	19.75p	(36.5)
Dividends per share	13.25p	13.25p	-

Sales for the year were ?28.512m, 7.2% below the previous year.

The profit before tax of ?2.003m compares with ?2.923m for 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 2002.

Results for the year

The pre-tax profit of ?2.003m was in line with expectations, and achieved even

after a ?234,000 charge in respect of impairment of an investment in an

associate company which provides raw material to the pottery industry. Some

improvement in the second half sales trend, together with tight cost control,

enabled the company to achieve a pre-tax profit of ?2.237m before this

impairment charge.

Sales in the first half of the year were 8% below the previous year. The trend

improved somewhat in the second half, with sales 6% below the previous year.

In our major markets, the UK sales declined by 6%, but also showed an improving

trend in the second half due to increased sales of gift products. Overall,

market conditions have been difficult in our product sector, and competition

from lower cost retailers fierce. However, we have already seen an improvement,

with UK sales in the first two months moving ahead of last year.

Sales in North America were 18% below the previous year, and now represent 35% of total Group sales (39% in 2002). Although the same improved sales trend in the second half was achieved in North America, the impact of the Iraq war, and the SARS epidemic, significantly impacted on the entire market's performance.

The Far East again proved to be the Group's most successful market, with sales increasing by 19% on the previous year, and accounting for over 14% of total sales. I believe there is great potential for continuing long-term growth in this region, and the Group will invest in the required management resources to bring this to fruition.

As referred to earlier, costs were well managed and resulted in a manufacturing gross profit margin broadly in line with last year. Given the reduction in manufactured volume, this was a commendable achievement, and reflects our commitment to lean techniques. I expect our investment in manufacturing efficiency will bring about further improvements.

A tight control on costs helped generate cash flows from operations of ?1.9 million (?5.1 million in 2002). As a result, our strong balance sheet has only slightly decreased, with cash balances at the end of December 2003 totalling

?7.2 million (2002: ?7.6 million).

Given the Group's strong balance sheet, the Board have decided that the dividend

for the year will be maintained at 13.25p.

Operating strategy

The Group has been adapting to rapidly changing market conditions. Overall price

levels of ceramic tableware have been falling, as the amount of product imported

from low cost countries such as the Far East has increased. Lower priced

retailers, such as supermarkets, have moved to take advantage and taken

increased market share.

Sales of our classic ranges, including Botanic Garden and Pomona, still

represent over 60% of total Group sales. These will now be supplemented by the

recent introduction of a new tableware range called Soho, with totally new shape

combinations, that meet the need of international cuisine. The diversification

into glassware and giftware will continue, building on the successful

establishment of these ranges with our retail customers.

The Board concluded that these changing market conditions provided an

opportunity for Portmeirion to target a new market, and so during the last financial year, the Group developed and launched new ceramic ranges, known as PS Portmeirion Studio. These ranges were designed to be manufactured in the Far East, and they can be retailed at approximately two-thirds of Portmeirion's classic ranges. They do not compete with our established classics, and I believe they will provide genuinely incremental business. The first launch was in the USA at the turn of the year, and was immediately successful. As a result, sales in the USA for the first two months of 2004 are ahead of the previous year. Ranges of PS Portmeirion Studio are being introduced into the UK.

The plans and specification for the Group's new distribution centre in Stoke-on-Trent are now in the final stages of completion, and I expect construction to start later this year. This will enable the Group to provide its customers with a much-enhanced quality of service, and a more efficient use of resources. The Board is committed to investing in manufacturing processes which will continue to improve the Group's productivity and competitiveness.

Current trading and prospects

Although sales in the first two months for the year are slightly below last year, the current order book, and the new product introductions, particularly PS Portmeirion Studio, give us added confidence in 2004. It is also encouraging to see an improvement in our sales performance and prospects in North America, since this has such a significant impact on the total Company performance.

Against this, the new year provides some challenges. Following an actuarial valuation the Group has committed to additional contributions of ?350,000 per annum to the Group's defined benefit pension scheme, which was closed in 1999. In addition, although the Group's policy is to hedge against exchange rate movements, the fall in the value of the US dollar is likely to cost the Group in the region of ?450,000 in 2004, at current rates.

I would like to thank the management team and the whole workforce for their efforts in 2003, in meeting the challenges of a difficult year, and ensuring that we are well prepared for 2004 and beyond.

Arthur Ralley

Chairman

18th March 2003

For further information please contact:

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2003

	Notes	2003	2002
		?000's	?000's
Turnover - continuing operations	4	28,512	30,712
Raw materials and operating costs		(26,665)	(28,174)
Operating profit - continuing operations		1,847	2,538
Share of profit of associated undertakings		216	230
Interest receivable and similar income		174	155
Impairment of investment in associated undertaking		(234)	-
Profit on ordinary activities before taxation		2,003	2,923
Taxation on profit on ordinary activities		(697)	(870)

	Note	2003	2002
Profit on ordinary activities after taxation being the profit for the financial year		1,306	2,053
Dividends		(1,381)	(1,378)
Retained (loss)/profit for the financial year		(75)	675
Earnings per share	2	12.54p	19.75p
Diluted earnings per share	2	12.53p	19.71p
Dividends per share	3	13.25p	13.25p

CONSOLIDATED BALANCE SHEET

As at 31st December 2003

	2003		2002	
	?000's	?000's	?000's	?000's
Fixed assets				
Tangible assets		7,872		8,249

Investments		1,460	1,503
		9,332	9,752
Current assets			
Stocks	6,775		6,195
Debtors	4,868		5,715
Cash at bank and in hand	7,228		7,678
	18,871		19,588
Creditors: amounts falling due within one year	(3,932)		(4,732)
Net current assets		14,939	14,856
Total assets less current liabilities		24,271	24,608
Provisions for liabilities and charges		(307)	(261)
Net assets		23,964	24,347
Capital and reserves			

Called up share capital	521	520
Share premium account	4,580	4,547
Profit and loss account	18,863	19,280
Equity shareholders' funds	23,964	24,347

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2003

	Notes	2003	2002
		?000's	?000's
Cash inflow from operating activities	6	1,852	5,053
Returns on investments and servicing of finance	7	173	175
Taxation		(431)	(827)
Capital expenditure and financial investment	7	(697)	(563)

Equity dividends paid
(1,381) (1,377)

Cash (outflow)/inflow before use of liquid resources and financing
(484) 2,461

Management of liquid resources
420 (1,824)

Financing 7
34 12

(Decrease)/increase in cash in the year 5
(30) 649

Reconciliation of net cash flow to movement in net funds

	2003	2002
	?000's	?000's
(Decrease)/increase in cash in the year	(30)	649
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(420)	1,824

Net funds at 1st January	7,678	5,205
Net funds at 31st December	7,228	7,678

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31st December 2003

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2003	2002
	?000's	?000's
Profit for the financial year	1,306	2,053
Currency translation differences	(342)	(608)
Total recognised gains and losses for the financial year	964	1,445

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002

	?000's	?000's
Profit for the financial year	1,306	2,053
Dividends	(1,381)	(1,378)
Currency translation differences	(342)	(608)
Shares issued under employee share schemes	34	12
Net (reduction)/addition to shareholders' funds	(383)	79
Opening shareholders' funds,	24,347	24,268
Closing shareholders' funds	23,964	24,347

NOTES

1. The financial information set out above does not constitute the Company's statutory accounts for the years ended 31st December 2003 and 2002 but is derived from those accounts. Statutory accounts for 2002 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 2003, will be

finalised on the basis of the financial information presented by the Directors

in this preliminary announcement and will be delivered to the Registrar of

Companies in due course. This announcement was approved by the Board of

Directors on 17th March 2004.

2. Earnings per share

Basic

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

of ?1,306,000 (2002 - ?2,053,000) by the weighted average number of Ordinary

shares in issue during the year of 10,414,918 (2002 - 10,394,731).

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 ?	2003 Weighted Number of Shares	Earnings Per Share (Pence)	Earnings ?	2002 Weighted Number of Shares	Earnings per Share (Pence)
Basic earnings per share	1,306,000	10,414,918	12.54	2,053,000	10,394,731	19.75
Effect of dilutive securities:						
Employee share options		6,000			23,092	
Diluted earnings per share	1,306,000	10,420,918	12.53	2,053,000	10,417,823	19.71

3. The Directors propose the payment of a final dividend of 9.95p (2002 - 9.95p) per Ordinary share on 28 May 2004 to shareholders on the register on 7 May 2004, making a total of 13.25p for the year.

4. Turnover by destination

2003 2002

	?000's	?000's
United Kingdom	12,055	12,820
North America	9,920	12,108
European Union	1,873	1,792
Far East	4,099	3,448
Rest of the World	565	544
	28,512	30,712

5. Analysis of net funds

	2002	Cash flow	2003
	?000's	?000's	?000's
Cash in hand, at bank	1,194	(30)	1,164
Short term money market deposits	6,484	(420)	6,064
Total	7,678	(450)	7,228

6. Reconciliation of operating profit to operating cash flows

	2003	2002
	?000's	?000's
Operating profit	1,847	2,538
Depreciation	950	1,231
Exchange loss	(305)	(478)
Loss on sale of tangible fixed assets	35	9
(Increase)/Decrease in stocks	(580)	1,396
Decrease in debtors	611	461
Decrease in creditors	(706)	(104)
Net cash inflow from operating activities	1,852	5,053

All of the above relate to continuing operations

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

	2003	2002
	?000's	?000's

Returns on investments and servicing of finance				
Interest received	173		175	
Net cash inflow for returns on investments and servicing of finance		173		175
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(801)		(611)	
Sale of tangible fixed assets	104		48	
Net cash outflow for capital expenditure and financial investments		(697)		(563)
Financing				
Issue of Ordinary shares under share option schemes	34		12	
Net cash inflow from financing		34		12