4 August 2016

PORTMEIRION GROUP PLC
(‘Portmeirion’ or ‘the Group’)

Interim results for the six months ended 30 June 2016

Portmeirion Group is pleased to announce its performance for the six months ended 30 June 2016.

Highlights

- Revenue of £28.5 million up by 2% on the comparative period (2015: £27.9 million).
- Profit before tax down by 22% to £1.4 million (2015: £1.8 million).
- EBITDA down by 8% to £2.1 million (2015: £2.3 million).
- Earnings per share down by 24% to 9.87p (2015: 13.01p).
- Interim dividend increased by 15% to 7.00 pence per share (2015: 6.10 pence per share).
- Completed £17.5 million acquisition of Wax Lyrical Limited, the UK’s largest manufacturer of home fragrances.
- Received the Queen’s Award for Enterprise in the category of International Trade, which recognises the Company’s continuous growth in overseas sales and overall outstanding achievement in international trade over the last six years.

Dick Steele, Non-executive Chairman, commented:

“This has been a challenging period for the Group. As we announced in July we were disappointed by the reduction in demand in some of our Asian markets and the consequent effects we expect this to have on our 2016 results. We strongly believe that this is a short term set back and we remain confident in our medium and long term prospects.”

Interim Review

Portmeirion Group has had a mixed first half year; it started well for us, in particular with the positive acquisition of Wax Lyrical which we announced on 5 May 2016. This is a strong complementary fit for the business which continues to perform well. However, as reported in our trading statement issued on 7 July 2016, the success which we enjoyed in India in 2015 has not been repeated in the current financial year and, in addition, sales to South Korea have not recovered as we had hoped; we expect the adverse situation in both of these markets to continue in the short term. In addition, we did start to see a negative effect on wholesale demand from the UK Referendum on the EU towards the end of the half year.

It is important to continue to emphasise our seasonality and the weighting of our results towards the second half of the year. In 2015 our first half revenues were 41% of the full year and our pre-tax profits were 20% of the full year, similarly the percentages for 2014 were 40% for revenue and 16% for pre-tax profits. Accordingly we remain confident that the revised expectations of our full year profits will be met.

Dividend

The Board is declaring an interim dividend of 7.00 pence per share (2015: 6.10 pence per share) an increase of 15% (2015: 11% increase) which is in line with the increase in the final dividend for the prior year.

The interim dividend will be paid on 3 October 2016. The ex-dividend date will be 8 September 2016 with a record date of 9 September 2016.

We continue with our long held policy of having any increase in the interim dividend determined by the increase in the prior year final dividend, rather than the interim being a predictor for the following final dividend, subject of course to the needs of the business. This policy has been proven and validated this year. The final dividend will be determined when we know the results for 2016. This approach allows us to better determine dividend increases and allocate cash outflows in proportion to our important second half year's performance.

The Board remains committed to a progressive dividend policy; we believe that this is what our shareholders expect of us, why they bought Portmeirion shares and why they continue to hold them. We aim to maintain a sustainable and fair level of dividend cover which balances the needs of the business over the medium term with the rights of shareholders to receive the fullest fruits of their investment. We will increase our dividends whenever our results, cash balances and prudent views of future trading and business investment needs allow us so to do. We have now increased our dividends for seven consecutive years.

Revenue

Our revenues for the first six months of 2016 were £28.5 million (2015 first half year: £27.9 million) 2.4% higher than the comparative period. Our 2015 full year revenues were £68.7 million. The Wax Lyrical sales for the period (two months of ownership) were £1.5 million. If these are deducted from our £28.5 million revenues then the result is a decrease of 3.1% on 2015. If we express our half year figure at a constant US dollar exchange rate then our total revenue would have been in line with 2015.

Analysing our sales excluding those of Wax Lyrical, we are pleased to report that the United States, our largest market for many years now, increased by 10.3% in local currency and by 17.2% when translated into sterling. The United Kingdom, our second largest market suffered a slight sales decrease of 1.5%; the 19.0% increase we achieved in our own retail and online sales was more than offset by a 12.5% decrease in wholesale sales. Our emphasis is on our own retail, new products and new customers in the UK and, as a result, notwithstanding the effect of the UK referendum, we expect our UK sales for the full year to be above those for 2015.

The South Korean market, our third largest for many years, continues to be difficult. Our South Korean half year revenues are level on last year due to timing of shipments; we expect the full year's sales to this market to be below those for 2015. We are working with our distributor in this market on a number of new product ranges which we expect them to start buying later this year.

Last year we reported excellent growth in India, this has not been repeated as sales in the first half year are some £2 million below the same period last year. We are taking corrective action, looking for additional distributors targeting specific distribution channels in India but we do not expect this to start bringing in sales until 2017.

We have strengthened our sales team. We have refocused our sales efforts on Europe and we have just appointed a new sales manager to target the South American and Middle Eastern markets where we have historically sold little. We expect our sales in China, where we have a trading subsidiary and have appointed a number of distributors, to increase significantly in 2017 and beyond.

Profits

Profit before tax has decreased by 22% over the comparative period to £1,363,000 (2015 first half year: £1,757,000, 2015 full year: £8,649,000); earnings before interest, taxation, depreciation and amortisation decreased by 8% to £2,111,000 (2015 first half year: £2,307,000, 2015 full year: £9,737,000). The first half profit is shown after one-off acquisition costs of £170,000.

Our first half profits and profit margins are not a reliable indicator of our full year profits, and in particular because of our recent investments in new factory capacity, we expect the imbalance between first half and second half profits to increase. The recent acquisition of Wax Lyrical will exacerbate this imbalance in the current year.

The Anti-Dumping Duty case which we have been challenging since 2012 has gone against us and from a commercial assessment we have now abandoned our attempts to reclaim the more than £2 million which this has cost, we reached this decision reluctantly as we felt that common sense was on our side. We expect Anti-Dumping Duty to expire in 2018.

Wax Lyrical

We acquired Wax Lyrical on 4 May 2016 for a headline cash price of £17.5 million which reduces slightly taking account of cash in the business at the date of acquisition. Wax Lyrical is the UK's largest manufacturer of home fragrances and is based in the Lake District. In calendar year 2015 Wax Lyrical recorded revenues of £13.8 million and pre-tax profits of £2.1 million. The revenues from Wax Lyrical which have been consolidated into these figures amount to £1.5 million for the two month period of ownership, the net profit effect is minimal.

We are delighted with this acquisition and have already made good progress in achieving the integration benefits which we anticipated.

Balance Sheet

Our net borrowings position at 30 June 2016 was £9.7 million, this compares with £3.4 million cash at 30 June 2015 and £11.1 million cash at 31 December 2015. The acquisition of Wax Lyrical had a net cash outflow of £16.7 million compared to last half year end and to the year end. Our committed bank facilities total £22 million.

Our stock balances now stand at an all time high of £20.0 million because of the seasonal working capital needs of the business and as a result of the stock arising from the acquisition of Wax Lyrical. Nevertheless, given our cautious views for the remainder of 2016, it is clear that this is an area for management focus.

Because of our acquisition of Wax Lyrical the goodwill and intangible values in our balance sheet have increased significantly. The goodwill value is reviewed annually, the intangible assets are amortised over between ten and twenty years depending on nature.

Production

As we reported at the year end the installation of our new tunnel kiln was successful and we had started producing at a higher rate. As a result of the reduced demand from our Asian markets and elsewhere, we have pulled production back to levels just below last year in order to balance our stocks accordingly. The new kiln is a long term investment (our other three tunnel kilns are 30, 24 and 14 years old) and we remain confident that the demand for production will be recovered.

Products and Brands

Pictures, descriptions, prices and availabilities of our current patterns can be found at www.portmeirion.co.uk, www.spode.co.uk, www.royalworcester.co.uk, www.pimpernelinternational.co.uk and www.wax-lyrical.com. Customers in the United States can find us at www.portmeirion.com. Online purchasing is available at all these sites.

We continue to introduce new products, launching both exciting new ranges as well as refreshing and extending existing collections. New pieces to celebrate the Blue Italian 200 year anniversary have performed strongly, along with key introductions into the Sophie Conran and Wrendale ranges.

Outlook

It was extremely disappointing for us to have made the trading statement on 7 July 2016 which led to the reduction in the full year expectations. The significant fall off in demand for our products in India took some time to crystallise this year, last year we sold nearly £6 million into India and we had reason to believe that similar volumes would be sold this year. We expect the Korean market to remain difficult for us for the remainder of the year and, in addition, the uncertainty which the EU referendum vote has caused in our second largest market has not yet

hit our own retail sales but the orders from our wholesale customers, and their expectations for the remainder of the year, made it appropriate for us to take a prudent forward view. However, we strongly believe that this is a short term set back and the opportunities in our core markets, together with new target markets and online give us confidence in our medium and longer term growth prospects.
We are also delighted by the early performance and prospects of Wax Lyrical following its acquisition. The combination of our brands, heritage, quality standards, people, production facilities, logistics and designs is without equal in our markets.

Our strategy remains unchanged.

Richard Steele	**Lawrence Bryan**
Non-executive Chairman	Chief Executive

Independent Review Report to Portmeirion Group PLC

Introduction
We have been engaged by Portmeirion Group PLC to review the interim financial information for the six months ended 30 June 2016, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the reconciliation of movement in shareholders' equity and related notes 1 to 8. We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent 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 conclusions we have formed.

Respective responsibilities of directors and auditors
The interim statement, including the interim financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim statement in accordance with the AIM Rules issued by the London Stock Exchange, which require that the interim statement must be prepared and presented in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the consolidated interim financial information in the interim statement 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 Ireland) 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 consolidated interim financial information in the interim statement does not give a true and fair view of the financial position of the Company as at 30 June 2016 and of its financial performance and its cash flows for the six months then ended, in accordance with the AIM Rules issued by the London Stock Exchange.

Mazars LLP
Chartered Accountants
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
3 August 2016

Notes:
(a) The maintenance and integrity of the Portmeirion Group PLC website is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim statement since it was initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Consolidated Income Statement
Unaudited

	Notes	**Six months to 30 June 2016 £'000**	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Revenue	**2**	**28,527**	27,863	68,669
Operating costs		**(27,158)**	(26,153)	(60,102)
Operating profit		**1,369**	1,710	8,567
Interest income		**27**	46	19
Finance costs	**3**	**(122)**	(80)	(177)
Share of results of associated undertakings		**89**	81	240
Profit before tax		**1,363**	1,757	8,649
Tax	**4**	**(333)**	(394)	(1,752)
Profit for the period attributable to equity holders		**1,030**	1,363	6,897
Earnings per share	**6**	**9.87p**	13.01p	66.02p
Diluted earnings per share	**6**	**9.76p**	12.90p	65.48p
Dividends proposed and paid per share	**5**	**7.00p**	6.10p	30.00p

All the above figures relate to continuing operations.

Consolidated Statement of Comprehensive Income
Unaudited

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Profit for the period	**1,030**	1,363	6,897
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit pension scheme liability	**-**	-	261
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	**-**	-	(245)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**624**	(38)	385
Deferred tax relating to items that may be reclassified subsequently to profit or loss	**-**	-	17
Other comprehensive income for the period	**624**	(38)	418
Total comprehensive income for the period attributable to equity holders	**1,654**	1,325	7,315

Consolidated Balance Sheet
Unaudited

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Non-current assets			
Goodwill	**7,229**	-	-
Intangible assets	**6,857**	1,102	1,032
Property, plant and equipment	**11,129**	9,657	9,639
Interests in associates	**2,163**	1,911	2,044
Deferred tax asset	**430**	738	566
Total non-current assets	**27,808**	13,408	13,281
Current assets			
Inventories	**19,987**	17,111	12,700
Trade and other receivables	**9,445**	7,840	9,312
Cash and cash equivalents	**3,179**	3,371	11,130
Total current assets	**32,611**	28,322	33,142
Total assets	**60,419**	41,730	46,423
Current liabilities			
Trade and other payables	**(7,819)**	(6,580)	(5,986)
Current income tax liabilities	**(387)**	(506)	(830)
Borrowings	**(4,921)**	-	-
Total current liabilities	**(13,127)**	(7,086)	(6,816)
Non-current liabilities			
Pension scheme deficit	**(2,336)**	(3,684)	(3,085)
Deferred tax liability	**(1,060)**	-	-
Borrowings	**(7,923)**	-	-
Total non-current liabilities	**(11,319)**	(3,684)	(3,085)
Total liabilities	**(24,446)**	(10,770)	(9,901)
Net assets	**35,973**	30,960	36,522
Equity			
Called up share capital	**550**	550	550
Share premium account	**6,624**	6,560	6,612
Investment in own shares	**(2,936)**	(3,169)	(3,137)
Share-based payment reserve	**451**	375	370
Translation reserve	**2,038**	974	1,414
Retained earnings	**29,246**	25,670	30,713
Total equity	**35,973**	30,960	36,522

Consolidated Statement of Cash Flows
Unaudited

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Operating profit	**1,369**	1,710	8,567
Adjustments for:			
Depreciation of property, plant and equipment	**588**	503	978
Amortisation of intangible assets	**154**	94	192
Contributions to defined benefit pension scheme	**(800)**	(537)	(937)
Charge for share-based payments	**81**	83	175
Exchange (loss)/gain	**(8)**	28	58
Profit on sale of tangible fixed assets	**(12)**	-	(1)
Operating cash flows before movements in working capital	**1,372**	1,881	9,032
(Increase)/decrease in inventories	**(4,210)**	(1,649)	3,096
Decrease in receivables	**2,114**	2,990	1,607
Increase/(decrease) in payables	**178**	(242)	(934)
Cash (used by)/generated from operations	**(546)**	2,980	12,801
Interest paid	**(21)**	(22)	(50)
Income taxes paid	**(782)**	(990)	(2,045)
Net cash (outflow)/inflow from operating activities	**(1,349)**	1,968	10,706
Investing activities			
Interest received	**27**	11	19
Proceeds on disposal of property, plant and equipment	**29**	2	2
Purchase of property, plant and equipment	**(557)**	(996)	(1,420)
Purchase of intangible assets	**(11)**	(19)	(47)
Acquisition of subsidiary	**(16,669)**	-	-
Net cash outflow from investing activities	**(17,181)**	(1,002)	(1,446)
Financing activities			
Equity dividends paid	**(2,491)**	(2,216)	(2,852)
Shares issued under employee share schemes	**207**	125	210
Purchase of own shares	**-**	(1,404)	(1,404)
New bank loans raised	**12,844**	-	-
Net cash inflow/(outflow) from financing activities	**10,560**	(3,495)	(4,046)
Net (decrease)/increase in cash and cash equivalents	**(7,970)**	(2,529)	5,214
Cash and cash equivalents at beginning of period	**11,130**	5,905	5,905
Effect of foreign exchange rate changes	**19**	(5)	11
Cash and cash equivalents at end of period	**3,179**	3,371	11,130

Reconciliation of Movement in Shareholders' Equity
Unaudited

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Opening balance	**36,522**	33,047	33,047
Total comprehensive income for the period	**1,654**	1,325	7,315
Dividends paid	**(2,491)**	(2,216)	(2,852)
Shares issued under employee share schemes	**207**	125	210
Purchase of own shares	**-**	(1,404)	(1,404)
Increase in share-based payment reserve	**81**	83	175
Deferred tax on share-based payment	**-**	-	31
Closing balance	**35,973**	30,960	36,522

Notes to the Interim Financial Information

1. **Basis of preparation**

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 but has been reviewed by the auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. The Group's statutory accounts for the year ended 31 December 2015, prepared in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)), have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared in accordance with IFRS on the historical cost basis, except that derivative financial instruments are stated at their fair value. The same accounting policies, presentation and methods of computation are followed in the interim financial information as were applied in the Group's last annual audited financial statements.

2. **Geographical segments**

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the products:

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
United Kingdom	**8,855**	7,711	17,924
United States	**8,292**	7,074	22,287
South Korea	**6,022**	6,034	12,346
Rest of the World	**5,358**	7,044	16,112
	28,527	27,863	68,669

3. **Finance costs**

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Interest paid	**71**	9	20
Realised losses on financial derivatives	**-**	3	10
Unrealised losses on financial derivatives	**-**	-	17
Net interest expense on pension scheme deficit	**51**	68	130
	122	80	177

4. **Taxation**

Tax for the interim period is charged at 24.4% (year to 31 December 2015: 20.3%) representing the best estimate of the weighted average annual corporation tax rate expected for the full year. Deferred tax has been calculated at a rate of 18%.

5. **Dividend**
A dividend of 7.00p (2015: 6.10p) per ordinary share will be paid on 3 October 2016 to shareholders on the register on 9 September 2016.

6. **Earnings per share**
The earnings per share is calculated on profit after tax of £1,030,000 (June 2015: £1,363,000; December 2015: £6,897,000) and the weighted average number of ordinary shares of 10,431,624 (June 2015: 10,477,109; December 2015: 10,446,483) in issue during the period. The share options in existence during the six months ended 30 June 2016 have a dilutive effect. Diluted earnings per share is calculated on earnings of £1,030,000 (June 2015: £1,363,000; December 2015: £6,897,000) and the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares of 10,557,853 (June 2015: 10,565,507; December 2015: 10,533,578).

7. **Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA)**

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Operating profit	**1,369**	1,710	8,567
Add back:			
Depreciation	**588**	503	978
Amortisation	**154**	94	192
Earnings before interest, tax, depreciation and amortisation	**2,111**	2,307	9,737

8. **Acquisition of subsidiary**

On 4 May 2016, the Group acquired the entire issued share capital of Lighthouse Holdings Limited for a total cash consideration of £17.5 million plus surplus cash as at 30 April 2016.

Lighthouse Holdings Limited's wholly owned operating subsidiary, Wax Lyrical Limited, is the UK's largest manufacturer of home fragrances. Wax Lyrical is based in the Lake District and is both a wholesaler and retailer of its home fragrance products, primarily scented candles and reed diffusers, to both UK and export markets. Manufactured in the UK, its leading brands of Wax Lyrical and Colony are sold in high quality stores together with ranges produced for some of the world's leading luxury brands. Wax Lyrical exports to over 40 countries around the world.

Lighthouse's audited accounts for the year ended 31 December 2015 recorded revenue of £13.8 million, a pre-tax profit of £2.1 million and net assets as at 31 December 2015 of £7.6 million.

The acquisition brings the following strategic benefits for Portmeirion:
- the acquisition is expected to be earnings enhancing in the current financial year;
- Wax Lyrical, with its high quality brands and "Made in Britain" pedigree represents a strong strategic fit for Portmeirion; and
- the combined Group will benefit from a wider product offering and access to a larger customer base.

Significant growth opportunities for Wax Lyrical's products are envisaged within the Group's existing markets and distribution channels. In particular, the Group expects to grow Wax Lyrical's sales through Portmeirion's existing UK customers, websites and retail outlets as well as into export markets such as the United States and South Korea.

The amounts recognised at fair value in respect of the identifiable assets acquired and liabilities assumed are as follows:

	£'000
Cash and cash equivalents	1,432
Trade and other receivables	2,040
Inventory	2,549
Property, plant and equipment	1,482
Trade and other payables	(1,362)
Current income tax liabilities	(163)
Identifiable intangible assets	5,968
Less deferred tax liability	(1,074)
Total identifiable assets	10,872
Goodwill	7,229
Total consideration	**18,101**

	£'000
Satisfied by:	
Cash and cash equivalents	5,257
Borrowings	12,844
Total consideration transferred	**18,101**

	£'000
Net cash outflow arising on acquisition:	
Cash consideration	18,101
Less: cash and cash equivalent balances acquired	(1,432)
Net cash outflow	**16,669**

The goodwill of £7.2 million arising from the acquisition consists of the anticipated synergies of combining the existing Group operations with those of Wax Lyrical. This will include shared product development, distribution channels, access to new customers in the UK and export markets and other operational synergies. None of the goodwill is expected to be deductible for income tax purposes. The intangible assets value of £6.0 million represents intellectual property and customer lists recognised at their fair value, which are being amortised over their estimated useful lives of 15 and 10 years respectively.

Acquisition-related costs (included in operating costs) amount to £170,000.

9. **Availability of document**

A copy of the interim results will shortly be available on the Company website at www.portmeiriongroup.com.