2 August 2012

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

Interim results for the six months ended 30 June 2012

Portmeirion Group is pleased to announce a strong performance for the six months ended 30 June 2012 in line with market expectations, despite challenging global conditions.

Highlights

- Revenues of £22.8 million up by 2% on the comparative period (2011: £22.3 million)
- Profit before tax up by 6% to £1.5 million (2011: £1.4 million)
- EBITDA up by 3.5% to £2.0 million (2011: £1.9 million)
- Earnings per share up by 10% to 10.15p (2011: 9.23p)
- Interim dividend increased by 15% to 4.50 pence per share (2011: 3.90 pence per share)
- Strong sales of Diamond Jubilee ranges
- Launch of 7 new ranges during the period
- Strong forward orders for Christmas

Dick Steele, Non-executive Chairman, commented:

“The first half of this year has seen us deliver another strong set of results, despite challenging economic conditions. Our focus on being a customer attentive design-led business stands us in good stead for future growth and we are confident about the prospects of the business.”

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Interim Review

The performance of Portmeirion Group in the first six months of 2012 has been strong. We are trading in line with market expectations for the full year to 31 December 2012.

In 2011 we achieved 41.7% of our full year revenues in the first half year and 21.7% of our operating profits in the same period. Seasonality is an ongoing feature of our business. Our second half year includes the Christmas trading period, and this is especially important for our largest market, the United States.

Dividend
The Board is recommending a dividend of 4.50 pence per share (2011: 3.90 pence per share), an increase of 15.4% over the 2011 interim dividend and in line with the percentage increase in the final dividend for 2011.

The interim dividend will be paid on 1 October 2012. The ex-dividend date will be 5 September 2012 with a record date of 7 September 2012.

Subject to the needs of the business, it is the Board's intention for the future that the change in the prior year final dividend is reflected in the change to the interim dividend of the following year. We consider that this approach allows us to better allocate dividend payments to take account of the results of our important second half year.

Revenues
Our revenues for the first six months of 2012 were £22.8 million (2011 first half year: £22.3 million, 2011 full year: £53.6 million), 2% higher than the comparative period.

In the United States, where we trade through our own subsidiary, revenues were 7% lower than the comparative period in US dollars and 5% lower in sterling, our reporting currency, because the US dollar was stronger against sterling than in the equivalent period last year. The United States is our largest market, and when combined with the Canadian market (where we trade through a joint venture) results in North America representing over 40% of our revenues in a full year. This market is by far our most seasonal and our expectations for the rest of the year in North America are good.

The United Kingdom, our second largest market, represents over 25% of our revenues in a full year. For the first six months of 2012 United Kingdom revenues were 14% above the comparative period. Within this excellent performance, supported by the Diamond Jubilee, our own retail outlets and our internet site generated strong increases.

South Korea has been our third largest market for more than ten years; it represents over 20% of our revenues in a full year. Revenues in South Korea were 4% lower than in the equivalent period but we expect the full year's revenues from this important market to better those of 2011.

Revenues from the rest of the world have increased but with a very mixed picture; Europe generally and Italy specifically have been very disappointing as the effects of austerity measures continue to bite but we are heartened by our continuing progress in Hungary and Norway.

The strength of the Portmeirion Group is borne out in these revenue figures. Despite the effects of seasonality, austerity and economic malaise in some parts of the world we are still able to post revenue increases because of the diversity of our markets, customers and products.

Profits
Profit before tax has increased by 6% over the comparative period to £1,458,000 (2011 first half year: £1,376,000, 2011 full year: £6,330,000); earnings before interest, tax, depreciation and amortisation are £1,988,000 (2011 first half year: £1,921,000, 2011 full year: £7,414,000). It is in our profit figures that the operational gearing of the business and the seasonal weightings have a large effect, as higher monthly revenues in the second half year feed through into profits.

Balance Sheet
Our net cash balance at 30 June 2012 was £3.3 million; this compares to £2.9 million at 30 June 2011 and £6.8 million at 31 December 2011. The working capital swings in our business are significant, with 31 December being close to a high point for cash as seasonal sales deliveries are settled and 30 June approaches our cash low point in September as we are building stock levels for the all important Christmas deliveries. Above and beyond our cash balances, we have secure and significant bank facilities with Lloyds TSB.

Stocks were £14.3 million at 30 June 2012; this is £2.1 million higher than at the same time last year. We need a good level of stocks in order to ensure deliveries for our important seasonal trade. This level of stockholding is appropriately balanced and is rigorously reviewed for ageing and obsolescence.

Our pension scheme deficit is £4.5 million (31 December 2011: £4.9 million); it is under control.

Treasury Shares with a book cost of £160,000 have been used to satisfy some share option exercises; our Treasury Shares were purchased some years ago at an average price of £1.87 each.

Production
Producing our own product and sourcing product from elsewhere are complementary tactics which serve us well, such an approach is integral to our long term strategy.

Our Stoke-on-Trent factory continues to improve. Best yields have been a point of emphasis in 2012 so the percentage of best pieces produced is now higher still. Ceramic manufacture, particularly of products as beautiful as ours, is not entirely a science and given the quality standards demanded by our customers it is pleasing that best production efficiency continues to increase. There is more to be achieved here, and it will be achieved with more science and more skill.

Product Development
Design and quality are central to our future. We pay attention to our customers' needs, and recognise that we have many different customers. We design functional products with flair and creativity. We manufacture with the best materials and we apply craftsmanship and science throughout the process.

We continue to develop and enhance our product offering. Recent new patterns include Christmas Wish, Fifi, Porcelain Garden, Exotic Botanic Garden, Botanic Hummingbird and Vintage Kellogg's. Botanic Garden, Sophie Conran for Portmeirion and all our existing patterns benefit from product extensions and the continual refreshing which such design attention brings.

People
It is pleasing to record that, following reassessment, we have retained our status as an Investor in People. We apply the principles of this standard in the development of our staff.

Outlook
Our annual performance is weighted towards the second half of the year as this includes our very important Christmas trading period, especially so for our largest market, the United States. Production, sourcing and logistics are meeting the challenges and are positioned well to meet customers' needs. The attention of our design department is already firmly focused on 2013 and beyond.

We remain confident for the future; our strategy remains unchanged.

Richard Steele
Non-executive Chairman

Lawrence Bryan
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 2012, 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 7. 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 requires 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 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 interim financial information in the interim statement for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with the AIM Rules issued by the London Stock Exchange.

Mazars LLP
Chartered Accountants
45 Church Street
Birmingham
B3 2RT
1 August 2012

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 2012 £'000**	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
Revenue	**2**	**22,790**	22,344	53,610
Operating costs		**(21,341)**	(20,981)	(47,326)
Operating profit		**1,449**	1,363	6,284
Investment revenue		**19**	12	42
Finance costs	**3**	**(61)**	(70)	(65)
Share of results of associated undertakings		**51**	71	69
Profit before tax		**1,458**	1,376	6,330
Tax	**4**	**(416)**	(443)	(1,861)
Profit for the period attributable to equity holders		**1,042**	933	4,469
Earnings per share	**6**	**10.15p**	9.23p	43.94p
Diluted earnings per share	**6**	**9.99p**	9.04p	43.12p
Dividends proposed and paid per share	**5**	**4.50p**	3.90p	19.60p

All the above figures relate to continuing operations.

Consolidated Statement of Comprehensive Income
Unaudited

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
Profit for the period	**1,042**	933	4,469
Exchange differences on translation of foreign operations	**(91)**	(240)	81
Actuarial loss on defined benefit pension scheme	**-**	-	(1,642)
Deferred tax on other comprehensive income	**-**	-	281
Other comprehensive income for the period	**(91)**	(240)	(1,280)
Total comprehensive income for the period attributable to equity holders	**951**	693	3,189

Consolidated Balance Sheet
Unaudited

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Non-current assets			
Intangible assets	**1,719**	1,910	1,819
Property, plant and equipment	**5,812**	6,068	5,975
Interests in associates	**1,583**	1,550	1,534
Deferred tax asset	**768**	536	861
Total non-current assets	**9,882**	10,064	10,189
Current assets			
Inventories	**14,261**	12,205	12,470
Trade and other receivables	**7,532**	6,369	7,515
Cash and cash equivalents	**3,310**	2,859	6,777
Current income tax asset	**-**	312	-
Total current assets	**25,103**	21,745	26,762
Total assets	**34,985**	31,809	36,951
Current liabilities			
Trade and other payables	**(5,795)**	(5,889)	(6,822)
Current income tax liabilities	**(532)**	-	(825)
Total current liabilities	**(6,327)**	(5,889)	(7,647)
Non-current liabilities			
Pension scheme deficit	**(4,495)**	(3,641)	(4,868)
Grant received	**(39)**	(56)	(39)
Total non-current liabilities	**(4,534)**	(3,697)	(4,907)
Total liabilities	**(10,861)**	(9,586)	(12,554)
Net assets	**24,124**	22,223	24,397
Equity			
Called up share capital	**539**	536	536
Share premium account	**5,676**	5,542	5,542
Treasury shares	**(771)**	(931)	(931)
Share-based payment reserve	**518**	341	429
Translation reserve	**1,031**	800	1,122
Retained earnings	**17,131**	15,935	17,699
Total equity	**24,124**	22,223	24,397

Consolidated Statement of Cash Flows
Unaudited

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
Operating profit	**1,449**	1,363	6,284
Adjustments for:			
Depreciation of property, plant and equipment	**410**	376	784
Amortisation of intangible assets	**129**	182	346
Contributions to defined benefit pension scheme	**(400)**	(654)	(1,054)
Charge for share-based payments	**89**	74	162
Exchange gain/(loss)	**14**	(144)	(10)
(Profit)/loss on sale of tangible fixed assets	**(14)**	-	1
Operating cash flows before movements in working capital	**1,677**	1,197	6,513
Increase in inventories	**(1,847)**	(2,607)	(2,729)
(Increase)/decrease in receivables	**(53)**	1,266	202
Decrease in payables	**(1,026)**	(1,310)	(410)
Cash (absorbed by)/generated from operations	**(1,249)**	(1,454)	3,576
Interest paid	**(29)**	(33)	(59)
Income taxes paid	**(616)**	(864)	(1,217)
Net cash (outflow)/inflow from operating activities	**(1,894)**	(2,351)	2,300
Investing activities			
Interest received	**12**	5	20
Proceeds on disposal of property, plant and equipment	**14**	-	1
Purchase of property, plant and equipment	**(256)**	(310)	(597)
Purchase of intangible assets	**(29)**	(54)	(127)
Net cash outflow from investing activities	**(259)**	(359)	(703)
Financing activities			
Equity dividends paid	**(1,610)**	(1,381)	(1,780)
Shares issued under employee share schemes	**297**	715	715
Net cash outflow from financing activities	**(1,313)**	(666)	(1,065)
Net (decrease)/increase in cash and cash equivalents	**(3,466)**	(3,376)	532
Cash and cash equivalents at beginning of period	**6,777**	6,249	6,249
Effect of foreign exchange rate changes	**(1)**	(14)	(4)
Cash and cash equivalents at end of period	**3,310**	2,859	6,777

Reconciliation of Movement in Shareholders' Equity

Unaudited

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
Opening balance	**24,397**	22,122	22,122
Total comprehensive income for the period	**951**	693	3,189
Dividends paid	**(1,610)**	(1,381)	(1,780)
Shares issued under employee share schemes	**297**	715	715
Increase in share-based payment reserve	**89**	74	162
Deferred tax on share-based payment	**-**	-	(11)
Closing balance	**24,124**	22,223	24,397

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 2011, 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 latest 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 2012 £'000	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
United Kingdom	**6,671**	5,836	13,825
United States	**6,566**	6,893	21,351
South Korea	**5,837**	6,062	10,729
Rest of the World	**3,716**	3,553	7,705
	22,790	22,344	53,610

3. **Finance costs**

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
Interest paid	**9**	15	37
Realised losses on financial derivatives	**25**	28	28
Unrealised losses on financial derivatives	**-**	27	-
Defined benefit pension scheme - other finance costs	**27**	-	-
	61	70	65

4. **Taxation**

Tax for the interim period is charged at 28.5% (year to 31 December 2011: 29.4%) 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 24%.

Notes to the Interim Financial Information
Continued

5. **Dividend**
A dividend of 4.50p (2011: 3.90p) per ordinary share will be paid on 1 October 2012 to shareholders on the register on 7 September 2012.

6. **Earnings per share**
The earnings per share is calculated on profit after tax of £1,042,000 (June 2011: £933,000; December 2011: £4,469,000) and the weighted average number of ordinary shares of 10,263,083 (June 2011: 10,109,498; December 2011: 10,170,222) in issue during the period. The share options in existence during the six months ended 30 June 2012 have a dilutive effect. Diluted earnings per share is calculated on earnings of £1,042,000 (June 2011: £933,000; December 2011: £4,469,000) and the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares which is 10,432,891 (June 2011: 10,325,077; December 2011: 10,363,008).

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

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	Year to 31 December 2011 £'000
Operating profit	**1,449**	1,363	6,284
Add back:			
Depreciation	**410**	376	784
Amortisation	**129**	182	346
Earnings before interest, tax, depreciation and amortisation	**1,988**	1,921	7,414

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