

Portmeirion Group PLC

14 August 2003

PORTMEIRION GROUP PLC
RESULTS FOR 6 MONTHS ENDED
30 JUNE 2003

CHAIRMAN'S STATEMENT

Financial Highlights:-

	First Half	First Half	
	2003	2002	
%	2000's	2000's	
Decrease			
Turnover (8.2)	13,211	14,395	
----- -----	-----	-----	-----
Profit before tax (50.1)	506	1,015	
----- -----	-----	-----	-----
Earnings per share - Basic (53.2)	3.07p	6.56p	

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Interim dividend per share	3.30p	3.30p	
-			
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Results

First half sales decreased by 8.2% compared to last year's. Profit before tax

decreased by 50.1% and earnings per share decreased by 53.2%

Dividend

The Board has decided to declare an unchanged interim dividend of 3.30p payable

on 1 October 2003, to shareholders on the register on 12 September 2003.

Trading Performance

The first half sales were severely affected by the impact of the uncertain political situation in Iraq early in the year, and the outbreak of the SARS

virus. These factors resulted in first quarter Group sales being 15% lower than

the previous year mainly due to sales in the USA being particularly badly affected.

However, with the overall economic climate improving as these negative factors

diminished, sales in the second quarter improved and were level with the previous year. As a result, first half sales in the UK were in line with the

Group performance, at 7% below the previous year. In the USA, which accounts for

approximately 30% of turnover, dollar sales in the first half were 24% below the

previous year. Our Far Eastern sales performance continues to offset some of the

decline in the USA, with sales in the first half increasing by 24% and

representing 15% of Group turnover. There was also a welcome turnaround in sales

to Europe, with first half sales increasing by 62%.

Despite the overall reduction in production volumes, improvements in

manufacturing efficiency continued and overall gross margins were maintained.

The Group is faced with an intensely price competitive environment in the UK and

the USA. Average retail prices have moved ever lower, and greater volumes of

ceramic products have been sourced in low-cost countries in the Far East.

Supermarkets and lower priced national retailers are increasing their market

share each year, directly affecting the market segment in which we operate.

Recognising this as a permanent trend, the Group has developed a lower cost range, still incorporating our design and quality standards, under the new brand

of PS portmeirion studio. This new range has been successfully launched in the

USA, and will be selling into the market this autumn. I believe that the PS portmeirion studio range can be developed for our other important markets.

Another important strategic development is the introduction of additional gift

merchandise in both ceramic and glassware ranges which, I believe, will benefit

sales in the second half of the year.

Investment

Besides achieving continuous cost reductions, the Group's production staff have

investigated and planned a fundamental re-organisation of our equipment and working methods. We are now convinced that this is the way to make our ceramic

products fully competitive and profitable, even in recession.

At present an urgent problem is to meet the growing calls from our retail customers for ever quicker delivery of orders and for greater flexibility in labelling and packaging.

As a first step in our long-term plan, the Board, after careful research, has

approved the construction of a new warehousing and distribution centre. A newly

built modern warehouse and distribution centre, using up-to-date, high efficiency, handling equipment, will be cost effective and give all our products

a real competitive advantage. The warehousing and distribution centre will cost

approximately \$6 million, which can be met from existing cash resources.

In the short term, I believe we can only be cautious about prospects for the

second half of this year. However, if there is an improvement in the economic

climate, particularly in the USA, the Group is well prepared with new product

ranges to take advantage, and therefore improve on the Group's first half performance.

A Ralley

Chairman

13 August 2003

INDEPENDENT REVIEW REPORT

TO PORTMEIRION GROUP PLC

Introduction

We have been instructed by the Company to review the financial information for

the six months ended 30 June 2003 which comprises the consolidated profit and

loss account, the consolidated balance sheet, the consolidated cash flow

statement, the statement of total recognised gains and losses, the

reconciliation of movements in shareholders' funds and related notes 1 to 9. We

have read the other information contained in the interim report and considered

whether it contains any apparent misstatements or material inconsistencies with

the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4

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 them 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.

Directors' responsibilities

The interim report, including the financial information contained therein, is

the responsibility of, and has been approved by, the directors. The directors

are responsible for preparing the interim report in accordance with the Listing

Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with

those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin

1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A

review consists principally of making enquiries of group management and applying

analytical procedures to the financial information and underlying financial data

and, based thereon, assessing whether the accounting policies and presentation

have been consistently applied unless otherwise disclosed. A review excludes

audit procedures such as tests of controls and verification of assets,

liabilities and transactions. It is substantially less in scope than an audit

performed in accordance with United Kingdom auditing standards and therefore

provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that

should be made to the financial information as presented for the six months

ended 30 June 2003.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham

13 August 2003

PORTMEIRION GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year	Notes	Six Months to 30.6.03	Six Months to 30.6.02	to
31.12.02				
?		?	?	
?		?	?	
Turnover -	6	13,211	14,395	
30,712				
continuing				
operations				

Raw materials and (28,174)	(12,885)	(13,539)	
operating costs			
----	-----	-----	---
Operating profit - 2,538	326	856	
continuing operations			
Share of profit of 230	87	81	
associated undertakings			
Interest receivable 155	93	78	
and similar income			
----	-----	-----	---
Profit on ordinary 2,923	506	1,015	
activities before taxation			
Taxation on profit (870)	(187)	(333)	
on ordinary			

activities

Profit for the
2,053

319

682

period

Dividends
(1,378)

(344)

(343)

Retained (loss)/
675

(25)

339

profit for the
=====

=====

=====

period

Earnings per
19.75p

4

3.07p

6.56p

share

=====

=====

=====

Diluted earnings
19.71p

4

3.06p

6.55p

per share

=====

=====

=====

Dividend per
13.25p

5

3.30p

3.30p

share

=====

=====

=====

See notes on pages

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PORTMEIRION GROUP PLC

CONSOLIDATED BALANCE SHEET

	As at 30.6.03		As at 30.6.02		As at
31.12.02	?'000's	?'000's	?'000's	?'000's	?'000's
?'000's					
Fixed assets					
Tangible		7,984		8,694	
8,249					
assets					
Investments		1,632		1,448	
1,503					
-----		-----		-----	---
9,752		9,616		10,142	
Current					
assets					
Stocks	7,104		7,410		6,195
Debtors	5,265		5,712		5,715
Cash at bank	6,142		5,413		7,678

and in hand	-----	-----	-----
	18,511	18,535	19,588
Creditors:	(3,548)	(3,980)	(4,732)
amounts	-----	-----	-----
falling due			
within one			
year			
Net current	14,963	14,555	
14,856			
assets	-----	-----	--

Total assets	24,579	24,697	
24,608			
less current			
liabilities			
Provisions for	(162)	(240)	
(261)			
liabilities			
and charges			
	-----	-----	-

Net assets	24,417	24,457	
24,347			

	=====	=====	
Capital and reserves			
Called up 520	521	520	
share capital			
Share premium 4,547	4,580	4,547	
account			
Profit and 19,280	19,316	19,390	
loss account	-----	-----	--
Equity 24,347	24,417	24,457	
shareholders' funds	=====	=====	

PORTMEIRION GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

Year	Notes	Six Months	Six Months
------	-------	------------	------------

31.12.02		to 30.6.03	to 30.6.02	to
?		?	?	
?		?	?	
?		?	?	
Cash flow from	8	(244)	1,645	
5,053				
operating				
activities				
Returns on	9	99	72	
175				
investments and				
servicing of				
finance				
Taxation		(176)	(164)	
(827)				
Capital expenditure	9	(214)	(323)	
(563)				
and financial				
investments				
Equity dividends		(1,035)	(1,034)	
(1,377)				
paid		-----	-----	---

Cash (outflow)/ 2,461		(1,570)	196	
inflow before use of liquid resources and financing				
Management of (1,824)		1,155	(345)	
liquid resources				
Financing 12	9	34	12	
-----		-----	-----	---
(Decrease)/increase 649		(381)	(137)	
in cash in the =====		=====	=====	
period				

Note to
consolidated cash
flow statement:
Reconciliation of net cash flow
to movement in net funds

(Decrease)/increase 649	(381)	(137)	
in cash in the period			
Cash (inflow)/outflow from 1,824	(1,155)	345	
(decrease)/increase in liquid resources			
Net funds at 1st 5,205	7,678	5,205	
January ----- -----	-----	-----	---
Net funds at period 7,678	7	6,142	5,413
end =====	=====	=====	

See notes on pages

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PORTMEIRION GROUP PLC
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year	Six Months	Six Months	
	to 30.6.03	to 30.6.02	to
	?'000's	?'000's	
Profit for the period 2,053	319	682	
Currency translation (608)	61	(162)	
differences			
-----	-----	-----	---
Total recognised gains and 1,445	380	520	
losses for the period =====	=====	=====	

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year	Six Months	Six Months	
	to 30.6.03	to 30.6.02	to
31.12.02			

?000's	?000's	?000's
Profit for the period 2,053	319	682
Dividends (1,378)	(344)	(343)
Currency translation (608)	61	(162)
differences		
Shares issued under employee 12	34	12
share schemes		
-----	-----	-----
Net addition to shareholders' 79	70	189
funds		
Opening shareholders' funds 24,268	24,347	24,268
-----	-----	-----
Closing shareholders' funds 24,347	24,417	24,457
=====	=====	=====

PORTMEIRION GROUP PLC

NOTES

1. The consolidated profit and loss account for the six months ended 30 June

2003, the consolidated balance sheet at that date, the consolidated cash

flow statement, the statement of total recognised gains and losses, the

reconciliation of movements in shareholders' funds and the notes to the

financial information, have been reviewed by the auditors but not audited.

The consolidated profit and loss account for the six months ended 30 June

2002 and the consolidated balance sheet at that date have also been reviewed by the auditors but not audited.

2. The comparative figures for the financial year ended 31 December 2002 are

not the Group's statutory accounts for that year. Those accounts have been

reported on by the Group's auditors and delivered to the Registrar of

Companies. The report of the auditors was unqualified and did not contain

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

3. This Interim Statement has been prepared in accordance with the accounting

policies set out in the Group's 2002 Report and Accounts.

4. The earnings per share are calculated on earnings of ?319,000 (2002 - ?682,000) and the weighted average number of Ordinary shares of 10,406,114

(2002 - 10,392,147) in issue during the period. The options in existence

during the six months ended 30 June 2003 have a dilutive effect as defined

by FRS 14. The diluted earnings per share under FRS 14 are calculated on

earnings of ?319,000 (2002 - ?682,000) and a weighted average number of

Ordinary shares in issue adjusted to assume conversion of all dilutive potential Ordinary Shares which is 10,409,295 (2002 - 10,417,861).

5. A dividend of 3.3p (2002 - 3.3p) per Ordinary share will be paid on 1 October 2003 to shareholders on the register on 12 September 2003.

6. Turnover by destination

Year	Six Months	Six Months
31.12.02	to 30.6.03	to 30.6.02 to

2000's	2000's	2000's	
2000's			
United Kingdom	5,337	5,759	
12,820			
North America	4,255	5,932	
12,108			
European Union	1,402	865	
1,792			
Far East	1,938	1,560	
3,448			
Rest of the World	279	279	
544			
-----	-----	-----	---

30,712	13,211	14,395	
=====	=====	=====	

7. Analysis of net funds

at	As at	As at	As
at			
31.12.02	30.6.03	30.6.02	
2000's	2000's	2000's	
2000's			
Cash in hand, at bank	813	408	
1,194			
Short term money market	5,329	5,005	
6,484			

deposits			
-----		-----	-----
7,678	Total	6,142	5,413
=====		=====	=====

8. Reconciliation of operating profit to operating cash flows

Year	Six Months	Six Months
to 31.12.02	to 30.6.03	to 30.6.02
? 000's</td <td>?<!--000's</td--> <td>?<!--000's</td--> </td></td>	? 000's</td <td>?<!--000's</td--> </td>	? 000's</td
Operating profit 2,538	326	856
Depreciation 1,231	487	573
Exchange gain/(loss) (478)	11	(103)
(Profit)/loss on sale of tangible 9	(30)	8
fixed assets		
(Increase)/decrease in stocks 1,396	(909)	181
Decrease in debtors 461	415	592

Decrease in creditors (104)	(544)	(462)
-----	-----	-----
Net cash (outflow)/inflow from 5,053	(244)	1,645
operating activities =====	=====	=====

All of the above relate to continuing operations.

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

Year	Six Months		Six Months	
	to 30.6.03		to 30.6.02	
2000's	2000's	2000's	2000's	

Returns on investments
and servicing of
finance

Interest received 175	99	72
-----	-----	-----

Net cash inflow from

returns on investments

and servicing of
175

99

72

finance
=====

=====

=====

Capital expenditure and

financial investments

Purchase of tangible
(611) (285)

(335)

fixed assets

Sale of tangible fixed
48 71

12

assets

Net cash outflow for

capital expenditure

and financial
(563)

(214)

(323)

investments
=====

=====

=====

Financing

Issue of Ordinary shares

under share option

schemes
12 34

12

Net cash inflow from	34	12
12		
financing	=====	=====
=====		

For further information please contact Arthur Ralley (Chairman), Brett Phillips

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