

Portmeirion Group PLC

15 August 2002

PORTMEIRION GROUP PLC
RESULTS FOR 6 MONTHS ENDED
30 JUNE 2002

CHAIRMAN'S STATEMENT

Financial Highlights:-

Restated

Half	Increase		First Half	First
2001	%		2002	
			£000's	
13,552	6.2	Turnover	14,395	
262	287.4	Profit before tax	1,015	

1.53p	328.8	Earnings per share - Basic	6.56p
3.30p	-	Interim dividend per share	3.30p

2001 results have been restated as set out in the notes to the interim financial statements following the adoption of

FRS19.

Results

First half sales increased by 6.2% compared to last year's. Profit before tax increased by 287% and earnings per

share by 329%.

Dividend

The Board has decided to declare an unchanged interim dividend of 3.30p payable on 1 October 2002, to shareholders on

the register on 13 September 2002.

Trading Performance

I am pleased to report that the improved performance of the second half of last year has indeed continued into the

first half of 2002. Total sales increased by 6.2% over the equivalent period for last year, due largely to an

increase in volume sales.

Total sales in the UK increased by 3.7% compared to the first half of last year, a satisfactory performance, and in

line with our retail customers' average increase. Our 15 retail outlets, although a relatively small proportion of

total sales, contributed a commendable 25% increase in sales and we intend to carefully expand the number of retail

sites.

After such a difficult year in 2001 for our USA business, I am now able to report some improvement. Last year's

decline has been arrested and total sales are in line with the first half of last year. However, business remains

very fragile and the turmoil in the equity markets has created a lack of confidence in consumers. As a result, our

major retail customers are taking a very conservative approach to their sales projections. Since the USA accounts for

almost 40% of our turnover, this will continue to be a significant factor in our second half performance.

Our concerted efforts to establish Portmeirion as a successful brand in the Far East is now bearing fruit. Total

sales increased by 127%, with major improvements in Korea and Japan. Our marketing initiatives include signing tours,

television appearances and advertising, leading to a significant increase in the number of stores offering

'Portmeirion' branded tableware and home wares.

Our continued drive for improved manufacturing efficiency, together with investment in new plant and machinery is now

delivering real benefits. The manufacturing gross margin in the first half of 2002 is considerably higher than last

year and the production management team are confident that further improvements are possible to this commendable

increase in productivity. This, together with tightly controlled indirect costs, has had a significant impact in

improving profitability. Our commitment is to continue to invest in our manufacturing operations in Stoke-on-Trent.

The consumers' demand for new product ranges, reflecting current style and fashion, continues to be a major influence

in our strategic planning. It is essential that we have new design led products every year and to that end, the

Company has recently launched several important ranges. 'Ella Doran at Portmeirion' is a range of ceramic tableware,

placemats and coasters, created by the well-known home ware designer Ella Doran, and produced by Portmeirion.

Handpainted glassware to complement the Botanic Garden range has been very successful since its introduction this

Spring.

These new ranges, together with a new collection of porcelain mugs, textiles and candles, continue the strategy of

home ware development with design excellence. I believe that our management team have produced a commendable

improvement in the Company's performance, in difficult trading conditions, and we are well prepared for the

challenges ahead. Our proven strategy should lead to continuing growth and success.

A. Ralley

Chairman

14 August 2002

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 2002

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 and related notes 1 to 9 together with the

reconciliation of net cash flow to movement in net funds and the reconciliation of movements in shareholders' funds.

We have read the other information contained in the interim statement and considered whether it contains any apparent

misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim statement, 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 statement in accordance with the

Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied

to the interim figures should be 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 2002.

Deloitte & Touche

Chartered Accountants

Colmore Gate

2 Colmore Row

Birmingham

B3 2BN

14 August 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

As restated

Months	Six Months	Year	Notes	Six
30.6.02	to 30.6.01	to 31.12.01		to
£000's	£000's	£000's		
	Turnover - continuing operations		6	
14,395	13,552	29,626		
	Raw materials and operating costs			
(13,539)	(13,535)	(28,492)		
	Operating profit - continuing operations			
856	17	1,134		
	Share of profit of associated undertakings			
81	85	245		
	Interest receivable and similar income			
78	160	244		

	Profit on ordinary activities before taxation		
1,015	262	1,623	
	Taxation on profit on ordinary activities		
(333)	(103)	(623)	
	Profit for the period		
682	159	1,000	
	Dividends		
(343)	(343)	(1,377)	
	Retained profit/(loss) for the period		
339	(184)	(377)	
	Earnings per share		4
6.56p	1.53p	9.63p	
	Diluted earnings per share		4
6.55p	1.53p	9.61p	
	Dividend per share		5
3.30p	3.30p	13.25p	

See notes on pages 8 and 9

CONSOLIDATED BALANCE SHEET

As restated

As at 30.6.01		As at 31.12.01		As at 30.6.02	
£000's	£000's	£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets					
9,120		8,952		8,694	
Investments					
1,336		1,453		1,448	
10,456		10,405		10,142	
Current assets					
Stocks					
7,841		7,591		7,410	
Debtors					
6,011		6,110		5,712	
Cash at bank and in hand					
4,320		5,205		5,413	

18,172	18,906	18,535
Creditors: amounts falling due within (4,092)	(4,851)	(3,980)
one year		
Net current assets		14,555
14,080	14,055	
Total assets less current liabilities		24,697
24,536	24,460	
Provisions for liabilities and (207)	(192)	(240)
charges		
Net assets		24,457
24,329	24,268	
Capital and reserves		
Called up share capital		520
519	519	
Share premium account		4,547
4,536	4,536	
Profit and loss account		19,390
19,274	19,213	

Management of liquid resources		
(345)	2,438	1,350

Financing		
12	-	-

Decrease in cash in the period		
(137)	(380)	(583)

Note to consolidated cash flow statement:

Reconciliation of net cash flow to movement in net funds

Decrease in cash in the period		
(137)	(380)	(583)

Cash outflow/(inflow) from increase/(decrease) in liquid resources		
345	(2,438)	(1,350)

Net funds at 1st January		
5,205	7,138	7,138

Net funds at period end		
5,413	4,320	5,205

7

See notes on pages 8 and 9

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

As restated

Months	Six Months	Year	Six
30.6.02	to 30.6.01	to 31.12.01	to
£000's	£000's	£000's	
	Profit for the period		
682	159	1,000	
	Currency translation differences		
(162)	37	169	
	Total recognised gains and losses for the period		
520	196	1,169	

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

As restated

Months	Six Months	Year	Six
30.6.02	to 30.6.01	to 31.12.01	to
£000's	£000's	£000's	

	Profit for the period		
682	159	1,000	
	Dividends		
(343)	(343)	(1,377)	
	Currency translation differences		
(162)	37	169	
	Shares issued under employee share schemes		
12	-	-	
	Net addition/(reduction) to shareholders' funds		
189	(147)	(208)	
	Opening shareholders' funds		
24,268	24,476	24,476	
	Closing shareholders' funds		
24,457	24,329	24,268	

NOTES

1. The consolidated profit and loss account for the six months ended 30 June 2002 and balance sheet at that

date, together with 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 2001 and balance sheet at that date have also

been reviewed by the auditors but not audited. The results for the six months ended 30 June 2001 have been restated

following the adoption of FRS19, the effect of which is shown in the full financial statements for the year ended 31

December 2001.

2. The comparative figures for the financial year ended 31 December 2001 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

2001 Report and Accounts.

4. The earnings per share are calculated on earnings of £682,000 (2001 - £159,000) and the weighted average

number of Ordinary shares of 10,392,147 (2001 - 10,389,230) in issue during the period. The options in existence

during the six months ended 30 June 2002 have a dilutive effect as defined by FRS 14. The diluted earnings per share

under FRS14 are calculated on earnings of £682,000 (2001 - £159,000) and a weighted average number of Ordinary shares

in issue adjusted to assume conversion of all dilutive potential Ordinary shares which is 10,417,861 (2001 -

10,389,230).

5. A dividend of 3.3p (2001 - 3.3p) per Ordinary share will be paid on 1 October 2002 to shareholders on the

register on 13 September 2002.

6. Turnover by destination

Year		Six Months to 30.6.02	Six Months to 30.6.01
£000's		£000's	£000's
12,576	United Kingdom	5,759	5,555
12,625	North America	5,932	5,775
2,006	European Union	865	1,140
1,721	Far East	1,560	688
698	Rest of the World	279	394

			14,395	13,552
29,626				

7. Analysis of net funds

As at	As at		As at
30.6.01	31.12.01		30.6.02
£000's	£000's		£000's
		Cash in hand, at bank	408
748	545		
		Short term money market deposits	5,005
3,572	4,660		
		Total	5,413
4,320	5,205		

Included in short term money market deposits is an advance of a European Grant of £455,000 which is repayable to the

European Commission in the event of environmental improvement projects not proceeding.

8. Reconciliation of operating profit to operating cash flows

Months	Six Months	Year	Six
30.6.02	to 30.6.01	to 31.12.01	to
£000's	£000's	£000's	
	Operating profit		
856	17	1,134	
	Depreciation		
573	562	1,217	
	Exchange (loss)/gain		
(103)	13	134	
	Loss/(profit) on sale of tangible fixed assets		
8	(17)	(16)	
	Decrease/(increase) in stocks		
181	(1,267)	(1,017)	
	Decrease/(increase) in debtors		
592	(414)	(413)	
	(Decrease)/increase in creditors		
(462)	64	213	
	Net cash inflow/(outflow) from operating activities		
1,645	(1,042)	1,252	

All of the above relate to continuing operations.

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

Six Months		Year		Six Months	
to 30.6.01		to 31.12.01		to 30.6.02	
£000's	£000's	£000's	£000's	£000's	£000's
Returns on investments and servicing of finance					
Interest received					
164		244		72	
Net cash inflow for returns on investments and servicing of finance					
164		244			72
Capital expenditure and financial investments					
Purchase of tangible fixed assets					
(628)		(1,158)		(335)	

Sale of tangible fixed assets		12
82	124	
Net cash outflow for capital expenditure and (546)	(1,034)	(323)
financial investments		
Financing		
Issue of Ordinary shares under Executive		
Share Option Schemes		12
-	-	
Net cash inflow from financing		12
-	-	

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