2 April 2008

PORTMEIRION GROUP PLC ('Portmeirion' or 'the Group')

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Financial summary

	2007	2006	Increase
	£'000	£'000	%
Revenue	32,017	28,422	12.6
Pre-tax profit before exceptional items *	3,411	2,964†	15.1
Pre-tax profit after exceptional items *	4,419	2,687†	64.5
Basic earnings per share	30.77p	17.81p†	72.8
Dividends paid and proposed per share in respect of the year	14.70p	14.00p	5.0

†Restated to reflect the adoption of IFRS.

*See note 5

Highlights:

Financial - revenues hit an all-time record.

· Total paid and proposed dividend for the year increased by 5.0% to 14.70p (2006 - 14.00p).

· Revenue increased by 12.6% to £32.0 million (2006 - £28.4 million).

· Proposed final dividend of 11.15p per share (2006 - 10.70p per share).

· Profit before exceptional items and tax increased 15.1% to £3,411,000 (2006 - £2,964,000).

· Profit before taxation of £4,419,000 (2006 -£2,687,000)

· Earnings per share up by 72.8% to 30.77p (2006 - 17.81p).

· Export revenue up by 13.6%.

· UKrevenue up by 10.4%.

Operational

· New 60,000 sq.ft. warehouse at TrenthamLakes now fully operational.

· Botanic Garden, the highly popular casual dining collection worldwide, remains the best selling range accounting for over half of revenue.

· 189% growth in sales of contemporary ranges such as Sophie Conran and Totally Tracy.

· Continued development of overseas sourcing to supplement Stoke-on-Trent production and meet growing global demand.

· New warehousing facilities planned for 2008 in USA to accommodate increased sales volume.

Dick Steele, Non-executive Chairman commented:

"We are delighted with these results, especially given the backdrop of a weak retail environment, which reflect the operational improvements we have implemented during the year.Our heritage ranges have continued to sell into new markets and at increased levels, and the contemporary ranges such as Sophie Conran continued to grow both in the level of sales and in range of products.

Importantly, in the coming year we will continue to invest in our operational and distribution capabilities and expect to see the greater cost benefits this will deliver.Through continued new product development and range extensions we plan to drive sales forward both internationally and domestically.

Current trading remains strong and we are well positioned to deliver further growth and shareholder value in 2008."

ENQUIRIES:

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Portmeirion Group PLC

Business Review

Dividend

The Board is recommending a final dividend of 11.15p bringing the total paid and proposed for the year to 14.70p, an increase of 5% compared to 2006.We firmly believe that the value and strength of a company lies in its ability to generate long term returns for shareholders.Since we first went onto the Stock Market at an issue price of £1.80 in November 1988, we have paid dividends totalling £2.22 per share, including the final proposed 2007 dividend.

The dividend will be paid, subject to shareholders' approval, on 23 May 2008, to shareholders on the register at the close of business on 25 April 2008.

Results for the year

Revenue of £32 million in 2007 was an all time record for Portmeirion. The pre-exceptional profit before tax increased by 15.1% to £3.411 million (2006: £2.964 million). Our sales increase was even higher in real terms as our sales from Portmeirion USA are transacted in US dollars, and for 2007 we have translated our dollar sales at $2.0022/£ whereas in 2006 we translated at $1.8424/£. At constant exchange rates our sales increase would have been 16.3% rather than the 12.6% reported figure.

As stated last year, we have enjoyed a pre-tax exceptional credit on the disposal of a freehold site, which has been partly offset by exceptional charges in respect of the opening of the new UK warehouse.

Cash generation was strong during the year, enabling us to invest some£1.5 million in capital expenditure, mainly in the new warehouse but also in our production facilities in Stoke. Because of the major change to our warehousing facilities, stock absorbed more cash during the year.Stock balances should move towards optimum levels in 2008. We finished the year with cash balances of £2.7 million, a £2.5 million reduction on 2006.

Our pension scheme deficit, net of deferred tax, is £1.8 million under IAS19, a decrease of £2.2 million over 2006.We made a cash contribution of £0.348 million to our final salary scheme, closed in 1999, during the year.

The Groups' three largest markets are the United States - 38% of sales (2006: 39%), United Kingdom - 29% of sales (2006: 30%) and South Korea - 17% of sales (2006: 20%). Both the USand the UK provided increases compared to 2006, although as stated earlier the United Statesincrease is depressed by the translation rate of the US dollar.The Group now has broad equivalence between US dollar receipts and payments, so we are less subject to real foreign exchange differences, although translation differences will still affect reported figures.

Product design and development

We are widely recognised by our heritage ranges - Botanic Garden, Pomona and Holly & Ivy, these are strengths of the Group.Increasingly we are becoming known for our contemporary designs such as Sophie Conran and Totally Tracy, and, since 2006, for Pimpernel.We continue to build upon all our successful ranges and to develop new ones.

Our new product pipeline is now stronger, more diverse and more commercial than at any time during the Group's history.It seeks to serve a number of different consumer markets, United States, United Kingdom and South Korea being our three largest.To serve such markets we have to have a global outlook and global sourcing feeding into a centralised product development department based in Stoke-on-Trent. We spend approximately 3% of revenue on design and development.

Manufacturing and sourcing

We are committed to our presence in Stoke-on-Trent, where approximately two-thirds of our product is manufactured.We have a skilled and loyal workforce here and a significant investment in manufacturing.Nevertheless, we operate in global markets which demand globally sourced products and prices.It is likely that the percentage of our sales which is manufactured abroad will increase over the years, but it is also likely that our volumes through our Stoke factory will be maintained.To achieve these aims we look to increase sales.

We are constantly striving to increase the efficiency and capabilities of our Stoke factory, and indeed of our manufacturing partners overseas.Efficiencies at Stoke have continued to improve in 2007.

Warehousing

We opened our new warehouse at TrenthamLakes in Stoke-on-Trentin September 2007. This was a huge undertaking and it took longer than planned to get the new warehouse operating at an optimum level, with some loss of revenue.Any commissioning problems are now behind us and we go forward confidently with greater flexibility in terms of customer service.

We are intending to undertake a similar warehouse move in the USA in 2008 in order to accommodate the increasing volumes in that market and the increasing demands of our customers.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce damage that might be caused by the Group's activities. Initiatives designed to reduce the Group's impact on the environment include the recycling of manufacturing waste, reducing its carbon emissions and utilisation of recyclable packaging materials.

Examples of our environmental commitment include recycling our fired ceramic waste in ceramic tiles produced by a local manufacturer and recycling our used plaster of paris moulds in the cement industry.As part of our continuing commitment to recycling we are investigating the feasibility of using our unfired ceramic waste (our only major waste stream currently not recycled) as a raw material component in the brick industry.

Portmeirion's commitment to reducing our carbon emissions is evidenced by our being party to a Climate Change Agreement since 2000. During this period, Portmeirion has reduced its Specific Primary Energy Consumption from 34,522 kWh/tonne to the level, in 2007, of 22,558 kWh/tonne.This represents an improvement in energy efficiency of 35% and a reduction in CO_2emissions of 12,344 tonnes, a 12% reduction.

Corporate Governance

As an AIM listed company we are not subject to the full rigour of the corporate governance regime, nevertheless we comply more fully than required using the rules which apply to fully listed companies as guidance.We have deliberately chosen not to extend our Board by the addition of another non-executive director, nor to shuffle the committee positions around in line with what would constitute full compliance, as we consider that to do so would be of no significant benefit to shareholders.

Outlook

The Group will continue with its established policies for growth.We will focus on developing the brand with the emphasis on product design and development, particularly contemporary ranges and continued extensions to our heritage patterns.Commercial design is at the heart of everything we do.We will use vigorous efforts to expand our existing customer base worldwide and continue to look for new retail outlets in the UK.

In 2008 we will be focusing specifically on maximising the benefits from our new UK warehouse and bringing our stock to more optimum levels, realising the full benefits from the Pimpernel brand and on the efficient move of our US warehouse to larger premises.

In summary, we will continue to drive growth in sales, return on sales and dividend payments.

Current trading remains strong and we are well positioned to deliver further growth and shareholder value in 2008.

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Revenue	4	**32,017**	28,422
Operating costs		**(28,665)**	(25,747)
Operating profit before exceptional items		**3,352**	2,675
Exceptional items	2	**1,008**	(277)
Operating profit after exceptional items		**4,360**	2,398
Investment revenue		**142**	231
Finance costs		**(242)**	46
Share of profit of associated undertakings		**159**	58
Impairment in investment in associated undertaking		**-**	(46)
Profit before tax		**4,419**	2,687
Tax	6	**(1,393)**	(938)
Profit for the year attributable to equity holders of the parent		**3,026**	1,749
Earnings per share	3	**30.77p**	17.81p
Diluted earnings per share	3	**29.55p**	17.58p
Dividends paid and proposed per share	7	**14.70p**	14.00p

All the above figures relate to continuing operations.

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	2007	2006
	£'000	£'000
Non-current assets		
Intangible assets	**631**	628
Property, plant and equipment	**6,353**	5,767
Interests in associates	**1,387**	1,332
Deferred tax asset	**396**	1,663
Total non-current assets	**8,767**	9,390
Current assets		
Inventories	**9,581**	8,352
Trade and other receivables	**6,630**	4,467
Cash and cash equivalents	**2,708**	5,203
Derivative financial instruments	**-**	105
Assets held for sale	**-**	350
Total current assets	**18,919**	18,477
Total assets	**27,686**	27,867
Current liabilities		
Trade and other payables	**(4,487)**	(5,328)
Current income tax liabilities	**(121)**	(246)
Total current liabilities	**(4,608)**	(5,574)
Non-current liabilities		
Pension scheme deficit	**(2,498)**	(5,707)
Total non-current liabilities	**(2,498)**	(5,707)
Total liabilities	**(7,106)**	(11,281)
Net assets	**20,580**	16,586
Equity		
Called up share capital	**528**	523
Share premium account	**4,820**	4,657
Treasury shares	**(1,266)**	(1,266)
Share based payment reserve	**91**	38
Hedging and translation reserves	**(457)**	(502)
Retained earnings	**16,864**	13,136
Total equity	**20,580**	16,586

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007	2006
	£'000	£'000
Operating profit after exceptional items	**4,360**	2,398
Adjustments for:		
Depreciation	**671**	710
Amortisation of intangible fixed assets	**154**	56
Contributions to defined benefit pension scheme	**(348)**	(348)
Charge for share based payments	**53**	26
Exchange loss	**(61)**	(328)
Profit on sale of tangible fixed assets	**(1,795)**	(16)
Operating cash flows before movements in working capital	**3,034**	2,498
Increase in inventories	**(1,229)**	(2,439)
(Increase)/decrease in receivables	**(2,020)**	382
(Decrease)/increase in payables	**(841)**	2,290
Cash (absorbed by)/generated from operations	**(1,056)**	2,731
Interest paid	**(4)**	(1)
Income taxes paid	**(1,141)**	(306)
Net cash from operating activities	**(2,201)**	2,424
Investing activities		
Dividend received from associate	**83**	-
Interest received	**132**	304
Proceeds on disposal of property, plant and equipment	**2,257**	32
Purchase of property, plant and equipment	**(1,379)**	(1,676)
Purchase of intangible fixed assets	**(157)**	(607)
Purchase of treasury shares	**-**	(302)
Purchase of equity interest	**-**	(40)
Net cash inflow/(outflow) from investing activities	**936**	(2,289)
Financing activities		
Equity dividends paid	**(1,398)**	(1,305)
Shares issued under employee share schemes	**168**	79
Net cash outflow from financing activities	**(1,230)**	(1,226)
Net decrease in cash and cash equivalents	**(2,495)**	(1,091)
Cash and cash equivalents at beginning of year	**5,203**	6,294
Cash and cash equivalents at end of year	**2,708**	5,203

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2007

	2007	2006
	£'000	£'000
Exchange differences on translation of foreign operations	**41**	(498)
Actuarial gain/(loss) on defined benefit pension scheme	**2,988**	(1,858)
Deferred tax on pension deficit	**(951)**	557
Net expense recognised directly in equity	**2,078**	(1,799)
Transfers		
Transferred to profit or loss on cash flow hedges	**6**	125
Tax on transfers to profit or loss on cash flow hedges	**(2)**	(37)
	2,082	(1,711)
Profit for the year	**3,026**	1,749
Total recognised income and expense for the year attributable to equity holders of the parent	**5,108**	38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. This announcement was approved by the Board of Directors on 1 April 2008.

1.1 The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2007 and 2006 but is derived from those accounts.Statutory accounts for 2006 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 31 December 2007 on which the auditors have given an unqualified opinion and which do not contain a statement under Section 237(2) or (3) of the Companies Act 1985 will be delivered to the Registrar of Companies in due course.

1.2 Prior to 2007 the Group prepared its audited financial statements under United Kingdom Generally Accepted Accounting Principles (UK GAAP).For the year ended 31 December 2007 the Group has prepared its annual consolidated financial statements in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)).

These financial statements have been prepared in accordance with the accounting policies stated in the Interim Statement for the six months ended 30 June 2007, taking into account the requirements and options in IFRS 1 'First-time adoption of International Financial Reporting Standards'.The transition date for the Group's application of IFRS is 1 January 2006 and the comparative figures for 31 December 2006 have been restated accordingly.
The financial statements have been prepared on the historic basis, except that derivative financial instruments are stated at their fair value.

2. Exceptional items

Included in exceptional items are profit or loss on the sale of land and buildings and costs associated with leasehold property not yet operational or no longer required by the business including rent-free periods granted on sub-letting.Additional labour costs incurred in moving to and setting up the new warehouse and redundancy costs have also been included as exceptional.The analysis of exceptional items is as follows:

	2007	2006
	£'000	£'000
Profit on sale of freehold land & buildings	**1,783**	-
Costs associated with assignment of leasehold property	**(126)**	-
Redundancy costs	**(108)**	(277)
Costs associated with implementation of new warehouse	**(541)**	-
	1,008	(277)

3. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2007			2006		
		Weighted	**Earnings**		Weighted	Earnings
	Earnings	**Number of**	**Per Share**	Earnings	Number of	Per Share
	£	**Shares**	**(Pence)**	£	Shares	(Pence)
Basic earnings per share	**3,026,000**	**9,832,804**	**30.77**	1,749,000	9,818,990	17.81
Effect of dilutive securities: employee share options	**-**	**408,463**	**-**	-	131,701	-
Diluted earnings per share	**3,026,000**	**10,241,267**	**29.55**	1,749,000	9,950,691	17.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

4. Segmental analysis

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

	2007	2006
	£'000	£'000
United Kingdom	9,337	8,457
United States	12,181	11,009
South Korea	5,526	5,590
Rest of the World	4,973	3,366
	32,017	28,422

5. Profit before tax reconciliation

	2007	2006
	£'000	£'000
Pre-tax profit before exceptional items	3,411	2,964
Exceptional items (note 2)	1,008	(277)
Pre-tax profit after exceptional items	4,419	2,687

6. Taxation on profit on ordinary activities

	2007	2006
	£'000	£'000
United Kingdom corporation tax at 30% (2006 - 30%)	814	545
Adjustment to corporation tax in respect of prior years	4	56
Overseas taxation	341	377
Double tax relief	(143)	(134)
Current taxation	1,016	844
Deferred taxation origination and reversal of timing differences	376	38
Adjustment to deferred taxation in respect of prior years	(61)	(30)
Pension scheme	62	86
Deferred taxation	377	94
	1,393	938

Corporation tax is calculated at 30% (2006 - 30%) of the estimated assessable profit for the year.Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

7. Dividends

The Directors recommend that a final dividend of 11.15p (2006 10.70p) per Ordinary share be paid on 23 May 2008 to shareholders on the register on 25 April 2008. The total dividend proposed and paid for the year is 14.70p (2006 - 14.00p) per share.

The accounts for the year ended 31 December 2007 will be posted out to shareholders on or before 21 April 2008 and laid before the Company at the Annual General Meeting on 20 May 2008.Copies will be available from the Company Secretary at Portmeirion Group PLC, London Road, Stoke-on-Trent, Staffs., ST4 7QQ, or from the website, www.portmeirion.com following posting to shareholders.

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