Welcome to Portmeirion Investor Relations

PORTMEIRION GROUP PLC

RESULTS FOR 6 MONTHS ENDED

30 JUNE 2005

CHAIRMAN?S STATEMENT

Financial Highlights:-

	First Half 2005 ?000?s	**Restated First Half 2004 ?000?s**
Turnover	**12,968**	**13,392**
Profit/(loss) before tax before exceptionals	**?????? 64**	**????? ?????(378)**
Profit/(loss) before tax after exceptionals	**?????? 18**	**??? (378)**
Basic earnings/(loss) per share	**? 0.09p**	**?(2.45p)**
Interim dividend per share	**? 3.30p**	**?3.30p**

Results

I am pleased to announce the Group reported a profit before taxation, and before total exceptional items, of ?64,000 for the six months ended 30 June 2005 (2004: ?378,000 loss). Exceptional operating costs of ?284,000 were incurred as a result of consolidating manufacturing onto one site from two and redundancies. An exceptional gain of ?238,000 was recognised as a result of selling the vacated freehold manufacturing site in Stoke-on-Trent for ?700,000 in cash. The total profit before tax for the first half of 2005 was ?18,000 (2004: ?378,000 loss).

Group Sales for the six months to 30 June 2005 were ?12,968,000 which is 3.2% below the previous half-year. However Group sales (on a like for like dollar exchange rate of $1.6317/?) increased by 1% from the previous six months to June 2004.

Dividend

Given the strong balance sheet, the Board has decided to maintain the interim dividend at 3.30p per ordinary share of 5p each, payable on 3rd October 2005 to shareholders on the register on 16th September 2005.

Trading Performance

Group Sales were sustained by an excellent export performance.? Sales in the US increased by 9% for the 6 months ended 30 June 2005. This was on top of an already significant 22% increase in sales in the

US for the 6 months ended 30 June 2004.? However, this translates to a 1% reduction in US sales when converted to sterling at the higher GBP/USD exchange rate.? This exchange rate difference also reduced the pre-tax profit by some ?250,000, so that the like for like improvement (as above) over last half-year?s pre-tax profit is approximately ?700,000.

As predicted in my 2004 year end statement, sales to South Korea have returned to significant growth, being 29% higher at ?2.5m.? The Group is now designing classic styles specifically for the Korean market, which is contributing to this success.? Sales to Italy through our newly appointed distributor increased by 36%.? Although total export sales, excluding the USA, increased by a very creditable 23%, this was offset by a reduction in UK sales of 21%.? The UK market has been very difficult this year, with fierce competition coming from low-cost overseas products and selling price deflation.? However, the Group is introducing its own imported product ranges into the UK at lower prices for Spring 2006, and I expect UK sales to improve as a result.

Manufacturing and Warehouse Reorganisation

The major reorganisation project has proceeded on time and to budget, and some of the predicted benefits are now starting to be seen; namely reduced costs and manufacturing efficiencies.? The smaller of our two manufacturing sites in Stoke-on-Trent was closed at the end of May, following the successful relocation of all casting production to our main site in Stoke-on-Trent, with no loss of production capacity.

This complex move was carried out without any significant disruption to supplies and within budgeted expenditure.? The first half manufacturing gross margin improved by 0.8% as a result of this relocation.? The smaller site was then sold for a cash sum of ?700,000, resulting in an exceptional gain to the profit and loss account of ?238,000. Exceptional reorganisation costs of ?284,000 were incurred on the relocation and redundancies.

The expected annual reduction in operating costs are at least ?0.5m per annum, and I expect some benefits to be realised in the second half of this year.? All our UK production is now manufactured on one site.

The Group is now in the final stages of agreeing contracts for the new distribution centre in Stoke-on-Trent.? This has been a very lengthy process, but I do believe the new warehouse will be opened during 2006.? As previously reported, the Group will then consolidate warehousing and distribution from two sites to one enabling it to sell the vacated freehold site.

Current Trading and Prospects

The Board?s decision to strengthen the export sales team is already starting to pay dividends, and I believe the improvement in export sales will continue through the second half.? I cannot, however, be so optimistic about UK sales, and I expect to see little improvement until Spring 2006.? However, tight cost control, and the efficiencies from our manufacturing consolidation should provide a modest improvement in the second half compared to last year?s second half, with significant progress expected from 2006 onwards.

With the Group?s strong balance sheet this situation should enable the Board, so far as is possible, to maintain dividends.

A. Ralley

Chairman

11 August 2005

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 2005 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow, the statement of total recognised gains and losses and related notes 1 to 12.? 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.

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 statement, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are also responsible for ensuring 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 2005.

Deloitte & Touche LLP

Chartered Accountants

Birmingham

11 August 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT								
					As restated	As restated		
	Notes	**Six Months**	**Six Months**	**Six Months**	Six Months	Year	Year	Year
		to 30.6.05	**to 30.6.05**	**to 30.6.05**	to 30.6.04	to 31.12.04	to 31.12.04	to 31.12.04
		Before exceptional items	**Exceptional items**	**Total**	Total	Before exceptional items	Exceptional items	Total
		?000's	**?000's**	**?000's**	?000's	?000's	?000's	?000's
Turnover - continuing operations	9	**12,968**	-?	**12,968**	13,392	27,686	-?	27,686
Raw materials and operating costs		**(12,956)**	**(284)**	**(13,240)**	(13,915)	(28,418)	(1,193)	(29,611)
Operating profit/(loss) - continuing operations		**12**	**(284)**	**(272)**	(523)	(732)	(1,193)	(1,925)
Profit on sale of tangible fixed assets	6	-?	**238**	**238**		-?	-?	-?
Share of profit of associated undertakings		**9**	-?	**9**	71	145	-?	145
Interest receivable and similar income		**84**	-?	**84**	110	211	-?	211
Interest payable and similar charges		-?	-?	-?	(22)	(22)	-?	(22)
Other finance costs	7	**(41)**	-?	**(41)**	(14)	(22)	-?	(22)
Profit/(loss) on ordinary activities before taxation		**64**	**(46)**	**18**	(378)	(420)	(1,193)	(1,613)
Taxation on profit/(loss) on ordinary activities				**(9)**	124			454

Profit/(loss) for the period				**9**	(254)			(1,159)
Earnings/(loss) per share	4			**0.09p**	(2.45p)			(11.20p)
Diluted earnings/(loss) per share	4			**0.09p**	(2.45p)			(11.20p)
Dividend per share	5			**3.30p**	3.30p			13.25p

CONSOLIDATED BALANCE SHEET

			As restated		As restated	
	As at 30.6.05		?? As at 30.6.04		??? As at 31.12.04	
	?000's	**?000's**	?000's	?000's	?000's	?000's
Fixed assets						
Tangible assets		**5,577**		7,618		6,279
Investments		**1,584**		1,476		1,544
		7,161		9,094		7,823
Current assets						
Stocks	**6,457**		6,962		6,054	
Debtors	**4,958**		5,721		5,926	
Cash at bank and in hand	**4,272**		5,123		4,859	
	15,687		17,806		16,839	
Creditors: amounts falling due	**(2,081)**		(3,095)		(2,653)	
within one year						
Net current assets		**13,606**		14,711		14,186
Total assets less current liabilities		**20,767**		23,805		22,009
Provisions for liabilities and charges		**(19)**		(310)		(19)
Net assets excluding pension deficit		**20,748**		23,495		21,990

Pension deficit net of related deferred tax		**(2,399)**		(1,500)		(2,358)
Net assets including pension deficit		**18,349**		21,995		19,632
Capital and reserves						
Called up share capital		**521**		521		521
Share premium account		**4,580**		4,580		4,580
Treasury shares		**(691)**		(202)		(202)
Profit and loss account		**13,939**		17,096		14,733
Equity shareholders' funds		**18,349**		21,995		19,632

CONSOLIDATED CASH FLOW STATEMENT				
	Notes	**Six Months**	Six Months	Year
		to 30.6.05	to 30.6.04	to 31.12.04
		?000's	?000's	?000's
Cash flow from operating activities	11	**109**	(446)	48
Returns on investments and servicing	12	**88**	73	171
of finance				
Taxation refunded/(paid)		**202**	(249)	(604)
Capital expenditure and financial	12	**502**	(245)	(414)
investments				
Equity dividends paid		**(999)**	(1,036)	(1,368)
Cash outflow before use of liquid		**(98)**	(1,903)	(2,167)
resources and financing				
Management of liquid resources		**504**	2,435	2,560
Financing	12	**(489)**	(202)	(202)
(Decrease)/increase in cash in the period		**(83)**	330	191
Note to consolidated cash flow statement:				
Reconciliation of net cash flow to movement in net funds				

(Decrease)/increase in cash in the period		**(83)**	330	191
Cash inflow from decrease in liquid resources		**(504)**	(2,435)	(2,560)
Net funds at 1st January		**4,859**	7,228	7,228
Net funds at period end	10	**4,272**	5,123	4,859

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		As restated	As restated
	Six Months	Six Months	? Year
	to 30.6.05	to 30.6.04	? to 31.12.04
	?000's	?000's	?000's
Profit/(loss) for the period	**9**	(254)	(1,159)
Currency translation differences	**196**	(27)	(291)
Actuarial loss on defined benefit pension scheme	-	-	(1,572)
Related deferred tax	-	-	472
Total recognised gains and losses for the period	**205**	(281)	(2,550)
Prior period adjustment (Note 8)	**(1,331)**	-	-
Total recognised gains and losses since the last annual report	**(1,126)**	(281)	(2,550)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

		As restated	As restated
	Six Months	Six Months	? Year
	to 30.6.05	to 30.6.04	? to 31.12.04
	?000's	?000's	?000's
Profit/(loss) for the period	**9**	(254)	(1,159)
Movement in pension scheme liability	-	-	(850)
Dividends	**(999)**	(1,035)	(1,379)

Currency translation differences	**196**	(27)	(291)
Purchase of treasury shares	**(489)**	(202)	(202)
Net reduction in shareholders' funds	**(1,283)**	(1,518)	(3,881)
Opening shareholders' funds as previously stated	**20,963**	23,964	23,964
Prior period adjustment (Note 8)	**(1,331)**	(451)	(451)
Opening shareholders' funds as restated	**19,632**	23,513	23,513
Closing shareholders' funds	**18,349**	21,995	19,632

NOTES

1.? The interim financial statements for the six months ended 30 June 2005 and the six months ended 30 June 2004 have been reviewed by the auditors but not audited.

2.? The comparative figures for the financial year ended 31 December 2004 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 2004 Report and Accounts with the exception of retirement benefits, events after the balance sheet date and earnings per share. FRS 17 "Retirement Benefits" and FRS 21 "Events after the balance sheet date" are applicable for the first time and have a prior year impact which is detailed in Note 8.? FRS 22 ?Earnings Per Share? has also been applied but has no impact.

4.? The earnings per share are calculated on profit after tax of ?9,000 (2004 - a loss of ?254,000) and the weighted average number of Ordinary shares of 10,163,016 (2004 - 10,379,472) in issue during the period. The options in existence during the six months ended 30 June 2005 do not have a dilutive effect as defined by FRS 22. As the effect of share options is anti-dilutive for the six months ended 30 June 2004, the anti-dilutive share options have been excluded from the calculation of diluted weighted average number of Ordinary shares.

5.? A dividend of 3.3p (2004 - 3.3p) per Ordinary share will be paid on 3 October 2005 to shareholders on the register on 16 September 2005.

6.? Exceptional items

The consolidation of manufacturing onto one site referred to in the 2004 annual report was completed during the six months ended 30 June 2005. The exceptional operating costs incurred as a result of this move and redundancies were ?284,000.

Following the consolidation of manufacturing the vacated freehold premises were sold. The resulting exceptional gain is analysed as follows:

		?000's	
Net proceeds (?700,000 less selling expenses of ?12,000)		**688**	
Less: Impaired value of site		**(450)**	
Exceptional gain		**238**	
7.? Pension liabilities			
The Group has applied FRS 17 "Retirement Benefits" in full.			
The total effect of this on the profit and loss account and the balance sheet is as follows:			
	Six Months	Six Months	? Year
	to 30.6.05	to 30.6.04	? to 31.12.04
	?000's	?000's	?000's
Amount charged to other finance costs			
Expected return on pension scheme assets	**461**	430	865
Interest on pension scheme liabilities	**(502)**	(444)	(887)
Net effect on profit for the period	**(41)**	(14)	(22)

8.? Prior year adjustments

The Group has also applied FRS 21 " Events after the balance sheet date". Under this financial reporting standard dividends which have been declared after the balance sheet date are not recognised as a liability.? Accordingly adjustments have been made for the following provisions for dividends:

		Six Months		? Year
		to 30.6.04		? to 31.12.04
		?000's		?000's
Dividend previously provided		344		1,027
The total of the prior year adjustments arising from the application of FRS 17 and FRS 21 is analysed as follows:				
The closing shareholders' funds as at 31 December 2004 were restated as follows:			**?000's**	**?000's**
Shareholders' funds at 31 December 2004 as previously stated				20,963
Pension scheme liability as at 31 December 2004			(2,358)	
Liability for 2004 final dividend not declared at 31 December			1,027	

2004			
Total prior period adjustment			(1,331)
Shareholders' funds at 31 December 2004 as restated			**19,632**
The opening shareholders' funds as at 1 January 2004 were restated as follows:		**?000's**	**?000's**
Shareholders' funds at 1 January as previously stated			23,964
Pension scheme liability as at 31 December 2003		(1,486)	
Liability for 2003 final dividend not declared at 31 December 2003		1,035	
Total prior period adjustment			(451)
Shareholders' funds at 1 January 2004 as restated			**23,513**

9. Turnover by destination			
	Six Months	Six Months	? Year
	to 30.6.05	to 30.6.04	? to 31.12.04
	?000's	?000's	?000's
United Kingdom	**4,391**	5,552	11,848
North America	**4,701**	4,728	10,256
European Union	**882**	730	1,338
Far East	**2,774**	2,196	3,913
Rest of the World	**220**	186	331
	12,968	13,392	27,686

10. Analysis of net funds			
	As at	As at	As at
	30.6.05	30.6.04	31.12.04
	?000's	?000's	?000's
Cash in hand, at bank	**1,272**	1,494	1,355
Short term money market deposits	**3,000**	3,629	3,504
Total	**4,272**	5,123	4,859
11. Reconciliation of operating profit to operating cash flows			
	Six Months	Six Months	? Year
	to 30.6.05	to 30.6.04	? to 31.12.04

	?000's	?000's	?000's
Operating loss	**(272)**	(523)	(1,925)
Depreciation	**483**	494	987
Impairment of tangible fixed assets - operating exceptional	**-**	-	977
Exchange gain/(loss)	**109**	13	(248)
(Profit)/loss on sale of tangible fixed assets	**9**	(2)	(3)
(Increase)/decrease in stocks	**(403)**	(187)	721
Decrease/(increase) in debtors	**755**	(563)	(441)
(Decrease)/increase in creditors	**(572)**	322	(20)
Net cash inflow/(outflow) from operating activities	**109**	(446)	48
All of the above relate to continuing operations.			

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

	Six Months		Six Months		? Year	
	to 30.6.05		to 30.6.04		? to 31.12.04	
	?000's	**?000's**	?000's	?000's	?000's	?000's
Returns on investments and servicing of finance						
Interest received	**88**		95		193	
Interest paid	**-**		(22)		(22)	
Net cash inflow for returns on investments						
and servicing of finance		**88**		73		171
Capital expenditure and financial investments						
Purchase of tangible fixed assets	**(224)**		(262)		(437)	
Sale of tangible fixed assets	**726**		17		23	
Net cash inflow/(outflow) for capital expenditure						
and financial investments		**502**		(245)		(414)
Financing						
Purchase of treasury shares	**(489)**		(202)		(202)	
Net cash outflow from financing		**(489)**		(202)		(202)

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