

RNS Number:3200B

Portmeirion Group PLC

28 July 2004

Portmeirion Group plc

Trading Statement

Portmeirion Group plc (the "Group") announces that, since its trading statement

made on 6 May 2004, Group sales have been below management's expectations resulting in sales and gross margins for the 6 months to 30 June 2004 being considerably below management's expectations. Consequently the first half year's

results will show a pre-tax loss and a much reduced sales figure for July 2004

leads management to expect a significantly lower pre-tax result for the year to

31 December 2004.

Group sales for the first half-year to the end of June were 1.4% above the previous year. Sales in the United States have recovered well and were 22% ahead

in US dollars, but as a result of the weakened dollar this is reduced to 13%

when translated into sterling. Sales to Korea also held up well and were 14%

ahead of last year. Sales in the UK were slightly ahead of last year but below

expectation. Sales to our other export markets were below expectations.

Although the forward order book is healthy, the improvement in sales has not

materialised as quickly as had been expected. These factors, together with the

previously reported additional costs of pension fund contributions and the ongoing negative impact of exchange rates, have led to a reduction in expectations for the full year.

Following a thorough review of the Group's markets, the Board believes that trading conditions in the short term are likely to remain difficult. The Board

has, therefore, reviewed its capital expenditure plans. As a result, the substantial capital expenditure planned over the next three years to build a new

distribution centre and expanded manufacturing facilities will be substantially

reduced. This will preserve the Company's strong balance sheet and cash resources. However, the Group will go ahead with the acquisition of a new distribution centre by leasing an appropriate building and only expend approximately £3.0 million on the internal equipment. This investment is essential for the future development of the company.

Given the Group's strong balance sheet and the steps being taken as outlined,

the Board expects to maintain both the interim and full year dividends.

The first-half interim results for 2004 are expected to be announced on August

13 2004.

Arthur Ralley

Chairman

28 July 2004