PORTMEIRION GROUP PLC

Report & Accounts 2009

Growing Great British Brands Worldwide

Portmeirion Group PLC is British, based in Stoke-on-Trent. We are a significant force in the homewares industry, a market leader in high quality and innovatively designed tableware, cookware, giftware and tabletop accessories.
Portmeirion Group encompasses four world leading brands.

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Front Cover: Portmeirion is celebrating its 50th anniversary with a stunning new Botanic Garden motif, the Pink Parrot Tulip.

Inside Cover: Baking Days from Spode.

Financial Highlights

	2009 £'000	2008 £'000	Increase %
Revenue	**43,165**	31,838	35.6
Pre-tax profit before exceptional items (note 5)	**3,925**	1,408	178.8
Pre-tax profit after exceptional items (note 5)	**3,718**	1,090	241.1
Cash generated from operations	**5,494**	3,154	74.2
Basic earnings per share	**24.73p**	5.81p	325.6
Dividends paid and proposed per share in respect of the year (note 13)	**15.80p**	14.70p	7.5

Liquid created by the Portmeirion design studio has received national acclaim.

Sophie Conran for Portmeirion has been established as a leader in innovative contemporary design.

Portmeirion Group PLC now has four exceptional brands: **Portmeirion, Spode, Royal Worcester** *and* **Pimpernel**.

Our heritage. *Your* future.

Portmeirion was founded in 1960 by pottery designer Susan Williams-Ellis and her husband Euan. 2010 sees the celebration of our 50th anniversary. Our more recently acquired brands have a well-established history. All have individual positions in the worldwide marketplace and are designed to appeal to a variety of consumers. Their renaissance provides Portmeirion Group with the diversity to substantially enhance its business performance.

1960
Susan Williams-Ellis founds the brand

1972
Launch of Botanic Garden range

1982
Launch of Pomona range

1986
Partnership established to distribute Portmeirion products in the US

1988
Portmeirion Group PLC listed on London Stock Exchange

PORTMEIRION® Spode® ROYAL WORCESTER® ESTABLISHED 1751 pimpernel®

Portmeirion
Portmeirion has an established reputation for fashionable yet timeless collections of tableware and gifts. Following in the footsteps of its founder, Susan Williams-Ellis, Portmeirion is committed to producing innovative designs that fit comfortably with everyday life as epitomised by the Botanic Garden range which is a major player in the casual dining market. Botanic Garden has been a design icon since its launch in 1972. Newer award winning collections such as Sophie Conran for Portmeirion and Crazy Daisy have had significant success.
Visit **www.portmeirion.com**

Spode
Rich in history and heritage, the Spode brand has a classic product portfolio that appeals across the generations and includes many worldwide favourites such as Blue Italian and Christmas Tree. Founded in 1776, Spode is celebrated as a quintessentially British brand and has consistently launched successful ranges of table and cookware.

Following its purchase of the Spode brand in April 2009, the Portmeirion Group has brought the manufacture of some of Spode's product range back to England. Portmeirion Group has begun to build on existing ranges and launch new Spode collections such as Asymmetry.
Visit **www.spode.com**

Royal Worcester
Royal Worcester was established in 1751 and has since become celebrated for producing some of the most prestigious porcelain tableware and cookware collections.

Portmeirion Group purchased the Royal Worcester brand in April 2009 and has continued to produce the Classic White and Evesham Gold ranges along with prestige hand-painted collectables and bone china designs. Portmeirion Group will further develop and enhance this brand in the future.
Visit **www.royalworcester.com**

Pimpernel
Since 1933, Pimpernel has established itself as the premier brand for placemats and coasters, offering unparalleled choice and superior quality to an ever demanding and trend conscious consumer. Pimpernel has an unrivalled selection of exclusive and decorative designs to suit any table, whether relaxed or formal, classic or contemporary.
Visit **www.pimpernel-uk.com**

Our markets.

Portmeirion Group sells its products directly to retailers in the US and the UK and mainly through exclusive distributors and agents in over 50 other countries around the world. Its major markets are the US, the UK and South Korea.

1990
Partnership, Portmeirion USA becomes a wholly owned subsidiary

2004
Portmeirion Group PLC transfers to "AIM"

2005
Consolidation to one manufacturing unit

2006
Acquisition of the Pimpernel brand

2009
Acquisition of the Spode and Royal Worcester brands

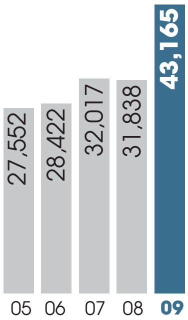
2010
Portmeirion celebrates 50th anniversary

Christmas Tree from Spode is a much loved favourite and has been part of holiday celebrations since 1938.

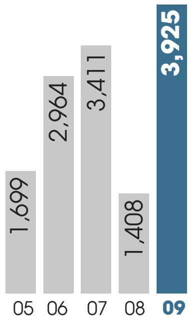
Business Review

Financial Highlights 2009

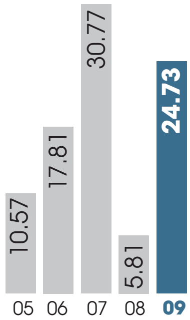
Revenue (£'000)



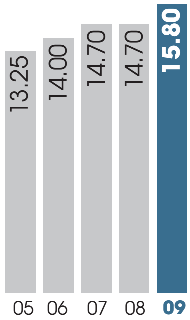
Pre-tax profit before exceptional items (£'000)



Basic earnings per share (p)



Dividends paid and proposed per share in respect of the year (p)



Information for the year ended 31 December 2005 was prepared in accordance with UK GAAP. All other figures are prepared in accordance with IFRS.

2009 was a year of significant change for Portmeirion. On 23 April we acquired the rights to the Spode and Royal Worcester names and patterns for £2.2 million: this acquisition has transformed the prospects for the Group. Within hours of acquiring these hugely valuable brands we had secured large orders from major American customers, these orders were sourced, manufactured and delivered in a timely fashion. Our press announcement on the acquisition stated that we expected to achieve revenues of £7 million from Spode and Royal Worcester in 2009 and £12 million in 2010, we actually achieved revenues of £8.5 million in 2009. We expect the Spode and Royal Worcester brands to generate revenue increases for years to come.

Dividend

The Board is recommending a final dividend of 12.25p bringing the total paid and proposed for the year to 15.80p, 7.5% higher than 2008. The dividend will be paid, subject to shareholders' approval, on 26 May 2010 to shareholders on the register on 30 April 2010. Dividends paid and proposed are covered 1.57 times by earnings, the Board considers that this is an acceptable level in the current economic climate.

Results for the year

We are extremely pleased with the financial results. Revenues have increased by 36% to £43.2 million (2008: £31.8 million); this is the highest revenue figure ever reported by Portmeirion. To understand this increase it is necessary to break out the separate effects of Spode and Royal Worcester, the dollar/sterling exchange rates (as our US sales are transacted in dollars and converted to sterling for reporting purposes) and real volume changes:

Percentage effect of Spode and Royal Worcester sales	27%
Volume change in US sales in dollars	– 7%
Change in dollar/sterling rates	5%
Volume change in UK sales	6%
Volume change in Korean sales	6%
Volume change elsewhere	–1%
Reported sales increase	**36%**

The pre-exceptional profit before tax was £3.9 million (2008: £1.4 million) and pre-exceptional EBITDA was £5.6 million (2008: £2.5 million). Profit before tax was £3.7 million (2008: £ 1.1 million).

The biggest affect on profitability in 2009 was the incremental profit achieved from the extra Spode and Royal Worcester revenue on a largely fixed cost base. The number of people employed at Portmeirion increased by 9% to 511 during the year, set against a 36% revenue increase. Sales per employee increased from £64,190 in 2008 to £88,634 in 2009. Our UK factory volumes were increased by our return to UK production of the Spode Blue Italian and Woodland patterns.

Cash generation was strong. We established significant new working capital banking facilities to support the acquisition and trading of Spode and Royal Worcester, in the event these were not heavily used. The net cash generated from operating activities was £4.7 million (2008: £2.7 million), this was helped by a reduction in stock levels of £1.2 million (after taking exchange rate movements into account).

Our balance sheet now includes a significant intangibles figure of £2.4 million (2008: £0.5 million), most of which is the cost of acquiring the intellectual property of Spode and Royal Worcester. This is being amortised over ten years.

The pension scheme deficit is £3.6 million under IAS 19 *Employee Benefits*, a 14% decrease from 2008. We made cash contributions of £0.6 million (2008: £0.3 million) to the defined benefit scheme which has been closed for ten years. These contributions are of no trading benefit to shareholders; in effect they are payments against under accruals and unfair tax changes in previous years. Our contributions for 2010 and beyond are planned to increase to £0.8 million.

Business Review continued

Richard Steele
Non-executive Chairman

Lawrence Bryan
Chief Executive

Our five largest markets account for 92% of our revenues (2008: 91%), USA 40% (2008: 34%), UK 30% (2008: 32%), South Korea 17% (2008: 17%), Canada 4% (2008: 6%) and Italy 1% (2008: 2%). The spread of sales of Spode and Royal Worcester patterns is not dissimilar to that already enjoyed by Portmeirion and Pimpernel.

We continue to strive for broad equivalence between US dollar payables and US dollar receivables, so we have a natural hedge in what would otherwise be a major business risk. We also have a small exposure to Euro and Canadian dollar receipts.

Products

Botanic Garden continues to dominate our sales at 40% (2008: 53%) of revenues, Sophie Conran provides 10% (2008: 11%), and Pimpernel was 6% (2008: 6%). The addition of the Spode and Royal Worcester patterns to our ranges partway through 2009 has diversified our product offering, with Christmas Tree, Blue Italian and other patterns providing 20% of sales for the year. In 2010 we expect the contribution of sales from these Spode patterns, plus Baking Days and Woodland, to increase.

We have continued to develop our existing Portmeirion ranges with new products in Botanic Garden, Sophie Conran and The Very Hungry Caterpillar. In addition, Pimpernel has benefited from the add on volume generated from Spode and Royal Worcester designs.

The Spode and Royal Worcester patterns will provide us with development opportunities for many years to come. Apart from established patterns (and some, such as Blue Italian have been established for nearly two centuries) we have also developed wonderful new contemporary patterns such as Portmeirion Liquid and Spode Asymmetry.

A list of our current patterns can be found on the inside back cover of this document, and also at www.portmeiriongroup.com where current products can be viewed. Spode and Portmeirion products can be purchased from www.spode.com and www.portmeirion.com.

Sourcing

We obtain our products from the most appropriate sources for the item. In Stoke-on-Trent we have a factory with a worldwide reputation for producing high quality earthenware, it was therefore appropriate to bring back Blue Italian and Woodland production from overseas where the previous owners of Spode had sourced it. Our factory has gained from this increased production and this is evident in our profits. The quality of our Stoke production is excellent. We do not produce porcelain or bone china in our Stoke factory, so products such as Sophie Conran, made in porcelain, and Stafford Flowers, made in bone china, are sourced in the Far East.

The acquisition of the Spode and Royal Worcester brands presented us with urgent problems of supply as we needed product to fulfil mostly seasonal orders from the USA for 2009. The Portmeirion Group team rose brilliantly to the occasion and product was specified, designed, raw materials sourced and planned into production to timetable. The product which we had manufactured overseas presented us with equally difficult challenges.

Manufacturing improvements continued in 2009. The energy usage initiatives from 2007 and 2008 provided full year benefits to us in 2009. The carbon footprint of Portmeirion is now some 47% lower than it was ten years ago.

People

The Portmeirion Group team responded magnificently to the acquisition of the Spode and Royal Worcester brands; production, sourcing, warehousing, design, marketing, sales and all the administrative departments on both sides of the Atlantic combined together to ensure a very successful acquisition.

We created 43 new jobs in 2009, bringing our year end headcount to 511; 479 in the UK and 32 in the USA.

All employees participate in annual incentive schemes, and these schemes paid out maximum awards in 2009. These awards were well earned.

Outlook

The acquisition of the Spode and Royal Worcester brands has shifted our horizons. We now have more valuable patterns to trade and an archive which goes back centuries. Our future is filled with possibilities.

Whilst not necessarily an indication of full year performance, revenues for the first two months of 2010 are 40% above the corresponding period of last year.

Lawrence Bryan

Richard Steele
Non-executive Chairman

Lawrence Bryan
Chief Executive

Stafford Flowers is part of Spode's rich heritage of premium quality bone china collections.

Blue Italian from Spode has established a loyal following since 1816.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2009.

Principal activities

The Group markets ceramic tableware, cookware and giftware, glassware, candles, placemats, coasters and other associated products, and manufactures ceramics. There have been no changes in activities during the year.

Business review

A full review of the performance of the Group for the year is given in the section of the Business Review entitled "Results for the year" on page 5. Current trading and the future are commented on in the Business Review, on page 6. That information is incorporated into this report by reference and together with the paragraphs that follow, comprise the business review required by the Companies Act 2006.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 32 to the financial statements.

Principal risks and uncertainties

The Group Board considers the risks to the business at every Board meeting. It formally reviews and documents the principal risks to the business at least annually.

Principal risks identified include:

- Economic downturn — the global economic downturn is a risk for the Group. The Group monitors and maintains close relationships with its key customers and suppliers to be able to identify signs of financial difficulties early. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.
- Competitor pressure — competitor pressure is a continuing risk for the Group, which could result in losing sales to key competitors. The Group manages this risk by providing quality products and maintaining strong relationships with its key customers.
- Reliance on key suppliers — the Group's purchasing activities could expose it to over reliance on certain suppliers. To mitigate this, the Group seeks to ensure there is enough breadth in its supplier base such that this risk remains manageable.
- Loss of key personnel — the loss of key personnel would present significant operational difficulties for the Group. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Details of the Group's financial risk management policies are included in note 32 on page 58.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 5 to 6. In addition, note 32 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group ended 2009 with a net cash balance of £4.4 million and a bank facility with available funding of over £3 million. It manufactures approximately half of its products and sources the other half from third party suppliers. The Group sells into a number of different markets worldwide and has a spread of customers within its major UK and US markets. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Report of the Directors continued

Key performance indicators
The Group Board use a range of performance measures to monitor and manage the business. The Board regards measures relating to the delivery of shareholder value as particularly important. These measures, together with their comparatives, are shown in the financial highlights on page 1.

There are a number of non-financial performance measures used to manage the business. These include customer service levels, incidence of accidents and new product delivery performance. During 2009, 10 (2008 – 7) new ranges were introduced on schedule.

Results
The results for the year are set out on page 26. The movements on reserves are shown in notes 26 and 27.

Research and development
The Group continues to research into methods of tackling the environmental issues facing it as a ceramics manufacturer while improving manufacturing efficiency. The development of innovative new products and designs is a key part of the Group's strategy.

Dividend
On 1 October 2009 an interim dividend of 3.55p (2008 – 3.55p) per share was paid on the Ordinary share capital. The Directors recommend that a final dividend of 12.25p per share be paid (2008 – 11.15p), making a total for the year of 15.80p (2008 – 14.70p) per share. The final dividend will be paid, subject to shareholders' approval, on 26 May 2010, to shareholders on the register at the close of business on 30 April 2010.

Capital structure
Details of the share capital in issue, together with details of the movements in the Company's issued share capital during the year are shown in note 25. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in notes 25 and 33.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. New Articles of Association for the Company taking into account changes brought about by the Companies Act 2006 were approved by shareholders at the Annual General Meeting held in 2009.

The powers of Directors are described in the Corporate Governance Statement on page 20.

Allotment of shares
By law, shareholders' approval is required for the allotment of shares. Approval may either be given for particular allotments or by a general authority. The Directors were given a general authority to allot shares at the Annual General Meeting on 22 May 2009 in respect of £165,332 of share capital. This authority expires on 21 May 2014. The Company's practice is to replace this authority annually and approval is being sought in Resolution 7 at the Annual General Meeting in respect of a general authority to allot up to £165,332 of share capital, approximately equal to a third of the present issued share capital excluding treasury shares.

Report of the Directors continued

Approval is also being sought in Resolution 8 at the Annual General Meeting to allow the Directors, pursuant to Section 570 & 573 of the Companies Act 2006, to allot shares and to sell treasury shares for cash without first offering them to shareholders in accordance with that Act. This authority is limited to the issue of equity securities and/or sale of treasury shares for cash up to a maximum nominal value of £49,599, which is equivalent to 10% of the total issued share capital of the Company excluding treasury shares, and allotments of equity securities and/or sale of treasury shares in connection with a rights issue or other offer to shareholders. This authority is in accordance with guidelines issued by the National Association of Pension Funds.

The Directors intend to propose that these authorities be renewed annually.

Authority for market purchase of own shares

Resolution 9 at the Annual General Meeting is a special resolution which will provide the authority for the Company to make market purchases of its own shares. There are a number of restrictions on the Company's ability to make market purchases, as detailed in the Notice of Annual General Meeting, and in particular the maximum number of Ordinary shares that may be purchased is 991,995, approximately equal to 10% of the present issued share capital of the Company excluding treasury shares. The Directors intend to propose that this authority be renewed annually.

Directors

The Directors, who served throughout the year, were as follows:

Lawrence F. Bryan — Chief Executive

Lawrence Bryan is the Group's Chief Executive and President of Portmeirion USA. He first joined the Group in 1991, as Vice President, Sales of Portmeirion USA, leaving in 1994. He rejoined the Group in 1997 as President of Portmeirion USA, became a Director on 1 January 2000 and was promoted to Chief Executive on 15 August 2001. His career in the glass, ceramics and gift industry is extensive. He has previously held the positions of Vice President, Sales of Waterford Wedgwood USA, President, Waterford Wedgwood USA Retail and President of International China Company. He is a Fellow of the Royal Society of Arts. He is a member of the Nominations Committee.

Michael Haynes — Group Sales & Marketing Director

Michael Haynes is Group Sales & Marketing Director and was appointed to the Board on 1 January 2007. He has over 40 years experience in this field, 33 of these being in the tableware and housewares business. He joined the Group in 2004. He was an international marketing consultant for 20 years, and helped many companies increase their export sales.

Brett W.J. Phillips — Group Finance Director and Company Secretary

Brett Phillips is Group Finance Director. He joined the Group in 1988 and became a Director in September 1988. He qualified as a Chartered Accountant in 1982. He is responsible for all aspects of financial control, information systems, and management reporting; human resources; intellectual property; legal and company secretarial matters. He represents the Group on all subsidiary boards, and on the board of Furlong Mills Limited.

Non-executive Directors

Richard J. Steele — Non-executive Chairman

Prior to being appointed Chairman, Dick Steele was the Senior Non-executive Director and is a Chartered Accountant and a Member of the Institute of Taxation. He has spent ten years as Group Finance Director of listed companies. He is also Chairman of Delamere Dairy and Country Baskets. He is a member of the Audit, Remuneration and Nomination Committees.

Janis Kong

Janis Kong is a Non-executive Director of Kingfisher PLC, VisitBritain and Network Rail, and Chairman of the board of trustees of Forum for the Future. She was previously a Non-executive Director of the Royal Bank of Scotland Group PLC and is a former Executive Chairman of Heathrow Airport Limited, former Chairman of Heathrow Express Limited and a former member of the BAA plc Board. She holds an honorary Doctorate with the Open University and has received an OBE. She is a member of the Audit, Remuneration and Nomination Committees.

Lady Judge

Lady Judge is a lawyer, international banker and entrepreneur. She is Chairman of the UK Atomic Energy Authority. Formerly she was Deputy Chairman of Friends' Provident plc, Chairman of the School of Oriental and African Studies, a commissioner of the United States Securities and Exchange Commission and an Executive Director of News International and Samuel Montagu plc. She is a member of the Audit, Remuneration and Nomination Committees.

Directors proposed for re-election

Brett W.J. Phillips and Michael Haynes retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election. Further details on the composition of the Board and appointment of Directors is given in the Corporate Governance Statement on page 20.

Directors' interests

The beneficial interests of the Directors and their families, registered by each Director, in the share capital of the Company, together with their interests as trustees and options to subscribe for shares, are shown below.

	As at 31 December 2009 5p Ordinary shares			As at 31 December 2008 5p Ordinary shares		
	Beneficial	**Non-beneficial**	**Options**	Beneficial	Non-beneficial	Options
L.F. Bryan	**179,144**	**-**	**188,000**	177,144	–	137,000
M. Haynes	**15,000**	**-**	**124,000**	10,000	–	79,000
Lady Judge	**5,000**	**-**	**-**	5,000	–	–
J. Kong	**5,000**	**-**	**-**	5,000	–	–
B.W.J. Phillips	**30,455**	**-**	**124,000**	20,445	–	130,199
R.J. Steele	**20,000**	**-**	**-**	20,000	–	–

Details of changes in share options can be found in the Directors' Remuneration Report on page 19.

Details of transactions with Directors and other related parties are to be found in note 30 on page 54.

The Company has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

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 safe disposal of manufactured waste, recycling and reducing energy consumption.

Employees' involvement

The Group recognises the importance of good communications with its employees and considers that the most effective form of communication regarding its activities, performance and plans is by way of informal daily discussions between management and other employees. During 2009, to complement these discussions, the Group has continued communicating information from Board level to all employees on a regular basis via a programme of team briefings.

Report of the Directors continued

Share option and profit related incentive schemes are operated to encourage the involvement of employees in the Group's performance. Portmeirion Group UK Limited, the employer of the Group's UK based employees is an Investor in People. The Directors are committed to the continuing development of the Group's employees via the principles of Investors in People. See note 8 on page 41 for staff numbers and costs.

Employment of disabled persons

It is the Group's policy to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates, having regard to their particular aptitudes and abilities, including the consideration of any reasonable adjustments to the job or workplace. Training and career development opportunities are available to all employees and if necessary all efforts are made to re-train any member of staff who develops a disability during employment with the Group.

Creditor payment policy

Payment terms are agreed with each of the Group's major suppliers. The Group abides by these terms provided that the supplier also complies with the agreed terms and conditions. The policy for other suppliers is generally to make payment by the end of the month following receipt of a valid invoice. All payment terms are stated at the time orders are placed. The number of days purchases represented by trade creditors at 31 December 2009 was 42 (2008 – 41). The Company has no trade creditors.

Substantial shareholdings

In addition to the Directors' interests notified above, the Company had been notified of the following beneficial interests in 3% or more of its issued share capital excluding treasury shares as at 22 March 2010:

	Number of shares	Percentage
New Fortress Finance Holdings Ltd. BVI*	2,778,013	28.00%
Saffery Champness Trust Corporation*	1,436,195	14.48%
Shahrzad Farhadi	632,333	6.37%
Kamrouz Farhadi	562,917	5.67%
Susan Cooper-Willis (deceased)	605,000	6.10%
Rysaffe Trustee Company (C.I.) Limited*	356,077	3.59%

* Shareholding held indirectly through a nominee.

Financial position

The Group's net funds at 31 December 2009 were £4.4 million (2008 – £3.9 million).

Charitable and political contributions

Contributions to various charities in the form of goods to be used for charitable raffles amounted to £2,138 (2008 – £1,933) at cost during the year. In addition cash donations of £1,250 (2008 – nil) were made to registered charities. There were no political contributions during the year.

Acquisition of the Company's own shares

The Company did not purchase any of its own shares during the year. The Company holds 643,074 treasury shares, purchased at an average cost of 187p per share.

Report of the Directors continued

Auditors

Following a review of audit services, Deloitte LLP resigned as auditors and Mazars LLP were appointed in their place on 15 July 2009. A resolution for their reappointment is to be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Annual General Meeting

The Annual General Meeting will be held at the registered office of the Company at London Road, Stoke-on-Trent, on 20 May 2010 at 12.00 noon. All ordinary and special resolutions to be proposed at that meeting are detailed in the Notice of Annual General Meeting, including a resolution to amend the Company's Articles of Association by deleting the provisions of the Company's Memorandum of Association which by virtue of s28 of the Companies Act 2006 are to be treated as provisions of the Company's Articles of Association.

Approved by the Board of Directors and signed on behalf of the Board

B.W.J. Phillips
Company Secretary
22 March 2010

Directors' Remuneration Report

Introduction

As a Company listed on the Alternative Investment Market (AIM), the Company is not required to comply with Regulation II of the Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008 (the "Regulations"). Whilst the Company is not required to comply with the Regulations, it has used the Regulations as best practice guidance and voluntarily presented disclosures that reflect the extent of the Company's application of the Regulations. A resolution to approve this report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

Unaudited information

Remuneration committee

The members of the Remuneration Committee during 2009 were R.J. Steele (Non-executive Chairman), J. Kong and Lady Judge (both independent Non-executive Directors). R.J. Steele is chairman of the Remuneration Committee. There have been no changes in the composition or chairmanship of the Remuneration Committee during the year.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross directorships or day to day involvement in running the business. The Committee makes recommendations to the Board. No Director plays a part in any discussion about his or her own remuneration. In determining the Directors' remuneration for the year, the Committee consulted L.F. Bryan, Chief Executive, about its proposals.

Remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain directors of high calibre and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and the determination of their annual remuneration package are undertaken by the Remuneration Committee. The remuneration of the Non-executive Directors is determined by the Executive Directors. There are five main elements of the remuneration package for Executive Directors and senior management:

- Basic annual salary (including Directors' fees) and benefits;
- Annual incentive payments;
- Share option incentives;
- Long-term incentives; and
- Pension arrangements.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related.

Executive Directors are entitled to accept appointments outside the Group providing that the Chairman grants his permission.

Basic salary and benefits in kind

Salary is normally reviewed annually, on 1 January, or when responsibilities change. In deciding the appropriate levels, the Committee takes into account factors which it considers necessary including industry standard executive remuneration and comparable pay levels within the Company. For 2009, basic salaries were kept at the same level as for 2008. Each Executive Director is provided with health care benefits. The Chief Executive is provided with a car.

Annual incentive payments

Each Executive Director's remuneration package includes an annual incentive payment. If the profit before taxation exceeds an annual target, then an incentive will be paid. The incentive is a percentage of the Executive Director's basic pay which is linked to the amount by which profit before tax exceeds the target. The maximum incentive payable is 100% of basic salary. For 2009, maximum incentives were earned.

Demanding budgets and targets are established by the Board and reviewed at the end of each year to determine the degree of successful achievement.

Directors' Remuneration Report continued

Share options

The Company's policy is to grant options to Directors at the discretion of the Committee taking into account individual performance. It is the Company's policy to phase the granting of share options rather than to award them in a single large block to any individual.

The Company has one share option scheme, the Portmeirion 2002 Share Option Scheme.

Options granted to the Executive Directors under the Portmeirion 2002 Share Option Scheme on 4 April 2007 can normally only be exercised if the basic earnings per share of the Group for the year ended 31 December 2009 were more than 20% higher than the basic earnings per share of the Group for the year ended 31 December 2006. This performance measure was achieved.

Options granted to the Executive Directors under the Portmeirion 2002 Share Option Scheme on 15 April 2008 can normally only be exercised if the pre-tax, pre-exceptional earnings per share of the Group for the year ending 31 December 2010 exceed 41.63p, being 120% of the pre-tax, pre-exceptional earnings per share of the Group for the year ended 31 December 2007.

Options granted to the Executive Directors under the Portmeirion 2002 Share Option Scheme on 28 May 2009 can normally be exercised if the average of the pre-tax, pre-exceptional earnings per share of the Group for each of the three years ending 31 December 2009, 31 December 2010 and 31 December 2011 exceeds 16.06p, being 113% of the pre-tax, pre-exceptional earnings per share for the year ended 31 December 2008.

The reasons for selecting earnings per share as a measure of performance is that it directly reflects operational performance and also is a significant factor in determining the market's view of the Group's value.

Long-term incentive schemes

Shareholders are being asked to vote on the implementation of a long-term incentive plan for Executive Directors at the Annual General Meeting on 20 May 2010. The Portmeirion Group 2010 Deferred Incentive Share Option Plan (the 'Plan') is proposed as a method of incentivising and retaining Executive Directors and encouraging them to acquire and retain shares in the Company and is designed to operate in conjunction with the Company's existing annual incentive arrangements. The Plan will permit the grant of an option to a participant in any year over shares with a market value not exceeding 20 per cent of the gross incentive earned by the relevant employee in respect of the previous financial year. It is intended that options be granted following approval of the Plan to the Executive Directors by reference to the incentives paid for the year ending 31 December 2009. The options will be exercisable normally only after the third anniversary of the date of grant. On exercise, provided that the participant is still employed by the Group (or has left due to limited good leaver provisions as stated in the rules of the Plan) the participant will be entitled to receive a "grossed-up" payment (i.e. a payment which after discharge of necessary taxes (including National Insurance contributions) leaves a net amount) sufficient to pay the taxes (including National Insurance contributions) due in respect of the exercise of the option (subject to a cap on the maximum tax and National Insurance rates covered). Options may be satisfied by an issue of shares (including out of treasury). There will be no limit in the Plan on the number of shares that can be issued (including out of treasury). This is in order that the Plan can be operated flexibly and is considered appropriate given the maximum individual award levels under the Plan.

Further details of the Plan and its operation are included in the Notice of Annual General Meeting.

Pensions

Brett W.J. Phillips and Michael Haynes are members of the Portmeirion Potteries Group Stakeholder Pension Plan, a defined contribution scheme. Details of contributions paid by the Group into the Plan for the benefit of the Directors are shown in the Directors' emoluments table that follows.

Directors' Remuneration Report continued

On 31 October 2002 the Portmeirion Potteries Pension Plan, a contracted-in money purchase occupational pension plan, closed. Brett W.J. Phillips was a member of the plan at that time and holds preserved benefits.

On 5 April 1999, the defined benefit UK pension scheme was closed to new entrants and to future accrual. Brett W.J. Phillips was a member of the scheme at that time and holds preserved benefits.

Lawrence F. Bryan receives pension contributions for a money purchase pension operated by the Group in the United States.

Annual performance related incentives are not subject to contributions by the Group to the money purchase pension arrangements maintained for the Directors.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice.

The details of the Executive Directors' contracts are summarised in the table below:

	Date of Contract	Notice Period
L.F. Bryan	8.11.2002	12 months
M. Haynes	1.01.2007	12 months
B.W.J. Phillips	15.03.2000	12 months

In the event of early termination, the Directors' contracts provide for compensation of an amount equal to the gross salary and benefits that the executive would have received during the balance of the notice period, plus any incentive, once declared to which he would have become entitled had contractual notice been given.

Brett W.J. Phillips and Michael Haynes are proposed for re-election at the next Annual General Meeting. They both have contracts which provide for a notice period of twelve months.

Non-executive Directors

All Non-executive Directors have service contracts with an indefinite term providing for a maximum of one year's notice, without liability for compensation. Their remuneration is determined by the Board taking into account their duties and the level of fees paid to Non-executive Directors of similar companies. The Non-executive Directors do not participate in the Company's annual incentive, share option or long-term incentive schemes and no pension contributions are made in respect of them.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2009	2008
	£	£
Emoluments	**1,198,740**	876,451
Money purchase pension contributions	**41,525**	38,368
	1,240,265	914,819

Directors' Remuneration Report continued

Directors' emoluments

	Salary & fees £	Benefits £	Incentive £	Gains made on exercise of share options £	Subtotal £	Pension contri-butions £	**2009 Total £**	2008 Total £
Executive								
L.F. Bryan[3]	255,444	18,546	255,444	–	529,434	14,875	**544,309**	363,475
M. Haynes	130,000	3,758	130,000	–	263,758	7,800	**271,558**	180,395
B.W.J. Phillips	145,000	6,548	145,000	–	296,548	18,850	**315,398**	261,949
Non-executive								
Lady Judge[1]	22,500	–	–	–	22,500	–	**22,500**	22,500
J. Kong	22,500	–	–	–	22,500	–	**22,500**	22,500
R.J. Steele[2]	64,000	–	–	–	64,000	–	**64,000**	64,000
	639,444	**28,852**	**530,444**	**-**	**1,198,740**	**41,525**	**1,240,265**	914,819

Notes

[1] The remuneration for Lady Judge was made to BT Consulting Inc. Limited in respect of her services.

[2] The remuneration for R.J. Steele was made to Adsum Limited in respect of his services.

[3] L.F. Bryan is remunerated in US dollars and his remuneration is translated into sterling at the average exchange rate for the year in 2009. This was $1.5659/£ (2008 – $1.8533/£).

The benefits shown above arise from the provision of a company car, life assurance, permanent disability insurance and private medical insurance.

Directors' pension entitlements

Brett W.J. Phillips is a member of the Group's defined benefit pension scheme which closed on 5 April 1999. He had accrued entitlements under the scheme as follows:

	Accrued pension at 01.01.09 £	**Increase in accrued pension in the year £**	**Accrued pension at 31.12.09 £**
B.W.J. Phillips	22,533	1,146	**23,679**

His accrued benefits under the scheme were as follows:

	Transfer value at 01.01.09 £	**Decrease in transfer value in the year £**	**Transfer value at 31.12.09 £**
B.W.J. Phillips	518,899	(41,554)	**477,345**

Directors' Remuneration Report continued

Notes

1 The transfer values were calculated on a basis in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847).

2 In the calculation of the transfer values above, it is assumed that the Scheme will have adopted amendments to its Rules replacing previous HMRC limits with the allowances facilitated by the Finance Act 2004 by the time the transitional period ends on 5 April 2011.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire Ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

		Number of Options						Dates on	
	At					At	Exercise	which exercisable	
Director	01.01.09	Granted	Exercised	Surrendered	Lapsed	31.12.09	Price	Earliest	Latest
L.F. Bryan	19,000	–	–	–	(19,000)	**-**	167.5p	25.3.2008	23.3.2009
L.F. Bryan	80,000	–	–	–	–	**80,000**	345.0p	5.4.2010	3.4.2011
L.F. Bryan	38,000	–	–	–	–	**38,000**	260.0p	16.4.2011	14.4.2012
L.F. Bryan	–	70,000	–	–	–	**70,000**	197.5p	29.5.2012	27.5.2019
M. Haynes	55,000	–	–	–	–	**55,000**	345.0p	5.4.2010	3.4.2011
M. Haynes	24,000	–	–	–	–	**24,000**	260.0p	16.4.2011	14.4.2012
M. Haynes	–	45,000	–	–	–	**45,000**	197.5p	29.5.2012	27.5.2019
B.W.J. Phillips	51,199	–	–	–	(51,199)	**-**	167.5p	25.3.2008	23.3.2009
B.W.J. Phillips	55,000	–	–	–	–	**55,000**	345.0p	5.4.2010	3.4.2011
B.W.J. Phillips	24,000	–	–	–	–	**24,000**	260.0p	16.4.2011	14.4.2012
B.W.J. Phillips	–	45,000	–	–	–	**45,000**	197.5p	29.5.2012	27.5.2019

Notes

1 The performance criteria attaching to share options are detailed on page 16.

2 The Company's share price reached a high of 330.0p and a low of 102.5p during 2009. The average share price during 2009 was 211.19p. The share price on 31 December 2009 was 330.0p.

3 None of the Directors exercised options in 2009.

4 Options granted on 24 March 2005 and remaining at 23 March 2009, lapsed as the exercise window of 25 March 2008 to 23 March 2009 expired.

5 There have been no changes to the Directors' interests in the shares or options over shares of the Company between 31 December 2009 and 22 March 2010.

Approval

This report was approved by the Board and signed on its behalf by:

B.W.J. Phillips
Company Secretary
22 March 2010

Corporate Governance Statement

As a Company listed on the Alternative Investment Market (AIM) the Company is not required to adhere to the Combined Code on Corporate Governance June 2008 (the "Code"). Whilst the Company is not required to comply with the Code, it has used the Code as best practice guidance and voluntarily presented disclosures that reflect the extent of the Company's application of the Code.

The Board

The Company is controlled by the Board of Directors. The Board comprises three Executive and three Non-executive Directors. The Board considers, after careful and rigorous review, that the Non-executive Directors bring an independent judgement to bear. All Non-executive Directors have contracts which expire on the completion of one year's notice. These are available for inspection at the Company's registered office and at the Annual General Meeting. All Directors retire by rotation at the third annual general meeting of the Company after the general meeting at which he/she was appointed or last reappointed in accordance with the Company's Articles of Association and the principles of the Code. The Board does not believe it is necessary for Non-executive Directors of the Company who have served more than nine years to offer themselves for re-election annually. All Directors undergo a performance evaluation before being proposed for re-election to ensure their performance continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.

Richard J. Steele, the Non-executive Chairman, is responsible for the running of the Board and Lawrence F. Bryan, the Chief Executive, has executive responsibility for running the Company's business and implementing Group strategy. Following the appointment of Richard J. Steele as Non-executive Chairman on 30 April 2007, the Board has not appointed a Senior Non-executive Director. The Board believes that, for a Board of its size, there is sufficient opportunity for shareholders to raise any concerns they may have with the Non-executive Chairman, Chief Executive, Group Finance Director or the other two Non-executive Directors. The Board meets at least six times each year and has a formal schedule of matters reserved to it. It is responsible for overall Group strategy; approval of major capital expenditure projects; approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors of the main UK subsidiary are circulated to the Group Board of Directors. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The following table shows the attendance of the Directors at meetings of the Board and its principal committees.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings held	**6**	**4**	**2**	**1**
Meetings attended				
R.J. Steele (Non-executive Chairman)	6	4	2	1
L.F. Bryan (Chief Executive)	6	4*	–	1
M. Haynes (Group Sales and Marketing Director)	6	4*	–	1*
Lady Judge (Non-executive)	6	3	2	1
J. Kong (Non-executive)	6	4	2	1
B.W.J. Phillips (Group Finance Director)	6	4*	–	1*

Notes

Attendance is shown as nil if not a committee member.

* Meetings which the Director attended, in whole or in part, by invitation.

Corporate Governance Statement continued

During the year the Board carried out an evaluation of its own performance. The evaluation was based on the guidance included in Suggestions for Good Practice from the Higgs Report. The Board concluded that it had performed effectively. During the year appropriate appraisals were carried out with the Directors. The Group Finance Director and Group Sales and Marketing Director were appraised by the Chief Executive who, in turn, was appraised by the Chairman. Additionally, the Chairman appraised the Non-executive Directors and they appraised the Chairman.

Nomination Committee

The Nomination Committee is chaired by Richard J. Steele and comprises all the Non-executive Directors and the Chief Executive. It makes recommendations to the Board on all new Board appointments. It meets at least once a year and also considers the re-election of Directors retiring by rotation. The Company's Articles of Association, as adopted by Special Resolution passed on 22 May 2009 require that each director shall submit himself/herself for re-election every three years. No Directors are exempt from retirement by rotation.

Remuneration Committee

The Remuneration Committee is chaired by Richard J. Steele and comprises all the Non-executive Directors. The Board considers it appropriate that Richard J. Steele with his experience and expertise in this area chairs this committee. The Remuneration Committee is responsible for making recommendations to the Board in relation to all aspects of remuneration for Executive Directors. The Remuneration Committee believes that the presence of the Chief Executive is important when determining the remuneration of the other Executive Directors. The Chief Executive does not participate in discussions relating to his personal remuneration. In framing its policy the Remuneration Committee takes into account any factors which it deems necessary, including industry standard executive remuneration, differentials between executive and employee remuneration and differentials between executives. When designing schemes of performance-related remuneration the Remuneration Committee considers the provisions in Schedule A to the Code. The remuneration of the Non-executive Directors is determined by the Executive Directors.

Audit Committee

The Audit Committee is chaired by Richard J. Steele and comprises all the Non-executive Directors. The Board considers it appropriate that Richard J. Steele with his experience and expertise in this area chairs this committee. The Audit Committee meets at least twice each year. It considers any matter relating to the financial affairs of the Group and to the Group's external audit that it determines to be desirable. In particular the Committee overviews the monitoring of the adequacy of the Group's internal controls, accounting policies and financial reporting and provides a forum through which the Group's external auditors report to the Non-executive Directors.

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place throughout the financial year and has remained in place up to the approval date of the annual report and accounts. That process is regularly reviewed by the Board and accords with the internal control guidance published in October 2005 (the Turnbull Guidance).

The Board intends to keep its risk control procedures under constant review particularly with regard to the need to embed internal control and risk management procedures further into the operations of business, both in the UK and overseas, and to deal with areas of improvement which come to management's and the Board's attention.

As might be expected in a Group of this size, a key control procedure is the day to day supervision of the business by the Executive Directors, supported by the senior managers with responsibility for key operations.

Corporate Governance Statement continued

The Executive Directors are involved in the budget setting process, constantly monitor key performance indicators and review management accounts on a monthly basis, noting and investigating major variances. All significant capital expenditure decisions are approved by the Board as a whole.

The Group's significant risks, together with the relevant control and monitoring procedures, are subject to regular review to enable the Board to assess the effectiveness of the system of internal control. The adequacy of internal controls with regard to the risks identified are reviewed at every Board meeting. The Board has also specifically reviewed the effectiveness of the Group's internal financial controls. During the course of its reviews the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

The Board has considered the need for an internal audit function, but has decided that, because of the size of the Group and the systems and controls in place, it is not appropriate at present. The Board will review this on a regular basis.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Conflicts of Interest

In line with the requirements of the Companies Act 2006, the Directors have put in place a policy and process for notifying and recording the nature and extent of their interests, together with those of connected persons, in organisations and companies outside the Portmeirion Group. Each director must formally notify the Company if there is the potential for these interests to conflict with their duties as a Director of the Company. All such notifications are regularly reviewed by the Board.

Relations with shareholders

The Group encourages two way communications with both its institutional and private investors and responds quickly to all queries received. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. All shareholders receive notice of the Annual General Meeting at which the chairmen of all Committees will be available for questions.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the fair representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report

Independent auditors' report to the members of Portmeirion Group PLC

We have audited the financial statements of Portmeirion Group PLC for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Martin Lucas (Senior Statutory Auditor)
for and on behalf of Mazars LLP, Chartered Accountants
(Statutory auditor)
67 Newhall Street
Birmingham
22 March 2010

Consolidated Income Statement
for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Revenue	4, 5	**43,165**	31,838
Operating costs	6	**(38,573)**	(30,311)
Operating profit before exceptional items		**4,592**	1,527
Operating exceptional items	7	**(207)**	(178)
Operating profit after operating exceptional items		**4,385**	1,349
Investment revenue	4, 10	**7**	53
Finance costs	11	**(681)**	(176)
Share of profit of associated undertakings		**7**	4
Non-operating exceptional item	7	**-**	(140)
Profit before tax		**3,718**	1,090
Tax	12	**(1,265)**	(515)
Profit for the year attributable to equity holders of the parent	26	**2,453**	575
Earnings per share	14	**24.73p**	5.81p
Diluted earnings per share	14	**24.66p**	5.80p
Dividends paid and proposed per share	13	**15.80p**	14.70p

All the above figures relate to continuing operations.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2009

	Notes	**2009 £'000**	2008 £'000
Profit for the year		**2,453**	575
Exchange differences on translation of foreign operations	27	**(773)**	1,860
Actuarial gain/(loss) on defined benefit pension scheme	31	**254**	(1,913)
Deferred tax on pension scheme deficit movement	24	**(71)**	536
Other comprehensive income for the year		**(590)**	483
Total comprehensive income for the year attributable to equity holders of the parent		**1,863**	1,058

Consolidated Balance Sheet

as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Intangible assets	15	**2,395**	515
Property, plant and equipment	16	**5,611**	5,762
Interests in associates	17	**1,327**	1,297
Deferred tax asset	24	**289**	467
Total non-current assets		**9,622**	8,041
Current assets			
Inventories	18	**8,784**	10,266
Trade and other receivables	19	**7,035**	6,195
Cash and cash equivalents	20	**5,439**	3,938
Current income tax asset		**-**	252
Total current assets		**21,258**	20,651
Total assets		**30,880**	28,692
Current liabilities			
Trade and other payables	23	**(5,128)**	(4,316)
Current income tax liabilities		**(508)**	–
Borrowings	21	**(284)**	–
Derivative financial instruments	22	**-**	(2)
Total current liabilities		**(5,920)**	(4,318)
Non-current liabilities			
Pension scheme deficit	31	**(3,637)**	(4,222)
Borrowings	21	**(763)**	–
Grant received		**(74)**	(104)
Total non-current liabilities		**(4,474)**	(4,326)
Total liabilities		**(10,394)**	(8,644)
Net assets		**20,486**	20,048
Equity			
Called up share capital	25	**528**	528
Share premium account	26	**4,820**	4,820
Treasury shares	26	**(1,202)**	(1,202)
Share-based payment reserve	26	**159**	146
Translation reserve	27	**630**	1,403
Retained earnings	26	**15,551**	14,353
Total equity		**20,486**	20,048

These financial statements were approved by the Board of Directors and authorised for issue on 22 March 2010. They were signed on its behalf by:

L.F. Bryan
B.W.J. Phillips } Directors

Consolidated Statement of Changes in Equity
for the year ended 31 December 2009

	Share capital £'000	Share premium account £'000	Treasury shares £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
As at 1 January 2008	528	4,820	(1,266)	91	(457)	16,864	20,580
Profit for the year	–	–	–	–	–	575	575
Other comprehensive income for the year	–	–	–	–	1,860	(1,377)	483
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1,860**	**(802)**	**1,058**
Dividends paid	–	–	–	–	–	(1,456)	(1,456)
Increase in share-based payment reserve	–	–	–	55	–	–	55
Shares issued under employee share schemes	–	–	64	–	–	(7)	57
Deferred tax on share-based payment	–	–	–	–	–	(52)	(52)
Purchase of equity interest	–	–	–	–	–	(194)	(194)
As at 1 January 2009	**528**	**4,820**	**(1,202)**	**146**	**1,403**	**14,353**	**20,048**
Profit for the year	–	–	–	–	–	2,453	2,453
Other comprehensive income for the year	–	–	–	–	(773)	183	(590)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(773)**	**2,636**	**1,863**
Dividends paid	–	–	–	–	–	(1,458)	(1,458)
Increase in share-based payment reserve	–	–	–	13	–	–	13
Deferred tax on share-based payment	–	–	–	–	–	20	20
As at 31 December 2009	**528**	**4,820**	**(1,202)**	**159**	**630**	**15,551**	**20,486**

Consolidated Statement of Cash Flows
for the year ended 31 December 2009

	2009 £'000	2008 £'000
Operating profit after operating exceptional items	**4,385**	1,349
Adjustments for:		
Depreciation	**666**	843
Amortisation of intangible fixed assets	**293**	179
Contributions to defined benefit pension scheme	**(600)**	(348)
Charge for share-based payments	**13**	55
Exchange (loss)/gain	**(218)**	422
Profit on sale of tangible fixed assets	**(5)**	(93)
Grant received	**-**	104
Operating cash flows before movements in working capital	**4,534**	2,511
Decrease in inventories	**1,172**	77
(Increase)/decrease in receivables	**(1,133)**	1,073
Increase/(decrease) in payables	**921**	(507)
Cash generated from operations	**5,494**	3,154
Interest paid	**(412)**	(15)
Income taxes paid	**(379)**	(472)
Net cash from operating activities	**4,703**	2,667
Investing activities		
Interest received	**20**	58
Proceeds on disposal of property, plant and equipment	**31**	775
Purchase of property, plant and equipment	**(588)**	(707)
Purchase of intangible fixed assets	**(2,173)**	(63)
Purchase of equity interest	**-**	(194)
Net cash outflow from investing activities	**(2,710)**	(131)
Financing activities		
Equity dividends paid	**(1,458)**	(1,456)
New bank loans raised	**1,178**	–
Repayments of bank loans	**(131)**	–
Shares issued under employee share schemes	**-**	57
Net cash outflow from financing activities	**(411)**	(1,399)
Net increase in cash and cash equivalents	**1,582**	1,137
Cash and cash equivalents at beginning of year	**3,938**	2,708
Effect of foreign exchange rate changes	**(81)**	93
Cash and cash equivalents at end of year	**5,439**	3,938

Notes to the Consolidated Financial Statements

1. Basis of preparation

Portmeirion Group PLC is a company incorporated in England and Wales. The address of the registered office is given on page 68. The nature of the Group's operations and its principal activities are set out in the Report of the Directors on pages 9 to 14.

These accounts have been prepared in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRSs)).

The going concern basis has been considered in the Directors' Report on page 9.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.5.

In the current year, the following new and revised Standards and Interpretations are effective and have affected the amounts reported in these financial statements:

IAS 1 (revised 2007) — *Presentation of Financial Statements* has introduced a number of changes in the format and presentation of the financial statements.

IFRS 8 — *Operating Segments* is a disclosure standard that has resulted in some additional segmental disclosure (see note 5).

IFRS 7 (amended) — *Financial Instruments: Disclosures* has expanded the disclosure required in respect of fair value measurements and liquidity risk.

In addition, the following standards have been adopted but have not made any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements: IAS 38 (amended) — *Intangible Assets*, IFRS 2 (amended) — *Share-based Payment — Vesting Conditions and Cancellations*, IAS 23 (revised 2007) — *Borrowing Costs*, IAS 32 (amended)/IAS 1 (amended) — *Puttable Financial Instruments and Obligations Arising on Liquidation*, IAS 39 (amended) — *Eligible Hedged Items and Reassessment of Embedded Derivatives*, IFRIC 15 — *Agreements for the Construction of Real Estate*, IFRIC 16 — *Hedges of a Net Investment in a Foreign Operation*, IFRIC 18 — *Transfers of Assets from Customers*.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 3 (revised 2008)	*Business Combinations*
IAS 27 (revised 2008)	*Consolidated and Separate Financial Statements*
IAS 28 (revised 2008)	*Investments in Associates*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Improvements to IFRSs (April 2009)	

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2. Significant accounting policies

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 December 2009.

The financial statements have been prepared on the historical cost basis, except that derivative financial instruments are stated at their fair value.

Notes to the Consolidated Financial Statements
continued

2. Significant accounting policies continued

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Portmeirion Group PLC and its subsidiaries. The Group's share of the results and retained earnings of associated undertakings is included.

Subsidiary undertakings are consolidated on the basis of the acquisition method of accounting. Intra-group transactions and balances are eliminated fully on consolidation and the consolidated accounts reflect external transactions only. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group.

All accounts for subsidiaries and associated companies have been prepared for the year ended 31 December 2009 except for the accounts of Portmeirion Finance Limited which, for cash flow reasons associated with the date of payment of tax, have been prepared for the year ended 7 January 2010 and the accounts of Portmeirion Canada Inc. which have a year end of 30 June 2009. The Group accounts include interim financial information to 31 December 2009 for Portmeirion Finance Limited and Portmeirion Canada Inc.

2.2 Investment in associated undertakings ("associates")

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement.

2.4 Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements
continued

2. Significant accounting policies continued

2.5 Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in the Group's translation reserve.

2.6 Operating profit

Operating profit is stated both before and after exceptional items but before investment revenue, finance costs and share of results of associates.

2.7 Group pension schemes

The Group operates a group stakeholder pension plan in the UK, which is a defined contribution scheme. For this scheme the amount charged to income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The defined benefit scheme previously operated by the Group closed on 5 April 1999. For this scheme the amounts charged to operating profit are the current service costs, gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the defined accrued benefit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet.

In the United States, the Group operates a money purchase pension scheme with payments being made to the scheme at the discretion of the Group. All payments are expensed as they are incurred.

2. Significant accounting policies continued

2.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.9 Property, plant and equipment

Property, plant and equipment are held at cost, net of depreciation less any provision for impairment. Depreciation is provided by either the reducing balance method or the straight-line method at rates calculated to write off the cost of the assets less their estimated residual value over their expected useful lives:

Freehold buildings	— 2% per annum
Short leasehold buildings	— over the life of the lease
Plant and vehicles	— 6% to 33% per annum

Notes to the Consolidated Financial Statements
continued

2. Significant accounting policies continued

2.10 Intangible assets

Purchases of intellectual property are included at cost and written off in equal annual instalments over their estimated useful economic life of 5–10 years. Provision is made for any impairment.

Computer software is held at cost, net of amortisation less any provision for impairment. Amortisation is charged so as to write off the cost over the estimated useful economic life of the computer software using the straight-line method. The estimated useful life of computer software is between 3 and 10 years.

2.11 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.13 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

2. Significant accounting policies continued

2.14 Purchase of own shares

Investment in own shares has been classified to other reserves — treasury shares. These shares are valued at the weighted average cost of purchase. Treasury shares are a deduction from equity.

2.15 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge this exposure. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs.

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are categorised as loans and receivables. These are measured at amortised cost, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are categorised as loans and receivables.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Further details on the Group's financial instruments can be found in note 32.

Notes to the Consolidated Financial Statements
continued

2. Significant accounting policies continued

2.16 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black–Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2.17 Segmental reporting

Activities are allocated to one business segment being consumer homeware. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns which are different from those segments operating in other economic environments.

2.18 Grant income

Grant income relating to commitments to employ individuals is treated as deferred income and released to the income statement once the contractual period has elapsed.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of inventory

Provision is made for the impairment of slow-moving and obsolete inventory based on historical and forecast sales and estimates of net realisable value. The carrying value of inventory at the year end was £8,784,000 (2008 – £10,266,000).

Defined benefit pension scheme

The valuation of the Group's defined benefit pension scheme assets and liabilities under IAS 19 *Employee Benefits* requires assumptions to be made regarding returns on assets, inflation, discount rates, salary, mortality and pension increases. The carrying value of the scheme liability at the year end was £3,637,000 (2008 – £4,222,000).

Notes to the Consolidated Financial Statements
continued

4. Revenue

An analysis of the Group's revenue is as follows:

	2009 £'000	2008 £'000
Continuing operations		
Sale of goods	**43,002**	31,838
Royalties	**163**	–
	43,165	31,838
Investment income	**7**	53
	43,172	31,891

5. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Based upon the nature and extent of these internal reports, the Directors are of the opinion that there are two reportable segments under IFRS 8, namely the UK and US operations. The Directors are of the opinion that only one class of business is being undertaken, that of the manufacture and sale of pottery and associated homeware.

Revenue by origin	**2009 Total sales £'000**	**2009 Inter-segment sales £'000**	**2009 Sales to third parties £'000**	2008 Total sales £'000	2008 Inter-segment sales £'000	2008 Sales to third parties £'000
United Kingdom	**30,513**	**(4,438)**	**26,075**	24,892	(3,855)	21,037
United States	**17,090**	**-**	**17,090**	10,801	–	10,801
	47,603	**(4,438)**	**43,165**	35,693	(3,855)	31,838

Operating profit/(loss) by origin	**2009 Before exceptional items £'000**	**2009 Operating exceptional items £'000**	**2009 Total £'000**	2008 Before exceptional items £'000	2008 Operating exceptional items £'000	2008 Total £'000
United Kingdom	**2,087**	**(75)**	**2,012**	902	(197)	705
United States	**2,505**	**(132)**	**2,373**	625	19	644
Operating profit/(loss)	**4,592**	**(207)**	**4,385**	1,527	(178)	1,349
Unallocated items:						
Share of profit of associated undertakings			**7**			4
Non-operating exceptional item			**-**			(140)
Investment revenue			**7**			53
Finance costs			**(681)**			(176)
Profit before tax			**3,718**			1,090
Tax			**(1,265)**			(515)
Profit after tax			**2,453**			575

Notes to the Consolidated Financial Statements
continued

5. Segmental analysis continued

Profit before tax reconciliation	**2009 £'000**	2008 £'000
Pre-tax profit before exceptional items	**3,925**	1,408
Exceptional items (note 7)	**(207)**	(318)
Pre-tax profit after exceptional items	**3,718**	1,090

Reconciliation of earnings before exceptional items, interest, tax, depreciation and amortisation	**2009 £'000**	2008 £'000
Operating profit before exceptional items	**4,592**	1,527
Add back:		
Depreciation	**666**	843
Amortisation	**293**	179
Earnings before exceptional items, interest, tax, depreciation and amortisation	**5,551**	2,549

		2009			2008	
Other information	**United Kingdom £'000**	**United States £'000**	**Con-solidated £'000**	United Kingdom £'000	United States £'000	Con-solidated £'000
Capital additions	**2,416**	**345**	**2,761**	573	197	770
Depreciation and amortisation	**878**	**81**	**959**	955	67	1,022
Impairment losses recognised in income statement	**-**	**-**	**-**	140	–	140
Balance sheet						
Assets						
Segment assets	**20,475**	**9,078**	**29,553**	20,057	7,338	27,395
Interest in associates			**1,327**			1,297
Consolidated total assets			**30,880**			28,692
Liabilities						
Segment liabilities	**9,420**	**974**	**10,394**	7,315	1,329	8,644

There are no unallocated corporate liabilities in 2009 and 2008.

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

Revenue	**2009 £'000**	2008 £'000
United Kingdom	**13,102**	10,259
United States	**17,252**	10,858
South Korea	**7,205**	5,400
Rest of the World	**5,606**	5,321
	43,165	31,838

All of the revenue arising from Korea related to sales to the Group's largest customer in both the current and prior years.

Notes to the Consolidated Financial Statements
continued

6. Operating costs

	2009 Before exceptional items £'000	2009 Operating exceptional items (note 7) £'000	2009 Total £'000	2008 Before exceptional items £'000	2008 Operating exceptional items (note 7) £'000	2008 Total £'000
Change in stocks of finished goods and work in progress	**1,808**	**-**	**1,808**	(1,233)	–	(1,233)
Raw materials and consumables	**15,546**	**-**	**15,546**	11,027	–	11,027
Other external charges	**7,465**	**132**	**7,597**	7,820	(19)	7,801
Staff costs (note 8)	**12,631**	**75**	**12,706**	11,158	197	11,355
Depreciation and other amounts written off tangible assets	**666**	**-**	**666**	843	–	843
Amortisation of intangible assets	**293**	**-**	**293**	179	–	179
Movement on inventory impairment provision	**(170)**	**-**	**(170)**	445	–	445
Impairment of trade receivables	**39**	**-**	**39**	66	–	66
Cost of research and development	**198**	**-**	**198**	288	–	288
Net foreign exchange losses/(gains)	**116**	**-**	**116**	(282)	–	(282)
Government grants	**(19)**	**-**	**(19)**	–	–	–
	38,573	**207**	**38,780**	30,311	178	30,489

7. Exceptional items

The Directors define reorganisation costs as exceptional. Specifically included under such exceptional costs are profit or loss on the sale of land and buildings, additional costs incurred due to the relocation of acquired inventory, additional labour costs incurred in moving and setting up a warehouse and redundancy. Non-operating exceptional items are impairments of investments in associated undertakings. The analysis of exceptional items is as follows:

	2009 £'000	2008 £'000
Operating exceptional items		
Profit on sale of freehold land and buildings	**-**	92
Cost associated with relocation of inventory	**(132)**	–
Redundancy costs	**(75)**	(197)
Costs associated with implementation of a warehouse	**-**	(73)
	(207)	(178)
Non-operating exceptional items		
Impairment of investment in associated undertaking	**-**	(140)
Total exceptional items	**(207)**	(318)

Notes to the Consolidated Financial Statements
continued

8. Staff numbers and costs

	2009 Number	2008 Number
The average number of persons employed during the year, including Directors:		
Operatives	**270**	272
Salaried employees	**217**	224
	487	496

	£'000	£'000
Staff costs:		
Wages and salaries	**10,784**	9,502
Social security costs	**895**	817
Defined contribution and money purchase pension scheme costs	**684**	714
Non-monetary benefits	**343**	322
	12,706	11,355

The Company had no employees throughout 2009 or 2008.

Details of individual Directors' remuneration, pension contributions and pension entitlements required by the Companies Act 2006 are shown in the Directors' Remuneration Report on pages 15 to 19. Details of Directors' current share options are shown in the Directors' Remuneration Report on page 19.

9. Auditors' remuneration

	2009 £'000	2008 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	**43**	65
Total audit fees	**43**	65
Fees payable to the Group's auditors and their associates for other services to the Group		
Other services — interim review	**6**	9
Tax services	**8**	–
Total non-audit fees	**14**	9
Fees payable to the Group's auditors and their associates in respect of associated pension schemes		
Audit of the Portmeirion Potteries Limited Retirement Benefits Scheme	**4**	4
	4	4

The audit fee for the Company was £1,500 (2008 – £2,000).

Fees payable to Mazars LLP and their associates for non–audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees payable in the current year relate to the current auditors, Mazars LLP. Fees payable in the prior year relate to the previous auditors, Deloitte LLP.

Notes to the Consolidated Financial Statements
continued

10. Investment revenue

	2009 £'000	2008 £'000
Bank deposits	**5**	38
Gains on financial derivatives	**2**	–
Other interest receivable	**-**	15
	7	53

11. Finance costs

	2009 £'000	2008 £'000
Interest paid	**412**	15
Losses on financial derivatives	**-**	2
Defined benefit pension scheme — other finance costs	**269**	159
	681	176

12. Taxation on profit on ordinary activities

	2009 £'000	2008 £'000
United Kingdom corporation tax at 28% (2008 – 28.5%)	**621**	134
Adjustment of corporation tax in respect of prior years	**(14)**	(135)
Overseas taxation	**871**	189
Double tax relief	**(340)**	(86)
Current taxation	**1,138**	102
Deferred taxation origination and reversal of timing differences	**34**	120
Adjustment to deferred taxation in respect of prior years	**-**	106
Adjustment to deferred taxation in respect of changes in legislation	**-**	134
Pension scheme	**93**	53
Deferred taxation	**127**	413
	1,265	515

UK Corporation tax is calculated at 28% (2008 – 28.5%) 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

12. Taxation on profit on ordinary activities continued

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2008 – 28.5%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2009 **£'000**	2008 £'000
Profit on ordinary activities before taxation	**3,718**	1,090
Tax on profit on ordinary activities at standard rate of 28% (2008 – 28.5%)	**1,041**	311
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	**341**	175
Small companies tax relief	**(1)**	(3)
Foreign tax charged at higher rates than UK standard rate	**232**	129
Adjustments to tax charge in respect of prior years	**(14)**	(29)
Difference relating to associates tax charge	**6**	18
Double tax relief	**(340)**	(86)
Total tax on profit on ordinary activities	**1,265**	515

13. Dividends paid

	2009 **£'000**	2008 £'000
Final dividend of 11.15p per share paid in respect of the year ended 31 December 2008 (2008 – final dividend of 11.15p per share paid in respect of the year ended 31 December 2007)	**1,106**	1,104
Interim dividend of 3.55p per share paid in respect of the year ended 31 December 2009 (2008 – interim dividend of 3.55p per share in respect of the year ended 31 December 2008)	**352**	352
Total dividends paid in the year	**1,458**	1,456

The Directors recommend that a final dividend of 12.25p (2008 – 11.15p) per share be paid, making a total for the year of 15.80p (2008 – 14.70p) per share. The final dividend will be paid, subject to shareholders' approval, on 26 May 2010, to shareholders on the register at the close of business on 30 April 2010. This dividend has not been included as a liability in these financial statements.

Notes to the Consolidated Financial Statements
continued

14. Earnings per share

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

	2009 Earnings £	**2009 Weighted number of shares**	**2009 Earnings per share (pence)**	2008 Earnings £	2008 Weighted number of shares	2008 Earnings per share (pence)
Basic earnings per share	**2,453,000**	**9,919,956**	**24.73**	575,000	9,905,002	5.81
Effect of dilutive securities:						
employee share options	**-**	**29,132**	**-**	–	17,214	–
Diluted earnings per share	**2,453,000**	**9,949,088**	**24.66**	575,000	9,922,216	5.80

15. Intangible assets

	Computer software £'000	Intellectual property £'000	Total £'000
Cost			
At 1 January 2008	376	524	900
Additions	63	–	63
At 1 January 2009	439	524	963
Additions	4	2,169	2,173
At 31 December 2009	**443**	**2,693**	**3,136**
Amortisation			
At 1 January 2008	142	127	269
Charge for the year	74	105	179
At 1 January 2009	216	232	448
Charge for the year	44	249	293
At 31 December 2009	**260**	**481**	**741**
Net book value			
At 31 December 2009	**183**	**2,212**	**2,395**
At 31 December 2008	223	292	515

On 23 April 2009 the Group purchased certain intellectual property (excluding any rights relating to Jamie Oliver products or licences) and the trade names of Spode and Royal Worcester from The Porcelain and Fine China Companies Limited (in Administration) at a total cost of £2,169,000. This amount is being amortised evenly over its expected useful life of ten years.

Notes to the Consolidated Financial Statements
continued

16. Property, plant and equipment

	Land and buildings Freehold £'000	Short leasehold £'000	Plant and vehicles £'000	Total £'000
Cost				
At 1 January 2008	4,584	874	13,625	19,083
Additions	–	9	698	707
Disposals	(727)	–	(138)	(865)
Exchange rate adjustments	–	47	172	219
At 1 January 2009	3,857	930	14,357	19,144
Additions	–	97	491	588
Disposals	–	–	(53)	(53)
Exchange rate adjustments	–	(22)	(81)	(103)
At 31 December 2009	**3,857**	**1,005**	**14,714**	**19,576**
Depreciation				
At 1 January 2008	1,512	484	10,734	12,730
Charge for the year	102	28	713	843
On disposals	(220)	–	(102)	(322)
Exchange rate adjustments	–	44	87	131
At 1 January 2009	1,394	556	11,432	13,382
Charge for the year	78	44	544	666
On disposals	–	–	(27)	(27)
Exchange rate adjustments	–	(20)	(36)	(56)
At 31 December 2009	**1,472**	**580**	**11,913**	**13,965**
Net book value				
At 31 December 2009	**2,385**	**425**	**2,801**	**5,611**
At 31 December 2008	2,463	374	2,925	5,762

At 31 December 2009, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2008 – £nil).

Notes to the Consolidated Financial Statements
continued

17. Interests in associates

Associated undertakings	2009 £'000	2008 £'000
Furlong Mills Limited		
2,080 Ordinary shares of £1 each representing 27.58% of the issued share capital		
Share of net assets	**1,196**	1,194
Discount on acquisition	**(13)**	(13)
Impairment of investment in Furlong Mills Limited	**(693)**	(693)
	490	488
Portmeirion Canada Inc.		
100 common shares representing 50% of the issued share capital		
Share of net assets	**837**	809
	1,327	1,297

Aggregated amounts relating to associates

	2009 £'000	2008 £'000
Total assets	**7,426**	7,699
Total liabilities	**(1,217)**	(1,394)
Revenues	**8,880**	9,853
Loss before tax	**(141)**	(208)

A list of the significant investments in subsidiaries and associates, including the name, country of incorporation and proportion of ownership interest is given in note c to the Company's separate financial statements.

Portmeirion Canada Inc. has been accounted for as an associate as it is independently managed from Canada, and hence with 50% share of ownership the Group does not consider itself able to assert significant influence or joint control.

18. Inventories

	2009 £'000	2008 £'000
Raw materials and other consumables	**1,147**	991
Work in progress	**498**	553
Finished goods	**7,139**	8,722
	8,784	10,266

Notes to the Consolidated Financial Statements
continued

19. Trade and other receivables

	2009 £'000	2008 £'000
Amount receivable for the sale of goods	**6,252**	5,680
Allowance for doubtful debts	**(283)**	(244)
Trade receivables	**5,969**	5,436
Amounts owed by associated undertakings	**381**	112
Other receivables	**14**	86
Prepayments and accrued income	**671**	561
	7,035	6,195

Generally no interest is charged on receivables; however, there is provision in the Group's terms and conditions for interest to be charged on late payments. The allowance for doubtful debts has been determined by reference to past default experience and a review of specific customers' debts as at the year end.

Included in the Group's trade receivable balance are debtors with a carrying amount of £1,554,000 (2008 – £1,311,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 55 days (2008 – 41 days).

Ageing of past due but not impaired receivables

	2009 £'000	2008 £'000
30–60 days	**939**	918
60–90 days	**558**	260
90+ days	**57**	133
Total	**1,554**	1,311

Movement in the allowance for doubtful debts

	2009 £'000	2008 £'000
Balance at the beginning of the year	**244**	181
Impairment losses recognised	**39**	66
Amounts written off as uncollectable	**-**	(3)
Balance at the end of the year	**283**	244

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

19. Trade and other receivables continued

Ageing of individually impaired trade receivables

	2009 £'000	2008 £'000
120+ days	**192**	162

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of £52,000 (2008 – £66,000) which have been placed into liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20. Cash and cash equivalents

	2009 £'000	2008 £'000
Cash and cash equivalents	**5,439**	3,938

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

21. Borrowings

	2009 £'000	2008 £'000
Secured borrowing at amortised cost		
Bank loans	**1,047**	–
Amount due for settlement within 12 months	**284**	–
Amount due for settlement after 12 months	**763**	–

The Group has two principal bank loans:

a) A loan of £915,000 (2008 – £nil). The loan was taken out on 23 April 2009. Repayments commenced on 1 May 2009 and will continue until 23 April 2014. The loan is secured on Group property. The loan carries an interest rate at 3% above 3 months LIBOR.

b) A loan of £263,000 (2008 – £nil). The loan was taken out on 23 April 2009. Repayment commenced on 1 May 2009 and will continue until 23 April 2012. The loan is secured on certain non-current assets of the Group. The loan carries an interest rate at 3% above 3 months LIBOR.

The Group also has a revolving credit facility to provide working capital funding secured over certain current and non-current assets of the Group. This facility was made available on 23 April 2009 and is available until 23 April 2012. This facility was not being utilised at 31 December 2009 and the unused portion amounted to £3,475,000.

The Directors consider that the carrying amount of borrowings approximates to their fair value.

Notes to the Consolidated Financial Statements
continued

22. Derivative financial instruments

	2009 £'000	2008 £'000
Financial liabilities carried at fair value through profit or loss		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Foreign currency forward contracts	**-**	2
	-	2

Further details on derivative financial instruments are shown in note 32.

23. Other financial liabilities

Trade and other payables

	2009 £'000	2008 £'000
Trade creditors and accruals	**4,392**	3,635
Amounts owed to associated undertakings	**24**	44
Other taxation and social security	**462**	351
Other creditors	**250**	286
	5,128	4,316

Trade creditors and accruals principally comprise amounts outstanding for trade purchases, ongoing costs and indirect taxes. The average credit period taken for trade purchases is 34 days (2008 – 36 days). For most suppliers no interest is charged on the trade payables from the date of invoice to the end of the following month. Thereafter, interest may be charged on the outstanding balances at various interest rates. The Group's policy is to pay all payables within the credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the Consolidated Financial Statements
continued

24. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting year.

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Share-based payment £'000	Capital gain held over £'000	Other timing differences £'000	Total £'000
As at 1 January 2008	320	(699)	(79)	281	(219)	(396)
Charge to income	142	53	27	106	85	413
Charge/(credit) to equity	–	(536)	52	–	–	(484)
As at 1 January 2009	462	(1,182)	–	387	(134)	(467)
Charge/(credit) to income	64	93	(6)	–	(24)	127
Charge/(credit) to equity	–	71	(20)	–	–	51
As at 31 December 2009	**526**	**(1,018)**	**(26)**	**387**	**(158)**	**(289)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2009 £'000	2008 £'000
Deferred tax liabilities	**913**	849
Deferred tax assets	**(1,202)**	(1,316)
	(289)	(467)

At the balance sheet date, the Group had no unused tax trading or capital losses (2008 – £nil) available for offset against future profits.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

Notes to the Consolidated Financial Statements
continued

25. Share capital

	2009		2008	
	Number '000	**£'000**	Number '000	£'000
Authorised share capital:				
Ordinary shares of 5p each	**15,000**	**750**	15,000	750
Allotted, called up and fully paid share capital:				
Ordinary shares of 5p each	**10,563**	**528**	10,563	528

The market price of the Company's shares at 31 December 2009 was 330.0p per share. During the year the price ranged between 102.5p and 330.0p per share.

The Company has one class of ordinary shares which carry no right to fixed income.

Options granted to Directors and employees to acquire Ordinary shares of 5p in the Company and still outstanding at 31 December 2009 were as follows:

	Number of shares	Exercise price per share (p)	Dates on which exercisable Earliest	Latest
The Portmeirion 2002 Share Option Scheme	230,000	345.0	05.04.2010	03.04.2011
The Portmeirion 2002 Share Option Scheme	104,000	260.0	16.04.2011	14.04.2012
The Portmeirion 2002 Share Option Scheme	199,000	197.5	29.05.2012	27.05.2019

Options held by the Directors are shown in the Directors' Remuneration Report on page 19.

26. Share premium account and reserves

	Share premium account £'000	Treasury shares £'000	Share-based payment reserve £'000	Retained earnings £'000
As at 1 January 2008	4,820	(1,266)	91	16,864
Profit for the financial year	–	–	–	575
Dividends paid	–	–	–	(1,456)
Increase in share-based payment reserve	–	–	55	–
Movement in pension scheme liability net of related deferred tax	–	–	–	(1,377)
Shares issued under employee share schemes	–	64	–	(7)
Deferred tax on share-based payment	–	–	–	(52)
Purchase of equity Interest	–	–	–	(194)
As at 1 January 2009	4,820	(1,202)	146	14,353
Profit for the financial year	–	–	–	2,453
Dividends paid	–	–	–	(1,458)
Increase in share-based payment reserve	–	–	13	–
Movement in pension scheme liability net of related deferred tax	–	–	–	183
Deferred tax on share-based payment	–	–	–	20
As at 31 December 2009	**4,820**	**(1,202)**	**159**	**15,551**

Notes to the Consolidated Financial Statements
continued

26. Share premium account and reserves continued

The cumulative amount of goodwill written off at 31 December 2009 was £515,000 (2008 – £515,000). The retained earnings of £15,551,000 (2008 – £14,353,000) includes the Group's share of associated undertakings' post-acquisition reserves of £2,030,000 (2008 – £2,023,000).

The Group currently holds 643,074 (2008 – 643,074) Ordinary shares of 5p each in treasury.

27. Translation reserve

	Translation reserve £'000
Balance as at 1 January 2008	(457)
Exchange differences on translation of overseas operations	1,860
Balance as at 1 January 2009	1,403
Exchange differences on translation of overseas operations	(773)
Balance as at 31 December 2009	**630**

28. Commitments

Operating lease arrangements

The Group as lessee

	2009 £'000	2008 £'000
Minimum Lease Payments under operating leases recognised as an expense in the year	**1,166**	804

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £'000	2008 £'000
Within one year	**1,268**	883
In the second to fifth years inclusive	**3,836**	2,995
After five years	**2,140**	2,719
	7,244	6,597

Notes to the Consolidated Financial Statements
continued

28. Commitments continued

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease receipts:

	2009 £'000	2008 £'000
Within one year	**117**	117
In the second to fifth years inclusive	**468**	468
After five years	**88**	205
	673	790

Operating lease payments represent rentals payable by the Group for certain of its UK retail outlets, its UK and US warehouses, certain UK motor vehicles and its New York offices and showroom. Leases are negotiated on an individual basis.

29. Contingent liabilities

The Company has given a guarantee of up to $600,000 to the landlord of the premises of Portmeirion USA located in Connecticut, USA. The Company was also party to a cross guarantee relating to the finance facility disclosed in note 21.

30. Related party transactions

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below. Transactions between the Company and its subsidiaries and associates are disclosed in note g of the Company's financial statements on page 66.

The transactions during the year with associated undertakings were:

	Purchases 2009 £'000	Purchases 2008 £'000	**Sales 2009 £'000**	Sales 2008 £'000
Portmeirion Canada Inc.	**-**	–	**1,624**	2,009
Furlong Mills Limited	**471**	534	**-**	–

The outstanding balances at 31 December 2009, with associated undertakings were:

	Debtor 2009 £'000	Debtor 2008 £'000	**Creditor 2009 £'000**	Creditor 2008 £'000
Portmeirion Canada Inc.	**381**	112	**-**	–
Furlong Mills Limited	**-**	–	**24**	44

30. Related party transactions continued

No balances were owed to or from the Company by associated undertakings.

Sales to Portmeirion Canada Inc. are made at prices agreed between Portmeirion Group UK Limited and Portmeirion Canada Inc. on an arms length basis.

Purchases from Furlong Mills Limited are made at prices agreed between Portmeirion Group UK Limited and Furlong Mills Limited. Portmeirion Group UK Limited receives a rebate related to its level of purchases from Furlong Mills Limited.

Several of the Directors made purchases of goods from the Group during the year on the same terms as those available to all employees. Total purchases did not exceed £1,000 for any Director in the year or in the prior year.

No Director of the Company had a financial interest in any material contract, other than those for service, to which the Company was a party during the financial year.

The key management personnel of the Group are considered to be the Directors, the remuneration of whom is set out in the Directors' Remuneration Report on page 18.

31. Pensions

The Group operates a Group stakeholder pension plan in the UK and a discretionary money purchase scheme in the US.

The total cost charged to income of £684,000 (2008 – £714,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

The UK defined benefit scheme was closed to new entrants and for future accrual of benefits as at 5 April 1999.

For the defined benefit scheme, the most recent triennial valuation was at 5 April 2008. The main actuarial assumptions used in the valuation were:

- Price inflation of 3.70% per annum.
- Pre-retirement valuation rate of interest of 6.60% per annum.
- Post-retirement valuation rate of interest of 4.60% per annum.
- Increases to pensions in payment of 5.00% per annum on benefits in excess of the guaranteed minimum pension (GMP) earned prior to 6 April 1997 and 3.50% per annum on pensions earned after 6 April 1997.
- Mortality experience based upon PCA00 tables with improvements based on year of birth and medium cohort improvements, subject to a minimum level of improvement of 1% per annum.

At the date of the last valuation on 5 April 2008 the market value of the scheme assets was £19,253,000 and the scheme had a deficiency of £5,397,000.

The Group has applied IAS 19 *Employee Benefits* in full.

The actuarial valuation of the scheme was updated as at 31 December 2009 and 31 December 2008 by qualified actuaries.

Notes to the Consolidated Financial Statements
continued

31. Pensions continued

The major assumptions used by the actuaries were:

	2009	2008	2007
Rate of increase in pensions in payment:			
Post 06.04.88 GMP	**3.00%**	3.00%	3.00%
Pre 06.04.97 excess over GMP	**5.00%**	5.00%	5.00%
Post 06.04.97 pension	**3.45%**	3.20%	3.30%
Rate of revaluation of pensions in deferment	**3.55%**	3.30%	3.40%
Rate used to discount scheme liabilities	**5.75%**	6.10%	5.90%
Inflation assumption	**3.55%**	3.30%	3.40%

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit scheme is as follows:

	2009		2008	
Scheme assets	**Expected rate of return**	**Fair value £'000**	Expected rate of return	Fair value £'000
Equities	**7.70%**	**12,825**	7.05%	10,429
Bonds	**4.50%**	**6,351**	3.85%	5,719
Insured annuities	**5.75%**	**301**	6.10%	298
Cash	**0.50%**	**158**	2.00%	13
Total fair value of assets		**19,635**		16,459
Present value of defined benefit obligations		**(23,272)**		(20,681)
Deficit in the scheme		**(3,637)**		(4,222)

Analysis of the amount charged to operating profit:

	2009 £'000	2008 £'000
Current service cost	**-**	–
Past service cost	**-**	–
	-	–

Analysis of the amount charged to other finance costs:

	2009 £'000	2008 £'000
Expected return on pension scheme assets	**974**	1,163
Interest on pension scheme liabilities	**(1,243)**	(1,322)
Amount charged to other finance costs	**(269)**	(159)

31. Pensions continued

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income since adoption of IFRS is a loss of £529,000 (2008 – loss of £783,000).

Analysis of the actuarial gain/(loss) recognised in the Consolidated Statement of Comprehensive Income:

	2009 £'000	2008 £'000
Actuarial return less expected return on pension scheme assets	**2,211**	(4,696)
Experience gains and losses arising on the scheme liabilities	**-**	–
Changes in assumptions underlying the present value of the scheme liabilities	**(1,957)**	2,783
Actuarial gain/(loss) recognised in the Consolidated Statement of Comprehensive Income	**254**	(1,913)

The basis used to determine the return on scheme assets is as follows:

Equities — 3.5% premium on the 20 year fixed-interest gilt rate of 4.5% less 0.3% for expenses.
Bonds — 20 year fixed-interest gilt rate as at 31 December 2009 of 4.5%.
Insured annuities — valued at the scheme discount rate of 5.75%
Cash — UK base rate as at 31 December 2009 of 0.5%.

Movements in the present value of defined benefit obligations were as follows:

	2009 £'000	2008 £'000
At 1 January	**20,681**	22,676
Service cost	**-**	–
Interest cost	**1,243**	1,322
Actuarial gains and losses	**1,957**	(2,783)
Benefits paid	**(609)**	(534)
At 31 December	**23,272**	20,681

Movements in the fair value of scheme assets were as follows:

	2009 £'000	2008 £'000
At 1 January	**16,459**	20,178
Expected return on scheme assets	**974**	1,163
Actuarial gains and losses	**2,211**	(4,696)
Contributions by the employer	**600**	348
Benefits paid	**(609)**	(534)
At 31 December	**19,635**	16,459

Notes to the Consolidated Financial Statements
continued

31. Pensions continued

The history of experience adjustments is as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005* £'000
Present value of defined benefits	**(23,272)**	(20,681)	(22,676)	(25,104)	(21,636)
Fair value of scheme assets	**19,635**	16,459	20,178	19,397	17,536
Deficit in the scheme	**(3,637)**	(4,222)	(2,498)	(5,707)	(4,100)
Experience adjustment on scheme liabilities					
Amount	**1,957**	(2,783)	3,092	(2,856)	(2,826)
Percentage of scheme liabilities (%)	**8%**	13%	14%	11%	13%
Experience adjustment on scheme assets					
Amount	**2,211**	(4,696)	(104)	998	1,828
Percentage of scheme assets (%)	**11%**	29%	1%	5%	10%

* Amounts under UK GAAP.

The estimated amount of contributions expected to be paid to the scheme during the current financial year is £800,000 (2009 – £600,000).

Subsequent to the year end, in order to reduce the volatility of the liabilities of the Scheme the Trustees have purchased a bulk annuity policy from Aviva Annuity UK Limited at a cost of £6,990,000. The annuity policy will be held as an asset of the Scheme and will secure the pensions in payment as at 28 January 2010. It does not include any future increases to those pensions.

Following the decision to close the scheme with effect from 5 April 1999 formal notice was given to employees in January 1999. A defined contribution pension scheme commenced on 6 April 1999 for all eligible UK employees. This scheme was closed on 31 October 2002 and was replaced by a group stakeholder pension plan.

As at 31 December 2009, contributions of £30,000 (2008 – £57,000) due in respect of the current reporting period had not been paid over to the UK schemes.

In the United States there was a provision for payments into the money purchase scheme of £82,000 at 31 December 2009 (2008 – £101,000).

32. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Financial risk management objectives

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising capital, reserves and retained earnings as disclosed in notes 25 to 27.

Credit risk

The Group's principal financial assets are cash, short-term deposits and trade receivables. The Group's policy is to place funds on short-term deposit with highly rated institutions. Accounts receivable are monitored closely and provisions are made for bad and doubtful debts where appropriate. The creditworthiness of customers is assessed prior to opening new accounts and on a regular basis for significant customers. The assessment of credit quality is outlined in note 19.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Currency exchange rate risk

The Group has exposure to foreign currency risk arising from its net investments in and cash flows from overseas subsidiaries and associates. Its policy in managing this risk is to maintain appropriate levels of net assets in the overseas companies and utilise foreign currency forward contracts. The most significant risk of exposure to foreign currency arises from the US Dollar sales made by the UK subsidiary to the US subsidiary. The Group's net US Dollar exposure for the coming year is not significant. No forward contracts have been placed for 2010.

The Group enters into derivative transactions only to manage exposure arising from its underlying businesses. No speculative derivative contracts are entered into.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Euro	**92**	161	**602**	709
US Dollar	**1,877**	1,737	**5,210**	3,638
Canadian Dollar	**–**	–	**85**	166
Swedish Krona	**1**	–	**52**	18
Norwegian Krone	**–**	–	**118**	36

Notes to the Consolidated Financial Statements
continued

32. Financial instruments continued

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of Euro, US Dollar, Canadian Dollar, Swedish Krona and Norwegian Krone.

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit and other equity where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Euro impact		US Dollar impact		Canadian Dollar impact		Swedish Krona impact		Norwegian Krone impact	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Profit or loss	**(46)**	(50)	**19**	(61)	**(8)**	(15)	**(5)**	(2)	**(10)**	(3)
Other equity	**-**	–	**(322)**	(111)	**-**	–	**-**	–	**-**	–

Forward foreign exchange contracts

Outstanding contracts

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2009 Rate	2008 Rate	**2009 CAD'000**	2008 CAD'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Held for trading (less than 12 months)								
Sell Canadian Dollars (CAD)	**-**	1.8164	**-**	180	**-**	99	**-**	(2)

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The following table details the Group's liquidity analysis for its derivative financial instruments.

	1 month to 1 year	
Gross settled	**2009 £'000**	2008 £'000
Foreign exchange forward contracts	**-**	99

32. Financial instruments continued

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

At 31 December 2009	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	Over 3 months £'000	Non-financial assets/ (liabilities) £'000	Total £'000
Financial assets	-	4,373	1,977	-	-	6,350
Other assets	-	-	-	-	19,091	19,091
Cash and cash equivalents	0.5%	5,439	-	-	-	5,439
Total assets		9,812	1,977	-	19,091	30,880
Shareholders' funds	-	-	-	-	(20,486)	(20,486)
Borrowings	4%	(24)	(48)	(975)	-	(1,047)
Financial liabilities	-	(3,910)	(1,055)	(163)	-	(5,128)
Other liabilities	-	-	-	(582)	-	(582)
Pension scheme deficit	-	-	-	-	(3,637)	(3,637)
Total liabilities and shareholders' funds		(3,934)	(1,103)	(1,720)	(24,123)	(30,880)
Cumulative gap		5,878	6,752	5,032	-	-

Notes to the Consolidated Financial Statements
continued

32. Financial instruments continued

At 31 December 2008	Weighted average effective interest rate %	Less than 1 month £'000	1–3 months £'000	Over 3 months £'000	Non-financial assets/ (liabilities) £'000	Total £'000
Financial assets	–	3,492	2,056	–	–	5,548
Other assets	–	–	–	–	19,206	19,206
Cash and cash equivalents	1.25%	3,938	–	–	–	3,938
Total assets		7,430	2,056	–	19,206	28,692
Shareholders' funds	–	–	–	–	(20,048)	(20,048)
Financial liabilities	–	(4,086)	(113)	(117)	–	(4,316)
Other liabilities	–	–	–	(106)	–	(106)
Pension scheme deficit	–	–	–	–	(4,222)	(4,222)
Total liabilities and shareholders' funds		(4,086)	(113)	(223)	(24,270)	(28,692)
Cumulative gap		3,344	5,287	5,064	–	–

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The Group expects to meet its obligations in excess of cash held from operating cash flows and proceeds of maturing financial assets.

	Weighted average effective interest rate %	**Less than 1 month £'000**	**1-3 months £'000**	**Over 3 months £'000**	**Non-financial liabilities £'000**	**Total £'000**
Trade and other payables	**-**	**3,910**	**1,055**	**163**	**-**	**5,128**
Tax liabilities	**-**	**-**	**-**	**508**	**-**	**508**
Borrowings	**4%**	**24**	**48**	**975**	**-**	**1,047**
Pension scheme deficit	**-**	**-**	**-**	**-**	**3,637**	**3,637**
Grant received	**-**	**-**	**-**	**74**	**-**	**74**
At 31 December 2009		**3,934**	**1,103**	**1,720**	**3,637**	**10,394**

	Weighted average effective interest rate %	Less than 1 month £'000	1–3 months £'000	Over 3 months £'000	Non-financial liabilities £'000	Total £'000
Trade and other payables	–	4,086	113	117	–	4,316
Pension scheme deficit	–	–	–	–	4,222	4,222
Grant received	–	–	–	104	–	104
At 31 December 2008		4,086	113	221	4,222	8,642

33. Share-based payments

Equity-settled share option scheme

The Group operates share option schemes for senior managers and Directors. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the three trading days prior to the date of the grant. The vesting period is three years. If the options remain unexercised after a period of between four and ten years from the date of grant the options expire.

Details of the share options outstanding during the year are as follows:

	2009 Number of share options	**2009** Weighted average exercise price £	2008 Number of share options	2008 Weighted average exercise price £
Outstanding as at 1 January	**404,199**	**2.923**	740,000	2.416
Granted during the year	**199,000**	**1.975**	104,000	2.600
Lapsed during the year	**(70,199)**	**1.675**	(210,000)	2.342
Surrendered during the year	**-**		(195,657)	1.675
Exercised during the year	**-**		(34,144)	1.675
Outstanding as at 31 December	**533,000**	**2.733**	404,199	2.923
Exercisable as at 31 December	**-**		70,199	1.675

The options outstanding at 31 December 2009 had a weighted average remaining contractual life of 4.5 years (2008 – 2.2 years). In 2009, options were granted on 28 May 2009. The aggregate of the estimated fair value of those options is £54,874. In 2008, options were granted on 15 April. The aggregate of the estimated fair value of those options is £21,207.

The inputs into the Black–Scholes pricing model are as follows:

	2009	2008
Weighted average share price at date of grant	**£1.925**	£2.50
Weighted average exercise price	**£1.975**	£2.60
Expected volatility	**33%**	19%
Expected life	**6.5 years**	3.5 years
Risk-free rate	**3.96%**	4.03%
Expected dividend rate	**7.64%**	5.88%

Expected volatility was determined by calculating the historical volatility over the previous 6.5 years. The expected life used in the model assumes that the options will be exercised on average halfway through the period during which they can be exercised.

The Group recognised total expenses of £13,000 and £55,000 related to equity share-based payment transactions in 2009 and 2008 respectively.

Company Balance Sheet
as at 31 December 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Investments in subsidiary undertakings	c		**1,455**		1,455
Current assets					
Debtors – all of which fall due after more than one year	d	**10,911**		10,911	
Creditors: amounts falling due within one year	e	**(3,424)**		(3,867)	
Net current assets			**7,487**		7,044
Net assets			**8,942**		8,499
Capital and reserves					
Called up share capital	f		**528**		528
Share premium account	f		**4,820**		4,820
Other reserves	f		**197**		197
Treasury shares	f		**(1,202)**		(1,202)
Share-based payment reserve	f		**159**		146
Retained earnings	f		**4,440**		4,010
Shareholders' funds			**8,942**		8,499

These financial statements were approved by the Board of Directors and authorised for issue on 22 March 2010. They were signed on its behalf by:

L.F. Bryan
B.W.J. Phillips } Directors

Company Reconciliation of Movements in Shareholders' Equity

for the year ended 31 December 2009

	2009 £'000	2008 £'000
Opening balance	**8,499**	5,212
Profit for the year	**1,888**	4,825
Dividends paid	**(1,458)**	(1,456)
Shares issued under employee share schemes	**-**	57
Increase in share-based payment reserve	**13**	55
Purchase of equity interest	**-**	(194)
Closing balance	**8,942**	8,499

Equity comprises share capital, share premium, equity reserves, treasury shares and retained earnings.

Notes to the Company Financial Statements

a. Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

b. Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year of £1,888,000 (2008: £4,825,000). The auditors' remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

c. Fixed asset investment

Subsidiary undertakings:

	2009 **£'000**	2008 £'000
30,000 Ordinary shares of £1 each in Portmeirion Group UK Limited representing 100% of the issued share capital at cost	**47**	47
100 Ordinary shares of no par value in Naugatuck Triangle Corporation representing 100% of the issued share capital at cost	**1,408**	1,408
	1,455	1,455

There have been no additions or disposals of subsidiaries in the year nor provisions for impairments.
At 31 December 2009 the Company had the following subsidiary and associated undertakings:

	Country of operation and incorporation	Nature of business
Subsidiary undertakings		
Portmeirion Group UK Limited (formerly Portmeirion Potteries Limited)	England and Wales	Pottery manufacturer, marketing and distribution of pottery and accessories
Portmeirion Finance Limited	England and Wales	Dormant
Portmeirion Enterprises Limited *	England and Wales	Intermediate holding company
Portmeirion Distribution Limited *	England and Wales	Dormant
Portmeirion Services Limited *	England and Wales	Dormant
Naugatuck Triangle Corporation	USA	Intermediate holding company
S. P. Skinner Co., Inc. †	USA	Marketing and distribution of pottery and accessories
Associated undertakings		
Portmeirion Canada Inc.	Canada	Marketing and distribution of pottery and accessories
Furlong Mills Limited	England and Wales	Suppliers and millers of clay

The companies are incorporated in England and Wales and registered in England and Wales except where stated. The share capital of all subsidiary undertakings consists solely of ordinary shares. The Group holds 100% of the share capital of all subsidiaries, 50% of the ordinary share capital of Portmeirion Canada Inc. and 27.58% of the ordinary share capital of Furlong Mills Limited. Furlong Mills Limited supplies Portmeirion Group UK Limited with all of its clay raw materials.

* Wholly owned by Portmeirion Group UK Limited.

† Wholly owned by Naugatuck Triangle Corporation.

Notes to the Company Financial Statements
continued

d. Debtors

	2009 £'000	2008 £'000
Loans owed by subsidiary undertakings falling due after more than one year:		
Portmeirion Group UK Limited	**10,146**	10,146
Portmeirion Enterprises Limited	**705**	705
Portmeirion Distribution Limited	**60**	60
	10,911	10,911

e. Creditors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Amounts owed to subsidiary undertaking, Portmeirion Group UK Limited	**3,323**	3,713
Other taxation and social security	**6**	6
Other creditors	**43**	44
Corporation tax	**52**	104
	3,424	3,867

f. Share capital, share premium account and reserves

Details of share capital are disclosed in note 25 to the consolidated financial statements.

The movements on the share premium account and other reserves are shown below.

	Share premium account £'000	Other reserves £'000	Treasury shares £'000	Share-based payment reserve £'000	Retained earnings £'000
As at 1 January 2008	4,820	197	(1,266)	91	842
Profit for the financial year	–	–	–	–	4,825
Dividends paid	–	–	–	–	(1,456)
Increase in share-based payment reserve	–	–	–	55	–
Shares issued under employee share schemes	–	–	64	–	(7)
Purchase of equity interest	–	–	–	–	(194)
As at 1 January 2009	4,820	197	(1,202)	146	4,010
Profit for the financial year	–	–	–	–	1,888
Dividends paid	–	–	–	–	(1,458)
Increase in share-based payment reserve	–	–	–	13	–
As at 31 December 2009	**4,820**	**197**	**(1,202)**	**159**	**4,440**

g. Related party transactions

During 2009 transactions totalling £390,000 were debited (2008 – £3,365,000 debited) to the intercompany account with the Company's subsidiary, Portmeirion Group UK Limited. These transactions were payments and receipts made on behalf of the Company by Portmeirion Group UK Limited, a tax adjustment, an intergroup dividend and the transfer of the share based payment reserve.

The outstanding balances with subsidiary undertakings at 31 December 2009 and 31 December 2008 are shown in notes d and e above. The loans owed by subsidiary undertakings are not considered to be repayable within one year.

Five Year Summary

CONSOLIDATED INCOME STATEMENT INFORMATION

Years ended 31 December

	2005 £'000	2006 £'000	2007 £'000	2008 £'000	**2009 £'000**
Revenue	27,552	28,422	32,017	31,838	**43,165**
Profit before taxation	1,380	2,687	4,419	1,090	**3,718**
Taxation	(317)	(938)	(1,393)	(515)	**(1,265)**
Profit attributable to equity holders of the parent	1,063	1,749	3,026	575	**2,453**
Earnings per share	10.57p	17.81p	30.77p	5.81p	**24.73p**

CONSOLIDATED BALANCE SHEET INFORMATION

At 31 December

	2005 £'000	2006 £'000	2007 £'000	2008 £'000	**2009 £'000**
Capital employed					
Non-current assets	6,748	9,390	8,767	8,041	**9,622**
Current assets	17,450	18,477	18,919	20,651	**21,258**
Current liabilities	(3,080)	(5,574)	(4,608)	(4,318)	**(5,920)**
Provision for liabilities	(43)	–	–	–	**-**
Non-current liabilities*	(2,870)	(5,707)	(2,498)	(4,326)	**(4,474)**
	18,205	16,586	20,580	20,048	**20,486**
Financed by					
Called up share capital	521	523	528	528	**528**
Share premium account and reserves	17,684	16,063	20,052	19,520	**19,958**
	18,205	16,586	20,580	20,048	**20,486**

The amounts disclosed for 2005 are stated on the basis of UK GAAP.

* The pension deficits disclosed as non-current liabilities for 2005 are shown net of related deferred tax. The deficits included in non-current liabilities for 2006, 2007, 2008 and 2009 are shown gross (i.e. before the deduction of related deferred tax) as required under IFRS.

Company Information

Board of Directors

Richard J. Steele BCOM FCA CTA	Non-executive Chairman
Lawrence F. Bryan BA	Chief Executive
Michael Haynes MCIM	Group Sales & Marketing Director
Brett W.J. Phillips BSc ACA	Group Finance Director
Barbara Thomas Judge BA JD	Non-executive Director
Janis Kong BSc OBE	Non-executive Director

Secretary
Brett W.J. Phillips BSc ACA

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Financial Calendar

Annual General Meeting	May

Interim Report	August

Dividends	
Interim announced	August
Paid	October
Final announced	March
Paid	May

UK factory shops

Bridgend, Colne, Longton, Mansfield, Stoke-on-Trent, Street, Swindon, Trentham, Walsall

Portmeirion Group Patterns

Portmeirion

Birds of Britain (USA Only)
Botanic Blue
Botanic Garden
Botanic Roses
Compleat Angler (USA Only)
Crazy Daisy
Eden
Juicy Lucy
Liquid
Pomona
Sophie Conran for Portmeirion
The Holly and The Ivy
The Snowman
The Very Hungry Caterpillar
White Oak by Sophie Conran for Portmeirion

Portmeirion Originals
A Christmas Story
Secret Garden
Watercolour

Spode

Asymmetry
Baking Days
Blue Italian
Christmas Rose
Christmas Tree
Judaica
Stafford Flowers
Stafford White
Woodland

Royal Worcester

Classic White
Corinth Platinum
Evesham Gold
Howard Blue
Monaco Platinum

Pimpernel

Placemats, Coasters, Trays & Accessories, Mugs, Children's dinnerware & cutlery, Bamboo

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