PORTMEIRION
GROUP PLC

Interim Statement
2003

COMPANY INFORMATION

Board of Directors

Arthur W. Ralley	*Chairman*
Lawrence F. Bryan BA	*Chief Executive*
Euan S. Cooper-Willis MA	*Non-executive Director*
Janis Kong OBE	*Non-executive Director*
Alan M. Miles	*Sales and Marketing Director*
Brett W. J. Phillips BSc ACA	*Finance Director*
Richard J. Steele BCOM FCA CTA	*Senior Non-executive Director*
Barbara S. Thomas BA JD	*Non-executive Director*

Secretary

Brett W. J. Phillips BSc ACA

Registered Office and Number

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Registered Number 124842

Registrars

Northern Registrars Limited
Northern House
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HD8 0LA
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CHAIRMAN'S STATEMENT

Financial Highlights:

	First Half 2003 £000's	First Half 2002 £000's	Decrease %
Turnover	13,211	14,395	(8.2)
Profit before tax	506	1,015	(50.1)
Earnings per share – Basic	3.07p	6.56p	(53.2)
Interim dividend per share	3.30p	3.30p	-

Results

First half sales decreased by 8.2% compared to last year's. Profit before tax decreased by 50.1% and earnings per share decreased by 53.2%

Dividend

The Board has decided to declare an unchanged interim dividend of 3.30p payable on 1 October 2003, to shareholders on the register on 12 September 2003.

Trading Performance

The first half sales were severely affected by the impact of the uncertain political situation in Iraq early in the year, and the outbreak of the SARS virus. These factors resulted in first quarter Group sales being 15% lower than the previous year, mainly due to sales in the USA being particularly badly affected.

However, with the overall economic climate improving as these negative factors diminished, sales in the second quarter improved and were level with the previous year. As a result, first half sales in the UK were in line with the Group performance, at 7% below the previous year. In the USA, which accounts for approximately 30% of turnover, dollar sales in the first half were 24% below the previous year. Our Far Eastern sales performance continues to offset some of the decline in the USA, with sales in the first half increasing by 24% and representing 15% of Group turnover. There was also a welcome turnaround in sales to Europe, with first half sales increasing by 62%.

Despite the overall reduction in production volumes, improvements in manufacturing efficiency continued and overall gross margins were maintained.

The Group is faced with an intensely price competitive environment in the UK and the USA. Average retail prices have moved ever lower, and greater volumes of ceramic products have been sourced in low-cost countries in the Far East. Supermarkets and lower priced national retailers are increasing their market share each year, directly affecting the market segment in which we operate.

Recognising this as a permanent trend, the Group has developed a lower cost range, still incorporating our design and quality standards, under the new brand of PS portmeirion studio. This new range has been successfully launched in the USA, and will be selling into the market this autumn. I believe that the PS portmeirion studio range can be developed for our other important markets. Another important strategic development is the introduction of additional gift merchandise in both ceramic and glassware ranges which, I believe, will benefit sales in the second half of the year.

Investment

Besides achieving continuous cost reductions, the Group's production staff have investigated and planned a fundamental re-organisation of our equipment and working methods. We are now convinced that this is the way to make our ceramic products fully competitive and profitable, even in recession.

At present an urgent problem is to meet the growing calls from our retail customers for ever quicker delivery of orders and for greater flexibility in labelling and packaging.

As a first step in our long-term plan, the Board, after careful research, has approved the construction of a new warehousing and distribution centre. A newly built modern warehouse and distribution centre, using up-to-date, high efficiency, handling equipment, will be cost effective and give all our products a real competitive advantage. The warehousing and distribution centre will cost approximately £6 million, which can be met from existing cash resources.

In the short term, I believe we can only be cautious about prospects for the second half of this year. However, if there is an improvement in the economic climate, particularly in the USA, the Group is well prepared with new product ranges to take advantage, and therefore improve on the Group's first half performance.

Arthur Ralley
Chairman
13 August 2003

INDEPENDENT REVIEW REPORT TO PORTMEIRION GROUP PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2003 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2003.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham 13 August 2003

"A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the interim report since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions."

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	**Six Months to 30.6.03 £000's**	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
Turnover – continuing operations	6	**13,211**	14,395	30,712
Raw materials and operating costs		**(12,885)**	(13,539)	(28,174)
Operating profit – continuing operations		**326**	856	2,538
Share of profit of associated undertakings		**87**	81	230
Interest receivable and similar income		**93**	78	155
Profit on ordinary activities before taxation		**506**	1,015	2,923
Taxation on profit on ordinary activities		**(187)**	(333)	(870)
Profit for the period		**319**	682	2,053
Dividends		**(344)**	(343)	(1,378)
Retained (loss)/profit for the period		**(25)**	339	675
Earnings per share	4	**3.07p**	6.56p	19.75p
Diluted earnings per share	4	**3.06p**	6.55p	19.71p
Dividend per share	5	**3.30p**	3.30p	13.25p

See notes on pages 8 and 9

CONSOLIDATED BALANCE SHEET

	As at 30.6.03		As at 30.6.02		As at 31.12.02	
	£000's	**£000's**	£000's	£000's	£000's	£000's
Fixed assets						
Tangible assets		**7,984**		8,694		8,249
Investments		**1,632**		1,448		1,503
		9,616		10,142		9,752
Current assets						
Stocks	**7,104**		7,410		6,195	
Debtors	**5,265**		5,712		5,715	
Cash at bank and in hand	**6,142**		5,413		7,678	
	18,511		18,535		19,588	
Creditors: amounts falling due within one year	**(3,548)**		(3,980)		(4,732)	
Net current assets		**14,963**		14,555		14,856
Total assets less current liabilities		**24,579**		24,697		24,608
Provisions for liabilities and charges		**(162)**		(240)		(261)
Net assets		**24,417**		24,457		24,347
Capital and reserves						
Called up share capital		**521**		520		520
Share premium account		**4,580**		4,547		4,547
Profit and loss account		**19,316**		19,390		19,280
Equity shareholders' funds		**24,417**		24,457		24,347

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Six Months to 30.6.03 £000's**	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
Cash flow from operating activities	8	**(244)**	1,645	5,053
Returns on investments and servicing of finance	9	**99**	72	175
Taxation		**(176)**	(164)	(827)
Capital expenditure and financial investments	9	**(214)**	(323)	(563)
Equity dividends paid		**(1,035)**	(1,034)	(1,377)
Cash (outflow)/inflow before use of liquid resources and financing		**(1,570)**	196	2,461
Management of liquid resources		**1,155**	(345)	(1,824)
Financing	9	**34**	12	12
(Decrease)/increase in cash in the period		**(381)**	(137)	649

Note to consolidated cash flow statement: Reconciliation of net cash flow to movement in net funds

	Notes	**Six Months to 30.6.03 £000's**	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
(Decrease)/increase in cash in the period		**(381)**	(137)	649
Cash (inflow)/outflow from (decrease)/ increase in liquid resources		**(1,155)**	345	1,824
Net funds at 1st January		**7,678**	5,205	5,205
Net funds at period end	7	**6,142**	5,413	7,678

See notes on pages 8 and 9

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six Months to 30.6.03 £000's	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
Profit for the period	**319**	682	2,053
Currency translation differences	**61**	(162)	(608)
Total recognised gains and losses for the period	**380**	520	1,445

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six Months to 30.6.03 £000's	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
Profit for the period	**319**	682	2,053
Dividends	**(344)**	(343)	(1,378)
Currency translation differences	**61**	(162)	(608)
Shares issued under employee share schemes	**34**	12	12
Net addition to shareholders' funds	**70**	189	79
Opening shareholders' funds	**24,347**	24,268	24,268
Closing shareholders' funds	**24,417**	24,457	24,347

NOTES

1. The consolidated profit and loss account for the six months ended 30 June 2003, the consolidated balance sheet at that date, the consolidated cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the notes to the financial information, have been reviewed by the auditors but not audited. The consolidated profit and loss account for the six months ended 30 June 2002 and the consolidated balance sheet at that date have also been reviewed by the auditors but not audited.

2. The comparative figures for the financial year ended 31 December 2002 are not the Group's statutory accounts for that year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

3. This Interim Statement has been prepared in accordance with the accounting policies set out in the Group's 2002 Report and Accounts.

4. The earnings per share are calculated on earnings of £319,000 (2002 - £682,000) and the weighted average number of Ordinary shares of 10,406,114 (2002 – 10,392,147) in issue during the period. The options in existence during the six months ended 30 June 2003 have a dilutive effect as defined by FRS 14. The diluted earnings per share under FRS 14 are calculated on earnings of £319,000 (2002 - £682,000) and a weighted average number of Ordinary shares in issue adjusted to assume conversion of all dilutive potential Ordinary Shares which is 10,409,295 (2002 – 10,417,861).

5. A dividend of 3.3p (2002 - 3.3p) per Ordinary share will be paid on 1 October 2003 to shareholders on the register on 12 September 2003.

6. Turnover by destination

	Six Months to 30.6.03 £000's	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
United Kingdom	**5,337**	5,759	12,820
North America	**4,255**	5,932	12,108
European Union	**1,402**	865	1,792
Far East	**1,938**	1,560	3,448
Rest of the World	**279**	279	544
	13,211	14,395	30,712

7. Analysis of net funds

	As at 30.6.03 £000's	As at 30.6.02 £000's	As at 31.12.02 £000's
Cash in hand, at bank	**813**	408	1,194
Short term money market deposits	**5,329**	5,005	6,484
Total	**6,142**	5,413	7,678

NOTES (continued)

8. Reconciliation of operating profit to operating cash flows

	Six Months to 30.6.03 £000's	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's
Operating profit	**326**	856	2,538
Depreciation	**487**	573	1,231
Exchange gain/(loss)	**11**	(103)	(478)
(Profit)/loss on sale of tangible fixed assets	**(30)**	8	9
(Increase)/decrease in stocks	**(909)**	181	1,396
Decrease in debtors	**415**	592	461
Decrease in creditors	**(544)**	(462)	(104)
Net cash (outflow)/inflow from operating activities	**(244)**	1,645	5,053

All of the above relate to continuing operations.

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

	Six Months to 30.6.03 £000's	**Six Months to 30.6.03 £000's**	Six Months to 30.6.02 £000's	Six Months to 30.6.02 £000's	Year to 31.12.02 £000's	Year to 31.12.02 £000's
Returns on investments and servicing of finance						
Interest received	**99**		72		175	
Net cash inflow from returns on investments and servicing of finance		**99**		72		175
Capital expenditure and financial investments						
Purchase of tangible fixed assets	**(285)**		(335)		(611)	
Sale of tangible fixed assets	**71**		12		48	
Net cash outflow for capital expenditure and financial investments		**(214)**		(323)		(563)
Financing						
Issue of Ordinary shares under share option schemes	**34**		12		12	
Net cash inflow from financing		**34**		12		12