PORTMEIRION GROUP PLC

Interim Statement 2011

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 leading worldwide brands.

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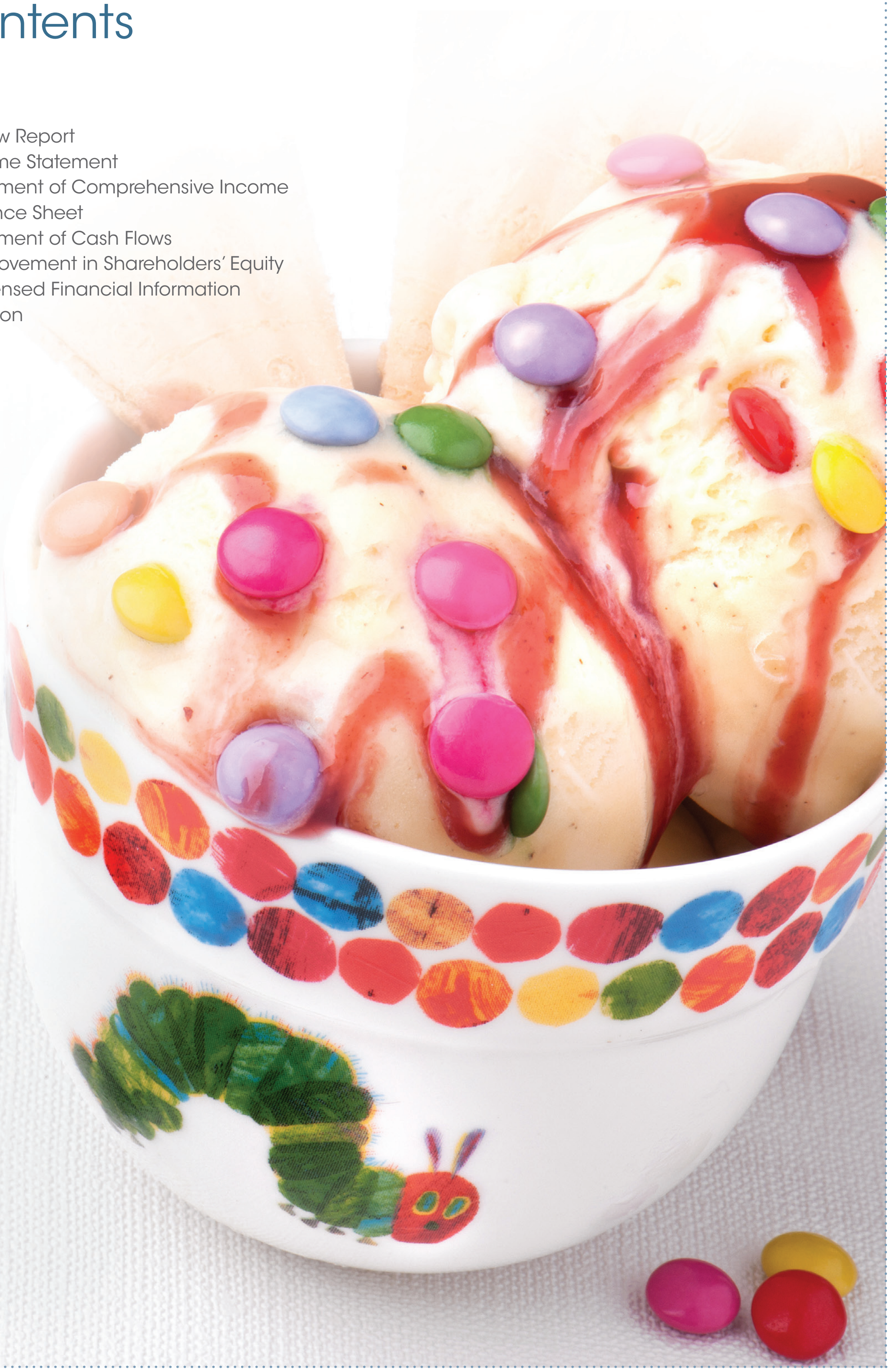

PICTURED: Portmeirion's
The Very Hungry Caterpillar™

Highlights

Financial

- Revenues of £22.3 million up by 6% on the comparative period (2010 – £21.1 million)
- Profit before tax and exceptional items up by 15% to £1.4 million (2010 – £1.2 million)
- Profit before tax up by 37% to £1.4 million (2010 – £1.0 million)
- Earnings per share up by 42% to 9.23p (2010 – 6.49p)
- Interim dividend maintained at 3.90 pence per share (2010 – 3.90 pence per share)

Operational

- Production volumes are up by 22% on the prior period
- Received Queen's Award for Enterprise in the category of International Trade
- Over 500 new products launched in 2011

Interim Review

Richard Steele
Non-executive Chairman

Lawrence Bryan
Chief Executive

The first six months of this financial year have seen a strong performance; we are trading in line with current market expectations for the full year to 31 December 2011. We have made great progress in aligning the business for future growth. We trade throughout the world and global conditions have been challenging. Nevertheless our business is now stronger than ever and our financial results show a continuing improvement on the record results of last year.

On 21 April 2011, we were honoured to receive the Queen's Award for Enterprise in the category of International Trade, which recognises the Group's substantial growth in overseas earnings and outstanding achievement in international trade over the last three years. Then on 28 April we were further honoured when the Prime Minister, The Right Honourable David Cameron MP, visited our Stoke-on-Trent factory.

It is important to understand the seasonality of our business. In recent years our revenue has been weighted in favour of the second half year which includes Christmas trade (of particular importance in the North American markets), and this revenue bias has a disproportionate effect on profitability because of the operational gearing of our fixed cost base.

Revenues

Our revenues for the first half year are £22.3 million (2010 – £21.1 million), 6% higher than last year. Given global conditions, this is a creditable result. It should be noted that the need for us to differentiate sales volume by brand is becoming less important as our sales grow overall. However, the Spode and Royal Worcester brands have been significant in helping us achieve our revenue growth.

Our largest market remains the United States with 31% of our revenues in this period (2010 – 34%). In local currency (we sell in US dollars in the USA through our wholly owned subsidiary) our US sales grew by 3%, when translated into sterling our US sales fell by 3% because of the strengthening of sterling against the dollar.

Our South Korean market has continued to grow apace and for the first time has exceeded the UK market in importance to us, as it accounted for 27% of our revenues in the first half (2010 – 23%) whereas the UK market represented 26% of our first half revenues (2010 – 27%). However, we expect UK sales to be back ahead of South Korea for the full year. Our particular strength in the South Korean market is testimony to the benefits of our customer specific design approach.

The UK market has seen slower growth. Our product range is high quality, branded and premium priced so we are fairly well placed to withstand the more serious effects of the economic downturn, but we are not entirely immune because a premium product is aspirational. UK sales grew by 4% during the period.

We have seen encouraging revenue growth from our markets in Italy and from the Far East in addition to Korea. We sell into more than sixty countries; one of the strengths of the Group is our worldwide reach.

Profits

Profit before tax has increased by 37% to £1,376,000 (2010 – £1,002,000); profit before tax and exceptional items is £1,376,000, being £175,000 or 15% above the comparable period last year; earnings before exceptional items, interest, tax, depreciation and amortisation were 4% above the first half of 2010 at £1,921,000 (2010 – £1,851,000). A 6% increase in revenues has led to a larger increase in pre exceptional profit measures because of the operational gearing of our business. We continue to gain from economies of scale in warehousing and distribution, and this year we are also gaining from an intensive analysis of manufacturing process efficiencies; set against this the ongoing increase in energy costs has caused some erosion of margin gains.

Interim Review
continued

Dividend

The Board is recommending an unchanged dividend of 3.90 pence per share.

The interim dividend will be paid on 3 October 2011. The ex-dividend date will be 7 September 2011, with a record date of 9 September 2011.

The Board believes in a progressive dividend policy and whenever possible we will seek to increase annual dividends payable subject to the long term needs of the business. This year, by leaving the interim dividend unchanged, we are taking the opportunity to realign our dividend payments to reflect the seasonal basis of our profits and cash flows. The proper time to consider dividend increases is after the full year results are known and when the business has generated the cash from those results.

Balance Sheet

Our net cash balance at 30 June 2011 was £2.9 million. This compares to £3.0 million at 30 June 2010 and to £6.2 million at 31 December 2010 (31 December is close to our annual highpoint). We are now moving into a period of heavy working capital usage as we build stocks and then debtors for the important autumn and winter sales. We have ample committed bank facilities with Lloyds TSB Bank.

Stocks are up at £12.2 million (30 June 2010 – £9.4 million, 31 December 2010 – £9.7 million) but are appropriately balanced for the forthcoming heavy demand period.

We still carry a pension scheme deficit of £3.6 million. Longstanding shareholders will be aware that the defined benefit pension scheme has been closed for more than a decade yet we continue to bear an annual cash cost of approximately £1 million, which is of no trading benefit to the current business.

Product Development

The full range of the Group's products can be viewed on www.portmeirion.com, www.spode.com and www.royalworcester.com. Customer attentive design led product development remains central to our success in the future. Clearly, it is important to maintain an appropriate balance of new products and retiring products so as to optimise stock levels and our internal procedures are designed with this commerciality in mind. We continue to invest some 2% of sales in design and product development; this is investment for the future. So far in 2011 we have introduced more than 500 new lines including six completely new Spode bone china patterns which sit comfortably astride both casual and fine dining.

Production

We have taken advantage of our quieter first half year to commence the introduction of some significant improvements into our production facilities in order to increase output whilst continuing to advance our quality standards. In April 2009, immediately prior to the acquisition of the Spode and Royal Worcester brands, our weekly factory volumes were running at 85,000 units per week. In June 2011, as a consequence of improvement and recruitment, we had our best ever production week hitting 141,500 units. On a cumulative basis for 2011 our production volumes are 22% ahead of 2010. At these levels of production our best yields are a little below par, but this can be pulled back.

Producing our own product and sourcing product from elsewhere are complementary tactics which are integral to our strategy.

People

We continue to recruit; we have created 17 new jobs in 2011, mainly in our Stoke-on-Trent factory. We now employ 576 people of whom 36 are based in the USA. The UK company was awarded the Staffordshire Workplace Health Award at Gold Level in May 2011 in recognition of our commitment to our employees' health, wellbeing and welfare.

Outlook

We are now well into our very important second half year. Production, sourcing and logistics are functioning well. The order book is looking strong and we are well positioned to deliver another good performance.

Lawrence Bryan

Richard Steele
Non-executive Chairman
3 August 2011

Lawrence Bryan
Chief Executive
3 August 2011

Independent Review Report
to the Members of Portmeirion Group PLC

Introduction

We have been engaged by Portmeirion Group PLC to review the condensed financial information for the six months ended 30 June 2011, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the reconciliation of movement in shareholders' equity and related notes 1 to 8. We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the condensed financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 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.

Respective responsibilities of directors and auditors

The interim statement, including the condensed financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim statement in accordance with the AIM Rules issued by the London Stock Exchange, which requires that the interim statement must be prepared and presented in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial information in the interim statement based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information in the interim statement for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the AIM Rules issued by the London Stock Exchange.

Mazars LLP
Chartered Accountants
45 Church Street
Birmingham
B3 2RT
3 August 2011

Notes: (a) The maintenance and integrity of the Portmeirion Group PLC website is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim statement since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Consolidated Income Statement

Unaudited

	Notes	**Six months to 30 June 2011 £'000**	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Revenue	2	**22,344**	21,133	51,243
Operating costs		**(20,981)**	(19,838)	(45,728)
Operating profit before exceptional items		**1,363**	1,295	5,515
Operating exceptional items	3	**-**	(199)	(199)
Operating profit after operating exceptional items		**1,363**	1,096	5,316
Investment revenue		**12**	6	8
Finance costs	4	**(70)**	(140)	(182)
Share of results of associated undertakings		**71**	40	107
Profit before tax		**1,376**	1,002	5,249
Tax	5	**(443)**	(357)	(1,774)
Profit for the period attributable to equity holders		**933**	645	3,475
Earnings per share	7	**9.23p**	6.49p	34.91p
Diluted earnings per share	7	**9.04p**	6.41p	34.39p
Dividends proposed and paid per share	6	**3.90p**	3.90p	17.40p

All the above figures relate to continuing operations.

Consolidated Statement of Comprehensive Income

Unaudited

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Profit for the period	**933**	645	3,475
Exchange differences on translation of foreign operations	**(240)**	641	253
Actuarial loss on defined benefit pension scheme	**-**	–	(1,606)
Deferred tax on other comprehensive income	**-**	–	542
Other comprehensive income for the period	**(240)**	641	(811)
Total comprehensive income for the period attributable to equity holders	**693**	1,286	2,664

Consolidated Balance Sheet

Unaudited

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Non-current assets			
Intangible assets	**1,910**	2,216	2,038
Property, plant and equipment	**6,068**	5,968	6,159
Interests in associates	**1,550**	1,397	1,472
Deferred tax asset	**536**	138	710
Total non-current assets	**10,064**	9,719	10,379
Current assets			
Inventories	**12,205**	9,443	9,655
Trade and other receivables	**6,369**	5,964	7,702
Cash and cash equivalents	**2,859**	3,010	6,249
Current income tax asset	**312**	527	–
Total current assets	**21,745**	18,944	23,606
Total assets	**31,809**	28,663	33,985
Current liabilities			
Trade and other payables	**(5,889)**	(4,091)	(7,204)
Current income tax liabilities	**–**	(686)	(300)
Total current liabilities	**(5,889)**	(4,777)	(7,504)
Non-current liabilities			
Pension scheme deficit	**(3,641)**	(3,096)	(4,302)
Grant received	**(56)**	(81)	(57)
Total non-current liabilities	**(3,697)**	(3,177)	(4,359)
Total liabilities	**(9,586)**	(7,954)	(11,863)
Net assets	**22,223**	20,709	22,122
Equity			
Called up share capital	**536**	528	528
Share premium account	**5,542**	4,872	4,951
Treasury shares	**(931)**	(1,141)	(1,047)
Share-based payment reserve	**341**	202	267
Translation reserve	**800**	1,271	1,040
Retained earnings	**15,935**	14,977	16,383
Total equity	**22,223**	20,709	22,122

Consolidated Statement of Cash Flows

Unaudited

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Operating profit after operating exceptional items	**1,363**	1,096	5,316
Adjustments for:			
Depreciation of property, plant and equipment	**376**	377	772
Amortisation of intangible assets	**182**	179	357
Contributions to defined benefit pension scheme	**(654)**	(551)	(951)
Charge for share-based payments	**74**	43	108
Exchange (loss)/gain	**(144)**	129	(19)
(Profit)/loss on sale of tangible fixed assets	**-**	(7)	77
Operating cash flows before movements in working capital	**1,197**	1,266	5,660
Increase in inventories	**(2,607)**	(454)	(795)
Decrease/(increase) in receivables	**1,266**	1,261	(570)
(Decrease)/increase in payables	**(1,310)**	(1,108)	2,032
Cash (absorbed by)/generated from operations	**(1,454)**	965	6,327
Interest paid	**(33)**	(130)	(160)
Income taxes paid	**(864)**	(551)	(1,676)
Net cash (outflow)/inflow from operating activities	**(2,351)**	284	4,491
Investing activities			
Interest received	**5**	6	8
Proceeds on disposal of property, plant and equipment	**-**	44	86
Purchase of property, plant and equipment	**(310)**	(725)	(1,474)
Purchase of intangible assets	**(54)**	–	–
Net cash outflow from investing activities	**(359)**	(675)	(1,380)
Financing activities			
Equity dividends paid	**(1,381)**	(1,219)	(1,607)
Repayments of bank loans	**-**	(1,047)	(1,047)
Shares issued under employee share schemes	**715**	113	286
Net cash outflow from financing activities	**(666)**	(2,153)	(2,368)
Net (decrease)/increase in cash and cash equivalents	**(3,376)**	(2,544)	743
Cash and cash equivalents at beginning of period	**6,249**	5,439	5,439
Effect of foreign exchange rate changes	**(14)**	115	67
Cash and cash equivalents at end of period	**2,859**	3,010	6,249

Reconciliation of Movement in Shareholders' Equity

Unaudited

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Opening balance	**22,122**	20,486	20,486
Total comprehensive income for the period	**693**	1,286	2,664
Dividends paid	**(1,381)**	(1,219)	(1,607)
Shares issued under employee share schemes	**715**	113	286
Increase in share-based payment reserve	**74**	43	108
Deferred tax on share-based payment	**–**	–	185
Closing balance	**22,223**	20,709	22,122

Notes to the Condensed Financial Information

1. Basis of preparation

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 but has been reviewed by the auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. The Group's statutory accounts for the year ended 31 December 2010, prepared in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)), have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared in accordance with IFRS on the historic basis, except that derivative financial instruments are stated at their fair value. The same accounting policies, presentation and methods of computation are followed in the interim financial information as were applied in the Group's latest annual audited financial statements.

2. Geographical segments

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

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
United Kingdom	**5,836**	5,612	12,615
United States	**6,893**	7,134	21,210
South Korea	**6,062**	4,845	9,816
Rest of the World	**3,553**	3,542	7,602
	22,344	21,133	51,243

3. Exceptional items

The Directors define reorganisation costs as exceptional. In the prior period, exceptional items represented costs incurred in the early redemption of a bank facility agreement. The analysis of exceptional items is as follows:

Operating exceptional items	**Six months to 30 June 2011 £'000**	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Facility redemption costs	**-**	199	199

Notes to the Condensed Financial Information
continued

4. Finance costs

	Six months to 30 June 2011 £'000	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Interest paid	**15**	130	172
Losses on financial derivatives	**55**	–	–
Defined benefit pension scheme – other finance costs	**-**	10	10
	70	140	182

5. Taxation
Tax for the interim period is charged at 32.2% (year to 31 December 2010 – 33.8%) representing the best estimate of the weighted average annual corporation tax rate expected for the full year. Deferred tax has been calculated at a rate of 26%.

6. Dividend
A dividend of 3.90p (2010 – 3.90p) per ordinary share will be paid on 3 October 2011 to shareholders on the register on 9 September 2011.

7. Earnings per share
The earnings per share is calculated on profit after tax of £933,000 (June 2010 – £645,000; December 2010 – £3,475,000) and the weighted average number of ordinary shares of 10,109,498 (June 2010 – 9,933,065; December 2010 – 9,955,349) in issue during the period. The share options in existence during the six months ended 30 June 2011 have a dilutive effect. Diluted earnings per share is calculated on earnings of £933,000 (June 2010 – £645,000; December 2010 – £3,475,000) and the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares which is 10,325,077 (June 2010 – 10,062,337; December 2010 – 10,105,195).

8. Reconciliation of earnings

Reconciliation of earnings before exceptional items, interest, tax, depreciation and amortisation	**Six months to 30 June 2011 £'000**	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Operating profit before exceptional items	**1,363**	1,295	5,515
Add back:			
Depreciation	**376**	377	772
Amortisation	**182**	179	357
Earnings before exceptional items, interest, tax, depreciation and amortisation	**1,921**	1,851	6,644

Profit before tax reconciliation	**Six months to 30 June 2011 £'000**	Six months to 30 June 2010 £'000	Year to 31 December 2010 £'000
Pre-tax profit before exceptional items	**1,376**	1,201	5,448
Operating exceptional items (note 3)	**-**	(199)	(199)
Pre-tax profit after exceptional items	**1,376**	1,002	5,249

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
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PICTURED ON INSIDE BACK COVER: Portmeirion's Botanic Garden

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THE QUEEN'S AWARDS
FOR ENTERPRISE:
INTERNATIONAL TRADE
2011