

Company Registration No. 124842

PORTMEIRION GROUP PLC

Interim Financial Statements

For the 6 months ended 30 June 2008

THURSDAY



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PORTMEIRION GROUP PLC

REPORT AND FINANCIAL STATEMENTS

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 financial statements comply with the Companies Act 1985. 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.

By order of the Board



B W J Phillips

Director

15 August 2008

PORTMEIRION GROUP PLC

PROFIT AND LOSS ACCOUNT

6 months ended 30 June 2008

	Note	6 months ended 30 June 2008 £'000	Year ended 31 December 2007 £'000
Dividend received from subsidiary		5,000	-
Administrative expenses		-	(52)
Operating profit/(loss)	2	5,000	(52)
Tax on profit/(loss) on ordinary activities		-	(11)
Profit/(loss) for the financial period		5,000	(63)

All activities derive from continuing operations

The company has no recognised gains or losses other than the profit or loss for the periods shown above and therefore no separate statement of total recognised gains and losses is given

The notes on pages 6 to 9 form part of these financial statements

PORTMEIRION GROUP PLC

BALANCE SHEET

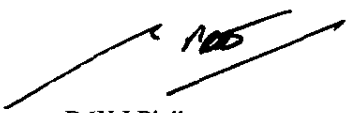
As at 30 June 2008

	Note	As at 30 June 2008 £'000	As at 31 December 2007 £'000
FIXED ASSETS			
Investment in subsidiary undertakings	3	1,455	1,455
CURRENT ASSETS			
Debtors due after more than one year	4	10,911	10,911
CURRENT LIABILITIES			
Creditors amounts falling due within one year	5	(3,394)	(7,154)
NET CURRENT ASSETS		7,517	3,757
NET ASSETS		8,972	5,212
CAPITAL AND RESERVES			
Called up share capital	6	528	528
Share premium account	7	4,820	4,820
Other reserves	7	197	197
Treasury shares	7	(1,232)	(1,266)
Retained earnings	7	4,659	933
SHAREHOLDERS' FUNDS		8,972	5,212

The notes on pages 6 to 9 form part of these financial statements

These financial statements were approved by the Board of Directors on 15 August 2008

Signed on behalf of the Board of Directors


B W J Phillips

Director

PORTMEIRION GROUP PLC

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY For the 6 months ended 30 June 2008

	6 months ended 30 June 2008 £'000	Year ended 31 December 2007 £'000
Opening balance	5,212	6,452
Profit/ (loss) for the period	5,000	(63)
Dividends paid	(1,104)	(1,398)
Shares issued under employee share schemes	30	168
Increase in share based payment reserve	28	53
Purchase of equity interest	(194)	-
SHAREHOLDERS' FUNDS	8,972	5,212

The notes on pages 6 to 9 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

6 months ended 30 June 2008

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the 6 months and the preceding year.

These interim results are unaudited, but have been approved by the Board of Directors on 15 August 2008. The Interim financial statements do not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. They have been properly prepared in accordance with Section 226 of the Companies Act 1985 for the purposes of Section 838 of the Companies Act 2006.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Cash flow statement

The company has taken advantage of the exemption under FRS1 (revised) not to prepare a cash flow statement.

Investments

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

2. OPERATING PROFIT

Auditors' remuneration for annual audit services, amounting to £1,000 for the period (2007 - £2,000 for the full year), has been borne by a fellow group company. There are no non-audit fees.

PORTMEIRION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS 6 months ended 30 June 2008

3. FIXED ASSET INVESTMENT

Subsidiary undertakings

	30 June 2008 £'000	31 December 2007 £'000
30,000 Ordinary shares of £1 each in Portmeirion Potteries 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
	<u>1,455</u>	<u>1,455</u>

There have been no additions or disposals of subsidiaries in the period nor provisions for impairments

At 30 June 2008 the Company had the following subsidiary and associated undertakings

	Country of operation and incorporation	Nature of business
<i>Subsidiary undertakings</i>		
Portmeirion Potteries Limited	UK	Pottery manufacturer
Portmeirion Finance Limited	UK	Dormant
Portmeirion Enterprises Limited *	UK	Intermediate holding company
Portmeirion Distribution Limited *	UK	Dormant
Portmeirion Services Limited *	UK	Dormant
Naugatuck Triangle Corporation	USA	Intermediate holding company
S P Skinner Co , Inc **	USA	Marketing and distribution of pottery and accessories
<i>Associated undertakings</i>		
Portmeirion Canada Inc	Canada	Marketing and distribution of pottery and accessories
Furlong Mills Limited	UK	Suppliers and millers of clay

The companies are incorporated in the UK 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 Potteries Limited with all of its clay raw materials.

* Wholly owned by Portmeirion Potteries Limited

** Wholly owned by Naugatuck Triangle Corporation

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NOTES TO THE FINANCIAL STATEMENTS

6 months ended 30 June 2008

4. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	30 June 2008 £'000	31 December 2007 £'000
Loans owed by subsidiary undertakings falling due after more than one year		
Portmeirion Potteries Limited	10,146	10,146
Portmeirion Enterprises Limited	705	705
Portmeirion Distribution Limited	60	60
	<u>10,911</u>	<u>10,911</u>

5. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	30 June 2008 £'000	31 December 2007 £'000
Amounts owed to subsidiary undertaking, Portmeirion Potteries Limited	3,318	7,078
Other taxation and social security	32	32
Other creditors	44	44
	<u>3,394</u>	<u>7,154</u>

6. CALLED UP SHARE CAPITAL

	30 June 2008 Number '000	30 June 2008 £'000	31 December 2007 Number '000	31 December 2007 £'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

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NOTES TO THE FINANCIAL STATEMENTS

6 months ended 30 June 2008

7. SHARE CAPITAL AND OTHER RESERVES

	Share premium account £'000	Other reserves £'000	Treasury shares £'000	Retained earnings £'000
At 1 January 2007	4,657	197	(1,266)	2,341
Loss for the financial year	-	-	-	(63)
Dividends paid	-	-	-	(1,398)
Increase in share based payment reserve	-	-	-	53
Premium on shares issued under options scheme	163	-	-	-
As at 31 December 2007	4,820	197	(1,266)	933
Profit for the financial period	-	-	-	5,000
Dividends paid	-	-	-	(1,104)
Increase in share based payment reserve	-	-	-	28
Purchase of equity interest	-	-	-	(194)
Shares issued under employee share schemes	-	-	34	(4)
As at 30 June 2008	4,820	197	(1,232)	4,659

On 1 October 2007 and 23 May 2008, the company paid dividends to shareholders of £351,000 and £1,104,000 respectively without sufficient distributable reserves being available in the company, despite the fact that there were sufficient distributable reserves across the Group which the company could call upon to make those payments. In order to satisfy the Companies Act requirements, dividends have been passed up from a subsidiary to ensure sufficient distributable reserves are in place as at 30 June 2008.

At a General Meeting to be held on 16 September 2008, shareholders will be asked to approve a resolution to rectify and ratify the two dividends and to authorise the company to waive any rights it may have against shareholders who received the dividends or directors who authorised their payment.

8. RELATED PARTY TRANSACTIONS

During the period transactions totalling £3,760,000 were debited to the intercompany account (year to 2007 - £1,187,000 credited) with the company's subsidiary, Portmeirion Potteries Limited. These transactions were payments and receipts on behalf of the company by Portmeirion Potteries Limited, the payment of a dividend from Portmeirion Potteries Limited to the company, and the transfer of the share based payments reserve.

The outstanding balances with subsidiary undertakings at 30 June 2008 and 31 December 2007 are shown in notes 4 and 5.