

## Chief Executive's report

Group operating profits from continuing businesses of £2.7 million result from a reduced contribution across all subsidiary companies. It became clear early in the year that market conditions would not improve and that certain factors, such as the higher quantity of imported pine beds, would continue to affect our performance. As a result, we took the decision to dispose of Duckers, to seek new markets for our products and revitalise our management team. At the same time, we have continued to invest where we see clear benefit or opportunity and I am confident that the changes made will have a beneficial effect on sales and margins.

We have appointed a new managing director and strengthened the sales management at Airsprung Beds. New equipment has been installed to increase efficiency and lessen the effects of local labour shortages and we have also instituted an overhead reduction programme. At the NEC Furniture Show in January 2001 we launched a new range of products which has been well received by our customers. At Airsprung Scotland we now have a new managing director with wide experience of the bed manufacturing industry.

Sprung Slumber produced resilient results. We have refocused the product range at Enchanted House towards the higher priced segment and sought new, overseas markets, having already enjoyed a satisfactory level of exports for Gainsborough.

Cavendish has clearly benefited from the move to new premises. We have expanded the customer base and made further improvements to the product range. New management has been installed at Bymacks and new products have enjoyed initial success.

I am confident that we have taken the right actions across the Group. We will continue our attrition on the cost base, and invest where necessary to improve production efficiency and quality of product.



Peter Ziemniak  
Chief Executive



Gainsborough – Virtuoso



Airsprung Beds – Royal Emperor