

Company Registration Number 2667809

WIGGLE LIMITED

Report and Financial Statements

31 January 2007

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WIGGLE LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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WIGGLE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Dall
H Jones
P Bolwell
A Panteli

SECRETARY

H Jones

REGISTERED OFFICE

3 Optima
Northharbour Spur
Portsmouth
PO6 3TU

BANKERS

HSBC Bank plc

SOLICITORS

Blake Laphorn Linnell
Southampton

AUDITORS

KPMG LLP
Southampton

WIGGLE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2007

PRINCIPAL ACTIVITIES

The principal activity of the company is the retail of cycle and other sporting goods

RESULTS AND DIVIDENDS

The results for the year are shown on page 6. The directors recommended the payment of a dividend for the year ended 31 January 2007 of £48,000 (2006: £106,000)

BUSINESS REVIEW

On 14 July 2006 the entire share capital of the company was acquired by Ensco 503 Limited. As a result the management team has been strengthened and the company has sufficient funding to realise its growth plans.

The results for the year were good, exceeding expectations with year on year growth of 48% from £11.8m to £17.5m. This growth has been achieved as a result of the company maintaining its position as the leading internet retailer of cycle accessories in the UK.

The company has also increased its gross margin in the year from £3.8m to £5.5m. This increase is consistent with the company's sales growth.

Despite the increased competition and the price transparency that the internet brings we expect sales and margin to continue to grow due to our comprehensive product offering, our excellent customer service and our continued focus on remaining price competitive.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including foreign exchange risk, credit risk, cashflow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

Interest bearing assets and liabilities are either held at a fixed rate or hedged to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

WIGGLE LIMITED

DIRECTORS' REPORT (continued)

CHARITABLE CONTRIBUTIONS

The company made charitable contributions of £1,200 during the year (2006 £2,940) The company made no political contributions during the year

DIRECTORS

The directors who held office during the year were as follows

M Dall
H S Jones
P Bolwell
A Panteli (appointed 25 August 2006)

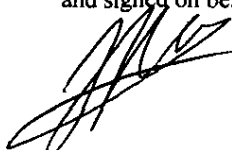
DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Lowndes & Co resigned as auditors in the year and KPMG LLP were appointed A resolution to reappoint KPMG LLP as auditors will be proposed at the Annual General Meeting

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



H Jones
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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, 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIGGLE LIMITED

We have audited the financial statements of Wiggle Limited for the year ended 31 January 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants and Registered Auditors

Dukes Keep

Marsh Lane

Southampton

SO14 3EX

11th June 2007.

WIGGLE LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 January 2007

	Note	2007 £'000	2006 £'000
TURNOVER	1	17,536	11,821
Cost of sales		(12,021)	(8,000)
GROSS PROFIT		5,515	3,821
Administrative expenses		(3,562)	(3,099)
Other operating income		-	1
OPERATING PROFIT	3	1,953	723
Loss on disposal of tangible fixed assets		-	(105)
Interest receivable and similar income	4	24	17
Interest payable and similar charges	5	-	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,977	632
Tax on profit on ordinary activities	6	(1,006)	(170)
RETAINED PROFIT FOR THE YEAR		971	462

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

Results in both years are derived wholly from continuing operations.

A statement of movements in reserves is set out in note 14.

WIGGLE LIMITED

BALANCE SHEET

At 31 January 2007

	Note	2007		2006	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	7		75		81
Tangible assets	8		388		357
			<u>463</u>		<u>438</u>
CURRENT ASSETS					
Stocks	9	2,070		1,062	
Debtors	10	238		124	
Cash at bank and in hand		1,370		587	
		<u>3,678</u>		<u>1,773</u>	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(2,281)		(1,443)	
NET CURRENT ASSETS			<u>1,397</u>		<u>330</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,860		768
PROVISIONS FOR LIABILITIES AND CHARGES	12		(42)		-
NET ASSETS			<u>1,818</u>		<u>768</u>
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Capital contribution	14		127		-
Profit and loss account	14		1,690		767
TOTAL SHAREHOLDERS' FUNDS	14		<u>1,818</u>		<u>768</u>

These financial statements were approved by the Board of Directors on 31 May 2007

Signed on behalf of the Board of Directors



A Panteli
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

1 ACCOUNTING POLICIES

The significant accounting policies, which have been consistently applied throughout the current and preceding financial year, used in the preparation of these financial statements are

Basis of accounting

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

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Turnover

Turnover represents the value of sales made in the year excluding VAT and is recognised on despatch of goods. Turnover is derived from the company's principal activity which is wholly undertaken in the United Kingdom

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised by equal annual instalments over its estimated useful life of up to 20 years

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows

Lease costs	over term of lease
Plant and machinery	20% of written down value
Fixtures, fittings and equipment	10% of written down value
Motor vehicles	25% of written down value
Computer equipment	33% of cost

Stocks

Stocks are valued at the lower of cost and net realisable value

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

1. ACCOUNTING POLICIES (continued)

Leases

Assets held under finance leases are capitalised as tangible fixed assets, and are depreciated over the shorter of the lease term and their useful lives. The capital elements or future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transaction. All exchange differences are taken to the Profit and Loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments, as defined in FRS25, Financial Instruments: Disclosure and Presentation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company, Ensco 503 Limited. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £'000	2006 £'000
Directors' emoluments	621	963
Share based payments	177	-
Company pension contributions to personal pension schemes	-	24
	<u>798</u>	<u>987</u>
	£'000	£'000
Highest paid director	213	238
Pension contributions	-	-
	<u>No</u>	<u>No.</u>
Number of directors for whom pension benefits are accruing	-	2

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2007	2006
	£'000	£'000
Employee costs (including directors) during the year.		
Wages and salaries	1,672	1,736
Social security costs	162	201
Share based payments	177	-
Other pension costs	-	24
	<u>2,011</u>	<u>1,961</u>
Average monthly number of persons employed.	No.	No
Warehouse	33	25
Administration	15	11
	<u>48</u>	<u>36</u>

3 OPERATING PROFIT

	2007	2006
	£'000	£'000
Operating profit is after charging		
Depreciation of tangible fixed assets	59	40
Amortisation of intangible fixed assets	6	5
Rentals under operating leases - land and buildings	226	281
Rentals under operating leases – other	100	12
Auditors' remuneration		
- audit services	16	1
- other	4	19
	<u></u>	<u></u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£'000	£'000
Bank interest receivable	<u>24</u>	<u>17</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£'000	£'000
Bank interest payable	<u>-</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The standard rate of current tax for the year differs from the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
UK corporation tax		
Current tax on income for the year	514	170
Group relief	500	-
Adjustments in respect of prior periods	-	-
	<u>1,014</u>	<u>170</u>
Deferred tax		
— accelerated capital allowances	42	-
— short term timing differences	(50)	-
	<u>1,006</u>	<u>170</u>
Tax on profit on ordinary activities		
	<u>1,006</u>	<u>170</u>
Factors affecting the charge		
	£'000	£'000
Current tax reconciliation		
Profit on ordinary activities before tax	<u>1,977</u>	<u>632</u>
	£'000	£'000
Tax on profit on ordinary activities at 30% (2006 30%)	593	190
Effects of		
Expenses not deductible for tax purposes	3	10
Accelerated capital allowances	(5)	(30)
Other timing differences	77	-
Group relief paid	346	-
	<u>1,014</u>	<u>170</u>
Total current tax charge		
	<u>1,014</u>	<u>170</u>

Factors that may affect future tax charges

The amortisation of goodwill will create a higher tax charge than the standard rate of corporation tax, as it is not deductible for tax purposes

Events after the balance sheet date

In accordance with FRS21 "Events after the balance sheet date", the directors note the change in corporation tax rate from 30% to 28% effective 1 April 2008 as announced in March 2007. This change will impact the deferred tax balances presented within these financial statements, and the future current tax charge. However, until this change is substantively enacted in to law it is not considered to be an adjusting event as defined by FRS21, and consequently no changes have been made to the rate of corporation tax used within these financial statements.

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

7. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At beginning and end of year	108
Amortisation	
At beginning of year	27
Charge for the year	6
At end of year	33
Net book value	
At 31 January 2007	75
At 31 January 2006	81

8 TANGIBLE FIXED ASSETS

	Lease costs £'000	Plant and machinery £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost						
At beginning of year	-	3	327	39	104	473
Additions	24	19	18	-	29	90
Disposals	-	-	-	-	-	-
At end of year	24	22	345	39	133	563
Accumulated depreciation						
At beginning of year	-	1	16	14	85	116
Charge for the year	1	3	33	6	16	59
Disposals	-	-	-	-	-	-
At end of year	1	4	49	20	101	175
Net book value						
At 31 January 2007	23	18	296	19	32	388
At 31 January 2006	-	2	311	25	19	357

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

9. STOCKS	2007	2006
	£'000	£'000
Finished goods and goods for resale	2,070	1,062
	<u>2,070</u>	<u>1,062</u>
10. DEBTORS	2007	2006
	£'000	£'000
Trade debtors	-	89
Amount due to parent company	52	-
Other debtors and prepayments	186	35
	<u>238</u>	<u>124</u>
11. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	2007	2006
	£'000	£'000
Trade creditors	1,161	431
Corporation tax	514	170
Other taxes and social security	291	480
Directors loan accounts	2	-
Other creditors and accruals	313	362
	<u>2,281</u>	<u>1,443</u>
12. PROVISIONS FOR LIABILITIES AND CHARGES		
	Accelerated capital allowances	Total
	£'000	£'000
Deferred tax		
Liability at beginning of year	-	-
Movement in the year	42	42
	<u>42</u>	<u>42</u>
Liability at end of year	42	42

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 January 2007

13. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
100 A Ordinary shares of £1 each	100	100
100 B Ordinary shares of £1 each	100	100
100 C Ordinary shares of £1 each	100	100
100 D Ordinary shares of £1 each	100	100
	<u>1,400</u>	<u>1,400</u>
	£	£
Allotted, called up and fully paid		
400 Ordinary shares of £1 each	400	400
100 A Ordinary shares of £1 each	100	100
100 B Ordinary shares of £1 each	100	100
100 C Ordinary shares of £1 each	100	100
100 D Ordinary shares of £1 each	100	100
	<u>800</u>	<u>800</u>

All shares rank pari passu with regard to voting and distribution rights

14. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £'000	Capital contribution £'000	Profit and loss account £'000	Total 2007 £'000
At 1 February 2006	1	-	767	768
Profit for the year	-	-	971	971
Dividends	-	-	(48)	(48)
Share based payments	-	127	-	127
At 31 January 2007	<u>1</u>	<u>127</u>	<u>1,690</u>	<u>1,818</u>

Share based payments

Some of the directors of the company are invited to become shareholders of the parent company, Ensco 503 Limited £0 001 Ordinary Shares in Ensco 503 Limited were offered at their market value at the date of grant. The options are capable of being exercised on or immediately before the sale or flotation of Ensco 503 Limited or after 9 years and 9 months from the date of grant.

As at 31 January 2007 options over 9,456,264 £0 001 Ordinary shares had been granted. These options were granted on 14 July 2006. The charge to income in the year is £177,000 less associated deferred tax of £50,000 (2006 £nil).

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2007

15. RELATED PARTY DISCLOSURES

The company rents its premises from Bespoke Design, a partnership in which M Dall and H S Jones have a beneficial interest. Rent of £225,667 was paid in the year. There was no outstanding liability at the end of the year (2006 £131,639).

The following Director loans were outstanding:

Amounts owed by M Dall	£2,521 (2006 £88,739)
Amounts owed to H Jones	£nil (2006 £76,431)

The following amounts were due to Directors:

Amounts due to H Jones	£541 (2006 £nil)
------------------------	------------------

As the company is a wholly owned subsidiary of Ensco 503 Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2007, the company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings	2007 £'000	2006 £'000
Expiry date		
- between two and five years	226	226
	<u>226</u>	<u>226</u>
Other	2007 £'000	2006 £'000
Expiry date		
- within one year	4	-
- between two and five years	96	100
	<u>100</u>	<u>100</u>

17. ULTIMATE AND IMMEDIATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a subsidiary undertaking of Ensco 503 Limited, a company incorporated in the UK and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by the parent company. The consolidated financial statements of this company are available to the public from Companies House, Cardiff, CF14 3UZ.

WIGGLE LIMITED

DETAILED PROFIT AND LOSS ACCOUNT (For Directors Use Only) Year ended 31 January 2007

	2007 £	2006 £
Sales	17,536,125	11,820,651
Cost of sales	10,817,306	2,994,257
Postage and carriage	1,185,097	799,829
Commissions payable	19,346	27,348
	<u>12,021,749</u>	<u>3,821,434</u>
Gross Profit	5,514,376	3,820,434
Administrative Expenses		
Wages and salaries	1,781,380	1,999,806
Directors bonuses	143,081	-
Directors pension contributions	-	24,000
Share based payments	177,000	-
Advertising and marketing	411,874	351,993
Rent and rates	303,341	312,579
Insurance	22,469	22,260
Light and heat	27,328	9,997
Motor expenses	2,721	6,394
Travelling	12,858	15,801
Entertainment	4,351	959
Printing and stationery	26,647	15,886
Telephone	12,195	8,835
Website charges	18,987	9,507
Computer consumables	7,002	7,246
Repairs and renewals	22,343	27,665
Bank charges	1,994	5,358
Finance charges	46,038	33,118
Credit charges	167,406	112,877
Equipment hire	104,715	22,615
Professional fees	186,103	48,707
Healthcare	6,346	5,440
Canteen and cleaning	1,848	4,401
General expenses	9,611	4,857
Charitable donations	1,200	2,940
Other income	(1,514)	(1,304)
Depreciation	58,899	40,084
Amortisation	5,386	5,386
	<u>3,561,609</u>	<u>3,097,407</u>
Total Administrative Expenses	3,561,609	3,097,407
	<u>1,952,767</u>	<u>723,027</u>
Operating Profit	1,952,767	723,027