

<i>Date issued</i>	<i>Reference</i> EMI/

Enterprise Management Incentives (EMI) Annual Return Year ended 5 April 2004

Schedule 5 Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003)

Please complete and return this form to me at the address given below.

You must send the return to me by 6 July 2004. Penalties may be charged if the return is not received on time, or is not complete or accurate.

If there is not sufficient room for all the entries on any page, then please photocopy additional pages and use these as continuation sheets.

If you need help filling in this form please telephone me on **029 2032 7400** quoting the reference shown above.

Ceri Lang

Inland Revenue
Small Company Enterprise Centre
TIDO
Ty Glas
Llanishen
CARDIFF
CF14 5ZG

Options granted in this year

Fill in this page if options were granted over the company's shares, under the EMI provisions. *If you need help completing this section, refer to the notes at the bottom of the page.*

1	2	3	4	5	6	7	8	9
Unique option reference eg 1A, 1B, 2A, etc.	Name of option holder (surname, initials)	Date of grant	Maximum number of shares that can be acquired under the option	Class and nominal value of shares	Price payable to acquire a share under the option	AMV of a share at date of grant	Has the market value in 7 been agreed with the Inland Revenue? (Yes/No)	UMV of shares under EMI options and CSOP options held by this person immediately after this option was granted
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£
		/ /			£	£		£

Notes to help you complete this section

Column 1

Refer to the acknowledgement issued by the Inland Revenue when the company reported that the option was granted.

Column 3

Refer to the option agreement.

Column 4

Enter the maximum number of shares that could have been acquired under this option at the date of grant.

Column 5

Describe the shares, for example '10p Ordinary'.

Column 6

Refer to the option agreement.

Column 7

AMV (Actual Market Value) – is the Market Value of a share after taking into account any restrictions or risk of forfeiture and Market Value has the same meaning as it has for the purposes of TCGA 1992 by virtue of Part VIII of that Act. If the shares are subject to restrictions or risk of forfeiture this will be the lower of the two values. If the amount is more than the figure given in column 6 income tax will be due on the difference if the option is exercised.

Column 9

UMV (Unrestricted Market Value) is the Market Value of a share without any restriction or risk of forfeiture and Market Value as defined above.

Market value of all the shares subject to options

- this should include options granted under the EMI provisions as well as any Inland Revenue Approved Company Share Option Plan (CSOP) that has been established by your company or group company
- for EMI options, the market value will be the higher of the two values (used for the £100,000 limit)
- for CSOP options, the market value is determined under the rules of the Company Share Option Plan on the day the option was granted.

Adjustment of options

Adjustment of options, following a variation in the share capital of the company whose shares are under option.

Fill in this page if options have been adjusted to reflect a change in the company's share capital.

1	2	3	4	5	6	7	8	9	10
Unique option reference eg 1A, 1B, 2A, etc.	Name of option holder (surname, initials)	Date option adjusted	Original number of shares under the option	Original price payable for a share under the option	Adjusted number of shares under the option	Adjusted price payable for a share under the option	AMV of a share at date of grant	Changed description of shares (if applicable)	Has the adjustment been agreed with the Inland Revenue? (Yes/No)
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		
		/ /		£		£	£		

Notes to help you complete this section

Section 536(1) ITEPA 2003 states that a variation of the terms of an option that

- increases the market value of the shares that are the subject of the option, **or**
- results in the requirements of Schedule 5 would no longer be met

is a disqualifying event.

It also states that any alteration to the share capital of the company, that

- is within Section 537 ITEPA 2003, **or**
- is not made by the company for commercial reasons, **or**
- if the main purpose, or one of the main purposes, is to increase the market value of the shares subject to the option

is a disqualifying event.

An alteration of the share capital of the relevant company is within Section 537 ITEPA 2003 if

- it affects (or but for the occurrence of some other event would affect) the value of the shares which are the subject of the qualifying option

and it consists of or includes

- the creation, variation or removal of a right relating to any shares in the relevant company
- the imposition of a restriction relating to any such shares, **or**
- the variation or removal of a restriction to which any such shares are subject.

Non-taxable exercise of options

Complete this page if during the year options (or replacement options) have been exercised and the price paid to acquire a share was not less than the market value of a share on the date the option was granted and there was no disqualifying event or the option was exercised within 40 days of the date of a disqualifying event.

There is no income tax payable on these exercises.

For notes on AMV and UMV see page 2.

Unique option reference eg 1A, 1B, etc.	Name of option holder (surname, initials)	Date of exercise	Number of shares acquired	AMV at date of exercise	UMV at date of exercise	Has an election been made under S431(1)? (Yes/No)	Total amount paid to acquire these shares
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£
		/ /					£

Election under Section 431(1) of ITEPA 2003 – this applies where shares are acquired that are subject to restrictions as defined in Section 423 ITEPA 2003. The effect of the election is that for the purposes of Income Tax (PAYE and NIC where the shares are Readily Convertible Assets) the shares are treated as if they are not restricted shares and Sections 425 to 430 of ITEPA 2003 do not apply.

Summary of EMI options

- | | |
|--|----------------------|
| 1 Number of people holding options at 6 April 2003. | <input type="text"/> |
| 2 Number of people granted options during this year (this may include people also shown at box 1). | <input type="text"/> |
| 3 Number of people who ceased to hold any options in this year on assignment, release, lapse or exercise of options. | <input type="text"/> |
| 4 Number of people holding options at 5 April 2004. | <input type="text"/> |
| 5 Unrestricted market value of all options (taken at date of grant) still in existence at 5 April 2004. | <input type="text"/> |

Change of details

- If the company has changed its name, enter details below.
- If the company has changed the address of its registered office, telephone or fax number, please enter the new details below.

New company name	Old company name
Address	
Postcode	

Telephone number

Fax number

Certificate

I confirm that all disqualifying events have been included in this return.

I certify that to the best of my knowledge and belief this is a complete and accurate return.

Signature

Date

Name (in CAPITALS)

Position in company

Telephone number

Fax number