

## UK Capital Gains Tax consequences of the 2017 Share Consolidation – A general guide.

It is expected that for the purposes of UK taxation on chargeable gains the Share Consolidation will be treated as follows:

- (a) The New Ordinary Shares of 11  $\frac{1}{20}$  pence arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that a Shareholder receives New Ordinary Shares, the Shareholder should not be treated as making a disposal of all or part of the Shareholder's holding of Existing Ordinary Shares by reason of the Share Consolidation being implemented, and the New Ordinary Shares which will replace a Shareholder's holding of Existing Ordinary Shares (the "**new holding**") as a result of the Share Consolidation will be treated as the same asset acquired at the same time as when the Shareholder's holding of Existing Ordinary Shares was acquired; and
- (b) to the extent that a Shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the Shareholder will not, in practice, normally be treated as making a part disposal of the Shareholder's holding of Existing Ordinary Shares, the proceeds instead being deducted from the base cost of the Shareholder's new holding. This treatment applies where the cash received is 'small' as compared with the value of the shares in respect of which it is made. For this purpose, HMRC regards 'small' as meaning 5 per cent. or less and additionally regard an amount of £3,000 or less as 'small', regardless of whether or not it would pass the 5 per cent. test. If those proceeds were to exceed that base cost, however, or if a Shareholder were to hold one Existing Ordinary Share at the date on which the Share Consolidation becomes effective and so would not be entitled to any New Ordinary Shares of 11  $\frac{1}{20}$  pence, the Shareholder would be treated as disposing of part or all of his or her holding of Existing Ordinary Shares and would be subject to tax in respect of any chargeable gain thereby realised.

**THE ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR SHAREHOLDER. EACH SHAREHOLDER IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ORDINARY SHARES OF THE COMPANY IN LIGHT OF THE SHAREHOLDER'S OWN CIRCUMSTANCES**