DISCLOSURE OF 2018 COMPANY TAX INFORMATION BY THE AUSTRALIAN TAXATION OFFICE

The Australian Taxation Office ("ATO") is required by law to disclose to the public certain financial and tax information about large corporate entities. The source of this information is the annual company tax return lodged with the ATO.

The following is the information regarding Blackmores Limited Tax Consolidated Group for the 2018 financial year:

Company Name	**Blackmores Ltd**
ABN	35 009 713 437
Total income	$635,528,685
Taxable income	$101,532,868
Tax payable	$26,406,012

The above information only provides a partial picture of the Australian income tax profile of the Blackmores Group. Conclusions drawn from the above information could be misleading and do not necessarily reflect the true tax position of the Blackmores Group and the level of its Australian income tax contribution. In particular, the Effective Tax Rate cannot be calculated from this information alone.

To give a more complete picture of the Australian income tax profile of the Blackmores Group, set out below is further financial information to supplement the information disclosed by the ATO.

Further income tax disclosure – 2018 Financial Year

Operating profit

The Australian operating profit of Blackmores Limited (and members of its Australian Tax Consolidated Group) was:

	$
Total income	635,528,685
Total expenses	540,813,542
Operating profit	94,715,143
	$
Expected tax (at 30%)	28,414,542.90
Tax payable	26,406,011.67

Tax payable is determined by firstly applying the company tax rate of 30% to taxable income (which differs from operating profit), and then reduced by any tax credits and offsets available under Australian tax law. Below are explanations of the difference between the operating profit and taxable income of Blackmores Limited Australian Tax Consolidated Group and the tax credits and offsets available to it during the 2018 financial year.

Reconciliation between Operating profit and Taxable income

Items of income and expenses may have different treatment for financial reporting and taxation purposes. In addition, there are items which are not included in financial reporting but are specifically included in the income tax calculation under Australian tax law.

The difference between the Operating profit and the Taxable income of Blackmores Group's Australian operation for 2018 is explained as follows:

	$
Operating profit	94,715,143
Taxable income	101,532,868
Difference	6,817,725

Explained by:	
- Permanent differences[1]	1,168,925
- Temporary differences[2]	(5,110,755)
- Eligible Research & Development expenditure[3]	8,920,812
- Profits from overseas operations included in Australian tax return[4]	1,838,743
	6,817,725

Reconciliation between tax on Taxable income and Tax payable

Under Australian tax law, company tax is applied to the company's taxable income. The information below explains the difference between the company tax otherwise applicable to Blackmores Limited's 2018 taxable income and the actual tax payable:

	$
Taxable income	101,532,868
Company tax otherwise payable (at 30%)	30,459,860
Tax Payable	26,406,012
Difference	4,053,848

Explained by:	
- Research & Development tax rebate (at 38.5%)[3]	3,434,512
- Credit for income tax/withholding tax paid to overseas Revenue Authorities on Blackmores' overseas operations[4]	619,336
	4,053,848

1. Permanent differences are income items that are exempt from taxation and expense items that no tax deductions are allowed. Examples of permanent differences are non-deductible entertainment expenses, fines and penalties, expenses that are capital in nature and give rise to an enduring benefit (e.g. intellectual property costs).

2. Temporary differences are income and expense items that are subject to tax in a reporting period earlier or later than the period they are reported for financial reporting purposes. Examples of temporary differences include employee leave and bonus provisions (deductible in the reporting period when they are paid and not when they accrue), debts that are not expected to be recovered but have yet to be written off (only deductible when the debt is formally written off).

   The main temporary differences during the 2018 financial year related to payment of long-term incentives accrued from the previous year and provisions for doubtful debts and stock obsolescence.

   The long-term incentive amount was expensed in previous financial years (and treated as a non-deductible expense) and was only deductible when paid in the 2018 financial year. The doubtful debt provision and stock obsolescence provision were expensed in 2018 financial year but not deductible until the relevant debts and stock are written off in later financial years. The overall impact of the temporary differences reduced the taxable income for 2018 financial year.

3. The Research & Development initiative by the Federal Government provides tax rebates to encourage the undertaking of research and development activities in Australia. Where such activities qualify under the initiative, 8.5% of the expenditure is provided as a rebate to offset the income tax liability.

   The rebate is calculated by firstly adding back the qualifying expenditure to the operating profit, then applying the company tax rate to the increased operating profit (resulting in the company tax being inflated by 30% of the qualifying expenditure). A tax rebate of 38.5% of the qualifying R&D expenditure is then given, resulting in a net Research & Development tax rebate equal to 8.5% of the qualifying R&D expenditure.

Below is a sample calculation of a R&D tax rebate:

Profit and loss statement:	
Sales	$1,100.00
Qualifying R&D expenditure	($100.00)
Other operating expenses	($900.00)
Operating profit	$100.00
Company tax calculation:	
Operating profit	$100.00
Add: Qualifying R&D expenditure	$100.00
Taxable income	$200.00
Tax on taxable income (at 30%)	$60.00
Less: R&D tax rebate (38.5% of qualifying R&D expenditure)	($38.50)
Tax payable	$21.50

Tax payable (without R&D tax rebate) (30% of operating profit)	$30.00
Tax payable (with R&D tax rebate)	$21.50
R&D tax rebate (8.5% of qualifying R&D expenditure)	$8.50

4. Certain profits generated by Blackmores Group's overseas operations are required to be included in its Australian tax return (and subject to Australian company tax as well as income tax of the countries in which the profits are made). The amount of Australian company tax payable on such overseas profits is the Australian company tax less tax paid to overseas Revenue Authorities on such profits.

   Certain payments from Blackmores Group's overseas operations to Blackmores Limited are subject to withholding tax in the countries where the payments are originated. The withholding tax can be offset against Australian income tax payable on such payments when received by Blackmores Limited.