

DISCLOSURE OF COMPANY TAX INFORMATION

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 to be published regarding Blackmores Ltd Tax Consolidated Group for the 2014 financial year:

Company Name	Blackmores Ltd
ABN	35 009 713 437
Total income	\$310,204,310
Taxable income	\$48,090,350
Tax payable	\$7,365,959

The above information only provides a partial picture of the Australian income tax profile of the Blackmores Group. Conclusions drawn from the above information should not be misconstrued and do not reflect the true tax position of, and the level of contribution Blackmores Group makes to the Australian tax revenue. In particular, 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 - 2014 FINANCIAL YEAR

Operating profit

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

	\$
Total income	310,204,310
Total expenses	284,338,467
Operating profit	25,865,843
	\$
Expected tax (at 30%)	7,759,752.90
Tax payable	7,365,959.10

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 included in the income tax calculation by the Australian tax law.

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

	\$
Operating profit	25,865,843
Taxable income	48,090,350
Difference	22,224,507
Explained by:	
- Permanent differences ¹	480,848
- Temporary differences ²	2,390,081
- Eligible Research & Development expenditure ³	10,922,852
- Profits from overseas operations (less dividend received) included in Australian tax return ⁴	8,430,726
	22,224,507

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 Ltd's taxable income and the actual tax payable:

	\$
Taxable income	48,090,350
Company tax otherwise payable (at 30%)	14,427,105
Tax Payable	7,365,959
Difference	7,061,145
Explained by:	
- Research & Development tax rebate (at 40%) ³	4,369,141
- Credit for income tax paid to overseas Revenue Authorities on Blackmores' overseas operations ⁴	2,692,004
	7,061,145

1. Permanent differences are income items that are exempt from taxation and expense items that no tax deductions are allowed but are items included for financial reporting purposes. Examples of permanent differences are non-deductible entertainment expenses, fines and penalties, and expenses which 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 an earlier or later reporting period than current period for financial reporting

purposes. Examples of temporary differences include employee leave provisions (deductible in the reporting period when they are paid and not when they accrue) and debts that are not expected to be recovered but have yet to be written off (only deductible when the debt is formally written off)

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, 10% of the expenditure is provided as a rebate to offset the income tax liability.

The rebate calculation firstly add back the qualifying expenditure to the operating profit, then applying the company tax rate to the increased taxable profit (resulting in the company tax being inflated by 30% of the qualifying expenditure). However, a tax rebate of 40% of the qualifying R&D expenditure is then given reducing the Tax payable. This results in a net Research & Development tax rebate equal to 10% of the qualifying R&D expenditure.

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

Profit and loss statement:

Sales	\$2,000
Qualifying R&D expenditure	(\$100)
Other operating expenses	(\$900)
Operating profit	\$100

Company tax calculation:

Operating profit	\$100
Add:	
Qualifying R&D expenditure	\$100
Taxable income	\$200
Tax on taxable income (at 30%)	\$60
Less:	
R&D tax rebate (40% of qualifying R&D expenditure)	(\$40)
Tax payable	\$20
Tax payable (without R&D tax rebate) (30% of operating profit)	\$30
Tax payable (with R&D tax rebate)	\$20
R&D tax rebate	\$10

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 subsequently reduced by the tax paid on such profits.