



1 July 2015

Introduction

Effective 1 July 2014, Civmec Limited has migrated its tax residency from Singapore to Australia. As such, the dividend referred to in the attached dividend statement will be an Australian-sourced dividend, i.e. a foreign-sourced dividend for Singapore income tax purposes.

All dividends paid by Civmec are paid out of Civmec's profits. In addition to any cash dividend, the Directors may also determine that a dividend be provided in a form other than cash. The Directors will nominate the proportion of any dividend (in cents per share) to be paid in cash.

The following is a summary of certain tax consequences in Singapore and Australia in relation to the receipt of dividends from Civmec Limited by certain types of shareholders. This summary is of a general nature only and is based on the existing provisions of relevant tax law and the regulations thereunder, the circulars issued by the Inland Revenue Authority of Singapore (IRAS) and the Australian Taxation Office (ATO), and practices in effect as at the date hereof, all of which are subject to change at any time and to differing interpretations, either on a prospective or retroactive basis. The summary does not purport to be comprehensive and does not constitute legal or tax advice.

Singapore income tax considerations

Singapore resident individuals

All foreign-sourced dividends received in Singapore by resident individuals (except those received through a partnership in Singapore) **will be exempt from tax in Singapore.**

Singapore resident companies

Shareholders who are Singapore resident companies are generally subject to tax on foreign-sourced dividends when received in Singapore, unless an exemption applies under the Singapore Income Tax Act (the "Act").

Civmec Limited has, on behalf of its shareholders which are Singapore resident companies, applied to the Ministry of Finance (MOF) for clarification that tax exemption under section 13(12) of the Act will be granted on the dividends paid by Civmec Limited following the migration of its tax residency to Australia.

The MOF has confirmed that dividends paid by Civmec Limited out of its taxable profits will qualify for tax exempt treatment in Singapore under specified scenario F of the section 13(12) guidance issued by the Inland Revenue Authority of Singapore (IRAS) – please see the IRAS e-Tax Guide "Income Tax: Tax Exemption under Section 13(12) for Specified Scenarios, Real Estate Investment Trusts and Qualifying Offshore Infrastructure Project / Asset (Third Edition)" for details.

To claim the tax exemption for the dividend, affected shareholders will need to submit a section 13(12) declaration form with their Singapore income tax return for the relevant year of assessment. To assist its shareholders to make the required declaration, Civmec Limited will send a copy of the declaration form to each affected shareholder with "Section 2 – details of foreign-sourced income" pre-completed with the relevant information. These forms will be made available to affected shareholders shortly after the relevant dividend has been declared (i.e. December each year).

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Any shareholders who believe they may be affected by the information above should contact civmec@civmec.com.au to request a copy of the section 13(12) declaration form for the relevant year of assessment.

Non-Singapore resident individuals

All foreign-sourced dividends received in Singapore by non-Singapore resident individuals **will be exempt from tax in Singapore.**

Non-Singapore resident companies

A non-Singapore resident company **without operations or activities in Singapore will not be taxed in Singapore** on the dividend from Civmec Limited. In addition, a non-Singapore resident **with operations or activities in Singapore (i.e. a branch) will not be taxed in Singapore where the dividends are not received in Singapore by those operations** (i.e. received through a foreign bank account and not remitted to Singapore).

In very limited circumstances, a non-Singapore resident company taxpayer may become liable to Singapore income tax if the non-Singapore resident has operations or activities in Singapore (i.e. a branch) and the dividend is remitted to those operations in Singapore (i.e. received through a Singapore bank account of the branch). As outlined above, if the non-Singapore resident with operations or activities in Singapore does not receive the dividend in Singapore the dividend will not be taxed in Singapore.

Please note the section 13(12) exemption discussed above is not available to non-Singapore resident shareholders.

For completeness, the IRAS issued a circular “Section 10(25) Of The Singapore Income Tax Act – Interpretation And Practice (Third Edition)”, in which it confirmed that foreign businesses which are not operating in Singapore can bring their foreign-sourced income to Singapore without being subject to tax on the income.

Australian income tax considerations

Australian resident shareholders

Any cash dividend you receive forms part of your Australian taxable income.

The cash component of the dividend may also be fully or partly franked under Australia's dividend imputation system. Any franking credits attached to the dividend also normally form part of your Australian taxable income. However, you are entitled to a rebate of tax, based on the franking credits attached to the dividend.

If your taxable income is too low to make you liable to tax, or the franking credits exceed your overall tax liability, then you may be entitled to receive a refund from the Australian Taxation Office for any excess franking credits.

Companies are not eligible for a refund but may gross up the franking credit and carry it forward as a tax loss, for utilisation against future income.

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Non-Australian resident shareholders

Franked dividends paid by Civmec Limited are **not subject to dividend withholding tax**. You will generally be subject to Australian dividend withholding tax on any unfranked part of the dividend.

However, **you will not be subject to Australian dividend withholding tax** on any unfranked part of the dividend to the extent that it is designated as "Conduit Foreign Income" for tax purposes by Civmec Limited, or on the franked part of the dividend. The extent to which the dividend is designated as Conduit Foreign Income will be advised on your dividend statement. The dividend is not otherwise subject to tax in Australia and you will be unable to use or obtain a refund for any franking credits attached to it.

The above summary is not intended to constitute a complete analysis of all the tax considerations relating to holding shares in Civmec Limited. Investors should consult their own tax advisers concerning the tax consequences of holding shares in Civmec Limited in the light of their particular situation, including the tax consequences arising under the laws of any other tax jurisdiction, which may be applicable to their particular circumstances.

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