



The Pharmacy
Guild of Australia

Guild Digest

2015

**A SURVEY OF INDEPENDENT
PHARMACY OPERATIONS IN AUSTRALIA**

FINANCIAL YEAR 2013-14

Guild Digest

2015

**A survey of independent pharmacy operations in Australia
Financial year 2013-14**

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FOREWORD

This year marks the 43rd edition of the Guild Digest. The 2015 Digest presents a snapshot of pharmacy operations in Australia for the financial year 2013-14. In the process, it also provides valuable management information to pharmacy owners and managers in a rapidly evolving economic environment.

Community pharmacy in Australia is a vibrant and efficient industry. Practising as health care professionals in a commercial environment, pharmacists are placed in a unique niche of service providers in the community. Combining their professional and management skills, community pharmacists are the most accessible and the most cost-effective health care providers in the community.

Not surprisingly, pharmacists remain one of the highest ranking custodians of community trust and confidence.

Based on Table 3, which is the most relevant table for year to year comparisons, community pharmacy recorded a slight turnover decline of 1.79% in 2013-14. Gross profit as a percentage of sales recorded an increase from 35.7% to 36.1% which, in combination with the declining shift in turnover, resulted in a marginal decrease of 0.87% in gross profit dollars. With total expenses growing by 3.0% resulted in significant reduction in average total income by 16.55%.

Here are the key features of Australian community pharmacy as at 30 June 2014, derived principally from Table 2:

- + Community pharmacy is a \$15.47 billion health sector, including \$9.51 billion in prescription sales per year.
- + Community pharmacies dispense 297 million prescriptions annually, including 210 million PBS/RPBS subsidised prescriptions.
- + Community pharmacy employs around 55,106 highly skilled staff (including proprietors), the majority of whom are women.
- + Total dispensary sales represent around 62.46% of all sales through pharmacies.
- + The average community pharmacy dispenses 54,482 prescriptions per year.
- + As of 30 June 2014 there were 5,456 community pharmacies, each serving on average a community of 4,305 people across Australia.

The analyses contained in the 2015 Digest are based largely on the sample of 436 community pharmacies, marginally higher than the previous year's 313.

The Guild records its sincere appreciation to all participants in this crucially important annual survey during a period of uncertainty and intense time pressures. Without their contribution and support this edition of the Digest would not have been possible.

The Guild also recognises the strong support of the pharmacy accounting firms that have lent their tangible support by contributing anonymous information to the Digest on behalf of their pharmacy clients. In particular we formally record our appreciation to RSM Bird Cameron and PPS Professional Pharmacy Services.

Thanks are extended to National Secretariat staff, in particular, Lisa Blue and Shatabdi Chakravorty for their dedication and outstanding work in the preparation of this edition.

MAX GINPIL

NATIONAL MANAGER

BUSINESS INTELLIGENCE AND ECONOMIC ANALYSIS

THE YEAR IN PHARMACY 2013-14

The 2013-14 financial year, the fourth year of the Fifth Community Pharmacy Agreement, was a challenging one for both the Pharmacy Guild and its community pharmacy members.

The ongoing and increasing impact of price disclosure, together with reductions in the price and profit margin of off-patent items, affected the profitability of community pharmacy. Added to these issues, community pharmacies faced fears of general instability in the industry as well as in the banking sector and these combined to affect investment decisions and valuations.

These factors contributed to the growing need by the industry to seek ways to reduce operating expenses while also looking to new sources of alternative revenue. This was reflected in a growing shift towards the provision of a greater range of services and the delivery of additional health products over and above traditional dispensary revenue

Price disclosure was a defining issue during the year. The pre-election announcement of simplified price disclosure by the outgoing Labor Government fundamentally moved the goalposts for pharmacies. It meant that as pharmacies were grappling with the flow-on impact of the existing price disclosure regime, they faced even deeper cuts without any consultation or compensation. The Guild mounted an unprecedented campaign against the unfairness of simplified price disclosure, with pharmacies around Australia collecting more than 1.2 million signatures in less than two months in a record-petition presented to the Federal Parliament. However, as a result of the price disclosure measures, the Guild predicted that pharmacies, on average, would face a reduction in remuneration of about \$90,000 during 2014-15 with simplified price disclosure taking effect on 1 October 2014.

During 2013-14, the pharmacy sector also had to cope with the need to cap a number of professional programs which were funded under the Fifth Community Pharmacy Agreement. Caps were placed on Home Medicines Reviews and MedsChecks and restrictions were also placed on Residential Medication Management Reviews. While these changes were understandably not popular with a number of providers, they were necessitated by the fact these programs were exceeding their funding allocations and the clear message from Government was that if they were not managed to budget, their longer-term future would be put at risk.

During the year the number of prescriptions continued to rise in line with the increase in the general population as well as the lift in the ageing population but government spending per script decline. The number of pharmacies grew proportionally to the rise in script delivery.

Community pharmacies were also affected as wholesaler trading terms began to be squeezed as wholesalers passed on their own revenue reductions.

Competition from discount big box pharmacy models continued to rise, putting additional pressures on local smaller pharmacies.

A positive during the year was that the chemotherapy funding issue was finally resolved after more than 12 months of advocacy. The resolution resulted in additional funding being provided to meet the shortfall in remuneration for the preparation and dispensing of chemotherapy infusions for the remainder of the Agreement.

METHODOLOGY FOR THE 2015 GUILD DIGEST

With the exception of Table 3, the analysis contained in this edition of the Digest are based largely on operating information supplied by 436 respondents weighted according to their stratification by prescription volume.

Table 3 is based on responses from participating pharmacists who submitted operating data for both consecutive years – i.e. 2012-13 and 2013-14.

Based on official, de-identified annual prescription volumes, the total population of Australian pharmacies was stratified into national and state strata. The resultant weighting factors were applied to the corresponding strata in the sample. It should be noted that there are significant variations among the states in respect of the distribution of pharmacies within the strata. The four national strata boundaries were defined as follows:

Distribution of prescription volume for weighting

	Prescription Volumes	Number of Pharmacies	Distribution National
Stratum 1	Less than 35,000	1,864	34.8%
Stratum 2	35,000 – 60,000	1,646	30.8%
Stratum 3	60,000 – 95,000	1,348	25.2%
Stratum 4	More than 95,000	492	9.2%
TOTAL		5,350	

The above weighting factors were used to correct expected biases in the responding sample. Similarly, State weighting factors were used to estimate the respective State averages.

Users of the Digest that are comparing older years should note that the 2008-09 weightings (2010 Guild Digest) were significantly different to those for 2007-08 (2009 Guild Digest). This resulted in some large movements in results between those two years. The changes in weightings were only minor in subsequent years. Table 3, which uses a matched sample approach and is not impacted by weightings or changes in the make-up of the responding pharmacies, remains the more appropriate table to use when reviewing percentage movements in figures from one year to the next.

SURVEY RESPONSE

After excluding responses with incomplete information, the final number of responses analysed for the purposes of the main sample for 2013-14 was 436.

Response rates are reasonably consistent with the distribution of pharmacies by State, with the exception of New South Wales and Western Australia enjoying higher than average responses. Victoria and South Australia received slightly lower than anticipated response rates.

Care should be taken in interpreting results for smaller states due to the lower sample size.

Over the past decade, response has gradually favoured larger pharmacies. The responding sample for this year's Digest continues this trend. The weighting methodology used for overall national and state averages removes the effect of this bias.

NOTE: Wherever you see the word 'weighted' in the Digest, the weighting methodology has been applied. Wherever that word is not used, the results are a raw (unweighted) average and may be being impacted by a bias in the sample. In these cases, the percentages (for example, salaries as a percentage of revenue) are often more appropriate to use for benchmarking purposes than the raw dollar figures.

STATISTICAL APPRAISAL OF RESULTS

The annual Guild Digest survey allows Guild member pharmacies to assess their current performance compared with others. The results can assist management by focusing attention on items for which there are significant differences from the industry norm or benchmark, although even significant differences on their own do not necessarily mean a problem exists.

Standard information has been provided for different categories and locations of pharmacies. This allows more sophisticated comparisons controlling for these factors. For example, in general terms pharmacies with larger sales volumes tend to have higher profits compared with lower profits or losses for those with smaller volumes, so a large sales volume pharmacy should expect to do somewhat better than the average pharmacy in the same region.

How seriously can pharmacies take the survey findings? One issue is whether the survey results are representative of all pharmacies. Another is the amount of difference between well-run pharmacies that might be expected anyway. Lastly, are there enough respondents that the estimates are of adequate precision? These questions are explored in greater detail in the following paragraphs.

Representativeness of the surveyed pharmacies

A sample of 436 pharmacies responded to this year's survey. The current analyses are based on weightings derived from the distribution of Australian pharmacies in accordance with their annual prescription volumes.

This is a voluntary survey requesting detailed financial questions, so non-response is inevitable and the response rate varied by state.

As the characteristics of the responding pharmacies change from one survey to the next, primarily because of the restructuring that has taken place over the last decade, comparability of the main sample data over time may be a problem. Therefore, comparisons over time may be more meaningful using the data provided by the consecutive year respondents summarised in Table 3. 116 respondents formed part of this category for 2013-14.

Expected differences

Although an average can be calculated for any numerical data, this does not mean that all values are close to that mean. For example, although an average rent can be calculated for a group of respondents, this does not mean that everyone is paying a rent close to the average.

One approach is to show the spread of values for the responding pharmacies using quartiles. This type of analysis is shown in Table 4. One quarter have lower values than the low quartile and one quarter have values greater than the high quartile. The 'normal' value in the tables is the median value. Half the pharmacies have a higher value than the normal value, and half have lower values.

Another approach is to present separate estimates for pharmacies with different characteristics, such as sales volume, geographical location, hours of operation, etc. These are presented throughout the Digest commencing with Table 6.

Inter-quartile range relative to sample size

Number of Respondents	Division for inter-quartile range
436	28
400	27
350	25
317	24
300	23
200	19
100	14
50	10
20	6
10	4

Precision of the estimates

The precision of the estimated averages in the tables depends on the spread of the distribution of values and the number of responding pharmacies. It is common-sense that an average based on 400 pharmacies will be much more precise than an average based on only two pharmacies.

One measure of the precision of an estimate is its standard error. The standard error of a mean can be approximately calculated from the difference between the high and low quartiles. This difference, or **inter-quartile range (IQR)**, is divided by a number which depends on the number of respondents used to estimate the mean. This number is approximately 1.35 multiplied by the square root of the sample size:

For example, the mean Total Expenses (based on 436 respondents) is \$ 849,866 (see Table 2). The inter-quartile range (from Table 4) is % (= 31.53% – 20.21%), so the approximate standard error of this estimate is 0.4% (=11.35% /28).

Standard statistical theory shows that there is a 95% certainty that the true mean is within twice the standard error of the estimate. In this case, the 95% confidence interval for the true mean Total Expenses, based on 436 respondents, is between 24.88% and 26.48%.

Standard errors and confidence intervals calculated in this way will be slight over-estimates. This is because the standard errors will be lower when the data are stratified for characteristics that explain some of the spread in values.

The estimates here make particular statistical assumptions. These assumptions imply, for example, that the mean and median will be similar. However, they should give adequate estimates even if there are small departures from these assumptions.

Using this survey

The statistical characteristics required of a survey depend on what the survey is to be used for. This survey is intended mainly as an aid to management, and its results will be extremely useful for this purpose.

Even large differences for particular items from the norm shown in the tables may not necessarily indicate a problem. Every business is different. For example, paying relatively high rent may reflect an unnecessarily high expense or a conscious decision to pay for a premium location. Conversely, an average rent could reflect paying the right price for the location - or hide paying too much for a poor location.

DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

Sales: relate to the sale of all products (both prescription and retail) for which goods were purchase at wholesale for the purpose of re-sale at a profit: it excludes services income, government payments such as rural allowances, commissions, agency fees, dividends and disposal of assets.

Cost of Goods Sold: refers to purchases of goods for re-sale at a profit: a fuller definition of Cost of Goods Sold is provided in the User's Guide to the 2015 Digest section.
Percentage shown is of Sales.

Gross Margin: is derived by deducting Cost of Goods Sold from Sales. Percentage shown is of Sales.

Other Income: is income from items which do not involve cost of goods sold. They may, for example, be related to Community Pharmacy Agreement programs or professional services. Dividend and rent income, and other such income not connected with the pharmacy's operation, are also included here.

Gross Margin Plus Other Income: is the arithmetic total of the Gross Margin and Other Income and it represents the total Gross Margin from Trading.

Total Revenue: is the arithmetic total of Sales and Other Income; all Expenses are expressed as a percentage of Total Revenue not Sales) since a portion of all expenses is also incurred in earning Other Income.

Salaries and Wages: include wages paid to all staff and locums but exclude proprietors' earnings (since the latter are represented by Proprietors' Notional Salary); percentage shown is of Total Revenue.

Expenses: all Expense items are expressed as a percentage of Total Revenue.

Total Income: is arrived at by subtracting Total Expenses and Cost of Goods Sold from Total Revenue; it refers to the Trading Profit of the pharmacy which may involve several partners; percentage shown is of Total Revenue.

Proprietors' Notional is a notional estimate of a reasonable professional salary for hours worked in the pharmacy.

Salary: pharmacy by pharmacy proprietors. It is adjusted for over-award payments but includes only work performed within the pharmacy. This is consistent with the rationale that a proprietor should expect remuneration at least equivalent to the salary which he/she would otherwise receive for a similar effort as a manager.

Accordingly the calculation of proprietors' notional salary not only reflects normal working hours but also other factors such as leave loading, superannuation, provision for annual leave, provision for long service leave and sick leave (collectively termed On-costs) and overtime worked.

In 2013-14, the normal hourly rate was estimated at \$54.21 for the first 38 hours - equivalent to an annual salary of \$107,119. Additional hours were calculated at time and a half rate to reflect overtime. A rate of 1.2547 was applied to reflect On-Cost provisions. (Refer also to detailed explanation under Section titled '**Analysis of Survey Results**').

For the purposes of the Digest, no allowance has been made for 'proprietary lead' which is essentially the incentive to invest in a business rather than in an interest bearing investment account.

It is worth noting that where a pharmacy was manager-operated, the proprietor's notional salary was based on the actual number of hours worked by the proprietors in that pharmacy, if any.

The corresponding percentage is expressed as percent of Total Revenue.

Full-Time-Equivalent: is a notional rate which should be interpreted in the particular circumstances of individual pharmacies. It is derived simply by dividing the total hours worked by 38 (the normal award hours) irrespective of the number of hours worked by each partner.

Net Profit/Loss: is calculated by subtracting Proprietors' Notional Salary from Total Income.

Please note that taxation is not considered in the Guild's survey or the published results. All figures are before tax. The corresponding percentage is expressed as percent of Total Revenue.

Sales Analysis

Prescriptions: refers to all prescription sales including the income derived from dispensing private prescriptions, prescriptions valued less than the maximum patient contribution, all PBS and RPBS prescriptions and all patient contributions; it excludes OTC items.

The corresponding percentage is expressed as percent of Sales.

Other Sales: include all retail and OTC sales but exclude Other Income.

The corresponding percentage is expressed as percent of Sales.

Stock Turn: is the Cost of Goods Sold in a given year divided by the mathematical average of the Opening and Closing stock in the same year. It is a measure of the frequency with which stocks are turned over in the financial year.

Funds Retained in Business: are necessary to re-finance inflation affected inventories and to replace fixtures and other capital equipment. This figure is calculated as the difference between Total Income and the reported Drawings by Proprietors. Where Drawings have not been reported by respondents, they have been excluded from the calculated average.

The corresponding percentage is expressed as percent of Total Revenue.

(All financial values are exclusive of GST)

AUSTRALIAN PHARMACIES 2002 - 2014

(Based on all participating pharmacies)

Table 1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(408)	(528)	(427)	(418)	(385)	(353)	(326)	(302)	(289)	(281)	(308)	(313)	(436)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
SALES	1,930,960	2,116,736	2,195,552	2,334,145	2,394,030	2,464,443	2,568,388	2,901,620	2,972,997	2,984,920	2,922,245	2,875,574	2,789,716
GROSS MARGIN	616,179	660,229	684,059	722,192	756,166	797,473	838,984	980,871	987,422	999,199	1,055,389	1,046,132	1,066,420
SALARIES & WAGES	210,770	227,379	227,712	254,689	263,115	280,355	295,931	341,052	345,136	350,638	347,313	336,399	343,244
RENT	60,566	65,566	65,427	73,183	77,862	85,460	90,049	115,547	121,236	119,091	136,499	140,454	141,145
OTHER EXPENSES	162,343	181,101	179,567	191,412	205,955	225,749	250,126	298,739	321,248	320,098	370,322	373,013	371,209
TOTAL EXPENSES	433,679	474,046	472,706	519,284	546,932	591,564	636,107	755,339	787,619	789,826	854,134	849,866	855,598
TRADING PROFIT	182,500	186,183	211,353	202,908	209,234	205,909	202,877	225,532	199,803	209,373	201,255	196,267	210,822
OTHER INCOME	17,966	15,276	15,112	14,445	23,721	30,681	24,597	34,024	38,758	28,936	34,485	41,012	46,098
TOTAL INCOME	200,466	201,459	226,465	217,353	232,955	236,590	227,474	259,556	238,562	238,309	235,740	237,279	256,920
PROPRIETORS' SALARIES	97,400	104,809	136,619	142,167	160,349	156,316	145,055	148,106	134,992	141,127	147,555	143,788	149,654
NET PROFIT/LOSS	103,066	96,650	89,846	75,186	72,606	80,274	82,419	111,370	103,570	97,182	88,185	93,490	107,266
STOCK CARRIED	183,802	186,903	186,409	197,893	204,134	219,388	231,567	246,943	280,867	276,898	271,361	288,039	265,790

AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2013 AND 2014
(Based on 12 Months of Trading to 30/06/2014)

Table 2

	2013 AVERAGES		2014 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	2,875,574		2,789,716		-85,858	-2.99
COST OF GOODS SOLD (3)	1,829,442	63.62	1,723,296	61.77	-106,146	-5.80
GROSS MARGIN (3)	1,046,132	36.38	1,066,420	38.23	20,287	1.94
Other Income	41,012		46,098		5,086	12.40
GROSS MARGIN PLUS OTHER INCOME	1,087,144		1,112,518		25,374	2.33
TOTAL REVENUE	2,916,586		2,835,814		-80,772	-2.77
EXPENSES						
Salaries and Wages	336,399	11.53	343,244	12.10	6,845	2.03
Rent Paid	140,454	4.82	141,145	4.98	691	0.49
Outgoings - Rental & Rates	6,154	0.21	9,609	0.34	3,455	56.15
Accounting	12,001	0.41	9,772	0.34	-2,230	-18.58
Advertising	39,148	1.34	31,700	1.12	-7,448	-19.02
Bank Charges	8,271	0.28	8,768	0.31	497	6.01
Computer Expenses	12,929	0.44	12,538	0.44	-391	-3.02
Depreciation	30,787	1.06	30,062	1.06	-724	-2.35
Electricity, Water, Heating	13,202	0.45	12,216	0.43	-986	-7.47
Insurance	8,767	0.30	9,654	0.34	887	10.12
Interest Paid	74,558	2.56	72,234	2.55	-2,325	-3.12
Leasing Expenses	4,087	0.14	7,145	0.25	3,058	74.83
Motor Vehicle Expenses	3,824	0.13	7,582	0.27	3,758	98.25
Postage, Freight, Printing	9,144	0.31	10,614	0.37	1,471	16.09
Repairs, Maintenance, Service	3,919	0.13	4,603	0.16	683	17.43
Subs and Registrations	8,274	0.28	8,480	0.30	207	2.50
Superannuation	31,543	1.08	33,739	1.19	2,197	6.96
Telephone	5,326	0.18	4,954	0.17	-371	-6.97
Training	2,346	0.08	2,762	0.10	416	17.72
Abnormal Expenses	2,600	0.09	2,665	0.09	65	2.50
Payroll Tax	5,662	0.19	5,388	0.19	-274	-4.83
Workers' Compensation	2,601	0.09	3,862	0.14	1,261	48.47
Other Expenses	87,870	3.01	82,861	2.92	-5,009	-5.70
TOTAL EXPENSES	849,866	29.14	855,598	30.17	5,732	0.67
TOTAL INCOME	237,279	8.14	256,920	9.06	19,641	8.28
Less Proprietors' Salary (1) [Full-Time-Equivalents]	143,788 1.07	4.93	149,654 1.11	5.28	5,866 0.04	4.08 4.08
NET PROFIT/LOSS	93,490	3.21	107,266	3.78	13,776	14.73
EBITDA	198,835	6.82	209,562	7.39	10,727	5.39
SALES ANALYSIS						
Prescriptions (3)	1,919,300	66.74	1,742,321	62.46	-176,979	-9.22
Other Sales (3)	950,918	33.07	1,067,149	38.25	116,231	12.22
INVENTORY ANALYSIS						
Prescription	95,655	3.28	89,168	3.14	-6,487	-6.78
Other	190,631	6.54	176,622	6.23	-14,010	-7.35
STOCK CARRIED (Total)	288,039	9.88	265,790	9.37	-22,249	-7.72
STOCK TURN (On Total Inventory)	7.16		6.48		-0.68	-9.48
SALES PER INVENTORY DOLLAR						
Prescription	20.06		19.54		0.53	2.62
Other	4.99		6.04		1.05	21.12
STATISTICS						
PHARMACY SIZE (square metres)	200		207		7	3.44
PRESCRIPTIONS DISPENSED (Total)	53,186		54,482		1296	2.44
PRESCRIPTIONS DISPENSED WEEKLY	1,023		1,048		25	2.44
TOTAL HOURS OPEN per WEEK	62.4		58.2		-4.3	-6.82
AV HRS WORKED BY PROPRIETORS/WEEK	40.7		42.3		1.7	4.08
FUNDS RETAINED IN BUSINESS (2)	93,210	3.20	217,773	7.68	124,563	133.64

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF PHARMACY PERFORMANCE 2013-14

(Refer to Table 2)

This section examines the 2013-14 survey results, after applying weightings to remove any distortion caused by the responding sample being skewed towards larger pharmacies. Table 2 also presents the 2013-14 averages for comparison purposes. However, for more accurate analysis of the movements from one period to the next, it is useful to compare the performance of pharmacies which participated in both years. Those results are summarised in the next section by reference to Table 3.

The following are a few key characteristics of Community Pharmacy in Australia:

- + Community pharmacy is a \$15.47 billion health sector, including \$9.51 billion in prescription sales per year.
- + Community pharmacies dispense 297 million prescriptions annually, including 210 million PBS/RPBS subsidised prescriptions.
- + Community pharmacy employs around 62,198 highly skilled staff (including proprietors), the majority of whom are women.
- + Total Dispensary sales represent around 62.46% of all sales through pharmacies.
- + The average community pharmacy dispenses 54,482 prescriptions per year.
- + As of 30 June 2014 there were 5,456 community pharmacies, each serving on average a community of 4,305 people across Australia.

Here are the salient results of the 2013-14 financial year based on the national weighted averages in Table 2:

- + Average total sales are \$2,789,716 of which 62% is from prescriptions and the remaining 38% is from non-prescription sales.
- + Average gross margin as a percentage of sales is 38.23%, up from 36.38% in 2012-13.
- + Average revenue from other Income rose from the previous year's figure of \$41,012 to \$46,098 in 2013-14.
- + Expenses ended the year at 30.7% as a percentage of Sales, marginally up from 29.5% in 2012-13. Expenses have significantly grown at the rate of 5.54% (CAGR) a year for the last decade.
- + Salaries and wages as a percentage of sales marginally increased from 11.70% to 12.30%.
- + Rent as a percentage of sales increased from 4.88% of sales to 5.06%.
- + Wages and rent combined make up 56.61% of total expenses.
- + Proprietors' Notional Salary represented 5.28% of turnover, up from 4.93% in 2012-13 reflecting a slight increase in average hours worked from 40.7 to 43.7 hours per week.

The average prescription volume per pharmacy increased slightly (2.4%) but has remained greater than one thousand per week (1044), after reaching this milestone in 2008-09.

Chart 1

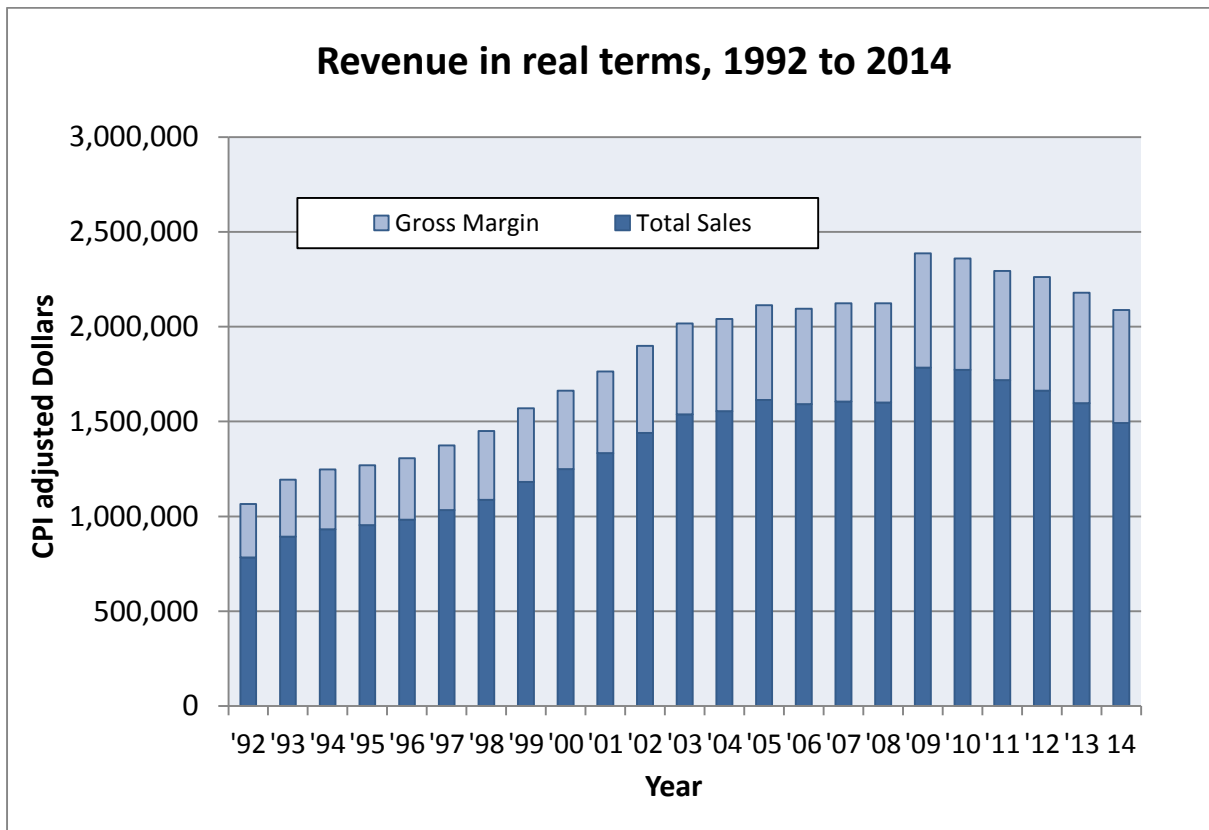
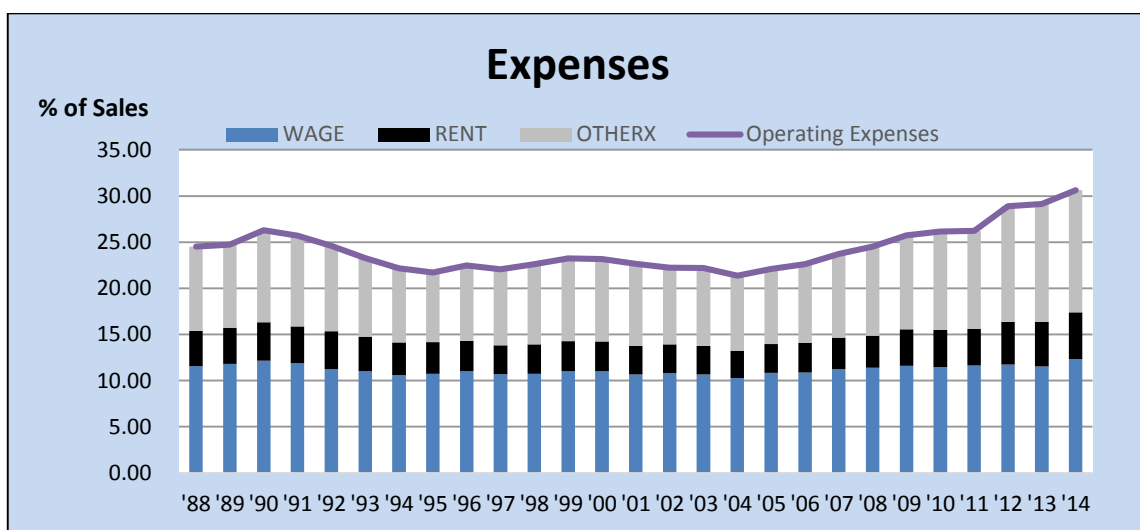
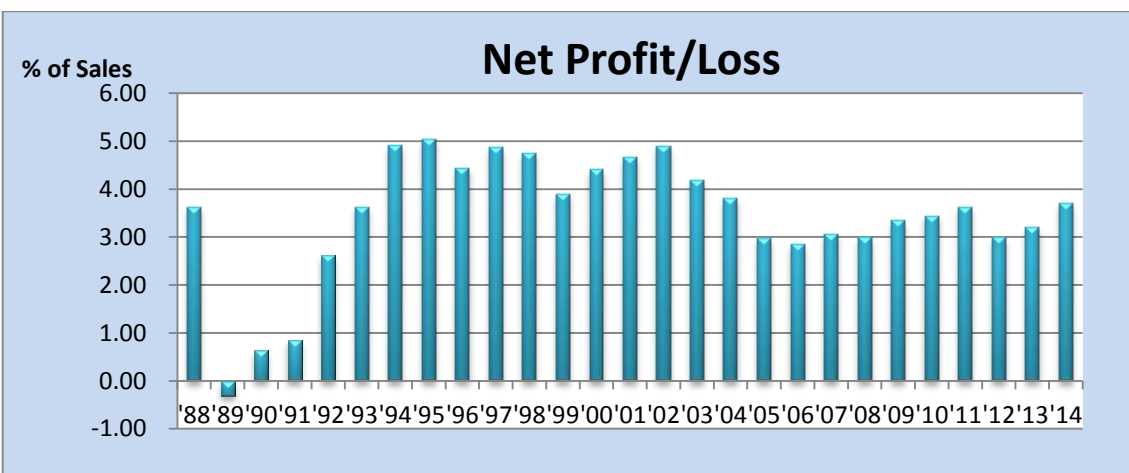
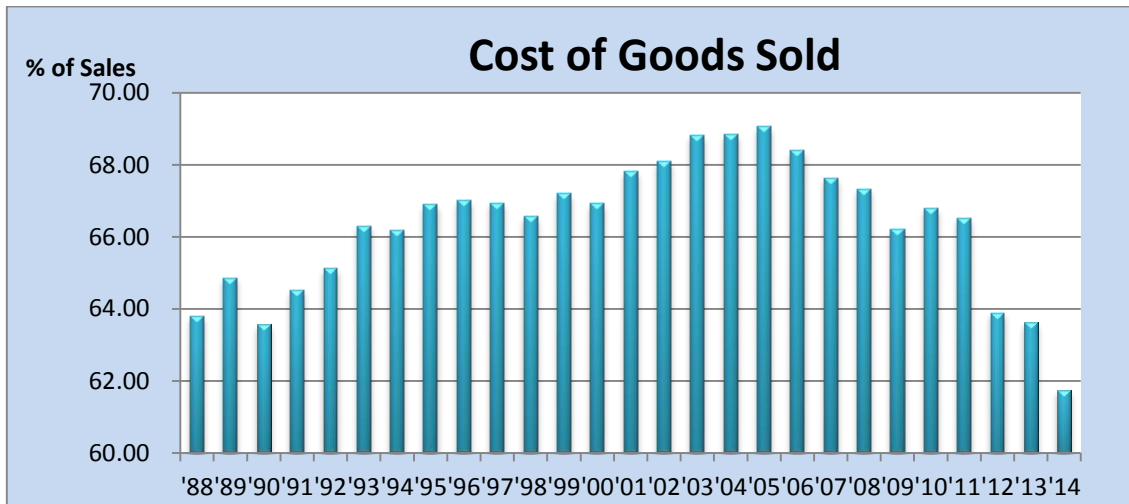


Chart 2

Trends in pharmacy operations, 1988 – 2014



AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2013 AND 2014
(Based on 12 Months of Trading to 30/06/2014)

Table 3

	2013 AVERAGES		2014 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	3,227,767		3,169,953		-57,814	-0.02
COST OF GOODS SOLD (3)	2,039,339	63.18	1,985,331		-54,008	-0.03
GROSS MARGIN (3)	1,152,771	35.71	1,142,795		-9,976	-0.01
Other Income	35,658		41,827		6,169	0.17
GROSS MARGIN PLUS OTHER INCOME	1,188,428		1,184,622		-3,806	0.00
TOTAL REVENUE	3,263,425		3,211,780		-51,645	-0.02
EXPENSES						
Salaries and Wages	382,018	11.71	402,826	12.54	20,808	0.05
Rent Paid	192,232	5.89	189,228	5.89	-3,004	-0.02
Outgoings - Rental & Rates	9,670	0.30	11,807	0.37	2,137	0.22
Accounting	6,504	0.20	9,037	0.28	2,532	0.39
Advertising	38,973	1.19	29,839	0.93	-9,133	-0.23
Bank Charges	10,372	0.32	9,459	0.29	-913	-0.09
Computer Expenses	14,958	0.46	15,232	0.47	274	0.02
Depreciation	34,681	1.06	32,061	1.00	-2,621	-0.08
Electricity, Water, Heating	16,283	0.50	15,505	0.48	-778	-0.05
Insurance	8,958	0.27	10,429	0.32	1,471	0.16
Interest Paid	63,270	1.94	74,440	2.32	11,170	0.18
Leasing Expenses	5,232	0.16	7,849	0.24	2,617	0.50
Motor Vehicle Expenses	2,340	0.07	5,982	0.19	3,641	1.56
Postage, Freight, Printing	12,407	0.38	13,020	0.41	613	0.05
Repairs, Maintenance, Service	4,528	0.14	5,971	0.19	1,443	0.32
Subs and Registrations	15,972	0.49	18,479	0.58	2,507	0.16
Superannuation	33,877	1.04	35,629	1.11	1,752	0.05
Telephone	4,437	0.14	4,510	0.14	73	0.02
Training	2,381	0.07	2,458	0.08	77	0.03
Abnormal Expenses	2,509	0.08	2,572	0.08	63	0.03
Payroll Tax	7,105	0.19	7,283	0.19	178	0.03
Workers' Compensation	2,735	0.08	3,711	0.12	975	0.36
Other Expenses	113,512	3.48	107,504	3.35	-6,008	-0.05
TOTAL EXPENSES	984,953	30.18	1,014,827	31.60	29,873	0.03
TOTAL INCOME	203,475	6.24	169,795	5.29	-33,680	-0.17
Less Proprietors' Salary (1) [Full-Time-Equivalents]	138,231 1.03	4.24	143,257 1.07	4.46		
NET PROFIT/LOSS	65,244	2.00	26,538	0.83	-38,706	-0.59
EBITDA	163,196	5.00	133,039	4.14	-30,157	-0.18
SALES ANALYSIS						
Prescriptions (3)	1,930,408	59.81	1,823,545	57.53	-106,863	-0.06
Other Sales (3)	1,287,186	39.88	1,389,043	43.82	101,857	0.08
INVENTORY ANALYSIS						
Prescription	83,848	2.57	111,995	3.49	28,147	0.34
Other	188,901	5.79	291,560	9.08	102,660	0.54
STOCK CARRIED (Total)	329,022	10.08	403,555	12.56		
STOCK TURN (On Total Inventory)	6.70					
SALES PER INVENTORY DOLLAR						
Prescription	23		16		-7	-0.29
Other	7		7		0	-0.04
STATISTICS						
PHARMACY SIZE (square metres)	240		225		-15	-0.06
PRESCRIPTIONS DISPENSED (Total)	53,828		53,944		116	0.00
PRESCRIPTIONS DISPENSED WEEKLY	1,035		1,037		2	0.00
TOTAL HOURS OPEN per WEEK	69.8		67.2		-3	-0.04
AV HRS WORKED BY PROPRIETORS/WEEK	39.1		40.5		1	0.04
FUNDS RETAINED IN BUSINESS (2)	230,588	7.07	314,909	9.80		

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

COMPARISON OF PHARMACIES REPORTING IN CONSECUTIVE YEARS

(Refer to Table 3)

The Digest includes a comparison of performance for pharmacies which have responded in two consecutive years. This is particularly important in highlighting movements in key indicators from one year to the next. It is usually more relevant in assessing movements than the estimates provided in Table 2 (i.e. the entire sample).

It is for this purpose that voluntary participation is encouraged to supplement the annual samples being compared. Since these responses are not restricted to the main sample, the larger their number the more representative the comparisons would be.

A sample of 116 pharmacies provided responses for both 2012-13 and 2013 - 2014. The following section offers an overview of the results summarised in Table 3.

- + Total Sales decreased by 1.79%.
- + Cost of goods sold decreased by 2.65%. Consistent with the findings of the main sample, this in turn produced marginally higher Gross Margin as a percentage of Sales, at 36.10% compared with 35.7% in 2012-13.
- + Total expenses grew by 3% in dollar terms and increased this year as a percentage of sales, from 30.5% to 32% in 2013-14.
- + With the growth in expenses the total Income decrease by 16.55% in 2013-2014.
- + Salaries and Wages for the comparative sample grew by 5.4% while Rents decreased by -1.6%.
- + Prescription revenue dropped by 5.54% with marginal increase of 0.22% in per pharmacy script volume.
- + Non-prescription sales posted a significant increase of 7.91%, reflecting general economic conditions and the competitive environment.

ANALYSIS OF SURVEY RESULTS

Successful businesses are essentially characterised by their ability to:

- + Secure a reasonable salary for the proprietor(s) commensurate with the hours invested in the job, whether it be serving a customer, planning for the future growth of the business or after hour's record-keeping.
- + Ensure a reasonable return on the funds invested in the business at a rate appropriate to the level of risk involved; (if the recent past is any guide, pharmacy is anything but a low risk business).
- + Generate sufficient additional funds to cover the necessary inflationary costs of replacing stock and non-depreciable items as well as the depreciation deficiency on capital items whose replacement costs need to be based on current (and not historical) values.

Community pharmacy is no exception.

Despite its primary health care role, community pharmacy is also a business. As well as being health professionals, pharmacists need to survive in the business environment with all its associated risks and rewards. Profitability is an essential part of that landscape.

Based on Table 3, the overall sales performance of community pharmacy in 2013-14 recorded a slight reduction. Prescription revenue was reduced by the pressures of Price Disclosure whilst retail sales exhibited pressures consistent with the broader market. Profitability dropped slightly due to higher expenses, which continue to reach record highs as a percentage of sales.

Quartile analysis (Table 4)

Statistical reports should never be considered in isolation as bare facts. They must be interpreted in context and compared by reference to other factors which may be unique to the operation. With this caveat in mind, the following analyses provide a useful guide for decision-making.

Quartiles provide a means of assessing the performance of a particular business relative to a scale of results actually achieved by other respondents. For every revenue, expense, stock and prescription category item listed, each respondent's results are ranked in order of magnitude. The best and the worst results are not shown, but the results are tabulated according to three discrete points in the total sample: low or 1st quartile; normal or 2nd quartile (or median); and high or 3rd quartile. The first quartile simply means that 25% of respondents achieved results less than the value shown for the item. On the other hand, the 3rd or high quartile means that 75% achieved less and 25% achieved greater than the value indicated.

Similarly, the median or Normal quartile marks the value which one half of the respondents achieved and the other half did not. It is worth noting that the figures in the Low, Normal and High columns represent results from a wide range of pharmacies and the data should be viewed only in terms of their corresponding expense or income items. Strictly speaking, the Salaries and Wages percentage in the Normal Quartile (12.87%) bears no relationship to the Sales figure in the same quartile (\$2,268,687). The correct interpretation is that the Normal Quartile for Salaries and Wages is 12.74% of the Sales figure reported by that median respondent. The Sales figure of \$2,268,687 is independent of the 12.84%. Conversely, the median respondent who reported the Sales figure of \$2,268,687 may have a totally different Salaries and Wages percentage.

When putting these results into benchmarking practice, the general rule of thumb is to aim for:

Expense results below the low quartile

Revenue results above the high quartile

An expense result above the high quartile value means that the business needs to examine very closely the causes of the high expense level and to undertake remedial action. Revenue results below the low quartile value require similar urgent attention since they indicate scope for improvement.

Quartile Analysis of Gross Margin and Salaries

Gross Margin	<30%	less than desirable
	>40%	excellent
Salaries and Wages	<9%	excellent
	>14%	room for improvement

Examples

However, each result must be viewed in its proper context. With respect to Salaries and Wages, a pharmacy with one part-time staff member may be below the 9% rate and still not be achieving efficiencies. At the other end of the spectrum, a manager-operated pharmacy is likely to have a higher salary cost component (approaching 14%) but in some cases may be operating at a highly efficient level. Similarly, higher than average rents do not necessarily suggest an unproductive location.

It is worth noting that a 1% fall in expenses (expressed in terms of revenue) directly translates to an increase of 1% in profits (expressed in terms of revenue).

PROPRIETOR'S NOTIONAL SALARY

As in previous years, the purpose of this calculation is to provide an indication of a reasonable level of professional remuneration for a pharmacy proprietor (or proprietors) for working in the pharmacy (often for extended hours), taking shorter holidays than employees, bearing the after-hours burden of record-keeping and assuming all the risks associated with investing in and running a business.

The starting base is an employee manager's actual salary for a 38 hour week, adjusted for overtime for any additional hours. To this figure are added on-costs which necessarily form part of labour costs of employing a manager - such things as annual leave, long service leave, superannuation.

In 2013-14, the normal hourly rate was estimated at \$54.21 for the first 38 hours - equivalent to an annual salary of \$107,119. Additional hours were calculated at time and a half rate to reflect overtime. A rate of 1.2547 was applied to reflect On-Cost provisions.

Calculation of salary loading

%	Annual Salary (38 hour week)
7.69	Holiday (4 weeks)
1.35	Leave loading (17.5% of 4 weeks)
1.92	Sick leave (1 week)
1.67	Long service leave (3 mths/15 yr)
3.85	Public holidays (2 weeks)
9.00	Superannuation
25.47	Total On-Cost

Australian Pharmacies - 2013-14
(Based on 12 Months of Trading to 30/06/2014)

Table 4

	2014 AVERAGES		Low	Normal	High
SALES, EXPENSES & PROFITABILITY	\$	%			
SALES	2,789,716		1,510,250	2,268,687	3,545,969
COST OF GOODS SOLD (3)	1,723,296	61.77	57.54	62.35	66.05
GROSS MARGIN (3)	1,066,420	38.23	33.50	36.85	41.20
Other Income	46,098		0.16	0.53	1.25
GROSS MARGIN PLUS OTHER INCOME	1,112,518		33.95	37.65	42.46
TOTAL REVENUE	2,835,814		100.00	100.00	100.00
EXPENSES					
Salaries and Wages	343,244	12.10	10.35	12.87	15.61
Rent Paid	141,145	4.98	2.21	3.04	4.91
Outgoings - Rental & Rates	9,609	0.34	0.12	0.20	0.45
Accounting	9,772	0.34	0.21	0.35	0.55
Advertising	31,700	1.12	0.26	0.55	1.12
Bank Charges	8,768	0.31	0.12	0.21	0.35
Computer Expenses	12,538	0.44	0.27	0.38	0.57
Depreciation	30,062	1.06	0.34	0.65	1.08
Electricity, Water, Heating	12,216	0.43	0.25	0.34	0.44
Insurance	9,654	0.34	0.24	0.36	0.53
Interest Paid	72,234	2.55	1.71	2.67	3.58
Leasing Expenses	7,145	0.25	0.06	0.19	0.33
Motor Vehicle Expenses	7,582	0.27	0.13	0.27	0.47
Postage, Freight, Printing	10,614	0.37	0.12	0.26	0.40
Repairs, Maintenance, Service	4,603	0.16	0.06	0.11	0.20
Subs and Registrations	8,480	0.30	0.17	0.33	0.53
Superannuation	33,739	1.19	0.85	1.11	1.33
Telephone	4,954	0.17	0.13	0.18	0.26
Training	2,762	0.10	0.03	0.07	0.15
Abnormal Expenses	2,665	0.09	0.00	0.13	0.40
Payroll Tax	5,388	0.19	0.00	0.00	0.00
Workers' Compensation	3,862	0.14	0.09	0.12	0.17
Other Expenses	82,861	2.92	0.68	1.88	3.76
TOTAL EXPENSES	855,598	30.17	20.21	25.68	31.56
TOTAL INCOME	256,920	9.06	5.23	9.40	15.89
Less Proprietors' Salary (1) [Full-Time-Equivalents]	149,654 1.11	5.28	123,796 0.92	141,481 1.05	176,851 1.32
NET PROFIT/LOSS	107,266	3.78	5.21	9.38	15.75
EBITDA	209,562	7.39	8.23	12.17	18.60
SALES ANALYSIS					
Prescriptions (3)	1,742,321	62.46	1,071,963	1,605,074	2,318,556
Other Sales (3)	1,067,149	38.25	285,986	550,615	1,319,771
INVENTORY ANALYSIS					
Prescription	89,168	3.14	49,875	75,235	105,000
Other	176,622	6.23	59,719	84,766	216,273
STOCK CARRIED (Total)	265,790	9.37	109,594	160,000	321,273
STOCK TURN (On Total Inventory)	6.48		5.62	7.54	9.52
SALES PER INVENTORY DOLLAR					
Prescription	19.54		13.62	19.64	28.11
Other	6.04		3.80	5.34	7.32
STATISTICS					
PHARMACY SIZE (square metres)	207		96.8	150.0	250.0
PRESCRIPTIONS DISPENSED (Total)	54,482		33,647	47,760	73,871
PRESCRIPTIONS DISPENSED WEEKLY	1,048		646	912	1,407
TOTAL HOURS OPEN per WEEK	58.2		49.0	55.0	63.0
AV HRS WORKED BY PROPRIETORS/WEEK	42.3		35.0	40.0	50.0
FUNDS RETAINED IN BUSINESS (2)	217,773	7.68	2,336	126,808	345,885

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

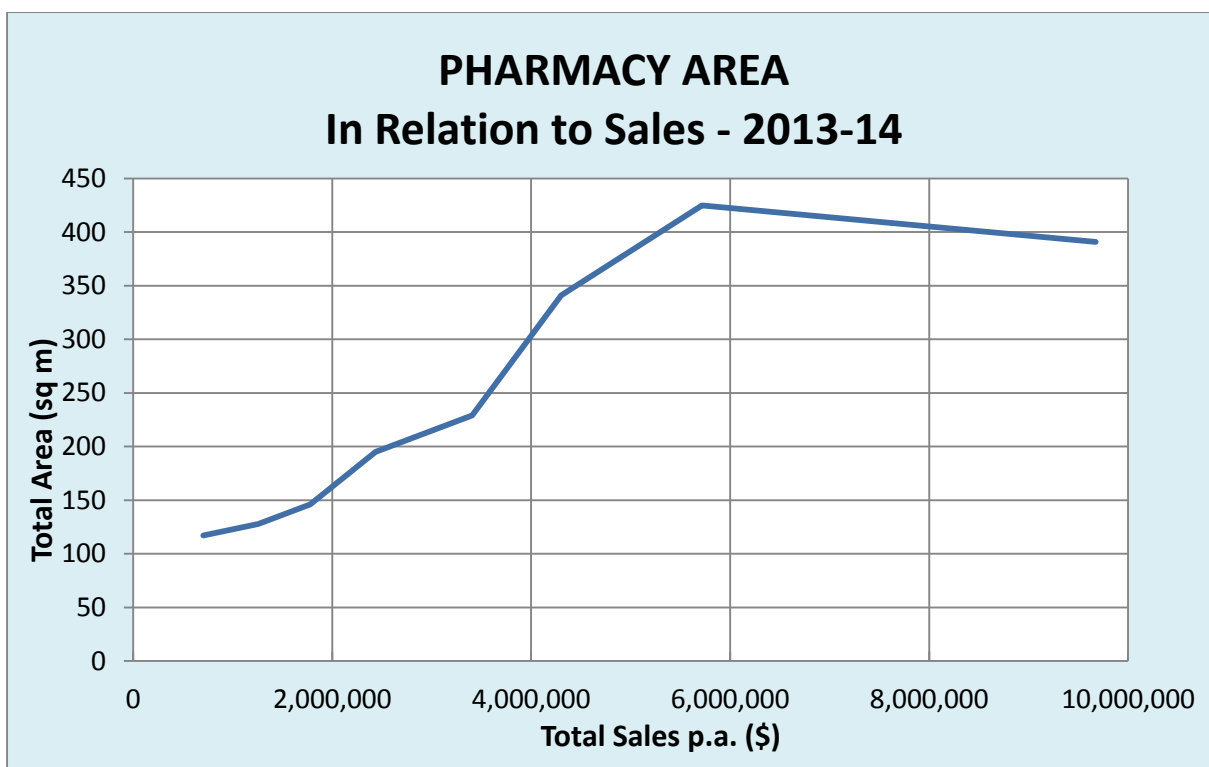
PLANNING TOOLS AND PRODUCTIVITY MEASURES

(Refer to Table 5)

Sales per square metre. This is a useful benchmarking tool to guide merchandising and display. Refer to Table 5 for details according to turnover range. As a general rule, sales productivity by area of selling space tends to increase with turnover and this year turnover per square metre ranged from \$8,075 to \$26,838.

The relationship between Shop Area and Sales is illustrated in Chart 3.

Chart 3



Total sales vs number of prescriptions

The average prescription generated between \$40.91 and \$83.27 in sales revenue. With an average value per prescription of about \$33.52, each prescription produced between \$10 and \$20 extra revenue in the non-prescription sector.

In practice, customer numbers far exceed the number of prescriptions dispensed. Digest data indicates the average number of customers per pharmacy per year is approximately 77,984 (compared with 54,482 dispensed prescriptions). Therefore the average sale per customer may be lower than the Sales per script figures. It is nevertheless important to note that prescriptions contribute significantly to other sales and the important nexus between the two should not be underestimated. The close correlation between the number of prescriptions dispensed and Total Sales is illustrated in Chart 4, and the long term trend towards an increase in the proportion of dispensary to total sales is shown in Chart 5.

Pharmacy metrics by turnover range

TURNOVER RANGE	Average Script Value (\$)	Non-Prescription	Script Sales/ Total Sales	TURNOVER PER SQ M SHOP	RENT \$ PER SQ M SHOP SPACE
\$	\$	\$	%		
UNDER \$1,000,000	32.57	11.45	78.7%	8,223.38	544.68
\$1,000,000 - \$1,500,000	33.36	12.49	79.8%	12,580.39	388.06
\$1,500,000 - \$2,000,000	33.37	7.87	80.0%	18,570.27	820.94
\$2,000,000 - \$3,000,000	32.99	14.05	71.4%	17,347.47	769.84
\$3,000,000 - \$4,000,000	32.54	21.33	64.7%	17,831.46	1,173.47
\$4,000,000 - \$5,000,000	34.82	28.91	62.5%	14,030.22	550.05
\$5,000,000 - \$7,000,000	34.44	24.26	60.4%	17,353.24	697.76
OVER \$7,000,000	41.51	57.56	54.0%	26,838.27	1,312.20

Chart 4

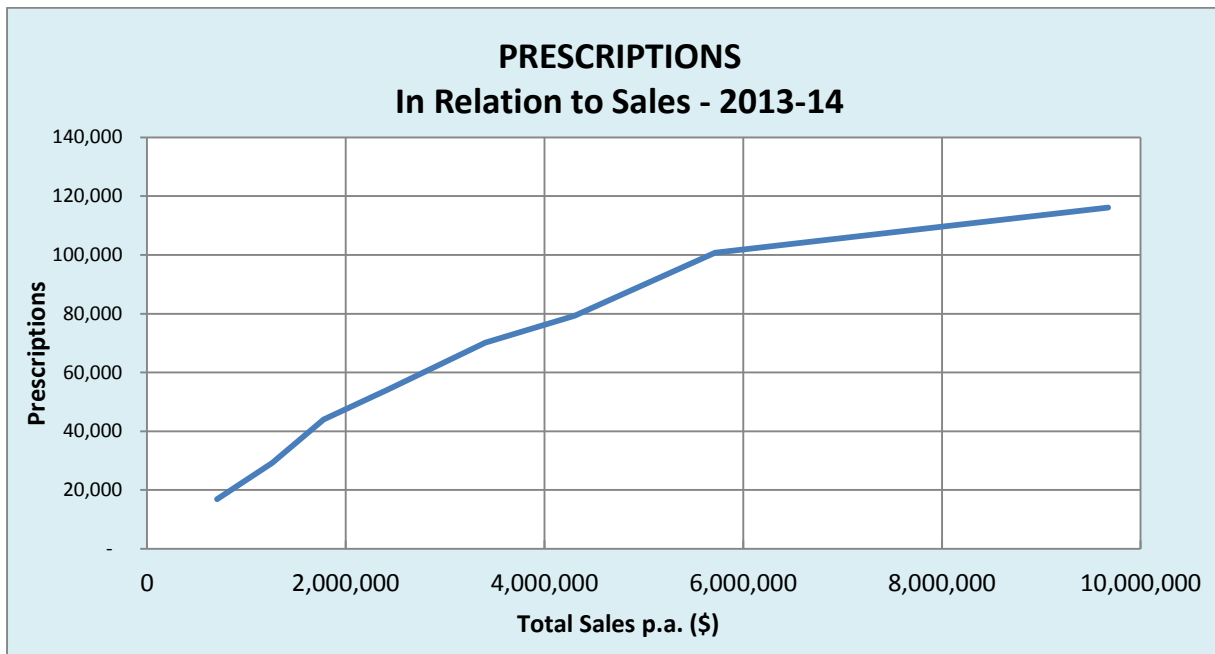
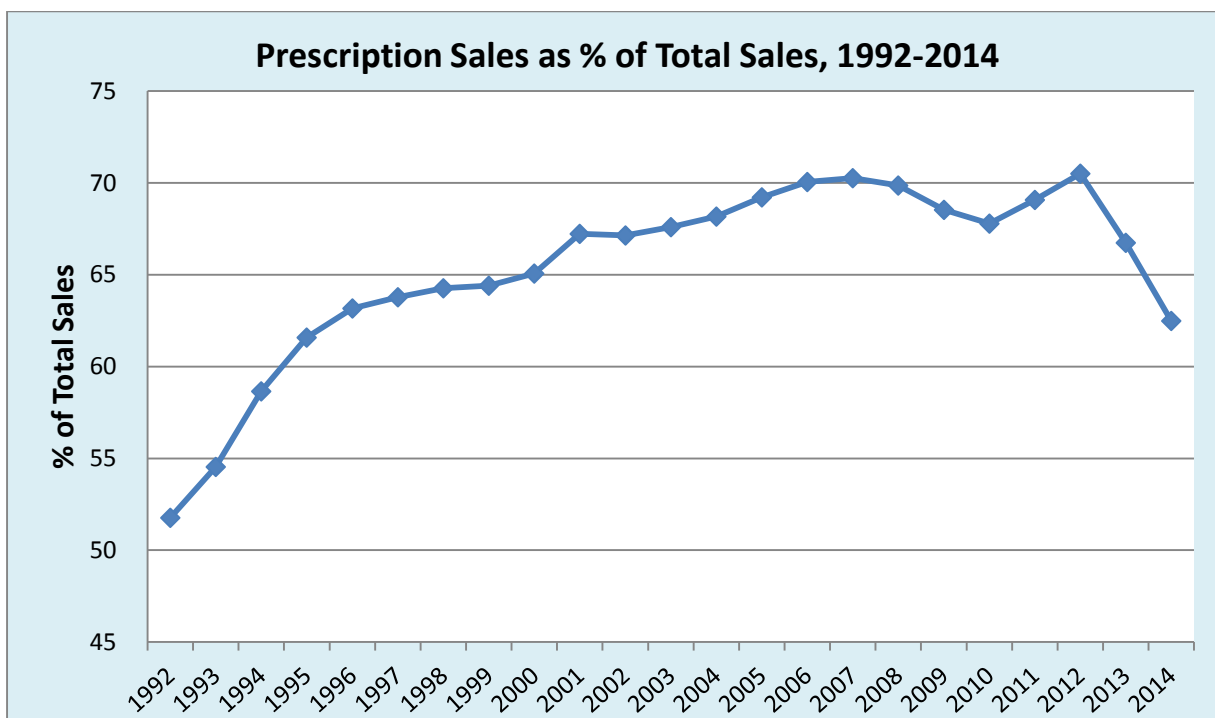


Chart 5



SALES PER \$ OF STAFF WAGES

This is a useful general measure of productivity of staff. Table 5 shows that staff generate on average just over \$9 of sales revenue per dollar of wages.

NON-PRESCRIPTION SALES PER FULL-TIME EQUIVALENT NON-DISPENSARY STAFF

Salaries and wages represent the largest single expense item in community pharmacy. Sales staff therefore have the capacity to significantly influence sales outcomes. The following figures provide a useful benchmark for performance rating.

Non-prescription sales per full-time equivalent non-dispensary staff

TURNOVER RANGE	Retail Sales/ Full-Time Equivalent Non-Dispensary Employee (\$)
UNDER \$1,000,000	\$310,250
\$1,000,000 - \$1,500,000	\$378,710
\$1,500,000 - \$2,000,000	\$441,558
\$2,000,000 - \$3,000,000	\$503,150
\$3,000,000 - \$4,000,000	\$616,682
\$4,000,000 - \$5,000,000	\$851,958
\$5,000,000 - \$7,00,000	\$824,419
OVER \$7,000,000	\$1,510,656

As with the previous section, the following table excludes dispensary turnover from the calculation to obtain the retail sector sales per full-time equivalent non-dispensary employee. This is based on a 38 hour week and includes only hours for the Sales and Other Staff category in Table 18.

Table 5

SUMMARY OF PRODUCTIVITY MEASURES – 2013-14

TURNOVER RANGE	AVERAGE TURNOVER \$	TURNOVER PER \$ STAFF	TURNOVER PER FULL TIME EQUIVALENT EMPLOYEE	TURNOVER PER SQ M SHOP SPACE	RENT \$ PER SQ M SHOP SPACE
UNDER \$1,000,000	729,039	5.87	279,371	8,223	545
\$1,000,000 - \$1,500,000	1,276,601	8.50	339,371	12,580	388
\$1,500,000 - \$2,000,000	1,795,374	8.07	390,334	18,570	821
\$2,000,000 - \$3,000,000	2,475,520	7.97	359,633	17,347	770
\$3,000,000 - \$4,000,000	3,446,190	7.83	359,697	17,864	773
\$4,000,000 - \$5,000,000	4,375,177	8.24	381,853	14,030	550
\$5,000,000 - \$7,00,000	5,773,399	8.17	373,671	17,353	698
OVER \$7,000,000	9,736,328	9.73	437,746	26,838	1,312
AUSTRALIA					
ALL PHARMACIES - WEIGHTED	2,792,549	7.81	356,205	16,201	731
METROPOLITAN	2,643,744	7.45	341,223	15,858	755
COUNTRY	2,568,494	7.12	334,535	14,025	588

USER'S GUIDE TO THE GUILD DIGEST

Management decisions require more than general and vague impressions of an operation's financial structure. The Guild Digest presents a snapshot of pharmacy operations in Australia for the preceding financial year and is designed to be used as a resource when making management decisions. The Digest's primary purpose is to serve as a financial benchmarking tool, allowing community pharmacy owners, managers and financial advisers to make valuable comparisons of their financial performance against others in the industry.

The purpose of this section is to provide a better understanding of the financial data presented. It provides readers with background information on the Digest's structure as well as an understanding of financial terms and concepts and how they can be applied when analysing your business.

BALANCE SHEET

The Balance Sheet is a statement of financial position at a given point in time. A snapshot of what a business owns (assets), what a business owes (liabilities), and the amount invested by owners (net worth), it is expressed as:

$$\text{Assets} = \text{Liabilities} + \text{Owners Equity (Net Worth)}$$

The Balance Sheet allows you to quickly see the financial strengths and capabilities of your business, as well as compare the increase and decrease in value of your business over time.

Assets

An asset is anything of value that can be converted into cash. It is a resource held by a business from which future economic benefits are expected to flow.

Current Assets are assets that can usually be converted into cash at short notice.

Fixed Assets, on the other hand, are assets with a long term life which are needed to carry out the normal activities of the business. They also have a depreciable life and are shown at cost less depreciation written off to date.

Goodwill is the price paid to take over the clientele when purchasing a business, less amounts written off over a designated period.

Liabilities

Current Liabilities include all debts which are due within one year from the date of the balance sheet. The main components are normally accounts payable, accrued expenses, overdrafts and provision for tax.

Long Term Liabilities are those which are payable over a number of financial years. They include loans, mortgages and long term provisions such as Long Service Leave.

Net Worth

Net Worth is the amount assets exceed liabilities. Use the following formula to calculate Net Worth:

$$\text{Net Worth} = \text{Total Assets} - \text{Total Liabilities}$$

Net Worth is a key measure of how much an entity is worth. A consistent increase in Net Worth indicates the entity is in good financial health.

OPERATING PERIOD

Extreme movements may be experienced in individual businesses from period to period but as a general rule, unless there are exceptional economic factors, industry movements are small from period to period.

The Digest can therefore be useful to identify short term trends, such as adverse margins or high inventory levels at any time during the current period. In addition comparisons of digest results can be made at any time after 30 June 2014 to identify any long term problems such as inappropriate locations.

DIGEST FORMAT

For the purposes of financial management, two major areas are presented:

- + Operating results for the twelve month period summarised into various charts and tables according to turnover ranges, location and volume of prescription business.
- + Financial position of the business at a specific point in time, ie 30 June 2014, after the year's trading has been taken into account.

OPERATING RESULTS

Often referred to as the Profit and Loss Account, the operating results present, in a single format, revenue derived from the sale of merchandise and expenses incurred to produce those sales.

All income statement data are reported as percentage of Total Revenue to allow the comparison of each item in its relationship to the total operation.

FINANCIAL RATIOS

From an investor's point of view, the pharmacy proprietor must review the balance sheet in order to relate the income produced from the venture to the funds invested in it. The owner must also be prepared to justify the level of expenditure incurred in earning both the income and the return on funds invested. Thus a sound management policy dictates that the proprietor should review both the income and expense statement for an evaluation of operations and the balance sheet for an assessment of financial position and solvency.

The proprietor can judge how effectively the assets are being utilised by relating the asset and liability position to sales and profit figures.

Balance sheet information can be developed into ratios that measure asset usage (return on asset investment); the liquidity of the business, or its ability to meet current obligations (current ratio); and the general solvency of the firm (debt/equity ratio).

It should be noted that the ratios calculated from the financial information are not inflexible determinants of success or failure, but rather, represent indicators of performance at one point in time. It is suggested that these ratios be considered as a group rather than separately.

Liquidity or Short-Term Capitalisation

Liquidity measures the pharmacy's ability to meet its current obligations and reflects the relationship between the business' short-term financial obligations (current liabilities) and the sources of funds available to meet those requirements (current assets).

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Also known as Working Capital Ratio, a ratio of around 2 to 1 for most businesses enables the business to relatively easily meet current obligations. In most cases a ratio higher than this would indicate that the manager is not utilising funds in the most productive way.

Profitability

Profitability is the measuring stick used to evaluate how effective the manager has been in increasing the owner's equity.

$$\text{Net profit on annual sale} = \frac{\text{Net Profit (before tax)}}{\text{Annual Sales}}$$

Year to year comparisons can be made to determine the change in net profit in relation to the change in sales. This measure of profitability is most useful in connection with another standard ratio – return on investment.

$$\begin{array}{rcc} \text{Return on Investment} & = & \text{Net Profit (before tax)} \\ \text{(or return on Equity)} & & \hline & & \text{Net Worth} \end{array}$$

Net worth is the amount of owner's equity and is the difference between total assets and total liabilities. The resulting figure is then divided into net profit (before taxes).

Often a more accurate indicator of investment return can be found in the return on total investment.

$$\begin{array}{rcc} \text{Return on} & = & \text{Net Profit (before tax)} \\ \text{Total Investment} & & \hline & & \text{Owner's Equity + Long Term Liabilities} \end{array}$$

Net profit on total investment expresses income in relation to the total of the permanent funds invested in the business. It makes no distinction between owner's equity and borrowed capital. The Return on Total Investment ratio is a measure of how well management has used all these permanent funds.

Solvency or Long-Term Capitalisation

Solvency is calculated by lenders in estimating the borrowing potential of a firm. Solvency refers to the ability of a pharmacy to meet the repayment schedule on long-term obligations.

$$\begin{array}{rcc} \text{Debt Equity Ratio} & = & \text{Total Liabilities} \\ \text{(or gearing)} & & \hline & & \text{Net Worth} \end{array}$$

A pharmacy in which the total debt exceeds the owner's equity is quite vulnerable if external changes cause a prolonged drop in sales or an unpredictable increase in expenses such as those caused by interest rate rises. When the debt/equity ratio is low in comparison with that in similar operations the pharmacy may not be leveraged to best advantage.

Net Sales to Net Worth

This ratio examines the productivity of equity in terms of generating sales. A high ratio may imply inadequate owner's capitalisation. When the ratio is low, the operation is not obtaining full use of its funds.

Funded Debt to Net Working Capital

A business' ability to borrow is obtained by dividing funded debts, mortgages etc by working capital. When the ratio is low there is less reliance on funded debt for working capital and the owner is in a better financial position to borrow funds.

Age of Debtors

$$\text{Average Payable Period} = \frac{\text{Outstanding Accounts Payable} \times 365}{\text{Annual Purchases}}$$

This ratio expresses the number of days outstanding in accounts payable and measures the extent to which a business is operating on suppliers' capital. A higher-than-average value may imply that the pharmacy is not taking suppliers' cash discounts.

Chart 6

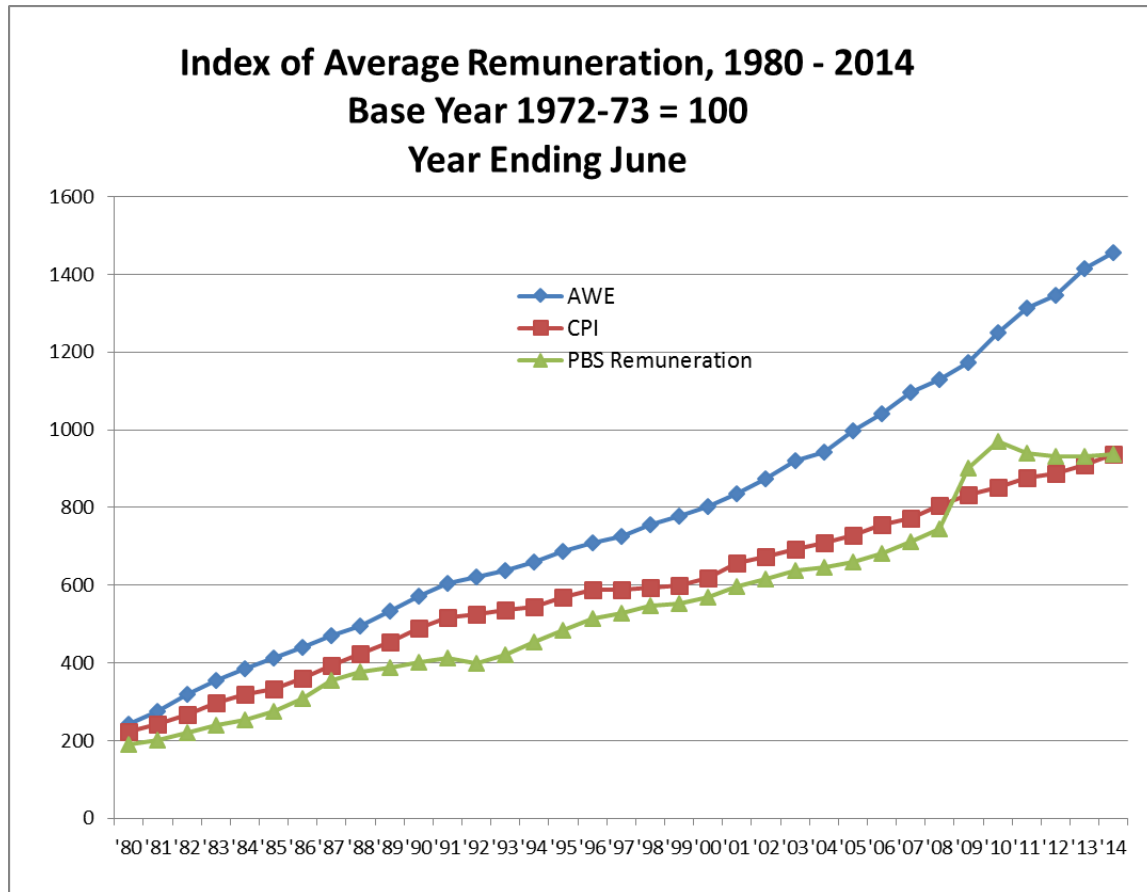
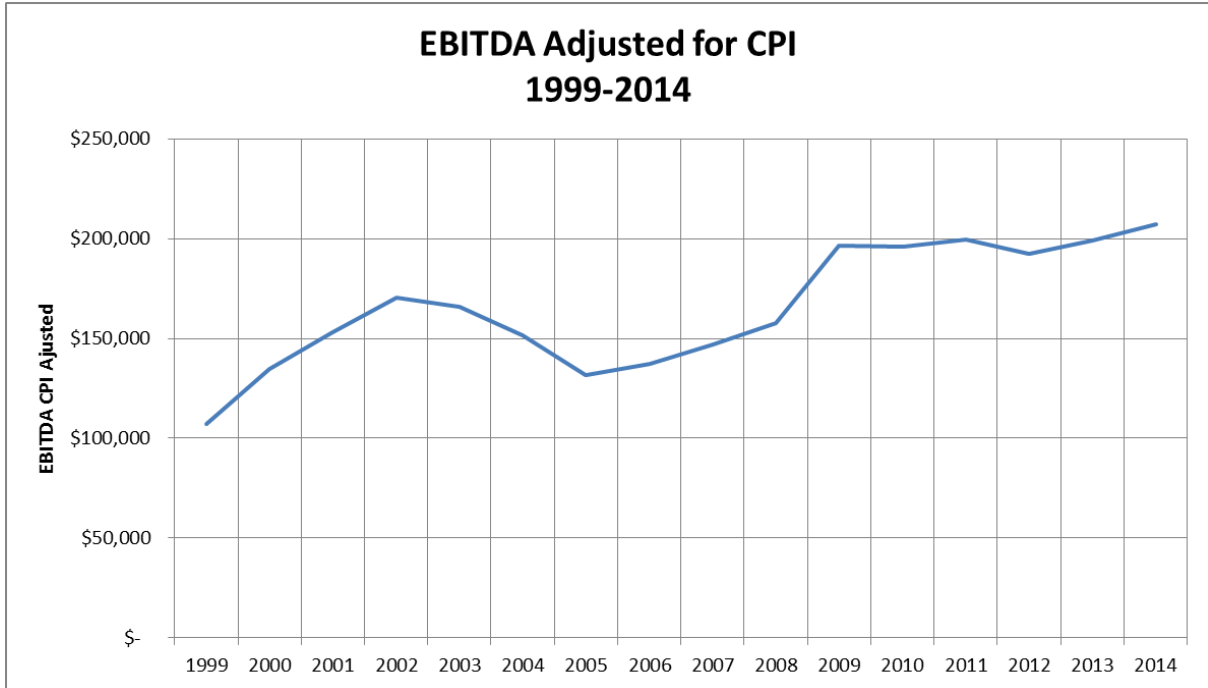


Chart 7



Australian Pharmacies - 2013-14
(Based on 12 Months of Trading to 30/06/2014)

Table 6

	Up to \$1,000,000		\$1,000,000 to \$1,500,000		\$1,500,000 to \$2,000,000		\$2,000,000 to \$3,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	711,245		1,258,984		1,776,821		2,435,064	
COST OF GOODS SOLD (3)	426,321	59.94 [✓]	794,883	63.14 [✓]	1,038,696	58.46 [✓]	1,579,357	64.86
GROSS MARGIN (3)	284,924 [✓]	40.06	464,101 [✓]	36.86	738,125 [✓]	41.54	855,708	35.14
Other Income	22,217		36,828		25,510		50,569	
GROSS MARGIN PLUS OTHER INCOME	307,141		500,929		763,635		906,277	
TOTAL REVENUE	733,462		1,295,812		1,802,331		2,485,633	
EXPENSES								
Salaries and Wages	145,980	19.90 [✓]	179,259	13.83 [✓]	244,090	13.54 [✓]	341,255	13.73
Rent Paid	50,981	6.95 [✓]	47,038	3.63 [✓]	84,038	4.66 [✓]	118,771	4.78
Outgoings - Rental & Rates	6,526	0.89 [✓]	5,584	0.43 [✓]	5,794	0.32 [✓]	8,396	0.34
Accounting	5,175	0.71 [✓]	7,648	0.59 [✓]	6,882	0.38 [✓]	7,797	0.31
Advertising	7,091	0.97 [✓]	6,915	0.53 [✓]	11,882	0.66 [✓]	16,322	0.66
Bank Charges	2,440	0.33 [✓]	3,595	0.28 [✓]	4,731	0.26 [✓]	6,685	0.27
Computer Expenses	8,317	1.13	10,671	0.82	11,326	0.63	11,828	0.48
Depreciation	13,799	1.88	13,513	1.04	15,800	0.88	23,515	0.95
Electricity, Water, Heating	4,641	0.63	5,634	0.43	6,928	0.38	11,640	0.47
Insurance	6,276	0.86	5,979	0.46	9,817	0.54	8,839	0.36
Interest Paid	31,566	4.30	58,341	4.50	54,144	3.00	61,979	2.49
Leasing Expenses	1,625	0.22	15,626	1.21	6,823	0.38	6,261	0.25
Motor Vehicle Expenses	5,267	0.72	14,312	1.10	5,532	0.31	8,073	0.32
Postage, Freight, Printing	3,604	0.49	3,465	0.27	5,810	0.32	7,922	0.32
Repairs, Maintenance, Service	1,730	0.24	5,847	0.45	2,982	0.17	4,361	0.18
Subs and Registrations	7,081	0.97	8,082	0.62	14,122	0.78	14,874	0.60
Superannuation	12,199	1.66	17,130	1.32	21,387	1.19	29,095	1.17
Telephone	2,793	0.38	3,115	0.24	4,951	0.27	4,780	0.19
Training	1,304	0.18	1,540	0.12	2,587	0.14	1,962	0.08
Abnormal Expenses	12,342	1.68	12,729	0.98	29,870	1.66	31,570	1.27
Payroll Tax	677	0.09	n/a	n/a	451	0.03	829	0.03
Workers' Compensation	1,642	0.22	1,393	0.11	2,386	0.13	3,134	0.13
Other Expenses	26,660	3.63	28,279	2.18	36,714	2.04	54,266	2.18
TOTAL EXPENSES	359,715	49.04	455,693	35.17	589,046	32.68	784,154	31.55
TOTAL INCOME	81,251	11.08	208,768	16.11	301,770	16.74	242,736	9.77
Less Proprietors' Salary (1) [Full-Time-Equivalents]	161,052 1.20	21.96	148,555 1.11	11.46	155,850 1.16	8.65	154,745 1.15	6.23
NET PROFIT/LOSS	-79,801	-10.88	60,213	4.65	145,920	8.10	87,991	3.54
EBITDA	-34,436	-4.70	132,067	10.19	215,864	11.98	173,485	6.98
SALES ANALYSIS								
Prescriptions (3)	549,877	77.31	975,129	77.45	1,426,087	80.26	1,736,579	71.32
Other Sales (3)	182,758	25.70	326,963	25.97	368,670	20.75	719,968	29.57
INVENTORY ANALYSIS								
Prescription	39,063	5.33	55,969	4.32	85,242	4.73	105,015	4.22
Other	34,583	4.72	62,198	4.80	77,887	4.32	121,119	4.87
STOCK CARRIED (Total)	73,646	10.04	118,168	9.12	163,129	9.05	226,134	9.10
STOCK TURN (On Total Inventory)	5.79		6.73		6.37		6.98	
SALES PER INVENTORY DOLLAR								
Prescription	14.08		17.42		16.73		16.54	
Other	5.28		5.26		4.73		5.94	
STATISTICS								
PHARMACY SIZE (square metres)	116		128		146		195	
PRESCRIPTIONS DISPENSED (Total)	17,085		29,159		43,871		54,370	
PRESCRIPTIONS DISPENSED WEEKLY	329		561		844		1,046	
TOTAL HOURS OPEN per WEEK	50		52		55		61	
AV HRS WORKED BY PROPRIETORS/WEEK	46		42		44		44	
FUNDS RETAINED IN BUSINESS (2)	127,090	17.33	140,103	10.81	277,855	15.42	332,903	13.39

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

Australian Pharmacies - 2013-14
(Based on 12 Months of Trading to 30/06/2014)

Table 6

	\$3,000,000 to \$4,000,000		\$4,000,000 to \$5,000,000		\$5,000,000 to \$7,000,000		Over \$7,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,405,607		4,302,358		5,715,615		9,674,738	
COST OF GOODS SOLD (3)	2,119,523	62.24 [✓]	2,768,507	64.35 [✓]	3,743,027	65.49 [✓]	6,473,126	66.91
GROSS MARGIN (3)	1,323,977	38.88 [✓]	1,615,066	37.54 [✓]	2,047,651	35.83 [✓]	3,180,502	32.87
Other Income	46,551		78,021		63,562		61,590	
GROSS MARGIN PLUS OTHER INCOME	1,370,528		1,693,087		2,111,213		3,242,092	
TOTAL REVENUE	3,446,190		4,375,177		5,773,399		9,736,328	
EXPENSES								
Salaries and Wages	454,449	13.19	550,444	12.58	755,911	13.09	1,020,344	10.48
Rent Paid	161,455	4.69	228,718	5.23	292,400	5.06	380,664	3.91
Outgoings - Rental & Rates	12,637	0.37	17,528	0.40	29,167	0.51	7,392	0.08
Accounting	13,403	0.39	11,774	0.27	13,216	0.23	24,606	0.25
Advertising	28,316	0.82	41,600	0.95	65,345	1.13	86,526	0.89
Bank Charges	9,314	0.27	14,641	0.33	16,285	0.28	27,181	0.28
Computer Expenses	14,407	0.42	16,246	0.37	19,753	0.34	17,774	0.18
Depreciation	26,053	0.76	37,184	0.85	60,951	1.06	94,206	0.97
Electricity, Water, Heating	13,540	0.39	23,174	0.53	26,636	0.46	26,411	0.27
Insurance	9,247	0.27	12,167	0.28	14,686	0.25	20,326	0.21
Interest Paid	94,175	2.73	125,959	2.88	115,370	2.00	147,980	1.52
Leasing Expenses	6,614	0.19	6,736	0.15	10,913	0.19	18,866	0.19
Motor Vehicle Expenses	6,033	0.18	7,425	0.17	5,136	0.09	13,413	0.14
Postage, Freight, Printing	12,655	0.37	17,154	0.39	23,574	0.41	38,082	0.39
Repairs, Maintenance, Service	5,037	0.15	7,321	0.17	7,708	0.13	8,963	0.09
Subs and Registrations	15,780	0.46	21,739	0.50	32,371	0.56	17,730	0.18
Superannuation	39,426	1.14	51,966	1.19	60,312	1.04	89,798	0.92
Telephone	5,108	0.15	6,125	0.14	6,857	0.12	11,845	0.12
Training	2,396	0.07	3,204	0.07	5,036	0.09	11,990	0.12
Abnormal Expenses	n/a	n/a	55,510	1.27	7,081	0.12	n/a	n/a
Payroll Tax	131	0.00	2,326	0.05	2,007	0.03	29,941	0.31
Workers' Compensation	4,545	0.13	4,207	0.10	6,162	0.11	13,127	0.13
Other Expenses	n/a	n/a	93,341	2.13	114,891	1.99	224,577	2.31
TOTAL EXPENSES	1,065,041	30.90	1,197,224	27.36	1,599,757	27.71	2,542,396	26.11
TOTAL INCOME	330,651	9.59	429,879	9.83	447,467	7.75	699,696	7.19
Less Proprietors' Salary (1) [Full-Time-Equivalents]	79,386 0.59	2.30	67,203 0.50	1.54	91,457 0.68	1.58	159,166 1.18	1.63
NET PROFIT/LOSS	251,265	7.29	362,675	8.29	356,010	6.17	540,530	5.55
EBITDA	371,494	10.78	525,818	12.02	532,330	9.22	782,715	8.04
SALES ANALYSIS								
Prescriptions	2,248,025	66.01	2,692,797	62.59	3,443,810	60.25	4,758,477	49.18
Other Sales	1,195,228	35.10	1,599,290	37.17	2,153,613	37.68	4,916,259	50.82
INVENTORY ANALYSIS								
Prescription	135,264	3.93	91,561	2.09	192,527	3.33	262,045	2.69
Other	168,078	4.88	244,198	5.58	295,834	5.12	264,471	2.72
STOCK CARRIED (Total)	303,342	8.80	335,759	7.67	488,361	8.46	526,516	5.41
STOCK TURN (On Total Inventory)	6.99		8.25		7.66		12.29	
SALES PER INVENTORY DOLLAR								
Prescription	16.62		29.41		17.89		18.16	
Other	7.11		6.55		7.28		18.59	
STATISTICS								
PHARMACY SIZE (square metres)	229		341		425		391	
PRESCRIPTIONS DISPENSED (Total)	70,202		79,317		100,743		116,179	
PRESCRIPTIONS DISPENSED WEEKLY	1,350		1,525		1,937		2,234	
TOTAL HOURS OPEN per WEEK	62		64		64		75	
AV HRS WORKED BY PROPRIETORS/WEEK	22		19		26		45	
FUNDS RETAINED IN BUSINESS (2)	149,890	4.35	563,118	12.87	531,854	9.21	1,384,791	14.22

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

COMPARISON OF PERFORMANCE -
(Based on 12 Months of Trading to 30/06/2014)

Table 7

	Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,631,750		2,584,986		2,860,218		2,363,639	
COST OF GOODS SOLD (3)	1,401,655	53.26	1,578,463	61.06	1,713,131	59.90	1,005,309	42.53
GROSS MARGIN (3)	1,230,095	46.74	1,006,523	38.94	1,147,087	40.10	1,358,330	57.47
Other Income	47,392		30,129		44,992		47,219	
GROSS MARGIN PLUS OTHER INCOME	1,277,487		1,036,651		1,192,079		1,405,549	
TOTAL REVENUE	2,679,142		2,615,114		2,905,209		2,410,858	
EXPENSES								
Salaries and Wages	349,498	13.05	357,692	13.68	356,894	12.28	317,931	13.19
Rent Paid	154,393	5.76	71,137	2.72	148,570	5.11	149,339	6.19
Outgoings - Rental & Rates	11,238	0.42	6,552	0.25	9,907	0.34	9,683	0.40
Accounting	7,379	0.28	11,297	0.43	9,986	0.34	5,872	0.24
Advertising	26,392	0.99	30,645	1.17	27,827	0.96	18,055	0.75
Bank Charges	8,148	0.30	4,916	0.19	8,566	0.29	7,685	0.32
Computer Expenses	14,574	0.54	11,281	0.43	12,986	0.45	14,009	0.58
Depreciation	25,671	0.00	23,294	0.00	29,855	0.00	23,627	0.00
Electricity, Water, Heating	13,323	0.50	10,185	0.39	12,810	0.44	12,266	0.51
Insurance	9,538	0.36	8,725	0.33	9,910	0.34	9,053	0.38
Interest Paid	77,368	2.89	58,084	2.22	75,053	2.58	73,540	3.05
Leasing Expenses	9,512	0.36	4,103	0.16	7,848	0.27	6,850	0.28
Motor Vehicle Expenses	8,326	0.31	7,008	0.27	7,449	0.26	6,825	0.00
Postage, Freight, Printing	10,094	0.38	9,855	0.38	11,177	0.38	10,378	0.43
Repairs, Maintenance, Service	5,484	0.20	4,313	0.16	4,852	0.17	5,183	0.21
Subs and Registrations	20,605	0.77	11,300	0.43	15,762	0.54	21,661	0.90
Superannuation	32,669	1.22	32,192	1.23	34,360	1.18	29,737	1.23
Telephone	4,458	0.17	6,179	0.24	5,129	0.18	4,230	0.18
Training	2,919	0.11	2,981	0.11	2,986	0.10	1,823	0.08
Abnormal Expenses	n/a	n/a	62,614	2.39	n/a	n/a	32,887	1.36
Payroll Tax	744	0.03	327	0.01	1,309	0.05	703	0.03
Workers' Compensation	3,243	0.12	2,717	0.10	3,836	0.13	2,653	0.11
Other Expenses	n/a	n/a	46,596	1.78	n/a	n/a	50,800	2.11
TOTAL EXPENSES	795,577	29.70	783,991	29.98	797,070	27.44	814,790	33.80
TOTAL INCOME	481,910	17.99	252,660	9.66	395,009	13.60	590,759	24.50
Less Proprietors' Salary (1) [Full-Time-Equivalents]	156,173 1.16	5.83	160,889 1.20	6.15	157,707 1.17	5.43	150,576 1.12	6.25
NET PROFIT/LOSS	325,737	12.16	91,771	3.51	237,302	8.17	440,183	18.26
EBITDA	403,105	15.05	149,855	5.73	312,355	10.75	513,722	21.31
SALES ANALYSIS								
Prescriptions (3)	1,757,058	66.76	1,887,187	73.01	1,858,667	64.98	1,549,199	65.54
Other Sales (3)	891,294	33.87	656,995	25.42	1,019,194	35.63	792,703	33.54
INVENTORY ANALYSIS								
Prescription	104,222	3.89	89,278	3.41	96,357	3.32	82,953	3.44
Other	133,485	4.98	137,889	5.27	127,389	4.38	88,671	3.68
STOCK CARRIED (Total)	237,707	8.87	227,167	8.69	223,746	7.70	171,624	7.12
STOCK TURN (On Total Inventory)	5.90		6.95		7.66		5.86	
SALES PER INVENTORY DOLLAR								
Prescription	16.86		21.14		19.29		18.68	
Other	6.68		4.76		8.00		8.94	
STATISTICS								
PHARMACY SIZE (square metres)	192		177		196		168	
PRESCRIPTIONS DISPENSED (Total)	54,485		56,580		55,515		50,100	
PRESCRIPTIONS DISPENSED WEEKLY	1,048		1,088		1,068		963	
TOTAL HOURS OPEN per WEEK	60		52		58		56	
AV HRS WORKED BY PROPRIETORS/WEEK	44.2		45.5		44.6		42.6	
FUNDS RETAINED IN BUSINESS (2)	181,691	6.78	316,708	12.11	332,983	11.46	172,337	7.15

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

COMPARISON OF PERFORMANCE - LOCATION AND TYPE OF PHARMACY
(Based on 12 Months of Trading to 30/06/2014)

Table 8

	Shopping Centre		Strip or Isolated		Medical Centre		Servicing Nursing Homes	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	4,103,823		2,328,947		2,147,302		2,727,342	
COST OF GOODS SOLD (3)	2,258,292	55.03	1,371,693	58.90	1,081,574	50.37	1,658,907	60.83
GROSS MARGIN (3)	1,845,531	44.97	957,254	41.10	1,065,728	49.63	1,068,435	39.17
Other Income	40,381		43,370		58,253		39,191	
GROSS MARGIN PLUS OTHER INCOME	1,885,912		1,000,625		1,123,981		1,107,626	
TOTAL REVENUE	4,144,204		2,372,317		2,205,554		2,766,533	
EXPENSES								
Salaries and Wages	468,739	11.31	313,258	13.20	326,969	14.82	368,268	13.31
Rent Paid	269,494	6.50	78,581	3.31	140,918	6.39	86,406	3.12
Outgoings - Rental & Rates	16,136	0.39	7,833	0.33	8,803	0.40	8,950	0.32
Accounting	10,465	0.25	7,555	0.32	7,543	0.34	13,311	0.48
Advertising	41,903	1.01	21,915	0.92	9,611	0.44	31,215	1.13
Bank Charges	13,201	0.32	5,723	0.24	6,943	0.31	5,255	0.19
Computer Expenses	15,158	0.37	12,345	0.52	15,008	0.68	10,799	0.39
Depreciation	40,517	0.98	21,546	0.91	14,634	0.66	27,147	0.98
Electricity, Water, Heating	17,350	0.42	9,715	0.41	12,907	0.59	10,414	0.38
Insurance	10,801	0.26	9,756	0.41	7,426	0.34	9,318	0.34
Interest Paid	95,875	2.31	69,178	2.92	59,086	2.68	59,049	2.13
Leasing Expenses	5,577	0.13	6,117	0.26	18,780	0.85	6,691	0.24
Motor Vehicle Expenses	7,645	0.18	6,277	0.26	11,842	0.54	8,244	0.30
Postage, Freight, Printing	15,772	0.38	7,819	0.33	9,476	0.43	9,516	0.34
Repairs, Maintenance, Service	5,852	0.14	5,242	0.22	4,120	0.19	4,161	0.15
Subs and Registrations	24,533	0.59	13,242	0.56	23,277	1.06	8,430	0.30
Superannuation	47,591	1.15	27,190	1.15	30,704	1.39	33,759	1.22
Telephone	6,069	0.15	4,742	0.20	3,251	0.15	5,543	0.20
Training	4,226	0.10	3,061	0.13	1,574	0.07	3,426	0.12
Abnormal Expenses	38,996	0.94	n/a	n/a	20,363	0.92	7,302	0.26
Payroll Tax	295	0.01	621	0.03	1,528	0.07	180	0.01
Workers' Compensation	4,826	0.12	2,820	0.12	2,455	0.11	3,506	0.13
Other Expenses	75,734	1.83	n/a	n/a	48,969	2.22	43,850	1.58
TOTAL EXPENSES	1,236,754	29.84	634,537	26.75	786,185	35.65	764,742	27.64
TOTAL INCOME	649,157	15.66	366,087	15.43	337,796	15.32	342,884	12.39
Less Proprietors' Salary (1) [Full-Time-Equivalents]	158,975 1.18	3.84	157,114 1.17	6.62	153,860 1.14	6.98	159,334 1.19	5.76
NET PROFIT/LOSS	490,183	11.83	208,974	8.81	183,935	8.34	183,549	6.63
EBITDA	626,575	15.12	299,698	12.63	257,655	11.68	269,746	9.75
SALES ANALYSIS								
Prescriptions (3)	2,398,844	58.45	1,674,286	71.89	1,639,774	76.36	2,051,838	75.23
Other Sales (3)	1,750,880	42.66	607,560	26.09	581,864	27.10	730,413	26.78
INVENTORY ANALYSIS								
Prescription	123,663	2.98	89,598	3.78	74,678	3.39	101,170	3.66
Other	219,160	5.29	108,384	4.57	89,575	4.06	121,939	4.41
STOCK CARRIED (Total)	342,823	8.27	197,983	8.35	164,254	7.45	223,109	8.06
STOCK TURN (On Total Inventory)	6.59		6.93		6.58		7.44	
SALES PER INVENTORY DOLLAR								
Prescription	19.40		18.69		21.96		20.28	
Other	7.99		5.61		6.50		5.99	
STATISTICS								
PHARMACY SIZE (square metres)	252		180		127		203	
PRESCRIPTIONS DISPENSED (Total)	71,586		49,202		60,288		63,093	
PRESCRIPTIONS DISPENSED WEEKLY	1,377		946		1,159		1,213	
TOTAL HOURS OPEN per WEEK	63		55		69		54	
AV HRS WORKED BY PROPRIETORS/WEEK	44.9		44.4		43.5		45.0	
FUNDS RETAINED IN BUSINESS (2)	136,409	3.29 	247,227	10.42 	440,399	19.97 	218,708	7.91

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

NSW PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2014)

Table 9

	State Averages		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	3,324,853		2,109,633		1,897,277		2,684,164		1,683,526	
COST OF GOODS SOLD (3)	2,077,767	62.49	1,247,182	59.12	1,072,904	56.55	1,590,620	59.26	974,884	57.91
GROSS MARGIN (3)	1,247,086	37.51	862,451	40.88	824,373	43.45	1,093,544	40.74	708,642	42.09
Other Income	37,397		26,338		22,302		34,732		16,550	
GROSS MARGIN PLUS OTHER INCOME	1,284,484		888,789		846,674		1,128,276		725,192	
TOTAL REVENUE	3,362,250		2,135,971		1,919,578		2,718,896		1,700,076	
EXPENSES										
Salaries and Wages	360,960	10.74	278,315	13.03	347,792	18.12	358,059	13.17	274,613	16.15
Rent Paid	140,691	4.18	117,304	5.49	55,097	2.87	171,121	6.29	64,088	3.77
Outgoings - Rental & Rates	9,135	0.27	10,729	0.50	4,467	0.23	15,165	0.56	5,424	0.32
Accounting	11,772	0.35	7,895	0.37	5,350	0.28	9,550	0.35	5,662	0.33
Advertising	24,970	0.74	25,034	1.17	9,428	0.49	40,457	1.49	6,634	0.39
Bank Charges	10,936	0.33	4,792	0.22	2,088	0.11	5,547	0.20	3,118	0.18
Computer Expenses	10,439	0.31	9,705	0.45	8,838	0.46	12,556	0.46	8,174	0.48
Depreciation	37,620	1.12	14,227	0.67	15,520	0.81	19,310	0.71	11,301	0.66
Electricity, Water, Heating	11,927	0.35	7,791	0.36	6,564	0.34	11,316	0.42	5,219	0.31
Insurance	10,020	0.30	8,538	0.40	7,042	0.37	8,293	0.31	8,197	0.48
Interest Paid	69,993	2.08	58,523	2.74	39,032	2.03	61,223	2.25	49,365	2.90
Leasing Expenses	6,236	0.19	3,919	0.18	6,233	0.32	4,144	0.15	4,390	0.26
Motor Vehicle Expenses	6,936	0.21	8,425	0.39	4,003	0.21	6,224	0.23	7,714	0.45
Postage, Freight, Printing	11,582	0.34	5,170	0.24	4,890	0.25	6,763	0.25	3,600	0.21
Repairs, Maintenance, Service	3,955	0.12	3,863	0.18	3,129	0.16	3,313	0.12	4,398	0.26
Subs and Registrations	9,188	0.27	7,930	0.37	6,770	0.35	10,703	0.39	5,370	0.32
Superannuation	38,783	1.15	25,542	1.20	21,823	1.14	31,118	1.14	21,241	1.25
Telephone	5,379	0.16	4,138	0.19	3,574	0.19	3,868	0.14	3,932	0.23
Training	3,717	0.11	5,436	0.25	1,581	0.08	7,494	0.28	2,468	0.15
Abnormal Expenses	4,579	0.14	4,249	0.20	n/a	n/a	7,214	0.27	1,283	0.08
Payroll Tax	2,595	0.08	509	0.02	n/a	n/a	688	0.03	205	0.01
Workers' Compensation	6,677	0.20	4,899	0.23	3,368	0.18	6,651	0.24	3,221	0.19
Other Expenses	123,547	3.67	26,598	1.25	49,977	2.60	25,631	0.94	35,230	2.07
TOTAL EXPENSES	921,638	27.41	643,531	30.13	606,565	31.60	826,411	30.40	534,846	31.46
TOTAL INCOME	362,846	10.79	245,258	11.48	240,110	12.51	301,865	11.10	190,347	11.20
Less Proprietors' Salary (1) [Full-Time-Equivalents]	160,401 1.19	4.77	160,564 1.19	7.52	157,145 1.17	8.19	167,681 1.25	6.17	156,071 1.16	9.18
NET PROFIT/LOSS	202,444	6.02	84,694	3.97	82,965	4.32	134,184	4.94	34,275	2.02
EBITDA	310,057	9.22	157,444	7.37	137,517	7.16	214,717	7.90	94,941	5.58
SALES ANALYSIS										
Prescriptions (3)	1,890,259	56.85	1,583,442	75.06	1,455,413	76.71	1,868,897	69.63	1,364,377	81.04
Other Sales (3)	1,498,545	45.07	569,357	26.99	434,091	22.88	804,920	29.99	358,167	21.27
INVENTORY ANALYSIS										
Prescription	73,332	2.18	78,162	3.66	62,168	3.24	82,055	3.02	65,617	3.86
Other	103,611	3.08	105,718	4.95	101,417	5.28	133,685	4.92	73,538	4.33
STOCK CARRIED (Total)	176,943	5.26	183,880	8.61	163,585	8.52	215,740	7.93	139,155	8.19
STOCK TURN (On Total Inventory)	11.74		6.78		6.56		7.37		7.01	
SALES PER INVENTORY DOLLAR										
Prescription	25.78		20.26		23.41		22.78		20.79	
Other	14.46		5.39		4.28		6.02		4.87	
STATISTICS										
PHARMACY SIZE (square metres)	167		160		169		227		135	
PRESCRIPTIONS DISPENSED (Total)	52,926		46,171		47,667		54,972		40,052	
PRESCRIPTIONS DISPENSED WEEKLY	1,018		888		917		1,057		770	
TOTAL HOURS OPEN per WEEK	54		53		48		57		50	
AV HRS WORKED BY PROPRIETORS/WEEK	45.3		45		44		47		44	
FUNDS RETAINED IN BUSINESS (2)	479,976	14.28	81,509	3.82	209,368	10.91	79,014	2.91	116,415	6.85

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

VICTORIAN PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2014)

Table 10

	State Averages		Metro		Country		Banner		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,522,932		2,299,709		3,115,279		2,735,823		2,299,929	
COST OF GOODS SOLD (3)	1,639,068	64.97	1,548,241	67.32	1,822,470	58.50	2,105,931	76.98	1,269,596	55.20
GROSS MARGIN (3)	883,864	35.03	751,468	32.68	1,292,809	41.50	629,892	23.02	1,030,333	44.80
Other Income	29,283		22,966		17,565		22,600		21,759	
GROSS MARGIN PLUS OTHER INCOME	913,147		774,434		1,310,374		652,492		1,052,092	
TOTAL REVENUE	2,552,216		2,322,675		3,132,843		2,758,423		2,321,688	
EXPENSES										
Salaries and Wages	353,670	13.86	341,848	14.72	403,166	12.87	345,796	12.54	352,966	15.20
Rent Paid	116,908	4.58	96,904	4.17	50,303	1.61	92,118	3.34	85,795	3.70
Outgoings - Rental & Rates	5,340	0.21	6,041	0.26	4,651	0.15	5,752	0.21	5,616	0.24
Accounting	13,793	0.54	8,406	0.36	29,327	0.94	22,619	0.82	7,706	0.33
Advertising	21,168	0.83	11,300	0.49	33,143	1.06	24,345	0.88	11,908	0.51
Bank Charges	5,187	0.20	5,222	0.22	4,507	0.14	4,824	0.17	5,190	0.22
Computer Expenses	12,373	0.48	14,303	0.62	7,491	0.24	10,646	0.39	13,867	0.60
Depreciation	17,266	0.68	14,764	0.64	17,287	0.55	18,637	0.68	13,174	0.57
Electricity, Water, Heating	9,740	0.38	8,058	0.35	9,121	0.29	9,335	0.34	7,649	0.33
Insurance	8,407	0.33	8,652	0.37	7,355	0.23	9,365	0.34	7,544	0.32
Interest Paid	72,757	2.85	n/a	n/a	41,425	1.32	n/a	n/a	65,064	2.80
Leasing Expenses	15,075	0.59	n/a	n/a	687	0.02	n/a	n/a	3,059	0.13
Motor Vehicle Expenses	7,876	0.31	8,009	0.34	7,276	0.23	7,468	0.27	8,365	0.36
Postage, Freight, Printing	6,791	0.27	4,074	0.18	11,262	0.36	9,139	0.33	3,692	0.16
Repairs, Maintenance, Service	2,898	0.11	2,528	0.11	4,141	0.13	3,179	0.12	2,788	0.12
Subs and Registrations	11,160	0.44	11,059	0.48	5,501	0.18	10,930	0.40	8,626	0.37
Superannuation	32,087	1.26	29,720	1.28	32,997	1.05	33,018	1.20	28,721	1.24
Telephone	5,263	0.21	5,323	0.23	6,226	0.20	6,061	0.22	5,207	0.22
Training	2,229	0.09	2,319	0.10	3,139	0.10	3,393	0.12	2,003	0.09
Abnormal Expenses	6,378	0.25	4,437	0.19	14,142	0.45	7,816	0.28	5,419	0.23
Payroll Tax	803	0.03	1,066	0.05	355	0.01	n/a	n/a	1,421	0.06
Workers' Compensation	2,461	0.10	2,381	0.10	2,567	0.08	2,330	0.08	2,496	0.11
Other Expenses	52,511	2.06	36,187	1.56	48,730	1.56	47,752	1.73	29,128	1.25
TOTAL EXPENSES	782,142	30.65	622,603	26.81	744,799	23.77	674,522	24.45	677,405	29.18
TOTAL INCOME	131,006	5.13	151,830	6.54	565,575	18.05	-22,030	-0.80	374,687	16.14
Less Proprietors' Salary (1) [Full-Time-Equivalents]	147,778 1.10	5.79	148,451 1.10	6.39	129,691 0.96	4.14	146,492 1.09	5.31	149,099 1.11	6.42
NET PROFIT/LOSS	-16,773	-0.66	3,379	0.15	435,884	13.91	-168,522	-6.11	225,588	9.72
EBITDA	73,250	2.87	n/a	n/a	494,595	15.79	n/a	n/a	303,825	13.09
SALES ANALYSIS										
Prescriptions (3)	1,701,024	67.42	1,479,900	64.35	2,372,362	76.15	1,989,623	72.72	1,477,714	64.25
Other Sales (3)	724,767	28.73	681,980	29.66	730,266	23.44	802,439	29.33	589,684	25.64
INVENTORY ANALYSIS										
Prescription	97,044	3.80	89,738	3.86	123,346	3.94	113,651	4.12	89,414	3.85
Other	123,590	4.84	129,946	5.59	91,809	2.93	121,230	4.39	102,305	4.41
STOCK CARRIED (Total)	220,633	8.64	219,683	9.46	215,155	6.87	234,881	8.52	191,718	8.26
STOCK TURN (On Total Inventory)	7.43		7.05		8.47		8.97		6.62	
SALES PER INVENTORY DOLLAR										
Prescription	17.53		16.49		19.23		17.51		16.53	
Other	5.86		5.25		7.95		6.62		5.76	
STATISTICS										
PHARMACY SIZE (square metres)	230		222		214		220		213	
PRESCRIPTIONS DISPENSED (Total)	52,069		46,401		67,815		57,885		46,949	
PRESCRIPTIONS DISPENSED WEEKLY	1,001		892		1,304		1,113		903	
TOTAL HOURS OPEN per WEEK	68		73		46		64		72	
AV HRS WORKED BY PROPRIETORS/WEEK	41.8		42		37		41		42	
FUNDS RETAINED IN BUSINESS (2)	227,849	8.93	43,475	1.87	292,827	9.35	191,759	6.95	94,483	4.07

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

QUEENSLAND PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2014)

Table 11

	State Averages		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	2,139,235		2,185,610		2,213,249		2,507,025		1,764,922	
COST OF GOODS SOLD (3)	1,368,681	63.98	1,379,739	63.13	1,470,831	66.46	1,646,989	65.69	985,004	55.81
GROSS MARGIN (3)	770,554	36.02	805,871	36.87	742,418	33.54	860,036	34.31	779,918	44.19
Other Income	41,847		43,124		28,273		34,439		50,880	
GROSS MARGIN PLUS OTHER INCOME	812,401		848,995		770,691		894,475		830,799	
TOTAL REVENUE	2,181,082		2,228,734		2,241,522		2,541,464		1,815,803	
EXPENSES										
Salaries and Wages	304,316	13.95	311,326	13.97	304,267	13.57	335,820	13.21	245,122	13.50
Rent Paid	100,989	4.63	113,701	5.10	69,704	3.11	90,003	3.54	58,435	3.22
Outgoings - Rental & Rates	7,936	0.36	8,970	0.40	6,299	0.28	5,104	0.20	9,153	0.50
Accounting	7,419	0.34	5,554	0.25	9,241	0.41	8,126	0.32	7,523	0.41
Advertising	21,923	1.01	17,390	0.78	31,286	1.40	32,823	1.29	12,449	0.69
Bank Charges	6,160	0.28	6,556	0.29	5,274	0.24	5,573	0.22	5,323	0.29
Computer Expenses	12,922	0.59	14,225	0.64	11,514	0.51	11,478	0.45	10,599	0.58
Depreciation	20,840	0.96	19,618	0.88	23,643	1.05	23,476	0.92	11,162	0.61
Electricity, Water, Heating	9,810	0.45	9,930	0.45	10,064	0.45	10,555	0.42	6,936	0.38
Insurance	9,338	0.43	10,212	0.46	8,814	0.39	8,643	0.34	11,780	0.65
Interest Paid	68,039	3.12	59,681	2.68	72,497	3.23	70,769	2.78	47,770	2.63
Leasing Expenses	10,354	0.47	15,921	0.71	5,735	0.26	9,300	0.37	17,195	0.95
Motor Vehicle Expenses	10,226	0.47	13,922	0.62	8,236	0.37	8,285	0.33	18,584	1.02
Postage, Freight, Printing	7,965	0.37	9,271	0.42	6,749	0.30	8,194	0.32	5,073	0.28
Repairs, Maintenance, Service	5,474	0.25	7,558	0.34	3,139	0.14	4,001	0.16	2,844	0.16
Subs and Registrations	10,975	0.50	13,256	0.59	8,762	0.39	7,869	0.31	10,376	0.57
Superannuation	27,845	1.28	29,601	1.33	27,743	1.24	31,934	1.26	21,348	1.18
Telephone	4,892	0.22	4,519	0.20	5,911	0.26	5,604	0.22	5,786	0.32
Training	2,439	0.11	2,257	0.10	2,872	0.13	2,899	0.11	2,486	0.14
Abnormal Expenses	20,708	0.95	15,162	0.68	58,298	2.60	9,118	0.36	7,229	0.40
Payroll Tax	406	0.02	246	0.01	748	0.03	n/a	n/a	18	0.00
Workers' Compensation	2,265	0.10	2,216	0.10	2,452	0.11	2,632	0.10	1,932	0.11
Other Expenses	43,428	1.99	48,608	2.18	33,221	1.48	53,623	2.11	19,088	1.05
TOTAL EXPENSES	716,670	32.86	739,699	33.19	716,469	31.96	745,830	29.35	538,211	29.64
TOTAL INCOME	95,731	4.39	109,296	4.90	54,223	2.42	148,644	5.85	292,588	16.11
Less Proprietors' Salary (1) [Full-Time-Equivalents]	134,789 1.00	6.18	139,347 1.04	6.25	133,828 1.00	5.97	138,555 1.03	5.45	126,839 0.94	6.99
NET PROFIT/LOSS	-39,058	-1.79	-30,051	-1.35	-79,606	-3.55	10,089	0.40	165,749	9.13
EBITDA	49,821	2.28	49,248	2.21	16,534	0.74	104,334	4.11	224,680	12.37
SALES ANALYSIS										
Prescriptions (3)	1,595,976	74.60	1,651,115	75.54	1,617,659	73.09	1,917,296	76.48	1,420,815	80.50
Other Sales (3)	551,621	25.79	556,983	25.48	586,607	26.50	610,992	24.37	362,325	20.53
INVENTORY ANALYSIS										
Prescription	105,192	4.82	137,803	6.18	79,351	3.54	91,448	3.60	125,279	6.90
Other	129,625	5.94	120,647	5.41	152,249	6.79	130,774	5.15	126,669	6.98
STOCK CARRIED (Total)	234,817	10.77	258,450	11.60	231,600	10.33	222,222	8.74	251,948	13.88
STOCK TURN (On Total Inventory)	5.83		5.34		6.35		7.41		3.91	
SALES PER INVENTORY DOLLAR										
Prescription	15.17		11.98		20.39		20.97		11.34	
Other	4.26		4.62		3.85		4.67		2.86	
STATISTICS										
PHARMACY SIZE (square metres)	172		170		178		189		126	
PRESCRIPTIONS DISPENSED (Total)	49,832		52,414		48,914		56,500		43,565	
PRESCRIPTIONS DISPENSED WEEKLY	958		1,008		941		1,087		838	
TOTAL HOURS OPEN per WEEK	58		63		51		56		60	
AV HRS WORKED BY PROPRIETORS/WEEK	38.1		39		38		39		36	
FUNDS RETAINED IN BUSINESS (2)	89,671	4.11	96,989	4.35	77,126	3.44	110,727	4.36	118,043	6.50

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SOUTH AUSTRALIA PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2014)

Table 12

	State Averages	Metro	Country	Banner	No Group
SALES, EXPENSES & PROFITABILITY	\$	%			
SALES	2,883,235		Insufficient sample to publish	Insufficient sample to publish	Insufficient sample to publish
COST OF GOODS SOLD (3)	1,863,248	64.62			
GROSS MARGIN (3)	1,019,988	35.38			
Other Income	65,581				
GROSS MARGIN PLUS OTHER INCOME	1,085,568				
TOTAL REVENUE	2,948,816				
EXPENSES					
Salaries and Wages	432,106	14.65			
Rent Paid	244,752	8.30			
Outgoings - Rental & Rates	17,579	0.60			
Accounting	16,306	0.55			
Advertising	51,582	1.75			
Bank Charges	5,519	0.19			
Computer Expenses	14,833	0.50			
Depreciation	48,755	1.65			
Electricity, Water, Heating	12,016	0.41			
Insurance	10,947	0.37			
Interest Paid	21,066	0.71			
Leasing Expenses	106	0.00			
Motor Vehicle Expenses	5,048	0.17			
Postage, Freight, Printing	14,546	0.49			
Repairs, Maintenance, Service	5,476	0.19			
Subs and Registrations	11,783	0.40			
Superannuation	26,417	0.90			
Telephone	5,688	0.19			
Training	3,711	0.13			
Abnormal Expenses	6,960	0.24			
Payroll Tax	113	0.00			
Workers' Compensation	2,229	0.08			
Other Expenses	7,650	0.26			
TOTAL EXPENSES	965,191	32.73			
TOTAL INCOME	120,377	4.08			
Less Proprietors' Salary (1) [Full-Time-Equivalents]	120,848 0.90	4.10			
NET PROFIT/LOSS	-471	-0.02			
EBITDA	69,351	2.35			
SALES ANALYSIS					
Prescriptions (3)	1,997,964	69.30			
Other Sales (3)	1,028,110	35.66			
INVENTORY ANALYSIS					
Prescription	99,153	3.36			
Other	192,889	6.54			
STOCK CARRIED (Total)	292,042	9.90			
STOCK TURN (On Total Inventory)	6.38				
SALES PER INVENTORY DOLLAR					
Prescription	20.15				
Other	5.33				
STATISTICS					
PHARMACY SIZE (square metres)	161				
PRESCRIPTIONS DISPENSED (Total)	58,298				
PRESCRIPTIONS DISPENSED WEEKLY	1,121				
TOTAL HOURS OPEN per WEEK	49				
AV HRS WORKED BY PROPRIETORS/WEEK	34.2				
FUNDS RETAINED IN BUSINESS (2)	38,100	1.29			

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

Caution should be taken interpreting results for South Australia for this year due to low sample size.

WESTERN AUSTRALIA PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2014)

Table 13

	State Averages		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	2,795,263		2,351,621		Insufficient sample to publish		2,784,187		Insufficient sample to publish	
COST OF GOODS SOLD (3)	1,182,266	42.30	1,058,842	45.03			1,472,629	52.89		
GROSS MARGIN (3)	1,612,997	57.70	1,292,778	54.97			1,311,559	47.11		
Other Income	68,312		26,892				73,180			
GROSS MARGIN PLUS OTHER INCOME	1,681,309		1,319,670				1,384,739			
TOTAL REVENUE	2,863,575		2,378,512				2,857,367			
EXPENSES										
Salaries and Wages	375,733	13.12	379,761	15.97			378,576	13.25		
Rent Paid	190,489	6.65	96,816	4.07			80,649	2.82		
Outgoings - Rental & Rates	13,669	0.48	11,785	0.50			9,889	0.35		
Accounting	5,321	0.19	9,031	0.38			9,783	0.34		
Advertising	26,882	0.94	42,518	1.79			50,439	1.77		
Bank Charges	10,274	0.36	9,961	0.42			10,536	0.37		
Computer Expenses	16,350	0.57	12,701	0.53			12,652	0.44		
Depreciation	32,559	1.14	34,237	1.44			34,695	1.21		
Electricity, Water, Heating	16,917	0.59	13,215	0.56			12,876	0.45		
Insurance	8,666	0.30	10,076	0.42			10,376	0.36		
Interest Paid	85,274	2.98	104,332	4.39			125,507	4.39		
Leasing Expenses	4,766	0.17	4,766	0.20			4,766	0.17		
Motor Vehicle Expenses	3,071	0.11	5,484	0.23			5,619	0.20		
Postage, Freight, Printing	13,551	0.47	4,998	0.21			4,049	0.14		
Repairs, Maintenance, Service	5,641	0.20	8,748	0.37			10,873	0.38		
Subs and Registrations	28,638	1.00	10,310	0.43			8,770	0.31		
Superannuation	33,962	1.19	29,475	1.24			28,942	1.01		
Telephone	3,702	0.13	4,765	0.20			5,244	0.18		
Training	1,790	0.06	5,650	0.24			6,947	0.24		
Abnormal Expenses	44,078	1.54	4,744	0.20			4,744	0.17		
Payroll Tax	729	0.03	191	0.01			286	0.01		
Workers' Compensation	2,385	0.08	2,447	0.10			3,026	0.11		
Other Expenses	58,100	2.03	57,385	2.41			55,550	1.94		
TOTAL EXPENSES	982,546	34.31	863,393	36.30			874,795	30.62		
TOTAL INCOME	698,763	24.40	456,277	19.18			509,943	17.85		
Less Proprietors' Salary (1) [Full-Time-Equivalents]	100,023 0.74	3.49	118,207 0.88	4.97			93,367 0.69	3.27		
NET PROFIT/LOSS	598,740	20.91	338,070	14.21			416,577	14.58		
EBITDA	716,573	25.02	476,639	20.04			576,778	20.19		
SALES ANALYSIS										
Prescriptions (3)	1,647,271	58.93	1,588,706	67.56			1,845,117	66.27		
Other Sales (3)	1,071,172	38.32	750,282	31.90			914,075	32.83		
INVENTORY ANALYSIS										
Prescription	95,545	3.34	97,887	4.12			91,802	3.21		
Other	115,525	4.03	89,568	3.77			109,560	3.83		
STOCK CARRIED (Total)	211,070	7.37	187,455	7.88			201,363	7.05		
STOCK TURN (On Total Inventory)	5.60		5.65				7.31			
SALES PER INVENTORY DOLLAR										
Prescription	17.24		16.23				20.10			
Other	9.27		8.38				8.34			
STATISTICS										
PHARMACY SIZE (square metres)	234		253				274			
PRESCRIPTIONS DISPENSED (Total)	52,210		43,573				53,280			
PRESCRIPTIONS DISPENSED WEEKLY	1,004		838				1,025			
TOTAL HOURS OPEN per WEEK	76		79				73			
AV HRS WORKED BY PROPRIETORS/WEEK	28.3		33				26			
FUNDS RETAINED IN BUSINESS (2)	-82,580	- 2.88	34,747	1.46			26,286	0.92		

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

TASMANIAN PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2014)

Table 14

	State Averages		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	1,833,038		Insufficient sample to publish		Insufficient sample to publish		Insufficient sample to publish		Insufficient sample to publish	
COST OF GOODS SOLD (3)	971,327	52.99								
GROSS MARGIN (3)	861,711	47.01								
Other Income	54,652									
GROSS MARGIN PLUS OTHER INCOME	916,363									
TOTAL REVENUE	1,887,690									
EXPENSES										
Salaries and Wages	229,716	12.17								
Rent Paid	53,137	2.81								
Outgoings - Rental & Rates	3,533	0.19								
Accounting	10,315	0.55								
Advertising	24,820	1.31								
Bank Charges	4,559	0.24								
Computer Expenses	8,264	0.44								
Depreciation	14,595	0.77								
Electricity, Water, Heating	6,630	0.35								
Insurance	9,800	0.52								
Interest Paid	46,872	2.48								
Leasing Expenses	n/a	n/a								
Motor Vehicle Expenses	11,858	0.63								
Postage, Freight, Printing	5,717	0.30								
Repairs, Maintenance, Service	5,394	0.29								
Subs and Registrations	6,714	0.36								
Superannuation	21,076	1.12								
Telephone	6,300	0.33								
Training	2,744	0.15								
Abnormal Expenses	9,641	0.51								
Payroll Tax	1,570	0.08								
Workers' Compensation	1,863	0.10								
Other Expenses	15,980	0.85								
TOTAL EXPENSES	501,100	26.55								
TOTAL INCOME	415,263	22.00								
Less Proprietors' Salary (1) [Full-Time-Equivalents]	120,966 0.90	6.41								
NET PROFIT/LOSS	294,297	15.59								
EBITDA	355,764	18.85								
SALES ANALYSIS										
Prescriptions (3)	1,459,673	79.63								
Other Sales (3)	536,919	29.29								
INVENTORY ANALYSIS										
Prescription	91,112	4.83								
Other	248,514	13.16								
STOCK CARRIED (Total)	339,626	17.99								
STOCK TURN (On Total Inventory)	2.86									
SALES PER INVENTORY DOLLAR										
Prescription	16.02									
Other	2.16									
STATISTICS										
PHARMACY SIZE (square metres)	160									
PRESCRIPTIONS DISPENSED (Total)	41,568									
PRESCRIPTIONS DISPENSED WEEKLY	799									
TOTAL HOURS OPEN per WEEK	46									
AV HRS WORKED BY PROPRIETORS/WEEK	34.2									
FUNDS RETAINED IN BUSINESS (2)	468,697	24.83								

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF MANAGER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/2014)

Table 15

	AUSTRALIA Manager Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	3,389,636		4,612,031		2,040,404	
COST OF GOODS SOLD (3)	2,349,594	69.32	3,168,034	68.69	1,173,796	57.53
GROSS MARGIN (3)	1,040,042	30.68	1,443,997	31.31	866,608	42.47
Other Income	50,217		29,441		16,789	
GROSS MARGIN PLUS OTHER INCOME	1,090,259		1,473,438		883,398	
TOTAL REVENUE	3,439,853		4,641,472		2,057,193	
EXPENSES						
Salaries and Wages	394,685	11.47	533,848	11.50	313,474	15.24
Rent Paid	179,783	5.23	218,534	4.71	54,322	2.64
Outgoings - Rental & Rates	10,918	0.32	8,182	0.18	3,498	0.17
Accounting	13,651	0.40	17,025	0.37	8,853	0.43
Advertising	33,782	0.98	38,190	0.82	7,220	0.35
Bank Charges	13,191	0.38	17,037	0.37	7,153	0.35
Computer Expenses	10,937	0.32	11,609	0.25	12,561	0.61
Depreciation	58,652	1.71	67,309	1.45	n/a	n/a
Electricity, Water, Heating	15,702	0.46	17,421	0.38	7,848	0.38
Insurance	9,073	0.26	10,521	0.23	5,416	0.26
Interest Paid	8,930	0.26	87,958	1.90	40,014	1.95
Leasing Expenses	8,930	0.26	10,534	0.23	n/a	n/a
Motor Vehicle Expenses	7,725	0.22	11,907	0.26	n/a	n/a
Postage, Freight, Printing	11,970	0.35	15,873	0.34	4,465	0.22
Repairs, Maintenance, Service	4,001	0.12	4,019	0.09	1,193	0.06
Subs and Registrations	8,799	0.26	9,487	0.20	10,479	0.51
Superannuation	43,029	1.25	49,984	1.08	42,701	2.08
Telephone	5,505	0.16	6,137	0.13	3,210	0.16
Training	5,077	0.15	7,597	0.16	3,391	0.16
Abnormal Expenses	13,983	0.41	24,749	0.53	10,417	0.51
Payroll Tax	3,856	0.11	7,365	0.16	4,382	0.21
Workers' Compensation	6,711	0.20	8,723	0.19	3,425	0.17
Other Expenses	144,524	4.20	195,691	4.22	36,209	1.76
TOTAL EXPENSES	1,013,414	29.46	1,379,701	29.73	580,225	28.20
TOTAL INCOME	76,845	2.23	93,737	2.02	303,173	14.74
Less Proprietors' Salary (1) [Full-Time-Equivalents]	35,370 0.26	1.03	14,148 0.11	0.30	120,259 0.89	5.85
NET PROFIT/LOSS	41,475	1.21	79,589	1.71	182,914	8.89
EBITDA	109,057	3.17	234,855	5.06	n/a	n/a
SALES ANALYSIS						
Prescriptions (3)	1,682,407	49.63	1,890,984	41.00	1,020,903	50.03
Other Sales (3)	1,852,699	54.66	2,850,621	61.81	1,019,501	49.97
INVENTORY ANALYSIS						
Prescription	86,299	2.51	132,112	2.85	65,410	3.18
Other	170,927	4.97	260,150	5.60	214,467	10.43
STOCK CARRIED (Total)	257,226	7.48	392,262	8.45	279,877	13.60
STOCK TURN (On Total Inventory)	9.13		8.08		4.19	
SALES PER INVENTORY DOLLAR						
Prescription	19.50		14.31		15.61	
Other	10.84		10.96		4.75	
STATISTICS						
PHARMACY SIZE (square metres)	214		291		204	
PRESCRIPTIONS DISPENSED (Total)	51,717		57,360		47,382	
PRESCRIPTIONS DISPENSED WEEKLY	1,150		1,103		911	
TOTAL HOURS OPEN per WEEK	59		60		68	
AV HRS WORKED BY PROPRIETORS/WEEK	10.0		4		34	
FUNDS RETAINED IN BUSINESS (2)	542,591	15.77	457,046	9.85	232,559	11.30

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

SUMMARY OF MANAGER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/2014)

Table 15

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,334,174		2,338,532		2,718,496	
COST OF GOODS SOLD (3)	1,303,915	55.86	1,478,013	63.20	1,491,052	54.85
GROSS MARGIN (3)	1,030,259	44.14	860,519	36.80	1,227,444	45.15
Other Income	68,374		230,555		65,498	
GROSS MARGIN PLUS OTHER INCOME	1,098,633		1,091,074		1,292,942	
TOTAL REVENUE	2,402,548		2,569,087		2,783,993	
EXPENSES						
Salaries and Wages	277,401	11.55	358,141	13.94	339,671	12.20
Rent Paid	101,924	4.24	375,569	14.62	95,301	3.42
Outgoings - Rental & Rates	10,715	0.45	n/a	n/a	17,958	0.65
Accounting	8,287	0.34	17,358	0.68	3,850	0.14
Advertising	14,014	0.58	56,601	2.20	56,481	2.03
Bank Charges	4,683	0.19	5,598	0.22	13,959	0.50
Computer Expenses	8,286	0.34	11,509	0.45	10,933	0.39
Depreciation	26,972	1.12	128,545	5.00	52,350	1.88
Electricity, Water, Heating	10,930	0.45	16,791	0.65	18,420	0.66
Insurance	6,243	0.26	5,835	0.23	9,534	0.34
Interest Paid	60,812	2.53	n/a	n/a	105,667	3.80
Leasing Expenses	1,539	0.06	n/a	n/a	6,000	0.22
Motor Vehicle Expenses	4,316	0.18	3,243	0.13	3,850	0.14
Postage, Freight, Printing	4,832	0.20	15,731	0.61	6,350	0.23
Repairs, Maintenance, Service	3,530	0.15	3,846	0.15	7,889	0.28
Subs and Registrations	6,662	0.28	7,476	0.29	7,650	0.27
Superannuation	21,109	0.88	34,329	1.34	43,474	1.56
Telephone	3,847	0.16	5,607	0.22	6,651	0.24
Training	857	0.04	600	0.02	6,950	0.25
Abnormal Expenses	10,000	0.42	n/a	n/a	n/a	n/a
Payroll Tax	31	0.00	448	0.02	520	0.02
Workers' Compensation	2,161	0.09	3,884	0.15	3,681	0.13
Other Expenses	45,277	1.88	18,271	0.71	78,000	2.80
TOTAL EXPENSES	634,426	26.41	1,069,382	41.62	895,136	32.15
TOTAL INCOME	464,207	19.32	21,692	0.84	397,806	14.29
Less Proprietors' Salary (1) [Full-Time-Equivalents]	30,949 0.23	1.29	17,685 0.13	0.69	38,907 0.29	1.40
NET PROFIT/LOSS	433,258	18.03	4,007	0.16	358,898	12.89
EBITDA	521,042	21.69	n/a	n/a	516,915	18.57
SALES ANALYSIS						
Prescriptions (3)	1,846,869	79.12	1,055,711	45.14	1,424,423	52.40
Other Sales (3)	541,450	23.20	1,282,821	54.86	977,290	35.95
INVENTORY ANALYSIS						
Prescription	108,857	4.53	n/a	n/a	64,224	2.31
Other	107,658	4.48	n/a	n/a	185,914	6.68
STOCK CARRIED (Total)	216,514	9.01	n/a	n/a	250,138	8.98
STOCK TURN (On Total Inventory)	6.02		n/a		5.96	
SALES PER INVENTORY DOLLAR						
Prescription	16.97		n/a		22.18	
Other	5.03		n/a		5.26	
STATISTICS						
PHARMACY SIZE (square metres)	169		181		179	
PRESCRIPTIONS DISPENSED (Total)	55,430		34,050		36,893	
PRESCRIPTIONS DISPENSED WEEKLY	1,066		655		709	
TOTAL HOURS OPEN per WEEK	58		53		62	
AV HRS WORKED BY PROPRIETORS/WEEK	9		5		11	
FUNDS RETAINED IN BUSINESS (2)	876,558	36.48	-219,074	-8.53	500,230	17.97

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF OWNER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/2014)

Table 16

	AUSTRALIA Owner Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,479,891		2,221,753		3,256,547	
COST OF GOODS SOLD (3)	1,486,673	59.95	1,388,134	62.48	1,946,214	59.76
GROSS MARGIN (3)	993,217	40.05	833,620	37.52	1,310,333	40.24
Other Income	32,657		33,323		34,099	
GROSS MARGIN PLUS OTHER INCOME	1,025,875		866,943		1,344,431	
TOTAL REVENUE	2,512,548		2,255,076		3,290,645	
EXPENSES						
Salaries and Wages	326,124	12.98	308,974	13.70	377,088	11.46
Rent Paid	101,723	4.05	100,380	4.45	141,429	4.30
Outgoings - Rental & Rates	8,402	0.33	10,441	0.46	6,879	0.21
Accounting	10,332	0.41	8,430	0.37	16,251	0.49
Advertising	25,752	1.02	16,421	0.73	35,590	1.08
Bank Charges	5,887	0.23	5,741	0.25	6,060	0.18
Computer Expenses	11,158	0.44	9,866	0.44	13,925	0.42
Depreciation	19,459	0.77	17,508	0.78	24,220	0.74
Electricity, Water, Heating	9,270	0.37	8,362	0.37	11,610	0.35
Insurance	9,853	0.39	8,982	0.40	10,338	0.31
Interest Paid	7,123	0.28	55,095	2.44	91,510	2.78
Leasing Expenses	7,123	0.28	4,844	0.21	11,279	0.34
Motor Vehicle Expenses	8,188	0.33	6,701	0.30	8,440	0.26
Postage, Freight, Printing	7,652	0.30	6,981	0.31	9,354	0.28
Repairs, Maintenance, Service	4,094	0.16	3,735	0.17	3,821	0.12
Subs and Registrations	9,107	0.36	8,891	0.39	9,371	0.28
Superannuation	29,974	1.19	27,903	1.24	40,377	1.23
Telephone	5,409	0.22	4,470	0.20	6,954	0.21
Training	3,129	0.12	3,039	0.13	3,059	0.09
Abnormal Expenses	n/a	n/a	1,530	0.07	n/a	n/a
Payroll Tax	286	0.01	326	0.01	376	0.01
Workers' Compensation	3,478	0.14	4,856	0.22	2,736	0.08
Other Expenses	n/a	n/a	58,490	2.59	n/a	n/a
TOTAL EXPENSES	613,524	24.42	681,965	30.24	830,665	25.24
TOTAL INCOME	412,350	16.41	184,978	8.20	513,766	15.61
Less Proprietors' Salary (1) [Full-Time-Equivalents]	89,194 0.66	3.55	84,279 0.63	3.74	81,941 0.61	2.49
NET PROFIT/LOSS	323,156	12.86	100,699	4.47	431,825	13.12
EBITDA	349,738	13.92	173,302	7.68	547,555	16.64
SALES ANALYSIS						
Prescriptions (3)	1,839,763	74.19	1,689,831	76.06	2,252,153	69.16
Other Sales (3)	645,052	26.01	550,198	24.76	910,081	27.95
INVENTORY ANALYSIS						
Prescription	98,228	3.91 ✔	82,174	3.64 ✔	124,772	3.79
Other	119,326	4.75 ✔	91,925	4.08 ✔	115,933	3.52
STOCK CARRIED (Total)	217,554 ✔	8.66	174,099 ✔	7.72	240,705	7.31
STOCK TURN (On Total Inventory)	6.83		7.97		8.09	
SALES PER INVENTORY DOLLAR						
Prescription	18.73		20.56		18.05	
Other	5.41		5.99		7.85	
STATISTICS						
PHARMACY SIZE (square metres)	178		169		205	
PRESCRIPTIONS DISPENSED (Total)	52,769		46,747		65,330	
PRESCRIPTIONS DISPENSED WEEKLY	1,150		899		1,256	
TOTAL HOURS OPEN per WEEK	58		57		58	
AV HRS WORKED BY PROPRIETORS/WEEK	25		24		23	
FUNDS RETAINED IN BUSINESS (2)	348,842	13.88 ✔	419,963	18.62 ✔	395,485	12.02

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF OWNER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/2013)

Table 16

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,412,870		2,979,687		2,328,713	
COST OF GOODS SOLD (3)	1,540,709	63.85 ↑	2,039,247	68.44 ↑	1,118,166	48.02
GROSS MARGIN (3)	872,160 ↑	36.15	940,440 ↑	31.56	1,210,547	51.98
Other Income	31,928		23,321		53,941	
GROSS MARGIN PLUS OTHER INCOME	904,089		963,761		1,264,488	
TOTAL REVENUE	2,444,798		3,003,008		2,382,654	
EXPENSES						
Salaries and Wages	320,655	13.12	506,227	16.86	345,604	14.50
Rent Paid	84,374	3.45	164,417	5.48	83,061	3.49
Outgoings - Rental & Rates	5,759	0.24	17,952	0.60	11,652	0.49
Accounting	8,868	0.36	15,902	0.53	9,139	0.38
Advertising	31,789	1.30	49,067	1.63	34,975	1.47
Bank Charges	6,102	0.25	5,425	0.18	8,777	0.37
Computer Expenses	12,066	0.49	15,635	0.52	11,764	0.49
Depreciation	18,064	0.74	21,092	0.70	28,726	1.21
Electricity, Water, Heating	10,080	0.41	8,666	0.29	11,331	0.48
Insurance	11,008	0.45	12,508	0.42	8,873	0.37
Interest Paid	66,504	2.72	27,235	0.91	88,817	3.73
Leasing Expenses	13,336	0.55	147	0.00	3,972	0.17
Motor Vehicle Expenses	11,601	0.47	5,474	0.18	5,721	0.24
Postage, Freight, Printing	8,404	0.34	14,050	0.47	5,822	0.24
Repairs, Maintenance, Service	4,095	0.17	5,956	0.20	6,815	0.29
Subs and Registrations	9,070	0.37	13,015	0.43	10,927	0.46
Superannuation	32,319	1.32	23,335	0.78	24,809	1.04
Telephone	6,268	0.26	5,665	0.19	4,363	0.18
Training	3,488	0.14	4,625	0.15	3,953	0.17
Abnormal Expenses	5,632	0.23	9,611	0.32	7,500	0.31
Payroll Tax	n/a	n/a	n/a	n/a	n/a	n/a
Workers' Compensation	2,532	0.10	1,624	0.05	1,854	0.08
Other Expenses	51,862	2.12	3,919	0.13	64,408	2.70
TOTAL EXPENSES	723,876	29.61	931,544	31.02	782,861	32.86
TOTAL INCOME	180,213	7.37	32,217	1.07	481,627	20.21
Less Proprietors' Salary (1) [Full-Time-Equivalents]	95,772 0.71	3.92	70,740 0.53	2.36	97,015 0.72	4.07
NET PROFIT/LOSS	84,441	3.45	-38,524	-1.28	384,611	16.14
EBITDA	169,010	6.91	9,803	0.33	502,154	21.08
SALES ANALYSIS						
Prescriptions (3)	1,848,994	76.63	2,191,127	73.54	1,584,862	68.06
Other Sales (3)	586,205	24.29	958,700	32.17	733,798	31.51
INVENTORY ANALYSIS						
Prescription	106,444	4.35	101,268	3.37	106,433	4.47
Other	151,179	6.18	200,078	6.66	63,563	2.67
STOCK CARRIED (Total)	257,624	10.54	301,346	10.03	169,996	7.13
STOCK TURN (On Total Inventory)	5.98		6.77		6.58	
SALES PER INVENTORY DOLLAR						
Prescription	17.37		21.64		14.89	
Other	3.88		4.79		11.54	
STATISTICS						
PHARMACY SIZE (square metres)	166		196		190	
PRESCRIPTIONS DISPENSED (Total)	54,637		63,097		47,764	
PRESCRIPTIONS DISPENSED WEEKLY	1,051		1,213		919	
TOTAL HOURS OPEN per WEEK	56		56		66	
AV HRS WORKED BY PROPRIETORS/WEEK	27		20		27	
FUNDS RETAINED IN BUSINESS (2)	257,954	10.55	416,721	13.88	191,326	8.03

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

Table 17

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED (Based on 12 Months of Trading to 30/06/2014)

STATE AVERAGES							
EMPLOYEES	NSW	VIC	QLD	SA	WA	TAS	AUST
PROPRIETORS :							
Full Time	0.8	0.9	0.7	1.1	0.6	0.6	0.9
Part Time & Casual	0.6	0.3	0.3	0.1	0.3	0.3	0.4
Hours worked per week	32.1	33.7	32.6	29.0	26.1	21.7	26.2
MANAGERS :							
Full Time	0.3	0.3	0.4	0.5	0.8	0.3	0.5
Part Time & Casual	0.1	0.0	0.1	-	0.1	0.2	0.1
Hours worked per week	9.8	12.5	12.4	19.0	33.5	4.4	21.7
PHARMACISTS IN CHARGE :							
Full Time	0.8	0.9	0.6	0.6	0.9	0.1	0.8
Part Time & Casual	0.8	1.0	0.6	0.3	1.3	0.4	0.9
Hours worked per week	22.4	26.5	21.1	20.2	44.9	10.0	33.1
OTHER QUALIFIED :							
Full Time	0.4	1.1	0.6	0.9	0.2	0.4	0.6
Part Time & Casual	0.2	0.9	0.6	0.3	1.6	0.3	0.8
Hours worked per week	11.3	13.9	23.0	19.4	13.1	21.6	28.3
PHARMACY ASSISTANTS :							
Full Time	1.1	0.4	0.7	0.6	1.6	n/a	1.0
Part Time & Casual	0.7	0.7	1.2	0.6	3.8	2.2	1.5
Hours worked per week	17.9	15.0	21.0	14.9	54.2	21.1	21.4
SALES & OTHER STAFF :							
Full Time	1.3	1.7	1.0	1.9	0.6	n/a	1.3
Part Time & Casual	2.4	2.5	2.7	2.9	1.6	n/a	2.6
Hours worked per week	62.2	79.8	60.3	105.4	43.2	38.4	67.6
TOTAL STAFF :							
Full Time	4.6	5.4	4.0	5.7	4.7	1.4	5.1
Part Time & Casual	4.8	5.4	5.5	4.2	8.7	3.6	6.3
Hours worked per week	155.6	181.5	170.5	207.8	215.0	117.2	198.3

Table 18

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED (Based on 12 Months of Trading to 30/06/2014)

EMPLOYEES	BY TURNOVER CATEGORY (\$)							
	Up to \$1,000,000	\$1,000,000 to \$1,500,000	\$1,500,000 to \$2,000,000	\$2,000,000 to \$3,000,000	\$3,000,000 to \$4,000,000	\$4,000,000 to \$5,000,000	\$5,000,000 to \$7,000,000	Over \$7,000,000
PROPRIETORS :								
Full Time	1.1	1.0	1.2	1.1	1.1	1.5	1.3	2.0
Part Time & Casual	1.1	1.3	1.5	1.2	1.2	1.0	1.3	n/a
Hours worked per week	24.8	16.5	40.8	24.8	22.4	19.0	25.9	n/a
MANAGERS :								
Full Time	1.0	1.0	1.0	1.1	1.0	1.2	1.1	2.0
Part Time & Casual		1.3			1.0	1.0	2.0	
Hours worked per week	30.5	16.3	13.0	30.5	23.0	20.5	66.0	n/a
PHARMACISTS IN CHARGE :								
Full Time	1.5	1.0	1.2	1.2	1.4	1.6	2.4	2.3
Part Time & Casual	2.0	1.8	1.6	3.2	1.5	2.0	2.7	1.3
Hours worked per week	33.0	21.2	30.2	36.2	24.6	86.0	67.0	31.7
OTHER QUALIFIED :								
Full Time	1.0	1.0	1.4	1.4	1.3	1.3	1.0	n/a
Part Time & Casual	3.5	1.8	2.7	3.1	2.1	1.6	3.7	7.0
Hours worked per week	22.5	16.3	24.4	36.4	22.7	15.8	36.2	56.0
PHARMACY ASSISTANTS :								
Full Time		n/a	1.2	1.4	2.0	3.2	3.8	3.0
Part Time & Casual	2.4	2.4	3.1	4.8	4.3	4.0	8.0	4.0
Hours worked per week	23.2	36.3	99.3	59.9	68.9	75.6	104.9	50.3
SALES & OTHER STAFF :								
Full Time		1.3	1.6	2.2	2.7	4.6	2.5	13.0
Part Time & Casual	1.5	2.9	1.8	3.9	5.0	5.3	6.3	7.7
Hours worked per week	22.4	32.8	31.7	54.4	73.7	71.3	99.3	123.7
TOTAL STAFF :								
Full Time	4.6	5.3	7.5	8.4	9.5	13.3	12.3	22.3
Part Time & Casual	10.6	11.5	10.7	16.1	15.1	14.9	24.0	20.0
Hours worked per week	156.3	139.4	239.5	242.2	235.3	288.2	399.2	261.7

AUSTRALIAN PHARMACIES - WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/2014)

Table 19

	Up to 400		401-600		601-800		801-1,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	980,414		1,363,943		1,973,369		2,371,716	
COST OF GOODS SOLD (3)	718,810	73.32	858,758	62.96	1,277,854	64.75	1,563,623	65.93
GROSS MARGIN (3)	261,604	26.68	505,186	37.04	695,515	35.25	808,093	34.07
Other Income	29,747		72,935		28,880		33,347	
GROSS MARGIN PLUS OTHER INCOME	291,351		578,121		724,395		841,440	
TOTAL REVENUE	1,010,161		1,436,879		2,002,249		2,405,064	
EXPENSES								
Salaries and Wages	201,530	19.95	198,866	13.84	252,955	12.63	301,275	12.53
Rent Paid	71,913	7.12	77,138	5.37	130,289	6.51	101,351	4.21
Outgoings - Rental & Rates	8,705	0.86	6,793	0.47	6,862	0.34	7,758	0.32
Accounting	7,219	0.71	6,699	0.47	8,214	0.41	9,207	0.38
Advertising	15,479	1.53	7,874	0.55	20,875	1.04	22,618	0.94
Bank Charges	2,781	0.28	5,229	0.36	5,245	0.26	7,017	0.29
Computer Expenses	9,350	0.93	9,169	0.64	10,249	0.51	12,880	0.54
Depreciation	16,752	1.66	18,540	1.29	21,309	1.06	28,842	1.20
Electricity, Water, Heating	6,838	0.68	7,115	0.50	8,081	0.40	11,919	0.50
Insurance	7,501	0.74	6,111	0.43	9,411	0.47	10,359	0.43
Interest Paid	35,609	3.53	44,536	3.10	54,361	2.71	67,866	2.82
Leasing Expenses	1,649	0.16	7,126	0.50	9,129	0.46	8,108	0.34
Motor Vehicle Expenses	5,395	0.53	7,004	0.49	9,683	0.48	8,226	0.34
Postage, Freight, Printing	4,779	0.47	4,995	0.35	5,883	0.29	8,305	0.35
Repairs, Maintenance, Service	5,334	0.53	2,960	0.21	2,921	0.15	4,517	0.19
Subs and Registrations	5,627	0.56	9,571	0.67	9,016	0.45	14,062	0.58
Superannuation	15,937	1.58	17,375	1.21	21,984	1.10	30,308	1.26
Telephone	3,557	0.35	3,385	0.24	5,006	0.25	4,798	0.20
Training	1,510	0.15	1,548	0.11	1,690	0.08	3,139	0.13
Abnormal Expenses	12,439	1.23	10,983	0.76	5,978	0.30	64,528	2.68
Payroll Tax	2,987	0.30	0	0.00	1,197	0.06	553	0.02
Workers' Compensation	2,407	0.24	2,006	0.14	2,410	0.12	3,582	0.15
Other Expenses	45,724	4.53	44,171	3.07	38,801	1.94	61,783	2.57
TOTAL EXPENSES	491,023	48.61	499,191	34.74	641,549	32.04	793,001	32.97
TOTAL INCOME	-199,672	-19.77	78,930	5.49	82,846	4.14	48,440	2.01
Less Proprietors' Salary (1) [Full-Time-Equivalents]	155,334 1.16	15.38	158,812 1.18	11.05	155,157 1.15	7.75	150,732 1.12	6.27
NET PROFIT/LOSS	-355,006	-35.14	-79,883	-5.56	-72,311	-3.61	-102,292	-4.25
EBITDA	-302,645	-29.96	-16,807	-1.17	3,358	0.17	-5,584	-0.23
SALES ANALYSIS								
Prescriptions (3)	631,923	64.45	876,819	64.29	1,259,184	63.81	1,630,831	68.76
Other Sales (3)	388,675	39.64	524,575	38.46	656,909	33.29	755,870	31.87
INVENTORY ANALYSIS								
Prescription	37,174	3.68	51,066	3.55	76,320	3.81	110,760	4.61
Other	50,843	5.03	59,649	4.15	77,739	3.88	117,508	4.89
STOCK CARRIED (Total)	88,017	8.71	110,715	7.71	154,058	7.69	228,268	9.49
STOCK TURN (On Total Inventory)	8.17		7.76		8.29		6.85	
SALES PER INVENTORY DOLLAR								
Prescription	17.00		17.17		16.50		14.72	
Other	7.64		8.79		8.45		6.43	
STATISTICS								
PHARMACY SIZE (square metres)	160		124		142		217	
PRESCRIPTIONS DISPENSED (Total)	13,014		25,439		36,560		46,839	
PRESCRIPTIONS DISPENSED WEEKLY	250		489		703		901	
TOTAL HOURS OPEN per WEEK	55		51		55		61	
AV HRS WORKED BY PROPRIETORS/WEEK	44		45		44		43	
FUNDS RETAINED IN BUSINESS (2)	403,339	39.93 	163,768	11.40 	239,959	11.98 	229,950	9.56

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/2014)

Table 19

	1,001-1,200		1,201-1,400		1,401-2,000		Over 2,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,825,316		3,232,095		4,717,071		6,111,209	
COST OF GOODS SOLD (3)	1,796,721	63.59 ↑	2,151,438	66.56 ↑	3,431,904	72.75 ↑	3,952,800	64.68
GROSS MARGIN (3)	1,028,595 ↑	36.41	1,080,657 ↑	33.44	1,285,168 ↑	27.25	2,158,409	35.32
Other Income	29,750		55,644		56,235		66,291	
GROSS MARGIN PLUS OTHER INCOME	1,058,344		1,136,301		1,341,403		2,224,700	
TOTAL REVENUE	2,855,065		3,287,739		4,773,307		6,177,500	
EXPENSES								
Salaries and Wages	393,128	13.77	466,874	14.20	563,904	11.81	852,689	13.80
Rent Paid	141,861	4.97	153,073	4.66	223,146	4.67	260,188	4.21
Outgoings - Rental & Rates	7,529	0.26	12,326	0.37	13,975	0.29	20,847	0.34
Accounting	7,743	0.27	14,061	0.43	10,535	0.22	18,789	0.30
Advertising	21,655	0.76	35,435	1.08	30,114	0.63	71,448	1.16
Bank Charges	6,431	0.23	9,922	0.30	16,297	0.34	15,023	0.24
Computer Expenses	14,682	0.51	15,732	0.48	15,106	0.32	19,084	0.31
Depreciation	21,377	0.75	34,553	1.05	40,034	0.84	60,311	0.98
Electricity, Water, Heating	11,966	0.42	19,399	0.59	18,447	0.39	22,335	0.36
Insurance	8,870	0.31	10,457	0.32	10,462	0.22	15,614	0.25
Interest Paid	97,243	3.41	88,032	2.68	90,963	1.91	151,856	2.46
Leasing Expenses	5,607	0.20	6,000	0.18	6,407	0.13	16,820	0.27
Motor Vehicle Expenses	4,415	0.15	9,808	0.30	5,742	0.12	6,883	0.11
Postage, Freight, Printing	7,433	0.26	16,215	0.49	17,183	0.36	29,573	0.48
Repairs, Maintenance, Service	3,786	0.13	7,012	0.21	5,710	0.12	8,817	0.14
Subs and Registrations	13,654	0.48	29,314	0.89	21,307	0.45	28,965	0.47
Superannuation	34,569	1.21	38,179	1.16	50,112	1.05	73,237	1.19
Telephone	4,494	0.16	4,817	0.15	5,450	0.11	9,877	0.16
Training	1,765	0.06	3,582	0.11	3,224	0.07	7,112	0.12
Abnormal Expenses	37,932	1.33	37,327	1.14	7,106	0.15	51,356	0.83
Payroll Tax	0	0.00	660	0.02	2,862	0.06	2,794	0.05
Workers' Compensation	3,926	0.14	2,973	0.09	5,722	0.12	7,340	0.12
Other Expenses	134,306	4.70	46,416	1.41	112,707	2.36	129,241	2.09
TOTAL EXPENSES	984,372	34.48	1,062,166	32.31	1,276,515	26.74	1,880,199	30.44
TOTAL INCOME	73,972	2.59	74,135	2.25	64,887	1.36	344,501	5.58
Less Proprietors' Salary (1) [Full-Time-Equivalents]	157,987 1.18	5.53	160,345 1.19	4.88	152,446 1.13	3.19	141,159 1.05	2.29
NET PROFIT/LOSS	-84,015	-2.94	-86,210	-2.62	-87,558	-1.83	203,341	3.29
EBITDA	34,605	1.21	36,375	1.11	43,438	0.91	415,509	6.73
SALES ANALYSIS								
Prescriptions (3)	1,960,518	69.39	2,136,975	66.12	2,751,538	58.33	4,301,043	70.38
Other Sales (3)	908,633	32.16	1,183,371	36.61	1,963,178	41.62	1,972,755	32.28
INVENTORY ANALYSIS								
Prescription	91,432	3.20	93,694	2.85	126,649	2.65	223,490	3.62
Other	91,916	3.22	243,274	7.40	187,163	3.92	270,850	4.38
STOCK CARRIED (Total)	183,349	6.42	336,968	10.25	313,811	6.57	494,340	8.00
STOCK TURN (On Total Inventory)	9.80		6.38		10.94		8.00	
SALES PER INVENTORY DOLLAR								
Prescription	21.44		22.81		21.73		19.24	
Other	9.89		4.86		10.49		7.28	
STATISTICS								
PHARMACY SIZE (square metres)	200		279		253		400	
PRESCRIPTIONS DISPENSED (Total)	57,769		67,733		85,572		127,227	
PRESCRIPTIONS DISPENSED WEEKLY	1,111		1,303		1,646		2,447	
TOTAL HOURS OPEN per WEEK	59		56		69		67	
AV HRS WORKED BY PROPRIETORS/WEEK	45		45		43		40	
FUNDS RETAINED IN BUSINESS (2)	-47,561	- 1.67	274,824	8.36	445,612	9.34	877,504	14.20

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - PERCENTAGE PRESCRIPTION/ TOTAL SALES
(Based on 12 Months of Trading to 30/06/2014)

Table 20

	Less Than 50%		50%-60%		60%-70%		70%-80%		Over 80%	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	4,769,553		3,730,219		3,539,284		2,488,340		1,936,180	
COST OF GOODS SOLD (3)	3,572,554	74.90	2,592,508	69.50	2,233,333	63.10	1,535,901	61.72	1,231,229	63.59
GROSS MARGIN (3)	1,196,999	25.10	1,137,711	30.50	1,305,951	36.90	952,439	38.28	704,951	36.41
Other Income	48,384		34,996		83,203		40,038		24,903	
GROSS MARGIN PLUS OTHER INCOME	1,245,383		1,172,707		1,389,153		992,477		729,854	
TOTAL REVENUE	4,817,937		3,765,215		3,622,486		2,528,378		1,961,083	
EXPENSES										
Salaries and Wages	551,340	11.44	510,297	13.55	497,832	13.74	342,728	13.56	251,643	12.83
Rent Paid	311,756	6.47	221,493	5.88	172,949	4.77	118,179	4.67	61,610	3.14
Outgoings - Rental & Rates	14,927	0.31	15,581	0.41	13,822	0.38	8,803	0.35	5,304	0.27
Accounting	12,620	0.26	17,994	0.48	10,130	0.28	8,164	0.32	7,807	0.40
Advertising	40,496	0.84	52,556	1.40	38,078	1.05	20,151	0.80	11,662	0.59
Bank Charges	17,982	0.37	10,989	0.29	11,646	0.32	6,415	0.25	4,121	0.21
Computer Expenses	15,603	0.32	14,896	0.40	15,659	0.43	13,138	0.52	8,963	0.46
Depreciation	68,103	1.41	33,659	0.89	36,841	1.02	18,740	0.74	14,945	0.76
Electricity, Water, Heating	22,974	0.48	17,402	0.46	17,958	0.50	10,351	0.41	6,127	0.31
Insurance	12,785	0.27	10,172	0.27	11,044	0.30	8,364	0.33	9,621	0.49
Interest Paid	89,571	1.86	78,790	2.09	96,275	2.66	73,731	2.92	52,651	2.68
Leasing Expenses	10,041	0.21	13,859	0.37	11,775	0.33	3,745	0.15	3,522	0.18
Motor Vehicle Expenses	8,463	0.18	6,624	0.18	6,195	0.17	6,881	0.27	8,709	0.44
Postage, Freight, Printing	21,141	0.44	13,830	0.37	14,052	0.39	10,057	0.40	5,580	0.28
Repairs, Maintenance, Service	5,436	0.11	5,558	0.15	6,320	0.17	4,206	0.17	3,213	0.16
Subs and Registrations	17,334	0.36	17,545	0.47	23,463	0.65	16,776	0.66	8,588	0.44
Superannuation	51,398	1.07	41,131	1.09	44,623	1.23	30,278	1.20	22,499	1.15
Telephone	5,824	0.12	5,232	0.14	4,997	0.14	5,359	0.21	4,688	0.24
Training	2,394	0.05	6,125	0.16	2,768	0.08	2,760	0.11	2,567	0.13
Abnormal Expenses	12,413	0.26	26,159	0.69	30,589	0.84	32,476	1.28	13,490	0.69
Payroll Tax	5,538	0.11	2,416	0.06	769	0.02	752	0.03	249	0.01
Workers' Compensation	5,663	0.12	5,770	0.15	3,826	0.11	2,829	0.11	3,349	0.17
Other Expenses	138,675	2.88	101,146	2.69	86,399	2.39	52,025	2.06	44,875	2.29
TOTAL EXPENSES	1,442,475	29.94	1,229,223	32.65	1,158,009	31.97	796,905	31.52	555,783	28.34
TOTAL INCOME	-197,092	- 4.09	-56,516	- 1.50	231,144	6.38	195,571	7.74	174,072	8.88
Less Proprietors' Salary (1) [Full-Time-Equivalents]	132,638 0.99	2.75	167,566 1.25	4.45	164,766 1.23	4.55	153,860 1.14	6.09	149,537 1.11	7.63
NET PROFIT/LOSS	-329,730	-6.84	-224,082	-5.95	66,378	1.83	41,711	1.65	24,534	1.25
EBITDA	-172,056	- 3.57	-111,634	- 2.96	199,495	5.51	134,182	5.31	92,131	4.70
SALES ANALYSIS										
Prescriptions (3)	1,532,599	32.13	2,104,064	56.41	2,321,610	65.60	1,889,807	75.95	1,706,730	88.15
Other Sales (3)	3,074,253	64.46	1,601,625	42.94	1,230,996	34.78	597,442	24.01	244,923	12.65
INVENTORY ANALYSIS										
Prescription	117,450	2.44 ▲	142,922	3.80 ▲	124,489	3.44 ▲	78,069	3.09 ▲	90,341	4.61
Other	280,204	5.82 ▲	269,349	7.15 ▲	213,607	5.90 ▲	119,146	4.71 ▲	52,750	2.69
STOCK CARRIED (Total)	397,654 ▲	8.25	412,271 ▲	10.95	338,095 ▲	9.33	197,215 ▲	7.80	143,091	7.30
STOCK TURN (On Total Inventory)	8.98		6.29		6.61		7.79		8.60	
SALES PER INVENTORY DOLLAR										
Prescription	13.05		14.72		18.65		24.21		18.89	
Other	10.97		5.95		5.76		5.01		4.64	
STATISTICS										
PHARMACY SIZE (square metres)	381		305		268		179		129	
PRESCRIPTIONS DISPENSED (Total)	52,706		61,903		68,719		58,231		47,037	
PRESCRIPTIONS DISPENSED WEEKLY	1,014		1,190		1,322		1,120		905	
TOTAL HOURS OPEN per WEEK	71		64		63		57		53	
AV HRS WORKED BY PROPRIETORS/WEEK	38		47		47		44		42	
FUNDS RETAINED IN BUSINESS (2)	551,027	11.44 ▲	283,379	7.53 ▲	238,049	6.57 ▲	262,410	10.38 ▲	335,653	17.12

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - WEEKLY HOURS OPEN
(Based on 12 Months of Trading to 30/06/2014)

Table 21

	Up to 50		51-60		61-70		Over 70	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,863,595		2,268,755		3,647,080		4,970,889	
COST OF GOODS SOLD (3)	1,169,405	62.75	1,352,841	59.63	2,386,968	65.45	3,215,602	64.69
GROSS MARGIN (3)	694,190	37.25	915,914	40.37	1,260,112	34.55	1,755,287	35.31
Other Income	31,629		30,849		46,602		60,669	
GROSS MARGIN PLUS OTHER INCOME	725,819		946,763		1,306,714		1,815,956	
TOTAL REVENUE	1,895,224		2,299,604		3,693,682		5,031,558	
EXPENSES								
Salaries and Wages	232,442	12.26	284,280	12.36	461,317	12.49	576,271	11.45
Rent Paid	54,606	2.88	76,137	3.31	229,745	6.22	160,708	3.19
Outgoings - Rental & Rates	4,692	0.25	6,596	0.29	23,921	0.65	12,841	0.26
Accounting	7,569	0.40	12,467	0.54	15,045	0.41	12,324	0.24
Advertising	12,219	0.64	31,742	1.38	42,470	1.15	35,840	0.71
Bank Charges	3,193	0.17	5,766	0.25	10,434	0.28	17,538	0.35
Computer Expenses	10,816	0.57	9,822	0.43	13,342	0.36	12,709	0.25
Depreciation	17,769	0.94	18,230	0.79	42,845	1.16	50,726	1.01
Electricity, Water, Heating	5,914	0.31	9,185	0.40	14,171	0.38	21,507	0.43
Insurance	8,251	0.44	8,992	0.39	12,177	0.33	13,763	0.27
Interest Paid	59,532	3.14	56,132	2.44	98,896	2.68	88,896	1.77
Leasing Expenses	2,502	0.13	10,034	0.44	6,241	0.17	14,315	0.28
Motor Vehicle Expenses	7,824	0.41	11,035	0.48	6,328	0.17	6,014	0.12
Postage, Freight, Printing	5,250	0.28	7,293	0.32	13,965	0.38	18,094	0.36
Repairs, Maintenance, Service	3,572	0.19	3,722	0.16	4,509	0.12	7,038	0.14
Subs and Registrations	8,748	0.46	8,793	0.38	10,585	0.29	10,390	0.21
Superannuation	19,452	1.03	27,213	1.18	44,204	1.20	57,148	1.14
Telephone	4,584	0.24	5,037	0.22	6,198	0.17	8,204	0.16
Training	3,097	0.16	3,496	0.15	2,832	0.08	4,549	0.09
Abnormal Expenses	n/a	n/a	4,201	0.18	3,500	0.09	24,749	0.49
Payroll Tax	n/a	n/a	321	0.01	4,174	0.11	2,950	0.06
Workers' Compensation	2,365	0.12	2,882	0.13	5,318	0.14	7,351	0.15
Other Expenses	n/a	n/a	67,741	2.95	98,004	2.65	154,034	3.06
TOTAL EXPENSES	474,398	25.03	671,115	29.18	1,170,222	31.68	1,317,959	26.19
TOTAL INCOME	251,421	13.27	275,647	11.99	136,492	3.70	497,997	9.90
Less Proprietors' Salary (1) [Full-Time-Equivalents]	75,774 0.56	4.00	92,670 0.69	4.03	78,207 0.58	2.12	68,530 0.51	1.36
NET PROFIT/LOSS	175,647	9.27	182,977	7.96	58,285	1.58	429,467	8.54
EBITDA	252,948	13.35	257,339	11.19	200,026	5.42	569,089	11.31
SALES ANALYSIS								
Prescriptions (3)	1,438,265	77.18	1,584,074	69.82	2,289,645	62.78	2,943,672	59.22
Other Sales (3)	372,511	19.99	709,121	31.26	1,477,594	40.51	2,178,307	43.82
INVENTORY ANALYSIS								
Prescription	75,080	3.96 ▲	83,776	3.64 ▲	147,651	4.00 ▲	154,436	3.07
Other	78,940	4.17 ▲	113,672	4.94 ▲	208,209	5.64 ▲	222,904	4.43
STOCK CARRIED (Total)	154,020 ▲	8.13	197,449 ▲	8.59	355,860 ▲	9.63	377,340	7.50
STOCK TURN (On Total Inventory)	7.59		6.85		6.71		8.52	
SALES PER INVENTORY DOLLAR								
Prescription	19.16		18.91		15.51		19.06	
Other	4.72		6.24		7.10		9.77	
STATISTICS								
PHARMACY SIZE (square metres)	141		174		236		248	
PRESCRIPTIONS DISPENSED (Total)	42,520		44,663		67,158		79,466	
PRESCRIPTIONS DISPENSED WEEKLY	818		859		1,292		1,528	
TOTAL HOURS OPEN per WEEK	46		54		65		83	
AV HRS WORKED BY PROPRIETORS/WEEK	21		26		22		19	
FUNDS RETAINED IN BUSINESS (2)	289,822	15.29 ▲	407,987	17.74 ▲	668,381	18.10 ▲	665,587	13.23

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - BALANCE SHEET 2013-14

Table 22

	30-Jun-13 (313 Pharmacies)		30-Jun-14 (436 Pharmacies)		Amount and % of Change	
	\$	%	\$	%	\$	%
Assets	795,938	27%	680,177	24%	-115,761	-15%
Liabilities	1,390,870	48%	1,389,070	49%	-1,800	0%
Net Worth excluding Goodwill	-542,874	-19%	-595,095	-21%	-52,220	10%
Total Revenue	2,916,586	100%	2,835,814	100%	-80,772	-3%
Trading Profit	196,267	7%	210,822	7%	14,555	7%

AUSTRALIAN PHARMACIES - BALANCE SHEET 2013-14 BY TURNOVER GROUP

Table 23

	Under \$1M		\$1.0M-\$1.5M		\$1.5M-\$2.0M		\$2.0M-\$3.0M	
	\$	%	\$	%	\$	%	\$	%
Assets including Goodwill	932,006	127.84	1,118,769	86.85	1,674,680	93.28	1,913,791	77.31
Liabilities	683,174	93.71	942,842	73.19	1,037,710	57.80	1,181,814	47.74
Net Worth	248,832	34.13	175,927	13.66	636,970	35.48	731,977	29.57
Total Revenue	729,039	100.00	1,288,126	100.00	1,795,374	100.00	2,475,520	100.00
Trading Profit	151,483	20.78	144,308	11.20	423,631	23.60	510,192	20.61

	\$3.0M-\$4.0M		\$4.0M-\$5.0M		\$5.0M-\$7.0M		Over \$7.0M	
	\$	%	\$	%	\$	%	\$	%
Assets including Goodwill	2,619,701	76.02	3,350,611	76.58	4,198,132	72.72	4,403,951	45.23
Liabilities	1,572,088	45.62	2,367,987	54.12	2,226,896	38.57	3,416,774	35.09
Net Worth	1,047,612	30.40	982,624	22.46	1,971,235	34.14	987,176	10.14
Total Revenue	3,446,190	100.00	4,375,177	100.00	5,773,399	100.00	9,736,328	100.00
Trading Profit	663,811	19.26	534,865	12.22	523,125	9.06	135,942	1.40

TABLE 24

STRUCTURE OF PHARMACISTS' REMUNERATION
PHARMACEUTICAL BENEFITS SCHEME

From	To	RP ITEMS		EP ITEMS
		Professional Fee \$	Markup on Wholesale Price %	Professional Fee \$
1 January 1972	30 April 1972	0.39	33 1/3	0.64
1 May 1972	30 September 1972	0.42	33 1/3	0.64
1 October 1972	30 November 1972	0.44	33 1/3	0.64
1 December 1972	31 December 1972	0.45	33 1/3	0.64
1 January 1973	30 June 1973	0.50	33 1/3	0.72
1 July 1973	31 December 1973	0.61	33 1/3	0.83
1 January 1974	30 June 1974	0.68	33 1/3	0.90
1 July 1974	30 June 1975	0.84	33 1/3	1.06
1 July 1975	30 June 1976	0.90	33 1/3	1.12
1 July 1976	31 December 1976	1.02	33 1/3	1.24
1 January 1977	30 June 1977	1.07	33 1/3	1.29
1 July 1977	31 July 1978	1.21	33 1/3	1.43
1 August 1978	30 April 1980	1.35	25	1.95
1 May 1980	30 June 1980	1.31 *	25	1.91 *
1 July 1980	30 November 1980	1.31 1.39	25	1.91 1.99
1 December 1980	31 December 1980	1.26 1.34	25	1.89 1.97
1 January 1981	30 June 1981	1.26 1.44	25	1.89 2.07
1 July 1981	31 December 1981	1.51	25	2.14
1 January 1982	30 June 1982	1.66	25	2.29
1 July 1982	31 December 1983	1.73	25	2.54
1 January 1984	30 June 1984	1.98	25	2.89
1 July 1984	30 June 1985	2.13	25	3.09
1 July 1985	31 December 1985	2.30	25	3.33
1 January 1986	30 June 1986	2.35	25	3.40
1 July 1986	31 August 1986	2.40	25	3.47
1 September 1986	31 May 1987	2.46	25	3.56
1 June 1987	30 June 1988	2.50	25	3.62
1 July 1988	31 July 1988	2.59	25	3.76
1 August 1988	31 January 1989	2.64	25	3.83
1 February 1989	31 December 1989	2.59	25	3.76
1 January 1990	30 June 1990	2.54	25	3.68
1 July 1990	31 December 1990	2.57	25	3.72
1 January 1991	31 July 1992	3.43	10 **	4.96
1 August 1992	31 December 1992	3.57	10 **	5.16
1 January 1993	30 June 1993	3.69	10 **	5.34
1 July 1993	31 December 1993	3.75	10 **	5.43
1 January 1994	30 June 1994	3.83	10 **	5.55
1 July 1994	31 December 1994	3.98	10 **	5.77
1 January 1995	30 June 1995	4.06	10 **	5.89
1 July 1995	30 June 1996	4.27	10 **	6.10
1 July 1996	30 June 1997	4.29	10 **	6.13
1 July 1997	30 June 1998	4.34	10 **	6.20
1 July 1998	30 June 1999	4.34	10 **	6.20
1 July 1999	30 June 2000	4.39	10 **	6.27

TABLE 24 (continued)

From	To	RP ITEMS		EP ITEMS
		Professional Fee \$	Markup on Wholesale Price %	Professional Fee \$
1 July 1999	30 June 2000	4.39	10 **	6.27
1 July 2000	30 January 2001	4.40	10 ***	6.28
1 February 2001	30 June 2001	4.50	10 ***	6.38
1 July 2001	30 September 2001	4.53	10 ***	6.44
1 October 2001	30 January 2002	4.68	10 ***	6.59
1 February 2002	30 June 2002	4.58	10 ***	6.49
1 July 2002	30 June 2003	4.62	10 ***	6.56
1 July 2003	30 June 2004	4.66	10 ***	6.63
1 July 2004	30 June 2005	4.70	10 ***	6.70
1 July 2005	30 November 2005	4.75	10 ***	6.78
1 December 2005	30 June 2006	4.94	10 ***	6.97
1 July 2006	30 June 2007	5.15	10 ~	7.19
1 July 2007	31 July 2007	5.32	10 ~	7.36
1 August 2007	30 June 2008	5.44	10 ~	7.48
1 July 2008	31 July 2008	5.81	10 ~	7.85
1 August 2008	30 June 2009	5.99	~~	8.03
1 July 2009	30 June 2012	6.42	~~	8.46
1 July 2012	30 June 2013	6.52	~~	8.56
1 July 2013	30 June 2014	6.63	~~	8.67
1 July 2014	30 June 2015	6.76	~~	8.80
1 July 2015		6.93	~~~	8.97

* Revised Fees as determined by the Pharmaceutical Benefits Remuneration Tribunal.

** 10% Mark-up applies to items with approved price to pharmacists of less than \$180.00.

\$18.00 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$360.00.

5% Mark-up applies to items with approved price to pharmacists of more than \$360.00.

*** 10% Mark-up applies to items with approved price to pharmacists of less than \$180.00.

\$18.00 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$450.00.

4% Mark-up applies to items with approved price to pharmacists of more than \$450.00.

~ As above, except for items with approved price to pharmacists of more than \$1000, to which a \$40 markup applies.

~~ 15% Mark-up applied to items with approved price to pharmacists of less than \$30.00.

\$4.50 Mark-up applies to items with approved price to pharmacists of between \$30.00 and \$45.00.

10% Mark-up applies to items with approved price to pharmacists of between \$45.00 and \$180.00.

\$18 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$450.00.

4% Mark-up applies to items with approved price to pharmacists of between \$450.00 and \$1750.00.

\$70 Mark-up applies to items with approved price to pharmacists of more than \$1750.00

~~~ From 1 July 2015, the pharmacy mark-up component of remuneration was replaced by an Administration, Handling & Infrastructure fee.

Approved price to Pharmacist (wholesaler PBS list price) up to \$180.00: \$3.49 per prescription

Approved price to Pharmacist between \$180.00 and \$2,089.71: \$3.49 plus 3.5% of the amount by which the price exceeds :

Approved price to pharmacist is \$2,089.71 or above: \$70.00.

TABLE 25

## CHANGES IN THE LEVEL OF PATIENT CONTRIBUTION

| Date of Change | Amount<br>general | Percentage of<br>average cost of a<br>"general" benefit | Amount<br>concessional | Percentage of<br>average cost of a<br>"concessional" benefit |
|----------------|-------------------|---------------------------------------------------------|------------------------|--------------------------------------------------------------|
| March 1960     | \$0.50            | 22 %                                                    |                        |                                                              |
| November 1971  | \$1.00            | 40 %                                                    |                        |                                                              |
| September 1975 | \$1.50            | 51 %                                                    |                        |                                                              |
| March 1976     | \$2.00            | 59 %                                                    |                        |                                                              |
| July 1978      | \$2.50            | 60 %                                                    |                        |                                                              |
| September 1979 | \$2.75            | 60 %                                                    |                        |                                                              |
| December 1981  | \$3.20            | 62 %                                                    |                        |                                                              |
| January 1983   | \$4.00            | 69 %                                                    | \$2.00                 | 34 %                                                         |
| July 1985      | \$5.00            | 73 %                                                    | \$2.00                 | 32 %                                                         |
| July 1986      | \$5.00            | 64 %                                                    | \$2.00                 | 29 %                                                         |
| November 1986  | MAX \$10.00       | 54 %                                                    | \$2.50                 | 27 %                                                         |
| July 1988      | MAX \$11.00       | 51 %                                                    | \$2.50                 | 27 %                                                         |
| July 1989      | MAX \$11.00       | 53 %                                                    | \$2.50                 | 25 %                                                         |
| July 1990      | MAX \$11.00       | 49 %                                                    | \$2.50                 | 23 %                                                         |
| November 1990  | MAX \$15.00       | 55 %                                                    | \$2.50                 | 21 %                                                         |
| August 1991    | MAX \$15.70       | 57 %                                                    | \$2.50                 | 21 %                                                         |
| October 1991   | MAX \$15.70       | 57 %                                                    | \$2.60                 | 22 %                                                         |
| August 1992    | MAX \$15.90       | 45 %                                                    | \$2.60                 | 20 %                                                         |
| August 1993    | MAX \$16.00       | 47 %                                                    | \$2.60                 | 18 %                                                         |
| August 1994    | MAX \$16.20       | 45 %                                                    | \$2.60                 | 16 %                                                         |
| August 1995    | MAX \$16.80       | 45 %                                                    | \$2.60                 | 15 %                                                         |
| August 1996    | MAX \$17.40       | 43 %                                                    | \$2.70                 | 14 %                                                         |
| January 1997   | MAX \$20.00       | 44 %                                                    | \$3.20                 | 16 %                                                         |
| January 1999   | MAX \$20.30       | 40 %                                                    | \$3.20                 | 14 %                                                         |
| January 2000   | MAX \$20.60       | 40 %                                                    | \$3.30                 | 14 %                                                         |
| January 2001   | MAX \$21.90       | 42 %                                                    | \$3.50                 | 14 %                                                         |
| January 2002   | MAX \$22.40       | 42 %                                                    | \$3.60                 | 14 %                                                         |
| January 2003   | MAX \$23.10       | 40 %                                                    | \$3.70                 | 13 %                                                         |
| January 2004   | MAX \$23.70       | 39 %                                                    | \$3.80                 | 12 %                                                         |
| January 2005   | MAX \$28.60       | 48 %                                                    | \$4.60                 | 14 %                                                         |
| January 2006   | MAX \$29.50       | 46 %                                                    | \$4.70                 | 14 %                                                         |
| January 2007   | MAX \$30.70       | 45 %                                                    | \$4.90                 | 14 %                                                         |
| January 2008   | MAX \$31.30       | 46 %                                                    | \$5.00                 | 14 %                                                         |
| January 2009   | MAX \$32.90       | 34 %                                                    | \$5.30                 | 13 %                                                         |
| January 2010   | MAX \$33.30       | 37 %                                                    | \$5.40                 | 14 %                                                         |
| January 2011   | MAX \$34.20       | 35 %                                                    | \$5.60                 | 15 %                                                         |
| January 2012   | MAX \$35.40       | 35 %                                                    | \$5.80                 | 14 %                                                         |
| January 2013   | MAX \$36.10       | 35 %                                                    | \$5.90                 | 15 %                                                         |
| January 2014   | MAX \$36.90       | 35 %                                                    | \$6.00                 | 16 %                                                         |
| July 2015      | MAX \$37.70       | 33 %                                                    | \$6.10                 | 17 %                                                         |

TABLE 26

## P B S REMUNERATION PER PRESCRIPTION

| Year    | Average Price<br>per prescription<br>\$ | Mark-up*<br>\$ | Average<br>professional fee<br>\$ | Average<br>other fees***<br>\$ | Total<br>remuneration *<br>\$ | Remuneration<br>as % of<br>Ave. Price | Annual Volume<br>of prescriptions<br>('000) |
|---------|-----------------------------------------|----------------|-----------------------------------|--------------------------------|-------------------------------|---------------------------------------|---------------------------------------------|
| 1970/71 | 2.21                                    |                | 0.34                              |                                | 0.82                          | 37.10                                 | 71,487                                      |
| 1971/72 | 2.46                                    |                | 0.38                              |                                | 0.89                          | 36.18                                 | 72,442                                      |
| 1972/73 | 2.64                                    |                | 0.47                              |                                | 1.01                          | 38.26                                 | 74,676                                      |
| 1973/74 | 2.78                                    |                | 0.65                              |                                | 1.18                          | 42.45                                 | 87,288                                      |
| 1974/75 | 2.99                                    |                | 0.83                              |                                | 1.37                          | 45.82                                 | 97,674                                      |
| 1975/76 | 3.28                                    |                | 0.88                              |                                | 1.48                          | 45.12                                 | 101,117                                     |
| 1976/77 | 3.71                                    |                | 1.04                              |                                | 1.70                          | 45.82                                 | 89,705                                      |
| 1977/78 | 3.93                                    |                | 1.22                              |                                | 1.88                          | 47.84                                 | 93,167                                      |
| 1978/79 | 4.16                                    |                | 1.35                              |                                | 1.94                          | 46.63                                 | 92,963                                      |
| 1979/80 | 4.38                                    |                | 1.36                              |                                | 1.98                          | 45.21                                 | 89,075                                      |
| 1980/81 | 4.53                                    | 4.65 @         | 1.30                              | 1.42 @                         | 1.96                          | 2.08 @                                | 94,397                                      |
| 1981/82 | 5.08                                    |                | 1.62                              |                                | 2.30                          | 45.28                                 | 103,574                                     |
| 1982/83 | 5.61                                    |                | 1.77                              |                                | 2.54                          | 45.28                                 | 105,540                                     |
| 1983/84 | 5.96                                    |                | 1.90                              |                                | 2.69                          | 45.13                                 | 108,385                                     |
| 1984/85 | 6.32                                    |                | 2.14                              |                                | 2.94                          | 46.52                                 | 120,829                                     |
| 1985/86 | 7.01                                    |                | 2.33                              |                                | 3.27                          | 46.65                                 | 119,842                                     |
| 1986/87 | 8.79                                    | @@             | 2.48                              |                                | 3.74                          | 42.55                                 | 102,762                                     |
| 1987/88 | 10.37                                   | @@             | 2.53                              |                                | 4.10                          | 39.54                                 | 100,901                                     |
| 1988/89 | 11.51                                   | @@             | 2.64                              |                                | 4.42                          | 38.40                                 | 100,586                                     |
| 1989/90 | 12.54                                   | @@             | 2.57                              |                                | 4.56                          | 36.40                                 | 104,979                                     |
| 1990/91 | 13.82                                   | @@             | 2.84                              |                                | 4.68                          | 33.86                                 | 96,300                                      |
| 1991/92 | 15.46                                   | @@             | 3.43                              |                                | 4.53                          | 29.30                                 | 94,121                                      |
| 1992/93 | 16.78                                   | @@             | 3.60                              |                                | 4.79                          | 28.55                                 | 105,953                                     |
| 1993/94 | 18.18                                   | @@             | 3.85                              |                                | 5.16                          | 28.38                                 | 115,041                                     |
| 1994/95 | 19.71                                   | @@             | 4.06                              |                                | 5.49                          | 27.85                                 | 118,046                                     |
| 1995/96 | 21.49                                   | @@             | 4.27                              |                                | 5.84                          | 27.18                                 | 124,205                                     |
| 1996/97 | 23.19                                   | @@             | 4.29                              |                                | 6.01                          | 25.92                                 | 123,434                                     |
| 1997/98 | 24.88                                   | @@             | 4.34                              |                                | 6.21                          | 24.96                                 | 124,483                                     |
| 1998/99 | 26.38                                   | @@             | 4.34                              |                                | 6.29                          | 23.84                                 | 128,348                                     |
| 1999/00 | 27.82                                   | @@             | 4.39                              |                                | 6.46                          | 23.23                                 | 137,585                                     |
| 2000/01 | 30.86                                   | @@             | 4.44                              |                                | 6.78                          | 21.96                                 | 147,571                                     |
| 2001/02 | 32.32                                   | @@             | 4.53                              |                                | 6.99                          | 21.62                                 | 154,530                                     |
| 2002/03 | 34.28                                   | @@             | 4.62                              |                                | 7.24                          | 21.13                                 | 158,548                                     |
| 2003/04 | 35.84                                   | @@             | 4.66                              |                                | 7.34                          | 20.48                                 | 165,435                                     |
| 2004/05 | 37.30                                   | @@             | 4.70                              |                                | 7.49                          | 20.08                                 | 169,877                                     |
| 2005/06 | 38.75                                   | @@             | 4.86                              |                                | 7.74                          | 19.97                                 | 167,927                                     |
| 2006/07 | 39.35                                   | @@             | 5.22                              |                                | 8.08                          | 20.53                                 | 168,536                                     |
| 2007/08 | 41.54                                   | @@             | 5.50                              |                                | 8.45                          | 20.34                                 | 171,296                                     |
| 2008/09 | 43.37                                   | @@             | 5.97                              | 0.85                           | 10.24                         | 23.61                                 | 181,836                                     |
| 2009/10 | 45.47                                   | @@             | 6.42                              | 1.04                           | 11.03                         | 24.26                                 | 183,911                                     |
| 2010/11 | 46.18                                   | @@             | 6.42                              | 0.68                           | 10.67                         | 23.10                                 | 188,144                                     |
| 2011/12 | 45.59                                   | @@             | 6.42                              | 0.71                           | 10.60                         | 23.25                                 | 194,898                                     |
| 2012/13 | 42.90                                   | @@             | 6.52                              | 0.85                           | 10.59                         | 24.69                                 | 211,407                                     |
| 2013/14 | 41.68                                   | @@             | 6.63                              | 0.95                           | 10.65                         | 25.55                                 | 214,526                                     |

\* Excludes wholesalers' surcharges, discounts and rebates.

\*\* Percentage mark-up changed.

\*\*\* PBS Online incentive (August 2008 to June 2010) and Premium-free Dispensing Incentive (August 2008 onwards).

@ Adjusted for retrospective payments.

@@ Not adjusted for General category items under the maximum patient contribution.

Excludes Doctor's Bag items

TABLE 27

## POPULATION TO PHARMACY RATIOS IN AUSTRALIA

| YEAR (30 JUNE) | POPULATION * | NUMBER OF PHARMACIES | POPULATION : PHARMACY RATIO |
|----------------|--------------|----------------------|-----------------------------|
| 1970           | 12,663,469   | 5,876                | 2,155                       |
| 1975           | 13,893,000   | 5,566                | 2,496                       |
| 1980           | 14,695,400   | 5,417                | 2,713                       |
| 1985           | 15,788,300   | 5,484                | 2,879                       |
| 1986           | 16,018,400   | 5,549                | 2,887                       |
| 1987           | 16,263,300   | 5,559                | 2,926                       |
| 1988           | 16,532,200   | 5,609                | 2,947                       |
| 1989           | 16,814,400   | 5,612                | 2,996                       |
| 1990           | 17,065,100   | 5,625                | 3,034                       |
| 1991           | 17,284,000   | 5,351                | 3,230                       |
| 1992           | 17,489,100   | 5,091                | 3,435                       |
| 1993           | 17,656,400   | 5,018                | 3,519                       |
| 1994           | 17,847,400   | 4,980                | 3,584                       |
| 1995           | 18,063,300   | 4,949                | 3,650                       |
| 1996           | 18,310,714   | 4,953                | 3,697                       |
| 1997           | 18,532,247   | 4,954                | 3,741                       |
| 1998           | 18,730,359   | 4,952                | 3,782                       |
| 1999           | 18,871,800   | 4,942                | 3,819                       |
| 2000           | 19,080,200   | 4,925                | 3,874                       |
| 2001           | 19,334,200   | 4,925                | 3,926                       |
| 2002           | 19,657,400   | 4,926                | 3,991                       |
| 2003           | 19,757,900   | 4,907                | 4,026                       |
| 2004           | 20,009,000   | 4,910                | 4,075                       |
| 2005           | 20,281,400   | 4,921                | 4,121                       |
| 2006           | 20,551,500   | 4,951                | 4,151                       |
| 2007           | 20,948,900   | 4,992                | 4,196                       |
| 2008           | 21,282,600   | 5,005                | 4,252                       |
| 2009           | 21,779,100   | 5,046                | 4,316                       |
| 2010           | 22,271,900   | 5,088                | 4,377                       |
| 2011           | 22,475,100   | 5,167                | 4,350                       |
| 2012           | 22,485,340   | 5,240                | 4,291                       |
| 2013           | 23,032,700   | 5,350                | 4,305                       |
| 2014           | 23,319,400   | 5,456                | 4,274                       |
| 2015           | 23,714,300   | 5,699                | 4,161                       |

\* Based on the most recent ABS estimates - Catalogue No. 3101.0

TABLE 28

## TRENDS IN POPULATION TO PHARMACY RATIOS

| 30 JUNE 2014       |                   |                      |                      | 30 JUNE 2015      |                      |                      |                                           |
|--------------------|-------------------|----------------------|----------------------|-------------------|----------------------|----------------------|-------------------------------------------|
| STATE OR TERRITORY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | % Change in Population to Pharmacy Ratios |
| <b>NSW</b>         | 7,465.5           | 1820                 | 4,102                | 7,596.6           | 1913                 | 3,971                | -3.2                                      |
| <b>VIC</b>         | 5,791.0           | 1282                 | 4,517                | 5,914.9           | 1316                 | 4,495                | -0.5                                      |
| <b>QLD</b>         | 4,690.9           | 1088                 | 4,311                | 4,766.7           | 1142                 | 4,174                | -3.2                                      |
| <b>SA</b>          | 1,677.3           | 439                  | 3,821                | 1,696.2           | 461                  | 3,679                | -3.7                                      |
| <b>WA</b>          | 2,550.9           | 574                  | 4,444                | 2,587.0           | 604                  | 4,283                | -3.6                                      |
| <b>TAS</b>         | 514.0             | 148                  | 3,473                | 516.1             | 155                  | 3,330                | -4.1                                      |
| <b>NT</b>          | 242.6             | 33                   | 7,352                | 243.8             | 34                   | 7,171                | -2.5                                      |
| <b>ACT</b>         | 384.1             | 72                   | 5,335                | 389.7             | 74                   | 5,266                | -1.3                                      |
| <b>AUSTRALIA</b>   | 23,319.4          | 5,456                | 4,274                | 23,714.3          | 5,699                | 4,161                | -2.6                                      |

Sources: Medicare Australia and Australian Bureau of Statistics

TABLE 29

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS  
STATES AND TERRITORIES 1997 TO 2015

(Number at 30 June)

| STATE OR<br>TERRITORY | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>NSW</b>            | 1,729 | 1,727 | 1,724 | 1,723 | 1,722 | 1,727 | 1,709 | 1,699 | 1,702 | 1,705 | 1,708 | 1,722 | 1,731 | 1,731 | 1,738 | 1762  | 1,794 | 1,820 |
| <b>VIC</b>            | 1,190 | 1,181 | 1,169 | 1,159 | 1,161 | 1,159 | 1,160 | 1,160 | 1,165 | 1,166 | 1,170 | 1,161 | 1,170 | 1,184 | 1,204 | 1226  | 1,247 | 1,282 |
| <b>QLD</b>            | 952   | 959   | 959   | 954   | 951   | 948   | 944   | 953   | 952   | 963   | 987   | 987   | 1,011 | 1,017 | 1,052 | 1048  | 1,070 | 1,088 |
| <b>SA</b>             | 385   | 383   | 386   | 386   | 387   | 385   | 386   | 389   | 391   | 399   | 400   | 407   | 404   | 414   | 418   | 423   | 432   | 439   |
| <b>WA</b>             | 470   | 474   | 477   | 478   | 479   | 480   | 484   | 489   | 492   | 502   | 509   | 508   | 508   | 516   | 521   | 540   | 556   | 574   |
| <b>TAS</b>            | 144   | 143   | 140   | 140   | 140   | 140   | 139   | 135   | 134   | 131   | 133   | 132   | 131   | 133   | 139   | 141   | 146   | 148   |
| <b>NT</b>             | 27    | 27    | 28    | 28    | 28    | 30    | 28    | 28    | 27    | 27    | 26    | 27    | 29    | 30    | 31    | 32    | 33    | 33    |
| <b>ACT</b>            | 57    | 58    | 59    | 57    | 57    | 57    | 57    | 57    | 58    | 58    | 59    | 61    | 62    | 63    | 64    | 68    | 72    | 72    |
| <b>AUSTRALIA</b>      | 4,954 | 4,952 | 4,942 | 4,925 | 4,925 | 4,926 | 4,907 | 4,910 | 4,921 | 4,951 | 4,992 | 5,005 | 5,046 | 5,088 | 5,167 | 5,240 | 5,350 | 5,456 |

Source: Medicare Australia

TABLE 30

## PRICING AND EARNING INDICES

| YEAR    | CONSUMER PRICE INDEX (a) |          |                 |          | AVERAGE (b)<br>WEEKLY EARNINGS |          |
|---------|--------------------------|----------|-----------------|----------|--------------------------------|----------|
|         | ALL GROUPS               |          | PHARMACEUTICALS |          | \$ AMOUNT                      | % CHANGE |
|         | INDEX                    | % CHANGE | INDEX           | % CHANGE |                                |          |
| 1980-81 | 28.4                     |          | 26.1            |          | 281.40                         |          |
| JUNE 82 | 31.5                     | 10.9     | 29.5            | 13.0     | 316.00                         | 12.3     |
| JUNE 83 | 35.0                     | 11.1     | 34.7            | 17.6     | 347.30                         | 9.9      |
| JUNE 84 | 36.4                     | 4.0      | 37.1            | 6.9      | 383.80                         | 10.5     |
| JUNE 85 | 38.8                     | 6.6      | 39.0            | 5.1      | 397.20                         | 3.5      |
| JUNE 86 | 42.1                     | 8.5      | 44.8            | 14.9     | 425.50                         | 7.1      |
| JUNE 87 | 46.0                     | 9.3      | 51.2            | 14.3     | 450.90                         | 6.0      |
| JUNE 88 | 49.3                     | 7.2      | 56.0            | 9.4      | 481.70                         | 6.8      |
| JUNE 89 | 53.0                     | 7.5      | 59.1            | 5.5      | 519.10                         | 7.8      |
| JUNE 90 | 57.1                     | 7.7      | 62.3            | 5.4      | 555.80                         | 7.1      |
| JUNE 91 | 59.0                     | 3.3      | 66.0            | 5.9      | 569.90                         | 2.5      |
| JUNE 92 | 59.7                     | 1.2      | 67.7            | 2.6      | 597.40                         | 4.8      |
| JUNE 93 | 60.8                     | 1.8      | 69.4            | 2.5      | 612.50                         | 2.5      |
| JUNE 94 | 61.9                     | 1.8      | 70.8            | 2.0      | 625.10                         | 2.1      |
| JUNE 95 | 64.7                     | 4.5      | 72.8            | 2.8      | 652.70                         | 4.4      |
| JUNE 96 | 66.7                     | 3.1      | 75.2            | 3.3      | 671.50                         | 2.9      |
| JUNE 97 | 66.9                     | 0.3      | 78.8            | 4.8      | 687.10                         | 2.3      |
| JUNE 98 | 67.4                     | 0.7      | 79.4            | 0.8      | 714.50                         | 4.0      |
| JUNE 99 | 68.1                     | 1.1      | 78.9            | -0.6     | 735.10                         | 2.6      |
| JUNE 00 | 70.2                     | 3.1      | 79.6            | 0.9      | 760.00                         | 3.4      |
| JUNE 01 | 74.5                     | 6.1      | 82.9            | 4.1      | 789.40                         | 3.9      |
| JUNE 02 | 76.6                     | 2.8      | 83.8            | 1.1      | 826.10                         | 4.6      |
| JUNE 03 | 78.6                     | 2.6      | 86.3            | 3.0      | 872.10                         | 5.6      |
| JUNE 04 | 80.6                     | 2.5      | 88.4            | 2.4      | 891.20                         | 2.2      |
| JUNE 05 | 82.6                     | 2.5      | 92.9            | 5.1      | 942.70                         | 5.8      |
| JUNE 06 | 85.9                     | 4.0      | 95.9            | 3.2      | 985.10                         | 4.5      |
| JUNE 07 | 87.7                     | 2.1      | 97.2            | 1.4      | 1038.40                        | 5.4      |
| JUNE 08 | 91.6                     | 4.4      | 98.6            | 1.4      | 1072.30                        | 3.3      |
| JUNE 09 | 92.9                     | 1.4      | 101.4           | 2.8      | 1109.80                        | 3.5      |
| JUNE 10 | 95.8                     | 3.1      | 102.6           | 1.2      | 1183.40                        | 6.6      |
| JUNE 11 | 99.2                     | 3.5      | 103.2           | 0.6      | 1241.80                        | 4.9      |
| JUNE 12 | 100.4                    | 1.2      | 103.8           | 0.6      | 1273.80                        | 2.6      |
| JUNE 13 | 102.8                    | 2.4      | 103.2           | -0.6     | 1338.13                        | 5.1      |
| JUNE 14 | 105.9                    | 3.0      | 104.6           | 1.4      | 1376.45                        | 2.9      |
| JUNE 15 | 107.5                    | 1.5      | 103.1           | -1.4     | 1369.50                        | -0.5     |

(a) Weighted average of eight capital cities. (2011/12 = 100.0)

(b) All Males.



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