
2006 GUILD DIGEST

A survey of independent pharmacy operations in Australia
financial year 2004-05

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Johnstone Rorke Pharmacy Services



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MISSION STATEMENT

The Pharmacy Guild of Australia is an employers' organisation servicing the needs of proprietors of independent community pharmacies and exists for the protection and betterment of its members and to maintain community pharmacies as the most appropriate primary providers of health care to the community through optimum therapeutic use of drugs, drug management and related services.

This is achieved by:

- operating in an efficient and effective manner and by preserving and maintaining the resources of its members
- providing for the membership strong leadership, effective communication and a high level of representation on all matters in respect of the best interests of members
- monitoring changes in the market place in order to advise members how to maintain or improve business profitability and their professional standing in the community, and
- promoting to the government, the industry and the community the value of the community pharmacist in the health care system.



FOREWORD

This year marks the 34th edition of the Guild Digest. The *2006 Digest* presents a snapshot of pharmacy operations in Australia for the financial year 2004-05. 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 two highest ranking custodians of community trust and confidence.

Reporting on the fifth and final year of the Third Agreement, and against a backdrop of uncertainty about future Agreements, community pharmacy recorded a turnover growth of 6.3%. While seemingly healthy, the entirety of that growth was eroded by increases in Cost of Goods and in overhead expenses. While revenue increased by \$139,000 for the year, costs of doing business grew by \$147,000, producing a net profit reduction of 17%. The Dispensary to Sales ratio continued its upward trend ending the year at 69.2%, once again bring into focus pharmacy's growing reliance on the dispensary. Non-prescription sales posted a growth of 3%, compared with 8% in the dispensary.

Here are the key features of Australian community pharmacy:

- ✦ Community pharmacy is a \$11.4 billion health industry, including \$7.9 billion in prescription sales per year;
- ✦ Community pharmacies dispense 243 million prescriptions annually, including 186 million PBS/RPBS subsidised prescriptions;
- ✦ Community pharmacy employs over 40,000 highly skilled staff, the majority of whom are women;
- ✦ Total Dispensary Sales represent around 69.2% of all sales through pharmacies;
- ✦ The average community pharmacy dispenses 49,682 prescriptions per year; and
- ✦ There are now 4,921 community pharmacies, each serving on average a community of 4,121 people across Australia.



In line with our commitment to respond to the changing information requirements of members, the *2006 Digest* has undergone further refinements to provide more meaningful comparisons to the full spectrum of pharmacy operations. And continuing the digital evolution, the 2006 edition is again published entirely in digital format. The *2006 Digest CD* complements the internet-based *Guild Digest On-line* and the *Guild Digest Interactive*.

Interest in the Digest remains encouragingly high notwithstanding respondents' more immediate priorities to deal with the challenges of running busy pharmacies. The analyses contained in the *2006 Digest* are based largely on the sample of over 430 participating pharmacies.

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 growing support of the pharmacy accounting firms. Three respected accounting firms have lent their tangible support by contributing anonymous information to the Digest on behalf of their pharmacy clients. We formally record our appreciation to **Johnstone Rorke Pharmacy Services, Saccasan Bailey Partners, Smith Peacock & Henshaw, Marshall Michael** and their pharmacy clients.

Special thanks are also extended to National Secretariat staff and, in particular, to Stephen Armstrong and Christine McDonnell for their dedication and outstanding work in the preparation of this edition.

VASKEN T DEMIRIAN
ECONOMIC ANALYSIS & IT



THE YEAR IN PHARMACY 2004-05

This edition of the Digest coincides with the fifth and final year of operation under the Third Guild/Government Agreement which came into effect on 1 July 2000.

The first Guild/Minister Agreement, spanning the five year period from 1991 to 1995, set the frame for what is widely acknowledged as one of the shining models of successful micro-economic reform of the past decade.

In the course of that Agreement almost 700 pharmacies closed or amalgamated with others. By June 1995, the number of pharmacies remaining in the industry approached 4,949 (from a base of 5,625 in 1990), and while the number of closures have abated, the long term legacy of restructuring will continue to benefit the industry well into the next century. Importantly, micro-economic reform also provided the impetus for pharmacy staff reclassifications, minimum rates adjustments and the development of training programs and career paths for pharmacy assistants.

Building upon the foundations of the earlier Agreement, the Second Agreement from 1995 to 2000, saw the tentative introduction of a limited range of professional services offered by pharmacists in residential care contexts, paving the way to the raft of professional services recognised under the Third Agreement.

In the wider context, the comparatively strong Australian economy continued to outperform nearly all industrialised economies and continued to grow during 2004-05 in terms of all major indicators. The conditions would have impacted favourably on pharmacy along with other small business.

Supported by continued solid growth in employment and income, household consumption posted a healthy growth of 4%, although slightly lower than that in the previous year (5.6%). The Gross Domestic Product managed a respectable growth of around 2.3%, against the backdrop of struggling outputs in Asian trading partners.

While private investment on dwellings contracted by 2%, business investment showed no signs of abating (maintaining a growth of 8%) and the rate of inflation hovered well within the Reserve Bank's comfort zone of 2-3%.

Employment grew by 2.75% resulting in an overall improvement in the Unemployment rate to 5.25% (down from 5.8% in the previous year).

Along with other small businesses, pharmacy was directly influenced by these external economic factors - many positive, some adverse. Among the challenges facing pharmacy were the ongoing implementation issues of the Goods & Services Tax and the Privacy Legislation, while the positives included the rollout of some of the initiatives earmarked under the Third Guild/Government Agreement. The following sections chronicle some of the more significant developments during that period.

1. THIRD GUILD/GOVERNMENT AGREEMENT

The final year of the Third Guild/Government Agreement saw the continued rollout of programs and further refinement of those already up and running.



During the year, the Medicines Information to Consumers (MIC) program continued to be implemented by community pharmacists around Australia. More than 4,200 pharmacies are registered for the program, and a large proportion of these have been claiming the Participation Incentive of 10 cents per claimable script. This is claimed by submitting a Certification Statement every two months to HIC. In return, pharmacists promote the program in their pharmacy and hand out CMIs in accordance with PSA guidelines.

A major evaluation of the MIC program commenced in early 2004 and was completed in November 2004. The Review found that the MIC Program has contributed greatly to the increase in the provision of CMIs, but that substantial opportunity still exists for improvement in this area. The Review recommended a number of areas for education and awareness activity to be focused toward addressing the lack of knowledge and/or misconceptions about what the program entails. To this end, the Guild undertook a communication project, the “*Ask Your Pharmacist Week*” campaign, targeted specifically at the CMI and Home Medicines Review programs.

A further professional fee adjustment took effect on 1 July 2005 with pharmacists receiving an additional five cents per ready prepared prescription and eight cents for extemporaneously prepared medicines bringing the level of these fees to \$4.75 and \$6.78 respectively.

2. FOURTH GUILD/GOVERNMENT AGREEMENT

Negotiations for the Fourth Agreement officially commenced in mid-April 2005. However, the Government’s decision to combine wholesaler remuneration with that of community pharmacy resulted in significant complications to the negotiation process. As a result the Agreement was not able to be finalized by 30 June 2005. [*The Third Agreement remained in effect until 30 November 2005.*]

3. IMPROVED MONITORING OF ENTITLEMENTS (IME)

Payments to pharmacists for the Improved Monitoring of Entitlements (IME) program – for Medicare card checking – continued during the year at a rate of five cents per claimable prescription. The Government has allocated further funding in its Budget to continue paying pharmacists through the financial year.

The statistics from Medicare Australia (formerly the Health Insurance Commission) demonstrate the high level of accuracy and compliance by pharmacists with IME requirements.

4. MEDICONNECT TO HEALTHCONNECT

The Budget announcement of May 2004 signaled a significant shift in the direction and governance of *MediConnect*. Along with an allocation of \$128 million, over four years, the key outcome of that announcement was the integration of *MediConnect* into the *HealthConnect* network as the medicines component of that network. As a result, the *MediConnect* Development Group, along with all its Working Groups, have now been disbanded pending other consultative arrangements directly with the *HealthConnect* board and its Stakeholder Reference Group.



Notwithstanding these governance changes, the Field Trials in Ballarat and Launceston continued their second Phase through to finalisation in December 2004. The evaluation of the Trials was released in January 2005 – a copy may be accessed through www.healthconnect.gov.au/whats_new.htm.

5. BROADBAND for HEALTH (Pharmacy) PROGRAM

The Guild has long argued that robust connectivity is a critical success factor to any future eHealth initiative. The Minister formally announced this initiative on 9 February 2005. While the proposal had been mooted since late 2003, from an implementation viewpoint, the challenge was to deliver this program within a three month period, ie April to June 2005 at which time funding officially ceased.

The Broadband program was designed to subsidise pharmacies for the cost of subscribing to a Qualified Broadband internet service for a 12 month period. The level of reimbursement was designed to match the most cost-effective provision of service in a given region and included the cost of installation. Each internet service provider needed to be accredited as a business grade broadband provider and the level of reimbursement varied from around \$1600 to \$5500 for ADSL and Satellite connection respectively.

Despite the tight timeframe, the program has been an unqualified success, with an uptake rate of over 80 per cent of the eligible 4,921 pharmacies.

6. BARCODE READER PROGRAM

The Barcode Reader Program was aimed at encouraging pharmacy owners to install one or more Barcode Readers in their dispensaries. The Program was designed to reduce the incidence of selection errors by allowing a final check through the use of a Barcode Reader. Linked to the pharmacy dispensary system, the barcode reader allows pharmacists to check that medication to be handed to the patient corresponds to the medication that was entered in the dispensary computer. It has significant and far-reaching benefits in terms of quality and safe use of medication.

7. INDUSTRIAL RELATIONS AND TRAINING

2005 National Wage Case Decision - \$17 Increase

The Australian Industrial Relations Commission increased the federal minimum wage by \$17 in its 2005 wages safety net review. The Full Bench affirmed the view that in the normal course of reviewing the safety net, the Federal Commission should seek to maintain a safety net of fair minimum wages for all employees. This was a reiteration of the view first expressed in the 'Safety Net Review – Wages May 2002' decision, and repeated in last year's decision. The Full Bench was not persuaded that a departure from that course was warranted on this occasion on economic, equity or other grounds. This decision is the last Safety Net Review by the Commission in its current format. The next wage case will be determined by the Fair Pay Commission in accordance with the new Government Legislative Framework.



The Community Pharmacy Award and relevant federal and state awards for pharmacy assistants were varied to reflect the \$17 per week pay rise for full time adult employees and pro rata for junior employees.

8. QUALITY CARE PHARMACY PROGRAM

The QCPP is a Guild initiative and an industry-owned and developed quality assurance program, which is intended to set minimum standards in the levels of health care service and advice provided to pharmacy customers, and to have those standards independently assessed. More information on QCPP can be found at www.qcpp.com.au

Of the 4,921 approved pharmacies in Australia, 4,834 have registered for the QCP Program. As at 30 June, 4,240 pharmacies were accredited (88%).

A major boost to the Program came in the form of incentives negotiated as part of the Third Guild/Government Agreement. A total of \$50m was made available for this purpose over the life of the Agreement.

9. NATIONAL COMMUNITY PHARMACY ALCOHOL AWARENESS CAMPAIGN

The main objectives of the Campaign, funded by the Alcohol Education and Rehabilitation Ltd (AER), were to increase awareness of the concept of a standard drink, the safe level of alcohol consumption, the interaction between some medications and alcohol, and increase recognition by consumers of community pharmacists as providers of public health messages.

The campaign, spanning six months to September 2004, involved a standard drink chart being printed on the inside face of pharmacy repeat prescription folders while the exterior face carried a health message about alcohol consumption. Over five million folders were printed and distributed to community pharmacies across Australia.

Following the success of the initial campaign, additional funding was provided by the Government to implement a follow-up campaign commencing in April 2005.

10. PRIVACY LEGISLATION

The new privacy legislation came into effect on 21 December 2001. Complying with the new Privacy Principles has greatly increased the administrative burden on pharmacists. The Guild produced a major package of material, including a CD, to assist pharmacists to comply with the new legislation. A further training CD was produced for distribution and the Guild has since provided numerous updates to pharmacists.

The Guild continues to monitor emerging privacy issues and provide advice to pharmacists as they arise. The nature of these inquiries has become increasingly complex as pharmacies encounter situations peculiar to their particular pharmacies.



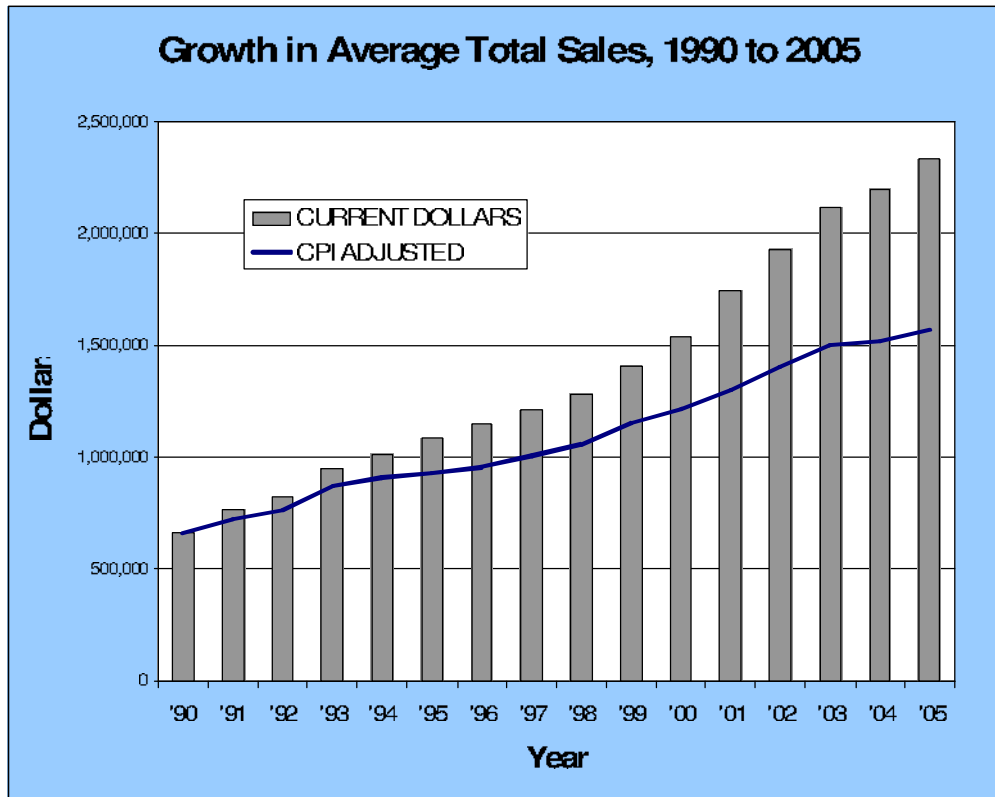
AUSTRALIAN PHARMACIES 1995 - 2005

(Based on all participating pharmacies)

Table 1

| | 1995 (251) \$ | 1996 (447) \$ | 1997 (456) \$ | 1998 (421) \$ | 1999 (335) \$ | 2000 (353) \$ | 2001 (402) \$ | 2002 (408) \$ | 2003 (528) \$ | 2004 (427) \$ | 2005 (418) \$ |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| SALES | 1,080,581 | 1,147,981 | 1,210,464 | 1,282,542 | 1,409,642 | 1,535,955 | 1,741,104 | 1,930,960 | 2,116,736 | 2,195,552 | 2,334,145 |
| GROSS MARGIN | 357,589 | 378,665 | 400,236 | 428,819 | 462,255 | 508,092 | 560,521 | 616,179 | 660,229 | 684,059 | 722,192 |
| SALARIES & WAGES | 116,956 | 127,467 | 130,383 | 138,242 | 155,845 | 170,301 | 187,324 | 210,770 | 227,379 | 227,712 | 254,689 |
| RENT | 37,172 | 37,992 | 37,758 | 41,393 | 46,169 | 50,075 | 53,838 | 60,566 | 65,566 | 65,427 | 73,183 |
| OTHER EXPENSES | 82,208 | 94,409 | 100,435 | 112,079 | 127,258 | 138,169 | 156,577 | 162,343 | 181,101 | 179,567 | 191,412 |
| TOTAL EXPENSES | 236,336 | 259,868 | 268,576 | 291,714 | 329,272 | 358,545 | 397,739 | 433,679 | 474,046 | 472,706 | 519,284 |
| TRADING PROFIT | 121,253 | 118,797 | 131,660 | 137,105 | 132,983 | 149,547 | 162,782 | 182,500 | 186,183 | 211,353 | 202,908 |
| COMMISSION RECEIVED | 7,894 | 8,802 | 7,052 | 6,373 | 6,521 | 11,118 | 14,623 | 17,966 | 15,276 | 15,112 | 14,445 |
| TOTAL INCOME | 129,147 | 127,599 | 138,712 | 143,479 | 139,502 | 160,665 | 177,406 | 200,466 | 201,459 | 226,465 | 217,353 |
| PROPRIETORS' SALARIES | 74,258 | 76,425 | 79,441 | 82,182 | 84,274 | 85,401 | 89,189 | 97,400 | 104,809 | 136,619 | 142,167 |
| NET PROFIT/LOSS | 54,889 | 51,174 | 59,271 | 61,297 | 55,228 | 68,261 | 81,973 | 95,401 | 89,389 | 84,023 | 69,820 |
| STOCK CARRIED | 128,995 | 132,835 | 126,199 | 139,513 | 147,734 | 153,862 | 156,662 | 183,802 | 186,903 | 186,409 | 197,893 |

Chart 1



METHODOLOGY FOR THE 2006 GUILD DIGEST

With the exception of Table 3, the analyses contained in this edition of the Digest are based largely on operating information supplied by 418 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 - ie 2003-04 and 2004-05.

Based on annual prescription volumes, the total population of Australian pharmacies was stratified into twenty eight strata – by State and national distribution. 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 four strata. The national strata boundaries were defined as follows:

| | Prescription Volumes | Number of Pharmacies | Distribution National |
|-----------|----------------------|----------------------|-----------------------|
| Stratum 1 | Less than 25,000 | 1,033 | 21.0% |
| Stratum 2 | 25,000 – 50,000 | 1,875 | 38.1% |
| Stratum 3 | 50,000 – 75,000 | 1,068 | 21.7% |
| Stratum 4 | More than 75,000 | 945 | 19.2% |
| TOTAL | | 4,921 | |

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.

The distribution of pharmacies by state and location is given below.

PHARMACY DISTRIBUTION – 2004-05

| STATE | NON-METROPOLITAN | | TOTAL | |
|-------|------------------|----------------|-------|-------|
| | METROPOLITAN % | METROPOLITAN % | No. | % |
| NSW | 71.7 | 28.3 | 1,702 | 34.6 |
| VIC | 72.5 | 27.5 | 1,165 | 23.7 |
| QLD | 52.5 | 47.5 | 952 | 19.3 |
| SA | 68.9 | 31.1 | 418 | 8.5 |
| WA | 73.0 | 27.0 | 492 | 10.0 |
| TAS | 44.9 | 55.1 | 134 | 2.7 |
| ACT | 100.0 | - | 58 | 1.2 |
| TOTAL | 67.5 | 32.5 | 4,921 | 100.0 |



SURVEY RESPONSE

A total of 435 questionnaires were received for the 2004-05 financial year. Responses with incomplete information were excluded from the analysis. The final number of responses analysed for the purposes of the main sample was 418. The following table summarises the distribution of respondents by key categories.

RESPONSE BY STATE AND LOCATION

| STATE | METROPOLITAN | | NON-METROPOLITAN | | TOTAL | |
|--------------|--------------|-------------|------------------|-------------|------------|--------------|
| | No. | % | No. | % | No. | % |
| NSW | 107 | 63.7 | 61 | 36.3 | 168 | 40.2 |
| VIC | 36 | 52.9 | 32 | 47.1 | 69 | 16.3 |
| QLD | 50 | 47.2 | 56 | 52.8 | 106 | 25.4 |
| SA/NT | 16 | 53.3 | 14 | 46.7 | 30 | 7.2 |
| WA | 20 | 69.0 | 9 | 31.0 | 29 | 6.9 |
| TAS | 5 | 35.7 | 9 | 64.3 | 14 | 3.3 |
| ACT | 3 | 100.0 | 0 | 0.0 | 3 | 0.7 |
| TOTAL | 237 | 56.7 | 181 | 43.3 | 418 | 100.0 |

The national metropolitan/non-metropolitan distribution of the responding sample indicates a bias in favour of country respondents. To varying degrees, the bias is also evident across all States. However, the weighting methodology employed would substantially correct for the effect of that bias with respect to national and State averages. Caution needs to be exercised in interpreting averages for the smaller States.

Response rates are broadly consistent with the distribution of pharmacies by State, with the exception of Queensland and South Australia which enjoy higher than average response rates.

RESPONSE BY TURNOVER CATEGORY

| TURNOVER GROUP \$ | 2003-04 | 2004-05 |
|----------------------|---------|---------|
| | % | % |
| Under 500,000 | 0.9 | 0.7 |
| 500,000 – 1.0 m | 15.7 | 12.2 |
| 1.0 m – 1.5 m | 21.5 | 18.7 |
| 1.5 m – 2.0 m | 15.9 | 14.4 |
| 2.0 m – 2.5 m | 13.6 | 13.6 |
| 2.5 m – 3.0 m | 11.7 | 11.0 |
| 3.0 m – 3.5 m | 6.8 | 7.7 |
| Over 3.5 m | 13.8 | 21.8 |

Over the past decade, response has gradually favoured the larger pharmacies. More recently, this trend gained momentum by the restructuring of the industry which effectively reduced the number of smaller pharmacies in the sample. The responding sample for this year's Digest



offers lends support to this trend. Respondents with annual sales greater than \$1.5million represented approximately 68% of the sample in 2004-05 compared with only 18% in 1994-95.

RESPONSE BY WEEKLY PRESCRIPTION VOLUMES

| Rx Volume/Week | 2003-04 % | 2004-05 % |
|-----------------------|----------------------|----------------------|
| Under 275 | 3.5 | 3.3 |
| 276 – 375 | 4.7 | 4.3 |
| 376 – 450 | 7.3 | 6.0 |
| 451 – 550 | 8.0 | 9.8 |
| 551 – 650 | 11.2 | 8.6 |
| 651 – 750 | 7.3 | 9.6 |
| 751 – 850 | 11.7 | 7.9 |
| Over 850 | 46.4 | 50.5 |

The gradual shift towards larger pharmacies is also reflected in prescription volumes. In 2004-05 over 77% of respondents dispensed over 550 prescriptions per week compared with 60% of respondents in 1994-95.



STATISTICAL APPRAISAL OF RESULTS

The annual Guild Digest survey allows pharmacies to assess their current performance compared with others in the Guild. 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, pharmacies with larger sales volumes tend to have profits compared with 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 Guild pharmacies. Another is what difference between well-run pharmacies 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 418 Guild members responded to this year's survey. In an important departure from previous years' methodologies, the current analyses are based on weightings derived from the distribution of Australian pharmacies in accordance with their annual prescription volumes.

Twenty eight strata were defined for the entire population of approved pharmacies using the following volume boundaries – four for each State together with a national stratification. The resultant distribution by prescription volume was applied to the corresponding strata in the sample:

| | Rx Volume | Weighting Factors National |
|-----------|------------------|---------------------------------------|
| Stratum 1 | < 25,000 | 0.2103 |
| Stratum 2 | 25,000 – 50,000 | 0.3814 |
| Stratum 3 | 50,000 – 75,000 | 0.2167 |
| Stratum 4 | 75,000 + | 0.1916 |

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. 191 respondents formed part of this category in 2004-05.



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.

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 commonsense 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:

| Number of Respondents used for estimate | Divisor for inter-quartile range |
|--|-------------------------------------|
| 418 | 28 |
| 408 | 27 |
| 400 | 27 |
| 353 | 26 |
| 300 | 23 |
| 200 | 19 |
| 100 | 14 |
| 50 | 10 |
| 20 | 6 |
| 10 | 4 |
| 5 | 3 |

For example, the mean Total Expenses as a percentage of Total Revenue (based on 418 respondents) is 22.1%. The inter-quartile range is 8.04 (= 25.42 – 17.38), so the approximate standard error of this estimate is 0.29 (=8.04/28).

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 mean Total Expenses, based on 418 respondents, is between 21.5% and 22.7% of Total Revenue.



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

(All financial values are exclusive of GST)

| | |
|---------------------------------------|---|
| Sales: | relate to the sale of all products (both prescription and retail) for which goods were purchased at wholesale for the purpose of re-sale at a profit: it excludes 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 <i>User's Guide to the 2006 Digest</i> section. Percentage shown is of Sales. |
| Gross Margin: | is derived by deducting Cost of Goods Sold from Sales. Percentage shown is of Sales. |
| Commissions Received: | are the proceeds of agency fees, dividends and interest received connected with the business; these are essentially items which do not, involve cost of goods sold and which exclude such income not connected with the pharmacy. |
| Gross Margin Plus Commissions: | is the arithmetic total of the Gross Margin and Commissions Received and it represents the Gross Margin from Trading. |
| Total Revenue: | is the arithmetic total of Sales and Commissions Received; all Expenses are expressed as a percentage of Total Revenue not Sales) since a portion of all expenses is also incurred in earning Commissions. |
| 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 Salary: | <p>is a notional estimate of a reasonable professional salary for hours worked by pharmacy proprietors based on actual manager wages. 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.</p> <p>Accordingly the calculation of proprietors' notional salary not only reflects normal working hours but also other factors such as leave loading, provision for annual leave, provision for long service leave and sick leave (collectively termed On-costs) and overtime worked.</p> <p>In 2004-05, the normal hourly rate was estimated at \$45.00 for the first 38 hours - equivalent to an annual salary of \$89,000. 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 "<i>Analysis of Survey Results</i>")</p> <p><i>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.</i></p> |



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.

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.

In the case of a sole proprietorship, the number of hours worked clearly relate to a single proprietor. Therefore, the rate simply indicates that the hours worked by the proprietor are the equivalent of 1.18 award weeks (see Table 2). The notional salary of \$142,167 is fully attributable to the single proprietor working 45 hours.

In a partnership, however, where two partners work 38 and 9 hours respectively, the notional salary of \$142,167 should be allocated proportionately according to the hours worked by each partner. Clearly, if proprietors work longer hours, commensurate salaries need to be calculated.

Return on Capital Employed: identifies the economic cost of having funds tied up in business assets rather than being employed elsewhere i.e. the opportunity cost of investment. The Return on Capital Employed is based on an interest rate of 5.5% (10 year Treasury Bonds) less interest paid on borrowed funds.

It should be noted that if the purpose of the exercise was to ascertain the cost of operating a pharmacy, the interest rate on Treasury Bonds would be clearly inadequate. The cost of borrowing the necessary funds would be far greater than is implied in the opportunity return on long term Treasury Bonds.

Important too in such a cost of production exercise would be to include goodwill in funds employed and a risk factor for investing in a business. For the indicative purposes of the Digest which is not a cost of production survey, these two components have been excluded from the calculations.

Net Profit/Loss: is calculated by subtracting Proprietors' Notional Salary and Return on Capital Employed from Total income.

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 Commissions Received.

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.



AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2004 AND 2005
(Based on 12 Months of Trading to 30/06/05)

Table 2

| | 2004 AVERAGES | | 2005 AVERAGES | | AMOUNT AND PERCENT OF CHANGE | |
|--|------------------|---------------|------------------|---------------|------------------------------|---------------|
| | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | |
| SALES | 2,195,552 | | 2,334,145 | | 138,593 | 6.31 |
| COST OF GOODS SOLD | 1,511,493 | 68.84 | 1,611,953 | 69.06 | 100,460 | 6.65 |
| GROSS MARGIN | 684,059 | 31.16 | 722,192 | 30.94 | 38,133 | 5.57 |
| Commissions Received | 15,112 | | 14,445 | | -667 | -4.41 |
| GROSS MARGIN PLUS COMMISSIONS | 699,171 | | 736,637 | | 37,466 | 5.36 |
| TOTAL REVENUE | 2,210,665 | 100.00 | 2,348,591 | 100.00 | 137,926 | 6.24 |
| EXPENSES | | | | | | |
| Salaries and Wages | 227,712 | 10.30 | 254,689 | 10.84 | 26,977 | 11.85 |
| Rent Paid | 65,427 | 2.96 | 73,183 | 3.12 | 7,756 | 11.85 |
| Outgoings - Rental & Rates | 4,095 | 0.19 | 3,947 | 0.17 | -148 | -3.61 |
| Accounting | 7,126 | 0.32 | 7,884 | 0.34 | 758 | 10.64 |
| Advertising | 16,999 | 0.77 | 16,874 | 0.72 | -125 | -0.74 |
| Bank Charges | 7,140 | 0.32 | 7,099 | 0.30 | -41 | -0.57 |
| Computer Expenses | 5,783 | 0.26 | 5,881 | 0.25 | 98 | 1.69 |
| Depreciation | 12,854 | 0.58 | 14,200 | 0.60 | 1,346 | 10.47 |
| Electricity, Water, Heating | 5,159 | 0.23 | 5,655 | 0.24 | 496 | 9.61 |
| Insurance | 7,542 | 0.34 | 8,767 | 0.37 | 1,225 | 16.24 |
| Interest Paid | 23,686 | 1.07 | 24,656 | 1.05 | 970 | 4.10 |
| Leasing Expenses | 6,824 | 0.31 | 6,671 | 0.28 | -153 | -2.24 |
| Motor Vehicle Expenses | 4,502 | 0.20 | 4,662 | 0.20 | 160 | 3.55 |
| Postage, Freight, Printing | 12,292 | 0.56 | 8,616 | 0.37 | -3,676 | -29.91 |
| Repairs, Maintenance, Service | 3,489 | 0.16 | 3,506 | 0.15 | 17 | 0.49 |
| Subs and Registrations | 7,156 | 0.32 | 8,153 | 0.35 | 997 | 13.93 |
| Superannuation | 20,943 | 0.95 | 23,008 | 0.98 | 2,065 | 9.86 |
| Telephone | 5,237 | 0.24 | 5,707 | 0.24 | 470 | 8.97 |
| Training | 2,111 | 0.10 | 2,202 | 0.09 | 91 | 4.31 |
| Abnormal Expenses | 6,830 | 0.31 | 6,056 | 0.26 | -774 | -11.33 |
| Payroll Tax | 1,145 | 0.05 | 1,672 | 0.07 | 527 | 46.03 |
| Workers' Compensation | 2,930 | 0.13 | 3,705 | 0.16 | 775 | 26.45 |
| Other Expenses | 15,723 | 0.71 | 22,488 | 0.96 | 6,765 | 43.03 |
| TOTAL EXPENSES | 472,706 | 21.38 | 519,284 | 22.11 | 46,578 | 9.85 |
| TOTAL INCOME | 226,465 | 10.24 | 217,353 | 9.25 | -9,112 | -4.02 |
| Less Proprietors' Salary (1) | 136,619 | 6.18 | 142,167 | 6.05 | 5,548 | 4.06 |
| [Full-Time-Equivalents] | 1.18 | | 1.18 | | | |
| Less Return on Capital (2) | 5,823 | 0.26 | 5,366 | 0.23 | -457 | -7.85 |
| NET PROFIT/LOSS | 84,023 | 3.80 | 69,820 | 2.97 | -14,203 | -16.90 |
| SALES ANALYSIS | | | | | | |
| Prescriptions | 1,496,472 | 68.16 | 1,615,426 | 69.21 | 118,954 | 7.95 |
| Other Sales | 699,080 | 31.84 | 718,719 | 30.79 | 19,639 | 2.81 |
| INVENTORY ANALYSIS | | | | | | |
| Prescription | 71,882 | 3.25 | 79,348 | 3.38 | 7,466 | 10.39 |
| Other | 114,527 | 5.18 | 118,545 | 5.05 | 4,018 | 3.51 |
| STOCK CARRIED (Total) | 186,409 | 8.43 | 197,893 | 8.43 | 11,484 | 6.16 |
| STOCK TURN (On Total Inventory) | 8.44 | | 8.43 | | -0.01 | -0.13 |
| SALES PER INVENTORY DOLLAR | | | | | | |
| Prescription | 20.82 | | 20.36 | | -0.46 | -2.21 |
| Other | 6.10 | | 6.06 | | -0.04 | -0.68 |
| STATISTICS | | | | | | |
| PHARMACY SIZE (square metres) | 148 | | 154 | | 6 | 3.81 |
| PRESCRIPTIONS DISPENSED (Total) | 48,194 | | 49,682 | | 1,488 | 3.09 |
| PRESCRIPTIONS DISPENSED WEEKLY | 927 | | 962 | | 35 | 3.78 |
| TOTAL HOURS OPEN per WEEK | 60.65 | | 60.57 | | -0.08 | -0.13 |
| AV HRS WORKED BY PROPRIETORS/WEEK | 45.00 | | 44.95 | | -0.05 | -0.11 |
| FUNDS RETAINED IN BUSINESS (3) | 44,048 | 1.99 | 35,400 | 1.51 | -8,648 | -19.63 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

SUMMARY OF PHARMACY PERFORMANCE 2004-05

(Refer to Table 2)

This section compares the results of the 2003-04 and 2004-05 surveys based on the main samples in the two years. It is therefore a comparison of the weighted estimates in the last two years. For further 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.

A major factor which has shaped the results of the past seven years has been the restructuring of the industry. From a base total of 5,625 pharmacies in 1990, the number of approved pharmacies active in 2005 was 4,921 which represents a stabilisation of numbers following the first Agreement.

The restructuring process has produced higher average sales, larger prescription volumes and greater efficiencies in pharmacy management. Average turnover has nearly doubled since 1989-90.

However, caution should be exercised in interpreting these long term results in isolation from both the number and the characteristics of pharmacies which have remained in the industry. To a large extent, the early average increases may be attributed to the falling pharmacy numbers rather than any significant industry-wide growth. On the other hand, as pharmacy numbers have stabilised over the past four years, any recent increases in average indicators would be reasonably expected to reflect industry wide increases.

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

- ✚ Community pharmacy is a \$11.4 billion health industry, including \$7.9 billion in prescription sales per year;
- ✚ Community pharmacies dispense 243 million prescriptions annually, including 186 million PBS/RPBS subsidised prescriptions;
- ✚ Community pharmacy employs over 40,000 highly skilled staff, the majority of whom are women;
- ✚ Total Dispensary Sales represent around 69.2% of all sales through pharmacies;
- ✚ The average community pharmacy dispenses 49,682 prescriptions per year; and
- ✚ There are now 4,921 community pharmacies, each serving on average a community of 4,121 people across Australia.

Here are the salient results of the 2004-05 financial year:

- Average Total Sales posted an increase of 6.3%, ending the year on \$2,334,145.



-
- Cost of Goods Sold grew at a fractionally higher rate at 6.7%, underscoring a key feature of pharmacy business, namely that COGS comprise a large and growing proportion of pharmacy turnover.
 - As a result, Average Gross Margins retreated to 30.9% but increased marginally in dollar terms (by 5.6%).
 - Expenses jumped both in dollar terms (up by 9.9%) and as a percentage of sales after a brief respite the previous year. Expenses ended the year at 22.1% as a percentage of Sales.
 - The gains made on the Revenue side (\$138,593) were more than offset by the combined increases in COGS and Expenses (\$147,038), producing a net reduction of 4% in Total Income.
 - The significant cost increases may be attributed to Salaries and Wages (+11.9%), combined Rent and Outgoings (+10.9%), while Postage & Printing costs eased by 10.5%.
 - While representing around half pharmacy overheads, Wages and wage-related expenses accounted for nearly two-thirds of the reported increases in overheads in 2004-05.
 - Rental and Outgoings jumped on average by 10.9%, although when considered in the context of pharmacy floor area, the increase would be closer to 6.7% – a rate significantly higher than CPI nonetheless.
 - Superannuation expenses grew by 9.9%, broadly reflecting the growth in salary expenses.
 - Proprietors' Notional Salary increased in line with increases in wages, hours worked and the commercial realities of persistent workforce shortages. Proprietor's salary represented around 6.1% of turnover.
 - The bulk of the increase in Sales is attributed to Dispensary Sales which grew by 8%. Importantly, the non-Prescription sector also posted a positive growth (+2.8%), albeit at a slower pace than the Dispensary. Consecutive years' respondents reported similar trends in non-Prescription sales which point to continuing improvement in the sector.
 - The comparatively lower growth rate in non-Prescription Sales has in turn pushed the Dispensary Ratio up a notch. The ratio ended the year at 69.2% of Total Sales.
 - The average number of prescriptions dispensed in the year grew by 3% to 49,682, while the average prescription price rose by 4.7% from \$31.05 to \$32.52. Similar trends were also reported by the consecutive years' respondents (see Table 3).



AUSTRALIAN PHARMACIES REPORTING IN TWO CONSECUTIVE YEARS 2004 AND 2005
(Based on 12 Months of Trading to 30/06/05)

Table 3

| | 2004 AVERAGES | | 2005 AVERAGES | | AMOUNT AND PERCENT OF CHANGE | |
|--|------------------|---------------|------------------|---------------|------------------------------|---------------|
| | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | |
| SALES | 2,010,055 | | 2,119,340 | | 109,285 | 5.44 |
| COST OF GOODS SOLD | 1,391,908 | 69.25 | 1,470,184 | 69.37 | 78,276 | 5.62 |
| GROSS MARGIN | 618,147 | 30.75 | 649,156 | 30.63 | 31,009 | 5.02 |
| Commissions Received | 14,258 | | 12,557 | | -1,701 | -11.93 |
| GROSS MARGIN PLUS COMMISSIONS | 632,405 | | 661,714 | | 29,309 | 4.63 |
| TOTAL REVENUE | 2,024,312 | 100.00 | 2,131,897 | 100.00 | 107,585 | 5.31 |
| EXPENSES | | | | | | |
| Salaries and Wages | 202,628 | 10.01 | 221,214 | 10.38 | 18,586 | 9.17 |
| Rent Paid | 51,659 | 2.55 | 55,288 | 2.59 | 3,629 | 7.02 |
| Outgoings - Rental & Rates | 3,082 | 0.15 | 2,978 | 0.14 | -104 | -3.37 |
| Accounting | 5,498 | 0.27 | 5,638 | 0.26 | 140 | 2.55 |
| Advertising | 12,805 | 0.63 | 11,907 | 0.56 | -898 | -7.01 |
| Bank Charges | 5,562 | 0.27 | 5,636 | 0.26 | 74 | 1.33 |
| Computer Expenses | 6,674 | 0.33 | 6,586 | 0.31 | -88 | -1.32 |
| Depreciation | 10,840 | 0.54 | 12,281 | 0.58 | 1,441 | 13.29 |
| Electricity, Water, Heating | 4,320 | 0.21 | 4,794 | 0.22 | 474 | 10.97 |
| Insurance | 7,384 | 0.36 | 7,658 | 0.36 | 274 | 3.71 |
| Interest Paid | 15,541 | 0.77 | 15,785 | 0.74 | 244 | 1.57 |
| Leasing Expenses | 6,329 | 0.31 | 5,248 | 0.25 | -1,081 | -17.08 |
| Motor Vehicle Expenses | 4,794 | 0.24 | 4,839 | 0.23 | 45 | 0.94 |
| Postage, Freight, Printing | 6,733 | 0.33 | 7,383 | 0.35 | 650 | 9.65 |
| Repairs, Maintenance, Service | 3,411 | 0.17 | 3,188 | 0.15 | -223 | -6.54 |
| Subs and Registrations | 7,535 | 0.37 | 8,741 | 0.41 | 1,206 | 16.01 |
| Superannuation | 18,610 | 0.92 | 19,698 | 0.92 | 1,088 | 5.85 |
| Telephone | 4,639 | 0.23 | 4,996 | 0.23 | 357 | 7.70 |
| Training | 1,878 | 0.09 | 1,812 | 0.08 | -66 | -3.51 |
| Abnormal Expenses | 7,697 | 0.38 | 8,007 | 0.38 | 310 | 4.03 |
| Payroll Tax | 796 | 0.04 | 1,207 | 0.06 | 411 | 51.63 |
| Workers' Compensation | 2,816 | 0.14 | 2,871 | 0.13 | 55 | 1.95 |
| Other Expenses | 14,528 | 0.72 | 15,562 | 0.73 | 1,034 | 7.12 |
| TOTAL EXPENSES | 405,760 | 20.04 | 433,317 | 20.33 | 27,557 | 6.79 |
| TOTAL INCOME | 226,645 | 11.20 | 228,397 | 10.71 | 1,752 | 0.77 |
| Less Proprietors' Salary (1) | 128,857 | 6.37 | 129,402 | 6.07 | 545 | 0.42 |
| [Full-Time-Equivalents] | 1.15 | | 1.16 | | | |
| Less Return on Capital (2) | 11,643 | 0.58 | 9,338 | 0.44 | -2,304 | -19.79 |
| NET PROFIT/LOSS | 86,145 | 4.26 | 89,656 | 4.21 | 3,511 | 4.08 |
| SALES ANALYSIS | | | | | | |
| Prescriptions | 1,433,646 | 71.32 | 1,531,194 | 72.25 | 97,548 | 6.80 |
| Other Sales | 576,408 | 28.68 | 588,146 | 27.75 | 11,738 | 2.04 |
| INVENTORY ANALYSIS | | | | | | |
| Prescription | 76,959 | 3.80 | 80,344 | 3.77 | 3,385 | 4.40 |
| Other | 101,128 | 5.00 | 106,456 | 4.99 | 5,328 | 5.27 |
| STOCK CARRIED (Total) | 178,087 | 8.80 | 186,800 | 8.76 | 8,713 | 4.89 |
| STOCK TURN (On Total Inventory) | 9.16 | | 9.17 | | 0.01 | 0.11 |
| SALES PER INVENTORY DOLLAR | | | | | | |
| Prescription | 18.63 | | 19.06 | | 0.43 | 2.31 |
| Other | 5.70 | | 5.52 | | -0.18 | -3.16 |
| STATISTICS | | | | | | |
| PHARMACY SIZE (square metres) | 140 | | 142 | | 3 | 2.08 |
| PRESCRIPTIONS DISPENSED (Total) | 46,458 | | 47,634 | | 1,176 | 2.53 |
| PRESCRIPTIONS DISPENSED WEEKLY | 893 | | 916 | | 23 | 2.58 |
| TOTAL HOURS OPEN per WEEK | 57.47 | | 58.79 | | 1.32 | 2.30 |
| AV HRS WORKED BY PROPRIETORS/WEEK | 43.84 | | 43.89 | | 0.05 | 0.11 |
| FUNDS RETAINED IN BUSINESS (3) | 67,171 | 3.32 | 58,236 | 2.73 | -8,935 | -13.30 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

COMPARISON OF PHARMACIES RESPONDING IN CONSECUTIVE YEARS

(Refer to Table 3)

Over the past eighteen years, the Digest has included 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. Indeed, it is perhaps more relevant in assessing movements than the estimates provided in Table 2 (ie the main 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 191 pharmacies responded in both 2003-04 and 2004-05.

The following section offers an overview of the results summarised in Table 3.

- Total Sales increased by 5.4%, broadly consistent with the growth reported by the main sample.
- Cost of Goods Sold rose by 5.6%. This in turn produced a lower Gross Margin as a percentage of Sales, at 30.6%, consistent with the findings of the main sample.
- Total Expenses grew by 6.8% in dollar terms and also edged up marginally as a percentage of sales from 20.0% to 20.3% in 2004-05.
- Here too, the combined increases in COGS and overheads nearly outstripped the gains reported in Sales, although Total Income barely managed to remain in positive territory (+0.8%).
- Salaries and Wages for the average pharmacy in the comparative sample grew by 9.2%, and, together with wage-related expenses, make up over half the operating expenses.
- Rents and Outgoings grew by 6.4%, and, on average represented around 2.7% of Turnover.
- Superannuation expenses grew by 5.9%, reflecting the compulsory contribution rate of 9%.
- Prescription revenue recorded a solid growth (up by 6.8%), while non-Prescription Sales posted a modest increase (+2.0%), insufficient to upset the decade-long growth of the Dispensary Ratio. The Ratio moved up a notch to 72.3%.
- The number of prescriptions dispensed in 2004-05 grew by 2.5% over the previous year's volume (from 46,458 to 47,634), while the average prescription price rose from \$30.86 to \$32.14 (by 4.1%).



AUSTRALIAN PHARMACIES – 2004-05
(Based on 12 Months of Trading to 30/06/05)

Table 4

| NATIONAL AVERAGE | 2005 AVERAGES | | Low | Normal | High |
|--|------------------|---------------|------------------|------------------|------------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | | | |
| SALES | 2,334,145 | | 1,675,000 | 2,581,734 | 4,038,549 |
| COST OF GOODS SOLD | 1,611,953 | 69.06 | 67.46 | 69.37 | 71.55 |
| GROSS MARGIN | 722,192 | 30.94 | 28.03 | 30.00 | 32.05 |
| Commissions Received | 14,445 | 0.62 | 0.27 | 0.55 | 1.08 |
| GROSS MARGIN PLUS COMMISSIONS | 736,637 | 31.37 | 28.29 | 30.31 | 32.41 |
| TOTAL REVENUE | 2,348,591 | 100.00 | 100.00 | 100.00 | 100.00 |
| EXPENSES | | | | | |
| Salaries and Wages | 254,689 | 10.84 | 8.15 | 10.35 | 12.39 |
| Rent Paid | 73,183 | 3.12 | 1.47 | 2.49 | 3.73 |
| Outgoings - Rental & Rates | 3,947 | 0.17 | 0.08 | 0.18 | 0.41 |
| Accounting | 7,884 | 0.34 | 0.15 | 0.27 | 0.47 |
| Advertising | 16,874 | 0.72 | 0.16 | 0.39 | 0.96 |
| Bank Charges | 7,099 | 0.30 | 0.18 | 0.26 | 0.36 |
| Computer Expenses | 5,881 | 0.25 | 0.14 | 0.25 | 0.42 |
| Depreciation | 14,200 | 0.60 | 0.20 | 0.40 | 0.75 |
| Electricity, Water, Heating | 5,655 | 0.24 | 0.15 | 0.21 | 0.30 |
| Insurance | 8,767 | 0.37 | 0.25 | 0.37 | 0.55 |
| Interest Paid | 24,656 | 1.05 | 0.29 | 1.30 | 2.45 |
| Leasing Expenses | 6,671 | 0.28 | 0.13 | 0.36 | 0.80 |
| Motor Vehicle Expenses | 4,662 | 0.20 | 0.11 | 0.26 | 0.49 |
| Postage, Freight, Printing | 8,616 | 0.37 | 0.21 | 0.31 | 0.45 |
| Repairs, Maintenance, Service | 3,506 | 0.15 | 0.05 | 0.11 | 0.22 |
| Subs and Registrations | 8,153 | 0.35 | 0.15 | 0.27 | 0.50 |
| Superannuation | 23,008 | 0.98 | 0.67 | 0.88 | 1.15 |
| Telephone | 5,707 | 0.24 | 0.18 | 0.23 | 0.32 |
| Training | 2,202 | 0.09 | 0.01 | 0.05 | 0.13 |
| Abnormal Expenses | 6,056 | 0.26 | 0.00 | 0.00 | 0.00 |
| Payroll Tax | 1,672 | 0.07 | 0.00 | 0.00 | 0.00 |
| Workers' Compensation | 3,705 | 0.16 | 0.05 | 0.10 | 0.22 |
| Other Expenses | 22,488 | 0.96 | 0.19 | 0.42 | 0.85 |
| TOTAL EXPENSES | 519,284 | 22.11 | 17.38 | 21.07 | 25.42 |
| TOTAL INCOME | 217,353 | 9.25 | 5.03 | 9.09 | 12.54 |
| Less Proprietors' Salary (1) | 142,167 | 6.05 | 3.81 | 6.35 | 10.62 |
| [Full-Time-Equivalents] | 1.18 | | 1.03 | 1.32 | 1.53 |
| Less Return on Capital (2) | 5,366 | 0.23 | -0.66 | 0.60 | 1.11 |
| NET PROFIT/LOSS | 69,820 | 2.97 | -2.30 | 4.11 | 8.68 |
| SALES ANALYSIS | | | | | |
| Prescriptions | 1,615,426 | 69.21 | 1,531,325 | 2,367,941 | 5,150,764 |
| Other Sales | 718,719 | 30.79 | 1,528,490 | 288,114 | 561,086 |
| INVENTORY ANALYSIS | | | | | |
| STOCK CARRIED (Total) | 197,893 | 8.43 | 105,270 | 169,978 | 261,981 |
| STOCK TURN (On Total Inventory) | 8.43 | | 7.14 | 8.89 | 10.51 |
| SALES PER INVENTORY DOLLAR | | | | | |
| Prescription | 20.36 | | 16.35 | 21.61 | 27.90 |
| Other | 6.06 | | 4.34 | 5.64 | 7.07 |
| STATISTICS | | | | | |
| PHARMACY SIZE (square metres) | 154 | | 100 | 157 | 228 |
| PRESCRIPTIONS DISPENSED (Total) | 49,682 | | 29,563 | 44,476 | 68,738 |
| PRESCRIPTIONS DISPENSED WEEKLY | 962 | | 569 | 855 | 1,322 |
| TOTAL HOURS OPEN per WEEK | 61 | | 50 | 56 | 69 |
| AV HRS WORKED BY PROPRIETORS/WEEK | 45 | | 39 | 50 | 58 |
| FUNDS RETAINED IN BUSINESS (3) | 35,400 | 1.51 | -11,829 | 19,278 | 100,245 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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 hours 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); and
- 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.

Consolidating on the gains of micro-economic reforms and the generally positive economic environment, the overall sales performance of community pharmacy in 2004-05 continued to improve marginally, well behind the growth rate of Retail Turnover generally. The relocation provisions of the previous Agreement were carried forward into the new Agreement, although with significant relaxations of some of the criteria. The central aim remains unchanged: to encourage unviable small pharmacies to relocate to growing and developing areas of population.

While consumer confidence and spending provided much needed boost to Sales, much of the growth in 2004-05 came from dispensary sales. Moreover, the entire growth in sales (6.3%) was absorbed by increases in Cost of Goods and in overhead expenses. While revenue increased by \$139,000 for the year, costs of doing business grew by \$147,000, producing a net profit reduction of 17% – ending the final year of the Agreement on a lacklustre note. Importantly, a significant proportion of pharmacies failed to achieve a reasonable return on funds invested in their business.

QUARTILE ANALYSIS

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 2nd 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 (10.35%) bears no relationship to the Sales figure in the same quartile (\$2,581,734). The correct interpretation is that the Normal Quartile for Salaries and Wages is 10.35% of the Sales figure reported by that median respondent. The Sales figure of \$2,581,734 is independent of the 10.35%. Conversely, the median respondent who reported the Sales figure of \$2,581,734 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.

Examples

| | | |
|--------------------|-----|----------------------|
| Gross Margin | 28% | less than desirable |
| | 38% | excellent |
| Salaries and Wages | 8% | excellent |
| | 15% | room for improvement |

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 8% 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 15%) but may be operating at a highly efficient level. Similarly, higher than average rents do not necessarily suggest an unproductive location.

The quartile range of Gross Margins of 28.03 to 32.05% (compared with 27.39% to 32.00% in 2003-04) suggests a slowing down of the decline in Gross Margins but is consistent with the decade-long downward trend. In 1984-85, Gross Margins ranged from 36.30% to 41.69%.

By contrast, Total Expense results show increases across all quartile ranges. Notwithstanding the aggressive cost control measures of recent years, the present results point to greater outlays attributable in the main to Wages and Rent.

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

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.

The normal hourly rate for managers was estimated at \$45.00, taking into account over-award payments as a result of persistent and widespread shortages in qualified staff. This is equivalent to an annual salary of \$89,000, based on a 38 hour week. Additional hours worked were calculated at time and a half to reflect appropriate overtime. A rate of 1.2547 was then applied to reflect on-cost provisions.

The on-costs were derived as follows:

| | | |
|----------|-------|-----------------------------------|
| \$88,914 | | Annual Salary (38 hour week) |
| | % | |
| \$6,840 | 7.69 | Holiday (4 weeks) |
| \$1,197 | 1.35 | Leave loading (17.5% of 4 weeks) |
| \$1,710 | 1.92 | Sick leave (1 week) |
| \$1,482 | 1.67 | Long service leave (3 mths/15 yr) |
| \$3,420 | 3.85 | Public holidays (2 weeks) |
| \$8,002 | 9.00 | Superannuation |
| \$22,650 | 25.47 | Total On-Cost |

BREAK-EVEN ANALYSIS

Every business operation involves fixed and variable costs. Fixed costs are those which are incurred regardless of the level of turnover while variable costs are, by definition, those which vary with sales volume. Every dollar of revenue received in a business theoretically has three components:

- variable costs
 - fixed cost contribution
 - profit
- } Expenses

The concept of break-even analysis enables the calculation of a time period necessary to cover the fixed costs of a business from sales revenue after deducting the variable costs. For example, if an item cost \$2 and sells for \$3, there is \$1 available to contribute towards writing off fixed costs and eventually earning a profit.

Last year, the break-even revenue for the average Australian community pharmacy, (with a turnover of \$2,195,552) was \$1,031,134. The variable expense ratio was 81.84% and the break-even sales level was achieved after 171 days.



This financial year (2004-05), using the same method, the variable expense ratio has improved slightly to 82.87%. Applied to a higher turnover level of \$2,334,145, the ratio produces a break-even result of \$1,149,142 achieved after 180 days.

After the break-even point is reached, each extra dollar of revenue contributes to profits since all fixed costs have been met. For the purposes of the following exercise, variable expenses comprise Cost of Goods Sold (COGS), Salaries and Wages, Wage related expenses, Advertising and Other Expenses. The remaining expense items are considered to be fixed costs. The essential components are as follows:

| | | | |
|---|-----------------------------------|-----------------------------------|----------------------------|
| 1. SALES | (S) | \$2,334,145 | |
| EXPENSES | (E) | \$519,284 | |
| COST OF GOODS SOLD | (C) | \$1,611,953 | |
| 2. TOTAL EXPENSES | (T) | | |
| T = E + C | | | \$2,131,237 |
| 3. VARIABLE EXPENSES | (V) | | |
| * Cost of Goods Sold | | \$1,611,953 | |
| * Salaries & Related Costs ⁽¹⁾ | | \$283,074 | |
| * Advertising | | \$16,874 | |
| * Other Expenses | | <u>\$22,488</u> | |
| 4. FIXED EXPENSES | (F) | | \$1,934,389 |
| F = T - V | | | \$196,848 |
| 5. VARIABLE EXPENSE RATIO (VER) | | | |
| VER = $\frac{V}{S}$ | | $\frac{\$1,934,389}{\$2,334,145}$ | = 0.8287 |
| 6. FIXED EXPENSE RATIO (FER) | | | |
| FER = 1 - VER | | | = 0.1713 |
| 7. BREAK-EVEN SALES = | $\frac{F}{FER}$ | = | $\frac{\$196,848}{0.1713}$ |
| | | = | \$1,149,142 |
| BREAK-EVEN DAYS = | $\frac{\$1,149,142}{\$2,334,145}$ | x 365 | = 180 |

Therefore, break even was achieved after 180 days.

⁽¹⁾ Include: Salaries & Wages, Super, Payroll Tax and Workers' Compensation



PLANNING TOOLS AND PRODUCTIVITY MEASURES

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 \$10,112 to \$17,895.

The relationship between Shop Area and Sales is illustrated in Chart 2.

On average, the results point to a 3% improvement in this indicator from \$14,818 last year to \$15,246 in 2004-05.

As in previous years, the results indicate that the most preferred dispensary size (consistent with current dispensary practices) is in the range of 18-22 square metres. Therefore major productivity improvements are still possible in the front-of-shop. This can involve merchandising and display techniques as well as more efficient use of aisle space, etc.

It should be noted that dispensary measurements collected and referred to in the Digest generally exclude any estimates of common areas which may be used by clients while waiting for their prescriptions to be dispensed. For the purposes of the Digest, the dispensary area is essentially defined by its physical boundaries.

TOTAL SALES vs NUMBER OF PRESCRIPTIONS

Additional Sales generated by each prescription averaged around \$15 despite the trend towards greater reliance on the Dispensary.

The average prescription generated between \$42 and \$48 in sales revenue. With an average value per prescription of about \$32, each prescription produced between \$10 and \$18 extra revenue in the non-prescription sector.

| Turnover Group \$ | Average Script Value \$ | Sales/Script \$ | Script Sales/ Total Sales % |
|----------------------|----------------------------------|--------------------|-----------------------------------|
| Under 500,000 | 33.61 | 50.33 | 66.8 |
| 500,000 – 1.0 m | 30.85 | 41.72 | 73.9 |
| 1.0 m – 1.5 m | 32.55 | 42.11 | 77.3 |
| 1.5 m – 2.0 m | 32.30 | 43.75 | 73.8 |
| 2.0 m – 2.5 m | 32.14 | 47.14 | 68.2 |
| 2.5 m – 3.0 m | 33.10 | 48.70 | 68.0 |
| 3.0 m – 3.5 m | 32.36 | 46.25 | 70.0 |
| Over 3.5 m | 32.51 | 48.21 | 67.4 |
| All pharmacies | 32.58 | 47.08 | 69.2 |



In practice, customer numbers far exceed the number of prescriptions dispensed. Unpublished Digest data indicates the average number of customers per pharmacy per year is closer to 60,000 (compared with 49,000 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 3.

SALES PER \$ OF STAFF WAGES

This is a useful general measure of productivity of staff. Table 5 shows that staff generate between \$9 and \$11 sales revenue per dollar of wages. Two trends are evident. First, with minor exceptions, turnover per dollar of Staff Wages appears inversely proportional to the pharmacy turnover. Second, the gap between metropolitan and country pharmacies has tended to close in recent years both in terms of total Turnover and in terms of sales per dollar of wages paid.

As in previous editions, the following analysis excludes dispensary revenue from the equation to focus on the selling performance of staff. The salary and wages figure includes remuneration for qualified employees who are frequently involved in the selling process, particularly for scheduled or complementary medicines.

| \$ Turnover Group | Retail Sales/\$ Wages \$ |
|----------------------|-----------------------------|
| Under 500,000 | 3.53 |
| 500,000 – 1.0 m | 2.57 |
| 1.0 m – 1.5 m | 2.43 |
| 1.5 m – 2.0 m | 2.55 |
| 2.0 m – 2.5 m | 2.88 |
| 2.5 m – 3.0 m | 2.84 |
| 3.0 m – 3.5 m | 2.82 |
| Over 3.5 m | 2.86 |
| All Pharmacies | 2.82 |

By its very nature, this indicator is sensitive to the changing proportion of dispensary sales to total sales. As pharmacy increases its reliance on dispensary revenue, retail sales per \$ wages will steadily contract. This trend has slowed in recent years with the tentative increases in non-prescription sales.

SALES PER FULL-TIME EMPLOYEE

The results of this year's survey show that each full-time employee generated between \$220,000 and \$490,000 in sales revenue. With minor exceptions, this indicator shows an average drop of 3.9% across all turnover categories, in contrast to the 5% improvement of the previous year.



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.

As with the previous section, the following table excludes dispensary turnover from the calculation to obtain the retail sector sales per full-time equivalent employee.

| \$ Turnover Group | Retail Sales/Full-Time Employee \$ |
|----------------------|---------------------------------------|
| Under 500,000 | 69,764 |
| 500,000 – 1.0 m | 117,556 |
| 1.0 m – 1.5 m | 110,210 |
| 1.5 m – 2.0 m | 117,053 |
| 2.0 m – 2.5 m | 125,076 |
| 2.5 m – 3.0 m | 122,364 |
| 3.0 m – 3.5 m | 119,016 |
| Over 3.5 m | 125,614 |
| All Pharmacies | 126,676 |

This productivity measure is highly sensitive to the composition of the sample with respect to the mix of owner-operated and manager-operated pharmacies. As a rule, the higher the proportion of manager-operated pharmacies in the sample, the lower this productivity ratio will be because the number of hours worked by employees (ie managers) will be higher.

It is also sensitive to the downward trend in the proportion of Retail Sales. Overall, the results point to a reduction of 7% over the previous year's indicator.

RENT PER SQUARE METRE

With minor exceptions, the range of rents paid per square metre varied in direct proportion to pharmacy turnover without the benefit of economies of scale - large pharmacies pay premium rents. Small turnover pharmacies paid on average around \$300 per square metre per annum whereas the average rental for the over \$3m turnover category was closer to \$570 per square metre.

Country pharmacies generally enjoyed cheaper rents than their metropolitan counterparts. Overall, metropolitan pharmacies reported a significant increase from \$497.50 to \$636.63 while country pharmacies recorded a drop.

Also of interest is the market reality that larger pharmacies, while paying high rents (particularly in large shopping centres), do not necessarily benefit from commensurate margins.

TOTAL SALES PER HOUR WORKED

Another productivity benchmark which sheds further light on staff efficiencies is Total Sales per Hour Worked.

| Turnover Group \$ | Total Sales/Hour Worked \$ |
|----------------------|-------------------------------|
| Under 500,000 | 72.96 |
| 500,000 – 1.0 m | 146.81 |
| 1.0 m – 1.5 m | 167.58 |
| 1.5 m – 2.0 m | 172.96 |
| 2.0 m – 2.5 m | 163.06 |
| 2.5 m – 3.0 m | 164.55 |
| 3.0 m – 3.5 m | 171.38 |
| Over 3.5 m | 174.93 |
| All Pharmacies | 172.25 |

Consistent with previous indicators, this benchmark shows a slight erosion of productivity (down by 2%). This serves to highlight the ‘mismatch’ between human resource outlays and sales performance, which in turn highlights a more fundamental problem for community pharmacy. It is extremely difficult to employ trained and qualified staff by *fractions* of hours to accommodate changing business conditions. In 2004-05, the significant increases reported in hours worked were predominantly in the dispensary activities.



Table 5**SUMMARY OF PRODUCTIVITY MEASURES – 2004-05**

| TURNOVER RANGE | AVERAGE TURNOVER \$ | TURNOVER PER \$ STAFF WAGES | TURNOVER PER FULL TIME EMPLOYEE | TURNOVER PER SQ M SHOP SPACE | RENT \$ PER SQ M SHOP SPACE |
|---------------------------|--------------------------------|--|--|---|--|
| UNDER \$500,000 | 407,835 | 10.85 | 216,237 | 10,112 | 378.53 |
| \$500,000 - \$1,000,000 | 820,820 | 9.97 | 457,281 | 10,402 | 291.88 |
| \$1,000,000 - \$1,500,000 | 1,241,390 | 10.76 | 487,776 | 12,815 | 328.00 |
| \$1,500,000 - \$2,000,000 | 1,728,893 | 9.80 | 450,912 | 13,507 | 336.56 |
| \$2,000,000 - \$2,500,000 | 2,226,444 | 9.10 | 395,018 | 13,521 | 426.24 |
| \$2,500,000 - \$3,000,000 | 2,716,143 | 8.93 | 384,465 | 15,423 | 494.99 |
| \$3,000,000 - \$3,500,000 | 3,254,866 | 9.43 | 425,400 | 15,400 | 559.42 |
| OVER \$3,500,000 | 4,761,163 | 8.83 | 388,333 | 17,895 | 571.46 |
| AUSTRALIA | | | | | |
| ALL PHARMACIES - WEIGHTED | 2,348,591 | 9.22 | 413,772 | 15,246 | 475.06 |
| METROPOLITAN | 2,427,317 | 9.16 | 507,555 | 17,259 | 636.63 |
| COUNTRY | 2,541,322 | 9.37 | 406,783 | 14,462 | 336.20 |

Chart 2

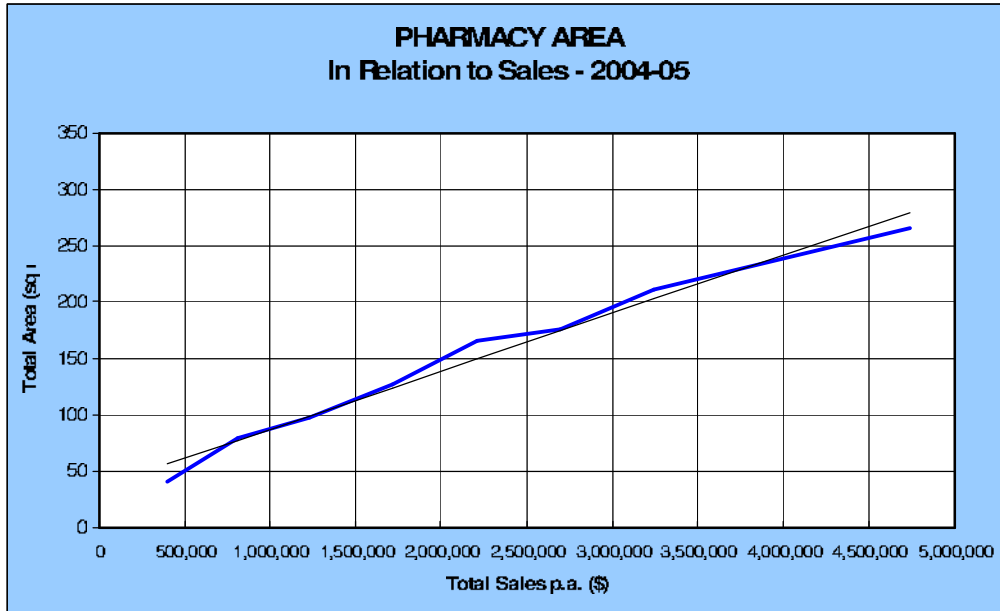
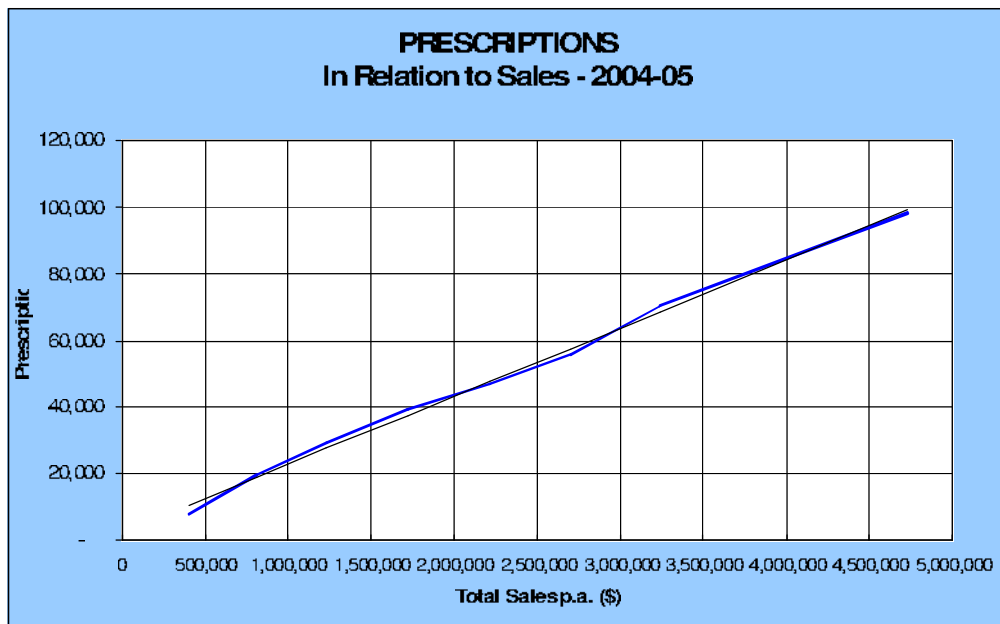


Chart 3



USER'S GUIDE TO THE GUILD DIGEST

Management decisions which result in the successful operation of a pharmacy require more than general and vague impressions of an operation's financial structure. The Digest is designed to enable retail pharmacists to make valuable comparisons of their financial performance against industry benchmarks.

The purpose of this section is to aid in those comparisons by providing a better understanding of the financial data presented. Terms are defined, methods of computation are set out, and notes that aid in the application of the financial statements are given.

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 anytime during the current period. In addition comparisons of digest results can be made at anytime after 30 June 2005 to identify any long term problems such as inappropriate locations.

DIGEST FORMAT

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

- a) Operating results for the twelve month period summarised into various charts and tables according to turnover ranges, location and volume of prescription business;
- b) Financial position of the business at a specific point in time, ie 30 June 2005, 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.



OPERATING STATEMENT TERMS

Sales include all prescription sales, patient contributions and counter sales. It does not include trade rebates, discounts and commission from Health Funds and other sources.

| | |
|--|----------------------------|
| Gross Margin is obtained by first arriving at the Cost of Goods Sold and deducting the figure from Sales as follows: | |
| Inventory at the beginning of the year | \$ <input type="text"/> ** |
| Plus Purchases during the year* | \$ <input type="text"/> |
| = Cost of Merchandise | \$ <input type="text"/> |
| - Purchase Rebates and Trade Rebates | \$ <input type="text"/> |
| - Goods taken for own use | \$ <input type="text"/> |
| - Inventory at end of year | \$ <input type="text"/> |
| = Cost of Goods Sold | \$ <input type="text"/> |
| Sales | \$ <input type="text"/> |
| - Cost of Goods Sold | \$ <input type="text"/> |
| = Gross Margin | \$ <input type="text"/> |
| * Only include merchandise purchased for re-sale. | |
| ** Fill in your own figures as examples. | |

Trading Profit/Loss (Trading Income) is determined by deducting all operating expenses from Gross Margin.

THE BALANCE SHEET

The Balance Sheet is a statement of financial position at a given point in time. Balance sheets are expressed as:

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

Assets

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 owners equity in the business and is expressed by the following relationship:

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

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.

$$\text{Return on Investment (or return on Equity)} = \frac{\text{Net Profit (before tax)}}{\text{Net Worth}}$$

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.

$$\text{Return on Total Investment} = \frac{\text{Net Profit (before tax)}}{\text{Owner's Equity + Long Term Liabilities}}$$

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.

$$\text{Debt Equity Ratio (or gearing)} = \frac{\text{Total Liabilities}}{\text{Net Worth}}$$

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.



AUSTRALIAN PHARMACIES – SUMMARY OF SALES VOLUME IN 2004-05
(Based on 12 Months of Trading to 30/06/05)

Table 6

| | Up to \$500,000 | | \$500,000 to \$1,000,000 | | \$1,000,000 to \$1,500,000 | | \$1,500,000 to \$2,000,000 | |
|--|-----------------|---------------|--------------------------|---------------|----------------------------|---------------|----------------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 399,474 | | 812,249 | | 1,233,081 | | 1,717,796 | |
| COST OF GOODS SOLD | 245,441 | 61.44 | 565,204 | 69.59 | 861,356 | 69.85 | 1,189,265 | 69.23 |
| GROSS MARGIN | 154,033 | 38.56 | 247,045 | 30.41 | 371,725 | 30.15 | 528,531 | 30.77 |
| Commissions Received | 8,360 | | 8,571 | | 8,308 | | 11,097 | |
| GROSS MARGIN PLUS COMMISSIONS | 162,393 | | 255,616 | | 380,033 | | 539,628 | |
| TOTAL REVENUE | 407,835 | 100.00 | 820,820 | 100.00 | 1,241,390 | 100.00 | 1,728,893 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 37,586 | 9.22 | 82,370 | 10.04 | 115,365 | 9.29 | 176,473 | 10.21 |
| Rent Paid | 15,266 | 3.74 | 23,032 | 2.81 | 31,773 | 2.56 | 43,080 | 2.49 |
| Outgoings - Rental & Rates | 725 | 0.18 | 1,197 | 0.15 | 2,214 | 0.18 | 2,412 | 0.14 |
| Accounting | 2,898 | 0.71 | 3,721 | 0.45 | 5,324 | 0.43 | 6,282 | 0.36 |
| Advertising | 375 | 0.09 | 3,035 | 0.37 | 4,751 | 0.38 | 9,533 | 0.55 |
| Bank Charges | 1,434 | 0.35 | 3,466 | 0.42 | 3,533 | 0.28 | 4,685 | 0.27 |
| Computer Expenses | 1,873 | 0.46 | 4,084 | 0.50 | 4,557 | 0.37 | 5,842 | 0.34 |
| Depreciation | 4,929 | 1.21 | 4,533 | 0.55 | 7,081 | 0.57 | 8,712 | 0.50 |
| Electricity, Water, Heating | 1,187 | 0.29 | 2,068 | 0.25 | 2,803 | 0.23 | 4,304 | 0.25 |
| Insurance | 2,580 | 0.63 | 5,234 | 0.64 | 6,444 | 0.52 | 7,188 | 0.42 |
| Interest Paid | 8,509 | 2.09 | 7,377 | 0.90 | 14,161 | 1.14 | 22,659 | 1.31 |
| Leasing Expenses | 5,895 | 1.45 | 3,175 | 0.39 | 3,383 | 0.27 | 5,771 | 0.33 |
| Motor Vehicle Expenses | 1,295 | 0.32 | 4,693 | 0.57 | 4,109 | 0.33 | 5,243 | 0.30 |
| Postage, Freight, Printing | 1,294 | 0.32 | 2,555 | 0.31 | 4,208 | 0.34 | 6,175 | 0.36 |
| Repairs, Maintenance, Service | 1,817 | 0.45 | 1,661 | 0.20 | 1,618 | 0.13 | 2,994 | 0.17 |
| Subs and Registrations | 2,371 | 0.58 | 4,302 | 0.52 | 6,210 | 0.50 | 6,825 | 0.39 |
| Superannuation | 2,832 | 0.69 | 6,956 | 0.85 | 10,933 | 0.88 | 17,842 | 1.03 |
| Telephone | 1,748 | 0.43 | 2,814 | 0.34 | 3,209 | 0.26 | 4,751 | 0.27 |
| Training | 30 | 0.01 | 405 | 0.05 | 747 | 0.06 | 1,727 | 0.10 |
| Abnormal Expenses | 7,880 | 1.93 | 1,768 | 0.22 | 3,487 | 0.28 | 7,697 | 0.45 |
| Payroll Tax | 0 | 0.00 | 2 | 0.00 | 20 | 0.00 | 14 | 0.00 |
| Workers' Compensation | 851 | 0.21 | 1,033 | 0.13 | 1,492 | 0.12 | 2,446 | 0.14 |
| Other Expenses | 9,959 | 2.44 | 10,577 | 1.29 | 9,985 | 0.80 | 11,423 | 0.66 |
| TOTAL EXPENSES | 113,334 | 27.79 | 180,057 | 21.94 | 247,408 | 19.93 | 364,077 | 21.06 |
| TOTAL INCOME | 49,059 | 12.03 | 75,559 | 9.21 | 132,625 | 10.68 | 175,551 | 10.15 |
| Less Proprietors' Salary (1) | 109,611 | 26.88 | 119,311 | 14.54 | 134,174 | 10.81 | 130,840 | 7.57 |
| [Full-Time-Equivalents] | 0.88 | | 1.00 | | 1.18 | | 1.19 | |
| Less Return on Capital (2) | 0 | 0.00 | 7,955 | 0.97 | 4,451 | 0.36 | 0 | 0.00 |
| NET PROFIT/LOSS | -60,552 | -14.85 | -51,707 | -6.30 | -6,000 | -0.48 | 44,711 | 2.73 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 266,738 | 66.77 | 600,649 | 73.95 | 953,206 | 77.30 | 1,268,065 | 73.82 |
| Other Sales | 132,737 | 33.23 | 211,600 | 26.05 | 279,875 | 22.70 | 449,731 | 26.18 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 26,016 | 6.38 | 38,837 | 4.73 | 54,356 | 4.38 | 63,207 | 3.66 |
| Other | 10,353 | 2.54 | 38,178 | 4.65 | 60,958 | 4.91 | 75,031 | 4.34 |
| STOCK CARRIED (Total) | 36,369 | 8.92 | 77,015 | 9.38 | 115,314 | 9.29 | 138,238 | 8.00 |
| STOCK TURN (On Total Inventory) | 7.29 | | 7.50 | | 8.46 | | 8.65 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 10.25 | | 15.47 | | 17.54 | | 20.06 | |
| Other | 12.82 | | 5.54 | | 4.59 | | 5.99 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 40 | | 79 | | 97 | | 128 | |
| PRESCRIPTIONS DISPENSED (Total) | 7,937 | | 19,468 | | 29,280 | | 39,265 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 153 | | 374 | | 563 | | 755 | |
| TOTAL HOURS OPEN per WEEK | 51 | | 56 | | 51 | | 58 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 33 | | 38 | | 45 | | 45 | |
| FUNDS RETAINED IN BUSINESS (3) | 32,308 | 7.92 | -785 | -0.10 | 30,966 | 2.49 | 15,189 | 0.88 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AUSTRALIAN PHARMACIES – SUMMARY OF SALES VOLUME IN 2004-05
(Based on 12 Months of Trading to 30/06/05)

Table 6

| | \$2,000,000 to \$2,500,000 | | \$2,500,000 to \$3,000,000 | | \$3,000,000 to \$3,500,000 | | Over \$3,500,000 | |
|--|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 2,212,162 | | 2,700,406 | | 3,239,465 | | 4,733,800 | |
| COST OF GOODS SOLD | 1,520,467 | 68.73 | 1,872,769 | 69.35 | 2,238,132 | 69.09 | 3,264,352 | 68.96 |
| GROSS MARGIN | 691,695 | 31.27 | 827,637 | 30.65 | 1,001,333 | 30.91 | 1,469,448 | 31.04 |
| Commissions Received | 14,281 | | 15,737 | | 15,401 | | 27,363 | |
| GROSS MARGIN PLUS COMMISSIONS | 705,976 | | 843,374 | | 1,016,734 | | 1,496,811 | |
| TOTAL REVENUE | 2,226,444 | 100.00 | 2,716,143 | 100.00 | 3,254,866 | 100.00 | 4,761,163 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 244,669 | 10.99 | 304,046 | 11.19 | 345,060 | 10.60 | 539,104 | 11.32 |
| Rent Paid | 70,184 | 3.15 | 87,172 | 3.21 | 118,240 | 3.63 | 152,042 | 3.19 |
| Outgoings - Rental & Rates | 2,463 | 0.11 | 5,565 | 0.20 | 8,206 | 0.25 | 7,558 | 0.16 |
| Accounting | 8,621 | 0.39 | 8,422 | 0.31 | 10,642 | 0.33 | 13,518 | 0.28 |
| Advertising | 15,085 | 0.68 | 26,831 | 0.99 | 22,658 | 0.70 | 37,882 | 0.80 |
| Bank Charges | 7,258 | 0.33 | 9,161 | 0.34 | 8,039 | 0.25 | 14,699 | 0.31 |
| Computer Expenses | 5,999 | 0.27 | 6,221 | 0.23 | 6,783 | 0.21 | 8,212 | 0.17 |
| Depreciation | 13,800 | 0.62 | 22,608 | 0.83 | 17,874 | 0.55 | 27,363 | 0.57 |
| Electricity, Water, Heating | 5,587 | 0.25 | 7,111 | 0.26 | 6,981 | 0.21 | 11,024 | 0.23 |
| Insurance | 9,102 | 0.41 | 11,882 | 0.44 | 10,023 | 0.31 | 13,393 | 0.28 |
| Interest Paid | 27,185 | 1.22 | 27,876 | 1.03 | 33,095 | 1.02 | 53,146 | 1.12 |
| Leasing Expenses | 8,596 | 0.39 | 5,307 | 0.20 | 9,675 | 0.30 | 10,710 | 0.22 |
| Motor Vehicle Expenses | 5,177 | 0.23 | 2,835 | 0.10 | 6,399 | 0.20 | 5,022 | 0.11 |
| Postage, Freight, Printing | 7,338 | 0.33 | 11,127 | 0.41 | 13,299 | 0.41 | 17,587 | 0.37 |
| Repairs, Maintenance, Service | 3,769 | 0.17 | 3,560 | 0.13 | 6,190 | 0.19 | 6,189 | 0.13 |
| Subs and Registrations | 8,732 | 0.39 | 6,899 | 0.25 | 13,651 | 0.42 | 12,805 | 0.27 |
| Superannuation | 21,870 | 0.98 | 26,162 | 0.96 | 30,416 | 0.93 | 49,574 | 1.04 |
| Telephone | 5,648 | 0.25 | 6,577 | 0.24 | 7,197 | 0.22 | 10,330 | 0.22 |
| Training | 1,811 | 0.08 | 2,849 | 0.10 | 2,988 | 0.09 | 4,977 | 0.10 |
| Abnormal Expenses | 4,603 | 0.21 | 7,913 | 0.29 | 9,243 | 0.28 | 12,287 | 0.26 |
| Payroll Tax | 446 | 0.02 | 1,488 | 0.05 | 2,086 | 0.06 | 7,655 | 0.16 |
| Workers' Compensation | 3,570 | 0.16 | 5,966 | 0.22 | 4,380 | 0.13 | 7,640 | 0.16 |
| Other Expenses | 22,726 | 1.02 | 25,039 | 0.92 | 19,757 | 0.61 | 51,670 | 1.09 |
| TOTAL EXPENSES | 504,238 | 22.65 | 622,618 | 22.92 | 712,884 | 21.90 | 1,074,390 | 22.57 |
| TOTAL INCOME | 201,738 | 9.06 | 220,756 | 8.13 | 303,850 | 9.34 | 422,421 | 8.87 |
| Less Proprietors' Salary (1) | 141,433 | 6.35 | 137,543 | 5.06 | 166,486 | 5.11 | 169,529 | 3.56 |
| [Full-Time-Equivalents] | 1.23 | | 1.24 | | 1.39 | | 1.43 | |
| Less Return on Capital (2) | 3,427 | 0.15 | 6,196 | 0.23 | 4,478 | 0.14 | 4,099 | 0.09 |
| NET PROFIT/LOSS | 56,878 | 2.55 | 77,017 | 2.84 | 132,886 | 4.08 | 248,793 | 5.23 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 1,508,115 | 68.17 | 1,835,488 | 67.97 | 2,266,975 | 69.98 | 3,192,056 | 67.43 |
| Other Sales | 704,048 | 31.83 | 864,917 | 32.03 | 972,490 | 30.02 | 1,541,744 | 32.57 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 72,470 | 3.25 | 79,602 | 2.93 | 107,412 | 3.30 | 143,308 | 3.01 |
| Other | 105,664 | 4.75 | 162,458 | 5.98 | 159,388 | 4.90 | 235,985 | 4.96 |
| STOCK CARRIED (Total) | 178,134 | 8.00 | 242,060 | 8.91 | 266,800 | 8.20 | 379,293 | 7.97 |
| STOCK TURN (On Total Inventory) | 8.57 | | 7.97 | | 8.99 | | 8.96 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 20.81 | | 23.06 | | 21.11 | | 22.27 | |
| Other | 6.66 | | 5.32 | | 6.10 | | 6.53 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 165 | | 176 | | 211 | | 266 | |
| PRESCRIPTIONS DISPENSED (Total) | 46,927 | | 55,454 | | 70,049 | | 98,172 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 902 | | 1,066 | | 1,347 | | 1,888 | |
| TOTAL HOURS OPEN per WEEK | 64 | | 62 | | 66 | | 71 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 47 | | 47 | | 53 | | 54 | |
| FUNDS RETAINED IN BUSINESS (3) | 36,842 | 1.65 | 475 | 0.02 | 44,618 | 1.37 | 113,566 | 2.39 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

Chart 4

Trends in Pharmacy Operations, 1985 – 2005

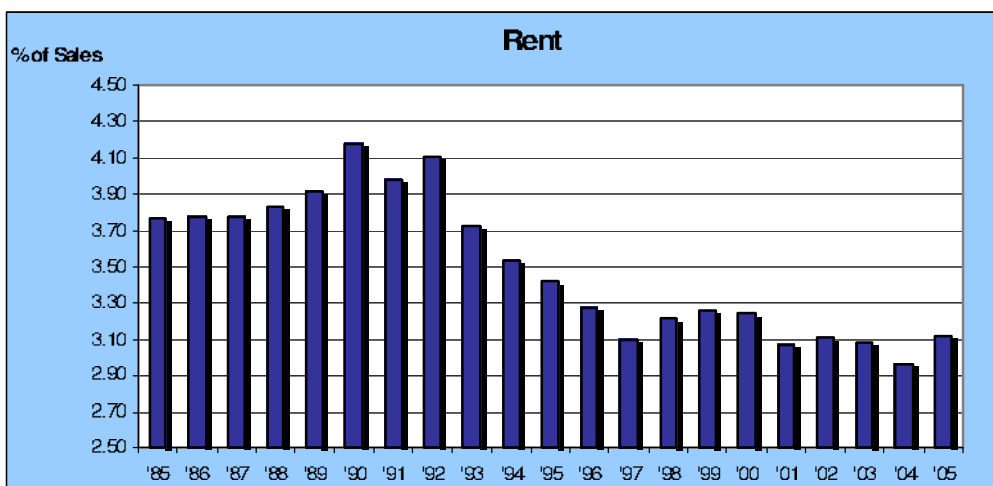
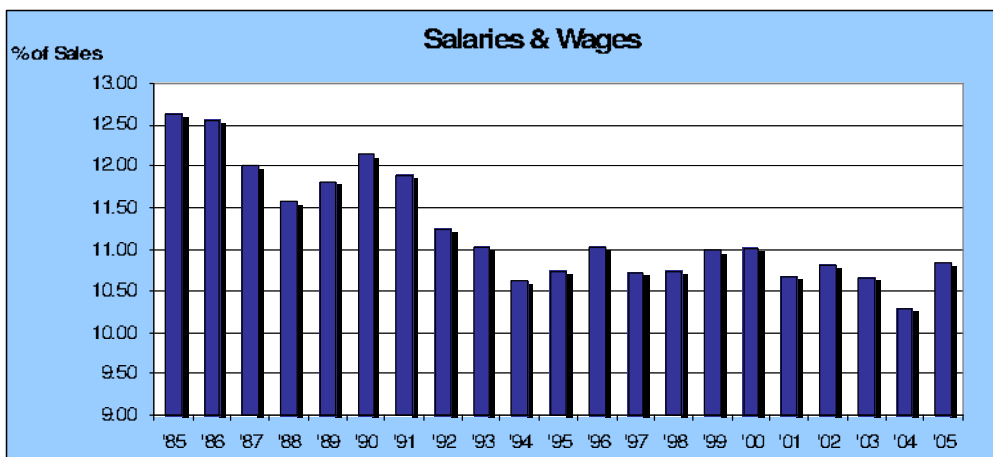
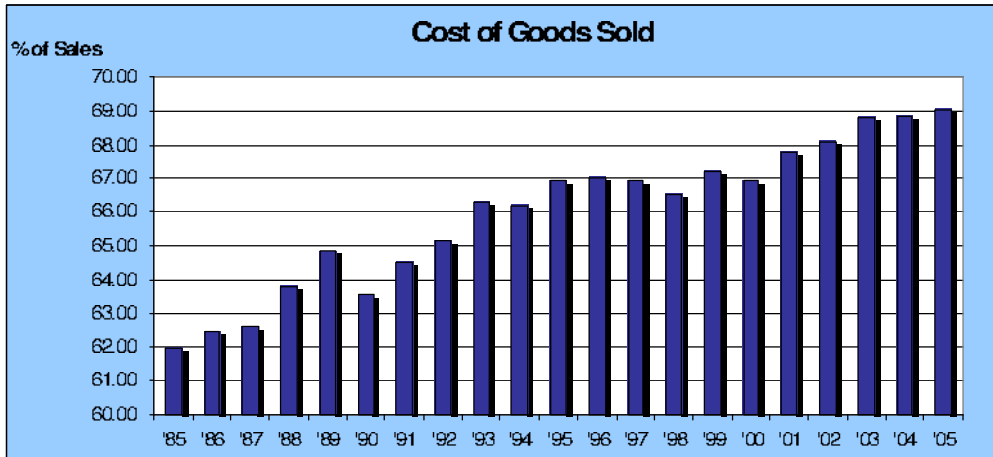


Chart 4 (continued)

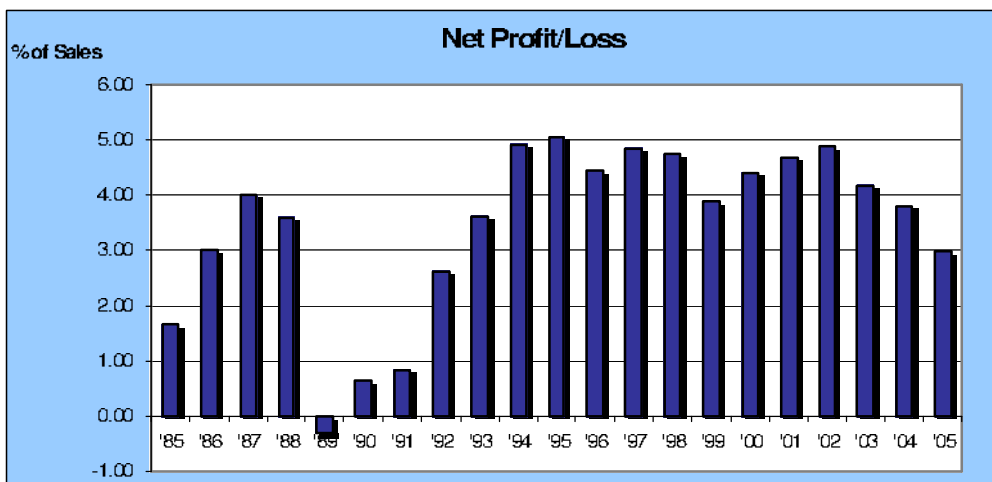
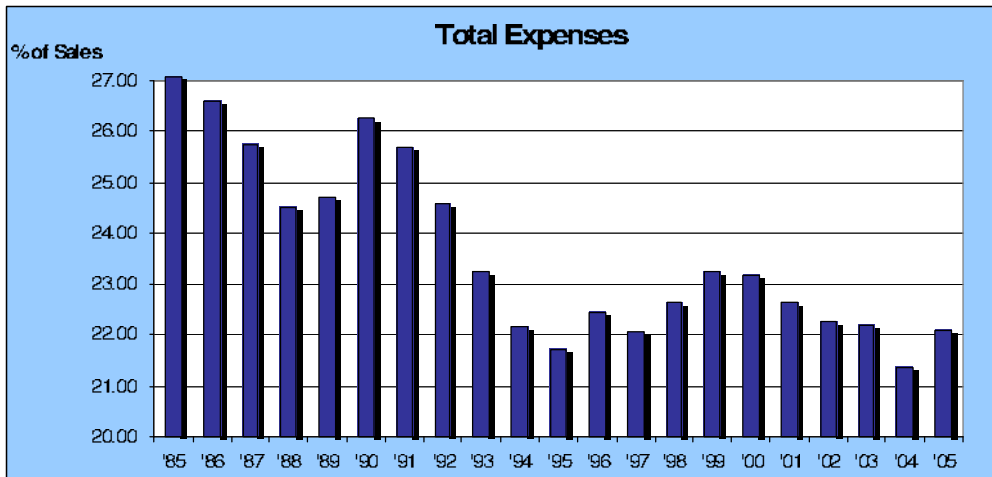
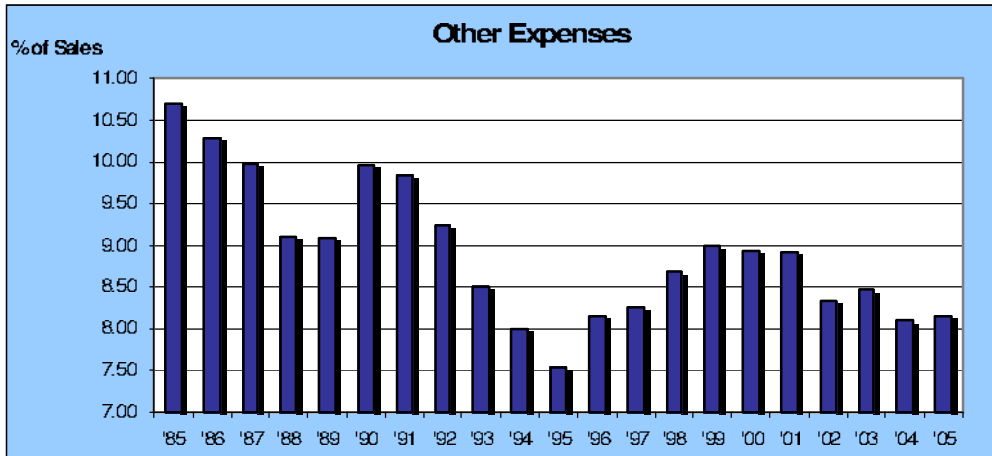


Table 7

COMPARISON OF PERFORMANCE – METROPOLITAN v COUNTRY (Based on 12 months trading to 30/6/05)

| | NSW | | VIC | | QLD | | SA | | WA | | TAS | | AUSTRALIA | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Metro | Country | Metro | Country | Metro | Country | Metro | Country | Metro | Country | Metro | Country | Metro | Country |
| MAIN INDICATORS | | | | | | | | | | | | | | |
| 1. SALES (\$ p.a.) | 2,633,979 | 2,536,764 | 2,086,905 | 2,873,803 | 2,263,773 | 2,348,923 | 1,939,948 | 2,995,385 | 2,322,168 | 2,006,889 | 3,304,592 | 2,213,596 | 2,416,919 | 2,520,148 |
| Percentage of Sales | | | | | | | | | | | | | | |
| 2. GROSS MARGIN (%) | 30.35 | 31.25 | 30.30 | 30.82 | 31.95 | 31.14 | 31.02 | 29.85 | 34.42 | 33.08 | 32.26 | 30.09 | 31.04 | 31.03 |
| 3. RETAIL SALES (%) | 29.93 | 28.92 | 24.74 | 29.11 | 34.58 | 31.95 | 27.64 | 34.47 | 35.26 | 31.30 | 28.28 | 32.76 | 30.26 | 30.66 |
| 4. TOTAL REVENUE (\$ p.a.) | 2,643,901 | 2,556,117 | 2,094,907 | 2,895,530 | 2,272,739 | 2,367,790 | 1,951,324 | 3,031,038 | 2,334,036 | 2,021,461 | 3,350,300 | 2,245,032 | 2,427,317 | 2,541,322 |
| Percentage of Total Revenue | | | | | | | | | | | | | | |
| 5. STAFF SALARIES & WAGES | 10.72 | 10.43 | 10.60 | 10.31 | 11.38 | 11.07 | 12.11 | 11.76 | 10.21 | 9.69 | 11.90 | 10.51 | 10.92 | 10.67 |
| 6. RENT | 4.00 | 2.39 | 2.52 | 1.94 | 4.39 | 2.73 | 3.64 | 2.18 | 3.07 | 1.58 | 1.26 | 1.83 | 3.69 | 2.32 |
| 7. ALL EXPENSE ITEMS | 22.96 | 21.52 | 21.02 | 19.86 | 23.74 | 22.16 | 23.47 | 21.88 | 21.36 | 19.38 | 22.02 | 19.97 | 22.76 | 21.24 |
| 8. TOTAL INCOME | 7.65 | 10.25 | 9.54 | 11.48 | 8.47 | 9.53 | 7.95 | 8.79 | 13.39 | 14.18 | 11.16 | 11.10 | 8.58 | 10.36 |
| 9. NET PROFIT/LOSS | 2.05 | 4.15 | 2.83 | 6.13 | 1.61 | 2.85 | 2.24 | 4.11 | 7.29 | 6.80 | 8.32 | 4.73 | 2.75 | 4.27 |
| 10. TOTAL STOCK CARRIED | 8.97 | 8.27 | 9.69 | 8.08 | 9.91 | 10.03 | 7.57 | 9.26 | 8.19 | 8.57 | 7.58 | 11.12 | 8.82 | 9.07 |
| 11. STOCK TURN (PER YEAR) | 8.20 | 9.41 | 9.16 | 8.94 | 7.90 | 7.42 | 10.04 | 7.67 | 7.90 | 9.01 | 9.33 | 7.71 | 8.64 | 8.58 |
| 12. PRESCRIPTIONS DISPENSED (p.a.) | 55,088 | 52,575 | 48,320 | 61,465 | 47,512 | 51,997 | 46,737 | 66,793 | 44,346 | 45,667 | 73,059 | 49,576 | 51,540 | 54,327 |
| 13. HOURS PHARMACY OPEN/WEEK | 62 | 55 | 58 | 56 | 66 | 61 | 64 | 59 | 66 | 54 | 67 | 59 | 63 | 58 |
| 14. HOURS WORKED BY PROPRIETORS | 49 | 49 | 48 | 49 | 48 | 48 | 33 | 36 | 42 | 45 | 41 | 50 | 47 | 48 |

Table 8

COMPARISON OF PERFORMANCE – REGIONAL SHOPPING CENTRE v NON-REGIONAL SHOPPING CENTRE (Based on 12 months trading to 30/6/05)

| | NSW | | VIC | | QLD | | SA | | WA | | TAS | | AUSTRALIA | |
|------------------------------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|
| | Regional | Non Regional | Regional | Non Regional | Regional | Non Regional | Regional | Non Regional | Regional | Non Regional | Regional | Non Regional | Regional | Non Regional |
| MAIN INDICATORS | | | | | | | | | | | | | | |
| 1. SALES (\$ p.a.) | 3,498,997 | 2,306,258 | 3,871,072 | 2,320,385 | 3,233,983 | 2,211,797 | 4,358,757 | 1,846,229 | 2,224,323 | 2,762,841 | 3,547,701 | 2,129,192 | | |
| Percentage of Sales | | | | | | | | | | | | | | |
| 2. GROSS MARGIN (%) | 29.51 | 30.83 | 30.77 | 30.55 | 32.69 | 31.32 | 30.02 | 30.58 | 34.04 | 31.03 | 30.30 | 31.16 | | |
| 3. RETAIL SALES (%) | 29.38 | 28.16 | 27.33 | 27.11 | 35.06 | 32.86 | 36.90 | 27.73 | 34.15 | 30.70 | 31.30 | 29.10 | | |
| 4. TOTAL REVENUE (\$ p.a.) | 3,517,782 | 2,317,339 | 3,889,589 | 2,334,453 | 3,256,212 | 2,225,157 | 4,401,373 | 1,862,874 | 2,237,030 | 2,802,130 | 3,569,849 | 2,141,795 | | |
| Percentage of Total Revenue | | | | | | | | | | | | | | |
| 5. STAFF SALARIES & WAGES | 11.88 | 10.28 | 10.39 | 10.45 | 11.01 | 11.24 | 11.71 | 12.05 | 10.06 | 11.16 | 11.52 | 10.48 | | |
| 6. RENT | 4.23 | 2.88 | 1.94 | 2.24 | 4.20 | 3.39 | 3.67 | 2.17 | 2.65 | 1.53 | 3.86 | 2.65 | | |
| 7. ALL EXPENSE ITEMS | 24.93 | 21.57 | 18.52 | 20.68 | 23.29 | 22.83 | 22.06 | 22.91 | 20.81 | 20.79 | 23.43 | 21.26 | | |
| 8. TOTAL INCOME | 4.96 | 9.60 | 12.59 | 10.29 | 9.86 | 8.89 | 8.64 | 8.29 | 13.61 | 11.20 | 7.30 | 10.31 | | |
| 9. NET PROFIT/LOSS | -0.13 | 3.89 | 7.23 | 4.23 | 6.11 | 1.66 | 5.08 | 1.91 | 7.14 | 6.40 | 2.69 | 3.94 | | |
| 10. TOTAL STOCK CARRIED | 9.68 | 8.42 | 5.39 | 9.41 | 9.60 | 9.97 | 6.12 | 10.10 | 8.28 | 8.96 | 8.19 | 8.84 | | |
| 11. STOCK TURN (PER YEAR) | 8.09 | 9.00 | 10.34 | 8.86 | 7.06 | 7.48 | 9.42 | 7.97 | 8.19 | 8.87 | 8.85 | 8.73 | | |
| 12. PRESCRIPTIONS DISPENSED (p.a.) | 73,193 | 48,494 | 82,670 | 51,780 | 67,258 | 48,077 | 99,492 | 42,889 | 44,756 | 61,597 | 75,399 | 45,823 | | |
| 13. HOURS PHARMACY OPEN/WEEK | 60 | 58 | 59 | 57 | 56 | 64 | 70 | 59 | 63 | 62 | 60 | 58 | | |
| 14. HOURS WORKED BY PROPRIETORS | 54 | 46 | 68 | 46 | 42 | 49 | 26 | 36 | 43 | 47 | 50 | 44 | | |

NEW SOUTH WALES PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 9

| | State Averages New South Wales | | Sydney Metropolitan | | New South Wales Country | | Newcastle Wollongong | |
|---|-----------------------------------|---------------|------------------------|---------------|----------------------------|---------------|-------------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | |
| SALES | 2,475,315 | | 2,633,979 | | 2,536,764 | | 3,576,263 | |
| COST OF GOODS SOLD | 1,723,556 | 69.63 | 1,834,664 | 69.65 | 1,743,947 | 68.75 | 2,476,246 | 69.24 |
| GROSS MARGIN | 751,759 | 30.37 | 799,315 | 30.35 | 792,817 | 31.25 | 1,100,017 | 30.76 |
| Commissions Received | 12,787 | | 9,922 | | 19,353 | | 18,388 | |
| GROSS MARGIN PLUS COMMISSIONS | 764,546 | | 809,237 | | 812,170 | | 1,118,405 | |
| TOTAL REVENUE | 2,488,102 | 100.00 | 2,643,901 | 100.00 | 2,556,117 | 100.00 | 3,594,651 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 266,306 | 10.70 | 283,405 | 10.72 | 266,567 | 10.43 | 447,348 | 12.44 |
| Rent Paid | 87,805 | 3.53 | 105,884 | 4.00 | 61,149 | 2.39 | 107,902 | 3.00 |
| Outgoings - Rental & Rates | 2,248 | 0.09 | 2,314 | 0.09 | 2,612 | 0.10 | 1,152 | 0.03 |
| Accounting | 8,540 | 0.34 | 9,609 | 0.36 | 7,746 | 0.30 | 9,773 | 0.27 |
| Advertising | 15,951 | 0.64 | 14,140 | 0.53 | 20,994 | 0.82 | 10,715 | 0.30 |
| Bank Charges | 6,691 | 0.27 | 9,138 | 0.35 | 4,964 | 0.19 | 10,676 | 0.30 |
| Computer Expenses | 5,995 | 0.24 | 5,891 | 0.22 | 6,560 | 0.26 | 6,183 | 0.17 |
| Depreciation | 14,332 | 0.58 | 15,746 | 0.60 | 13,320 | 0.52 | 18,567 | 0.52 |
| Electricity, Water, Heating | 5,186 | 0.21 | 5,102 | 0.19 | 5,691 | 0.22 | 8,900 | 0.25 |
| Insurance | 11,190 | 0.45 | 12,380 | 0.47 | 10,455 | 0.41 | 18,392 | 0.51 |
| Interest Paid | 27,764 | 1.12 | 41,829 | 1.58 | 21,257 | 0.83 | 39,040 | 1.09 |
| Leasing Expenses | 6,102 | 0.25 | 4,716 | 0.18 | 8,986 | 0.35 | 2,088 | 0.06 |
| Motor Vehicle Expenses | 5,410 | 0.22 | 5,128 | 0.19 | 5,956 | 0.23 | 4,200 | 0.12 |
| Postage, Freight, Printing | 8,653 | 0.35 | 8,919 | 0.34 | 9,256 | 0.36 | 11,003 | 0.31 |
| Repairs, Maintenance, Service | 3,871 | 0.16 | 3,975 | 0.15 | 4,086 | 0.16 | 2,997 | 0.08 |
| Subs and Registrations | 8,495 | 0.34 | 7,949 | 0.30 | 10,428 | 0.41 | 6,935 | 0.19 |
| Superannuation | 24,297 | 0.98 | 26,019 | 0.98 | 26,323 | 1.03 | 38,421 | 1.07 |
| Telephone | 5,613 | 0.23 | 5,876 | 0.22 | 5,604 | 0.22 | 6,161 | 0.17 |
| Training | 2,006 | 0.08 | 1,691 | 0.06 | 2,765 | 0.11 | 2,441 | 0.07 |
| Abnormal Expenses | 5,943 | 0.24 | 5,684 | 0.21 | 12,367 | 0.48 | 12,363 | 0.34 |
| Payroll Tax | 1,876 | 0.08 | 1,955 | 0.07 | 2,410 | 0.09 | 257 | 0.01 |
| Workers' Compensation | 6,103 | 0.25 | 6,350 | 0.24 | 6,413 | 0.25 | 10,373 | 0.29 |
| Other Expenses | 26,405 | 1.06 | 23,335 | 0.88 | 34,283 | 1.34 | 16,860 | 0.47 |
| TOTAL EXPENSES | 556,782 | 22.38 | 607,037 | 22.96 | 550,190 | 21.52 | 792,744 | 22.05 |
| TOTAL INCOME | 207,764 | 8.35 | 202,200 | 7.65 | 261,980 | 10.25 | 325,661 | 9.06 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 144,763 1.27 | 5.82 | 147,881 1.29 | 5.59 | 146,855 1.28 | 5.75 | 144,839 1.24 | 4.03 |
| Less Return on Capital (2) | 4,248 | 0.17 | 0 | 0.00 | 9,074 | 0.35 | 16,318 | 0.45 |
| NET PROFIT/LOSS | 58,753 | 2.36 | 54,319 | 2.26 | 106,051 | 4.15 | 164,504 | 4.58 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 1,746,031 | 70.54 | 1,845,700 | 70.07 | 1,803,168 | 71.08 | 2,535,722 | 70.90 |
| Other Sales | 729,283 | 29.46 | 788,279 | 29.93 | 733,596 | 28.92 | 1,040,541 | 29.10 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 85,538 | 3.44 | 102,057 | 3.86 | 78,320 | 3.06 | 118,622 | 3.30 |
| Other | 122,491 | 4.92 | 135,008 | 5.11 | 132,966 | 5.20 | 204,788 | 5.70 |
| STOCK CARRIED (Total) | 208,029 | 8.36 | 237,065 | 8.97 | 211,286 | 8.27 | 323,410 | 9.00 |
| STOCK TURN (On Total Inventory) | 8.61 | | 8.64 | | 9.41 | | 7.76 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 20.41 | | 18.08 | | 23.02 | | 21.38 | |
| Other | 5.95 | | 5.84 | | 5.52 | | 5.08 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 152 | | 151 | | 159 | | 288 | |
| PRESCRIPTIONS DISPENSED (Total) | 51,689 | | 55,088 | | 52,575 | | 66,617 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 994 | | 1,059 | | 1,011 | | 1,281 | |
| TOTAL HOURS OPEN per WEEK | 59 | | 62 | | 55 | | 79 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 48 | | 49 | | 49 | | 47 | |
| FUNDS RETAINED IN BUSINESS (3) | 35,501 | 1.43 | 26,422 | 1.00 | 62,504 | 2.45 | 102,704 | 2.86 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

NEW SOUTH WALES PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 9

| | Canberra | | New South Wales North Coast | | New South Wales South Coast | | Group | | No Group | |
|---|------------------|---------------|--------------------------------|---------------|--------------------------------|---------------|------------------|--------------|------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | | | |
| SALES | 2,919,800 | | 2,221,489 | | 3,509,542 | | 3,557,807 | | 2,228,565 | |
| COST OF GOODS SOLD | 2,074,903 | 71.06 | 1,539,643 | 69.31 | 2,138,325 | 60.93 | 2,469,385 | 69.41 | 1,546,230 | 69.38 |
| GROSS MARGIN | 844,897 | 28.94 | 681,846 | 30.69 | 1,371,217 | 39.07 | 1,088,422 | 30.59 | 682,335 | 30.62 |
| Commissions Received | 6,162 | | 15,325 | | 17,864 | | 18,161 | | 11,226 | |
| GROSS MARGIN PLUS COMMISSIONS | 851,059 | | 697,171 | | 1,389,081 | | 1,106,583 | | 693,561 | |
| TOTAL REVENUE | 2,925,961 | 100.00 | 2,236,815 | 100.00 | 3,527,406 | 100.00 | 3,575,969 | 100.0 | 2,239,791 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 347,953 | 11.89 | 242,031 | 10.82 | 301,407 | 8.54 | 392,895 | 10.99 | 233,634 | 10.43 |
| Rent Paid | 76,285 | 2.61 | 60,444 | 2.70 | 31,108 | 0.88 | 112,569 | 3.15 | 80,525 | 3.60 |
| Outgoings - Rental & Rates | 68 | 0.00 | 5,836 | 0.26 | 0 | 0.00 | 2,453 | 0.07 | 2,350 | 0.10 |
| Accounting | 10,578 | 0.36 | 8,546 | 0.38 | 6,264 | 0.18 | 11,084 | 0.31 | 8,136 | 0.36 |
| Advertising | 18,390 | 0.63 | 23,667 | 1.06 | 5,396 | 0.15 | 26,952 | 0.75 | 12,574 | 0.56 |
| Bank Charges | 11,530 | 0.39 | 4,165 | 0.19 | 6,616 | 0.19 | 10,521 | 0.29 | 6,600 | 0.29 |
| Computer Expenses | 2,787 | 0.10 | 4,872 | 0.22 | 8,240 | 0.23 | 8,157 | 0.23 | 5,252 | 0.23 |
| Depreciation | 7,607 | 0.26 | 10,440 | 0.47 | 17,103 | 0.48 | 19,257 | 0.54 | 12,972 | 0.58 |
| Electricity, Water, Heating | 6,648 | 0.23 | 5,918 | 0.26 | 4,417 | 0.13 | 6,787 | 0.19 | 4,766 | 0.21 |
| Insurance | 6,765 | 0.23 | 8,270 | 0.37 | 10,398 | 0.29 | 15,759 | 0.44 | 9,965 | 0.44 |
| Interest Paid | 39,692 | 1.36 | 17,166 | 0.77 | 40,919 | 1.16 | 41,354 | 1.16 | 31,846 | 1.42 |
| Leasing Expenses | 27,358 | 0.94 | 4,959 | 0.22 | 4,636 | 0.13 | 10,375 | 0.29 | 5,147 | 0.23 |
| Motor Vehicle Expenses | 3,487 | 0.12 | 2,305 | 0.10 | 9,129 | 0.26 | 5,459 | 0.15 | 5,365 | 0.24 |
| Postage, Freight, Printing | 12,380 | 0.42 | 7,897 | 0.35 | 10,932 | 0.31 | 11,963 | 0.33 | 7,972 | 0.36 |
| Repairs, Maintenance, Service | 8,408 | 0.29 | 3,438 | 0.15 | 6,969 | 0.20 | 5,481 | 0.15 | 3,546 | 0.36 |
| Subs and Registrations | 15,484 | 0.53 | 4,336 | 0.19 | 15,857 | 0.45 | 12,959 | 0.36 | 7,383 | 0.33 |
| Superannuation | 36,842 | 1.26 | 22,700 | 1.01 | 30,337 | 0.86 | 37,765 | 1.06 | 21,814 | 0.97 |
| Telephone | 5,470 | 0.19 | 4,129 | 0.18 | 5,273 | 0.15 | 7,781 | 0.22 | 4,983 | 0.22 |
| Training | 3,403 | 0.12 | 3,063 | 0.14 | 6,389 | 0.18 | 3,271 | 0.09 | 1,639 | 0.07 |
| Abnormal Expenses | 13,681 | 0.47 | 3,694 | 0.17 | 13,246 | 0.38 | 16,911 | 0.47 | 4,750 | 0.21 |
| Payroll Tax | 0 | 0.00 | 1,941 | 0.09 | 0 | 0.00 | 3,056 | 0.09 | 1,698 | 0.08 |
| Workers' Compensation | 12,828 | 0.44 | 5,310 | 0.24 | 6,803 | 0.19 | 9,310 | 0.26 | 5,376 | 0.24 |
| Other Expenses | 45,822 | 1.57 | 12,811 | 0.57 | 17,047 | 0.48 | 37,242 | 1.04 | 23,801 | 1.06 |
| TOTAL EXPENSES | 713,465 | 24.38 | 467,936 | 20.92 | 558,483 | 15.83 | 809,360 | 22.63 | 502,094 | 22.42 |
| TOTAL INCOME | 137,594 | 4.70 | 229,235 | 10.25 | 830,598 | 23.55 | 297,223 | 8.31 | 191,467 | 8.55 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 133,842 | 4.57 | 150,546 | 6.73 | 137,639 | 3.90 | 152,228 | 4.26 | 145,321 | 6.49 |
| Less Return on Capital (2) | 0 | 0.00 | 10,012 | 0.45 | 0 | 0.00 | 1,707 | 0.05 | 0 | 0.00 |
| NET PROFIT/LOSS | 3,752 | 0.13 | 68,677 | 3.07 | 692,959 | 19.94 | 143,288 | 4.01 | 46,146 | 2.13 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 2,329,191 | 79.77 | 1,495,734 | 67.33 | 2,791,491 | 79.54 | 2,533,455 | 71.21 | 1,564,120 | 70.19 |
| Other Sales | 590,609 | 20.23 | 725,756 | 32.67 | 718,051 | 20.46 | 1,024,353 | 28.79 | 664,445 | 29.81 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 70,482 | 2.41 | 73,697 | 3.29 | 192,827 | 5.47 | 124,566 | 3.48 | 77,795 | 3.47 |
| Other | 92,020 | 3.14 | 142,774 | 6.38 | 156,916 | 4.45 | 168,848 | 4.72 | 118,943 | 5.31 |
| STOCK CARRIED (Total) | 162,502 | 5.55 | 216,471 | 9.68 | 349,743 | 9.92 | 293,414 | 8.21 | 196,738 | 8.78 |
| STOCK TURN (On Total Inventory) | 13.49 | | 8.84 | | 11.00 | | 9.31 | | 8.76 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 33.05 | | 20.30 | | 14.48 | | 20.34 | | 20.11 | |
| Other | 6.42 | | 5.08 | | 4.58 | | 6.07 | | 5.59 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 197 | | 150 | | 136 | | 206 | | 131 | |
| PRESCRIPTIONS DISPENSED (Total) | 68,274 | | 45,601 | | 78,865 | | 73,154 | | 47,172 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 1,313 | | 877 | | 1,517 | | 1,407 | | 907 | |
| TOTAL HOURS OPEN per WEEK | 64 | | 57 | | 61 | | 60 | | 60 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 43 | | 49 | | 45 | | 51 | | 48 | |
| FUNDS RETAINED IN BUSINESS (3) | 28,292 | 0.97 | 50,036 | 2.24 | 588,626 | 16.69 | 93,880 | 2.63 | 16,790 | 0.75 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

VICTORIAN PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 10

| | State Averages Victoria | | Victoria Metropolitan | | Victoria Country | | Group | | No Group | |
|---|----------------------------|---------------|--------------------------|---------------|---------------------|---------------|------------------|--------------|------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | | | |
| SALES | 2,369,943 | | 2,086,905 | | 2,873,803 | | 3,097,646 | | 2,107,882 | |
| COST OF GOODS SOLD | 1,647,221 | 69.50 | 1,454,655 | 69.70 | 1,988,105 | 69.18 | 2,159,757 | 69.72 | 1,458,017 | 69.17 |
| GROSS MARGIN | 722,722 | 30.50 | 632,250 | 30.30 | 885,698 | 30.82 | 937,889 | 30.28 | 649,865 | 30.83 |
| Commissions Received | 13,949 | | 8,002 | | 21,727 | | 18,660 | | 12,170 | |
| GROSS MARGIN PLUS COMMISSIONS | 736,671 | | 640,252 | | 907,425 | | 956,549 | | 662,035 | |
| TOTAL REVENUE | 2,383,892 | 100.00 | 2,094,907 | 100.00 | 2,895,530 | 100.00 | 3,116,306 | 100.0 | 2,120,052 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 246,249 | 10.33 | 222,125 | 10.60 | 298,500 | 10.31 | 321,554 | 10.32 | 223,436 | 10.54 |
| Rent Paid | 51,295 | 2.15 | 52,706 | 2.52 | 56,159 | 1.94 | 57,627 | 1.85 | 52,534 | 2.48 |
| Outgoings - Rental & Rates | 4,694 | 0.20 | 3,071 | 0.15 | 7,266 | 0.25 | 3,996 | 0.13 | 5,617 | 0.26 |
| Accounting | 7,306 | 0.31 | 7,731 | 0.37 | 7,891 | 0.27 | 8,633 | 0.28 | 7,355 | 0.35 |
| Advertising | 15,043 | 0.63 | 10,922 | 0.52 | 22,242 | 0.77 | 25,115 | 0.81 | 11,413 | 0.54 |
| Bank Charges | 8,647 | 0.36 | 7,044 | 0.34 | 11,335 | 0.39 | 7,743 | 0.25 | 9,784 | 0.46 |
| Computer Expenses | 5,599 | 0.23 | 5,298 | 0.25 | 6,217 | 0.21 | 7,670 | 0.25 | 4,672 | 0.22 |
| Depreciation | 14,962 | 0.63 | 14,001 | 0.67 | 17,631 | 0.61 | 15,412 | 0.49 | 15,871 | 0.75 |
| Electricity, Water, Heating | 5,724 | 0.24 | 5,139 | 0.25 | 6,985 | 0.24 | 6,751 | 0.22 | 5,602 | 0.26 |
| Insurance | 6,267 | 0.26 | 6,473 | 0.31 | 6,099 | 0.21 | 7,726 | 0.25 | 5,518 | 0.26 |
| Interest Paid | 27,663 | 1.16 | 28,936 | 1.38 | 27,326 | 0.94 | 24,533 | 0.79 | 30,167 | 1.42 |
| Leasing Expenses | 6,768 | 0.28 | 5,760 | 0.27 | 8,956 | 0.31 | 7,268 | 0.23 | 7,262 | 0.34 |
| Motor Vehicle Expenses | 4,720 | 0.20 | 3,410 | 0.16 | 5,929 | 0.20 | 5,519 | 0.18 | 4,092 | 0.19 |
| Postage, Freight, Printing | 10,387 | 0.44 | 6,916 | 0.33 | 15,535 | 0.54 | 11,847 | 0.38 | 10,495 | 0.50 |
| Repairs, Maintenance, Service | 3,621 | 0.15 | 3,548 | 0.17 | 4,076 | 0.14 | 4,726 | 0.15 | 3,289 | 0.35 |
| Subs and Registrations | 7,377 | 0.31 | 6,356 | 0.30 | 8,328 | 0.29 | 11,073 | 0.36 | 5,217 | 0.25 |
| Superannuation | 21,266 | 0.89 | 18,403 | 0.88 | 26,809 | 0.93 | 27,961 | 0.90 | 19,303 | 0.91 |
| Telephone | 5,476 | 0.23 | 4,755 | 0.23 | 6,682 | 0.23 | 7,418 | 0.24 | 4,704 | 0.22 |
| Training | 2,984 | 0.13 | 2,265 | 0.11 | 4,154 | 0.14 | 3,580 | 0.11 | 2,921 | 0.14 |
| Abnormal Expenses | 2,985 | 0.13 | 1,824 | 0.09 | 3,827 | 0.13 | 4,589 | 0.15 | 1,773 | 0.08 |
| Payroll Tax | 2,577 | 0.11 | 1,961 | 0.09 | 3,998 | 0.14 | 2,222 | 0.07 | 3,300 | 0.16 |
| Workers' Compensation | 3,583 | 0.15 | 1,527 | 0.07 | 6,014 | 0.21 | 6,767 | 0.22 | 1,933 | 0.09 |
| Other Expenses | 15,679 | 0.66 | 20,185 | 0.96 | 13,059 | 0.45 | 30,233 | 0.97 | 9,521 | 0.45 |
| TOTAL EXPENSES | 480,873 | 20.17 | 440,355 | 21.02 | 575,017 | 19.86 | 609,961 | 19.57 | 445,779 | 21.03 |
| TOTAL INCOME | 255,798 | 10.73 | 199,897 | 9.54 | 332,408 | 11.48 | 346,588 | 11.12 | 216,256 | 10.20 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 144,119 | 6.05 | 144,489 | 6.90 | 147,759 | 5.10 | 146,733 | 4.71 | 145,644 | 6.87 |
| | 1.26 | | 1.26 | | 1.29 | | 1.30 | | 1.26 | |
| Less Return on Capital (2) | 1,669 | 0.07 | 0 | 0.00 | 7,189 | 0.25 | 9,840 | 0.32 | 0 | 0.00 |
| NET PROFIT/LOSS | 110,010 | 4.61 | 55,408 | 2.83 | 177,460 | 6.13 | 190,015 | 6.10 | 70,612 | 3.47 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 1,733,539 | 73.15 | 1,570,660 | 75.26 | 2,037,254 | 70.89 | 2,249,200 | 72.61 | 1,539,888 | 73.05 |
| Other Sales | 636,405 | 26.85 | 516,245 | 24.74 | 836,549 | 29.11 | 848,445 | 27.39 | 567,994 | 26.95 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 79,637 | 3.34 | 92,834 | 4.43 | 82,942 | 2.86 | 88,043 | 2.83 | 87,286 | 4.12 |
| Other | 113,500 | 4.76 | 110,185 | 5.26 | 151,000 | 5.21 | 166,467 | 5.34 | 114,831 | 5.42 |
| STOCK CARRIED (Total) | 193,137 | 8.10 | 203,019 | 9.69 | 233,942 | 8.08 | 254,510 | 8.17 | 202,117 | 9.53 |
| STOCK TURN (On Total Inventory) | 8.91 | | 9.16 | | 8.94 | | 9.10 | | 8.98 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 21.77 | | 16.92 | | 24.56 | | 25.55 | | 17.64 | |
| Other | 5.61 | | 4.69 | | 5.54 | | 5.10 | | 4.95 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 173 | | 130 | | 218 | | 221 | | 135 | |
| PRESCRIPTIONS DISPENSED (Total) | 52,829 | | 48,320 | | 61,465 | | 68,235 | | 47,017 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 1,015 | | 929 | | 1,182 | | 1,312 | | 904 | |
| TOTAL HOURS OPEN per WEEK | 56 | | 58 | | 56 | | 57 | | 57 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 48 | | 48 | | 49 | | 50 | | 48 | |
| FUNDS RETAINED IN BUSINESS (3) | 62,458 | 2.62 | 46,946 | 2.24 | 59,696 | 2.06 | 120,138 | 3.86 | 16,395 | 0.77 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

QUEENSLAND PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 11

| | State Averages Queensland | | Brisbane Metropolitan | | Queensland Country | | Group | | No Group | |
|---|------------------------------|---------------|--------------------------|---------------|-----------------------|---------------|------------------|--------------|------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | | | |
| SALES | 2,240,646 | | 2,263,773 | | 2,348,923 | | 2,674,402 | | 2,212,224 | |
| COST OF GOODS SOLD | 1,536,857 | 68.59 | 1,540,485 | 68.05 | 1,617,557 | 68.86 | 1,840,855 | 68.83 | 1,513,198 | 68.40 |
| GROSS MARGIN | 703,789 | 31.41 | 723,288 | 31.95 | 731,366 | 31.14 | 833,547 | 31.17 | 699,026 | 31.60 |
| Commissions Received | 14,843 | | 8,966 | | 18,866 | | 21,180 | | 12,368 | |
| GROSS MARGIN PLUS COMMISSIONS | 718,632 | | 732,254 | | 750,232 | | 854,727 | | 711,394 | |
| TOTAL REVENUE | 2,255,489 | 100.00 | 2,272,739 | 100.00 | 2,367,790 | 100.00 | 2,695,581 | 100.0 | 2,224,592 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 252,124 | 11.18 | 258,604 | 11.38 | 262,065 | 11.07 | 327,836 | 12.16 | 242,779 | 10.91 |
| Rent Paid | 78,709 | 3.49 | 99,712 | 4.39 | 64,609 | 2.73 | 87,956 | 3.26 | 79,389 | 3.57 |
| Outgoings - Rental & Rates | 6,752 | 0.30 | 6,648 | 0.29 | 6,894 | 0.29 | 9,611 | 0.36 | 6,036 | 0.27 |
| Accounting | 7,948 | 0.35 | 6,754 | 0.30 | 9,587 | 0.40 | 6,085 | 0.23 | 8,818 | 0.40 |
| Advertising | 21,052 | 0.93 | 21,116 | 0.93 | 22,819 | 0.96 | 24,926 | 0.92 | 21,253 | 0.96 |
| Bank Charges | 7,252 | 0.32 | 7,855 | 0.35 | 7,009 | 0.30 | 7,730 | 0.29 | 7,324 | 0.33 |
| Computer Expenses | 4,998 | 0.22 | 4,029 | 0.18 | 5,908 | 0.25 | 7,950 | 0.29 | 4,254 | 0.19 |
| Depreciation | 15,342 | 0.68 | 15,188 | 0.67 | 16,038 | 0.68 | 21,749 | 0.81 | 14,037 | 0.63 |
| Electricity, Water, Heating | 6,539 | 0.29 | 6,938 | 0.31 | 6,584 | 0.28 | 9,077 | 0.34 | 6,142 | 0.28 |
| Insurance | 7,038 | 0.31 | 7,267 | 0.32 | 7,167 | 0.30 | 7,188 | 0.27 | 7,221 | 0.32 |
| Interest Paid | 24,687 | 1.09 | 25,948 | 1.14 | 24,919 | 1.05 | 21,129 | 0.78 | 26,524 | 1.19 |
| Leasing Expenses | 7,479 | 0.33 | 8,551 | 0.38 | 7,098 | 0.30 | 4,454 | 0.17 | 8,656 | 0.39 |
| Motor Vehicle Expenses | 4,175 | 0.19 | 3,713 | 0.16 | 4,723 | 0.20 | 5,629 | 0.21 | 3,884 | 0.17 |
| Postage, Freight, Printing | 8,023 | 0.36 | 7,274 | 0.32 | 9,271 | 0.39 | 11,816 | 0.44 | 7,415 | 0.33 |
| Repairs, Maintenance, Service | 3,028 | 0.13 | 2,331 | 0.10 | 3,788 | 0.16 | 4,557 | 0.17 | 2,719 | 0.12 |
| Subs and Registrations | 7,337 | 0.33 | 5,418 | 0.24 | 9,401 | 0.40 | 6,874 | 0.26 | 7,692 | 0.35 |
| Superannuation | 22,843 | 1.01 | 22,046 | 0.97 | 24,678 | 1.04 | 28,900 | 1.07 | 22,006 | 0.99 |
| Telephone | 6,256 | 0.28 | 5,714 | 0.25 | 6,899 | 0.29 | 8,130 | 0.30 | 5,871 | 0.26 |
| Training | 2,097 | 0.09 | 1,826 | 0.08 | 2,541 | 0.11 | 2,674 | 0.10 | 2,080 | 0.09 |
| Abnormal Expenses | 3,521 | 0.16 | 1,667 | 0.07 | 5,213 | 0.22 | 7,589 | 0.28 | 2,480 | 0.11 |
| Payroll Tax | 607 | 0.03 | 424 | 0.02 | 699 | 0.03 | 672 | 0.02 | 542 | 0.02 |
| Workers' Compensation | 1,068 | 0.05 | 1,169 | 0.05 | 1,034 | 0.04 | 1,322 | 0.05 | 1,039 | 0.05 |
| Other Expenses | 17,908 | 0.79 | 19,455 | 0.86 | 15,674 | 0.66 | 16,024 | 0.59 | 17,833 | 0.80 |
| TOTAL EXPENSES | 516,784 | 22.91 | 539,648 | 23.74 | 524,615 | 22.16 | 629,875 | 23.37 | 505,995 | 22.75 |
| TOTAL INCOME | 201,848 | 8.95 | 192,606 | 8.47 | 225,617 | 9.53 | 224,852 | 8.34 | 205,399 | 9.23 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 150,616 | 6.68 | 152,266 | 6.70 | 152,394 | 6.44 | 143,255 | 5.31 | 154,711 | 6.95 |
| Less Return on Capital (2) | 4,909 | 0.22 | 3,810 | 0.17 | 5,812 | 0.25 | 19,154 | 0.71 | 795 | 0.04 |
| NET PROFIT/LOSS | 46,323 | 2.05 | 36,530 | 1.61 | 67,411 | 2.85 | 62,443 | 2.32 | 49,893 | 2.24 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 1,500,344 | 66.96 | 1,481,011 | 65.42 | 1,598,451 | 68.05 | 1,729,788 | 64.68 | 1,494,149 | 67.54 |
| Other Sales | 740,303 | 33.04 | 782,762 | 34.58 | 750,472 | 31.95 | 944,614 | 35.32 | 718,076 | 32.46 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 76,616 | 3.40 | 76,618 | 3.37 | 97,932 | 4.14 | 124,886 | 4.63 | 81,251 | 3.65 |
| Other | 124,913 | 5.54 | 148,518 | 6.53 | 139,527 | 5.89 | 169,712 | 6.30 | 138,112 | 6.21 |
| STOCK CARRIED (Total) | 201,529 | 8.94 | 225,136 | 9.91 | 237,459 | 10.03 | 294,598 | 10.93 | 219,363 | 9.86 |
| STOCK TURN (On Total Inventory) | 7.86 | | 7.90 | | 7.95 | | 7.56 | | 8.05 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 19.58 | | 19.33 | | 16.32 | | 13.85 | | 18.39 | |
| Other | 5.93 | | 5.27 | | 5.38 | | 5.57 | | 5.20 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 155 | | 124 | | 169 | | 194 | | 123 | |
| PRESCRIPTIONS DISPENSED (Total) | 48,211 | | 47,512 | | 51,997 | | 55,294 | | 48,475 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 927 | | 914 | | 1,000 | | 1,063 | | 932 | |
| TOTAL HOURS OPEN per WEEK | 63 | | 66 | | 61 | | 62 | | 63 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 48 | | 48 | | 48 | | 47 | | 49 | |
| FUNDS RETAINED IN BUSINESS (3) | 16,814 | 0.75 | 6,418 | 0.28 | 15,109 | 0.64 | 66,219 | 2.46 | -5,255 | -0.24 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

SOUTH AUSTRALIA PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 12

| | State Averages South Australia | | Adelaide Metropolitan | | South Australia Country | | Group | | No Group | |
|---|-----------------------------------|---------------|--------------------------|---------------|----------------------------|---------------|------------------|--------------|------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | | | |
| SALES | 2,251,530 | | 1,939,948 | | 2,995,385 | | 2,668,448 | | 2,252,043 | |
| COST OF GOODS SOLD | 1,559,373 | 69.26 | 1,338,115 | 68.98 | 2,101,337 | 70.15 | 1,852,708 | 69.43 | 1,573,138 | 69.85 |
| GROSS MARGIN | 692,157 | 30.74 | 601,833 | 31.02 | 894,048 | 29.85 | 815,740 | 30.57 | 678,905 | 30.15 |
| Commissions Received | 18,590 | | 11,376 | | 35,653 | | 18,674 | | 25,788 | |
| GROSS MARGIN PLUS COMMISSIONS | 710,747 | | 613,209 | | 929,701 | | 834,414 | | 704,693 | |
| TOTAL REVENUE | 2,270,118 | 100.00 | 1,951,324 | 100.00 | 3,031,038 | 100.00 | 2,687,122 | 100.0 | 2,277,831 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 278,746 | 12.28 | 236,389 | 12.11 | 356,337 | 11.76 | 322,454 | 12.00 | 269,355 | 11.83 |
| Rent Paid | 70,601 | 3.11 | 70,964 | 3.64 | 66,029 | 2.18 | 98,360 | 3.66 | 45,950 | 2.02 |
| Outgoings - Rental & Rates | 3,168 | 0.14 | 3,633 | 0.19 | 2,610 | 0.09 | 4,221 | 0.16 | 2,340 | 0.10 |
| Accounting | 6,675 | 0.29 | 5,055 | 0.26 | 7,463 | 0.25 | 8,793 | 0.33 | 4,180 | 0.18 |
| Advertising | 12,564 | 0.55 | 8,291 | 0.42 | 16,390 | 0.54 | 12,740 | 0.47 | 11,558 | 0.51 |
| Bank Charges | 5,706 | 0.25 | 4,755 | 0.24 | 6,639 | 0.22 | 6,065 | 0.23 | 5,305 | 0.23 |
| Computer Expenses | 8,498 | 0.37 | 6,652 | 0.34 | 10,954 | 0.36 | 10,200 | 0.38 | 7,482 | 0.33 |
| Depreciation | 13,856 | 0.61 | 8,550 | 0.44 | 21,681 | 0.72 | 11,158 | 0.42 | 17,370 | 0.76 |
| Electricity, Water, Heating | 6,554 | 0.29 | 5,280 | 0.27 | 8,600 | 0.28 | 6,549 | 0.24 | 7,043 | 0.31 |
| Insurance | 8,551 | 0.38 | 7,850 | 0.40 | 10,480 | 0.35 | 8,910 | 0.33 | 9,205 | 0.40 |
| Interest Paid | 10,265 | 0.45 | 10,495 | 0.54 | 9,451 | 0.31 | 8,115 | 0.30 | 11,456 | 0.50 |
| Leasing Expenses | 5,713 | 0.25 | 4,346 | 0.22 | 6,318 | 0.21 | 8,887 | 0.33 | 2,497 | 0.11 |
| Motor Vehicle Expenses | 3,322 | 0.15 | 1,647 | 0.08 | 6,401 | 0.21 | 2,925 | 0.11 | 4,584 | 0.20 |
| Postage, Freight, Printing | 8,110 | 0.36 | 4,598 | 0.24 | 14,895 | 0.49 | 6,226 | 0.23 | 11,834 | 0.52 |
| Repairs, Maintenance, Service | 4,215 | 0.19 | 3,587 | 0.18 | 6,790 | 0.22 | 5,154 | 0.19 | 5,026 | 0.18 |
| Subs and Registrations | 12,171 | 0.54 | 9,698 | 0.50 | 14,942 | 0.49 | 12,917 | 0.48 | 11,554 | 0.51 |
| Superannuation | 25,740 | 1.13 | 19,918 | 1.02 | 35,289 | 1.16 | 31,535 | 1.17 | 23,693 | 1.04 |
| Telephone | 6,208 | 0.27 | 5,146 | 0.26 | 7,821 | 0.26 | 7,267 | 0.27 | 5,727 | 0.25 |
| Training | 2,162 | 0.10 | 1,126 | 0.06 | 3,580 | 0.12 | 2,487 | 0.09 | 2,105 | 0.09 |
| Abnormal Expenses | 24,880 | 1.10 | 24,836 | 1.27 | 18,589 | 0.61 | 44,973 | 1.67 | 4,292 | 0.19 |
| Payroll Tax | 5,860 | 0.26 | 4,888 | 0.25 | 10,739 | 0.35 | 10,408 | 0.39 | 5,485 | 0.24 |
| Workers' Compensation | 2,036 | 0.09 | 1,589 | 0.08 | 3,112 | 0.10 | 2,599 | 0.10 | 2,070 | 0.09 |
| Other Expenses | 11,808 | 0.52 | 8,753 | 0.45 | 18,135 | 0.60 | 5,922 | 0.22 | 18,644 | 0.82 |
| TOTAL EXPENSES | 537,406 | 23.67 | 458,045 | 23.47 | 663,244 | 21.88 | 638,865 | 23.78 | 488,758 | 21.46 |
| TOTAL INCOME | 173,341 | 7.64 | 155,164 | 7.95 | 266,457 | 8.79 | 195,549 | 7.28 | 215,935 | 9.48 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 93,924 0.85 | 4.14 | 99,001 0.86 | 5.07 | 99,179 0.94 | 3.27 | 71,559 0.72 | 2.66 | 120,133 1.03 | 5.27 |
| Less Return on Capital (2) | 22,011 | 0.97 | 12,383 | 0.63 | 42,782 | 1.41 | 27,236 | 1.01 | 25,759 | 1.13 |
| NET PROFIT/LOSS | 57,406 | 2.53 | 43,780 | 2.24 | 124,496 | 4.11 | 96,754 | 3.60 | 70,043 | 3.07 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 1,578,532 | 70.11 | 1,403,825 | 72.36 | 1,962,739 | 65.53 | 1,860,051 | 69.71 | 1,515,228 | 67.28 |
| Other Sales | 672,999 | 29.89 | 536,124 | 27.64 | 1,032,646 | 34.47 | 808,397 | 30.29 | 736,815 | 32.72 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 95,655 | 4.21 | 89,182 | 4.57 | 126,259 | 4.17 | 121,206 | 4.51 | 84,404 | 3.71 |
| Other | 96,728 | 4.26 | 58,531 | 3.00 | 154,274 | 5.09 | 67,718 | 2.52 | 156,451 | 6.87 |
| STOCK CARRIED (Total) | 192,383 | 8.47 | 147,713 | 7.57 | 280,533 | 9.26 | 188,924 | 7.03 | 240,855 | 10.57 |
| STOCK TURN (On Total Inventory) | 8.46 | | 10.04 | | 7.67 | | 10.70 | | 7.20 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 16.50 | | 15.74 | | 15.55 | | 15.35 | | 17.95 | |
| Other | 6.96 | | 9.16 | | 6.69 | | 11.94 | | 4.71 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 171 | | 141 | | 218 | | 185 | | 165 | |
| PRESCRIPTIONS DISPENSED (Total) | 52,052 | | 46,737 | | 66,793 | | 61,981 | | 51,596 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 1,001 | | 899 | | 1,284 | | 1,192 | | 992 | |
| TOTAL HOURS OPEN per WEEK | 63 | | 64 | | 59 | | 65 | | 59 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 32 | | 33 | | 36 | | 27 | | 39 | |
| FUNDS RETAINED IN BUSINESS (3) | 39,352 | 1.73 | 38,469 | 1.97 | 116,358 | 3.84 | 53,729 | 2.00 | 95,129 | 4.18 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

WESTERN AUSTRALIAN PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 13

| | State Averages Western Australia | | Perth Metropolitan | | Western Australian Country | | Group | | No Group | |
|---|-------------------------------------|---------------|-----------------------|---------------|-------------------------------|---------------|------------------|--------------|------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | | | |
| SALES | 2,033,298 | | 2,322,168 | | 2,006,889 | | 2,999,550 | | 1,750,573 | |
| COST OF GOODS SOLD | 1,342,829 | 66.04 | 1,522,889 | 65.58 | 1,342,990 | 66.92 | 1,921,127 | 64.05 | 1,189,572 | 67.95 |
| GROSS MARGIN | 690,469 | 33.96 | 799,279 | 34.42 | 663,899 | 33.08 | 1,078,423 | 35.95 | 561,001 | 32.05 |
| Commissions Received | 10,695 | | 11,868 | | 14,571 | | 21,568 | | 7,292 | |
| GROSS MARGIN PLUS COMMISSIONS | 701,164 | | 811,147 | | 678,470 | | 1,099,991 | | 568,293 | |
| TOTAL REVENUE | 2,043,994 | 100.00 | 2,334,036 | 100.00 | 2,021,461 | 100.00 | 3,021,118 | 100.0 | 1,757,865 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 205,807 | 10.07 | 238,252 | 10.21 | 195,927 | 9.69 | 321,608 | 10.65 | 166,150 | 9.45 |
| Rent Paid | 54,726 | 2.68 | 71,621 | 3.07 | 31,977 | 1.58 | 77,063 | 2.55 | 48,473 | 2.76 |
| Outgoings - Rental & Rates | 3,729 | 0.18 | 5,194 | 0.22 | 1,248 | 0.06 | 4,605 | 0.15 | 3,581 | 0.20 |
| Accounting | 5,047 | 0.25 | 4,778 | 0.20 | 7,463 | 0.37 | 7,615 | 0.25 | 4,387 | 0.25 |
| Advertising | 12,408 | 0.61 | 15,710 | 0.67 | 10,111 | 0.50 | 28,199 | 0.93 | 5,279 | 0.30 |
| Bank Charges | 5,145 | 0.25 | 6,899 | 0.30 | 4,517 | 0.22 | 7,774 | 0.26 | 5,173 | 0.29 |
| Computer Expenses | 8,315 | 0.41 | 6,183 | 0.26 | 9,944 | 0.49 | 8,802 | 0.29 | 6,463 | 0.37 |
| Depreciation | 9,510 | 0.47 | 12,012 | 0.51 | 7,961 | 0.39 | 13,400 | 0.44 | 9,138 | 0.52 |
| Electricity, Water, Heating | 4,253 | 0.21 | 5,685 | 0.24 | 4,501 | 0.22 | 7,811 | 0.26 | 3,794 | 0.22 |
| Insurance | 7,916 | 0.39 | 7,849 | 0.34 | 10,348 | 0.51 | 12,989 | 0.43 | 5,957 | 0.34 |
| Interest Paid | 12,384 | 0.61 | 12,165 | 0.52 | 19,217 | 0.95 | 16,412 | 0.54 | 13,096 | 0.74 |
| Leasing Expenses | 4,618 | 0.23 | 3,117 | 0.13 | 7,659 | 0.38 | 3,123 | 0.10 | 5,385 | 0.31 |
| Motor Vehicle Expenses | 3,185 | 0.16 | 2,128 | 0.09 | 5,869 | 0.29 | 4,473 | 0.15 | 2,566 | 0.15 |
| Postage, Freight, Printing | 6,102 | 0.30 | 5,034 | 0.22 | 7,315 | 0.36 | 8,605 | 0.28 | 3,993 | 0.23 |
| Repairs, Maintenance, Service | 1,861 | 0.09 | 2,400 | 0.10 | 1,717 | 0.08 | 4,060 | 0.13 | 1,044 | 0.25 |
| Subs and Registrations | 6,855 | 0.34 | 6,493 | 0.28 | 11,092 | 0.55 | 13,632 | 0.45 | 4,429 | 0.25 |
| Superannuation | 18,728 | 0.92 | 21,942 | 0.94 | 17,659 | 0.87 | 29,980 | 0.99 | 14,889 | 0.85 |
| Telephone | 4,799 | 0.23 | 5,724 | 0.25 | 4,909 | 0.24 | 8,314 | 0.28 | 3,734 | 0.21 |
| Training | 1,430 | 0.07 | 1,512 | 0.06 | 2,365 | 0.12 | 3,023 | 0.10 | 1,015 | 0.06 |
| Abnormal Expenses | 6,860 | 0.34 | 8,034 | 0.34 | 6,770 | 0.33 | 14,437 | 0.48 | 3,489 | 0.20 |
| Payroll Tax | 48 | 0.00 | 145 | 0.01 | 0 | 0.00 | 264 | 0.01 | 0 | 0.00 |
| Workers' Compensation | 1,409 | 0.07 | 1,761 | 0.08 | 1,242 | 0.06 | 2,461 | 0.08 | 1,074 | 0.06 |
| Other Expenses | 41,105 | 2.01 | 53,926 | 2.31 | 22,027 | 1.09 | 105,391 | 3.49 | 6,526 | 0.37 |
| TOTAL EXPENSES | 426,242 | 20.85 | 498,566 | 21.36 | 391,840 | 19.38 | 704,041 | 23.30 | 319,634 | 18.18 |
| TOTAL INCOME | 274,922 | 13.45 | 312,581 | 13.39 | 286,630 | 14.18 | 395,950 | 13.11 | 248,659 | 14.15 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 129,386 | 6.33 | 129,624 | 5.55 | 136,724 | 6.76 | 143,485 | 4.75 | 124,703 | 7.09 |
| Less Return on Capital (2) | 10,926 | 0.53 | 12,891 | 0.55 | 12,399 | 0.61 | 23,127 | 0.77 | 3,741 | 0.21 |
| NET PROFIT/LOSS | 134,610 | 6.59 | 170,066 | 7.29 | 137,507 | 6.80 | 229,338 | 7.59 | 120,215 | 6.84 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 1,370,428 | 67.40 | 1,503,412 | 64.74 | 1,378,685 | 68.70 | 1,936,425 | 64.56 | 1,176,430 | 67.20 |
| Other Sales | 662,869 | 32.60 | 818,756 | 35.26 | 628,204 | 31.30 | 1,063,124 | 35.44 | 574,144 | 32.80 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 60,245 | 2.95 | 63,304 | 2.71 | 66,479 | 3.29 | 95,656 | 3.17 | 48,716 | 2.77 |
| Other | 107,678 | 5.27 | 127,970 | 5.48 | 106,833 | 5.28 | 175,566 | 5.81 | 93,604 | 5.32 |
| STOCK CARRIED (Total) | 167,923 | 8.22 | 191,274 | 8.19 | 173,312 | 8.57 | 271,222 | 8.98 | 142,320 | 8.10 |
| STOCK TURN (On Total Inventory) | 8.29 | | 7.90 | | 9.01 | | 7.80 | | 8.61 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 22.75 | | 23.75 | | 20.74 | | 20.24 | | 24.15 | |
| Other | 6.16 | | 6.40 | | 5.88 | | 6.06 | | 6.13 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 126 | | 130 | | 133 | | 172 | | 105 | |
| PRESCRIPTIONS DISPENSED (Total) | 41,901 | | 44,346 | | 45,667 | | 59,626 | | 35,669 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 806 | | 853 | | 878 | | 1,147 | | 686 | |
| TOTAL HOURS OPEN per WEEK | 60 | | 66 | | 54 | | 73 | | 57 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 42 | | 42 | | 45 | | 48 | | 39 | |
| FUNDS RETAINED IN BUSINESS (3) | 63,746 | 3.12 | 43,707 | 1.87 | 134,640 | 6.66 | 132,923 | 4.40 | 26,119 | 1.49 |

(1) Notional Proprietors Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.
(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.
(3) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

TASMANIAN PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/05)

Table 14

| | State Averages Tasmania | | Hobart Metropolitan | | Tasmanian Country | | Group | | No Group | |
|---|----------------------------|---------------|------------------------|---------------|----------------------|---------------|------------------|--------------|------------------|---------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES, EXPENSES & PROFITABILITY | | | | | | | | | | |
| SALES | 2,335,790 | | 3,304,592 | | 2,213,596 | | 3,515,013 | | 2,096,695 | |
| COST OF GOODS SOLD | 1,612,168 | 69.02 | 2,238,533 | 67.74 | 1,547,609 | 69.91 | 2,452,545 | 69.77 | 1,428,713 | 68.14 |
| GROSS MARGIN | 723,622 | 30.98 | 1,066,059 | 32.26 | 665,987 | 30.09 | 1,062,468 | 30.23 | 667,982 | 31.86 |
| Commissions Received | 31,886 | | 45,708 | | 31,437 | | 34,675 | | 37,566 | |
| GROSS MARGIN PLUS COMMISSIONS | 755,508 | | 1,111,767 | | 697,424 | | 1,097,143 | | 705,548 | |
| TOTAL REVENUE | 2,367,676 | 100.00 | 3,350,300 | 100.00 | 2,245,032 | 100.00 | 3,549,688 | 100.0 | 2,134,261 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 242,384 | 10.24 | 398,662 | 11.90 | 235,984 | 10.51 | 421,105 | 11.86 | 223,516 | 10.47 |
| Rent Paid | 33,995 | 1.44 | 42,162 | 1.26 | 41,022 | 1.83 | 57,490 | 1.62 | 32,506 | 1.52 |
| Outgoings - Rental & Rates | 3,268 | 0.14 | 4,793 | 0.14 | 3,070 | 0.14 | 4,477 | 0.13 | 3,245 | 0.15 |
| Accounting | 9,436 | 0.40 | 8,627 | 0.26 | 13,061 | 0.58 | 11,206 | 0.32 | 11,628 | 0.54 |
| Advertising | 18,887 | 0.80 | 27,546 | 0.82 | 21,391 | 0.95 | 28,351 | 0.80 | 20,943 | 0.98 |
| Bank Charges | 7,112 | 0.30 | 10,473 | 0.31 | 5,983 | 0.27 | 7,159 | 0.20 | 7,825 | 0.37 |
| Computer Expenses | 6,225 | 0.26 | 5,340 | 0.16 | 6,420 | 0.29 | 11,416 | 0.32 | 3,045 | 0.14 |
| Depreciation | 13,673 | 0.58 | 17,091 | 0.51 | 15,478 | 0.69 | 19,098 | 0.54 | 14,363 | 0.67 |
| Electricity, Water, Heating | 4,234 | 0.18 | 5,518 | 0.16 | 4,331 | 0.19 | 6,169 | 0.17 | 3,970 | 0.19 |
| Insurance | 7,794 | 0.33 | 9,643 | 0.29 | 7,592 | 0.34 | 10,742 | 0.30 | 6,981 | 0.33 |
| Interest Paid | 25,994 | 1.10 | 36,184 | 1.08 | 23,312 | 1.04 | 13,252 | 0.37 | 36,052 | 1.69 |
| Leasing Expenses | 3,240 | 0.14 | 12,319 | 0.37 | 1,372 | 0.06 | 10,697 | 0.30 | 2,273 | 0.11 |
| Motor Vehicle Expenses | 6,421 | 0.27 | 9,139 | 0.27 | 2,861 | 0.13 | 6,568 | 0.19 | 4,289 | 0.20 |
| Postage, Freight, Printing | 9,895 | 0.42 | 11,164 | 0.33 | 11,676 | 0.52 | 13,837 | 0.39 | 10,191 | 0.48 |
| Repairs, Maintenance, Service | 2,731 | 0.12 | 2,819 | 0.08 | 2,561 | 0.11 | 4,560 | 0.13 | 1,594 | 0.54 |
| Subs and Registrations | 7,764 | 0.33 | 6,470 | 0.19 | 9,013 | 0.40 | 10,959 | 0.31 | 6,519 | 0.31 |
| Superannuation | 19,578 | 0.83 | 34,407 | 1.03 | 17,768 | 0.79 | 33,891 | 0.95 | 18,055 | 0.85 |
| Telephone | 5,643 | 0.24 | 7,980 | 0.24 | 5,359 | 0.24 | 7,741 | 0.22 | 5,492 | 0.26 |
| Training | 2,138 | 0.09 | 4,280 | 0.13 | 2,154 | 0.10 | 4,928 | 0.14 | 1,794 | 0.08 |
| Abnormal Expenses | 4,865 | 0.21 | 0 | 0.00 | 5,992 | 0.27 | 6,058 | 0.17 | 2,627 | 0.12 |
| Payroll Tax | 640 | 0.03 | 3,114 | 0.09 | 0 | 0.00 | 3,114 | 0.09 | 0 | 0.00 |
| Workers' Compensation | 3,030 | 0.13 | 4,459 | 0.13 | 3,051 | 0.14 | 4,600 | 0.13 | 2,972 | 0.14 |
| Other Expenses | 22,773 | 0.96 | 75,667 | 2.26 | 8,827 | 0.39 | 74,584 | 2.10 | 9,429 | 0.44 |
| TOTAL EXPENSES | 461,721 | 19.50 | 737,858 | 22.02 | 448,279 | 19.97 | 772,003 | 21.75 | 429,309 | 20.12 |
| TOTAL INCOME | 293,787 | 12.41 | 373,909 | 11.16 | 249,145 | 11.10 | 325,140 | 9.16 | 276,239 | 12.94 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 118,038 | 4.99 | 95,144 | 2.84 | 136,486 | 6.08 | 97,155 | 2.74 | 135,369 | 6.34 |
| Less Return on Capital (2) | 2,756 | 0.12 | 0 | 0.00 | 6,397 | 0.28 | 19,279 | 0.54 | 0 | 0.00 |
| NET PROFIT/LOSS | 172,993 | 7.31 | 278,765 | 8.44 | 106,262 | 4.73 | 208,706 | 5.88 | 140,870 | 6.91 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 1,609,569 | 68.91 | 2,370,082 | 71.72 | 1,488,471 | 67.24 | 2,405,787 | 68.44 | 1,468,635 | 70.05 |
| Other Sales | 726,221 | 31.09 | 934,509 | 28.28 | 725,125 | 32.76 | 1,109,226 | 31.56 | 628,060 | 29.95 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 69,958 | 2.95 | 95,015 | 2.84 | 76,971 | 3.43 | 150,814 | 4.25 | 63,606 | 2.98 |
| Other | 154,078 | 6.51 | 158,967 | 4.74 | 172,685 | 7.69 | 213,914 | 6.03 | 155,026 | 7.26 |
| STOCK CARRIED (Total) | 224,036 | 9.46 | 253,982 | 7.58 | 249,656 | 11.12 | 364,728 | 10.27 | 218,632 | 10.24 |
| STOCK TURN (On Total Inventory) | 7.73 | | 10.11 | | 7.71 | | 10.39 | | 7.42 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 23.01 | | 24.94 | | 19.34 | | 15.95 | | 23.09 | |
| Other | 4.71 | | 5.88 | | 4.20 | | 5.19 | | 4.05 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 168 | | 159 | | 165 | | 198 | | 134 | |
| PRESCRIPTIONS DISPENSED (Total) | 51,859 | | 73,059 | | 49,576 | | 77,058 | | 47,354 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 998 | | 1,405 | | 953 | | 1,482 | | 911 | |
| TOTAL HOURS OPEN per WEEK | 60 | | 67 | | 59 | | 60 | | 63 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 48 | | 41 | | 50 | | 35 | | 53 | |
| FUNDS RETAINED IN BUSINESS (3) | 62,308 | 2.63 | 50,816 | 1.52 | 44,336 | 1.97 | 59,869 | 1.69 | 35,291 | 1.65 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

SUMMARY OF MANAGER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/05)

Table 15

| | AUSTRALIA Manager Operated | | NEW SOUTH WALES | | VICTORIA | |
|--|-------------------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % |
| SALES | 2,163,857 | | 2,009,431 | | 1,852,113 | |
| COST OF GOODS SOLD | 1,476,680 | 68.24 | 1,374,554 | 68.41 | 1,297,580 | 70.06 |
| GROSS MARGIN | 687,177 | 31.76 | 634,877 | 31.59 | 554,533 | 29.94 |
| Commissions Received | 11,830 | | 6,798 | | 9,828 | |
| GROSS MARGIN PLUS COMMISSIONS | 699,007 | | 641,675 | | 564,361 | |
| TOTAL REVENUE | 2,175,687 | 100.00 | 2,016,229 | 100.00 | 1,861,940 | 100.00 |
| EXPENSES | | | | | | |
| Salaries and Wages | 275,249 | 12.65 | 238,021 | 11.81 | 211,628 | 11.37 |
| Rent Paid | 75,573 | 3.47 | 72,834 | 3.61 | 31,946 | 1.72 |
| Outgoings - Rental & Rates | 4,887 | 0.22 | 4,884 | 0.24 | 2,851 | 0.15 |
| Accounting | 6,677 | 0.31 | 7,264 | 0.36 | 4,062 | 0.22 |
| Advertising | 12,446 | 0.57 | 12,389 | 0.61 | 8,002 | 0.43 |
| Bank Charges | 6,659 | 0.31 | 6,436 | 0.32 | 5,023 | 0.27 |
| Computer Expenses | 6,566 | 0.30 | 4,669 | 0.23 | 3,959 | 0.21 |
| Depreciation | 10,359 | 0.48 | 7,026 | 0.35 | 4,280 | 0.23 |
| Electricity, Water, Heating | 5,819 | 0.27 | 4,331 | 0.21 | 4,195 | 0.23 |
| Insurance | 8,910 | 0.41 | 7,803 | 0.39 | 4,717 | 0.25 |
| Interest Paid | 16,790 | 0.77 | 18,269 | 0.91 | 22,645 | 1.22 |
| Leasing Expenses | 12,165 | 0.56 | 7,660 | 0.38 | 19,928 | 1.07 |
| Motor Vehicle Expenses | 1,935 | 0.09 | 2,455 | 0.12 | 3,487 | 0.19 |
| Postage, Freight, Printing | 7,041 | 0.32 | 5,380 | 0.27 | 5,940 | 0.32 |
| Repairs, Maintenance, Service | 3,997 | 0.18 | 2,809 | 0.14 | 4,653 | 0.25 |
| Subs and Registrations | 7,826 | 0.36 | 6,434 | 0.32 | 3,244 | 0.17 |
| Superannuation | 23,922 | 1.10 | 21,826 | 1.08 | 12,425 | 0.67 |
| Telephone | 6,104 | 0.28 | 4,272 | 0.21 | 4,067 | 0.22 |
| Training | 1,927 | 0.09 | 1,564 | 0.08 | 884 | 0.05 |
| Abnormal Expenses | 10,921 | 0.50 | 2,650 | 0.13 | 293 | 0.02 |
| Payroll Tax | 3,437 | 0.16 | 1,255 | 0.06 | 708 | 0.04 |
| Workers' Compensation | 2,922 | 0.13 | 5,871 | 0.29 | 1,036 | 0.06 |
| Other Expenses | 24,910 | 1.14 | 20,429 | 1.01 | 50,281 | 2.70 |
| TOTAL EXPENSES | 537,040 | 24.68 | 466,532 | 23.14 | 410,253 | 22.03 |
| TOTAL INCOME | 161,967 | 7.44 | 175,143 | 8.69 | 154,108 | 8.28 |
| Less Proprietors' Salary (1) | 35,989 | 1.65 | 46,214 | 2.29 | 80,916 | 4.35 |
| [Full-Time-Equivalents] | 0.34 | | 0.47 | | 0.70 | |
| Less Return on Capital (2) | 12,470 | 0.57 | 5,498 | 0.27 | 4,628 | 0.25 |
| NET PROFIT/LOSS | 113,508 | 5.22 | 123,431 | 6.12 | 68,564 | 3.68 |
| SALES ANALYSIS | | | | | | |
| Prescriptions | 1,443,061 | 66.69 | 1,413,918 | 70.36 | 1,427,055 | 77.05 |
| Other Sales | 720,796 | 33.31 | 595,513 | 29.64 | 425,058 | 22.95 |
| INVENTORY ANALYSIS | | | | | | |
| Prescription | 110,983 | 5.10 | 127,568 | 6.33 | 89,562 | 4.81 |
| Other | 128,478 | 5.91 | 143,248 | 7.10 | 117,842 | 6.33 |
| STOCK CARRIED (Total) | 239,461 | 11.01 | 270,816 | 13.43 | 207,404 | 11.14 |
| STOCK TURN (On Total Inventory) | 7.01 | | 8.00 | | 7.63 | |
| SALES PER INVENTORY DOLLAR | | | | | | |
| Prescription | 13.00 | | 11.08 | | 15.93 | |
| Other | 5.61 | | 4.16 | | 3.61 | |
| STATISTICS | | | | | | |
| PHARMACY SIZE (square metres) | 149 | | 121 | | 163 | |
| PRESCRIPTIONS DISPENSED (Total) | 46,382 | | 42,005 | | 42,627 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 892 | | 808 | | 820 | |
| TOTAL HOURS OPEN per WEEK | 62 | | 61 | | 54 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 13 | | 18 | | 27 | |
| FUNDS RETAINED IN BUSINESS (3) | -32,486 | -1.49 | -38,071 | -1.89 | -11,892 | -0.64 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

SUMMARY OF MANAGER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/05)

Table 15

| | QUEENSLAND | | SOUTH AUSTRALIA | | WESTERN AUSTRALIA | |
|--|------------------|---------------|------------------|---------------|-------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % |
| SALES | 1,966,329 | | 3,030,395 | | 2,090,855 | |
| COST OF GOODS SOLD | 1,295,194 | 65.87 | 2,132,875 | 70.38 | 1,377,099 | 65.86 |
| GROSS MARGIN | 671,135 | 34.13 | 897,520 | 29.62 | 713,756 | 34.14 |
| Commissions Received | 14,828 | | 12,839 | | 19,728 | |
| GROSS MARGIN PLUS COMMISSIONS | 685,963 | | 910,359 | | 733,484 | |
| TOTAL REVENUE | 1,981,157 | 100.00 | 3,043,233 | 100.00 | 2,110,583 | 100.00 |
| EXPENSES | | | | | | |
| Salaries and Wages | 259,664 | 13.11 | 421,743 | 13.86 | 290,233 | 13.75 |
| Rent Paid | 84,926 | 4.29 | 118,419 | 3.89 | 55,002 | 2.61 |
| Outgoings - Rental & Rates | 6,229 | 0.31 | 5,808 | 0.19 | 2,763 | 0.13 |
| Accounting | 3,664 | 0.18 | 9,605 | 0.32 | 7,185 | 0.34 |
| Advertising | 10,123 | 0.51 | 9,248 | 0.30 | 25,102 | 1.19 |
| Bank Charges | 7,633 | 0.39 | 7,142 | 0.23 | 6,214 | 0.29 |
| Computer Expenses | 8,174 | 0.41 | 8,432 | 0.28 | 6,875 | 0.33 |
| Depreciation | 15,703 | 0.79 | 12,554 | 0.41 | 10,402 | 0.49 |
| Electricity, Water, Heating | 6,368 | 0.32 | 9,070 | 0.30 | 6,238 | 0.30 |
| Insurance | 11,344 | 0.57 | 10,508 | 0.35 | 8,851 | 0.42 |
| Interest Paid | 18,433 | 0.93 | 5,793 | 0.19 | 17,358 | 0.82 |
| Leasing Expenses | 16,634 | 0.84 | 10,257 | 0.34 | 5,470 | 0.26 |
| Motor Vehicle Expenses | 1,919 | 0.10 | 603 | 0.02 | 0 | 0.00 |
| Postage, Freight, Printing | 6,642 | 0.34 | 10,949 | 0.36 | 5,723 | 0.27 |
| Repairs, Maintenance, Service | 3,316 | 0.17 | 7,643 | 0.25 | 3,359 | 0.16 |
| Subs and Registrations | 4,771 | 0.24 | 23,460 | 0.77 | 3,590 | 0.17 |
| Superannuation | 25,459 | 1.29 | 35,350 | 1.16 | 25,528 | 1.21 |
| Telephone | 8,348 | 0.42 | 7,274 | 0.24 | 5,931 | 0.28 |
| Training | 2,011 | 0.10 | 2,216 | 0.07 | 3,960 | 0.19 |
| Abnormal Expenses | 4,230 | 0.21 | 52,512 | 1.73 | 9,509 | 0.45 |
| Payroll Tax | 1,519 | 0.08 | 16,339 | 0.54 | 581 | 0.03 |
| Workers' Compensation | 1,041 | 0.05 | 2,604 | 0.09 | 2,294 | 0.11 |
| Other Expenses | 30,667 | 1.55 | 10,970 | 0.36 | 8,305 | 0.39 |
| TOTAL EXPENSES | 538,820 | 27.20 | 798,496 | 26.24 | 510,476 | 24.19 |
| TOTAL INCOME | 147,143 | 7.43 | 111,863 | 3.68 | 223,008 | 10.57 |
| Less Proprietors' Salary (1) | 32,584 | 1.64 | 0 | 0.00 | 5,590 | 0.26 |
| [Full-Time-Equivalents] | 0.27 | | 0.00 | | 0.11 | |
| Less Return on Capital (2) | 12,140 | 0.61 | 42,922 | 1.41 | 4,252 | 0.20 |
| NET PROFIT/LOSS | 102,419 | 5.17 | 68,941 | 2.27 | 213,166 | 10.10 |
| SALES ANALYSIS | | | | | | |
| Prescriptions | 1,177,755 | 59.90 | 1,913,765 | 63.15 | 1,337,613 | 63.97 |
| Other Sales | 788,574 | 40.10 | 1,116,629 | 36.85 | 753,242 | 36.03 |
| INVENTORY ANALYSIS | | | | | | |
| Prescription | 106,252 | 5.36 | 159,021 | 5.23 | 66,799 | 3.16 |
| Other | 154,747 | 7.81 | 104,481 | 3.43 | 106,040 | 5.02 |
| STOCK CARRIED (Total) | 260,999 | 13.17 | 263,502 | 8.66 | 172,839 | 8.19 |
| STOCK TURN (On Total Inventory) | 5.95 | | 8.71 | | 7.98 | |
| SALES PER INVENTORY DOLLAR | | | | | | |
| Prescription | 11.08 | | 12.03 | | 20.02 | |
| Other | 5.10 | | 10.69 | | 7.10 | |
| STATISTICS | | | | | | |
| PHARMACY SIZE (square metres) | 136 | | 221 | | 154 | |
| PRESCRIPTIONS DISPENSED (Total) | 38,126 | | 70,316 | | 43,793 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 733 | | 1,352 | | 842 | |
| TOTAL HOURS OPEN per WEEK | 59 | | 82 | | 65 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 10 | | 0 | | 4 | |
| FUNDS RETAINED IN BUSINESS (3) | -3,276 | -0.17 | 27,235 | 0.89 | 36,060 | 1.71 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

SUMMARY OF OWNER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/05)

Table 16

| | AUSTRALIA Owner Operated | | NEW SOUTH WALES | | VICTORIA | |
|--|-----------------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % |
| SALES | 2,257,326 | | 2,379,008 | | 2,347,119 | |
| COST OF GOODS SOLD | 1,555,500 | 68.91 | 1,647,707 | 69.26 | 1,629,266 | 69.42 |
| GROSS MARGIN | 701,826 | 31.09 | 731,301 | 30.74 | 717,853 | 30.58 |
| Commissions Received | 14,321 | | 12,299 | | 11,944 | |
| GROSS MARGIN PLUS COMMISSIONS | 716,147 | | 743,600 | | 729,797 | |
| TOTAL REVENUE | 2,271,647 | 100.00 | 2,391,307 | 100.00 | 2,359,063 | 100.00 |
| EXPENSES | | | | | | |
| Salaries and Wages | 230,784 | 10.16 | 241,841 | 10.11 | 234,738 | 9.95 |
| Rent Paid | 55,979 | 2.46 | 61,146 | 2.56 | 51,734 | 2.19 |
| Outgoings - Rental & Rates | 3,554 | 0.16 | 1,520 | 0.06 | 5,635 | 0.24 |
| Accounting | 5,631 | 0.25 | 6,525 | 0.27 | 5,661 | 0.24 |
| Advertising | 13,007 | 0.57 | 13,273 | 0.56 | 12,727 | 0.54 |
| Bank Charges | 5,753 | 0.25 | 5,375 | 0.22 | 7,172 | 0.30 |
| Computer Expenses | 6,619 | 0.29 | 6,502 | 0.27 | 6,390 | 0.27 |
| Depreciation | 12,582 | 0.55 | 11,913 | 0.50 | 14,113 | 0.60 |
| Electricity, Water, Heating | 4,909 | 0.22 | 4,308 | 0.18 | 5,256 | 0.22 |
| Insurance | 8,182 | 0.36 | 10,446 | 0.44 | 6,064 | 0.26 |
| Interest Paid | 19,162 | 0.84 | 24,203 | 1.01 | 20,189 | 0.86 |
| Leasing Expenses | 5,409 | 0.24 | 7,353 | 0.31 | 5,590 | 0.24 |
| Motor Vehicle Expenses | 5,458 | 0.24 | 6,311 | 0.26 | 4,988 | 0.21 |
| Postage, Freight, Printing | 8,151 | 0.36 | 7,857 | 0.33 | 10,350 | 0.44 |
| Repairs, Maintenance, Service | 3,326 | 0.15 | 3,482 | 0.15 | 3,528 | 0.15 |
| Subs and Registrations | 8,030 | 0.35 | 8,479 | 0.35 | 7,794 | 0.33 |
| Superannuation | 21,284 | 0.94 | 23,401 | 0.98 | 20,098 | 0.85 |
| Telephone | 5,122 | 0.23 | 4,961 | 0.21 | 5,514 | 0.23 |
| Training | 1,932 | 0.09 | 1,825 | 0.08 | 2,755 | 0.12 |
| Abnormal Expenses | 8,092 | 0.36 | 12,377 | 0.52 | 3,505 | 0.15 |
| Payroll Tax | 1,247 | 0.05 | 802 | 0.03 | 2,098 | 0.09 |
| Workers' Compensation | 3,669 | 0.16 | 5,971 | 0.25 | 3,962 | 0.17 |
| Other Expenses | 22,921 | 1.01 | 25,282 | 1.06 | 11,876 | 0.50 |
| TOTAL EXPENSES | 460,804 | 20.29 | 495,153 | 20.71 | 451,735 | 19.15 |
| TOTAL INCOME | 255,343 | 11.24 | 248,447 | 10.39 | 278,062 | 11.79 |
| Less Proprietors' Salary (1) | 144,403 | 6.36 | 137,028 | 5.73 | 148,471 | 6.29 |
| [Full-Time-Equivalents] | 1.29 | | 1.26 | | 1.31 | |
| Less Return on Capital (2) | 8,063 | 0.35 | 849 | 0.04 | 7,543 | 0.32 |
| NET PROFIT/LOSS | 102,877 | 4.53 | 110,570 | 4.62 | 122,048 | 5.17 |
| SALES ANALYSIS | | | | | | |
| Prescriptions | 1,599,933 | 70.88 | 1,706,681 | 71.74 | 1,698,987 | 72.39 |
| Other Sales | 657,394 | 29.12 | 672,326 | 28.26 | 648,132 | 27.61 |
| INVENTORY ANALYSIS | | | | | | |
| Prescription | 81,844 | 3.60 | 84,365 | 3.53 | 75,675 | 3.21 |
| Other | 111,227 | 4.90 | 108,481 | 4.54 | 117,498 | 4.98 |
| STOCK CARRIED (Total) | 193,071 | 8.50 | 192,846 | 8.06 | 193,173 | 8.19 |
| STOCK TURN (On Total Inventory) | 8.61 | | 9.55 | | 9.28 | |
| SALES PER INVENTORY DOLLAR | | | | | | |
| Prescription | 19.55 | | 20.23 | | 22.45 | |
| Other | 5.91 | | 6.20 | | 5.52 | |
| STATISTICS | | | | | | |
| PHARMACY SIZE (square metres) | 152 | | 149 | | 170 | |
| PRESCRIPTIONS DISPENSED (Total) | 48,859 | | 50,403 | | 51,404 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 940 | | 969 | | 989 | |
| TOTAL HOURS OPEN per WEEK | 57 | | 57 | | 54 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 49 | | 48 | | 50 | |
| FUNDS RETAINED IN BUSINESS (3) | 82,539 | 3.63 | 89,484 | 3.74 | 83,480 | 3.54 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

SUMMARY OF OWNER OPERATED PHARMACIES
(Based on 12 Months of Trading to 30/06/05)

Table 16

| | QUEENSLAND | | SOUTH AUSTRALIA | | WESTERN AUSTRALIA | | TASMANIA | |
|--|------------------|---------------|------------------|---------------|-------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 2,067,708 | | 2,224,824 | | 2,093,437 | | 2,216,681 | |
| COST OF GOODS SOLD | 1,423,119 | 68.83 | 1,543,398 | 69.37 | 1,372,443 | 65.56 | 1,523,077 | 68.71 |
| GROSS MARGIN | 644,589 | 31.17 | 681,426 | 30.63 | 720,994 | 34.44 | 693,604 | 31.29 |
| Commissions Received | 14,983 | | 26,344 | | 11,057 | | 26,013 | |
| GROSS MARGIN PLUS COMMISSIONS | 659,572 | | 707,770 | | 732,051 | | 719,617 | |
| TOTAL REVENUE | 2,082,691 | 100.00 | 2,251,168 | 100.00 | 2,104,493 | 100.00 | 2,242,694 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 219,781 | 10.55 | 243,706 | 10.83 | 194,121 | 9.22 | 240,055 | 10.70 |
| Rent Paid | 60,220 | 2.89 | 50,710 | 2.25 | 51,581 | 2.45 | 31,242 | 1.39 |
| Outgoings - Rental & Rates | 5,687 | 0.27 | 2,295 | 0.10 | 4,404 | 0.21 | 2,208 | 0.10 |
| Accounting | 4,717 | 0.23 | 4,880 | 0.22 | 5,311 | 0.25 | 4,298 | 0.19 |
| Advertising | 15,025 | 0.72 | 10,892 | 0.48 | 11,611 | 0.55 | 10,487 | 0.47 |
| Bank Charges | 5,800 | 0.28 | 5,078 | 0.23 | 5,006 | 0.24 | 5,136 | 0.23 |
| Computer Expenses | 6,111 | 0.29 | 8,842 | 0.39 | 7,418 | 0.35 | 5,638 | 0.25 |
| Depreciation | 13,268 | 0.64 | 14,763 | 0.66 | 9,365 | 0.45 | 11,466 | 0.51 |
| Electricity, Water, Heating | 5,753 | 0.28 | 5,841 | 0.26 | 4,542 | 0.22 | 3,820 | 0.17 |
| Insurance | 6,027 | 0.29 | 8,187 | 0.36 | 8,782 | 0.42 | 7,155 | 0.32 |
| Interest Paid | 16,592 | 0.80 | 10,016 | 0.44 | 13,763 | 0.65 | 11,308 | 0.50 |
| Leasing Expenses | 3,311 | 0.16 | 2,945 | 0.13 | 4,213 | 0.20 | 4,963 | 0.22 |
| Motor Vehicle Expenses | 5,246 | 0.25 | 4,649 | 0.21 | 4,119 | 0.20 | 5,790 | 0.26 |
| Postage, Freight, Printing | 7,295 | 0.35 | 8,914 | 0.40 | 5,716 | 0.27 | 8,122 | 0.36 |
| Repairs, Maintenance, Service | 3,289 | 0.16 | 4,163 | 0.18 | 1,956 | 0.09 | 2,642 | 0.12 |
| Subs and Registrations | 6,890 | 0.33 | 8,233 | 0.37 | 8,940 | 0.42 | 7,584 | 0.34 |
| Superannuation | 19,794 | 0.95 | 23,314 | 1.04 | 18,209 | 0.87 | 19,794 | 0.88 |
| Telephone | 4,726 | 0.23 | 6,036 | 0.27 | 5,202 | 0.25 | 4,812 | 0.21 |
| Training | 1,485 | 0.07 | 2,255 | 0.10 | 995 | 0.05 | 2,554 | 0.11 |
| Abnormal Expenses | 4,449 | 0.21 | 11,311 | 0.50 | 7,568 | 0.36 | 5,097 | 0.23 |
| Payroll Tax | 321 | 0.02 | 4,659 | 0.21 | 0 | 0.00 | 1,557 | 0.07 |
| Workers' Compensation | 919 | 0.04 | 2,293 | 0.10 | 1,354 | 0.06 | 2,630 | 0.12 |
| Other Expenses | 17,135 | 0.82 | 13,961 | 0.62 | 52,858 | 2.51 | 40,567 | 1.81 |
| TOTAL EXPENSES | 433,843 | 20.83 | 457,943 | 20.34 | 427,033 | 20.29 | 438,924 | 19.57 |
| TOTAL INCOME | 225,729 | 10.84 | 249,827 | 11.10 | 305,018 | 14.49 | 280,693 | 12.52 |
| Less Proprietors' Salary (1) | 158,788 | 7.62 | 132,921 | 5.90 | 155,812 | 7.40 | 106,601 | 4.75 |
| [Full-Time-Equivalents] | 1.35 | | 1.21 | | 1.31 | | 1.18 | |
| Less Return on Capital (2) | 12,182 | 0.58 | 24,394 | 1.08 | 13,355 | 0.63 | 12,487 | 0.56 |
| NET PROFIT/LOSS | 54,759 | 2.63 | 92,512 | 4.11 | 135,851 | 6.46 | 161,605 | 7.21 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 1,423,151 | 68.83 | 1,584,240 | 71.21 | 1,425,973 | 68.12 | 1,536,698 | 69.32 |
| Other Sales | 644,557 | 31.17 | 640,584 | 28.79 | 667,464 | 31.88 | 679,983 | 30.68 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 93,937 | 4.51 | 87,381 | 3.88 | 62,476 | 2.97 | 71,837 | 3.20 |
| Other | 118,254 | 5.68 | 102,749 | 4.56 | 100,893 | 4.79 | 104,017 | 4.64 |
| STOCK CARRIED (Total) | 212,191 | 10.19 | 190,130 | 8.45 | 163,369 | 7.76 | 175,854 | 7.84 |
| STOCK TURN (On Total Inventory) | 7.48 | | 8.40 | | 8.32 | | 9.37 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 15.15 | | 18.13 | | 22.82 | | 21.39 | |
| Other | 5.45 | | 6.23 | | 6.62 | | 6.54 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 147 | | 161 | | 126 | | 157 | |
| PRESCRIPTIONS DISPENSED (Total) | 45,753 | | 51,279 | | 43,105 | | 48,685 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 880 | | 986 | | 829 | | 936 | |
| TOTAL HOURS OPEN per WEEK | 58 | | 54 | | 61 | | 57 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 51 | | 46 | | 50 | | 45 | |
| FUNDS RETAINED IN BUSINESS (3) | 69,023 | 3.31 | 113,640 | 5.05 | 84,312 | 4.01 | 63,733 | 2.84 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED
(Based on 12 months trading to 30/6/05)

Table 17

STATE AVERAGES

| EMPLOYEES | NSW | VIC | QLD | SA | WA | TAS | AUST |
|----------------------------------|------------|------------|------------|-----------|-----------|------------|-------------|
| PROPRIETORS : | | | | | | | |
| Full Time | 0.9 | 0.9 | 0.8 | 0.7 | 1.0 | 0.8 | 0.9 |
| Part Time & Casual | 0.5 | 0.5 | 0.3 | 0.3 | 0.3 | 0.7 | 0.4 |
| Hours worked per week | 44.2 | 46.5 | 41.8 | 33.2 | 45.0 | 41.5 | 45.0 |
| MANAGERS : | | | | | | | |
| Full Time | 0.1 | 0.2 | 0.3 | 0.2 | 0.2 | 0.5 | 0.2 |
| Part Time & Casual | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Hours worked per week | 5.8 | 9.2 | 13.7 | 5.7 | 6.2 | 18.2 | 9.0 |
| PHARMACISTS IN CHARGE : | | | | | | | |
| Full Time | 0.3 | 0.1 | 0.3 | 0.4 | 0.5 | 0.1 | 0.3 |
| Part Time & Casual | 1.1 | 0.6 | 0.3 | 1.9 | 0.6 | 0.5 | 0.9 |
| Hours worked per week | 27.7 | 14.3 | 17.4 | 33.8 | 26.5 | 12.1 | 23.1 |
| OTHER QUALIFIED : | | | | | | | |
| Full Time | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.4 | 0.2 |
| Part Time & Casual | 0.3 | 0.7 | 0.4 | 0.1 | 1.4 | 0.9 | 0.5 |
| Hours worked per week | 12.5 | 17.7 | 11.6 | 10.1 | 12.1 | 27.3 | 14.2 |
| PHARMACY ASSISTANTS : | | | | | | | |
| Full Time | 0.8 | 0.6 | 0.8 | 0.7 | 0.6 | 1.1 | 0.7 |
| Part Time & Casual | 1.0 | 0.8 | 0.6 | 0.3 | 0.3 | 0.8 | 0.7 |
| Hours worked per week | 41.2 | 35.6 | 40.5 | 29.9 | 28.0 | 45.3 | 39.8 |
| SALES & OTHER STAFF : | | | | | | | |
| Full Time | 1.7 | 1.7 | 2.0 | 2.3 | 2.1 | 1.9 | 1.8 |
| Part Time & Casual | 4.4 | 4.7 | 3.2 | 2.8 | 3.6 | 4.6 | 4.0 |
| Hours worked per week | 125.7 | 132.9 | 126.7 | 135.9 | 133.1 | 129.7 | 132.5 |
| TOTAL STAFF : | | | | | | | |
| Full Time | 4.0 | 3.7 | 4.4 | 4.5 | 4.4 | 4.7 | 4.1 |
| Part Time & Casual | 7.4 | 7.4 | 4.8 | 5.4 | 6.2 | 7.6 | 6.5 |
| Hours worked per week | 257.1 | 256.3 | 251.7 | 248.6 | 250.9 | 274.1 | 260.6 |

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED
(Based on 12 months trading to 30/6/05)

Table 18

BY TURNOVER CATEGORY (\$)

| EMPLOYEES | UNDER 500,000 | 500,000 -1.0M | 1.0M -1.5M | 1.5M -2.0M | 2.0M -2.5M | 2.5M -3.0M | 3.0M -3.5M | OVER 3.5M |
|----------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| PROPRIETORS : | | | | | | | | |
| Full Time | 0.7 | 0.8 | 0.9 | 0.7 | 0.8 | 0.8 | 0.8 | 1.0 |
| Part Time & Casual | 0.0 | 0.2 | 0.3 | 0.7 | 0.5 | 0.3 | 0.4 | 0.5 |
| Hours worked per week | 33.3 | 36.9 | 44.5 | 43.0 | 42.8 | 43.3 | 41.2 | 49.0 |
| MANAGERS : | | | | | | | | |
| Full Time | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 | 0.2 | 0.1 | 0.4 |
| Part Time & Casual | 0.0 | 0.1 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Hours worked per week | 0.0 | 8.0 | 5.2 | 8.1 | 6.2 | 9.6 | 4.9 | 17.3 |
| PHARMACISTS IN CHARGE : | | | | | | | | |
| Full Time | 0.0 | 0.1 | 0.0 | 0.1 | 0.2 | 0.6 | 0.7 | 0.7 |
| Part Time & Casual | 0.3 | 0.3 | 1.0 | 0.8 | 1.0 | 0.9 | 1.2 | 1.0 |
| Hours worked per week | 25.0 | 9.0 | 8.2 | 14.5 | 23.4 | 31.9 | 47.8 | 46.1 |
| OTHER QUALIFIED : | | | | | | | | |
| Full Time | 0.0 | 0.1 | 0.1 | 0.0 | 0.2 | 0.5 | 0.2 | 0.5 |
| Part Time & Casual | 0.0 | 0.1 | 0.2 | 0.3 | 0.3 | 1.3 | 0.2 | 1.2 |
| Hours worked per week | 0.0 | 6.0 | 4.8 | 4.9 | 10.3 | 25.0 | 11.9 | 36.3 |
| PHARMACY ASSISTANTS : | | | | | | | | |
| Full Time | 0.0 | 0.2 | 0.4 | 0.4 | 1.5 | 0.7 | 0.9 | 1.3 |
| Part Time & Casual | 0.0 | 0.3 | 0.5 | 0.4 | 0.6 | 0.8 | 0.6 | 1.6 |
| Hours worked per week | 8.0 | 14.2 | 25.1 | 21.7 | 41.7 | 43.3 | 47.6 | 81.3 |
| SALES & OTHER STAFF : | | | | | | | | |
| Full Time | 0.0 | 0.5 | 0.8 | 1.1 | 2.2 | 2.7 | 3.1 | 3.9 |
| Part Time & Casual | 1.3 | 1.4 | 1.9 | 3.6 | 4.1 | 4.2 | 4.5 | 9.0 |
| Hours worked per week | 39.0 | 32.3 | 53.7 | 98.8 | 136.6 | 162.5 | 209.9 | 290.3 |
| TOTAL STAFF : | | | | | | | | |
| Full Time | 0.7 | 1.9 | 2.3 | 2.6 | 5.1 | 5.6 | 5.8 | 7.8 |
| Part Time & Casual | 1.7 | 2.4 | 4.0 | 6.1 | 6.5 | 7.6 | 6.8 | 13.5 |
| Hours worked per week | 105.3 | 106.4 | 141.5 | 191.0 | 260.9 | 315.6 | 363.5 | 520.4 |

AUSTRALIAN PHARMACIES – WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/05)

Table 19

| | Up to 200 | | 201 - 300 | | 301 - 400 | | 401 - 500 | |
|--|------------------|---------------|----------------|---------------|----------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 1,154,443 | | 678,933 | | 880,983 | | 1,127,153 | |
| COST OF GOODS SOLD | 791,445 | 68.56 | 467,278 | 68.83 | 612,859 | 69.57 | 764,528 | 67.83 |
| GROSS MARGIN | 362,998 | 31.44 | 211,655 | 31.17 | 268,124 | 30.43 | 362,625 | 32.17 |
| Commissions Received | 12,492 | | 12,009 | | 13,094 | | 8,233 | |
| GROSS MARGIN PLUS COMMISSIONS | 375,490 | | 223,664 | | 281,218 | | 370,858 | |
| TOTAL REVENUE | 1,166,935 | 100.00 | 690,942 | 100.00 | 894,077 | 100.00 | 1,135,386 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 101,383 | 8.69 | 73,440 | 10.63 | 94,057 | 10.52 | 115,947 | 10.21 |
| Rent Paid | 66,777 | 5.72 | 19,067 | 2.76 | 31,651 | 3.54 | 35,262 | 3.11 |
| Outgoings - Rental & Rates | 3,019 | 0.26 | 2,004 | 0.29 | 996 | 0.11 | 1,978 | 0.17 |
| Accounting | 2,409 | 0.21 | 2,445 | 0.35 | 3,674 | 0.41 | 6,397 | 0.56 |
| Advertising | 4,940 | 0.42 | 3,550 | 0.51 | 4,119 | 0.46 | 4,757 | 0.42 |
| Bank Charges | 2,533 | 0.22 | 2,777 | 0.40 | 2,986 | 0.33 | 5,320 | 0.47 |
| Computer Expenses | 2,741 | 0.23 | 3,900 | 0.56 | 4,043 | 0.45 | 4,831 | 0.43 |
| Depreciation | 4,123 | 0.35 | 2,969 | 0.43 | 7,409 | 0.83 | 7,536 | 0.66 |
| Electricity, Water, Heating | 2,548 | 0.22 | 2,325 | 0.34 | 2,459 | 0.28 | 2,988 | 0.26 |
| Insurance | 4,922 | 0.42 | 5,372 | 0.78 | 5,694 | 0.64 | 5,693 | 0.50 |
| Interest Paid | 4,813 | 0.41 | 9,344 | 1.35 | 5,905 | 0.66 | 13,898 | 1.22 |
| Leasing Expenses | 10,052 | 0.86 | 4,781 | 0.69 | 4,950 | 0.55 | 4,795 | 0.42 |
| Motor Vehicle Expenses | 1,294 | 0.11 | 3,820 | 0.55 | 5,408 | 0.60 | 4,673 | 0.41 |
| Postage, Freight, Printing | 3,446 | 0.30 | 2,138 | 0.31 | 3,225 | 0.36 | 4,168 | 0.37 |
| Repairs, Maintenance, Service | 1,218 | 0.10 | 1,587 | 0.23 | 1,986 | 0.22 | 2,007 | 0.18 |
| Subs and Registrations | 5,928 | 0.51 | 5,164 | 0.75 | 3,334 | 0.37 | 4,909 | 0.43 |
| Superannuation | 6,281 | 0.54 | 4,668 | 0.68 | 9,382 | 1.05 | 9,682 | 0.85 |
| Telephone | 2,338 | 0.20 | 2,546 | 0.37 | 3,425 | 0.38 | 3,584 | 0.32 |
| Training | 327 | 0.03 | 244 | 0.04 | 746 | 0.08 | 748 | 0.07 |
| Abnormal Expenses | 3,873 | 0.33 | 646 | 0.09 | 3,772 | 0.42 | 1,377 | 0.12 |
| Payroll Tax | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Workers' Compensation | 2,000 | 0.17 | 670 | 0.10 | 1,183 | 0.13 | 1,545 | 0.14 |
| Other Expenses | 7,889 | 0.68 | 1,778 | 0.26 | 23,707 | 2.65 | 9,846 | 0.87 |
| TOTAL EXPENSES | 244,855 | 20.98 | 155,237 | 22.47 | 224,110 | 25.07 | 251,941 | 22.19 |
| TOTAL INCOME | 130,635 | 11.19 | 68,427 | 9.90 | 57,108 | 6.39 | 118,917 | 10.47 |
| Less Proprietors' Salary (1) | 147,976 | 12.68 | 99,531 | 14.41 | 113,109 | 12.65 | 136,429 | 12.02 |
| [Full-Time-Equivalents] | 1.25 | | 1.02 | | 0.87 | | 1.16 | |
| Less Return on Capital (2) | 8,347 | 0.72 | 9,370 | 1.36 | 12,253 | 1.37 | 2,753 | 0.24 |
| NET PROFIT/LOSS | -25,688 | -2.20 | -40,474 | -5.86 | -68,254 | -7.63 | -20,265 | -1.78 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 711,077 | 61.59 | 427,684 | 62.99 | 614,375 | 69.74 | 786,075 | 69.74 |
| Other Sales | 443,366 | 38.41 | 251,250 | 37.01 | 266,608 | 30.26 | 341,078 | 30.26 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 33,325 | 2.86 | 26,994 | 3.91 | 45,079 | 5.04 | 54,635 | 4.81 |
| Other | 48,644 | 4.17 | 32,657 | 4.73 | 39,403 | 4.41 | 74,236 | 6.54 |
| STOCK CARRIED (Total) | 81,969 | 7.02 | 59,651 | 8.63 | 84,482 | 9.45 | 128,871 | 11.35 |
| STOCK TURN (On Total Inventory) | 8.03 | | 6.66 | | 6.87 | | 7.45 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 21.34 | | 15.84 | | 13.63 | | 14.39 | |
| Other | 9.11 | | 7.69 | | 6.77 | | 4.59 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 98 | | 79 | | 87 | | 91 | |
| PRESCRIPTIONS DISPENSED (Total) | 6,635 | | 13,911 | | 18,542 | | 23,576 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 128 | | 268 | | 357 | | 453 | |
| TOTAL HOURS OPEN per WEEK | 79 | | 50 | | 54 | | 50 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 48 | | 39 | | 33 | | 44 | |
| FUNDS RETAINED IN BUSINESS (3) | 16,043 | 1.37 | 30,705 | 4.44 | -27,506 | -3.08 | 23,672 | 2.08 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AUSTRALIAN PHARMACIES – WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/05)

Table 19

| | 501 - 600 | | 601 - 700 | | 701 - 800 | | 801 - 900 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 1,315,509 | | 1,574,722 | | 1,728,201 | | 2,171,233 | |
| COST OF GOODS SOLD | 903,139 | 68.65 | 1,100,802 | 69.90 | 1,204,496 | 69.70 | 1,465,716 | 67.51 |
| GROSS MARGIN | 412,370 | 31.35 | 473,920 | 30.10 | 523,705 | 30.30 | 705,517 | 32.49 |
| Commissions Received | 7,514 | | 10,483 | | 11,828 | | 11,146 | |
| GROSS MARGIN PLUS COMMISSIONS | 419,884 | | 484,403 | | 535,533 | | 716,663 | |
| TOTAL REVENUE | 1,323,023 | 100.00 | 1,585,205 | 100.00 | 1,740,029 | 100.00 | 2,182,378 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 128,183 | 9.69 | 165,740 | 10.46 | 173,751 | 9.99 | 230,706 | 10.57 |
| Rent Paid | 40,826 | 3.09 | 51,348 | 3.24 | 60,925 | 3.50 | 67,554 | 3.10 |
| Outgoings - Rental & Rates | 2,594 | 0.20 | 5,342 | 0.34 | 3,931 | 0.23 | 2,131 | 0.10 |
| Accounting | 4,095 | 0.31 | 6,882 | 0.43 | 8,358 | 0.48 | 7,192 | 0.33 |
| Advertising | 6,057 | 0.46 | 7,548 | 0.48 | 11,339 | 0.65 | 18,936 | 0.87 |
| Bank Charges | 3,350 | 0.25 | 5,901 | 0.37 | 5,071 | 0.29 | 6,961 | 0.32 |
| Computer Expenses | 4,639 | 0.35 | 4,832 | 0.30 | 6,392 | 0.37 | 5,330 | 0.24 |
| Depreciation | 6,472 | 0.49 | 12,836 | 0.81 | 12,289 | 0.71 | 13,552 | 0.62 |
| Electricity, Water, Heating | 3,542 | 0.27 | 4,348 | 0.27 | 3,683 | 0.21 | 5,318 | 0.24 |
| Insurance | 6,872 | 0.52 | 7,094 | 0.45 | 10,228 | 0.59 | 9,060 | 0.42 |
| Interest Paid | 11,012 | 0.83 | 18,842 | 1.19 | 30,121 | 1.73 | 27,284 | 1.25 |
| Leasing Expenses | 4,476 | 0.34 | 5,803 | 0.37 | 5,946 | 0.34 | 5,731 | 0.26 |
| Motor Vehicle Expenses | 2,811 | 0.21 | 3,587 | 0.23 | 4,417 | 0.25 | 5,198 | 0.24 |
| Postage, Freight, Printing | 4,347 | 0.33 | 5,478 | 0.35 | 6,094 | 0.35 | 7,496 | 0.34 |
| Repairs, Maintenance, Service | 1,503 | 0.11 | 2,265 | 0.14 | 3,138 | 0.18 | 4,081 | 0.19 |
| Subs and Registrations | 6,652 | 0.50 | 7,033 | 0.44 | 5,364 | 0.31 | 9,112 | 0.42 |
| Superannuation | 12,796 | 0.97 | 15,938 | 1.01 | 17,491 | 1.01 | 20,593 | 0.94 |
| Telephone | 3,277 | 0.25 | 4,154 | 0.26 | 4,727 | 0.27 | 5,629 | 0.26 |
| Training | 727 | 0.05 | 994 | 0.06 | 1,756 | 0.10 | 1,785 | 0.08 |
| Abnormal Expenses | 5,445 | 0.41 | 2,313 | 0.15 | 8,136 | 0.47 | 8,864 | 0.41 |
| Payroll Tax | 2 | 0.00 | 47 | 0.00 | 0 | 0.00 | 544 | 0.02 |
| Workers' Compensation | 1,984 | 0.15 | 1,955 | 0.12 | 2,606 | 0.15 | 2,921 | 0.13 |
| Other Expenses | 14,427 | 1.09 | 11,953 | 0.75 | 12,693 | 0.73 | 39,315 | 1.80 |
| TOTAL EXPENSES | 276,090 | 20.87 | 352,230 | 22.22 | 398,454 | 22.90 | 505,292 | 23.15 |
| TOTAL INCOME | 143,794 | 10.87 | 132,173 | 8.34 | 137,079 | 7.88 | 211,371 | 9.69 |
| Less Proprietors' Salary (1) | 117,656 | 8.89 | 124,266 | 7.84 | 137,165 | 7.88 | 139,505 | 6.39 |
| [Full-Time-Equivalents] | 1.10 | | 1.12 | | 1.19 | | 1.22 | |
| Less Return on Capital (2) | 6,634 | 0.50 | 7,868 | 0.50 | 0 | 0.00 | 489 | 0.02 |
| NET PROFIT/LOSS | 19,504 | 1.47 | 39 | 0.00 | -86 | 0.43 | 71,377 | 3.27 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 932,020 | 70.85 | 1,102,060 | 69.98 | 1,269,914 | 73.48 | 1,446,994 | 66.64 |
| Other Sales | 383,489 | 29.15 | 472,662 | 30.02 | 458,287 | 26.52 | 724,239 | 33.36 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 55,547 | 4.20 | 62,821 | 3.96 | 58,383 | 3.36 | 72,536 | 3.32 |
| Other | 65,840 | 4.98 | 88,854 | 5.61 | 92,401 | 5.31 | 105,440 | 4.83 |
| STOCK CARRIED (Total) | 121,387 | 9.17 | 151,675 | 9.57 | 150,784 | 8.67 | 177,976 | 8.16 |
| STOCK TURN (On Total Inventory) | 7.89 | | 7.74 | | 8.37 | | 8.08 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 16.78 | | 17.54 | | 21.75 | | 19.95 | |
| Other | 5.82 | | 5.32 | | 4.96 | | 6.87 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 99 | | 135 | | 127 | | 146 | |
| PRESCRIPTIONS DISPENSED (Total) | 28,779 | | 33,899 | | 38,810 | | 44,528 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 553 | | 652 | | 746 | | 856 | |
| TOTAL HOURS OPEN per WEEK | 56 | | 56 | | 55 | | 65 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 42 | | 43 | | 45 | | 46 | |
| FUNDS RETAINED IN BUSINESS (3) | 27,666 | 2.09 | 16,444 | 1.04 | -17,359 | -1.00 | 63,276 | 2.90 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AUSTRALIAN PHARMACIES – WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/05)

Table 19

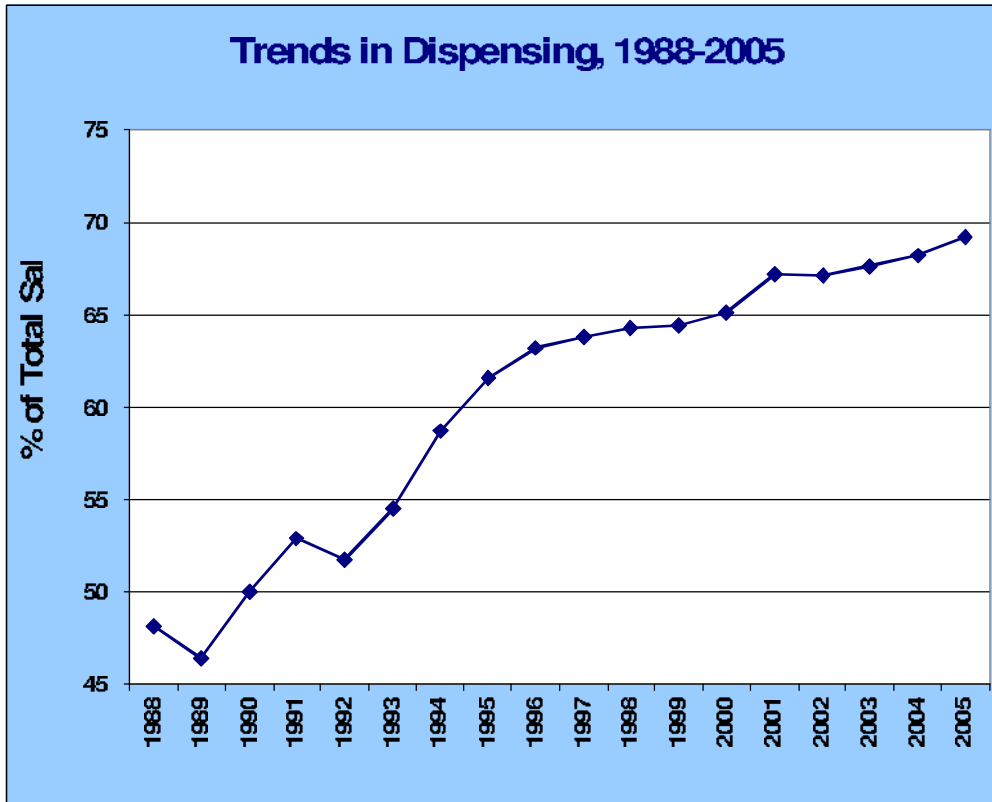
| | 901 – 1,000 | | 1,000 – 1,100 | | 1,100 – 1,200 | | OVER 1,200 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 2,321,837 | | 2,623,253 | | 2,702,216 | | 4,269,959 | |
| COST OF GOODS SOLD | 1,627,322 | 70.09 | 1,826,717 | 69.64 | 1,843,857 | 68.23 | 2,961,912 | 69.37 |
| GROSS MARGIN | 694,515 | 29.91 | 796,536 | 30.36 | 858,359 | 31.77 | 1,308,047 | 30.63 |
| Commissions Received | 11,386 | | 19,311 | | 13,527 | | 24,081 | |
| GROSS MARGIN PLUS COMMISSIONS | 705,901 | | 815,847 | | 871,886 | | 1,332,128 | |
| TOTAL REVENUE | 2,333,223 | 100.00 | 2,642,564 | 100.00 | 2,715,744 | 100.00 | 4,294,040 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 267,354 | 11.46 | 298,332 | 11.29 | 295,469 | 10.88 | 478,155 | 11.14 |
| Rent Paid | 79,176 | 3.39 | 75,180 | 2.84 | 82,042 | 3.02 | 128,226 | 2.99 |
| Outgoings - Rental & Rates | 567 | 0.02 | 6,916 | 0.26 | 1,840 | 0.07 | 6,887 | 0.16 |
| Accounting | 5,179 | 0.22 | 9,021 | 0.34 | 9,616 | 0.35 | 12,490 | 0.29 |
| Advertising | 18,197 | 0.78 | 25,843 | 0.98 | 19,359 | 0.71 | 32,024 | 0.75 |
| Bank Charges | 5,304 | 0.23 | 8,570 | 0.32 | 7,552 | 0.28 | 12,697 | 0.30 |
| Computer Expenses | 4,695 | 0.20 | 7,246 | 0.27 | 8,066 | 0.30 | 7,550 | 0.18 |
| Depreciation | 9,793 | 0.42 | 18,566 | 0.70 | 19,545 | 0.72 | 23,717 | 0.55 |
| Electricity, Water, Heating | 6,796 | 0.29 | 6,728 | 0.25 | 6,610 | 0.24 | 9,544 | 0.22 |
| Insurance | 9,781 | 0.42 | 9,044 | 0.34 | 8,771 | 0.32 | 12,481 | 0.29 |
| Interest Paid | 18,782 | 0.80 | 27,469 | 1.04 | 35,263 | 1.30 | 46,187 | 1.08 |
| Leasing Expenses | 8,526 | 0.37 | 2,374 | 0.09 | 6,008 | 0.22 | 10,002 | 0.23 |
| Motor Vehicle Expenses | 4,711 | 0.20 | 4,169 | 0.16 | 7,978 | 0.29 | 5,192 | 0.12 |
| Postage, Freight, Printing | 9,048 | 0.39 | 11,052 | 0.42 | 9,176 | 0.34 | 16,187 | 0.38 |
| Repairs, Maintenance, Service | 3,484 | 0.15 | 2,594 | 0.10 | 3,531 | 0.13 | 6,237 | 0.15 |
| Subs and Registrations | 4,514 | 0.19 | 6,683 | 0.25 | 10,615 | 0.39 | 12,974 | 0.30 |
| Superannuation | 23,383 | 1.00 | 25,872 | 0.98 | 27,191 | 1.00 | 43,714 | 1.02 |
| Telephone | 5,007 | 0.21 | 6,527 | 0.25 | 6,494 | 0.24 | 9,356 | 0.22 |
| Training | 1,463 | 0.06 | 2,469 | 0.09 | 3,418 | 0.13 | 4,488 | 0.10 |
| Abnormal Expenses | 4,386 | 0.19 | 7,767 | 0.29 | 7,557 | 0.28 | 10,729 | 0.25 |
| Payroll Tax | 663 | 0.03 | 1,900 | 0.07 | 673 | 0.02 | 6,235 | 0.15 |
| Workers' Compensation | 4,273 | 0.18 | 8,329 | 0.32 | 3,822 | 0.14 | 6,521 | 0.15 |
| Other Expenses | 21,777 | 0.93 | 25,874 | 0.98 | 13,988 | 0.52 | 35,924 | 0.84 |
| TOTAL EXPENSES | 516,857 | 22.15 | 598,524 | 22.65 | 594,585 | 21.89 | 937,515 | 21.83 |
| TOTAL INCOME | 189,044 | 8.10 | 217,323 | 8.22 | 277,301 | 10.21 | 394,613 | 9.19 |
| Less Proprietors' Salary (1) | 154,652 | 6.63 | 133,954 | 5.07 | 165,080 | 6.08 | 167,131 | 3.89 |
| [Full-Time-Equivalents] | 1.36 | | 1.17 | | 1.38 | | 1.42 | |
| Less Return on Capital (2) | 18,835 | 0.81 | 5,017 | 0.19 | 0 | 0.00 | 4,152 | 0.10 |
| NET PROFIT/LOSS | 15,557 | 0.67 | 78,352 | 2.96 | 112,221 | 4.26 | 223,330 | 5.20 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 1,596,224 | 68.75 | 1,791,049 | 68.28 | 1,919,105 | 71.02 | 2,984,837 | 69.90 |
| Other Sales | 725,613 | 31.25 | 832,204 | 31.72 | 783,111 | 28.98 | 1,285,122 | 30.10 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 148,710 | 6.37 | 69,915 | 2.65 | 83,994 | 3.09 | 124,444 | 2.90 |
| Other | 101,445 | 4.35 | 165,227 | 6.25 | 151,849 | 5.59 | 197,848 | 4.61 |
| STOCK CARRIED (Total) | 250,155 | 10.72 | 235,142 | 8.90 | 235,843 | 8.68 | 322,292 | 7.51 |
| STOCK TURN (On Total Inventory) | 6.86 | | 8.31 | | 8.25 | | 9.43 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 10.73 | | 25.62 | | 22.85 | | 23.99 | |
| Other | 7.15 | | 5.04 | | 5.16 | | 6.50 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 238 | | 153 | | 175 | | 243 | |
| PRESCRIPTIONS DISPENSED (Total) | 49,486 | | 54,648 | | 59,632 | | 92,212 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 952 | | 1,051 | | 1,147 | | 1,773 | |
| TOTAL HOURS OPEN per WEEK | 54 | | 62 | | 65 | | 69 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 52 | | 44 | | 52 | | 54 | |
| FUNDS RETAINED IN BUSINESS (3) | -82,653 | -3.54 | 26,480 | 1.00 | 76,269 | 2.81 | 93,212 | 2.17 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

Chart 5



AUSTRALIAN PHARMACIES – PERCENTAGE PRESCRIPTION/TOTAL SALES
(Based on 12 Months of Trading to 30/06/05)

Table 20

| | Less Than 50% | | 50 - 60% | | 60 - 70% | | 70 - 80% | | 80% or More | |
|---|------------------|---------------|------------------|---------------|------------------|---------------|------------------|--------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 2,622,548 | | 2,678,843 | | 2,942,175 | | 2,489,339 | | 1,709,579 | |
| COST OF GOODS SOLD | 1,726,354 | 65.83 | 1,838,307 | 68.62 | 2,014,425 | 68.47 | 1,735,627 | 69.72 | 1,201,484 | 70.28 |
| GROSS MARGIN | 896,194 | 34.17 | 840,536 | 31.38 | 927,750 | 31.53 | 753,712 | 30.28 | 508,095 | 29.72 |
| Commissions Received | 11,497 | | 19,643 | | 19,421 | | 15,976 | | 7,175 | |
| GROSS MARGIN PLUS COMMISSIONS | 907,691 | | 860,179 | | 947,171 | | 769,688 | | 515,270 | |
| TOTAL REVENUE | 2,634,045 | 100.00 | 2,698,486 | 100.00 | 2,961,596 | 100.00 | 2,505,315 | 100.0 | 1,716,754 | 100.00 |
| EXPENSES | | | | | | | | | | |
| Salaries and Wages | 333,368 | 12.66 | 287,935 | 10.67 | 344,809 | 11.64 | 260,450 | 10.40 | 166,617 | 9.71 |
| Rent Paid | 139,107 | 5.28 | 100,031 | 3.71 | 103,712 | 3.50 | 66,156 | 2.64 | 32,717 | 1.91 |
| Outgoings - Rental & Rates | 11,970 | 0.45 | 4,636 | 0.17 | 5,152 | 0.17 | 3,645 | 0.15 | 1,391 | 0.08 |
| Accounting | 7,542 | 0.29 | 6,624 | 0.25 | 9,559 | 0.32 | 9,268 | 0.37 | 6,168 | 0.36 |
| Advertising | 25,261 | 0.96 | 17,541 | 0.65 | 28,061 | 0.95 | 15,485 | 0.62 | 7,746 | 0.45 |
| Bank Charges | 9,818 | 0.37 | 9,138 | 0.34 | 9,977 | 0.34 | 6,841 | 0.27 | 4,686 | 0.27 |
| Computer Expenses | 4,098 | 0.16 | 6,765 | 0.25 | 6,003 | 0.20 | 6,397 | 0.26 | 5,472 | 0.32 |
| Depreciation | 18,837 | 0.72 | 19,214 | 0.71 | 18,542 | 0.63 | 13,860 | 0.55 | 8,912 | 0.52 |
| Electricity, Water, Heating | 7,620 | 0.29 | 7,293 | 0.27 | 8,030 | 0.27 | 5,380 | 0.21 | 3,088 | 0.18 |
| Insurance | 11,977 | 0.45 | 9,921 | 0.37 | 9,376 | 0.32 | 9,225 | 0.37 | 7,439 | 0.43 |
| Interest Paid | 30,344 | 1.15 | 27,251 | 1.01 | 39,147 | 1.32 | 25,211 | 1.01 | 19,064 | 1.11 |
| Leasing Expenses | 8,963 | 0.34 | 8,543 | 0.32 | 10,233 | 0.35 | 5,004 | 0.20 | 4,078 | 0.24 |
| Motor Vehicle Expenses | 3,801 | 0.14 | 3,724 | 0.14 | 3,841 | 0.13 | 5,023 | 0.20 | 5,914 | 0.34 |
| Postage, Freight, Printing | 10,240 | 0.39 | 9,311 | 0.35 | 11,210 | 0.38 | 9,402 | 0.38 | 5,708 | 0.33 |
| Repairs, Maintenance, Service | 3,343 | 0.13 | 5,138 | 0.19 | 3,766 | 0.13 | 3,692 | 0.15 | 2,801 | 0.36 |
| Subs and Registrations | 8,123 | 0.31 | 9,438 | 0.35 | 8,638 | 0.29 | 8,314 | 0.33 | 8,056 | 0.47 |
| Superannuation | 27,911 | 1.06 | 26,890 | 1.00 | 32,311 | 1.09 | 22,777 | 0.91 | 16,340 | 0.95 |
| Telephone | 6,374 | 0.24 | 7,366 | 0.27 | 7,198 | 0.24 | 5,717 | 0.23 | 3,964 | 0.23 |
| Training | 2,753 | 0.10 | 2,427 | 0.09 | 3,022 | 0.10 | 2,325 | 0.09 | 1,320 | 0.08 |
| Abnormal Expenses | 4,181 | 0.16 | 11,729 | 0.43 | 7,337 | 0.25 | 7,334 | 0.29 | 3,733 | 0.22 |
| Payroll Tax | 1,984 | 0.08 | 3,225 | 0.12 | 4,080 | 0.14 | 1,135 | 0.05 | 738 | 0.04 |
| Workers' Compensation | 3,748 | 0.14 | 5,587 | 0.21 | 4,292 | 0.14 | 3,951 | 0.16 | 2,482 | 0.14 |
| Other Expenses | 54,719 | 2.08 | 25,656 | 0.95 | 31,556 | 1.07 | 19,454 | 0.78 | 11,551 | 0.67 |
| TOTAL EXPENSES | 736,080 | 27.94 | 615,382 | 22.80 | 709,852 | 23.97 | 516,047 | 20.60 | 329,988 | 19.22 |
| TOTAL INCOME | 171,611 | 6.52 | 244,797 | 9.07 | 237,319 | 8.01 | 253,641 | 10.12 | 185,282 | 10.79 |
| Less Proprietors' Salary (1) [Full-Time-Equivalents] | 118,098 | 4.48 | 139,626 | 5.17 | 152,143 | 5.14 | 144,353 | 5.76 | 140,665 | 8.19 |
| | 1.06 | | 1.22 | | 1.32 | | 1.24 | | 1.22 | |
| Less Return on Capital (2) | 13,549 | 0.51 | 12,575 | 0.47 | 0 | 0.00 | 5,463 | 0.22 | 2,831 | 0.16 |
| NET PROFIT/LOSS | 39,964 | 1.52 | 92,596 | 3.43 | 85,176 | 2.98 | 103,825 | 4.14 | 41,786 | 2.43 |
| SALES ANALYSIS | | | | | | | | | | |
| Prescriptions | 1,156,417 | 44.10 | 1,528,895 | 57.07 | 1,939,324 | 65.91 | 1,872,664 | 75.23 | 1,450,468 | 84.84 |
| Other Sales | 1,466,132 | 55.90 | 1,149,948 | 42.93 | 1,002,851 | 34.09 | 616,676 | 24.77 | 259,111 | 15.16 |
| INVENTORY ANALYSIS | | | | | | | | | | |
| Prescription | 127,048 | 4.82 | 92,575 | 3.43 | 93,929 | 3.17 | 90,941 | 3.63 | 63,892 | 3.72 |
| Other | 280,850 | 10.66 | 205,099 | 7.60 | 168,557 | 5.69 | 119,598 | 4.77 | 59,563 | 3.47 |
| STOCK CARRIED (Total) | 407,898 | 15.49 | 297,674 | 11.03 | 262,486 | 8.86 | 210,539 | 8.40 | 123,455 | 7.19 |
| STOCK TURN (On Total Inventory) | 4.99 | | 7.93 | | 8.15 | | 9.20 | | 10.73 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | | | |
| Prescription | 9.10 | | 16.52 | | 20.65 | | 20.59 | | 22.70 | |
| Other | 5.22 | | 5.61 | | 5.95 | | 5.16 | | 4.35 | |
| STATISTICS | | | | | | | | | | |
| PHARMACY SIZE (square metres) | 157 | | 174 | | 201 | | 158 | | 103 | |
| PRESCRIPTIONS DISPENSED (Total) | 39,044 | | 50,776 | | 58,616 | | 57,150 | | 44,030 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 751 | | 976 | | 1,127 | | 1,099 | | 847 | |
| TOTAL HOURS OPEN per WEEK | 74 | | 62 | | 65 | | 60 | | 53 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 40 | | 47 | | 50 | | 47 | | 46 | |
| FUNDS RETAINED IN BUSINESS (3) | 1,634 | 0.06 | 85,835 | 3.18 | 34,464 | 1.16 | 31,677 | 1.26 | 24,610 | 1.43 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AUSTRALIAN PHARMACIES – WEEKLY HOURS OPEN
(Based on 12 Months of Trading to 30/06/05)

Table 21

| | Less Than 50 | | 50 - 70 | | 70 - 84 | | 84 or More | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY | \$ | % | \$ | % | \$ | % | \$ | % |
| SALES | 1,565,028 | | 2,371,417 | | 3,649,676 | | 3,175,206 | |
| COST OF GOODS SOLD | 1,088,150 | 69.53 | 1,636,810 | 69.02 | 2,520,212 | 69.05 | 2,181,109 | 68.69 |
| GROSS MARGIN | 476,878 | 30.47 | 734,607 | 30.98 | 1,129,464 | 30.95 | 994,097 | 31.31 |
| Commissions Received | 16,693 | | 11,948 | | 21,124 | | 17,409 | |
| GROSS MARGIN PLUS COMMISSIONS | 493,571 | | 746,555 | | 1,150,588 | | 1,011,506 | |
| TOTAL REVENUE | 1,581,720 | 100.00 | 2,383,365 | 100.00 | 3,670,800 | 100.00 | 3,192,615 | 100.00 |
| EXPENSES | | | | | | | | |
| Salaries and Wages | 149,738 | 9.47 | 249,666 | 10.48 | 428,339 | 11.67 | 405,614 | 12.70 |
| Rent Paid | 26,803 | 1.69 | 76,131 | 3.19 | 138,484 | 3.77 | 92,398 | 2.89 |
| Outgoings - Rental & Rates | 1,351 | 0.09 | 3,903 | 0.16 | 8,415 | 0.23 | 4,655 | 0.15 |
| Accounting | 5,276 | 0.33 | 7,720 | 0.32 | 13,734 | 0.37 | 8,359 | 0.26 |
| Advertising | 6,488 | 0.41 | 15,869 | 0.67 | 39,048 | 1.06 | 15,097 | 0.47 |
| Bank Charges | 3,869 | 0.24 | 7,266 | 0.30 | 12,994 | 0.35 | 9,059 | 0.28 |
| Computer Expenses | 6,577 | 0.42 | 6,058 | 0.25 | 4,395 | 0.12 | 7,767 | 0.24 |
| Depreciation | 7,076 | 0.45 | 14,990 | 0.63 | 25,062 | 0.68 | 14,987 | 0.47 |
| Electricity, Water, Heating | 3,481 | 0.22 | 5,297 | 0.22 | 9,340 | 0.25 | 9,792 | 0.31 |
| Insurance | 7,004 | 0.44 | 9,220 | 0.39 | 10,188 | 0.28 | 13,029 | 0.41 |
| Interest Paid | 14,597 | 0.92 | 29,183 | 1.22 | 44,158 | 1.20 | 20,906 | 0.65 |
| Leasing Expenses | 4,406 | 0.28 | 7,361 | 0.31 | 8,512 | 0.23 | 5,383 | 0.17 |
| Motor Vehicle Expenses | 5,471 | 0.35 | 4,822 | 0.20 | 3,701 | 0.10 | 3,684 | 0.12 |
| Postage, Freight, Printing | 6,884 | 0.44 | 8,672 | 0.36 | 13,157 | 0.36 | 9,212 | 0.29 |
| Repairs, Maintenance, Service | 2,964 | 0.19 | 3,442 | 0.14 | 4,337 | 0.12 | 6,185 | 0.19 |
| Subs and Registrations | 7,312 | 0.46 | 8,425 | 0.35 | 9,057 | 0.25 | 11,221 | 0.35 |
| Superannuation | 14,393 | 0.91 | 22,612 | 0.95 | 39,298 | 1.07 | 35,476 | 1.11 |
| Telephone | 3,856 | 0.24 | 5,650 | 0.24 | 8,459 | 0.23 | 8,811 | 0.28 |
| Training | 1,703 | 0.11 | 1,855 | 0.08 | 4,523 | 0.12 | 2,221 | 0.07 |
| Abnormal Expenses | 5,910 | 0.37 | 6,680 | 0.28 | 2,074 | 0.06 | 24,230 | 0.76 |
| Payroll Tax | 893 | 0.06 | 1,557 | 0.07 | 4,095 | 0.11 | 4,661 | 0.15 |
| Workers' Compensation | 1,959 | 0.12 | 4,250 | 0.18 | 5,275 | 0.14 | 4,577 | 0.14 |
| Other Expenses | 11,951 | 0.76 | 27,717 | 1.16 | 23,305 | 0.63 | 32,125 | 1.01 |
| TOTAL EXPENSES | 299,961 | 18.96 | 528,345 | 22.17 | 859,951 | 23.43 | 749,449 | 23.47 |
| TOTAL INCOME | 193,610 | 12.24 | 218,210 | 9.16 | 290,637 | 7.92 | 262,057 | 8.21 |
| Less Proprietors' Salary (1) | 119,090 | 7.53 | 147,450 | 6.19 | 175,114 | 4.77 | 114,881 | 3.60 |
| [Full-Time-Equivalents] | 1.07 | | 1.28 | | 1.47 | | 0.99 | |
| Less Return on Capital (2) | 9,513 | 0.60 | 2,280 | 0.10 | 0 | 0.00 | 17,144 | 0.54 |
| NET PROFIT/LOSS | 65,007 | 4.11 | 68,480 | 2.87 | 115,523 | 3.23 | 130,032 | 4.07 |
| SALES ANALYSIS | | | | | | | | |
| Prescriptions | 1,178,988 | 75.33 | 1,673,344 | 70.56 | 2,388,312 | 65.44 | 2,120,879 | 66.80 |
| Other Sales | 386,040 | 24.67 | 698,073 | 29.44 | 1,261,363 | 34.56 | 1,054,327 | 33.20 |
| INVENTORY ANALYSIS | | | | | | | | |
| Prescription | 61,701 | 3.90 | 82,144 | 3.45 | 110,446 | 3.01 | 131,067 | 4.11 |
| Other | 76,577 | 4.84 | 117,109 | 4.91 | 208,047 | 5.67 | 173,925 | 5.45 |
| STOCK CARRIED (Total) | 138,278 | 8.74 | 199,253 | 8.36 | 318,493 | 8.68 | 304,992 | 9.55 |
| STOCK TURN (On Total Inventory) | 8.17 | | 8.82 | | 8.45 | | 8.63 | |
| SALES PER INVENTORY DOLLAR | | | | | | | | |
| Prescription | 19.11 | | 20.37 | | 21.62 | | 16.18 | |
| Other | 5.04 | | 5.96 | | 6.06 | | 6.06 | |
| STATISTICS | | | | | | | | |
| PHARMACY SIZE (square metres) | 126 | | 159 | | 179 | | 214 | |
| PRESCRIPTIONS DISPENSED (Total) | 36,575 | | 50,656 | | 74,774 | | 67,962 | |
| PRESCRIPTIONS DISPENSED WEEKLY | 703 | | 974 | | 1,438 | | 1,307 | |
| TOTAL HOURS OPEN per WEEK | 46 | | 57 | | 78 | | 94 | |
| AV HRS WORKED BY PROPRIETORS/WEEK | 40 | | 49 | | 56 | | 38 | |
| FUNDS RETAINED IN BUSINESS (3) | 56,421 | 3.57 | 38,372 | 1.61 | 10,124 | 0.28 | -135 | 0.00 |

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

(2) Return on Capital Employed is based on an opportunity interest rate of 5.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AUSTRALIAN PHARMACIES – BALANCE SHEET 2004-05

Table 22

| | 30 June 2004 (427 Pharmacies) | | 30 June 2005 (415 Pharmacies) | | Amount and % of Change | |
|-----------------------|----------------------------------|--------|----------------------------------|--------|---------------------------|-------|
| | \$ | % | \$ | % | \$ | % |
| Assets | 491,816 | 22.25 | 545,854 | 23.24 | 54,038 | 10.99 |
| Liabilities | 616,646 | 27.89 | 713,656 | 30.39 | 97,010 | 15.73 |
| Net Worth | -124,830 | -5.65 | -167,802 | -7.14 | -42,972 | 34.42 |
| Total Revenue | 2,210,665 | 100.00 | 2,348,591 | 100.00 | 137,926 | 6.24 |
| Trading Profit | 226,465 | 10.24 | 217,353 | 9.25 | -9,112 | -4.02 |

**AUSTRALIAN PHARMACIES – BALANCE SHEET 2004-05
BY TURNOVER GROUP**

Table 23

| | Under \$500,000 | | \$500,000 - \$1.0M | | \$1.0M - \$1.5M | | \$1.5M - \$2.0M | |
|-----------------------|------------------------|----------|-------------------------------|----------|----------------------------|----------|----------------------------|----------|
| | \$ | % | \$ | % | \$ | % | \$ | % |
| Assets | 67,703 | 15.8 | 278,769 | 34.0 | 338,407 | 27.2 | 365,567 | 21.1 |
| Liabilities | 175,243 | 40.9 | 227,805 | 27.8 | 416,632 | 33.5 | 543,061 | 31.3 |
| Net Worth | -107,540 | -25.1 | 50,964 | 6.2 | -78,226 | -6.3 | -177,494 | -10.2 |
| Total Revenue | 428,589 | 100.0 | 819,994 | 100.0 | 1,244,503 | 100.0 | 1,732,309 | 100.0 |
| Trading Profit | 44,819 | 10.5 | 63,774 | 7.8 | 115,467 | 9.3 | 166,903 | 9.6 |

| | \$2.0M - \$2.5M | | \$2.5M - \$3.0M | | \$3.0M - \$3.5M | | OVER \$3.5M | |
|-----------------------|----------------------------|----------|----------------------------|----------|----------------------------|----------|------------------------|----------|
| | \$ | % | \$ | % | \$ | % | \$ | % |
| Assets | 556,574 | 24.9 | 619,488 | 22.8 | 683,138 | 21.0 | 1,040,819 | 21.8 |
| Liabilities | 756,268 | 33.8 | 742,987 | 27.4 | 898,466 | 27.6 | 1,454,341 | 30.5 |
| Net Worth | -199,695 | -8.9 | -123,498 | -4.5 | -215,327 | -6.6 | -413,523 | -8.7 |
| Total Revenue | 2,235,626 | 100.0 | 2,714,892 | 100.0 | 3,251,396 | 100.0 | 4,774,872 | 100.0 |
| Trading Profit | 191,067 | 8.5 | 207,264 | 7.6 | 291,831 | 9.0 | 386,866 | 8.1 |

TABLE 24

BENEFIT PRESCRIPTION STATISTICS, STATES AND TERRITORIES - 2004/2005

| Benefit prescriptions | NSW | VIC | QLD | SA | WA | TAS | NT | ACT | AUSTRALIA |
|--|-----------|-----------|-----------|---------|---------|---------|--------|--------|-----------|
| | (\$'000) | | | | | | | | |
| COMMONWEALTH GOVERNMENT | | | | | | | | | |
| PAYMENTS ON BENEFIT PRESCRIPTIONS | | | | | | | | | |
| General | 287,981 | 211,710 | 161,555 | 66,844 | 81,915 | 17,208 | 5,228 | 18,250 | 850,691 |
| Concessional | 1,136,602 | 835,008 | 619,923 | 282,149 | 286,403 | 89,725 | 11,578 | 38,314 | 3,299,702 |
| Safety Net (a) | 416,269 | 282,430 | 214,422 | 96,020 | 90,069 | 33,670 | 2,033 | 10,584 | 1,145,497 |
| TOTAL (b) | 1,840,852 | 1,329,148 | 995,900 | 445,013 | 458,387 | 140,603 | 18,839 | 67,148 | 5,295,890 |
| PATIENT CONTRIBUTION | | | | | | | | | |
| ON BENEFIT PRESCRIPTIONS | | | | | | | | | |
| General | 194,854 | 142,408 | 108,780 | 42,219 | 55,912 | 12,282 | 3,820 | 12,689 | 572,963 |
| Concessional | 159,754 | 118,510 | 88,227 | 40,323 | 41,012 | 13,423 | 1,559 | 4,864 | 467,674 |
| TOTAL (b) | 354,608 | 260,918 | 197,007 | 82,542 | 96,924 | 25,705 | 5,379 | 17,553 | 1,040,637 |
| TOTAL BENEFIT | | | | | | | | | |
| PRESCRIPTION COST | | | | | | | | | |
| | 2,195,460 | 1,590,066 | 1,192,907 | 527,555 | 555,311 | 166,308 | 24,218 | 84,701 | 6,336,527 |
| DISSECTION OF COSTS (c) | | | | | | | | | |
| Cost of Ingredients and containers | 1,750,729 | 1,266,600 | 950,296 | 419,827 | 442,837 | 131,192 | 19,566 | 68,829 | 5,049,877 |
| Suppliers' remuneration | 444,731 | 323,466 | 242,611 | 107,728 | 112,474 | 35,116 | 4,652 | 15,872 | 1,286,650 |
| Total | 2,195,460 | 1,590,066 | 1,192,907 | 527,555 | 555,311 | 166,308 | 24,218 | 84,701 | 6,336,527 |
| BENEFIT PRESCRIPTIONS ('000) | | | | | | | | | |
| General | 7,546 | 5,515 | 4,215 | 1,634 | 2,168 | 475 | 149 | 492 | 22,194 |
| Concessional | 38,102 | 28,269 | 21,068 | 9,611 | 9,804 | 3,190 | 377 | 1,166 | 111,588 |
| Safety Net (a) | 12,965 | 8,982 | 6,787 | 3,038 | 2,850 | 1,104 | 62 | 307 | 36,095 |
| Total (b) | 58,613 | 42,766 | 32,070 | 14,283 | 14,822 | 4,769 | 588 | 1,965 | 169,877 |
| AVERAGE TOTAL COST PER PRESCRIPTION | | | | | | | | | |
| General | 63.99 | 64.21 | 64.14 | 66.75 | 63.57 | 62.08 | 60.72 | 62.88 | 64.15 |
| Concessional | 34.02 | 33.73 | 33.61 | 33.55 | 33.40 | 32.33 | 34.85 | 37.03 | 33.76 |
| Safety Net (a) | 32.11 | 31.44 | 31.59 | 31.61 | 31.60 | 30.50 | 32.79 | 34.48 | 31.74 |
| Total | 37.46 | 37.18 | 37.20 | 36.94 | 37.47 | 34.87 | 41.19 | 43.10 | 37.30 |

(a) Safety Net figures include payments made for PBS prescriptions dispensed for holders of Pharmaceutical Benefits Entitlement Cards (Safety Net Cards).

(b) As per Department of Health and Ageing statistics on payments to approved persons.

(c) Estimate only. Actual dissection of costs by State was not prepared for 2004/05

Source: Commonwealth Department of Health and Ageing.

TABLE 25

COST OF PHARMACEUTICAL BENEFITS, 1998-99 TO 2004-05

(\$'000)

| Year ending June 30: | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| COMMONWEALTH GOVERNMENT | | | | | | | |
| PAYMENTS ON BENEFIT PRESCRIPTIONS (a) | | | | | | | |
| General | 469,041 | 521,014 | 662,096 | 691,204 | 750,544 | 824,131 | 850,691 |
| Safety Net | 106,618 | 107,013 | 128,174 | 148,499 | 169,805 | 190,683 | 222,668 |
| Concessional (b) | 1,739,535 | 2,000,633 | 2,359,645 | 2,569,368 | 2,747,330 | 2,972,332 | 3,077,034 |
| Concessional Safety Net | 467,079 | 547,829 | 660,301 | 778,412 | 907,524 | 1,004,523 | 1,145,497 |
| TOTAL COMMONWEALTH PAYMENTS | 2,782,273 | 3,176,489 | 3,810,216 | 4,187,483 | 4,575,203 | 4,991,669 | 5,295,890 |
| PATIENT CONTRIBUTIONS | | | | | | | |
| General Benefit Prescriptions | 318,219 | 345,585 | 392,430 | 426,973 | 470,555 | 524,763 | 572,963 |
| Concessional Benefit Prescriptions | 283,118 | 306,182 | 351,732 | 379,074 | 389,188 | 413,053 | 467,674 |
| TOTAL PATIENT CONTRIBUTIONS | 601,333 | 651,768 | 744,162 | 806,048 | 859,744 | 937,816 | 1,040,637 |
| Total cost of benefit prescriptions (including patients' contributions) | 3,383,606 | 3,828,256 | 4,554,378 | 4,993,531 | 5,434,947 | 5,929,485 | 6,336,527 |
| Commonwealth Government payments through miscellaneous services | 287,468 | 311,727 | 347,902 | 396,387 | 477,352 | 570,500 | 669,100 |
| Total cost of pharmaceutical benefits | 3,671,078 | 4,139,983 | 4,902,280 | 5,389,918 | 5,912,299 | 6,499,985 | 7,005,627 |
| Total Commonwealth Government payments | 3,069,741 | 3,488,216 | 4,186,000 | 4,583,870 | 5,052,555 | 5,562,169 | 5,964,990 |

(a) Sourced from PBS claims processing at HIC and Department of Health and Ageing

(b) Prescriptions supplied to persons eligible to receive Concessional pharmaceutical benefits.

TABLE 26

PHARMACEUTICAL BENEFITS YEAR ENDED 30 JUNE 2005

ANALYSIS OF PAYMENTS MADE TO APPROVED CHEMISTS, DOCTORS AND PRIVATE HOSPITALS FOR PRESCRIPTION BENEFITS (INCLUDING PATIENTS' CONTRIBUTIONS)

| State | Ingredient and container cost | Suppliers' Remuneration | Total Cost |
|--------------|----------------------------------|----------------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) |
| NSW | 1,750,729 | 444,731 | 2,195,460 |
| VIC | 1,266,600 | 323,466 | 1,590,066 |
| QLD | 950,296 | 242,611 | 1,192,907 |
| SA | 419,827 | 107,728 | 527,555 |
| WA | 442,837 | 112,474 | 555,311 |
| TAS | 131,192 | 35,116 | 166,308 |
| NT | 19,566 | 4,652 | 24,218 |
| ACT | 68,829 | 15,872 | 84,701 |
| TOTAL | 5,049,877 | 1,286,649 | 6,336,526 |

- NOTE: (1) Estimated dissection between ingredient costs and remuneration by State.
 (2) Includes mark-up on wholesale price and professional fees but does not include discounts allowed to pharmacists by wholesalers and manufacturers.
 (3) All figures relate only to prescriptions which have been subsidised by the Government through the Pharmaceutical Benefits Scheme. Non PBS prescriptions are not included.

TABLE 27

REPATRIATION PHARMACEUTICAL BENEFITS

| Year | Cost \$ | Number of prescriptions | Average cost per prescription \$ | % Change |
|---------|-------------|----------------------------|---|-------------|
| 1971/72 | 19,046,307 | 6,629,477 | 2.87 | |
| 1972/73 | 20,016,887 | 6,518,103 | 3.07 | 6.89% |
| 1973/74 | 21,121,909 | 6,357,947 | 3.32 | 8.18% |
| 1974/75 | 22,761,634 | 6,538,902 | 3.48 | 4.78% |
| 1975/76 | 29,991,915 | 7,089,899 | 4.23 | 21.52% |
| 1976/77 | 31,253,962 | 7,786,899 | 4.01 | -5.12% |
| 1977/78 | 33,427,821 | 7,662,328 | 4.36 | 8.69% |
| 1978/79 | 35,553,066 | 7,484,528 | 4.75 | 8.88% |
| 1979/80 | 38,984,952 | 8,116,373 | 4.80 | 1.12% |
| 1980/81 | 44,921,391 | 8,997,730 | 4.99 | 3.94% |
| 1981/82 | 54,851,219 | 9,661,876 | 5.68 | 13.71% |
| 1982/83 | 61,029,969 | 9,816,044 | 6.22 | 9.52% |
| 1983/84 | 66,087,396 | 10,585,324 | 6.24 | 0.42% |
| 1984/85 | 77,089,793 | 11,248,654 | 6.85 | 9.77% |
| 1985/86 | 86,507,716 | 11,515,486 | 7.51 | 9.62% |
| 1986/87 | 94,829,444 | 11,153,714 | 8.50 | 13.18% |
| 1987/88 | 85,725,923 | 9,008,826 | 9.52 | 11.92% |
| 1988/89 | 80,879,482 | 7,914,298 | 10.22 | 7.39% |
| 1989/90 | 83,684,977 | 7,593,329 | 11.02 | 7.84% |
| 1990/91 | 86,043,778 | 7,224,499 | 11.91 | 8.07% |
| 1991/92 | 92,947,647 | 6,654,306 | 13.97 | 17.28% |
| 1992/93 | 92,202,894 | 5,876,127 | 15.69 | 12.34% |
| 1993/94 | 98,671,107 | 5,686,939 | 17.35 | 10.58% |
| 1994/95 | 104,193,758 | 5,449,513 | 19.12 | 10.20% |
| 1995/96 | 122,888,989 | 6,515,884 | 18.86 | -1.36% |
| 1996/97 | 197,146,559 | 9,208,882 | 21.41 | 13.51% |
| 1997/98 | 204,715,632 | 9,928,485 | 20.62 | -3.69% |
| 1998/99 | 229,869,461 | 10,690,911 | 21.50 | 4.28% |
| 1999/00 | 272,323,263 | 12,045,595 | 22.61 | 5.15% |
| 2000/01 | 325,142,363 | 13,099,032 | 24.82 | 9.79% |
| 2001/02 | 371,279,280 | 14,243,945 | 26.07 | 5.01% |
| 2002/03 | 425,885,375 | 15,362,564 | 27.72 | 6.36% |
| 2003/04 | 456,299,564 | 15,627,475 | 29.20 | 5.33% |
| 2004/05 | 465,740,225 | 15,734,655 | 29.60 | 1.37% |
| 2005/06 | 455,134,031 | 15,167,849 | 30.01 | 1.37% |

SOURCE: Commonwealth Department of Veterans' Affairs.

TABLE 28

**PHARMACEUTICAL BENEFITS
PRESCRIPTIONS AND DERIVED STATISTICS FOR THE YEAR ENDED 30 JUNE 2005**

| State | Number of Prescriptions | | | Average Cost Per Prescription | | | | |
|--------------|-------------------------|----------------------------|---------------------------------|-------------------------------|-------------|----------------------------------|---------------------------------------|-------------------------------------|
| | Total | For General Patients | For Concessional Patients | For Safety Net Patients | Total \$ | For General Patients \$ | For Concessional Patients \$ | For Safety Net Patients \$ |
| NSW | 58,612,737 | 7,546,226 | 38,101,650 | 12,964,861 | 37.46 | 63.99 | 34.02 | 32.11 |
| VIC | 42,766,141 | 5,514,985 | 28,269,159 | 8,981,997 | 37.18 | 64.21 | 33.73 | 31.44 |
| QLD | 32,070,184 | 4,215,389 | 21,068,127 | 6,786,668 | 37.20 | 64.14 | 33.61 | 31.59 |
| SA | 14,283,055 | 1,634,300 | 9,610,669 | 3,038,086 | 36.94 | 66.75 | 33.55 | 31.61 |
| WA | 14,822,026 | 2,168,102 | 9,804,134 | 2,849,790 | 37.47 | 63.57 | 33.40 | 31.60 |
| TAS | 4,769,403 | 475,188 | 3,189,741 | 1,104,474 | 34.87 | 62.08 | 32.33 | 30.50 |
| NT | 588,185 | 148,646 | 377,059 | 62,480 | 41.19 | 60.72 | 34.85 | 32.79 |
| ACT | 1,965,279 | 491,615 | 1,166,709 | 306,955 | 43.10 | 62.88 | 37.03 | 34.48 |
| TOTAL | 169,877,010 | 22,194,451 | 111,587,248 | 36,095,311 | 37.30 | 64.15 | 33.76 | 31.74 |

Note: Concessional figures include Pensioner prescriptions which attract the co-payment.

TABLE 29

**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 |
| 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 | | 5.15 | 10 ~ | 7.19 |

* 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.

TABLE 30

CHANGES IN THE LEVEL OF PATIENT CONTRIBUTION

| Date of Change | Amount general | Percentage of average cost of a "general" benefit | Amount concessional | Percentage of average cost of a "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 % |

TABLE 31

P B S REMUNERATION PER PRESCRIPTION

| Year | Average Price per prescription \$ | Mark-up* \$ | Average professional fee \$ | Total remuneration * \$ | Remuneration as % of Ave. Price | Annual Volume of prescriptions (⁰⁰⁰) |
|---------|---|----------------|-----------------------------------|-------------------------------|---------------------------------------|---|
| 1970/71 | 2.21 | 0.48 | 0.34 | 0.82 | 37.10 | 71,487 |
| 1971/72 | 2.46 | 0.51 | 0.38 | 0.89 | 36.18 | 72,442 |
| 1972/73 | 2.64 | 0.56 | 0.47 | 1.01 | 38.26 | 74,676 |
| 1973/74 | 2.78 | 0.53 | 0.65 | 1.18 | 42.45 | 87,288 |
| 1974/75 | 2.99 | 0.54 | 0.83 | 1.37 | 45.82 | 97,674 |
| 1975/76 | 3.28 | 0.60 | 0.88 | 1.48 | 45.12 | 101,117 |
| 1976/77 | 3.71 | 0.66 | 1.04 | 1.70 | 45.82 | 89,705 |
| 1977/78 | 3.93 | 0.66 | 1.22 | 1.88 | 47.84 | 93,167 |
| 1978/79 | 4.16 | 0.59 ** | 1.35 | 1.94 | 46.63 | 92,963 |
| 1979/80 | 4.38 | 0.62 | 1.36 | 1.98 | 45.21 | 89,075 |
| 1980/81 | 4.53 4.65 @ | 0.66 | 1.30 1.42 @ | 1.96 2.08 @ | 43.27 | 94,397 |
| 1981/82 | 5.08 | 0.68 | 1.62 | 2.30 | 45.28 | 103,574 |
| 1982/83 | 5.61 | 0.77 | 1.77 | 2.54 | 45.28 | 105,540 |
| 1983/84 | 5.96 | 0.79 | 1.90 | 2.69 | 45.13 | 108,385 |
| 1984/85 | 6.32 | 0.80 | 2.14 | 2.94 | 46.52 | 120,829 |
| 1985/86 | 7.01 | 0.94 | 2.33 | 3.27 | 46.65 | 119,842 |
| 1986/87 | 8.79 @@ | 1.26 | 2.48 | 3.74 | 42.55 | 102,762 |
| 1987/88 | 10.37 @@ | 1.57 | 2.53 | 4.10 | 39.54 | 100,901 |
| 1988/89 | 11.51 @@ | 1.78 | 2.64 | 4.42 | 38.40 | 100,586 |
| 1989/90 | 12.54 @@ | 1.99 | 2.57 | 4.56 | 36.40 | 104,979 |
| 1990/91 | 13.82 @@ | 1.84 | 2.84 | 4.68 | 33.86 | 96,300 |
| 1991/92 | 15.46 @@ | 1.10 ** | 3.43 | 4.53 | 29.30 | 94,121 |
| 1992/93 | 16.78 @@ | 1.20 | 3.60 | 4.79 | 28.55 | 105,953 |
| 1993/94 | 18.18 @@ | 1.31 | 3.85 | 5.16 | 28.38 | 115,041 |
| 1994/95 | 19.71 @@ | 1.43 | 4.06 | 5.49 | 27.85 | 118,046 |
| 1995/96 | 21.49 @@ | 1.57 | 4.27 | 5.84 | 27.18 | 124,205 |
| 1996/97 | 23.19 @@ | 1.72 | 4.29 | 6.01 | 25.92 | 123,434 |
| 1997/98 | 24.88 @@ | 1.87 | 4.34 | 6.21 | 24.96 | 124,483 |
| 1998/99 | 26.38 @@ | 1.95 | 4.34 | 6.29 | 23.84 | 128,348 |
| 1999/00 | 27.82 @@ | 2.07 | 4.39 | 6.46 | 23.23 | 137,585 |
| 2000/01 | 30.86 @@ | 2.34 | 4.44 | 6.78 | 21.96 | 147,571 |
| 2001/02 | 32.32 @@ | 2.46 | 4.53 | 6.99 | 21.62 | 154,530 |
| 2002/03 | 34.28 @@ | 2.62 | 4.62 | 7.24 | 21.13 | 158,548 |
| 2003/04 | 35.84 @@ | 2.68 | 4.66 | 7.34 | 20.48 | 165,435 |
| 2004/05 | 37.30 @@ | 2.79 | 4.70 | 7.49 | 20.08 | 169,877 |
| 2005/06 | 38.75 @@ | 2.88 | 4.86 | 7.74 | 19.97 | 167,927 |

* Excludes wholesalers' surcharges, discounts and rebates.

** Percentage mark-up changed.

@ Adjusted for retrospective payments.

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

TABLE 32

HIGHEST GOVERNMENT COST PBS DRUGS BY GENERIC NAME
(Year ended 30 June 2005)

| Ranking | Drug Name | Prescriptions | % of Total Scripts | Government Cost (\$) | % of Total Cost |
|---------|-------------------------------------|-------------------|--------------------------|-------------------------|-----------------------|
| 1 | ATORVASTATIN | 7,629,221 | 4.49 | 433,526,445 | 8.19 |
| 2 | SIMVASTATIN | 5,849,104 | 3.44 | 344,032,752 | 6.50 |
| 3 | OMEPRAZOLE | 4,028,824 | 2.37 | 160,328,286 | 3.03 |
| 4 | SALMETEROL and FLUTICASONE | 2,626,899 | 1.55 | 156,522,842 | 2.96 |
| 5 | OLANZAPINE | 675,996 | 0.40 | 145,327,914 | 2.74 |
| 6 | ESOMEPRAZOLE | 2,745,394 | 1.62 | 130,782,301 | 2.47 |
| 7 | CLOPIDOGREL | 1,665,471 | 0.98 | 130,283,908 | 2.46 |
| 8 | PRAVASTATIN | 1,949,416 | 1.15 | 110,325,637 | 2.08 |
| 9 | ALENDRONIC ACID | 1,894,038 | 1.11 | 96,720,775 | 1.83 |
| 10 | PANTOPRAZOLE | 2,375,124 | 1.40 | 95,142,299 | 1.80 |
| 11 | VENLAFAXINE | 1,797,874 | 1.06 | 78,372,000 | 1.48 |
| 12 | INSULIN (HUMAN) | 390,438 | 0.23 | 73,934,003 | 1.40 |
| 13 | CELECOXIB | 2,723,052 | 1.60 | 69,720,730 | 1.32 |
| 14 | IRBESARTAN | 3,165,908 | 1.86 | 69,041,317 | 1.30 |
| 15 | IRBESARTAN with HYDROCHLOROTHIAZIDE | 2,811,442 | 1.65 | 64,840,819 | 1.22 |
| 16 | SERTRALINE | 2,473,884 | 1.46 | 64,549,584 | 1.22 |
| 17 | TIOTROPIUM BROMIDE | 885,784 | 0.52 | 64,398,798 | 1.22 |
| 18 | PERINDOPRIL | 2,609,633 | 1.54 | 53,172,307 | 1.00 |
| 19 | RAMIPRIL | 2,655,596 | 1.56 | 52,599,945 | 0.99 |
| 20 | AMLODIPINE BESYLATE | 2,212,195 | 1.30 | 49,363,547 | 0.93 |
| 21 | VALACICLOVIR | 258,976 | 0.15 | 46,543,600 | 0.88 |
| 22 | RITUXIMAB | 24,344 | 0.01 | 44,623,298 | 0.84 |
| 23 | RABEPRAZOLE | 1,141,132 | 0.67 | 43,743,625 | 0.83 |
| 24 | GOSERELIN | 53,539 | 0.03 | 43,669,783 | 0.82 |
| 25 | SALBUTAMOL | 2,872,902 | 1.69 | 43,531,911 | 0.82 |
| 26 | CITALOPRAM | 1,563,867 | 0.92 | 39,853,331 | 0.75 |
| 27 | MELOXICAM | 1,732,160 | 1.02 | 39,483,197 | 0.75 |
| 28 | CARVEDILOL | 440,184 | 0.26 | 39,201,437 | 0.74 |
| 29 | INTERFERON BETA-1b | 33,009 | 0.02 | 38,415,671 | 0.73 |
| 30 | LATANOPROST | 1,331,499 | 0.78 | 37,585,735 | 0.71 |
| 31 | RISPERIDONE | 245,659 | 0.14 | 35,961,783 | 0.68 |
| 32 | PERINDOPRIL and INDAPAMIDE | 1,586,178 | 0.93 | 35,457,092 | 0.67 |
| 33 | PAROXETINE | 1,186,644 | 0.70 | 34,871,065 | 0.66 |
| 34 | MORPHINE | 807,141 | 0.48 | 34,555,312 | 0.65 |
| 35 | LANSOPRAZOLE | 850,344 | 0.50 | 33,828,162 | 0.64 |
| 36 | QUETIAPINE | 163,013 | 0.10 | 33,670,217 | 0.64 |
| 37 | INTERFERON BETA-1a | 30,215 | 0.02 | 33,642,786 | 0.64 |
| 38 | METFORMIN HYDROCHLORIDE | 2,522,368 | 1.48 | 33,542,134 | 0.63 |
| 39 | RISEDRONIC ACID | 590,651 | 0.35 | 30,581,947 | 0.58 |
| 40 | OXYCODONE | 897,009 | 0.53 | 29,289,518 | 0.55 |
| 41 | FAMCICLOVIR | 95,812 | 0.06 | 27,536,618 | 0.52 |
| 42 | ROFECOXIB | 856,398 | 0.50 | 27,033,397 | 0.51 |
| 43 | LAMOTRIGINE | 229,661 | 0.14 | 26,836,038 | 0.51 |
| 44 | PACLITAXEL | 12,950 | 0.01 | 26,772,082 | 0.51 |
| 45 | TRAMADOL | 1,707,655 | 1.01 | 26,673,722 | 0.50 |
| 46 | DONEPEZIL | 168,754 | 0.10 | 26,244,929 | 0.50 |
| 47 | FLUOXETINE HYDROCHLORIDE | 924,766 | 0.54 | 26,174,134 | 0.49 |
| 48 | DILTIAZEM HYDROCHLORIDE | 1,244,635 | 0.73 | 26,135,259 | 0.49 |
| 49 | FELODIPINE | 1,294,681 | 0.76 | 25,736,046 | 0.49 |
| 50 | RANITIDINE HYDROCHLORIDE | 1,338,968 | 0.79 | 25,385,802 | 0.48 |
| | | 79,370,407 | 46.72 | 3,459,565,840 | 65.33 |

TABLE 33

MOST FREQUENTLY PRESCRIBED PBS DRUGS BY GENERIC NAME
(Year ended 30 June 2005)

| Ranking | Drug Name | Prescriptions | % of Total Scripts | Government Cost (\$) | % of Total Cost |
|---------|-------------------------------------|--------------------|--------------------------|-------------------------|-----------------------|
| 1 | ATORVASTATIN | 7,629,221 | 4.49 | 433,526,445 | 8.19 |
| 2 | SIMVASTATIN | 5,849,104 | 3.44 | 344,032,752 | 6.50 |
| 3 | PARACETAMOL | 4,205,979 | 2.48 | 21,314,331 | 0.40 |
| 4 | OMEPRAZOLE | 4,028,824 | 2.37 | 160,328,286 | 3.03 |
| 5 | IRBESARTAN | 3,165,908 | 1.86 | 69,041,317 | 1.30 |
| 6 | ATENOLOL | 2,992,318 | 1.76 | 20,773,549 | 0.39 |
| 7 | SALBUTAMOL | 2,872,902 | 1.69 | 43,531,911 | 0.82 |
| 8 | IRBESARTAN with HYDROCHLOROTHIAZIDE | 2,811,442 | 1.65 | 64,840,819 | 1.22 |
| 9 | ESOMEPRAZOLE | 2,745,394 | 1.62 | 130,782,301 | 2.47 |
| 10 | CELECOXIB | 2,723,052 | 1.60 | 69,720,730 | 1.32 |
| 11 | RAMIPRIL | 2,655,596 | 1.56 | 52,599,945 | 0.99 |
| 12 | SALMETEROL and FLUTICASONE | 2,626,899 | 1.55 | 156,522,842 | 2.96 |
| 13 | PERINDOPRIL | 2,609,633 | 1.54 | 53,172,307 | 1.00 |
| 14 | METFORMIN HYDROCHLORIDE | 2,522,368 | 1.48 | 33,542,134 | 0.63 |
| 15 | CODEINE with PARACETAMOL | 2,506,601 | 1.48 | 18,635,916 | 0.35 |
| 16 | SERTRALINE | 2,473,884 | 1.46 | 64,549,584 | 1.22 |
| 17 | PANTOPRAZOLE | 2,375,124 | 1.40 | 95,142,299 | 1.80 |
| 18 | AMOXYCILLIN | 2,326,102 | 1.37 | 16,273,322 | 0.31 |
| 19 | AMLODIPINE BESYLATE | 2,212,195 | 1.30 | 49,363,547 | 0.93 |
| 20 | TEMAZEPAM | 2,025,692 | 1.19 | 7,522,273 | 0.14 |
| 21 | CEFALEXIN | 1,950,588 | 1.15 | 15,247,547 | 0.29 |
| 22 | PRAVASTATIN | 1,949,416 | 1.15 | 110,325,637 | 2.08 |
| 23 | ALENDRONIC ACID | 1,894,038 | 1.11 | 96,720,775 | 1.83 |
| 24 | WARFARIN | 1,870,426 | 1.10 | 9,107,420 | 0.17 |
| 25 | VENLAFAXINE | 1,797,874 | 1.06 | 78,372,000 | 1.48 |
| 26 | MELOXICAM | 1,732,160 | 1.02 | 39,483,197 | 0.75 |
| 27 | TRAMADOL | 1,707,655 | 1.01 | 26,673,722 | 0.50 |
| 28 | CLOPIDOGREL | 1,665,471 | 0.98 | 130,283,908 | 2.46 |
| 29 | DIAZEPAM | 1,617,339 | 0.95 | 6,150,302 | 0.12 |
| 30 | PERINDOPRIL and INDAPAMIDE | 1,586,178 | 0.93 | 35,457,092 | 0.67 |
| 31 | CITALOPRAM | 1,563,867 | 0.92 | 39,853,331 | 0.75 |
| 32 | AMOXYCILLIN with CLAVULANIC ACID | 1,391,406 | 0.82 | 18,139,114 | 0.34 |
| 33 | RANITIDINE HYDROCHLORIDE | 1,338,968 | 0.79 | 25,385,802 | 0.48 |
| 34 | LATANOPROST | 1,331,499 | 0.78 | 37,585,735 | 0.71 |
| 35 | FELODIPINE | 1,294,681 | 0.76 | 25,736,046 | 0.49 |
| 36 | DILTIAZEM HYDROCHLORIDE | 1,244,635 | 0.73 | 26,135,259 | 0.49 |
| 37 | ASPIRIN | 1,243,201 | 0.73 | 4,278,398 | 0.08 |
| 38 | FRUSEMIDE | 1,195,856 | 0.70 | 6,397,249 | 0.12 |
| 39 | PAROXETINE | 1,186,644 | 0.70 | 34,871,065 | 0.66 |
| 40 | OXAZEPAM | 1,151,330 | 0.68 | 3,699,350 | 0.07 |
| 41 | RABEPRAZOLE | 1,141,132 | 0.67 | 43,743,625 | 0.83 |
| 42 | GLICLAZIDE | 1,073,228 | 0.63 | 13,468,287 | 0.25 |
| 43 | ROXITHROMYCIN | 1,068,956 | 0.63 | 10,141,334 | 0.19 |
| 44 | METOPROLOL TARTRATE | 1,045,675 | 0.62 | 9,213,643 | 0.17 |
| 45 | ISOSORBIDE MONONITRATE | 997,397 | 0.59 | 13,704,011 | 0.26 |
| 46 | VERAPAMIL HYDROCHLORIDE | 989,885 | 0.58 | 13,673,417 | 0.26 |
| 47 | CANDESARTAN | 944,178 | 0.56 | 18,890,698 | 0.36 |
| 48 | PREDNISOLONE | 942,413 | 0.55 | 5,168,381 | 0.10 |
| 49 | FLUOXETINE HYDROCHLORIDE | 924,766 | 0.54 | 26,174,134 | 0.49 |
| 50 | OXYCODONE | 897,009 | 0.53 | 29,289,518 | 0.55 |
| | | 104,096,109 | 61.28 | 2,858,586,607 | 53.98 |

TABLE 34

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 |

TABLE 35

TRENDS IN POPULATION TO PHARMACY RATIOS

| 30 JUNE 2005 | | | | 30 JUNE 2006 | | | |
|--------------------|-------------------|----------------------|----------------------|-------------------|----------------------|----------------------|---|
| STATE OR TERRITORY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | % Change in Population to Pharmacy Ratios |
| NSW | 6,764.6 | 1,702 | 3,975 | 6,817.1 | 1,705 | 3,998 | 0.6 |
| VIC | 5,012.7 | 1,165 | 4,303 | 5,078.5 | 1,166 | 4,355 | 1.2 |
| QLD | 3,945.8 | 952 | 4,145 | 4,035.7 | 963 | 4,191 | 1.1 |
| SA | 1,540.2 | 391 | 3,939 | 1,552.3 | 399 | 3,890 | -1.2 |
| WA | 2,003.8 | 492 | 4,073 | 2,042.8 | 502 | 4,069 | -0.1 |
| TAS | 484.7 | 134 | 3,617 | 488.7 | 131 | 3,731 | 3.1 |
| NT | 201.8 | 27 | 7,474 | 205.9 | 27 | 7,626 | 2.0 |
| ACT | 325.1 | 58 | 5,605 | 328.1 | 58 | 5,657 | 0.9 |
| AUSTRALIA | 20,281.4 | 4,921 | 4,121 | 20,551.9 | 4,951 | 4,151 | 0.7 |

TABLE 36

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS
STATES AND TERRITORIES 1991 TO 2006

(Number at 30 June)

| STATE OR TERRITORY | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| NSW | 1,900 | 1,795 | 1,759 | 1,745 | 1,736 | 1,731 | 1,729 | 1,727 | 1,724 | 1,723 | 1,722 | 1,727 | 1,709 | 1,699 | 1,702 | 1,705 |
| VIC | 1,328 | 1,261 | 1,245 | 1,225 | 1,213 | 1,200 | 1,190 | 1,181 | 1,169 | 1,159 | 1,161 | 1,159 | 1,160 | 1,160 | 1,165 | 1,166 |
| QLD | 991 | 946 | 936 | 935 | 931 | 942 | 952 | 959 | 959 | 954 | 951 | 948 | 944 | 953 | 952 | 963 |
| SA | 421 | 399 | 392 | 390 | 386 | 386 | 385 | 383 | 386 | 386 | 387 | 385 | 386 | 389 | 391 | 399 |
| WA | 470 | 460 | 458 | 456 | 457 | 467 | 470 | 474 | 477 | 478 | 479 | 480 | 484 | 489 | 492 | 502 |
| TAS | 148 | 145 | 144 | 144 | 142 | 143 | 144 | 143 | 140 | 140 | 140 | 140 | 139 | 135 | 134 | 131 |
| NT | 27 | 25 | 25 | 26 | 26 | 26 | 27 | 27 | 28 | 28 | 28 | 30 | 28 | 28 | 27 | 27 |
| ACT | 66 | 60 | 59 | 59 | 58 | 58 | 57 | 58 | 59 | 57 | 57 | 57 | 57 | 57 | 58 | 58 |
| AUSTRALIA | 5,351 | 5,091 | 5,018 | 4,980 | 4,949 | 4,953 | 4,954 | 4,952 | 4,942 | 4,925 | 4,925 | 4,926 | 4,907 | 4,910 | 4,921 | 4,951 |

Source: Medicare Australia

TABLE 37

PRICING AND EARNING INDICES

| YEAR | CONSUMER PRICE INDEX (a) | | | | AVERAGE (b) WEEKLY EARNINGS | |
|---------|--------------------------|----------|-----------------|----------|--------------------------------|----------|
| | ALL GROUPS | | PHARMACEUTICALS | | \$ AMOUNT | % CHANGE |
| | INDEX | % CHANGE | INDEX | % CHANGE | | |
| 1980-81 | 100.0 | | 100.0 | | 281.40 | |
| JUNE 82 | 114.5 | 14.5 | 116.7 | 16.7 | 316.00 | 12.3 |
| JUNE 83 | 127.3 | 11.2 | 137.3 | 17.7 | 347.30 | 9.9 |
| JUNE 84 | 132.3 | 3.9 | 146.6 | 6.7 | 383.80 | 10.5 |
| JUNE 85 | 141.1 | 6.7 | 154.0 | 5.1 | 397.20 | 3.5 |
| JUNE 86 | 153.0 | 8.4 | 177.0 | 14.9 | 425.50 | 7.1 |
| JUNE 87 | 167.2 | 9.3 | 202.4 | 14.4 | 450.90 | 6.0 |
| JUNE 88 | 179.0 | 7.1 | 221.4 | 9.4 | 481.70 | 6.8 |
| JUNE 89 | 192.6 | 7.6 | 233.5 | 5.4 | 519.10 | 7.8 |
| JUNE 90 | 207.4 | 7.7 | 246.4 | 5.6 | 555.80 | 7.1 |
| JUNE 91 | 214.4 | 3.4 | 261.0 | 5.9 | 569.90 | 2.5 |
| JUNE 92 | 217.0 | 1.2 | 267.7 | 2.6 | 597.40 | 4.8 |
| JUNE 93 | 221.1 | 1.9 | 274.2 | 2.4 | 612.50 | 2.5 |
| JUNE 94 | 224.9 | 1.7 | 279.8 | 2.0 | 625.10 | 2.1 |
| JUNE 95 | 235.0 | 4.5 | 287.9 | 2.9 | 652.70 | 4.4 |
| JUNE 96 | 242.3 | 3.1 | 297.2 | 3.2 | 671.50 | 2.9 |
| JUNE 97 | 243.1 | 0.3 | 311.5 | 4.8 | 687.10 | 2.3 |
| JUNE 98 | 244.7 | 0.7 | 313.8 | 0.7 | 714.50 | 4.0 |
| JUNE 99 | 247.3 | 1.1 | 311.8 | -0.7 | 735.10 | 2.6 |
| JUNE 00 | 255.3 | 3.2 | 314.5 | 0.9 | 760.00 | 3.4 |
| JUNE 01 | 270.6 | 6.0 | 327.7 | 4.2 | 789.40 | 3.9 |
| JUNE 02 | 278.3 | 2.8 | 331.2 | 1.1 | 826.10 | 4.6 |
| JUNE 03 | 285.8 | 2.7 | 341.1 | 3.0 | 872.10 | 5.6 |
| JUNE 04 | 292.8 | 2.5 | 349.2 | 2.4 | 891.20 | 2.2 |
| JUNE 05 | 300.1 | 2.5 | 367.1 | 5.1 | 942.70 | 5.8 |
| JUNE 06 | 312.0 | 4.0 | 378.9 | 3.2 | 985.10 | 4.5 |

(a) Weighted average of eight capital cities. (1980-81 = 100.0)

(b) All Males.

Chart 6

