
2009 GUILD DIGEST

A survey of independent pharmacy operations in Australia
financial year 2007-08

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Guild Accountants



Johnston Rorke Pharmacy Services



MSI Taylor

In the interests of better management

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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 37th edition of the Guild Digest. The **2009 Digest** presents a snapshot of pharmacy operations in Australia for the financial year 2007-08. 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.

In the 2007-08 financial year, community pharmacy recorded a turnover growth of 4%. Net profit recorded a modest increase of 1.9% compared to 11.1% increase in 2006-07. Here are the key features of Australian community pharmacy:

- ✚ Community pharmacy is a \$12.9 billion health industry, including \$9.0 billion in prescription sales per year;
- ✚ Community pharmacies dispense 249 million prescriptions annually, including 185 million PBS/RPBS subsidised prescriptions;
- ✚ Community pharmacy employs over 55,000 highly skilled staff, the majority of whom are women;
- ✚ Total Dispensary Sales represent around 69.9% of all sales through pharmacies;
- ✚ The average community pharmacy dispenses 49,782 prescriptions per year; and
- ✚ As at 30 June 2008 there were 5,005 community pharmacies, each serving on average a community of 4,252 people across Australia.

The 2009 edition of the Digest is again published entirely in digital format. The **2009 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 **2009 Digest** are based largely on the sample of over 355 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 **Saccasan Bailey Partners (a member of the Guild Group)**, **Johnston Rorke Pharmacy Services**, **MSI Taylor Pharmacy Services** and their pharmacy clients.

Thanks are extended to National Secretariat staff, in particular, Sailesh Ram and Dianne Murphy for their dedication and outstanding work in the preparation of this edition.

STEPHEN ARMSTRONG
DIVISIONAL MANAGER, ECONOMIC ANALYSIS & e-HEALTH



THE YEAR IN PHARMACY 2007-08

The 2007-08 financial year saw important developments in a number of areas of specific relevance to the future operation of pharmacies. The most significant development over this period was the implementation of some components of the Pharmaceutical Benefits Scheme (PBS) Reforms. Commenced in the latter part of 2006 and due to come into full effect on 1 August 2008, the reforms represent the biggest changes the industry has seen since the PBS commenced almost 60 years ago.

The PBS Reforms package, which was developed by the previous Howard Government in close consultation with the Guild and other stakeholders, demonstrates that pharmacists are willing to undertake reform to ensure that the PBS remains viable and that the industry achieves the best health outcomes for patients. Importantly, these reforms, based on the Guild's calculations, will save the PBS \$6 billion over the next 10 years, and will provide pharmacy with greater certainty for the future.

The Guild allocated considerable resources not only to negotiate a fair and reasonable outcome for members, but also to provide support and advice to members regarding the changes.

The Economy

While the economy continued to grow in 2007-08, the pace of growth slowed markedly compared with the previous year. GDP growth over the course of the 2006-07 financial year reached 4.3%. At June 2008, GDP growth had slowed to 2.7%.

The Australian economy expanded by 3.7% in 2007-08. Real net national disposable income grew more strongly than GDP (up 4.6% in 2007-08), reflecting strong growth in the Terms of trade (up 5.3%). Final consumption expenditure increased 3.6% in 2007-08, and contributed 2.7 percentage points to GDP growth.

High inflation had remained a concern. The RBA raised the cash rate target 100 basis points over the course of the 2007-08 financial year, peaking at 7.25% in March 2008.

2007 Federal Election

The Guild welcomed the election of the Rudd Labor Government and greatly appreciates the value and respect the new Government has for community pharmacists. The Government has given recognition to the significant size of the pharmacy workforce, as well as their highly trusted position in the community. The Guild looks forward to the opportunity to work closely with the new Government to develop initiatives to improve continuity of care and preventative health.

Remuneration Changes

As a result of two important provisions (annual indexation and adjustment for risk share) negotiated under the Fourth Agreement, further changes to remuneration for PBS dispensing were implemented. From 1 July 2007 a 17 cent indexation and risk share adjustment was applied to the dispensing fee. A further 12 cents increase was applied from 1 August 2007 when

the dispensing fee increased to \$5.44 for ready prepared drugs and \$7.48 for extemporaneously prepared items.

PBS Online

Effective from 1 July 2007, as part of the PBS Reform Package, pharmacies have been entitled to a 40 cent incentive for every script submitted to Medicare Australia via online claiming. The first 40 cents per prescription payments, were made on 8 December 2007. This was more than one month ahead of schedule, due to the Guild's efforts in encouraging an earlier payment than originally planned and Medicare Australia's efforts in response to this. Until July 2008, Medicare Australia made these payments monthly in arrears. The 40 cents became part of normal claiming and weekly payments from 1 August 2008.

As a result of the Guild's support and the new payment, the number of pharmacies using PBS Online swelled to over 4,400, or more than 88 per cent of pharmacies, by the end of June 2007 and had reached 4,953 (over 98 per cent) by May 2008. This result exceeded all expectations, and is testament to the willingness of community pharmacy to embrace new technologies where they are supported by the Guild and dispensing software vendors, and where appropriate remuneration is provided.

PBS Reforms

The Guild had an integral role in the analysis of options for reforms to the PBS. This modelling ensured that an outcome was delivered that maintains the viability of community pharmacy, which was under significant threat had the initial government proposals been implemented.

The PBS Reform measures are complex and far-reaching. The Guild has taken on a vital role, on an ongoing basis, to assist members to understand these measures and the impact on their profession and businesses. A series of member roadshow events were held during the year, and staff and Guild officials responded to a large number of enquiries from individual members. The Guild also produced and rolled out the highly successful ScriptMAP analysis service.

ScriptMAP (Modelling & Analysis for Pharmacies)

The Guild *ScriptMAP* (Modelling & Analysis for Pharmacy) service was launched at the APP conference in March 2008, followed up by roadshow sessions during April and May. *ScriptMAP* enables pharmacies (Guild members only) to electronically submit dispensing data to the Guild (no patient data is transmitted), after which they receive a customised report on the impact of the reforms.

The report provides detailed, personalised analysis of the impact of the 1 August PBS Reforms, based on the unique dispensing patterns of the pharmacy, and highlights areas where improvements may be achievable through increased substitution. The report also includes general information on the reforms such as a list of all PBS drugs and their formularies, an appendix on price disclosure and the weighted average disclosed price, as well as details of major patent expiries set to occur between 2008 and 2013 and the impact that these may have on the individual pharmacy.

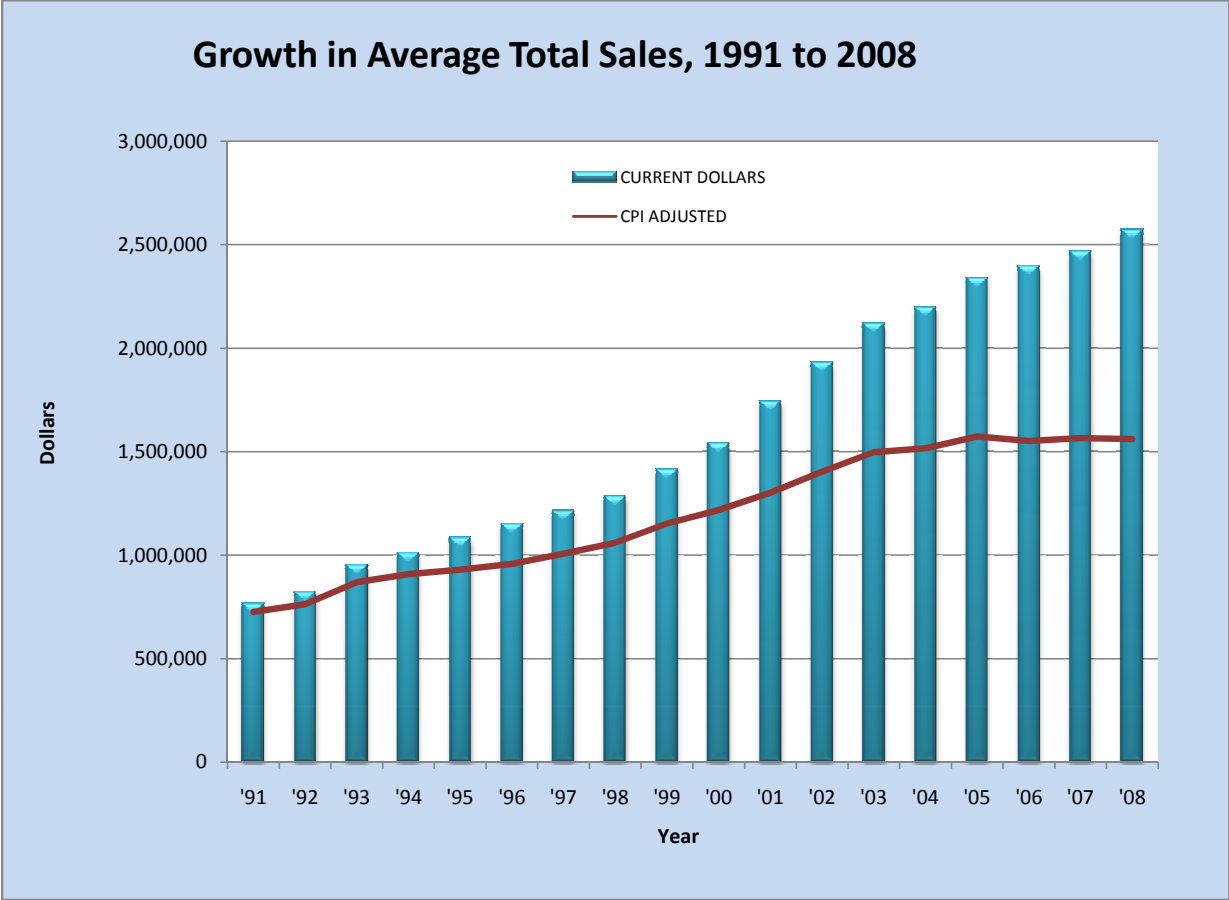


AUSTRALIAN PHARMACIES 1998 - 2008
(Based on all participating pharmacies)

Table 1

	1998 (421) \$	1999 (335) \$	2000 (353) \$	2001 (402) \$	2002 (408) \$	2003 (528) \$	2004 (427) \$	2005 (418) \$	2006 (385) \$	2007 (353) \$	2,008 (326) \$
SALES	1,282,542	1,409,642	1,535,955	1,741,104	1,930,960	2,116,736	2,195,552	2,334,145	2,394,030	2,464,443	2,568,388
GROSS MARGIN	428,819	462,255	508,092	560,521	616,179	660,229	684,059	722,192	756,166	797,473	838,984
SALARIES & WAGES	138,242	155,845	170,301	187,324	210,770	227,379	227,712	254,689	263,115	280,355	295,931
RENT	41,393	46,169	50,075	53,838	60,566	65,566	65,427	73,183	77,862	85,460	90,049
OTHER EXPENSES	112,079	127,258	138,169	156,577	162,343	181,101	179,567	191,412	205,955	225,749	250,126
TOTAL EXPENSES	291,714	329,272	358,545	397,739	433,679	474,046	472,706	519,284	546,932	591,564	636,107
TRADING PROFIT	137,105	132,983	149,547	162,782	182,500	186,183	211,353	202,908	209,234	205,909	202,877
COMMISSION RECEIVED	6,373	6,521	11,118	14,623	17,966	15,276	15,112	14,445	23,721	30,681	24,597
TOTAL INCOME	143,479	139,502	160,665	177,406	200,466	201,459	226,465	217,353	232,955	236,590	227,474
PROPRIETORS' SALARIES	82,182	84,274	85,401	89,189	97,400	104,809	136,619	142,167	160,349	156,316	145,055
NET PROFIT/LOSS	61,297	55,228	68,261	81,973	95,401	89,389	84,023	69,820	68,626	76,252	77,688
STOCK CARRIED	139,513	147,734	153,862	156,662	183,802	186,903	186,409	197,893	204,134	219,388	231,567

Chart 1



METHODOLOGY FOR THE 2009 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 355 respondents weighted according to their stratification by prescription volume.

Table 3 is based on responses from participating pharmacists who submitted operating data for both consecutive years – i.e. 2006-07 and 2007-08.

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 30,000	1,532	30.6%
Stratum 2	30,000 – 55,000	1,797	35.9%
Stratum 3	55,000 – 90,000	1,191	23.8%
Stratum 4	More than 90,000	485	9.7%
TOTAL		5,005	

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.

SURVEY RESPONSE

A total of 355 questionnaires were received for the 2007-08 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 326. 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 &						
ACT	60	39.7	52	29.7	112	34.5
VIC	22	14.6	21	12.0	43	13.1
QLD	45	29.8	76	43.4	121	37.1
SA/NT	8	5.3	8	4.6	16	4.9
WA	14	9.3	4	2.3	18	5.5
TAS	2	1.3	14	8.0	16	4.9
TOTAL	151	46.3	175	53.7	326	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 reasonably consistent with the distribution of pharmacies by State, with the exception of Queensland and New South Wales which enjoy higher than average response rates, and Victoria which is lower than average.

RESPONSE BY TURNOVER CATEGORY

The turnover ranges used for Table 6, and other related tables are as follows:

TURNOVER GROUP	2007-08
	%
Under 1.0 m	7.3
1.0 m – 1.5 m	16.3
1.5 m – 2.0 m	16.0
2.0 m – 2.5 m	12.3
2.5 m – 3.0 m	9.8
3.0 m – 4.0 m	15.6
4.0 m – 5.0 m	12.0
Over 5.0 m	10.7

Over the past decade, response has gradually favoured the larger pharmacies. The responding sample for this year's Digest continues this trend. Respondents with annual sales greater than \$1.5 million represented approximately 76% of the sample in 2007-08 compared with only 71% in 1996-97.

RESPONSE BY WEEKLY PRESCRIPTION VOLUMES

The weekly prescription volume ranges used for Table 19, and other related tables, are as follows:

Rx Volume/Week	2007-08
	%
Up to 400	6.7
401 – 600	15.0
601 – 800	17.2
801 – 1,000	16.9
1,000 – 1,200	10.7
1,201 – 1,400	7.1
1,400 – 2,000	18.1
Over 2,000	8.3

The gradual shift towards larger pharmacies is also reflected in prescription volumes. In 2007-08 over 78% of respondents dispensed over 600 prescriptions per week.



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

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	< 30,000	0.3057
Stratum 2	30,000 – 55,000	0.3588
Stratum 3	55,000 – 90,000	0.2380
Stratum 4	90,000 +	0.0974

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. 107 respondents formed part of this category in 2007-08.

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 350 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
400	27
350	26
326	24
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 326 respondents) is 24.5%. The inter-quartile range is 8.76 (= 28.15 – 19.39), so the approximate standard error of this estimate is 0.37 (=8.76/24).

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 326 respondents, is between 23.8% and 25.2% 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 2009 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 <u>exclude</u> 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:	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. 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. In 2007-08, the normal hourly rate was estimated at \$51.84 for the first 38 hours - equivalent to an annual salary of \$102,436. 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> ")

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

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

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 1.14 award weeks (see Table 2). The notional salary of \$145,055 is attributable to the proprietors working a combined 43 hours per week.

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 8.0% (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 2007 AND 2008
(Based on 12 Months of Trading to 30/06/08)

Table 2

	2007 AVERAGES		2008 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	2,464,443		2,568,388		103,945	4.22
COST OF GOODS SOLD	1,666,971	67.64	1,729,405	67.33	62,434	3.75
GROSS MARGIN	797,473	32.36	838,984	32.67	41,511	5.21
Other Income	30,681		24,597		-6,084	-19.83
GROSS MARGIN PLUS COMMISSIONS	828,153		863,581		35,428	4.28
TOTAL REVENUE	2,495,124	100.00	2,592,985	100.00	97,861	3.92
EXPENSES						
Salaries and Wages	280,355	11.24	295,931	11.41	15,576	5.56
Rent Paid	85,460	3.43	90,049	3.47	4,589	5.37
Outgoings - Rental & Rates	3,048	0.12	3,634	0.14	586	19.24
Accounting	9,314	0.37	10,565	0.41	1,251	13.43
Advertising	20,022	0.80	23,588	0.91	3,566	17.81
Bank Charges	7,748	0.31	7,610	0.29	-138	-1.78
Computer Expenses	6,723	0.27	6,771	0.26	47	0.70
Depreciation	17,292	0.69	20,979	0.81	3,687	21.32
Electricity, Water, Heating	6,640	0.27	6,869	0.26	228	3.44
Insurance	8,144	0.33	8,432	0.33	288	3.54
Interest Paid	36,132	1.45	42,388	1.63	6,256	17.32
Leasing Expenses	5,059	0.20	6,076	0.23	1,017	20.10
Motor Vehicle Expenses	4,459	0.18	3,966	0.15	-493	-11.05
Postage, Freight, Printing	9,145	0.37	8,858	0.34	-287	-3.14
Repairs, Maintenance, Service	3,946	0.16	4,165	0.16	219	5.54
Subs and Registrations	7,535	0.30	8,709	0.34	1,173	15.57
Superannuation	26,343	1.06	27,448	1.06	1,105	4.19
Telephone	5,872	0.24	5,930	0.23	59	1.00
Training	3,169	0.13	3,077	0.12	-92	-2.90
Abnormal Expenses	3,119	0.12	4,907	0.19	1,788	57.32
Payroll Tax	2,724	0.11	3,442	0.13	717	26.32
Workers' Compensation	3,090	0.12	2,833	0.11	-257	-8.33
Other Expenses	36,226	1.45	39,882	1.54	3,656	10.09
TOTAL EXPENSES	591,564	23.71	636,107	24.53	44,542	7.53
TOTAL INCOME	236,589	9.48	227,474	8.77	-9,115	-3.85
Less Proprietors' Salary (1)	156,316	6.26	145,055	5.59	-11,261	-7.20
[Full-Time-Equivalents]	1.19		1.14			
Less Return on Capital (2)	4,020	0.16	4,731	0.18	711	17.69
NET PROFIT/LOSS	76,252	3.06	77,688	3.00	1,435	1.88
SALES ANALYSIS						
Prescriptions	1,731,362	70.25	1,794,358	69.86	62,996	3.64
Other Sales	733,082	29.75	774,031	30.14	40,949	5.59
INVENTORY ANALYSIS						
Prescription	82,088	3.29	94,542	3.65	12,454	15.17
Other	137,300	5.50	137,025	5.28	-275	-0.20
STOCK CARRIED (Total)	219,388	8.79	231,567	8.93	12,179	5.55
STOCK TURN (On Total Inventory)	7.60		7.47		0	-1.71
SALES PER INVENTORY DOLLAR						
Prescription	21.09		18.98		-2.11	-10.01
Other	5.34		5.65		0.31	5.80
STATISTICS						
PHARMACY SIZE (square metres)	150		152		2	1.00
PRESCRIPTIONS DISPENSED (Total)	49,738		49,782		44	0.09
PRESCRIPTIONS DISPENSED WEEKLY	954		955		1	0.09
TOTAL HOURS OPEN per WEEK	58.2		58.0		-0.2	-0.35
AV HRS WORKED BY PROPRIETORS/WEEK	45.3		43.2		-2.1	-4.71
FUNDS RETAINED IN BUSINESS (3)	111,326	4.46	54,759	2.11	-56,567	-50.81

(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 8% (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

2007-08

(Refer to Table 2)

This section compares the results of the 2006-07 and 2007-08 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.

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

- ✚ Community pharmacy is a \$12.9 billion health industry, including \$9 billion in prescription sales per year;
- ✚ Community pharmacies dispense 249 million prescriptions annually, including 185 million PBS/RPBS subsidised prescriptions;
- ✚ Community pharmacy employs more than 55,000 highly skilled staff, the majority of whom are women;
- ✚ Total Dispensary Sales represent around 69.9% of all sales through pharmacies;
- ✚ The average community pharmacy dispenses 49,782 prescriptions per year; and
- ✚ As at 30 June 2008 there were 5,005 community pharmacies, each serving on average a community of 4,252 people across Australia.

Here are the salient results of the 2007-08 financial year:

- Average Total Sales posted an increase of 4.2%, ending the year on \$2,568,388.
- Cost of Goods Sold grew at 3.75%.
- As a result, Average Gross Margins rose from 32.36% to 32.67% and by 5.2% in dollar terms.
- Expenses jumped both in dollar terms (up by 7.53%) and as a percentage of sales. Expenses ended the year at 24.53% as a percentage of Sales. This is the highest level since 1991-92, just three years after touching an all time low in 2003-04. This reflects

both a rapid rise in expenses and a slowdown in sales growth.

- Total Income recorded a decline of \$9,115 or 3.85%.
- Revenue from Other Income fell by 19.8%, reversing a 29.3% increase between 2005-06 and 2006-07.
- The significant cost increases may be attributed primarily to Salaries and Wages (+5.6%), Rent (+5.4%), Outgoings – Rental and Rates (+19.2%) and Abnormal Expenses (+57.32%).
- While the percentage growth in Salaries and Wages was lower than the overall rise in costs, it still represented over one-third of the total expenditure growth in dollar terms. Combined with Rent, it is just slightly below half of the total expenses in dollar terms.
- Rental jumped on average by 5.4%, with a 1% increase in the average shop size of respondents.
- Superannuation expenses grew by 4.2%, broadly reflecting the growth in salary expenses.
- Proprietors' Notional Salary decreased by 7.2% given a 4.7% decrease in the average number of hours worked. This can be explained by a lower proportion of overtime hours (hours in excess of a 38 hour week). This may be due to the gradual exit of older proprietors from the active workforce. Proprietor's salary represented around 5.6% of turnover.
- The majority of the increase in Sales is attributed to an increase in sales of non-prescription sector of 5.6%. Prescription sales recorded a slightly lower growth of 3.7%. This may be due to a modest volume growth of just 0.1%.
- The comparatively higher growth rate in non-Prescription Sales has in-turn pushed the Dispensary Ratio down a notch. The ratio ended the year at 69.9% of Total Sales.



AUSTRALIAN PHARMACIES REPORTING IN TWO CONSECUTIVE YEARS 2007 AND 2008
(Based on 12 Months of Trading to 30/06/08)

Table 3

	2007 AVERAGES		2008 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,404,841		2,556,150		151,309	6.29
COST OF GOODS SOLD	1,623,616	67.51	1,719,444	67.27	95,828	5.90
GROSS MARGIN	781,225	32.49	836,706	32.73	55,481	7.10
Other Income	16,849		21,735		4,886	29.00
GROSS MARGIN PLUS COMMISSIONS	798,073		858,440		60,367	7.56
TOTAL REVENUE	2,421,690	100.00	2,577,885	100.00	156,195	6.45
EXPENSES						
Salaries and Wages	266,974	11.02	287,089	11.14	20,115	7.53
Rent Paid	68,234	2.82	71,300	2.77	3,066	4.49
Outgoings - Rental & Rates	3,608	0.15	4,193	0.16	585	16.21
Accounting	6,837	0.28	7,949	0.31	1,113	16.27
Advertising	17,115	0.71	20,833	0.81	3,718	21.72
Bank Charges	6,421	0.27	6,239	0.24	-182	-2.83
Computer Expenses	8,330	0.34	8,615	0.33	285	3.42
Depreciation	12,296	0.51	14,398	0.56	2,103	17.10
Electricity, Water, Heating	5,735	0.24	6,316	0.24	580	10.11
Insurance	7,478	0.31	8,538	0.33	1,061	14.18
Interest Paid	27,318	1.13	29,741	1.15	2,423	8.87
Leasing Expenses	5,213	0.22	5,075	0.20	-138	-2.65
Motor Vehicle Expenses	4,386	0.18	4,703	0.18	317	7.23
Postage, Freight, Printing	9,443	0.39	9,486	0.37	43	0.46
Repairs, Maintenance, Service	3,609	0.15	4,242	0.16	633	17.54
Subs and Registrations	8,301	0.34	8,428	0.33	128	1.54
Superannuation	23,084	0.95	26,372	1.02	3,287	14.24
Telephone	5,255	0.22	5,391	0.21	137	2.60
Training	2,847	0.12	2,982	0.12	135	4.73
Abnormal Expenses	5,525	0.23	6,085	0.24	559	10.12
Payroll Tax	2,766	0.11	2,670	0.10	-97	-3.50
Workers' Compensation	2,722	0.11	2,740	0.11	19	0.68
Other Expenses	26,535	1.10	35,823	1.39	9,288	35.00
TOTAL EXPENSES	530,033	21.89	579,208	22.47	49,175	9.28
TOTAL INCOME	268,041	11.07	279,233	10.83	11,192	4.18
Less Proprietors' Salary (1) [Full-Time-Equivalents]	137,402	5.67	134,972	5.24	-2,430	-1.77
Less Return on Capital (2)	11,987	0.49	13,993	0.54	2,006	16.74
NET PROFIT/LOSS	118,652	4.90	130,267	5.05	11,616	9.79
SALES ANALYSIS						
Prescriptions	1,755,056	72.98	1,862,431	72.86	107,375	6.12
Other Sales	649,785	27.02	693,719	27.14	43,934	6.76
INVENTORY ANALYSIS						
Prescription	80,146	3.31	76,976	2.99	-3,170	-3.96
Other	102,193	4.22	110,872	4.30	8,679	8.49
STOCK CARRIED (Total)	182,339	7.53	187,848	7.29	5,509	3.02
STOCK TURN (On Total Inventory)	8.90		9.15		0.25	2.80
SALES PER INVENTORY DOLLAR						
Prescription	21.90		24.20		2.30	10.49
Other	6.36		6.26		-0.10	-1.60
STATISTICS						
PHARMACY SIZE (square metres)	147		149		2	1.44
PRESCRIPTIONS DISPENSED (Total)	51,544		52,992		1,449	2.81
PRESCRIPTIONS DISPENSED WEEKLY	989		1,016		28	2.81
TOTAL HOURS OPEN per WEEK	57.1		56.5		-0.6	-0.98
AV HRS WORKED BY PROPRIETORS/WEEK	38.5		39.1		0.6	1.63
FUNDS RETAINED IN BUSINESS (3)	90,132	3.72	82,297	3.19	-7,835	-8.69

(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 8% (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 twenty 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 107 pharmacies responded in both 2006-07 and 2007-08.

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

- Total Sales increased by 6.3%, a little higher than the growth reported by the main sample (Table 2).
- Cost of Goods Sold rose by 5.9%. Consistent with the findings of the main sample, this in turn produced a higher Gross Margin as a percentage of Sales, at 32.7%.
- Total Expenses grew significantly by 9.3% in dollar terms and also edged up as a percentage of sales from 21.9% to 22.5% in 2007-08. This movement was also in line with the main sample.
- Due in most part to the increase in Gross Margin, Total Income rose by over 4.2%, which is slightly higher than the growth rate of 3.4% for 2006-07.
- Salaries and Wages for the average pharmacy in the comparative sample grew by 7.5%.
- Rents and Outgoings grew by 4.5%, and, on average represented around 2.8% of turnover.
- Prescription revenue recorded respectable growth (up by 6.1%), while non-Prescription Sales posted a similar increase of 6.8%. The dispensary ratio for consecutive year respondents, at 72.9%, is also higher than for the complete sample.
- The number of prescriptions dispensed in 2007-08 grew by 2.8% over the previous year's volume (from 51,544 to 52,992), while the average prescription price rose from \$34.05 to \$35.15 (by 3.2%).



AUSTRALIAN PHARMACIES – 2007-08
(Based on 12 Months of Trading to 30/06/08)

Table 4

NATIONAL AVERAGE	2008 AVERAGES		Low	Normal	High
SALES, EXPENSES & PROFITABILITY	\$	%			
SALES	2,568,388		1,572,298	2,428,081	3,780,819
COST OF GOODS SOLD	1,729,405	67.33	64.79	67.08	69.10
GROSS MARGIN	838,984	32.67	30.90	32.92	35.21
Other Income	24,597	0.95	0.21	0.64	1.28
GROSS MARGIN PLUS COMMISSIONS	863,581	33.30	31.59	33.57	35.75
TOTAL REVENUE	2,592,985	100.00	100.00	100.00	100.00
EXPENSES					
Salaries and Wages	295,931	11.41	9.15	11.23	13.31
Rent Paid	90,049	3.47	1.69	3.06	3.80
Outgoings - Rental & Rates	3,634	0.14	0.00	0.10	0.14
Accounting	10,565	0.41	0.17	0.32	0.55
Advertising	23,588	0.91	0.22	0.62	1.17
Bank Charges	7,610	0.29	0.17	0.25	0.36
Computer Expenses	6,771	0.26	0.16	0.25	0.39
Depreciation	20,979	0.81	0.31	0.60	1.12
Electricity, Water, Heating	6,869	0.26	0.17	0.24	0.33
Insurance	8,432	0.33	0.21	0.31	0.43
Interest Paid	42,388	1.63	0.01	0.68	2.76
Leasing Expenses	6,076	0.23	0.00	0.00	0.13
Motor Vehicle Expenses	3,966	0.15	0.00	0.06	0.22
Postage, Freight, Printing	8,858	0.34	0.12	0.29	0.42
Repairs, Maintenance, Service	4,165	0.16	0.06	0.11	0.22
Subs and Registrations	8,709	0.34	0.14	0.28	0.48
Superannuation	27,448	1.06	0.73	0.98	1.19
Telephone	5,930	0.23	0.16	0.22	0.30
Training	3,077	0.12	0.02	0.08	0.17
Abnormal Expenses	4,907	0.19	0.00	0.00	0.00
Payroll Tax	3,442	0.13	0.00	0.00	0.00
Workers' Compensation	2,833	0.11	0.04	0.15	0.15
Other Expenses	39,882	1.54	0.23	0.60	1.64
TOTAL EXPENSES	636,107	24.53	19.39	23.64	28.15
TOTAL INCOME	227,474	8.77	5.23	9.59	14.49
Less Proprietors' Salary (1) [Full-Time-Equivalents]	145,055 1.14	5.59	118,640	137,372	174,837
Less Return on Capital (2)	4,731	0.18	-1.08	0.00	1.36
NET PROFIT/LOSS	77,688	3.00	-2.89	2.64	7.69
SALES ANALYSIS					
Prescriptions	1,794,358	69.86	1,154,196	1,777,713	2,537,893
Other Sales	774,031	30.14	342,830	658,412	1,145,961
INVENTORY ANALYSIS					
STOCK CARRIED (Total)	231,567	8.93	6.39	7.79	10.70
STOCK TURN (On Total Inventory)	7.47		6.23	8.39	10.55
SALES PER INVENTORY DOLLAR					
Prescription	18.98		15.92	22.24	29.17
Other	5.65		3.92	5.26	7.05
STATISTICS					
PHARMACY SIZE (square metres)	152		100	146	205
PRESCRIPTIONS DISPENSED (Total)	49,782		32,363	47,633	75,174
PRESCRIPTIONS DISPENSED WEEKLY	955		621	914	1,442
TOTAL HOURS OPEN per WEEK	58		52	59	61
AV HRS WORKED BY PROPRIETORS/WEEK	43		38	42	50
FUNDS RETAINED IN BUSINESS (3)	54,759	2.11	-27,464	61,666	182,742

(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 8% (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.

The overall sales performance of community pharmacy in 2007-08 continued to improve marginally. Much of the growth in 2007-08 came from dispensary sales. Moreover, all of the growth in dollar gross margin plus negative growth from other income (+\$35,000) was absorbed by increases in overhead expenses (+\$45,000). After proprietor's salary and the return on capital were accounted for, community pharmacy reported a modest increase in net profit of \$1,400 (1.9%).

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.

QUARTILE ANALYSIS (Table 4)

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

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

value shown for the item. On the other hand, the 3rd or high quartile means that 75% achieved less and 25% achieved greater than the value indicated.

Similarly, the median or 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 (11.23%) bears no relationship to the Sales figure in the same quartile (\$2,428,081). The correct interpretation is that the Normal Quartile for Salaries and Wages is 11.23% of the Sales figure reported by that median respondent. The Sales figure of \$2,428,081 is independent of the 11.23%. Conversely, the median respondent who reported the Sales figure of \$2,428,081 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	30%	less than desirable
	36%	excellent
Salaries and Wages	9%	excellent
	14%	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 9% rate and still not be achieving efficiencies. At the other end of the spectrum, a manager-operated pharmacy is likely to have a higher salary cost component (approaching 14%) but 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 30.90% to 35.21% (compared with 30.53% to 34.41% in 2006-07) suggests a slight increase in percentage Gross Margins.

Total Expense results show increases across most 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 (expressed in terms of revenue).

PROPRIETOR'S NOTIONAL SALARY

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

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

The normal hourly rate for managers was estimated at \$51.84, taking into account over-award payments as a result of shortages in qualified staff in some areas of Australia. This is equivalent to an annual salary of \$102,436, 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:

\$102,436		Annual Salary (38 hour week)
	%	
\$7,877	7.69	Holiday (4 weeks)
\$1,383	1.35	Leave loading (17.5% of 4 weeks)
\$1,967	1.92	Sick leave (1 week)
\$1,711	1.67	Long service leave (3 mths/15 yr)
\$3,944	3.85	Public holidays (2 weeks)
\$9,208	9.00	Superannuation
\$26,090	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 \$2,464,443) was \$1,280,785. The variable expense ratio was 82.6% and the break-even sales level was achieved after 190 days.

This financial year (2007-08), using the same method, the variable expense ratio has increased slightly to 82.64%. Applied to a higher turnover level of \$2,568,388, the ratio produces a break-even result of \$1,399,671, achieved after 199 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)	\$2,568,388	
EXPENSES	(E)	\$636,107	
COST OF GOODS SOLD	(C)	\$1,729,405	
2. TOTAL EXPENSES	(T)		
T = E + C			\$2,365,512
3. VARIABLE EXPENSES	(V)		
* Cost of Goods Sold		\$1,729,405	
* Salaries & Related Costs ⁽¹⁾		\$329,654	
* Advertising		\$23,588	
* Other Expenses		<u>\$39,882</u>	
			\$2,122,529
4. FIXED EXPENSES	(F)		
F = T - V			\$242,983
5. VARIABLE EXPENSE RATIO	(VER)		
VER = $\frac{V}{S}$		<u>\$2,122,529</u>	= 0.8264
			\$2,568,388
6. FIXED EXPENSE RATIO	(FER)		
FER = 1 - VER			= 0.1736
7. BREAK-EVEN SALES =	$\frac{F}{FER}$	=	<u>\$242,983</u>
			0.1736
		=	\$1,399,671

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

$$\text{BREAK-EVEN DAYS} = \frac{\$1,399,671 \times 365}{\$2,568,388} = 199$$

Therefore, break even was achieved after 199 days.



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 \$9,160 to \$22,768.

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

On average, the results point to a 4.2% improvement in this indicator from \$16,390 last year to \$17,074 in 2007-08.

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 \$16 despite the trend towards greater reliance on the Dispensary.

The average prescription generated between \$43 and \$57 in sales revenue. With an average value per prescription of about \$36, each prescription produced between \$10 and \$20 extra revenue in the non-prescription sector.

Turnover Group \$	Average Script Value \$	Sales/Script \$	Script Sales/ Total Sales %
Under \$1,000,000	34.70	45.15	76.9
\$1,000,000 - \$1,500,000	33.84	43.29	78.2
\$1,500,000 - \$2,000,000	34.61	45.70	75.7
\$2,000,000 - \$2,500,000	35.94	50.22	71.6
\$2,500,000 - \$3,000,000	36.66	52.50	69.8
\$3,000,000 - \$4,000,000	36.93	52.91	69.8
\$4,000,000 - \$5,000,000	34.98	51.44	68.0
Over \$5,000,000	36.99	56.56	65.4
All Pharmacies - Weighted	36.04	51.59	69.9
Metropolitan	36.45	53.14	68.6
Country	35.50	51.06	69.5

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 almost 64,000 (compared with 49,800 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 \$8 and \$10 sales revenue per dollar of wages. With minor exceptions, total turnover per dollar of Staff Wages appears inversely proportional to the pharmacy turnover.

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 \$1,000,000	1.88
\$1,000,000 - \$1,500,000	2.04
\$1,500,000 - \$2,000,000	2.29
\$2,000,000 - \$2,500,000	2.49
\$2,500,000 - \$3,000,000	2.68
\$3,000,000 - \$4,000,000	2.52
\$4,000,000 - \$5,000,000	2.78
Over \$5,000,000	2.87
All Pharmacies	2.61

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 EQUIVALENT EMPLOYEE

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 Equivalent Employee \$
Under \$1,000,000	111,973
\$1,000,000 - \$1,500,000	101,311
\$1,500,000 - \$2,000,000	111,493
\$2,000,000 - \$2,500,000	125,049
\$2,500,000 - \$3,000,000	133,876
\$3,000,000 - \$4,000,000	121,088
\$4,000,000 - \$5,000,000	133,569
Over \$5,000,000	167,096
All Pharmacies	137,960

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 (i.e. managers) will be higher. It is also sensitive to the downward trend in the proportion of Retail Sales.

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 (see Table 5). Small turnover pharmacies paid on average around \$370-\$440 per square metre per annum whereas the average rental for the \$3m-\$4m category was close to \$650 and for the over \$5m turnover category was just over \$830 per square metre.

Country pharmacies generally enjoyed cheaper rents (at an average of \$470 per square metre) than their metropolitan counterparts (around \$774 per square metre).

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 \$1,000,000	150.49
\$1,000,000 - \$1,500,000	172.99
\$1,500,000 - \$2,000,000	181.64
\$2,000,000 - \$2,500,000	183.10
\$2,500,000 - \$3,000,000	191.00
\$3,000,000 - \$4,000,000	179.35
\$4,000,000 - \$5,000,000	186.51
Over \$5,000,000	218.14
All Pharmacies	192.64



Table 5**SUMMARY OF PRODUCTIVITY MEASURES – 2007-08**

TURNOVER RANGE	AVERAGE TURNOVER \$	TURNOVER PER \$ STAFF WAGES	TURNOVER PER FULL TIME EQUIVALENT EMPLOYEE	TURNOVER PER SQ M SHOP SPACE	RENT \$ PER SQ M SHOP SPACE
UNDER \$1,000,000	796,524	8.20	300,874	9,160	368.94
\$1,000,000 - \$1,500,000	1,292,620	9.48	346,373	12,818	436.20
\$1,500,000 - \$2,000,000	1,756,226	9.56	363,784	14,548	407.89
\$2,000,000 - \$2,500,000	2,292,268	8.85	365,680	16,218	595.84
\$2,500,000 - \$3,000,000	2,765,198	8.96	380,881	17,618	637.27
\$3,000,000 - \$4,000,000	3,498,018	8.44	358,164	18,528	645.21
\$4,000,000 - \$5,000,000	4,486,202	8.76	371,048	20,379	548.32
OVER \$5,000,000	6,653,549	8.35	433,902	22,768	831.31
AUSTRALIA					
ALL PHARMACIES - WEIGHTED	2,568,388	8.76	362,420	17,074	592.94
METROPOLITAN	2,778,661	9.01	455,021	18,787	774.39
COUNTRY	3,003,187	8.52	363,882	17,269	471.72

Chart 2

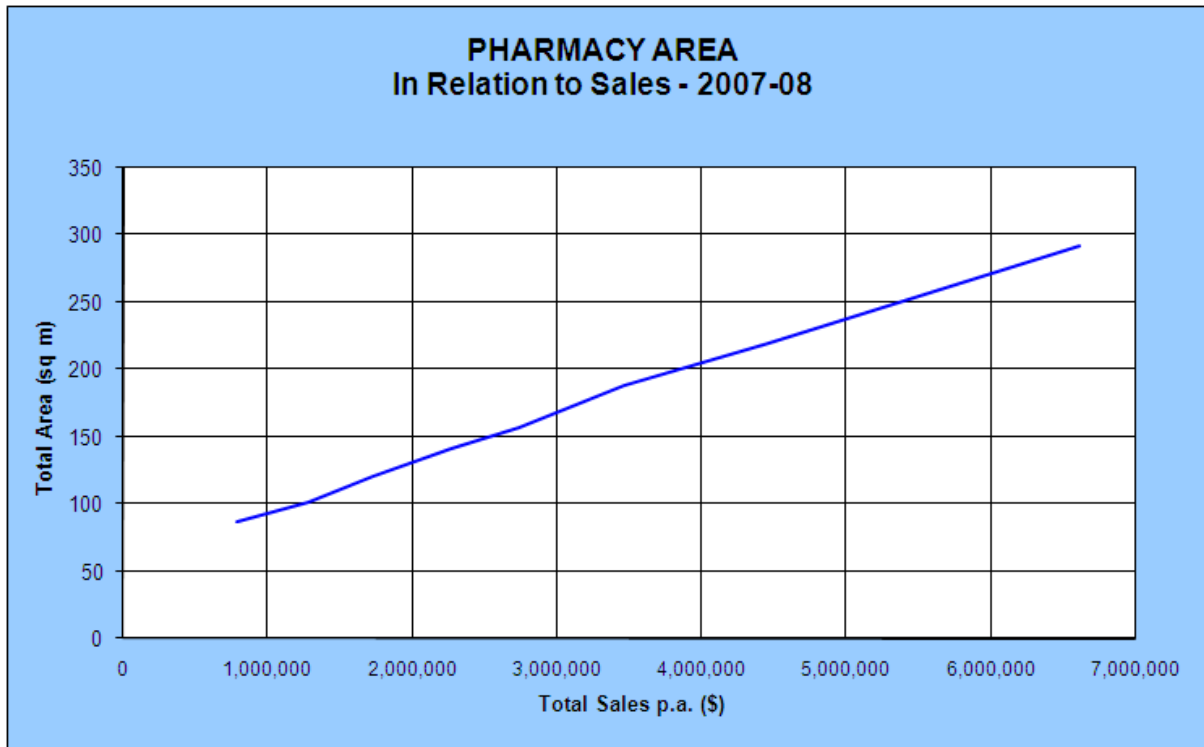
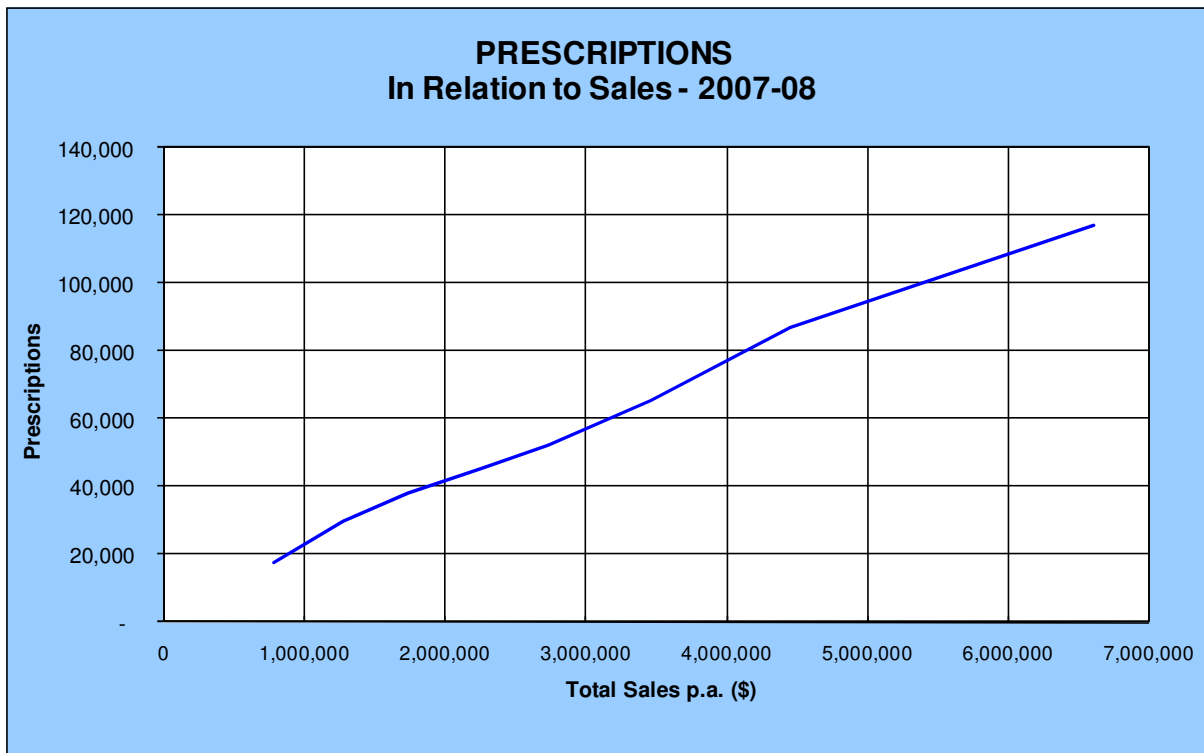


Chart 3



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 2008 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 2008, 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.

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

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.

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

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.

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

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 2007-08
(Based on 12 Months of Trading to 30/06/08)

Table 6

	Up to \$1,000,000		\$1,000,000 to \$1,500,000		\$1,500,000 to \$2,000,000		\$2,000,000 to \$2,500,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	787,246		1,275,594		1,733,198		2,267,958	
COST OF GOODS SOLD	542,022	68.85	836,367	65.57	1,146,921	66.17	1,521,832	67.10
GROSS MARGIN	245,223	31.15	439,227	34.43	586,277	33.83	746,125	32.90
Other Income	9,279		17,026		23,028		24,310	
GROSS MARGIN PLUS COMMISSIONS	254,502		456,253		609,305		770,435	
TOTAL REVENUE	796,524	100.00	1,292,620	100.00	1,756,226	100.00	2,292,268	100.00
EXPENSES								
Salaries and Wages	97,086	12.19	136,306	10.54	183,693	10.46	258,874	11.29
Rent Paid	32,080	4.03	43,988	3.40	49,241	2.80	84,217	3.67
Outgoings - Rental & Rates	1,578	0.20	2,444	0.19	1,816	0.10	2,461	0.11
Accounting	5,869	0.74	5,271	0.41	6,684	0.38	12,750	0.56
Advertising	4,307	0.54	4,629	0.36	15,009	0.85	17,035	0.74
Bank Charges	2,625	0.33	4,389	0.34	4,647	0.26	6,570	0.29
Computer Expenses	4,859	0.61	4,836	0.37	5,455	0.31	6,102	0.27
Depreciation	8,472	1.06	11,338	0.88	13,960	0.79	19,733	0.86
Electricity, Water, Heating	2,930	0.37	3,061	0.24	4,523	0.26	5,424	0.24
Insurance	4,586	0.58	5,920	0.46	7,187	0.41	7,294	0.32
Interest Paid	19,236	2.41	23,121	1.79	40,070	2.28	30,816	1.34
Leasing Expenses	2,769	0.35	4,310	0.33	2,099	0.12	4,452	0.19
Motor Vehicle Expenses	2,391	0.30	3,189	0.25	2,938	0.17	5,078	0.22
Postage, Freight, Printing	1,626	0.20	4,278	0.33	6,068	0.35	6,514	0.28
Repairs, Maintenance, Service	1,738	0.22	2,449	0.19	1,873	0.11	3,416	0.15
Subs and Registrations	5,206	0.65	7,062	0.55	8,222	0.47	9,888	0.43
Superannuation	12,807	1.61	12,872	1.00	16,660	0.95	23,221	1.01
Telephone	2,700	0.34	3,566	0.28	4,346	0.25	5,711	0.25
Training	908	0.11	1,125	0.09	2,202	0.13	2,226	0.10
Abnormal Expenses	1,375	0.17	2,810	0.22	4,362	0.25	2,581	0.11
Payroll Tax	2,154	0.27	0.00	0.00	918	0.05	2,149	0.09
Workers' Compensation	773	0.10	1,030	0.08	1,800	0.10	3,146	0.14
Other Expenses	16,651	2.09	19,141	1.48	30,559	1.74	31,113	1.36
TOTAL EXPENSES	234,725	29.47	307,133	23.76	414,331	23.59	550,770	24.03
TOTAL INCOME	19,777	2.48	149,120	11.54	194,974	11.10	219,665	9.58
Less Proprietors' Salary (1) [Full-Time-Equivalents]	127,726	16.04	125,340	9.70	136,862	7.79	144,164	6.29
	1.02		0.98		1.05		1.11	
Less Return on Capital (2)	20,548	2.58	6,677	0.52	0.00	0.00	3,115	0.14
NET PROFIT/LOSS	-128,498	-16.13	17,103	1.32	58,112	3.31	72,386	3.16
SALES ANALYSIS								
Prescriptions	605,142	76.87	996,989	78.16	1,312,460	75.72	1,623,298	71.58
Other Sales	182,104	23.13	278,605	21.84	420,738	24.28	644,659	28.42
INVENTORY ANALYSIS								
Prescription	43,869	5.51	54,431	4.21	76,562	4.36	83,012	3.62
Other	52,160	6.55	61,481	4.76	95,747	5.45	121,053	5.28
STOCK CARRIED (Total)	96,029	12.06	115,913	8.97	172,310	9.81	204,065	8.90
STOCK TURN (On Total Inventory)	5.64		7.22		6.66		7.46	
SALES PER INVENTORY DOLLAR								
Prescription	13.79		18.32		17.14		19.55	
Other	3.49		4.53		4.39		5.33	
STATISTICS								
PHARMACY SIZE (square metres)	87		101		121		141	
PRESCRIPTIONS DISPENSED (Total)	17,437		29,465		37,923		45,158	
PRESCRIPTIONS DISPENSED WEEKLY	334		565		727		866	
TOTAL HOURS OPEN per WEEK	53.4		54.2		55.6		58.8	
AV HRS WORKED BY PROPRIETORS/WEEK	38.8		37.3		40.1		42.3	
FUNDS RETAINED IN BUSINESS (3)	-76,819	-9.64	49,415	3.82	19,613	1.12	34,486	1.50

(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 8% (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 2007-08
(Based on 12 Months of Trading to 30/06/08)

Table 6

	\$2,500,000 to \$3,000,000		\$3,000,000 to \$4,000,000		\$4,000,000 to \$5,000,000		Over \$5,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,740,225		3,461,048		4,455,542		6,609,632	
COST OF GOODS SOLD	1,823,778	66.56	2,358,841	68.15	3,018,147	67.74	4,494,945	68.01
GROSS MARGIN	916,447	33.44	1,102,207	31.85	1,437,395	32.26	2,114,687	31.99
Other Income	24,973		36,969		30,660		43,917	
GROSS MARGIN PLUS COMMISSIONS	941,420		1,139,177		1,468,055		2,158,604	
TOTAL REVENUE	2,765,198	100.00	3,498,018	100.00	4,486,202	100.00	6,653,549	100.00
EXPENSES								
Salaries and Wages	308,744	11.17	414,644	11.85	512,399	11.42	797,283	11.98
Rent Paid	100,021	3.62	121,815	3.48	120,707	2.69	242,940	3.65
Outgoings - Rental & Rates	4,962	0.18	5,443	0.16	5,597	0.12	7,661	0.12
Accounting	14,604	0.53	13,220	0.38	13,818	0.31	21,686	0.33
Advertising	29,791	1.08	34,322	0.98	48,019	1.07	70,999	1.07
Bank Charges	9,524	0.34	9,557	0.27	11,577	0.26	18,147	0.27
Computer Expenses	7,129	0.26	9,145	0.26	8,545	0.19	11,678	0.18
Depreciation	22,924	0.83	22,624	0.65	32,801	0.73	56,781	0.85
Electricity, Water, Heating	7,596	0.27	9,265	0.26	13,547	0.30	16,335	0.25
Insurance	9,391	0.34	9,867	0.28	11,226	0.25	16,763	0.25
Interest Paid	38,719	1.40	58,665	1.68	57,190	1.27	104,288	1.57
Leasing Expenses	5,164	0.19	6,751	0.19	6,412	0.14	24,531	0.37
Motor Vehicle Expenses	3,825	0.14	4,429	0.13	4,050	0.09	8,648	0.13
Postage, Freight, Printing	11,067	0.40	13,010	0.37	17,581	0.39	18,772	0.28
Repairs, Maintenance, Service	4,760	0.17	6,071	0.17	6,927	0.15	10,267	0.15
Subs and Registrations	11,077	0.40	10,343	0.30	11,387	0.25	11,789	0.18
Superannuation	24,792	0.90	39,357	1.13	47,492	1.06	74,054	1.11
Telephone	6,964	0.25	7,122	0.20	9,352	0.21	11,624	0.17
Training	4,238	0.15	4,796	0.14	5,646	0.13	7,157	0.11
Abnormal Expenses	2,619	0.09	7,682	0.22	12,407	0.28	9,930	0.15
Payroll Tax	982	0.04	3,315	0.09	7,903	0.18	18,182	0.27
Workers' Compensation	2,688	0.10	3,803	0.11	4,978	0.11	7,668	0.12
Other Expenses	41,348	1.50	58,256	1.67	61,850	1.38	80,442	1.21
TOTAL EXPENSES	672,927	24.34	873,503	24.97	1,031,410	22.99	1,647,627	24.76
TOTAL INCOME	268,493	9.71	265,673	7.59	436,646	9.73	510,977	7.68
Less Proprietors' Salary (1) [Full-Time-Equivalents]	142,581	5.16	145,376	4.16	177,059	3.95	203,873	3.06
	1.09		1.14		1.41		1.65	
Less Return on Capital (2)	0.00	0.00	7,637	0.22	0.00	0.00	0.00	0.00
NET PROFIT/LOSS	125,912	4.55	112,659	3.22	259,587	5.79	307,105	4.62
SALES ANALYSIS								
Prescriptions	1,913,716	69.84	2,415,871	69.80	3,029,513	67.99	4,322,616	65.40
Other Sales	826,509	30.16	1,045,177	30.20	1,426,029	32.01	2,287,017	34.60
INVENTORY ANALYSIS								
Prescription	85,362	3.09	127,024	3.63	145,063	3.23	214,916	3.23
Other	155,618	5.63	186,699	5.34	218,327	4.87	336,739	5.06
STOCK CARRIED (Total)	240,979	8.71	313,723	8.97	363,390	8.10	551,655	8.29
STOCK TURN (On Total Inventory)	7.57		7.52		8.31		8.15	
SALES PER INVENTORY DOLLAR								
Prescription	22.42		19.02		20.88		20.11	
Other	5.31		5.60		6.53		6.79	
STATISTICS								
PHARMACY SIZE (square metres)	157		189		220		292	
PRESCRIPTIONS DISPENSED (Total)	52,197		65,409		86,617		116,867	
PRESCRIPTIONS DISPENSED WEEKLY	1,001		1,254		1,661		2,241	
TOTAL HOURS OPEN per WEEK	60.5		62.9		61.5		62.5	
AV HRS WORKED BY PROPRIETORS/WEEK	41.3		43.1		53.7		62.6	
FUNDS RETAINED IN BUSINESS (3)	123,141	4.45	49,468	1.41	177,130	3.95	171,323	2.57

(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 8% (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, 1987 - 2008

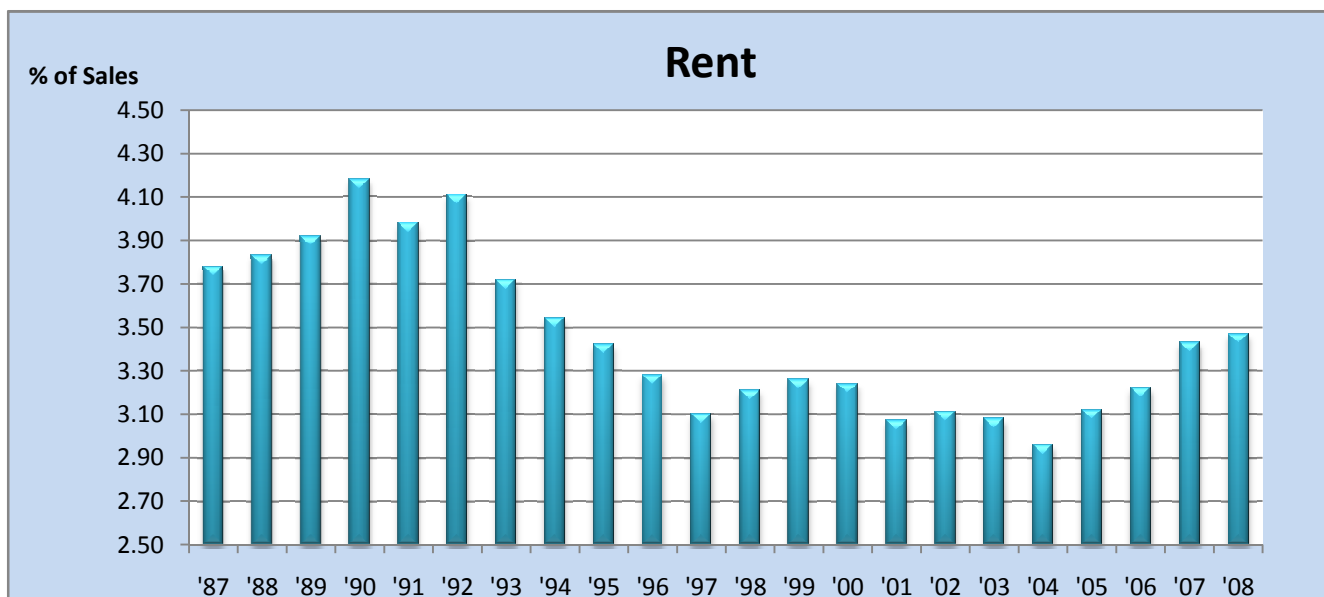
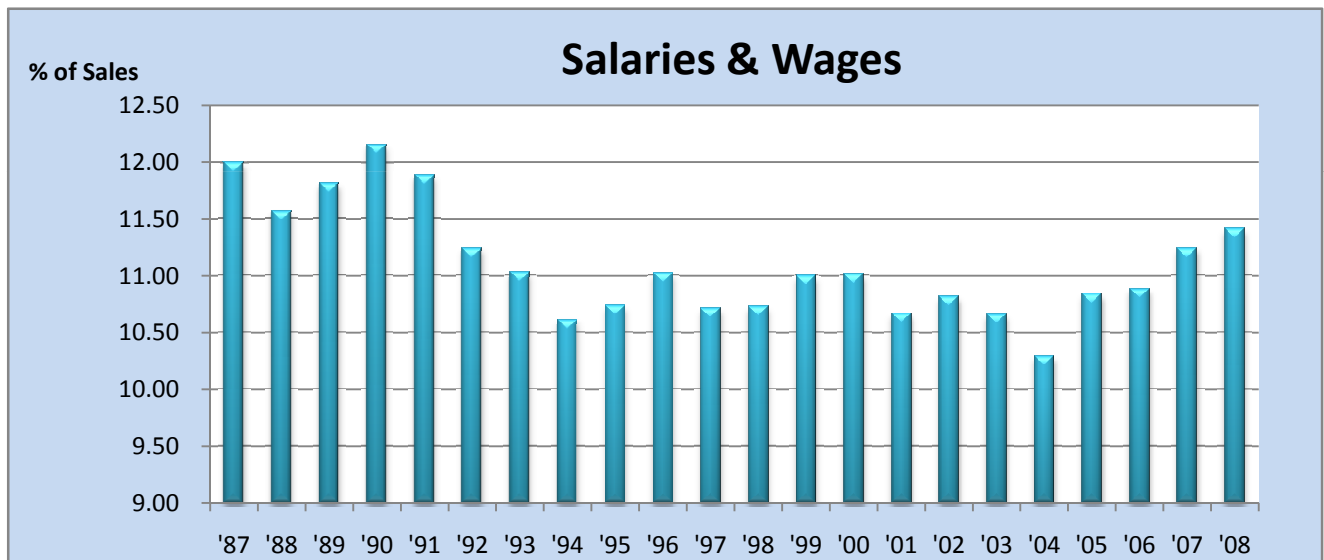
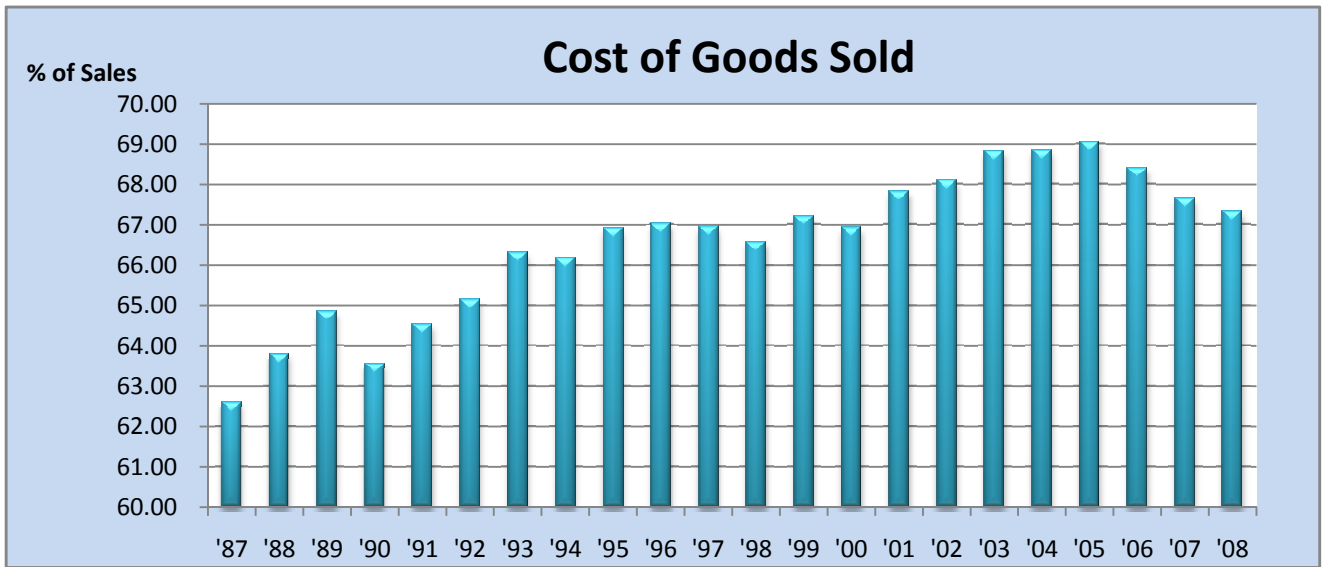
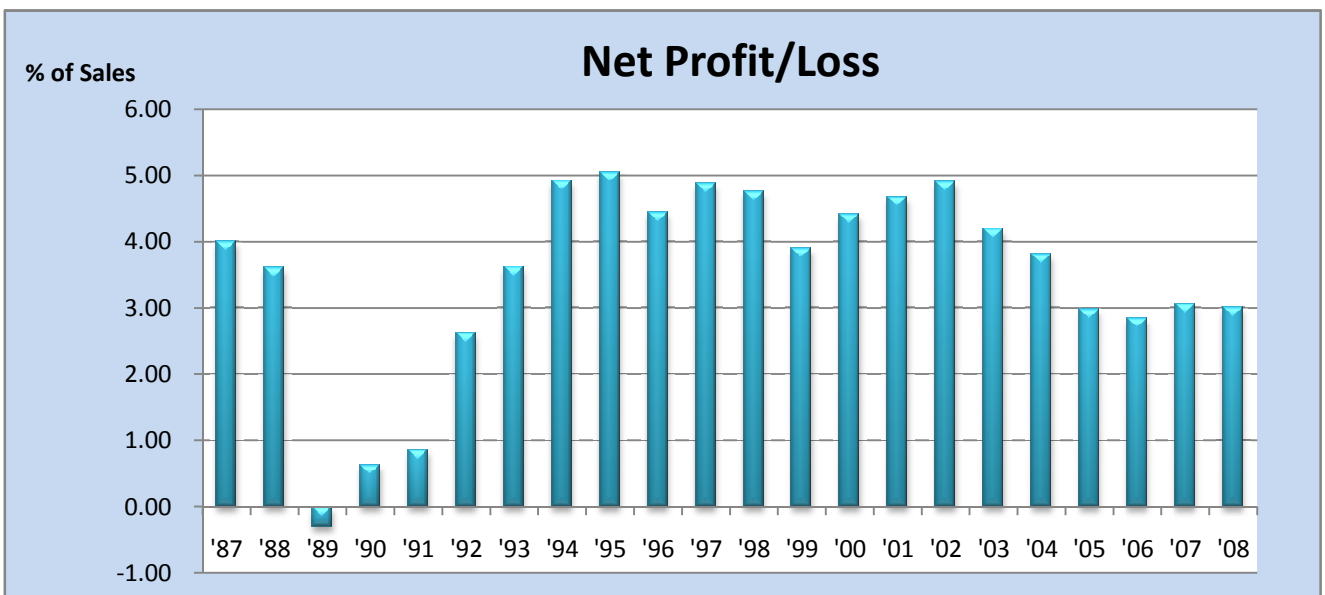
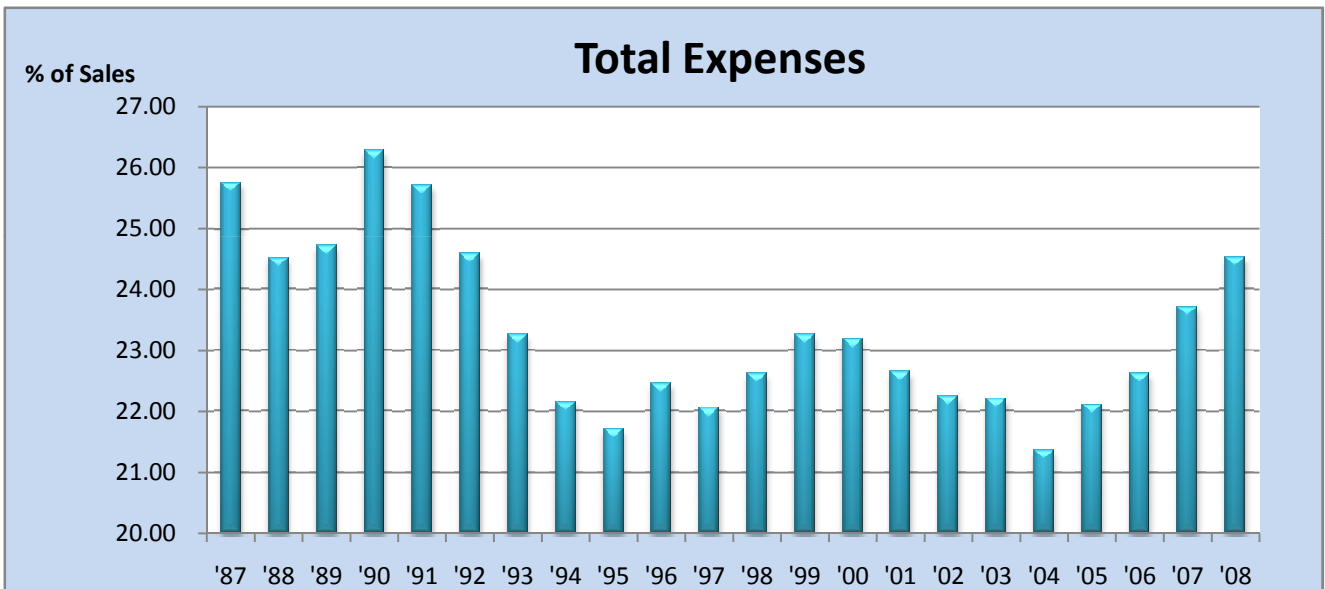
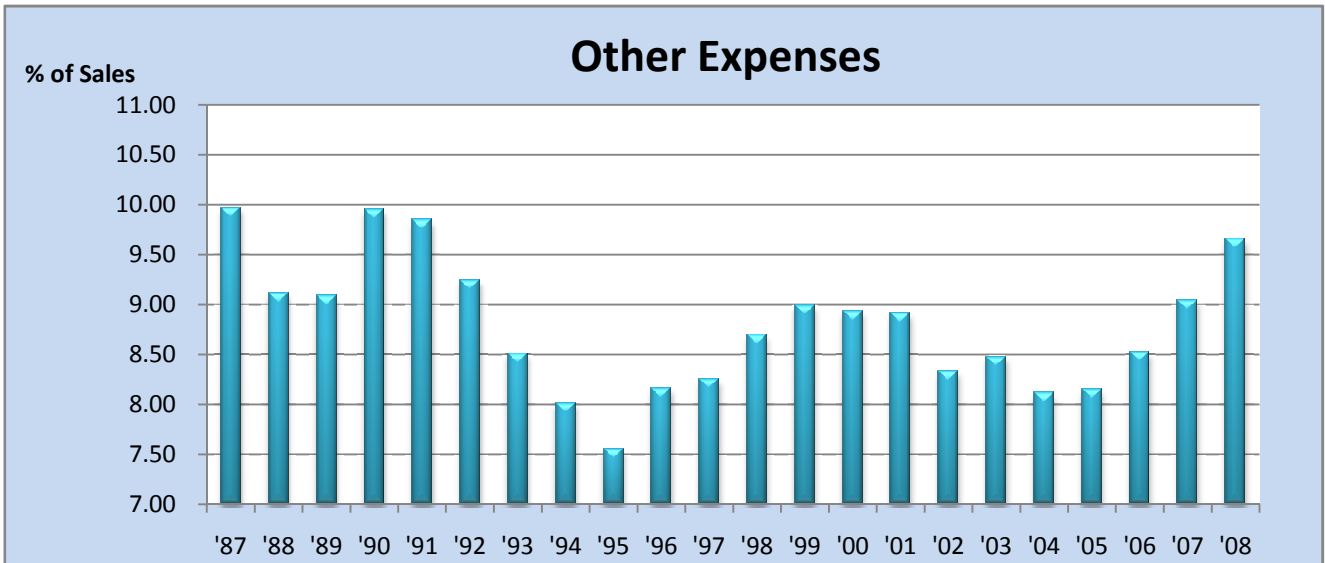


Chart 4 (cont'd)



COMPARISON OF PERFORMANCE – METRO v COUNTRY & BANNER GROUP
(Based on 12 Months of Trading to 30/06/08)

Table 7

	Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY								
SALES	2,756,472		2,972,763		3,552,703		2,502,921	
COST OF GOODS SOLD	1,854,111	67.26	2,008,794	67.57	2,408,962	67.81	1,680,730	67.15
GROSS MARGIN	902,361	32.74	963,969	32.43	1,143,741	32.19	822,191	32.85
Other Income	22,189		30,424		31,058		24,224	
GROSS MARGIN PLUS COMMISSIONS	924,550		994,393		1,174,799		846,416	
TOTAL REVENUE	2,778,661	100.00	3,003,187	100.00	3,583,761	100.00	2,527,145	100.00
EXPENSES								
Salaries and Wages	308,243	11.09	352,438	11.74	401,460	11.20	294,302	11.65
Rent Paid	114,535	4.12	82,037	2.73	117,121	3.27	86,019	3.40
Outgoings - Rental & Rates	4,362	0.16	3,571	0.12	4,586	0.13	3,580	0.14
Accounting	10,114	0.36	12,465	0.42	10,159	0.28	12,051	0.48
Advertising	22,464	0.81	31,203	1.04	37,430	1.04	21,596	0.85
Bank Charges	8,659	0.31	7,858	0.26	9,565	0.27	7,497	0.30
Computer Expenses	6,767	0.24	7,503	0.25	9,901	0.28	5,673	0.22
Depreciation	20,881	0.75	24,406	0.81	26,111	0.73	20,971	0.83
Electricity, Water, Heating	7,097	0.26	8,146	0.27	9,844	0.27	6,475	0.26
Insurance	8,922	0.32	8,990	0.30	10,961	0.31	7,867	0.31
Interest Paid	57,819	2.08	36,857	1.23	56,340	1.57	41,140	1.63
Leasing Expenses	5,236	0.19	7,977	0.27	9,535	0.27	5,180	0.20
Motor Vehicle Expenses	3,336	0.12	5,110	0.17	4,701	0.13	4,071	0.16
Postage, Freight, Printing	8,853	0.32	10,712	0.36	8,982	0.25	10,333	0.41
Repairs, Maintenance, Service	4,170	0.15	4,961	0.17	5,869	0.16	3,904	0.15
Subs and Registrations	7,406	0.27	10,911	0.36	10,850	0.30	8,453	0.33
Superannuation	27,870	1.00	33,224	1.11	35,622	0.99	28,111	1.11
Telephone	5,795	0.21	6,828	0.23	6,687	0.19	6,170	0.24
Training	2,356	0.08	4,419	0.15	4,085	0.11	3,135	0.12
Abnormal Expenses	4,876	0.18	6,180	0.21	7,904	0.22	4,313	0.17
Payroll Tax	4,145	0.15	4,059	0.14	6,324	0.18	2,886	0.11
Workers' Compensation	2,987	0.11	3,335	0.11	3,112	0.09	3,209	0.13
Other Expenses	40,654	1.46	43,151	1.44	60,152	1.68	32,109	1.27
TOTAL EXPENSES	687,547	24.74	716,340	23.85	857,301	23.92	619,044	24.50
TOTAL INCOME	237,003	8.53	278,053	9.26	317,498	8.86	227,372	9.00
Less Proprietors' Salary (1)	144,421	5.20	153,317	5.11	141,767	3.96	153,288	6.07
[Full-Time-Equivalents]	1.12		1.22		1.12		1.20	
Less Return on Capital (2)	7,022	0.25	7,829	0.26	21,519	0.60	0.00	0.00
NET PROFIT/LOSS	85,560	3.08	116,907	3.89	154,212	4.30	74,084	2.93
SALES ANALYSIS								
Prescriptions	1,906,526	69.17	2,095,057	70.48	2,434,771	68.53	1,775,878	70.95
Other Sales	849,946	30.83	877,706	29.52	1,117,932	31.47	727,043	29.05
INVENTORY ANALYSIS								
Prescription	104,455	3.76	101,799	3.39	142,607	3.98	81,446	3.22
Other	135,037	4.86	163,849	5.46	188,606	5.26	129,874	5.14
STOCK CARRIED (Total)	239,493	8.62	265,648	8.85	331,214	9.24	211,319	8.36
STOCK TURN (On Total Inventory)	7.74		7.56		7.27		7.95	
SALES PER INVENTORY DOLLAR								
Prescription	18.25		20.58		17.07		21.80	
Other	6.29		5.36		5.93		5.60	
STATISTICS								
PHARMACY SIZE (square metres)	148		174		197		143	
PRESCRIPTIONS DISPENSED (Total)	52,310		59,019		68,069		49,317	
PRESCRIPTIONS DISPENSED WEEKLY	1,003		1,132		1,305		946	
TOTAL HOURS OPEN per WEEK	60.2		57.3		60.4		57.7	
AV HRS WORKED BY PROPRIETORS/WEEK	42.4		46.3		42.4		45.6	
FUNDS RETAINED IN BUSINESS (3)	68,313	2.46	71,748	2.39	35,393	0.99	89,121	3.53

(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 8% (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 PERFORMANCE – LOCATION & TYPE OF PHARMACY
(Based on 12 Months of Trading to 30/06/08)

Table 8

	Shopping Centre		Strip or Isolated		Medical Centre		Servicing Nursing Homes (50+ beds)	
	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY								
SALES	3,292,661		2,611,754		2,016,873		3,978,016	
COST OF GOODS SOLD	2,237,105	67.94	1,752,812	67.11	1,358,148	67.34	2,700,250	67.88
GROSS MARGIN	1,055,557	32.06	858,942	32.89	658,725	32.66	1,277,766	32.12
Other Income	34,702		23,088		9,785		42,298	
GROSS MARGIN PLUS COMMISSIONS	1,090,259		882,029		668,510		1,320,064	
TOTAL REVENUE	3,327,364	100.00	2,634,842	100.00	2,026,658	100.00	4,020,314	100.00
EXPENSES								
Salaries and Wages	379,096	11.39	290,457	11.02	234,137	11.55	463,101	11.52
Rent Paid	141,201	4.24	62,590	2.38	53,576	2.64	65,207	1.62
Outgoings - Rental & Rates	6,446	0.19	2,672	0.10	2,851	0.14	3,740	0.09
Accounting	10,066	0.30	8,705	0.33	5,763	0.28	10,820	0.27
Advertising	29,426	0.88	21,957	0.83	10,895	0.54	39,987	0.99
Bank Charges	8,611	0.26	6,827	0.26	7,322	0.36	9,019	0.22
Computer Expenses	8,372	0.25	7,985	0.30	6,693	0.33	11,413	0.28
Depreciation	21,399	0.64	19,434	0.74	13,094	0.65	26,339	0.66
Electricity, Water, Heating	8,707	0.26	6,439	0.24	3,170	0.16	10,427	0.26
Insurance	10,831	0.33	9,577	0.36	5,212	0.26	11,636	0.29
Interest Paid	68,270	2.05	39,765	1.51	20,564	1.01	51,518	1.28
Leasing Expenses	11,636	0.35	5,226	0.20	1,627	0.08	13,481	0.34
Motor Vehicle Expenses	5,092	0.15	4,979	0.19	3,633	0.18	10,025	0.25
Postage, Freight, Printing	8,404	0.25	8,817	0.33	7,995	0.39	14,077	0.35
Repairs, Maintenance, Service	5,264	0.16	4,378	0.17	2,951	0.15	4,664	0.12
Subs and Registrations	8,489	0.26	8,268	0.31	6,431	0.32	11,424	0.28
Superannuation	34,882	1.05	27,260	1.03	23,440	1.16	38,078	0.95
Telephone	6,273	0.19	5,982	0.23	5,404	0.27	8,271	0.21
Training	2,706	0.08	2,779	0.11	2,523	0.12	4,190	0.10
Abnormal Expenses	6,525	0.20	7,701	0.29	7,420	0.37	24,279	0.60
Payroll Tax	5,485	0.16	3,475	0.13	508	0.03	7,689	0.19
Workers' Compensation	3,003	0.09	2,475	0.09	1,011	0.05	1,883	0.05
Other Expenses	53,023	1.59	46,649	1.77	39,623	1.96	50,824	1.26
TOTAL EXPENSES	843,205	25.34	604,151	22.93	465,844	22.99	892,093	22.19
TOTAL INCOME	247,054	7.42	277,879	10.55	202,666	10.00	427,971	10.65
Less Proprietors' Salary (1)	129,935	3.91	139,194	5.28	139,346	6.88	149,110	3.71
[Full-Time-Equivalents]	1.01		1.07		1.04		1.19	
Less Return on Capital (2)	14,314	0.43	31,531	1.20	11,253	0.56	36,092	0.90
NET PROFIT/LOSS	102,805	3.09	107,154	4.07	52,067	2.57	242,769	6.04
SALES ANALYSIS								
Prescriptions	2,216,641	67.32	1,879,846	71.98	1,619,897	80.32	2,817,312	70.82
Other Sales	1,076,020	32.68	731,908	28.02	396,975	19.68	1,160,703	29.18
INVENTORY ANALYSIS								
Prescription	124,035	3.73	88,443	3.36	82,584	4.07	93,273	2.32
Other	163,082	4.90	118,336	4.49	63,563	3.14	154,746	3.85
STOCK CARRIED (Total)	287,116	8.63	206,778	7.85	146,147	7.21	248,019	6.17
STOCK TURN (On Total Inventory)	7.79		8.48		9.29		10.89	
SALES PER INVENTORY DOLLAR								
Prescription	17.87		21.25		19.62		30.20	
Other	6.60		6.19		6.25		7.50	
STATISTICS								
PHARMACY SIZE (square metres)	183		162		102		227	
PRESCRIPTIONS DISPENSED (Total)	61,703		52,445		44,709		82,688	
PRESCRIPTIONS DISPENSED WEEKLY	1,183		1,006		857		1,586	
TOTAL HOURS OPEN per WEEK	60.0		56.1		60.9		55.3	
AV HRS WORKED BY PROPRIETORS/WEEK	38.4		40.8		39.4		45.1	
FUNDS RETAINED IN BUSINESS (3)	42,968	1.29	46,754	1.77	-48,166	-2.38	92,301	2.30

(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 8% (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.

NSW PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/08)

Table 9

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,842,431		3,040,321		3,369,479		4,839,088		2,517,584	
COST OF GOODS SOLD	1,940,449	68.27	2,060,974	67.79	2,313,707	68.67	3,338,197	68.98	1,702,234	67.61
GROSS MARGIN	901,982	31.73	979,347	32.21	1,055,772	31.33	1,500,892	31.02	815,351	32.39
Other Income	25,022		20,777		34,605		32,617		24,961	
GROSS MARGIN PLUS COMMISSIONS	927,004		1,000,124		1,090,377		1,533,509		840,311	
TOTAL REVENUE	2,867,453	100.00	3,061,099	100.00	3,404,084	100.00	4,871,705	100.00	2,542,545	100.00
EXPENSES										
Salaries and Wages	321,214	11.20	330,402	10.79	403,897	11.87	562,632	11.55	283,182	11.14
Rent Paid	115,568	4.03	147,629	4.82	90,410	2.66	207,689	4.26	85,577	3.37
Outgoings - Rental & Rates	2,979	0.10	3,987	0.13	2,850	0.08	5,654	0.12	2,560	0.10
Accounting	11,169	0.39	10,925	0.36	12,924	0.38	13,075	0.27	11,350	0.45
Advertising	22,672	0.79	24,992	0.82	29,505	0.87	54,330	1.12	15,907	0.63
Bank Charges	8,473	0.30	10,039	0.33	7,832	0.23	12,367	0.25	7,641	0.30
Computer Expenses	6,911	0.24	6,830	0.22	7,458	0.22	9,663	0.20	6,078	0.24
Depreciation	23,650	0.82	24,403	0.80	27,364	0.80	34,308	0.70	22,275	0.88
Electricity, Water, Heating	6,706	0.23	6,880	0.22	8,137	0.24	11,671	0.24	5,736	0.23
Insurance	11,352	0.40	12,749	0.42	11,668	0.34	18,023	0.37	9,878	0.39
Interest Paid	50,687	1.77	66,456	2.17	40,328	1.18	84,858	1.74	41,823	1.64
Leasing Expenses	8,014	0.28	7,099	0.23	14,374	0.42	25,314	0.52	4,382	0.17
Motor Vehicle Expenses	5,234	0.18	4,693	0.15	7,537	0.22	7,513	0.15	5,396	0.21
Postage, Freight, Printing	9,402	0.33	9,862	0.32	10,428	0.31	10,853	0.22	9,826	0.39
Repairs, Maintenance, Service	4,450	0.16	3,458	0.11	6,898	0.20	8,784	0.18	3,522	0.14
Subs and Registrations	7,422	0.26	7,169	0.23	8,756	0.26	7,070	0.15	8,247	0.32
Superannuation	29,692	1.04	29,837	0.97	38,494	1.13	48,208	0.99	27,960	1.10
Telephone	6,101	0.21	5,971	0.20	7,501	0.22	8,501	0.17	5,934	0.23
Training	2,497	0.09	2,173	0.07	3,357	0.10	3,482	0.07	2,410	0.09
Abnormal Expenses	2,867	0.10	1,441	0.05	7,444	0.22	6,472	0.13	3,302	0.13
Payroll Tax	4,631	0.16	5,249	0.17	5,833	0.17	13,591	0.28	2,209	0.09
Workers' Compensation	3,939	0.14	4,355	0.14	4,102	0.12	5,297	0.11	3,803	0.15
Other Expenses	54,207	1.89	54,126	1.77	63,633	1.87	96,748	1.99	42,856	1.69
TOTAL EXPENSES	719,835	25.10	780,723	25.50	820,730	24.11	1,256,103	25.78	611,854	24.06
TOTAL INCOME	207,168	7.22	219,401	7.17	269,646	7.92	277,406	5.69	228,457	8.99
Less Proprietors' Salary (1)	145,748	5.08	147,236	4.81	151,391	4.45	133,556	2.74	155,565	6.12
[Full-Time-Equivalents]	1.13		1.14		1.18		1.04		1.21	
Less Return on Capital (2)	49,668	1.73	56,463	1.84	29,849	0.88	54,693	1.12	39,788	1.56
NET PROFIT/LOSS	11,753	0.41	15,702	0.51	88,406	2.60	89,158	1.83	33,104	1.30
SALES ANALYSIS										
Prescriptions	1,987,554	69.92	2,094,870	68.90	2,407,859	71.46	3,237,358	66.90	1,830,804	72.72
Other Sales	854,878	30.08	945,451	31.10	961,620	28.54	1,601,730	33.10	686,781	27.28
INVENTORY ANALYSIS										
Prescription	104,556	3.65	117,358	3.83	108,215	3.18	166,494	3.42	91,222	3.59
Other	131,576	4.59	132,135	4.32	154,137	4.53	190,665	3.91	122,509	4.82
STOCK CARRIED (Total)	236,132	8.23	249,493	8.15	262,353	7.71	357,160	7.33	213,731	8.41
STOCK TURN (On Total Inventory)	8.22		8.26		8.82		9.35		7.96	
SALES PER INVENTORY DOLLAR										
Prescription	19.01		17.85		22.25		19.44		20.07	
Other	6.50		7.16		6.24		8.40		5.61	
STATISTICS										
PHARMACY SIZE (square metres)	156		155		182		231		142	
PRESCRIPTIONS DISPENSED (Total)	52,506		55,542		65,387		85,978		49,492	
PRESCRIPTIONS DISPENSED WEEKLY	1,007		1,065		1,254		1,649		949	
TOTAL HOURS OPEN per WEEK	58.1		60.2		56.2		62.3		56.7	
AV HRS WORKED BY PROPRIETORS/WEEK	43.1		43.4		44.9		39.6		46.0	
FUNDS RETAINED IN BUSINESS (3)	17,218	0.60	48,227	1.58	18,292	0.54	15,838	0.33	41,942	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 8% (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 30/06/08)

Table 10

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,436,266		2,408,936		3,274,135		3,269,875		2,484,409	
COST OF GOODS SOLD	1,641,168	67.36	1,632,172	67.75	2,189,749	66.88	2,179,503	66.65	1,686,748	67.89
GROSS MARGIN	795,098	32.64	776,764	32.25	1,084,386	33.12	1,090,371	33.35	797,661	32.11
Other Income	21,943		10,236		38,689		31,531		18,274	
GROSS MARGIN PLUS COMMISSIONS	817,041		787,000		1,123,075		1,121,902		815,935	
TOTAL REVENUE	2,458,209	100.00	2,419,173	100.00	3,312,824	100.00	3,301,405	100.00	2,502,683	100.00
EXPENSES										
Salaries and Wages	268,580	10.93	261,145	10.79	376,510	11.37	373,824	11.32	272,885	10.90
Rent Paid	47,588	1.94	60,192	2.49	45,455	1.37	51,246	1.55	54,380	2.17
Outgoings - Rental & Rates	3,400	0.14	3,378	0.14	4,014	0.12	4,446	0.13	3,089	0.12
Accounting	7,686	0.31	10,482	0.43	8,528	0.26	8,641	0.26	10,230	0.41
Advertising	24,323	0.99	18,543	0.77	41,336	1.25	42,864	1.30	19,233	0.77
Bank Charges	5,234	0.21	4,962	0.21	7,487	0.23	7,134	0.22	5,451	0.22
Computer Expenses	6,688	0.27	5,393	0.22	9,474	0.29	9,907	0.30	5,390	0.22
Depreciation	15,198	0.62	13,309	0.55	22,438	0.68	21,105	0.64	15,126	0.60
Electricity, Water, Heating	5,943	0.24	5,783	0.24	8,003	0.24	8,287	0.25	5,743	0.23
Insurance	6,201	0.25	5,874	0.24	7,304	0.22	7,422	0.22	5,900	0.24
Interest Paid	38,957	1.58	46,405	1.92	45,679	1.38	32,171	0.97	57,038	2.28
Leasing Expenses	4,472	0.18	5,918	0.24	1,400	0.04	2,958	0.09	4,308	0.17
Motor Vehicle Expenses	4,122	0.17	1,943	0.08	7,935	0.24	4,952	0.15	4,804	0.19
Postage, Freight, Printing	10,305	0.42	9,767	0.40	15,654	0.47	13,780	0.42	11,741	0.47
Repairs, Maintenance, Service	3,874	0.16	4,264	0.18	4,627	0.14	4,620	0.14	4,300	0.17
Subs and Registrations	8,032	0.33	6,070	0.25	11,468	0.35	11,128	0.34	6,789	0.27
Superannuation	26,489	1.08	25,177	1.04	40,480	1.22	35,002	1.06	30,789	1.23
Telephone	5,101	0.21	5,297	0.22	6,355	0.19	6,293	0.19	5,435	0.22
Training	2,904	0.12	2,446	0.10	4,896	0.15	4,581	0.14	2,900	0.12
Abnormal Expenses	8,710	0.35	4,534	0.19	10,993	0.33	10,346	0.31	5,584	0.22
Payroll Tax	2,477	0.10	2,928	0.12	3,927	0.12	4,733	0.14	2,373	0.09
Workers' Compensation	1,515	0.06	1,740	0.07	1,980	0.06	1,754	0.05	1,939	0.08
Other Expenses	15,274	0.62	17,295	0.71	21,626	0.65	18,940	0.57	19,782	0.79
TOTAL EXPENSES	523,075	21.28	522,844	21.61	707,571	21.36	686,137	20.78	555,207	22.18
TOTAL INCOME	293,966	11.96	264,156	10.92	415,504	12.54	435,765	13.20	260,728	10.42
Less Proprietors' Salary (1) [Full-Time-Equivalents]	145,917	5.94	149,612	6.18	155,696	4.70	150,518	4.56	154,218	6.16
	1.15		1.14		1.27		1.19		1.21	
Less Return on Capital (2)	0.00	0.00	0.00	0.00	0.00	0.00	73,362	2.22	0.00	0.00
NET PROFIT/LOSS	148,049	6.02	114,544	4.73	259,808	7.84	211,886	6.42	106,510	4.26
SALES ANALYSIS										
Prescriptions	1,811,954	74.37	1,787,503	74.20	2,445,379	74.69	2,474,277	75.67	1,819,448	73.23
Other Sales	624,313	25.63	621,433	25.80	828,756	25.31	795,597	24.33	664,961	26.77
INVENTORY ANALYSIS										
Prescription	71,685	2.92	66,684	2.76	88,790	2.68	83,638	2.53	72,605	2.90
Other	106,578	4.34	101,775	4.21	144,094	4.35	142,847	4.33	106,289	4.25
STOCK CARRIED (Total)	178,263	7.25	168,460	6.96	232,884	7.03	226,485	6.86	178,894	7.15
STOCK TURN (On Total Inventory)	9.21		9.69		9.40		9.62		9.43	
SALES PER INVENTORY DOLLAR										
Prescription	25.28		26.81		27.54		29.58		25.06	
Other	5.86		6.11		5.75		5.57		6.26	
STATISTICS										
PHARMACY SIZE (square metres)	153		132		199		190		145	
PRESCRIPTIONS DISPENSED (Total)	51,605		52,392		68,803		69,559		53,161	
PRESCRIPTIONS DISPENSED WEEKLY	990		1,005		1,320		1,334		1,020	
TOTAL HOURS OPEN per WEEK	54.2		57.1		53.3		52.8		57.2	
AV HRS WORKED BY PROPRIETORS/WEEK	43.8		43.3		48.1		45.2		46.0	
FUNDS RETAINED IN BUSINESS (3)	66,674	2.71	107,784	4.46	55,002	1.66	58,708	1.78	100,452	4.01

(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 8% (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 30/06/08)

Table 11

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,474,729		2,518,368		2,770,535		3,030,988		2,605,998	
COST OF GOODS SOLD	1,658,162	67.00	1,673,338	66.45	1,862,940	67.24	2,046,882	67.53	1,740,713	66.80
GROSS MARGIN	816,567	33.00	845,031	33.55	907,596	32.76	984,106	32.47	865,285	33.20
Other Income	24,201		26,233		24,402		29,344		23,377	
GROSS MARGIN PLUS COMMISSIONS	840,769		871,264		931,998		1,013,450		888,662	
TOTAL REVENUE	2,498,930	100.00	2,544,602	100.00	2,794,937	100.00	3,060,332	100.00	2,629,375	100.00
EXPENSES										
Salaries and Wages	297,013	11.89	303,825	11.94	329,567	11.79	333,265	10.89	326,284	12.41
Rent Paid	94,665	3.79	102,415	4.02	94,768	3.39	90,550	2.96	102,151	3.88
Outgoings - Rental & Rates	3,819	0.15	4,606	0.18	3,786	0.14	5,310	0.17	4,372	0.17
Accounting	11,765	0.47	8,216	0.32	15,022	0.54	7,664	0.25	14,609	0.56
Advertising	25,320	1.01	21,514	0.85	32,138	1.15	29,359	0.96	30,047	1.14
Bank Charges	8,535	0.34	9,903	0.39	8,421	0.30	10,817	0.35	8,680	0.33
Computer Expenses	5,807	0.23	4,996	0.20	6,715	0.24	6,905	0.23	5,580	0.21
Depreciation	23,465	0.94	21,182	0.83	26,107	0.93	25,570	0.84	23,428	0.89
Electricity, Water, Heating	8,120	0.32	8,218	0.32	8,978	0.32	11,556	0.38	7,957	0.30
Insurance	6,083	0.24	4,990	0.20	7,144	0.26	6,736	0.22	6,375	0.24
Interest Paid	42,444	1.70	68,150	2.68	32,469	1.16	78,653	2.57	37,990	1.44
Leasing Expenses	4,730	0.19	4,829	0.19	4,480	0.16	3,280	0.11	5,691	0.22
Motor Vehicle Expenses	2,723	0.11	2,499	0.10	3,011	0.11	3,479	0.11	2,800	0.11
Postage, Freight, Printing	8,156	0.33	7,909	0.31	9,471	0.34	5,573	0.18	11,215	0.43
Repairs, Maintenance, Service	4,429	0.18	5,384	0.21	4,165	0.15	5,317	0.17	4,609	0.18
Subs and Registrations	9,640	0.39	6,955	0.27	12,581	0.45	12,224	0.40	8,774	0.33
Superannuation	26,830	1.07	27,732	1.09	29,161	1.04	28,371	0.93	29,529	1.12
Telephone	6,373	0.26	5,966	0.23	6,856	0.25	5,753	0.19	7,043	0.27
Training	3,539	0.14	2,485	0.10	5,001	0.18	4,224	0.14	3,990	0.15
Abnormal Expenses	2,537	0.10	3,634	0.14	973	0.03	389	0.01	2,766	0.11
Payroll Tax	3,459	0.14	3,270	0.13	3,494	0.13	2,448	0.08	4,229	0.16
Workers' Compensation	2,976	0.12	2,870	0.11	3,491	0.12	2,667	0.09	3,370	0.13
Other Expenses	41,075	1.64	41,555	1.63	41,482	1.48	69,131	2.26	27,634	1.05
TOTAL EXPENSES	643,339	25.74	672,482	26.43	689,281	24.66	749,242	24.48	678,781	25.82
TOTAL INCOME	197,430	7.90	198,782	7.81	242,717	8.68	264,208	8.63	209,881	7.98
Less Proprietors' Salary (1) [Full-Time-Equivalents]	148,142	5.93	146,149	5.74	158,784	5.68	153,951	5.03	155,042	5.90
	1.17		1.13		1.27		1.22		1.23	
Less Return on Capital (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET PROFIT/LOSS	49,288	1.97	52,633	2.07	83,933	3.00	110,258	3.60	54,838	2.09
SALES ANALYSIS										
Prescriptions	1,669,258	67.45	1,671,462	66.37	1,901,194	68.62	1,980,919	65.36	1,785,019	68.50
Other Sales	805,471	32.55	846,906	33.63	869,341	31.38	1,050,069	34.64	820,979	31.50
INVENTORY ANALYSIS										
Prescription	106,258	4.25	116,025	4.56	109,596	3.92	168,744	5.51	79,869	3.04
Other	170,365	6.82	168,714	6.63	190,078	6.80	254,654	8.32	155,273	5.91
STOCK CARRIED (Total)	276,622	11.07	284,739	11.19	299,674	10.72	423,398	13.84	235,142	8.94
STOCK TURN (On Total Inventory)	5.99		5.88		6.22		4.83		7.40	
SALES PER INVENTORY DOLLAR										
Prescription	15.71		14.41		17.35		11.74		22.35	
Other	4.73		5.02		4.57		4.12		5.29	
STATISTICS										
PHARMACY SIZE (square metres)	147		142		162		187		140	
PRESCRIPTIONS DISPENSED (Total)	47,025		46,534		54,071		57,327		49,506	
PRESCRIPTIONS DISPENSED WEEKLY	902		892		1,037		1,099		949	
TOTAL HOURS OPEN per WEEK	58.8		58.9		60.1		58.4		59.0	
AV HRS WORKED BY PROPRIETORS/WEEK	44.6		43.0		48.4		46.3		46.6	
FUNDS RETAINED IN BUSINESS (3)	58,644	2.35	66,290	2.61	83,491	2.99	27,667	0.90	116,645	4.44

(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 8% (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 30/06/08)

Table 12

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,543,013		2,716,808		3,465,444		3,472,127		2,456,124	
COST OF GOODS SOLD	1,706,291	67.10	1,844,675	67.90	2,325,973	67.12	2,370,602	68.28	1,609,860	65.54
GROSS MARGIN	836,722	32.90	872,132	32.10	1,139,472	32.88	1,101,524	31.72	846,265	34.46
Other Income	39,623		47,859		47,014		47,820		46,798	
GROSS MARGIN PLUS COMMISSIONS	876,345		919,991		1,186,486		1,149,344		893,062	
TOTAL REVENUE	2,582,636	100.00	2,764,667	100.00	3,512,458	100.00	3,519,947	100.00	2,502,922	100.00
EXPENSES										
Salaries and Wages	301,470	11.67	330,071	11.94	424,276	12.08	414,379	11.77	315,165	12.59
Rent Paid	80,613	3.12	132,867	4.81	79,545	2.26	100,499	2.86	115,717	4.62
Outgoings - Rental & Rates	5,875	0.23	4,719	0.17	7,004	0.20	6,283	0.18	5,159	0.21
Accounting	11,169	0.43	18,030	0.65	10,553	0.30	17,786	0.51	8,466	0.34
Advertising	18,103	0.70	13,015	0.47	30,771	0.88	29,883	0.85	8,577	0.34
Bank Charges	6,624	0.26	6,169	0.22	10,060	0.29	9,720	0.28	5,439	0.22
Computer Expenses	12,061	0.47	18,785	0.68	10,592	0.30	20,809	0.59	4,488	0.18
Depreciation	15,240	0.59	16,674	0.60	23,831	0.68	22,677	0.64	16,211	0.65
Electricity, Water, Heating	7,045	0.27	7,105	0.26	9,566	0.27	8,935	0.25	7,336	0.29
Insurance	9,837	0.38	10,682	0.39	12,658	0.36	11,862	0.34	11,350	0.45
Interest Paid	18,283	0.71	20,452	0.74	18,594	0.53	21,908	0.62	15,547	0.62
Leasing Expenses	6,482	0.25	2,382	0.09	15,052	0.43	8,933	0.25	8,357	0.33
Motor Vehicle Expenses	5,409	0.21	1,498	0.05	9,119	0.26	5,454	0.15	5,066	0.20
Postage, Freight, Printing	7,214	0.28	5,428	0.20	12,355	0.35	11,184	0.32	5,070	0.20
Repairs, Maintenance, Service	5,122	0.20	6,482	0.23	7,445	0.21	8,129	0.23	5,021	0.20
Subs and Registrations	11,504	0.45	12,635	0.46	13,197	0.38	13,099	0.37	12,612	0.50
Superannuation	28,744	1.11	30,453	1.10	39,972	1.14	37,879	1.08	30,767	1.23
Telephone	6,529	0.25	6,554	0.24	8,761	0.25	8,993	0.26	5,431	0.22
Training	4,142	0.16	3,386	0.12	7,031	0.20	6,925	0.20	2,347	0.09
Abnormal Expenses	27,439	1.06	41,901	1.52	40,233	1.15	46,359	1.32	32,247	1.29
Payroll Tax	8,182	0.32	12,549	0.45	9,055	0.26	13,994	0.40	5,482	0.22
Workers' Compensation	1,806	0.07	471	0.02	3,385	0.10	2,149	0.06	1,559	0.06
Other Expenses	11,988	0.46	11,194	0.40	15,247	0.43	10,680	0.30	17,455	0.70
TOTAL EXPENSES	610,883	23.65	713,501	25.81	818,300	23.30	838,520	23.82	644,868	25.76
TOTAL INCOME	265,463	10.28	206,491	7.47	368,185	10.48	310,825	8.83	248,194	9.92
Less Proprietors' Salary (1) [Full-Time-Equivalents]	145,486	5.63	141,860	5.13	125,274	3.57	145,334	4.13	113,956	4.55
Less Return on Capital (2)	1,08		1,03		1,02		1,09		0,91	
	64,161	2.48	33,443	1.21	104,064	2.96	78,751	2.24	52,091	2.08
NET PROFIT/LOSS	55,816	2.16	31,187	1.13	138,848	3.95	86,740	2.46	82,146	3.28
SALES ANALYSIS										
Prescriptions	1,781,500	70.05	1,905,806	70.15	2,344,086	67.64	2,371,855	68.31	1,713,432	69.76
Other Sales	761,513	29.95	811,001	29.85	1,121,358	32.36	1,100,272	31.69	742,693	30.24
INVENTORY ANALYSIS										
Prescription	96,605	3.74	117,581	4.25	118,744	3.38	137,871	3.92	85,316	3.41
Other	114,465	4.43	79,776	2.89	181,759	5.17	147,651	4.19	102,627	4.10
STOCK CARRIED (Total)	211,070	8.17	197,357	7.14	300,503	8.56	285,522	8.11	187,944	7.51
STOCK TURN (On Total Inventory)	8.08		9.35		7.74		8.30		8.57	
SALES PER INVENTORY DOLLAR										
Prescription	18.44		16.21		19.74		17.20		20.08	
Other	6.65		10.17		6.17		7.45		7.24	
STATISTICS										
PHARMACY SIZE (square metres)	170		162		215		188		188	
PRESCRIPTIONS DISPENSED (Total)	52,288		58,688		69,038		70,940		52,068	
PRESCRIPTIONS DISPENSED WEEKLY	1,003		1,126		1,324		1,360		999	
TOTAL HOURS OPEN per WEEK	58.8		66.3		55.4		61.5		59.9	
AV HRS WORKED BY PROPRIETORS/WEEK	40.9		39.3		38.8		41.6		34.7	
FUNDS RETAINED IN BUSINESS (3)	67,121	2.60	-22,526	-0.81	174,149	4.96	35,080	1.00	143,699	5.74

(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 8% (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 30/06/08)

Table 13

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,460,292		2,992,552		2,378,408		2,262,978		3,449,174	
COST OF GOODS SOLD	1,615,071	65.65	1,991,527	66.55	1,504,814	63.27	1,479,719	65.39	2,287,019	66.31
GROSS MARGIN	845,220	34.35	1,001,025	33.45	873,594	36.73	783,259	34.61	1,162,155	33.69
Other Income	16,983		20,724		16,967		9,284		30,494	
GROSS MARGIN PLUS COMMISSIONS	862,204		1,021,748		890,561		792,543		1,192,649	
TOTAL REVENUE	2,477,275	100.00	3,013,276	100.00	2,395,375	100.00	2,272,261	100.00	3,479,668	100.00
EXPENSES										
Salaries and Wages	252,617	10.20	310,427	10.30	275,675	11.51	229,880	10.12	375,528	10.79
Rent Paid	76,635	3.09	96,873	3.21	54,317	2.27	59,437	2.62	115,395	3.32
Outgoings - Rental & Rates	6,162	0.25	6,136	0.20	3,890	0.16	6,264	0.28	5,010	0.14
Accounting	6,633	0.27	7,707	0.26	5,495	0.23	6,995	0.31	7,435	0.21
Advertising	19,996	0.81	28,136	0.93	12,399	0.52	9,709	0.43	39,569	1.14
Bank Charges	5,701	0.23	6,443	0.21	6,734	0.28	5,351	0.24	7,664	0.22
Computer Expenses	7,850	0.32	7,694	0.26	12,658	0.53	5,795	0.26	11,800	0.34
Depreciation	15,309	0.62	19,352	0.64	12,504	0.52	17,119	0.75	18,542	0.53
Electricity, Water, Heating	5,769	0.23	6,880	0.23	5,157	0.22	3,256	0.14	9,738	0.28
Insurance	8,670	0.35	9,240	0.31	10,104	0.42	7,680	0.34	11,184	0.32
Interest Paid	28,205	1.14	23,243	0.77	68,606	2.86	40,017	1.76	26,631	0.77
Leasing Expenses	228	0.01	0	0.00	1,259	0.05	0	0.00	560	0.02
Motor Vehicle Expenses	2,903	0.12	3,735	0.12	355	0.01	5,065	0.22	902	0.03
Postage, Freight, Printing	7,474	0.30	8,386	0.28	10,978	0.46	7,435	0.33	10,490	0.30
Repairs, Maintenance, Service	2,130	0.09	2,201	0.07	2,725	0.11	2,099	0.09	2,535	0.07
Subs and Registrations	5,616	0.23	6,222	0.21	6,334	0.26	5,407	0.24	7,087	0.20
Superannuation	19,805	0.80	23,855	0.79	23,428	0.98	14,603	0.64	32,916	0.95
Telephone	4,445	0.18	5,123	0.17	4,550	0.19	4,431	0.19	5,561	0.16
Training	2,130	0.09	2,220	0.07	3,291	0.14	3,336	0.15	1,580	0.05
Abnormal Expenses	1,316	0.05	1,995	0.07	388	0.02	38	0.00	3,237	0.09
Payroll Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Workers' Compensation	1,066	0.04	1,213	0.04	1,456	0.06	1,523	0.07	1,011	0.03
Other Expenses	44,713	1.80	37,437	1.24	114,664	4.79	53,369	2.35	55,829	1.60
TOTAL EXPENSES	525,378	21.21	614,518	20.39	636,964	26.59	488,809	21.51	750,203	21.56
TOTAL INCOME	336,826	13.60	407,230	13.51	253,597	10.59	303,733	13.37	442,445	12.72
Less Proprietors' Salary (1) [Full-Time-Equivalents]	137,731	5.56	121,093	4.02	151,812	6.34	151,595	6.67	104,243	3.00
Less Return on Capital (2)	1.06		0.97		1.10		1.12		0.87	
	0	0.00	3,565	0.12	0	0.00	0	0.00	4,866	0.14
NET PROFIT/LOSS	199,095	8.04	282,572	9.38	101,785	4.25	152,138	6.70	333,336	9.58
SALES ANALYSIS										
Prescriptions	1,678,803	68.24	2,093,036	69.94	1,516,089	63.74	1,529,309	67.58	2,400,341	69.59
Other Sales	781,488	31.76	899,516	30.06	862,319	36.26	733,668	32.42	1,048,832	30.41
INVENTORY ANALYSIS										
Prescription	66,442	2.68	74,135	2.46	72,264	3.02	68,510	3.02	78,929	2.27
Other	116,145	4.69	129,099	4.28	139,603	5.83	92,612	4.08	170,254	4.89
STOCK CARRIED (Total)	182,586	7.37	203,234	6.74	211,867	8.84	161,122	7.09	249,184	7.16
STOCK TURN (On Total Inventory)	8.85		9.80		7.10		9.18		9.18	
SALES PER INVENTORY DOLLAR										
Prescription	25.27		28.23		20.98		22.32		30.41	
Other	6.73		6.97		6.18		7.92		6.16	
STATISTICS										
PHARMACY SIZE (square metres)	136		145		149		121		170	
PRESCRIPTIONS DISPENSED (Total)	44,264		53,931		42,236		40,845		61,820	
PRESCRIPTIONS DISPENSED WEEKLY	849		1,034		810		783		1,186	
TOTAL HOURS OPEN per WEEK	62.3		66.6		54.3		57.7		70.1	
AV HRS WORKED BY PROPRIETORS/WEEK	40.3		36.7		41.8		42.7		33.0	
FUNDS RETAINED IN BUSINESS (3)	125,196	5.05	139,085	4.62	114,251	4.77	108,228	4.76	158,904	4.57

(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 8% (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 30/06/08)

Table 14

	State Averages Weighted		Metro	Country		Group		No Group		
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,261,351		Insufficient sample to publish		2,356,547		2,627,665		2,081,832	
COST OF GOODS SOLD	1,503,188	66.47			1,573,017	66.75	1,746,618	66.47	1,385,376	66.55
GROSS MARGIN	758,164	33.53			783,530	33.25	881,048	33.53	696,456	33.45
Other Income	26,794				29,286		11,781		39,039	
GROSS MARGIN PLUS COMMISSIONS	784,958				812,816		892,829		735,495	
TOTAL REVENUE	2,288,146	100.00			2,385,833	100.00	2,639,447	100.00	2,120,871	100.00
EXPENSES										
Salaries and Wages	253,349	11.07			267,377	11.21	271,869	10.30	242,123	11.42
Rent Paid	57,714	2.52			57,905	2.43	66,547	2.52	51,447	2.43
Outgoings - Rental & Rates	3,091	0.14			2,653	0.11	3,048	0.12	3,295	0.16
Accounting	6,188	0.27			6,020	0.25	6,062	0.23	6,887	0.32
Advertising	24,891	1.09			26,703	1.12	25,988	0.98	23,650	1.12
Bank Charges	5,659	0.25			5,633	0.24	5,299	0.20	5,991	0.28
Computer Expenses	6,291	0.27			6,615	0.28	8,003	0.30	5,247	0.25
Depreciation	15,708	0.69			14,828	0.62	17,169	0.65	14,383	0.68
Electricity, Water, Heating	4,471	0.20			4,573	0.19	4,780	0.18	4,342	0.20
Insurance	9,507	0.42			10,141	0.43	12,271	0.46	8,180	0.39
Interest Paid	45,375	1.98			40,116	1.68	43,838	1.66	47,783	2.25
Leasing Expenses	4,756	0.21			5,409	0.23	7,025	0.27	2,950	0.14
Motor Vehicle Expenses	3,020	0.13			3,209	0.13	4,974	0.19	1,576	0.07
Postage, Freight, Printing	9,524	0.42			10,163	0.43	10,126	0.38	9,541	0.45
Repairs, Maintenance, Service	2,305	0.10			2,631	0.11	3,602	0.14	1,595	0.08
Subs and Registrations	10,736	0.47			8,752	0.37	11,166	0.42	10,847	0.51
Superannuation	26,632	1.16			27,791	1.16	28,603	1.08	25,500	1.20
Telephone	4,758	0.21			4,937	0.21	4,618	0.17	4,948	0.23
Training	3,525	0.15			3,999	0.17	4,018	0.15	3,247	0.15
Abnormal Expenses	6,253	0.27			5,768	0.24	410	0.02	10,875	0.51
Payroll Tax	0	0.00			0	0.00	0	0.00	0	0.00
Workers' Compensation	2,356	0.10			2,390	0.10	1,397	0.05	2,955	0.14
Other Expenses	13,302	0.58			12,857	0.54	19,614	0.74	9,246	0.44
TOTAL EXPENSES	519,414	22.70			530,471	22.23	560,429	21.23	496,609	23.42
TOTAL INCOME	265,544	11.61			282,345	11.83	332,400	12.59	238,886	11.26
Less Proprietors' Salary (1)	145,940	6.38			146,348	6.13	143,728	5.45	146,738	6.92
[Full-Time-Equivalents]	1.15				1.14		1.09		1.17	
Less Return on Capital (2)	0	0.00			0	0.00	0	0.00	0	0.00
NET PROFIT/LOSS	119,604	5.23			135,996	5.70	188,673	7.15	92,147	4.34
SALES ANALYSIS										
Prescriptions	1,655,706	73.22			1,711,456	72.63	1,805,213	68.70	1,623,956	78.01
Other Sales	605,646	26.78			645,091	27.37	822,452	31.30	457,876	21.99
INVENTORY ANALYSIS										
Prescription	61,762	2.70			66,126	2.77	71,755	2.72	55,660	2.62
Other	90,803	3.97			93,535	3.92	107,140	4.06	82,481	3.89
STOCK CARRIED (Total)	152,565	6.67			159,661	6.69	178,895	6.78	138,141	6.51
STOCK TURN (On Total Inventory)	9.85				9.85		9.76		10.03	
SALES PER INVENTORY DOLLAR										
Prescription	26.81				25.88		25.16		29.18	
Other	6.67				6.90		7.68		5.55	
STATISTICS										
PHARMACY SIZE (square metres)	171				173		177		177	
PRESCRIPTIONS DISPENSED (Total)	50,738				52,945		57,054		48,901	
PRESCRIPTIONS DISPENSED WEEKLY	973				1,015		1,094		938	
TOTAL HOURS OPEN per WEEK	55.2				54.7		53.6		56.0	
AV HRS WORKED BY PROPRIETORS/WEEK	43.6				43.3		41.5		44.4	
FUNDS RETAINED IN BUSINESS (3)	139,166	6.08			147,326	6.18	141,008	5.34	150,644	7.10

(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 8% (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 30/06/08)

Table 15

	AUSTRALIA Manager Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,875,817		3,667,155		2,203,027	
COST OF GOODS SOLD	1,919,527	66.75	2,492,317	67.96	1,485,799	67.44
GROSS MARGIN	956,290	33.25	1,174,838	32.04	717,228	32.56
Other Income	30,474		26,398		39,151	
GROSS MARGIN PLUS COMMISSIONS	986,764		1,201,236		756,380	
TOTAL REVENUE	2,906,291	100.00	3,693,553	100.00	2,242,178	100.00
EXPENSES						
Salaries and Wages	362,208	12.46	440,916	11.94	288,009	12.85
Rent Paid	131,795	4.53	166,954	4.52	35,800	1.60
Outgoings - Rental & Rates	5,664	0.19	4,634	0.13	2,348	0.10
Accounting	7,753	0.27	7,052	0.19	6,413	0.29
Advertising	30,729	1.06	40,337	1.09	29,103	1.30
Bank Charges	6,195	0.21	5,033	0.14	4,556	0.20
Computer Expenses	8,842	0.30	7,727	0.21	9,330	0.42
Depreciation	17,103	0.59	21,904	0.59	4,506	0.20
Electricity, Water, Heating	7,894	0.27	9,331	0.25	5,720	0.26
Insurance	9,809	0.34	13,140	0.36	6,313	0.28
Interest Paid	38,134	1.31	54,391	1.47	98	0.00
Leasing Expenses	13,318	0.46	19,614	0.53	7,492	0.33
Motor Vehicle Expenses	3,254	0.11	4,223	0.11	0.00	0.00
Postage, Freight, Printing	9,840	0.34	11,579	0.31	11,493	0.51
Repairs, Maintenance, Service	6,095	0.21	7,686	0.21	2,267	0.10
Subs and Registrations	8,922	0.31	9,891	0.27	6,343	0.28
Superannuation	32,285	1.11	43,024	1.16	24,858	1.11
Telephone	6,451	0.22	7,182	0.19	4,514	0.20
Training	2,140	0.07	1,262	0.03	4,299	0.19
Abnormal Expenses	9,580	0.33	3,635	0.10	21,396	0.95
Payroll Tax	6,626	0.23	10,898	0.30	1,443	0.06
Workers' Compensation	2,745	0.09	5,167	0.14	796	0.04
Other Expenses	68,863	2.37	77,232	2.09	10,055	0.45
TOTAL EXPENSES	795,661	27.38	972,811	26.34	487,150	21.73
TOTAL INCOME	191,103	6.58	228,425	6.18	269,230	12.01
Less Proprietors' Salary (1) [Full-Time-Equivalents]	45,352 0.35	1.56	79,056 0.62	2.14	31,221 0.16	1.39
Less Return on Capital (2)	53,577	1.84	88,436	2.39	37,338	1.67
NET PROFIT/LOSS	92,175	3.17	60,933	1.65	200,671	8.95
SALES ANALYSIS						
Prescriptions	1,939,117	67.43	2,529,386	68.97	1,802,918	81.84
Other Sales	936,699	32.57	1,137,769	31.03	400,109	18.16
INVENTORY ANALYSIS						
Prescription	109,467	3.77	138,798	3.76	58,684	2.62
Other	131,874	4.54	151,219	4.09	86,858	3.87
STOCK CARRIED (Total)	241,341	8.30	290,017	7.85	145,543	6.49
STOCK TURN (On Total Inventory)	7.95		8.59		10.21	
SALES PER INVENTORY DOLLAR						
Prescription	17.71		18.22		30.72	
Other	7.10		7.52		4.61	
STATISTICS						
PHARMACY SIZE (square metres)	168		190		148	
PRESCRIPTIONS DISPENSED (Total)	54,513		68,486		49,245	
PRESCRIPTIONS DISPENSED WEEKLY	1,045		1,313		944	
TOTAL HOURS OPEN per WEEK	60.4		60.8		50.9	
AV HRS WORKED BY PROPRIETORS/WEEK	13.4		23.5		6.3	
FUNDS RETAINED IN BUSINESS (3)	29,890	1.03	22,463	0.61	65,577	2.92

(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 8% (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 30/06/08)

Table 15

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	1,658,546		3,630,863		Insufficient sample to publish	
COST OF GOODS SOLD	1,019,809	61.49	2,481,676	68.35		
GROSS MARGIN	638,737	38.51	1,149,186	31.65		
Other Income	23,752		67,401			
GROSS MARGIN PLUS COMMISSIONS	662,489		1,216,588			
TOTAL REVENUE	1,682,298	100.00	3,698,264	100.00		
EXPENSES						
Salaries and Wages	238,398	14.17	497,939	13.46		
Rent Paid	118,721	7.06	151,429	4.09		
Outgoings - Rental & Rates	6,002	0.36	11,518	0.31		
Accounting	4,535	0.27	19,423	0.53		
Advertising	17,750	1.06	19,390	0.52		
Bank Charges	8,140	0.48	9,148	0.25		
Computer Expenses	5,369	0.32	23,181	0.63		
Depreciation	17,841	1.06	14,670	0.40		
Electricity, Water, Heating	6,982	0.42	9,459	0.26		
Insurance	4,378	0.26	12,452	0.34		
Interest Paid	43,347	2.58	4,327	0.12		
Leasing Expenses	10,559	0.63	2,244	0.06		
Motor Vehicle Expenses	1,164	0.07	8,481	0.23		
Postage, Freight, Printing	6,150	0.37	11,600	0.31		
Repairs, Maintenance, Service	5,107	0.30	6,749	0.18		
Subs and Registrations	5,653	0.34	19,006	0.51		
Superannuation	18,141	1.08	41,567	1.12		
Telephone	5,959	0.35	7,732	0.21		
Training	1,774	0.11	6,224	0.17		
Abnormal Expenses	404	0.02	41,956	1.13		
Payroll Tax	0.00	0.00	14,542	0.39		
Workers' Compensation	896	0.05	1,963	0.05		
Other Expenses	89,315	5.31	21,515	0.58		
TOTAL EXPENSES	614,431	36.52	956,512	25.86		
TOTAL INCOME	48,059	2.86	260,076	7.03		
Less Proprietors' Salary (1)	7,325	0.44	29,660	0.80		
[Full-Time-Equivalents]	0.06		0.25			
Less Return on Capital (2)	0.00	0.00	93,441	2.53		
NET PROFIT/LOSS	40,734	2.42	136,975	3.70		
SALES ANALYSIS						
Prescriptions	1,014,548	61.17	2,377,138	65.47		
Other Sales	643,998	38.83	1,253,725	34.53		
INVENTORY ANALYSIS						
Prescription	87,813	5.22	132,013	3.57		
Other	113,010	6.72	175,528	4.75		
STOCK CARRIED (Total)	200,822	11.94	307,541	8.32		
STOCK TURN (On Total Inventory)	5.08		8.07			
SALES PER INVENTORY DOLLAR						
Prescription	11.55		18.01			
Other	5.70		7.14			
STATISTICS						
PHARMACY SIZE (square metres)	141		216			
PRESCRIPTIONS DISPENSED (Total)	30,266		74,380			
PRESCRIPTIONS DISPENSED WEEKLY	580		1,426			
TOTAL HOURS OPEN per WEEK	58.7		70.0			
AV HRS WORKED BY PROPRIETORS/WEEK	2.3		9.5			
FUNDS RETAINED IN BUSINESS (3)	6,192	0.37	65,850	1.78		

(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 8% (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 30/06/08)

Table 16

	AUSTRALIA Owner Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,888,430		3,101,933		2,920,930	
COST OF GOODS SOLD	1,951,394	67.56	2,118,275	68.29	1,964,043	67.24
GROSS MARGIN	937,037	32.44	983,658	31.71	956,887	32.76
Other Income	25,755		26,135		23,169	
GROSS MARGIN PLUS COMMISSIONS	962,792		1,009,793		980,056	
TOTAL REVENUE	2,914,186	100.00	3,128,068	100.00	2,944,099	100.00
EXPENSES						
Salaries and Wages	329,212	11.30	350,029	11.19	323,582	10.99
Rent Paid	91,784	3.15	111,518	3.57	55,440	1.88
Outgoings - Rental & Rates	3,676	0.13	3,220	0.10	3,927	0.13
Accounting	12,088	0.41	13,033	0.42	10,018	0.34
Advertising	26,846	0.92	24,222	0.77	30,441	1.03
Bank Charges	8,647	0.30	10,068	0.32	6,420	0.22
Computer Expenses	6,910	0.24	6,986	0.22	7,376	0.25
Depreciation	23,885	0.82	26,936	0.86	18,896	0.64
Electricity, Water, Heating	7,669	0.26	7,066	0.23	7,026	0.24
Insurance	8,845	0.30	12,100	0.39	6,623	0.22
Interest Paid	47,992	1.65	54,948	1.76	48,643	1.65
Leasing Expenses	5,626	0.19	8,409	0.27	3,411	0.12
Motor Vehicle Expenses	4,478	0.15	6,438	0.21	5,440	0.18
Postage, Freight, Printing	9,960	0.34	9,890	0.32	13,086	0.44
Repairs, Maintenance, Service	4,370	0.15	4,470	0.14	4,787	0.16
Subs and Registrations	9,441	0.32	7,510	0.24	9,184	0.31
Superannuation	30,656	1.05	32,024	1.02	33,863	1.15
Telephone	6,357	0.22	6,604	0.21	5,974	0.20
Training	3,735	0.13	3,101	0.10	3,669	0.12
Abnormal Expenses	4,943	0.17	4,413	0.14	6,448	0.22
Payroll Tax	3,702	0.13	4,299	0.14	3,714	0.13
Workers' Compensation	3,285	0.11	4,064	0.13	2,018	0.07
Other Expenses	37,600	1.29	54,540	1.74	20,162	0.68
TOTAL EXPENSES	691,706	23.74	765,891	24.48	630,149	21.40
TOTAL INCOME	271,086	9.30	243,903	7.80	349,907	11.89
Less Proprietors' Salary (1) [Full-Time-Equivalents]	168,295 1.32	5.78	165,441 1.29	5.29	169,374 1.34	5.75
Less Return on Capital (2)	0.00	0.00	22,926	0.73	0.00	0.00
NET PROFIT/LOSS	102,791	3.53	55,536	1.78	180,534	6.13
SALES ANALYSIS						
Prescriptions	2,030,448	70.30	2,185,196	70.45	2,159,760	73.94
Other Sales	857,982	29.70	916,738	29.55	761,170	26.06
INVENTORY ANALYSIS						
Prescription	102,577	3.52	107,801	3.45	80,131	2.72
Other	154,868	5.31	141,166	4.51	127,422	4.33
STOCK CARRIED (Total)	257,445	8.83	248,968	7.96	207,553	7.05
STOCK TURN (On Total Inventory)	7.58		8.51		9.46	
SALES PER INVENTORY DOLLAR						
Prescription	19.79		20.27		26.95	
Other	5.54		6.49		5.97	
STATISTICS						
PHARMACY SIZE (square metres)	161		163		169	
PRESCRIPTIONS DISPENSED (Total)	56,262		58,486		61,614	
PRESCRIPTIONS DISPENSED WEEKLY	1,079		1,122		1,182	
TOTAL HOURS OPEN per WEEK	58.3		57.7		55.4	
AV HRS WORKED BY PROPRIETORS/WEEK	50.2		48.9		51.0	
FUNDS RETAINED IN BUSINESS (3)	75,576	2.59	34,168	1.09	81,605	2.77

(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 8% (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 30/06/08)

Table 16

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA		TASMANIA	
	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY								
SALES	2,799,585		2,918,711		2,867,994		2,283,114	
COST OF GOODS SOLD	1,885,637	67.35	1,964,291	67.30	1,893,239	66.01	1,524,599	66.78
GROSS MARGIN	913,948	32.65	954,420	32.70	974,756	33.99	758,515	33.22
Other Income	25,251		40,610		18,856		30,203	
GROSS MARGIN PLUS COMMISSIONS	939,199		995,031		993,611		788,718	
TOTAL REVENUE	2,824,836	100.00	2,959,322	100.00	2,886,850	100.00	2,313,317	100.00
EXPENSES								
Salaries and Wages	329,818	11.68	324,919	10.98	295,586	10.24	256,292	11.08
Rent Paid	95,074	3.37	84,537	2.86	89,847	3.11	58,192	2.52
Outgoings - Rental & Rates	3,862	0.14	3,629	0.12	4,996	0.17	3,201	0.14
Accounting	13,434	0.48	12,774	0.43	5,781	0.20	6,834	0.30
Advertising	29,418	1.04	24,968	0.84	20,147	0.70	24,948	1.08
Bank Charges	9,079	0.32	7,388	0.25	7,143	0.25	5,711	0.25
Computer Expenses	6,156	0.22	12,712	0.43	8,448	0.29	5,689	0.25
Depreciation	25,040	0.89	22,143	0.75	19,795	0.69	16,624	0.72
Electricity, Water, Heating	8,901	0.32	7,872	0.27	6,709	0.23	4,544	0.20
Insurance	6,574	0.23	10,673	0.36	9,660	0.33	9,582	0.41
Interest Paid	46,154	1.63	21,570	0.73	39,318	1.36	51,944	2.25
Leasing Expenses	3,889	0.14	8,192	0.28	336	0.01	4,564	0.20
Motor Vehicle Expenses	3,020	0.11	3,495	0.12	2,605	0.09	3,132	0.14
Postage, Freight, Printing	9,218	0.33	9,151	0.31	9,199	0.32	9,121	0.39
Repairs, Maintenance, Service	4,563	0.16	6,644	0.22	2,116	0.07	2,327	0.10
Subs and Registrations	11,057	0.39	10,545	0.36	6,516	0.23	11,704	0.51
Superannuation	29,899	1.06	30,257	1.02	24,181	0.84	25,985	1.12
Telephone	6,590	0.23	7,594	0.26	5,106	0.18	4,598	0.20
Training	4,335	0.15	5,229	0.18	2,751	0.10	3,860	0.17
Abnormal Expenses	2,161	0.08	36,440	1.23	1,965	0.07	7,196	0.31
Payroll Tax	3,824	0.14	8,941	0.30	0.00	0.00	0.00	0.00
Workers' Compensation	3,545	0.13	1,940	0.07	1,520	0.05	2,598	0.11
Other Expenses	35,701	1.26	8,678	0.29	40,597	1.41	15,164	0.66
TOTAL EXPENSES	691,310	24.47	670,291	22.65	604,322	20.93	533,811	23.08
TOTAL INCOME	247,889	8.78	324,740	10.97	389,289	13.48	254,907	11.02
Less Proprietors' Salary (1)	171,871	6.08	189,043	6.39	150,173	5.20	166,196	7.18
[Full-Time-Equivalents]	1.36		1.44		1.17		1.30	
Less Return on Capital (2)	0.00	0.00	45,295	1.53	0.00	0.00	0.00	0.00
NET PROFIT/LOSS	76,018	2.69	90,402	3.05	239,116	8.28	88,711	3.83
SALES ANALYSIS								
Prescriptions	1,912,301	68.31	2,068,987	70.89	1,987,716	69.31	1,737,545	76.10
Other Sales	887,284	31.69	849,724	29.11	880,279	30.69	545,569	23.90
INVENTORY ANALYSIS								
Prescription	114,947	4.07	119,539	4.04	75,801	2.63	61,690	2.67
Other	190,456	6.74	127,000	4.29	131,387	4.55	92,613	4.00
STOCK CARRIED (Total)	305,403	10.81	246,539	8.33	207,188	7.18	154,303	6.67
STOCK TURN (On Total Inventory)	6.17		7.97		9.14		9.88	
SALES PER INVENTORY DOLLAR								
Prescription	16.64		17.31		26.22		28.17	
Other	4.66		6.69		6.70		5.89	
STATISTICS								
PHARMACY SIZE (square metres)	156		178		151		175	
PRESCRIPTIONS DISPENSED (Total)	53,794		61,939		52,203		49,708	
PRESCRIPTIONS DISPENSED WEEKLY	1,032		1,188		1,001		953	
TOTAL HOURS OPEN per WEEK	59.8		56.6		62.8		55.1	
AV HRS WORKED BY PROPRIETORS/WEEK	51.7		54.6		44.3		49.3	
FUNDS RETAINED IN BUSINESS (3)	85,648	3.03	72,316	2.44	150,563	5.22	135,301	5.85

(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 8% (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 30/6/08)

Table 17

STATE AVERAGES

EMPLOYEES	NSW	VIC	QLD	SA	WA	TAS	AUST
PROPRIETORS :							
Full Time	0.9	1.0	1.0	0.8	0.9	1.0	0.9
Part Time & Casual	0.3	0.3	0.2	0.5	0.3	0.1	0.3
Hours worked per week	43.1	43.8	44.6	40.9	40.3	43.6	43.2
MANAGERS :							
Full Time	0.2	0.2	0.3	0.3	0.2	0.0	0.2
Part Time & Casual	0.1	0.2	0.7	0.0	0.0	0.3	0.3
Hours worked per week	8.2	11.0	15.2	12.0	8.4	9.2	11.6
PHARMACISTS IN CHARGE :							
Full Time	0.4	0.1	0.2	0.1	0.7	0.2	0.3
Part Time & Casual	1.1	0.5	1.3	0.6	0.8	0.4	0.9
Hours worked per week	27.8	12.1	28.9	12.0	37.7	16.8	21.8
OTHER QUALIFIED :							
Full Time	0.2	0.3	0.3	0.4	0.1	0.2	0.2
Part Time & Casual	0.4	0.8	0.4	0.2	0.1	0.2	0.4
Hours worked per week	12.1	19.5	15.3	14.5	4.7	10.2	14.1
PHARMACY ASSISTANTS :							
Full Time	0.8	0.7	1.1	0.8	0.7	0.8	0.9
Part Time & Casual	1.0	0.8	0.5	0.4	0.1	0.6	0.7
Hours worked per week	43.4	41.2	20.8	40.7	27.4	42.8	37.3
SALES & OTHER STAFF :							
Full Time	1.4	1.9	2.7	1.6	1.9	1.6	2.0
Part Time & Casual	5.3	4.8	4.2	3.2	5.0	4.4	4.3
Hours worked per week	131.1	128.3	135.6	131.5	126.3	137.4	128.5
TOTAL STAFF :							
Full Time	3.8	4.2	5.6	3.8	4.5	3.9	4.6
Part Time & Casual	8.1	7.4	7.3	4.9	6.2	6.0	6.8
Hours worked per week	265.7	255.9	260.4	251.6	244.8	260.0	256.4

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED
(Based on 12 months trading to 30/6/08)

Table 18

BY TURNOVER CATEGORY (\$)

EMPLOYEES	UP TO 1.0M	1.0M -1.5M	1.5M -2.0M	2.0M -2.5M	2.5M -3.0M	3.0M -4.0M	4.0M -5.0M	OVER 5.0M
PROPRIETORS :								
Full Time	0.9	0.8	0.9	0.9	0.8	0.9	1.1	1.4
Part Time & Casual	0.1	0.2	0.2	0.3	0.3	0.3	0.5	0.5
Hours worked per week	38.8	37.3	40.1	42.3	41.3	43.1	53.7	62.6
MANAGERS :								
Full Time	0.1	0.2	0.1	0.1	0.4	0.4	0.1	0.8
Part Time & Casual	0.0	0.9	0.3	0.1	0.1	0.0	0.2	0.1
Hours worked per week	3.8	12.1	8.7	4.7	17.3	14.8	9.3	23.9
PHARMACISTS IN CHARGE :								
Full Time	0.0	0.1	0.1	0.5	0.3	0.4	0.6	1.3
Part Time & Casual	0.1	1.1	0.7	0.9	0.6	0.8	1.7	1.0
Hours worked per week	1.8	11.8	11.9	28.5	20.5	29.0	51.4	53.7
OTHER QUALIFIED :								
Full Time	0.2	0.1	0.1	0.1	0.4	0.3	0.5	0.6
Part Time & Casual	0.4	0.1	0.3	0.2	0.5	0.6	1.0	1.6
Hours worked per week	9.7	3.6	6.7	9.8	22.5	20.7	27.1	45.5
PHARMACY ASSISTANTS :								
Full Time	0.2	1.4	0.3	1.1	0.7	0.9	1.2	2.5
Part Time & Casual	0.3	0.4	0.5	0.5	0.6	1.0	1.1	2.1
Hours worked per week	16.9	18.7	20.2	46.8	38.6	53.5	65.6	114.9
SALES & OTHER STAFF :								
Full Time	0.2	1.8	1.1	1.4	2.0	2.6	3.7	4.9
Part Time & Casual	2.1	2.2	4.0	3.3	4.8	5.9	7.2	10.5
Hours worked per week	29.7	58.3	95.9	106.1	135.8	209.9	252.5	282.1
TOTAL STAFF :								
Full Time	1.6	4.4	2.6	4.1	4.6	5.6	7.1	11.5
Part Time & Casual	3.0	4.9	6.0	5.3	6.8	8.6	11.5	15.8
Hours worked per week	100.6	141.8	183.5	238.2	275.9	371.1	459.4	582.7

AUSTRALIAN PHARMACIES – WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/08)

Table 19

	Up to 400		401 - 600		601 - 800		801 - 1000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	924,351		1,373,367		1,672,464		2,401,555	
COST OF GOODS SOLD	603,105	65.25	913,338	66.50	1,110,882	66.42	1,624,029	67.62
GROSS MARGIN	321,246	34.75	460,028	33.50	561,582	33.58	777,526	32.38
Other Income	17,778		12,885		26,359		19,374	
GROSS MARGIN PLUS COMMISSIONS	339,025		472,913		587,941		796,900	
TOTAL REVENUE	942,130	100.00	1,386,252	100.00	1,698,823	100.00	2,420,929	100.00
EXPENSES								
Salaries and Wages	118,438	12.57	147,081	10.61	187,708	11.05	267,217	11.04
Rent Paid	47,177	5.01	64,599	4.66	48,729	2.87	86,337	3.57
Outgoings - Rental & Rates	3,701	0.39	1,764	0.13	2,177	0.13	3,700	0.15
Accounting	6,040	0.64	6,790	0.49	9,013	0.53	11,468	0.47
Advertising	6,165	0.65	7,512	0.54	16,160	0.95	20,936	0.86
Bank Charges	3,966	0.42	5,479	0.40	4,877	0.29	8,075	0.33
Computer Expenses	4,547	0.48	5,293	0.38	6,029	0.35	6,589	0.27
Depreciation	9,202	0.98	15,279	1.10	13,104	0.77	21,160	0.87
Electricity, Water, Heating	3,091	0.33	3,452	0.25	4,948	0.29	5,935	0.25
Insurance	4,643	0.49	6,727	0.49	7,411	0.44	8,374	0.35
Interest Paid	19,485	2.07	26,608	1.92	32,285	1.90	39,879	1.65
Leasing Expenses	9,364	0.99	2,142	0.15	2,763	0.16	3,949	0.16
Motor Vehicle Expenses	2,049	0.22	2,945	0.21	2,972	0.17	5,167	0.21
Postage, Freight, Printing	4,265	0.45	4,428	0.32	6,131	0.36	6,453	0.27
Repairs, Maintenance, Service	2,303	0.24	2,646	0.19	2,125	0.13	3,593	0.15
Subs and Registrations	4,838	0.51	5,940	0.43	8,849	0.52	8,977	0.37
Superannuation	11,921	1.27	14,418	1.04	15,239	0.90	23,784	0.98
Telephone	3,437	0.36	4,398	0.32	4,489	0.26	5,543	0.23
Training	1,156	0.12	1,213	0.09	2,201	0.13	2,567	0.11
Abnormal Expenses	532	0.06	3,396	0.25	4,347	0.26	2,121	0.09
Payroll Tax	1,078	0.11	980	0.07	1,228	0.07	2,276	0.09
Workers' Compensation	728	0.08	1,485	0.11	1,703	0.10	2,895	0.12
Other Expenses	34,512	3.66	30,006	2.16	28,083	1.65	36,879	1.52
TOTAL EXPENSES	302,639	32.12	364,580	26.30	412,571	24.29	583,871	24.12
TOTAL INCOME	36,386	3.86	108,333	7.81	175,370	10.32	213,028	8.80
Less Proprietors' Salary (1)	117,057	12.42	132,179	9.54	139,460	8.21	137,353	5.67
[Full-Time-Equivalents]	0.94		1.03		1.07		1.06	
Less Return on Capital (2)	35,043	3.72	37,318	2.69	0.00	0.00	1,607	0.07
NET PROFIT/LOSS	-115,715	-12.28	-61,164	-4.41	35,910	2.11	74,069	3.06
SALES ANALYSIS								
Prescriptions	574,699	62.17	971,200	70.72	1,270,484	75.96	1,698,443	70.72
Other Sales	349,652	37.83	402,167	29.28	401,981	24.04	703,112	29.28
INVENTORY ANALYSIS								
Prescription	47,997	5.09	63,072	4.55	70,925	4.17	88,610	3.66
Other	66,950	7.11	77,745	5.61	96,718	5.69	129,433	5.35
STOCK CARRIED (Total)	114,947	12.20	140,816	10.16	167,643	9.87	218,044	9.01
STOCK TURN (On Total Inventory)	5.25		6.49		6.63		7.45	
SALES PER INVENTORY DOLLAR								
Prescription	11.97		15.40		17.91		19.17	
Other	5.22		5.17		4.16		5.43	
STATISTICS								
PHARMACY SIZE (square metres)	96		112		121		138	
PRESCRIPTIONS DISPENSED (Total)	15,371		26,109		35,807		46,127	
PRESCRIPTIONS DISPENSED WEEKLY	295		501		687		885	
TOTAL HOURS OPEN per WEEK	54.3		53.9		56.1		59.3	
AV HRS WORKED BY PROPRIETORS/WEEK	35.7		39.2		40.6		40.1	
FUNDS RETAINED IN BUSINESS (3)	-46,913	-4.98	-10,059	-0.73	47,942	2.82	48,868	2.02

(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 8% (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 30/06/08)

Table 19

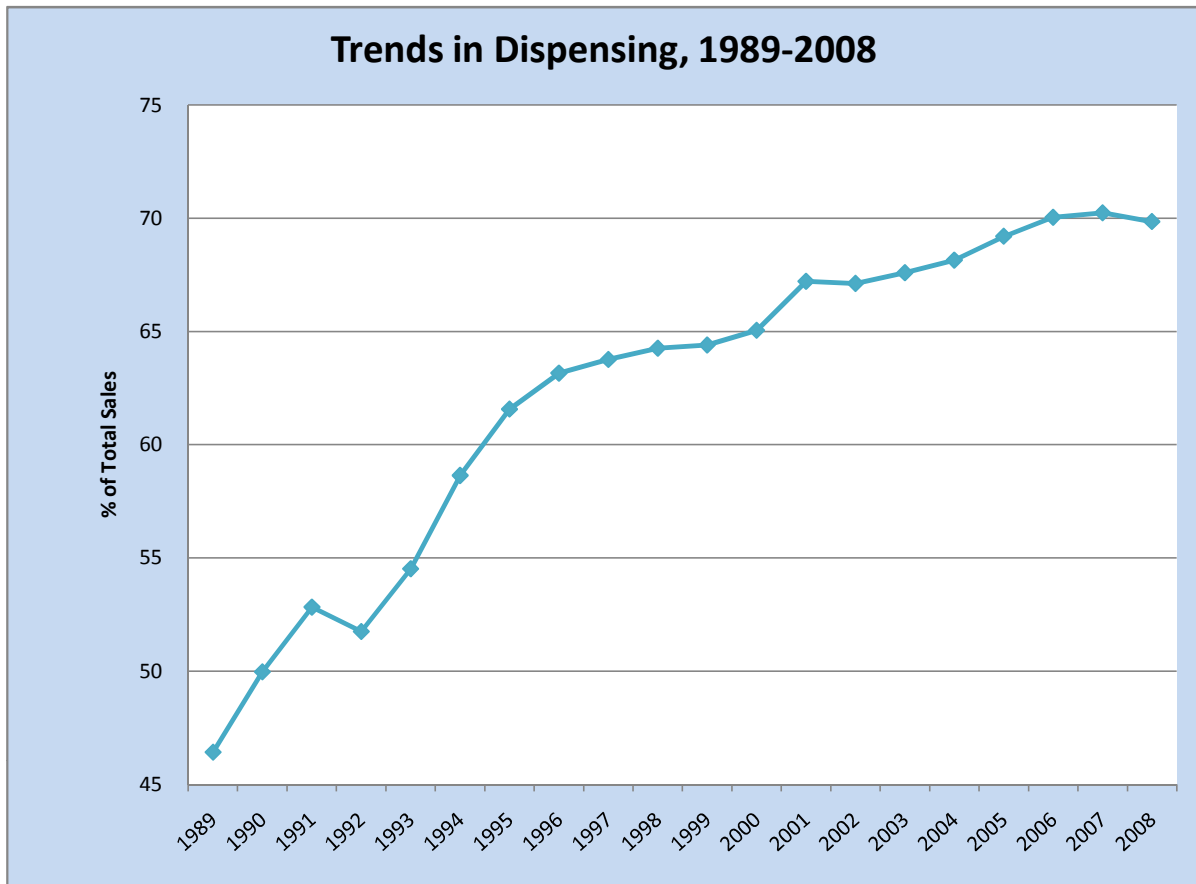
	1,001 – 1,200		1,201 – 1,400		1,401 – 2,000		Over 2,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,956,603		3,525,707		4,379,048		6,685,885	
COST OF GOODS SOLD	1,990,134	67.31	2,400,891	68.10	2,945,729	67.27	4,576,599	68.45
GROSS MARGIN	966,469	32.69	1,124,816	31.90	1,433,319	32.73	2,109,286	31.55
Other Income	30,982		35,769		31,655		48,808	
GROSS MARGIN PLUS COMMISSIONS	997,451		1,160,585		1,464,973		2,158,095	
TOTAL REVENUE	2,987,584	100.00	3,561,476	100.00	4,410,703	100.00	6,734,693	100.00
EXPENSES								
Salaries and Wages	345,089	11.55	438,187	12.30	483,582	10.96	835,942	12.41
Rent Paid	103,672	3.47	119,790	3.36	143,142	3.25	188,334	2.80
Outgoings - Rental & Rates	5,223	0.17	4,582	0.13	5,330	0.12	6,843	0.10
Accounting	11,402	0.38	16,353	0.46	12,964	0.29	20,832	0.31
Advertising	27,700	0.93	37,822	1.06	41,990	0.95	73,486	1.09
Bank Charges	7,977	0.27	8,044	0.23	10,658	0.24	19,249	0.29
Computer Expenses	6,317	0.21	8,991	0.25	7,930	0.18	14,240	0.21
Depreciation	22,570	0.76	25,349	0.71	30,947	0.70	50,753	0.75
Electricity, Water, Heating	7,950	0.27	12,193	0.34	10,886	0.25	16,888	0.25
Insurance	7,181	0.24	9,995	0.28	11,026	0.25	17,756	0.26
Interest Paid	41,460	1.39	41,576	1.17	69,770	1.58	108,040	1.60
Leasing Expenses	3,867	0.13	7,558	0.21	7,315	0.17	28,258	0.42
Motor Vehicle Expenses	4,184	0.14	3,561	0.10	5,359	0.12	8,563	0.13
Postage, Freight, Printing	11,419	0.38	18,566	0.52	14,721	0.33	18,688	0.28
Repairs, Maintenance, Service	4,769	0.16	6,599	0.19	7,106	0.16	10,043	0.15
Subs and Registrations	12,146	0.41	12,053	0.34	10,369	0.24	13,005	0.19
Superannuation	32,321	1.08	39,218	1.10	47,735	1.08	75,962	1.13
Telephone	6,679	0.22	8,334	0.23	7,827	0.18	12,523	0.19
Training	4,615	0.15	5,556	0.16	5,237	0.12	6,970	0.10
Abnormal Expenses	5,534	0.19	3,146	0.09	9,341	0.21	17,102	0.25
Payroll Tax	3,997	0.13	4,100	0.12	6,233	0.14	17,306	0.26
Workers' Compensation	3,449	0.12	3,940	0.11	5,010	0.11	6,904	0.10
Other Expenses	23,764	0.80	44,571	1.25	56,389	1.28	98,166	1.46
TOTAL EXPENSES	703,286	23.54	880,086	24.71	1,010,866	22.92	1,665,853	24.74
TOTAL INCOME	294,165	9.85	280,499	7.88	454,107	10.30	492,241	7.31
Less Proprietors' Salary (1) [Full-Time-Equivalents]	135,432	4.53	147,824	4.15	183,383	4.16	195,073	2.90
	1.05		1.16		1.46		1.60	
Less Return on Capital (2)	8,194	0.27	0	0.00	0.00	0.00	39,379	0.58
NET PROFIT/LOSS	150,538	5.04	132,675	3.73	270,724	6.14	257,790	3.83
SALES ANALYSIS								
Prescriptions	2,054,695	69.50	2,359,376	66.92	3,008,779	68.71	4,681,974	70.03
Other Sales	901,907	30.50	1,166,332	33.08	1,370,269	31.29	2,003,911	29.97
INVENTORY ANALYSIS								
Prescription	89,048	2.98	113,186	3.18	149,688	3.39	222,324	3.30
Other	148,570	4.97	225,191	6.32	216,082	4.90	300,232	4.46
STOCK CARRIED (Total)	237,618	7.95	338,377	9.50	365,770	8.29	522,557	7.76
STOCK TURN (On Total Inventory)	8.38		7.10		8.05		8.76	
SALES PER INVENTORY DOLLAR								
Prescription	23.07		20.85		20.10		21.06	
Other	6.07		5.18		6.34		6.67	
STATISTICS								
PHARMACY SIZE (square metres)	162		200		221		280	
PRESCRIPTIONS DISPENSED (Total)	57,713		66,535		84,881		130,434	
PRESCRIPTIONS DISPENSED WEEKLY	1,107		1,276		1,628		2,501	
TOTAL HOURS OPEN per WEEK	60.7		61.5		62.3		61.5	
AV HRS WORKED BY PROPRIETORS/WEEK	39.7		44.1		55.5		60.7	
FUNDS RETAINED IN BUSINESS (3)	86,747	2.90	131,114	3.68	190,977	4.33	67,545	1.00

(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 8% (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 30/06/08)

Table 20

	Less Than 50%		51 - 60%		61 - 70%		71 - 80%		Over 80%	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	3,214,979		3,459,390		3,520,665		2,884,718		1,999,283	
COST OF GOODS SOLD	2,160,551	67.20	2,295,313	66.35	2,387,014	67.80	1,949,158	67.57	1,347,998	67.42
GROSS MARGIN	1,054,428	32.80	1,164,077	33.65	1,133,651	32.20	935,560	32.43	651,284	32.58
Other Income	39,184		31,500		31,664		27,345		17,195	
GROSS MARGIN PLUS COMMISSIONS	1,093,613		1,195,576		1,165,315		962,905		668,479	
TOTAL REVENUE	3,254,164	100.00	3,490,890	100.00	3,552,329	100.00	2,912,063	100.00	2,016,478	100.00
EXPENSES										
Salaries and Wages	381,740	11.73	423,781	12.14	418,441	11.78	327,472	11.25	217,139	10.77
Rent Paid	196,589	6.04	137,166	3.93	136,743	3.85	84,806	2.91	43,237	2.14
Outgoings - Rental & Rates	4,786	0.15	5,907	0.17	5,586	0.16	3,335	0.11	2,292	0.11
Accounting	11,400	0.35	17,355	0.50	13,527	0.38	11,387	0.39	7,191	0.36
Advertising	31,202	0.96	32,935	0.94	37,775	1.06	27,973	0.96	13,897	0.69
Bank Charges	11,307	0.35	10,763	0.31	10,083	0.28	8,625	0.30	4,572	0.23
Computer Expenses	5,794	0.18	8,817	0.25	8,289	0.23	6,839	0.23	6,178	0.31
Depreciation	36,785	1.13	28,641	0.82	29,056	0.82	24,517	0.84	10,359	0.51
Electricity, Water, Heating	12,849	0.39	9,569	0.27	9,972	0.28	7,565	0.26	4,073	0.20
Insurance	7,782	0.24	10,646	0.30	10,859	0.31	8,648	0.30	7,216	0.36
Interest Paid	89,675	2.76	65,096	1.86	37,541	1.06	55,210	1.90	29,024	1.44
Leasing Expenses	12,578	0.39	6,283	0.18	11,659	0.33	3,711	0.13	5,086	0.25
Motor Vehicle Expenses	3,818	0.12	3,268	0.09	4,292	0.12	4,683	0.16	4,300	0.21
Postage, Freight, Printing	7,510	0.23	10,293	0.29	11,904	0.34	10,430	0.36	7,597	0.38
Repairs, Maintenance, Service	4,563	0.14	5,761	0.17	6,487	0.18	4,447	0.15	2,663	0.13
Subs and Registrations	7,055	0.22	9,273	0.27	10,952	0.31	9,350	0.32	8,181	0.41
Superannuation	29,783	0.92	37,722	1.08	38,142	1.07	31,959	1.10	20,270	1.01
Telephone	8,303	0.26	8,486	0.24	7,486	0.21	6,129	0.21	4,451	0.22
Training	3,872	0.12	3,872	0.11	4,291	0.12	4,018	0.14	1,850	0.09
Abnormal Expenses	934	0.03	6,757	0.19	5,496	0.15	7,763	0.27	3,391	0.17
Payroll Tax	5,454	0.17	7,694	0.22	6,168	0.17	4,022	0.14	738	0.04
Workers' Compensation	4,079	0.13	3,740	0.11	4,246	0.12	3,339	0.11	1,647	0.08
Other Expenses	49,768	1.53	62,432	1.79	58,082	1.64	38,144	1.31	23,208	1.15
TOTAL EXPENSES	927,627	28.51	916,258	26.25	887,077	24.97	694,373	23.84	428,560	21.25
TOTAL INCOME	165,986	5.10	279,318	8.00	278,238	7.83	268,532	9.22	239,919	11.90
Less Proprietors' Salary (1) [Full-Time-Equivalents]	147,197	4.52	125,894	3.61	159,657	4.49	162,472	5.58	133,163	6.60
Less Return on Capital (2)	1.19		0.99		1.23		1.29		1.04	
	0.00	0.00	0.00	0.00	26,062	0.73	0.00	0.00	6,751	0.33
NET PROFIT/LOSS	18,789	0.58	153,425	4.39	92,519	2.60	106,060	3.64	100,005	4.96
SALES ANALYSIS										
Prescriptions	1,402,257	43.62	1,900,697	54.94	2,317,999	65.84	2,167,211	75.13	1,690,656	84.56
Other Sales	1,812,722	56.38	1,558,693	45.06	1,202,666	34.16	717,507	24.87	308,626	15.44
INVENTORY ANALYSIS										
Prescription	135,323	4.16	141,206	4.04	129,003	3.63	94,350	3.24	70,086	3.48
Other	264,423	8.13	239,437	6.86	193,218	5.44	135,072	4.64	77,184	3.83
STOCK CARRIED (Total)	399,745	12.28	380,643	10.90	322,221	9.07	229,423	7.88	147,270	7.30
STOCK TURN (On Total Inventory)	5.40		6.03		7.41		8.50		9.15	
SALES PER INVENTORY DOLLAR										
Prescription	10.36		13.46		17.97		22.97		24.12	
Other	6.86		6.51		6.22		5.31		4.00	
STATISTICS										
PHARMACY SIZE (square metres)	207		190		192		161		118	
PRESCRIPTIONS DISPENSED (Total)	39,958		58,446		62,172		60,110		47,234	
PRESCRIPTIONS DISPENSED WEEKLY	766		1,121		1,192		1,153		906	
TOTAL HOURS OPEN per WEEK	58.3		61.1		62.3		58.7		54.5	
AV HRS WORKED BY PROPRIETORS/WEEK	45.1		37.8		46.7		49.0		39.6	
FUNDS RETAINED IN BUSINESS (3)	56,393	1.73	132,480	3.80	83,052	2.34	70,534	2.42	36,959	1.83

(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 8% (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 30/06/08)

Table 21

	Less Than 50		51 - 60		61 - 70		Over 70	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,892,183		2,882,685		2,976,887		4,077,818	
COST OF GOODS SOLD	1,269,016	67.07	1,949,439	67.63	1,998,367	67.13	2,721,851	66.75
GROSS MARGIN	623,167	32.93	933,246	32.37	978,520	32.87	1,355,968	33.25
Other Income	19,953		26,738		26,445		28,549	
GROSS MARGIN PLUS COMMISSIONS	643,120		959,984		1,004,965		1,384,517	
TOTAL REVENUE	1,912,136	100.00	2,909,423	100.00	3,003,332	100.00	4,106,368	100.00
EXPENSES								
Salaries and Wages	190,647	9.97	337,690	11.61	338,819	11.28	495,740	12.07
Rent Paid	35,183	1.84	102,126	3.51	122,646	4.08	117,874	2.87
Outgoings - Rental & Rates	1,857	0.10	3,770	0.13	4,695	0.16	6,220	0.15
Accounting	5,777	0.30	12,968	0.45	10,086	0.34	14,212	0.35
Advertising	11,606	0.61	31,447	1.08	21,402	0.71	35,640	0.87
Bank Charges	3,711	0.19	8,414	0.29	10,172	0.34	10,072	0.25
Computer Expenses	6,091	0.32	6,538	0.22	7,692	0.26	11,120	0.27
Depreciation	9,448	0.49	24,511	0.84	25,190	0.84	26,101	0.64
Electricity, Water, Heating	4,456	0.23	7,762	0.27	7,656	0.25	12,031	0.29
Insurance	6,884	0.36	8,957	0.31	8,920	0.30	11,766	0.29
Interest Paid	27,525	1.44	42,900	1.47	48,133	1.60	75,948	1.85
Leasing Expenses	3,918	0.20	7,063	0.24	8,349	0.28	7,265	0.18
Motor Vehicle Expenses	3,203	0.17	4,413	0.15	5,008	0.17	4,883	0.12
Postage, Freight, Printing	7,224	0.38	11,590	0.40	7,083	0.24	10,236	0.25
Repairs, Maintenance, Service	3,484	0.18	4,789	0.16	3,447	0.11	6,500	0.16
Subs and Registrations	6,595	0.34	8,944	0.31	11,821	0.39	10,900	0.27
Superannuation	17,447	0.91	31,693	1.09	29,257	0.97	48,934	1.19
Telephone	4,033	0.21	6,604	0.23	6,669	0.22	8,421	0.21
Training	1,680	0.09	3,923	0.13	3,804	0.13	3,526	0.09
Abnormal Expenses	6,874	0.36	4,543	0.16	4,768	0.16	9,413	0.23
Payroll Tax	901	0.05	4,920	0.17	2,865	0.10	7,785	0.19
Workers' Compensation	1,718	0.09	3,594	0.12	3,152	0.10	3,793	0.09
Other Expenses	21,485	1.12	32,006	1.10	71,068	2.37	62,912	1.53
TOTAL EXPENSES	381,747	19.96	711,166	24.44	762,702	25.40	1,001,292	24.38
TOTAL INCOME	261,373	13.67	248,818	8.55	242,263	8.07	383,225	9.33
Less Proprietors' Salary (1) [Full-Time-Equivalents]	131,514	6.88	158,344	5.44	150,490	5.01	138,213	3.37
	1.04		1.25		1.13		1.10	
Less Return on Capital (2)	7,421	0.39	0.00	0.00	48,393	1.61	0.00	0.00
NET PROFIT/LOSS	122,438	6.40	90,474	3.11	43,380	1.44	245,012	5.97
SALES ANALYSIS								
Prescriptions	1,447,874	76.52	2,001,686	69.44	2,076,685	69.76	2,804,348	68.77
Other Sales	444,309	23.48	880,999	30.56	900,202	30.24	1,273,470	31.23
INVENTORY ANALYSIS								
Prescription	68,917	3.60	88,977	3.06	130,081	4.33	154,460	3.76
Other	87,378	4.57	155,552	5.35	151,148	5.03	177,557	4.32
STOCK CARRIED (Total)	156,295	8.17	244,529	8.40	281,229	9.36	332,017	8.09
STOCK TURN (On Total Inventory)	8.12		7.97		7.11		8.20	
SALES PER INVENTORY DOLLAR								
Prescription	21.01		22.50		15.96		18.16	
Other	5.08		5.66		5.96		7.17	
STATISTICS								
PHARMACY SIZE (square metres)	140		156		176		214	
PRESCRIPTIONS DISPENSED (Total)	42,044		55,274		57,567		77,171	
PRESCRIPTIONS DISPENSED WEEKLY	806		1,060		1,104		1,480	
TOTAL HOURS OPEN per WEEK	47.6		56.6		64.4		82.8	
AV HRS WORKED BY PROPRIETORS/WEEK	39.5		47.4		43.0		41.9	
FUNDS RETAINED IN BUSINESS (3)	74,073	3.87	104,856	3.60	7,534	0.25	74,978	1.83

(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 8% (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 2007-08

Table 22

	30 June 2007 (353 Pharmacies)		30 June 2008 (326 Pharmacies)		Amount and % of Change	
	\$	%	\$	%	\$	%
Assets	573,601	22.99	588,994	22.71	15,394	2.68
Liabilities	692,338	27.75	806,112	31.09	113,774	16.43
Net Worth	-118,738	-4.76	-217,118	-8.37	-98,380	82.86
Total Revenue	2,495,124	100.00	2,592,985	100.00	97,861	3.92
Trading Profit	236,589	9.48	227,474	8.77	-9,115	-3.85

**AUSTRALIAN PHARMACIES – BALANCE SHEET 2007-08
BY TURNOVER GROUP**

Table 23

	Under \$1,000,000		\$1.0M - \$1.5M		\$1.5M - \$2.0M		\$2.0M - \$2.5M	
	\$	%	\$	%	\$	%	\$	%
Assets	568,341	71.35	425,678	32.93	371,198	21.14	484,738	21.15
Liabilities	771,277	96.83	505,948	39.14	640,088	36.45	572,562	24.98
Net Worth	-202,936	-25.48	-80,270	-6.21	-268,890	-15.31	-87,824	-3.83
Total Revenue	796,524	100.00	1,292,620	100.00	1,756,226	100.00	2,292,268	100.00
Trading Profit	19,777	2.48	149,120	11.54	194,974	11.10	219,665	9.58

	\$2.5M - \$3.0M		\$3.0M - \$4.0M		\$4.0M - \$5.0M		OVER \$5.0M	
	\$	%	\$	%	\$	%	\$	%
Assets	550,532	19.91	947,183	27.08	754,271	16.81	1,430,864	21.51
Liabilities	722,073	26.11	1,433,220	40.97	1,036,041	23.09	1,323,416	19.89
Net Worth	-171,541	-6.20	-486,036	-13.89	-281,771	-6.28	107,448	1.61
Total Revenue	2,765,198	100.00	3,498,018	100.00	4,486,202	100.00	6,653,549	100.00
Trading Profit	268,493	9.71	265,673	7.59	436,646	9.73	510,977	7.68

TABLE 24

BENEFIT PRESCRIPTION STATISTICS, STATES AND TERRITORIES - 2007/2008

Benefit prescriptions	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
(\$'000)									
COMMONWEALTH GOVERNMENT									
PAYMENTS ON BENEFIT PRESCRIPTIONS									
General	346,029	248,220	204,454	79,470	111,730	21,532	6,471	21,546	1,039,452
Concessional	1,285,911	943,792	698,937	328,786	318,210	104,849	13,065	41,245	3,734,794
Safety Net (a)	406,303	283,589	218,231	97,508	86,486	33,919	1,935	9,953	1,137,925
TOTAL (b)	2,038,243	1,475,601	1,121,622	505,764	516,426	160,300	21,471	72,744	5,912,171
PATIENT CONTRIBUTION ON BENEFIT PRESCRIPTIONS									
General	200,310	148,093	121,464	44,247	63,159	13,080	3,934	12,898	607,183
Concessional	197,793	149,624	110,051	50,593	49,421	16,858	2,015	5,932	582,286
TOTAL (b)	398,103	297,717	231,515	94,840	112,580	29,938	5,949	18,830	1,189,469
TOTAL BENEFIT PRESCRIPTION COST									
	2,436,346	1,773,318	1,353,137	600,604	629,006	190,238	27,420	91,574	7,101,640
DISSECTION OF COSTS (c)									
Cost of Ingredients and containers	1,942,680	1,404,758	1,077,180	477,841	505,752	149,148	22,420	75,559	5,655,318
Suppliers' remuneration	493,666	368,560	275,957	122,763	123,254	41,090	5,000	16,015	1,446,322
Total	2,436,346	1,773,318	1,353,137	600,604	629,006	190,238	27,420	91,574	7,101,640
BENEFIT PRESCRIPTIONS ('000)									
General	6,469	4,782	3,922	1,429	2,040	422	127	417	19,608
Concessional	39,972	30,235	22,240	10,223	9,989	3,405	407	1,199	117,672
Safety Net (a)	11,912	8,548	6,457	2,859	2,540	1,030	57	277	33,680
Total (b)	58,353	43,565	32,619	14,511	14,569	4,857	591	1,893	170,960
AVERAGE TOTAL COST PER PRESCRIPTION									
General	84.45	82.88	83.10	86.58	85.73	82.02	81.93	82.60	83.98
Concessional	37.12	36.16	36.38	37.11	36.80	35.74	37.05	39.35	36.69
Safety Net (a)	34.11	33.18	33.80	34.11	34.05	32.93	33.95	35.93	33.79
Total	41.75	40.71	41.48	41.39	43.17	39.17	46.40	48.38	41.54

(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 2007/08

Source: Commonwealth Department of Health and Ageing.

TABLE 25

COST OF PHARMACEUTICAL BENEFITS, 2001-02 TO 2007-08

(\$'000)

Year ending 30 June:	2002	2003	2004	2005	2006	2007	2008
COMMONWEALTH GOVERNMENT PAYMENTS ON BENEFIT PRESCRIPTIONS (a)							
General	691,204	750,544	824,131	850,691	850,095	890,276	1,039,451
Safety Net	148,499	169,805	190,683	222,668	216,247	174,128	173,500
Concessional (b)	2,569,368	2,747,330	2,972,332	3,077,034	3,145,480	3,333,876	3,561,294
Concessional Safety Net	778,412	907,524	1,004,523	1,145,497	1,172,502	1,067,478	1,137,925
TOTAL COMMONWEALTH PAYMENTS	4,187,483	4,575,203	4,991,669	5,295,890	5,384,324	5,465,758	5,912,170
PATIENT CONTRIBUTIONS							
General Benefit Prescriptions	426,973	470,555	524,763	572,963	606,898	596,483	607,183
Concessional Benefit Prescriptions	379,074	389,188	413,053	467,674	516,372	554,837	582,287
TOTAL PATIENT CONTRIBUTIONS	806,048	859,744	937,816	1,040,637	1,123,270	1,151,320	1,189,470
Total cost of benefit prescriptions (including patients' contributions)	4,993,531	5,434,947	5,929,485	6,336,527	6,507,594	6,617,078	7,101,640
Commonwealth Government payments through miscellaneous services	396,387	477,352	570,500	660,000	764,700	850,900	975,500
Total cost of pharmaceutical benefits	5,389,918	5,912,299	6,499,985	6,996,527	7,272,294	7,467,978	8,077,140
Total Commonwealth Government payments	4,583,870	5,052,555	5,562,169	5,955,890	6,149,024	6,316,658	6,887,670

(a) Sourced from PBS claims processing at Medicare Australia 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 2008

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	1,942,680	493,666	2,436,346
VIC	1,404,758	368,560	1,773,318
QLD	1,077,180	275,957	1,353,137
SA	477,841	122,763	600,604
WA	505,752	123,254	629,006
TAS	149,148	41,090	190,238
NT	22,420	5,000	27,420
ACT	75,559	16,015	91,574
TOTAL	5,655,338	1,446,305	7,101,643

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%
2006/07	439,302,269	14,822,828	29.64	-1.23%
2007/08	445,626,200	14,256,149	31.26	5.47%
2008/09	462,688,289	14,336,093	32.27	3.25%

SOURCE: Commonwealth Department of Veterans' Affairs.

TABLE 28

**PHARMACEUTICAL BENEFITS
PRESCRIPTIONS AND DERIVED STATISTICS FOR THE YEAR ENDED 30 JUNE 2008**

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	58,353,437	6,468,652	39,972,110	11,912,675	41.75	84.45	37.12	34.11
VIC	43,565,211	4,782,298	30,234,606	8,548,307	40.71	82.88	36.16	33.18
QLD	32,619,397	3,922,199	22,240,267	6,456,931	41.48	83.10	36.38	33.80
SA	14,511,384	1,428,887	10,223,754	2,858,743	41.39	86.58	37.11	34.11
WA	14,569,332	2,039,498	9,988,965	2,540,869	43.17	85.73	36.80	34.05
TAS	4,856,578	422,278	3,404,667	1,029,633	39.17	82.02	35.74	32.93
NT	591,367	127,124	407,575	56,668	46.40	81.93	37.05	33.95
ACT	1,893,135	416,518	1,199,630	276,987	48.38	82.60	39.35	35.93
TOTAL	170,959,841	19,607,454	117,671,574	33,680,813	41.54	83.98	36.69	33.79

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

TABLE 29 (Cont.)

		RP ITEMS		EP ITEMS
From	To	Professional Fee \$	Markup on Wholesale Price %	Professional Fee \$
1 July 2000	30 January 2001	4.40	10 ***	6.28
1 February 2001	30 June 2001	4.50	10 ***	6.38
1 July 2001	30 September 2001	4.53	10 ***	6.44
1 October 2001	30 January 2002	4.68	10 ***	6.59
1 February 2002	30 June 2002	4.58	10 ***	6.49
1 July 2002	30 June 2003	4.62	10 ***	6.56
1 July 2003	30 June 2004	4.66	10 ***	6.63
1 July 2004	30 June 2005	4.70	10 ***	6.70
1 July 2005	30 November 2005	4.75	10 ***	6.78
1 December 2005	30 June 2006	4.94	10 ***	6.97
1 July 2006	30 June 2007	5.15	10 ~	7.19
1 July 2007	31 July 2007	5.32	10 ~	7.36
1 August 2007	30 June 2008	5.44	10 ~	7.48
1 July 2008	31 July 2008	5.81	10 ~	7.85
1 August 2008	30 June 2009	5.99	~~	8.03
1 July 2009		6.42	~~	8.43

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: Commonwealth Department of Health and Ageing

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 %
January 2007	MAX \$30.70	45 %	\$4.90	14 %
January 2008	MAX \$31.30	46 %	\$5.00	14 %
January 2009	MAX \$32.90	39 %	\$5.30	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
2006/07	39.35 @@	2.86	5.22	8.08	20.53	168,536
2007/08	41.54 @@	2.95	5.50	8.45	20.34	171,296
2008/09	43.37 @@	3.42	5.97	9.39	21.65	181,836

* 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 2008)

Ranking	Drug Name	Prescriptions	% of Total Scripts	Government Cost (\$)	% of Total Cost
1	ATORVASTATIN CALCIUM	9,866,405	5.77	544,148,644	9.20
2	SIMVASTATIN	5,354,876	3.13	221,942,974	3.75
3	CLOPIDOGREL HYDROGEN SULFATE	2,309,279	1.35	171,178,105	2.90
4	ESOMEPRAZOLE MAGNESIUM TRIHYDRATE	4,780,929	2.80	166,227,430	2.81
5	OLANZAPINE	813,514	0.48	152,292,546	2.58
6	FLUTICASONE PROPIONATE with SALMETEROL	2,702,298	1.58	149,808,946	2.53
7	OMEPRAZOLE	3,371,767	1.97	97,427,401	1.65
8	VENLAFAXINE HYDROCHLORIDE	2,493,259	1.46	97,230,944	1.64
9	ROSUVASTATIN CALCIUM	1,504,336	0.88	93,651,497	1.58
10	TIOTROPIUM BROMIDE MONOHYDRATE	1,254,746	0.73	87,317,369	1.48
11	RISPERIDONE	503,042	0.29	84,021,319	1.42
12	PANTOPRAZOLE SODIUM SESQUIHYDRATE	2,868,405	1.68	83,098,361	1.41
13	ETANERCEPT	42,087	0.02	73,323,632	1.24
14	RITUXIMAB	36,965	0.02	70,084,377	1.19
15	RANIBIZUMAB	31,240	0.02	63,974,200	1.08
16	PRAVASTATIN SODIUM	1,524,460	0.89	63,311,376	1.07
17	PERINDOPRIL	3,519,211	2.06	62,476,881	1.06
18	ADALIMUMAB	35,926	0.02	62,106,436	1.05
19	IRBESARTAN	2,800,022	1.64	59,258,309	1.00
20	QUETIAPINE FUMARATE	316,415	0.19	57,070,262	0.97
21	ALENDRONATE SODIUM	1,301,927	0.76	56,265,247	0.95
22	IRBESARTAN with HYDROCHLOROTHIAZIDE	2,245,601	1.31	56,195,649	0.95
23	RABEPRAZOLE SODIUM	1,841,907	1.08	51,644,566	0.87
24	OXYCODONE HYDROCHLORIDE	1,509,547	0.88	49,700,137	0.84
25	BUDESONIDE with EFORMOTEROL FUMARATE	924,600	0.54	48,387,026	0.82
26	INSULIN GLARGINE	117,591	0.07	48,026,507	0.81
27	VALACICLOVIR HYDROCHLORIDE	328,501	0.19	47,909,476	0.81
28	GOSERELIN ACETATE	56,421	0.03	47,623,580	0.81
29	EZETIMIBE with SIMVASTATIN	378,441	0.22	44,848,913	0.76
30	RAMIPRIL	2,414,935	1.41	44,402,098	0.75
31	SERTRALINE HYDROCHLORIDE	1,649,505	0.96	43,984,694	0.74
32	CARVEDILOL	527,087	0.31	43,500,260	0.74
33	EZETIMIBE	735,737	0.43	43,324,791	0.73
34	INTERFERON BETA-1b	33,168	0.02	38,311,456	0.65
35	SALBUTAMOL SULFATE	2,608,019	1.53	38,172,693	0.65
36	INTERFERON BETA-1a	36,782	0.02	38,092,850	0.64
37	AMLODIPINE	1,977,329	1.16	38,063,256	0.64
38	LATANOPROST	1,285,016	0.75	37,131,353	0.63
39	CANDESARTAN CILEXETIL	1,557,108	0.91	36,113,385	0.61
40	DOCETAXEL	16,900	0.01	34,592,578	0.59
41	MELOXICAM	1,591,511	0.93	34,403,839	0.58
42	METFORMIN HYDROCHLORIDE	2,766,870	1.62	33,181,747	0.56
43	OXALIPLATIN	20,097	0.01	32,579,877	0.55
44	PACLITAXEL	16,041	0.01	32,285,530	0.55
45	CELECOXIB	1,177,512	0.69	31,645,029	0.54
46	LEUPRORELIN ACETATE	27,217	0.02	31,367,429	0.53
47	MESALAZINE	152,776	0.09	30,979,855	0.52
48	MORPHINE SULFATE	620,511	0.36	30,587,338	0.52
49	PERINDOPRIL with INDAPAMIDE HEMIHYDRATE	1,183,923	0.69	29,086,439	0.49
50	ANASTROZOLE	169,351	0.10	28,927,974	0.49
		75,401,113	44.10	3,661,286,581	61.93

TABLE 33

MOST FREQUENTLY PRESCRIBED PBS DRUGS BY GENERIC NAME
(Year ended 30 June 2008)

Ranking	Drug Name	Prescriptions	% of Total Scripts	Government Cost (\$)	% of Total Cost
1	ATORVASTATIN CALCIUM	9,866,405	5.76	544,148,644	9.18
2	SIMVASTATIN	5,354,876	3.13	221,942,974	3.75
3	ESOMEPRAZOLE MAGNESIUM TRIHYDRATE	4,780,929	2.79	166,227,430	2.81
4	PERINDOPRIL	3,519,211	2.05	62,476,881	1.05
5	OMEPRAZOLE	3,371,767	1.97	97,427,401	1.64
6	PARACETAMOL	3,195,156	1.87	23,736,603	0.40
7	ATENOLOL	2,969,778	1.73	20,476,319	0.35
8	PANTOPRAZOLE SODIUM SESQUIHYDRATE	2,868,405	1.67	83,098,361	1.40
9	IRBESARTAN	2,800,022	1.63	59,258,309	1.00
10	METFORMIN HYDROCHLORIDE	2,766,870	1.62	33,181,747	0.56
11	FLUTICASONE PROPIONATE with SALMETEF	2,702,298	1.58	149,808,946	2.53
12	SALBUTAMOL SULFATE	2,608,019	1.52	38,172,693	0.64
13	VENLAFAXINE HYDROCHLORIDE	2,493,259	1.46	97,230,944	1.64
14	AMOXYCILLIN	2,432,489	1.42	15,211,982	0.26
15	RAMIPRIL	2,414,935	1.41	44,402,098	0.75
16	CODEINE PHOSPHATE with PARACETAMOL	2,310,902	1.35	17,460,058	0.29
17	CLOPIDOGREL HYDROGEN SULFATE	2,309,279	1.35	171,178,105	2.89
18	IRBESARTAN with HYDROCHLOROTHIAZIDE	2,245,601	1.31	56,195,649	0.95
19	WARFARIN SODIUM	2,162,561	1.26	14,913,854	0.25
20	CEPHALEXIN	2,113,671	1.23	14,629,259	0.25
21	AMLODIPINE	1,977,329	1.15	38,063,256	0.64
22	RABEPRAZOLE SODIUM	1,841,907	1.08	51,644,566	0.87
23	TEMAZEPAM	1,834,417	1.07	6,862,473	0.12
24	SERTRALINE HYDROCHLORIDE	1,649,505	0.96	43,984,694	0.74
25	TRAMADOL HYDROCHLORIDE	1,648,597	0.96	25,381,086	0.43
26	MELOXICAM	1,591,511	0.93	34,403,839	0.58
27	DIAZEPAM	1,590,166	0.93	5,928,328	0.10
28	CANDESARTAN CILEXETIL	1,557,108	0.91	36,113,385	0.61
29	AMOXYCILLIN with CLAVULANIC ACID	1,545,800	0.90	17,515,364	0.30
30	PRAVASTATIN SODIUM	1,524,460	0.89	63,311,376	1.07
31	OXYCODONE HYDROCHLORIDE	1,509,547	0.88	49,700,137	0.84
32	ROSUVASTATIN CALCIUM	1,504,336	0.88	93,651,497	1.58
33	LERCANIDIPINE HYDROCHLORIDE	1,318,607	0.77	27,297,903	0.46
34	ALENDRONATE SODIUM	1,301,927	0.76	56,265,247	0.95
35	LATANOPROST	1,285,016	0.75	37,131,353	0.63
36	GLICLAZIDE	1,271,888	0.74	14,136,259	0.24
37	TIOTROPIUM BROMIDE MONOHYDRATE	1,254,746	0.73	87,317,369	1.47
38	FRUSEMIDE	1,200,864	0.70	6,435,084	0.11
39	ASPIRIN	1,188,239	0.69	4,371,426	0.07
40	METOPROLOL TARTRATE	1,185,930	0.69	9,117,574	0.15
41	PERINDOPRIL with INDAPAMIDE HEMIHYDR/	1,183,923	0.69	29,086,439	0.49
42	CELECOXIB	1,177,512	0.69	31,645,029	0.53
43	TELMISARTAN	1,120,560	0.65	21,792,540	0.37
44	CITALOPRAM HYDROBROMIDE	1,089,882	0.64	28,660,152	0.48
45	ROXITHROMYCIN	1,082,740	0.63	8,948,632	0.15
46	DILTIAZEM HYDROCHLORIDE	1,063,259	0.62	21,207,990	0.36
47	FELODIPINE	1,042,848	0.61	19,642,797	0.33
48	OXAZEPAM	1,024,256	0.60	3,336,848	0.06
49	MIRTAZAPINE	986,708	0.58	26,571,631	0.45
50	AMITRIPTYLINE HYDROCHLORIDE	927,135	0.54	3,706,591	0.06
		105,767,156	61.75	2,834,409,122	47.83

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
2007	20,948,900	4,992	4,196
2008	21,282,600	5,005	4,252
2009	21,779,100	5,046	4,316

TABLE 35

TRENDS IN POPULATION TO PHARMACY RATIOS

30 JUNE 2008				30 JUNE 2009			
STATE OR TERRITORY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/ PHARMACY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/ PHARMACY	% Change in Population to Pharmacy Ratios
NSW	6,947.0	1,722	4,034	7076.5	1,731	4,088	1.3
VIC	5,274.4	1,161	4,543	5402.6	1,011	5,344	17.6
QLD	4,253.2	987	4,309	4380.4	1,170	3,744	-13.1
SA	1,598.0	407	3,926	1618.2	404	4,005	2.0
WA	2,149.1	508	4,231	2224.3	508	4,379	3.5
TAS	497.3	132	3,767	501.8	131	3,831	1.7
NT	218.4	27	8,089	223.1	29	7,693	-4.9
ACT	342.7	61	5,618	349.9	62	5,644	0.5
AUSTRALIA	21,282.6	5,005	4,252	21779.1	5,046	4,316	1.5

Sources: Medicare Australia and Australian Bureau of Statistics

TABLE 36

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS
STATES AND TERRITORIES 1993 TO 2009

(Number at 30 June)

STATE OR TERRITORY	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NSW	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	1,708	1,722	1,731
VIC	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	1,170	1,161	1,011
QLD	936	935	931	942	952	959	959	954	951	948	944	953	952	963	987	987	1,170
SA	392	390	386	386	385	383	386	386	387	385	386	389	391	399	400	407	404
WA	458	456	457	467	470	474	477	478	479	480	484	489	492	502	509	508	508
TAS	144	144	142	143	144	143	140	140	140	140	139	135	134	131	133	132	131
NT	25	26	26	26	27	27	28	28	28	30	28	28	27	27	26	27	29
ACT	59	59	58	58	57	58	59	57	57	57	57	57	58	58	59	61	62
AUSTRALIA	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	4,992	5,005	5,046

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
JUNE 07	318.5	2.1	384.4	1.5	1038.40	5.4
JUNE 08	332.9	4.5	389.5	1.3	1072.30	3.3
JUNE 09	337.7	1.5	400.9	2.9	1109.80	3.5

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

(b) All Males.

Chart 6

