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# Guild Digest

## 2011

A survey of independent pharmacy operations in Australia  
financial year 2009-10

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Guild Accountants



Johnston Rorke Pharmacy Services



MSI Taylor

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## FOREWORD

This year marks the 39<sup>th</sup> edition of the Guild Digest. The **2011 Digest** presents a snapshot of pharmacy operations in Australia for the financial year 2009-10. In the process, it also provides valuable management information to pharmacy owners and managers in a rapidly evolving economic environment.

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

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

Based on Table 3, which is the most relevant table for year to year comparisons, community pharmacy recorded a turnover growth of 5.3% in 2009-10, while net profit recorded an increase of 31.4%.

Here are the key features of Australian community pharmacy:

- ✚ Community pharmacy is a \$15.1 billion health industry, including \$10.3 billion in prescription sales per year;
- ✚ Community pharmacies dispense 274 million prescriptions annually, including 192 million PBS/RPBS subsidised prescriptions;
- ✚ Community pharmacy employs around 55,000 highly skilled staff, the majority of whom are women;
- ✚ Total Dispensary Sales represent around 67.8% of all sales through pharmacies;
- ✚ The average community pharmacy dispenses 54,038 prescriptions per year; and
- ✚ As at 30 June 2010 there were 5,088 community pharmacies, each serving on average a community of 4,377 people across Australia.

The 2011 edition of the Digest is again published entirely in digital format. The **2011 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



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analyses contained in the **2011 Digest** are based largely on the sample of 280 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 strong 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 **Guild Accountants (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, Duncan Turner and Cathy Portolesi for their dedication and outstanding work in the preparation of this edition.

**STEPHEN ARMSTRONG**  
**DIRECTOR, HEALTH ECONOMICS**



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## THE YEAR IN PHARMACY 2009-10

The 2009-10 financial year was an important one for community pharmacy, as it marked the signing of the Fifth Community Pharmacy Agreement and the Memorandum of Understanding between Medicines Australia and the Australian Government.

As part of the Government's agenda to bring the budget back into surplus following the Global Financial Crisis there were a number of savings measures included in these agreements, totalling close to \$3 billion over five years.

The Fifth Agreement will deliver \$15.4 billion in remuneration for community pharmacies and pharmaceutical wholesalers over five years, with savings to Government of \$1 billion over the term of the Agreement. A large proportion of these savings will be achieved through a two year freeze on the dispensing fee and removal of the PBS online incentive payment of 40 cents per prescription.

The Memorandum of Understanding (MoU) extends the price disclosure arrangements that were first introduced in the 2008 PBS reforms package and represents one of most significant reforms in the history of the Pharmaceutical Benefits Scheme. Whilst the Guild was not included in the negotiation of the MoU, its flow-on impact was considered during the Fifth Agreement negotiations.

The Guild allocated considerable resources not only to negotiate a fair, reasonable and sustainable outcome for members from the Fifth Agreement, but also to provide support and advice to members in preparing for the changes brought about by the Fifth Agreement and the MoU.

In other important developments for the future of pharmacy, the Guild continued its investment in web based e-health with Mirixa Australia and eRx Script Exchange.

### **The Economy**

The emerging market economies were the drivers of global growth in 2009-10. With the major developed economic blocks still dealing with the hangover of the Global Financial Crisis (GFC), the emerging economies of China, India and Latin America accounted for nearly half of the rise in global output.

Asian import demand stimulated growth in industrial activity across Asia and Australia while the United States and Euro-zone economies continued to struggle with high unemployment and an uncertain financial outlook. European sovereign debt markets began to show signs of severe strain leading to concerns over a possible repeat of the GFC.

Domestically, the mining industry enjoyed a solid V-shape recovery while retailing and construction remained fragile. The mining recovery boosted Australia's terms of trade through higher mineral contract prices, solid trading partner growth and employment security



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associated with a low unemployment rate. The strengthening in Australia's terms of trade was reflected in GDP figures, with growth of 2.6% (up from 1.4% in 2008-09). Real net national disposable income grew by 6% in the June quarter of 2010 reflecting the growth in productivity over the year.

The Reserve Bank lifted the official cash interest rate from 3% to 4.5% over the course of 2009-10 (after falling from 7.25% to 3% over the course of 2008-09), indicating that the Australian economy is rebounding from the subdued economic growth of 2008-09. Interest rates may have increased slightly more if not for retail discounting lowering near-term inflation.

### **The Fifth Community Pharmacy Agreement**

The Fifth Community Pharmacy Agreement (the Agreement) was signed on 3 May 2010 and released on Budget Night 11 May 2010. The total government allocation of funds over five years of the Agreement will be \$15.4 billion. Although negotiated at a time of severe fiscal restraint, the Fifth Agreement achieves a workable balance of the interests of consumers, taxpayers and community pharmacy. The main features of the Agreement include:

#### *Remuneration:*

- A total of \$1 billion in savings over the next five years from community pharmacy.
- The dispensing fee of \$6.42 is preserved. However, there will be a freeze on the fee for the first two years of the Agreement (i.e. no indexation increases).
- The \$1.53 premium free dispensing incentive payment is retained and indexed.
- The PBS Online incentive of 40 cents per prescription ceased from July 2010.
- Community pharmacy location rules have been retained which ensure fair and equitable access by consumers to pharmacy products and services across Australia.
- Supermarket co-location continues to be prohibited.
- \$949.8 million is allocated for the Community Service Obligation funding pool, which provides for equitable and timely distribution of all PBS medicines by pharmaceutical wholesalers across Australia.
- Community Pharmacies will receive 15 cents per electronic prescription dispensed.

#### *Pharmacy Practice Incentive Program*

New Pharmacy Practice Incentives (PPI) will be provided to accredited pharmacies that achieve defined patient care outcomes. The current Quality Maintenance Allowance incentive will continue unchanged for 12 months until the new practice incentive payment arrangements are finalised. From 1 July 2011, pharmacies that received accreditation will be eligible to receive pharmacy practice incentive payments based on demonstrated delivery of services to improve patients' quality use of medicines. Funding will be allocated for such programs as Dose Administration Aids, Staged Supply and documentation of Clinical Interventions.

To access the PPI payments, and as part of the new Quality Care Pharmacy Program requirements, there will be a requirement for pharmacies to display and comply with a new Patient Service Charter.

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### *Medication Management*

The Agreement will fund the delivery of a number of medication management programs such as Medicine Use Review (MUR), Home Medicines Review (HMR), Residential Medication Management (RMMR) and a new Diabetes Medication Management Service.

### **Further PBS Remuneration Changes and PBS Reforms**

These reforms are the outcome of prolonged negotiations between the Government and the peak body representing pharmaceutical manufacturers, Medicines Australia. The resulting Memorandum of Understanding (MoU), signed in May 2010, provides significant commitments from both the industry and the Government and is intended to provide a period of stability and certainty in the sector for the next four years.

The MoU delivers \$1.9 billion in Government savings over the next five years. This results from the extension and expansion of the price disclosure regimen first introduced in 2008; increased price reductions on products when they become subject to generic competition; and further price reductions for off-patent PBS products. In return the Government is committed:

- not to ask the industry to bear any further price-related savings measures before 30 June 2014;
- to speed up the assessment and Cabinet approval process for new PBS listings; and
- to not introduce any new Therapeutic Groups (TGs) over the next four years.

Compensatory funding was included in the Fifth Agreement for some of the lost income that will result from lower PBS prices. This will be paid to pharmacy through Pharmacy Practice Incentives for a range of pharmacy services including Dose Administration Aids, Staged Supply (daily supervised dispensing), and Clinical Interventions.

### **ScriptMAP (Modelling & Analysis for Pharmacies) 2015**

ScriptMAP-2015 is a members-only analytical service that builds on the original ScriptMAP that was launched in 2008. ScriptMAP-2015 covers the full five years of the new Agreement, from 1 July 2010 to 30 June 2015. The report, using best available information and based on the community pharmacies unique dispensing data, provides a comprehensive analysis of the impact of changes to PBS pricing and remuneration over the Agreement period. It also provides an Action List and guides the pharmacy staff through specific changes that may assist their pharmacy, with a focus on generic substitution and dispensing volume growth.

### **Mirixa Australia**

Through the Mirixa web-based clinical software platform, pharmacists will deliver national, systemised, evidence based programs thus showcasing their value in the health system. Pharmacist interventions will be recorded and this data will form a base of evidence, which will expand the professional role of pharmacists. Most importantly it delivers consistency and reproducibility in clinical programs.

Mirixa Australia programs provide pharmacies with the opportunity to produce income outside of the traditional dispensing and merchandising business model. These programs integrate dispense system data and automate the reporting function. As pharmacies restructure and

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expand their patient care services, Mirixa Australia programs solve the clinical integration challenges allowing pharmacists to deliver a variety of clinical care services using a single platform.

### **eRx Script Exchange**

The eRx Script Exchange is an industry initiative being led by Fred Health with the support and endorsement of the Guild. It has launched the first nationally deployed electronic prescription transmission system in Australia. Prescriptions are encrypted and transmitted from prescribers to the secure eRx exchange and then retrieved by pharmacists for dispensing upon presentation of a prescription printed with the eRx barcode.

eRx runs in parallel with the existing paper prescription system. However in the future options to phase out paper prescriptions may be investigated and reviewed with all appropriate parties. Currently the paper based prescription continues to act as the official document, which will ensure that the dispensing can always occur. If the patient's chosen pharmacy is not eRx enabled, the script will be dispensed using the pharmacy's dispense software in the normal manner.

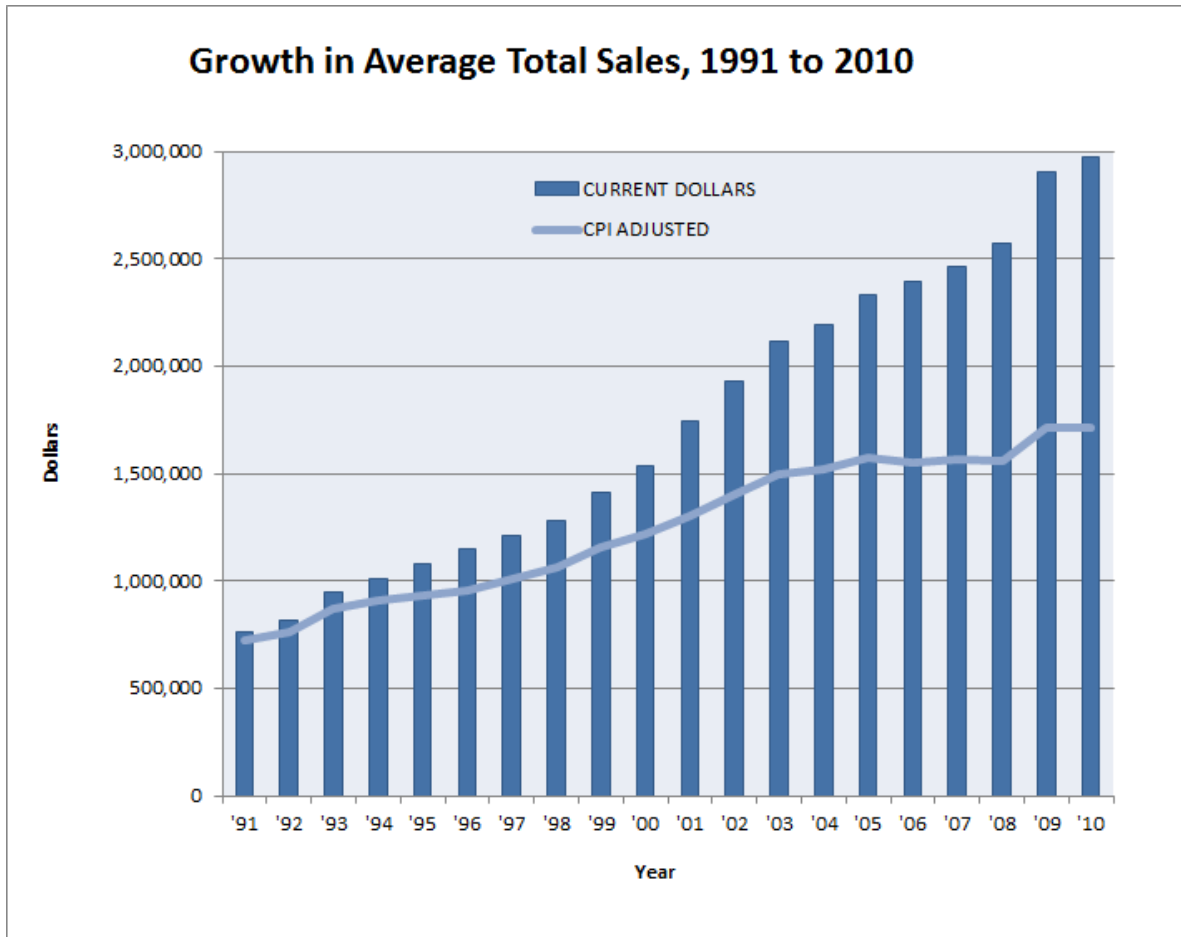


**AUSTRALIAN PHARMACIES 2000 - 2010**  
(Based on all participating pharmacies)

**Table 1**

|                        | 2000<br>(353)<br>\$ | 2001<br>(402)<br>\$ | 2002<br>(408)<br>\$ | 2003<br>(528)<br>\$ | 2004<br>(427)<br>\$ | 2005<br>(418)<br>\$ | 2006<br>(385)<br>\$ | 2007<br>(353)<br>\$ | 2008<br>(326)<br>\$ | 2009<br>(302)<br>\$ | 2010<br>(289)<br>\$ |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>SALES</b>           | 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           | 2,901,620           | 2,972,997           |
| <b>GROSS MARGIN</b>    | 508,092             | 560,521             | 616,179             | 660,229             | 684,059             | 722,192             | 756,166             | 797,473             | 838,984             | 980,871             | 987,422             |
| SALARIES & WAGES       | 170,301             | 187,324             | 210,770             | 227,379             | 227,712             | 254,689             | 263,115             | 280,355             | 295,931             | 341,052             | 345,136             |
| RENT                   | 50,075              | 53,838              | 60,566              | 65,566              | 65,427              | 73,183              | 77,862              | 85,460              | 90,049              | 115,547             | 121,236             |
| OTHER EXPENSES         | 138,169             | 156,577             | 162,343             | 181,101             | 179,567             | 191,412             | 205,955             | 225,749             | 250,126             | 298,739             | 321,248             |
| <b>TOTAL EXPENSES</b>  | <b>358,545</b>      | <b>397,739</b>      | <b>433,679</b>      | <b>474,046</b>      | <b>472,706</b>      | <b>519,284</b>      | <b>546,932</b>      | <b>591,564</b>      | <b>636,107</b>      | <b>755,339</b>      | <b>787,619</b>      |
| <b>TRADING PROFIT</b>  | 149,547             | 162,782             | 182,500             | 186,183             | 211,353             | 202,908             | 209,234             | 205,909             | 202,877             | 225,532             | 199,803             |
| OTHER INCOME           | 11,118              | 14,623              | 17,966              | 15,276              | 15,112              | 14,445              | 23,721              | 30,681              | 24,597              | 34,024              | 38,758              |
| <b>TOTAL INCOME</b>    | <b>160,665</b>      | <b>177,406</b>      | <b>200,466</b>      | <b>201,459</b>      | <b>226,465</b>      | <b>217,353</b>      | <b>232,955</b>      | <b>236,590</b>      | <b>227,474</b>      | <b>259,556</b>      | <b>238,562</b>      |
| PROPRIETORS' SALARIES  | 85,401              | 89,189              | 97,400              | 104,809             | 136,619             | 142,167             | 160,349             | 156,316             | 145,055             | 148,106             | 134,992             |
| <b>NET PROFIT/LOSS</b> | 75,264              | 88,217              | 103,066             | 96,650              | 89,846              | 75,186              | 72,606              | 80,274              | 82,419              | 111,370             | 103,570             |
| STOCK CARRIED          | 153,862             | 156,662             | 183,802             | 186,903             | 186,409             | 197,893             | 204,134             | 219,388             | 231,567             | 246,943             | 280,867             |

**Chart 1**



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## METHODOLOGY FOR THE 2011 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 280 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. 2008-09 and 2009-10.

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

|           | <b>Prescription Volumes</b> | <b>Number of Pharmacies</b> | <b>Distribution National</b> |
|-----------|-----------------------------|-----------------------------|------------------------------|
| Stratum 1 | Less than 35,000            | 1,772                       | 34.8%                        |
| Stratum 2 | 35,000 – 60,000             | 1,566                       | 30.8%                        |
| Stratum 3 | 60,000 – 95,000             | 1,282                       | 25.2%                        |
| Stratum 4 | More than 95,000            | 468                         | 9.2%                         |
| TOTAL     |                             | 5,088                       |                              |

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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.

**As was noted last year, the 2008-09 weightings were significantly different to those for 2007-08. This resulted in some large movements in results between those two years. The changes in weightings were only minor between 2008-09 and 2009-10. However, Table 3, which uses a matched sample approach and is not impacted by weightings or changes in the make-up of the responding pharmacies, remains the more appropriate table to use when reviewing percentage movements in figures from one year to the next.**



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## SURVEY RESPONSE

After excluding responses with incomplete information, the final number of responses analysed for the purposes of the main sample for 2009-10 was 280.

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.

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

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

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

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## STATISTICAL APPRAISAL OF RESULTS

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

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

How seriously can pharmacies take the survey findings? One issue is whether the survey results are representative of all pharmacies. Another is 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 280 pharmacies responded to this year's survey. The current analyses are based on weightings derived from the distribution of Australian pharmacies in accordance with their annual prescription volumes.

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

As the characteristics of the responding pharmacies change from one survey to the next, primarily because of the restructuring that has taken place over the last decade, comparability of the main sample data over time may be a problem. Therefore, comparisons over time may be more meaningful using the data provided by the consecutive year respondents summarised in Table 3. 91 respondents formed part of this category in 2009-10.

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## 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 300 pharmacies will be much more precise than an average based on only two pharmacies.

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

| Number of Respondents<br>used for estimate | Divisor for<br>inter-quartile range |
|--|-------------------------------------|
| 400  | 27                                  |
| 350  | 25                                  |
| 300  | 23                                  |
| 280  | 22.6                                |
| 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 280 respondents) is 26.1% (see Table 2). The inter-quartile range (from Table 4) is 10.80 (= 30.84 – 20.04), so the approximate standard error of this estimate is 0.48 (=10.80/22.6).

Standard statistical theory shows that there is a 95% certainty that the true mean is within twice the standard error of the estimate. In this case, the 95% confidence interval for the true

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mean Total Expenses, based on 280 respondents, is between 25.1% and 27.1% 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.



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# DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

*(All financial values are exclusive of GST)*

|  |   |
|--|---|
| <b>Sales:</b>                          | 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 services income, government payments such as rural allowances, commissions, agency fees, dividends and disposal of assets.  |
| <b>Cost of Goods Sold:</b>             | 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 2011 Digest</i> section.<br><br>Percentage shown is of Sales.   |
| <b>Gross Margin:</b>                   | is derived by deducting Cost of Goods Sold from Sales.<br><br>Percentage shown is of Sales.   |
| <b>Other Income:</b>                   | is income from items which do not involve cost of goods sold. They may, for example, be related to Community Pharmacy Agreement programs or professional services. Dividend and rent income, and other such income not connected with the pharmacy's operation, are also included here.   |
| <b>Gross Margin Plus Other Income:</b> | is the arithmetic total of the Gross Margin and Other Income and it represents the Gross Margin from Trading.   |
| <b>Total Revenue:</b>                  | is the arithmetic total of Sales and Other Income; all Expenses are expressed as a percentage of Total Revenue (not Sales) since a portion of all expenses is also incurred in earning Other Income.  |
| <b>Salaries and Wages:</b>             | 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.   |
| <b>Expenses:</b>                       | all Expense items are expressed as a percentage of Total Revenue.   |
| <b>Total Income:</b>                   | 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.  |
| <b>Proprietors' Notional Salary:</b>   | is a notional estimate of a reasonable professional salary for hours worked in the pharmacy by pharmacy proprietors. It is adjusted for over-award payments but includes only work performed within the pharmacy. This is consistent with the rationale that a proprietor should expect remuneration at least equivalent to the salary which he/she would otherwise receive for a similar effort as a manager.<br><br>Accordingly the calculation of proprietors' notional salary not only reflects normal working hours but also other factors such as leave loading, superannuation, provision for annual leave, provision for long service leave and sick leave (collectively termed On-costs) and overtime worked.<br><br>In 2009-10, the normal hourly rate was estimated at \$53.41 for the first 38 hours - equivalent to an annual salary of \$105,538. Additional hours were calculated at time and a half rate to reflect overtime. A rate of 1.2547 was applied to reflect On-Cost |



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provisions. (Refer also to detailed explanation under Section titled “**Analysis of Survey Results**”)

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

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

The corresponding percentage is expressed as percent of Total Revenue.

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

**Net Profit/Loss:** is calculated by subtracting Proprietors' Notional Salary from Total income. Please note that taxation is not considered in the Guild's survey or the published results. All figures are before tax.

The corresponding percentage is expressed as percent of Total Revenue.

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

The corresponding percentage is expressed as percent of Sales.

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

The corresponding percentage is expressed as percent of Sales.

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

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

The corresponding percentage is expressed as percent of Total Revenue.



**AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2009 AND 2010**  
(Based on 12 Months of Trading to 30/06/10)

**Table 2**

|                                       | 2009 AVERAGES    |               | 2010 AVERAGES    |               | AMOUNT AND PERCENT OF CHANGE |               |
|---------------------------------------|------------------|---------------|------------------|---------------|------------------------------|---------------|
| SALES, EXPENSES & PROFITABILITY       | \$               | %             | \$               | %             | \$                           | %             |
| <b>SALES</b>                          | <b>2,901,620</b> |               | <b>2,972,997</b> |               | <b>71,376</b>                | <b>2.46</b>   |
| <b>COST OF GOODS SOLD</b>             | <b>1,920,750</b> | <b>66.20</b>  | <b>1,985,574</b> | <b>66.79</b>  | <b>64,825</b>                | <b>3.37</b>   |
| <b>GROSS MARGIN</b>                   | <b>980,871</b>   | <b>33.80</b>  | <b>987,422</b>   | <b>33.21</b>  | <b>6,552</b>                 | <b>0.67</b>   |
| Other Income                          | 34,024           |               | 38,758           |               | 4,734                        | 13.91         |
| <b>GROSS MARGIN PLUS OTHER INCOME</b> | <b>1,014,895</b> |               | <b>1,026,181</b> |               | <b>11,286</b>                | <b>1.11</b>   |
| <b>TOTAL REVENUE</b>                  | <b>2,935,645</b> | <b>100.00</b> | <b>3,011,755</b> | <b>100.00</b> | <b>76,110</b>                | <b>2.59</b>   |
| <b>EXPENSES</b>                       |                  |               |                  |               |                              |               |
| Salaries and Wages                    | 341,052          | 11.62         | 345,136          | 11.46         | 4,083                        | 1.20          |
| Rent Paid                             | 115,547          | 3.94          | 121,236          | 4.03          | 5,688                        | 4.92          |
| Outgoings - Rental & Rates            | 4,331            | 0.15          | 6,006            | 0.20          | 1,674                        | 38.66         |
| Accounting                            | 11,051           | 0.38          | 10,550           | 0.35          | -501                         | -4.53         |
| Advertising                           | 27,211           | 0.93          | 37,484           | 1.24          | 10,274                       | 37.76         |
| Bank Charges                          | 8,072            | 0.27          | 9,369            | 0.31          | 1,297                        | 16.07         |
| Computer Expenses                     | 7,422            | 0.25          | 9,805            | 0.33          | 2,383                        | 32.11         |
| Depreciation                          | 24,863           | 0.85          | 31,302           | 1.04          | 6,439                        | 25.90         |
| Electricity, Water, Heating           | 8,220            | 0.28          | 9,499            | 0.32          | 1,279                        | 15.56         |
| Insurance                             | 8,563            | 0.29          | 8,685            | 0.29          | 122                          | 1.43          |
| Interest Paid                         | 58,557           | 1.99          | 52,229           | 1.73          | -6,328                       | -10.81        |
| Leasing Expenses                      | 8,513            | 0.29          | 10,223           | 0.34          | 1,711                        | 20.10         |
| Motor Vehicle Expenses                | 4,236            | 0.14          | 4,963            | 0.16          | 728                          | 17.18         |
| Postage, Freight, Printing            | 9,868            | 0.34          | 11,496           | 0.38          | 1,628                        | 16.50         |
| Repairs, Maintenance, Service         | 4,450            | 0.15          | 4,737            | 0.16          | 287                          | 6.46          |
| Subs and Registrations                | 10,130           | 0.35          | 9,315            | 0.31          | -816                         | -8.05         |
| Superannuation                        | 30,998           | 1.06          | 31,784           | 1.06          | 786                          | 2.54          |
| Telephone                             | 5,954            | 0.20          | 6,270            | 0.21          | 316                          | 5.30          |
| Training                              | 3,722            | 0.13          | 3,773            | 0.13          | 51                           | 1.36          |
| Abnormal Expenses                     | 4,492            | 0.15          | 6,118            | 0.20          | 1,626                        | 36.19         |
| Payroll Tax                           | 4,562            | 0.16          | 5,914            | 0.20          | 1,352                        | 29.65         |
| Workers' Compensation                 | 2,530            | 0.09          | 2,909            | 0.10          | 379                          | 14.97         |
| Other Expenses                        | 50,995           | 1.74          | 48,816           | 1.62          | -2,179                       | -4.27         |
| <b>TOTAL EXPENSES</b>                 | <b>755,339</b>   | <b>25.73</b>  | <b>787,619</b>   | <b>26.15</b>  | <b>32,280</b>                | <b>4.27</b>   |
| <b>TOTAL INCOME</b>                   | <b>259,556</b>   | <b>8.84</b>   | <b>238,562</b>   | <b>7.92</b>   | <b>-20,994</b>               | <b>-8.09</b>  |
| Less Proprietors' Salary (1)          | 148,186          | 5.50          | 134,992          | 4.48          | -13,194                      | -8.90         |
| [ Full-Time-Equivalents ]             | 1.21             |               | 1.10             |               |                              |               |
| <b>NET PROFIT/LOSS</b>                | <b>111,370</b>   | <b>3.34</b>   | <b>103,570</b>   | <b>3.44</b>   | <b>-7,800</b>                | <b>-7.00</b>  |
| <b>SALES ANALYSIS</b>                 |                  |               |                  |               |                              |               |
| Prescriptions                         | 1,988,832        | 68.54         | 2,015,075        | 67.78         | 26,243                       | 1.32          |
| Other Sales                           | 912,788          | 31.46         | 957,922          | 32.22         | 45,134                       | 4.94          |
| <b>INVENTORY ANALYSIS</b>             |                  |               |                  |               |                              |               |
| Prescription                          | 87,629           | 2.99          | 80,462           | 2.67          | -7,167                       | -8.18         |
| Other                                 | 159,313          | 5.43          | 200,405          | 6.65          | 41,092                       | 25.79         |
| STOCK CARRIED (Total)                 | 246,943          | 8.41          | 280,867          | 9.33          | 33,925                       | 13.74         |
| STOCK TURN (On Total Inventory)       | 7.78             |               | 7.07             |               | -0.71                        | -9.11         |
| <b>SALES PER INVENTORY DOLLAR</b>     |                  |               |                  |               |                              |               |
| Prescription                          | 22.70            |               | 25.04            |               | 2.35                         | 10.34         |
| Other                                 | 5.73             |               | 4.78             |               | -0.95                        | -16.57        |
| <b>STATISTICS</b>                     |                  |               |                  |               |                              |               |
| PHARMACY SIZE (square metres)         | 158              |               | 165              |               | 7                            | 4.35          |
| PRESCRIPTIONS DISPENSED (Total)       | 54,213           |               | 54,038           |               | -174                         | -0.32         |
| PRESCRIPTIONS DISPENSED WEEKLY        | 1,040            |               | 1,036            |               | -3                           | -0.32         |
| TOTAL HOURS OPEN per WEEK             | 58.8             |               | 59.4             |               | 0.6                          | 0.95          |
| AV HRS WORKED BY PROPRIETORS/WEEK     | 46.1             |               | 42.0             |               | -4.1                         | -8.90         |
| <b>FUNDS RETAINED IN BUSINESS (2)</b> | <b>128,847</b>   | <b>4.39</b>   | <b>84,991</b>    | <b>2.82</b>   | <b>-43,857</b>               | <b>-34.04</b> |

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

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# SUMMARY OF PHARMACY PERFORMANCE 2009-10

(Refer to Table 2)

This section examines the 2009-10 survey results, after applying weightings to remove any distortion caused by the responding sample being skewed towards larger pharmacies. While Table 2 presents the 2008-09 averages for comparison purposes, the results are affected by changes in the responding sample between the two years and by a significant change to weighting factors used for 2009-10. For more accurate analysis of the movements from one period to the next, it is useful to compare the performance of pharmacies which participated in both years. Those results are summarised in the next section by reference to Table 3.

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

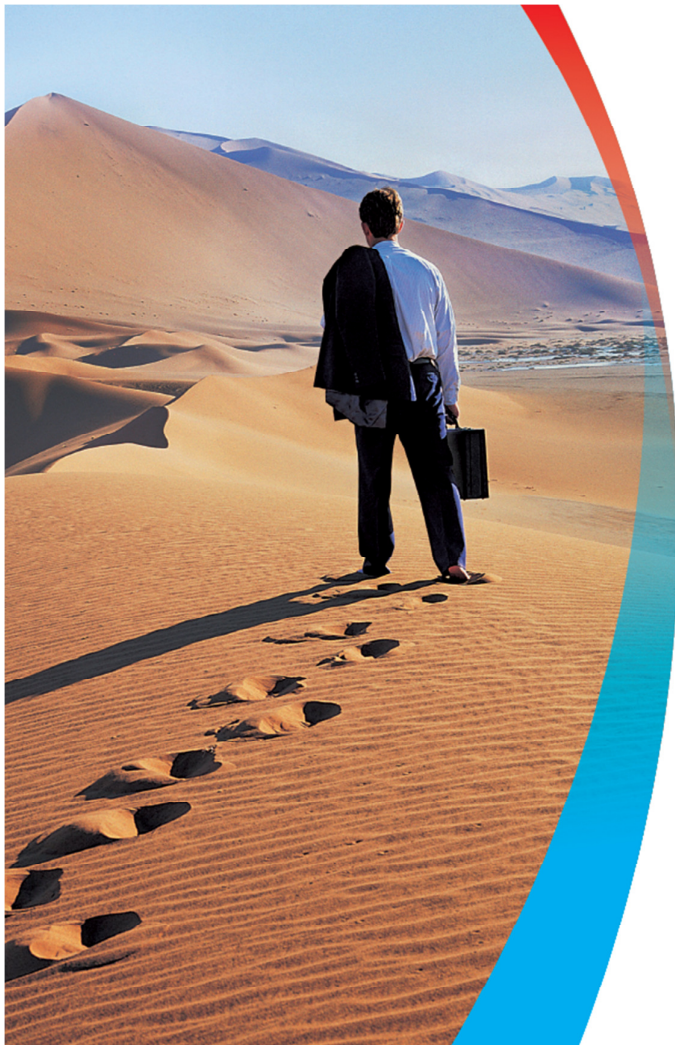
- ✦ Community pharmacy is a \$15.1 billion health industry, including \$10.3 billion in prescription sales per year;
- ✦ Community pharmacies dispense 274 million prescriptions annually, including 192 million PBS/RPBS subsidised prescriptions;
- ✦ Community pharmacy employs around 55,000 highly skilled staff, the majority of whom are women;
- ✦ Total Dispensary Sales represent around 67.8% of all sales through pharmacies;
- ✦ The average community pharmacy dispenses 54,038 prescriptions per year; and
- ✦ As at 30 June 2010 there were 5,088 community pharmacies, each serving on average a community of 4,377 people across Australia

Here are the salient results of the 2009-10 financial year:

- Average Total Sales are \$2,972,997, of which 67.8% is from prescriptions and the remaining 32.2% is from non-prescription sales.
- Average Gross Margin is 33.2%, slightly down from 33.8% in 2008-09. This is the first decrease in Gross Margin after four years of growth from 2005 to 2009.
- Average revenue from Other Income is now \$38,758, eclipsing the previous high reached in the 2008-09 financial year.



- Expenses ended the year at 26.2% as a percentage of Sales. This is the highest level since 1991-92, just six years after touching an all time low in 2003-04.
- Salaries and wages as a percentage of sales fell slightly from 11.6% to 11.5%, maintaining the twenty year high reached in 2008-09.
- Rent increased markedly to 4.0% of sales, the highest since 1991-92.
- Wages and rent combined make up just over 59.2% of total expenses. However, expenses other than wages and rent now make up a combined 10.8% of sales, which is the highest proportion since 1985-86.
- Proprietors' Notional Salary represented 4.5% of turnover, down from 5.5% in 2008-09 reflecting a drop in average hours worked from 46.1 to 42.0 hours per week.
- The average prescription volume per pharmacy has remained above one thousand per week (1,036), after reaching this milestone in 2008-09 (1,040).



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**AUSTRALIAN PHARMACIES REPORTING IN TWO CONSECUTIVE YEARS 2009 AND 2010**  
(Based on 12 Months of Trading to 30/06/10)

**Table 3**

|   | 2009 AVERAGES    |               | 2010 AVERAGES    |               | AMOUNT AND PERCENT OF CHANGE |              |
|---|------------------|---------------|------------------|---------------|------------------------------|--------------|
| SALES, EXPENSES & PROFITABILITY                           | \$               | %             | \$               | %             | \$                           | %            |
| <b>SALES</b>  | <b>3,162,459</b> |               | <b>3,318,982</b> |               | <b>156,523</b>               | <b>4.95</b>  |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,114,527</b> | <b>66.86</b>  | <b>2,193,196</b> | <b>66.08</b>  | <b>78,669</b>                | <b>3.72</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,047,932</b> | <b>33.14</b>  | <b>1,125,786</b> | <b>33.92</b>  | <b>77,854</b>                | <b>7.43</b>  |
| Other Income  | 40,576           |               | 52,518           |               | 11,942                       | 29.43        |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,088,509</b> |               | <b>1,178,304</b> |               | <b>89,796</b>                | <b>8.25</b>  |
| <b>TOTAL REVENUE</b>                                      | <b>3,203,035</b> | <b>100.00</b> | <b>3,371,500</b> | <b>100.00</b> | <b>168,465</b>               | <b>5.26</b>  |
| <b>EXPENSES</b>   |                  |               |                  |               |                              |              |
| Salaries and Wages  | 370,708          | 11.57         | 381,932          | 11.33         | 11,223                       | 3.03         |
| Rent Paid   | 96,150           | 3.00          | 101,237          | 3.00          | 5,087                        | 5.29         |
| Outgoings - Rental & Rates                                | 6,495            | 0.20          | 7,167            | 0.21          | 673                          | 10.36        |
| Accounting  | 10,653           | 0.33          | 10,671           | 0.32          | 17                           | 0.16         |
| Advertising   | 35,237           | 1.10          | 42,802           | 1.27          | 7,565                        | 21.47        |
| Bank Charges  | 12,368           | 0.39          | 9,522            | 0.28          | -2,846                       | -23.01       |
| Computer Expenses   | 9,780            | 0.31          | 10,735           | 0.32          | 955                          | 9.76         |
| Depreciation  | 25,642           | 0.80          | 33,783           | 1.00          | 8,141                        | 31.75        |
| Electricity, Water, Heating                               | 8,830            | 0.28          | 9,991            | 0.30          | 1,161                        | 13.15        |
| Insurance   | 7,727            | 0.24          | 8,491            | 0.25          | 764                          | 9.89         |
| Interest Paid   | 50,299           | 1.57          | 40,763           | 1.21          | - 9,536                      | -18.96       |
| Leasing Expenses  | 14,111           | 0.44          | 12,798           | 0.38          | - 1,313                      | -9.31        |
| Motor Vehicle Expenses                                    | 4,273            | 0.13          | 5,111            | 0.15          | 838                          | 19.61        |
| Postage, Freight, Printing                                | 13,675           | 0.43          | 15,144           | 0.45          | 1,469                        | 10.74        |
| Repairs, Maintenance, Service                             | 4,594            | 0.14          | 5,621            | 0.17          | 1,027                        | 22.35        |
| Subs and Registrations                                    | 10,728           | 0.33          | 9,893            | 0.29          | - 836                        | -7.79        |
| Superannuation  | 33,868           | 1.06          | 37,778           | 1.12          | 3,910                        | 11.54        |
| Telephone   | 6,793            | 0.21          | 6,968            | 0.21          | 175                          | 2.57         |
| Training  | 5,090            | 0.16          | 5,472            | 0.16          | 382                          | 7.51         |
| Abnormal Expenses   | 7,056            | 0.22          | 6,823            | 0.20          | - 234                        | -3.31        |
| Payroll Tax   | 6,883            | 0.21          | 6,756            | 0.20          | -127                         | -1.85        |
| Workers' Compensation                                     | 1,974            | 0.06          | 2,343            | 0.07          | 369                          | 18.71        |
| Other Expenses  | 25,927           | 0.81          | 31,231           | 0.93          | 5,303                        | 20.45        |
| <b>TOTAL EXPENSES</b>                                     | <b>768,864</b>   | <b>24.00</b>  | <b>803,031</b>   | <b>23.82</b>  | <b>34,167</b>                | <b>4.44</b>  |
| <b>TOTAL INCOME</b>                                       | <b>319,645</b>   | <b>9.98</b>   | <b>375,274</b>   | <b>11.13</b>  | <b>55,629</b>                | <b>17.40</b> |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 136,691          | 4.27          | 134,924          | 4.00          | -1,767                       | -1.29        |
| <b>NET PROFIT/LOSS</b>                                    | <b>182,953</b>   | <b>5.71</b>   | <b>240,350</b>   | <b>7.13</b>   | <b>57,396</b>                | <b>31.37</b> |
| <b>SALES ANALYSIS</b>                                     |                  |               |                  |               |                              |              |
| Prescriptions   | 2,284,920        | 72.25         | 2,421,977        | 72.97         | 137,057                      | 6.00         |
| Other Sales   | 877,540          | 27.75         | 897,006          | 27.03         | 19,466                       | 2.22         |
| <b>INVENTORY ANALYSIS</b>                                 |                  |               |                  |               |                              |              |
| Prescription  | 86,927           | 2.71          | 86,326           | 2.56          | -601                         | -0.69        |
| Other   | 157,762          | 4.93          | 170,159          | 5.05          | 12,397                       | 7.86         |
| STOCK CARRIED (Total)                                     | 244,689          | 7.64          | 256,485          | 7.61          | 11,796                       | 4.82         |
| STOCK TURN (On Total Inventory)                           | 8.64             |               | 8.55             |               | (0.09)                       | -1.05        |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                  |               |                  |               |                              |              |
| Prescription  | 26.29            |               | 28.06            |               | 1.77                         | 6.74         |
| Other   | 5.56             |               | 5.27             |               | -0.29                        | -5.23        |
| <b>STATISTICS</b>   |                  |               |                  |               |                              |              |
| PHARMACY SIZE (square metres)                             | 165              |               | 166              |               | 1                            | 0.46         |
| PRESCRIPTIONS DISPENSED (Total)                           | 63,923           |               | 65,691           |               | 1,767                        | 2.76         |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,226            |               | 1,260            |               | 34                           | 2.76         |
| TOTAL HOURS OPEN per WEEK                                 | 60.5             |               | 60.4             |               | -0.1                         | -0.19        |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 42.5             |               | 41.9             |               | -0.5                         | -1.29        |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>55,283</b>    | <b>1.73</b>   | <b>95,084</b>    | <b>2.82</b>   | <b>39,801</b>                | <b>71.99</b> |

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

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## COMPARISON OF PHARMACIES RESPONDING IN CONSECUTIVE YEARS

(Refer to Table 3)

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

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

A sample of 91 pharmacies provided responses for both 2008-09 and 2009-10.

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

- Total Sales increased by 4.9%.
- Cost of Goods Sold rose by 3.7%. This in turn produced a higher Gross Margin as a percentage of Sales, at 33.9% compared with 33.1% in 2009-09.
- Total Expenses grew by 4.4% in dollar terms and declined slightly as a percentage of sales from 24.4% to 24.2% in 2009-10.
- Due in most part to the increase in Gross Margin, Total Income rose by over 17%.
- Salaries and Wages for the average pharmacy in the comparative sample grew by 3.0% while Rents grew by 5.3%.
- Expenses growth was moderated by a large reduction in Interest expense (-19.0%), reflecting lower interest rates, and in Bank Charges (-23.0%).
- Prescription revenue recorded respectable growth (up by 6.0%), while non-Prescription Sales posted a much smaller increase of 2.2%, perhaps reflecting general economic conditions.
- The number of prescriptions dispensed in 2009-10 grew by 2.8% over the previous year's volume, while the average prescription price rose by 3.3% (from \$35.74 to \$36.86).



**AUSTRALIAN PHARMACIES – 2009-10**  
(Based on 12 Months of Trading to 30/06/10)

**Table 4**

| NATIONAL AVERAGE  | 2010 AVERAGES    |               | Low              | Normal           | High             |
|---|------------------|---------------|------------------|------------------|------------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                | <b>\$</b>        | <b>%</b>      |                  |                  |                  |
| <b>SALES</b>  | <b>2,972,997</b> |               | <b>1,787,043</b> | <b>2,912,691</b> | <b>4,653,194</b> |
| <b>COST OF GOODS SOLD</b>                                 | <b>1,985,574</b> | <b>66.79</b>  | <b>63.76</b>     | <b>66.07</b>     | <b>68.45</b>     |
| <b>GROSS MARGIN</b>                                       | <b>987,422</b>   | <b>33.21</b>  | <b>31.55</b>     | <b>33.93</b>     | <b>36.24</b>     |
| Other Income  | 38,758           | 1.29          | 0.31             | 0.71             | 1.55             |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,026,181</b> | <b>34.07</b>  | <b>32.63</b>     | <b>34.53</b>     | <b>36.94</b>     |
| <b>TOTAL REVENUE</b>                                      | <b>3,011,755</b> | <b>100.00</b> | <b>100.00</b>    | <b>100.00</b>    | <b>100.00</b>    |
| <b>EXPENSES</b>   |                  |               |                  |                  |                  |
| Salaries and Wages  | 345,136          | 11.46         | 9.01             | 11.36            | 13.57            |
| Rent Paid   | 121,236          | 4.03          | 1.72             | 2.89             | 4.83             |
| Outgoings - Rental & Rates                                | 6,006            | 0.20          | 0.00             | 0.09             | 0.25             |
| Accounting  | 10,550           | 0.35          | 0.16             | 0.28             | 0.51             |
| Advertising   | 37,484           | 1.24          | 0.21             | 0.71             | 1.48             |
| Bank Charges  | 9,369            | 0.31          | 0.10             | 0.19             | 0.30             |
| Computer Expenses   | 9,805            | 0.33          | 0.19             | 0.31             | 0.46             |
| Depreciation  | 31,302           | 1.04          | 0.39             | 0.69             | 1.39             |
| Electricity, Water, Heating                               | 9,499            | 0.32          | 0.19             | 0.27             | 0.38             |
| Insurance   | 8,685            | 0.29          | 0.19             | 0.27             | 0.41             |
| Interest Paid   | 52,229           | 1.73          | 0.03             | 0.98             | 2.93             |
| Leasing Expenses  | 10,223           | 0.34          | 0.00             | 0.08             | 0.25             |
| Motor Vehicle Expenses                                    | 4,963            | 0.16          | 0.00             | 0.09             | 0.20             |
| Postage, Freight, Printing                                | 11,496           | 0.38          | 0.24             | 0.34             | 0.46             |
| Repairs, Maintenance, Service                             | 4,737            | 0.16          | 0.06             | 0.10             | 0.19             |
| Subs and Registrations                                    | 9,315            | 0.31          | 0.15             | 0.25             | 0.48             |
| Superannuation  | 31,784           | 1.06          | 0.82             | 1.03             | 1.23             |
| Telephone   | 6,270            | 0.21          | 0.14             | 0.20             | 0.27             |
| Training  | 3,773            | 0.13          | 0.04             | 0.10             | 0.16             |
| Abnormal Expenses   | 6,118            | 0.20          | 0.00             | 0.00             | 0.00             |
| Payroll Tax   | 5,914            | 0.20          | 0.00             | 0.00             | 0.25             |
| Workers' Compensation                                     | 2,909            | 0.10          | 0.03             | 0.06             | 0.13             |
| Other Expenses  | 48,816           | 1.62          | 0.29             | 0.86             | 2.66             |
| <b>TOTAL EXPENSES</b>                                     | <b>787,619</b>   | <b>26.15</b>  | <b>20.04</b>     | <b>24.56</b>     | <b>30.84</b>     |
| <b>TOTAL INCOME</b>                                       | <b>238,562</b>   | <b>7.92</b>   | <b>3.77</b>      | <b>9.43</b>      | <b>14.25</b>     |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 134,992<br>1.10  | 4.48          | 122,233          | 128,667          | 160,832          |
| <b>NET PROFIT/LOSS</b>                                    | <b>103,570</b>   | <b>3.44</b>   | <b>-2.10</b>     | <b>4.75</b>      | <b>9.27</b>      |
| <b>SALES ANALYSIS</b>                                     |                  |               |                  |                  |                  |
| Prescriptions   | 2,015,075        | 67.78         | 1,267,661        | 2,090,085        | 3,205,504        |
| Other Sales   | 957,922          | 32.22         | 362,858          | 801,222          | 1,446,610        |
| <b>INVENTORY ANALYSIS</b>                                 |                  |               |                  |                  |                  |
| STOCK CARRIED (Total)                                     | 280,867          | 9.33          | 6.04             | 7.70             | 9.72             |
| STOCK TURN (On Total Inventory)                           | 7.07             |               | 6.77             | 8.41             | 10.89            |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                  |               |                  |                  |                  |
| Prescription  | 25.04            |               | 22.18            | 26.93            | 34.68            |
| Other   | 4.78             |               | 3.89             | 5.28             | 6.88             |
| <b>STATISTICS</b>   |                  |               |                  |                  |                  |
| PHARMACY SIZE (square metres)                             | 165              |               | 110              | 160              | 221              |
| PRESCRIPTIONS DISPENSED (Total)                           | 54,038           |               | 34,525           | 55,070           | 86,178           |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,036            |               | 662              | 1,056            | 1,653            |
| TOTAL HOURS OPEN per WEEK                                 | 59               |               | 52               | 61               | 62               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 42               |               | 38               | 40               | 50               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>84,991</b>    | <b>2.82</b>   | <b>0</b>         | <b>79,583</b>    | <b>224,552</b>   |

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

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## 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 2009-10 continued to improve marginally. Much of the growth in 2009-10 came from dispensary sales through higher volumes. Profitability improved due to higher gross margins, which have now risen for five consecutive years following declines in the previous four years. However this was moderated by continuing increases in expenses which are now at close to 20 year highs as a proportion of sales (see commentary relating to Table 2).

### 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 1<sup>st</sup> quartile; normal or 2<sup>nd</sup> quartile (or median); and high or 3<sup>rd</sup> 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 3<sup>rd</sup> or high quartile means that 75% achieved less and 25% achieved greater than the value indicated.

Similarly, the median or Normal quartile marks the value which one half of the respondents achieved and the other half did not. It is worth noting that the figures in the Low, Normal and High



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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 (11.36%) bears no relationship to the Sales figure in the same quartile (\$2,912,691). The correct interpretation is that the Normal Quartile for Salaries and Wages is 11.36% of the Sales figure reported by that median respondent. The Sales figure of \$2,912,691 is independent of the 11.36%. Conversely, the median respondent who reported the Sales figure of \$2,912,691 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 in some cases 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 31.55% to 36.24% (compared with 32.19% to 36.23% in 2008-09) suggests a slight decrease in percentage Gross Margins, in line with the averages presented in Table 2.

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.



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

In 2008-09, the normal hourly rate was estimated at \$53.41 for the first 38 hours - equivalent to an annual salary of \$105,538. 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.

The on-costs were derived as follows:

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

# PLANNING TOOLS AND PRODUCTIVITY MEASURES

(Refer to Table 5)

## SALES PER SQUARE METRE

This is a useful benchmarking tool to guide merchandising and display. Refer to Table 5 for details according to turnover range. As a general rule, sales productivity by area of selling space tends to increase with turnover and this year turnover per square metre ranged from \$8,187 to \$24,834.

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

As in previous years, the results indicate that the most preferred dispensary size (consistent with current dispensary practices) is in the range of 18-25 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 or when receiving professional advice. 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 \$19 in metropolitan pharmacies and around \$15 in country pharmacies. The average prescription generated between \$43 and \$57 in sales revenue. With an average value per prescription of about \$37, each prescription produced between \$6 and \$20 extra revenue in the non-prescription sector.

| Turnover Group<br>\$      | Average<br>Script<br>Value<br>\$ | Sales/Script<br>\$ | Script Sales/<br>Total Sales<br>% |
|---------------------------|----------------------------------|--------------------|-----------------------------------|
| Under \$1,000,000         | 36.61                            | 49.68              | 73.7                              |
| \$1,000,000 - \$1,500,000 | 35.70                            | 43.98              | 79.6                              |
| \$1,500,000 - \$2,000,000 | 38.21                            | 48.32              | 79.6                              |
| \$2,000,000 - \$2,500,000 | 34.78                            | 48.35              | 71.2                              |
| \$2,500,000 - \$3,000,000 | 37.43                            | 55.98              | 65.9                              |
| \$3,000,000 - \$4,000,000 | 37.54                            | 54.51              | 68.0                              |
| \$4,000,000 - \$5,000,000 | 37.84                            | 53.10              | 70.2                              |
| Over \$5,000,000          | 37.48                            | 57.63              | 64.2                              |
| All Pharmacies (weighted) | 37.24                            | 54.26              | 67.7                              |
| Metropolitan              | 37.11                            | 56.48              | 65.0                              |
| Country                   | 37.34                            | 52.55              | 70.1                              |

In practice, customer numbers far exceed the number of prescriptions dispensed. Digest data indicates the average number of customers per pharmacy per year is approximately 63,500



(compared with 54,038 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 \$7 and \$10 sales revenue per dollar of wages, with an average of \$8.73. With minor exceptions, total turnover per dollar of Staff Wages appears 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 as they are frequently involved in the selling process, particularly for scheduled or complementary medicines.

| Turnover Group            | Retail Sales/\$ Wages<br>\$ |
|---------------------------|-----------------------------|
| Under \$1,000,000         | 1.97                        |
| \$1,000,000 - \$1,500,000 | 1.64                        |
| \$1,500,000 - \$2,000,000 | 1.86                        |
| \$2,000,000 - \$2,500,000 | 2.60                        |
| \$2,500,000 - \$3,000,000 | 2.78                        |
| \$3,000,000 - \$4,000,000 | 2.56                        |
| \$4,000,000 - \$5,000,000 | 2.50                        |
| Over \$5,000,000          | 3.10                        |
| All Pharmacies (weighted) | 2.71                        |

By its very nature, this indicator is sensitive to the changing proportion of dispensary sales to total sales. As pharmacy has increased its reliance on dispensary revenue over the past 10 to 20 years, retail sales per \$ wages have steadily contracted. This trend has slowed in recent years with the tentative increases in non-prescription sales. The average for all pharmacies for 2009-10 (\$2.71) is slightly higher than 2008-09 (\$2.68).

### 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. This is based on a 38 hour week and excludes proprietor hours.



| Turnover Group            | Retail Sales/Full-Time Equivalent Employee<br>\$ |
|---------------------------|--|
| Under \$1,000,000         | 144,530  |
| \$1,000,000 - \$1,500,000 | 111,611  |
| \$1,500,000 - \$2,000,000 | 87,928   |
| \$2,000,000 - \$2,500,000 | 126,462  |
| \$2,500,000 - \$3,000,000 | 144,769  |
| \$3,000,000 - \$4,000,000 | 153,898  |
| \$4,000,000 - \$5,000,000 | 147,244  |
| Over \$5,000,000          | 182,508  |
| All Pharmacies (weighted) | 149,199  |

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 long term 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 \$330-\$450 per square metre per annum whereas the average rental for the \$3m-\$4m category was \$806 (compared to \$740 in 2008-09) and for the over \$5m turnover category was just over \$1,000 per square metre.

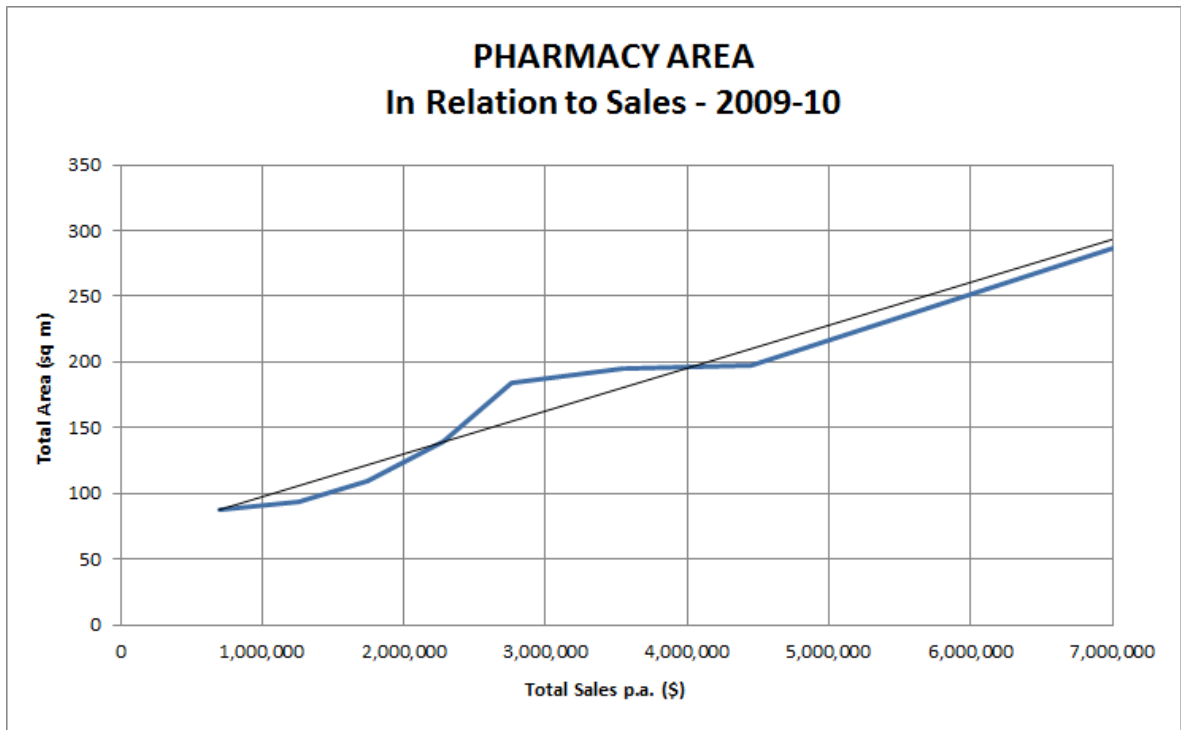
Country pharmacies generally enjoyed cheaper rents (at an average of \$599 per square metre) than their metropolitan counterparts (around \$986 per square metre).

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.

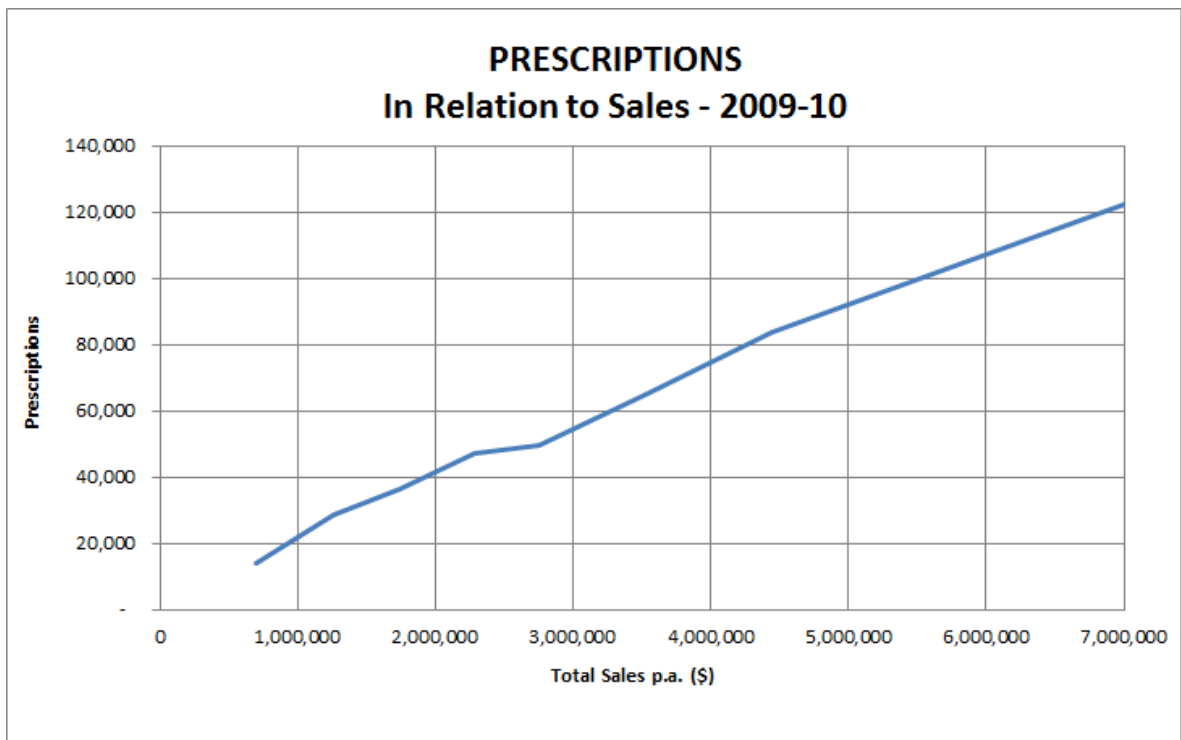
**Table 5****SUMMARY OF PRODUCTIVITY MEASURES – 2009-10**

| <b>TURNOVER RANGE</b>     | <b>AVERAGE<br/>TURNOVER \$</b> | <b>TURNOVER PER<br/>\$ STAFF<br/>WAGES</b> | <b>TURNOVER PER<br/>FULL TIME<br/>EQUIVALENT<br/>EMPLOYEE</b> | <b>TURNOVER PER<br/>SQ M SHOP<br/>SPACE</b> | <b>RENT \$ PER<br/>SQ M SHOP<br/>SPACE</b> |
|---------------------------|--------------------------------|--|---|---|--|
| UNDER \$1,000,000         | 709,117                        | 7.65                                       | 321,483   | 8,187                                       | 330.74                                     |
| \$1,000,000 - \$1,500,000 | 1,285,817                      | 9.01                                       | 397,281   | 13,752                                      | 449.81                                     |
| \$1,500,000 - \$2,000,000 | 1,772,482                      | 9.05                                       | 339,353   | 16,195                                      | 447.47                                     |
| \$2,000,000 - \$2,500,000 | 2,301,272                      | 9.39                                       | 371,593   | 16,457                                      | 501.80                                     |
| \$2,500,000 - \$3,000,000 | 2,796,030                      | 8.65                                       | 388,003   | 15,188                                      | 743.92                                     |
| \$3,000,000 - \$4,000,000 | 3,590,270                      | 8.36                                       | 434,862   | 18,439                                      | 806.13                                     |
| \$4,000,000 - \$5,000,000 | 4,518,776                      | 8.82                                       | 447,761   | 22,927                                      | 689.60                                     |
| OVER \$5,000,000          | 7,410,851                      | 8.89                                       | 485,790   | 24,834                                      | 1,020.30                                   |
| <b>AUSTRALIA</b>          |                                |  |   |   |  |
| ALL PHARMACIES - WEIGHTED | 3,011,755                      | 8.73                                       |   | 18,287                                      | 736.12                                     |
| METROPOLITAN              | 5,556,861                      | 14.78                                      | 940,002   | 32,713                                      | 986.71                                     |
| COUNTRY                   | 6,371,358                      | 14.45                                      | 670,948   | 33,302                                      | 599.49                                     |

### Chart 2



### Chart 3



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# 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 2010 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 2010, 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.



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## 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.



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## ***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.



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### ***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 2009-10**  
(Based on 12 Months of Trading to 30/06/10)

**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 |               |
|---|-------------------|---------------|----------------------------|---------------|----------------------------|---------------|----------------------------|---------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                | \$                | %             | \$                         | %             | \$                         | %             | \$                         | %             |
| <b>SALES</b>  | <b>696,966</b>    |               | <b>1,261,093</b>           |               | <b>1,745,569</b>           |               | <b>2,278,543</b>           |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>444,797</b>    | <b>63.82</b>  | <b>835,908</b>             | <b>66.28</b>  | <b>1,165,975</b>           | <b>66.80</b>  | <b>1,517,774</b>           | <b>66.61</b>  |
| <b>GROSS MARGIN</b>                                       | <b>252,169</b>    | <b>36.18</b>  | <b>425,185</b>             | <b>33.72</b>  | <b>579,594</b>             | <b>33.20</b>  | <b>760,768</b>             | <b>33.39</b>  |
| Other Income  | 12,151            |               | 24,724                     |               | 26,913                     |               | 22,729                     |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>264,319</b>    |               | <b>449,909</b>             |               | <b>606,506</b>             |               | <b>783,498</b>             |               |
| <b>TOTAL REVENUE</b>                                      | <b>709,117</b>    | <b>100.00</b> | <b>1,285,817</b>           | <b>100.00</b> | <b>1,772,482</b>           | <b>100.00</b> | <b>2,301,272</b>           | <b>100.00</b> |
| <b>EXPENSES</b>   |                   |               |                            |               |                            |               |                            |               |
| Salaries and Wages  | 92,639            | 13.06         | 142,700                    | 11.10         | 195,856                    | 11.05         | 245,090                    | 10.65         |
| Rent Paid   | 28,648            | 4.04          | 42,057                     | 3.27          | 48,973                     | 2.76          | 70,169                     | 3.05          |
| Outgoings - Rental & Rates                                | 1,337             | 0.19          | 2,265                      | 0.18          | 3,551                      | 0.20          | 3,217                      | 0.14          |
| Accounting  | 6,088             | 0.86          | 6,262                      | 0.49          | 6,288                      | 0.35          | 9,505                      | 0.41          |
| Advertising   | 7,222             | 1.02          | 8,128                      | 0.63          | 11,143                     | 0.63          | 23,953                     | 1.04          |
| Bank Charges  | 2,030             | 0.29          | 3,211                      | 0.25          | 3,822                      | 0.22          | 7,891                      | 0.34          |
| Computer Expenses   | 6,536             | 0.92          | 6,676                      | 0.52          | 7,102                      | 0.40          | 9,059                      | 0.39          |
| Depreciation  | 16,172            | 2.28          | 11,371                     | 0.88          | 15,990                     | 0.90          | 25,342                     | 1.10          |
| Electricity, Water, Heating                               | 2,749             | 0.39          | 4,020                      | 0.31          | 5,535                      | 0.31          | 7,268                      | 0.32          |
| Insurance   | 4,196             | 0.59          | 4,760                      | 0.37          | 7,189                      | 0.41          | 7,940                      | 0.35          |
| Interest Paid   | 10,436            | 1.47          | 30,622                     | 2.38          | 39,673                     | 2.24          | 36,848                     | 1.60          |
| Leasing Expenses  | 1,694             | 0.24          | 3,757                      | 0.29          | 1,764                      | 0.10          | 10,266                     | 0.45          |
| Motor Vehicle Expenses                                    | 2,419             | 0.34          | 3,878                      | 0.30          | 3,356                      | 0.19          | 7,092                      | 0.31          |
| Postage, Freight, Printing                                | 2,738             | 0.39          | 3,985                      | 0.31          | 4,916                      | 0.28          | 8,081                      | 0.35          |
| Repairs, Maintenance, Service                             | 1,506             | 0.21          | 1,840                      | 0.14          | 2,039                      | 0.12          | 3,665                      | 0.16          |
| Subs and Registrations                                    | 7,227             | 1.02          | 6,482                      | 0.50          | 6,394                      | 0.36          | 6,079                      | 0.26          |
| Superannuation  | 6,869             | 0.97          | 14,291                     | 1.11          | 18,069                     | 1.02          | 24,993                     | 1.09          |
| Telephone   | 3,050             | 0.43          | 3,254                      | 0.25          | 4,207                      | 0.24          | 4,920                      | 0.21          |
| Training  | 656               | 0.09          | 1,305                      | 0.10          | 1,690                      | 0.10          | 2,391                      | 0.10          |
| Abnormal Expenses   | 1,274             | 0.18          | 5,530                      | 0.43          | 3,627                      | 0.20          | 4,359                      | 0.19          |
| Payroll Tax   | 767               | 0.11          | 1,407.67                   | 0.11          | 3,352                      | 0.19          | 3,696                      | 0.16          |
| Workers' Compensation                                     | 549               | 0.08          | 1,180                      | 0.09          | 1,586                      | 0.09          | 1,752                      | 0.08          |
| Other Expenses  | 21,349            | 3.01          | 25,440                     | 1.98          | 29,031                     | 1.64          | 35,434                     | 1.54          |
| <b>TOTAL EXPENSES</b>                                     | <b>228,151</b>    | <b>32.17</b>  | <b>334,423</b>             | <b>26.01</b>  | <b>425,154</b>             | <b>23.99</b>  | <b>559,007</b>             | <b>24.29</b>  |
| <b>TOTAL INCOME</b>                                       | <b>36,168</b>     | <b>5.10</b>   | <b>115,486</b>             | <b>8.98</b>   | <b>181,352</b>             | <b>10.23</b>  | <b>224,490</b>             | <b>9.76</b>   |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 114,576<br>0.94   | 16.16         | 132,286<br>1.08            | 10.29         | 131,587<br>1.08            | 7.42          | 139,390<br>1.14            | 6.06          |
| <b>NET PROFIT/LOSS</b>                                    | <b>-78,408</b>    | <b>-11.06</b> | <b>-16,800</b>             | <b>-1.31</b>  | <b>49,765</b>              | <b>2.81</b>   | <b>85,101</b>              | <b>3.70</b>   |
| <b>SALES ANALYSIS</b>                                     |                   |               |                            |               |                            |               |                            |               |
| Prescriptions   | 513,641           | 73.70         | 1,020,649                  | 80.93         | 1,380,965                  | 79.11         | 1,639,576                  | 71.96         |
| Other Sales   | 183,325           | 26.30         | 240,444                    | 19.07         | 364,604                    | 20.89         | 638,966                    | 28.04         |
| <b>INVENTORY ANALYSIS</b>                                 |                   |               |                            |               |                            |               |                            |               |
| Prescription  | 35,269            | 4.97          | 49,294                     | 3.83          | 70,143                     | 3.96          | 119,522                    | 5.19          |
| Other   | 68,303            | 9.63          | 75,851                     | 5.90          | 152,258                    | 8.59          | 148,147                    | 6.44          |
| <b>STOCK CARRIED (Total)</b>                              | <b>103,572</b>    | <b>14.61</b>  | <b>125,146</b>             | <b>9.73</b>   | <b>222,401</b>             | <b>12.55</b>  | <b>267,669</b>             | <b>11.63</b>  |
| <b>STOCK TURN (On Total Inventory)</b>                    | <b>4.29</b>       |               | <b>6.68</b>                |               | <b>5.24</b>                |               | <b>5.67</b>                |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                   |               |                            |               |                            |               |                            |               |
| Prescription  | 14.56             |               | 20.71                      |               | 19.69                      |               | 13.72                      |               |
| Other   | 2.68              |               | 3.17                       |               | 2.39                       |               | 4.31                       |               |
| <b>STATISTICS</b>   |                   |               |                            |               |                            |               |                            |               |
| PHARMACY SIZE (square metres)                             | 87                |               | 94                         |               | 109                        |               | 140                        |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 14,028            |               | 28,671                     |               | 36,141                     |               | 47,139                     |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 269               |               | 550                        |               | 693                        |               | 904                        |               |
| TOTAL HOURS OPEN per WEEK                                 | 53.4              |               | 54.1                       |               | 55.2                       |               | 56.8                       |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 35.6              |               | 41.1                       |               | 40.9                       |               | 43.3                       |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>14,746</b>     | <b>2.08</b>   | <b>36,956</b>              | <b>2.87</b>   | <b>121,614</b>             | <b>6.86</b>   | <b>68,697</b>              | <b>2.99</b>   |

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

**AUSTRALIAN PHARMACIES – SUMMARY OF SALES VOLUME IN 2008-09**  
(Based on 12 Months of Trading to 30/06/09)

**Table 6**

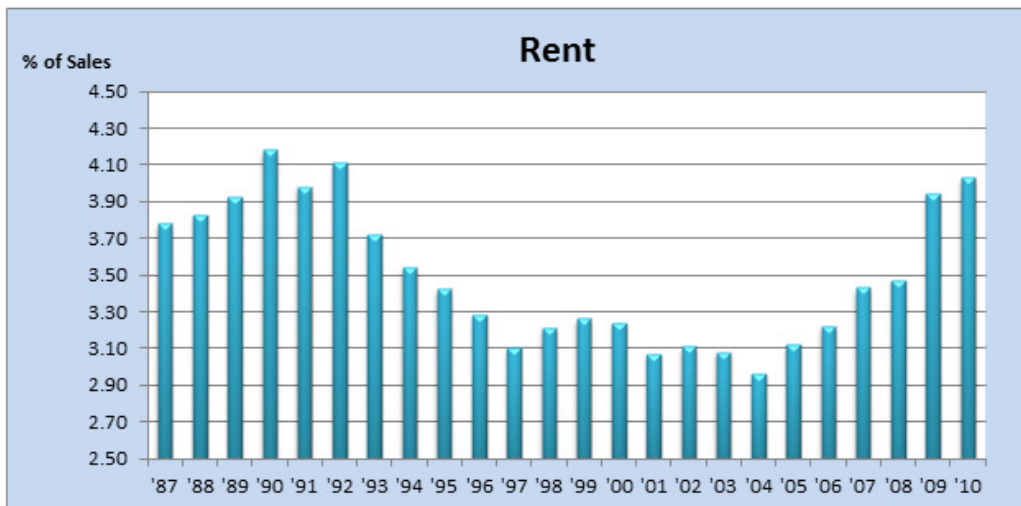
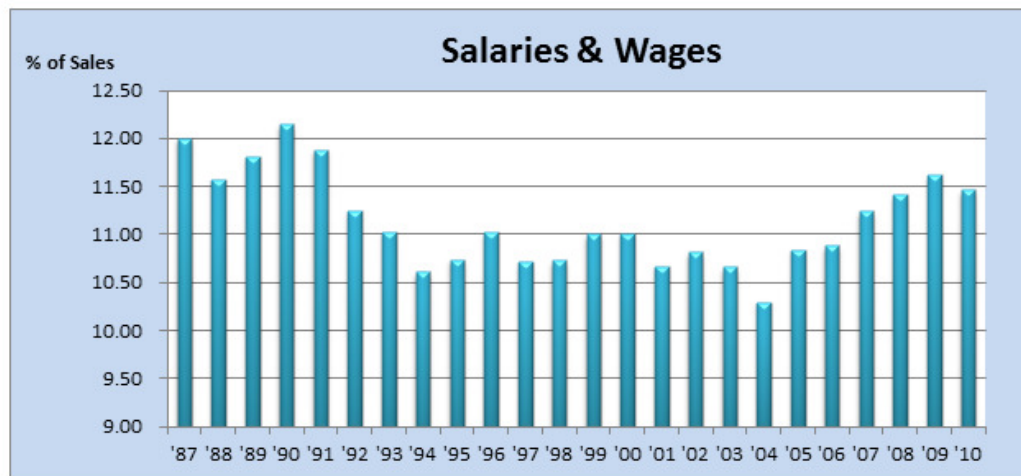
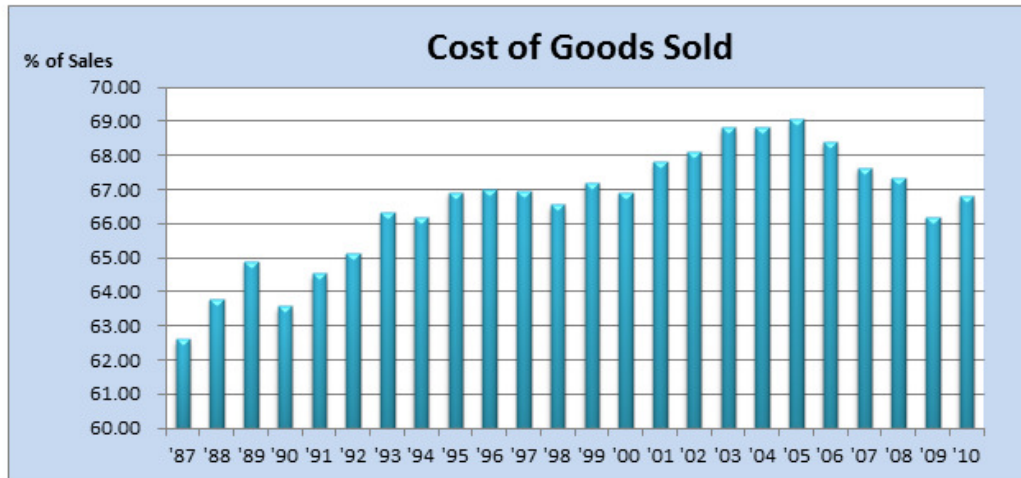
|  | \$2,500,000 to<br>\$3,000,000 |               | \$3,000,000 to<br>\$4,000,000 |               | \$4,000,000 to<br>\$5,000,000 |               | Over \$5,000,000 |               |
|--|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|---------------|------------------|---------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b> | \$                            | %             | \$                            | %             | \$                            | %             | \$               | %             |
| <b>SALES</b>                               | <b>2,757,000</b>              |               | <b>3,545,967</b>              |               | <b>4,450,814</b>              |               | <b>7,319,806</b> |               |
| <b>COST OF GOODS SOLD</b>                  | <b>1,828,206</b>              | <b>66.31</b>  | <b>2,360,707</b>              | <b>66.57</b>  | <b>2,920,923</b>              | <b>65.63</b>  | <b>4,980,172</b> | <b>68.04</b>  |
| <b>GROSS MARGIN</b>                        | <b>928,793</b>                | <b>33.69</b>  | <b>1,185,259</b>              | <b>33.43</b>  | <b>1,529,891</b>              | <b>34.37</b>  | <b>2,339,633</b> | <b>31.96</b>  |
| Other Income                               | 39,030                        |               | 44,303                        |               | 67,962                        |               | 91,046           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>      | <b>967,823</b>                |               | <b>1,229,562</b>              |               | <b>1,597,853</b>              |               | <b>2,430,679</b> |               |
| <b>TOTAL REVENUE</b>                       | <b>2,796,030</b>              | <b>100.00</b> | <b>3,590,270</b>              | <b>100.00</b> | <b>4,518,776</b>              | <b>100.00</b> | <b>7,410,851</b> | <b>100.00</b> |
| <b>EXPENSES</b>                            |                               |               |                               |               |                               |               |                  |               |
| Salaries and Wages                         | 323,413                       | 11.57         | 429,416                       | 11.96         | 512,100                       | 11.33         | 834,034          | 11.25         |
| Rent Paid                                  | 136,949                       | 4.90          | 156,960                       | 4.37          | 135,915                       | 3.01          | 304,474          | 4.11          |
| Outgoings - Rental & Rates                 | 5,245                         | 0.19          | 11,295                        | 0.31          | 7,246                         | 0.16          | 11,793           | 0.16          |
| Accounting                                 | 11,508                        | 0.41          | 11,929                        | 0.33          | 14,760                        | 0.33          | 17,428           | 0.24          |
| Advertising                                | 34,933                        | 1.25          | 47,735                        | 1.33          | 43,526                        | 0.96          | 109,689          | 1.48          |
| Bank Charges                               | 12,725                        | 0.46          | 8,971                         | 0.25          | 7,660                         | 0.17          | 26,861           | 0.36          |
| Computer Expenses                          | 10,012                        | 0.36          | 11,915                        | 0.33          | 13,555                        | 0.30          | 13,655           | 0.18          |
| Depreciation                               | 35,281                        | 1.26          | 34,490                        | 0.96          | 40,621                        | 0.90          | 69,404           | 0.94          |
| Electricity, Water, Heating                | 11,050                        | 0.40          | 11,335                        | 0.32          | 11,529                        | 0.26          | 21,106           | 0.28          |
| Insurance                                  | 7,898                         | 0.28          | 9,810                         | 0.27          | 10,453                        | 0.23          | 17,389           | 0.23          |
| Interest Paid                              | 57,351                        | 2.05          | 82,096                        | 2.29          | 73,290                        | 1.62          | 85,257           | 1.15          |
| Leasing Expenses                           | 6,180                         | 0.22          | 10,708                        | 0.30          | 15,220                        | 0.34          | 32,272           | 0.44          |
| Motor Vehicle Expenses                     | 3,577                         | 0.13          | 6,230                         | 0.17          | 6,378                         | 0.14          | 6,227            | 0.08          |
| Postage, Freight, Printing                 | 12,028                        | 0.43          | 15,735                        | 0.44          | 19,715                        | 0.44          | 26,693           | 0.36          |
| Repairs, Maintenance, Service              | 5,205                         | 0.19          | 8,150                         | 0.23          | 6,595                         | 0.15          | 8,851            | 0.12          |
| Subs and Registrations                     | 11,018                        | 0.39          | 9,711                         | 0.27          | 13,828                        | 0.31          | 16,650           | 0.22          |
| Superannuation                             | 28,230                        | 1.01          | 41,208                        | 1.15          | 46,919                        | 1.04          | 77,146           | 1.04          |
| Telephone                                  | 6,827                         | 0.24          | 7,346                         | 0.20          | 8,503                         | 0.19          | 12,369           | 0.17          |
| Training                                   | 2,984                         | 0.11          | 5,289                         | 0.15          | 7,116                         | 0.16          | 9,507            | 0.13          |
| Abnormal Expenses                          | 14,628                        | 0.52          | 8,336                         | 0.23          | 1,616                         | 0.04          | 9,362            | 0.13          |
| Payroll Tax                                | 3,669                         | 0.13          | 7,134                         | 0.20          | 4,100                         | 0.09          | 22,416           | 0.30          |
| Workers' Compensation                      | 3,368                         | 0.12          | 2,877                         | 0.08          | 5,277                         | 0.12          | 6,903            | 0.09          |
| Other Expenses                             | 48,173                        | 1.72          | 43,669                        | 1.22          | 61,568                        | 1.36          | 117,067          | 1.58          |
| <b>TOTAL EXPENSES</b>                      | <b>792,253</b>                | <b>28.33</b>  | <b>982,342</b>                | <b>27.36</b>  | <b>1,067,491</b>              | <b>23.62</b>  | <b>1,856,552</b> | <b>25.05</b>  |
| <b>TOTAL INCOME</b>                        | <b>175,570</b>                | <b>6.28</b>   | <b>247,220</b>                | <b>6.89</b>   | <b>530,362</b>                | <b>11.74</b>  | <b>574,127</b>   | <b>7.75</b>   |
| Less Proprietors' Salary (1)               | 121,016                       | 4.33          | 133,061                       | 3.71          | 172,394                       | 3.82          | 152,149          | 2.05          |
| [ Full-Time-Equivalents ]                  | 0.99                          |               | 1.09                          |               | 1.41                          |               | 1.24             |               |
| <b>NET PROFIT/LOSS</b>                     | <b>54,554</b>                 | <b>1.95</b>   | <b>114,159</b>                | <b>3.18</b>   | <b>357,968</b>                | <b>7.92</b>   | <b>421,978</b>   | <b>5.69</b>   |
| <b>SALES ANALYSIS</b>                      |                               |               |                               |               |                               |               |                  |               |
| Prescriptions                              | 1,857,093                     | 67.36         | 2,442,896                     | 68.89         | 3,172,499                     | 71.28         | 4,762,777        | 65.07         |
| Other Sales                                | 899,907                       | 32.64         | 1,103,071                     | 31.11         | 1,278,315                     | 28.72         | 2,557,028        | 34.93         |
| <b>INVENTORY ANALYSIS</b>                  |                               |               |                               |               |                               |               |                  |               |
| Prescription                               | 96,651                        | 3.46          | 104,762                       | 2.92          | 113,265                       | 2.51          | 167,143          | 2.26          |
| Other                                      | 221,821                       | 7.93          | 231,904                       | 6.46          | 213,617                       | 4.73          | 363,203          | 4.90          |
| <b>STOCK CARRIED (Total)</b>               | <b>318,473</b>                | <b>11.39</b>  | <b>336,666</b>                | <b>9.38</b>   | <b>326,882</b>                | <b>7.23</b>   | <b>530,346</b>   | <b>7.16</b>   |
| <b>STOCK TURN (On Total Inventory)</b>     | <b>5.74</b>                   |               | <b>7.01</b>                   |               | <b>8.94</b>                   |               | <b>9.39</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>          |                               |               |                               |               |                               |               |                  |               |
| Prescription                               | 19.21                         |               | 23.32                         |               | 28.01                         |               | 28.50            |               |
| Other                                      | 4.06                          |               | 4.76                          |               | 5.98                          |               | 7.04             |               |
| <b>STATISTICS</b>                          |                               |               |                               |               |                               |               |                  |               |
| PHARMACY SIZE (square metres)              | 184                           |               | 195                           |               | 197                           |               | 298              |               |
| PRESCRIPTIONS DISPENSED (Total)            | 49,610                        |               | 65,063                        |               | 83,836                        |               | 127,086          |               |
| PRESCRIPTIONS DISPENSED WEEKLY             | 951                           |               | 1,248                         |               | 1,608                         |               | 2,437            |               |
| TOTAL HOURS OPEN per WEEK                  | 62.0                          |               | 62.6                          |               | 63.5                          |               | 65.1             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK          | 37.6                          |               | 41.4                          |               | 53.6                          |               | 47.3             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>      | <b>42,375</b>                 | <b>1.52</b>   | <b>90,377</b>                 | <b>2.52</b>   | <b>149,996</b>                | <b>3.32</b>   | <b>243,572</b>   | <b>3.29</b>   |

(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.

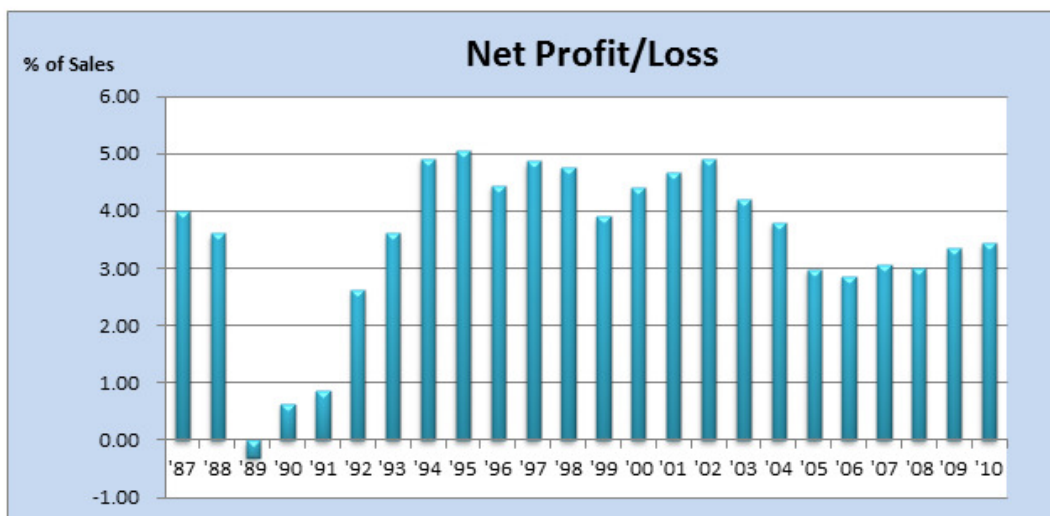
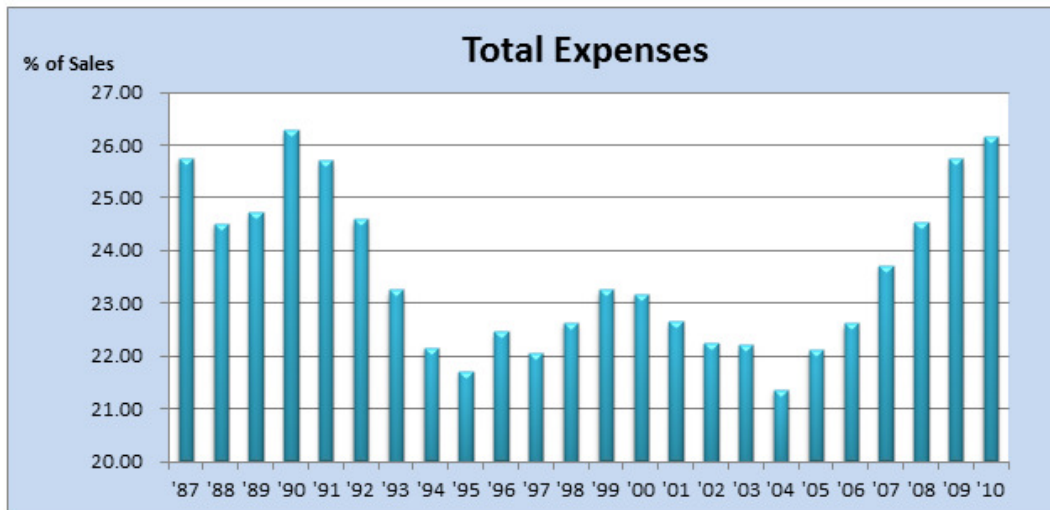
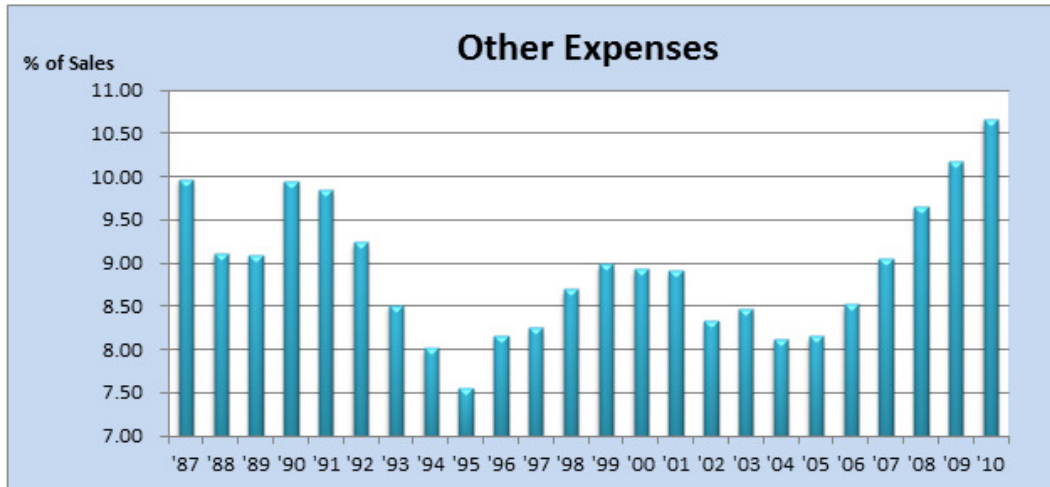
(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

# Chart 4

## Trends in Pharmacy Operations, 1987 – 2010



**Chart 4** (continued)



**COMPARISON OF PERFORMANCE – METRO v COUNTRY & BANNER GROUP**  
(Based on 12 Months of Trading to 30/06/10)

**Table 7**

|  | Metro            |               | Country          |               | Group            |               | No Group         |               |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|  | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b> |                  |               |                  |               |                  |               |                  |               |
| <b>SALES</b>                               | <b>4,045,453</b> |               | <b>3,195,233</b> |               | <b>2,107,721</b> |               | <b>3,632,619</b> |               |
| <b>COST OF GOODS SOLD</b>                  | <b>2,723,679</b> | <b>67.33</b>  | <b>2,176,272</b> | <b>68.11</b>  | <b>1,398,550</b> | <b>66.35</b>  | <b>2,446,112</b> | <b>67.34</b>  |
| <b>GROSS MARGIN</b>                        | <b>1,321,773</b> | <b>32.67</b>  | <b>1,018,961</b> | <b>31.89</b>  | <b>709,171</b>   | <b>33.65</b>  | <b>1,186,506</b> | <b>32.66</b>  |
| Other Income                               | 51,964           |               | 31,320           |               | 18,843           |               | 34,673           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>      | <b>1,373,737</b> |               | <b>1,050,281</b> |               | <b>728,014</b>   |               | <b>1,221,179</b> |               |
| <b>TOTAL REVENUE</b>                       | <b>4,097,417</b> | <b>100.00</b> | <b>3,226,553</b> | <b>100.00</b> | <b>2,126,565</b> | <b>100.00</b> | <b>3,667,292</b> | <b>100.00</b> |
| <b>EXPENSES</b>                            |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages                         | 451,499          | 11.02         | 353,076          | 10.94         | 230,628          | 10.85         | 394,856          | 10.77         |
| Rent Paid                                  | 197,815          | 4.83          | 70,098           | 2.17          | 81,587           | 3.84          | 53,742           | 1.47          |
| Outgoings - Rental & Rates                 | 5,678            | 0.14          | 4,069            | 0.13          | 1,755            | 0.08          | 4,548            | 0.12          |
| Accounting                                 | 10,282           | 0.25          | 12,430           | 0.39          | 6,131            | 0.29          | 11,621           | 0.32          |
| Advertising                                | 33,653           | 0.82          | 27,073           | 0.84          | 6,009            | 0.28          | 25,666           | 0.70          |
| Bank Charges                               | 9,139            | 0.22          | 7,712            | 0.24          | 4,923            | 0.23          | 5,977            | 0.16          |
| Computer Expenses                          | 9,910            | 0.24          | 9,661            | 0.30          | 7,930            | 0.37          | 10,441           | 0.28          |
| Depreciation                               | 34,501           | 0.84          | 27,431           | 0.85          | 26,345           | 1.24          | 30,316           | 0.83          |
| Electricity, Water, Heating                | 1,239            | 0.27          | 9,038            | 0.28          | 3,959            | 0.19          | 9,617            | 0.26          |
| Insurance                                  | 10,875           | 0.27          | 11,210           | 0.35          | 6,058            | 0.28          | 11,717           | 0.32          |
| Interest Paid                              | 67,070           | 1.64          | 45,194           | 1.40          | 48,434           | 2.28          | 32,387           | 0.88          |
| Leasing Expenses                           | 14,014           | 0.34          | 7,489            | 0.23          | 2,857            | 0.13          | 5,161            | 0.14          |
| Motor Vehicle Expenses                     | 4,771            | 0.12          | 4,726            | 0.15          | 6,118            | 0.29          | 7,685            | 0.21          |
| Postage, Freight, Printing                 | 12,880           | 0.31          | 10,649           | 0.33          | 10,678           | 0.50          | 13,244           | 0.36          |
| Repairs, Maintenance, Service              | 6,169            | 0.15          | 5,775            | 0.18          | 3,760            | 0.18          | 5,416            | 0.15          |
| Subs and Registrations                     | 9,268            | 0.23          | 11,328           | 0.35          | 10,258           | 0.48          | 12,198           | 0.33          |
| Superannuation                             | 41,484           | 1.01          | 35,815           | 1.11          | 22,466           | 1.06          | 38,429           | 1.05          |
| Telephone                                  | 7,237            | 0.18          | 6,554            | 0.20          | 4,503            | 0.21          | 7,209            | 0.20          |
| Training                                   | 3,402            | 0.08          | 2,863            | 0.09          | 2,365            | 0.11          | 3,858            | 0.11          |
| Abnormal Expenses                          | 17,454           | 0.43          | 4,323            | 0.13          | 24,214           | 1.14          | 11,092           | 0.30          |
| Payroll Tax                                | 10,702           | 0.26          | 6,373            | 0.20          | 3,520            | 0.17          | 11,887           | 0.32          |
| Workers' Compensation                      | 5,016            | 0.12          | 3,047            | 0.09          | 1,038            | 0.05          | 3,219            | 0.09          |
| Other Expenses                             | 73,609           | 1.80          | 41,042           | 1.27          | 26,096           | 1.23          | 18,343           | 0.50          |
| <b>TOTAL EXPENSES</b>                      | <b>1,047,668</b> | <b>25.57</b>  | <b>716,976</b>   | <b>22.22</b>  | <b>541,632</b>   | <b>25.47</b>  | <b>728,628</b>   | <b>19.87</b>  |
| <b>TOTAL INCOME</b>                        | <b>326,070</b>   | <b>7.96</b>   | <b>333,305</b>   | <b>10.33</b>  | <b>186,382</b>   | <b>8.76</b>   | <b>492,551</b>   | <b>13.43</b>  |
| Less Proprietors' Salary (1)               | 136,981          | 3.34          | 134,046          | 4.15          | 111,297          | 5.23          | 150,459          | 4.10          |
| [ Full-Time-Equivalents ]                  | 1.12             |               | 1.10             |               | 0.91             |               | 1.23             |               |
| <b>NET PROFIT/LOSS</b>                     | <b>189,088</b>   | <b>4.61</b>   | <b>199,258</b>   | <b>6.18</b>   | <b>75,085</b>    | <b>3.53</b>   | <b>342,092</b>   | <b>9.33</b>   |
| <b>SALES ANALYSIS</b>                      |                  |               |                  |               |                  |               |                  |               |
| Prescriptions                              | 2,543,639        | 62.88         | 2,328,287        | 72.87         | 1,606,526        | 76.22         | 2,862,676        | 78.80         |
| Other Sales                                | 1,501,814        | 37.12         | 866,945          | 27.13         | 501,195          | 23.78         | 769,943          | 21.20         |
| <b>INVENTORY ANALYSIS</b>                  |                  |               |                  |               |                  |               |                  |               |
| Prescription                               | 130,826          | 3.19          | 92,386           | 2.86          | 175,698          | 8.26          | 146,783          | 4.00          |
| Other                                      | 237,096          | 5.79          | 167,887          | 5.20          | 176,024          | 8.28          | 221,139          | 6.03          |
| STOCK CARRIED (Total)                      | 367,921          | 8.98          | 260,273          | 8.07          | 351,722          | 16.54         | 367,921          | 10.03         |
| STOCK TURN (On Total Inventory)            | 7.40             |               | 8.36             |               | 3.98             |               | 6.65             |               |
| <b>SALES PER INVENTORY DOLLAR</b>          |                  |               |                  |               |                  |               |                  |               |
| Prescription                               | 19.44            |               | 25.20            |               | 9.14             |               | 19.50            |               |
| Other                                      | 6.33             |               | 5.16             |               | 2.85             |               | 3.48             |               |
| <b>STATISTICS</b>                          |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)              | 209              |               | 167              |               | 89               |               | 181              |               |
| PRESCRIPTIONS DISPENSED (Total)            | 69,059           |               | 61,199           |               | 44,740           |               | 74,451           |               |
| PRESCRIPTIONS DISPENSED WEEKLY             | 1,324            |               | 1,174            |               | 858              |               | 1,428            |               |
| TOTAL HOURS OPEN per WEEK                  | 59.4             |               | 58.1             |               | 66.8             |               | 51.7             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK          | 42.6             |               | 41.7             |               | 34.6             |               | 46.8             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>      | <b>203,888</b>   | <b>4.98</b>   | <b>114,097</b>   | <b>3.54</b>   | <b>60,261</b>    | <b>2.83</b>   | <b>160,404</b>   | <b>4.37</b>   |

(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) 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 30/06/10)

**Table 8**

|   | Shopping Centre  |               | Strip or Isolated |               | Medical Centre   |               | Servicing Nursing Homes (50+ beds) |               |
|---|------------------|---------------|-------------------|---------------|------------------|---------------|------------------------------------|---------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                | \$               | %             | \$                | %             | \$               | %             | \$                                 | %             |
| <b>SALES</b>  | <b>4,045,453</b> |               | <b>3,195,233</b>  |               | <b>2,107,721</b> |               | <b>3,632,619</b>                   |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,723,679</b> | <b>67.33</b>  | <b>2,176,272</b>  | <b>68.11</b>  | <b>1,398,550</b> | <b>66.35</b>  | <b>2,446,112</b>                   | <b>67.34</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,321,773</b> | <b>32.67</b>  | <b>1,018,961</b>  | <b>31.89</b>  | <b>709,171</b>   | <b>33.65</b>  | <b>1,186,506</b>                   | <b>32.66</b>  |
| Other Income  | 51,964           |               | 31,320            |               | 18,843           |               | 34,673                             |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,373,737</b> |               | <b>1,050,281</b>  |               | <b>728,014</b>   |               | <b>1,221,179</b>                   |               |
| <b>TOTAL REVENUE</b>                                      | <b>4,097,417</b> | <b>100.00</b> | <b>3,226,553</b>  | <b>100.00</b> | <b>2,126,565</b> | <b>100.00</b> | <b>3,667,292</b>                   | <b>100.00</b> |
| <b>EXPENSES</b>   |                  |               |                   |               |                  |               |                                    |               |
| Salaries and Wages  | 451,499          | 11.02         | 353,076           | 10.94         | 230,628          | 10.85         | 394,856                            | 10.77         |
| Rent Paid   | 197,815          | 4.83          | 70,098            | 2.17          | 81,587           | 3.84          | 53,742                             | 1.47          |
| Outgoings - Rental & Rates                                | 5,678            | 0.14          | 4,069             | 0.13          | 1,755            | 0.08          | 4,548                              | 0.12          |
| Accounting  | 10,282           | 0.25          | 12,430            | 0.39          | 6,131            | 0.29          | 11,621                             | 0.32          |
| Advertising   | 33,653           | 0.82          | 27,073            | 0.84          | 6,009            | 0.28          | 25,666                             | 0.70          |
| Bank Charges  | 9,139            | 0.22          | 7,712             | 0.24          | 4,923            | 0.23          | 5,977                              | 0.16          |
| Computer Expenses   | 9,910            | 0.24          | 9,661             | 0.30          | 7,930            | 0.37          | 10,441                             | 0.28          |
| Depreciation  | 34,501           | 0.84          | 27,431            | 0.85          | 26,345           | 1.24          | 30,316                             | 0.83          |
| Electricity, Water, Heating                               | 11,239           | 0.27          | 9,038             | 0.28          | 3,959            | 0.19          | 9,617                              | 0.26          |
| Insurance   | 10,875           | 0.27          | 11,210            | 0.35          | 6,058            | 0.28          | 11,717                             | 0.32          |
| Interest Paid   | 67,070           | 1.64          | 45,194            | 1.40          | 48,434           | 2.28          | 32,387                             | 0.88          |
| Leasing Expenses  | 14,014           | 0.34          | 7,489             | 0.23          | 2,857            | 0.13          | 5,161                              | 0.14          |
| Motor Vehicle Expenses                                    | 4,771            | 0.12          | 4,726             | 0.15          | 6,118            | 0.29          | 7,685                              | 0.21          |
| Postage, Freight, Printing                                | 12,880           | 0.31          | 10,649            | 0.33          | 10,678           | 0.50          | 13,244                             | 0.36          |
| Repairs, Maintenance, Service                             | 6,169            | 0.15          | 5,775             | 0.18          | 3,760            | 0.18          | 5,416                              | 0.15          |
| Subs and Registrations                                    | 9,268            | 0.23          | 11,328            | 0.35          | 10,258           | 0.48          | 12,198                             | 0.33          |
| Superannuation  | 41,484           | 1.01          | 35,815            | 1.11          | 22,466           | 1.06          | 38,429                             | 1.05          |
| Telephone   | 7,237            | 0.18          | 6,554             | 0.20          | 4,503            | 0.21          | 7,209                              | 0.20          |
| Training  | 3,402            | 0.08          | 2,863             | 0.09          | 2,365            | 0.11          | 3,858                              | 0.11          |
| Abnormal Expenses   | 17,454           | 0.43          | 4,323             | 0.13          | 24,214           | 1.14          | 11,092                             | 0.30          |
| Payroll Tax   | 10,702           | 0.26          | 6,373             | 0.20          | 3,520            | 0.17          | 11,887                             | 0.32          |
| Workers' Compensation                                     | 5,016            | 0.12          | 3,047             | 0.09          | 1,038            | 0.05          | 3,219                              | 0.09          |
| Other Expenses  | 73,609           | 1.80          | 41,042            | 1.27          | 26,096           | 1.23          | 18,343                             | 0.50          |
| <b>TOTAL EXPENSES</b>                                     | <b>1,047,668</b> | <b>25.57</b>  | <b>716,976</b>    | <b>22.22</b>  | <b>541,632</b>   | <b>25.47</b>  | <b>728,628</b>                     | <b>19.87</b>  |
| <b>TOTAL INCOME</b>                                       | <b>326,070</b>   | <b>7.96</b>   | <b>333,305</b>    | <b>10.33</b>  | <b>186,382</b>   | <b>8.76</b>   | <b>492,551</b>                     | <b>13.43</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 136,981<br>1.12  | 3.34          | 134,046<br>1.10   | 4.15          | 111,297<br>0.91  | 5.23          | 150,459<br>1.23                    | 4.10          |
| <b>NET PROFIT/LOSS</b>                                    | <b>189,088</b>   | <b>4.61</b>   | <b>199,258</b>    | <b>6.18</b>   | <b>75,085</b>    | <b>3.53</b>   | <b>342,092</b>                     | <b>9.33</b>   |
| <b>SALES ANALYSIS</b>                                     |                  |               |                   |               |                  |               |                                    |               |
| Prescriptions   | 2,543,639        | 62.88         | 2,328,287         | 72.87         | 1,606,526        | 76.22         | 2,862,676                          | 78.80         |
| Other Sales   | 1,501,814        | 37.12         | 866,945           | 27.13         | 501,195          | 23.78         | 769,943                            | 21.20         |
| <b>INVENTORY ANALYSIS</b>                                 |                  |               |                   |               |                  |               |                                    |               |
| Prescription  | 130,826          | 3.19          | 92,386            | 2.86          | 175,698          | 8.26          | 146,783                            | 4.00          |
| Other   | 237,096          | 5.79          | 167,887           | 5.20          | 176,024          | 8.28          | 221,139                            | 6.03          |
| STOCK CARRIED (Total)                                     | 367,921          | 8.98          | 260,273           | 8.07          | 351,722          | 16.54         | 367,921                            | 10.03         |
| STOCK TURN (On Total Inventory)                           | 7.40             |               | 8.36              |               | 3.98             |               | 6.65                               |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                  |               |                   |               |                  |               |                                    |               |
| Prescription  | 19.44            |               | 25.20             |               | 9.14             |               | 19.50                              |               |
| Other   | 6.33             |               | 5.16              |               | 2.85             |               | 3.48                               |               |
| <b>STATISTICS</b>   |                  |               |                   |               |                  |               |                                    |               |
| PHARMACY SIZE (square metres)                             | 209              |               | 167               |               | 89               |               | 181                                |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 69,059           |               | 61,199            |               | 44,740           |               | 74,451                             |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,324            |               | 1,174             |               | 858              |               | 1,428                              |               |
| TOTAL HOURS OPEN per WEEK                                 | 59.4             |               | 58.1              |               | 66.8             |               | 51.7                               |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 42.6             |               | 41.7              |               | 34.6             |               | 46.8                               |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>203,888</b>   | <b>4.98</b>   | <b>114,097</b>    | <b>3.54</b>   | <b>60,261</b>    | <b>2.83</b>   | <b>160,404</b>                     | <b>4.37</b>   |

(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) 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 30/06/10)

**Table 9**

|   | State Averages<br>Weighted |               | Metro            |               | Country          |               | Group            |               | No Group         |               |
|---|----------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|   | \$                         | %             | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                |                            |               |                  |               |                  |               |                  |               |                  |               |
| <b>SALES</b>  | <b>3,224,805</b>           |               | <b>3,685,747</b> |               | <b>4,223,522</b> |               | <b>5,194,379</b> |               | <b>2,808,343</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,193,857</b>           | <b>68.03</b>  | <b>2,511,084</b> | <b>68.13</b>  | <b>,910,652</b>  | <b>68.92</b>  | <b>3,605,650</b> | <b>69.41</b>  | <b>,880,331</b>  | <b>66.96</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,030,948</b>           | <b>31.97</b>  | <b>1,174,664</b> | <b>31.87</b>  | <b>1,312,870</b> | <b>31.08</b>  | <b>1,588,729</b> | <b>30.59</b>  | <b>928,012</b>   | <b>33.04</b>  |
| Other Income  | 31,144                     |               | 33,313           |               | 36,127           |               | 38,548           |               | 30,858           |               |
| <b>GROSS MARGIN PLUS OTHER INCOMES</b>                    | <b>1,062,092</b>           |               | <b>1,207,977</b> |               | <b>1,348,997</b> |               | <b>1,627,278</b> |               | <b>958,870</b>   |               |
| <b>TOTAL REVENUE</b>                                      | <b>3,255,949</b>           | <b>100.00</b> | <b>3,719,061</b> | <b>100.00</b> | <b>4,259,650</b> | <b>100.00</b> | <b>5,232,927</b> | <b>100.00</b> | <b>2,839,201</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 369,518                    | 11.35         | 408,459          | 10.98         | 488,152          | 11.46         | 584,340          | 11.17         | 316,728          | 11.16         |
| Rent Paid   | 143,144                    | 4.40          | 187,169          | 5.03          | 116,161          | 2.73          | 244,943          | 4.68          | 96,664           | 3.40          |
| Outgoings - Rental & Rates                                | 4,477                      | 0.14          | 3,642            | 0.10          | 7,399            | 0.17          | 6,208            | 0.12          | 3,916            | 0.14          |
| Accounting  | 11,494                     | 0.35          | 11,741           | 0.32          | 14,894           | 0.35          | 15,115           | 0.29          | 10,990           | 0.39          |
| Advertising   | 32,069                     | 0.98          | 35,011           | 0.94          | 45,361           | 1.06          | 71,772           | 1.37          | 11,921           | 0.42          |
| Bank Charges  | 11,667                     | 0.36          | 14,259           | 0.38          | 14,403           | 0.34          | 23,681           | 0.45          | 6,782            | 0.24          |
| Computer Expenses   | 9,194                      | 0.28          | 8,680            | 0.23          | 11,234           | 0.26          | 12,181           | 0.23          | 7,455            | 0.26          |
| Depreciation  | 32,824                     | 1.01          | 34,387           | 0.92          | 40,502           | 0.95          | 55,862           | 1.07          | 20,941           | 0.74          |
| Electricity, Water, Heating                               | 9,435                      | 0.29          | 9,252            | 0.25          | 13,406           | 0.31          | 14,687           | 0.28          | 7,468            | 0.26          |
| Insurance   | 10,499                     | 0.32          | 11,340           | 0.30          | 13,375           | 0.31          | 14,170           | 0.27          | 10,332           | 0.36          |
| Interest Paid   | 54,337                     | 1.67          | 66,988           | 1.80          | 46,466           | 1.09          | 76,544           | 1.46          | 46,566           | 1.64          |
| Leasing Expenses  | 10,429                     | 0.32          | 14,381           | 0.39          | 12,672           | 0.30          | 25,395           | 0.49          | 4,474            | 0.16          |
| Motor Vehicle Expenses                                    | 4,336                      | 0.13          | 3,689            | 0.10          | 7,189            | 0.17          | 5,216            | 0.10          | 4,637            | 0.16          |
| Postage, Freight, Printing                                | 10,904                     | 0.33          | 12,547           | 0.34          | 13,505           | 0.32          | 16,248           | 0.31          | 10,170           | 0.36          |
| Repairs, Maintenance, Service                             | 5,403                      | 0.17          | 4,970            | 0.13          | 8,388            | 0.20          | 8,400            | 0.16          | 4,340            | 0.15          |
| Subs and Registrations                                    | 8,548                      | 0.26          | 8,430            | 0.23          | 12,765           | 0.30          | 11,563           | 0.22          | 8,608            | 0.30          |
| Superannuation  | 34,968                     | 1.07          | 40,427           | 1.09          | 45,089           | 1.06          | 57,066           | 1.09          | 29,961           | 1.06          |
| Telephone   | 6,300                      | 0.19          | 6,330            | 0.17          | 8,712            | 0.20          | 9,213            | 0.18          | 5,496            | 0.19          |
| Training  | 2,632                      | 0.08          | 2,286            | 0.06          | 4,848            | 0.11          | 3,586            | 0.07          | 2,833            | 0.10          |
| Abnormal Expenses   | 3,776                      | 0.12          | 1,129            | 0.03          | 7,818            | 0.18          | 2,502            | 0.05          | 4,181            | 0.15          |
| Payroll Tax   | 6,449                      | 0.20          | 8,467            | 0.23          | 8,097            | 0.19          | 14,614           | 0.28          | 3,301            | 0.12          |
| Workers' Compensation                                     | 4,861                      | 0.15          | 5,822            | 0.16          | 5,107            | 0.12          | 8,200            | 0.16          | 3,469            | 0.12          |
| Other Expenses  | 58,607                     | 1.80          | 70,969           | 1.91          | 62,304           | 1.46          | 104,217          | 1.99          | 38,888           | 1.37          |
| <b>TOTAL EXPENSES</b>                                     | <b>845,872</b>             | <b>25.98</b>  | <b>970,375</b>   | <b>26.09</b>  | <b>1,007,849</b> | <b>23.66</b>  | <b>1,385,721</b> | <b>26.48</b>  | <b>660,120</b>   | <b>23.25</b>  |
| <b>TOTAL INCOME</b>                                       | <b>216,220</b>             | <b>6.64</b>   | <b>237,602</b>   | <b>6.39</b>   | <b>341,148</b>   | <b>8.01</b>   | <b>241,557</b>   | <b>4.62</b>   | <b>298,750</b>   | <b>10.52</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 116,504<br>1.01            | 3.58          | 109,986<br>1.00  | 2.96          | 133,257<br>1.09  | 3.13          | 117,622<br>1.01  | 2.25          | 118,311<br>1.05  | 4.17          |
| <b>NET PROFIT/LOSS</b>                                    | <b>99,716</b>              | <b>3.06</b>   | <b>127,616</b>   | <b>3.43</b>   | <b>207,891</b>   | <b>4.88</b>   | <b>123,935</b>   | <b>2.37</b>   | <b>180,439</b>   | <b>6.36</b>   |
| <b>SALES ANALYSIS</b>                                     |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescriptions   | 2,127,040                  | 65.96         | 2,382,181        | 64.63         | ,039,467         | 71.97         | 3,214,764        | 61.89         | 2,121,906        | 75.56         |
| Other Sales   | 1,097,765                  | 34.04         | 1,303,567        | 35.37         | 1,184,055        | 28.03         | 1,979,615        | 38.11         | 686,437          | 24.44         |
| <b>INVENTORY ANALYSIS</b>                                 |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 85,977                     | 2.64          | 91,226           | 2.45          | 128,522          | 3.02          | 114,171          | 2.18          | 90,107           | 3.17          |
| Other   | 207,008                    | 6.36          | 169,583          | 4.56          | 308,461          | 7.24          | 263,698          | 5.04          | 186,141          | 6.56          |
| STOCK CARRIED (Total)                                     | 292,985                    | 9.00          | 260,809          | 7.01          | 436,982          | 10.26         | 377,869          | 7.22          | 276,247          | 9.73          |
| STOCK TURN (On Total Inventory)                           | 7.49                       |               | 9.63             |               | 6.66             |               | 9.54             |               | 6.81             |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 24.74                      |               | 26.11            |               | 23.65            |               | 28.16            |               | 23.55            |               |
| Other   | 5.30                       |               | 7.69             |               | 3.84             |               | 7.51             |               | 3.69             |               |
| <b>STATISTICS</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 171                        |               | 182              |               | 198              |               | 235              |               | 149              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 55,821                     |               | 63,636           |               | 77,708           |               | 85,237           |               | 55,031           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,071                      |               | 1,220            |               | 1,490            |               | 1,635            |               | 1,055            |               |
| TOTAL HOURS OPEN per WEEK                                 | 58.8                       |               | 61.1             |               | 56.9             |               | 63.3             |               | 56.8             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 38.5                       |               | 38.1             |               | 41.4             |               | 38.3             |               | 39.9             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>107,058</b>             | <b>3.29</b>   | <b>110,621</b>   | <b>2.97</b>   | <b>202,504</b>   | <b>4.75</b>   | <b>97,925</b>    | <b>1.87</b>   | <b>177,895</b>   | <b>6.27</b>   |

(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) 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 30/06/10)

**Table 10**

|   | State Averages<br>Weighted |               | Metro            |               | Country          |               | Group            |               | No Group         |               |
|---|----------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|   | \$                         | %             | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                |                            |               |                  |               |                  |               |                  |               |                  |               |
| <b>SALES</b>  | <b>3,728,316</b>           |               | <b>3,931,166</b> |               | <b>4,891,796</b> |               | <b>5,530,253</b> |               | <b>2,858,840</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,483,964</b>           | <b>66.62</b>  | <b>2,651,808</b> | <b>67.46</b>  | <b>3,268,593</b> | <b>66.82</b>  | <b>3,784,663</b> | <b>68.44</b>  | <b>1,819,258</b> | <b>63.64</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,244,353</b>           | <b>33.38</b>  | <b>1,279,358</b> | <b>32.54</b>  | <b>1,623,204</b> | <b>33.18</b>  | <b>1,745,590</b> | <b>31.56</b>  | <b>1,039,582</b> | <b>36.36</b>  |
| Other Income  | 56,883                     |               | 47,716           |               | 93,724           |               | 59,472           |               | 84,342           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,301,235</b>           |               | <b>1,327,074</b> |               | <b>1,716,928</b> |               | <b>1,805,062</b> |               | <b>1,123,924</b> |               |
| <b>TOTAL REVENUE</b>                                      | <b>3,785,199</b>           | <b>100.00</b> | <b>3,978,882</b> | <b>100.00</b> | <b>4,985,521</b> | <b>100.00</b> | <b>5,589,725</b> | <b>100.00</b> | <b>2,943,182</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 419,701                    | 11.09         | 404,108          | 10.16         | 585,425          | 11.74         | 647,770          | 11.59         | 280,643          | 9.54          |
| Rent Paid   | 182,431                    | 4.82          | 254,313          | 6.39          | 142,652          | 2.86          | 283,674          | 5.07          | 86,854           | 2.95          |
| Outgoings - Rental & Rates                                | 6,910                      | 0.18          | 4,772            | 0.12          | 9,936            | 0.20          | 8,795            | 0.16          | 5,215            | 0.18          |
| Accounting  | 10,524                     | 0.28          | 7,397            | 0.19          | 15,238           | 0.31          | 12,875           | 0.23          | 8,924            | 0.30          |
| Advertising   | 44,857                     | 1.19          | 36,142           | 0.91          | 75,258           | 1.51          | 80,964           | 1.45          | 20,016           | 0.68          |
| Bank Charges  | 7,033                      | 0.19          | 9,347            | 0.23          | 7,301            | 0.15          | 12,895           | 0.23          | 2,194            | 0.07          |
| Computer Expenses   | 10,097                     | 0.27          | 10,034           | 0.25          | 14,150           | 0.28          | 13,650           | 0.24          | 9,831            | 0.33          |
| Depreciation  | 42,286                     | 1.12          | 39,863           | 1.00          | 64,896           | 1.30          | 59,779           | 1.07          | 41,443           | 1.41          |
| Electricity, Water, Heating                               | 12,214                     | 0.32          | 10,611           | 0.27          | 17,448           | 0.35          | 18,845           | 0.34          | 7,250            | 0.25          |
| Insurance   | 9,635                      | 0.25          | 9,528            | 0.24          | 13,247           | 0.27          | 14,209           | 0.25          | 7,426            | 0.25          |
| Interest Paid   | 77,934                     | 2.06          | 88,803           | 2.23          | 92,419           | 1.85          | 75,502           | 1.35          | 110,987          | 3.77          |
| Leasing Expenses  | 11,577                     | 0.31          | 10,674           | 0.27          | 14,502           | 0.29          | 18,635           | 0.33          | 4,245            | 0.14          |
| Motor Vehicle Expenses                                    | 5,325                      | 0.14          | 6,722            | 0.17          | 4,897            | 0.10          | 6,414            | 0.11          | 5,055            | 0.17          |
| Postage, Freight, Printing                                | 14,807                     | 0.39          | 11,448           | 0.29          | 23,446           | 0.47          | 19,040           | 0.34          | 14,857           | 0.50          |
| Repairs, Maintenance, Service                             | 4,965                      | 0.13          | 6,068            | 0.15          | 4,304            | 0.09          | 5,816            | 0.10          | 4,393            | 0.15          |
| Subs and Registrations                                    | 10,037                     | 0.27          | 9,801            | 0.25          | 14,430           | 0.29          | 14,242           | 0.25          | 9,064            | 0.31          |
| Superannuation  | 37,639                     | 0.99          | 36,823           | 0.93          | 52,001           | 1.04          | 57,302           | 1.03          | 26,376           | 0.90          |
| Telephone   | 7,443                      | 0.20          | 6,685            | 0.17          | 10,239           | 0.21          | 9,715            | 0.17          | 6,634            | 0.23          |
| Training  | 4,947                      | 0.13          | 3,723            | 0.09          | 8,211            | 0.16          | 7,083            | 0.13          | 4,293            | 0.15          |
| Abnormal Expenses   | 7,369                      | 0.19          | 29,220           | 0.73          | 103              | 0.00          | 26,143           | 0.47          | 119              | 0.00          |
| Payroll Tax   | 8,166                      | 0.22          | 12,210           | 0.31          | 11,026           | 0.22          | 17,052           | 0.31          | 4,286            | 0.15          |
| Workers' Compensation                                     | 3,628                      | 0.10          | 5,273            | 0.13          | 2,613            | 0.05          | 4,698            | 0.08          | 3,013            | 0.10          |
| Other Expenses  | 50,744                     | 1.34          | 51,018           | 1.28          | 69,095           | 1.39          | 80,390           | 1.44          | 31,815           | 1.08          |
| <b>TOTAL EXPENSES</b>                                     | <b>992,326</b>             | <b>26.22</b>  | <b>1,068,113</b> | <b>26.84</b>  | <b>1,251,845</b> | <b>25.11</b>  | <b>1,497,809</b> | <b>26.80</b>  | <b>694,934</b>   | <b>23.61</b>  |
| <b>TOTAL INCOME</b>                                       | <b>308,909</b>             | <b>8.16</b>   | <b>258,961</b>   | <b>6.51</b>   | <b>465,082</b>   | <b>9.33</b>   | <b>307,253</b>   | <b>5.50</b>   | <b>428,990</b>   | <b>14.58</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 129,105<br>1.06            | 3.41          | 117,410<br>0.96  | 2.95          | 141,133<br>1.15  | 2.83          | 121,218<br>0.99  | 2.17          | 139,353<br>1.14  | 4.73          |
| <b>NET PROFIT/LOSS</b>                                    | <b>179,804</b>             | <b>4.75</b>   | <b>141,551</b>   | <b>3.56</b>   | <b>323,950</b>   | <b>6.50</b>   | <b>186,034</b>   | <b>3.33</b>   | <b>289,637</b>   | <b>9.84</b>   |
| <b>SALES ANALYSIS</b>                                     |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescriptions   | 2,447,284                  | 65.64         | 2,589,256        | 65.86         | 3,250,742        | 66.45         | 3,469,941        | 62.74         | 2,150,025        | 75.21         |
| Other Sales   | 1,281,032                  | 34.36         | 1,341,910        | 34.14         | 1,641,054        | 33.55         | 2,060,312        | 37.26         | 708,815          | 24.79         |
| <b>INVENTORY ANALYSIS</b>                                 |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 98,224                     | 2.59          | 115,778          | 2.91          | 117,495          | 2.36          | 132,656          | 2.37          | 86,806           | 2.95          |
| Other   | 186,819                    | 4.94          | 143,829          | 3.61          | 291,826          | 5.85          | 296,205          | 5.30          | 114,202          | 3.88          |
| <b>STOCK CARRIED (Total)</b>                              | <b>285,042</b>             | <b>7.53</b>   | <b>259,607</b>   | <b>6.52</b>   | <b>409,322</b>   | <b>8.21</b>   | <b>428,861</b>   | <b>7.67</b>   | <b>201,007</b>   | <b>6.83</b>   |
| <b>STOCK TURN (On Total Inventory)</b>                    | <b>8.71</b>                |               | <b>10.21</b>     |               | <b>7.99</b>      |               | <b>8.82</b>      |               | <b>9.05</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 24.92                      |               | 22.36            |               | 27.67            |               | 26.16            |               | 24.77            |               |
| Other   | 6.86                       |               | 9.33             |               | 5.62             |               | 6.96             |               | 6.21             |               |
| <b>STATISTICS</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 195                        |               | 173              |               | 256              |               | 253              |               | 160              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 65,932                     |               | 71,363           |               | 87,403           |               | 95,294           |               | 57,217           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,264                      |               | 1,369            |               | 1,676            |               | 1,828            |               | 1,097            |               |
| TOTAL HOURS OPEN per WEEK                                 | 60.7                       |               | 64.4             |               | 60.1             |               | 66.6             |               | 56.4             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 40.1                       |               | 36.5             |               | 43.9             |               | 37.7             |               | 43.3             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>82,727</b>              | <b>2.19</b>   | <b>86,758</b>    | <b>2.18</b>   | <b>119,962</b>   | <b>2.41</b>   | <b>42,003</b>    | <b>0.75</b>   | <b>185,445</b>   | <b>6.30</b>   |

(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) 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 30/06/10)

**Table 11**

|   | State Averages<br>Weighted |               | Metro            |               | Country          |               | Group            |               | No Group         |               |
|---|----------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|   | \$                         | %             | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                |                            |               |                  |               |                  |               |                  |               |                  |               |
| <b>SALES</b>  | <b>2,730,126</b>           |               | <b>2,908,927</b> |               | <b>3,445,708</b> |               | <b>3,441,421</b> |               | <b>2,847,510</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>1,835,940</b>           | <b>67.25</b>  | <b>1,975,400</b> | <b>67.91</b>  | <b>2,299,390</b> | <b>66.73</b>  | <b>2,333,074</b> | <b>67.79</b>  | <b>1,890,271</b> | <b>66.38</b>  |
| <b>GROSS MARGIN</b>                                       | <b>894,186</b>             | <b>32.75</b>  | <b>933,527</b>   | <b>32.09</b>  | <b>1,146,318</b> | <b>33.27</b>  | <b>1,108,347</b> | <b>32.21</b>  | <b>957,240</b>   | <b>33.62</b>  |
| Other Income  | 39,703                     |               | 41,420           |               | 51,413           |               | 39,170           |               | 56,393           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>933,890</b>             |               | <b>974,946</b>   |               | <b>1,197,731</b> |               | <b>1,147,516</b> |               | <b>1,013,633</b> |               |
| <b>TOTAL REVENUE</b>                                      | <b>2,769,830</b>           | <b>100.00</b> | <b>2,950,347</b> | <b>100.00</b> | <b>3,497,122</b> | <b>100.00</b> | <b>3,480,590</b> | <b>100.00</b> | <b>2,903,903</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 332,637                    | 12.01         | 328,703          | 11.14         | 430,392          | 12.31         | 407,633          | 11.71         | 346,148          | 11.92         |
| Rent Paid   | 125,246                    | 4.52          | 153,507          | 5.20          | 114,858          | 3.28          | 164,273          | 4.72          | 92,864           | 3.20          |
| Outgoings - Rental & Rates                                | 5,462                      | 0.20          | 4,395            | 0.15          | 7,575            | 0.22          | 6,517            | 0.19          | 5,401            | 0.19          |
| Accounting  | 10,109                     | 0.36          | 10,146           | 0.34          | 12,422           | 0.36          | 12,571           | 0.36          | 9,663            | 0.33          |
| Advertising   | 35,832                     | 1.29          | 34,041           | 1.15          | 47,354           | 1.35          | 62,801           | 1.80          | 11,911           | 0.41          |
| Bank Charges  | 9,705                      | 0.35          | 8,566            | 0.29          | 12,025           | 0.34          | 11,892           | 0.34          | 8,310            | 0.29          |
| Computer Expenses   | 10,707                     | 0.39          | 9,741            | 0.33          | 12,577           | 0.36          | 13,677           | 0.39          | 7,930            | 0.27          |
| Depreciation  | 28,108                     | 1.01          | 26,973           | 0.91          | 34,490           | 0.99          | 33,591           | 0.97          | 27,224           | 0.94          |
| Electricity, Water, Heating                               | 9,454                      | 0.34          | 7,808            | 0.26          | 12,730           | 0.36          | 11,373           | 0.33          | 8,991            | 0.31          |
| Insurance   | 8,815                      | 0.32          | 9,348            | 0.32          | 10,140           | 0.29          | 9,939            | 0.29          | 9,516            | 0.33          |
| Interest Paid   | 39,266                     | 1.42          | 46,095           | 1.56          | 37,895           | 1.08          | 47,165           | 1.36          | 34,838           | 1.20          |
| Leasing Expenses  | 7,817                      | 0.28          | 7,257            | 0.25          | 11,665           | 0.33          | 12,811           | 0.37          | 5,188            | 0.18          |
| Motor Vehicle Expenses                                    | 4,929                      | 0.18          | 3,810            | 0.13          | 6,785            | 0.19          | 6,156            | 0.18          | 4,271            | 0.15          |
| Postage, Freight, Printing                                | 10,376                     | 0.37          | 11,017           | 0.37          | 13,127           | 0.38          | 12,557           | 0.36          | 11,509           | 0.40          |
| Repairs, Maintenance, Service                             | 5,245                      | 0.19          | 4,752            | 0.16          | 6,666            | 0.19          | 6,692            | 0.19          | 4,479            | 0.15          |
| Subs and Registrations                                    | 9,563                      | 0.35          | 8,574            | 0.29          | 11,346           | 0.32          | 10,521           | 0.30          | 9,321            | 0.32          |
| Superannuation  | 31,031                     | 1.12          | 32,691           | 1.11          | 38,282           | 1.09          | 36,602           | 1.05          | 34,218           | 1.18          |
| Telephone   | 6,025                      | 0.22          | 5,812            | 0.20          | 7,181            | 0.21          | 7,116            | 0.20          | 5,728            | 0.20          |
| Training  | 3,388                      | 0.12          | 2,950            | 0.10          | 5,225            | 0.15          | 4,377            | 0.13          | 3,789            | 0.13          |
| Abnormal Expenses   | 11,108                     | 0.40          | 3,207            | 0.11          | 18,287           | 0.52          | 2,146            | 0.06          | 22,708           | 0.78          |
| Payroll Tax   | 4,747                      | 0.17          | 4,937            | 0.17          | 6,147            | 0.18          | 5,480            | 0.16          | 5,671            | 0.20          |
| Workers' Compensation                                     | 2,828                      | 0.10          | 3,248            | 0.11          | 2,925            | 0.08          | 3,160            | 0.09          | 2,977            | 0.10          |
| Other Expenses  | 46,976                     | 1.70          | 43,864           | 1.49          | 54,652           | 1.56          | 66,975           | 1.92          | 26,187           | 0.90          |
| <b>TOTAL EXPENSES</b>                                     | <b>759,375</b>             | <b>27.42</b>  | <b>771,443</b>   | <b>26.15</b>  | <b>914,750</b>   | <b>26.16</b>  | <b>956,024</b>   | <b>27.47</b>  | <b>698,842</b>   | <b>24.07</b>  |
| <b>TOTAL INCOME</b>                                       | <b>174,514</b>             | <b>6.30</b>   | <b>203,504</b>   | <b>6.90</b>   | <b>282,981</b>   | <b>8.09</b>   | <b>191,493</b>   | <b>5.50</b>   | <b>314,791</b>   | <b>10.84</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 132,988<br>1.09            | 4.80          | 134,315<br>1.10  | 4.55          | 143,410<br>1.17  | 4.10          | 159,498<br>1.30  | 4.58          | 111,861<br>0.92  | 3.85          |
| <b>NET PROFIT/LOSS</b>                                    | <b>41,526</b>              | <b>1.50</b>   | <b>69,189</b>    | <b>2.35</b>   | <b>139,571</b>   | <b>3.99</b>   | <b>31,994</b>    | <b>0.92</b>   | <b>202,930</b>   | <b>6.99</b>   |
| <b>SALES ANALYSIS</b>                                     |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescriptions   | 1,830,778                  | 67.06         | 1,941,638        | 66.75         | 2,413,642        | 70.05         | 2,259,838        | 65.67         | 2,086,427        | 73.27         |
| Other Sales   | 899,348                    | 32.94         | 967,288          | 33.25         | 1,032,067        | 29.95         | 1,181,582        | 34.33         | 761,083          | 26.73         |
| <b>INVENTORY ANALYSIS</b>                                 |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 106,098                    | 3.83          | 83,795           | 2.84          | 146,794          | 4.20          | 93,390           | 2.68          | 140,451          | 4.84          |
| Other   | 222,793                    | 8.04          | 157,463          | 5.34          | 308,707          | 8.83          | 220,872          | 6.35          | 261,170          | 8.99          |
| <b>STOCK CARRIED (Total)</b>                              | <b>328,891</b>             | <b>11.87</b>  | <b>241,258</b>   | <b>8.18</b>   | <b>455,501</b>   | <b>13.03</b>  | <b>314,261</b>   | <b>9.03</b>   | <b>401,621</b>   | <b>13.83</b>  |
| <b>STOCK TURN (On Total Inventory)</b>                    | <b>5.58</b>                |               | <b>8.19</b>      |               | <b>5.05</b>      |               | <b>7.42</b>      |               | <b>4.71</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 17.26                      |               | 23.17            |               | 16.44            |               | 24.20            |               | 14.86            |               |
| Other   | 4.04                       |               | 6.14             |               | 3.34             |               | 5.35             |               | 2.91             |               |
| <b>STATISTICS</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 164                        |               | 160              |               | 191              |               | 196              |               | 149              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 48,743                     |               | 53,376           |               | 63,192           |               | 61,416           |               | 54,501           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 935                        |               | 1,024            |               | 1,212            |               | 1,178            |               | 1,045            |               |
| TOTAL HOURS OPEN per WEEK                                 | 60.2                       |               | 62.8             |               | 58.9             |               | 62.9             |               | 58.0             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 41.3                       |               | 41.8             |               | 44.6             |               | 49.6             |               | 34.8             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>51,983</b>              | <b>1.88</b>   | <b>78,614</b>    | <b>2.66</b>   | <b>82,561</b>    | <b>2.36</b>   | <b>36,689</b>    | <b>1.05</b>   | <b>138,901</b>   | <b>4.78</b>   |

(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) 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 30/06/10)

**Table 12**

|   | State Averages<br>Weighted |               | Metro            |               | Country          |               | Group            |               | No Group                       |   |
|---|----------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|--------------------------------|---|
|   | \$                         | %             | \$               | %             | \$               | %             | \$               | %             | \$                             | % |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                |                            |               |                  |               |                  |               |                  |               |                                |   |
| <b>SALES</b>  | <b>2,466,540</b>           |               | <b>5,267,814</b> |               | <b>2,758,471</b> |               | <b>4,301,863</b> |               | Insufficient sample to publish |   |
| <b>COST OF GOODS SOLD</b>                                 | <b>1,585,076</b>           | <b>64.26</b>  | <b>3,424,734</b> | <b>65.01</b>  | <b>1,789,280</b> | <b>64.86</b>  | <b>2,800,400</b> | <b>65.10</b>  |                                |   |
| <b>GROSS MARGIN</b>                                       | <b>881,464</b>             | <b>35.74</b>  | <b>1,843,081</b> | <b>34.99</b>  | <b>969,191</b>   | <b>35.14</b>  | <b>1,501,463</b> | <b>34.90</b>  |                                |   |
| Other Income  | 20,833                     |               | 35,574           |               | 25,653           |               | 32,423           |               |                                |   |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>902,296</b>             |               | <b>1,878,655</b> |               | <b>994,844</b>   |               | <b>1,533,886</b> |               |                                |   |
| <b>TOTAL REVENUE</b>                                      | <b>2,487,372</b>           | <b>100.00</b> | <b>5,303,388</b> | <b>100.00</b> | <b>2,784,123</b> | <b>100.00</b> | <b>4,334,286</b> | <b>100.00</b> |                                |   |
| <b>EXPENSES</b>   |                            |               |                  |               |                  |               |                  |               |                                |   |
| Salaries and Wages  | 309,840                    | 12.46         | 665,628          | 12.55         | 351,589          | 12.63         | 556,323          | 12.84         |                                |   |
| Rent Paid   | 111,930                    | 4.50          | 307,037          | 5.79          | 112,474          | 4.04          | 224,484          | 5.18          |                                |   |
| Outgoings - Rental & Rates                                | 5,329                      | 0.21          | 8,194            | 0.15          | 5,857            | 0.21          | 8,848            | 0.20          |                                |   |
| Accounting  | 5,326                      | 0.21          | 14,535           | 0.27          | 6,322            | 0.23          | 9,676            | 0.22          |                                |   |
| Advertising   | 51,849                     | 2.08          | 57,567           | 1.09          | 61,852           | 2.22          | 78,421           | 1.81          |                                |   |
| Bank Charges  | 7,667                      | 0.31          | 108,701          | 2.05          | 7,464            | 0.27          | 52,561           | 1.21          |                                |   |
| Computer Expenses   | 9,085                      | 0.37          | 9,867            | 0.19          | 8,211            | 0.29          | 9,729            | 0.22          |                                |   |
| Depreciation  | 24,805                     | 1.00          | 70,778           | 1.33          | 19,496           | 0.70          | 44,347           | 1.02          |                                |   |
| Electricity, Water, Heating                               | 8,560                      | 0.34          | 14,835           | 0.28          | 10,479           | 0.38          | 14,074           | 0.32          |                                |   |
| Insurance   | 6,107                      | 0.25          | 9,039            | 0.17          | 5,515            | 0.20          | 7,905            | 0.18          |                                |   |
| Interest Paid   | 20,597                     | 0.83          | 102,686          | 1.94          | 24,500           | 0.88          | 61,675           | 1.42          |                                |   |
| Leasing Expenses  | 1,463                      | 0.06          | 53,421           | 1.01          | 1,718            | 0.06          | 25,147           | 0.58          |                                |   |
| Motor Vehicle Expenses                                    | 4,118                      | 0.17          | 1,092            | 0.02          | 5,442            | 0.20          | 3,310            | 0.08          |                                |   |
| Postage, Freight, Printing                                | 11,224                     | 0.45          | 32,293           | 0.61          | 10,420           | 0.37          | 21,426           | 0.49          |                                |   |
| Repairs, Maintenance, Service                             | 5,356                      | 0.22          | 4,818            | 0.09          | 6,705            | 0.24          | 5,147            | 0.12          |                                |   |
| Subs and Registrations                                    | 11,340                     | 0.46          | 22,340           | 0.42          | 8,579            | 0.31          | 15,446           | 0.36          |                                |   |
| Superannuation  | 17,711                     | 0.71          | 52,783           | 1.00          | 19,140           | 0.69          | 36,461           | 0.84          |                                |   |
| Telephone   | 5,889                      | 0.24          | 11,230           | 0.21          | 6,782            | 0.24          | 9,260            | 0.21          |                                |   |
| Training  | 2,580                      | 0.10          | 3,869            | 0.07          | 3,208            | 0.12          | 4,182            | 0.10          |                                |   |
| Abnormal Expenses   | 0                          | 0.00          | 0                | 0.00          | 0                | 0.00          | 0                | 0.00          |                                |   |
| Payroll Tax   | 2,550                      | 0.10          | 10,168           | 0.19          | 1,739            | 0.06          | 6,065            | 0.14          |                                |   |
| Workers' Compensation                                     | 1,743                      | 0.07          | 8,189            | 0.15          | 2,058            | 0.07          | 5,324            | 0.12          |                                |   |
| Other Expenses  | 77,519                     | 3.12          | 130,937          | 2.47          | 69,322           | 2.49          | 114,918          | 2.65          |                                |   |
| <b>TOTAL EXPENSES</b>                                     | <b>702,587</b>             | <b>28.25</b>  | <b>1,700,005</b> | <b>32.06</b>  | <b>748,873</b>   | <b>26.90</b>  | <b>1,314,729</b> | <b>30.33</b>  |                                |   |
| <b>TOTAL INCOME</b>                                       | <b>199,709</b>             | <b>8.03</b>   | <b>178,649</b>   | <b>3.37</b>   | <b>245,971</b>   | <b>8.83</b>   | <b>219,157</b>   | <b>5.06</b>   |                                |   |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 125,818<br>1.03            | 5.06          | 185,762<br>1.52  | 3.50          | 99,717<br>0.82   | 3.58          | 140,461<br>1.15  | 3.24          |                                |   |
| <b>NET PROFIT/LOSS</b>                                    | <b>73,890</b>              | <b>2.97</b>   | <b>-7,113</b>    | <b>-0.13</b>  | <b>146,254</b>   | <b>5.25</b>   | <b>78,695</b>    | <b>1.82</b>   |                                |   |
| <b>SALES ANALYSIS</b>                                     |                            |               |                  |               |                  |               |                  |               |                                |   |
| Prescriptions   | 1,606,181                  | 65.12         | 3,563,270        | 67.64         | 1,858,629        | 67.38         | 2,848,436        | 66.21         |                                |   |
| Other Sales   | 860,358                    | 34.88         | 1,704,544        | 32.36         | 899,842          | 32.62         | 1,453,426        | 33.79         |                                |   |
| <b>INVENTORY ANALYSIS</b>                                 |                            |               |                  |               |                  |               |                  |               |                                |   |
| Prescription  | 63,310                     | 2.55          | 129,738          | 2.45          | 72,881           | 2.62          | 98,227           | 2.27          |                                |   |
| Other   | 169,274                    | 6.81          | 254,444          | 4.80          | 191,030          | 6.86          | 254,346          | 5.87          |                                |   |
| STOCK CARRIED (Total)                                     | 232,584                    | 9.35          | 384,182          | 7.24          | 263,912          | 9.48          | 352,573          | 8.13          |                                |   |
| STOCK TURN (On Total Inventory)                           | 6.82                       |               | 8.91             |               | 6.78             |               | 7.94             |               |                                |   |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                            |               |                  |               |                  |               |                  |               |                                |   |
| Prescription  | 25.37                      |               | 27.47            |               | 25.50            |               | 29.00            |               |                                |   |
| Other   | 5.08                       |               | 6.70             |               | 4.71             |               | 5.71             |               |                                |   |
| <b>STATISTICS</b>   |                            |               |                  |               |                  |               |                  |               |                                |   |
| PHARMACY SIZE (square metres)                             | 153                        |               | 220              |               | 157              |               | 204              |               |                                |   |
| PRESCRIPTIONS DISPENSED (Total)                           | 44,187                     |               | 94,004           |               | 52,264           |               | 75,903           |               |                                |   |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 847                        |               | 1,803            |               | 1,002            |               | 1,456            |               |                                |   |
| TOTAL HOURS OPEN per WEEK                                 | 62.6                       |               | 64.0             |               | 61.5             |               | 61.2             |               |                                |   |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 39.1                       |               | 57.8             |               | 31.0             |               | 43.7             |               |                                |   |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>47,215</b>              | <b>1.90</b>   | <b>-100,752</b>  | <b>-1.90</b>  | <b>109,418</b>   | <b>3.93</b>   | <b>-909</b>      | <b>-0.02</b>  |                                |   |

(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) 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 30/06/10)

**Table 13**

|   | State Averages<br>Weighted |               | Metro            |               | Country          |               | Group            |               | No Group         |               |
|---|----------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|   | \$                         | %             | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                |                            |               |                  |               |                  |               |                  |               |                  |               |
| <b>SALES</b>  | <b>2,082,704</b>           |               | <b>2,289,203</b> |               | <b>2,529,776</b> |               | <b>2,921,770</b> |               | <b>1,946,209</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>1,382,447</b>           | <b>66.38</b>  | <b>1,520,115</b> | <b>66.40</b>  | <b>1,658,534</b> | <b>65.56</b>  | <b>1,917,949</b> | <b>65.64</b>  | <b>1,293,127</b> | <b>66.44</b>  |
| <b>GROSS MARGIN</b>                                       | <b>700,257</b>             | <b>33.62</b>  | <b>769,088</b>   | <b>33.60</b>  | <b>871,242</b>   | <b>34.44</b>  | <b>1,003,821</b> | <b>34.36</b>  | <b>653,081</b>   | <b>33.56</b>  |
| Other Income  | 35,204                     |               | 35,702           |               | 43,858           |               | 33,051           |               | 45,159           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>735,461</b>             |               | <b>804,791</b>   |               | <b>915,100</b>   |               | <b>1,036,872</b> |               | <b>698,240</b>   |               |
| <b>TOTAL REVENUE</b>                                      | <b>2,117,908</b>           | <b>100.00</b> | <b>2,324,906</b> | <b>100.00</b> | <b>2,573,634</b> | <b>100.00</b> | <b>2,954,821</b> | <b>100.00</b> | <b>1,991,367</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 217,242                    | 10.26         | 244,430          | 10.51         | 250,354          | 9.73          | 328,207          | 11.11         | 176,309          | 8.85          |
| Rent Paid   | 76,015                     | 3.59          | 128,177          | 5.51          | 36,058           | 1.40          | 123,129          | 4.17          | 51,990           | 2.61          |
| Outgoings - Rental & Rates                                | 2,771                      | 0.13          | 1,815            | 0.08          | 5,566            | 0.22          | 5,048            | 0.17          | 2,268            | 0.11          |
| Accounting  | 10,807                     | 0.51          | 10,177           | 0.44          | 17,305           | 0.67          | 16,906           | 0.57          | 10,526           | 0.53          |
| Advertising   | 18,628                     | 0.88          | 21,700           | 0.93          | 22,964           | 0.89          | 36,743           | 1.24          | 9,643            | 0.48          |
| Bank Charges  | 6,132                      | 0.29          | 9,386            | 0.40          | 4,245            | 0.16          | 9,910            | 0.34          | 4,429            | 0.22          |
| Computer Expenses   | 7,441                      | 0.35          | 6,993            | 0.30          | 6,612            | 0.26          | 7,481            | 0.25          | 6,232            | 0.31          |
| Depreciation  | 30,991                     | 1.46          | 27,457           | 1.18          | 22,814           | 0.89          | 41,831           | 1.42          | 10,816           | 0.54          |
| Electricity, Water, Heating                               | 7,659                      | 0.36          | 9,887            | 0.43          | 4,849            | 0.19          | 11,109           | 0.38          | 4,409            | 0.22          |
| Insurance   | 7,620                      | 0.36          | 7,661            | 0.33          | 9,000            | 0.35          | 6,555            | 0.22          | 9,801            | 0.49          |
| Interest Paid   | 58,032                     | 2.74          | 75,915           | 3.27          | 28,379           | 1.10          | 81,306           | 2.75          | 29,604           | 1.49          |
| Leasing Expenses  | 23,875                     | 1.13          | 31,203           | 1.34          | 23,017           | 0.89          | 47,102           | 1.59          | 10,129           | 0.51          |
| Motor Vehicle Expenses                                    | 5,627                      | 0.27          | 2,106            | 0.09          | 14,448           | 0.56          | 12,904           | 0.44          | 3,458            | 0.17          |
| Postage, Freight, Printing                                | 7,252                      | 0.34          | 6,387            | 0.27          | 11,638           | 0.45          | 9,568            | 0.32          | 8,198            | 0.41          |
| Repairs, Maintenance, Service                             | 3,214                      | 0.15          | 3,120            | 0.13          | 6,096            | 0.24          | 4,200            | 0.14          | 4,780            | 0.24          |
| Subs and Registrations                                    | 7,148                      | 0.34          | 6,712            | 0.29          | 11,166           | 0.43          | 11,452           | 0.39          | 6,462            | 0.32          |
| Superannuation  | 19,034                     | 0.90          | 21,278           | 0.92          | 21,923           | 0.85          | 28,457           | 0.96          | 15,561           | 0.78          |
| Telephone   | 4,577                      | 0.22          | 5,389            | 0.23          | 5,397            | 0.21          | 6,123            | 0.21          | 4,754            | 0.24          |
| Training  | 2,904                      | 0.14          | 4,263            | 0.18          | 4,684            | 0.18          | 5,893            | 0.20          | 3,205            | 0.16          |
| Abnormal Expenses   | 23                         | 0.00          | 0                | 0.00          | 90               | 0.00          | 90               | 0.00          | 0                | 0.00          |
| Payroll Tax   | 1,984                      | 0.09          | 2,262            | 0.10          | 0                | 0.00          | 2,005            | 0.07          | 507              | 0.03          |
| Workers' Compensation                                     | 1,954                      | 0.09          | 1,974            | 0.08          | 2,143            | 0.08          | 1,686            | 0.06          | 2,374            | 0.12          |
| Other Expenses  | 41,862                     | 1.98          | 47,954           | 2.06          | 20,414           | 0.79          | 41,728           | 1.41          | 29,304           | 1.47          |
| <b>TOTAL EXPENSES</b>                                     | <b>562,791</b>             | <b>26.57</b>  | <b>676,246</b>   | <b>29.09</b>  | <b>529,163</b>   | <b>20.56</b>  | <b>839,434</b>   | <b>28.41</b>  | <b>404,759</b>   | <b>20.33</b>  |
| <b>TOTAL INCOME</b>                                       | <b>172,670</b>             | <b>8.15</b>   | <b>128,544</b>   | <b>5.53</b>   | <b>385,937</b>   | <b>15.00</b>  | <b>197,438</b>   | <b>6.68</b>   | <b>293,481</b>   | <b>14.74</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 130,001<br>1.06            | 6.14          | 147,968<br>1.21  | 6.36          | 129,588<br>1.06  | 5.04          | 117,409<br>0.96  | 3.97          | 158,625<br>1.30  | 7.97          |
| <b>NET PROFIT/LOSS</b>                                    | <b>42,669</b>              | <b>2.01</b>   | <b>-19,424</b>   | <b>-0.84</b>  | <b>256,349</b>   | <b>9.96</b>   | <b>80,029</b>    | <b>2.71</b>   | <b>134,856</b>   | <b>6.77</b>   |
| <b>SALES ANALYSIS</b>                                     |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescriptions   | 1,402,509                  | 67.34         | 1,427,611        | 62.36         | 2,030,272        | 80.26         | 1,841,826        | 63.04         | 1,592,502        | 81.83         |
| Other Sales   | 680,194                    | 32.66         | 861,592          | 37.64         | 499,504          | 19.74         | 1,079,944        | 36.96         | 353,707          | 18.17         |
| <b>INVENTORY ANALYSIS</b>                                 |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 41,605                     | 1.96          | 38,380           | 1.65          | 53,635           | 2.08          | 51,384           | 1.74          | 49,822           | 2.50          |
| Other   | 112,909                    | 5.33          | 153,337          | 6.60          | 105,038          | 4.08          | 173,119          | 5.86          | 84,294           | 4.23          |
| <b>STOCK CARRIED (Total)</b>                              | <b>154,514</b>             | <b>7.30</b>   | <b>191,717</b>   | <b>8.25</b>   | <b>158,673</b>   | <b>6.17</b>   | <b>224,503</b>   | <b>7.60</b>   | <b>134,116</b>   | <b>6.73</b>   |
| <b>STOCK TURN (On Total Inventory)</b>                    | <b>8.95</b>                |               | <b>7.93</b>      |               | <b>10.45</b>     |               | <b>8.54</b>      |               | <b>9.64</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                            |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 33.71                      |               | 37.20            |               | 37.85            |               | 35.84            |               | 31.96            |               |
| Other   | 6.02                       |               | 5.62             |               | 4.76             |               | 6.24             |               | 4.20             |               |
| <b>STATISTICS</b>   |                            |               |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 153                        |               | 165              |               | 141              |               | 206              |               | 109              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 38,268                     |               | 39,623           |               | 54,928           |               | 52,080           |               | 42,115           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 734                        |               | 760              |               | 1,053            |               | 999              |               | 808              |               |
| TOTAL HOURS OPEN per WEEK                                 | 56.3                       |               | 58.2             |               | 51.8             |               | 58.6             |               | 52.2             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 40.4                       |               | 46.0             |               | 40.3             |               | 36.5             |               | 49.3             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>35,165</b>              | <b>1.66</b>   | <b>44,703</b>    | <b>1.92</b>   | <b>53,711</b>    | <b>2.09</b>   | <b>-15,683</b>   | <b>-0.53</b>  | <b>105,422</b>   | <b>5.29</b>   |

(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.

(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 30/06/10)

**Table 14**

|   | State Averages<br>Weighted |               | Metro                                | Country |                  | Group         |                  | No Group      |                                      |   |
|---|----------------------------|---------------|--------------------------------------|---------|------------------|---------------|------------------|---------------|--------------------------------------|---|
|   | \$                         | %             | \$                                   | %       | \$               | %             | \$               | %             | \$                                   | % |
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                |                            |               |                                      |         |                  |               |                  |               |                                      |   |
| <b>SALES</b>  | <b>3,134,414</b>           |               | Insufficient<br>sample to<br>publish |         | <b>4,246,303</b> |               | <b>3,988,390</b> |               | Insufficient<br>sample to<br>publish |   |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,078,112</b>           | <b>66.30</b>  |                                      |         | <b>2,831,979</b> | <b>66.69</b>  | <b>2,695,723</b> | <b>67.59</b>  |                                      |   |
| <b>GROSS MARGIN</b>                                       | <b>1,056,302</b>           | <b>33.70</b>  |                                      |         | <b>1,414,323</b> | <b>33.31</b>  | <b>1,292,667</b> | <b>32.41</b>  |                                      |   |
| Other Income  | 23,264                     |               |                                      |         | 53,666           |               | 40,817           |               |                                      |   |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,079,565</b>           |               |                                      |         | <b>1,467,989</b> |               | <b>1,333,484</b> |               |                                      |   |
| <b>TOTAL REVENUE</b>                                      | <b>3,157,677</b>           | <b>100.00</b> |                                      |         | <b>4,299,969</b> | <b>100.00</b> | <b>4,029,207</b> | <b>100.00</b> |                                      |   |
| <b>EXPENSES</b>   |                            |               |                                      |         |                  |               |                  |               |                                      |   |
| Salaries and Wages  | 314,430                    | 9.96          |                                      |         | 471,644          | 10.97         | 475,743          | 11.81         |                                      |   |
| Rent Paid   | 115,320                    | 3.65          |                                      |         | 181,502          | 4.22          | 183,563          | 4.56          |                                      |   |
| Outgoings - Rental & Rates                                | 9,044                      | 0.29          |                                      |         | 16,042           | 0.37          | 16,929           | 0.42          |                                      |   |
| Accounting  | 10,877                     | 0.34          |                                      |         | 10,040           | 0.23          | 15,788           | 0.39          |                                      |   |
| Advertising   | 57,244                     | 1.81          |                                      |         | 131,661          | 3.06          | 99,985           | 2.48          |                                      |   |
| Bank Charges  | 5,878                      | 0.19          |                                      |         | 10,947           | 0.25          | 9,690            | 0.24          |                                      |   |
| Computer Expenses   | 9,768                      | 0.31          |                                      |         | 10,296           | 0.24          | 9,995            | 0.25          |                                      |   |
| Depreciation  | 48,629                     | 1.54          |                                      |         | 58,046           | 1.35          | 46,765           | 1.16          |                                      |   |
| Electricity, Water, Heating                               | 12,153                     | 0.38          |                                      |         | 15,585           | 0.36          | 13,107           | 0.33          |                                      |   |
| Insurance   | 6,891                      | 0.22          |                                      |         | 7,880            | 0.18          | 9,045            | 0.22          |                                      |   |
| Interest Paid   | 60,987                     | 1.93          |                                      |         | 48,475           | 1.13          | 47,099           | 1.17          |                                      |   |
| Leasing Expenses  | 14,783                     | 0.47          |                                      |         | 15,082           | 0.35          | 24,629           | 0.61          |                                      |   |
| Motor Vehicle Expenses                                    | 4,373                      | 0.14          |                                      |         | 3,537            | 0.08          | 5,352            | 0.13          |                                      |   |
| Postage, Freight, Printing                                | 10,596                     | 0.34          |                                      |         | 15,669           | 0.36          | 13,319           | 0.33          |                                      |   |
| Repairs, Maintenance, Service                             | 9,697                      | 0.31          |                                      |         | 7,984            | 0.19          | 8,388            | 0.21          |                                      |   |
| Subs and Registrations                                    | 3,923                      | 0.12          |                                      |         | 9,420            | 0.22          | 8,324            | 0.21          |                                      |   |
| Superannuation  | 30,903                     | 0.98          |                                      |         | 45,391           | 1.06          | 48,342           | 1.20          |                                      |   |
| Telephone   | 7,978                      | 0.25          |                                      |         | 8,555            | 0.20          | 8,072            | 0.20          |                                      |   |
| Training  | 5,080                      | 0.16          |                                      |         | 10,902           | 0.25          | 8,673            | 0.22          |                                      |   |
| Abnormal Expenses   | 7,043                      | 0.22          |                                      |         | 13,505           | 0.31          | 14,945           | 0.37          |                                      |   |
| Payroll Tax   | 4,828                      | 0.15          |                                      |         | 13,659           | 0.32          | 10,245           | 0.25          |                                      |   |
| Workers' Compensation                                     | 4,286                      | 0.14          |                                      |         | 5,112            | 0.12          | 6,099            | 0.15          |                                      |   |
| Other Expenses  | 111,118                    | 3.52          |                                      |         | 85,344           | 1.98          | 70,778           | 1.76          |                                      |   |
| <b>TOTAL EXPENSES</b>                                     | <b>865,829</b>             | <b>27.42</b>  |                                      |         | <b>1,196,277</b> | <b>27.82</b>  | <b>1,154,873</b> | <b>28.66</b>  |                                      |   |
| <b>TOTAL INCOME</b>                                       | <b>213,736</b>             | <b>6.77</b>   |                                      |         | <b>271,712</b>   | <b>6.32</b>   | <b>178,611</b>   | <b>4.43</b>   |                                      |   |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 134,920<br>1.10            | 4.27          |                                      |         | 157,080<br>1.29  | 3.65          | 141,935<br>1.16  | 3.52          |                                      |   |
| <b>NET PROFIT/LOSS</b>                                    | <b>78,816</b>              | <b>2.50</b>   |                                      |         | <b>114,632</b>   | <b>2.67</b>   | <b>36,676</b>    | <b>0.91</b>   |                                      |   |
| <b>SALES ANALYSIS</b>                                     |                            |               |                                      |         |                  |               |                  |               |                                      |   |
| Prescriptions   | 2,033,434                  | 64.87         |                                      |         | 2,469,056        | 58.15         | 2,420,799        | 60.70         |                                      |   |
| Other Sales   | 1,100,980                  | 35.13         |                                      |         | 1,777,247        | 41.85         | 1,567,591        | 39.30         |                                      |   |
| <b>INVENTORY ANALYSIS</b>                                 |                            |               |                                      |         |                  |               |                  |               |                                      |   |
| Prescription  | 100,952                    | 3.20          |                                      |         | 124,024          | 2.88          | 113,612          | 2.82          |                                      |   |
| Other   | 226,563                    | 7.17          |                                      |         | 280,218          | 6.52          | 254,974          | 6.33          |                                      |   |
| STOCK CARRIED (Total)                                     | 327,515                    | 10.37         |                                      |         | 404,242          | 9.40          | 368,586          | 9.15          |                                      |   |
| STOCK TURN (On Total Inventory)                           | 6.35                       |               |                                      |         | 7.01             |               | 7.31             |               |                                      |   |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                            |               |                                      |         |                  |               |                  |               |                                      |   |
| Prescription  | 20.14                      |               |                                      |         | 19.91            |               | 21.31            |               |                                      |   |
| Other   | 4.86                       |               |                                      |         | 6.34             |               | 6.15             |               |                                      |   |
| <b>STATISTICS</b>   |                            |               |                                      |         |                  |               |                  |               |                                      |   |
| PHARMACY SIZE (square metres)                             | 169                        |               |                                      |         | 197              |               | 191              |               |                                      |   |
| PRESCRIPTIONS DISPENSED (Total)                           | 55,366                     |               |                                      |         | 72,320           |               | 69,293           |               |                                      |   |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,062                      |               |                                      |         | 1,387            |               | 1,329            |               |                                      |   |
| TOTAL HOURS OPEN per WEEK                                 | 62.0                       |               |                                      |         | 64.5             |               | 64.3             |               |                                      |   |
| AV HRS WORKED BY<br>PROPRIETORS/WEEK                      | 41.9                       |               |                                      |         | 48.8             |               | 44.1             |               |                                      |   |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>144,688</b>             | <b>4.58</b>   |                                      |         | <b>76,365</b>    | <b>1.78</b>   | <b>32,101</b>    | <b>0.80</b>   |                                      |   |

(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) 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 30/06/10)

**Table 15**

|   | AUSTRALIA<br>Manager Operated |               | NEW SOUTH WALES  |               | VICTORIA                       |   |
|---|-------------------------------|---------------|------------------|---------------|--------------------------------|---|
| SALES, EXPENSES & PROFITABILITY                           | \$                            | %             | \$               | %             | \$                             | % |
| <b>SALES</b>  | <b>3,697,353</b>              |               | <b>4,615,520</b> |               | Insufficient sample to publish |   |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,489,110</b>              | <b>67.32</b>  | <b>3,130,396</b> | <b>67.82</b>  |                                |   |
| <b>GROSS MARGIN</b>                                       | <b>1,208,243</b>              | <b>32.68</b>  | <b>1,485,124</b> | <b>32.18</b>  |                                |   |
| Other Income  | 47,234                        |               | 30,043           |               |                                |   |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,255,477</b>              |               | <b>1,515,167</b> |               |                                |   |
| <b>TOTAL REVENUE</b>                                      | <b>3,744,587</b>              | <b>100.00</b> | <b>4,645,563</b> | <b>100.00</b> |                                |   |
| <b>EXPENSES</b>   |                               |               |                  |               |                                |   |
| Salaries and Wages  | 436,367                       | 11.65         | 503,914          | 10.85         |                                |   |
| Rent Paid   | 183,012                       | 4.89          | 237,635          | 5.12          |                                |   |
| Outgoings - Rental & Rates                                | 1,375                         | 0.04          | 148              | 0.00          |                                |   |
| Accounting  | 8,430                         | 0.23          | 8,950            | 0.19          |                                |   |
| Advertising   | 27,831                        | 0.74          | 33,235           | 0.72          |                                |   |
| Bank Charges  | 11,386                        | 0.30          | 14,278           | 0.31          |                                |   |
| Computer Expenses   | 12,004                        | 0.32          | 12,808           | 0.28          |                                |   |
| Depreciation  | 40,328                        | 1.08          | 48,569           | 1.05          |                                |   |
| Electricity, Water, Heating                               | 10,866                        | 0.29          | 13,147           | 0.28          |                                |   |
| Insurance   | 8,963                         | 0.24          | 10,841           | 0.23          |                                |   |
| Interest Paid   | 70,653                        | 1.89          | 92,883           | 2.00          |                                |   |
| Leasing Expenses  | 15,829                        | 0.42          | 20,939           | 0.45          |                                |   |
| Motor Vehicle Expenses                                    | 2,369                         | 0.06          | 2,576            | 0.06          |                                |   |
| Postage, Freight, Printing                                | 10,294                        | 0.27          | 12,497           | 0.27          |                                |   |
| Repairs, Maintenance, Service                             | 5,403                         | 0.14          | 6,226            | 0.13          |                                |   |
| Subs and Registrations                                    | 7,490                         | 0.20          | 6,379            | 0.14          |                                |   |
| Superannuation  | 40,141                        | 1.07          | 45,342           | 0.98          |                                |   |
| Telephone   | 7,075                         | 0.19          | 8,184            | 0.18          |                                |   |
| Training  | 1,585                         | 0.04          | 1,074            | 0.02          |                                |   |
| Abnormal Expenses   | 36,507                        | 0.97          | 8,773            | 0.19          |                                |   |
| Payroll Tax   | 16,229                        | 0.43          | 20,215           | 0.44          |                                |   |
| Workers' Compensation                                     | 5,283                         | 0.14          | 7,352            | 0.16          |                                |   |
| Other Expenses  | 88,352                        | 2.36          | 127,519          | 2.74          |                                |   |
| <b>TOTAL EXPENSES</b>                                     | <b>1,047,771</b>              | <b>27.98</b>  | <b>1,243,485</b> | <b>26.77</b>  |                                |   |
| <b>TOTAL INCOME</b>                                       | <b>207,706</b>                | <b>5.55</b>   | <b>271,682</b>   | <b>5.85</b>   |                                |   |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 43,639<br>0.36                | 1.17          | 62,979<br>0.52   | 1.36          |                                |   |
| <b>NET PROFIT/LOSS</b>                                    | <b>164,066</b>                | <b>4.38</b>   | <b>208,703</b>   | <b>4.49</b>   |                                |   |
| <b>SALES ANALYSIS</b>                                     |                               |               |                  |               |                                |   |
| Prescriptions   | 2,018,936                     | 54.60         | 2,335,454        | 50.60         |                                |   |
| Other Sales   | 1,678,417                     | 45.40         | 2,280,066        | 49.40         |                                |   |
| <b>INVENTORY ANALYSIS</b>                                 |                               |               |                  |               |                                |   |
| Prescription  | 182,282                       | 4.87          | 116,231          | 2.50          |                                |   |
| Other   | 311,602                       | 8.32          | 282,660          | 6.08          |                                |   |
| STOCK CARRIED (Total)                                     | 493,884                       | 13.19         | 398,891          | 8.59          |                                |   |
| STOCK TURN (On Total Inventory)                           | 5.04                          |               | 7.85             |               |                                |   |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                               |               |                  |               |                                |   |
| Prescription  | 11.08                         |               | 20.09            |               |                                |   |
| Other   | 5.39                          |               | 8.07             |               |                                |   |
| <b>STATISTICS</b>   |                               |               |                  |               |                                |   |
| PHARMACY SIZE (square metres)                             | 201                           |               | 244              |               |                                |   |
| PRESCRIPTIONS DISPENSED (Total)                           | 55,100                        |               | 63,710           |               |                                |   |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,057                         |               | 1,222            |               |                                |   |
| TOTAL HOURS OPEN per WEEK                                 | 63.8                          |               | 64.7             |               |                                |   |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 13.6                          |               | 19.6             |               |                                |   |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>179,519</b>                | <b>4.79</b>   | <b>267,579</b>   | <b>5.76</b>   |                                |   |

(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) 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 30/06/10)

**Table 15**

|  | QUEENSLAND                     | SOUTH AUSTRALIA | WESTERN AUSTRALIA |                |
|--|--------------------------------|-----------------|-------------------|----------------|
| SALES, EXPENSES & PROFITABILITY        | \$                             | %               | \$                | %              |
| <b>SALES</b>                           | Insufficient sample to publish |                 | <b>3,117,251</b>  |                |
| <b>COST OF GOODS SOLD</b>              |                                |                 | <b>2,146,236</b>  | <b>68.85</b>   |
| <b>GROSS MARGIN</b>                    |                                |                 | <b>971,015</b>    | <b>31.15</b>   |
| Other Income                           |                                |                 | 121,809           | 116,702        |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>  |                                |                 | <b>1,092,825</b>  | <b>968,046</b> |
| <b>TOTAL REVENUE</b>                   |                                |                 | <b>3,239,060</b>  | <b>100.00</b>  |
| <b>EXPENSES</b>                        |                                |                 |                   |                |
| Salaries and Wages                     |                                |                 | 431,175           | 13.31          |
| Rent Paid                              |                                |                 | 155,725           | 4.81           |
| Outgoings - Rental & Rates             |                                |                 | 4,610             | 0.14           |
| Accounting                             |                                |                 | 3,611             | 0.11           |
| Advertising                            |                                |                 | 28,991            | 0.90           |
| Bank Charges                           |                                |                 | 10,881            | 0.34           |
| Computer Expenses                      |                                |                 | 9,975             | 0.31           |
| Depreciation                           |                                |                 | 13,772            | 0.43           |
| Electricity, Water, Heating            |                                |                 | 9,942             | 0.31           |
| Insurance                              |                                |                 | 7,039             | 0.22           |
| Interest Paid                          |                                |                 | 35,008            | 1.08           |
| Leasing Expenses                       |                                |                 | 11,572            | 0.36           |
| Motor Vehicle Expenses                 |                                |                 | 911               | 0.03           |
| Postage, Freight, Printing             |                                |                 | 7,163             | 0.22           |
| Repairs, Maintenance, Service          |                                |                 | 7,577             | 0.23           |
| Subs and Registrations                 |                                |                 | 11,331            | 0.35           |
| Superannuation                         |                                |                 | 35,758            | 1.10           |
| Telephone                              |                                |                 | 6,608             | 0.20           |
| Training                               |                                |                 | 2,545             | 0.08           |
| Abnormal Expenses                      |                                |                 | 108,058           | 3.34           |
| Payroll Tax                            |                                |                 | 24,171            | 0.75           |
| Workers' Compensation                  |                                |                 | 2,820             | 0.09           |
| Other Expenses                         |                                |                 | 6,802             | 0.21           |
| <b>TOTAL EXPENSES</b>                  |                                |                 | <b>936,046</b>    | <b>28.90</b>   |
| <b>TOTAL INCOME</b>                    |                                |                 | <b>156,779</b>    | <b>4.84</b>    |
| Less Proprietors' Salary (1)           |                                |                 | 8,578             | 0.26           |
| [ Full-Time-Equivalents ]              |                                |                 | 0.07              | -              |
| <b>NET PROFIT/LOSS</b>                 |                                |                 | <b>148,201</b>    | <b>4.58</b>    |
| <b>SALES ANALYSIS</b>                  |                                |                 |                   |                |
| Prescriptions                          |                                |                 | 2,065,481         | 66.26          |
| Other Sales                            |                                |                 | 1,051,770         | 33.74          |
| <b>INVENTORY ANALYSIS</b>              |                                |                 |                   |                |
| Prescription                           |                                |                 | 185,706           | 5.73           |
| Other                                  |                                |                 | 207,199           | 6.40           |
| <b>STOCK CARRIED (Total)</b>           |                                |                 | <b>392,904</b>    | <b>12.13</b>   |
| <b>STOCK TURN (On Total Inventory)</b> |                                |                 | <b>5.46</b>       | <b>1.02</b>    |
| <b>SALES PER INVENTORY DOLLAR</b>      |                                |                 |                   |                |
| Prescription                           |                                |                 | 11.12             | 2.98           |
| Other                                  |                                |                 | 5.08              | 0.81           |
| <b>STATISTICS</b>                      |                                |                 |                   |                |
| PHARMACY SIZE (square metres)          |                                |                 | 180               | 128            |
| PRESCRIPTIONS DISPENSED (Total)        |                                |                 | 68,259            | 34,885         |
| PRESCRIPTIONS DISPENSED WEEKLY         |                                |                 | 1,309             | 669            |
| TOTAL HOURS OPEN per WEEK              |                                |                 | 71.3              | 64.3           |
| AV HRS WORKED BY PROPRIETORS/WEEK      |                                |                 | 2.7               | -              |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>  |                                |                 | <b>210,595</b>    | <b>6.50</b>    |
|  |                                |                 | -                 | <b>53,420</b>  |
|  |                                |                 |                   | <b>-2.21</b>   |

(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) 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 30/06/10)

**Table 16**

|  | AUSTRALIA<br>Owner Operated |               | NEW SOUTH WALES  |               | VICTORIA         |               |
|--|-----------------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY        | \$                          | %             | \$               | %             | \$               | %             |
| <b>SALES</b>                           | <b>3,541,525</b>            |               | <b>3,729,578</b> |               | <b>4,043,313</b> |               |
| <b>COST OF GOODS SOLD</b>              | <b>2,372,005</b>            | <b>66.98</b>  | <b>2,557,238</b> | <b>68.57</b>  | <b>2,606,330</b> | <b>64.46</b>  |
| <b>GROSS MARGIN</b>                    | <b>1,169,520</b>            | <b>33.02</b>  | <b>1,172,341</b> | <b>31.43</b>  | <b>1,436,982</b> | <b>35.54</b>  |
| Other Income                           | 47,392                      |               | 35,089           |               | 142,402          |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>  | <b>1,216,911</b>            |               | <b>1,207,429</b> |               | <b>1,579,384</b> |               |
| <b>TOTAL REVENUE</b>                   | <b>3,588,916</b>            | <b>100.00</b> | <b>3,764,667</b> | <b>100.00</b> | <b>4,185,715</b> | <b>100.00</b> |
| <b>EXPENSES</b>                        |                             |               |                  |               |                  |               |
| Salaries and Wages                     | 406,731                     | 11.33         | 422,997          | 11.24         | 441,820          | 10.56         |
| Rent Paid                              | 134,861                     | 3.76          | 148,467          | 3.94          | 92,593           | 2.21          |
| Outgoings - Rental & Rates             | 7,348                       | 0.20          | 5,846            | 0.16          | 8,012            | 0.19          |
| Accounting                             | 11,804                      | 0.33          | 13,564           | 0.36          | 9,400            | 0.22          |
| Advertising                            | 47,009                      | 1.31          | 39,592           | 1.05          | 47,327           | 1.13          |
| Bank Charges                           | 11,249                      | 0.31          | 14,314           | 0.38          | 5,402            | 0.13          |
| Computer Expenses                      | 10,235                      | 0.29          | 8,943            | 0.24          | 10,985           | 0.26          |
| Depreciation                           | 35,223                      | 0.98          | 34,200           | 0.91          | 59,718           | 1.43          |
| Electricity, Water, Heating            | 10,857                      | 0.30          | 10,215           | 0.27          | 9,603            | 0.23          |
| Insurance                              | 9,924                       | 0.28          | 12,269           | 0.33          | 8,269            | 0.20          |
| Interest Paid                          | 56,343                      | 1.57          | 53,654           | 1.43          | 69,389           | 1.66          |
| Leasing Expenses                       | 12,535                      | 0.35          | 12,434           | 0.33          | 12,858           | 0.31          |
| Motor Vehicle Expenses                 | 5,533                       | 0.15          | 5,335            | 0.14          | 5,155            | 0.12          |
| Postage, Freight, Printing             | 14,202                      | 0.40          | 12,949           | 0.34          | 22,560           | 0.54          |
| Repairs, Maintenance, Service          | 5,413                       | 0.15          | 6,133            | 0.16          | 4,786            | 0.11          |
| Subs and Registrations                 | 10,854                      | 0.30          | 10,597           | 0.28          | 13,008           | 0.31          |
| Superannuation                         | 37,961                      | 1.06          | 41,404           | 1.10          | 42,354           | 1.01          |
| Telephone                              | 7,107                       | 0.20          | 6,955            | 0.18          | 8,499            | 0.20          |
| Training                               | 4,991                       | 0.14          | 3,566            | 0.09          | 7,643            | 0.18          |
| Abnormal Expenses                      | 3,153                       | 0.09          | 2,419            | 0.06          | 525              | 0.01          |
| Payroll Tax                            | 6,706                       | 0.19          | 6,083            | 0.16          | 12,183           | 0.29          |
| Workers' Compensation                  | 3,214                       | 0.09          | 5,238            | 0.14          | 2,275            | 0.05          |
| Other Expenses                         | 51,774                      | 1.44          | 56,672           | 1.51          | 32,135           | 0.77          |
| <b>TOTAL EXPENSES</b>                  | <b>905,205</b>              | <b>25.22</b>  | <b>933,849</b>   | <b>24.81</b>  | <b>926,497</b>   | <b>22.13</b>  |
| <b>TOTAL INCOME</b>                    | <b>311,707</b>              | <b>8.69</b>   | <b>273,580</b>   | <b>7.27</b>   | <b>652,887</b>   | <b>15.60</b>  |
| Less Proprietors' Salary (1)           | 150,309                     | 4.19          | 138,141          | 3.67          | 142,780          | 3.41          |
| [ Full-Time-Equivalents ]              | 1.23                        |               | 1.13             |               | 1.17             |               |
| <b>NET PROFIT/LOSS</b>                 | <b>161,397</b>              | <b>4.50</b>   | <b>135,440</b>   | <b>3.60</b>   | <b>510,107</b>   | <b>12.19</b>  |
| <b>SALES ANALYSIS</b>                  |                             |               |                  |               |                  |               |
| Prescriptions                          | 2,495,642                   | 70.47         | 2,660,546        | 71.34         | 3,043,274        | 75.27         |
| Other Sales                            | 1,045,882                   | 29.53         | 1,069,032        | 28.66         | 1,000,039        | 24.73         |
| <b>INVENTORY ANALYSIS</b>              |                             |               |                  |               |                  |               |
| Prescription                           | 94,563                      | 2.63          | 98,278           | 2.61          | 107,200          | 2.56          |
| Other                                  | 196,833                     | 5.48          | 208,526          | 5.54          | 188,034          | 4.49          |
| <b>STOCK CARRIED (Total)</b>           | <b>291,396</b>              | <b>8.12</b>   | <b>306,804</b>   | <b>8.15</b>   | <b>295,234</b>   | <b>7.05</b>   |
| <b>STOCK TURN (On Total Inventory)</b> | <b>8.14</b>                 |               | <b>8.34</b>      |               | <b>8.83</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>      |                             |               |                  |               |                  |               |
| Prescription                           | 26.39                       |               | 27.07            |               | 28.39            |               |
| Other                                  | 5.31                        |               | 5.13             |               | 5.32             |               |
| <b>STATISTICS</b>                      |                             |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)          | 179                         |               | 177              |               | 188              |               |
| PRESCRIPTIONS DISPENSED (Total)        | 66,904                      |               | 69,391           |               | 83,016           |               |
| PRESCRIPTIONS DISPENSED WEEKLY         | 1,283                       |               | 1,331            |               | 1,592            |               |
| TOTAL HOURS OPEN per WEEK              | 59.8                        |               | 58.7             |               | 57.6             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK      | 46.7                        |               | 42.9             |               | 44.4             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>  | <b>104,762</b>              | <b>2.92</b>   | <b>118,471</b>   | <b>3.15</b>   | <b>211,135</b>   | <b>5.04</b>   |

(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) 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 30/06/10)

**Table 16**

|   | QUEENSLAND       |               | SOUTH AUSTRALIA  |               | WESTERN AUSTRALIA |               | TASMANIA         |               |
|---|------------------|---------------|------------------|---------------|-------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY                           | \$               | %             | \$               | %             | \$                | %             | \$               | %             |
| <b>SALES</b>  | <b>3,243,535</b> |               | <b>3,436,967</b> |               | <b>2,682,856</b>  |               | <b>3,934,347</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,151,425</b> | <b>66.33</b>  | <b>2,322,455</b> | <b>67.57</b>  | <b>1,700,927</b>  | <b>63.40</b>  | <b>2,636,159</b> | <b>67.00</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,092,111</b> | <b>33.67</b>  | <b>1,114,513</b> | <b>32.43</b>  | <b>981,929</b>    | <b>36.60</b>  | <b>1,298,188</b> | <b>33.00</b>  |
| Other Income  | 23,939           |               | 101,612          |               | 30,242            |               | 62,375           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,116,049</b> |               | <b>1,216,125</b> |               | <b>1,012,171</b>  |               | <b>1,360,563</b> |               |
| <b>TOTAL REVENUE</b>                                      | <b>3,267,474</b> | <b>100.00</b> | <b>3,538,579</b> | <b>100.00</b> | <b>2,713,098</b>  | <b>100.00</b> | <b>3,996,723</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                  |               |                  |               |                   |               |                  |               |
| Salaries and Wages  | 390,690          | 11.96         | 356,874          | 10.09         | 278,975           | 10.28         | 481,655          | 12.05         |
| Rent Paid   | 149,594          | 4.58          | 104,397          | 2.95          | 81,832            | 3.02          | 68,180           | 1.71          |
| Outgoings - Rental & Rates                                | 8,948            | 0.27          | 6,060            | 0.17          | 5,475             | 0.20          | 9,369            | 0.23          |
| Accounting  | 11,092           | 0.34          | 13,827           | 0.39          | 8,221             | 0.30          | 9,863            | 0.25          |
| Advertising   | 55,870           | 1.71          | 36,184           | 1.02          | 32,736            | 1.21          | 69,507           | 1.74          |
| Bank Charges  | 10,324           | 0.32          | 9,095            | 0.26          | 7,500             | 0.28          | 13,698           | 0.34          |
| Computer Expenses   | 10,821           | 0.33          | 8,750            | 0.25          | 11,546            | 0.43          | 16,692           | 0.42          |
| Depreciation  | 31,605           | 0.97          | 32,029           | 0.91          | 17,152            | 0.63          | 22,711           | 0.57          |
| Electricity, Water, Heating                               | 12,371           | 0.38          | 10,223           | 0.29          | 8,120             | 0.30          | 11,000           | 0.28          |
| Insurance   | 7,593            | 0.23          | 11,135           | 0.31          | 9,807             | 0.36          | 12,340           | 0.31          |
| Interest Paid   | 59,069           | 1.81          | 36,457           | 1.03          | 45,575            | 1.68          | 45,575           | 1.14          |
| Leasing Expenses  | 13,973           | 0.43          | 13,500           | 0.38          | 3,362             | 0.12          | 7,703            | 0.19          |
| Motor Vehicle Expenses                                    | 5,706            | 0.17          | 3,204            | 0.09          | 5,330             | 0.20          | 10,416           | 0.26          |
| Postage, Freight, Printing                                | 12,818           | 0.39          | 12,872           | 0.36          | 10,781            | 0.40          | 19,415           | 0.49          |
| Repairs, Maintenance, Service                             | 4,850            | 0.15          | 4,519            | 0.13          | 4,594             | 0.17          | 7,362            | 0.18          |
| Subs and Registrations                                    | 9,852            | 0.30          | 11,926           | 0.34          | 14,676            | 0.54          | 10,674           | 0.27          |
| Superannuation  | 34,059           | 1.04          | 34,510           | 0.98          | 24,934            | 0.92          | 44,067           | 1.10          |
| Telephone   | 6,850            | 0.21          | 7,988            | 0.23          | 6,134             | 0.23          | 6,899            | 0.17          |
| Training  | 5,580            | 0.17          | 4,305            | 0.12          | 4,755             | 0.18          | 6,913            | 0.17          |
| Abnormal Expenses   | 1,339            | 0.04          | 39,646           | 1.12          | 0                 | 0.00          | 6,418            | 0.16          |
| Payroll Tax   | 4,823            | 0.15          | 13,971           | 0.39          | 0                 | 0.00          | 15,736           | 0.39          |
| Workers' Compensation                                     | 1,593            | 0.05          | 4,147            | 0.12          | 1,185             | 0.04          | 1,733            | 0.04          |
| Other Expenses  | 58,351           | 1.79          | 18,389           | 0.52          | 36,822            | 1.36          | 49,946           | 1.25          |
| <b>TOTAL EXPENSES</b>                                     | <b>908,255</b>   | <b>27.80</b>  | <b>794,010</b>   | <b>22.44</b>  | <b>619,510</b>    | <b>22.83</b>  | <b>947,873</b>   | <b>23.72</b>  |
| <b>TOTAL INCOME</b>                                       | <b>207,795</b>   | <b>6.36</b>   | <b>422,114</b>   | <b>11.93</b>  | <b>392,661</b>    | <b>14.47</b>  | <b>412,690</b>   | <b>10.33</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 157,105<br>1.29  | 4.81          | 199,434<br>1.63  | 5.64          | 176,042<br>1.44   | 6.49          | 163,648<br>1.34  | 4.09          |
| <b>NET PROFIT/LOSS</b>                                    | <b>50,690</b>    | <b>1.55</b>   | <b>222,681</b>   | <b>6.29</b>   | <b>216,619</b>    | <b>7.98</b>   | <b>249,041</b>   | <b>6.23</b>   |
| <b>SALES ANALYSIS</b>                                     |                  |               |                  |               |                   |               |                  |               |
| Prescriptions   | 2,215,364        | 68.30         | 2,161,750        | 62.90         | 1,752,131         | 65.31         | 2,898,403        | 73.67         |
| Other Sales   | 1,028,172        | 31.70         | 1,275,217        | 37.10         | 930,725           | 34.69         | 1,035,945        | 26.33         |
| <b>INVENTORY ANALYSIS</b>                                 |                  |               |                  |               |                   |               |                  |               |
| Prescription  | 76,594           | 2.34          | 151,512          | 4.28          | 67,729            | 2.50          | 90,771           | 2.27          |
| Other   | 207,276          | 6.34          | 146,336          | 4.14          | 134,705           | 4.97          | 193,842          | 4.85          |
| <b>STOCK CARRIED (Total)</b>                              | <b>283,869</b>   | <b>8.69</b>   | <b>297,847</b>   | <b>8.42</b>   | <b>202,435</b>    | <b>7.46</b>   | <b>284,612</b>   | <b>7.12</b>   |
| <b>STOCK TURN (On Total Inventory)</b>                    | <b>7.58</b>      |               | <b>7.80</b>      |               | <b>8.40</b>       |               | <b>9.26</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                  |               |                  |               |                   |               |                  |               |
| Prescription  | 28.92            |               | 14.27            |               | 25.87             |               | 31.93            |               |
| Other   | 4.96             |               | 8.71             |               | 6.91              |               | 5.34             |               |
| <b>STATISTICS</b>   |                  |               |                  |               |                   |               |                  |               |
| PHARMACY SIZE (square metres)                             | 174              |               | 177              |               | 167               |               | 234              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 60,335           |               | 64,927           |               | 48,741            |               | 75,302           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,157            |               | 1,245            |               | 935               |               | 1,444            |               |
| TOTAL HOURS OPEN per WEEK                                 | 61.8             |               | 59.6             |               | 60.9              |               | 58.2             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 48.8             |               | 62.0             |               | 54.7              |               | 50.9             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>60,496</b>    | <b>1.85</b>   | <b>142,027</b>   | <b>4.01</b>   | <b>75,667</b>     | <b>2.79</b>   | <b>22,808</b>    | <b>0.57</b>   |

(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) 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 30/6/10)

**Table 17**

**STATE AVERAGES**

| <b>EMPLOYEES</b>                 | <b>NSW</b> | <b>VIC</b> | <b>QLD</b> | <b>SA</b> | <b>WA</b> | <b>TAS</b> | <b>AUST</b> |
|----------------------------------|------------|------------|------------|-----------|-----------|------------|-------------|
| <b>PROPRIETORS :</b>             |            |            |            |           |           |            |             |
| Full Time                        | 0.8        | 0.8        | 0.8        | 0.8       | 0.8       | 0.9        | 0.9         |
| Part Time & Casual               | 0.3        | 0.4        | 0.4        | 0.5       | 0.4       | 0.3        | 0.3         |
| Hours worked per week            | 38.5       | 40.1       | 43.4       | 39.9      | 43.3      | 41.9       | 42.0        |
| <b>MANAGERS :</b>                |            |            |            |           |           |            |             |
| Full Time                        | 0.3        | 0.1        | 0.2        | 0.1       | 0.1       | 0.1        | 0.2         |
| Part Time & Casual               | 0.1        | 0.0        | 0.1        | 0.0       | 0.0       | 0.1        | 0.1         |
| Hours worked per week            | 11.6       | 3.3        | 13.2       | 3.8       | 4.0       | 5.3        | 10.8        |
| <b>PHARMACISTS IN CHARGE :</b>   |            |            |            |           |           |            |             |
| Full Time                        | 0.6        | 0.5        | 0.4        | 0.2       | 0.3       | 0.1        | 0.4         |
| Part Time & Casual               | 1.2        | 0.6        | 1.1        | 0.7       | 0.7       | 1.7        | 0.8         |
| Hours worked per week            | 36.6       | 25.5       | 30.0       | 21.3      | 18.4      | 26.8       | 27.4        |
| <b>OTHER QUALIFIED :</b>         |            |            |            |           |           |            |             |
| Full Time                        | 0.2        | 0.9        | 0.3        | 0.4       | 0.4       | 0.1        | 0.2         |
| Part Time & Casual               | 0.7        | 0.3        | 0.4        | 0.9       | 0.1       | 0.2        | 0.6         |
| Hours worked per week            | 20.8       | 38.4       | 19.8       | 32.3      | 16.8      | 6.4        | 16.9        |
| <b>PHARMACY ASSISTANTS :</b>     |            |            |            |           |           |            |             |
| Full Time                        | 0.6        | 0.8        | 0.7        | 0.5       | 0.6       | 1.1        | 0.9         |
| Part Time & Casual               | 1.0        | 1.2        | 0.6        | 1.1       | 0.3       | 0.2        | 0.7         |
| Hours worked per week            | 41.2       | 62.8       | 38.4       | 31.2      | 30.7      | 45.1       | 45.8        |
| <b>SALES &amp; OTHER STAFF :</b> |            |            |            |           |           |            |             |
| Full Time                        | 1.7        | 2.1        | 1.6        | 1.4       | 0.8       | 3.0        | 1.9         |
| Part Time & Casual               | 4.3        | 3.8        | 4.3        | 2.4       | 3.0       | 2.2        | 3.7         |
| Hours worked per week            | 129.2      | 168.0      | 117.4      | 63.1      | 82.7      | 145.6      | 121.6       |
| <b>TOTAL STAFF :</b>             |            |            |            |           |           |            |             |
| Full Time                        | 4.2        | 5.2        | 4.2        | 3.4       | 3.0       | 5.2        | 4.6         |
| Part Time & Casual               | 7.7        | 6.3        | 7.0        | 5.6       | 4.5       | 4.6        | 6.2         |
| Hours worked per week            | 277.8      | 338.1      | 262.3      | 191.6     | 195.9     | 271.3      | 264.5       |

**AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED**  
(Based on 12 months trading to 30/6/10)

**Table 18**

**BY TURNOVER CATEGORY (\$)**

| <b>EMPLOYEES</b>                 | <b>UP TO<br/>1.0M</b> | <b>1.0M<br/>-1.5M</b> | <b>1.5M<br/>-2.0M</b> | <b>2.0M<br/>-2.5M</b> | <b>2.5M<br/>-3.0M</b> | <b>3.0M<br/>-4.0M</b> | <b>4.0M<br/>-5.0M</b> | <b>OVER<br/>5.0M</b> |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| <b>PROPRIETORS :</b>             |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 0.9                   | 0.9                   | 0.9                   | 0.9                   | 0.7                   | 0.8                   | 1.1                   | 1.0                  |
| Part Time & Casual               | 0.1                   | 0.3                   | 0.3                   | 0.4                   | 0.5                   | 0.4                   | 0.4                   | 0.4                  |
| Hours worked per week            | 35.6                  | 41.1                  | 40.9                  | 43.3                  | 37.6                  | 41.4                  | 53.6                  | 47.3                 |
| <b>MANAGERS :</b>                |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 0.0                   | 0.2                   | 0.1                   | 0.2                   | 0.2                   | 0.4                   | 0.0                   | 0.4                  |
| Part Time & Casual               | 0.0                   | 0.1                   | 0.1                   | 0.1                   | 0.1                   | 0.1                   | 0.1                   | 0.2                  |
| Hours worked per week            | 0.0                   | 10.8                  | 7.9                   | 8.8                   | 10.4                  | 15.5                  | 2.2                   | 24.5                 |
| <b>PHARMACISTS IN CHARGE :</b>   |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 0.2                   | 0.0                   | 0.1                   | 0.3                   | 0.6                   | 0.7                   | 0.8                   | 0.9                  |
| Part Time & Casual               | 0.2                   | 1.2                   | 1.0                   | 0.8                   | 0.9                   | 0.8                   | 0.1                   | 1.2                  |
| Hours worked per week            | 9.4                   | 13.9                  | 21.3                  | 17.6                  | 43.5                  | 35.0                  | 26.6                  | 55.4                 |
| <b>OTHER QUALIFIED :</b>         |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 0.2                   | 0.0                   | 0.2                   | 0.3                   | 0.4                   | 0.1                   | 0.7                   | 0.4                  |
| Part Time & Casual               | 0.4                   | 0.0                   | 0.5                   | 0.9                   | 0.4                   | 0.7                   | 1.0                   | 0.7                  |
| Hours worked per week            | 15.8                  | 0.0                   | 18.6                  | 17.7                  | 18.4                  | 16.5                  | 37.8                  | 26.0                 |
| <b>PHARMACY ASSISTANTS :</b>     |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 0.0                   | 0.5                   | 0.6                   | 0.6                   | 0.7                   | 1.5                   | 1.4                   | 1.9                  |
| Part Time & Casual               | 0.2                   | 0.4                   | 0.4                   | 0.7                   | 0.4                   | 0.8                   | 1.1                   | 2.1                  |
| Hours worked per week            | 0.0                   | 27.8                  | 32.3                  | 38.9                  | 32.3                  | 65.0                  | 69.1                  | 101.3                |
| <b>SALES &amp; OTHER STAFF :</b> |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 0.4                   | 0.4                   | 0.8                   | 1.6                   | 1.8                   | 2.7                   | 3.4                   | 4.6                  |
| Part Time & Casual               | 0.8                   | 1.5                   | 2.6                   | 3.6                   | 4.1                   | 3.9                   | 4.9                   | 10.7                 |
| Hours worked per week            | 23.0                  | 29.4                  | 77.4                  | 109.0                 | 131.8                 | 140.4                 | 194.2                 | 325.2                |
| <b>TOTAL STAFF :</b>             |                       |                       |                       |                       |                       |                       |                       |                      |
| Full Time                        | 1.7                   | 2.0                   | 2.8                   | 3.8                   | 4.4                   | 6.2                   | 7.4                   | 9.3                  |
| Part Time & Casual               | 1.7                   | 3.3                   | 4.9                   | 6.5                   | 6.2                   | 6.7                   | 7.6                   | 15.3                 |
| Hours worked per week            | 83.8                  | 123.0                 | 198.5                 | 235.3                 | 273.8                 | 313.7                 | 383.5                 | 579.7                |

**AUSTRALIAN PHARMACIES – WEEKLY PRESCRIPTION VOLUME**  
(Based on 12 Months of Trading to 30/06/10)

**Table 19**

|   | Up to 400       |               | 401 - 600        |               | 601 - 800        |               | 801 - 1000       |               |
|---|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                | \$              | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES</b>  | <b>815,037</b>  |               | <b>1,567,164</b> |               | <b>2,040,603</b> |               | <b>2,580,447</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>530,369</b>  | <b>65.07</b>  | <b>1,050,443</b> | <b>67.03</b>  | <b>1,357,445</b> | <b>66.52</b>  | <b>1,736,478</b> | <b>67.29</b>  |
| <b>GROSS MARGIN</b>                                       | <b>284,668</b>  | <b>34.93</b>  | <b>516,720</b>   | <b>32.97</b>  | <b>683,158</b>   | <b>33.48</b>  | <b>843,969</b>   | <b>32.71</b>  |
| Other Income  | 12,303          |               | 27,806           |               | 38,010           |               | 21,037           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>296,971</b>  |               | <b>544,526</b>   |               | <b>721,168</b>   |               | <b>865,005</b>   |               |
| <b>TOTAL REVENUE</b>                                      | <b>827,340</b>  | <b>100.00</b> | <b>1,594,969</b> | <b>100.00</b> | <b>2,078,613</b> | <b>100.00</b> | <b>2,601,483</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                 |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 111,974         | 13.53         | 195,948          | 12.29         | 221,232          | 10.64         | 291,741          | 11.21         |
| Rent Paid   | 35,057          | 4.24          | 93,559           | 5.87          | 77,545           | 3.73          | 81,280           | 3.12          |
| Outgoings - Rental & Rates                                | 1,913           | 0.23          | 4,067            | 0.26          | 5,785            | 0.28          | 5,538            | 0.21          |
| Accounting  | 5,886           | 0.71          | 7,131            | 0.45          | 8,844            | 0.43          | 8,939            | 0.34          |
| Advertising   | 9,510           | 1.15          | 17,330           | 1.09          | 20,682           | 0.99          | 35,912           | 1.38          |
| Bank Charges  | 2,725           | 0.33          | 4,143            | 0.26          | 5,008            | 0.24          | 10,118           | 0.39          |
| Computer Expenses   | 7,278           | 0.88          | 7,540            | 0.47          | 7,215            | 0.35          | 13,894           | 0.53          |
| Depreciation  | 21,798          | 2.63          | 22,056           | 1.38          | 21,005           | 1.01          | 27,270           | 1.05          |
| Electricity, Water, Heating                               | 4,693           | 0.57          | 5,815            | 0.36          | 6,967            | 0.34          | 8,747            | 0.34          |
| Insurance   | 4,723           | 0.57          | 5,929            | 0.37          | 7,884            | 0.38          | 7,037            | 0.27          |
| Interest Paid   | 20,890          | 2.52          | 38,294           | 2.40          | 33,488           | 1.61          | 40,708           | 1.56          |
| Leasing Expenses  | 3,056           | 0.37          | 4,944            | 0.31          | 10,050           | 0.48          | 2,993            | 0.12          |
| Motor Vehicle Expenses                                    | 2,170           | 0.26          | 4,361            | 0.27          | 3,059            | 0.15          | 6,514            | 0.25          |
| Postage, Freight, Printing                                | 2,894           | 0.35          | 5,403            | 0.34          | 6,802            | 0.33          | 10,581           | 0.41          |
| Repairs, Maintenance, Service                             | 1,725           | 0.21          | 1,978            | 0.12          | 2,485            | 0.12          | 4,746            | 0.18          |
| Subs and Registrations                                    | 7,119           | 0.86          | 5,645            | 0.35          | 6,790            | 0.33          | 6,916            | 0.27          |
| Superannuation  | 8,985           | 1.09          | 17,961           | 1.13          | 21,297           | 1.02          | 27,382           | 1.05          |
| Telephone   | 3,200           | 0.39          | 4,005            | 0.25          | 4,830            | 0.23          | 5,265            | 0.20          |
| Training  | 750             | 0.09          | 1,786            | 0.11          | 2,445            | 0.12          | 2,230            | 0.09          |
| Abnormal Expenses   | 1,216           | 0.15          | 3,560            | 0.22          | 20,377           | 0.98          | 4,104            | 0.16          |
| Payroll Tax   | 2,109           | 0.25          | 3,347            | 0.21          | 1,815            | 0.09          | 3,076            | 0.12          |
| Workers' Compensation                                     | 754             | 0.09          | 1,792            | 0.11          | 1,740            | 0.08          | 2,373            | 0.09          |
| Other Expenses  | 25,530          | 3.09          | 38,349           | 2.40          | 27,618           | 1.33          | 46,498           | 1.79          |
| <b>TOTAL EXPENSES</b>                                     | <b>285,954</b>  | <b>34.56</b>  | <b>494,943</b>   | <b>31.03</b>  | <b>524,961</b>   | <b>25.26</b>  | <b>653,864</b>   | <b>25.13</b>  |
| <b>TOTAL INCOME</b>                                       | <b>11,017</b>   | <b>1.33</b>   | <b>49,583</b>    | <b>3.11</b>   | <b>196,207</b>   | <b>9.44</b>   | <b>211,142</b>   | <b>8.12</b>   |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 113,170<br>0.93 | 13.68         | 118,942<br>0.97  | 7.46          | 128,829<br>1.05  | 6.20          | 138,708<br>1.13  | 5.33          |
| <b>NET PROFIT/LOSS</b>                                    | <b>-102,152</b> | <b>-12.35</b> | <b>-69,360</b>   | <b>-4.35</b>  | <b>67,378</b>    | <b>3.24</b>   | <b>72,434</b>    | <b>2.78</b>   |
| <b>SALES ANALYSIS</b>                                     |                 |               |                  |               |                  |               |                  |               |
| Prescriptions   | 502,828         | 61.69         | 998,387          | 63.71         | 1,431,577        | 70.15         | 1,768,227        | 68.52         |
| Other Sales   | 312,208         | 38.31         | 568,776          | 36.29         | 609,026          | 29.85         | 812,220          | 31.48         |
| <b>INVENTORY ANALYSIS</b>                                 |                 |               |                  |               |                  |               |                  |               |
| Prescription  | 37,204          | 4.50          | 63,549           | 3.98          | 76,160           | 3.66          | 111,947          | 4.30          |
| Other   | 73,280          | 8.86          | 161,565          | 10.13         | 185,130          | 8.91          | 174,844          | 6.72          |
| STOCK CARRIED (Total)                                     | 110,484         | 13.35         | 225,115          | 14.11         | 261,291          | 12.57         | 286,791          | 11.02         |
| STOCK TURN (On Total Inventory)                           | 4.80            |               | 4.67             |               | 5.20             |               | 6.05             |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                 |               |                  |               |                  |               |                  |               |
| Prescription  | 13.52           |               | 15.71            |               | 18.80            |               | 15.80            |               |
| Other   | 4.26            |               | 3.52             |               | 3.29             |               | 4.65             |               |
| <b>STATISTICS</b>   |                 |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 102             |               | 132              |               | 122              |               | 139              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 13,336          |               | 26,408           |               | 37,524           |               | 46,580           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 256             |               | 506              |               | 720              |               | 893              |               |
| TOTAL HOURS OPEN per WEEK                                 | 55.2            |               | 56.3             |               | 56.1             |               | 59.8             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 35.2            |               | 37.0             |               | 40.1             |               | 43.1             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>-6,913</b>   | <b>-0.84</b>  | <b>-14,081</b>   | <b>-0.88</b>  | <b>101,778</b>   | <b>4.90</b>   | <b>88,856</b>    | <b>3.42</b>   |

(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) 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 30/06/10)

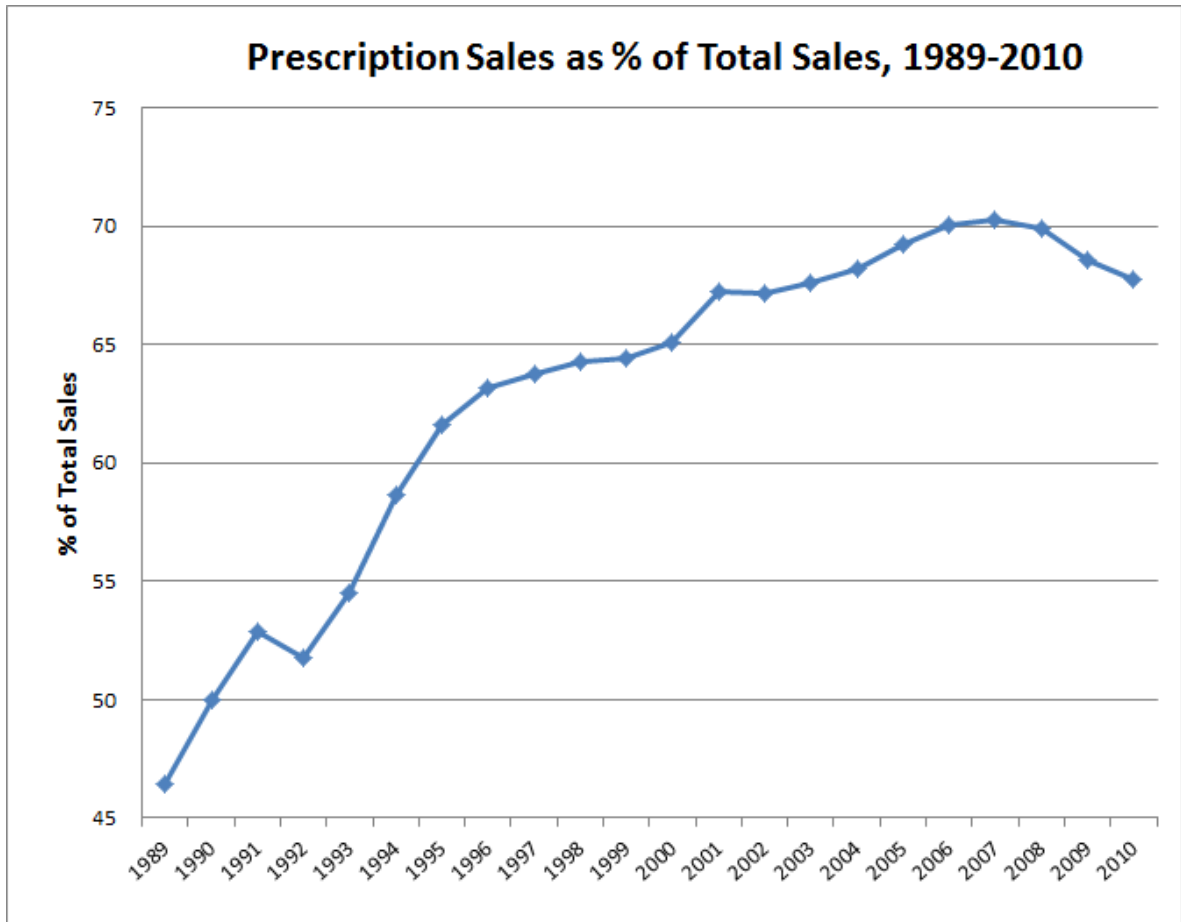
**Table 19**

|   | 1,001 – 1,200    |               | 1,201 – 1,400    |               | 1,401 – 2,000    |               | Over 2,000       |               |
|---|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b>                | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES</b>  | <b>3,303,924</b> |               | <b>3,687,179</b> |               | <b>4,574,806</b> |               | <b>7,546,642</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,207,187</b> | <b>66.81</b>  | <b>2,444,135</b> | <b>66.29</b>  | <b>3,015,654</b> | <b>65.92</b>  | <b>5,142,121</b> | <b>68.14</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,096,737</b> | <b>33.19</b>  | <b>1,243,044</b> | <b>33.71</b>  | <b>1,559,152</b> | <b>34.08</b>  | <b>2,404,521</b> | <b>31.86</b>  |
| Other Income  | 28,507           |               | 42,527           |               | 53,556           |               | 117,444          |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,125,244</b> |               | <b>1,285,570</b> |               | <b>1,612,707</b> |               | <b>2,521,965</b> |               |
| <b>TOTAL REVENUE</b>                                      | <b>3,332,431</b> | <b>100.00</b> | <b>3,729,706</b> | <b>100.00</b> | <b>4,628,362</b> | <b>100.00</b> | <b>7,664,086</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 379,306          | 11.38         | 425,825          | 11.42         | 535,994          | 11.58         | 849,891          | 11.09         |
| Rent Paid   | 147,942          | 4.44          | 151,207          | 4.05          | 185,700          | 4.01          | 260,558          | 3.40          |
| Outgoings - Rental & Rates                                | 7,050            | 0.21          | 6,257            | 0.17          | 8,542            | 0.18          | 11,310           | 0.15          |
| Accounting  | 10,497           | 0.31          | 13,632           | 0.37          | 15,254           | 0.33          | 16,863           | 0.22          |
| Advertising   | 38,068           | 1.14          | 50,836           | 1.36          | 62,031           | 1.34          | 93,723           | 1.22          |
| Bank Charges  | 13,711           | 0.41          | 12,988           | 0.35          | 9,891            | 0.21          | 25,887           | 0.34          |
| Computer Expenses   | 8,214            | 0.25          | 9,954            | 0.27          | 11,662           | 0.25          | 14,732           | 0.19          |
| Depreciation  | 34,358           | 1.03          | 31,876           | 0.85          | 39,474           | 0.85          | 71,788           | 0.94          |
| Electricity, Water, Heating                               | 11,123           | 0.33          | 10,492           | 0.28          | 13,127           | 0.28          | 20,632           | 0.27          |
| Insurance   | 9,416            | 0.28          | 10,006           | 0.27          | 10,518           | 0.23          | 18,757           | 0.24          |
| Interest Paid   | 62,176           | 1.87          | 91,590           | 2.46          | 64,839           | 1.40          | 88,351           | 1.15          |
| Leasing Expenses  | 4,274            | 0.13          | 11,393           | 0.31          | 19,301           | 0.42          | 34,175           | 0.45          |
| Motor Vehicle Expenses                                    | 5,401            | 0.16          | 7,099            | 0.19          | 5,179            | 0.11          | 6,377            | 0.08          |
| Postage, Freight, Printing                                | 11,122           | 0.33          | 16,024           | 0.43          | 19,417           | 0.42          | 28,261           | 0.37          |
| Repairs, Maintenance, Service                             | 5,527            | 0.17          | 8,823            | 0.24          | 6,892            | 0.15          | 8,773            | 0.11          |
| Subs and Registrations                                    | 11,143           | 0.33          | 11,877           | 0.32          | 11,700           | 0.25          | 19,202           | 0.25          |
| Superannuation  | 34,492           | 1.04          | 40,937           | 1.10          | 46,455           | 1.00          | 82,708           | 1.08          |
| Telephone   | 7,021            | 0.21          | 7,688            | 0.21          | 8,652            | 0.19          | 12,864           | 0.17          |
| Training  | 4,410            | 0.13          | 4,803            | 0.13          | 6,510            | 0.14          | 10,516           | 0.14          |
| Abnormal Expenses   | 61               | 0.00          | 8,728            | 0.23          | 2,103            | 0.05          | 12,482           | 0.16          |
| Payroll Tax   | 6,259            | 0.19          | 5,822            | 0.16          | 8,304            | 0.18          | 23,738           | 0.31          |
| Workers' Compensation                                     | 3,272            | 0.10          | 4,095            | 0.11          | 4,369            | 0.09          | 6,874            | 0.09          |
| Other Expenses  | 50,354           | 1.51          | 50,141           | 1.34          | 68,517           | 1.48          | 106,761          | 1.39          |
| <b>TOTAL EXPENSES</b>                                     | <b>865,198</b>   | <b>25.96</b>  | <b>992,094</b>   | <b>26.60</b>  | <b>1,164,429</b> | <b>25.16</b>  | <b>1,825,222</b> | <b>23.82</b>  |
| <b>TOTAL INCOME</b>                                       | <b>260,046</b>   | <b>7.80</b>   | <b>293,476</b>   | <b>7.87</b>   | <b>448,278</b>   | <b>9.69</b>   | <b>696,743</b>   | <b>9.09</b>   |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 142,130<br>1.16  | 4.27          | 126,728<br>1.04  | 3.40          | 164,190<br>1.34  | 3.55          | 158,690<br>1.30  | 2.07          |
| <b>NET PROFIT/LOSS</b>                                    | <b>117,917</b>   | <b>3.54</b>   | <b>166,748</b>   | <b>4.47</b>   | <b>284,088</b>   | <b>6.14</b>   | <b>538,053</b>   | <b>7.02</b>   |
| <b>SALES ANALYSIS</b>                                     |                  |               |                  |               |                  |               |                  |               |
| Prescriptions   | 2,036,820        | 61.65         | 2,463,552        | 66.81         | 3,230,746        | 70.62         | 5,373,729        | 71.21         |
| Other Sales   | 1,267,104        | 38.35         | 1,223,627        | 33.19         | 1,344,061        | 29.38         | 2,172,913        | 28.79         |
| <b>INVENTORY ANALYSIS</b>                                 |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 79,764           | 2.39          | 101,858          | 2.73          | 113,420          | 2.45          | 191,977          | 2.50          |
| Other   | 165,500          | 4.97          | 238,609          | 6.40          | 234,631          | 5.07          | 342,332          | 4.47          |
| <b>STOCK CARRIED (Total)</b>                              | <b>245,264</b>   | <b>7.36</b>   | <b>340,467</b>   | <b>9.13</b>   | <b>348,051</b>   | <b>7.52</b>   | <b>534,309</b>   | <b>6.97</b>   |
| <b>STOCK TURN (On Total Inventory)</b>                    | <b>9.00</b>      |               | <b>7.18</b>      |               | <b>8.66</b>      |               | <b>9.62</b>      |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 25.54            |               | 24.19            |               | 28.48            |               | 27.99            |               |
| Other   | 7.66             |               | 5.13             |               | 5.73             |               | 6.35             |               |
| <b>STATISTICS</b>   |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 188              |               | 191              |               | 213              |               | 293              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 56,362           |               | 66,684           |               | 86,355           |               | 145,019          |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 1,081            |               | 1,279            |               | 1,656            |               | 2,781            |               |
| TOTAL HOURS OPEN per WEEK                                 | 62.5             |               | 61.6             |               | 62.5             |               | 64.9             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 44.2             |               | 39.4             |               | 51.0             |               | 49.3             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>73,699</b>    | <b>2.21</b>   | <b>135,062</b>   | <b>3.62</b>   | <b>135,800</b>   | <b>2.93</b>   | <b>300,429</b>   | <b>3.92</b>   |

(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) 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 30/06/10)

**Table 20**

|   | Less Than 50%     |               | 51 - 60%         |               | 61 - 70%         |               | 71 - 80%         |               | Over 80%         |               |
|---|-------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| SALES, EXPENSES & PROFITABILITY                           | \$                | %             | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES</b>  | <b>4,044,722</b>  |               | <b>4,527,667</b> |               | <b>4,217,813</b> |               | <b>3,702,164</b> |               | <b>2,566,168</b> |               |
| <b>COST OF GOODS SOLD</b>                                 | <b>2,767,601</b>  | <b>68.42</b>  | <b>2,975,956</b> | <b>65.73</b>  | <b>2,849,635</b> | <b>67.56</b>  | <b>2,473,406</b> | <b>66.81</b>  | <b>1,717,316</b> | <b>66.92</b>  |
| <b>GROSS MARGIN</b>                                       | <b>1,277,121</b>  | <b>31.58</b>  | <b>1,551,711</b> | <b>34.27</b>  | <b>1,368,178</b> | <b>32.44</b>  | <b>1,228,758</b> | <b>33.19</b>  | <b>848,852</b>   | <b>33.08</b>  |
| Other Income  | 25,640            |               | 52,058           |               | 64,730           |               | 43,668           |               | 44,485           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>                     | <b>1,302,762</b>  |               | <b>1,603,769</b> |               | <b>1,432,908</b> |               | <b>1,272,425</b> |               | <b>893,337</b>   |               |
| <b>TOTAL REVENUE</b>                                      | <b>4,070,363</b>  | <b>100.00</b> | <b>4,579,725</b> | <b>100.00</b> | <b>4,282,543</b> | <b>100.00</b> | <b>3,745,831</b> | <b>100.00</b> | <b>2,610,653</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                   |               |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages  | 498,085           | 12.24         | 571,505          | 12.48         | 494,278          | 11.54         | 408,413          | 10.90         | 283,291          | 10.85         |
| Rent Paid   | 300,959           | 7.39          | 250,682          | 5.47          | 167,725          | 3.92          | 123,657          | 3.30          | 60,479           | 2.32          |
| Outgoings - Rental & Rates                                | 14,387            | 0.35          | 10,607           | 0.23          | 6,633            | 0.15          | 5,184            | 0.14          | 4,952            | 0.19          |
| Accounting  | 11,950            | 0.29          | 15,401           | 0.34          | 10,807           | 0.25          | 11,746           | 0.31          | 10,098           | 0.39          |
| Advertising   | 93,758            | 2.30          | 72,296           | 1.58          | 58,422           | 1.36          | 40,823           | 1.09          | 18,961           | 0.73          |
| Bank Charges  | 14,739            | 0.36          | 14,481           | 0.32          | 11,238           | 0.26          | 14,407           | 0.38          | 6,239            | 0.24          |
| Computer Expenses   | 14,757            | 0.36          | 14,101           | 0.31          | 10,098           | 0.24          | 10,566           | 0.28          | 8,144            | 0.31          |
| Depreciation  | 68,376            | 1.68          | 49,796           | 1.09          | 34,504           | 0.81          | 33,057           | 0.88          | 26,055           | 1.00          |
| Electricity, Water, Heating                               | 17,414            | 0.43          | 17,182           | 0.38          | 13,048           | 0.30          | 10,646           | 0.28          | 5,924            | 0.23          |
| Insurance   | 9,270             | 0.23          | 13,000           | 0.28          | 10,119           | 0.24          | 10,017           | 0.27          | 8,544            | 0.33          |
| Interest Paid   | 62,359            | 1.53          | 95,779           | 2.09          | 62,028           | 1.45          | 59,143           | 1.58          | 40,428           | 1.55          |
| Leasing Expenses  | 14,112            | 0.35          | 9,957            | 0.22          | 25,736           | 0.60          | 12,988           | 0.35          | 5,552            | 0.21          |
| Motor Vehicle Expenses                                    | 5,825             | 0.14          | 7,638            | 0.17          | 4,371            | 0.10          | 4,921            | 0.13          | 4,996            | 0.19          |
| Postage, Freight, Printing                                | 15,035            | 0.37          | 16,994           | 0.37          | 14,664           | 0.34          | 15,386           | 0.41          | 10,291           | 0.39          |
| Repairs, Maintenance, Service                             | 4,874             | 0.12          | 6,763            | 0.15          | 6,551            | 0.15          | 6,473            | 0.17          | 3,370            | 0.13          |
| Subs and Registrations                                    | 7,762             | 0.19          | 10,187           | 0.22          | 10,735           | 0.25          | 13,258           | 0.35          | 8,460            | 0.32          |
| Superannuation  | 42,910            | 1.05          | 48,034           | 1.05          | 46,935           | 1.10          | 38,336           | 1.02          | 28,217           | 1.08          |
| Telephone   | 7,481             | 0.18          | 9,459            | 0.21          | 8,276            | 0.19          | 6,796            | 0.18          | 5,811            | 0.22          |
| Training  | 4,133             | 0.10          | 8,144            | 0.18          | 4,955            | 0.12          | 4,953            | 0.13          | 3,074            | 0.12          |
| Abnormal Expenses   | 6                 | 0.00          | 19,521           | 0.43          | 15,235           | 0.36          | 1,361            | 0.04          | 4,289            | 0.16          |
| Payroll Tax   | 12,365            | 0.30          | 7,264            | 0.16          | 13,567           | 0.32          | 5,774            | 0.15          | 4,990            | 0.19          |
| Workers' Compensation                                     | 5,325             | 0.13          | 3,887            | 0.08          | 4,379            | 0.10          | 3,102            | 0.08          | 2,541            | 0.10          |
| Other Expenses  | 100,541           | 2.47          | 74,703           | 1.63          | 79,132           | 1.85          | 51,131           | 1.37          | 27,781           | 1.06          |
| <b>TOTAL EXPENSES</b>                                     | <b>1,326,425</b>  | <b>32.59</b>  | <b>1,347,379</b> | <b>29.42</b>  | <b>1,113,436</b> | <b>26.00</b>  | <b>892,141</b>   | <b>23.82</b>  | <b>582,485</b>   | <b>22.31</b>  |
| <b>TOTAL INCOME</b>                                       | <b>-23,663</b>    | <b>-0.58</b>  | <b>256,390</b>   | <b>5.60</b>   | <b>319,472</b>   | <b>7.46</b>   | <b>380,284</b>   | <b>10.15</b>  | <b>310,852</b>   | <b>11.91</b>  |
| Less Proprietors' Salary (1)<br>[ Full-Time-Equivalents ] | 112,024<br>0.92   | 2.75          | 140,979<br>1.15  | 3.08          | 137,901<br>1.13  | 3.22          | 151,969<br>1.24  | 4.06          | 133,017<br>1.09  | 5.10          |
| <b>NET PROFIT/LOSS</b>                                    | <b>-135,687</b>   | <b>-3.33</b>  | <b>115,411</b>   | <b>2.52</b>   | <b>181,571</b>   | <b>4.24</b>   | <b>228,315</b>   | <b>6.10</b>   | <b>177,835</b>   | <b>6.81</b>   |
| <b>SALES ANALYSIS</b>                                     |                   |               |                  |               |                  |               |                  |               |                  |               |
| Prescriptions   | 1,364,583         | 33.74         | 2,458,456        | 54.30         | 2,799,869        | 66.38         | 2,775,442        | 74.97         | 2,180,876        | 84.99         |
| Other Sales   | 2,680,139         | 66.26         | 2,069,211        | 45.70         | 1,417,944        | 33.62         | 926,721          | 25.03         | 385,292          | 15.01         |
| <b>INVENTORY ANALYSIS</b>                                 |                   |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 63,711            | 1.57          | 127,928          | 2.79          | 126,886          | 2.96          | 96,270           | 2.57          | 92,967           | 3.56          |
| Other   | 289,230           | 7.11          | 376,929          | 8.23          | 275,095          | 6.42          | 182,444          | 4.87          | 125,564          | 4.81          |
| STOCK CARRIED (Total)                                     | 352,941           | 8.67          | 504,857          | 11.02         | 401,981          | 9.39          | 278,714          | 7.44          | 218,531          | 8.37          |
| STOCK TURN (On Total Inventory)                           | 7.84              |               | 5.89             |               | 7.09             |               | 8.87             |               | 7.86             |               |
| <b>SALES PER INVENTORY DOLLAR</b>                         |                   |               |                  |               |                  |               |                  |               |                  |               |
| Prescription  | 21.42             |               | 19.22            |               | 22.07            |               | 28.83            |               | 23.46            |               |
| Other   | 9.27              |               | 5.49             |               | 5.15             |               | 5.08             |               | 3.07             |               |
| <b>STATISTICS</b>   |                   |               |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)                             | 254               |               | 241              |               | 206              |               | 183              |               | 125              |               |
| PRESCRIPTIONS DISPENSED (Total)                           | 38,258            |               | 69,429           |               | 77,582           |               | 72,839           |               | 57,182           |               |
| PRESCRIPTIONS DISPENSED WEEKLY                            | 734               |               | 1,332            |               | 1,488            |               | 1,397            |               | 1,097            |               |
| TOTAL HOURS OPEN per WEEK                                 | 64.7              |               | 61.1             |               | 64.0             |               | 61.1             |               | 55.6             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK                         | 34.8              |               | 43.8             |               | 42.9             |               | 47.2             |               | 41.4             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>                     | <b>69,848,848</b> | <b>-1.72</b>  | <b>1,502</b>     | <b>0.03</b>   | <b>192,307</b>   | <b>4.49</b>   | <b>118,767</b>   | <b>3.17</b>   | <b>142,505</b>   | <b>5.46</b>   |

(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) 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 30/06/10)

**Table 21**

|  | Less Than 50     |               | 51 - 60          |               | 61 - 70          |               | Over 70          |               |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>SALES, EXPENSES &amp; PROFITABILITY</b> | \$               | %             | \$               | %             | \$               | %             | \$               | %             |
| <b>SALES</b>                               | <b>1,967,851</b> |               | <b>3,418,547</b> |               | <b>3,831,675</b> |               | <b>5,135,262</b> |               |
| <b>COST OF GOODS SOLD</b>                  | <b>1,313,383</b> | <b>66.74</b>  | <b>2,289,473</b> | <b>66.97</b>  | <b>2,543,231</b> | <b>66.37</b>  | <b>3,537,797</b> | <b>68.89</b>  |
| <b>GROSS MARGIN</b>                        | <b>654,468</b>   | <b>33.26</b>  | <b>1,129,073</b> | <b>33.03</b>  | <b>1,288,444</b> | <b>33.63</b>  | <b>1,597,465</b> | <b>31.11</b>  |
| Other Income                               | 30,281           |               | 40,083           |               | 60,252           |               | 41,769           |               |
| <b>GROSS MARGIN PLUS OTHER INCOME</b>      | <b>684,749</b>   |               | <b>1,169,156</b> |               | <b>1,348,696</b> |               | <b>1,639,233</b> |               |
| <b>TOTAL REVENUE</b>                       | <b>1,998,132</b> | <b>100.00</b> | <b>3,458,630</b> | <b>100.00</b> | <b>3,891,926</b> | <b>100.00</b> | <b>5,177,031</b> | <b>100.00</b> |
| <b>EXPENSES</b>                            |                  |               |                  |               |                  |               |                  |               |
| Salaries and Wages                         | 214,970          | 10.76         | 375,372          | 10.85         | 465,549          | 11.96         | 561,943          | 10.85         |
| Rent Paid                                  | 37,062           | 1.85          | 138,257          | 4.00          | 183,124          | 4.71          | 177,644          | 3.43          |
| Outgoings - Rental & Rates                 | 2,104            | 0.11          | 3,649            | 0.11          | 9,515            | 0.24          | 9,150            | 0.18          |
| Accounting                                 | 7,844            | 0.39          | 11,153           | 0.32          | 12,511           | 0.32          | 14,548           | 0.28          |
| Advertising                                | 11,330           | 0.57          | 27,016           | 0.78          | 64,525           | 1.66          | 57,053           | 1.10          |
| Bank Charges                               | 3,985            | 0.20          | 6,940            | 0.20          | 15,987           | 0.41          | 12,558           | 0.24          |
| Computer Expenses                          | 7,794            | 0.39          | 9,258            | 0.27          | 11,668           | 0.30          | 11,573           | 0.22          |
| Depreciation                               | 14,699           | 0.74          | 31,255           | 0.90          | 47,278           | 1.21          | 34,136           | 0.66          |
| Electricity, Water, Heating                | 4,919            | 0.25          | 9,125            | 0.26          | 12,755           | 0.33          | 16,776           | 0.32          |
| Insurance                                  | 7,224            | 0.36          | 10,164           | 0.29          | 9,252            | 0.24          | 14,096           | 0.27          |
| Interest Paid                              | 28,646           | 1.43          | 54,416           | 1.57          | 68,673           | 1.76          | 78,575           | 1.52          |
| Leasing Expenses                           | 2,868            | 0.14          | 10,787           | 0.31          | 17,198           | 0.44          | 14,837           | 0.29          |
| Motor Vehicle Expenses                     | 3,464            | 0.17          | 5,938            | 0.17          | 5,688            | 0.15          | 5,593            | 0.11          |
| Postage, Freight, Printing                 | 7,674            | 0.38          | 10,940           | 0.32          | 16,858           | 0.43          | 15,795           | 0.31          |
| Repairs, Maintenance, Service              | 3,554            | 0.18          | 5,445            | 0.16          | 5,110            | 0.13          | 9,158            | 0.18          |
| Subs and Registrations                     | 8,874            | 0.44          | 9,092            | 0.26          | 10,560           | 0.27          | 13,973           | 0.27          |
| Superannuation                             | 20,421           | 1.02          | 37,010           | 1.07          | 41,015           | 1.05          | 55,678           | 1.08          |
| Telephone                                  | 4,405            | 0.22          | 6,841            | 0.20          | 7,901            | 0.20          | 8,547            | 0.17          |
| Training                                   | 1,954            | 0.10          | 3,794            | 0.11          | 6,445            | 0.17          | 3,965            | 0.08          |
| Abnormal Expenses                          | 8,242            | 0.41          | 10,628           | 0.31          | 3,213            | 0.08          | 12,674           | 0.24          |
| Payroll Tax                                | 4,336            | 0.22          | 6,905            | 0.20          | 7,694            | 0.20          | 13,759           | 0.27          |
| Workers' Compensation                      | 1,999            | 0.10          | 3,527            | 0.10          | 3,563            | 0.09          | 5,287            | 0.10          |
| Other Expenses                             | 18,452           | 0.92          | 60,354           | 1.75          | 66,998           | 1.72          | 79,215           | 1.53          |
| <b>TOTAL EXPENSES</b>                      | <b>426,820</b>   | <b>21.36</b>  | <b>847,865</b>   | <b>24.51</b>  | <b>1,093,081</b> | <b>28.09</b>  | <b>1,226,534</b> | <b>23.69</b>  |
| <b>TOTAL INCOME</b>                        | <b>257,929</b>   | <b>12.91</b>  | <b>321,291</b>   | <b>9.29</b>   | <b>255,615</b>   | <b>6.57</b>   | <b>412,700</b>   | <b>7.97</b>   |
| Less Proprietors' Salary (1)               | 120,595          | 6.04          | 144,771          | 4.19          | 146,743          | 3.77          | 134,418          | 2.60          |
| [ Full-Time-Equivalents ]                  | 0.99             |               | 1.18             |               | 1.20             |               | 1.10             |               |
| <b>NET PROFIT/LOSS</b>                     | <b>137,335</b>   | <b>6.87</b>   | <b>176,520</b>   | <b>5.10</b>   | <b>108,872</b>   | <b>2.80</b>   | <b>278,281</b>   | <b>5.38</b>   |
| <b>SALES ANALYSIS</b>                      |                  |               |                  |               |                  |               |                  |               |
| Prescriptions                              | 1,570,523        | 79.81         | 2,234,197        | 65.36         | 2,603,906        | 67.96         | 3,428,879        | 66.77         |
| Other Sales                                | 397,328          | 20.19         | 1,184,350        | 34.64         | 1,227,768        | 32.04         | 1,706,383        | 33.23         |
| <b>INVENTORY ANALYSIS</b>                  |                  |               |                  |               |                  |               |                  |               |
| Prescription                               | 96,774           | 4.84          | 103,985          | 3.01          | 96,443           | 2.48          | 144,031          | 2.78          |
| Other                                      | 150,495          | 7.53          | 213,202          | 6.16          | 226,529          | 5.82          | 218,624          | 4.22          |
| STOCK CARRIED (Total)                      | 247,269          | 12.37         | 317,187          | 9.17          | 322,972          | 8.30          | 362,655          | 7.01          |
| STOCK TURN (On Total Inventory)            | 5.31             |               | 7.22             |               | 7.87             |               | 9.76             |               |
| <b>SALES PER INVENTORY DOLLAR</b>          |                  |               |                  |               |                  |               |                  |               |
| Prescription                               | 16.23            |               | 21.49            |               | 27.00            |               | 23.81            |               |
| Other                                      | 2.64             |               | 5.56             |               | 5.42             |               | 7.81             |               |
| <b>STATISTICS</b>                          |                  |               |                  |               |                  |               |                  |               |
| PHARMACY SIZE (square metres)              | 128              |               | 172              |               | 194              |               | 229              |               |
| PRESCRIPTIONS DISPENSED (Total)            | 41,473           |               | 60,712           |               | 70,373           |               | 92,644           |               |
| PRESCRIPTIONS DISPENSED WEEKLY             | 795              |               | 1,164            |               | 1,350            |               | 1,777            |               |
| TOTAL HOURS OPEN per WEEK                  | 47.3             |               | 55.7             |               | 62.9             |               | 81.7             |               |
| AV HRS WORKED BY PROPRIETORS/WEEK          | 37.5             |               | 45.0             |               | 45.6             |               | 41.8             |               |
| <b>FUNDS RETAINED IN BUSINESS (2)</b>      | <b>99,721</b>    | <b>4.99</b>   | <b>181,795</b>   | <b>5.26</b>   | <b>47,884</b>    | <b>1.23</b>   | <b>227,212</b>   | <b>4.39</b>   |

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

AUSTRALIAN PHARMACIES – BALANCE SHEET 2009-10

**Table 22**

|                       | 30 June 2009<br>(326 Pharmacies) |        | 30 June 2010<br>(280 Pharmacies) |        | Amount and %<br>of Change |        |
|-----------------------|----------------------------------|--------|----------------------------------|--------|---------------------------|--------|
|                       | \$                               | %      | \$                               | %      | \$                        | %      |
| <b>Assets</b>         | 635,216                          | 21.64  | 702,955                          | 23.34  | 67,739                    | 10.66  |
| <b>Liabilities</b>    | 1,128,454                        | 38.44  | 962,039                          | 31.94  | -166,415                  | -14.75 |
| <b>Net Worth</b>      | -493,238                         | -16.80 | -259,084                         | -8.60  | 234,154                   | -47.47 |
| <b>Total Revenue</b>  | 2,935,645                        | 100.00 | 3,011,755                        | 100.00 | 76,110                    | 2.59   |
| <b>Trading Profit</b> | 259,556                          | 8.84   | 238,562                          | 7.92   | -20,994                   | -8.09  |

**AUSTRALIAN PHARMACIES – BALANCE SHEET 2009-10  
BY TURNOVER GROUP**

**Table 23**

|                       | Under \$1,000,000 |        | \$1.0M<br>- \$1.5M |        | \$1.5M<br>- \$2.0M |        | \$2.0M<br>- \$2.5M |        |
|-----------------------|-------------------|--------|--------------------|--------|--------------------|--------|--------------------|--------|
|                       | \$                | %      | \$                 | %      | \$                 | %      | \$                 | %      |
| <b>Assets</b>         | 253,125           | 35.70  | 405,559            | 31.54  | 565,610            | 31.91  | 739,294            | 32.13  |
| <b>Liabilities</b>    | 466,301           | 65.76  | 835,209            | 64.96  | 913,185            | 51.52  | 1,015,427          | 44.12  |
| <b>Net Worth</b>      | -213,176          | -30.06 | -429,650           | -33.41 | -347,575           | -19.61 | -276,133           | -12.00 |
| <b>Total Revenue</b>  | 709,117           | 100.00 | 1,285,817          | 100.00 | 1,772,482          | 100.00 | 2,301,272          | 100.00 |
| <b>Trading Profit</b> | 36,168            | 5.10   | 115,486            | 8.98   | 181,352            | 10.23  | 224,490            | 9.76   |

|                       | \$2.5M<br>- \$3.0M |        | \$3.0M<br>- \$4.0M |        | \$4.0M<br>- \$5.0M |        | OVER<br>\$5.0M |        |
|-----------------------|--------------------|--------|--------------------|--------|--------------------|--------|----------------|--------|
|                       | \$                 | %      | \$                 | %      | \$                 | %      | \$             | %      |
| <b>Assets</b>         | 905,131            | 32.37  | 963,093            | 26.83  | 1,147,435          | 25.39  | 1,708,346      | 23.05  |
| <b>Liabilities</b>    | 1,510,525          | 54.02  | 1,244,102          | 34.65  | 1,671,287          | 36.99  | 2,417,449      | 32.62  |
| <b>Net Worth</b>      | -605,394           | -21.65 | -281,009           | -7.83  | -523,852           | -11.59 | -709,103       | -9.57  |
| <b>Total Revenue</b>  | 2,796,030          | 100.00 | 3,590,270          | 100.00 | 4,518,776          | 100.00 | 7,410,851      | 100.00 |
| <b>Trading Profit</b> | 175,570            | 6.28   | 247,220            | 6.89   | 530,362            | 11.74  | 574,127        | 7.75   |



TABLE 25

COST OF PHARMACEUTICAL BENEFITS, 2003-04 TO 2009-10  
(\$'000)

| Year ending 30 June:   | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>COMMONWEALTH GOVERNMENT</b>   |                  |                  |                  |                  |                  |                  |                  |
| <b>PAYMENTS ON BENEFIT PRESCRIPTIONS (a)</b>                                       |                  |                  |                  |                  |                  |                  |                  |
| General  | 824,131          | 850,691          | 850,095          | 890,276          | 1,039,451        | 1,220,279        | 1,339,182        |
| Safety Net   | 190,683          | 222,668          | 216,247          | 174,128          | 173,500          | 217,487          | 199,599          |
| Concessional (b)   | 2,972,332        | 3,077,034        | 3,145,480        | 3,333,876        | 3,561,294        | 3,909,584        | 4,220,391        |
| Concessional Safety Net  | 1,004,523        | 1,145,497        | 1,172,502        | 1,067,478        | 1,137,925        | 1,216,050        | 1,259,719        |
| <b>TOTAL COMMONWEALTH PAYMENTS</b>   | <b>4,991,669</b> | <b>5,295,890</b> | <b>5,384,324</b> | <b>5,465,758</b> | <b>5,912,170</b> | <b>6,563,401</b> | <b>7,018,892</b> |
| <b>PATIENT CONTRIBUTIONS</b>   |                  |                  |                  |                  |                  |                  |                  |
| General Benefit Prescriptions  | 524,763          | 572,963          | 606,898          | 596,483          | 607,183          | 663,449          | 701,961          |
| Concessional Benefit Prescriptions   | 413,053          | 467,674          | 516,372          | 554,837          | 582,287          | 645,307          | 682,203          |
| <b>TOTAL PATIENT CONTRIBUTIONS</b>   | <b>937,816</b>   | <b>1,040,637</b> | <b>1,123,270</b> | <b>1,151,320</b> | <b>1,189,470</b> | <b>1,308,756</b> | <b>1,384,164</b> |
| <b>Total cost of benefit prescriptions<br/>(including patients' contributions)</b> | <b>5,929,485</b> | <b>6,336,527</b> | <b>6,507,594</b> | <b>6,617,078</b> | <b>7,101,640</b> | <b>7,872,157</b> | <b>8,403,056</b> |
| Commonwealth Government payments<br>through miscellaneous services                 | 570,500          | 660,000          | 764,700          | 850,900          | 975,500          | 1,081,400        | 1,232,700        |
| Total cost of pharmaceutical benefits  | 6,499,985        | 6,996,527        | 7,272,294        | 7,467,978        | 8,077,140        | 8,953,557        | 9,635,756        |
| Total Commonwealth Government payments   | 5,562,169        | 5,955,890        | 6,149,024        | 6,316,658        | 6,887,670        | 7,644,801        | 8,251,592        |

(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 2010

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

| State        | Ingredient and<br>container cost | Suppliers'<br>Remuneration | Total Cost       |
|--------------|----------------------------------|----------------------------|------------------|
|              | (\$'000)                         | (\$'000)                   | (\$'000)         |
| NSW          | 2,261,295                        | 627,292                    | 2,888,587        |
| VIC          | 1,618,259                        | 468,926                    | 2,087,185        |
| QLD          | 1,265,886                        | 352,884                    | 1,618,770        |
| SA           | 541,723                          | 157,314                    | 699,037          |
| WA           | 588,439                          | 155,380                    | 743,819          |
| TAS          | 174,102                          | 51,182                     | 225,284          |
| NT           | 25,463                           | 6,202                      | 31,665           |
| ACT          | 88,466                           | 20,240                     | 108,706          |
| <b>TOTAL</b> | <b>6,563,632</b>                 | <b>1,839,422</b>           | <b>8,403,053</b> |

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 trading terms allowed to pharmacists by wholesalers and other suppliers.

(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<br>\$  | Number of<br>prescriptions | Average<br>cost per<br>prescription<br>\$ | %<br>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%       |
| 2009/10 | 470,377,027 | 13,863,867                 | 33.93                                     | 5.12%       |
| 2010/11 | 457,316,829 | 13,276,685                 | 34.45                                     | 1.52%       |

SOURCE: Commonwealth Department of Veterans' Affairs.

TABLE 28

**PHARMACEUTICAL BENEFITS  
PRESCRIPTIONS AND DERIVED STATISTICS FOR THE YEAR ENDED 30 JUNE 2010**

| State        | Number of Prescriptions |                            |                                 |                               | Average Cost Per Prescription |                                  |                                       |                                     |
|--------------|-------------------------|----------------------------|---------------------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------------------|-------------------------------------|
|              | Total                   | For<br>General<br>Patients | For<br>Concessional<br>Patients | For<br>Safety Net<br>Patients | Total<br>\$                   | For<br>General<br>Patients<br>\$ | For<br>Concessional<br>Patients<br>\$ | For<br>Safety Net<br>Patients<br>\$ |
| <b>NSW</b>   | 62,604,272              | 6,926,737                  | 43,411,869                      | 12,265,666                    | 46.14                         | 96.45                            | 40.84                                 | 36.51                               |
| <b>VIC</b>   | 46,799,635              | 5,130,020                  | 32,814,067                      | 8,855,548                     | 44.60                         | 95.25                            | 39.08                                 | 35.71                               |
| <b>QLD</b>   | 35,218,088              | 4,289,082                  | 24,197,457                      | 6,731,549                     | 45.96                         | 96.03                            | 39.78                                 | 36.30                               |
| <b>SA</b>    | 15,700,903              | 1,542,793                  | 11,193,690                      | 2,964,420                     | 44.52                         | 96.45                            | 39.56                                 | 36.26                               |
| <b>WA</b>    | 15,507,118              | 2,280,891                  | 10,646,534                      | 2,579,693                     | 47.97                         | 97.41                            | 40.13                                 | 36.65                               |
| <b>TAS</b>   | 5,108,458               | 457,299                    | 3,621,413                       | 1,029,746                     | 44.10                         | 99.26                            | 39.55                                 | 35.69                               |
| <b>NT</b>    | 619,967                 | 137,888                    | 427,611                         | 54,468                        | 51.16                         | 94.48                            | 39.32                                 | 35.74                               |
| <b>ACT</b>   | 2,020,752               | 462,040                    | 1,283,158                       | 275,554                       | 53.81                         | 94.16                            | 42.48                                 | 38.93                               |
| <b>TOTAL</b> | 183,579,193             | 21,226,750                 | 127,595,799                     | 34,756,644                    | 45.77                         | 96.16                            | 39.99                                 | 36.24                               |

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                | *                           | 1.91                |
| 1 July 1980      | 30 November 1980  | 1.31                | 1.39                        | 1.91                |
| 1 December 1980  | 31 December 1980  | 1.26                | 1.34                        | 1.89                |
| 1 January 1981   | 30 June 1981      | 1.26                | 1.44                        | 1.89                |
| 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                | ~~                          | 8.46                |
| 1 July 2010     |                   | 6.42                | ~~                          | 8.46                |

\* 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    | 36 %  | \$5.30              | 14 %   |
| January 2010   | MAX \$33.30    | 37 %  | \$5.40              | 14 %   |
| January 2011   | MAX \$34.20    | 35 %  | \$5.60              | 15 %   |

TABLE 31

## P B S REMUNERATION PER PRESCRIPTION

| Year    | Average Price<br>per prescription<br>\$ | Mark-up*<br>\$ | Average<br>professional fee<br>\$ | Average<br>other fees***<br>\$ | Total<br>remuneration *<br>\$ | Remuneration<br>as % of<br>Ave. Price | Annual Volume<br>of prescriptions<br>('000) |
|---------|---|----------------|-----------------------------------|--------------------------------|-------------------------------|---------------------------------------|---|
| 1970/71 | 2.21                                    | 0.48           | 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                              | 0.85                           | 10.24                         | 23.61                                 | 181,836                                     |
| 2009/10 | 45.84 @@                                | 3.60           | 6.42                              | 1.04                           | 11.06                         | 24.13                                 | 183,911                                     |
| 2010/11 | 46.61 @@                                | 3.61           | 6.42                              | 0.71                           | 10.74                         | 23.04                                 | 188,144                                     |

\* Excludes wholesalers' surcharges, discounts and rebates

\*\* Percentage mark-up changed.

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

@ Adjusted for retrospective payments.

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

TABLE 32

HIGHEST GOVERNMENT COST PBS DRUGS BY GENERIC NAME  
(Year ended 30 June 2011)

| Ranking | Drug Name  | Prescriptions     | % of<br>Total<br>Scripts | Government<br>Cost (\$) | % of<br>Total<br>Cost |
|---------|--|-------------------|--------------------------|-------------------------|-----------------------|
| 1       | ATORVASTATIN                                       | 10,843,208        | 5.38                     | 627,219,312             | 8.04                  |
| 2       | ROSUVASTATIN                                       | 5,762,652         | 2.86                     | 323,258,054             | 4.14                  |
| 3       | RANIBIZUMAB  | 140,378           | 0.07                     | 297,652,400             | 3.82                  |
| 4       | ESOMEPRAZOLE MAGNESIUM TRIHYDRATE                  | 6,070,583         | 3.01                     | 180,866,008             | 2.32                  |
| 5       | CLOPIDOGREL  | 2,749,202         | 1.36                     | 172,797,012             | 2.22                  |
| 6       | FLUTICASONE PROPIONATE with SALMETEROL XINAFOATE   | 3,006,820         | 1.49                     | 170,842,946             | 2.19                  |
| 7       | ADALIMUMAB   | 95,021            | 0.05                     | 168,907,727             | 2.17                  |
| 8       | OLANZAPINE   | 933,364           | 0.46                     | 158,948,444             | 2.04                  |
| 9       | SIMVASTATIN  | 4,210,670         | 2.09                     | 139,238,139             | 1.79                  |
| 10      | TIOTROPIUM BROMIDE MONOHYDRATE                     | 1,715,084         | 0.85                     | 120,181,539             | 1.54                  |
| 11      | ETANERCEPT   | 67,105            | 0.03                     | 118,226,884             | 1.52                  |
| 12      | QUETIAPINE   | 683,961           | 0.34                     | 103,042,100             | 1.32                  |
| 13      | VENLAFAXINE HYDROCHLORIDE                          | 2,578,836         | 1.28                     | 98,290,140              | 1.26                  |
| 14      | PANTOPRAZOLE SODIUM SESQUIHYDRATE                  | 3,468,825         | 1.72                     | 95,573,948              | 1.23                  |
| 15      | INSULIN GLARGINE                                   | 228,517           | 0.11                     | 94,101,212              | 1.21                  |
| 16      | IMATINIB   | 22,887            | 0.01                     | 92,935,453              | 1.19                  |
| 17      | RISPERIDONE  | 640,393           | 0.32                     | 87,143,712              | 1.12                  |
| 18      | RITUXIMAB  | 46,110            | 0.02                     | 86,917,440              | 1.11                  |
| 19      | OXYCODONE HYDROCHLORIDE                            | 2,385,006         | 1.18                     | 80,258,914              | 1.03                  |
| 20      | AMLODIPINE BESYLATE with ATORVASTATIN CALCIUM      | 1,072,360         | 0.53                     | 76,117,198              | 0.98                  |
| 21      | EZETIMIBE with SIMVASTATIN                         | 717,712           | 0.36                     | 73,179,555              | 0.94                  |
| 22      | BUDESONIDE with EFORMOTEROL FUMARATE DIHYDRATE     | 1,434,344         | 0.71                     | 73,033,296              | 0.94                  |
| 23      | OMEPRAZOLE   | 2,535,581         | 1.26                     | 70,730,815              | 0.91                  |
| 24      | IRBESARTAN   | 3,050,906         | 1.51                     | 68,778,233              | 0.88                  |
| 25      | RABEPRAZOLE SODIUM                                 | 2,481,099         | 1.23                     | 68,507,963              | 0.88                  |
| 26      | IRBESARTAN with HYDROCHLOROTHIAZIDE                | 2,545,970         | 1.26                     | 65,735,659              | 0.84                  |
| 27      | VARENICLINE  | 482,415           | 0.24                     | 61,058,129              | 0.78                  |
| 28      | EZETIMIBE  | 990,786           | 0.49                     | 58,806,500              | 0.75                  |
| 29      | PERINDOPRIL  | 3,936,567         | 1.95                     | 57,511,551              | 0.74                  |
| 30      | VALACICLOVIR                                       | 395,812           | 0.20                     | 57,417,443              | 0.74                  |
| 31      | GOSERELIN ACETATE                                  | 65,889            | 0.03                     | 56,603,879              | 0.73                  |
| 32      | FENTANYL   | 566,499           | 0.28                     | 54,976,870              | 0.70                  |
| 33      | CANDESARTAN CILEXETIL                              | 2,154,456         | 1.07                     | 51,586,008              | 0.66                  |
| 34      | PARACETAMOL  | 4,720,051         | 2.34                     | 51,028,739              | 0.65                  |
| 35      | LATANOPROST  | 1,504,065         | 0.75                     | 50,867,734              | 0.65                  |
| 36      | BEVACIZUMAB  | 22,614            | 0.01                     | 49,584,639              | 0.64                  |
| 37      | DOCETAXEL  | 25,998            | 0.01                     | 48,812,014              | 0.63                  |
| 38      | BUPRENORPHINE                                      | 1,035,889         | 0.51                     | 46,361,492              | 0.59                  |
| 39      | MESALAZINE   | 186,631           | 0.09                     | 42,868,109              | 0.55                  |
| 40      | LEUPRORELIN ACETATE                                | 34,743            | 0.02                     | 42,041,759              | 0.54                  |
| 41      | INTERFERON BETA-1a                                 | 40,239            | 0.02                     | 41,833,007              | 0.54                  |
| 42      | INSULIN ASPART                                     | 169,856           | 0.08                     | 40,004,121              | 0.51                  |
| 43      | PIOGLITAZONE                                       | 478,215           | 0.24                     | 38,692,340              | 0.50                  |
| 44      | METFORMIN HYDROCHLORIDE                            | 3,273,369         | 1.63                     | 37,548,716              | 0.48                  |
| 45      | SERTRALINE   | 1,773,017         | 0.88                     | 37,297,920              | 0.48                  |
| 46      | DONEPEZIL HYDROCHLORIDE                            | 243,278           | 0.12                     | 36,515,216              | 0.47                  |
| 47      | PRAVASTATIN  | 1,098,084         | 0.55                     | 36,387,047              | 0.47                  |
| 48      | FAMCICLOVIR  | 158,633           | 0.08                     | 36,337,550              | 0.47                  |
| 49      | RAMIPRIL   | 2,513,281         | 1.25                     | 36,238,134              | 0.46                  |
| 50      | INSULIN ASPART-INSULIN ASPART PROTAMINE SUSPENSION | 142,477           | 0.07                     | 35,724,322              | 0.46                  |
|         |  | <b>85,499,458</b> | <b>42.45</b>             | <b>4,818,587,336</b>    | <b>61.78</b>          |

TABLE 33

MOST FREQUENTLY PRESCRIBED PBS DRUGS BY GENERIC NAME  
(Year ended 30 June 2011)

| Ranking | Drug Name  | Prescriptions      | % of Total Scripts | Government Cost (\$) | % of Total Cost |
|---------|--|--------------------|--------------------|----------------------|-----------------|
| 1       | ATORVASTATIN                                     | 10,843,208         | 5.38               | 627,219,312          | 8.04            |
| 2       | ESOMEPRAZOLE MAGNESIUM TRIHYDRATE                | 6,070,583          | 3.01               | 180,866,008          | 2.32            |
| 3       | ROSUVASTATIN                                     | 5,762,652          | 2.86               | 323,258,054          | 4.14            |
| 4       | PARACETAMOL                                      | 4,720,051          | 2.34               | 51,028,739           | 0.65            |
| 5       | SIMVASTATIN                                      | 4,210,670          | 2.09               | 139,238,139          | 1.79            |
| 6       | PERINDOPRIL                                      | 3,936,567          | 1.95               | 57,511,551           | 0.74            |
| 7       | PANTOPRAZOLE SODIUM SESQUIHYDRATE                | 3,468,825          | 1.72               | 95,573,948           | 1.23            |
| 8       | METFORMIN HYDROCHLORIDE                          | 3,273,369          | 1.63               | 37,548,716           | 0.48            |
| 9       | IRBESARTAN                                       | 3,050,906          | 1.51               | 68,778,233           | 0.88            |
| 10      | ATENOLOL   | 3,027,528          | 1.50               | 18,751,153           | 0.24            |
| 11      | FLUTICASON PROPRIONATE with SALMETEROL XINAFOATE | 3,006,820          | 1.49               | 170,842,946          | 2.19            |
| 12      | SALBUTAMOL SULFATE                               | 2,826,928          | 1.40               | 34,544,961           | 0.44            |
| 13      | CLOPIDOGREL                                      | 2,749,202          | 1.36               | 172,797,012          | 2.22            |
| 14      | WARFARIN SODIUM                                  | 2,705,532          | 1.34               | 24,131,557           | 0.31            |
| 15      | CEPHALEXIN                                       | 2,646,718          | 1.31               | 16,662,157           | 0.21            |
| 16      | VENLAFAXINE HYDROCHLORIDE                        | 2,578,836          | 1.28               | 98,290,140           | 1.26            |
| 17      | IRBESARTAN with HYDROCHLOROTHIAZIDE              | 2,545,970          | 1.26               | 65,735,659           | 0.84            |
| 18      | AMOXYCILLIN                                      | 2,537,256          | 1.26               | 14,805,139           | 0.19            |
| 19      | OMEPRAZOLE                                       | 2,535,581          | 1.26               | 70,730,815           | 0.91            |
| 20      | RAMIPRIL   | 2,513,281          | 1.25               | 36,238,134           | 0.46            |
| 21      | RABEPRAZOLE SODIUM                               | 2,481,099          | 1.23               | 68,507,963           | 0.88            |
| 22      | OXYCODONE HYDROCHLORIDE                          | 2,385,006          | 1.18               | 80,258,914           | 1.03            |
| 23      | CODEINE PHOSPHATE with PARACETAMOL               | 2,323,902          | 1.15               | 16,629,797           | 0.21            |
| 24      | AMLODIPINE                                       | 2,276,251          | 1.13               | 35,206,742           | 0.45            |
| 25      | CANDESARTAN CILEXETIL                            | 2,154,456          | 1.07               | 51,586,008           | 0.66            |
| 26      | AMOXYCILLIN with CLAVULANIC ACID                 | 1,889,848          | 0.94               | 18,276,239           | 0.23            |
| 27      | TEMAZEPAM  | 1,863,615          | 0.93               | 6,920,842            | 0.09            |
| 28      | SERTRALINE                                       | 1,773,017          | 0.88               | 37,297,920           | 0.48            |
| 29      | TRAMADOL HYDROCHLORIDE                           | 1,736,742          | 0.86               | 24,067,546           | 0.31            |
| 30      | TIOTROPIUM BROMIDE MONOHYDRATE                   | 1,715,084          | 0.85               | 120,181,539          | 1.54            |
| 31      | TELMISARTAN                                      | 1,682,522          | 0.84               | 34,962,172           | 0.45            |
| 32      | MELOXICAM  | 1,681,359          | 0.83               | 32,538,650           | 0.42            |
| 33      | LERCANIDIPINE HYDROCHLORIDE                      | 1,656,881          | 0.82               | 27,855,944           | 0.36            |
| 34      | DIAZEPAM   | 1,642,352          | 0.82               | 5,798,053            | 0.07            |
| 35      | LATANOPROST                                      | 1,504,065          | 0.75               | 50,867,734           | 0.65            |
| 36      | GLICLAZIDE                                       | 1,461,975          | 0.73               | 15,172,623           | 0.19            |
| 37      | METOPROLOL TARTRATE                              | 1,437,023          | 0.71               | 9,924,359            | 0.13            |
| 38      | BUDESONIDE with EFORMOTEROL FUMARATE DIHYDRATE   | 1,434,344          | 0.71               | 73,033,296           | 0.94            |
| 39      | FRUSEMIDE  | 1,425,440          | 0.71               | 7,513,173            | 0.10            |
| 40      | PERINDOPRIL with INDAPAMIDE HEMIHYDRATE          | 1,244,837          | 0.62               | 29,744,863           | 0.38            |
| 41      | ASPIRIN  | 1,225,569          | 0.61               | 5,907,779            | 0.08            |
| 42      | ESCITALOPRAM OXALATE                             | 1,224,712          | 0.61               | 30,736,035           | 0.39            |
| 43      | ROXITHROMYCIN                                    | 1,177,881          | 0.58               | 8,649,369            | 0.11            |
| 44      | AMITRIPTYLINE HYDROCHLORIDE                      | 1,175,119          | 0.58               | 5,471,553            | 0.07            |
| 45      | MIRTAZAPINE                                      | 1,166,815          | 0.58               | 29,945,788           | 0.38            |
| 46      | CITALOPRAM HYDROBROMIDE                          | 1,152,347          | 0.57               | 23,544,249           | 0.30            |
| 47      | CELECOXIB  | 1,120,499          | 0.56               | 31,871,196           | 0.41            |
| 48      | PRAVASTATIN                                      | 1,098,084          | 0.55               | 36,387,047           | 0.47            |
| 49      | AMLODIPINE BESYLATE with ATORVASTATIN CALCIUM    | 1,072,360          | 0.53               | 76,117,198           | 0.98            |
| 50      | DILTIAZEM HYDROCHLORIDE                          | 1,062,815          | 0.53               | 17,257,092           | 0.22            |
|         |  | <b>122,256,502</b> | <b>60.70</b>       | <b>3,316,784,053</b> | <b>42.52</b>    |

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                       |
| 2010           | 22,271,900   | 5,088                | 4,377                       |
| 2011           | 22,475,100   | 5,167                | 4,350                       |

TABLE 35

## TRENDS IN POPULATION TO PHARMACY RATIOS

| 30 JUNE 2010       |                   |                      |                      | 30 JUNE 2011      |                      |                      |   |
|--------------------|-------------------|----------------------|----------------------|-------------------|----------------------|----------------------|---|
| STATE OR TERRITORY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | % Change in Population to Pharmacy Ratios |
| <b>NSW</b>         | 7,221.0           | 1,731                | 4,172                | 7,272.2           | 1,738.0              | 4,184                | 0.3                                       |
| <b>VIC</b>         | 5,529.4           | 1,184                | 4,670                | 5,585.6           | 1,204.0              | 4,639                | -0.7                                      |
| <b>QLD</b>         | 4,498.9           | 1,017                | 4,424                | 4,548.7           | 1,052.0              | 4,324                | -2.3                                      |
| <b>SA</b>          | 1,640.7           | 414                  | 3,963                | 1,650.4           | 418.0                | 3,948                | -0.4                                      |
| <b>WA</b>          | 2,286.1           | 516                  | 4,430                | 2,317.1           | 521.0                | 4,447                | 0.4                                       |
| <b>TAS</b>         | 507.1             | 133                  | 3,813                | 509.3             | 139.0                | 3,664                | -3.9                                      |
| <b>NT</b>          | 228.4             | 30                   | 7,613                | 229.9             | 31.0                 | 7,416                | -2.6                                      |
| <b>ACT</b>         | 357.7             | 63                   | 5,678                | 361.9             | 64.0                 | 5,655                | -0.4                                      |
| <b>AUSTRALIA</b>   | <b>22,271.9</b>   | <b>5,088</b>         | <b>4,377</b>         | <b>22,475.1</b>   | <b>5,167.0</b>       | <b>4,350</b>         | <b>-0.6</b>                               |

TABLE 36

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS  
STATES AND TERRITORIES 1996 TO 2011

(Number at 30 June)

| STATE OR TERRITORY | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>NSW</b>         | 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 | 1,731 | 1,738 |
| <b>VIC</b>         | 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 | 1,170 | 1,184 | 1,204 |
| <b>QLD</b>         | 942   | 952   | 959   | 959   | 954   | 951   | 948   | 944   | 953   | 952   | 963   | 987   | 987   | 1,011 | 1,017 | 1,052 |
| <b>SA</b>          | 386   | 385   | 383   | 386   | 386   | 387   | 385   | 386   | 389   | 391   | 399   | 400   | 407   | 404   | 414   | 418   |
| <b>WA</b>          | 467   | 470   | 474   | 477   | 478   | 479   | 480   | 484   | 489   | 492   | 502   | 509   | 508   | 508   | 516   | 521   |
| <b>TAS</b>         | 143   | 144   | 143   | 140   | 140   | 140   | 140   | 139   | 135   | 134   | 131   | 133   | 132   | 131   | 133   | 139   |
| <b>NT</b>          | 26    | 27    | 27    | 28    | 28    | 28    | 30    | 28    | 28    | 27    | 27    | 26    | 27    | 29    | 30    | 31    |
| <b>ACT</b>         | 58    | 57    | 58    | 59    | 57    | 57    | 57    | 57    | 57    | 58    | 58    | 59    | 61    | 62    | 63    | 64    |
| <b>AUSTRALIA</b>   | 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 | 5,088 | 5,167 |

Source: Medicare Australia

TABLE 37

## PRICING AND EARNING INDICES

| YEAR    | CONSUMER PRICE INDEX (a) |          |                 |          | AVERAGE (b)<br>WEEKLY EARNINGS |          |
|---------|--------------------------|----------|-----------------|----------|--------------------------------|----------|
|         | ALL GROUPS               |          | PHARMACEUTICALS |          | \$ AMOUNT                      | % CHANGE |
|         | INDEX                    | % CHANGE | INDEX           | % CHANGE |                                |          |
| 1980-81 | 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      |
| JUNE 10 | 348.4                    | 3.2      | 389.8           | -2.8     | 1183.40                        | 6.6      |
| JUNE 11 | 360.6                    | 3.5      | 392.0           | 0.6      | 1241.80                        | 4.9      |

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

(b) All Males.

Chart 6

