
Guild Digest 2013

A survey of independent pharmacy operations in Australia
financial year 2011-12

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FOREWORD

This year marks the 41st edition of the Guild Digest. The **2013 Digest** presents a snapshot of pharmacy operations in Australia for the financial year 2011-12. In the process, it also provides valuable management information to pharmacy owners and managers in a rapidly evolving economic environment.

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

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

Based on Table 3, which is the most relevant table for year to year comparisons, community pharmacy recorded a slight turnover decline of 1.26% in 2011-12. Gross profit percentage recorded an increase from 34.54% to 36.30% which, in combination with the shift in turnover, resulted in a 4.38% lift in gross profit dollars. However, with total expenses growing by 7.47% there was no appreciable change (-0.02% drop) in average Total Income.

Here are the key features of Australian community pharmacy as at 30 June 2012, derived principally from Table 2:

- ✚ Community pharmacy is a \$15.31 billion health sector, including \$10.69 billion in prescription sales per year;
- ✚ Community pharmacies dispense 286 million prescriptions annually, including 201 million PBS/RPBS subsidised prescriptions;
- ✚ Community pharmacy employs around 55,500 highly skilled staff (excluding proprietors), the majority of whom are women;
- ✚ Total Dispensary Sales represent around 70.5% of all sales through pharmacies;
- ✚ The average community pharmacy dispenses 54,534 prescriptions per year; and
- ✚ As at 30 June 2012 there were 5,240 community pharmacies, each serving on average a community of 4,291 people across Australia (see Table 27).



The analyses contained in the **2013 Digest** are based largely on the sample of 308 community pharmacies, marginally higher than the previous year's 281.

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 **RSM Bird Cameron, Pitcher Partners, PPS Professional Pharmacy Services, JPH Group MSI Taylor Pharmacy Services** and their pharmacy clients.

Thanks are extended to National Secretariat staff, in particular, Max Ginpil and Cathy Portolesi for their dedication and outstanding work in the preparation of this edition.

STEPHEN ARMSTRONG
NATIONAL DIRECTOR, HEALTH ECONOMICS



THE YEAR IN PHARMACY 2011-12

The largest set of PBS price reductions, the patent expiry of the number one PBS drug, the most significant set of changes to the pharmacy location rules since their introduction, the national rollout of the largest set of non-PBS government payments to pharmacies – 2011-12 was an unprecedented and turbulent year for community pharmacy in Australia.

The largest ever round of PBS price reductions took effect on 1 April 2012, as a result of the Labor Government's Memorandum of Understanding with Medicines Australia. On the same day, the first new generic versions of atorvastatin – the highest cost drug on the PBS – were listed. The confluence of these two major events created major issues with stock management and in ensuring patients understood the impact. Financially the effect of these changes operated in opposing directions – with the additional trading terms on atorvastatin generics (as well as venlafaxine and several others) providing an offset to the immediate effect of the price reductions.

The Guild assisted members to understand the impact of these changes (and those still to come) through an updated version of ScriptMAP-2015, which provided a customised report estimating the financial impact of pricing changes and other factors through to 30 June 2015.

The year also saw the most significant changes to the Pharmacy Location Rules since the inception of the rules in the 1990s. The changes represented good public policy, aimed at ensuring that new pharmacies can be established wherever a genuine community need exists. However the changes created great challenges for some pharmacies. The environment was made more difficult and complex with the continued growth of the discount pharmacy model throughout most areas of the country.

The year also saw significant advances in the implementation of a range of Fifth Community Pharmacy Agreement programs. The Pharmacy Practice Incentive (PPI) Program that started on 1 July 2011 recognises the beneficial health outcomes that can be achieved through the delivery of quality services to an official Australian Standard for community pharmacy.

As at 30 June 2012, over 4,700 pharmacies were participating in the PPI Program, which is more than 90 per cent of all community pharmacies – an unprecedented level of uptake for any community pharmacy program. As part of the Program, community pharmacies must be quality accredited by an approved pharmacy accreditation program (i.e. the Quality Care Pharmacy Program). They must also display and comply with the Community Pharmacy Service Charter.

The advent of the PPI Program saw a boost to the already quite high numbers of quality accredited pharmacies. As at 30 June 2012, 4,736 pharmacies were QCPP accredited. This was an increase of 458 pharmacies, from 4,278 pharmacies accredited as at 30 June 2011.

Two new Fifth Agreement medication management programs, MedsCheck and Diabetes MedsCheck, were also progressed through the year. They were piloted nationally from August 2011 to August



2012 across 300 pharmacies, delivering over 1,400 services to consumers. In April and May 2012 the implementation plan for the national rollout of the MedsCheck services was developed, and this underpinned the rollout of the services planned for July 2012.

Through the Guild, community pharmacy has really led the way on eHealth through electronic transfer of prescriptions, and also through IT recording clinical interventions and other professional pharmacy services. By the end of the financial year, over 3 million electronic scripts were being transacted each week just through the Guild's partly owned company eRx. The Guild subsidiary GuildLink made tremendous advances in this field through the GuildCare suite of IT programs, with more than half of all pharmacies installing and actively using these programs by the end of the year.

The Economy

Economic growth improved in 2011-12, with Gross Domestic Product increasing by 3.8% in real terms. Australia's Terms of Trade fell by 7.1% through the year as prices for the output from Australia's resources sector moderated. Growth in total retail sales accelerated to 0.5% per month in the second half of the financial year.

Despite the stronger economy, inflation remained low. The Consumer Price Index rose by just 1.2% between June quarter 2011 and June quarter 2012. Average Weekly Earnings (full time, adult ordinary time earnings) rose by 3.5%.

The unemployment rate ended the year at 5.7%, with 11.663 million people employed. This compared with 5.2% and 11.498 million one year earlier.

The Reserve Bank sought to stimulate the economy through a series of interest rate cuts. The target cash rate started the 2011-12 financial year at 3.50% and ended the year 0.75% lower at 2.75%. This was an all-time low. Australia's banks did not pass through these reductions in full to either individual borrowers or small businesses.



METHODOLOGY FOR THE 2013 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 308 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. 2010-11 and 2011-12.

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:

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

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

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



SURVEY RESPONSE

After excluding responses with incomplete information, the final number of responses analysed for the purposes of the main sample for 2011-12 was 308.

Response rates are reasonably consistent with the distribution of pharmacies by State, with the exception of Victoria and New South Wales which receive slightly lower than average, whilst Queensland enjoyed higher than average responses.

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

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

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



STATISTICAL APPRAISAL OF RESULTS

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

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

How seriously can pharmacies take the survey findings? One issue is whether the survey results are representative of all pharmacies. Another is 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 308 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. 77 respondents formed part of this category in 2011-12.

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 common-sense 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 used for estimate	Divisor for inter-quartile range
400	27
350	25
308	23.7
300	23
200	19
100	14
50	10
20	6
10	4
5	3

For example, the mean Total Expenses (based on 308 respondents) is \$ 854,134 (see Table 2). The inter-quartile range (from Table 4) is 13.2% (= 30.31% – 17.11%), so the approximate standard error of this estimate is 0.56% (=13.2% /23.7).



Standard statistical theory shows that there is a 95% certainty that the true mean is within twice the standard error of the estimate. In this case, the 95% confidence interval for the true mean Total Expenses, based on 308 respondents, is between 28.17% and 30.41%.

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

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

USING THIS SURVEY

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

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



DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

(All financial values are exclusive of GST)

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

Cost of Goods Sold: refers to purchases of goods for re-sale at a profit: a fuller definition of Cost of Goods Sold is provided in the *User's Guide to the 2013 Digest* section.

Percentage shown is of Sales.

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

Percentage shown is of Sales.

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

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

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

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

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

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

Proprietors' Notional Salary: 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.

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

In 2011-12, the normal hourly rate was estimated at \$54.21 for the first 38 hours - equivalent to an annual salary of \$107,119. Additional hours were calculated at



time and a half rate to reflect overtime. A rate of 1.2547 was applied to reflect On-Cost provisions. (Refer also to detailed explanation under Section titled “**Analysis of Survey Results**”)

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

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

The corresponding percentage is expressed as percent of Total Revenue.

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

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

The corresponding percentage is expressed as percent of Total Revenue.

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

The corresponding percentage is expressed as percent of Sales.

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

The corresponding percentage is expressed as percent of Sales.

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

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

The corresponding percentage is expressed as percent of Total Revenue.



AUSTRALIAN PHARMACIES 2002 - 2012
(Based on all participating pharmacies)

Table 1

	2002 (408) \$	2003 (528) \$	2004 (427) \$	2005 (418) \$	2006 (385) \$	2007 (353) \$	2008 (326) \$	2009 (302) \$	2010 (289) \$	2011 (281) \$	2012 (308) \$
SALES	1,930,960	2,116,736	2,195,552	2,334,145	2,394,030	2,464,443	2,568,388	2,901,620	2,972,997	2,984,920	2,922,245
GROSS MARGIN	616,179	660,229	684,059	722,192	756,166	797,473	838,984	980,871	987,422	999,199	1,055,389
SALARIES & WAGES	210,770	227,379	227,712	254,689	263,115	280,355	295,931	341,052	345,136	350,638	347,313
RENT	60,566	65,566	65,427	73,183	77,862	85,460	90,049	115,547	121,236	119,091	136,499
OTHER EXPENSES	162,343	181,101	179,567	191,412	205,955	225,749	250,126	298,739	321,248	320,098	370,322
TOTAL EXPENSES	433,679	474,046	472,706	519,284	546,932	591,564	636,107	755,339	787,619	789,826	854,134
TRADING PROFIT	182,500	186,183	211,353	202,908	209,234	205,909	202,877	225,532	199,803	209,373	201,255
OTHER INCOME	17,966	15,276	15,112	14,445	23,721	30,681	24,597	34,024	38,758	28,936	34,485
TOTAL INCOME	200,466	201,459	226,465	217,353	232,955	236,590	227,474	259,556	238,562	238,309	235,740
PROPRIETORS' SALARIES	97,400	104,809	136,619	142,167	160,349	156,316	145,055	148,106	134,992	141,127	147,555
NET PROFIT/LOSS	103,066	96,650	89,846	75,186	72,606	80,274	82,419	111,370	103,570	97,182	88,185
STOCK CARRIED	183,802	186,903	186,409	197,893	204,134	219,388	231,567	246,943	280,867	276,898	271,361

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AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2011 AND 2012
(Based on 12 Months of Trading to 30/06/12)

Table 2

	2011 AVERAGES		2012 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	2,984,920		2,922,245		-62,675	-2.10
COST OF GOODS SOLD	1,985,721	66.53	1,866,856	63.88	-118,865	-5.99
GROSS MARGIN	999,199	33.47	1,055,389	36.12	56,190	5.62
Other Income	28,936		34,485		5,549	19.18
GROSS MARGIN PLUS OTHER INCOME	1,028,135		1,089,874		61,739	6.00
TOTAL REVENUE	3,013,856		2,956,729		-57,127	-1.90
EXPENSES						
Salaries and Wages	350,638	11.63	347,313	11.75	-3,325	-0.95
Rent Paid	119,091	3.95	136,499	4.62	17,408	14.62
Outgoings - Rental & Rates	4,477	0.15	10,322	0.35	5,845	130.57
Accounting	10,974	0.36	9,102	0.31	-1,872	-17.06
Advertising	31,358	1.04	36,673	1.24	5,315	16.95
Bank Charges	7,057	0.23	7,225	0.24	168	2.38
Computer Expenses	11,478	0.38	11,285	0.38	-193	-1.68
Depreciation	29,621	0.98	30,961	1.05	1,340	4.52
Electricity, Water, Heating	10,393	0.34	12,315	0.42	1,922	18.50
Insurance	9,065	0.30	8,916	0.30	-149	-1.64
Interest Paid	54,181	1.80	71,421	2.42	17,240	31.82
Leasing Expenses	9,228	0.31	5,501	0.19	-3,727	-40.38
Motor Vehicle Expenses	5,300	0.18	3,672	0.12	-1,628	-30.71
Postage, Freight, Printing	9,459	0.31	8,335	0.28	-1,124	-11.89
Repairs, Maintenance, Service	4,705	0.16	4,080	0.14	-625	-13.28
Subs and Registrations	11,519	0.38	8,072	0.27	-3,447	-29.93
Superannuation	31,830	1.06	31,097	1.05	-733	-2.30
Telephone	5,804	0.19	5,392	0.18	-412	-7.10
Training	3,849	0.13	2,745	0.09	-1,104	-28.68
Abnormal Expenses	6,002	0.20	14,953	0.51	8,951	149.14
Payroll Tax	4,963	0.16	7,847	0.27	2,884	58.12
Workers' Compensation	2,913	0.10	2,704	0.09	-209	-7.18
Other Expenses	55,921	1.86	77,702	2.63	21,781	38.95
TOTAL EXPENSES	789,826	26.21	854,134	28.89	64,308	8.14
TOTAL INCOME	238,309	7.91	235,740	7.97	-2,569	-1.08
Less Proprietors' Salary (1)	141,127	4.68	147,555	4.99	6,427	4.55
[Full-Time-Equivalents]	1.05		1.10		0.05	4.55
NET PROFIT/LOSS	97,182	3.62	88,185	2.98	-8,996	-9.26
EBITDA	180,984	6.01	190,567	6.45	9,583	5.30
SALES ANALYSIS						
Prescriptions	2,061,988	69.08	2,039,354	70.51	-22,634	-1.10
Other Sales	922,932	30.92	852,923	29.49	-70,009	-7.59
INVENTORY ANALYSIS						
Prescription	94,251	3.13	104,912	3.55	10,661	11.31
Other	182,648	6.06	166,449	5.63	-16,199	-8.87
STOCK CARRIED (Total)	276,898	9.19	271,361	9.18	-5,537	-2.00
STOCK TURN (On Total Inventory)	7.17		6.88		-0.29	-4.05
SALES PER INVENTORY DOLLAR						
Prescription	21.88		19.44		-2.44	-11.16
Other	5.05		5.12		0.07	1.47
STATISTICS						
PHARMACY SIZE (square metres)	168		221		53	31.34
PRESCRIPTIONS DISPENSED (Total)	54,116		54,534		418	0.77
PRESCRIPTIONS DISPENSED WEEKLY	1,038		1,049		11	1.03
TOTAL HOURS OPEN per WEEK	58.7		65.6		6.9	11.79
AV HRS WORKED BY PROPRIETORS/WEEK	39.9		41.7		1.8	4.55
FUNDS RETAINED IN BUSINESS (2)	88,280	2.93	133,194	4.50	44,914	50.88

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

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

SUMMARY OF PHARMACY PERFORMANCE 2011-12

(Refer to Table 2)

This section examines the 2011-12 survey results, after applying weightings to remove any distortion caused by the responding sample being skewed towards larger pharmacies. Table 2 also presents the 2010-11 averages for comparison purposes. However, for more accurate analysis of the movements from one period to the next, it is useful to compare the performance of pharmacies which participated in both years. Those results are summarised in the next section by reference to Table 3.

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

- ✚ Community pharmacy is a \$15.31 billion health sector, including \$10.69 billion in prescription sales per year;
- ✚ Community pharmacies dispense 286 million prescriptions annually, including 201 million PBS/RPBS subsidised prescriptions;
- ✚ Community pharmacy employs around 55,500 highly skilled staff (excluding proprietors), the majority of whom are women;
- ✚ Total Dispensary Sales represent around 70.5% of all sales through pharmacies;
- ✚ The average community pharmacy dispenses 54,534 prescriptions per year; and
- ✚ As at 30 June 2012 there were 5,240 community pharmacies, each serving on average a community of 4,291 people across Australia (see Table 27).

Here are the salient results of the 2011-12 financial year based on the national weighted averages in Table 2:

- Average Total Sales are \$2,922,245, of which 70.51% is from prescriptions and the remaining 29.49% is from non-prescription sales.
- Average Gross Margin is 36.12%, up from 33.47% in 2010-11.
- Average revenue from Other Income rose from the previous year's figure of \$28,936 to \$34,485 in 2011-12.



-
- Expenses ended the year at 28.89% as a percentage of Sales. This is up from 26.21% in 2010-11 and is again the highest level since 1991-92, eight years after touching an all time low in 2003-04.
 - Salaries and wages as a percentage of sales increased slightly from 11.63% to 11.75%, the highest level in more than 20 years.
 - Rent increased from 3.95% of sales to 4.62% to the highest since 1991-92.
 - Wages and rent combined make up 56.64% of total expenses.
 - Proprietors' Notional Salary represented 4.99% of turnover, up from 4.68% in 2010-11 reflecting a slight increase in average hours worked from 39.9 to 41.7 hours per week.
 - The average prescription volume per pharmacy increased slightly (0.8%) and has remained above one thousand per week (1,049), after reaching this milestone in 2008-09.



Chart 1

Trends in Pharmacy Operations, 1988 – 2012

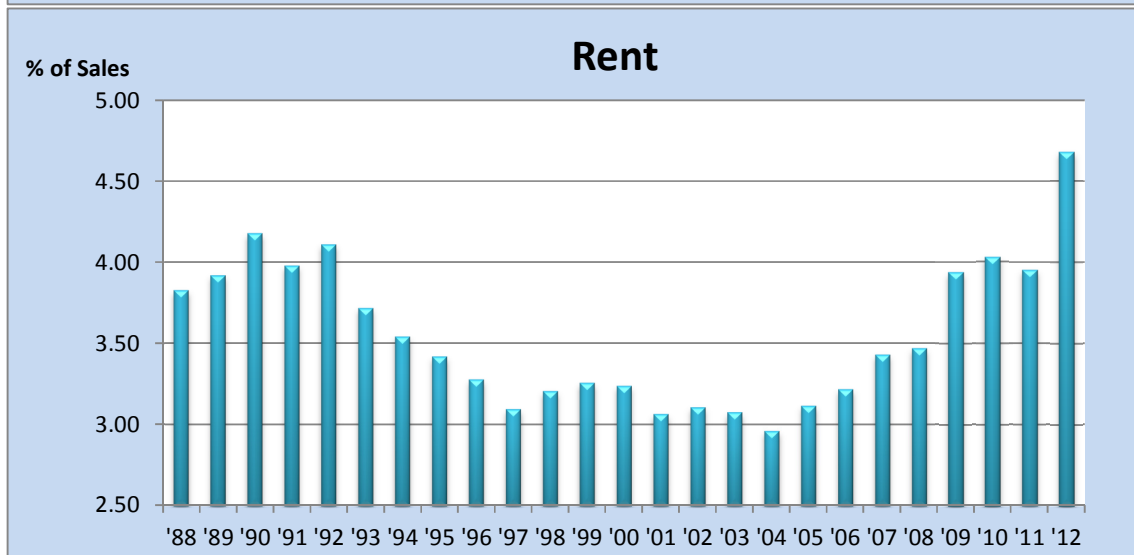
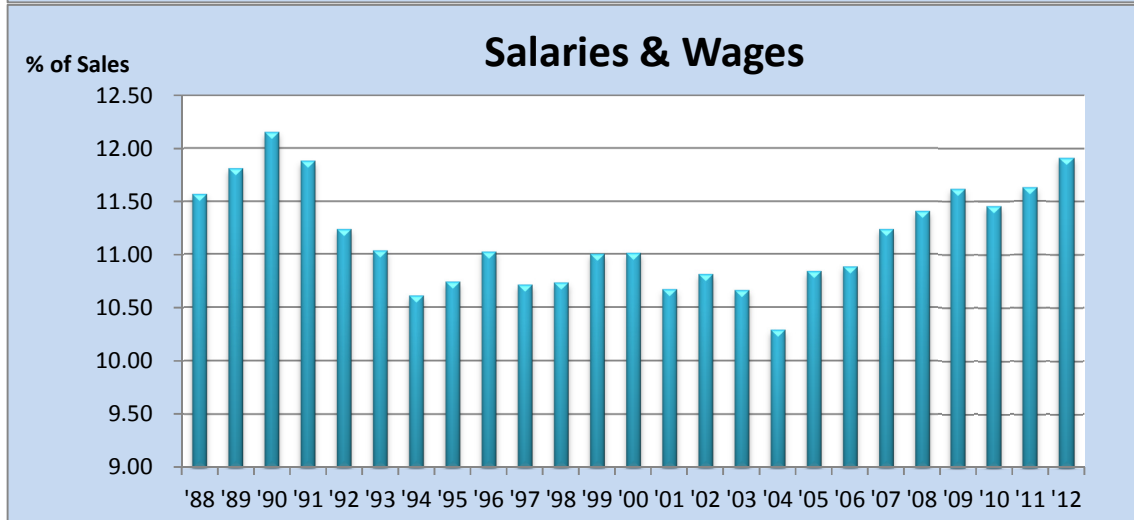
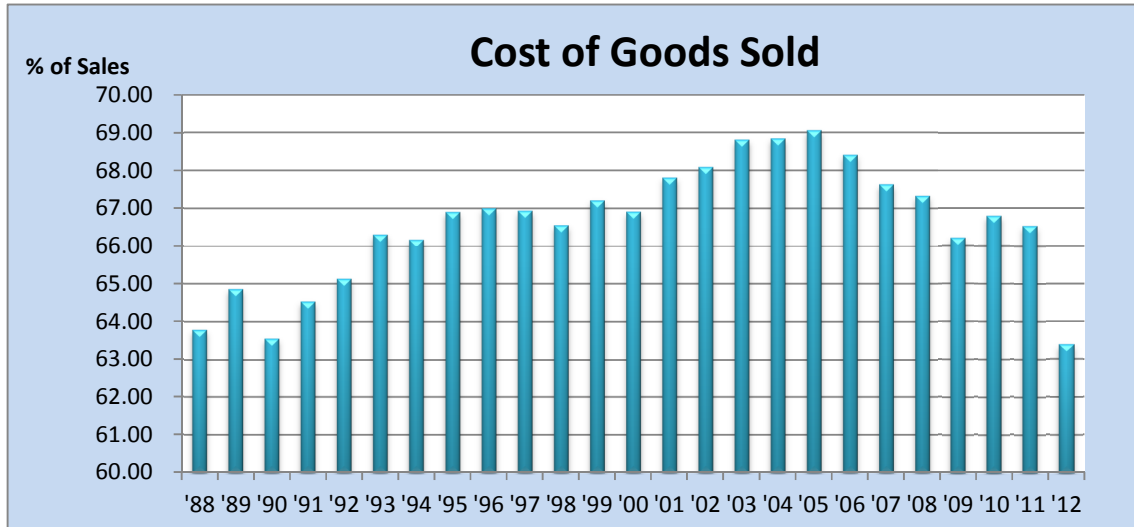


Chart 1 (continued)

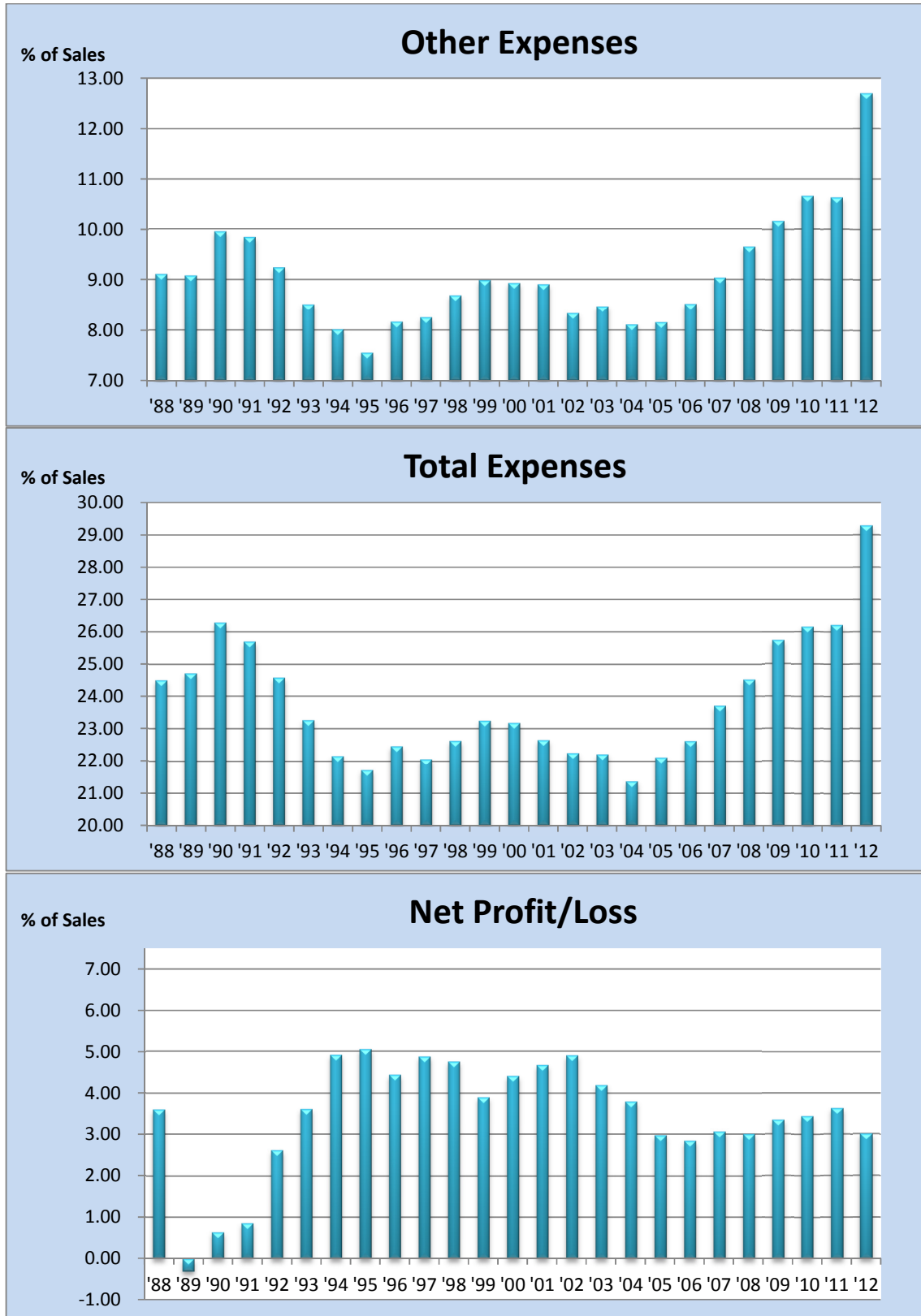
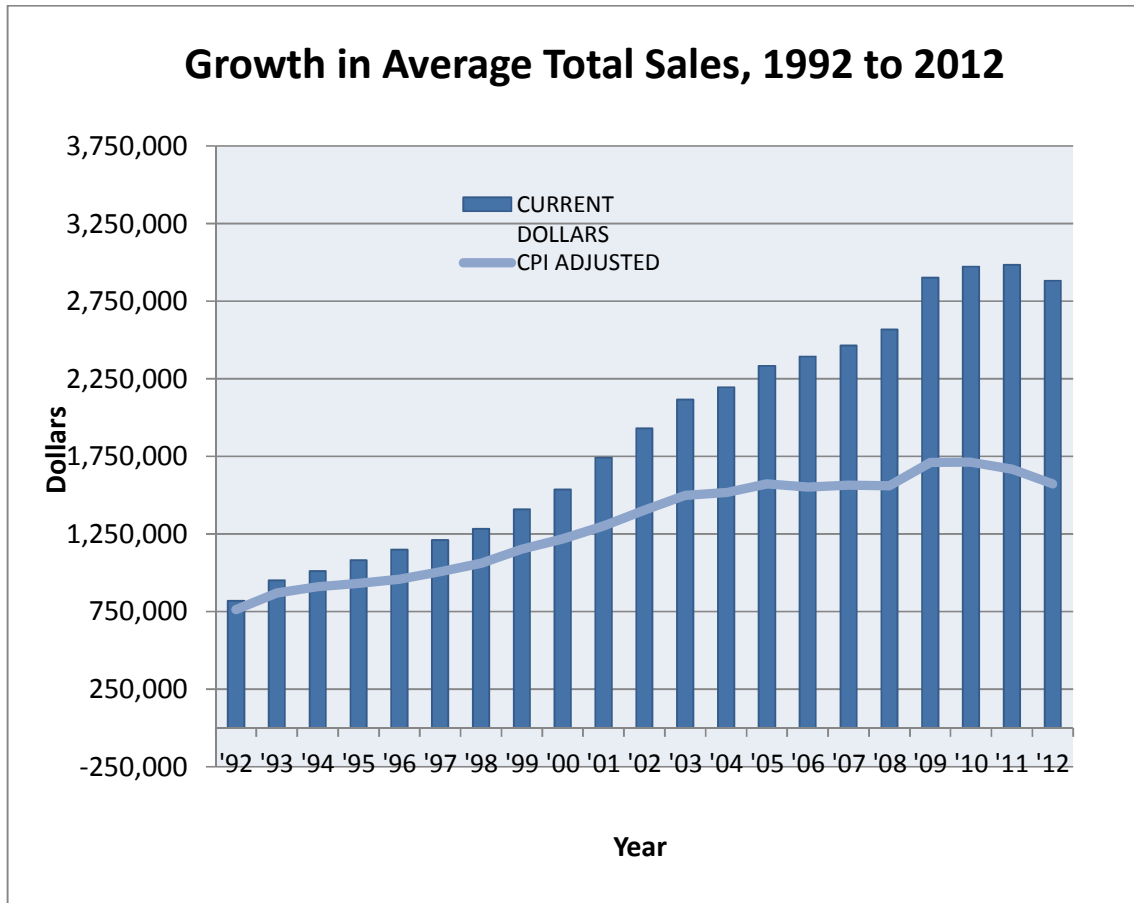


Chart 2



AUSTRALIAN PHARMACIES REPORTING IN TWO CONSECUTIVE YEARS 2011 AND 2012
(Based on 12 Months of Trading to 30/06/12)

Table 3

	2011 AVERAGES		2012 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	3,626,430		3,580,681		-45,748	-1.26
COST OF GOODS SOLD	2,373,715	65.46	2,281,018	63.70	-92,697	-3.91
GROSS MARGIN	1,252,715	34.54	1,299,663	36.30	46,948	3.75
Other Income	32,526		41,852		9,326	28.67
GROSS MARGIN PLUS OTHER INCOME	1,285,241		1,341,515		56,274	4.38
TOTAL REVENUE	3,658,955		3,622,533		-36,422	-1.00
EXPENSES						
Salaries and Wages	351,380	11.88	361,435	9.98	10,056	2.86
Rent Paid	110,124	3.72	116,959	3.23	6,835	6.21
Outgoings - Rental & Rates	5,456	0.18	7,431	0.21	1,975	36.20
Accounting	10,025	0.34	12,868	0.36	2,843	28.36
Advertising	44,261	1.50	47,055	1.30	2,794	6.31
Bank Charges	6,775	0.23	8,834	0.24	2,058	30.38
Computer Expenses	6,520	0.22	7,270	0.20	750	11.51
Depreciation	35,105	1.19	35,467	0.98	362	1.03
Electricity, Water, Heating	10,606	0.36	10,737	0.30	132	1.24
Insurance	9,732	0.33	10,099	0.28	367	3.77
Interest Paid	41,759	1.41	39,992	1.10	-1,767	-4.23
Leasing Expenses	3,959	0.13	3,991	0.11	32	0.80
Motor Vehicle Expenses	5,529	0.19	4,475	0.12	-1,054	-19.06
Postage, Freight, Printing	6,973	0.24	7,262	0.20	289	4.14
Repairs, Maintenance, Service	6,019	0.20	4,901	0.14	-1,117	-18.56
Subs and Registrations	8,259	0.28	8,006	0.22	-253	-3.06
Superannuation	41,131	1.39	40,635	1.12	-496	-1.21
Telephone	7,053	0.24	7,004	0.19	-50	-0.70
Training	3,546	0.12	3,276	0.09	-270	-7.61
Abnormal Expenses	5,769	0.20	17,725	0.49	11,956	207.27
Payroll Tax	6,926	0.23	7,392	0.20	466	6.73
Workers' Compensation	2,903	0.10	3,159	0.09	256	8.82
Other Expenses	24,868	0.84	45,060	1.24	20,192	81.20
TOTAL EXPENSES	754,675	25.52	811,031	22.39	56,356	7.47
TOTAL INCOME	530,566	17.94	530,484	14.64	-82	-0.02
Less Proprietors' Salary (1) [Full-Time-Equivalents]	153,330 1.14	5.19	153,330 1.14	5.19		
NET PROFIT/LOSS	377,236	12.76	377,154	10.41	-82	-0.02
EBITDA	454,100	12.41	452,612	12.49	-1,487	-0.33
SALES ANALYSIS						
Prescriptions	2,709,615	74.72	2,671,881	74.62	-37,735	-1.39
Other Sales	916,814	25.28	908,801	25.38	-8,014	-0.87
INVENTORY ANALYSIS						
Prescription	111,091	3.76	84,909	2.34	-26,182	-23.57
Other	198,266	6.71	171,320	4.73	-26,946	-13.59
STOCK CARRIED (Total)	309,357	10.46	256,228	7.07	-53,128	-17.17
STOCK TURN (On Total Inventory)	7.67		8.90		1.23	16.02
SALES PER INVENTORY DOLLAR						
Prescription	24.39		31.47		7.08	29.01
Other	4.62		5.30		0.68	14.72
STATISTICS						
PHARMACY SIZE (square metres)	200		208		8	4.11
PRESCRIPTIONS DISPENSED (Total)	65,808		65,012		-796	-1.21
PRESCRIPTIONS DISPENSED WEEKLY	1,266		1,250		-15	-1.21
TOTAL HOURS OPEN per WEEK	57.3		57.1		-0.2	-0.40
AV HRS WORKED BY PROPRIETORS/WEEK	43.4		43.4			
FUNDS RETAINED IN BUSINESS (2)	119,274		118,173	3.26	-1,101	-0.92

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

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

COMPARISON OF PHARMACIES RESPONDING IN CONSECUTIVE YEARS

(Refer to Table 3)

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 77 pharmacies provided responses for both 2010-11 and 2011-12.

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

- Total Sales decreased by 1.26%.
- Cost of Goods Sold decreased by 3.91%. Consistent with the findings of the main sample, this in turn produced a higher Gross Margin as a percentage of Sales, at 36.30% compared with 34.54% in 2010-11.
- Total Expenses grew by 7.47% in dollar terms and but decreased this year as a percentage of sales, from 25.88% to 22.39% in 2011-12.
- With the growth in expenses matching the increase in dollar gross margin, Total Income was flat (0.02% drop).
- Salaries and Wages for the comparative sample grew by 2.86% while Rents grew by 6.21% (which is likely to be a much better guide to rent increases than the decrease shown in Table 2).
- Expenses growth also showed a large increase in Abnormal Expenses (0.49% of sales up from 0.20%) and Other expenses (1.24% of sales up from 0.85%)
- Prescription revenue dropped marginally by 1.39% in conjunction with a 1.21% reduction in per pharmacy script volume.
- Non-Prescription Sales posted a decrease of 0.87%, reflecting general economic conditions and the competitive environment.



ANALYSIS OF SURVEY RESULTS

Successful businesses are essentially characterised by their ability to:

- secure a reasonable salary for the proprietor(s) commensurate with the hours invested in the job, whether it be serving a customer, planning for the future growth of the business or after 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.

Based on Table 3, the overall sales performance of community pharmacy in 2011-12 recorded a slight reduction. Prescription revenue was reduced by the pressures of Price Disclosure whilst retail sales exhibited pressures consistent with the broader market. Profitability dropped slightly due to higher expenses, which continue to reach record highs as a percentage of sales.

QUARTILE ANALYSIS (Table 4)

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

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

Similarly, the median or Normal quartile marks the value which one half of the respondents achieved and the other half did not. It is worth noting that the figures in the Low, Normal and High columns represent results from a wide range of pharmacies and the data should be viewed only in terms of their corresponding expense or income items. Strictly speaking, the Salaries and Wages percentage in the Normal Quartile (11.51%) bears no relationship to the Sales figure in the same quartile (\$3,158,344). The correct interpretation is that the Normal Quartile for Salaries and Wages is 11.51% of the Sales figure reported by that median respondent. The Sales figure of \$3,158,344 is independent of the



11.51%. Conversely, the median respondent who reported the Sales figure of \$3,158,344 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
	40%	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.

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



PROPRIETOR'S NOTIONAL SALARY

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

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

In 2011-12, the normal hourly rate was estimated at \$54.21 for the first 38 hours - equivalent to an annual salary of \$107,119. Additional hours were calculated at time and a half rate to reflect overtime. A rate of 1.2547 was applied to reflect On-Cost provisions.

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





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(G2012171)

Module 2

Building a Risk Management Culture in Your Pharmacy

This module explores the five pillars of a risk management culture. It will teach you about your role in leading and engaging your staff in risk management.

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(G2013004)

Module 3

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Would you be prepared if your business was faced with an emergency? This module will show you how to prepare your business to deal with a major disruption.

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G2013024)

Simply visit guild.org.au/academy to access the modules.

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Guild
INSURANCE

AUSTRALIAN PHARMACIES – 2011-12
(Based on 12 Months of Trading to 30/06/12)

Table 4

NATIONAL AVERAGE	2012 AVERAGES		Low	Normal	High
SALES, EXPENSES & PROFITABILITY	\$	%			
SALES	2,922,245		1,881,339	3,158,344	4,781,216
COST OF GOODS SOLD	1,866,856	63.88	61.16	63.93	65.95
GROSS MARGIN	1,055,389	36.12	32.12	34.43	37.01
Other Income	34,485		0.39	0.79	1.55
GROSS MARGIN PLUS OTHER INCOME	1,089,874		33.30	35.65	38.65
TOTAL REVENUE	2,956,729		100.00	100.00	100.00
EXPENSES					
Salaries and Wages	347,313	11.75	9.61	11.51	13.59
Rent Paid	136,499	4.62	1.92	3.28	5.86
Outgoings - Rental & Rates	10,322	0.35	0.00	0.13	0.42
Accounting	9,102	0.31	0.06	0.19	0.48
Advertising	36,673	1.24	0.36	1.05	1.66
Bank Charges	7,225	0.24	0.15	0.21	0.31
Computer Expenses	11,285	0.38	0.22	0.36	0.54
Depreciation	30,961	1.05	0.40	0.74	1.30
Electricity, Water, Heating	12,315	0.42	0.25	0.34	0.49
Insurance	8,916	0.30	0.17	0.25	0.40
Interest Paid	71,421	2.42	0.20	2.00	4.11
Leasing Expenses	5,501	0.19	0.00	0.00	0.17
Motor Vehicle Expenses	3,672	0.12	0.00	0.06	0.20
Postage, Freight, Printing	8,335	0.28	0.07	0.26	0.40
Repairs, Maintenance, Service	4,080	0.14	0.05	0.10	0.18
Subs and Registrations	8,072	0.27	0.14	0.23	0.41
Superannuation	31,097	1.05	0.80	0.98	1.21
Telephone	5,392	0.18	0.11	0.16	0.25
Training	2,745	0.09	0.01	0.05	0.14
Abnormal Expenses	14,953	0.51	0.00	0.00	0.00
Payroll Tax	7,847	0.27	0.00	0.02	0.44
Workers' Compensation	2,704	0.09	0.04	0.06	0.14
Other Expenses	77,702	2.63	0.64	1.54	2.71
TOTAL EXPENSES	854,134	28.89	17.11	24.85	30.31
TOTAL INCOME	235,740	7.97	5.13	10.61	19.11
Less Proprietors' Salary (1)	147,555	4.99	128,688	128,920	141,194
[Full-Time-Equivalents]	1.10		0.96	0.96	1.05
NET PROFIT/LOSS	88,185	2.98	-0.51	5.50	13.67
EBITDA	190,567	6.45	3.37	8.70	15.58
SALES ANALYSIS					
Prescriptions	2,039,354	70.51	1,403,184	2,146,949	3,278,285
Other Sales	852,923	29.49	249,058	726,434	1,624,178
INVENTORY ANALYSIS					
Prescription	104,912	3.55	64,372	88,938	125,222
Other	166,449	5.63	88,054	162,433	356,804
STOCK CARRIED (Total)	271,361	9.18	168,739	267,870	459,921
STOCK TURN (On Total Inventory)	6.88		6.26	8.19	10.35
SALES PER INVENTORY DOLLAR					
Prescription	19.44		17.25	26.11	32.86
Other	5.12		3.52	4.85	6.51
STATISTICS					
PHARMACY SIZE (square metres)	220.6		130.0	203.0	330.0
PRESCRIPTIONS DISPENSED (Total)	54,534		40,325	61,313	90,979
PRESCRIPTIONS DISPENSED WEEKLY	1,049		775	1,179	1,750
TOTAL HOURS OPEN per WEEK	65.6		52.0	62.0	77.0
AV HRS WORKED BY PROPRIETORS/WEEK	41.7		36.5	36.5	40.0
FUNDS RETAINED IN BUSINESS (2)	133,194	4.50	-8,208	55,313	218,093

(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.

PLANNING TOOLS AND PRODUCTIVITY MEASURES

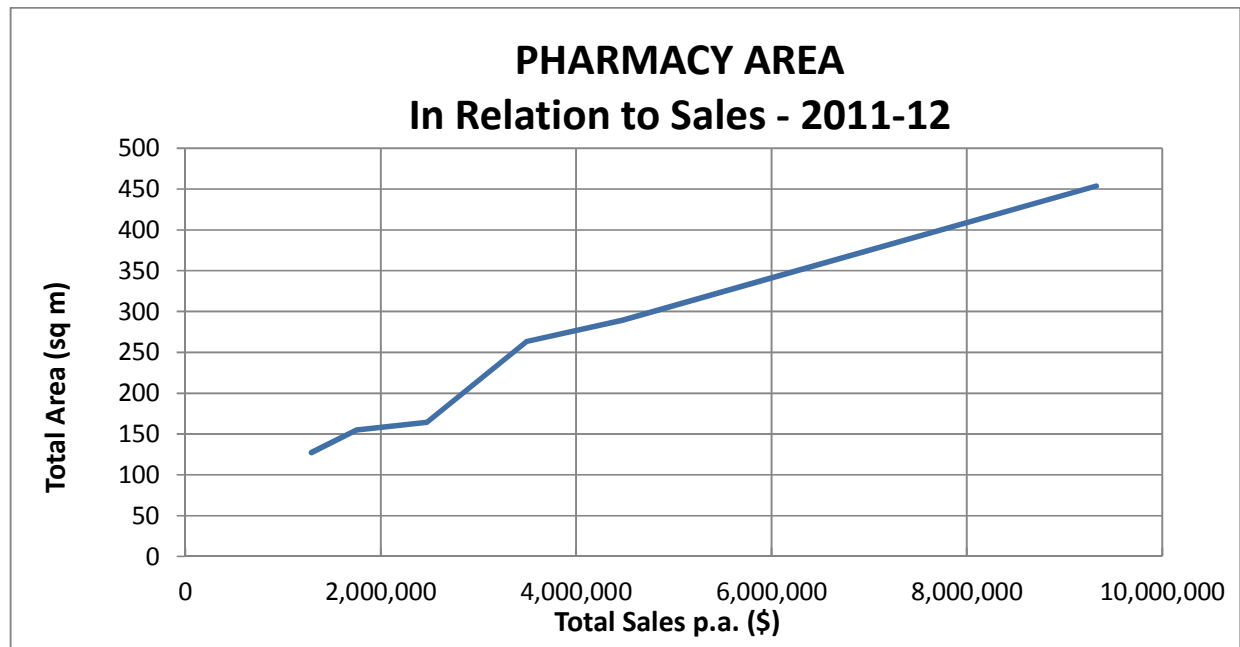
(Refer to Table 5)

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 \$10,138 to \$20,569.

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

Chart 3



TOTAL SALES vs NUMBER OF PRESCRIPTIONS

The average prescription generated between \$40.88 and \$59.48 in sales revenue. With an average value per prescription of about \$37.38, each prescription produced between \$10 and \$20 extra revenue in the non-prescription sector.

Turnover Group	Average	Non-Prescription Sales/Script	Script Sales/ Total Sales
	Script Value		%
\$	\$	\$	%
Under \$1,000,000	34.84	7.86	81.6
\$1,000,000 - \$1,500,000	34.88	9.22	79.1
\$1,500,000 - \$2,000,000	36.88	8.39	81.5
\$2,000,000 - \$3,000,000	35.70	9.57	78.9
\$3,000,000 - \$4,000,000	34.47	12.63	73.2
\$4,000,000 - \$5,000,000	34.81	19.06	64.6
\$5,000,000 - \$7,000,000	35.35	16.88	67.7
Over \$7,000,000	42.62	23.56	64.4
All Pharmacies (weighted)	37.38	14.96	71.43

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 70,000 (compared with 54,534 dispensed prescriptions). Therefore the average sale per customer may be lower than the Sales per script figures. It is nevertheless important to note that prescriptions contribute significantly to other sales and the important nexus between the two should not be underestimated. The close correlation between the number of prescriptions dispensed and Total Sales is illustrated in Chart 4, and the long term trend towards an increase in the proportion of dispensary to total sales is shown in Chart 5.



Chart 4

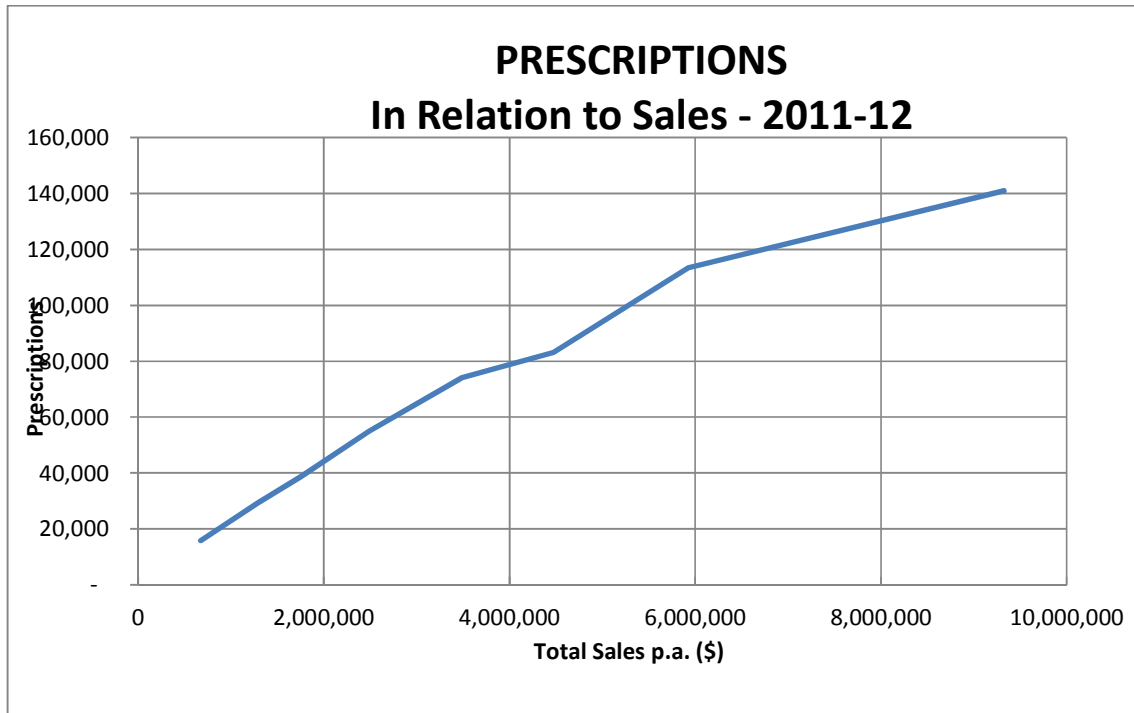
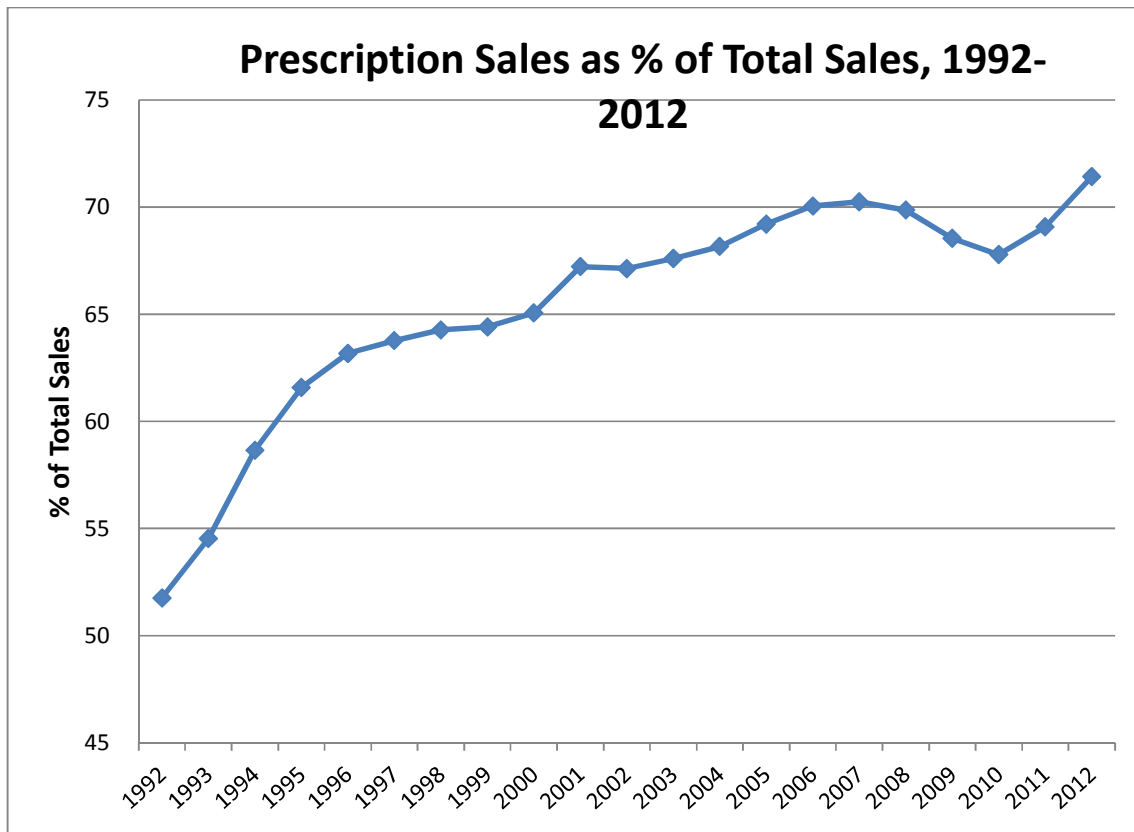


Chart 5



SALES PER \$ OF STAFF WAGES

This is a useful general measure of productivity of staff. Table 5 shows that staff generate on average \$7 of sales revenue per dollar of wages.

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

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

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

While there are some significant variances in the lowest and highest turnover ranges, there is a tighter range of \$350,000 to \$480,000 in sales per employee in the higher bands.

Turnover Group	Retail Sales/Full-Time Equivalent Non-Dispensary Employee
	\$
Under \$1,000,000	219,743
\$1,000,000 - \$1,500,000	290,894
\$1,500,000 - \$2,000,000	198,721
\$2,000,000 - \$3,000,000	269,926
\$3,000,000 - \$4,000,000	280,782
\$4,000,000 - \$5,000,000	317,785
\$5,000,000 - \$7,000,000	410,393
Over \$7,000,000	427,338



Table 5**SUMMARY OF PRODUCTIVITY MEASURES – 2011-12**

TURNOVER RANGE	AVERAGE TURNOVER \$	TURNOVER PER \$ STAFF	TURNOVER PER FULL TIME EQUIVALENT EMPLOYEE	TURNOVER PER SQ M SHOP SPACE	RENT \$ PER SQ M SHOP SPACE
UNDER \$1,000,000	663,901	1.90	113,554	2,569	4,765
\$1,000,000 - \$1,500,000	1,289,501	8.13	385,973	10,138	494
\$1,500,000 - \$2,000,000	1,751,519	8.23	449,714	11,311	448
\$2,000,000 - \$3,000,000	2,472,897	8.40	453,370	15,028	535
\$3,000,000 - \$4,000,000	3,490,265	8.19	420,864	13,260	486
\$4,000,000 - \$5,000,000	4,471,938	8.71	470,730	15,452	587
\$5,000,000 - \$7,000,000	5,926,920	8.68	468,389	17,502	650
OVER \$7,000,000	9,327,326	9.85	806,688	20,569	1,149
AUSTRALIA					
ALL PHARMACIES - WEIGHTED	2,922,245	7.14	402,982	12,359	577
METROPOLITAN	3,063,903	7.96	457,316	13,871	748
COUNTRY	2,807,682	6.00	335,060	10,262	329

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 2012 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 2012, 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	\$	**
Plus Purchases during the year*	\$	
= Cost of Merchandise	\$	
- Purchase Rebates and Trade Rebates	\$	
- Goods taken for own use	\$	
- Inventory at end of year	\$	
= Cost of Goods Sold	\$	
Sales	\$	
- Cost of Goods Sold	\$	
= Gross Margin	\$	
* Only include merchandise purchased for re-sale.		
** Fill in your own figures as examples.		

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

THE BALANCE SHEET

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

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

Assets

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

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

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



Liabilities

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

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

Net Worth

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

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

FINANCIAL RATIOS

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

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

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

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

Liquidity or Short-Term Capitalisation

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

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

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



Profitability

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

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

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

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

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

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

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

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

Solvency or Long-Term Capitalisation

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

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

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

Net Sales to Net Worth

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



Funded Debt to Net Working Capital

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

Age of Debtors

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

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



Chart 6

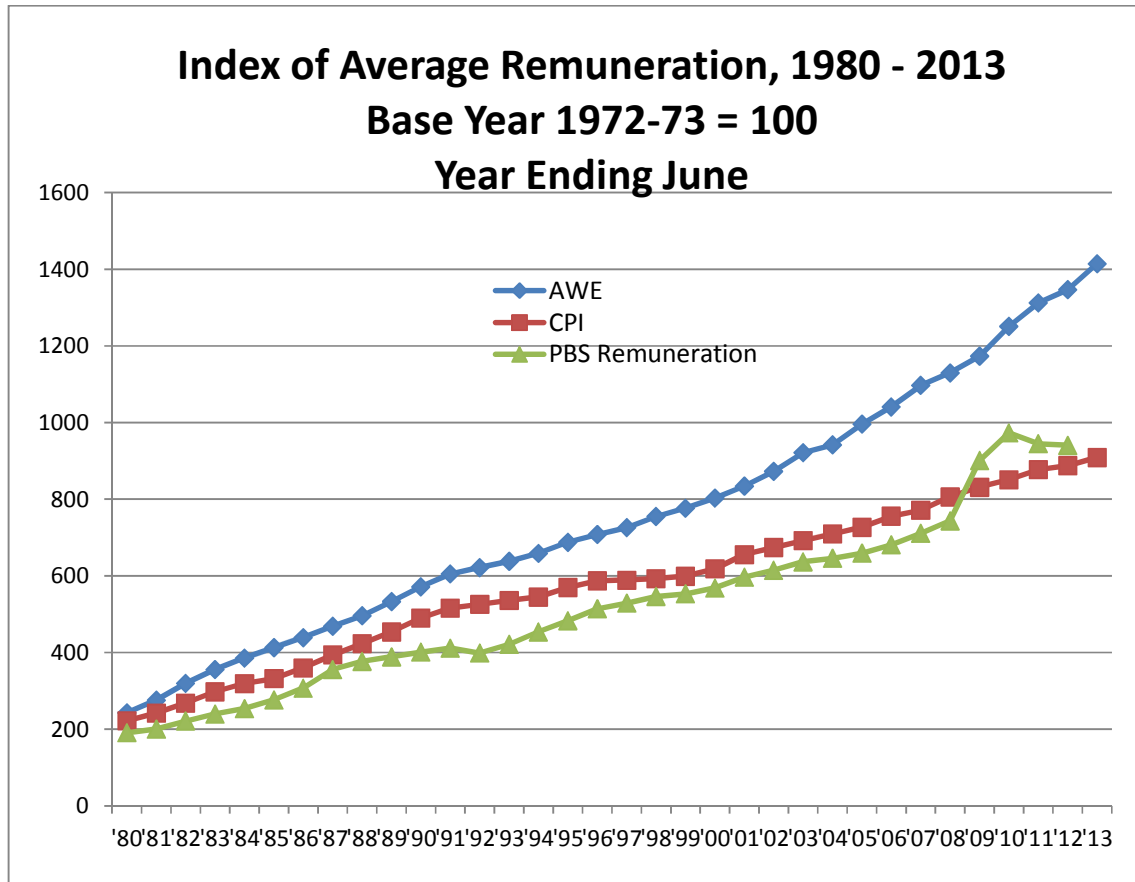
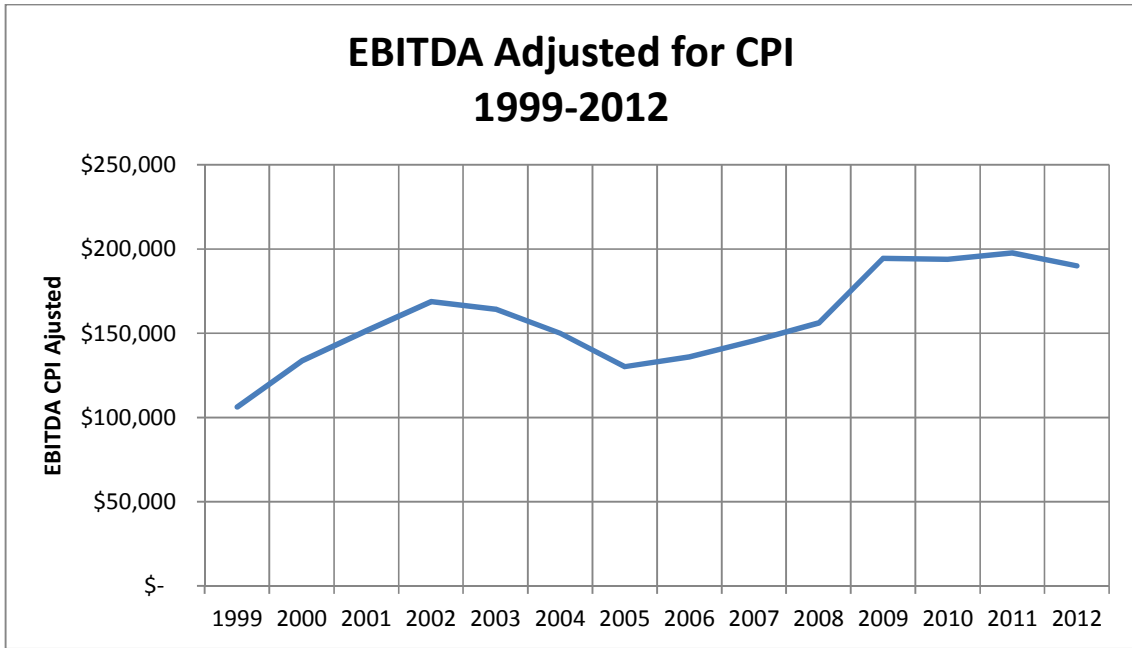


Chart 7



AUSTRALIAN PHARMACIES – SUMMARY OF SALES VOLUME IN 2011-12
(Based on 12 Months of Trading to 30/06/12)

Table 6

	Up to \$1,000,000		\$1,000,000 to \$1,500,000		\$1,500,000 to \$2,000,000		\$2,000,000 to \$3,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	663,901		1,291,599		1,751,519		2,472,897	
COST OF GOODS SOLD	405,678	61.11	797,477	61.74	1,101,132	62.87	1,573,889	63.65
GROSS MARGIN	258,223	38.89	494,122	38.26	650,388	37.13	899,008	36.35
Other Income	25,403		23,544		23,972		32,791	
GROSS MARGIN PLUS OTHER INCOME	283,626		517,666		674,360		931,799	
TOTAL REVENUE	689,304		1,315,143		1,775,491		2,505,688	
EXPENSES								
Salaries and Wages	95,612	13.87	156,630	11.91	212,911	11.99	294,325	11.75
Rent Paid	26,112	3.79	64,769	4.92	69,421	3.91	87,955	3.51
Outgoings - Rental & Rates	5,295	0.77	3,698	0.28	3,375	0.19	7,073	0.28
Accounting	4,376	0.63	6,754	0.51	8,204	0.46	9,215	0.37
Advertising	3,692	0.54	14,682	1.12	13,923	0.78	29,282	1.17
Bank Charges	2,222	0.32	3,964	0.30	5,714	0.32	5,447	0.22
Computer Expenses	8,875	1.29	7,482	0.57	8,396	0.47	10,468	0.42
Depreciation	6,098	0.88	18,783	1.43	15,104	0.85	21,281	0.85
Electricity, Water, Heating	3,601	0.52	6,426	0.49	6,923	0.39	8,676	0.35
Insurance	4,758	0.69	6,139	0.47	6,767	0.38	8,674	0.35
Interest Paid	20,649	3.00	50,384	3.83	59,600	3.36	56,313	2.25
Leasing Expenses	349	0.05	4,153	0.32	3,125	0.18	5,515	0.22
Motor Vehicle Expenses	5,136	0.75	3,486	0.27	3,870	0.22	4,339	0.17
Postage, Freight, Printing	2,680	0.39	4,719	0.36	5,272	0.30	5,946	0.24
Repairs, Maintenance, Service	1,133	0.16	1,722	0.13	2,281	0.13	3,518	0.14
Subs and Registrations	8,306	1.21	7,135	0.54	7,123	0.40	7,086	0.28
Superannuation	8,218	1.19	14,383	1.09	21,626	1.22	28,320	1.13
Telephone	2,883	0.42	3,319	0.25	4,926	0.28	4,992	0.20
Training	1,317	0.19	1,177	0.09	1,934	0.11	2,886	0.12
Abnormal Expenses	2,122	0.31	5,777	0.44	1,152	0.06	14,756	0.59
Payroll Tax	519	0.08	3,799	0.29	3,273	0.18	6,074	0.24
Workers' Compensation	776	0.11	1,397	0.11	1,601	0.09	1,887	0.08
Other Expenses	10,244	1.49	25,332	1.93	36,782	2.07	89,247	3.56
TOTAL EXPENSES	224,973	32.64	416,110	31.64	503,304	28.35	713,272	28.47
TOTAL INCOME	58,653	8.51	101,556	7.72	171,056	9.63	218,527	8.72
Less Proprietors' Salary (1) [Full-Time-Equivalents]	132,871 0.99	3.65	150,920 1.12	4.15	152,783 1.14	4.20	153,374 1.14	4.22
NET PROFIT/LOSS	-74,218	-10.77	-49,364	-3.75	18,273	1.03	65,153	2.60
EBITDA	-47,471	(6.89)	19,802	1.51	92,977	5.24	142,746	5.70
SALES ANALYSIS								
Prescriptions	505,826	76.19	1,021,517	79.09	1,406,635	80.31	1,900,027	76.83
Other Sales	158,075	23.81	270,083	20.91	344,884	19.69	572,870	23.17
INVENTORY ANALYSIS								
Prescription	46,539	6.75	106,598	8.11	73,454	4.14	79,994	3.19
Other	27,079	3.93	60,989	4.64	91,340	5.14	112,559	4.49
STOCK CARRIED (Total)	73,618	10.68	167,587	12.74	164,795	9.28	192,553	7.68
STOCK TURN (On Total Inventory)	5.51		4.76		6.68		8.17	
SALES PER INVENTORY DOLLAR								
Prescription	10.87		9.58		19.15		23.75	
Other	5.84		4.43		3.78		5.09	
STATISTICS								
PHARMACY SIZE (square metres)	113		127		155		165	
PRESCRIPTIONS DISPENSED (Total)	14,873		29,283		38,263		53,550	
PRESCRIPTIONS DISPENSED WEEKLY	286		563		736		1,030	
TOTAL HOURS OPEN per WEEK	48.0		55.4		58.4		60.8	
AV HRS WORKED BY PROPRIETORS/WEEK	37.6		42.7		43.2		43.4	
FUNDS RETAINED IN BUSINESS (2)	66,076	9.59	76,310	5.80	77,891	4.39	78,608	3.14

(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 2011-12
(Based on 12 Months of Trading to 30/06/12)

Table 6

	\$3,000,000 to \$4,000,000		\$4,000,000 to \$5,000,000		\$5,000,000 to \$7,000,000		Over \$7,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,491,707		4,471,938		5,926,920		9,327,326	
COST OF GOODS SOLD	2,266,786	64.92	2,913,119	65.14	3,809,695	64.28	6,361,558	68.20
GROSS MARGIN	1,224,921	35.08	1,558,819	34.86	2,117,225	35.72	2,965,768	31.80
Other Income	40,513		50,130		62,856		44,989	
GROSS MARGIN PLUS OTHER INCOME	1,265,434		1,608,949		2,180,082		3,010,757	
TOTAL REVENUE	3,532,220		4,522,068		5,989,777		9,372,315	
EXPENSES								
Salaries and Wages	433,330	12.27	513,660	11.36	682,955	11.40	947,226	10.11
Rent Paid	137,756	3.90	169,829	3.76	220,075	3.67	521,150	5.56
Outgoings - Rental & Rates	7,493	0.21	13,850	0.31	20,345	0.34	28,461	0.30
Accounting	12,327	0.35	9,886	0.22	18,581	0.31	17,286	0.18
Advertising	53,536	1.52	62,683	1.39	73,760	1.23	118,967	1.27
Bank Charges	9,171	0.26	9,520	0.21	14,643	0.24	16,662	0.18
Computer Expenses	12,125	0.34	12,209	0.27	13,103	0.22	17,807	0.19
Depreciation	34,493	0.98	31,790	0.70	57,000	0.95	103,916	1.11
Electricity, Water, Heating	13,737	0.39	18,203	0.40	21,563	0.36	28,642	0.31
Insurance	11,327	0.32	11,422	0.25	13,087	0.22	17,656	0.19
Interest Paid	101,815	2.88	74,866	1.66	144,992	2.42	133,419	1.42
Leasing Expenses	7,274	0.21	2,523	0.06	14,050	0.23	4,536	0.05
Motor Vehicle Expenses	4,418	0.13	4,028	0.09	3,317	0.06	5,658	0.06
Postage, Freight, Printing	13,597	0.38	12,532	0.28	16,125	0.27	16,030	0.17
Repairs, Maintenance, Service	6,558	0.19	6,690	0.15	6,361	0.11	5,677	0.06
Subs and Registrations	8,813	0.25	9,200	0.20	13,668	0.23	12,950	0.14
Superannuation	39,778	1.13	41,378	0.92	62,400	1.04	78,683	0.84
Telephone	7,054	0.20	6,823	0.15	9,016	0.15	9,451	0.10
Training	3,719	0.11	4,024	0.09	5,278	0.09	9,600	0.10
Abnormal Expenses	13,822	0.39	17,791	0.39	17,354	0.29	20,699	0.22
Payroll Tax	7,603	0.22	7,503	0.17	19,709	0.33	29,494	0.31
Workers' Compensation	3,353	0.09	3,784	0.08	6,849	0.11	6,035	0.06
Other Expenses	64,748	1.83	74,787	1.65	102,653	1.71	258,779	2.76
TOTAL EXPENSES	1,007,846	28.53	1,118,979	24.74	1,556,883	25.99	2,408,783	25.70
TOTAL INCOME	257,588	7.29	489,970	10.84	623,198	10.40	601,973	6.42
Less Proprietors' Salary (1) [Full-Time-Equivalents]	135,495 1.01	3.72	163,603 1.22	4.50	147,689 1.10	4.06	151,432 1.13	4.16
NET PROFIT/LOSS	122,093	3.46	326,367	7.22	475,510	7.94	450,542	4.81
EBITDA	258,401	7.32	433,023	9.58	677,502	11.31	687,876	7.34
SALES ANALYSIS								
Prescriptions	2,539,502	72.73	2,889,704	64.62	4,011,515	67.68	6,006,443	64.40
Other Sales	952,206	27.27	1,582,234	35.38	1,915,406	32.32	3,320,883	35.60
INVENTORY ANALYSIS								
Prescription	116,910	3.31	101,696	2.25	129,221	2.16	166,540	1.78
Other	207,207	5.87	261,550	5.78	348,320	5.82	567,594	6.06
STOCK CARRIED (Total)	324,118	9.18	363,246	8.03	477,541	7.97	734,134	7.83
STOCK TURN (On Total Inventory)	6.99		8.02		7.98		8.67	
SALES PER INVENTORY DOLLAR								
Prescription	21.72		28.42		31.04		36.07	
Other	4.60		6.05		5.50		5.85	
STATISTICS								
PHARMACY SIZE (square metres)	263		289		339		453	
PRESCRIPTIONS DISPENSED (Total)	73,858		83,023		113,466		140,925	
PRESCRIPTIONS DISPENSED WEEKLY	1,420		1,597		2,182		2,710	
TOTAL HOURS OPEN per WEEK	65.4		68.3		74.0		78.3	
AV HRS WORKED BY PROPRIETORS/WEEK	38.3		46.3		41.8		42.8	
FUNDS RETAINED IN BUSINESS (2)	-60,983	(1.73)	105,949	2.34	521,613	8.71	296,674	3.17

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

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

**COMPARISON OF PERFORMANCE–
(Based on 12 Months of Trading to 30/06/12)**

Table7

	Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY								
SALES	3,393,968		3,856,249		3,990,524		3,215,401	
COST OF GOODS SOLD	2,139,321	63.03	2,533,735	65.70	2,563,102	62.93	2,093,153	65.10
GROSS MARGIN	1,254,647	36.97	1,322,514	34.30	1,427,422	35.77	1,122,249	34.90
Other Income	38,080		43,950		46,126		30,165	
GROSS MARGIN PLUS OTHER INCOME	1,292,727		1,366,464		1,473,548		1,152,414	
TOTALREVENUE	3,432,048		3,900,199		4,036,650		3,245,567	
EXPENSES								
Salaries and Wages	393,914	11.48	447,231	11.47	461,931	11.44	289,063	8.91
Rent Paid	188,623	5.50	115,636	2.96	210,955	5.23	106,985	3.30
Outgoings-Rental & Rates	12,129	0.35	9,803	0.25	15,673	0.39	3,058	0.09
Accounting	8,507	0.25	10,707	0.27	10,112	0.25	11,384	0.35
Advertising	41,229	1.20	44,745	1.15	54,353	1.35	36,724	1.13
Bank Charges	8,511	0.25	7,112	0.18	9,143	0.23	7,730	0.24
Computer Expenses	12,681	0.37	13,437	0.34	14,301	0.35	7,668	0.24
Depreciation	34,586	1.01	33,448	0.86	41,827	1.04	30,911	0.95
Electricity, Water, Heating	14,347	0.42	14,465	0.37	17,259	0.43	10,125	0.31
Insurance	9,372	0.27	12,360	0.32	11,584	0.29	8,359	0.26
Interest Paid	97,516	2.84	72,067	1.85	102,775	2.55	60,139	1.85
Leasing Expenses	5,818	0.17	4,829	0.12	6,906	0.17	6,012	0.19
Motor Vehicle Expenses	3,067	0.09	4,406	0.11	3,670	0.09	4,052	0.12
Postage, Freight, Printing	10,841	0.32	15,530	0.40	12,892	0.32	6,707	0.21
Repairs, Maintenance, Service	4,122	0.12	6,629	0.17	5,555	0.14	3,680	0.11
Subs and Registrations	9,114	0.27	10,871	0.28	9,741	0.24	8,147	0.25
Superannuation	33,360	0.97	41,203	1.06	39,632	0.98	36,110	1.11
Telephone	5,357	0.16	6,314	0.16	5,883	0.15	6,550	0.20
Training	2,747	0.08	4,983	0.13	3,545	0.09	3,389	0.10
Abnormal Expenses	24,295	0.71	9,581	0.25	25,331	0.63	4,374	0.13
Payroll Tax	9,035	0.26	10,245	0.26	11,459	0.28	8,982	0.28
Workers' Compensation	3,099	0.09	3,256	0.08	3,529	0.09	3,340	0.10
Other Expenses	88,648	2.58	88,413	2.27	104,419	2.59	51,473	1.59
TOTALEXPENSES	1,020,917	29.75	987,271	25.31	1,182,473	29.29	714,964	22.03
TOTALINCOME	271,810	7.92	379,194	9.72	291,075	7.21	437,450	13.48
Less Proprietors' Salary(1) [Full-Time-Equivalents]	151,307 1.13	4.16	156,495 1.16	4.30	155,054 1.15	4.26	139,301 1.04	3.83
NETPROFIT/LOSS	120,503	3.51	222,698	5.71	136,022	3.37	298,149	9.19
EBITDA	252,605	7.36	328,213	8.42	280,624	6.95	389,200	11.99
SALESANALYSIS								
Prescriptions	2,236,892	66.85	2,838,864	75.32	2,605,529	66.94	2,359,254	73.90
Other Sales	1,109,233	33.15	930,027	24.68	1,286,646	33.06	833,047	26.10
INVENTORYANALYSIS								
Prescription	118,121	3.44	101,608	2.61	124,578	3.09	98,553	3.04
Other	205,517	5.99	209,738	5.38	290,094	7.19	161,294	4.97
STOCKCARRIED(Total)	323,638	9.43	311,346	7.98	414,672	10.27	259,848	8.01
STOCKTURN(On Total Inventory)	6.61		8.14		6.18		8.06	
SALESPERINVENTORYDOLLAR								
Prescription	18.94		27.94		20.91		23.94	
Other	5.40		4.43		4.44		5.16	
STATISTICS								
PHARMACYSIZE(square metres)	234		267		279		162	
PRESCRIPTIONSDISPENSED(Total)	59,797		72,235		66,969		71,083	
PRESCRIPTIONSDISPENSEDWEEKLY	1,150		1,389		1,288		1,367	
TOTAL HOURS OPEN per WEEK	68.0		58.9		67.7		60.5	
AVHRSWORKEDBYPROPRIETORS/WEEK	42.8		44.2		43.8		39.4	
FUNDSRETAINEDINBUSINESS(2)	169,022	4.92	-262,512	(6.73)	158,237	3.92	164,190	5.06

(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 30/06/12)

Table 8

	Shopping Centre		Strip or Isolated		Medical Centre		Servicing Nursing Homes (50+ beds)	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	4,447,893		2,859,556		2,713,764		3,766,493	
COST OF GOODS SOLD	2,821,387	63.43	1,877,025	65.64	1,771,895	65.29	2,346,567	62.30
GROSS MARGIN	1,626,505	36.57	982,531	34.36	941,869	34.71	1,419,926	37.70
Other Income	41,912		36,740		34,217		57,500	
GROSS MARGIN PLUS OTHER INCOME	1,668,417		1,019,271		976,086		1,477,426	
TOTAL REVENUE	4,489,804		2,896,296		2,747,981		3,823,993	
EXPENSES								
Salaries and Wages	505,936	11.27	330,088	11.40	314,137	11.43	443,927	11.61
Rent Paid	267,678	5.96	81,737	2.82	95,230	3.47	148,421	3.88
Outgoings - Rental & Rates	18,570	0.41	5,777	0.20	5,175	0.19	13,798	0.36
Accounting	9,828	0.22	9,289	0.32	5,465	0.20	9,255	0.24
Advertising	54,210	1.21	32,434	1.12	43,170	1.57	47,655	1.25
Bank Charges	10,592	0.24	6,540	0.23	5,452	0.20	9,708	0.25
Computer Expenses	13,861	0.31	11,743	0.41	14,444	0.53	17,722	0.46
Depreciation	45,721	1.02	24,277	0.84	23,740	0.86	30,076	0.97
Electricity, Water, Heating	16,639	0.37	12,342	0.43	12,138	0.44	27,521	0.54
Insurance	11,583	0.26	9,130	0.32	6,833	0.25	8,611	0.23
Interest Paid	107,979	2.40	75,131	2.59	62,677	2.28	85,840	2.24
Leasing Expenses	7,173	0.16	4,083	0.14	1,912	0.07	3,555	0.09
Motor Vehicle Expenses	3,330	0.07	3,753	0.13	1,181	0.04	2,382	0.06
Postage, Freight, Printing	14,575	0.32	10,733	0.37	8,628	0.31	24,097	0.63
Repairs, Maintenance, Service	5,256	0.12	4,437	0.15	4,607	0.17	7,394	0.19
Subs and Registrations	11,316	0.25	8,495	0.29	7,254	0.26	11,454	0.30
Superannuation	43,178	0.96	29,446	1.02	26,004	0.95	39,279	1.03
Telephone	6,222	0.14	5,269	0.18	4,674	0.17	7,059	0.18
Training	4,146	0.09	2,935	0.10	1,807	0.07	2,171	0.06
Abnormal Expenses	25,717	0.57	16,239	0.56	18,689	0.68	63,350	1.66
Payroll Tax	12,293	0.27	5,972	0.21	5,889	0.21	8,626	0.23
Workers' Compensation	3,760	0.08	2,767	0.10	1,205	0.04	2,703	0.07
Other Expenses	116,848	2.60	49,089	1.69	69,474	2.53	80,343	2.10
TOTAL EXPENSES	1,316,411	29.32	741,705	25.61	739,787	26.92	1,094,946	28.63
TOTAL INCOME	352,006	7.84	277,566	9.58	236,298	8.60	382,480	10.00
Less Proprietors' Salary (1) [Full-Time-Equivalents]	153,037 1.14	4.21	150,924 1.12	4.15	165,101 1.23	4.54	158,206 1.18	4.35
NET PROFIT/LOSS	198,969	4.43	126,642	4.37	71,198	2.59	224,274	5.86
EBITDA	352,668	7.85	226,049	7.80	157,615	5.74	347,190	9.08
SALES ANALYSIS								
Prescriptions	2,830,914	64.43	2,059,932	73.43	1,956,513	75.73	2,370,962	69.12
Other Sales	1,562,760	35.57	745,208	26.57	626,934	24.27	1,059,386	30.88
INVENTORY ANALYSIS								
Prescription	119,465	2.66	105,824	3.65	75,456	2.75	88,059	2.30
Other	277,659	6.18	146,919	5.07	89,839	3.27	198,581	5.19
STOCK CARRIED (Total)	397,124	8.85	252,743	8.73	165,296	6.02	286,640	7.50
STOCK TURN (On Total Inventory)	7.10		7.43		10.72		8.19	
SALES PER INVENTORY DOLLAR								
Prescription	23.70		19.47		25.93		26.92	
Other	5.63		5.07		6.98		5.33	
STATISTICS								
PHARMACY SIZE (square metres)	285		216		175		298	
PRESCRIPTIONS DISPENSED (Total)	73,273		54,348		58,968		69,717	
PRESCRIPTIONS DISPENSED WEEKLY	1,409		1,045		1,134		1,341	
TOTAL HOURS OPEN per WEEK	66.2		62.6		77.8		72.2	
AV HRS WORKED BY PROPRIETORS/WEEK	43.3		42.7		46.7		44.7	
FUNDS RETAINED IN BUSINESS (2)	248,413	5.77	53,437	1.85	-38,299	(1.39)	65,368	1.71

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

(2) 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 30/06/12)

Table 9

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	3,818,981		2,655,807		4,388,979		3,528,320		4,229,915	
COST OF GOODS SOLD	2,359,028	61.77	1,425,786	53.69	2,862,688	65.22	2,062,010	58.44	2,780,768	65.74
GROSS MARGIN	1,459,953	38.23	1,230,021	46.31	1,526,291	34.78	1,466,309	41.56	1,449,147	34.26
Other Income	28,793		21,241		43,221		32,047		24,345	
GROSS MARGIN PLUS OTHER INCOMES	1,488,746		1,251,263		1,569,512		1,498,357		1,473,492	
TOTAL REVENUE	3,847,774		2,677,048		4,432,201		3,560,367		4,254,260	
EXPENSES										
Salaries and Wages	431,036	11.20	379,057	14.16	537,357	12.12	475,042	13.34	290,768	6.83
Rent Paid	214,423	5.57	235,496	8.80	126,747	2.86	247,048	6.94	160,047	3.76
Outgoings - Rental & Rates	14,906	0.39	19,963	0.75	12,378	0.28	24,472	0.69	993	0.02
Accounting	13,178	0.34	11,621	0.43	13,044	0.29	13,990	0.39	11,826	0.28
Advertising	48,219	1.25	28,658	1.07	38,596	0.87	39,664	1.11	61,337	1.44
Bank Charges	8,129	0.21	7,613	0.28	6,409	0.14	7,884	0.22	8,545	0.20
Computer Expenses	10,366	0.27	11,406	0.43	10,869	0.25	11,917	0.33	7,136	0.17
Depreciation	45,129	1.17	34,417	1.29	43,202	0.97	44,153	1.24	46,936	1.10
Electricity, Water, Heating	14,336	0.37	11,999	0.45	16,828	0.38	15,742	0.44	11,993	0.28
Insurance	14,610	0.38	13,592	0.51	16,968	0.38	15,959	0.45	12,237	0.29
Interest Paid	91,740	2.38	113,239	4.23	75,746	1.71	116,840	3.28	52,296	1.23
Leasing Expenses	17,297	0.45	24,138	0.90	6,278	0.14	21,735	0.61	9,385	0.22
Motor Vehicle Expenses	5,685	0.15	5,752	0.21	5,736	0.13	6,293	0.18	4,633	0.11
Postage, Freight, Printing	8,929	0.23	7,740	0.29	15,311	0.35	10,479	0.29	6,255	0.15
Repairs, Maintenance, Service	4,470	0.12	2,781	0.10	7,185	0.16	4,707	0.13	4,094	0.10
Subs and Registrations	10,241	0.27	8,247	0.31	15,263	0.34	11,153	0.31	8,611	0.20
Superannuation	45,522	1.18	34,254	1.28	49,128	1.11	42,377	1.19	50,866	1.20
Telephone	6,269	0.16	4,704	0.18	6,482	0.15	5,675	0.16	7,293	0.17
Training	3,809	0.10	2,319	0.09	5,351	0.12	3,439	0.10	4,310	0.10
Abnormal Expenses	4,463	0.12	850	0.03	14,694	0.33	644	0.02	10,956	0.26
Payroll Tax	16,157	0.42	17,661	0.66	9,930	0.22	18,109	0.51	12,785	0.30
Workers' Compensation	7,606	0.20	6,618	0.25	5,607	0.13	6,688	0.19	9,059	0.21
Other Expenses	112,120	2.91	133,787	5.00	68,787	1.55	139,340	3.91	19,573	0.46
TOTAL EXPENSES	1,148,639	29.85	1,115,911	41.68	1,107,897	25.00	1,283,350	36.05	811,936	19.09
TOTAL INCOME	340,107	8.84	135,352	5.06	461,615	10.42	215,007	6.04	661,556	15.55
Less Proprietors' Salary (1) [Full-Time-Equivalents]	137,343 1.02	3.78	128,660 0.96	3.54	156,228 1.16	4.29	132,614 0.99	3.65	145,224 1.08	3.99
NET PROFIT/LOSS	202,764	5.27	6,692	0.25	305,387	6.89	82,393	2.31	516,332	12.14
EBITDA	339,633	8.83	154,348	5.77	424,335	9.57	243,386	6.84	615,564	14.47
SALES ANALYSIS										
Prescriptions	2,851,889	75.28	2,121,997	79.90	3,396,165	79.81	2,855,141	80.92	2,847,444	68.50
Other Sales	936,728	24.72	533,810	20.10	859,327	20.19	673,179	19.08	1,309,332	31.50
INVENTORY ANALYSIS										
Prescription	148,187	3.85	195,090	7.29	101,194	2.28	188,485	5.29	104,385	2.45
Other	314,823	8.18	332,126	12.41	244,401	5.51	394,225	11.07	278,731	6.55
STOCK CARRIED (Total)	463,011	12.03	527,216	19.69	345,595	7.80	582,710	16.37	383,117	9.01
STOCK TURN (On Total Inventory)	5.09		2.70		8.28		3.54		7.26	
SALES PER INVENTORY DOLLAR										
Prescription	19.25		10.88		33.56		15.15		27.28	
Other	2.98		1.61		3.52		1.71		4.70	
STATISTICS										
PHARMACY SIZE (square metres)	252		216		316		279		178	
PRESCRIPTIONS DISPENSED (Total)	74,194		56,492		77,331		66,487		87,297	
PRESCRIPTIONS DISPENSED WEEKLY	1,427		1,086		1,487		1,279		1,679	
TOTAL HOURS OPEN per WEEK	60.0		59.8		60.6		61.2		56.4	
AV HRS WORKED BY PROPRIETORS/WEEK	38.8		36.4		44.2		37.5		41.1	
FUNDS RETAINED IN BUSINESS (2)	350,121	9.10	403,072	15.06	241,811	5.46	427,830	12.02	102,425	2.41

(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 30/06/12)

Table 10

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	3,214,759		2,770,406		4,738,911		4,462,494		2,778,052	
COST OF GOODS SOLD	2,066,217	64.27	1,709,933	61.72	3,350,173	70.69	2,888,424	64.73	1,795,569	64.63
GROSS MARGIN	1,148,543	35.73	1,060,473	38.28	1,388,738	29.31	1,574,070	35.27	982,483	35.37
Other Income	25,849		23,036		27,756		42,544		19,171	
GROSS MARGIN PLUS OTHER INCOME	1,174,391		1,083,509		1,416,494		1,616,615		1,001,654	
TOTAL REVENUE	3,240,608		2,793,442		4,766,667		4,505,038		2,797,222	
EXPENSES										
Salaries and Wages	323,082	9.97	295,453	10.58	479,650	10.06	443,168	9.84	243,025	8.69
Rent Paid	117,693	3.63	115,204	4.12	71,039	1.49	161,080	3.58	99,425	3.55
Outgoings - Rental & Rates	4,004	0.12	3,777	0.14	5,287	0.11	6,321	0.14	2,459	0.09
Accounting	12,817	0.40	10,957	0.39	15,992	0.34	17,817	0.40	10,866	0.39
Advertising	33,689	1.04	20,649	0.74	61,953	1.30	56,116	1.25	24,938	0.89
Bank Charges	6,537	0.20	4,945	0.18	6,845	0.14	5,195	0.12	6,897	0.25
Computer Expenses	11,706	0.36	14,058	0.50	15,964	0.33	22,872	0.51	6,743	0.24
Depreciation	29,325	0.90	19,890	0.71	43,928	0.92	33,526	0.74	27,709	0.99
Electricity, Water, Heating	10,111	0.31	8,471	0.30	12,731	0.27	12,892	0.29	9,026	0.32
Insurance	7,398	0.23	6,777	0.24	10,396	0.22	9,580	0.21	6,547	0.23
Interest Paid	70,472	2.17	81,256	2.91	64,382	1.35	102,454	2.27	57,680	2.06
Leasing Expenses	5,868	0.18	2,823	0.10	12,192	0.26	8,512	0.19	4,624	0.17
Motor Vehicle Expenses	3,846	0.12	2,273	0.08	4,108	0.09	3,523	0.08	3,990	0.14
Postage, Freight, Printing	11,390	0.35	10,071	0.36	45,623	0.96	25,261	0.56	5,977	0.21
Repairs, Maintenance, Service	4,583	0.14	3,925	0.14	7,165	0.15	6,212	0.14	3,972	0.14
Subs and Registrations	10,199	0.31	10,920	0.39	14,544	0.31	10,192	0.23	10,202	0.36
Superannuation	31,360	0.97	23,245	0.83	44,863	0.94	35,526	0.79	29,734	1.06
Telephone	6,412	0.20	5,511	0.20	7,346	0.15	7,627	0.17	5,938	0.21
Training	2,272	0.07	1,991	0.07	3,204	0.07	2,625	0.06	2,131	0.08
Abnormal Expenses	1,278	0.04	2,143	0.08	0	0.00	1,100	0.02	1,348	0.05
Payroll Tax	9,018	0.28	4,825	0.17	14,826	0.31	13,519	0.30	6,535	0.23
Workers' Compensation	2,293	0.07	1,793	0.06	4,494	0.09	3,133	0.07	1,964	0.07
Other Expenses	46,450	1.43	44,377	1.59	58,196	1.22	83,758	1.86	21,578	0.77
TOTAL EXPENSES	761,804	23.51	695,336	24.89	1,004,728	21.08	1,072,011	23.80	593,306	21.21
TOTAL INCOME	412,587	12.73	388,173	13.90	411,766	8.64	544,603	12.09	408,348	14.60
Less Proprietors' Salary (1) [Full-Time-Equivalents]	133,855 1.00	3.68	135,711 1.01	3.73	164,944 1.23	4.53	167,215 1.24	4.60	120,837 0.90	3.32
NET PROFIT/LOSS	278,732	8.60	252,461	9.04	246,822	5.18	377,389	8.38	287,511	10.28
EBITDA	378,529	11.68	353,608	12.66	355,132	7.45	513,369	11.40	372,900	13.33
SALES ANALYSIS										
Prescriptions	2,322,001	72.22	1,983,188	70.53	3,527,973	77.76	3,124,649	72.75	2,047,926	72.36
Other Sales	893,344	27.78	828,731	29.47	1,009,115	22.24	1,170,614	27.25	782,436	27.64
INVENTORY ANALYSIS										
Prescription	102,601	3.17	104,221	3.73	113,259	2.38	89,780	1.99	106,979	3.82
Other	154,714	4.77	113,768	4.07	272,730	5.72	283,729	6.30	117,368	4.20
STOCK CARRIED (Total)	257,315	7.94	217,989	7.80	385,988	8.10	373,509	8.29	224,346	8.02
STOCK TURN (On Total Inventory)	8.03		7.84		8.68		7.73		8.00	
SALES PER INVENTORY DOLLAR										
Prescription	22.63		19.03		31.15		34.80		19.14	
Other	5.77		7.28		3.70		4.13		6.67	
STATISTICS										
PHARMACY SIZE (square metres)	201		187		284		267		158	
PRESCRIPTIONS DISPENSED (Total)	66,585		52,297		99,467		82,810		61,045	
PRESCRIPTIONS DISPENSED WEEKLY	1,280		1,006		1,913		1,592		1,174	
TOTAL HOURS OPEN per WEEK	56.1		57.7		46.7		60.3		53.3	
AV HRS WORKED BY PROPRIETORS/WEEK	37.8		38.4		46.6		47.3		34.2	
FUNDS RETAINED IN BUSINESS (2)	257,616	7.95	279,038	9.99	136,228	2.86	378,729	8.41	176,874	6.32

(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 30/06/12)

Table 11

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	3,919,224		5,060,041		3,426,924		4,944,633		2,945,085	
COST OF GOODS SOLD	2,586,169	65.99	3,428,664	67.76	2,238,763	65.33	3,349,253	67.74	1,901,261	64.56
GROSS MARGIN	1,333,055	34.01	1,631,377	32.24	1,188,162	34.67	1,595,381	32.26	1,043,824	35.44
Other Income	46,706		43,762		50,419		53,872		39,181	
GROSS MARGIN PLUS OTHER INCOME	1,379,761		1,675,139		1,238,581		1,649,253		1,083,005	
TOTAL REVENUE	3,965,930		5,103,803		3,477,344		4,998,506		2,984,266	
EXPENSES										
Salaries and Wages	467,620	11.79	535,682	10.50	408,066	11.73	531,299	10.63	306,550	10.27
Rent Paid	172,184	4.34	272,097	5.33	121,255	3.49	253,429	5.07	82,387	2.76
Outgoings - Rental & Rates	11,793	0.30	13,356	0.26	10,335	0.30	16,378	0.33	735	0.02
Accounting	11,020	0.28	8,020	0.16	5,162	0.15	7,260	0.15	15,061	0.50
Advertising	51,493	1.30	61,103	1.20	42,625	1.23	64,691	1.29	37,306	1.25
Bank Charges	9,640	0.24	11,201	0.22	8,441	0.24	11,213	0.22	7,905	0.26
Computer Expenses	11,063	0.28	11,034	0.22	13,510	0.39	13,158	0.26	7,310	0.24
Depreciation	40,065	1.01	46,829	0.92	30,591	0.88	47,985	0.96	31,942	1.07
Electricity, Water, Heating	13,836	0.35	14,208	0.28	13,639	0.39	16,458	0.33	11,076	0.37
Insurance	9,288	0.23	10,490	0.21	8,954	0.26	11,191	0.22	7,189	0.24
Interest Paid	71,189	1.80	83,619	1.64	68,498	1.97	88,995	1.78	49,921	1.67
Leasing Expenses	4,130	0.10	715	0.01	4,337	0.12	3,299	0.07	5,407	0.18
Motor Vehicle Expenses	3,362	0.08	2,391	0.05	3,414	0.10	3,042	0.06	3,807	0.13
Postage, Freight, Printing	7,961	0.20	7,944	0.16	12,230	0.35	10,881	0.22	4,743	0.16
Repairs, Maintenance, Service	4,686	0.12	4,383	0.09	5,941	0.17	6,215	0.12	3,195	0.11
Subs and Registrations	7,527	0.19	10,535	0.21	7,600	0.22	9,775	0.20	5,167	0.17
Superannuation	39,430	0.99	44,235	0.87	37,372	1.07	45,592	0.91	32,457	1.09
Telephone	6,731	0.17	6,295	0.12	6,070	0.17	6,100	0.12	7,427	0.25
Training	4,952	0.12	5,597	0.11	4,869	0.14	5,374	0.11	4,473	0.15
Abnormal Expenses	3,411	0.09	9,878	0.19	204	0.01	2,723	0.05	4,151	0.14
Payroll Tax	10,685	0.27	12,788	0.25	8,680	0.25	12,267	0.25	8,129	0.27
Workers' Compensation	2,230	0.06	2,824	0.06	1,926	0.06	2,736	0.05	1,670	0.06
Other Expenses	120,386	3.04	132,022	2.59	110,204	3.17	113,689	2.27	137,325	4.60
TOTAL EXPENSES	1,084,684	27.35	1,307,246	25.61	933,924	26.86	1,283,751	25.68	775,334	25.98
TOTAL INCOME	295,077	7.44	367,893	7.21	304,657	8.76	365,502	7.31	307,671	10.31
Less Proprietors' Salary (1) [Full-Time-Equivalents]	159,770 1.19	4.39	195,465 1.45	5.37	154,684 1.15	4.25	183,807 1.37	5.05	133,930 1.00	3.68
NET PROFIT/LOSS	135,307	3.41	172,428	3.38	149,973	4.31	181,695	3.63	173,741	5.82
EBITDA	246,562	6.22	302,877	5.93	249,063	7.16	318,675	6.38	255,605	8.57
SALES ANALYSIS										
Prescriptions	2,671,045	68.47	3,136,917	62.48	2,541,049	75.42	3,125,581	64.33	2,193,782	74.49
Other Sales	1,229,716	31.53	1,883,981	37.52	828,236	24.58	1,733,309	35.67	751,304	25.51
INVENTORY ANALYSIS										
Prescription	95,572	2.41	117,412	2.30	85,848	2.47	113,121	2.26	79,824	2.67
Other	245,646	6.19	327,844	6.42	176,054	5.06	322,590	6.45	178,567	5.98
STOCK CARRIED (Total)	341,218	8.60	445,256	8.72	261,902	7.53	435,711	8.72	258,391	8.66
STOCK TURN (On Total Inventory)	7.58		7.70		8.55		7.69		7.36	
SALES PER INVENTORY DOLLAR										
Prescription	27.95		26.72		29.60		27.63		27.48	
Other	5.01		5.75		4.70		5.37		4.21	
STATISTICS										
PHARMACY SIZE (square metres)	256		271		242		302		132	
PRESCRIPTIONS DISPENSED (Total)	73,296		77,341		69,615		78,598		67,597	
PRESCRIPTIONS DISPENSED WEEKLY	1,410		1,487		1,339		1,512		1,300	
TOTAL HOURS OPEN per WEEK	69.3		75.6		63.8		75.2		54.6	
AV HRS WORKED BY PROPRIETORS/WEEK	45.2		55.3		43.7		52.0		37.9	
FUNDS RETAINED IN BUSINESS (2)	-38,304	(0.97)	-15,412	(0.30)	-58,979	(1.70)	-84,812	(1.70)	86,688	2.90

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

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

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

Table 12

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,436,276		2,489,043		Insufficient Sample to publish		2,539,222		2,286,535	
COST OF GOODS SOLD	1,596,455	65.53	1,640,103	65.89			1,673,615	65.91	1,484,223	64.91
GROSS MARGIN	839,820	34.47	848,940	34.11			865,607	34.09	802,312	35.09
Other Income	51,713		54,563				59,894		40,805	
GROSS MARGIN PLUS OTHER INCOME	891,534		903,503				925,502		843,117	
TOTAL REVENUE	2,487,989		2,543,606				2,599,116		2,327,341	
EXPENSES										
Salaries and Wages	272,689	10.96	280,716	11.04			298,666	11.49	238,054	10.23
Rent Paid	87,295	3.51	93,467	3.67			102,519	3.94	65,151	2.80
Outgoings - Rental & Rates	4,182	0.17	4,480	0.18			5,169	0.20	2,747	0.12
Accounting	3,748	0.15	3,398	0.13			4,269	0.16	3,054	0.13
Advertising	36,465	1.47	38,358	1.51			43,446	1.67	27,157	1.17
Bank Charges	5,565	0.22	5,811	0.23			5,929	0.23	5,034	0.22
Computer Expenses	7,352	0.30	6,916	0.27			7,724	0.30	6,812	0.29
Depreciation	17,341	0.70	17,075	0.67			20,440	0.79	12,832	0.55
Electricity, Water, Heating	9,790	0.39	10,139	0.40			11,296	0.43	7,735	0.33
Insurance	5,316	0.21	5,042	0.20			5,542	0.21	4,988	0.21
Interest Paid	64,561	2.59	69,350	2.73			74,146	2.85	51,781	2.22
Leasing Expenses	1,049	0.04	1,125	0.04			545	0.02	1,722	0.07
Motor Vehicle Expenses	2,487	0.10	2,194	0.09			2,615	0.10	2,317	0.10
Postage, Freight, Printing	8,172	0.33	8,185	0.32			7,622	0.29	8,970	0.39
Repairs, Maintenance, Service	3,759	0.15	3,923	0.15			4,624	0.18	2,461	0.11
Subs and Registrations	5,311	0.21	4,958	0.19			5,097	0.20	5,624	0.24
Superannuation	21,947	0.88	22,452	0.88			22,439	0.86	21,231	0.91
Telephone	3,567	0.14	3,473	0.14			3,638	0.14	3,462	0.15
Training	2,330	0.09	2,432	0.10			2,607	0.10	1,962	0.08
Abnormal Expenses	163	0.01	24	0.00			156	0.01	173	0.01
Payroll Tax	6,189	0.25	6,705	0.26			5,913	0.23	6,631	0.28
Workers' Compensation	2,042	0.08	2,094	0.08			2,266	0.09	1,683	0.07
Other Expenses	41,254	1.66	44,276	1.74			51,097	1.97	28,131	1.21
TOTAL EXPENSES	612,575	24.62	636,595	25.03			687,765	26.46	509,713	21.90
TOTAL INCOME	278,959	11.21	266,909	10.49			237,737	9.15	333,405	14.33
Less Proprietors' Salary (1) [Full-Time-Equivalents]	115,615 0.86	3.18	110,375 0.82	3.03			109,902 0.82	3.02	123,234 0.92	3.39
NET PROFIT/LOSS	163,343	6.57	156,534	6.15			127,835	4.92	210,171	9.03
EBITDA	245,245	9.86	242,959	9.55			222,422	8.56	274,784	11.81
SALES ANALYSIS										
Prescriptions	1,738,164	72.08	1,763,467	71.65			1,706,052	67.19	1,784,873	79.51
Other Sales	673,179	27.92	697,669	28.35			833,170	32.81	459,857	20.49
INVENTORY ANALYSIS										
Prescription	65,565	2.64	65,600	2.58			67,077	2.58	63,365	2.72
Other	158,777	6.38	165,295	6.50			186,798	7.19	113,944	4.90
STOCK CARRIED (Total)	224,342	9.02	230,894	9.08			253,876	9.77	177,309	7.62
STOCK TURN (On Total Inventory)	7.12		7.10				6.59		8.37	
SALES PER INVENTORY DOLLAR										
Prescription	26.51		26.88				25.43		28.17	
Other	4.24		4.22				4.46		4.04	
STATISTICS										
PHARMACY SIZE (square metres)	157		158				168		142	
PRESCRIPTIONS DISPENSED (Total)	45,016		45,484				42,793		48,250	
PRESCRIPTIONS DISPENSED WEEKLY	866		875				823		928	
TOTAL HOURS OPEN per WEEK	50.9		52.6				50.6		51.3	
AV HRS WORKED BY PROPRIETORS/WEEK	32.7		31.2				31.1		34.8	
FUNDS RETAINED IN BUSINESS (2)	-10,890	(0.44)	-13,203	(0.52)			-100,083	(3.85)	108,034	4.64

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

(2) 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 30/06/12)

Table 13

	State Averages Weighted		Metro		Country		Group		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	4,376,425		3,868,770		Insufficient Sample to publish		4,622,354		Insufficient Sample to publish	
COST OF GOODS SOLD	2,821,251	64.46	2,454,320	63.44			2,967,911	64.21		
GROSS MARGIN	1,555,175	35.54	1,414,449	36.56			1,654,443	35.79		
Other Income	58,034		49,382				62,437			
GROSS MARGIN PLUS OTHER INCOME	1,613,209		1,463,831				1,716,880			
TOTAL REVENUE	4,434,460		3,918,152				4,684,791			
EXPENSES										
Salaries and Wages	496,890	11.21	450,355	11.49			523,300	11.17		
Rent Paid	221,423	4.99	224,352	5.73			237,807	5.08		
Outgoings - Rental & Rates	24,335	0.55	24,265	0.62			25,237	0.54		
Accounting	4,884	0.11	3,745	0.10			4,539	0.10		
Advertising	65,778	1.48	61,510	1.57			71,711	1.53		
Bank Charges	12,435	0.28	11,705	0.30			13,411	0.29		
Computer Expenses	19,309	0.44	18,387	0.47			19,558	0.42		
Depreciation	45,895	1.03	45,955	1.17			48,870	1.04		
Electricity, Water, Heating	26,136	0.59	23,747	0.61			27,628	0.59		
Insurance	10,403	0.23	9,197	0.23			10,898	0.23		
Interest Paid	104,229	2.35	96,199	2.46			112,678	2.41		
Leasing Expenses	2,581	0.06	2,610	0.07			631	0.01		
Motor Vehicle Expenses	1,556	0.04	1,169	0.03			1,462	0.03		
Postage, Freight, Printing	17,719	0.40	15,378	0.39			18,934	0.40		
Repairs, Maintenance, Service	6,287	0.14	4,621	0.12			6,718	0.14		
Subs and Registrations	11,602	0.26	10,178	0.26			12,081	0.26		
Superannuation	42,715	0.96	38,210	0.98			45,032	0.96		
Telephone	6,424	0.14	5,550	0.14			6,650	0.14		
Training	2,804	0.06	1,663	0.04			3,028	0.06		
Abnormal Expenses	123,268	2.78	123,444	3.15			132,693	2.83		
Payroll Tax	4,860	0.11	3,438	0.09			5,141	0.11		
Workers' Compensation	1,556	0.04	1,284	0.03			1,563	0.03		
Other Expenses	78,588	1.77	66,464	1.70			85,209	1.82		
TOTAL EXPENSES	1,331,676	30.03	1,243,425	31.73			1,414,779	30.20		
TOTAL INCOME	281,533	6.35	220,407	5.63			302,101	6.45		
Less Proprietors' Salary (1) [Full-Time-Equivalents]	154,658 1.15	5.30	155,900 1.16	5.35			155,219 1.15	5.32		
NET PROFIT/LOSS	103,906	2.34	46,648	1.19			122,072	2.61		
EBITDA	254,030	5.73	188,803	4.82			283,619	6.05		
SALES ANALYSIS										
Prescriptions	2,147,988	49.04	1,950,249	49.54			2,263,696	48.74		
Other Sales	2,232,417	50.96	1,986,801	50.46			2,380,342	51.26		
INVENTORY ANALYSIS										
Prescription	113,754	2.57	95,751	2.44			129,307	2.76		
Other	244,722	5.52	207,843	5.30			281,427	6.01		
STOCK CARRIED (Total)	358,476	8.08	303,594	7.75			410,734	8.77		
STOCK TURN (On Total Inventory)	7.87		8.08				7.23			
SALES PER INVENTORY DOLLAR										
Prescription	18.88		20.37				17.51			
Other	9.12		9.56				8.46			
STATISTICS										
PHARMACY SIZE (square metres)	353		327				370			
PRESCRIPTIONS DISPENSED (Total)	64,303		59,547				67,928			
PRESCRIPTIONS DISPENSED WEEKLY	1,237		1,145				1,306			
TOTAL HOURS OPEN per WEEK	85.9		83.9				87.2			
AV HRS WORKED BY PROPRIETORS/WEEK	50.2		49.1				50.9			
FUNDS RETAINED IN BUSINESS (2)	42,242	0.95	33,134	0.85			42,120	0.90		

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

(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 30/06/12)

Table 14

	State Averages Weighted		Metro		Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,338,176									
COST OF GOODS SOLD	1,509,286	64.55			Insufficient Sample to publish		Insufficient Sample to publish		Insufficient Sample to publish	
GROSS MARGIN	828,890	35.45								
Other Income	16,845									
GROSS MARGIN PLUS OTHER INCOME	845,735									
TOTAL REVENUE	2,355,021									
EXPENSES										
Salaries and Wages	191,641	8.14								
Rent Paid	43,231	1.84								
Outgoings - Rental & Rates	1,547	0.07								
Accounting	9,702	0.41								
Advertising	46,200	1.96								
Bank Charges	6,379	0.27								
Computer Expenses	6,983	0.30								
Depreciation	20,724	0.88								
Electricity, Water, Heating	6,232	0.26								
Insurance	8,801	0.37								
Interest Paid	44,087	1.87								
Leasing Expenses	4,665	0.20								
Motor Vehicle Expenses	1,476	0.06								
Postage, Freight, Printing	5,240	0.22								
Repairs, Maintenance, Service	1,699	0.07								
Subs and Registrations	5,448	0.23								
Superannuation	26,500	1.13								
Telephone	6,548	0.28								
Training	1,629	0.07								
Abnormal Expenses	0	0.00								
Payroll Tax	0	0.00								
Workers' Compensation	2,655	0.11								
Other Expenses	8,937	0.38								
TOTAL EXPENSES	450,324	19.12								
TOTAL INCOME	395,410	16.79								
Less Proprietors' Salary (1) [Full-Time-Equivalents]	102,937 0.77	2.83								
NET PROFIT/LOSS	292,474	12.42								
EBITDA	357,284	15.17								
SALES ANALYSIS										
Prescriptions	1,940,112	80.37								
Other Sales	473,820	19.63								
INVENTORY ANALYSIS										
Prescription	55,991	2.38								
Other	118,017	5.01								
STOCK CARRIED (Total)	174,008	7.39								
STOCK TURN (On Total Inventory)	8.67									
SALES PER INVENTORY DOLLAR										
Prescription	34.65									
Other	4.01									
STATISTICS										
PHARMACY SIZE (square metres)	133									
PRESCRIPTIONS DISPENSED (Total)	59,849									
PRESCRIPTIONS DISPENSED WEEKLY	1,151									
TOTAL HOURS OPEN per WEEK	35.8									
AV HRS WORKED BY PROPRIETORS/WEEK	29.1									
FUNDS RETAINED IN BUSINESS (2)	87,124	3.70								

(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 30/06/12)

Table 15

	AUSTRALIA Manager Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	3,863,921		4,051,682		3,907,324	
COST OF GOODS SOLD	2,459,098	63.64	2,420,599	59.74	2,500,680	64.00
GROSS MARGIN	1,404,823	36.36	1,631,083	40.26	1,406,644	36.00
Other Income	39,825		24,947		31,690	
GROSS MARGIN PLUS OTHER INCOME	1,444,648		1,656,030		1,438,334	
TOTAL REVENUE	3,903,746		4,076,629		3,939,014	
EXPENSES						
Salaries and Wages	459,647	11.77	466,413	11.44	416,848	10.58
Rent Paid	194,090	4.97	276,156	6.77	143,822	3.65
Outgoings - Rental & Rates	12,440	0.32	14,996	0.37	5,709	0.14
Accounting	12,166	0.31	14,206	0.35	15,397	0.39
Advertising	55,820	1.43	57,432	1.41	50,623	1.29
Bank Charges	9,334	0.24	9,054	0.22	8,905	0.23
Computer Expenses	11,620	0.30	10,851	0.27	12,413	0.32
Depreciation	43,705	1.12	54,794	1.34	34,191	0.87
Electricity, Water, Heating	15,063	0.39	15,205	0.37	11,751	0.30
Insurance	10,432	0.27	14,731	0.36	7,839	0.20
Interest Paid	91,243	2.34	114,515	2.81	86,231	2.19
Leasing Expenses	9,688	0.25	20,757	0.51	7,987	0.20
Motor Vehicle Expenses	3,966	0.10	5,013	0.12	5,095	0.13
Postage, Freight, Printing	7,785	0.20	5,949	0.15	7,605	0.19
Repairs, Maintenance, Service	4,935	0.13	4,727	0.12	5,036	0.13
Subs and Registrations	8,129	0.21	8,070	0.20	10,612	0.27
Superannuation	42,473	1.09	49,546	1.22	38,998	0.99
Telephone	6,766	0.17	6,381	0.16	7,730	0.20
Training	3,804	0.10	3,357	0.08	2,689	0.07
Abnormal Expenses	13,394	0.34	4,951	0.12	634	0.02
Payroll Tax	15,408	0.39	20,701	0.51	16,255	0.41
Workers' Compensation	4,127	0.11	8,484	0.21	2,648	0.07
Other Expenses	124,726	3.20	204,845	5.02	61,960	1.57
TOTAL EXPENSES	1,160,761	29.73	1,391,136	34.12	960,977	24.40
TOTAL INCOME	283,886	7.27	264,894	6.50	477,357	12.12
Less Proprietors' Salary (1) [Full-Time-Equivalents]	133,433 0.99	3.67	131,308 0.98	3.61	137,025 1.02	3.77
NET PROFIT/LOSS	150,454	3.85	133,586	3.28	340,333	8.64
EBITDA	285,402	7.31	302,896	7.43	460,754	11.70
SALES ANALYSIS						
Prescriptions	2,642,804	69.17	2,946,907	72.73	2,870,969	73.67
Other Sales	1,177,926	30.83	1,104,775	27.27	1,025,956	26.33
INVENTORY ANALYSIS						
Prescription	116,894	2.99	162,338	3.98	118,199	3.00
Other	255,019	6.53	344,161	8.44	187,417	4.76
STOCK CARRIED (Total)	371,913	9.53	506,499	12.42	305,616	7.76
STOCK TURN (On Total Inventory)	6.61		4.78		8.18	
SALES PER INVENTORY DOLLAR						
Prescription	22.61		18.15		24.29	
Other	4.62		3.21		5.47	
STATISTICS						
PHARMACY SIZE (square metres)	273		281		246	
PRESCRIPTIONS DISPENSED (Total)	75,252		80,475		83,054	
PRESCRIPTIONS DISPENSED WEEKLY	1,447		1,548		1,597	
TOTAL HOURS OPEN per WEEK	67.3		63.0		68.6	
AV HRS WORKED BY PROPRIETORS/WEEK	37.7		37.1		38.7	
FUNDS RETAINED IN BUSINESS (2)	229,928	5.89	520,662	12.77	361,865	9.19

(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 30/06/12)

Table 15

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	4,023,903		3,624,710		3,584,966	
COST OF GOODS SOLD	2,678,652	66.57	2,383,333	65.75	2,354,698	65.68
GROSS MARGIN	1,345,251	33.43	1,241,378	34.25	1,230,268	34.32
Other Income	46,677		72,498		42,143	
GROSS MARGIN PLUS OTHER INCOME	1,391,927		1,313,876		1,272,411	
TOTAL REVENUE	4,070,580		3,697,209		3,627,109	
EXPENSES						
Salaries and Wages	541,799	13.31	422,290	11.42	415,748	11.46
Rent Paid	180,047	4.42	156,112	4.22	179,474	4.95
Outgoings - Rental & Rates	11,327	0.28	6,819	0.18	23,067	0.64
Accounting	12,495	0.31	3,368	0.09	5,144	0.14
Advertising	59,208	1.45	55,466	1.50	52,767	1.45
Bank Charges	10,997	0.27	7,746	0.21	8,667	0.24
Computer Expenses	10,230	0.25	9,610	0.26	17,223	0.47
Depreciation	48,868	1.20	25,933	0.70	41,790	1.15
Electricity, Water, Heating	15,540	0.38	14,639	0.40	23,140	0.64
Insurance	8,963	0.22	6,809	0.18	8,202	0.23
Interest Paid	78,135	1.92	85,716	2.32	85,238	2.35
Leasing Expenses	4,842	0.12	909	0.02	4,210	0.12
Motor Vehicle Expenses	3,893	0.10	2,527	0.07	1,188	0.03
Postage, Freight, Printing	5,263	0.13	12,413	0.34	16,205	0.45
Repairs, Maintenance, Service	4,786	0.12	6,645	0.18	5,659	0.16
Subs and Registrations	6,192	0.15	7,512	0.20	8,933	0.25
Superannuation	43,920	1.08	32,158	0.87	34,117	0.94
Telephone	7,051	0.17	5,452	0.15	5,808	0.16
Training	6,348	0.16	2,794	0.08	1,417	0.04
Abnormal Expenses	1,831	0.04	154	0.00	107,950	2.98
Payroll Tax	17,464	0.43	11,901	0.32	2,855	0.08
Workers' Compensation	2,635	0.06	3,255	0.09	984	0.03
Other Expenses	153,850	3.78	59,427	1.61	51,474	1.42
TOTAL EXPENSES	1,235,685	30.36	939,653	25.42	1,101,260	30.36
TOTAL INCOME	156,242	3.84	374,223	10.12	171,151	4.72
Less Proprietors' Salary (1)	132,833	3.65	129,781	3.57	135,032	3.71
[Full-Time-Equivalents]	0.99		0.97		1.00	
NET PROFIT/LOSS	23,409	0.58	244,442	6.61	36,118	1.00
EBITDA	150,413	3.70	356,091	9.63	163,146	4.50
SALES ANALYSIS						
Prescriptions	2,639,141	65.59	2,575,216	72.55	1,703,314	48.20
Other Sales	1,384,762	34.41	974,531	27.45	1,830,697	51.80
INVENTORY ANALYSIS						
Prescription	94,660	2.33	88,633	2.40	88,012	2.43
Other	284,624	6.99	228,113	6.17	173,519	4.78
STOCK CARRIED (Total)	379,283	9.32	316,746	8.57	261,531	7.21
STOCK TURN (On Total Inventory)	7.06		7.52		9.00	
SALES PER INVENTORY DOLLAR						
Prescription	27.88		29.05		19.35	
Other	4.87		4.27		10.55	
STATISTICS						
PHARMACY SIZE (square metres)	301		232		294	
PRESCRIPTIONS DISPENSED (Total)	76,293		65,926		52,514	
PRESCRIPTIONS DISPENSED WEEKLY	1,467		1,268		1,010	
TOTAL HOURS OPEN per WEEK	65.0		70.7		77.7	
AV HRS WORKED BY PROPRIETORS/WEEK	37.6		36.7		38.2	
FUNDS RETAINED IN BUSINESS (2)	-29,056	(0.71)	-38,350	(1.04)	53,976	1.49

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

(2) 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 30/06/12)

Table 16

	AUSTRALIA Owner Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	3,279,163		3,336,113		2,731,277	
COST OF GOOD SOLD	2,144,006	65.38	2,087,727	62.58	1,834,087	67.15
GROSS MARGIN	1,135,157	34.62	1,248,386	37.42	897,190	32.85
Other Income	37,527		33,775		19,525	
GROSS MARGIN PLUS OTHER INCOME	1,172,684		1,282,162		916,715	
TOTAL REVENUE	3,316,690		3,369,888		2,750,803	
EXPENSES						
Salaries and Wages	359,316	10.83	416,163	12.35	286,178	10.40
Rent Paid	124,636	3.76	127,053	3.77	76,679	2.79
Outgoings- Rental & Rates	10,567	0.32	11,854	0.35	2,920	0.11
Accounting	8,563	0.26	13,436	0.40	11,764	0.43
Advertising	33,275	1.00	24,270	0.72	16,528	0.60
Bank Charges	7,359	0.22	6,265	0.19	5,470	0.20
Computer Expenses	11,965	0.36	11,301	0.34	10,852	0.39
Depreciation	27,385	0.83	31,565	0.94	20,690	0.75
Electricity, Water, Heating	12,804	0.39	11,809	0.35	8,764	0.32
Insurance	9,808	0.30	14,202	0.42	8,158	0.30
Interest Paid	74,747	2.25	72,850	2.16	57,861	2.10
Leasing Expenses	2,566	0.08	7,355	0.22	3,416	0.12
Motor Vehicle Expenses	3,653	0.11	6,525	0.19	3,668	0.13
Postage, Freight, Printing	13,540	0.41	15,273	0.45	18,573	0.68
Repairs, Maintenance, Service	4,381	0.13	4,559	0.14	4,266	0.16
Subs and Registrations	10,350	0.31	11,998	0.36	10,709	0.39
Superannuation	31,963	0.96	40,310	1.20	25,383	0.92
Telephone	5,348	0.16	6,015	0.18	5,723	0.21
Training	3,057	0.09	4,137	0.12	2,100	0.08
Abnormal Expenses	19,901	0.60	2,327	0.07	2,556	0.09
Payroll Tax	5,178	0.16	8,674	0.26	3,966	0.14
Workers' Compensation	2,476	0.07	5,779	0.17	2,210	0.08
Other Expenses	52,408	1.58	36,120	1.07	31,946	1.16
TOTAL EXPENSES	835,243	25.18	889,843	26.41	620,380	22.55
TOTAL INCOME	337,441	10.17	392,318	11.64	296,335	10.77
Less Proprietors' Salary(1)	168,829	4.64	158,818	4.37	158,531	4.36
[Full-Time-Equivalents]	1.26		1.18		1.18	
NET PROFIT/LOSS	168,612	5.08	233,501	6.93	137,804	5.01
EBITDA	270,744	8.16	337,916	10.03	216,354	7.87
SALES ANALYSIS						
Prescriptions	2,289,156	71.33	2,788,691	85.63	1,934,981	71.68
Other Sales	920,279	28.67	467,982	14.37	764,444	28.32
INVENTORY ANALYSIS						
Prescription	99,473	3.00	102,558	3.04	122,827	4.47
Other	148,576	4.48	161,145	4.78	89,229	3.24
STOCK CARRIED (Total)	248,050	7.48	263,703	7.83	212,056	7.71
STOCK TURN (On Total Inventory)	8.64		7.92		8.65	
SALES PER INVENTORY DOLLAR						
Prescription	23.01		27.19		15.75	
Other	6.19		2.90		8.57	
STATISTICS						
PHARMACY SIZE (square metres)	217		226		194	
PRESCRIPTIONS DISPENSED (Total)	59,609		67,382		55,615	
PRESCRIPTIONS DISPENSED WEEKLY	1,146		1,296		1,070	
TOTAL HOURS OPEN per WEEK	63.8		61.5		56.3	
AV HRS WORKED BY PROPRIETORS/WEEK	47.7		44.9		44.8	
FUNDS RETAINED IN BUSINESS (2)	92,413	2.79	249,522	7.40	138,657	5.04

(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 30/06/12)

Table 16

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	3,359,140		2,890,693		4,077,887	
COST OF GOODS SOLD	2,279,898	67.87	1,881,154	65.08	2,679,087	65.70
GROSS MARGIN	1,079,242	32.13	1,009,539	34.92	1,398,800	34.30
Other Income	37,325		58,978		49,017	
GROSS MARGIN PLUS OTHER INCOME	1,116,567		1,068,516		1,447,817	
TOTAL REVENUE	3,396,465		2,949,671		4,126,904	
EXPENSES						
Salaries and Wages	338,119	9.96	296,088	10.04	433,752	10.51
Rent Paid	110,445	3.25	77,168	2.62	212,201	5.14
Outgoings - Rental & Rates	10,784	0.32	4,286	0.15	20,390	0.49
Accounting	5,155	0.15	7,458	0.25	5,024	0.12
Advertising	33,979	1.00	40,402	1.37	54,761	1.33
Bank Charges	6,717	0.20	6,726	0.23	11,484	0.28
Computer Expenses	10,938	0.32	9,913	0.34	16,039	0.39
Depreciation	20,910	0.62	20,313	0.69	37,890	0.92
Electricity, Water, Heating	10,389	0.31	11,222	0.38	21,321	0.52
Insurance	8,684	0.26	7,592	0.26	9,054	0.22
Interest Paid	66,194	1.95	83,328	2.83	98,590	2.39
Leasing Expenses	760	0.02	1,475	0.05	973	0.02
Motor Vehicle Expenses	2,701	0.08	4,541	0.15	1,599	0.04
Postage, Freight, Printing	9,849	0.29	8,859	0.30	14,282	0.35
Repairs, Maintenance, Service	4,057	0.12	2,766	0.09	5,465	0.13
Subs and Registrations	9,756	0.29	6,757	0.23	10,838	0.26
Superannuation	29,325	0.86	24,419	0.83	37,203	0.90
Telephone	4,945	0.15	4,268	0.14	5,315	0.13
Training	2,750	0.08	3,375	0.11	3,173	0.08
Abnormal Expenses	5,114	0.15	331	0.01	85,683	2.08
Payroll Tax	4,016	0.12	4,353	0.15	5,560	0.13
Workers' Compensation	1,627	0.05	2,337	0.08	1,375	0.03
Other Expenses	65,770	1.94	47,071	1.60	76,052	1.84
TOTAL EXPENSES	762,986	22.46	675,045	22.89	1,168,024	28.30
TOTAL INCOME	353,581	10.41	393,471	13.34	279,793	6.78
Less Proprietors' Salary (1)	177,117	4.87	184,287	5.07	166,983	4.59
[Full-Time-Equivalents]	1.32		1.37		1.24	
NET PROFIT/LOSS	176,464	5.20	209,184	7.09	112,809	2.73
EBITDA	263,569	7.76	312,826	10.61	249,290	6.04
SALES ANALYSIS						
Prescriptions	2,513,931	77.56	2,060,256	71.27	1,979,370	49.40
Other Sales	727,176	22.44	830,437	28.73	2,027,170	50.60
INVENTORY ANALYSIS						
Prescription	84,760	2.50	83,960	2.85	106,103	2.57
Other	147,724	4.35	198,569	6.73	224,024	5.43
STOCK CARRIED (Total)	232,485	6.84	282,529	9.58	330,127	8.00
STOCK TURN (On Total Inventory)	9.81		6.66		8.12	
SALES PER INVENTORY DOLLAR						
Prescription	29.66		24.54		18.66	
Other	4.92		4.18		9.05	
STATISTICS						
PHARMACY SIZE (square metres)	179		181		294	
PRESCRIPTIONS DISPENSED (Total)	60,599		53,371		57,938	
PRESCRIPTIONS DISPENSED WEEKLY	1,165		1,026		1,114	
TOTAL HOURS OPEN per WEEK	65.2		61.1		72.8	
AV HRS WORKED BY PROPRIETORS/WEEK	50.1		52.1		47.2	
FUNDS RETAINED IN BUSINESS (2)	23,258	0.68	28,051	0.95	-6,625	(0.16)

(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 30/06/12)

Table 17

STATE AVERAGES

EMPLOYEES	NSW	VIC	QLD	SA	WA	TAS	AUST
PROPRIETORS :							
Full Time	0.7	0.7	0.7	0.7	0.5	0.9	0.7
Part Time & Casual	0.7	0.6	0.6	0.7	0.6	0.5	0.6
Hours worked per week	39.9	41.4	42.4	44.4	43.4	42.2	41.9
MANAGERS:							
Full Time	0.3	0.3	0.3	0.5	0.5	0.3	0.4
Part Time & Casual	0.1	0.1	0.1	0.1	0.0	0.3	0.1
Hours worked per week	8.7	13.9	15.6	21.0	19.9	24.5	15.9
PHARMACISTSINCHARGE:							
Full Time	0.7	0.3	0.3	0.1	1.0	0.7	0.5
Part Time & Casual	0.7	0.3	0.7	0.9	0.8	0.3	0.7
Hours worked per week	33.4	17.7	23.6	23.1	56.0	36.5	32.0
OTHERQUALIFIED:							
Full Time	0.1	0.9	0.3	0.1	0.2	-	0.3
Part Time & Casual	0.3	0.7	0.6	0.3	0.8	0.3	0.6
Hours worked per week	9.5	25.2	17.4	7.7	21.4	11.8	16.6
PHARMACYASSISTANTS:							
Full Time	0.6	0.7	0.5	0.2	0.9	0.3	0.6
Part Time & Casual	0.6	0.8	1.0	0.4	2.3	1.0	1.1
Hours worked per week	31.0	40.2	41.1	15.9	66.8	40.8	41.3
SALES&OTHERSTAFF:							
Full Time	1.1	2.3	1.9	2.3	2.4	0.3	1.9
Part Time & Casual	5.0	3.6	4.5	6.0	3.8	5.3	4.5
Hours worked per week	100.1	115.6	148.2	211.4	145.4	116.3	141.3
TOTALSTAFF:							
Full Time	2.7	4.5	3.3	3.1	5.0	1.7	3.7
Part Time & Casual	6.4	5.5	6.9	7.6	7.8	7.3	6.9
Hours worked per week	261.3	212.6	245.3	282.5	311.3	230.0	263.1

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED
(Based on 12 months trading to 30/06/12)

Table 18

BY TURNOVER CATEGORY (\$)

EMPLOYEES	UP TO 1.0M	1.0M -1.5M	1.5M -2.0M	2.0M -3.0M	3.0M -4.0M	4.0M -5.0M	5.0M -7.0M	OVER 7.0M
PROPRIETORS :								
Full Time	0.6	0.7	0.8	0.7	0.6	0.7	0.7	0.7
Part Time & Casual	0.7	0.6	0.5	0.7	0.6	0.7	0.6	0.7
Hours worked per week	37.6	42.7	43.2	43.4	38.3	46.3	41.8	42.8
MANAGERS :								
Full Time	0.1	0.3	0.2	0.3	0.5	0.3	0.4	0.6
Part Time & Casual	0.1	0.1	0.1	0.1	0.1	0.3	-	-
Hours worked per week	6.9	11.1	11.0	12.7	20.1	17.8	20.4	23.6
PHARMACISTS IN CHARGE :								
Full Time	0.3	0.3	0.1	0.4	0.4	0.2	0.8	2.1
Part Time & Casual	0.6	0.5	0.8	0.6	0.7	1.0	0.7	0.4
Hours worked per week	18.8	12.5	14.6	20.3	30.9	31.4	44.7	86.1
OTHER QUALIFIED :								
Full Time	0.1	0.2	0.1	0.3	0.3	0.2	1.0	0.4
Part Time & Casual	0.1	0.3	0.4	0.4	0.8	0.7	0.7	0.6
Hours worked per week	10.1	6.8	7.5	12.4	22.6	16.6	36.8	22.0
PHARMACY ASSISTANTS :								
Full Time	0.3	0.3	0.1	0.5	0.8	0.7	1.3	0.4
Part Time & Casual	0.9	0.3	1.0	0.9	1.0	1.1	2.2	0.5
Hours worked per week	25.8	8.1	21.1	35.5	46.2	52.4	87.1	20.1
SALES & OTHER STAFF :								
Full Time	-	0.5	0.8	1.8	2.2	2.5	3.4	3.9
Part Time & Casual	1.0	2.3	2.7	2.5	5.0	8.1	7.8	6.9
Hours worked per week	8.1	50.5	79.6	103.6	163.6	225.2	253.3	206.8
TOTAL STAFF :								
Full Time	0.8	1.5	1.4	3.3	4.2	4.0	7.0	7.4
Part Time & Casual	2.8	3.5	4.9	4.5	7.6	11.1	11.3	8.4
Hours worked per week	107.1	131.7	177.0	227.9	321.6	389.7	484.1	401.4

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

Table 19

	Up to 400		401 - 600		601 - 800		801 - 1000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	925,073		1,342,281		2,096,521		2,472,232	
COST OF GOODS SOLD	532,772	57.59	830,724	61.89	1,390,204	66.31	1,579,558	63.89
GROSS MARGIN	392,301	42.41	511,557	38.11	706,317	33.69	892,674	36.11
Other Income	17,577		23,954		25,576		32,363	
GROSS MARGIN PLUS OTHER INCOME	409,878		535,511		731,893		925,037	
TOTAL REVENUE	942,650		1,366,235		2,122,097		2,504,594	
EXPENSES								
Salaries and Wages	143,714	15.25	161,339	11.81	218,258	10.29	293,898	11.73
Rent Paid	67,156	7.12	74,981	5.49	86,154	4.06	121,287	4.84
Outgoings - Rental & Rates	4,540	0.48	8,009	0.59	7,280	0.34	12,372	0.49
Accounting	2,697	0.29	5,260	0.38	7,011	0.33	8,739	0.35
Advertising	8,893	0.94	15,895	1.16	20,220	0.95	34,090	1.36
Bank Charges	2,900	0.31	4,201	0.31	4,699	0.22	6,994	0.28
Computer Expenses	11,205	1.19	8,838	0.65	9,765	0.46	11,433	0.46
Depreciation	19,815	2.10	17,966	1.31	20,423	0.96	28,116	1.12
Electricity, Water, Heating	8,651	0.92	6,714	0.49	7,610	0.36	10,971	0.44
Insurance	4,879	0.52	6,048	0.44	6,240	0.29	9,879	0.39
Interest Paid	24,666	2.62	54,572	3.99	49,272	2.32	66,111	2.64
Leasing Expenses	6,919	0.73	1,529	0.11	1,384	0.07	7,765	0.31
Motor Vehicle Expenses	2,157	0.23	3,653	0.27	2,978	0.14	4,652	0.19
Postage, Freight, Printing	3,586	0.38	5,372	0.39	5,212	0.25	6,703	0.27
Repairs, Maintenance, Service	3,243	0.34	1,334	0.10	1,885	0.09	3,653	0.15
Subs and Registrations	6,049	0.64	6,161	0.45	8,832	0.42	7,129	0.28
Superannuation	12,790	1.36	13,958	1.02	19,246	0.91	29,846	1.19
Telephone	3,102	0.33	3,210	0.23	4,155	0.20	4,963	0.20
Training	943	0.10	1,332	0.10	1,285	0.06	2,671	0.11
Abnormal Expenses	8,461	0.90	5,588	0.41	21,544	1.02	18,031	0.72
Payroll Tax	1,992	0.21	5,475	0.40	1,865	0.09	8,364	0.33
Workers' Compensation	881	0.09	1,381	0.10	1,826	0.09	1,940	0.08
Other Expenses	38,079	4.04	33,552	2.46	43,327	2.04	37,776	1.51
TOTAL EXPENSES	387,316	41.09	446,368	32.67	550,471	25.94	737,385	29.44
TOTAL INCOME	22,562	2.39	89,143	6.52	181,422	8.55	187,651	7.49
Less Proprietors' Salary (1) [Full-Time-Equivalents]	133,162 0.99	3.66	164,162 1.22	4.51	148,909 1.11	4.09	147,723 1.10	4.06
NET PROFIT/LOSS	-110,600	-11.73	-75,019	-5.49	32,513	1.53	39,929	1.59
EBITDA	-66.120	(7.01)	-2.481	(0.18)	102.208	4.82	134.156	5.36
SALES ANALYSIS								
Prescriptions	527,893	56.40	972,948	72.95	1,600,168	77.59	1,655,328	67.05
Other Sales	408,135	43.60	360,799	27.05	462,256	22.41	813,289	32.95
INVENTORY ANALYSIS								
Prescription	101,022	10.72	96,047	7.03	121,472	5.72	87,040	3.48
Other	55,422	5.88	84,024	6.15	87,393	4.12	143,462	5.73
STOCK CARRIED (Total)	156,444	16.60	180,071	13.18	208,864	9.84	230,502	9.20
STOCK TURN (On Total Inventory)	3.41		4.61		6.66		6.85	
SALES PER INVENTORY DOLLAR								
Prescription	5.23		10.13		13.17		19.02	
Other	7.36		4.29		5.29		5.67	
STATISTICS								
PHARMACY SIZE (square metres)	165		145		160		202	
PRESCRIPTIONS DISPENSED (Total)	15,461		25,871		35,876		47,023	
PRESCRIPTIONS DISPENSED WEEKLY	297		498		690		904	
TOTAL HOURS OPEN per WEEK	59.1		58.6		57.8		63.5	
AV HRS WORKED BY PROPRIETORS/WEEK	37.6		46.4		42.1		41.8	
FUNDS RETAINED IN BUSINESS (2)	36,652	3.89	96,283	7.05	135,668	6.39	31,539	1.26

(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 30/06/12)

Table 19

	1,001–1,200		1,201–1,400		1,401–2,000		Over 2,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,002,077		3,683,883		5,556,428		6,502,437	
COST OF GOODS SOLD	1,876,047	62.49	2,298,010	62.38	3,573,518	64.31	4,194,415	64.51
GROSS MARGIN	1,126,030	37.51	1,385,873	37.62	1,982,910	35.69	2,308,022	35.49
Other Income	45,928		45,317		48,341		49,188	
GROSS MARGIN PLUS OTHER INCOME	1,171,958		1,431,191		2,031,251		2,357,210	
TOTAL REVENUE	3,048,005		3,729,201		5,604,769		6,551,624	
EXPENSES								
Salaries and Wages	392,681	12.88	476,811	12.79	655,214	11.69	808,703	12.34
Rent Paid	148,442	4.87	178,941	4.80	244,233	4.36	275,480	4.20
Outgoings-Rental & Rates	7,368	0.24	12,971	0.35	16,264	0.29	21,107	0.32
Accounting	9,944	0.33	6,811	0.18	16,770	0.30	19,451	0.30
Advertising	47,473	1.56	52,520	1.41	69,220	1.24	82,356	1.26
Bank Charges	8,566	0.28	8,967	0.24	12,298	0.22	13,706	0.21
Computer Expenses	10,893	0.36	11,894	0.32	13,852	0.25	12,214	0.19
Depreciation	28,906	0.95	36,946	0.99	55,606	0.99	63,797	0.97
Electricity, Water, Heating	13,927	0.46	16,925	0.45	19,028	0.34	20,653	0.32
Insurance	9,077	0.30	8,421	0.23	14,180	0.25	14,336	0.22
Interest Paid	100,320	3.29	83,500	2.24	115,840	2.07	118,791	1.81
Leasing Expenses	6,426	0.21	4,235	0.11	9,707	0.17	13,311	0.20
Motor Vehicle Expenses	3,734	0.12	2,719	0.07	4,599	0.08	5,524	0.08
Postage, Freight, Printing	8,436	0.28	10,892	0.29	15,768	0.28	15,694	0.24
Repairs, Maintenance, Service	6,227	0.20	4,536	0.12	6,364	0.11	6,010	0.09
Subs and Registrations	6,791	0.22	8,221	0.22	11,979	0.21	13,813	0.21
Superannuation	35,893	1.18	42,176	1.13	56,241	1.00	69,338	1.06
Telephone	6,232	0.20	5,907	0.16	8,430	0.15	9,725	0.15
Training	3,625	0.12	3,254	0.09	5,361	0.10	6,779	0.10
Abnormal Expenses	9,880	0.32	26,400	0.71	16,198	0.29	10,011	0.15
Payroll Tax	5,439	0.18	9,736	0.26	18,189	0.32	24,218	0.37
Workers' Compensation	2,172	0.07	3,453	0.09	5,814	0.10	6,834	0.10
Other Expenses	128,537	4.22	87,604	2.35	142,940	2.55	165,272	2.52
TOTAL EXPENSES	1,000,989	32.84	1,103,840	29.60	1,534,095	27.37	1,797,126	27.43
TOTAL INCOME	170,969	5.61	327,351	8.78	497,156	8.87	560,084	8.55
Less Proprietors' Salary(1) [Full-Time-Equivalents]	153,803 1.14	4.23	136,288 1.01	3.75	149,704 1.11	4.11	144,134 1.07	3.96
NET PROFIT/LOSS	17,166	0.56	191,062	5.12	347,452	6.20	415,950	6.35
EBITDA	146,392	4.80	311,509	8.35	518,898	9.26	598,538	9.14
SALES ANALYSIS								
Prescriptions	2,037,551	68.19	2,290,271	62.38	3,936,263	71.40	4,621,008	71.07
Other Sales	950,492	31.81	1,381,329	37.62	1,576,472	28.60	1,881,429	28.93
INVENTORY ANALYSIS								
Prescription	86,980	2.85	87,412	2.34	132,574	2.37	142,495	2.17
Other	187,178	6.14	226,145	6.06	308,147	5.50	362,417	5.53
STOCK CARRIED (Total)	274,157	8.99	313,557	8.41	440,722	7.86	504,913	7.71
STOCK TURN (On Total Inventory)	6.84		7.33		8.11		8.31	
SALES PER INVENTORY DOLLAR								
Prescription	23.43		26.20		29.69		32.43	
Other	5.08		6.11		5.12		5.19	
STATISTICS								
PHARMACY SIZE (square metres)	223		282		329		379	
PRESCRIPTIONS DISPENSED (Total)	56,987		67,251		109,894		135,859	
PRESCRIPTIONS DISPENSED WEEKLY	1,096		1,293		2,113		2,613	
TOTAL HOURS OPEN per WEEK	67.8		70.0		70.4		72.3	
AV HRS WORKED BY PROPRIETORS/WEEK	43.5		38.5		42.3		40.8	
FUNDS RETAINED IN BUSINESS (2)	8,939	0.29	37,204	1.00	372,446	6.65	580,917	8.87

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

Table 20

	Less Than 50%		51 - 60%		61 - 70%		71 - 80%		Over 80%	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	4,628,832		4,715,691		3,617,151		3,799,404		2,878,594	
COST OF GOODS SOLD	3,123,033	67.47	3,072,648	65.16	2,309,704	63.85	2,462,818	64.82	1,839,223	63.89
GROSS MARGIN	1,505,799	32.53	1,643,042	34.84	1,307,448	36.15	1,336,587	35.18	1,039,371	36.11
Other Income	51,245		32,403		36,508		45,111		35,552	
GROSS MARGIN PLUS OTHER INCOME	1,557,043		1,675,445		1,343,956		1,381,698		1,074,923	
TOTAL REVENUE	4,680,077		4,748,094		3,653,659		3,844,516		2,914,145	
EXPENSES										
Salaries and Wages	438,891	9.38	470,562	9.91	306,902	8.40	267,102	6.95	282,692	9.70
Rent Paid	258,404	5.52	261,778	5.51	160,170	4.38	111,589	2.90	96,942	3.33
Outgoings - Rental & Rates	17,764	0.38	10,728	0.23	9,782	0.27	5,074	0.13	2,740	0.09
Accounting	5,914	0.13	13,170	0.28	11,775	0.32	12,535	0.33	11,910	0.41
Advertising	75,214	1.61	71,275	1.50	47,741	1.31	48,317	1.26	27,463	0.94
Bank Charges	12,443	0.27	9,384	0.20	10,862	0.30	8,248	0.21	5,826	0.20
Computer Expenses	13,225	0.28	13,104	0.28	9,289	0.25	8,911	0.23	8,964	0.31
Depreciation	54,923	1.17	44,966	0.95	33,756	0.92	35,923	0.93	21,558	0.74
Electricity, Water, Heating	21,645	0.46	19,014	0.40	14,814	0.41	11,588	0.30	9,239	0.32
Insurance	8,906	0.19	11,321	0.24	10,244	0.28	10,081	0.26	10,042	0.34
Interest Paid	108,402	2.32	76,224	1.61	93,984	2.57	71,873	1.87	76,025	2.61
Leasing Expenses	3,370	0.07	4,253	0.09	8,715	0.24	4,743	0.12	5,519	0.19
Motor Vehicle Expenses	1,504	0.03	3,513	0.07	2,487	0.07	5,215	0.14	4,040	0.14
Postage, Freight, Printing	11,349	0.24	8,087	0.17	12,313	0.34	9,525	0.25	9,401	0.32
Repairs, Maintenance, Service	5,829	0.12	6,746	0.14	4,182	0.11	4,597	0.12	3,500	0.12
Subs and Registrations	8,037	0.17	7,218	0.15	7,316	0.20	10,713	0.28	9,169	0.31
Superannuation	43,872	0.94	45,774	0.96	38,202	1.05	40,525	1.05	31,164	1.07
Telephone	5,797	0.12	7,146	0.15	6,654	0.18	7,093	0.18	5,398	0.19
Training	4,472	0.10	3,912	0.08	3,257	0.09	4,456	0.12	2,386	0.08
Abnormal Expenses	61,719	1.32	20,714	0.44	3,027	0.08	4,637	0.12	2,739	0.09
Payroll Tax	10,073	0.22	8,916	0.19	6,419	0.18	10,309	0.27	6,550	0.22
Workers' Compensation	2,992	0.06	3,205	0.07	3,234	0.09	3,766	0.10	2,751	0.09
Other Expenses	79,729	1.70	100,187	2.11	45,323	1.24	30,290	0.79	68,900	2.36
TOTAL EXPENSES	1,254,475	26.80	1,221,196	25.72	850,447	23.28	727,109	18.91	704,918	24.19
TOTAL INCOME	302,568	6.47	454,249	9.57	493,508	13.51	654,589	17.03	370,005	12.70
Less Proprietors' Salary (1) [Full-Time-Equivalents]	135,722 1.01	3.73	149,676 1.11	4.11	141,933 1.06	3.90	156,763 1.17	4.31	149,719 1.11	4.12
NET PROFIT/LOSS	166,847	3.57	304,573	6.41	351,576	9.62	497,826	12.95	220,286	7.56
EBITDA	330,172	7.05	425,763	8.97	479,316	13.12	605,622	15.75	317,868	10.91
SALES ANALYSIS										
Prescriptions	1,907,676	41.21	2,610,596	55.36	2,369,671	65.51	2,861,043	75.30	2,588,242	89.91
Other Sales	2,721,156	58.79	2,105,094	44.64	1,247,480	34.49	938,361	24.70	290,352	10.09
INVENTORY ANALYSIS										
Prescription	39,464	0.84	97,881	2.06	90,085	2.47	104,614	2.72	75,971	2.61
Other	192,384	4.11	332,069	6.99	193,997	5.31	172,519	4.49	64,397	2.21
STOCK CARRIED (Total)	231,848	4.95	429,950	9.06	284,083	7.78	277,133	7.21	140,368	4.82
STOCK TURN (On Total Inventory)	13.47		7.15		8.13		8.89		13.10	
SALES PER INVENTORY DOLLAR										
Prescription	48.34		26.67		26.30		27.35		34.07	
Other	14.14		6.34		6.43		5.44		4.51	
STATISTICS										
PHARMACY SIZE (square metres)	260		294		174		151		138	
PRESCRIPTIONS DISPENSED (Total)	58,082		74,782		69,047		80,661		67,241	
PRESCRIPTIONS DISPENSED WEEKLY	1,117		1,438		1,328		1,551		1,293	
TOTAL HOURS OPEN per WEEK	57.3		58.2		51.5		42.6		48.5	
AV HRS WORKED BY PROPRIETORS/WEEK	38.4		42.3		40.1		44.3		42.3	
FUNDS RETAINED IN BUSINESS (2)	43,881	0.94	91,287	1.92	-35,940 (0.98)		111,253	2.89	200,050	6.86

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

(2) 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 30/06/12)

Table 21

	Less Than 50		51 - 60		61 - 70		Over 70	
	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY								
SALES	1,932,201		2,869,396		3,923,318		4,912,849	
COST OF GOODS SOLD	1,269,530	65.70	1,854,759	64.64	2,469,404	62.94	3,261,757	66.39
GROSS MARGIN	662,670	34.30	1,014,637	35.36	1,453,914	37.06	1,651,092	33.61
Other Income	25,740		31,963		42,134		54,452	
GROSS MARGIN PLUS OTHER INCOME	688,410		1,046,600		1,496,048		1,705,545	
TOTAL REVENUE	1,957,941		2,901,359		3,965,451		4,967,302	
EXPENSES								
Salaries and Wages	213,136	10.89	323,425	11.15	459,474	11.59	533,968	10.75
Rent Paid	38,633	1.97	103,203	3.56	255,570	6.44	189,669	3.82
Outgoings - Rental & Rates	2,602	0.13	6,498	0.22	19,059	0.48	13,258	0.27
Accounting	7,360	0.38	8,081	0.28	9,107	0.23	8,997	0.18
Advertising	20,687	1.06	29,409	1.01	51,324	1.29	49,858	1.00
Bank Charges	3,666	0.19	6,437	0.22	8,777	0.22	10,610	0.21
Computer Expenses	10,756	0.55	10,092	0.35	13,631	0.34	15,291	0.31
Depreciation	14,864	0.76	24,434	0.84	43,474	1.10	42,468	0.85
Electricity, Water, Heating	5,965	0.30	10,356	0.36	14,559	0.37	21,908	0.44
Insurance	7,328	0.37	9,482	0.33	11,084	0.28	10,000	0.20
Interest Paid	44,582	2.28	70,435	2.43	97,263	2.45	121,002	2.44
Leasing Expenses	2,044	0.10	3,899	0.13	5,984	0.15	6,165	0.12
Motor Vehicle Expenses	3,775	0.19	4,924	0.17	2,557	0.06	2,306	0.05
Postage, Freight, Printing	7,335	0.37	9,902	0.34	9,942	0.25	17,763	0.36
Repairs, Maintenance, Service	3,098	0.16	3,759	0.13	4,799	0.12	6,359	0.13
Subs and Registrations	8,586	0.44	8,034	0.28	11,208	0.28	10,656	0.21
Superannuation	19,603	1.00	25,787	0.89	40,709	1.03	45,253	0.91
Telephone	4,387	0.22	5,010	0.17	5,773	0.15	6,680	0.13
Training	1,841	0.09	3,864	0.13	4,295	0.11	3,241	0.07
Abnormal Expenses	7,095	0.36	11,060	0.38	19,765	0.50	34,342	0.69
Payroll Tax	2,900	0.15	6,209	0.21	11,947	0.30	12,879	0.26
Workers' Compensation	2,270	0.12	1,949	0.07	3,752	0.09	3,871	0.08
Other Expenses	33,944	1.73	69,876	2.41	117,234	2.96	115,828	2.33
TOTAL EXPENSES	466,457	23.82	756,127	26.06	1,221,287	30.80	1,282,371	25.82
TOTAL INCOME	221,954	11.34	290,473	10.01	274,761	6.93	423,173	8.52
Less Proprietors' Salary (1) [Full-Time-Equivalents]	158,056 1.18	4.34	148,488 1.10	4.08	161,574 1.20	4.44	146,436 1.09	4.03
NET PROFIT/LOSS	63,898	3.26	141,985	4.89	113,187	2.85	276,737	5.57
EBITDA	123,344	6.30	236,854	8.16	253,924	6.40	440,207	8.86
SALES ANALYSIS								
Prescriptions	1,466,709	76.77	2,194,241	76.33	2,499,029	63.83	3,070,367	66.99
Other Sales	443,841	23.23	680,366	23.67	1,415,899	36.17	1,513,289	33.01
INVENTORY ANALYSIS								
Prescription	91,369	4.67	97,879	3.37	141,708	3.57	115,909	2.33
Other	82,586	4.22	152,835	5.27	305,269	7.70	250,695	5.05
STOCK CARRIED (Total)	173,955	8.88	250,714	8.64	446,976	11.27	366,604	7.38
STOCK TURN (On Total Inventory)	7.30		7.40		5.52		8.90	
SALES PER INVENTORY DOLLAR								
Prescription	16.05		22.42		17.64		26.49	
Other	5.37		4.45		4.64		6.04	
STATISTICS								
PHARMACY SIZE (square metres)	169		195		279		283	
PRESCRIPTIONS DISPENSED (Total)	40,108		57,815		67,404		78,012	
PRESCRIPTIONS DISPENSED WEEKLY	771		1,112		1,296		1,500	
TOTAL HOURS OPEN per WEEK	46.9		54.7		64.8		86.3	
AV HRS WORKED BY PROPRIETORS/WEEK	44.7		42.0		45.7		41.4	
FUNDS RETAINED IN BUSINESS (2)	99,931	5.10	80,273	2.77	217,718	5.49	205,885	4.14

(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 2011-12

Table 22

	30 June 2011 (281 Pharmacies)		30 June 2012 (308 Pharmacies)		Amount and % of Change	
	\$	%	\$	%	\$	%
Assets	783,265	25.99	1,059,667	29.13	276,402	35.29
Liabilities	1,097,065	36.4	1,665,494	45.78	135,026	51.81
Net Worth	-313,800	-10.41	-605,827	-16.65	-54,716	93.06
Total Revenue	3,013,856	100	3,638,021	100.00	2,101	20.71
Trading Profit	238,309	7.91	283,791	7.80	-253	19.09

**AUSTRALIAN PHARMACIES – BALANCE SHEET 2011-12
BY TURNOVER GROUP**

Table 23

	Under \$1,000,000		\$1.0M - \$1.5M		\$1.5M - \$2.0M		\$2.0M - \$3.0M	
	\$	%	\$	%	\$	%	\$	%
Assets	710,291	103.04	1,220,067	92.77	1,224,361	68.96	1,778,992	71.00
Liabilities	484,229	70.25	995,977	75.73	929,864	52.37	1,041,955	41.58
Net Worth	226,062	32.80	224,090	17.04	294,497	16.59	737,037	29.41
Total Revenue	689,304	100.00	1,315,143	100.00	1,775,491	100.00	2,505,688	100.00
Trading Profit	46,418	6.73	104,158	7.92	202,349	11.40	292,388	11.67

	\$3.0M - \$4.0M		\$4.0M - \$5.0M		\$5.0M - \$7.0M		OVER \$7.0M	
	\$	%	\$	%	\$	%	\$	%
Assets	2,400,013	67.95	2,688,131	59.44	4,349,183	72.61	4,686,209	50.00
Liabilities	1,802,242	51.02	1,633,947	36.13	2,789,410	46.57	2,927,942	31.24
Net Worth	597,771	16.92	1,054,184	23.31	1,559,772	26.04	1,758,267	18.76
Total Revenue	3,532,220	100.00	4,522,068	100.00	5,989,777	100.00	9,372,315	100.00
Trading Profit	377,183	10.68	561,040	12.41	794,503	13.26	857,743	9.15

TABLE 24

STRUCTURE OF PHARMACISTS' REMUNERATION
PHARMACEUTICAL BENEFITS SCHEME

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

TABLE 24 (continued)

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

* 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

TABLE 25

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	34 %	\$5.30	13 %
January 2010	MAX \$33.30	37 %	\$5.40	14 %
January 2011	MAX \$34.20	35 %	\$5.60	15 %
January 2012	MAX \$35.40	35 %	\$5.80	14 %
January 2013	MAX \$36.10	35 %	\$5.90	15 %

TABLE 26

P B S REMUNERATION PER PRESCRIPTION

Year	Average Price per prescription \$	Mark-up* \$	Average professional fee \$	Average other fees*** \$	Total remuneration * \$	Remuneration as % of Ave. Price	Annual Volume of prescriptions ('000)
1970/71	2.21	0.48	0.34		0.82	37.10	71,487
1971/72	2.46	0.51	0.38		0.89	36.18	72,442
1972/73	2.64	0.56	0.47		1.01	38.26	74,676
1973/74	2.78	0.53	0.65		1.18	42.45	87,288
1974/75	2.99	0.54	0.83		1.37	45.82	97,674
1975/76	3.28	0.60	0.88		1.48	45.12	101,117
1976/77	3.71	0.66	1.04		1.70	45.82	89,705
1977/78	3.93	0.66	1.22		1.88	47.84	93,167
1978/79	4.16	0.59 **	1.35		1.94	46.63	92,963
1979/80	4.38	0.62	1.36		1.98	45.21	89,075
1980/81	4.53 4.65 @	0.66	1.30 1.42 @		1.96 2.08 @	43.27	94,397
1981/82	5.08	0.68	1.62		2.30	45.28	103,574
1982/83	5.61	0.77	1.77		2.54	45.28	105,540
1983/84	5.96	0.79	1.90		2.69	45.13	108,385
1984/85	6.32	0.80	2.14		2.94	46.52	120,829
1985/86	7.01	0.94	2.33		3.27	46.65	119,842
1986/87	8.79 @@	1.26	2.48		3.74	42.55	102,762
1987/88	10.37 @@	1.57	2.53		4.10	39.54	100,901
1988/89	11.51 @@	1.78	2.64		4.42	38.40	100,586
1989/90	12.54 @@	1.99	2.57		4.56	36.40	104,979
1990/91	13.82 @@	1.84	2.84		4.68	33.86	96,300
1991/92	15.46 @@	1.10 **	3.43		4.53	29.30	94,121
1992/93	16.78 @@	1.20	3.60		4.79	28.55	105,953
1993/94	18.18 @@	1.31	3.85		5.16	28.38	115,041
1994/95	19.71 @@	1.43	4.06		5.49	27.85	118,046
1995/96	21.49 @@	1.57	4.27		5.84	27.18	124,205
1996/97	23.19 @@	1.72	4.29		6.01	25.92	123,434
1997/98	24.88 @@	1.87	4.34		6.21	24.96	124,483
1998/99	26.38 @@	1.95	4.34		6.29	23.84	128,348
1999/00	27.82 @@	2.07	4.39		6.46	23.23	137,585
2000/01	30.86 @@	2.34	4.44		6.78	21.96	147,571
2001/02	32.32 @@	2.46	4.53		6.99	21.62	154,530
2002/03	34.28 @@	2.62	4.62		7.24	21.13	158,548
2003/04	35.84 @@	2.68	4.66		7.34	20.48	165,435
2004/05	37.30 @@	2.79	4.70		7.49	20.08	169,877
2005/06	38.75 @@	2.88	4.86		7.74	19.97	167,927
2006/07	39.35 @@	2.86	5.22		8.08	20.53	168,536
2007/08	41.54 @@	2.95	5.50		8.45	20.34	171,296
2008/09	43.37 @@	3.42 **	5.97	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	0.68	10.71	22.97	188,144
2011/12	46.42 @@	3.56	6.42	0.71	10.69	23.03	194,898
2012/13	43.48 @@	3.28	6.52	NA	NA	NA	197,305

* 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 27

POPULATION TO PHARMACY RATIOS IN AUSTRALIA

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

TABLE 28

TRENDS IN POPULATION TO PHARMACY RATIOS

30 JUNE 2012				30 JUNE 2013			
STATE OR TERRITORY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/PHARMACY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/PHARMACY	% Change in Population to Pharmacy Ratios
NSW	7,247.6	1,762	4,113	7,381.1	1794	4,114	0.0
VIC	5,574.4	1,226	4,547	5,713.0	1247	4,581	0.8
QLD	4,513.0	1,048	4,306	4,638.1	1070	4,335	0.7
SA	1,645.0	423	3,889	1,667.5	432	3,860	-0.7
WA	2,387.2	540	4,421	2,497.5	556	4,492	1.6
TAS	511.7	141	3,629	512.9	146	3,513	-3.2
NT	232.3	32	7,259	237.8	33	7,206	-0.7
ACT	370.7	68	5,451	381.7	72	5,301	-2.8
AUSTRALIA	22,485.3	5,240	4,291	23,032.7	5,350	4,305	0.3

TABLE 29

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS
STATES AND TERRITORIES 1997 TO 2013

(Number at 30 June)

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

Source: Medicare Australia

TABLE 30

PRICING AND EARNING INDICES

YEAR	CONSUMER PRICE INDEX (a)				AVERAGE (b) WEEKLY EARNINGS	
	ALL GROUPS		PHARMACEUTICALS		\$ AMOUNT	% CHANGE
	INDEX	% CHANGE	INDEX	% CHANGE		
1980-81	100.0		100.0		281.40	
JUNE 82	114.5	14.5	116.7	16.7	316.00	12.3
JUNE 83	127.3	11.2	137.3	17.7	347.30	9.9
JUNE 84	132.3	3.9	146.6	6.7	383.80	10.5
JUNE 85	141.1	6.7	154.0	5.1	397.20	3.5
JUNE 86	153.0	8.4	177.0	14.9	425.50	7.1
JUNE 87	167.2	9.3	202.4	14.4	450.90	6.0
JUNE 88	179.0	7.1	221.4	9.4	481.70	6.8
JUNE 89	192.6	7.6	233.5	5.4	519.10	7.8
JUNE 90	207.4	7.7	246.4	5.6	555.80	7.1
JUNE 91	214.4	3.4	261.0	5.9	569.90	2.5
JUNE 92	217.0	1.2	267.7	2.6	597.40	4.8
JUNE 93	221.1	1.9	274.2	2.4	612.50	2.5
JUNE 94	224.9	1.7	279.8	2.0	625.10	2.1
JUNE 95	235.0	4.5	287.9	2.9	652.70	4.4
JUNE 96	242.3	3.1	297.2	3.2	671.50	2.9
JUNE 97	243.1	0.3	311.5	4.8	687.10	2.3
JUNE 98	244.7	0.7	313.8	0.7	714.50	4.0
JUNE 99	247.3	1.1	311.8	-0.7	735.10	2.6
JUNE 00	255.3	3.2	314.5	0.9	760.00	3.4
JUNE 01	270.6	6.0	327.7	4.2	789.40	3.9
JUNE 02	278.3	2.8	331.2	1.1	826.10	4.6
JUNE 03	285.8	2.7	341.1	3.0	872.10	5.6
JUNE 04	292.8	2.5	349.2	2.4	891.20	2.2
JUNE 05	300.1	2.5	367.1	5.1	942.70	5.8
JUNE 06	312.0	4.0	378.9	3.2	985.10	4.5
JUNE 07	318.5	2.1	384.4	1.5	1038.40	5.4
JUNE 08	332.9	4.5	389.5	1.3	1072.30	3.3
JUNE 09	337.7	1.5	400.9	2.9	1109.80	3.5
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
JUNE 12	364.8	1.2	394.4	0.6	1273.80	2.6
JUNE 13	373.5	2.4	392.5	-0.5	1338.13	5.1

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

(b) All Males.