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Ratio Analysis

Ratio analysis is an excellent tool for determining the overall financial condition of your business. Think of it as a way of "taking the temperature" of your company. It puts the information from your financial statements into perspective, helping to spot whether your business is at risk of insolvency or whether other negative financial patterns threaten the health of your firm.

Ratios are also very useful for making quick comparisons between your business and other businesses in your industry. Banks and investors use them to help decide whether a business is a good credit or investment risk. Managers look at ratios to monitor operations and determine whether or not the company is running efficiently. For example, ratios can indicate whether a business is carrying a dangerous amount of debt, holding too much inventory, or not collecting accounts receivable quickly enough.

One of the keys to using ratios is that you need a baseline, something to compare them with. Usually, you would be comparing your firm's ratios to the median for your industry or with your own ratios for the same period. All the necessary source data from the many different ANZSIC¹ codes has been compiled together to give fast, easy to read and accurate ratio comparisons.

What are the ratios used?

All the data that is collected is aggregated together in a Master database and then arranged in a way that makes comparisons between your results and the results of all the other businesses in the database easy.

The data is broken into four Parts - Called Quartiles. This allows you to compare your results against the Better (Upper Quartile - Q3), middle (Median - Q2) and Poorer (Lower Quartile - Q1) performing businesses in your industry.

Ratios for the Average (mean) and the Ranked Average Upper Quartile have also been included. Please read on for a detailed explanation on how these ratios are calculated.

Upper Quartile (Q3), Median (Q2) and Lower Quartile (Q1)

The quartiles are calculated by first computing the value of the ratio for each element in the database for a given ANZSIC code. These values are then "listed" in an order from the highest to the lowest.

The set of values is then divided into four groups of equal size. The three points that divide the array are called quartiles: - upper quartile, second quartile (or median), and lower quartile. Quartile because they divide the data in four equal (quarter) portions.

Let's look at a set of data and explain these four points of emphasis:



The median is to be found first. A general formula used to find the piece that represents the median is $(n+1) \div 2$, where n is the number of pieces of data that you have. Since there are nine pieces of data listed, you would say $(9+1) \div 2 = 5$. This says that the 5th piece of data is the median.

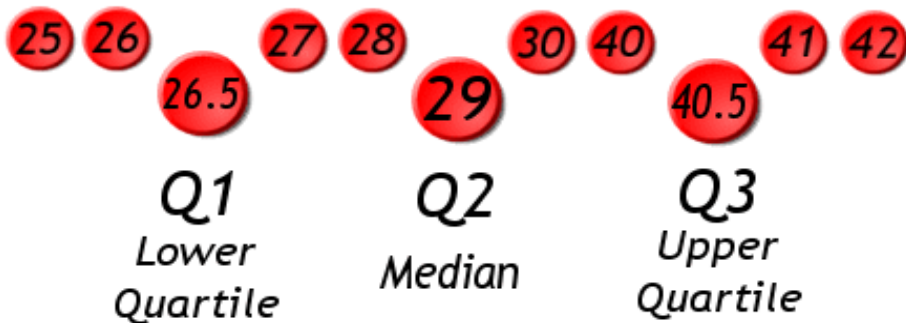
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 Benchmark Results Analysis
 For The Year Ended 31 March 2005



Now we find the upper and lower quartiles. These are actually the medians of the upper and lower halves of data. Since there are four pieces of data in the upper and lower halves, you can use $(4+1) \div 2 = 2.5$. This means that the median is halfway between the second and third pieces of data in each half.

Lower Quartile: $26 + 27 = 53 \div 2 = 26.5$

Upper Quartile: $40 + 41 = 81 \div 2 = 40.5$



The upper quartile is that point at which one-quarter of the ratios falls between the highest result and the upper quartile point. The median is the middle value, and the lower quartile is that point at which one-quarter of the ratios falls between the lowest result and the lower quartile point.

There are several reasons for using medians and quartiles instead of an average. One is to eliminate the influence that values in an "unusual" element would have on an average.

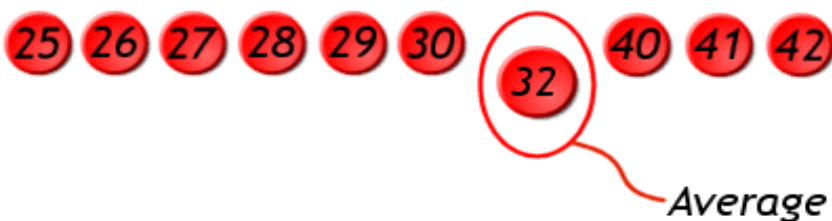
This method more accurately reflects the ranges of ratio values than would a straight averaging method.

It is important to understand that the spread (range) between the upper and lower quartiles represents the middle 50% of all the companies in a sample. Ratio values greater than the upper or less than the lower quartiles, therefore, begin to approach "unusual" values.

Average

The average (or Mean) is found by adding together all the values in a set of data and dividing that value by the number of values in the set.

$25+26+27+28+29+30+40+41+42 = 288 \div 9 = 32$



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The average results displayed on each BenchmarkIT report are all calculated on an element by element basis. This is done because not every set of data submitted into the BenchmarkIT database has a result for every element. Because of this it is impossible to display an average result that is drawn from the result of just one business.

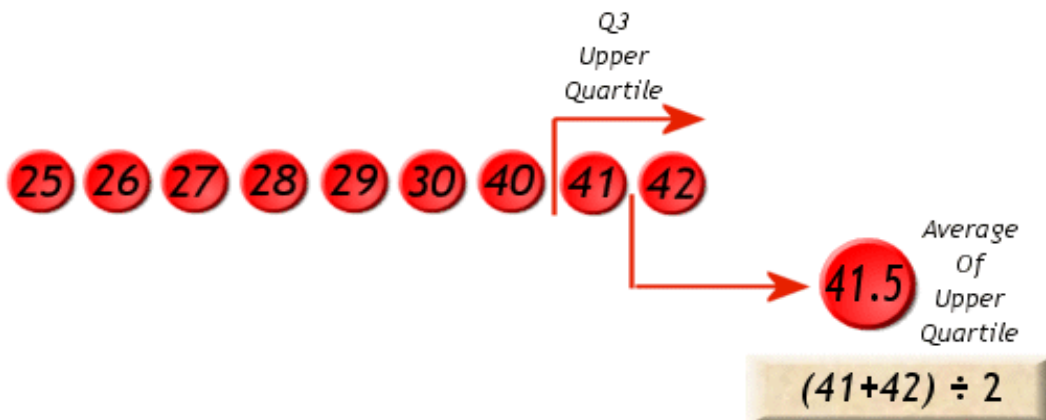
Caution must be exercised when reading the results displayed in the Average column as the figures are not "real". The results are just the result of a calculation and not necessarily actually achieved by any business.

Ranked Average Upper Quartile

This ratio allows comparison against the best performing businesses. Operating Profit amount has been used as the criteria for "good performance".

This comparative value is calculated by ranking all results for a particular ANZSIC code by Operating Profit (dollar amount), calculating the Upper Quartile, and then averaging the Upper Quartile results per line. This gives a set of results that relate to the revenue and expenses for those businesses earning the top 25% of operating profit amounts. This is a fairer and more even method of determining top performing results.

Upper Quartile: $41 + 42 = 83 \div 2 = 41.5$



Sample Size

The sample size reflects the grand total of businesses that have been added into the master BenchmarkIT database.

It is important to note that not every business that submits data into the master database will necessarily contain information for every element. Therefore the actual number of businesses that comprise each ratio may be slightly lower. i.e. not every business may have a Rent expense (they own their own premises).

Position Indicator

This indicator represents the relative result the client has achieved for the stated ratio.

The indicator displays from 1 to 10 blocks to represent a measure of performance. Each block represents 10%

Therefore a result with 3 blocks shows a result in the 30th percentile.

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Why don't the results add up?

The results are all calculated on a line by line basis. Each individual ratio is calculated for every ANZSIC code. Because of this, the results for each ratio group (Lower Quartile, Upper Quartile, Rank'd Avg Upper Quartile and Average) Do not Add up - each line is independent of each other. This allows you to compare each of your results against the industry on an individual basis. (e.g. compare your Staff Wages expense against the industry) Using this method stops the "distortion" that an extreme result in the data might cause.

If you added up each of the Overhead expenses under any of the results columns they would not add up to the same value as shown in the Total Expense line for that column. That is because the Total Expense value shown is a derived value for the industry not the sum of the listed expenses.

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Benchmark Results Analysis

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Ratios from the Statement of Financial Position

Profitability Ratios

Return on Sales Ratio (%)

This is the difference between what a business takes in and what it spends in the process of doing business. When you compare profit to sales volume, you can determine whether you're making enough of a profit.

formula:

Return On Sales (%) = (Net Profit before Interest ÷ Sales) × 100

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
7.24 %	8.32	12.10	17.29	16.40	12.70

Return on Equity Ratio

It is used as a general indication of the company's efficiency; in other words, how much profit it is able to generate given the resources provided by its shareholders.

formula:

Return on Equity = Net Profit ÷ Net Assets²

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
0.45 Times	0.59	0.92	1.35	1.49	1.69

Return on Assets Ratio

This number tells you how effective your business has been at putting its money to work. The ROA is a test of capital utilisation -- how much profit a business earned on the total capital used to make that profit. This ratio is most useful when compared with the interest rate paid on the company's debt. For example, if the ROA is .15 (15%) and the interest rate paid on its debt was 10%, the business's profit is 5 percentage points more than it paid in interest.

formula:

Return On Assets = Net Profit ÷ Total Assets

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
0.19 Times	0.23	0.31	0.46	0.47	0.35

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

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Liquidity Ratios

Analysing Liquidity Ratios

The issue of liquidity, as you might expect, concerns creditors. Liquidity is a company's ability to meet its debts as they come due. A company may have considerable total assets, but if those assets are difficult to convert to cash it is possible that the company might be unable to pay its creditors in a timely fashion. Creditors want their loans to be paid in the medium of cash, not in a medium such as inventory or factory equipment.

Cash Ratio

This measures the percentage of all assets that exist as cash.

formula:

Cash Ratio = Total Cash ÷ Current Liabilities

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
0.00 Times **	0.02	0.12	0.41	0.39	0.33

Either You have no Cash or no Current Liabilities for the period

Current Ratio

This is the standard measure of any business's financial health. You derive this ratio from the figures on your balance sheet. It tells whether a company has enough assets to cover its liabilities. The standard current ratio is 2:1.

formula:

Current Ratio = Current Assets ÷ Current Liabilities

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
1.30 Times	0.76	1.10	1.66	1.33	2.03

Quick Ratio, or "Acid Test"

This is a tougher measure of liquidity than the current ratio because it excludes inventories when counting assets. It calculates the company's liquid assets in relation to its liabilities. The higher the ratio, the higher the business' level of liquidity, which usually corresponds to its financial health. The quick ratio also indicates whether a business could pay off its debts quickly, if that becomes necessary. The desired quick ratio is 1:1.

formula:

Quick Ratio = (Current Assets - Inventories) ÷ Current Liabilities

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
0.35 Times	0.36	0.51	0.87	0.78	1.50

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Working Capital to Sales %

Working capital measures how much in liquid assets a company has available to build its business and this ratio shows the proportion this is to total sales.

A business that sells a lot of low-cost items, and cycles through its inventory rapidly (a grocery store) may only need 10-15% of working capital per dollar of sales. A manufacturer of heavy machinery and high-priced items with a slower inventory turn may require 20-25% working capital per dollar of sales.

formula:

Working Capital to Sales % = ((Current Assets - Current Liabilities) ÷ Total Revenue) × 100

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
5.84 %	920.30	247.00	-604.00	620.90	141.80

Management Efficiency Ratios

Days In Account Receivable Ratio

This number indicates how quickly your customers are paying you. The greater the number of times your receivables turn over during the year, the shorter the time between sales and cash collection. If this number is low compared to your industry average, it may mean your payment terms are too lenient or that you aren't doing a good enough job on collections.

formula:

Days in Accounts Receivable = (Accounts Receivable ÷ Credit Sales⁸) × 365

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
20.00 Days	20.00	17.00	9.00	12.21	16.11

Days in Accounts Payable Ratio

This number tells how quickly you are paying your bills. The payables turnover ratio reveals how often your payables turn over during the year. A high ratio means a relatively short time between purchase of goods and services and payment for them. A low ratio may be a sign that the company has chronic cash shortages.

formula:

Days in Accounts Payable = (Accounts Payable ÷ Purchases³) × 365

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
33.00 Days	23.00	25.00	28.00	24.64	26.62

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

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Annual Inventory Turnover Ratio

This ratio tells how often your business' inventory turns over during the course of the year. Because inventories are the least liquid form of asset, a high inventory turnover ratio is generally positive. On the other hand, an unusually high ratio compared to the average for the industry could mean you are losing sales because of inadequate stock on hand.

formula:

Inventory Turnover = Cost of Goods Sold ÷ the Average Value of Inventory

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
3.63 Times P.A.	5.74	6.98	9.32	7.59	7.70

Days In Inventory

This ratio gives the number of days equivalent to the inventory turnover.

formula:

Days in Inventory = 365 ÷ Annual Inventory Turnover

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
100.55 Days	39.16	52.25	63.58	52.98	52.99

Operating Ratios

Asset Turnover

This is a measure of how well assets are being used to produce revenue. Also called total asset turnover.

formula:

Asset Turnover = Net assets ÷ Total assets

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
3.01 Times P.A.	2.30	3.12	3.79	3.24	3.16

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

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Sales to Fixed Assets

This is a measure of a company's profitability, it measures how much a company earns on each dollar sunk into assets. The number tells you how productively a business is using the physical resources that the company owns -- the higher the number the better.

formula:

Return on Assets = Total Revenue ÷ Total Assets

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
24.09 Times P.A.	13.41	21.32	54.06	33.23	46.79

Sales to Working Capital

A measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

formula:

Sales to Working Capital = Total Revenue ÷ (Current Assets - Current Liabilities)

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
17.13 Times P.A.	7.57	11.91	21.27	17.43	60.16

Financing Ratios

Debt to Equity Ratio

This ratio indicates how much the company is leveraged (in debt). A high debt to equity ratio could indicate that the company may be over-leveraged, and should look for ways to reduce its debt.

formula:

Debt To Equity = Total Liabilities ÷ Net Assets⁴

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
1.38 Times	7.90	1.85	0.83	2.48	5.05

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Times Interest Earned

A measurement of a business's ability to pay its debts; a multiple by which recurring income provides for payment of interest income. If a business can keep current on its interest payments, the business can usually refinance principal and maintain the confidence of creditors.

Formula:

Times Interest Earned = (Operating Profit⁵ + Interest) ÷ Interest

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
0.00 Times **	4.67	7.90	12.10	38.46	12.67

Either You have no Interest Payments or no Operating Profit for the period

Financial Results

Net Profit

This shows the amount of your sales dollar that remains for profit after all expenses.

formula:

Net Profit = Operating Profit + Non Operating Revenue

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$83,346	\$74,579	\$149,118	\$217,549	\$303,742	\$161,283

Net Assets

This figure show the total value of all your Assets less the total value of all your Liabilities.

formula:

Net Assets = Total Assets - Total Liabilities

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$182,221	\$35,460	\$105,908	\$208,196	\$284,248	\$160,336

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

For The Year Ended 31 March 2005

Total Assets

This figure show the total value of all your Assets both Current and Non Current.

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$435,343	\$283,058	\$458,697	\$623,046	\$756,130	\$501,599

Total Liabilities

This figure show the total value of all your Liabilities both Current and Non Current.

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$253,123	\$148,713	\$288,409	\$469,362	\$471,882	\$347,826

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

For The Year Ended 31 March 2005

Ratios from the Statement of Financial Performance

Revenue Analysis

Operating Revenue

The total amount of trading income received by your business.

formula:

Total amount of Operational Income = Invoiced Sales + Cash Sales + Credit Prepayments.

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$1,310,404	\$806,805	\$1,202,559	\$1,664,786	\$2,216,773	\$1,389,163

Cost Of Goods Sold

The total cost of stock purchases made. Expressed as both a percentage of total sales and as a dollar amount.

formula:

Cost Of Goods Sold % = (Opening Stock + cost of goods purchased during the period - Closing Stock) ÷ Total Sales

Cost Of Goods Sold = Opening Stock + cost of goods purchased during the period - Closing Stock

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
69.93 %	69.14	67.40	65.98	66.65	68.14
\$916,370	\$545,574	\$829,256	\$1,104,504	\$1,456,006	\$935,219

Gross Profit

The gross profit represents the amount of your sales dollar that is left over after the cost of your product is deducted to pay operating expenses. Expressed as both as a percentage of total sales and as a dollar amount.

formula:

Gross Profit = Operational Revenue - (Opening Stock + Purchases - Closing Stock)

Gross Profit (%) = (Gross Profit amount ÷ Operational Revenue) × 100

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$394,034	\$248,999	\$352,879	\$530,312	\$760,767	\$453,943
30.07 %	30.86	32.60	34.02	33.34	31.85

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

For The Year Ended 31 March 2005

Overhead Analysis

This ratio can be calculated for total operating expenses or for each operating expense individually. It is used to control operating expenses.

Look at the percentages and work to decrease them. Work consistently to get your expenses to become a lower proportion of your revenues.

1. Administration
2. Advertising
3. Communications
4. Depreciation
5. Finance Charges
6. Insurance
7. Occupancy - Rent
8. Occupancy - Other
9. Operational Lease Expenses
10. Repairs & Maintenance
11. Vehicle Operating Costs
12. Wages and Salaries
13. Other Staff Expenses
14. All Other Expenses
15. Total Overheads

formula:

expense ratio = (Expense ÷ Operating Revenue) × 100

<u>Your Result</u>		Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
Administration	1.53 %	1.72	1.14	0.82	1.13	1.29
Advertising	1.53 %	1.33	0.54	0.23	1.06	0.98
Communications	0.86 %	0.41	0.34	0.24	0.27	0.39
Depreciation	1.16 %	1.61	1.12	0.71	1.25	1.42
Finance Charges	0.88 %	0.75	0.33	0.06	0.24	0.49
Insurance	0.76 %	0.33	0.24	0.18	0.18	0.31
Occupancy - Rent	2.26 %	3.44	2.20	1.34	2.64	3.03
Occupancy - Other	0.80 %	0.69	0.47	0.33	0.41	0.64
Operational Lease Expenses	0.32 %	0.16	0.09	0.02	0.18	0.19
Repairs & Maintenance	0.58 %	0.33	0.21	0.14	0.19	0.31
Vehicle Operating Costs	0.38 %	0.34	0.23	0.13	0.16	0.31
Wages & Salaries	15.91 %	21.90	18.19	13.14	15.81	17.75
Other Staff Expenses	2.09 %	0.22	0.12	0.05	0.21	0.16
All Other Expenses	1.52 %	1.22	0.99	0.74	1.03	1.02
Total Expenses	30.59 %	32.03	28.07	23.17	24.71	27.94

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

For The Year Ended 31 March 2005

Operating Profit Analysis

These ratios show the proportion of your sales dollar that remains for profit after all expenses have been deducted.

Operating Profit before owner remuneration

Operating profit for the period before owners salaries are deducted.

formula:

Operating Profit before owner remuneration = Operational Revenue - Overhead Expenses + Owners Salaries

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$69,161	\$72,028	\$135,876	\$205,033	\$287,968	\$145,804

Operating profit as a percentage of Total Income

Operating Profit Margin indicates how effective a company is at controlling the costs and expenses associated with their normal business operations.

formula:

Operating profit as a percentage of Total Income = (Operating Profit ÷ Operating Revenue) × 100

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
5.28 %	6.49	10.36	16.12	15.39	10.61

Owners Salaries

Salaries and associated costs paid to Owners (excluding drawings, ACC, and FBT).

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$76,044	\$59,904	\$87,975	\$133,379	\$164,130	\$113,796

Operating Profit after owner remuneration.

Operating profit for the period after owners salaries are deducted

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
-\$6,883	-\$2,343	\$15,657	\$119,798	\$147,284	\$59,920

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

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Benchmark Results Analysis

For The Year Ended 31 March 2005

Non Operating Revenue Analysis

These are the amounts of non-trading income received during the year. These amounts are separated from Operating sales as they do not consist of monies received as a normal part of your businesses trading.

1. Dividends Received
2. Interest Received
3. Rent Received
4. Subsidies Received
5. Other Non-Operating Revenue
6. Total Non-Operating Revenue

<u>Your Result</u>		Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
Dividends Received	\$8,060	\$1,530	\$2,943	\$4,290	\$10,185	\$5,141
Interest Received	\$1,651	\$441	\$1,530	\$3,979	\$2,764	\$3,532
Rent Received		\$2,972	\$3,143	\$3,261	\$3,222	\$11,949
Subsidies Received						
Other Non Operating Revenue	\$4,474	\$1,681	\$4,570	\$12,230	\$9,576	\$13,309
Total Non Operating Revenue	\$14,185	\$2,956	\$7,026	\$13,440	\$16,987	\$15,777

Net Profit Analysis

These ratios show the proportion of your sales dollar and Non Operating Revenue dollars that remains for profit after all expenses have been deducted.

Net Profit

This shows the amount of your sales dollar that remains for profit after all expenses.

formula:

Net Profit = Operating Profit + Non Operating Revenue

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
\$83,346	\$74,579	\$149,118	\$217,549	\$303,742	\$161,283

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

ABC Pharmacy

Benchmark Results Analysis

For The Year Ended 31 March 2005

Net Profit as a percentage of Total Income

This number is an indication of how effective a company is at cost control. The higher the net profit margin is, the more effective the company is at converting revenue into actual profit. The net profit margin is a good way of comparing companies in the same industry, since such companies are generally subject to similar business conditions. However, the net profit margins are also a good way to compare companies in different industries in order to gauge which industries are relatively more profitable. also called net margin.

formula:

Net Profit as a percentage of Total Income = $(\text{Net Profit} \div \text{Net Revenue}^7) \times 100$

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
6.29 %	6.96	10.86	16.87	16.05	11.85

Net profit per working owner

formula:

Net profit per working owner = $(\text{Net profit amount} \div \text{the number of working owners})$

<u>Your Result</u>	Lower Quartile	Median	Upper Quartile	Rank'd Avg Upper Quartile	Average
0.00 % **					

You have no Net Profit for the period

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

¹ Australia and New Zealand Standard Industrial Classification

² Total Assets – Total Liabilities

³ Credit Purchases + Total Expenses – Depreciation

⁴ Total Assets - Total Liabilities (Also called Owners Equity or Shareholders Equity or Net Worth)

⁵ Sales – Overhead Expenses

⁶ Total Assets – Total Liabilities

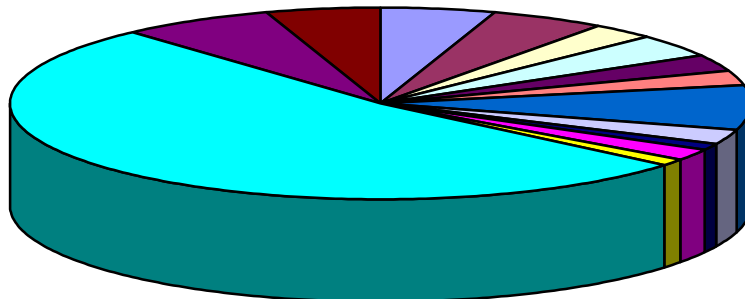
⁷ Operational Revenue + Non Operational Revenue

⁸ Invoiced Sales * 1.125

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Overhead Analysis Report
For The Year Ended 31 March 2005

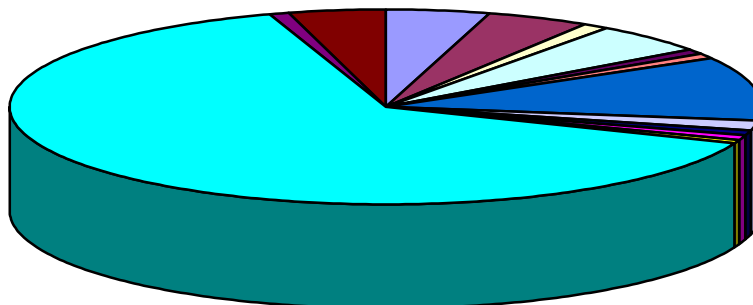
	Client Result		Rank'd Avg U/Quartile		Median	
	% Income	% Exp.	% Income	% Exp.	% Income	% Exp.
Administration	1.53	5.00	1.13	4.56	1.14	4.35
Advertising	1.53	5.00	1.06	4.28	0.54	2.06
Communications	0.86	2.81	0.27	1.09	0.34	1.30
Depreciation	1.16	3.79	1.25	5.05	1.12	4.27
Finance Charge	0.88	2.88	0.24	0.97	0.33	1.26
Insurance	0.76	2.49	0.18	0.73	0.24	0.92
Occupancy - Rent	2.26	7.39	2.64	10.66	2.20	8.39
Occupancy - Other	0.80	2.62	0.41	1.66	0.47	1.79
Operational Lease Expenses	0.32	1.05	0.18	0.73	0.09	0.34
Repairs & Maintenance	0.58	1.90	0.19	0.77	0.21	0.80
Vehicle Operating Costs	0.38	1.24	0.16	0.65	0.23	0.88
Wages and Salaries (Incl. Owners)	15.91	52.03	15.81	63.85	18.19	69.40
Other Staff Expenses	2.09	6.83	0.21	0.85	0.12	0.46
All Other Expenses	1.52	4.97	1.03	4.16	0.99	3.78
TOTAL OVERHEADS	30.58	100.00	24.76	100.00	26.21	100.00

Client Expenses



- Administration
- Advertising
- Communications
- Depreciation
- Finance Charge
- Insurance
- Occupancy - Rent
- Occupancy - Other
- Operational Lease Expenses
- Repairs & Maintenance
- Vehicle Operating Costs
- Wages and Salaries (Incl. Owners)
- Other Staff Expenses
- All Other Expenses

Ranked Avg U/Quartile Expenses



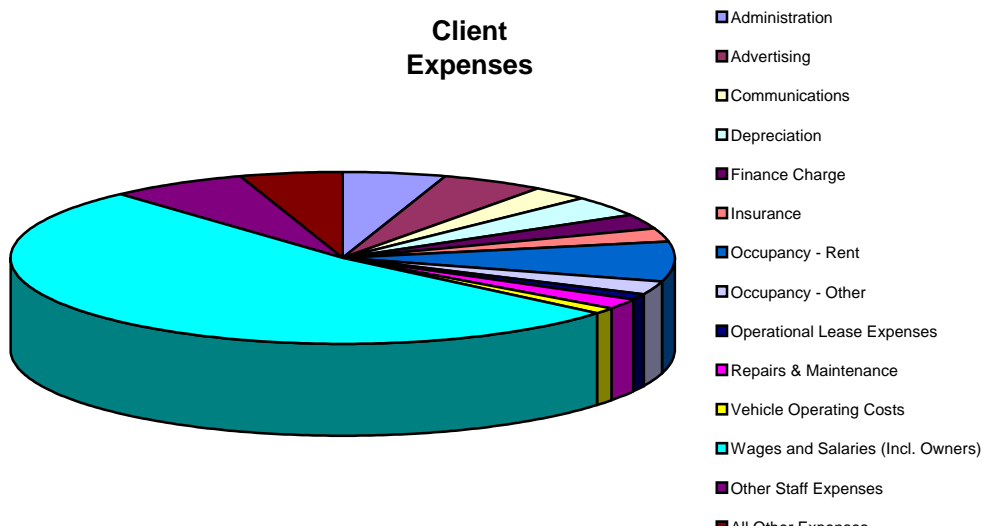
- Administration
- Advertising
- Communications
- Depreciation
- Finance Charge
- Insurance
- Occupancy - Rent
- Occupancy - Other
- Operational Lease Expenses
- Repairs & Maintenance
- Vehicle Operating Costs
- Wages and Salaries (Incl. Owners)
- Other Staff Expenses
- All Other Expenses

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

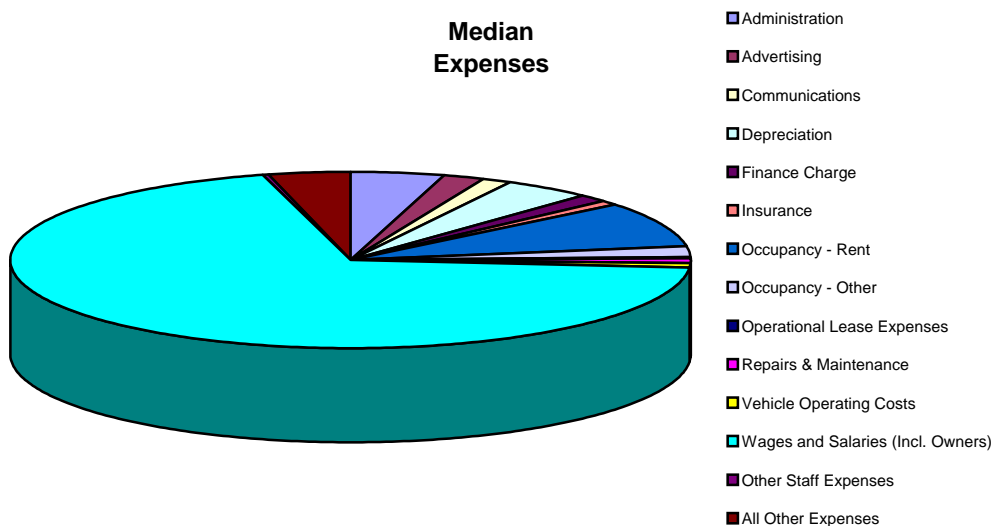
ABC Pharmacy
Overhead Analysis Report
For The Year Ended 31 March 2005

	Client Result		Rank'd Avg U/Quartile		Median	
	% Income	% Exp.	% Income	% Exp.	% Income	% Exp.
Administration	1.53	5.00	1.13	4.56	1.14	4.35
Advertising	1.53	5.00	1.06	4.28	0.54	2.06
Communications	0.86	2.81	0.27	1.09	0.34	1.30
Depreciation	1.16	3.79	1.25	5.05	1.12	4.27
Finance Charge	0.88	2.88	0.24	0.97	0.33	1.26
Insurance	0.76	2.49	0.18	0.73	0.24	0.92
Occupancy - Rent	2.26	7.39	2.64	10.66	2.20	8.39
Occupancy - Other	0.80	2.62	0.41	1.66	0.47	1.79
Operational Lease Expenses	0.32	1.05	0.18	0.73	0.09	0.34
Repairs & Maintenance	0.58	1.90	0.19	0.77	0.21	0.80
Vehicle Operating Costs	0.38	1.24	0.16	0.65	0.23	0.88
Wages and Salaries (Incl. Owners)	15.91	52.03	15.81	63.85	18.19	69.40
Other Staff Expenses	2.09	6.83	0.21	0.85	0.12	0.46
All Other Expenses	1.52	4.97	1.03	4.16	0.99	3.78
TOTAL OVERHEADS	30.58	100.00	24.76	100.00	26.21	100.00

Client Expenses



Median Expenses

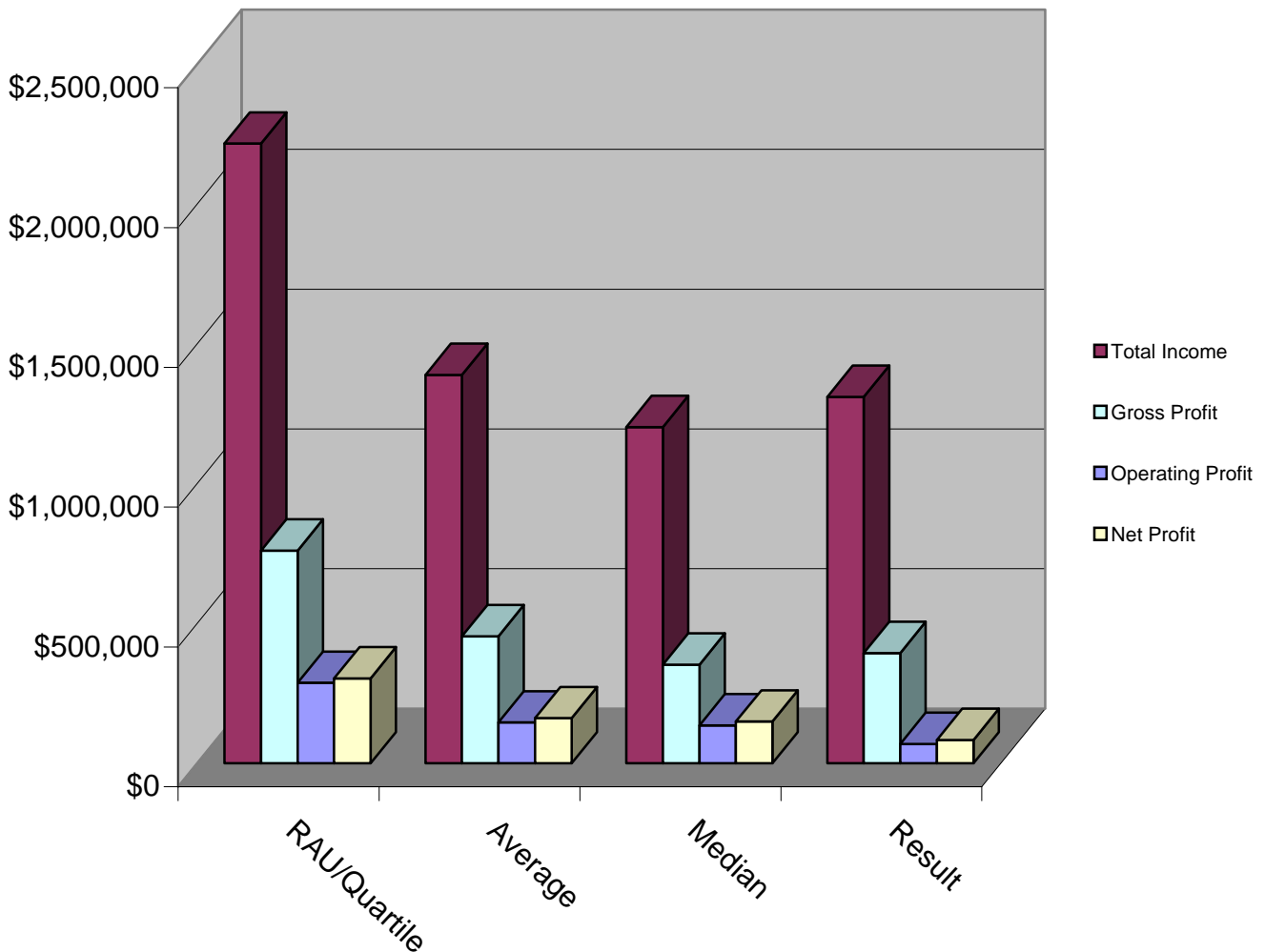


Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

ABC Pharmacy
Income & Profit Analysis Report
For The Year Ended 31 March 2005

	Rnk'd Avg U/Quartile	Average	Median	-----Your----- Result Position
TOTAL INCOME	\$2,216,773	\$1,389,163	\$1,202,559	\$1,310,404 " " " " " "
Less Cost Of Goods Sold	66.65	68.14	67.40	69.93 " " " "
Gross Profit	\$760,768	\$453,944	\$352,879	\$394,034 " " " " " "
- as a % of TOTAL INCOME	33.34	31.85	32.60	30.07 " " " "
 OPERATING PROFIT	 \$287,967	 \$145,804	 \$135,876	 \$69,161 " " " "
- as a % of TOTAL INCOME	15.39	10.61	10.36	5.28 " " " "
 NET PROFIT	 \$303,742	 \$161,283	 \$149,118	 \$83,345 " " " "
- as a % of TOTAL INCOME	16.05	11.85	10.86	6.29 " " " "
- Per Working Owner				

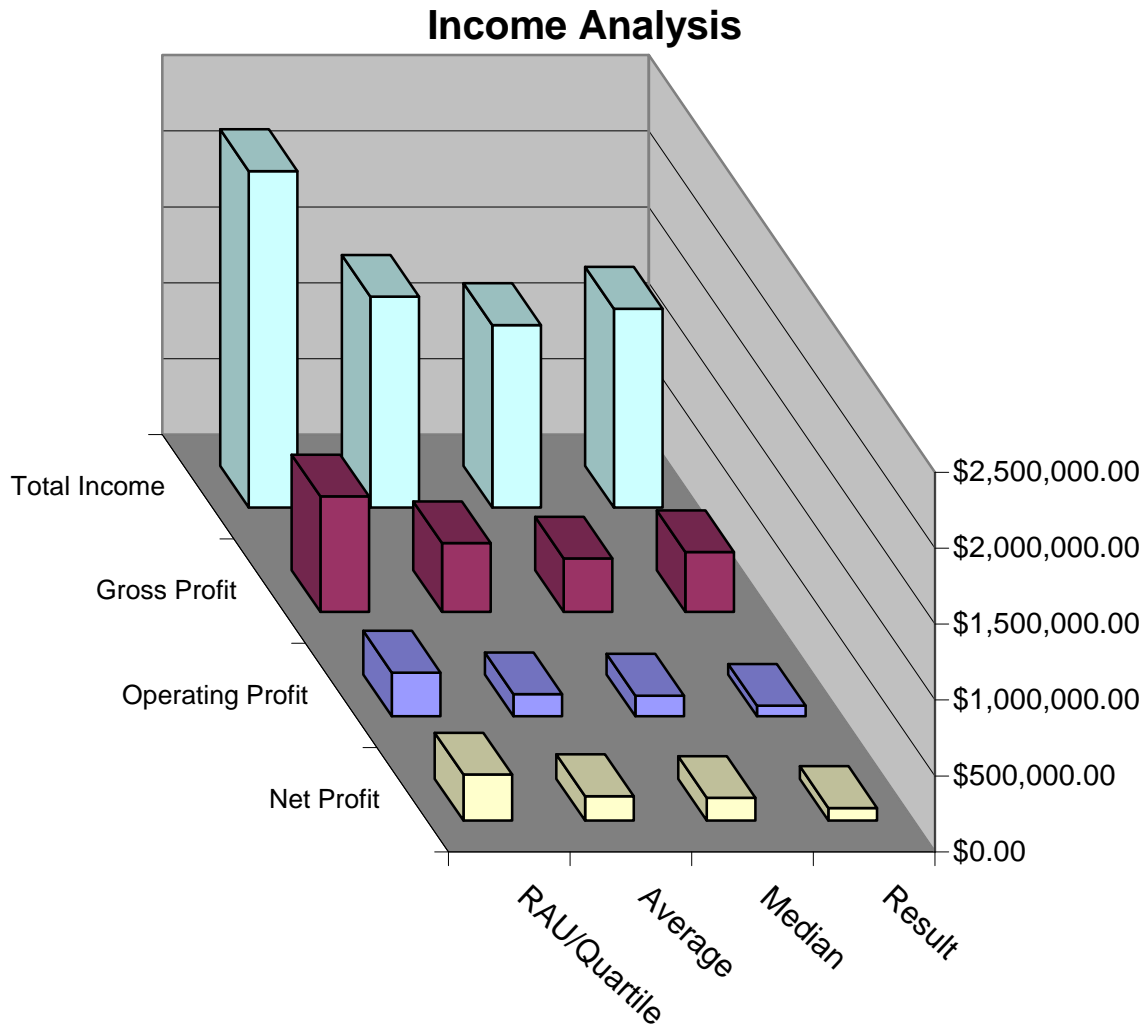
Income & Profit Analysis



Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

ABC Pharmacy
Income & Profit Analysis Report
For The Year Ended 31 March 2005

	Rnk'd Avg U/Quartile	Average	Median	-----Your----- Result Position
TOTAL INCOME	\$2,216,773	\$1,389,163	\$1,202,559	\$1,310,404 " " " " "
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- as a % of TOTAL INCOME	15.39	10.61	10.36	5.28 " "
NET PROFIT	\$303,742	\$161,283	\$149,118	\$83,345 " " "
- as a % of TOTAL INCOME	16.05	11.85	10.86	6.29 " " "
- Per Working Owner				

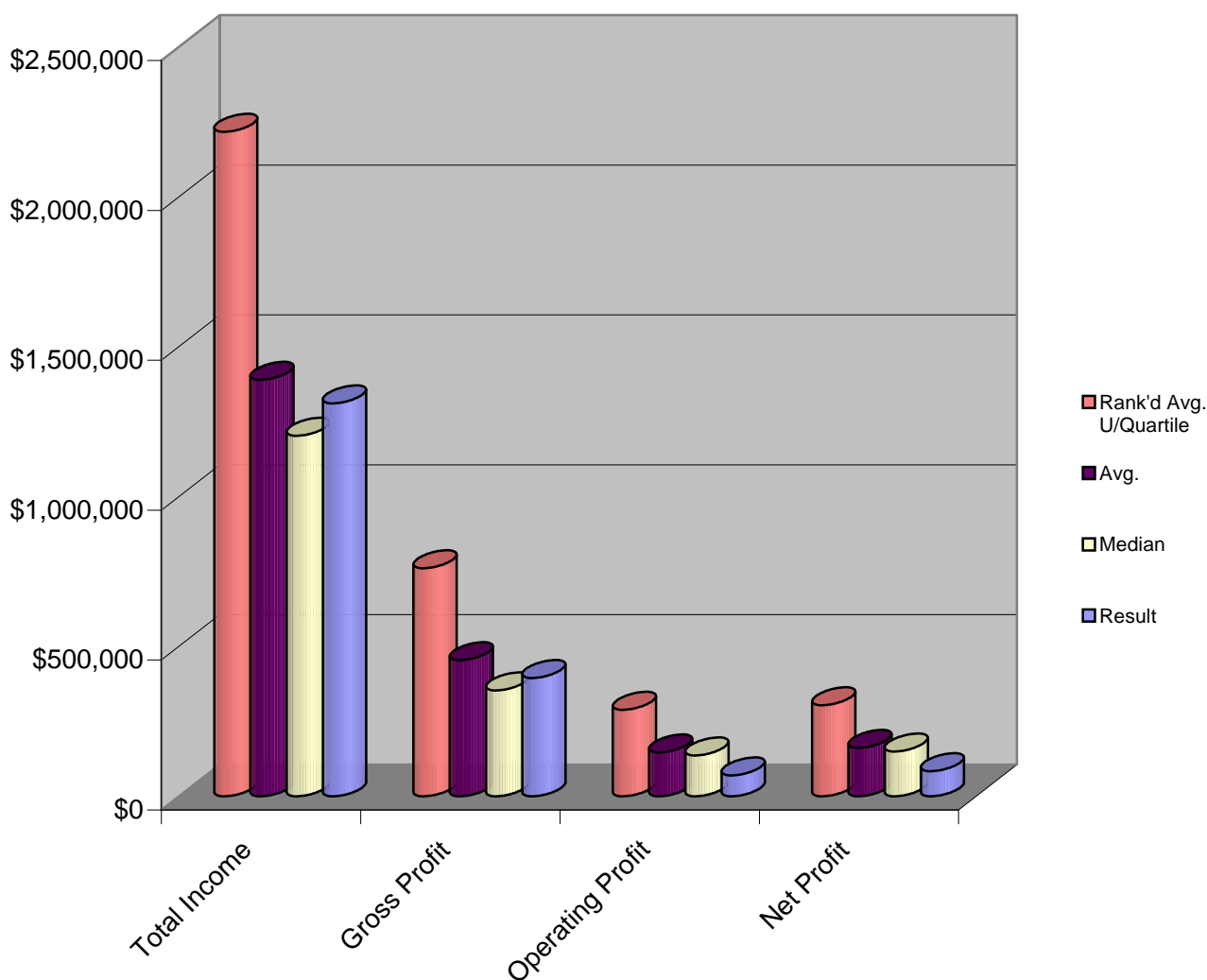


Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

ABC Pharmacy
Income & Profit Analysis Report
For The Year Ended 31 March 2005

	Rnk'd Avg U/Quartile	Average	Median	-----Your----- Result Position
TOTAL INCOME	\$2,216,773	\$1,389,163	\$1,202,559	\$1,310,404 " " " " " "
Less Cost Of Goods Sold	66.65	68.14	67.40	69.93 " " "
Gross Profit	\$760,768	\$453,943.67	\$352,879	\$394,034 " " " " " "
- as a % of TOTAL INCOME	33.34	31.85	32.60	30.07 " " "
OPERATING PROFIT	\$287,967	\$145,804	\$135,876	\$69,161 " " "
- as a % of TOTAL INCOME	15.39	10.61	10.36	5.28 " "
NET PROFIT	\$303,742	\$161,283	\$149,118	\$83,345 " " "
- as a % of TOTAL INCOME	16.05	11.85	10.86	6.29 " " "
- Per Working Owner				

Income Analysis



Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

ABC Pharmacy
 Business Benchmark Report
 For The Year Ended 31 March 2005

	Rank'd Avg U/Quartile	Average	Median	-----Your----- Result Position
OPERATING REVENUE	\$2,216,773	\$1,389,163	\$1,202,559	\$1,310,404
Less Cost Of Goods Sold	66.65	68.14	67.40	69.93
Equals GROSS PROFIT	33.34	31.85	32.60	30.07
Less Overheads as a %'s of income				
Administration	1.13	1.29	1.14	1.53
Advertising	1.06	0.98	0.54	1.53
Communications	0.27	0.39	0.34	0.86
Depreciation	1.25	1.42	1.12	1.16
Finance Charge	0.24	0.49	0.33	0.88
Insurance	0.18	0.31	0.24	0.76
Occupancy - Rent	2.64	3.03	2.20	2.26
Occupancy - Other	0.41	0.64	0.47	0.80
Operational Lease Expenses	0.18	0.19	0.09	0.32
Repairs & Maintenance	0.19	0.31	0.21	0.58
Vehicle Operating Costs	0.16	0.31	0.23	0.38
Wages and Salaries (Incl. Owners)	15.81	17.75	18.19	15.91
Other Staff Expenses	0.21	0.16	0.12	2.09
All Other Expenses	1.03	1.02	0.99	1.52
Total Overheads	24.71	27.94	28.07	30.59
OPERATING PROFIT				
- Before Owner Remuneration	\$287,968	\$145,804	\$135,876	\$69,161
- as a % of TOTAL INCOME	15.39	10.61	10.36	5.28
- Less Owners Salaries	\$164,130	\$113,796	\$87,975	\$76,044
- After Owner Remuneration	\$147,284	\$59,920	\$15,657	-\$6,883
NON OPERATING REVENUE				
Dividends Received	\$10,185	\$5,141	\$2,943	\$8,060
Interest Received	\$2,764	\$3,532	\$1,530	\$1,651
Rent Received	\$3,222	\$11,949	\$3,143	
Subsidies Received				
Other Non-Operating Revenue	\$9,576	\$13,309	\$4,570	\$4,474
Total Non-Operating Revenue	\$16,987	\$15,777	\$7,026	\$14,185
NET PROFIT				
- as a % of TOTAL INCOME	16.05	11.85	10.86	6.29
- Per Working Owner				

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)

ABC Pharmacy

Financial Ratio Comparison Report For The Year Ended 31 March 2005

	Rank'd Avg U/Quartile	Average	Median	-----Your----- Result	Position
PROFITABILITY RATIOS					
Return on Sales (%)	16.40	12.70	12.10	7.24	""
Return on Equity	1.49	1.69	0.92	0.45	""
Return on Assets	0.47	0.35	0.31	0.19	""
LIQUIDITY RATIOS					
Cash Ratio	0.39	0.33	0.12		"
Current Ratio	1.33	2.03	1.10	1.30	""
Quick Ratio	0.78	1.50	0.51	0.35	""
Working Capital to Sales (%)	6.20	141.80	247.00	5.84	""
MANAGEMENT EFFICIENCY RATIOS					
Days in Accounts Receivable	12.21	16.11	17.00	20.00	""
Days in Accounts Payable	24.64	26.62	25.00	33.00	""
Annual Inventory Turnover	7.59	7.70	6.98	3.63	"
Days In Inventory	52.98	52.99	52.25	100.55	""
OPERATING RATIOS					
Asset Turnover	3.24	3.16	3.12	3.01	""
Sales to Fixed Assets	33.23	46.79	21.32	24.09	""
Sales to Working Capital	17.43	60.16	11.91	17.13	""
FINANCING RATIOS					
Debt to Equity	2.48	5.05	1.85	1.38	""
Times Interest Earned	38.46	12.67	7.90		
Long Term Debt to Equity	2.48	5.05	1.85		""
FINANCIAL RESULTS					
Net Profit	\$303,742	\$161,283	\$149,118	\$83,346	""
Net Assets	\$284,248	\$160,336	\$105,908	\$182,221	""
Total Assets	\$756,130	\$501,599	\$458,697	\$435,343	""
Total Liabilities	\$471,882	\$347,826	\$288,409	\$253,123	""

Reference Industry (ANZSIC) - Pharmaceutical, Cosmetic and Toiletry Retailing (Sample Size 53)