



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

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PO Box 460 Fairfield NSW 2165

Telephone: 02 9892 3888 Facsimile: 02 9892 2399

22 February 2012

The Manager
Companies Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Half Year Report and Appendix 4D

The Directors are pleased to announce the results for the six months ended 31 December 2011 the details of which are included in the attached Appendix 4D and Half Year Report.

The half year results have been subject to an Independent Review and are in line with our announcement 1 February 2012

Yours faithfully

Peter Gill
Company Secretary

Appendix 4D

Half Year Report Period ending 31 December 2011

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Half year ended	31 December 2011
Previous corresponding period	31 December 2010

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	21.6%	to 29,523
Profit from ordinary activities after income tax	up	54.5%	to 1,789
Net profit for the period attributable to members	up	54.5%	to 1,789
Dividends		Amount per Security	Franked amount per security
Interim dividend		3.00 ¢	3.00¢
Previous corresponding period		2.00 ¢	2.00¢
Record date for determining entitlements to dividend			16 March 2012
Brief explanation of any of the figures reported above			
Please refer to Directors' Report on page 3 of the half-year financial report attached.			

3. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	43.7¢	39.2¢

4. Details of entities over which control has been gained or lost during period

Nil

5. Details of Dividends

	Amount per Security	Franked amount per security
Interim dividend – payable 30 March 2012	3.00¢	3.00¢
Amount per security of foreign sourced dividend	Nil	-
Previous corresponding period	2.00¢	2.00¢
Amount per security of foreign sourced dividend	Nil	-
Final dividend June 2011 - paid 23 September 2011	3.00¢	3.00¢
Amount per security of foreign sourced dividend	Nil	-
Previous corresponding period	2.00¢	2.00¢
Amount per security of foreign sourced dividend	Nil	-

The Directors have declared a fully franked interim dividend of 3.00 cent per share (requiring \$1,026,000) payable on 30 March 2012 to shareholders registered on 16 March 2012.

A fully franked final dividend of 3.00 cents per share amounting to \$1,026,000 was paid on 23 September 2011.

6. Dividend Reinvestment Plans

There are no dividend reinvestment plans in operation.

7. Details of associate and joint venture entities

Nil

8. Foreign Entities

Not applicable

This report is based on accounts that have been reviewed and are not subject to dispute or qualification.

This financial report is all the half-year information provided to the Australian Stock Exchange under listing rule 4.2A.3. The report also satisfies the half-year reporting requirements of the Corporations Act .

This half-year report should be read in conjunction with the 2011 Annual Report.

Signature

Date 22 February 2012
Name Peter Gill
Position Company Secretary

Supply Network Limited

A.B.N. 12 003 135 680

Half-Year Financial Report 31 December 2011

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Supply Network Limited

Corporate Information

Directors

G J Forsyth (Chairman)
G D H Stewart (Managing Director)
P W McKenzie
P W Gill

Company Secretary

P W Gill

Registered Office

151 Fairfield Road
Guildford NSW 2161

Telephone 02 9892 3888
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Internet Address

www.supplynetwork.com.au

Auditors

HLB Mann Judd (NSW Partnership)

Bankers

ANZ Banking Group Limited

Solicitors

Bartier Perry

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

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Stock Exchange Listing

Supply Network Limited (ASX code SNL) shares
are quoted on the Australian Securities Exchange

Supply Network Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2011.

Directors

The names of the company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

G J Forsyth (Chairman)
G D H Stewart (Managing Director)
P W McKenzie
P W Gill

Review of Operations

Group sales revenue for the half-year was \$29.5m, which is an increase of 21.6% when compared to the same period last year.

Sales revenue in the Australian operation increased by 20.5% and in the New Zealand operation increased by 27.6%.

Earnings before interest and tax (EBIT) for the half-year was \$2.73m, which compares favourably with EBIT of \$1.78m for the same period last year.

Profit after income tax (NPAT) for the half-year was \$1.79m, which also compares favourably with NPAT of \$1.16m for the same period last year.

The Group continued to invest in information technology and customer service capabilities in the first half of this year and these investments are expected to support further revenue growth.

Inventory levels have increased during the period, essentially to support substantial sales growth, and this has impacted on cash flows from operating activities. Cash flows have declined, in comparison to the corresponding period last year, but have remained positive for the half-year. Despite the increased inventory levels, average stock turns over the period have improved.

There were no additional long term borrowings during the period and gearing has declined from 20.7% at June 2011 to 19.8% at December 2011.

The directors have declared a fully franked interim dividend of 3 cents per share payable on 30 March 2012 to shareholders registered on 16 March 2012. The Dividend Reinvestment Plan will not operate in respect of this dividend.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under the Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of directors.

G J Forsyth
Director
Sydney
22 February 2012

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Supply Network Limited:

As lead auditor for the review of Supply Network Limited for the half-year ended 31 December 2011 I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Supply Network Limited and the entities it controlled during the period.

D K Swindells
Partner

Sydney
22 February 2012

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Supply Network Limited

Statement of Comprehensive Income

for the half-year ended 31 December 2011

	Note	Consolidated	
		31 Dec 2011	31 Dec 2010
		\$'000	\$'000
Revenue	3	29,523	24,285
Finance revenue	3	38	24
Other income		46	18
Changes in inventories of finished goods		(17,132)	(14,105)
Employee benefits expenses		(5,429)	(4,728)
Depreciation and amortisation		(270)	(178)
Other expenses	3	(4,009)	(3,513)
Finance costs		(208)	(123)
Profit before income tax		2,559	1,680
Income tax expense		(770)	(522)
Profit after income tax		1,789	1,158
Profit attributable to members of the parent		1,789	1,158
Other comprehensive income			
Adjustments on translation of foreign controlled entity		-	(124)
Income tax expense		-	-
Total other comprehensive income after income tax		-	(124)
Total comprehensive income for the half-year attributable to members of the parent		1,789	1,034
Basic and diluted earnings per share (cents per share)		5.23	3.64

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Supply Network Limited

Balance Sheet

at 31 December 2011

	Note	Consolidated	
		31 Dec 2011	30 Jun 2011
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		2,174	2,872
Trade and other receivables		6,922	7,092
Inventories		17,934	15,546
Other current assets		238	42
Total current assets		27,268	25,552
Non-current assets			
Plant and equipment		1,572	1,659
Deferred tax assets		931	872
Total non-current assets		2,503	2,531
TOTAL ASSETS		29,771	28,083
LIABILITIES			
Current liabilities			
Trade and other payables		10,051	9,232
Interest bearing loans and borrowings		106	49
Income tax payable		518	593
Provisions		429	403
Derivatives		10	8
Total current liabilities		11,114	10,285
Non-current liabilities			
Interest bearing loans and borrowings		2,860	2,888
Provisions		851	727
Total non-current liabilities		3,711	3,615
TOTAL LIABILITIES		14,825	13,900
NET ASSETS		14,946	14,183
EQUITY			
Contributed equity	6	9,698	9,698
Reserves		(315)	(315)
Retained earnings		5,563	4,800
TOTAL EQUITY		14,946	14,183

The above balance sheet should be read in conjunction with the accompanying notes.

Supply Network Limited

Statement of Changes in Equity

for the half-year ended 31 December 2011

	Contributed Equity \$000	Exchange Translation Reserve \$000	Retained Earnings \$000	Total \$000
Consolidated				
Balance at 30 June 2011	9,698	(315)	4,800	14,183
Total comprehensive income for the half-year	-	-	1,789	1,789
	9,698	(315)	6,589	15,972
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(1,026)	(1,026)
Balance at 31 December 2011	9,698	(315)	5,563	14,946
Balance at 30 June 2010	7,857	(215)	4,780	12,422
Total comprehensive income for the half-year	-	(124)	1,158	1,034
	7,857	(339)	5,938	13,456
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(1,829)	(1,829)
Issue of shares under dividend reinvestment plan	1,335	-	-	1,335
Balance at 31 December 2010	9,192	(339)	4,109	12,962

The above statement of changes in equity should be read in conjunction with the accompanying notes

Supply Network Limited

Statement of Cash Flows

for the half-year ended 31 December 2011

	Note	Consolidated	
		31 Dec 2011	31 Dec 2010
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		33,395	25,827
Payments to suppliers and employees		(31,930)	(24,441)
Interest received		38	20
Interest paid		(122)	(129)
Income tax paid		(902)	(289)
Net cash flows from (used in) operating activities		479	988
Cash flows from investing activities			
Purchase of plant and equipment		(179)	(320)
Net cash flows from (used in) investing activities		(179)	(320)
Cash flows from financing activities			
Proceeds from borrowings		290	93
Repayment of borrowings		(263)	(94)
Dividends paid		(1,026)	(494)
Net cash flow from (used in) financing activities		(999)	(495)
Net increase (decrease) in cash and cash equivalents		(699)	173
Cash and cash equivalents at beginning of period		2,872	1,528
Exchange rate adjustments to balances held in foreign currencies		1	(5)
Cash and cash equivalents at the end of the half-year	5	2,174	1,696

The above statement of cash flows should be read in conjunction with the accompanying notes.

Supply Network Limited

Notes to the Financial Statements

for the half-year ended 31 December 2011

1. Corporate Information

The financial report of Supply Network Limited (the company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 22 February 2012.

Supply Network Limited is a company limited by shares incorporated in Australia whose shares are traded on the Australian Securities Exchange.

The principal activity of the group during the period was the provision of after-market parts to the commercial vehicle industry.

2. Summary of significant accounting policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year report should be read in conjunction with the annual report for the year ended 30 June 2011. It is also recommended that the half-year report be considered together with any public announcements made by Supply Network Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(a) Basis of preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Supply Network Limited and its subsidiaries as at 31 December 2011. The exchange differences arising on the translation of the financial statements of a foreign subsidiary are taken directly to a separate component of equity.

(d) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published but are not mandatory for the half-year reporting period. The Group's assessment of the impact of these new standards and interpretations is they will result in no significant changes to the amounts recognised or matters disclosed in the half-year report.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2011

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
3. Revenue and expenses		
(a) Revenue and expenses from operating activities		
(i) Revenue		
Sale of goods	29,523	24,285
(ii) Finance revenue		
Interest received	38	24
(iii) Other expenses		
Bad and doubtful debts – trade receivables	47	61
Freight and cartage expenses	507	437
Operating lease expenses	1,054	958
Other expenses	2,401	2,057
	4,009	3,513

(b) Seasonality of operations

The group's operations are not subject to any seasonal or cyclical factors.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2011

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
4. Dividends paid and proposed on ordinary shares		
(a) Dividends declared and paid during the half-year		
Previous year final fully franked dividend (2011: 3.00 cents per share) (2010: 2.00 cents per share)	1,026	596
Current year special fully franked dividend (2011: - nil) (2010: 4.00 cents per share)	-	1,233
	1,026	1,829
(b) Dividends proposed subsequent to 31 December 2011 and not recognised as a liability		
Current year interim fully franked dividend (2012: 3.00 cents per share) (2011: 2.00 cents per share)	1,026	661
5. Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprises:		
Cash at bank and on hand	225	296
Short-term deposits	1,949	1,400
	2,174	1,696
	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
6. Contributed Equity		
(a) Issued and paid up capital		
34,187,229 ordinary shares fully paid (June 2011: 34,187,229)	9,696	9,698

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2011

7. Segment information

The Group's operating segments have been determined based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources. The financial information on the operating segments is reported to the executive management team on a monthly basis.

The Group's principal activity is the provision of after-market parts for the commercial vehicle market in two operating segments, Australia and New Zealand. The operating segments are unchanged from those identified and reported previously.

	Australia		New Zealand		Eliminations		Consolidated	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Revenue								
Sales to customers outside the group	24,847	20,620	4,676	3,665	-	-	29,523	24,285
Other revenues outside the group	82	40	2	2	-	-	84	42
Inter-segment revenues	425	427	166	121	(591)	(548)	-	-
Total segment revenues	25,354	21,087	4,844	3,788	(591)	(548)	29,607	24,327
Results								
Segment results	2,015	1,425	491	243	53	12	2,559	1,680
Profit before income tax and finance costs							2,729	1,779
Finance revenue							38	24
Finance costs							(208)	(123)
Profit before income tax							2,559	1,680
Income tax expense							(770)	(522)
Profit after income tax							1,789	1,158

Segment accounting policies are the same as the Group's policies. During the period, there were no changes in segment accounting policies that had a material effect on the segment information.

The sale of goods between segments is at cost of the item plus a commercial margin.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2011

8. Related party disclosures

The following table provides the total amount of transactions that were entered into with related parties for the half-year ended 31 December 2011 and 2010:

Related Party		Purchases from related parties	Sales to related parties	Amounts owed by related parties
		\$'000	\$'000	\$'000
Key management personnel of the Group:				
Other directors' interests	2011	-	123	36
	2010	-	92	30

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

9. Events after the balance sheet date

No other matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the group, the result of those operations or the state of affairs of the group.

10. Changes in composition of entity

There have been no changes in the composition of the entities since the financial year ended 30 June 2011.

Supply Network Limited

Directors' Declaration

In accordance with a resolution of the directors of Supply Network Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards (including AASB 134 Interim Financial Reporting) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

G J Forsyth
Director
Sydney
22 February 2012

HALF-YEAR REVIEW REPORT

To the members of Supply Network Limited:

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Supply Network Limited and Controlled Entities (“the consolidated entity”) which comprises the balance sheet as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration. The consolidated entity comprises Supply Network Limited (“the company”) and the entities it controlled during the half-year.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Supply Network Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management’s internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve analysis of the prudence of business decisions made by directors or management.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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HALF-YEAR REVIEW REPORT (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Supply Network Limited on 22 February 2012, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Supply Network Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB MANN JUDD

Sydney
22 February 2012

D K Swindells
Partner