



**SUPPLY NETWORK LIMITED**

ABN 12 003 135 680

141 - 151 Fairfield Road Guildford NSW 2161

PO Box 460 Fairfield NSW 2165

Telephone: 02 9892 3888 Facsimile: 02 9892 2399

26 February 2014

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 2013 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 29 January 2014.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Gill', written over a faint, illegible stamp or background.

**Peter Gill**  
Company Secretary

# Appendix 4D

## Half Year Report Period ending 31 December 2013

<b>Name of entity</b>	Supply Network Limited
<b>ABN</b>	12 003 135 680

### 1. Details of reporting period

<b>Half year ended</b>	31 December 2013
<b>Previous corresponding period</b>	31 December 2012

### 2. Results for announcement to the market

			<b>\$'000</b>
<b>Revenue from ordinary activities</b>	up	23.4%	to 40,376
<b>Profit from ordinary activities after income tax</b>	up	37.6%	to 2,915
<b>Net profit for the period attributable to members</b>	up	37.6%	to 2,915
<b>Dividends</b>		<b>Amount per Security</b>	<b>Franked amount per security</b>
Interim dividend		4.00¢	4.00¢
Previous corresponding period		3.50¢	3.50¢
<b>Record date for determining entitlements to dividend</b>			2 April 2014
<b>Brief explanation of any of the figures reported above</b>			
Please refer to Directors' Report on page 3 of the half-year financial report attached.			

### 3. Net tangible asset backing

	<b>Current Period</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per ordinary security</b>	59.3¢	49.6¢

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

Nil
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## 5. Details of Dividends

	Amount per Security	Franked amount per security
<b>Interim dividend</b> – payable 16 April 2014	4.00¢	4.00¢
Amount per security of foreign sourced dividend	Nil	-
Previous corresponding period	3.50¢	3.50¢
Amount per security of foreign sourced dividend	Nil	-
<b>Final dividend June 2013</b> - paid 26 September 2013	4.50¢	4.50¢
Amount per security of foreign sourced dividend	Nil	-
Previous corresponding period	4.00¢	4.00¢
Amount per security of foreign sourced dividend	Nil	-

The Directors have declared a fully franked interim dividend of 4.00 cents per share (requiring \$1,368,000) payable on 16 April 2014 to shareholders registered on 2 April 2014.

A fully franked final dividend of 4.50 cents per share amounting to \$1,538,000 was paid on 26 September 2013.

## 6. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plans will not operate in respect of the interim dividend payable 16 April 2014

## 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 2013 Annual Report.**

## Signature

**Date**            **26 February 2014**  
**Name**           **Peter Gill**  
**Position**       **Company Secretary**

**Supply Network Limited**  
A.B.N. 12 003 135 680

**Half-Year Financial Report 31 December 2013**

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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  
Facsimile 02 9892 2399

E-mail admin@supplynetwork.com.au

### Internet Address

[www.supplynetwork.com.au](http://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

Enquiries (within Australia) 1300 850 505  
Enquiries (outside Australia) 61 3 9415 4000  
Facsimile 61 3 9473 2500

### 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 2013.

### 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 was \$40.38m, which is an increase of 23.4% when compared to the same period last year.

Sales revenue in the Australian operation increased by 20.7% and in the New Zealand operation increased by 22.8% in NZ dollar terms.

Earnings before interest and tax were \$4.28m, an increase of 38.6% on the same period last year.

Profit after income tax was \$2.92m, an increase of 37.6% on the same period last year.

Our strong performance for the period is the result of continuing sales growth and ongoing cost management. In the second half of the financial year we plan to open two new branches in regional areas and relocate our Brisbane branch to a larger facility. These new projects will increase Group operating costs without adding significantly to this year's revenue.

During the first half we have seen a decline in the Australian Dollar. This decline has resulted in increased product costs, pressure on our gross margins, significant increases in inventory levels and pressure on our cash flows from operations. We expected this to continue for the remainder of the financial year.

Cash flows from operating activities were \$0.53m, a decline from the \$2.39m for the corresponding period last year.

There were no additional long term borrowings during the period and gearing remains steady.

The directors have declared a fully franked interim dividend of 4.0 cents per share payable on 16 April 2014 to shareholders registered on 2 April 2014. The Dividend Reinvestment Plan will not operate in respect of this interim 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  
26 February 2014

**SUPPLY NETWORK LIMITED**

**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of Supply Network Limited:**

As lead auditor for the review of the financial report of Supply Network Limited for the half-year ended 31 December 2013 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) 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.

**Sydney, NSW**  
**26 February 2014**



**S Grivas**  
**Partner**

## Supply Network Limited

### Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2013	Note	Consolidated	
		31 Dec 2013 \$'000	31 Dec 2012 \$'000
<b>Revenue</b>	3	<b>40,376</b>	32,723
Finance revenue	3	13	28
Other income		11	12
Changes in inventories of finished goods		<b>(22,910)</b>	(18,655)
Employee benefits expenses		<b>(7,597)</b>	(6,324)
Depreciation and amortisation		<b>(395)</b>	(262)
Other expenses	3	<b>(5,206)</b>	(4,406)
Finance costs		<b>(131)</b>	(96)
<b>Profit before income tax</b>		<b>4,161</b>	3,020
Income tax expense		<b>(1,246)</b>	(902)
<b>Profit after income tax</b>		<b>2,915</b>	2,118
<b>Profit attributable to members of the parent</b>		<b>2,915</b>	2,118
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss			
Adjustments on translation of foreign controlled entity		402	13
Income tax expense		-	-
<b>Total other comprehensive income after income tax</b>		<b>402</b>	13
<b>Total comprehensive income for the half-year attributable to members of the parent</b>		<b>3,317</b>	2,131
Basic and diluted earnings per share (cents per share)		<b>8.53</b>	6.20

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



# Supply Network Limited

## Balance Sheet

at 31 December 2013

	Note	Consolidated	
		31 Dec 2013 \$'000	30 Jun 2013 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		807	1,911
Trade and other receivables		8,684	8,413
Inventories		25,799	20,977
Other current assets		357	72
Derivatives		43	21
<b>Total current assets</b>		<b>35,690</b>	<b>31,394</b>
<b>Non-current assets</b>			
Plant and equipment		2,632	2,819
Deferred tax assets		1,280	1,134
<b>Total non-current assets</b>		<b>3,912</b>	<b>3,953</b>
<b>TOTAL ASSETS</b>		<b>39,602</b>	<b>35,347</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		13,637	11,248
Interest bearing loans and borrowings		283	574
Income tax payable		721	761
Provisions		605	527
<b>Total current liabilities</b>		<b>15,246</b>	<b>13,110</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings		3,070	2,737
Provisions		1,012	1,005
<b>Total non-current liabilities</b>		<b>4,082</b>	<b>3,742</b>
<b>TOTAL LIABILITIES</b>		<b>19,328</b>	<b>16,852</b>
<b>NET ASSETS</b>		<b>20,274</b>	<b>18,495</b>
<b>EQUITY</b>			
Contributed equity	6	9,698	9,698
Reserves		509	107
Retained earnings		10,067	8,690
<b>TOTAL EQUITY</b>		<b>20,274</b>	<b>18,495</b>

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 2013

	Contributed Equity \$'000	Exchange Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Consolidated</b>				
<b>Balance at 30 June 2013</b>	9,698	107	8,690	18,495
Total comprehensive income for the half-year	-	402	2,915	3,317
	<b>9,698</b>	<b>509</b>	<b>11,605</b>	<b>21,812</b>
<b>Transactions with owners in their capacity as owners</b>				
Dividends provided for or paid	-	-	(1,538)	(1,538)
<b>Balance at 31 December 2013</b>	<b>9,698</b>	<b>509</b>	<b>10,067</b>	<b>20,274</b>
<b>Balance at 30 June 2012</b>	9,698	(227)	6,706	16,177
Total comprehensive income for the half-year	-	13	2,118	2,131
	9,698	(214)	8,824	18,308
<b>Transactions with owners in their capacity as owners</b>				
Dividends provided for or paid	-	-	(1,368)	(1,368)
<b>Balance at 31 December 2012</b>	<b>9,698</b>	<b>(214)</b>	<b>7,456</b>	<b>16,940</b>

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 2013

Note

Consolidated

31 Dec 2013  
\$'000

31 Dec 2012  
\$'000

#### Cash flows from operating activities

Receipts from customers	44,097	37,122
Payments to suppliers and employees	(42,016)	(33,283)
Interest received	13	28
Interest paid	(130)	(90)
Income tax paid	(1,436)	(1,385)
Net cash flows from (used in) operating activities	528	2,392

#### Cash flows from investing activities

Purchase of plant and equipment	(147)	(658)
Net cash flows from (used in) investing activities	(147)	(658)

#### Cash flows from financing activities

Proceeds from borrowings	119	347
Repayment of borrowings	(123)	(300)
Dividends paid	(1,538)	(1,368)
Net cash flows from (used in) financing activities	(1,542)	(1,321)

Net increase (decrease) in cash and cash equivalents	(1,161)	413
Cash and cash equivalents at beginning of period	1,911	2,277
Exchange rate adjustments to balances held in foreign currencies	57	3
<b>Cash and cash equivalents at the end of the half-year</b>	<b>807</b>	<b>2,693</b>

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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 2013

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### 1. Corporate Information

The financial report of Supply Network Limited (the company) for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 26 February 2014.

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 2013. 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 2013 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 2013.

#### (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 2013. 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 2013

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
<b>3. Revenue and expenses</b>		
<b>(a) Revenue and expenses from operating activities</b>		
<b>(i) Revenue</b>		
Sale of goods	<b>40,376</b>	32,723
<b>(ii) Finance revenue</b>		
Interest received	<b>13</b>	28
<b>(iii) Other expenses</b>		
Bad and doubtful debts – trade receivables	<b>41</b>	28
Freight and cartage expenses	<b>652</b>	504
Operating lease expenses	<b>1,421</b>	1,184
Other expenses	<b>3,092</b>	2,690
	<b>5,206</b>	4,406

### (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 2013

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
<b>4. Dividends paid and proposed on ordinary shares</b>		
<b>(a) Dividends declared and paid during the half-year</b>		
Previous year final fully franked dividend (2013: 4.50 cents per share) (2012: 4.00 cents per share)	<b>1,538</b>	1,368
<b>(b) Dividends proposed subsequent to 31 December 2013 and not recognised as a liability</b>		
Current year interim fully franked dividend (2014: 4.00 cents per share) (2013: 3.50 cents per share)	<b>1,368</b>	1,197
<b>5. Cash and cash equivalents</b>		
For the purpose of the statement of cash flows, cash and cash equivalents comprises:		
Cash at bank and on hand	<b>804</b>	398
Short-term deposits	<b>3</b>	2,295
	<b>807</b>	2,693
<b>6. Contributed Equity</b>		
<b>Issued and paid up capital</b>		
34,187,229 ordinary shares fully paid (June 2013: 34,187,229)	<b>9,698</b>	9,698

# Supply Network Limited

## Notes to the Financial Statements (continued)

for the half-year ended 31 December 2013

### 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 2013 \$'000	31 Dec 2012 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000
<b>Revenue</b>								
Sales to customers outside the group	<b>33,360</b>	27,633	<b>7,016</b>	5,090	-	-	<b>40,376</b>	32,723
Other revenues outside the group	<b>16</b>	21	<b>8</b>	19	-	-	<b>24</b>	40
Inter-segment revenues	<b>941</b>	412	<b>113</b>	-	<b>(1,054)</b>	(412)	-	-
Total segment revenues	<b>34,317</b>	28,066	<b>7,137</b>	5,109	<b>(1,054)</b>	(412)	<b>40,400</b>	32,763
<b>Results</b>								
Segment results	<b>3,677</b>	2,401	<b>894</b>	629	<b>(410)</b>	(10)	<b>4,161</b>	3,020
Profit before income tax and finance costs							<b>4,279</b>	3,088
Finance revenue							<b>13</b>	28
Finance costs							<b>(131)</b>	(96)
Profit before income tax							<b>4,161</b>	3,020
Income tax expense							<b>(1,246)</b>	(902)
Profit after income tax							<b>2,915</b>	2,118

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 2013

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### 8. Related party disclosures

The following table provides the total sales to and amounts owing by related parties for the half-year ended 31 December 2013 and 2012:

Related Party		Sales to related parties	Amounts owed by related parties
		\$'000	\$'000
Key management personnel of the Group:			
Other directors' interests	2013	132	37
	2012	124	43

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

Other than the interim dividend declared as noted in Note 4 (b), 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 2013.



# 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 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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  
26 February 2014

**SUPPLY NETWORK LIMITED**  
**INDEPENDENT AUDITOR'S 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 ("the Company") which comprises the balance sheet as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**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 half-year 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 2013 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 the Company, 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. 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.

**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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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

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**SUPPLY NETWORK LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT (continued)**

**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 2013 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*.

***Matters relating to the electronic presentation of the reviewed half-year financial report***

This review report relates to the half-year financial report of the Company for the half-year ended 31 December 2013 published in the half-year financial report and included on the Company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

HLB Mann Judd  
\_\_\_\_\_

**HLB Mann Judd**  
**Chartered Accountants**

S. Grivas

**S Grivas**  
**Partner**

**Sydney, NSW**  
**26 February 2014**