



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

1 Turnbull Close Pemulwuy NSW 2145

PO Box 3405 Wetherill Park NSW 2164

Telephone: 61 2 8624 8077

24 February 2016

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

Dear Sir

Re: Appendix 4D and Half Year Report 31 December 2015

The Directors are pleased to announce the results for the six months ended 31 December 2015 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 8 February 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Gill', written in a cursive style.

Peter Gill
Company Secretary

Appendix 4D

Half Year Report Period ending 31 December 2015

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Half year ended	31 December 2015
Previous corresponding period	31 December 2014

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	2.7%	to 43,599
Profit from ordinary activities after income tax	down	14.5%	to 2,358
Net profit for the period attributable to members	down	14.5%	to 2,358
Dividends		Amount per Security	Franked amount per security
Interim dividend		4.00¢	4.00¢
Previous corresponding period		4.00¢	4.00¢
Record date for determining entitlements to dividend			17 March 2016
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	67.3¢	70.5¢

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 31 March 2016	4.00¢	4.00¢
Amount per security of foreign sourced dividend	Nil	-
Previous corresponding period	4.00¢	4.00¢
Amount per security of foreign sourced dividend	Nil	-
Final dividend June 2015 - paid 30 September 2015	5.00¢	5.00¢
Amount per security of foreign sourced dividend	Nil	-
Previous corresponding period	5.00¢	5.00¢
Amount per security of foreign sourced dividend	Nil	-

The Directors have declared a fully franked interim dividend of 4.00 cents per share (requiring \$1,630,500) payable on 31 March 2016 to shareholders registered on 17 March 2016.

A fully franked final dividend of 5.00 cents per share amounting to \$2,038,000 was paid on 30 September 2015.

6. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plans will not operate in respect of the interim dividend payable 31 March 2016

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 2015 Annual Report.

Signature



Date 24 February 2016
Name Peter Gill
Position Company Secretary

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

Half-Year Financial Report 31 December 2015

Contents	Page
Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	15
Independent Auditor's Review Report	16

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

1 Turnbull Close
Pemulwuy NSW 2145

Telephone 02 8624 8077

E-mail admin@supplynetwork.com.au

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

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 2015.

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 \$43.6m, which is an increase of 2.7% when compared to the same period last year.

Sales revenue in the Australian operation increased by 2.4% and in the New Zealand operation increased by 3.7% in NZ\$ terms.

Earnings before interest and tax for the half-year were \$3.5m, a decrease of 15.3% on the same period last year.

Profit after income tax for the half-year was \$2.4m, a decrease of 14.5% on the same period last year.

During the period market conditions remained competitive and challenging for truck and bus operators and this continues to impact our prices, sales growth and margins.

Operating costs have increased due to the relocation of our main WA branch based in Kewdale, Perth (completed at the start of the financial year), the relocation of our Sydney Branch (completed and operational since November 2015) and the relocation of our National Distribution Centre from Guildford to Pemulwuy (currently underway with a completion date of late March 2016).

During the period we have experienced a decline in the Australian Dollar, which has resulted in increased product costs, pressure on margins and higher inventory levels and we expect this pattern to continue in the second half.

Group cash flows from operating activities were \$1.3m compared to \$3.6m for the same period last year. Increased inventory levels was a major factor in the decline in cash flows from operating activities.

Net assets of the group are \$27.4m (June 2015: \$26.8m) and net tangible asset backing is 67.3 cents per share (June 2015: 65.7 cents).

There were no additional long term borrowings during the period and gearing (14.2%) has declined slightly since June 2015 (14.7%).

The Directors have declared a fully franked interim dividend of 4.0 cents per share payable on 31 March 2016 to shareholders registered on 17 March 2016. 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.

Supply Network Limited

Directors' Report (continued)

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 5.

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'G J Forsyth', written in a cursive style.

G J Forsyth
Director
Sydney
24 February 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Supply Network Limited for the half-year ended 31 December 2015 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
24 February 2016

S Grivas
Partner

Supply Network Limited

Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2015	Note	Consolidated	
		31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue	3	43,567	42,435
Finance revenue	3	28	13
Other income		4	10
Changes in inventories of finished goods		(25,071)	(24,028)
Employee benefits expense		(8,502)	(8,179)
Depreciation and amortisation		(314)	(452)
Other expenses	3	(6,228)	(5,704)
Finance costs		(124)	(166)
Profit before income tax		3,360	3,929
Income tax expense		(1,002)	(1,172)
Profit after income tax		2,358	2,757
Profit attributable to members of the parent		2,358	2,757
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Adjustments on translation of foreign controlled entity		338	68
Income tax expense		-	-
Total other comprehensive income after income tax		338	68
Total comprehensive income for the half-year attributable to members of the parent		2,696	2,825
Basic and diluted earnings per share (cents per share)		5.78	7.94

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 2015

	Note	Consolidated	
		31 Dec 2015 \$'000	30 Jun 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	2,408	5,519
Trade and other receivables		8,715	9,827
Inventories		27,618	25,806
Other current assets		335	56
Total current assets		39,076	41,208
Non-current assets			
Plant and equipment		5,760	3,528
Deferred tax assets		1,697	1,727
Total non-current assets		7,457	5,255
TOTAL ASSETS		46,533	46,463
LIABILITIES			
Current liabilities			
Trade and other payables		13,351	13,161
Interest bearing loans and borrowings		531	384
Income tax payable		121	706
Provisions		769	1,307
Derivatives		9	3
Total current liabilities		14,781	15,561
Non-current liabilities			
Interest bearing loans and borrowings		3,374	3,540
Provisions		949	590
Total non-current liabilities		4,323	4,130
TOTAL LIABILITIES		19,104	19,691
NET ASSETS		27,429	26,772
EQUITY			
Contributed equity	6	21,075	21,075
Reserves		510	172
Retained earnings		5,844	5,525
TOTAL EQUITY		27,429	26,772

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 2015

	Contributed Equity \$'000	Exchange Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Consolidated				
Balance at 30 June 2015	21,075	172	5,525	26,772
Total comprehensive income for the half-year	-	338	2,358	2,696
	21,075	510	7,883	29,468
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(2,039)	(2,039)
Balance at 31 December 2015	21,075	510	5,844	27,429
Balance at 30 June 2014	9,698	587	11,784	22,069
Total comprehensive income for the half-year	-	68	2,757	2,825
	9,698	655	14,541	24,894
Transactions with owners in their capacity as owners				
Contributions of equity by members, net of transaction costs	1,408	-	-	1,408
Dividends provided for or paid	-	-	(1,710)	(1,710)
Balance at 31 December 2014	11,106	655	12,831	24,592

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 2015

	Note	Consolidated	
		31 Dec 2015 \$'000	31 Dec 2014 \$'000
Cash flows from operating activities			
Receipts from customers		51,563	46,357
Payments to suppliers and employees		(48,565)	(40,959)
Interest received		32	7
Interest paid		(118)	(145)
Income tax paid		(1,567)	(1,670)
Net cash flows from (used in) operating activities		1,345	3,590
Cash flows from investing activities			
Purchase of plant and equipment		(2,418)	(302)
Proceed from sale of plant and equipment		23	-
Net cash flows from (used in) investing activities		(2,395)	(302)
Cash flows from financing activities			
Proceeds from borrowings		144	371
Repayment of borrowings		(192)	(194)
Proceeds from share issue		-	1,408
Dividends paid		(2,039)	(1,710)
Net cash flows from (used in) financing activities		(2,087)	(125)
Net increase (decrease) in cash and cash equivalents		(3,137)	3,163
Cash and cash equivalents at beginning of period		5,519	159
Exchange rate adjustments to balances held in foreign currencies		26	1
Cash and cash equivalents at the end of the half-year	5	2,408	3,323

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 2015

1. Corporate Information

The financial report of Supply Network Limited (the company) for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 24 February 2016.

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 2015. 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 2015 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 2015.

(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 2015. 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 that 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. AASB 15 Revenue from Contracts with Customers is not operative until 1st January 2018, and the potential impacts have not yet been determined.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2015

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
3. Revenue and expenses		
(a) Revenue and expenses from operating activities		
(i) Revenue		
Sale of goods	43,567	42,435
(ii) Finance revenue		
Interest received	28	13
(iii) Other expenses		
Bad and doubtful debts – trade receivables	34	41
Freight and cartage expenses	633	633
Operating lease expenses	2,143	1,622
Other expenses	3,418	3,408
	6,228	5,704

(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 2015

	Consolidated	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
4. Dividends paid and proposed on ordinary shares		
(a) Dividends declared and paid during the half-year		
Previous year final fully franked dividend (2015: 5.00 cents per share) (2014: 5.00 cents per share)	2,039	1,710
(b) Dividends proposed subsequent to 31 December 2015 and not recognised as a liability		
Current year interim fully franked dividend (2016: 4.00 cents per share) (2015: 4.00 cents per share)	1,630	1,396

	Consolidated	
	31 Dec 2015 \$'000	30 Jun 2015 \$'000
5. Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprises:		
Cash at bank and in hand	459	484
Short-term deposits	1,949	5,035
	2,408	5,519

6. Contributed Equity

Issued and paid up capital

	31 Dec 2015		30 Jun 2015	
	No. of Shares	\$'000	No. of Shares	\$'000
Balance at end of period	40,761,484	21,075	40,761,484	21,075

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2015

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 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue								
Sales to customers outside the group	35,064	34,243	8,503	8,192	-	-	43,567	42,435
Other revenues outside the group	30	22	2	1	-	-	32	23
Inter-segment revenues	602	481	6	58	(608)	(539)	-	-
Total segment revenues	35,696	34,746	8,511	8,251	(608)	(539)	43,599	42,458
Results								
Segment results	2,964	3,312	1,038	1,159	(642)	(542)	3,360	3,929
Profit before income tax and finance costs							3,456	4,082
Finance revenue							28	13
Finance costs							(124)	(166)
Profit before income tax							3,360	3,929
Income tax expense							(1,002)	(1,172)
Profit after income tax							2,358	2,757

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 2015

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 2015 and 2014:

Related Party		Sales to related parties	Amounts owed by related parties
		\$'000	\$'000
Key management personnel of the Group:			
Other directors' interests	2015	131	46
	2014	145	48

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 2015.

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 2015 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
24 February 2016

**SUPPLY NETWORK LIMITED
ABN 12 003 135 680**

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 2015, 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 gives a true and fair view and 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 2015 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*.

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

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Liability limited by a scheme approved under Professional Standards Legislation

SUPPLY NETWORK LIMITED
ABN 12 003 135 680

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 2015 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 2015 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

Sydney, NSW
24 February 2016

S. Grivas

S Grivas
Partner