

Supply Network Limited
(formerly Multispares Holdings Limited)
A.B.N. 12 003 135 680

Half-Year Report 31 December 2002

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Supply Network Limited

Corporate Information

Directors

H R Forsyth
H M O Anderson
G T Lingard
G D H Stewart

Chairman

H R Forsyth

Managing Director

G D H Stewart

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

Auditors

Ernst & Young

Bankers

ANZ Banking Group Limited

Solicitors

Blake Dawson Waldron
Cornwall Stodart
Vpro Network Lawyers

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
02 8234 5000

Stock Exchange Listing

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

Supply Network Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2002.

Directors

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

H R Forsyth (Chairman)
H M O Anderson
G T Lingard
G D H Stewart

Review and Results of Operations

The consolidated entity experienced a significant increase in both revenue and profits during the half year.

Sales revenue for the half year increased by 17% over the same period last year. During this half-year new branch outlets in Beresfield NSW (opened August 2002) and Christchurch NZ (opened April 2002) contributed for the first time to the sales results for the period.

Ongoing cost controls have ensured overheads remain within expected levels.

Consolidated net profit of \$436,000 is an increase of \$258,000 (145%) over the corresponding period last year.

Rounding

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

Signed in accordance with a resolution of directors.



H M Anderson

Director

Sydney, 21 February 2003

Supply Network Limited

Condensed Statement of Financial Performance

Half-year ended 31 December 2002	Notes	Consolidated	
		2002 \$000	2001 \$000
Revenues from ordinary activities	2	15,187	13,033
Expenses from ordinary activities	2	<u>(14,528)</u>	<u>(12,766)</u>
Profit from ordinary activities before income tax expense		659	267
Income tax expense relating to ordinary activities		<u>(223)</u>	<u>(89)</u>
Profit from ordinary activities after income tax expense		<u>436</u>	<u>178</u>
Net profit attributable to members of Supply Network Limited		<u>436</u>	<u>178</u>
Net exchange difference on translation of financial statements of foreign controlled entity		<u>75</u>	<u>15</u>
Total revenues, expenses and valuation adjustments attributable to members of Supply Network Limited and recognised directly in equity		<u>75</u>	<u>15</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>511</u>	<u>193</u>
Basic and diluted earnings per share (cents per share)		<u>2.10</u>	<u>0.92</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share		<u>20,699,396</u>	<u>19,345,845</u>

Supply Network Limited

Condensed Statement of Financial Position

Half-year ended 31 December 2002

	Consolidated	
	as at 31 December 2002 \$000	as at 30 June 2002 \$000
Current Assets		
Cash assets	221	292
Receivables	4,037	3,950
Inventories	9,792	9,305
Other	144	15
Total Current Assets	14,194	13,562
Non-Current Assets		
Property, plant and equipment	825	661
Deferred tax assets	474	465
Total Non-Current Assets	1,299	1,126
Total Assets	15,493	14,688
Current Liabilities		
Payables	4,682	4,729
Interest bearing liabilities	158	162
Current tax liabilities	203	168
Provisions	793	800
Total Current Liabilities	5,836	5,859
Non-Current Liabilities		
Interest bearing liabilities	1,893	1,893
Deferred tax liabilities	44	17
Provisions	204	165
Total Non-Current Liabilities	2,141	2,075
Total Liabilities	7,977	7,934
Net Assets	7,516	6,754
Equity		
Contributed equity	5,282	4,837
Reserves	69	(6)
Retained profits	2,165	1,923
Total Equity	7,516	6,754

Supply Network Limited

Condensed Statement of Cash Flows

Half-year ended 31 December 2002	Consolidated	
	2002 \$000	2001 \$000
Cash flows from operating activities		
Receipts from customers	16,568	14,322
Payments to suppliers and employees	(16,311)	(14,036)
Borrowing costs	(90)	(103)
Income taxes paid	(171)	(277)
Net cash flows from/(used in) operating activities	(4)	(94)
Cash flows from investing activities		
Purchase of property, plant and equipment	(313)	(205)
Proceeds from sale of property, plant and equipment	-	5
Net cash flows from/(used in) investing activities	(313)	(200)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	445	-
Proceeds from borrowings	149	510
Repayment of borrowings	(153)	(140)
Payment of dividend on ordinary shares	(195)	(97)
Net cash flows from/(used in) financing activities	246	273
Net increase/(decrease) in cash held	(71)	(21)
Add opening cash brought forward	292	(202)
Closing cash carried forward	221	(223)

Supply Network Limited

Notes to the Half-year Financial Statements

31 December 2002

1. Basis of preparation of the half-year financial report

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 Financial Report of Supply Network Limited (formerly known as Multispares Holdings Limited) as at 30 June 2002. It is also recommended that the half-year financial report be considered together with any public announcements made by Supply Network Limited and its controlled entities during the half-year ended 31 December 2002 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with historical cost convention, and does not take into account changes in the general purchasing power of the dollar or, except where stated, the price of specific assets.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The consolidated entity has adopted the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which has resulted in a change in the accounting for dividend provisions. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new standard, a provision for dividend will only be recognised at the reporting date where the dividends are declared, determined or publicly recommended prior to the reporting date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions at the beginning of the half-year by \$193,000. In accordance with the new Standard, no provision for the dividend has been recognised for the half-year ended 31 December 2002. The change in accounting policy has had no effect on basic and diluted EPS.

Supply Network Limited

Notes continued

31 December 2002

Consolidated

2002
\$000

2001
\$000

Note 2. Profit from Ordinary Activities

Specific Items

Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

Revenues from ordinary activities

Revenue from sale of goods	15,159	12,930
Revenues from non-operating activities	28	103
Total revenues from ordinary activities	15,187	13,033

Expenses

Cost of sales	9,484	8,344
Salaries & employee benefits expenses	2,677	2,484
Depreciation & amortisation expenses	155	175
Leasing expenses	537	475
Other expenses	1,581	1,184
Borrowing costs	94	104
Total expenses from ordinary activities	14,528	12,766

Note 3. Dividends paid or provided for on ordinary shares

Dividends paid during the half-year		
Fully franked final dividend	194	97
Dividends proposed and not recognised as a liability		
Fully franked interim dividend	161	-
	355	97

Note 4. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 5. Subsequent Events

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

Supply Network Limited

Notes continued

31 December 2002

Note 6. Segment Information

Business segments

The consolidated entity operates predominantly in one business segment being the provision of after market parts for the commercial vehicle market.

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Revenue								
Sales to customers outside the consolidated entity	12,470	10,781	2,689	2,149	-	-	15,159	12,930
Other revenues from outside the consolidated entity	20	98	8	5	-	-	28	103
Intersegment revenues	722	637	-	27	(722)	(664)	-	-
Total segment revenues	<u>13,212</u>	<u>11,516</u>	<u>2,697</u>	<u>2,181</u>	<u>(722)</u>	<u>(664)</u>	<u>15,187</u>	<u>13,033</u>
Results								
Segment results	<u>478</u>	<u>194</u>	<u>214</u>	<u>72</u>	<u>(33)</u>	<u>1</u>	<u>659</u>	<u>267</u>
Consolidated entity profit from ordinary activities before income tax expense								
							659	267
Income tax expense								
							(223)	(89)
Consolidated entity profit from ordinary activities after income tax expense								
							<u>436</u>	<u>178</u>
Net profit								
							<u>436</u>	<u>178</u>
Assets								
Segment assets	<u>14,621</u>	<u>13,952</u>	<u>2,280</u>	<u>1,581</u>	<u>(1,408)</u>	<u>(1,339)</u>	<u>15,493</u>	<u>14,194</u>
Liabilities								
Segment liabilities	<u>7,155</u>	<u>7,381</u>	<u>1,130</u>	<u>682</u>	<u>(308)</u>	<u>(166)</u>	<u>7,977</u>	<u>7,897</u>
Other segment information								
Acquisition of property, plant and equipment, intangible assets and other non current assets	289	189	24	16	-	-	313	205
Depreciation	141	159	14	16	-	-	155	175
Non-cash expenses other than depreciation	89	67	20	14	-	-	109	81

Segment accounting policies are the same as the consolidated entity's policies. During the year, 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.

Revenue is attributed to geographical areas based on location of the assets producing the revenues.

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 consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2002 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "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



H M Anderson

Director

Sydney, 21 February 2003

To the members of Supply Network Limited

Scope

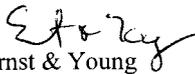
We have reviewed the financial report of Supply Network Limited for the half-year ended 31 December 2002, set out on pages 4 to 10, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising Supply Network Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the company's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement

As a result of our review, 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:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting", and the Corporations Regulations 2001;
- (b) other mandatory professional reporting requirements in Australia.


Ernst & Young


Christopher George
Partner

Sydney
21 February 2003