



**SUPPLY NETWORK LIMITED**

ABN 12 003 135 680

151 Fairfield Road

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Fairfield NSW 2165

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29 March 2004

The Manager  
Companies Announcements Office  
Australian Stock Exchange  
20 Bridge Street  
Sydney NSW 2000

Dear Sir

**RE: Shareholder Update 31 December 2003**

Please find attached a copy of Supply Network Limited Shareholder Update 31 December 2003 which is being sent to shareholders.

Yours faithfully

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

**Peter Gill**  
Company Secretary

**Supply Network Limited**  
**Statement of Financial Performance**  
Half-year ended 31 December 2003

	Consolidated	
	2003	2002
	\$000	\$000
<b>Revenues from ordinary activities</b>	16,140	15,187
Expenses from ordinary activities	(15,494)	(14,528)
<b>Profit from ordinary activities before income tax expense</b>	646	659
Income tax expense relating to ordinary activities	(169)	(223)
<b>Profit from ordinary activities after income tax expense</b>	477	436
<b>Net profit attributable to members of Supply Network Limited</b>	477	436
Net exchange difference on translation of financial statements of foreign controlled entity	1	75
<b>Total revenues, expenses and valuation adjustments attributable to members of Supply Network Limited and recognised directly in equity</b>	1	75
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	478	511
Basic and diluted earnings per share (cents per share)	2.21	2.10
Weighted average number of ordinary shares used in the calculation of basic earnings per share	21,549,364	20,699,396

**Supply Network Limited**  
**Statement of Financial Position**  
Half-year ended 31 December 2003

	Consolidated	
	December	June
	2003	2003
	\$000	\$000
<b>Current Assets</b>		
Cash assets	887	438
Receivables	4,258	4,173
Inventories	9,551	9,301
Other	156	27
<b>Total Current Assets</b>	14,852	13,939
<b>Non-Current Assets</b>		
Property, plant and equipment	1,288	818
Deferred tax assets	663	586
<b>Total Non-Current Assets</b>	1,951	1,404
<b>Total Assets</b>	16,803	15,343
<b>Current Liabilities</b>		
Payables	5,520	4,249
Interest bearing liabilities	185	118
Current tax liabilities	212	360
Provisions	927	843
<b>Total Current Liabilities</b>	6,844	5,570
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	1,725	1,775
Deferred tax liabilities	-	5
Provisions	191	229
<b>Total Non-Current Liabilities</b>	1,916	2,009
<b>Total Liabilities</b>	8,760	7,579
<b>Net Assets</b>	8,043	7,764
<b>Equity</b>		
Contributed equity	5,300	5,282
Reserves	(2)	(2)
Retained profits	2,745	2,484
<b>Total Equity</b>	8,043	7,764

**Supply Network Limited**  
**Statement of Cash Flows**  
Half-year ended 31 December 2003

	Consolidated	
	2003	2002
	\$000	\$000
<b>Cash flows from operating activities</b>		
Receipts from customers	17,764	16,565
Payments to suppliers and employees	(16,047)	(16,311)
Interest received	7	3
Borrowing costs	(87)	(90)
Income taxes paid	(400)	(171)
Net cash flows from/(used in) operating activities	1,237	(4)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(611)	(313)
Proceeds from sale of property, plant and equipment	3	-
Net cash flows used in investing activities	(608)	(313)
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	19	445
Proceeds from borrowings	272	149
Repayment of borrowings	(255)	(153)
Payment of dividend on ordinary shares	(216)	(195)
Net cash flows from/(used in) financing activities	(180)	246
<b>Net increase (decrease) in cash held</b>	449	(71)
Add opening cash brought forward	438	292
<b>Closing cash carried forward</b>	887	221

24th March 2004

Dear Shareholder

I am pleased to provide you with an update on our Half-Year results to 31 December 2003 which has been advised to the ASX.

In comparison with the corresponding period last year, total revenues increased 6.3% to \$16.1m and net profit after tax increased 9.4% to \$477,000. This equates to 2.2 cents per share, which was slightly ahead of expectations.

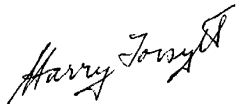
During the period we refurbished our offices at Guildford in Sydney, relocated the Multispares outlet in Perth to the suburb of Kewdale and established Globac Limited in new premises. Both Australia and New Zealand produced results in line with expectations.

Trading conditions remain generally unchanged since our market update at the November AGM. We continue to expect an 11% growth in after tax earnings over the full-year.

An interim dividend of one cent per share fully franked has been declared, payable on 16 March 2004 to shareholders registered on 01 March 2004.

A summary of the financial data from our announcement to the Australian Stock Exchange is presented overleaf for your information. The details and any future announcements will be available on our website at [www.supplynetwork.com.au](http://www.supplynetwork.com.au).

In closing I would like to extend a warm welcome to all new shareholders and to all shareholders we hope to reward your continuing support in the Company.



Harry Forsyth



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**Supply Network Limited**

A.B.N. 12 003 135 680

**Shareholder Update**

**31 December 2003**