



SUPPLY NETWORK LIMITED

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25 November 2004

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

Dear Sir

Re: Chairmans Address to Shareholders

Please find attached the Chairman's Address to Shareholders at the Annual General Meeting being held today at 3.00pm.

Yours faithfully

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

Peter Gill
Company Secretary

CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING

25 NOVEMBER 2004

Welcome to our eighteenth Annual Meeting.

A very good result for last year and a positive start to the current year makes it pleasing to present this update – I know this sounds repetitive but it is fact that the past year has produced the best result in a decade. The last five years has produced a number of significant achievements in the expansion of our Branch network, start up of two new business units and the introduction of an expanded product range as well as the availability of electronic information access for larger customers.

For the first four months of this financial year revenue growth has remained strong with margins being maintained. Our policy of developing organic growth continues to be the main focus and first half revenues are forecast to be up approximately 9 % on the previous corresponding period.

These increases are predominantly the result of enhancing the performance of our established business units with a substantial investment continuing in personnel and training.

Our new businesses are working towards initial targets and we are confident that the potential long-term benefits offer excellent returns for shareholders.

A recently finalised agreement for Globac to act as sole distributor in Australia and New Zealand of the high quality Baltec range of products is a significant step in raising the profile of our fledgling company.

The year under review whilst one of consolidation and refining our core businesses has also seen an increase in our investment in product research and a review of opportunities available for expansion. Our most recent venture Daconti Limited continues to explore wholesale opportunities internationally.

The past year has been notable for the emphasis on Corporate Governance.

As investors in a small cap company shareholders should be aware that implementation of new regulations is a disproportionately higher burden for our management.

We are therefore particularly appreciative that management has improved performance concurrently with adopting the new regulations.

Apart from the new international accounting standards, the 2004-2005 financial year is free of many of the new regulatory requirements and this will allow greater focus on new business activities and building shareholder value.

Our financial position remains strong with gearing running at less than 30%. Other key performance indicators including return on equity are also improving. The current outlook is positive with a number of new projects within core business activities under consideration.

The continuing strength of the Australian Dollar is stabilising our cost of imported products but is not likely to have a significant impact on our full year results.

Looking ahead we believe we will achieve revenue growth of 5-10% for the current financial year. Earnings in the first half are likely to be around 20% higher than for the previous corresponding period. Without a repeat of the one-off transactions in the second half of last year Directors continue to expect earnings per share of 6.2 cents for the full year. With investments currently planned or under way, in subsequent years we should be well positioned to meet our earnings per share growth target of 10% per annum.

Finally I take this opportunity to commend Geoff his executive team and all our dedicated people on the achievements of the Group over the past year.