



**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

3 March 2008

The Manager  
Companies Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
**SYDNEY NSW 2000**

Dear Sir

**Re: Shareholder Update 31 December 2007**

Please find attached a copy of Supply Network Limited Shareholder Update 31 December 2007 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

3 March 2008

Dear Shareholder

I am pleased to provide you with an update on our half-year results to 31 December 2007, which have been advised to the ASX.

Profit for the period was \$665,000, which is a significant increase (\$552,000) when compared with the same period last year.

Consolidated sales revenue for the first half was \$19.2m, which is an increase of 11.1% when compared to the same period last year.

Sales revenue in the Australian operation increased by 11.0%, which included 9.3% growth in the Multispares division and 47.3% growth in the Globac division. This continues Globac's strong growth over the 2007 financial year.

Sales revenue in the Multispares New Zealand operation increased by 6.9% measured in NZ\$ terms, which excludes the impact of exchange rate fluctuations. When measured in Australian dollar terms New Zealand sales revenue increased by 8.0%.

The group has continued to develop and expand its full supply concept to major fleets with a number of new implementations commenced or planned during this financial year.

Product and market strategies continue to deliver solid growth in key market segments. Ongoing cost controls have kept overheads within expected levels.

Inventory management strategies have held stock levels at similar levels to June 2007 resulting in positive cash flows from operating activities over the first half of the financial year. There were no additional long-term borrowings or facilities during the period and gearing remains at similar levels to the financial year ended June 2007.

During the period a Dividend Reinvestment Plan (DRP) was established and the Directors declared a fully franked special dividend of 4 cents per share payable in February 2008. The DRP operated in respect of the special dividend and the shortfall was underwritten which minimised the impact on cash flows. The operation of the DRP has been suspended.

The directors have declared a fully franked interim dividend of 1.0 cent per share payable on 4 April 2008 to shareholders registered on 14 March 2008.

A summary of the financial data from our announcement to the ASX is presented overleaf.

**Supply Network Limited**  
**Income Statement**  
**for the half-year ended 31 December 2007**

	Consolidated	
	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
<b>Revenue</b>	19,189	17,272
Finance Revenue	23	3
Other Income	4	13
Changes in inventories of finished goods	(11,631)	(10,715)
Employee benefits expenses	(3,417)	(3,261)
Depreciation and amortisation	(202)	(240)
Other expenses	(2,855)	(2,751)
Finance costs	(152)	(149)
<b>Profit before income tax</b>	959	172
Income tax expense	(294)	(59)
<b>Profit for the period</b>	<b>665</b>	<b>113</b>
<b>Profit attributable to members of the parent</b>	<b>665</b>	<b>113</b>
Basic earnings per share (cents)	3.01	0.51

**Supply Network Limited**  
**Balance Sheet**  
**at 31 December 2007**

	Consolidated	
	31 Dec 2007	30 Jun 2007
	\$'000	\$'000
<b>Current assets</b>		
Cash and cash equivalents	1,719	763
Trade and other receivables	4,569	4,299
Inventories	12,449	12,123
Other current assets	189	47
<b>Total current assets</b>	<b>18,926</b>	<b>17,232</b>
<b>Non-current assets</b>		
Property, plant and equipment	948	1,136
Deferred tax assets	752	708
<b>Total non-current assets</b>	<b>1,700</b>	<b>1,844</b>
<b>Total assets</b>	<b>20,626</b>	<b>19,076</b>
<b>Current liabilities</b>		
Trade and other payables	5,904	5,486
Interest bearing loans and borrowings	186	135
Income tax payable	292	78
Provisions	1,821	407
Derivatives	4	13
<b>Total current liabilities</b>	<b>8,207</b>	<b>6,119</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	3,075	3,143
Provisions	356	320
<b>Total non-current liabilities</b>	<b>3,431</b>	<b>3,463</b>
<b>Total liabilities</b>	<b>11,638</b>	<b>9,582</b>
<b>Net assets</b>	<b>8,988</b>	<b>9,494</b>
<b>Equity</b>		
Contributed equity	5,397	5,398
Reserves	(22)	42
Retained profits	3,613	4,054
<b>Total equity</b>	<b>8,988</b>	<b>9,494</b>



Garry Lingard  
Chairman

**Supply Network Limited**  
**Cash Flow Statement**  
for the half-year ended 31 December 2007

	Consolidated	
	31 Dec	31 Dec
	2007	2006
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	20,856	19,398
Payments to suppliers and employees	(19,395)	(18,688)
Interest received	18	3
Interest paid	(142)	(150)
Income taxes paid	(128)	(941)
<b>Net cash flows from/(used in) operating activities</b>	<b>1,209</b>	<b>(378)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	11	-
Purchase of property, plant and equipment	(35)	(67)
<b>Net cash flows from/(used in) investing activities</b>	<b>(24)</b>	<b>(67)</b>
<b>Cash flows from financing activities</b>		
Share buy-back payments	(1)	-
Proceeds from borrowings	190	196
Repayment of borrowings	(171)	(172)
Dividend paid on ordinary shares	(221)	(222)
<b>Net cash flows from/(used in) financing activities</b>	<b>(203)</b>	<b>(198)</b>
Net increase (decrease) in cash and cash equivalents	982	(643)
Net foreign exchange differences	(2)	12
Cash and cash equivalents at beginning of period	739	816
<b>Cash and cash equivalents at end of period</b>	<b>1,719</b>	<b>185</b>

**Supply Network Limited**  
**Statement of Changes in Equity**  
for the half-year ended 31 December 2007

Consolidated	Attributable to equity holders of the parent			
	Issued Capital	Retained Earnings	Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2007</b>	5,398	4,054	42	9,494
Total income and expense recognised directly in equity:				
- Currency translation differences	-	-	(64)	(64)
Profit for the period	-	665	-	665
Share buy back during the period	(1)	-	-	(1)
Dividends paid or provided for	-	(1,106)	-	(1,106)
<b>At 31 December 2007</b>	<b>5,397</b>	<b>3,613</b>	<b>(22)</b>	<b>8,988</b>

Consolidated	Attributable to equity holders of the parent			
	Issued Capital	Retained Earnings	Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2006</b>	5,398	3,909	(145)	9,162
Total income and expense recognised directly in equity:				
- Currency translation differences	-	-	153	153
Profit for the period	-	113	-	113
Dividends paid or provided for	-	(222)	-	(222)
<b>At 31 December 2006</b>	<b>5,398</b>	<b>3,800</b>	<b>8</b>	<b>9,206</b>



## Supply Network Limited

A.B.N. 12 003 135 680

## Shareholder Update

### 31 December 2007

**Registered Office**  
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