



**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

25 February 2009

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

Dear Sir

**Re: Half Year Report**

The Directors are pleased to announce the results for the six months ended 31 December 2008, which have been subject to an Independent review, and full details are contained in the Appendix 4D and Half Year Report which are attached.

The half-year result is in line with our announcement 28 January 2009.

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 2008

<b>Name of entity</b>	Supply Network Limited
<b>ABN</b>	12 003 135 680

### 1. Details of reporting period

<b>Half year ended</b>	31 December 2008
<b>Previous corresponding period</b>	31 December 2007

### 2. Results for announcement to the market

			<b>\$'000</b>
<b>Revenue from ordinary activities</b>	up	5.3% to	20,244
<b>Profit from ordinary activities after income tax</b>	up	11.6% to	742
<b>Net profit for the period attributable to members</b>	up	11.6% to	742
<b>Dividends</b>			
		<b>Amount per Security</b>	<b>Franked amount per security</b>
<b>Interim dividend</b>		1.00 ¢	1.00¢
<b>Previous corresponding period</b>		1.00 ¢	1.00¢
<b>Record date for determining entitlements to dividend</b>		12 March 2009	
<b>Brief explanation of any of the figures reported above</b>			
Please refer to Directors' Report on page 3 of the half-year financial report attached.			

### 3. Net tangible asset backing

	<b>Current Period</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per ordinary security</b>	42.6¢	40.6¢

### 4. Details of entities over which control has been gained or lost during period

Not applicable
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## 5. Details of Dividends

	Amount per Security	Franked amount per security
<b>Interim dividend –payable 4 April 2009</b>	1.00¢	1.00¢
<b>Previous corresponding period</b>	1.00¢	1.00¢
<b>Amount per security of foreign sourced dividend</b>	Nil	-
<b>Final dividend – June 2008 (paid 26 September 2008)</b>	2.00¢	2.00¢
<b>Previous corresponding period</b>	1.00¢	1.00¢
<b>Amount per security of foreign sourced dividend</b>	Nil	-

The Directors have declared a fully franked interim dividend of 1.00 cents per share (requiring \$249,000) payable on 4 April 2008 to shareholders registered on 12 March 2009.

A fully franked final dividend of 2.00 cents per share amounting to \$498,000 was paid on 26 September 2008.

## 6. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plans will operate in respect of the interim dividend payable 4 April 2009. Participation election notices to be effective must be received by the Share Registry prior to record date of 5.00pm (Sydney Time) on the 12 March 2009.

## 7. Details of associate and joint venture entities

Not applicable

## 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 2001.

**This half-year report should be read in conjunction with the 2008 Annual Report.**

## Signature

**Date**            **25 February 2009**  
**Name**           **Peter Gill**  
**Position**       **Company Secretary**

# Supply Network Limited

A.B.N. 12 003 135 680

## Half-Year Report 31 December 2008

<b>Contents</b>	<b>Page</b>
Corporate Information	2
Directors' Report	3
Auditors' Independence Declaration	4
Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9
Directors' Declaration	14
Independent Review Report	15

# Supply Network Limited

## Corporate Information

### Directors

G T Lingard (Chairman)  
G D H Stewart (Managing Director)  
G J Forsyth  
P W McKenzie  
P W Gill

### 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

### Internet Address

[www.supplynetwork.com.au](http://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 855 080  
Enquiries (outside Australia) 61 3 9415 4000  
Facsimile 61 2 8234 5050

### 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 2008.

### 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 T Lingard (Chairman)  
G D H Stewart (Managing Director)  
G J Forsyth  
P W McKenzie  
P W Gill

### Review and Results of Operations

Consolidated sales revenue for the first half was \$20.2m, which is an increase of 5.3% when compared to the same period last year.

Sales revenue in the Australian operation increased by 5.1% while sales in the New Zealand operation increased by 10.8% measured in NZ\$ terms, which excludes the impact of exchange rate fluctuations. When measured in Australian dollar terms the sales increase in New Zealand operation is 6.2%.

EBIT for the half-year was \$1.24m, which is an increase of 14.2% over the same period last year (\$1.09m).

Profit after income tax for the half-year was \$742k which is an increase of \$77k (11.6%) on the corresponding period last year.

The group has continued to invest in its supply capabilities for major fleets and other key market segments. Ongoing cost controls have ensured overheads remain within expected levels.

During the period we have seen significant falls in the value of both the Australian and New Zealand dollar. This has resulted in new stock landing at considerably higher costs and inventory levels have increased by \$1.3m since June 2008. Despite this cash flows from operating activities remained positive over the half-year.

Additional long-term bank facilities of up to \$2.5m have been arranged to finance the anticipated increase in the value of stock over the financial year.

The directors have declared a fully franked interim dividend of 1cent per share payable on 3 April 2009 and resolved to reactivate the Dividend Reinvestment Plan.

### 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.

### 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 4.

Signed in accordance with a resolution of directors.

**G T Lingard**  
Director  
Sydney  
25 February 2009

25 February 2009

**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of Supply Network Limited:**

As lead auditor for the review of Supply Network Limited for the half-year ended 31 December 2008 I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of 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.

**D K Swindells**  
**Partner**

**Sydney**  
**25 February 2009**

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

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: [mailbox@hlbnsw.com.au](mailto:mailbox@hlbnsw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide organisation of accounting firms and business advisers.

# Supply Network Limited

## Income Statement

for the half-year ended 31 December 2008

	Note	Consolidated	
		31 Dec 2008	31 Dec 2007
		\$'000	\$'000
<b>Revenue</b>	3	<b>20,206</b>	19,189
Finance revenue	3	32	23
Other income		6	4
Changes in inventories of finished goods		(12,074)	(11,631)
Employee benefits expenses		(3,847)	(3,417)
Depreciation and amortisation		(156)	(202)
Other expenses	3	(2,892)	(2,855)
Finance costs		(195)	(152)
<b>Profit before income tax</b>		<b>1,080</b>	959
Income tax expense		(338)	(294)
<b>Profit after income tax</b>		<b>742</b>	665
<b>Net profit attributable to members of the parent</b>		<b>742</b>	665
Basic and diluted earnings per share (cents per share)		<b>2.98</b>	3.01

# Supply Network Limited

## Balance Sheet

at 31 December 2008

	Note	Consolidated	
		31 Dec 2008	30 Jun 2008
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,324	1,344
Trade and other receivables		4,803	5,248
Inventories		14,715	12,595
Other current assets		183	44
<b>Total current assets</b>		<b>21,025</b>	<b>19,231</b>
<b>Non-current assets</b>			
Property, plant and equipment		700	753
Deferred tax assets		753	861
<b>Total non-current assets</b>		<b>1,453</b>	<b>1,614</b>
<b>TOTAL ASSETS</b>		<b>22,478</b>	<b>20,845</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		7,544	6,146
Interest bearing loans and borrowings		162	145
Income tax payable		238	637
Provisions		317	382
Derivatives		26	-
<b>Total current liabilities</b>		<b>8,287</b>	<b>7,310</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings		3,159	2,931
Provisions		435	376
<b>Total non-current liabilities</b>		<b>3,594</b>	<b>3,307</b>
<b>TOTAL LIABILITIES</b>		<b>11,881</b>	<b>10,617</b>
<b>NET ASSETS</b>		<b>10,597</b>	<b>10,228</b>
<b>EQUITY</b>			
Contributed equity	6	6,260	6,260
Reserves		(99)	(224)
Retained earnings		4,436	4,192
<b>TOTAL EQUITY</b>		<b>10,597</b>	<b>10,228</b>

# Supply Network Limited

## Statement of Changes in Equity

for the half-year ended 31 December 2008

Note

Consolidated

31 Dec 2008

31 Dec 2007

\$'000

\$'000

**Total equity at the beginning of the half-year**

**10,228**

9,494

Net income recognised in equity attributable to members of the company:

Adjustments from translation of foreign controlled entities

**125**

(64)

Net profit for the half-year

**742**

665

**Total recognised income and expense for the half-year**

**867**

601

Transactions with equity holders in their capacity as equity holders:

Share buy back

-

(1)

Dividends paid to members of the company

**(498)**

(1,106)

**Total transactions with equity holders in their capacity as equity holders**

**(498)**

(1,107)

**Total equity at the end of the half-year**

**10,597**

8,988

# Supply Network Limited

## Cash Flow Statement

for the half-year ended 31 December 2008

	Note	Consolidated	
		31 Dec 2008	31 Dec 2007
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		22,675	20,856
Payments to suppliers and employees		(21,590)	(19,395)
Interest received		36	18
Interest paid		(152)	(142)
Income taxes paid		(623)	(128)
<b>Net cash flows from/(used in) operating activities</b>		<b>346</b>	<b>1,209</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(90)	(35)
Proceeds from sales of property, plant and equipment		-	11
<b>Net cash flows from/(used in) investing activities</b>		<b>(90)</b>	<b>(24)</b>
<b>Cash flows from financing activities</b>			
Share buy back payments		-	(1)
Proceeds from borrowings		427	190
Repayment of borrowings		(171)	(171)
Dividends paid on ordinary shares		(498)	(221)
<b>Net cash flow from/(used in) financing activities</b>		<b>(242)</b>	<b>(203)</b>
Net increase/(decrease) in cash and cash equivalents		14	982
Cash and cash equivalents at beginning of period		1,309	739
Exchange rate adjustments to balances held in foreign currencies		1	(2)
<b>Cash and cash equivalents at the end of the half-year</b>	5	<b>1,324</b>	<b>1,719</b>

# Supply Network Limited

## Notes to the Financial Statements for the half-year ended 31 December 2008

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### 1. Corporate Information

The financial report of Supply Network Limited (the company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 25 February 2009.

Supply Network Limited is a company limited by shares incorporated in Australia whose shares are traded on the Australian Stock Exchange.

The principal activity of the group during the period was the provision of after-market parts to the commercial vehicle industry.

### 2. 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 report for the year ended 30 June 2008 and be considered together with any public announcements made by Supply Network Limited during the half-year ended 31 December 2008 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 2008.

#### (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 2008. The exchange differences arising on the translation of the financial statements of a foreign subsidiary are taken directly to a separate component of equity.

# Supply Network Limited

## Notes to the Financial Statements (continued)

for the half-year ended 31 December 2008

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$'000	\$'000
<b>3. Revenue and expenses</b>		
<b>(a) Revenue and expenses from operating activities</b>		
<b>(i) Revenue</b>		
Sale of goods	20,206	19,189
<b>(ii) Finance revenue</b>		
Interest received	32	23
<b>(iii) Other expenses</b>		
Bad and doubtful debts – trade receivables	32	25
Freight and cartage expenses	392	375
Operating lease expenses	844	859
Other expenses	1,624	1,596
	<b>2,892</b>	<b>2,855</b>

### **(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 2008

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$'000	\$'000
<b>4. Dividends paid and proposed on ordinary shares</b>		
<b>(a) Dividends declared and paid during the half-year</b>		
Previous year final fully franked dividend (2008: 2.00 cents per share) (2007: 1.00 cent)	498	221
<b>(b) Dividends declared during the half-year and recognised as a liability</b>		
Current year special fully franked dividend (2009: nil) (2008: 4.00 cents)	-	885
<b>(c) Dividends declared subsequent to 31 December 2008 and not recognised as a liability</b>		
Current year interim fully franked dividend (2009: 1.00 cent per share) (2008: 1.00 cent)	249	249
<b>5. Cash and cash equivalents</b>		
For the purpose of the cash flow statement, cash and cash equivalents comprises the following at 31 December:		
Cash at bank and on hand	189	518
Short-term deposits	1,135	1,201
	<b>1,324</b>	<b>1,719</b>

	Consolidated	
	31 Dec 2008	30 Jun 2008
	\$'000	\$'000
<b>6. Contributed Equity</b>		
<b>(a) Issued and paid up capital</b>		
24,887,624 ordinary shares fully paid (June 2008: 24,887,624)	6,260	6,260

# Supply Network Limited

## Notes to the Financial Statements (continued)

for the half-year ended 31 December 2008

### 7. Segment information

#### Business segments

The Group 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	
	31 Dec 2008 \$'000	31 Dec 2007 \$'000						
<b>Revenue</b>								
Sales to customers outside the Group	<b>16,999</b>	16,170	<b>3,207</b>	3,019		-	<b>20,206</b>	19,189
Other revenues outside the Group	<b>35</b>	24	<b>4</b>	3		-	<b>39</b>	27
Inter-segment revenues	<b>666</b>	557	-	2	<b>(666)</b>	(559)	-	-
Total segment revenues	<b>17,700</b>	16,751	<b>3,211</b>	3,024	<b>(666)</b>	(559)	<b>20,245</b>	19,216
<b>Results</b>								
Segment results	<b>976</b>	950	<b>113</b>	11	<b>(9)</b>	(2)	<b>1,080</b>	959
Group profit before income tax							<b>1,080</b>	959
Income tax expense							<b>(338)</b>	(294)
Group profit after income tax expense							<b>742</b>	665

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.

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

# Supply Network Limited

## Notes to the Financial Statements (continued)

for the half-year ended 31 December 2008

### 8. Related party disclosures

The following table provides the total amount of transactions that were entered into with related parties for the half-year ended 31 December 2008 and 2007:

<i>Related Party</i>		<i>Purchases from</i>	<i>Amounts owed</i>
		<i>related parties</i>	<i>to related parties</i>
		\$'000	\$'000
Key management personnel of the Group:			
Other directors interests	<i>2008</i>	<i>295</i>	<i>-</i>
	<i>2007</i>	<i>293</i>	<i>3</i>

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

Since the end of the half-year additional bank facilities of up to \$2.5m have been arranged to finance the anticipated increase in the value of our stock over the course of this financial year as a result of the decline in the value of the Australian and New Zealand currencies.

Except for the above 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 consolidated entity, the result of those operations or the state of affairs of the consolidated entity.

### 10. Changes in composition of entity

There have been no changes in the composition of the entities since the financial year ended 30 June 2008.

# Supply Network Limited

## Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

**G T Lingard**  
**Director**  
Sydney  
25 February 2009

## HALF-YEAR 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, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Supply Network Group ("the consolidated entity") set out on pages . The consolidated entity comprises Supply Network Limited ("the company") and the entities it controlled during that half year.

### ***Directors' Responsibility for the half-year financial report***

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***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 an Interim 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 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 2008 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 Supply Network, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

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

Level 19 207 Kent Street Sydney NSW 2000 Australia | DX 10313 SSE | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: [mailbox@hlbnsw.com.au](mailto:mailbox@hlbnsw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Supply Network Limited on 25 February 2009, would be in the same terms if provided to the directors as at the time of this auditor's review report.

***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 at 31 December 2008 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*.

**HLB MANN JUDD**  
**(NSW Partnership)**  
Chartered Accountants

**Sydney**  
**25 February 2009**

**D K Swindells**  
**Partner**