



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

24 February 2010

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 2009, which have been subject to an Independent review, and full details are contained in the attached Appendix 4D and Half Year Report.

The half-year result is in line with our announcement 28 January 2010.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Gill', is written over a faint, circular watermark or background mark.

Peter Gill
Company Secretary

Appendix 4D

Half Year Report Period ending 31 December 2009

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Half year ended	31 December 2009
Previous corresponding period	31 December 2008

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	6.5%	to 21,556
Profit from ordinary activities after income tax	down	4.6%	to 708
Net profit for the period attributable to members	down	4.6%	to 708
Dividends		Amount per Security	Franked amount per security
Interim dividend		1.00 ¢	1.00¢
Previous corresponding period		1.00 ¢	1.00¢
Record date for determining entitlements to dividend		10 March 2010	
Brief explanation of any of the figures reported above			
Please refer to Directors' Report on page 3 of the half-year financial report attached.			

3. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	39.6¢	42.6¢

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

Not applicable

5. Details of Dividends

	Amount per Security	Franked amount per security
Interim dividend – payable 31 March 2010	1.00¢	1.00¢
Previous corresponding period	1.00¢	1.00¢
Amount per security of foreign sourced dividend	Nil	-
Special dividend – paid 22 December 2009	4.00¢	4.00¢
Previous corresponding period	-	-
Amount per security of foreign sourced dividend	Nil	-
Final dividend June 2009 - paid 25 September 2009	2.00¢	2.00¢
Previous corresponding period	2.00¢	2.00¢
Amount per security of foreign sourced dividend	Nil	-

The Directors have declared a fully franked interim dividend of 1.00 cent per share (requiring \$292,000) payable on 31 March 2010 to shareholders registered on 10 March 2010.

A fully franked special dividend of 4.00 cents per share amounting to \$1,046,000 was paid on 22 December 2009.

A fully franked final dividend of 2.00 cents per share amounting to \$506,000 was paid on 25 September 2009.

6. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plan operated during the half-year and will operate in respect of the interim dividend payable 31 March 2010. Participation election notices to be effective must be received by the Share Registry prior to record date of 5.00pm (Sydney Time) on the 10 March 2010.

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 2009 Annual Report.

Signature

Date 24 February 2010
Name Peter Gill
Position Company Secretary

Supply Network Limited

A.B.N. 12 003 135 680

Half-Year Financial Report 31 December 2009

Contents	Page
Corporate Information	2
Directors' Report	3
Auditors' Independence Declaration	4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Statement of Cash Flows	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

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 2009.

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 of Operations

Group sales revenue for the half-year was \$21.5m, which is an increase of 6.6% when compared to the same period last year.

Sales revenue in the Australian operation increased by 6.8% while sales revenue in the New Zealand operation increased by 9.0% measured in NZ\$ terms, which excludes the impact of exchange rate fluctuations. When measured in Australian dollar terms, sales revenue in New Zealand operation increased by 5.7%.

EBIT for the half-year was \$1.16m, which is \$84k (6.8%) lower than the same period last year.

Profit after income tax for the half-year was \$708k which is \$34k (4.6%) lower than the same period last year.

The Group has continued to invest in new projects, in particular information technology and our branch network, and this impacted on profitability over the first half-year. These projects are expected to underpin further revenue growth and improved profitability in future years.

Cash flows from operating activities were positive for the period.

There were no additional long term borrowings during the period and gearing has declined from 31.3% at June 2009 to 29.6% at December 2009.

During the period total dividends of 6 cents per share were paid (2 cents Final Dividend and 4 cents Special Dividend). The Dividend Reinvestment Plan (DRP) operated in respect of both these dividends with the Special Dividend DRP shortfall being underwritten. This resulted in an increase in contributed equity of \$1.3m.

The directors have declared a fully franked Interim Dividend of 1cent per share payable on 31 March 2010. The DRP will operate in respect of this Interim Dividend.

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
24 February 2010

24 February 2010

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 2009 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
24 February 2010

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 | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

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

Supply Network Limited

Statement of Comprehensive Income

for the half-year ended 31 December 2009

	Note	Consolidated	
		31 Dec 2009	31 Dec 2008
		\$'000	\$'000
Revenue	3	21,545	20,206
Finance revenue	3	4	32
Other income		7	6
Changes in inventories of finished goods		(13,022)	(12,074)
Employee benefits expenses		(4,102)	(3,847)
Depreciation and amortisation		(147)	(156)
Other expenses	3	(3,122)	(2,892)
Finance costs		(146)	(195)
Profit before income tax		1,017	1,080
Income tax expense		(309)	(338)
Profit after income tax		708	742
Other comprehensive income			
Adjustments from translation of foreign controlled entity		(1)	125
Income tax expense		-	-
Other comprehensive income after income tax		(1)	125
Total comprehensive profit attributable to members of the parent		707	867
Basic and diluted earnings per share (cents per share)		2.57	2.98

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Supply Network Limited

Balance Sheet

at 31 December 2009

	Note	Consolidated	
		31 Dec 2009	30 Jun 2009
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,140	211
Trade and other receivables		4,976	5,234
Inventories		15,114	14,837
Other current assets		186	100
Total current assets		21,416	20,382
Non-current assets			
Plant and equipment		946	735
Deferred tax assets		797	773
Total non-current assets		1,743	1,508
TOTAL ASSETS		23,159	21,890
LIABILITIES			
Current liabilities			
Trade and other payables		7,211	6,277
Interest bearing loans and borrowings		375	314
Income tax payable		124	264
Provisions		442	337
Derivatives		28	8
Total current liabilities		8,180	7,200
Non-current liabilities			
Interest bearing loans and borrowings		3,043	3,160
Provisions		375	425
Total non-current liabilities		3,418	3,585
TOTAL LIABILITIES		11,598	10,785
NET ASSETS		11,561	11,105
EQUITY			
Contributed equity	6	7,666	6,365
Reserves		(244)	(243)
Retained earnings		4,139	4,983
TOTAL EQUITY		11,561	11,105

The above balance sheet should be read in conjunction with the accompanying notes.

Supply Network Limited

Statement of Changes in Equity

for the half-year ended 31 December 2009

Note

Consolidated

31 Dec 2009

31 Dec 2008

\$'000

\$'000

Total equity at the beginning of the half-year

11,105

10,228

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

Net profit for the half-year

708

742

Other comprehensive income for the half year

(1)

125

Total comprehensive income for the half-year

707

867

Transactions with equity holders in their capacity as equity holders:

Contributions of equity by members of the company

1,301

-

Dividends paid to members of the company

(1,552)

(498)

Total transactions with equity holders in their capacity as equity holders

(251)

(498)

Total equity at the end of the half-year

11,561

10,597

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Supply Network Limited

Statement of Cash Flows

for the half-year ended 31 December 2009

	Note	Consolidated	
		31 Dec 2009	31 Dec 2008
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		23,997	22,675
Payments to suppliers and employees		(21,797)	(21,590)
Interest received		3	36
Interest paid		(144)	(152)
Income taxes paid		(472)	(623)
Net cash flows from (used in) operating activities		1,587	346
Cash flows from investing activities			
Purchase of plant and equipment		(359)	(90)
Proceeds from sales of plant and equipment		11	-
Net cash flows from (used in) investing activities		(348)	(90)
Cash flows from financing activities			
Proceeds from issue of shares		1,301	-
Proceeds from borrowings		84	427
Repayment of borrowings		(127)	(171)
Equity dividends paid		(1552)	(498)
Net cash flow from (used in) financing activities		(294)	(242)
Net increase (decrease) in cash and cash equivalents		945	14
Cash and cash equivalents at beginning of period		196	1,309
Exchange rate adjustments to balances held in foreign currencies		(1)	1
Cash and cash equivalents at the end of the half-year	5	1,140	1,324

The above statement of cash flows should be read in conjunction with the accompanying notes.

Supply Network Limited

Notes to the Financial Statements for the half-year ended 31 December 2009

1. Corporate Information

The financial report of Supply Network Limited (the company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 24 February 2010.

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. Summary of significant accounting policies

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 2009. It is also recommended that the half-year report be considered together with any public announcements made by Supply Network Limited during the half-year ended 31 December 2009 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 2009.

(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 2009. The exchange differences arising on the translation of the financial statements of a foreign subsidiary are taken directly to a separate component of equity.

(d) Changes in accounting policies

From 1 July 2009 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009.

AASB 8 - Operating Segments.

AASB 101 - Revised Presentation of Financial Statements.

The following amending standards have also been adopted from 1 July 2009:

AASB 2009-7 Amendments to Australian Accounting Standards – The amendments are editorial amendments to AASB 5, AASB 7, AASB 107, AASB 112, AASB 136, AASB 139 and AASB Interpretation 17 that have no major impact on the requirements of the amended pronouncements. The Group adopted this amendment as of 1 July 2009. The amendment had no impact on the application or wording of the Group's accounting policies.

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but not yet effective and have not been adopted by the group for the interim reporting period. The directors have not yet assessed the impact of these new or amended standards (to the extent relevant to the group) and interpretations.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
3. Revenue and expenses		
(a) Revenue and expenses from operating activities		
(i) Revenue		
Sale of goods	21,545	20,206
(ii) Finance revenue		
Interest received	4	32
(iii) Other expenses		
Bad and doubtful debts – trade receivables	22	32
Freight and cartage expenses	403	392
Operating lease expenses	884	844
Other expenses	1,813	1,624
	3,122	2,892

(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 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
4. Dividends paid and proposed on ordinary shares		
(a) Dividends declared and paid during the half-year		
Previous year final fully franked dividend (2009: 2.00 cents per share) (2008: 2.00 cent)	506	498
Current year special fully franked dividend (2009: 4 cents per share) (2008: nil)	1,046	-
	1,552	498
(b) Dividends proposed subsequent to 31 December 2009 and not recognised as a liability		
Current year interim fully franked dividend (2009: 1.00 cent per share) (2008: 1.00 cent)	292	249
	292	249
5. Cash and cash equivalents		
For the purpose of the cash flow statement, cash and cash equivalents comprises the following at 31 December:		
Cash at bank and on hand	38	189
Short-term deposits	1,102	1,135
	1,140	1,324
	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$'000	\$'000
6. Contributed Equity		
(a) Issued and paid up capital		
29,220,296 ordinary shares fully paid (June 2009: 25,310,837)	7,666	6,365

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2009

7. Segment information

The Group's operating segments have been determined based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources. The financial information on the operating segments is reported to the executive management team on a monthly basis.

The Group's principal activity is the provision of after-market parts for the commercial vehicle market in two operating segments Australia and New Zealand. The operating segments are unchanged from those identified and reported previously.

	Australia		New Zealand		Eliminations		Consolidated	
	31 Dec 2009 \$'000	31 Dec 2008 \$'000						
Revenue								
Sales to customers outside the Group	18,156	16,999	3,389	3,207	-	-	21,545	20,206
Other revenues outside the Group	6	35	5	4	-	-	11	39
Inter-segment revenues	533	666	29	-	(562)	(666)	-	-
Total segment revenues	18,695	17,700	3,423	3,211	(562)	(666)	21,556	20,245
Results								
Segment results	789	976	228	113	-	(9)	1,017	1,080
Group profit from ordinary activities before income tax expense							1,017	1,080
Income tax expense							(309)	(338)
Group profit from ordinary activities after income tax expense							708	742
Net Profit							708	742

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.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2009

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 2009 and 2008:

<i>Related Party</i>	<i>Purchases from related parties</i>	<i>Sales to related parties</i>	<i>Amounts owed by related parties</i>	
	\$'000	\$'000	\$'000	
Key management personnel of the Group:				
Other directors interests	2009	263	69	20
	2008	295	87	39

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

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.

10. Changes in composition of entity

There have been no changes in the composition of the entities since the financial year ended 30 June 2009.

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 group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards (including AASB 134 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

G T Lingard
Director
Sydney
24 February 2010

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 and Controlled Entities (“the consolidated entity”) which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration. The consolidated entity comprises Supply Network Limited (“the company”) and the entities it controlled during the 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 control 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 Interim and Other Financial Reports 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 Limited, 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 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.

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 analysis of the prudence of business decisions made by directors or management.

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 | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HALF-YEAR REVIEW REPORT (continued)

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 24 February 2010, 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 as at 31 December 2009 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

Sydney
24 February 2010

D K Swindells
Partner