



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

23 February 2011

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

Dear Sir

Re: Half Year Report and Appendix 4D

The Directors are pleased to announce the results for the six months ended 31 December 2010 the details of which are included in the attached Appendix 4D and Half Year Report.

The half year results have been subject to an Independent Review and are in line with our announcement 3 February 2011

Yours faithfully

Peter Gill
Company Secretary

Appendix 4D

Half Year Report Period ending 31 December 2010

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Half year ended	31 December 2010
Previous corresponding period	31 December 2009

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	12.9% to	24,327
Profit from ordinary activities after income tax	up	63.6% to	1,158
Net profit for the period attributable to members	up	63.6% to	1,158
Dividends			
	Amount per Security	Franked amount per security	
Interim dividend	2.00 ¢	2.00¢	
Previous corresponding period	1.00 ¢	1.00¢	
Record date for determining entitlements to dividend		17 March 2011	
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	39.2¢	39.6¢

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

Nil

5. Details of Dividends

	Amount per Security	Franked amount per security
Interim dividend – payable 31 March 2011	2.00¢	2.00¢
Previous corresponding period	1.00¢	1.00¢
Amount per security of foreign sourced dividend	Nil	-
Special dividend – paid 10 December 2010	4.00¢	4.00¢
Previous corresponding period	4.00¢	4.00¢
Amount per security of foreign sourced dividend	Nil	-
Final dividend June 2010 - paid 24 September 2010	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 2.00 cent per share (requiring \$661,000) payable on 31 March 2011 to shareholders registered on 17 March 2011.

A fully franked special dividend of 4.00 cents per share amounting to \$1,233,000 was paid on 10 December 2010.

A fully franked final dividend of 2.00 cents per share amounting to \$596,000 was paid on 24 September 2010.

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 2011. Participation election notices to be effective must be received by the Share Registry prior to record date of 5.00pm (Sydney Time) on the 17 March 2011.

7. Details of associate and joint venture entities

Nil

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 2010 Annual Report.

Signature

Date 23 February 2011
Name Peter Gill
Position Company Secretary

Supply Network Limited

A.B.N. 12 003 135 680

Half-Year Financial Report 31 December 2010

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 J Forsyth (Chairman)
G D H Stewart (Managing Director)
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 Securities Exchange

Supply Network Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2010.

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

Review of Operations

Group sales revenue for the half-year was \$24.3m, which is an increase of 12.7% when compared to the same period last year.

Sales revenue in the Australian operation increased by 13.6% and in the New Zealand operation increased by 11.5% measured in NZ\$ terms, which excludes the impact of exchange rate fluctuations. When measured in Australian dollar terms, sales revenue in the New Zealand operation increased by 8.2%.

EBIT for the half-year was \$1.78m, which is an increase of \$0.62m or 53.5% on the same period last year.

Profit after income tax for the half-year was \$1.16m, which is an increase of \$0.45m or 63.6% on the same period last year.

The Group has continued to invest in customer service capabilities and information technology over the first half of this year. These investments are expected to support 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 26.4% at June 2010 to 25.1% at December 2010.

During the period total dividends of 6 cents per share were paid comprising a 2 cents final dividend and a 4 cents special dividend. The Dividend Reinvestment Plan (DRP) operated in respect of both these dividends resulting in an increase in contributed equity of \$1.3m.

The directors have declared a fully franked interim dividend of 2 cents 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 J Forsyth
Director
Sydney
23 February 2011

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 2010 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
23 February 2011

Supply Network Limited

Statement of Comprehensive Income

for the half-year ended 31 December 2010

	Note	Consolidated	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Revenue	3	24,285	21,545
Finance revenue	3	24	4
Other income		18	7
Changes in inventories of finished goods		(14,105)	(13,022)
Employee benefits expenses		(4,728)	(4,102)
Depreciation and amortisation		(178)	(147)
Other expenses	3	(3,513)	(3,122)
Finance costs		(123)	(146)
Profit before income tax		1,680	1,017
Income tax expense		(522)	(309)
Profit after income tax		1,158	708
Profit attributable to members of the parent		1,158	708
Other comprehensive income			
Adjustments on translation of foreign controlled entity		(124)	(1)
Income tax expense		-	-
Total other comprehensive income after income tax		(124)	(1)
Total comprehensive income for the half-year attributable to members of the parent		1,034	707
Basic and diluted earnings per share (cents per share)		3.64	2.57

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

Supply Network Limited

Balance Sheet

at 31 December 2010

	Note	Consolidated	
		31 Dec 2010 \$'000	30 Jun 2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,696	1,528
Trade and other receivables		5,917	5,471
Inventories		15,561	14,944
Other current assets		249	41
Total current assets		23,423	21,984
Non-current assets			
Plant and equipment		1,135	988
Deferred tax assets		809	780
Derivatives		-	2
Total non-current assets		1,944	1,770
TOTAL ASSETS		25,367	23,754
LIABILITIES			
Current liabilities			
Trade and other payables		7,999	7,185
Interest bearing loans and borrowings		364	303
Income tax payable		330	67
Provisions		371	348
Derivatives		11	-
Total current liabilities		9,075	7,903
Non-current liabilities			
Interest bearing loans and borrowings		2,880	2,981
Provisions		450	448
Total non-current liabilities		3,330	3,429
TOTAL LIABILITIES		12,405	11,332
NET ASSETS		12,962	12,422
EQUITY			
Contributed equity	6	9,192	7,857
Reserves		(339)	(215)
Retained earnings		4,109	4,780
TOTAL EQUITY		12,962	12,422

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 2010

	Contributed Equity \$000	Exchange Translation Reserve \$000	Retained Earnings \$000	Total \$000
Consolidated				
Balance at 30 June 2010	7,857	(215)	4,780	12,422
Total comprehensive income for the half-year	-	(124)	1,158	1,034
	7,857	(339)	5,938	13,456
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(1,829)	(1,829)
Issue of shares under dividend reinvestment plan	1,335	-	-	1,335
Balance at 31 December 2010	9,192	(339)	4,109	12,962
Balance at 30 June 2009	6,365	(243)	4,983	11,105
Total comprehensive income for the half-year	-	(1)	708	707
	6,365	(244)	5,691	11,812
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(1,552)	(1,552)
Issue of shares under dividend reinvestment plan	1,301	-	-	1,301
Balance at 31 December 2009	7,666	(244)	4,139	11,561

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 2010

	Note	Consolidated	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		25,827	23,997
Payments to suppliers and employees		(24,441)	(21,797)
Interest received		20	3
Interest paid		(129)	(144)
Income tax paid		(289)	(472)
Net cash flows from (used in) operating activities		988	1,587
Cash flows from investing activities			
Purchase of plant and equipment		(320)	(359)
Proceeds from sales of plant and equipment		-	11
Net cash flows from (used in) investing activities		(320)	(348)
Cash flows from financing activities			
Proceeds from borrowings		93	84
Repayment of borrowings		(94)	(127)
Dividends paid		(494)	(251)
Net cash flow from (used in) financing activities		(495)	(294)
Net increase (decrease) in cash and cash equivalents		173	945
Cash and cash equivalents at beginning of period		1,528	196
Exchange rate adjustments to balances held in foreign currencies		(5)	(1)
Cash and cash equivalents at the end of the half-year	5	1,696	1,140

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 2010

1. Corporate Information

The financial report of Supply Network Limited (the company) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 23 February 2011.

Supply Network Limited is a company limited by shares incorporated in Australia whose shares are traded on the Australian Securities 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 2010. 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 2010 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 2010.

(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 2010. 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) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published but are not mandatory for the half-year reporting period. The Group's assessment of the impact of these new standards and interpretations is they will result in no significant changes to the amounts recognised or matters disclosed in future half-year reports.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2010

	Consolidated	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
3. Revenue and expenses		
(a) Revenue and expenses from operating activities		
(i) Revenue		
Sale of goods	24,285	21,545
(ii) Finance revenue		
Interest received	24	4
(iii) Other expenses		
Bad and doubtful debts – trade receivables	61	22
Freight and cartage expenses	437	403
Operating lease expenses	958	884
Other expenses	2,057	1,813
	3,513	3,122

(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 2010

	Consolidated	
	31 Dec 2010	31 Dec 2009
	\$'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 (2010: 2.00 cents per share) (2009: 2.00 cents)	596	506
Current year special fully franked dividend (2010: 4.00 cents per share) (2009: 4.00 cents)	1,233	1,046
	1,829	1,552
(b) Dividends proposed subsequent to 31 December 2010 and not recognised as a liability		
Current year interim fully franked dividend (2010: 2.00 cents per share) (2009: 1.00 cent)	661	292
5. Cash and cash equivalents		
For the purpose of the statement cash flows, cash and cash equivalents comprises:		
Cash at bank and on hand	296	38
Short-term deposits	1,400	1,102
	1,696	1,140
	Consolidated	
	31 Dec 2010	30 Jun 2010
	\$'000	\$'000
6. Contributed Equity		
(a) Issued and paid up capital		
33,029,778 ordinary shares fully paid (June 2010: 29,787,264)	9,192	7,857

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2010

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 2010 \$'000	31 Dec 2009 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenue								
Sales to customers outside the group	20,620	18,156	3,665	3,389	-	-	24,285	21,545
Other revenues outside the group	40	6	2	5	-	-	42	11
Inter-segment revenues	427	533	121	29	(548)	(562)	-	-
Total segment revenues	21,087	18,695	3,788	3,423	(548)	(562)	24,327	21,556
Results								
Segment results	1,425	789	243	228	12	-	1,680	1,017
Profit before income tax and finance costs							1,779	1,159
Finance revenue							24	4
Finance costs							(123)	(146)
Profit before income tax							1,680	1,017
Income tax expense							(522)	(309)
Profit after income tax							1,158	708

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 2010

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 2010 and 2009:

Related Party	Purchases	Sales to	Amounts owed	
	from related parties	related parties	by related parties	
	\$'000	\$'000	\$'000	
Key management personnel of the Group:				
Other directors' interests	2010	-	92	30
	2009	263	69	20

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 the group has leased a property in the Mackay region and will shortly open a new Multispares branch at that location. This is not expected to have a material impact on the group's performance in subsequent periods.

Other than the matter discussed above there has been no other matter or circumstance arise since the end of the half-year that has significantly affected or may significantly affect the operations of the group, the result of those operations or the state of affairs of the group.

10. Changes in composition of entity

There have been no changes in the composition of the entities since the financial year ended 30 June 2010.

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 2010 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 J Forsyth
Director
Sydney
23 February 2011

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 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 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 2010 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. 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.

Our review did not involve 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*, which has been given to the directors of Supply Network Limited on 23 February 2011, would be in the same terms if provided to the directors as at the time of this auditor's review report.

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

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

HALF-YEAR REVIEW REPORT (continued)

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 2010 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
23 February 2011

D K Swindells
Partner