



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

1 Turnbull Close Pemulwuy NSW 2145

PO Box 3405 Wetherill Park NSW 2164

Telephone: 61 2 8624 8077

22 February 2017

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

Dear Sir

Re: Appendix 4D and Half Year Report 31 December 2016

The Directors are pleased to announce the results for the six months ended 31 December 2016 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 25 January 2017.

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 2016

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Half year ended	31 December 2016
Previous corresponding period	31 December 2015

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	9.5% to	47,745
Profit from ordinary activities after income tax	up	27.0% to	2,994
Net profit for the period attributable to members	up	27.0% to	2,994
Dividends			
	Amount per Security	Franked amount per security	
Interim dividend to be paid 31 March 2017	4.50¢	4.50¢	
Record date for determining entitlements to dividend		17 March 2017	
Final dividend (2016) paid 30 September 2016	5.00¢	5.00¢	
Brief explanation of any of the figures reported above			
Please refer to Directors' Report on page 2 of the half-year financial report attached			

3. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	72.5¢	67.3¢

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

Nil

5. Details of Dividends

Refer to attached half year financial report

6. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plan did not operate during the period and will not operate in respect of the interim dividend payable 31 March 2017

7. Details of associate and joint venture entities

Nil

8. Foreign Entities

Not applicable

9. Statement in relation to half year accounts is based on

This report is based on accounts that have been reviewed and are not subject to dispute or qualification.

This half-year report should be read in conjunction with the 2016 Annual Report.

Signature



Date 22 February 2017
Name Peter Gill
Position Company Secretary

Supply Network Limited
A.B.N. 12 003 135 680

Half-Year Financial Report 31 December 2016

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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

1 Turnbull Close
Pemulwuy NSW 2145

Telephone 02 8624 8077

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 850 505
Enquiries (outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2500

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 2016.

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 \$47.7m, which is an increase of 9.6% when compared to the same period last year.

Sales revenue in the Australian operation increased by 8.2% and in the New Zealand operation increased by 10.5% in NZ\$ terms.

Earnings before interest and tax for the half-year were \$4.4m, an increase of 26.6% on the same period last year.

Profit after income tax for the half-year was \$3.0m, an increase of 27.0% on the same period last year.

The business continues to trade effectively and expand operations in a highly competitive market.

Operating costs have increased as a result of improvements to our distribution capacity, upgrading and relocation of our Sydney branch and the opening of a new branch in Somerton, Vic in July 2016. Operating costs are expected to continue to increase as we build market position and continue to develop market opportunities.

Earnings per share for the half-year were 7.34 cents compared to 5.78 cents for the same period last year.

Group cash flows from operating activities were \$3.4m compared to \$1.5m for the same period last year.

During the period there was an additional \$300k in long term borrowings. Gearing, at the end of the half-year was 12.7% and has remained at a similar level to June 2016 (12.5%).

Net assets of the group are \$29.5m (June 2016: \$28.6m) and net tangible asset backing is 72.5 cents per share (June 2016: 70.3 cents).

The Directors have declared a fully franked interim dividend of 4.5 cents per share payable on 31 March 2017 to shareholders registered on 17 March 2017.

The Dividend Reinvestment Plan will not operate in respect of the 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Supply Network Limited

Directors' Report (continued)

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.

A handwritten signature in black ink, appearing to read 'G J Forsyth', written in a cursive style.

G J Forsyth
Director
Sydney
22 February 2017

Supply Network Limited

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Supply Network Limited:

As lead auditor for the review of the financial report of Supply Network Limited for the half-year ended 31 December 2016 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) 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, NSW
22 February 2017

Supply Network Limited

Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2016	Note	Consolidated	
		31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue	3	47,730	43,567
Finance revenue	3	10	28
Other income		5	4
Changes in inventories of finished goods		(27,508)	(25,071)
Employee benefits expense		(8,882)	(8,502)
Depreciation and amortisation		(536)	(314)
Other expenses	3	(6,433)	(6,228)
Finance costs		(115)	(124)
Profit before income tax		4,271	3,360
Income tax expense		(1,277)	(1,002)
Profit after income tax		2,994	2,358
Profit attributable to members of the parent		2,994	2,358
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Adjustment on translation of foreign controlled entity net of tax		(59)	338
Total other comprehensive income / (loss) after income tax		(59)	338
Total comprehensive income for the half-year attributable to members of the parent		2,935	2,696
Basic and diluted earnings per share (cents per share)		7.34	5.78

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Supply Network Limited

Balance Sheet

at 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$'000	30 Jun 2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	3,436	2,304
Trade and other receivables		10,089	9,930
Inventories		30,057	28,967
Derivatives		18	-
Other current assets		379	60
Total current assets		43,979	41,261
Non-current assets			
Plant and equipment		5,627	5,805
Deferred tax assets		2,087	1,958
Total non-current assets		7,714	7,763
TOTAL ASSETS		51,693	49,024
LIABILITIES			
Current liabilities			
Trade and other payables		16,258	14,577
Interest bearing loans and borrowings		478	356
Income tax payable		322	462
Provisions		772	727
Derivatives		-	30
Total current liabilities		17,830	16,152
Non-current liabilities			
Interest bearing loans and borrowings		3,279	3,238
Provisions		1,047	993
Total non-current liabilities		4,326	4,231
TOTAL LIABILITIES		22,156	20,383
NET ASSETS		29,537	28,641
EQUITY			
Contributed equity	6	21,075	21,075
Reserves		808	867
Retained earnings		7,654	6,699
TOTAL EQUITY		29,537	28,641

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 2016

	Contributed Equity \$'000	Exchange Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Consolidated				
Balance at 30 June 2016	21,075	867	6,699	28,641
Total comprehensive income for the half-year	-	(59)	2,994	2,935
	21,075	808	9,693	31,576
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(2,039)	(2,039)
Balance at 31 December 2016	21,075	808	7,654	29,537
Balance at 30 June 2015	21,075	172	5,525	26,772
Total comprehensive income for the half-year	-	338	2,358	2,696
	21,075	510	7,883	29,468
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	-	(2,039)	(2,039)
Balance at 31 December 2015	21,075	510	5,844	27,429

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 2016

	Note	Consolidated	
		31 Dec 2016 \$'000	31 Dec 2015 \$'000
Cash flows from operating activities			
Receipts from customers		54,603	51,563
Payments to suppliers and employees		(49,541)	(48,421)
Interest received		9	32
Interest paid		(113)	(118)
Income tax paid		(1,520)	(1,567)
Net cash flows from (used in) operating activities		3,438	1,489
Cash flows from investing activities			
Purchase of plant and equipment		(358)	(2,418)
Proceed from sale of plant and equipment		9	23
Net cash flows from (used in) investing activities		(349)	(2,395)
Cash flows from financing activities			
Proceeds from borrowings		300	-
Repayment of borrowings		(212)	(192)
Dividends paid		(2,039)	(2,039)
Net cash flows from (used in) financing activities		(1,951)	(2,231)
Net increase (decrease) in cash and cash equivalents		1,137	(3,137)
Cash and cash equivalents at beginning of period		2,304	5,519
Exchange rate adjustments to balances held in foreign currencies		(5)	26
Cash and cash equivalents at the end of the half-year	5	3,436	2,408

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 2016

1. Corporate Information

The financial report of Supply Network Limited ("the company") for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 22 February 2017.

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 2016. 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 2016 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 2016.

(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 2016. 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 that 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 the half-year report, other than for AASB 15 *Revenue from Contracts with Customers*, which is not operative until 1st January 2018, and for which the potential impacts have not yet been determined.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2016

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
3. Revenue and expenses		
(a) Revenue and expenses from operating activities		
(i) Revenue		
Sale of goods	47,730	43,567
(ii) Finance revenue		
Interest received	10	28
(iii) Other expenses		
Bad and doubtful debts – trade receivables	46	34
Freight and cartage expenses	708	633
Operating lease expenses	2,325	2,143
Other expenses	3,354	3,418
	6,433	6,228

(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 2016

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'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 (2016: 5.00 cents per share) (2015: 5.00 cents per share)	2,039	2,039
(b) Dividends proposed subsequent to 31 December 2016 and not recognised as a liability		
Current year interim fully franked dividend (2017: 4.50 cents per share) (2016: 4.00 cents per share)	1,834	1,630

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
5. Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprises:		
Cash at bank and in hand	3,436	2,408

6. Contributed Equity

Issued and paid up capital

	31 Dec 2016		30 Jun 2016	
	No. of Shares	\$'000	No. of Shares	\$'000
Balance at end of period	40,761,484	21,075	40,761,484	21,075

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2016

7. Segment information

The Group operates in one business segment being the provision of after-market parts for the commercial vehicle market.

The Group's geographical segments are determined based on the location of the Group's assets. The geographical segments are unchanged from those identified and reported previously.

	Australia		New Zealand		Eliminations		Consolidated	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue								
Sales to customers outside the group	37,926	35,064	9,804	8,503	-	-	47,730	43,567
Other revenues outside the group	10	30	5	2	-	-	15	32
Inter-segment revenues	1,309	602	32	6	(1,341)	(608)	-	-
Total segment revenues	39,245	35,696	9,841	8,511	(1,341)	(608)	47,745	43,599
Results								
Segment results	3,750	2,964	1,288	1,038	(767)	(642)	4,271	3,360
Profit before income tax and finance costs							4,376	3,456
Finance revenue							10	28
Finance costs							(115)	(124)
Profit before income tax							4,271	3,360
Income tax expense							(1,277)	(1,002)
Profit after income tax							2,994	2,358

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 2016

8. Related party disclosures

The following table provides the total sales to and amounts owing by related parties for the half-year ended 31 December 2016 and 2015:

Related Party		Sales to related parties	Amounts owed by related parties
		\$'000	\$'000
Key management personnel of the Group:			
Other directors' interests	2016	49	0
	2015	131	46

Related party transactions ceased 31 August 2016.

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

Other than the interim dividend declared as noted in Note 4 (b), 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 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 2016.

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 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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
22 February 2017

SUPPLY NETWORK LIMITED
INDEPENDENT AUDITOR'S 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 (“the Company”) which comprises the balance sheet as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors’ declaration, for the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time 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* and for such internal control as the directors determine is necessary to enable 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 a 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 half-year 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 2016 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 the Company, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

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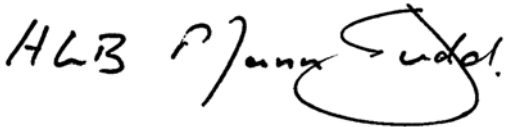
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SUPPLY NETWORK LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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 2016 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*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that reads 'D K Swindells'.

D K Swindells
Partner

Sydney, NSW
22 February 2017