SNL ANNUAL REPORT 2015

SUPPLY NETWORK LIMITED ABN 12 003 135 680

CONTENTS

The financial statements were authorised for issue by the directors on 19 August 2015.
The directors have the power to amend and reissue the financial statements.

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

E-mail
admin@supplynetwork.com.au

Corporate Governance Statement
The Corporate Governance Statement can be found at:
www.supplynetwork.com.au/governance.htm

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 Ltd
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.

CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT

"For the year to June 2015, Sales Revenue was $85.3m - another record performance."

The Board is pleased to report another record sales performance for the year to June 2015. Revenue of $85.3m was up 5.1%, which is commendable in an economy undergoing significant structural adjustment. Earnings Before Interest and Tax (EBIT) was down 4.9% to $8.4m and Net Profit After Tax (NPAT) was down 4.5% to $5.7m, mainly due to a small decline in gross margin and costs associated with medium to long term growth initiatives.

We would like to acknowledge the efforts of our committed management and staff, who continue to effectively execute our organic growth strategy.

Review of Operations

We outlined last year that we expected our growth in the bus market to slow and we have actually ended the year with slightly lower revenue from this segment. This drop in revenue was partly the result of changing contract circumstances for a number of major customers and partly price reductions across many products, somewhat offset by similar cost reductions from our major supply partners. Notwithstanding a difficult year in the bus segment, we continue to improve and successfully sell what we believe are industry leading solutions that allow our clients to operate and compete effectively in their challenging contract environment.

Our strong focus on growth in the truck market has benefited from an expanded branch network and a strong product development program. We now regard the breadth of our product range across most truck makes and models as a true competitive advantage for the independent fleets and workshops and we have maintained strong sales momentum to these customer segments.

Sales growth for the year was particularly strong in the New Zealand business where our Dunedin branch on the South Island has made a strong start since opening early in the 2015 financial year.

Results from the Australian business were more subdued and varied across the States. Newer regional branches have continued to develop well and we are pleased with the strong performance of Toowoomba since opening in October 2014. We also completed a smooth relocation of the existing Perth branch to an adjacent, larger building in June 2015. This will give our main Western Australian branch room to grow and the new site offers better access for trucks.

The most significant expansion project of the year has been preparations for the relocation of the Sydney branch and National Distribution Centre to purpose built adjacent sites in the Quarry, Pemulwuy. Although weather has delayed construction, both buildings are nearing completion and the new Sydney branch is scheduled to open in early November. The much larger task of relocating the distribution centre will run progressively from November and we expect the new DC to be in full operation by early February. In conjunction with this relocation we are undertaking a major upgrade of our IT network and systems to improve productivity and business continuity. All projects are expected to be finalised on time and within budgeted expenditure.

These major projects will result in a step change to our business and our cost base. Critical operations had become constrained by overloaded infrastructure and over the next six months we will lay the foundations for further business development and a safer, more efficient work environment that will underpin our ongoing organic growth strategy.

Continued weakness of the Australian dollar has again put pressure on margins and management is pursuing opportunities to minimise any short term negative impact on profitability. The strength of the New Zealand currency over the past year has had a positive effect on Group results.

Sales Revenue increased by

5.1%

Net Profit After Tax was

$5.7m

Earnings Per Share

16.16 cents

Slower revenue growth and a review of our stock management systems have resulted in reduced inventory and significantly improved cash flow for the 2015 year. Inventory levels have now reached the expected low and we envisage a gradual increase along historical lines over the course of this year.

Capital Management

In March 2015 Directors declared a fully franked special dividend of 25 cents per share. The Dividend Reinvestment Plan operated for this special dividend and it was partially underwritten. The special dividend initiative was well supported by existing and new shareholders and the Board achieved its objectives of distributing a significant part of the Company's retained earnings to shareholders, increasing the number of shareholders and creating more liquidity in the market.

Ordinary dividends per share for the year are steady on last year, however, with the increased number of shares on issue the total value of dividends paid has increased. The final dividend of 5 cents delivers an increase in total value of dividends paid of 19% when compared with the final dividend for 2014, and the DRP will not operate for this payment.

CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT

CONTINUED

"We continue to see new opportunities in the truck and bus markets."

The Future

Although the results for 2015 are below the target rate in our current 3-Year Plan, the Board is confident the goals we have set remain achievable over a 3-4 year time frame.

The main focus for the first half of 2016 is a seamless relocation of the Sydney operations to their new sites and extensive planning has been undertaken to minimise business disruption.

Our recent sales focus in target niche segments of the truck market has been successful and we continue to see new opportunities in the bus market.

We also remain committed to broadening our product range and strengthening our branch network, with new locations under consideration in both Australia and New Zealand.

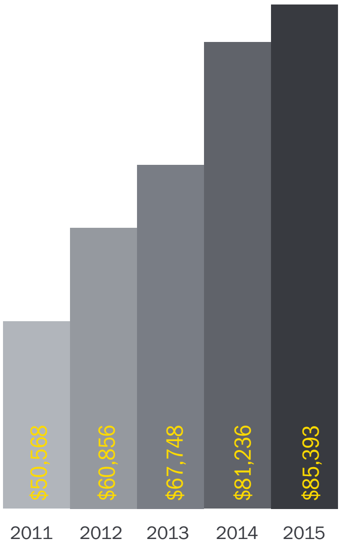
In the year ahead our market is expected to remain challenging but we are focused on achieving steady growth and revenue of around $90m. During the 2016 financial year we will incur one-off costs of around $0.5m as a direct consequence of the relocations in Sydney. We will also incur around $0.9m of the expected ongoing $1.3m increase in annual operating costs as a consequence of the relocations in Sydney and Perth. These cost increases will be offset progressively by continued growth in revenue and underlying profitability and we anticipate full year EBIT of around $7.5m.

In the 2-3 years following the Sydney relocations we expect to restore EBIT margin to our target level of 10% on a higher revenue base, having established the opportunity to continue organic growth over the next decade and pursue other development projects for the Group.

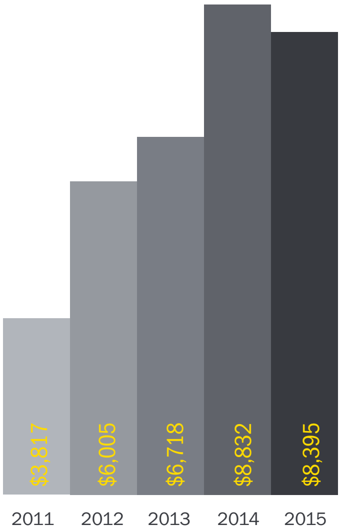
Subject to any material changes in circumstances, Directors expect to maintain ordinary dividends over the next 12 months at the same rate as over the past year.

Performance Highlights

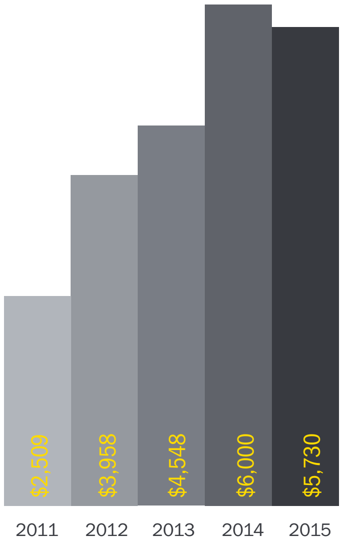
2015
Total revenue
$85.39m
(,000)



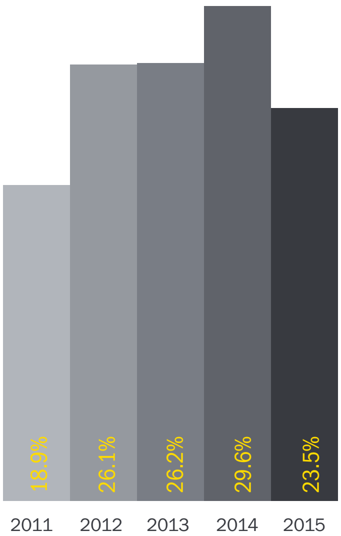
2015
Earnings before interest and tax
$8.39m
(,000)



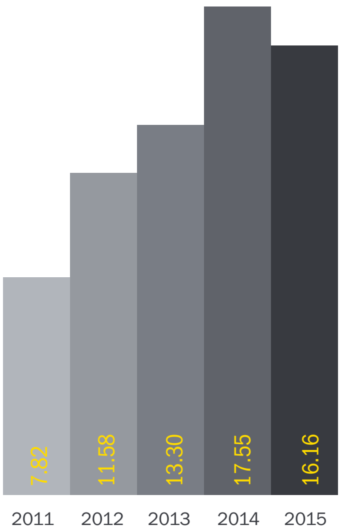
2015
Profit after income tax
$5.73m
(,000)



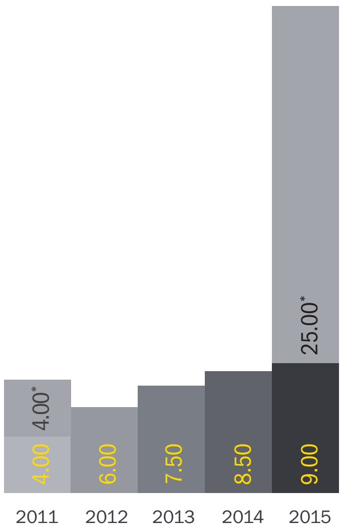
2015
Return on average total equity
23.5%



2015
Earnings per share
16.16 cents



2015
Dividends paid per share
34.00 cents



*Special dividend

OUR BUSINESS

Return on average total equity

23.5%

Dividends paid per share

34 cents

Who we are:

Supply Network Limited is a listed company operating trading entities in Australia and New Zealand under the Multispares brand. Each trading entity has its own management team and its own operating focus within a broad market definition of replacement parts for road transport equipment.

In simple terms we sell truck and bus parts. In practice we sell a range of services including parts interpreting, procurement, supply management and problem solving. Through the skill we apply to these services we add considerable value to a growing range of products.

Our business principles:

The Australia-New Zealand market for trucks and buses is among the most diverse and most competitive in the world. Vast distances, sophisticated operators and an open economy drive significant diversity in vehicle makes and models and present many challenges for replacement part suppliers. Our business has evolved around these unique characteristics of our local markets.

First and foremost we operate at the "quality" end of the aftermarket. The cost of product failure in our markets is high so we have built our reputation around long-term relationships, reliable products and lowering fleet operating costs. We often tell our customers, "there is nothing that we sell that we couldn't buy for less, but we don't compromise quality."

The diversity of vehicle makes and models and the concentration of certain vehicles for particular tasks sets up considerable difference in the demand for replacement parts from one region to another. In order to deal with the complexities of regional market demand we have developed a decentralised management structure with a strong regional focus. We actively build depth in our branch network to improve local decision-making and strengthen support for local requirements.

The breadth of our product range, significant regional differences and a strong regional structure does add to our operating cost. However we are an organisation with substantial scale, which allows us to buy products well and many of our operational and administrative activities are highly efficient. This keeps us competitive while our branch network keeps service levels strong.

Organisational culture:

Our Code of Conduct states:

We value initiative and independent thought but work in teams for a team result.

We show respect for other stakeholders including staff, suppliers and customers.

We obey the law and through good business aim to make a positive contribution to local communities.

In many ways this Code embodies our organisational culture. In a business with thousands of daily transactions, dealing with thousands of different products, we rely on our staff to operate professionally, to interpret requirements and serve customers. They can't do this alone and in every location our success depends on the strength of the local team.

In the background we build organisational strength to support decision making and to streamline as many transactions as possible. Our staff thrive on the challenges that come from local empowerment but also appreciate the strong business and social ethics that bind us together.

Our organisational culture is a strong factor in our ability to compete and to grow in this industry and has laid a strong platform for growth in the years ahead.

DIRECTORS' REPORT

The Directors of Supply Network Limited (the company) submit their report on the consolidated entity (the Group) consisting of Supply Network Limited and the entities it controlled at the end of, or during, the financial year ended 30 June 2015.

Directors

The names of the company's directors in office during the financial year and until the date of this report are as follows. 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	

Principal Activities

The principal activity of the Group during the financial year was the provision of after market parts to the commercial vehicle industry.

Results

The net profit of the Group after providing for income tax for the financial year was $5.73m (2014: $6.00m).

Earnings per Share

Basic and diluted earnings per share for the financial year are 16.16 cents per share (2014: 17.55 cents).

Dividends

Dividends paid or declared for payment are as follows:

Review of Operations

Group sales revenue for the year was $85.3m, an increase of 5.1% when compared to last year.

Sales revenue in the Australian operation increased by 3.0% and in the New Zealand operation sales increased by 11.5% in NZ$ terms.

Earnings before interest and tax for the year were $8.4m, a decrease of 4.9% on last year.

Profit after income tax for the year was $5.7m, a decrease of 4.5% on last year.

During the year we continued to experience strong competition in some key market segments, which impacted on sales growth and margins in those segments.

Operating costs have also increased as a result of branch relocations to larger facilities, Brisbane late last financial year and Perth in May 2015, and the opening of two new branches early in the financial year, in Dunedin and Toowoomba. The cost increases from the development and expansion of the branch network have impacted on the results for the year.

Group cash flows from operating activities were $7.7m compared to $1.0m last year. The decline in inventories was a major contributor to the increase in cash flows from operating activities.

During the year total dividends of 34 cents per share were paid which included a one off special dividend of 25 cents per share. The Dividend Reinvestment Plan (DRP) operated throughout the year with the DRP shortfall in respect of the special dividend being partially underwritten.

	$000
Final dividend for 2014 of 5.00 cents per share paid 30 September 2014	1,709
Interim dividend for 2015 of 4.00 cents per share paid 31 March 2015	1,396
Special dividend for 2015 of 25.00 cents per share paid 21 May 2015	8,884
Final dividend for 2015 of 5.00 cents per share declared 31 July 2015 and payable 30 September 2015	2,038

DIRECTORS' REPORT
CONTINUED

"The Directors forecast sales revenue growth for the Group of at least 5% in 2015/16."

The operation of the DRP resulted in the issue of a further 6.57m shares and an increase in contributed equity of $11.4m.

Net assets of the group are $26.8m (June 2014: $22.1m) and net tangible asset backing is 65.7 cents per share (June 2014: 64.6 cents).

There were no significant additional long term borrowings during the year and gearing has declined to 14.7% (June 2014: 18.8%).

The Directors have declared a fully franked final dividend of 5.0 cents per share payable on 30 September 2015 to shareholders registered on 11 September 2015. The Dividend Reinvestment Plan will not operate in respect of the final dividend.

Further information on Review of Operations is detailed in the Chairman's and Managing Director's Report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Significant Events after Balance Date

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements 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 in subsequent financial years.

Likely Developments and Expected Results

The Directors forecast sales revenue growth for the Group of at least 5% in 2015/16. Management plans for the year focus on organic growth opportunities in the existing business units. Continued expansion of the product range and branch network are the primary considerations in our three year outlook.

Share Options - Unissued shares

As at the date of this report, there were no unissued ordinary shares under options. No options for shares were issued during the year.

Information on Directors

Gregory James Forsyth - Chairman

Appointed Chairman of the Board on 17 March 2010. Non-executive Director since 25 January 2006. Chairman of the Audit Committee and a member of the Remuneration Committee. He has over 29 years experience in financial markets specialising in Australian listed equities.

Peter William McKenzie

Appointed to the Board on 1 July 2006 as Non-executive Director. Chairman of the Remuneration Committee and a member of the Audit Committee. He holds a Masters Degree in Business Administration, has over 19 years experience in the transport industry, is the Chief Executive of a family owned bus business and operates a consultancy practice providing advice to clients primarily in the transport industry.

Geoffrey David Huston Stewart - Managing Director

Appointed Chief Executive Officer in November 1999 and Managing Director in November 2000. He has a Bachelor of Engineering (Mechanical) from the University of Sydney, an MBA from Macquarie University and over 26 years experience in the road transport industry.

Peter William Gill

Appointed to the Board on 1 May 2008 as Finance Director. He has been the Senior Finance Executive and Company Secretary since April 1995. He is a Chartered Accountant with a Bachelor of Business degree and has over 35 years experience in accounting and finance in both professional and commercial fields.

Directors’ Meetings

The number of meetings of the Board of Directors and of Board Committees held during the year and the number of meetings attended by each director was as follows:

	Directors Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G J Forsyth	12	12	2	2	3	3
P W McKenzie	12	12	2	2	3	3
G D H Stewart	12	12	-	-	-	-
P W Gill	12	12	-	-	-	-

Directors’ Interests

At the date of this report the interest of each director in the shares of the company are:

(a) G J Forsyth holds 41,200 ordinary shares of the company and is deemed to have a relevant interest in shares held by Odalisque Pty Ltd (626,635 shares).

(b) P W McKenzie is deemed to have a relevant interest in shares held by PW & LJ McKenzie Superannuation Fund, a substantial shareholder (4,473,359 shares).

(c) G D H Stewart is deemed to have a relevant interest in shares held by Boboco Pty Limited (955,947) and D G Stewart (440,886 shares).

(d) P W Gill holds 178,460 ordinary shares of the company and is deemed to have a relevant interest in shares held by Viewbar Pty Limited (420,025 shares).

Indemnification of Directors

During the financial year the company paid an insurance premium insuring the directors and officers of the company and any related body corporate against a liability incurred as such a director or officer, to the extent permitted by the Corporations Act 2001. The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the company or any related body corporate against a liability incurred as such an officer. The contract of insurance prohibits the disclosure of the amount of the premium.

Company Secretary

Peter William Gill has been the Company Secretary and Senior Finance Executive of Supply Network Limited for over 20 years and is a Chartered Accountant.

Environmental Regulation and Performance

The Group’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Remuneration Report

The report outlines the remuneration arrangements in place for Directors and Executives of the Supply Network Limited Group.

The information provided in this Remuneration Report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the directors and senior executives of the Group.

The broad remuneration policy is to ensure the remuneration package of directors and senior executives properly reflects the person’s duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people.

"Earnings before interest and tax for the year were $8.4m."

The Remuneration Committee assesses the appropriateness of the amount of remuneration of directors and senior executives on an annual basis by reference to relevant employment market survey data.

Non-executive director compensation

The Board seeks to set aggregate compensation at a level which would enable the company to attract and retain suitably qualified directors at a cost which is acceptable to shareholders.

Non-executive Directors receive an annual fee for being a director of the company with no provision for retirement benefits. These fees are determined by reference to industry standards taking into account the company's relative size. No additional payments are made for serving on Board Committees and no performance related compensation or equity incentives are offered.

The present maximum aggregate sum for non-executive directors is $200,000. This amount was approved by shareholders at the 2002 Annual General Meeting.

The compensation of non-executive directors for the period ending 30 June 2015 is detailed in Table 1 on page 11.

Executive director and senior executives compensation

The company aims to reward its executives (Managing Director and Finance Director) with a level of compensation commensurate with their position and responsibilities within the company, to link reward with performance of the company and to ensure total compensation is competitive by market standards.

Compensation consists of the following two elements:

- fixed compensation and
- variable compensation – short-term incentive

The Board has not used equity-based compensation for executives during the financial year and has no plans to introduce it.

Fixed Compensation

The level of fixed compensation is set to provide a level of compensation that is both appropriate to the position and competitive in the market place. Executives' fixed compensation is reviewed annually by the Remuneration Committee using relevant employment market survey data as a guide.

Executives are given the scope to tailor their fixed compensation package in a variety of forms including salary, non-monetary benefits and superannuation.

Variable Compensation - Short Term Incentive

The objective of the short-term incentive is to link the group's performance and operational targets with the compensation of the executives. The short-term incentive is cash based and provides senior executives with the opportunity to earn incentives based on a percentage of fixed annual compensation.

The short-term incentive payable to executives is determined by the Board having regard to the performance of the company and the executive for the relevant year based on qualitative and/or quantitative factors including total shareholder return, return on average equity, return on investment and other business objectives. These factors were chosen as they focused on shareholder wealth and sustainable growth.

The cost of these incentives is deducted from the financial results before determining the performance rewards.

On an annual basis after completion of the audit of the group results the short-term incentives are approved by the Remuneration Committee.

Relationship between Remuneration Policies and Group Performance

The table at the top of page 11 set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2015. The Board is of the opinion that these results can be attributed, in part, to the remuneration policies and is satisfied with the overall trend in shareholder wealth over the past five years.

	2015	2014	2013	2012	2011
Total Revenue	85.3m	81.2m	67.7m	60.8m	50.6m
Net Profit after tax	5.7m	6.0m	4.5m	3.9m	2.5m
Share price year-end	$2.05	$2.30	$1.30	$0.995	$0.57
Dividends paid cents per share	34.0*	8.50	7.50	6.00	8.00*

*2015 include 25 cents per share special dividend and 2011 include 4 cents per share special dividend.

Employment contracts

All Supply Network Limited executives are employed under contracts with the following common terms and conditions

- No fixed terms.
- Either party may terminate the contract by giving 6 months notice in writing.
- The company may terminate the contract at any time without notice for Causes as defined.
- Termination benefits of 6 months remuneration are payable, in addition to 6 months notice, where the company terminates the contract for other than Causes as defined.

Individual contracts for key management personnel include:

- G D H Stewart – fixed compensation package of $377,562 from 1 July 2015 plus a short-term incentive of up to 33% of the package.
- P W Gill – fixed compensation package of $334,381 from 1 July 2015 plus a short-term incentive of up to 25% of the package.

Key Management Personnel

Details of key management personnel are as follows:

Directors

G J Forsyth	Chairman (non-executive)
P W McKenzie	Director (non-executive)
G D H Stewart	Managing Director (executive)
P W Gill	Finance Director and Company Secretary (executive)

Compensation of Key Management Personnel

Table 1: Compensation of Key Management Personnel for the year ended 30 June 2015

	Short Term			Other Long Term Benefits	Post Employment		Share Based Payment	Total	Total Performance Related
	Salary, Fees & Leave $	Bonus Payable $	Non Monetary $	Long Service Leave $	Super-annuation $	Retirement Benefits $	Options Granted $	$	%
Directors									
G J Forsyth	78,805	-	-	-	7,487	-	-	86,292	-
P W McKenzie	54,820	-	-	-	5,208	-	-	60,028	-
G D H Stewart	339,705	95,843	-	11,064	35,000	-	-	481,612	19.9
P W Gill	272,783	64,304	24,000	11,203	35,000	-	-	407,290	15.8
Total	746,113	160,147	24,000	22,267	82,695	-	-	1,035,222	15.50
Total	930,260			22,267	82,695		-	1,035,222	15.50

DIRECTORS' REPORT
CONTINUED

Table 2: Compensation of Key Management Personnel for the year ended 30 June 2014

	Short Term			Other Long Term Benefits	Post Employment		Share Based Payment	Total	Total Performance Related
	Salary, Fees & Leave	Bonus Payable	Non Monetary	Long Service Leave	Super-annuation	Retirement Benefits	Options Granted		
	$	$	$	$	$	$	$	$	%
Directors									
G J Forsyth	**74,515**	-	-	-	**6,893**	-	-	**81,408**	-
P W McKenzie	**51,835**	-	-	-	**4,795**	-	-	**56,630**	-
G D H Stewart	**321,773**	**113,022**	-	**10,101**	**25,000**	-	-	**469,896**	**24.1**
P W Gill	**254,807**	**75,830**	**24,000**	**10,282**	**25,000**	-	-	**389,919**	**19.4**
Total	**702,930**	**188,852**	**24,000**	**20,383**	**61,688**	-	-	**997,853**	**18.9**
Total	**915,782**			**20,383**	**61,688**		-	**997,853**	**18.9**

Rounding

The amounts contained in the directors' report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Auditors' Independence Declaration

A copy of the Auditors' Independence declaration for the year ended 30 June 2015 is set out on page 13.

Non-Audit Services

There were no non-audit services provided during the year to the entity by its auditors, HLB Mann Judd (NSW Partnership).

Signed in accordance with a resolution of directors.

G J Forsyth
Director
Sydney
19 August 2015

HLB Mann Judd
Accountants | Business and Financial Advisers

Auditor's Independence Declaration

To the Directors of Supply Network Limited

As lead auditor for the audit of the consolidated financial report of Supply Network Limited for the year ended 30 June 2015 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 audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Supply Network Limited and the entities it controlled during the year.

Sydney, NSW
19 August 2015

S Grivas
Partner

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 HLB International. A world-wide network of independent accounting firms and business advisers.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated	
		2015	**2014**
	Note	**$000**	**$000**
Revenue	3	**85,332**	81,216
Finance revenue	3	**45**	14
Other income		**16**	6
Changes in inventories of finished goods		**(48,376)**	(45,843)
Employee benefits expense		**(16,239)**	(15,289)
Depreciation and amortisation		**(821)**	(787)
Other expenses	3	**(11,517)**	(10,473)
Finance costs	3	**(295)**	(308)
Profit before income tax		**8,145**	8,536
Income tax expense	4	**(2,415)**	(2,536)
Profit after income tax		**5,730**	6,000
Profit attributable to members of the parent		**5,730**	6,000
Other comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Adjustment on translation of foreign controlled entity net of tax	16	**(415)**	480
Total other comprehensive income/(loss) after income tax		**(415)**	480
Total comprehensive income for the year attributable to members of the parent		**5,315**	6,480
Basic and diluted earnings per share (cents per share)	18	**16.16**	17.55
Dividends per share (cents per share)	17	**34.00**	8.50

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

BALANCE SHEET
AT 30 JUNE 2015

		Consolidated	
		2015	2014
	Note	$000	$000
ASSETS			
Current assets			
Cash and cash equivalents	5	**5,519**	159
Trade and other receivables	6	**9,827**	9,051
Inventories	7	**25,806**	27,817
Other current assets	8	**56**	103
Total current assets		**41,208**	37,130
Non-current assets			
Plant and equipment	9	**3,528**	2,863
Deferred tax assets	4	**1,727**	1,373
Total non-current assets		**5,255**	4,236
TOTAL ASSETS		**46,463**	41,366
LIABILITIES			
Current liabilities			
Trade and other payables	10	**13,161**	12,536
Interest bearing loans and borrowings	11	**384**	387
Income tax payable	12	**706**	889
Provisions	13	**1,307**	635
Derivatives	14	**3**	4
Total current liabilities		**15,561**	14,451
Non-current liabilities			
Interest bearing loans and borrowings	11	**3,540**	3,773
Provisions	13	**590**	1,073
Total non-current liabilities		**4,130**	4,846
TOTAL LIABILITIES		**19,691**	19,297
NET ASSETS		**26,772**	22,069
EQUITY			
Contributed equity	15	**21,075**	9,698
Reserves	16	**172**	587
Retained earnings		**5,525**	11,784
TOTAL EQUITY		**26,772**	22,069

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Contributed Equity $000	Exchange Translation Reserve $000	Retained Earnings $000	Total $000
Consolidated					
Balance at 1 July 2013		9,698	107	8,690	18,495
Total comprehensive income for the year		-	480	6,000	6,480
Transactions with owners in their capacity as owners					
Dividends provided for or paid	17	-	-	(2,906)	(2,906)
Balance at 30 June 2014		**9,698**	**587**	**11,784**	**22,069**
Total comprehensive income for the year		**-**	**(415)**	**5,730**	**5,315**
Transactions with owners in their capacity as owners					
Dividends provided for or paid	17	**-**	**-**	**(11,989)**	**(11,989)**
Contribution of equity net of transaction costs and tax	15	**11,377**	**-**	**-**	**11,377**
Balance at 30 June 2015		**21,075**	**172**	**5,525**	**26,772**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated	
		2015	2014
	Note	$000	$000
		Inflows / (Outflows)	
Cash flows from operating activities			
Receipts from customers		**93,659**	88,046
Payments to suppliers and employees		**(82,815)**	(84,092)
Interest received		**38**	14
Interest paid		**(299)**	(302)
Income tax paid		**(2,887)**	(2,656)
Net cash flows from (used in) operating activities	23(a)	**7,696**	1,010
Cash flows from investing activities			
Purchase of plant and equipment		**(1,476)**	(729)
Proceeds from sale of plant and equipment		**-**	11
Net cash flows from (used in) investing activities		**(1,476)**	(718)
Cash flows from financing activities			
Proceeds from borrowings		**176**	1,000
Repayment of borrowings		**(384)**	(206)
Proceeds from share issue		**11,342**	-
Dividends paid		**(11,989)**	(2,906)
Net cash flows from (used in) financing activities		**(855)**	(2,112)
Net increase (decrease) in cash and cash equivalents		**5,365**	(1,820)
Cash and cash equivalents at beginning of year		**159**	1,911
Exchange rate adjustment to balances held in foreign currencies		**(5)**	68
Cash and cash equivalents at end of year	5	**5,519**	159

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. Corporate information

The consolidated financial statements of Supply Network Limited (the company) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 19 August 2015.

Supply Network Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2. Summary of significant accounting policies

(a) Basis of accounting

These general-purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. These financial statements have also been prepared on a historical cost basis, except for selected financial assets and liabilities, which have been measured at fair value. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated, under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(b) Statement of compliance

The consolidated financial statements of Supply Network Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Supply Network Limited and the subsidiaries it controlled at the end of or during the financial year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements
In the process of applying the Group's accounting policies, management has not made any significant judgements, apart from those involving estimates.

(ii) Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets
The Group determines whether the carrying value of assets is impaired at least on an annual basis, where indicators exist. This requires an estimation of the recoverable amount of the cash generating units to which the assets are allocated.

Long service leave provision
The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through inflation have been taken into account.

Obsolete inventory provision
Provision is made for anticipated obsolete and redundant inventories. This requires an estimation to be made based on expected sales volumes and current inventory levels.

Make good provision
Provision is made for the anticipated costs of future restoration of leased premises. The provision includes future cost estimates to restore the premises to their original condition at the end of the lease terms. The future cost estimates are discounted to their present value.

(e) Foreign currency transactions

Both the functional and presentation currency of Supply Network Limited and its Australian subsidiaries are Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. These differences are included in other comprehensive income.

Subsidiary Company
The functional currency of the foreign operation, Multispares N.Z. Limited, is New Zealand dollars (NZ$).

As at the reporting date the assets and liabilities of the foreign subsidiary are translated into the presentation currency of Supply Network Limited at the exchange rate ruling at the balance sheet date and its profit or loss is translated at the weighted average exchange rate for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(f) Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written-off when identified.

(h) Inventories

Inventories including finished goods and stocks in transit are valued at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Finished Goods – weighted average cost into store.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Obsolete and redundant inventories are provided for as appropriate.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of an arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

There were no finance leases during the year.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

(j) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line over the estimated useful life of the asset as follows:

Plant and equipment	2-10 years

The assets' residual values, useful lives and amortisation methods are reviewed and if appropriate revised at each financial year-end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset was derecognised.

Capital works in progress are stated at cost and not depreciated until assets are in use.

(k) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at market value. None of the forward exchange contracts qualify for hedge accounting and all gains or losses arising from changes in the fair value are charged directly in profit or loss.

The fair value of forward exchange contracts is calculated by reference to current exchange rates for contracts with similar maturity profiles.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, non-interest bearing and are usually paid within 30-60 days of recognition.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is included in profit or loss net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

2. Summary of significant accounting policies *(continued)*

(m) Provisions *(continued)*

Provisions are measured at present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised in finance costs.

(n) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Post-employment benefits

Contributions are made to employee superannuation funds and are charged against profit or loss when incurred (refer note 22).

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(q) Interest bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(r) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(t) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(u) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance sheet date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The tax consolidated current tax expense and other deferred tax assets are required to be allocated to the members of the tax-consolidated group. The Group uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if the company is a stand-alone taxpayer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members of the tax-consolidated group has regard to the tax consolidated group's future tax profits.

(v) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- cost of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) New Accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 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 Group's financial statements. AASB 15 Revenue from Contracts with Customers is not operative until 1st January 2018, and the potential impacts have not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

		Consolidated 2015 $000	Consolidated 2014 $000
3.	**Revenues and expenses**		
	Revenue and expenses from continuing operations		
(a)	**Revenue**		
	Sale of goods	**85,332**	81,216
(b)	**Finance revenue**		
	Bank interest	**45**	14
(c)	**Other expenses**		
	Bad and doubtful debts – trade receivables	**(182)**	(122)
	Freight and cartage expenses	**(1,241)**	(1,278)
	Operating lease expense	**(3,290)**	(2,909)
	Other	**(6,804)**	(6,164)
		(11,517)	(10,473)
(d)	**Finance costs**		
	Bank loans and overdrafts	**(267)**	(280)
	Other finance costs	**(28)**	(28)
		(295)	(308)
4.	**Income tax**		
(a)	**Income tax expense**		
	The major components of income tax expense are:		
	Current income tax		
	Current income tax charge	**2,769**	2,775
	Deferred income tax		
	Relating to origination and reversal of temporary differences	**(354)**	(239)
	Income tax expense	**2,415**	2,536

	Consolidated 2015 $000	Consolidated 2014 $000
4. Income tax (continued)		
(b) Reconciliation of prima facie tax payable to income tax expense		
Profit before income tax	**8,145**	8,536
At the Group's income tax rate of 30% (2014:30%)	**2,444**	2,561
Effect of different tax rates of subsidiary	**(44)**	(38)
Other amounts which are not deductible (assessable) for income tax purposes	**15**	13
Income tax expense	**2,415**	2,536
(c) Deferred tax assets		
Depreciation differences	**333**	235
Doubtful debts	**63**	50
Employee benefits	**661**	599
Stock obsolescence	**444**	350
Other	**226**	139
	1,727	1,373

(d) Tax consolidation

Supply Network Limited and its wholly owned Australian entities elected to form a tax consolidated group from 1 July 2003. The accounting policy in relation to this legislation is set out in note 2(u).

The members of the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the directors, would limit the joint and several liabilities of the wholly-owned entities for future income taxes of the tax consolidated group in the case of a default by the head entity, Supply Network Limited. At balance date the possibility of default is remote.

For the current year the entities have decided to enter into a tax funding agreement under which the funding amounts are based on the amounts of current tax expense allocated to the subsidiary and recognised by it in accordance with the accounting policy. The funding amounts are recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised in the current inter-company receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	Consolidated	
	2015	**2014**
	$000	**$000**
5. Cash and cash equivalents		
Cash at bank and in hand	**5,519**	159
	5,519	159

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	Consolidated	
	2015	**2014**
	$000	**$000**
6. Trade and other receivables		
Current		
Trade receivables (i)	**9,984**	9,210
Allowance for impairment loss	**(213)**	(169)
	9,771	9,041
Other receivables	**56**	10
	9,827	9,051
Ageing of trade receivables not impaired		
Not overdue	**9,430**	8,701
61-90 days past due	**308**	326
91 days and above past due	**33**	14
	9,771	9,041
Ageing of trade receivables impaired		
Not overdue	**56**	22
61-90 days past due impaired	**51**	16
91 days and above past due	**106**	131
	213	169
Total trade receivables	**9,984**	9,210
Movements in allowance for impairment loss		
Opening balance	**169**	146
Additions during the year	**154**	63
Amounts written off during the year	**(109)**	(42)
Exchange difference	**(1)**	2
Closing balance	**213**	169

(i) Trade receivables are non-interest bearing and generally on 30 day terms. As at 30 June 2015 trade receivables of $341,000 (2014: $340,000) were past due and not impaired. These relate to independent customers for whom there is no recent history of default. An allowance for impairment loss is made when there is objective evidence that a trade receivable is impaired. The Group has retention of title clause over goods sold until payment is received. Refer note 11(ii) regarding security pledged.

(ii) Information regarding the effective interest rate and the credit risk of current receivables is disclosed in note 27.

	Consolidated	
	2015	**2014**
	$000	**$000**
7. Inventories		
Finished goods at lower of cost or net realisable value	**21,883**	23,894
Stock in transit - finished goods at cost	**3,923**	3,923
Total inventories at lower of cost and net realisable value	**25,806**	27,817
8. Other current assets		
Prepayments	**56**	103
9. Plant and equipment		
Plant and equipment at cost		
Opening balance	**7,553**	6,840
Additions	**819**	771
Capital works in progress	**721**	-
Disposals	**(266)**	(168)
Exchange difference	**(74)**	110
Closing balance	**8,753**	7,553
Accumulated depreciation		
Opening balance	**4,690**	4,021
Depreciation for the year	**821**	787
Disposals	**(250)**	(151)
Exchange difference	**(36)**	33
Closing balance	**5,225**	4,690
Total plant and equipment	**3,528**	2,863
10. Trade and other payables		
Trade payables and accruals	**13,161**	12,536

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	Consolidated	
	2015	2014
	$000	$000
11. Interest bearing loans and borrowings		
Current		
Bank loans - instalments due within 12 months (i)	**384**	387
	384	387
Non-current		
Bank loans (i)	**3,540**	3,773
	3,540	3,773
Total interest bearing loans and borrowings	**3,924**	4,160

(i) Bank loans comprises:

Fixed rate interest only loans of $2,871,000 (2014: $2,622,000), with interest rates of 5.5% to 7.7% (2014: 6:00% to 7.1%) maturing August 2016, January 2017 and October 2017 (2014: July 2015, August 2015, December 2016 and January 2017).

Variable rate principal and interest loan of $1,053,000 (2014: $1,538,000), with an interest rate of 4.1% (2014: 4.7% to 6.2%) maturing in June 2018 and March 2019 (2014: September 2015 and March 2019), repayable by quarterly instalments.

(ii) Bank loans and overdrafts are secured by fixed and floating charges over the assets of Supply Network Limited and controlled entities. Bank overdrafts have no specific term and are subject to annual review. Interest rates on overdrafts are variable and during the year the average interest rate was 8.7% (2014: 8.8%).

(iii) Bank loan agreements require certain financial ratios to be maintained

Australian loan agreement requires:

Consolidated borrowing base ratio as defined not to exceed 50% of eligible stock plus eligible debtors.

Consolidated debt to EBITDA does not exceed 2.5 to 1.

Consolidated EBITDA to interest expense ratio of not less than 2 to 1.

The Group complied with these ratios during the year.

	Consolidated	
	2015	**2014**
	$000	**$000**
12. Income tax payable		
Current year income tax payable	**706**	889

13. Provisions	**Long Service Leave $000**	**Lease make good $000**	**Total $000**
		Consolidated	
At 1 July 2014	**879**	**829**	**1,708**
Arising during the year	**111**	**63**	**174**
Utilised	**-**	**(22)**	**(22)**
Exchange difference	**-**	**(1)**	**(1)**
Discount rate adjustment	**8**	**30**	**38**
At 30 June 2015	**998**	**899**	**1,897**
Current 2015	**745**	**562**	**1,307**
Non-current 2015	**253**	**337**	**590**
	998	**899**	**1,897**
Current 2014	635	-	635
Non-current 2014	244	829	1,073
	879	829	1,708

Lease make good provision

In accordance with its lease agreements, the Group must restore the leased premises to their original condition at the end of the lease term. An equivalent liability is recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.* Lease make good due within 12 months shown as current.

	Consolidated	
	2015	**2014**
	$000	**$000**
14. Derivatives		
Current liabilities		
Net forward currency contracts	**3**	4

Instrument used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates for certain inventory purchases, undertaken in foreign currencies. The Group's policy is and has been throughout the period that no trading in financial instruments is undertaken (refer note 27(b)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	Consolidated 2015 $000	Consolidated 2014 $000
15. Contributed equity		
(a) Issued and paid up capital		
40,761,484 ordinary shares fully paid (2014: 34,187,229)	**21,075**	9,698

(b) Movements in ordinary shares on issue

	2015 Number of Shares	2015 $000	2014 Number of Shares	2014 $000
Balance at beginning of the year	**34,187,229**	**9,698**	34,187,229	9,698
Dividend reinvestment plan issue of ordinary shares	**6,574,255**	**11,459**	-	-
Transaction costs arising on share issues	**-**	**(117)**	-	-
Deferred tax credit recognised directly in equity	**-**	**35**	-	-
Balance at end of the year	**40,761,484**	**21,075**	34,187,229	9,698

(c) Share options

There were no outstanding options over ordinary shares on issue at 30 June 2015 and 30 June 2014.

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of surplus assets in proportion to the number of, and amounts paid up on, shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

16. Exchange translation reserve

The Exchange translation reserve is used to record exchange differences arising from the translation of the functional currency (NZ$) of the foreign subsidiary into the presentation currency (AUD$) of the consolidated financial statements (refer to Statement of Changes in Equity).

	Consolidated	
	2015	2014
	$000	$000
17. Dividends paid and proposed on ordinary shares		
(a) Dividends declared and paid during the year		
Current year special fully franked dividend (2015: 25.0 cents per share) (2014: 0.00 cents)	**8,884**	-
Current year interim fully franked dividend (2015: 4.00 cents per share) (2014: 4.00 cents)	**1,396**	1,368
Previous year final fully franked dividend (2014: 5.00 cents per share) (2013: 4.50 cents)	**1,709**	1,538
Total dividends paid	**11,989**	2,906
(b) Dividends proposed subsequent to 30 June and not recognised as a liability		
Current year final fully franked dividend (2015: 5.00 cents per share) (2014: 5.00 cents)	**2,038**	1,709
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2014: 30%)	**2,378**	5,235
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	**448**	658
	2,826	5,893
The amount of franking credits available for the future reporting periods:		
Impact of franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	**(874)**	(733)
	1,952	5,160

The tax rate at which paid dividends have been franked is 30% (2014: 30%).

Dividends proposed will be franked at the rate of 30%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

18. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There are no dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2015	**2014**
	$000	**$000**
Net profit attributable to ordinary equity holders of the parent	**5,730**	6,000
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	**35,448,573**	34,187,229
Basic and diluted earnings per share (cents per share)	**16.16**	17.55

	Consolidated	
	2015	**2014**
	$000	**$000**
19. Commitments		
(a) Operating lease commitments:		
not later than one year	**3,748**	2,789
later than one year and not later than five years	**9,691**	5,106
later than five years	**8,286**	1,222
	21,725	9,117

Operating leases have been entered into for motor vehicles, office equipment and property. Rental payments on motor vehicles and office equipment are fixed. Rental payments on property are generally fixed, but with inflation escalation clauses. No purchase option exists in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Operating lease commitments include two 15 year property leases for premises in Sydney western suburbs. The current Sydney distribution centre and sales branch will relocate to these premises in the first half of June 2016 financial year.

	Consolidated	
	2015	**2014**
	$000	**$000**
(b) Capital commitments:		
Significant capital expenditure contracted for but not recognised as liabilities as follows:		
Capital works in progress	**1,863**	-

	Consolidated	
	2015	**2014**
	$	**$**
20. Auditor's compensation		
Amounts received or due and receivable by HLB Mann Judd (NSW Partnership) for:		
An audit and review of a financial report of the consolidated group	**66,200**	64,900
Review of remuneration contracts	**-**	1,500
Amounts received or due and receivable by HLB Mann Judd Limited Auckland for:		
An audit of the financial report of a subsidiary	**16,550**	15,800
	82,750	82,200

21. Key management personnel

(a) Compensation of key management personnel

Details of key management personnel are as follows:

Directors

G J Forsyth	Chairman (non-executive)
P W McKenzie	Director (non-executive)
G D H Stewart	Managing Director (executive)
P W Gill	Finance Director and Company Secretary (executive)

The remuneration paid or payable to key management personnel of the Group was as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Short-term	**930,260**	915,782
Post-employment	**82,695**	61,688
Other long term benefits	**22,267**	20,383
	1,035,222	997,853

(b) Shares issued on exercise of compensation options

There were no shares issued as compensation or on exercise of compensation options during the years ended 30 June 2015 and 30 June 2014.

(c) Option holdings of key management personnel

There were no options held by key management personnel at 30 June 2015 or 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

21. Key management personnel (continued)

(d) Shareholdings of key management personnel in ordinary shares of Supply Network Limited

	Balance 1 July 2014	Options Exercised	Net Change Other	Balance 30 June 2015
	No.	No.	No.	No.
Directors				
G J Forsyth	**555,736**	**-**	**112,099**	**667,835**
P W McKenzie	**3,722,470**	**-**	**750,889**	**4,473,359**
G D H Stewart	**1,162,365**	**-**	**234,468**	**1,396,833**
P W Gill	**498,027**	**-**	**100,458**	**598,485**
	5,938,598	**-**	**1,197,914**	**7,136,512**

	Balance 1 July 2013	Options Exercised	Net Change Other	Balance 30 June 2014
	No.	No.	No.	No.
Directors				
G J Forsyth	555,736	-	-	555,736
P W McKenzie	3,683,936	-	38,534	3,722,470
G D H Stewart	1,162,365	-	-	1,162,365
P W Gill	498,027	-	-	498,027
	5,900,064	-	38,534	5,938,598

22. Employee entitlements

Superannuation commitments

The Group makes contributions to superannuation funds on behalf of Australian and participating New Zealand employees. The funds are accumulation funds and provide benefits to employees on retirement, death or disability.

Australian operating companies have a legal obligation to contribute 9.50% (2014: 9.25%) of the employees' ordinary earnings to the funds, with employees contributing various percentages of their gross salary.

The New Zealand operating company has a legal obligation to contribute 3% of participating employees' total earnings to KiwiSaver, with employees contributing various percentages of their gross salary.

	Consolidated	
	2015	2014
	$000	$000
23. Cash flow information		
(a) Reconciliation of net profit after tax to the net cash flows from operations		
Profit after income tax	**5,730**	6,000
Adjustments for non-cash income and expense items		
Loss on disposal of plant and equipment	**16**	7
Depreciation of plant and equipment	**821**	787
Transfers to provisions:		
Inventory obsolescence	**367**	357
Employee entitlements	**207**	301
Doubtful debts	**43**	23
Lease make good	**8**	1
Net exchange differences	**(399)**	390
Increase (decrease) in provision for:		
Income tax payable	**(183)**	128
Deferred taxes	**(319)**	(240)
Changes in assets and liabilities		
(Increase) decrease in:		
Trade and other receivables	**(820)**	(661)
Inventories	**1,644**	(7,197)
Other assets	**(961)**	303
(Decrease) increase in:		
Trade and other payables	**1,542**	811
Net cash flow from (used in) operating activities	**7,696**	1,010
(b) Financing facilities available:		
At reporting date the following facilities had been negotiated and were available:		
Total credit facilities	**5,819**	6,078
Facilities used at reporting date	**(3,924)**	(4,160)
Facilities unused at reporting date	**1,895**	1,918
The major facilities are summarised as follows:		
Bank overdrafts	**1,720**	1,732
Facilities used	**-**	-
Facilities unused at reporting date	**1,720**	1,732
Bank loans	**4,099**	4,346
Facilities used	**(3,924)**	(4,160)
Facilities unused at reporting date	**175**	186

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015	2014
	$000	$000
24. Parent entity information		
Current assets	**4,692**	-
Total assets	**26,066**	17,399
Current liabilities	**474**	683
Total liabilities	**474**	683
Shareholders equity:		
Issued capital	**21,075**	9,698
Retained earnings	**4,517**	7,018
	25,592	16,716
Profit for the year	**9,488**	4,897
Other comprehensive income	**-**	-
Total comprehensive income	**9,488**	4,897

25. Deed of Cross Guarantee

Supply Network Limited, Multispares Limited, Globac Limited and Supply Network Services Limited (Closed Group) have entered into a Deed of Cross Guarantee dated 5 June 1992 which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of the Class Order 98/1418 issued by the Australian Securities Commission, Multispares Limited, Globac Limited and Supply Network Services Limited are relieved from the requirement to prepare financial statements.

The Statement of Profit or Loss and Other Comprehensive Income and Balance Sheet of entities included in the class order "Closed Group" are set below.

	Closed Group	
	2015	2014
	$000	$000
Statement of Profit or Loss and Other Comprehensive Income		
Profit before income tax	**11,503**	7,023
Income tax expense	**(1,801)**	(1,986)
Profit after income tax	**9,702**	5,037
Net profit attributable to members of the parent	**9,702**	5,037
Other comprehensive income	**-**	-
Total comprehensive income	**9,702**	5,037
Retained Earnings		
Retained earnings at beginning of the year	**7,167**	5,036
Profit after income tax	**9,702**	5,037
Dividends provided for or paid	**(11,989)**	(2,906)
Retained earnings at end of the year	**4,880**	7,167

	Closed Group	
	2015	**2014**
	$000	**$000**
25. Deed of Cross Guarantee (continued)		
Balance Sheet		
ASSETS		
Current assets		
Cash and cash equivalents	**5,000**	54
Trade and other receivables	**7,896**	7,211
Inventories	**19,203**	21,695
Other current assets	**56**	83
Intercompany	**40**	34
Total current assets	**32,195**	29,077
Non-current assets		
Other financial assets	**6,031**	1,031
Plant and equipment	**2,805**	1,962
Deferred tax assets	**1,450**	1,144
Total non-current assets	**10,286**	4,137
TOTAL ASSETS	**42,481**	33,214
LIABILITIES		
Current liabilities		
Trade and other payables	**10,891**	10,373
Interest bearing loans and borrowings	**322**	322
Income tax payable	**448**	658
Provisions	**1,307**	635
Derivatives	**8**	7
Total current liabilities	**12,976**	11,995
Non-current liabilities		
Interest bearing loans and borrowings	**2,981**	3,303
Provisions	**569**	1,051
Total non-current liabilities	**3,550**	4,354
TOTAL LIABILITIES	**16,526**	16,349
NET ASSETS	**25,955**	16,865
EQUITY		
Contributed equity	**21,075**	9,698
Retained earnings	**4,880**	7,167
TOTAL EQUITY	**25,955**	16,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

26. Segment information

The Group operates predominantly 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.

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	$000	$000	$000	$000	$000	$000	$000	$000
Revenue								
Sales to customers outside the Group	**68,743**	66,725	**16,589**	14,491	**-**	-	**85,332**	81,216
Other income from outside the Group	**57**	10	**4**	10	**-**	-	**61**	20
Inter-segment revenues	**6,548**	1,422	**54**	87	**(6,602)**	(1,509)	**-**	-
Total segment revenues	**75,348**	68,157	**16,647**	14,588	**(6,602)**	(1,509)	**85,393**	81,236
Results								
Segment results	**11,503**	7,023	**2,190**	1,920	**(5,548)**	(407)	**8,145**	8,536
Profit before income tax and finance costs							**8,395**	8,830
Finance revenue							**45**	14
Finance costs							**(295)**	(308)
Profit before income tax							**8,145**	8,536
Income tax expense							**(2,415)**	(2,536)
Profit after income tax expense							**5,730**	6,000
Assets								
Segment assets	**42,481**	33,213	**10,160**	9,308	**(6,178)**	(1,155)	**46,463**	41,366
Liabilities								
Segment liabilities	**16,526**	16,349	**3,256**	3,021	**(91)**	(73)	**19,691**	19,297
Other segment information								
Additions to plant and equipment, intangible assets and other non-current assets	**1,485**	613	**55**	159	**-**	-	**1,540**	772
Depreciation	**626**	621	**195**	166	**-**	-	**821**	787
Other non-cash expenses	**630**	592	**199**	89	**-**	-	**829**	681

Segment accounting policies are the same as the Group's policies described in note 2.

During the year, 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.

27. Key economic risks

Financial risk management

The Group's principal financial instruments, other than derivatives, comprise cash, bank loans and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions, principally forward currency contracts, the purpose of which is to manage the currency risk arising from the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's operations are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group also has to manage its capital. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group is exposed to interest rate risk through financial assets and liabilities. The Group's main interest rate risk arises from long-term borrowings (refer note 11).

The following table summarises interest rate risk for the Group together with effective interest rates as at balance date.

Financial instruments - Contractual Maturities	Floating interest rate (i)	Fixed interest rate maturing: 1 year or less	Fixed interest rate maturing: 1 to 5 years	Fixed interest rate maturing: Over 5 years	Non-interest bearing	Total	Weighted average interest rate: Floating	Weighted average interest rate: Fixed
	$000	$000	$000	$000	$000	$000	%	%
Consolidated								
30 June 2015								
Financial assets								
Cash	**5,519**	**-**	**-**	**-**	**-**	**5,519**	**2.3**	**-**
Trade receivables	**-**	**-**	**-**	**-**	**9,984**	**9,984**	**-**	**-**
Forward currency contracts	**-**	**-**	**-**	**-**	**1,698**	**1,698**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**	**56**	**56**	**-**	**-**
	5,519	**-**	**-**	**-**	**11,738**	**17,257**		
Financial liabilities								
Trade and other payables	**-**	**-**	**-**	**-**	**13,161**	**13,161**	**-**	**-**
Bank loans and overdrafts	**1,053**	**384**	**2,487**	**-**	**-**	**3,924**	**5.3**	**6.5**
Forward currency contracts	**-**	**-**	**-**	**-**	**1,701**	**1,701**	**-**	**-**
	1,053	**384**	**2,487**	**-**	**14,862**	**18,786**		
Consolidated								
30 June 2014								
Financial assets								
Cash	159	-	-	-	-	159	-	-
Receivables	-	-	-	-	9,210	9,210	-	-
Forward currency contracts	-	-	-	-	691	691	-	-
Other debtors	-	-	-	-	10	10	-	-
	159	-	-	-	9,911	10,070		
Financial liabilities								
Payables	-	-	-	-	12,536	12,536	-	-
Bank loans and overdrafts	1,375	387	2,398	-	-	4,160	5.2	6.6
Forward currency contracts	-	-	-	-	695	695	-	-
	1,375	387	2,398	-	13,231	17,391		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

27. Key economic risks (continued)

(a) Interest rate risk (continued)

(i) Floating interest rates are the most recently determined rate applicable to the instrument at balance date. Floating rate liabilities and non-interest bearing liabilities have contractual maturities of between 1-4 years.

The Group uses a mix of fixed and variable rate debt.

Fixed interest rate debts are used for long term funding. Amounts and maturity dates of long term funding for interest rate repricing vary depending on the interest rates offered at date of maturity. At balance date maturity dates range from 1-3 years.

Variable rate facilities such as bank overdrafts are used for short term funding and are subject to annual renewal and market fluctuations in interest rates.

Surplus funds are invested with banks in short term call accounts and are subject to market fluctuations in interest rates.

Management have assessed the impact of any changes of effective interest rates and have determined there would be minimal effect on the Group's profit after income tax.

(b) Foreign exchange risk

The Group is exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies. To manage this risk the Group enters into forward exchange contracts to hedge certain purchases of inventory undertaken in foreign currencies. The terms of these commitments are not more than six months.

The following table summarises the forward currency contracts outstanding at balance date.

		Average exchange rate		Buy	Buy
Currency		**2015**	**2014**	**2015**	**2014**
				$000	**$000**
Euro currency	3 months or less	**0.69**	0.68	**1,042**	224
US dollar	3 months or less	**0.77**	0.93	**450**	33
Japanese yen	3 months or less	**95.68**	94.89	**173**	425
GB pounds	3 months or less	**0.50**	0.55	**25**	14
Swedish Kronen	3 months or less	**6.35**	-	**11**	-
Total				**1,701**	696

Management have assessed the impact of a material movement in the Australian dollar exchange rate on trade payables and have determined there would be minimal effect on the Group's profit after income tax.

The Group has an investment in a foreign subsidiary operation whose net assets are exposed to foreign currency translation risk. Currency exposure arising from this foreign operation is managed primarily through borrowings in that subsidiary's foreign currency.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises primarily from the financial assets of the Group, which comprises cash and cash equivalents and trade and other receivables.

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers from across the range of business segments in which the Group operates.

Credit risk in trade receivables is managed in the following ways:

- payment terms are cash or 30 days,
- a risk assessment process is used for customers trading outside agreed terms,
- all new accounts are reviewed for past credit performance.

An allowance for impairment loss is recognised when there is objective evidence that the Group will not be able to collect a trade receivable.

27. Key economic risks (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Liquidity is managed to ensure, as far as possible, that sufficient funds are available to meet liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate banking facilities and borrowing facilities by continuously monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities. See note 23(b) for additional undrawn facilities to the Group has available to further reduce liquidity risk.

(e) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which comprises the borrowings detailed in note 11, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital (note 15), reserves (note 16) and retained earnings.

The Board reviews the capital structure on a regular basis. As part of this review the cost of capital and the risks associated with each class of capital is considered. The Group balances its overall capital structure through the payment of dividends, operation of dividend reinvestment plan, new share issues, share buy-backs and additional borrowings.

	Consolidated	
	2015	**2014**
	$000	**$000**
28. Related party transactions		
(a) Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
Key management personnel of the group		
Sales to related parties	**301**	270
Amounts owed by related parties	**73**	46

(b) Mr P W McKenzie is Chief Executive officer of a family owned bus business that the group sells goods to on normal commercial terms and conditions.

(c) The names of each person holding the position of Director of Supply Network Limited during the last two financial years were G J Forsyth, P W McKenzie, G D H Stewart and P W Gill.

(d) Investments in controlled entities

	Country of Incorporation
Multispares N.Z. Limited	New Zealand
Multispares Limited	Australia
Globac Limited	Australia
Supply Network Services Ltd	Australia

The controlled entities were 100% owned for the years ended 30 June 2015 and 30 June 2014.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Supply Network Limited, I state that:

1. In the directors' opinion:
   (a) the financial statements and notes set out on pages 14 to 39 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 30 June 2015 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards 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.
   (c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 25 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 25.
2. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2015 required by section 295A of the *Corporations Act 2001*.
3. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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

On behalf of the Board

G J Forsyth
Director
Sydney
19 August 2015

INDEPENDENT AUDITOR'S REPORT

HLB Mann Judd

Accountants | Business and Financial Advisers

To the members of Supply Network Limited

Report on the Financial Report

We have audited the accompanying financial report of Supply Network Limited ("the company"), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

HLB Mann Judd

Independence

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

Opinion

In our opinion:

(a) the financial report of Supply Network Limited is in accordance with the *Corporations Act 2001, including*:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Supply Network Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of Supply Network Limited for the financial year ended 30 June 2015 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

S Grivas
Partner

Sydney, NSW
19 August 2015

ASX ADDITIONAL INFORMATION

a) Shareholdings

The number of shareholders by size of their holdings as at 19 August 2015 are:

			Shareholdings
1	to	1,000	82
1,001	to	5,000	206
5,001	to	10,000	85
10,001	to	100,000	138
100,001	to	and over	35
Total shareholders			546

b) The number of shareholders who hold less than a marketable parcel is 19.

c) All ordinary shares carry one vote per share.

d) The address of the Principal Registered Office in Australia is 151 Fairfield Road, Guildford NSW 2161.

e) The share registry is at Computershare Investor Services Pty Ltd Level 3, 60 Carrington Street, Sydney NSW 2000.

f) The company's auditors are HLB Mann Judd (NSW Partnership) 207 Kent Street Sydney NSW 2000.

g) The company's securities are listed on the Australian Securities Exchange.

h) The name of the Company Secretary is P W Gill.

i) Twenty largest shareholders

At 19 August 2015 the twenty largest shareholders were:

Name	Ordinary Shares Held	% of issued Ordinary Shares
Hergfor Enterprises Pty Ltd	12,561,895	30.8%
PW & LJ McKenzie Superannuation Fund	4,473,359	11.0%
Dixson Trust Pty Ltd	2,609,328	6.4%
Mr D J Woodcock	2,536,692	6.2%
Mrs J E Davies	2,211,638	5.4%
Kailva Pty Ltd	1,069,529	2.6%
Boboco Pty Ltd	955,947	2.3%
Keiser Investments Pty Ltd	937,722	2.3%
J P Morgan Nominees Australia Limited	760,391	1.9%
National Nominees Limited	693,025	1.7%
Odalisque Pty Ltd	626,635	1.5%
D & RJ McKenzie	573,347	1.4%
Mr Masashi Nakayama	482,875	1.2%
Sherkane Pty Ltd	450,000	1.1%
Mrs D G Stewart	440,886	1.1%
Trilon Nominees Pty Ltd	433,957	1.1%
Viewbar Pty Ltd	420,025	1.0%
Lingard Super Fund	380,618	0.9%
Ives Superannuation Fund	300,000	0.7%
Forest Coach Lines Retirement Pty Ltd	268,000	0.7%
	33,185,869	**81.4%**

The company's register of substantial shareholders at 19 August 2015 is:

Hergfor Enterprises Pty Ltd	12,561,895	30.8%
Mr D J Woodcock	4,748,330	11.6%
PW & LJ McKenzie Superannuation Fund	4,473,359	11.0%
Dixson Trust Pty Ltd	2,609,328	6.4%

FIVE YEARS CONSOLIDATED FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
	$000	$000	$000	$000	$000
Financial data:					
Sales revenue	85,332	81,216	67,679	60,767	50,501
Total revenue	85,393	81,236	67,748	60,856	50,568
EBITDA	9,336	9,617	7,331	6,539	4,222
EBIT	8,395	8,830	6,718	6,005	3,817
Profit (loss) before tax	8,145	8,536	6,480	5,681	3,617
Profit (loss) after tax	5,730	6,000	4,548	3,958	2,509
Earnings per share (cents)	16.16	17.55	13.30	11.58	7.82
Dividends (cents per share)	34.00	8.50	7.50	6.00	8.00
Total assets	46,463	41,366	35,347	30,952	28,083
Total interest bearing debt	3,924	4,160	3,311	2,881	2,937
Total equity	26,772	22,069	18,495	16,177	14,183
Cash flow from (used in) operating activities	7,696	1,010	3,381	2,133	3,117
Cash flow from (used in) investing activities	(1,476)	(718)	(1,622)	(615)	(811)
Cash flow from (used in) financing activities	(855)	(2,112)	(2,184)	(2,122)	(963)
Net movement in cash	5,365	(1,820)	(425)	(604)	1,343
Financial ratios:					
Inventory turnover (a)	2.1	2.2	2.4	2.6	2.1
Interest cover (b)	37.3	32.6	30.8	20.2	21.1
Gearing (c)	14.7%	18.8%	17.9%	17.8%	20.7%
Net tangible asset backing (cents per share)	65.7	64.6	54.1	47.3	41.5
Return on average total assets	13.0%	15.6%	13.7%	13.4%	9.7%
Return on average total equity	23.5%	29.6%	26.2%	26.1%	18.9%

(a) Inventory turnover (times) – cost of goods sold divided by average finished goods

(b) Interest cover (times) – EBITDA divided by interest

(c) Gearing – total interest bearing debt as a % of total equity

NETWORKING THE SUPPLY OF COMPONENTS TO THE ROAD TRANSPORT INDUSTRY

MULTISPARES LOCATIONS

AUSTRALIA

Parts Hotline **13 16 15**

Mackay Branch
Unit 4/70 Connors Road
Paget QLD 4740

Brisbane Branch
Unit 1/2642 Ipswich Road
Darra QLD 4076

Toowoomba Branch
Tenancy 2/20 Carrington Road
Toowoomba QLD 4076

Newcastle Branch
Unit 2/11 Kinta Drive
Beresfield NSW 2322

Sydney Branch
1 Turnbull Close
Pemulwuy NSW 2145

Smeaton Grange Branch
85 Hartley Road
Smeaton Grange NSW 2567

Illawarra Branch
Unit B/38 Industrial Road
Unanderra NSW 2526

Canberra Branch
Unit 1/68 Sheppard Street
Hume ACT 2620

Melbourne Branch
Cnr Fairbairn & Somerville Roads
Sunshine VIC 3020

Dandenong Branch
302 South Gippsland Highway
Dandenong VIC 3175

Adelaide Branch
193 Cormack Road
Wingfield SA 5013

Perth Branch
Unit 10/511 Abernethy Road
Kewdale WA 6105

Kwinana Branch
31 Beach Street
Kwinana Beach WA 6167

Administration
2 Turnbull Close
Pemulwuy NSW 2145

NEW ZEALAND

Parts Hotline **0800 404 100**

Auckland Branch
9 Vesty Drive
Mount Wellington

Wellington Branch
48-56 Seaview Road
Lower Hutt

Christchurch Branch
Unit 2/1 Edmonton Road
Hornby

Dunedin Branch
Unit 3/14 Teviot Street
Andersons Bay

Administration
48-56 Seaview Road
Lower Hutt

TRUCK & BUS PARTS

SUPPLY NETWORK LIMITED
151 Fairfield Road Guildford NSW 2161
PO Box 460 Fairfield NSW 2165
Telephone 02 9892 3888
Facsimile 02 9892 2399
www.supplynetwork.com.au