

SUPPLY NETWORK LIMITED

ABN 12 003 135 680
141 - 151 Fairfield Road
Guildford NSW 2161
PO Box 460
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Office: 61 2 9892 3888
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26 February 2004

The Manager
Companies Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir

RE: Half Yearly Report

The Directors are pleased to announce the results for the six months ended 31 December 2003, which have been subject to an Independent review, and full details are contained in the Appendix 4D attached. These results are as disclosed in our announcement dated 9 February 2004.

In comparison with the corresponding period last year, total revenues increased 6.3% to \$16.1m and net profit after tax increased 9.4% to \$477,000. This equates to 2.2 cents per share, which was slightly ahead of expectations.

During the period we refurbished our offices at Guildford in Sydney, relocated the Multispares outlet in Perth to the suburb of Kewdale and established Globac Limited in new premises. Both Australia and New Zealand produced results in line with expectations

Trading conditions remain generally unchanged since our market update at the November AGM. We continue to expect an 11% growth in after tax earnings over the full-year.

Directors have declared a fully franked interim dividend of 1(one) cent per share, payable on 16 March 2004 to shareholders registered on 01 March 2004.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Peter Gill', written in a cursive style.

Peter Gill
Company Secretary

Appendix 4D

Half Year Report

1. Details of reporting period

Name of entity	Supply Network Limited
ABN	12 003 135 680
Half year ended	31 December 2003
Previous corresponding period	31 December 2002

2. Results for announcement to the market

	2003 \$'000	2002 \$'000	% increase / (decrease) over corresponding period
Revenue from Ordinary activities	16,140	15,187	6.3%
Profit from ordinary activities after tax attributable to members	477	436	9.4%
Net profit attributable to members	477	436	9.4%
Dividends	Amount per Security	Franked amount per security	
Interim dividend -proposed	1.0 ¢	1.0 ¢	
Previous corresponding period	0.75 ¢	0.75 ¢	
Final dividend – June 2003 (paid 10 October 2003)	1.0 ¢	1.0 ¢	
Previous corresponding period	1.0 ¢	1.0 ¢	
Record date for determining entitlements to the dividends	1 March 2004		

Brief explanation of any of the figures reported above necessary to enable the figures to be understood.

Refer to ASX announcement correspondence attached.

3. Consolidated Statement of Financial Performance

See attached financial statements

4. Consolidated Statement of Financial Position

See attached financial statements

5. Consolidated Statement of Cash Flows

See attached financial statements

6. Dividends

The Directors have declared a fully franked (at 30%) interim dividend of 1.0 cents per share amounting to \$216,000 and payable on 16 March 2004 to eligible shareholders

A fully franked final dividend of 1.0 cents per share amounting to \$216,000 was paid on 10 October 2003.

Amount per security of foreign sourced dividend or distribution	nil
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7. Dividend Reinvestment Plans

No dividend reinvestment plans are in operation

8. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	37.2 €	34.9 €

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

Nil

10. Details of associate and joint venture entities

Nil

11. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer to ASX announcement correspondence attached and attached financial statements

12. Foreign entities

Not applicable

13. Statement in relation to accounts this report is based on

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

Signature



Date 26 February 2004

Name Peter Gill

Position Company Secretary

Supply Network Limited

A.B.N. 12 003 135 680

Half-Year Report 31 December 2003

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Supply Network Limited

Corporate Information

Directors

H R Forsyth (Chairman)
G D H Stewart (Managing Director)
H M O Anderson
G T Lingard

Company Secretary

P W Gill

Registered Office

151 Fairfield Road
Guildford NSW 2161

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Internet Address

www.supplynetwork.com.au

Auditors

Ernst & Young

Bankers

ANZ Banking Group Limited

Solicitors

Bartier Perry
Vpro Network Lawyers

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Enquiries (within Australia) 1300 855 080
Enquiries (outside Australia) 61 3 9611 5711
Facsimile 61 2 8234 5711

Stock Exchange Listing

Supply Network Limited (ASX code SNL) shares
are quoted on the Australian Stock Exchange

Supply Network Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2003.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

H R Forsyth (Chairman)

H M O Anderson

G T Lingard

G D H Stewart

Review and Results of Operations

The consolidated entity experienced a steady increase in both revenue and net profits during the half year.

Sales revenue for the half year increased by 6.4% over the same period last year and ongoing cost controls have ensured overheads remain within expected levels

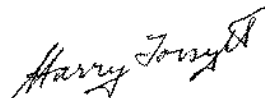
Net profit from ordinary activities of \$477,000 is an increase of \$41,000 (9.4%) over the corresponding period last year.

During the half-year the Multispares Perth branch was relocated to new premises in Kewdale and the existing Guildford premises were refurbished. Globac Limited was also relocated into separate premises.

Rounding

The amounts contained in this report and in the half-year 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 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of directors.



H R Forsyth

Director

Sydney, 26 February 2004

Supply Network Limited
Statement of Financial Performance

Half-year ended 31 December 2003	Notes	Consolidated	
		2003 \$000	2002 \$000
Revenues from ordinary activities	2	16,140	15,187
Expenses from ordinary activities	2	<u>(15,494)</u>	<u>(14,528)</u>
Profit from ordinary activities before income tax expense		646	659
Income tax expense relating to ordinary activities	3	<u>(169)</u>	<u>(223)</u>
Profit from ordinary activities after income tax expense		<u>477</u>	<u>436</u>
Net profit attributable to members of Supply Network Limited		<u>477</u>	<u>436</u>
Net exchange difference on translation of financial statements of foreign controlled entity		<u>1</u>	<u>75</u>
Total revenues, expenses and valuation adjustments attributable to members of Supply Network Limited and recognised directly in equity		<u>1</u>	<u>75</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>478</u>	<u>511</u>
Basic and diluted earnings per share (cents per share)		<u>2.21</u>	<u>2.10</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share		<u>21,549,364</u>	<u>20,699,396</u>

Supply Network Limited

Statement of Financial Position

Half-year ended 31 December 2003

	Consolidated	
	as at 31 December 2003 \$000	as at 30 June 2003 \$000
Current Assets		
Cash assets	887	438
Receivables	4,258	4,173
Inventories	9,551	9,301
Other	156	27
Total Current Assets	14,852	13,939
Non-Current Assets		
Property, plant and equipment	1,288	818
Deferred tax assets	663	586
Total Non-Current Assets	1,951	1,404
Total Assets	16,803	15,343
Current Liabilities		
Payables	5,520	4,249
Interest bearing liabilities	185	118
Current tax liabilities	212	360
Provisions	927	843
Total Current Liabilities	6,844	5,570
Non-Current Liabilities		
Interest bearing liabilities	1,725	1,775
Deferred tax liabilities	-	5
Provisions	191	229
Total Non-Current Liabilities	1,916	2,009
Total Liabilities	8,760	7,579
Net Assets	8,043	7,764
Equity		
Contributed equity	5,300	5,282
Reserves	(2)	(2)
Retained profits	2,745	2,484
Total Equity	8,043	7,764

Supply Network Limited

Statement of Cash Flows

Half-year ended 31 December 2003	Consolidated	
	2003 \$000	2002 \$000
Cash flows from operating activities		
Receipts from customers	17,764	16,565
Payments to suppliers and employees	(16,047)	(16,311)
Interest Received	7	3
Borrowing costs	(87)	(90)
Income taxes paid	(400)	(171)
Net cash flows from/(used in) operating activities	<u>1,237</u>	<u>(4)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(611)	(313)
Proceeds from sale of property, plant and equipment	3	-
Net cash flows used in investing activities	<u>(608)</u>	<u>(313)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	19	445
Proceeds from borrowings	272	149
Repayment of borrowings	(255)	(153)
Payment of dividend on ordinary shares	(216)	(195)
Net cash flows from/(used in) financing activities	<u>(180)</u>	<u>246</u>
Net increase/(decrease) in cash held	449	(71)
Add opening cash brought forward	<u>438</u>	<u>292</u>
Closing cash carried forward	<u>887</u>	<u>221</u>

Supply Network Limited

Notes to the Half-year Financial Statements

31 December 2003

1. Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year report should be read in conjunction with the Annual Financial Report of Supply Network Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Supply Network Limited and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with historical cost convention, and does not take into account changes in the general purchasing power of the dollar or, except where stated, the price of specific assets.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2003 annual report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Note 2. Profit from Ordinary Activities

Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

31 December 2003	Consolidated	
	2003 \$000	2002 \$000
Revenues from ordinary activities		
Revenue from sale of goods	16,127	15,159
Revenues from non-operating activities	13	28
Total revenues from ordinary activities	<u>16,140</u>	<u>15,187</u>
Expenses		
Cost of sales	9,945	9,484
Salaries & employee benefit expenses	2,936	2,677
Borrowing costs	92	94
Depreciation & amortisation expenses	142	155
Leasing expenses	638	537
Other expenses	1,742	1,581
Total expenses from ordinary activities	<u>15,494</u>	<u>14,528</u>

Supply Network Limited

Notes continued

31 December 2003	Consolidated	
	2003	2002
	\$000	\$000

Note 3. Income Tax

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

Profit from ordinary activities	646	659
Prima facie tax payable at 30%	194	198
Tax effect of permanent and other differences		
Other items not deductible	24	25
Over provided in prior year	(49)	0
Total income tax attributable to profit from ordinary activities	169	223
Total income tax expense comprises movements in:		
Current tax payable	252	207
Future income tax benefit	(75)	(11)
Provision for deferred income tax	(8)	27
	169	223

The company has yet to decide whether or not to elect under the consolidations regime, so any impact on the financial statements has not yet been determined. In the event that the company elects to form a tax consolidation group, there is not expected to be any adverse effect on recorded tax assets.

Note 4. Dividends paid or provided for on ordinary shares

Dividends paid during the half-year		
Fully franked final dividend	216	194
Dividends proposed and not recognised as a liability		
Fully franked interim dividend	216	161
	432	355

Note 5. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 6. Subsequent Events

No matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the consolidated entity, the result of those operations or the state of affairs of the consolidated entity.

Supply Network Limited

Notes continued

31 December 2003

Note 7. Segment Information

Business segments

The consolidated entity operates predominantly in one business segment being the provision of after market parts for the commercial vehicle market.

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue								
Sales to customers outside the consolidated entity	13,005	12,470	3,122	2,689	-	-	16,127	15,159
Other revenues from outside the consolidated entity	13	20	-	8	-	-	13	28
Intersegment revenues	909	722	2	-	(911)	(722)	-	-
Total segment revenues	<u>13,927</u>	<u>13,212</u>	<u>3,124</u>	<u>2,697</u>	<u>(911)</u>	<u>(722)</u>	<u>16,140</u>	<u>15,187</u>
Results								
Segment results	<u>394</u>	<u>478</u>	<u>264</u>	<u>214</u>	<u>(12)</u>	<u>(33)</u>	<u>646</u>	<u>659</u>
Consolidated entity profit from ordinary activities before income tax expense								
							646	659
Income tax expense								
							<u>(169)</u>	<u>(223)</u>
Consolidated entity profit from ordinary activities after income tax expense								
							<u>477</u>	<u>436</u>
Net profit								
							<u>477</u>	<u>436</u>
Assets								
Segment assets	<u>15,412</u>	<u>14,621</u>	<u>2,901</u>	<u>2,280</u>	<u>(1,510)</u>	<u>(1,408)</u>	<u>16,803</u>	<u>15,493</u>
Liabilities								
Segment liabilities	<u>7,725</u>	<u>7,155</u>	<u>1,441</u>	<u>1,130</u>	<u>(406)</u>	<u>(308)</u>	<u>8,760</u>	<u>7,977</u>
Other segment information								
Acquisition of property, plant and equipment, intangible assets and other non current assets								
	569	289	42	24	-	-	611	313
Depreciation								
	116	141	26	14	-	-	142	155
Non-cash expenses other than depreciation								
	138	89	29	20	-	-	167	109

Segment accounting policies are the same as the consolidated entity's policies. 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.

Supply Network Limited

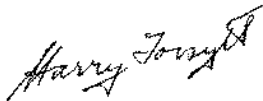
Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



H R Forsyth

Director

Sydney, 26 February 2004

Independent review report to members of Supply Network Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements and the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules for the consolidated entity comprising both Supply Network Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the half-year ended 31 December 2003, but excludes the Results for Announcement to the Market section.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*, and the ASX Listing Rules as they relate to Appendix 4D. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

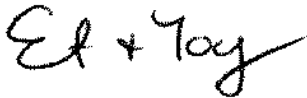
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section, of the consolidated entity Supply Network Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D.



Ernst & Young



Christopher George
Partner

Sydney
26 February 2004