



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

141 - 151 Fairfield Road Guildford NSW 2161

PO Box 460 Fairfield NSW 2165

Telephone: 61 2 9892 3888 Fax: 61 2 9892 2399

3 December 2009

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

Dear Sir

Re: Special Dividend and Trading Update

Please find attached a copy of correspondence sent to shareholders.

Yours faithfully

Peter Gill
Company Secretary



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

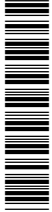
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1st December 2009

000001 000 SNL
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Dear Shareholder

Special Dividend

Supply Network Limited (SNL) is pleased to announce the declaration of a **4.0 cents per share fully franked Special Dividend** with a record date of 11 December 2009 to be paid on the 22 December 2009.

The Supply Network Dividend Reinvestment Plan (DRP) will operate in respect of this Special Dividend. Subject to the rules of the DRP shares will be issued at a discount of 5% to the volume weighted average market price (on an ex-dividend basis) of shares traded during the five trading days immediately preceding and inclusive of the Record Date. The DRP will be partially (50%) underwritten, by Taylor Collison Limited, with the issue price capped at 34 cents per share for shareholders and the underwriter.

Directors encourage all shareholders to consider participating in this DRP. The DRP provides eligible shareholders with the opportunity to reinvest all or part of their dividend entitlements in additional SNL shares, free of any transaction costs.

Participation in the DRP is voluntary and eligible shareholders (shareholders with registered addresses in Australia and New Zealand only) may participate in respect of all or part of their shareholdings in SNL. If you choose not to participate in the DRP you will receive your dividends in cash.

If you wish to participate in the DRP or vary your instructions, you must complete and lodge the attached election form with the Share Registry or you may register online at <http://www.investorcentre.com/au>.

Completed election forms and online registrations must be received by the Share Registry no later than 5pm (Sydney time) on the Record Date of 11 December 2009.

Further details regarding the DRP can be found at <http://www.supplynetwork.com.au/shareholder.html>.

Trading Update

Please refer to attached copy of the Chairman's Address delivered at the recent Annual General Meeting.

Yours faithfully

Peter Gill
Company Secretary



Chairman's Address 2009 AGM

Welcome to the 2009 Supply Network Annual General Meeting.

I am pleased to advise shareholders that over the first four months of this financial year Supply Network has performed consistently and generally in line with our forecasts.

Based on management accounts for the year-to-date at the end of October, Group sales revenue has increased 7% and EBIT is down 5% when compared with the same period last year. The reduction in EBIT is a result of lower gross margin and increased expenditure on business development activities.

In our Annual Report we forecast a small decline in gross margin "as we emerge from the effects of dramatic decline then partial recovery of the Australian and New Zealand currencies". As at the end of October our average gross margin was down 1% and we expect a similar result over the remainder of this financial year.

Despite the downturn in truck activity and the resulting difficult market conditions, your Directors have pushed ahead with business expansion projects that will significantly strengthen our position over the long term. In our Annual Report we flagged a "transition to a new computer and communications infrastructure". This project, scheduled to be completed in December 2009, will lay a platform for better operating performance in our branch network and low cost E-commerce transactions with major fleet customers.

Our new Illawarra branch is now in its third month of operation. Customer support has been excellent and local business has already increased significantly. Our branch network is a crucial part of our service structure for customers and further investment in this network remains an important consideration in strategic planning.

These types of investment projects are critical elements of our long-term plan for profit growth but in the short term they increase operating costs.

This financial year EBIT is expected to be around \$2.2 million or 10% below last year. Although your Directors would like to see profits improve every year, in the context of the work being undertaken by management we will regard this as a good result for shareholders. Your company will emerge from its current investment strategy stronger and ready to support future growth.

At this time last year there was much uncertainty about the impact of global financial crisis on business activity and profitability. We also faced a substantial increase in gross inventory value had the Australian and New Zealand currencies remained at the bottom of their dramatic devaluing cycle. Although new lines of credit to cover worst case scenarios were secured through our long term banking partner, under these circumstances your Directors thought it prudent to suspend the payment of a Special Dividend.

Today our circumstances are quite different. Supply Network maintained profitability throughout the downturn and gross inventory value peaked well below worst-case scenarios. As a result our debt to equity ratio remains relatively unchanged at just over 30% and our cash flow from operations is now positive.

In view of this Directors are pleased to announce the payment to shareholders of a 4 cent per share fully franked Special Dividend with a record date of 11 December 2009 to be paid on 22 December 2009.

The Supply Network Dividend Reinvestment Plan will operate in respect of this Special Dividend. Subject to the rules of the DRP shares will be issued at a discount of 5% to the volume weighted average market price (on an ex-dividend basis) of shares traded during the five trading days immediately preceding and inclusive of the Record Date. The DRP will be partially (50%) underwritten, by Taylor Collison Limited, with the issue price capped at 34 cents per share for shareholders and the underwriter. Directors encourage all shareholders to consider participating in this DRP.



The Board would like to thank staff for their efforts to maintain business growth through recent turbulent times. Our strong and consistent results reflect well on the character and depth of staff across all business units. The Board also reminds staff and shareholders of the need for constant process improvement and reinvestment in stock and services to ensure we continue to grow in the intensely competitive markets we supply.

Finally, I take this opportunity to announce to shareholders my intention to retire as Chairman and as a Director of Supply Network at some stage during the second half of this financial year. I have served on your Board for 13 years, the last four as Chairman. Over that time I have had the privilege of participating in the transformation of your company into a progressive, sales-oriented, successful business with strong roots in its industry and broad customer respect.

In my time as Chairman I have overseen the restructure of your Board and I will leave this company in very capable hands. I have commenced discussions with other Directors on the timing of my departure to ensure a smooth transition to my replacement. Shareholders will be advised of decisions as they are made.

The Board thanks shareholders for their continuing support and we look forward to delivering growth in revenue, profitability and dividends over future years.

Garry Lingard
Chairman