



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

1 Turnbull Close Pemulwuy NSW 2145

PO Box 3405 Wetherill Park NSW 2164

Telephone: 61 2 8624 8077

20 February 2019

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

Dear Sir

Re: Appendix 4D and Half Year Report 31 December 2018

The Directors are pleased to announce the results for the six months ended 31 December 2018 the details of which are included in the attached Appendix 4D and Half Year Report.

The half year results have been subject to an Independent Review and are in line with our announcement 23 January 2019.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Peter Gill', written over a light blue circular stamp.

Peter Gill
Company Secretary

Appendix 4D

Half Year Report

Period ending 31 December 2018

| | |
|-----------------------|------------------------|
| Name of entity | Supply Network Limited |
| ABN | 12 003 135 680 |

1. Details of reporting period

| | |
|--------------------------------------|------------------|
| Half year ended | 31 December 2018 |
| Previous corresponding period | 31 December 2017 |

2. Results for announcement to the market

| | | | | \$'000 |
|--|----|----------------------------|---------------|------------------------------------|
| Revenue from ordinary activities | up | 10.9% | to | 60,031 |
| Profit from ordinary activities after income tax | up | 8.0% | to | 4,120 |
| Net profit for the period attributable to members | up | 8.0% | to | 4,120 |
| Dividends | | Amount per Security | | Franked amount per security |
| Interim dividend to be paid 4 April 2019 | | 6.00¢ | | 6.00¢ |
| Record date for determining entitlements to dividend | | | 21 March 2019 | |
| Final dividend (2018) paid 28 September 2018 | | 8.00¢ | | 8.00¢ |
| Brief explanation of any of the figures reported above | | | | |
| Please refer to Directors' Report on page 2 of the half-year financial report attached | | | | |

3. Net tangible asset backing

| | Current Period | Previous corresponding period |
|---|-----------------------|--------------------------------------|
| Net tangible asset backing per ordinary security | 88.4¢ | 80.0¢ |

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

| |
|-----|
| Nil |
|-----|

5. Details of Dividends

Refer to attached half year financial report

6. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plan did not operate during the period and will not operate in respect of the interim dividend payable 4 April 2019

7. Details of associate and joint venture entities

Nil

8. Foreign Entities

Not applicable

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

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

This half-year report should be read in conjunction with the 2018 Annual Report.

Signature



| | |
|-----------------|--------------------------|
| Date | 20 February 2019 |
| Name | Peter Gill |
| Position | Company Secretary |

Supply Network Limited

A.B.N. 12 003 135 680

Half-Year Financial Report 31 December 2018

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Supply Network Limited

Corporate Information

Directors

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

Company Secretary

P W Gill

Registered Office

1 Turnbull Close
Pemulwuy NSW 2145

Telephone 02 8624 8077

Email 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 Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Enquiries (within Australia) 1300 850 505
Enquiries (outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2500

Stock Exchange Listing

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

Supply Network Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2018.

Directors

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

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

Review of Operations

Group sales revenue for the half-year was \$60.0m, which is an increase of 10.9% when compared to the same period last year.

Sales revenue in the Australian operation increased by 11.5% and in the New Zealand operation increased by 7.4% in NZ\$ terms.

Earnings before interest and tax for the half-year were \$6.0m, an increase of 8.4% on the same period last year.

Profit after income tax for the half-year was \$4.1m, an increase of 8.0% on the same period last year.

Earnings per share for the half-year were 10.11 cents compared to 9.36 cents for the same period last year.

During the half-year we commenced operations at our new Branch and Distribution Centre in Hamilton, New Zealand and commenced construction of a new Branch in Christchurch. The Group also continued to invest in stock to improve service levels and support growth objectives.

Primarily as a result of investments in stock, Group cash flows from operating activities were \$860k compared to \$3.1m for the same period last year.

There were additional long-term borrowings drawn during the half-year of \$2.9m. Gearing at the end of the half-year is 18.1% (June 2018:11.6%).

Net assets of the group are \$36.0m (June 2018: \$34.8m) and net tangible asset backing is 88.4 cents per share (June 2018: 85.4 cents).

The Directors have declared a fully franked interim dividend of 6.0 cents per share payable on 4 April 2019 to shareholders registered on 21 March 2019.

The Dividend Reinvestment Plan will not operate in respect of the interim dividend.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Supply Network Limited

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under the Section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of directors.

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

G J Forsyth

Director

Sydney

20 February 2019

Auditor's Independence Declaration

As lead auditor for the review of the consolidated financial report of Supply Network Limited for the half-year ended 31 December 2018 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Supply Network Limited and the entities it controlled during the period.

Sydney, NSW
20 February 2019



D K Swindells
Partner

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

Level 19, 207 Kent Street Sydney NSW 2000 Australia

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HLB Mann Judd (NSW Partnership) is a member of HLB International, the global advisory and accounting network.

Supply Network Limited

Statement of Profit or Loss and Other Comprehensive Income

| for the half-year ended 31 December 2018 | Note | Consolidated 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 |
|---|------|---------------------------------------|-----------------------|
| Revenue | 3 | 60,017 | 54,098 |
| Finance revenue | 3 | 6 | 12 |
| Other income | | 8 | 8 |
| Changes in inventories of finished goods | | (35,129) | (31,513) |
| Employee benefits expense | | (11,136) | (10,214) |
| Depreciation and amortisation | | (696) | (546) |
| Other expenses | 3 | (7,033) | (6,269) |
| Finance costs | | (150) | (127) |
| Profit before income tax | | 5,887 | 5,449 |
| Income tax expense | | (1,767) | (1,634) |
| Profit after income tax | | 4,120 | 3,815 |
| Profit attributable to members of the parent | | 4,120 | 3,815 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Adjustment on translation of foreign controlled entity net of tax | | 375 | (431) |
| Total other comprehensive income / (loss) after income tax | | 375 | (431) |
| Total comprehensive income for the half-year attributable to members of the parent | | 4,495 | 3,384 |
| Basic and diluted earnings per share (cents per share) | | 10.11 | 9.36 |

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

Supply Network Limited

Balance Sheet

at 31 December 2018

| | Note | Consolidated | |
|---------------------------------------|------|-----------------------|-----------------------|
| | | 31 Dec 2018 \$'000 | 30 Jun 2018 \$'000 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 1,065 | 2,401 |
| Trade and other receivables | | 11,574 | 12,936 |
| Inventories | | 40,734 | 34,265 |
| Other current assets | | 428 | 172 |
| Derivatives | | 26 | 16 |
| Total current assets | | 53,827 | 49,790 |
| Non-current assets | | | |
| Property plant and equipment | | 8,123 | 7,180 |
| Deferred tax assets | | 2,322 | 2,456 |
| Total non-current assets | | 10,445 | 9,636 |
| TOTAL ASSETS | | 64,272 | 59,426 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 19,591 | 17,490 |
| Interest bearing loans and borrowings | | 622 | 907 |
| Income tax payable | | 37 | 1,025 |
| Provisions | | 878 | 914 |
| Total current liabilities | | 21,128 | 20,336 |
| Non-current liabilities | | | |
| Interest bearing loans and borrowings | | 5,911 | 3,146 |
| Provisions | | 1,203 | 1,148 |
| Total non-current liabilities | | 7,114 | 4,294 |
| TOTAL LIABILITIES | | 28,242 | 24,630 |
| NET ASSETS | | 36,030 | 34,796 |
| EQUITY | | | |
| Contributed equity | 6 | 21,075 | 21,075 |
| Reserves | | 805 | 430 |
| Retained earnings | | 14,150 | 13,291 |
| TOTAL EQUITY | | 36,030 | 34,796 |

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

Supply Network Limited

Statement of Changes in Equity

for the half-year ended 31 December 2018

| | Contributed Equity \$'000 | Exchange Translation Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|---------------------------------|--|--------------------------------|-----------------|
| Consolidated | | | | |
| Balance at 30 June 2018 | 21,075 | 430 | 13,291 | 34,796 |
| Total comprehensive income for the half-year | - | 375 | 4,120 | 4,495 |
| | 21,075 | 805 | 17,411 | 39,291 |
| Transactions with owners in their capacity as owners | | | | |
| Dividends provided for or paid (refer Note 4) | - | - | (3,261) | (3,261) |
| Balance at 31 December 2018 | 21,075 | 805 | 14,150 | 36,030 |
| Balance at 30 June 2017 | 21,075 | 779 | 9,599 | 31,453 |
| Total comprehensive income for the half-year | - | (431) | 3,815 | 3,384 |
| | 21,075 | 348 | 13,414 | 34,837 |
| Transactions with owners in their capacity as owners | | | | |
| Dividends provided for or paid (refer Note 4) | - | - | (2,242) | (2,242) |
| Balance at 31 December 2017 | 21,075 | 348 | 11,172 | 32,595 |

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

Supply Network Limited

Statement of Cash Flows

for the half-year ended 31 December 2018

Note

Consolidated

31 Dec 2018
\$'000

31 Dec 2017
\$'000

Cash flows from operating activities

| | | |
|--|----------|----------|
| Receipts from customers | 68,397 | 60,734 |
| Payments to suppliers and employees | (64,769) | (55,585) |
| Interest received | 6 | 11 |
| Interest paid | (142) | (107) |
| Income tax paid | (2,632) | (1,917) |
| Net cash flows from (used in) operating activities | 860 | 3,136 |

Cash flows from investing activities

| | | |
|--|---------|---------|
| Purchase of property, plant and equipment | (1,419) | (1,271) |
| Proceeds from sale of plant and equipment | 1 | - |
| Net cash flows from (used in) investing activities | (1,418) | (1,271) |

Cash flows from financing activities

| | | |
|--|---------|---------|
| Proceeds from borrowings | 2,820 | - |
| Repayment of borrowings | (197) | (198) |
| Dividends paid | (3,261) | (2,242) |
| Net cash flows from (used in) financing activities | (638) | (2,440) |

| | | |
|--|--------------|--------------|
| Net increase (decrease) in cash and cash equivalents | (1,196) | (575) |
| Cash and cash equivalents at beginning of the half-year | 5 1,773 | 3,223 |
| Exchange rate adjustments to balances held in foreign currencies | 37 | (63) |
| Cash and cash equivalents at the end of the half-year | 5 614 | 2,585 |

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

Supply Network Limited

Notes to the Financial Statements

for the half-year ended 31 December 2018

1. Corporate Information

The consolidated financial report of Supply Network Limited ("the company") and its controlled entities (collectively "the Group") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 20 February 2019.

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

The principal activity of the Group during the period was the provision of after-market parts for the commercial vehicle market.

2. Summary of significant accounting policies

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

The half-year report should be read in conjunction with the annual report for the year ended 30 June 2018. It is also recommended that the half-year report be considered together with any public announcements made by Supply Network Limited during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(a) Basis of preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, except for the policies stated below.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Supply Network Limited and its subsidiaries as at 31 December 2018. The exchange differences arising on the translation of the financial statements of a foreign subsidiary are taken directly to a separate component of equity.

(d) New, revised or amending Accounting Standards and Interpretations adopted

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The main new Accounting Standards and Interpretations that became effective during the current reporting period are as follows:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018 which replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard introduced new classification and measurement models for financial assets.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2018

(d) New, revised or amending Accounting Standards and Interpretations adopted (continued)

The Group's financial instruments include cash and cash equivalents, trade and other receivables and trade and other payables. The Group does not apply hedge accounting. On initial application of AASB 9, the Group determined that its financial assets and liabilities continue to be measured at amortised cost and the Group has applied the simplified approach to measuring expected credit losses of its trade and other receivables. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies relating to financial instruments or a material impact on the financial performance or position of the Group. Comparatives were not required to be restated and no differences were required to be recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

From 1 July 2018 the Group has adopted AASB 15 which replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue related Interpretations. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue.

Since the 1 July 2018, the Group recognises revenue as follows, which has not changed from prior periods:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest 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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

The adoption of AASB 15 has not had any effect on the financial performance or position of the Group. No adjustment was required to be recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 15.

Other amending Accounting Standards and interpretations

Several other amending Accounting Standards and Interpretations apply for the first time for the reporting period commencing 1 July 2018. These other amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the interim financial report.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2018

(e) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The Director's assessment of the impact of these new standards and interpretations (to the extent relevant to the Group) is set out below.

Australian Accounting Standard AASB 16: *Leases* will apply to the Group for the first time for the year ending 30 June 2020. This Standard will change how the Group accounts for its current operating leases. All such leases (other than leases with lease terms for 1 year or less and leases of low value items, i.e. for around \$10,000 or less) will be brought onto the Balance Sheet by the recognition of a "Right-of-Use" asset, together with a liability for the present value of the lease payments for the life of the lease.

The future recognition of lease expenses will change, with more expenses recognised in the early periods of a lease, and less in later periods, as there will be a change from the straight-line expense currently recognised to front-ended finance charges. There will also be a change in lease expense classification from recognising operating expenses to recognising financing costs and amortisation.

The Group is reviewing all of its leasing arrangements in light of the new lease accounting rules in AASB 16.

The Group has not calculated the financial impact of these changes at 31 December 2018. The Directors anticipate that the impact of AASB 16 will be determined prior to the release of the Group's financial statements for the year ending 30 June 2019.

There are no other Standards that have been issued that are not yet effective and that are expected to have a material impact on financial reports of the Group in the current or future reporting periods.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2018

Consolidated

| | 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 |
|---|-----------------------|-----------------------|
| 3. Revenue and expenses | | |
| (a) Revenue and expenses from operating activities | | |
| (i) Revenue | | |
| Sale of goods | 60,017 | 54,098 |
| (ii) Finance revenue | | |
| Interest received | 6 | 12 |
| (iii) Other expenses | | |
| Bad and doubtful debts – trade receivables | 63 | 86 |
| Freight and cartage expenses | 777 | 748 |
| Operating lease expenses | 2,594 | 2,268 |
| Other expenses | 3,599 | 3,167 |
| | 7,033 | 6,269 |

(b) Seasonality of operations

The group's operations are not subject to any seasonal or cyclical factors.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2018

| | Consolidated | |
|--|--------------|--------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$'000 | \$'000 |
| <hr/> | | |
| 4. Dividends paid and proposed on ordinary shares | | |
| (a) Dividends declared and paid during the half-year | | |
| Final fully franked dividend 2018 (8.00 cents per share) (2017: 5.50 cents per share) | 3,261 | 2,242 |
| | <hr/> | |
| (b) Dividends proposed subsequent to 31 December 2018 and not recognised as a liability | | |
| Interim fully franked dividend 2019 (6.00 cents per share) (2018: 5.50 cents per share) | 2,446 | 2,242 |
| | <hr/> | |
| | Consolidated | |
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| <hr/> | | |
| 5. Cash and cash equivalents | | |
| For the purpose of the statement of cash flows, cash and cash equivalents comprises: | | |
| Cash at bank and in hand | 1,065 | 2,401 |
| Bank trade facility (included in interest bearing loans and borrowings) | (451) | (628) |
| | <hr/> | |
| | 614 | 1,773 |
| | <hr/> | |
| 6. Contributed equity | | |
| Issued and paid up capital | | |
| 40,761,484 ordinary shares fully paid (June 18: 40,761,484) | 21,075 | 21,075 |
| | <hr/> | |

Supply Network Limited

Notes to the Financial Statements (continued)

For the half-year ended 31 December 2018

7. Segment information

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

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

| | Australia | | New Zealand | | Eliminations | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 | 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 | 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 | 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 |
| Revenue | | | | | | | | |
| Sales to customers outside the group | 48,704 | 43,668 | 11,313 | 10,430 | - | - | 60,017 | 54,098 |
| Other revenues outside the group | 5 | 14 | 9 | 6 | - | - | 14 | 20 |
| Inter-segment revenues | 2,002 | 1,406 | 3 | 248 | (2,005) | (1,654) | - | - |
| Total segment revenues | 50,711 | 45,088 | 11,325 | 10,684 | (2,005) | (1,654) | 60,031 | 54,118 |
| Results | | | | | | | | |
| Segment results | 5,999 | 4,924 | 1,110 | 1,342 | (1,222) | (817) | 5,887 | 5,449 |
| Profit before income tax and finance costs | | | | | | | 6,031 | 5,564 |
| Finance revenue | | | | | | | 6 | 12 |
| Finance costs | | | | | | | (150) | (127) |
| Profit before income tax | | | | | | | 5,887 | 5,449 |
| Income tax expense | | | | | | | (1,767) | (1,634) |
| Profit after income tax | | | | | | | 4,120 | 3,815 |

Segment accounting policies are the same as the Group's policies.

During the period, there were no changes in segment accounting policies that had a material effect on the segment information.

The sale of goods between segments is at cost of the item plus a commercial margin.

Revenue is attributed to geographical areas based on location of the assets producing the revenues.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2018

8. Related party disclosures

The following table provides the total sales to and amounts owing by related parties for the half-year ended 31 December 2018 and 2017:

| Related Party | | Sales to | Amounts owed |
|--|------|-----------------|--------------------|
| | | related parties | by related parties |
| | | \$'000 | \$'000 |
| Key management personnel of the Group: | | | |
| Other directors' interests | 2018 | 213 | 73 |
| | 2017 | 206 | 63 |

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

9. Events after the balance sheet date

Other than the interim dividend declared as noted in Note 4 (b), no other matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group.

10. Changes in composition of Group

There have been no changes in the composition of the Group since the financial year ended 30 June 2018.

Supply Network Limited

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards (including AASB 134 *Interim Financial Reporting*) and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G J Forsyth
Director
Sydney
20 February 2019

Auditor's Review Report

To the members of Supply Network Limited:

We have reviewed the accompanying half-year financial report of Supply Network Limited ("the company") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Supply Network Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants

Sydney, NSW
20 February 2019



D K Swindells
Partner