



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

1 Turnbull Close Pemulwuy NSW 2145

PO Box 3405 Wetherill Park NSW 2164

Telephone: 02 8624 8077

ASX Release

26 February 2021

Appendix 4D and Half Year Report 31 December 2020.

The Directors are pleased to announce the results for the six months ended 31 December 2020 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 29 January 2021.

Authorised by the Board of Supply Network Limited

Robert Coleman

Chief Financial Officer

Telephone: + 61 2 8624 8077

Appendix 4D

Half Year Report

Period ending 31 December 2020

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Half year ended	31 December 2020
Previous corresponding period	31 December 2019

2. Results for announcement to the market

				\$'000
Revenue from ordinary activities	up	15.4%	to	78,426
Profit from ordinary activities after income tax	up	38.4%	to	6,090
Net profit for the period attributable to members	up	38.4%	to	6,090
Dividends		Amount per Security		Franked amount per security
Interim dividend to be paid 8 April 2021		8.00¢		8.00¢
Record date for determining entitlements to dividend			25 March 2021	
Final dividend (2020) paid 1 October 2020		9.00¢		9.00¢
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	110.0¢	98.4¢

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 8 April 2021

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 2020 Annual Report.

Signature

Date 26 February 2021
Name Robert Coleman
Position Chief Financial Officer

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

Half-Year Financial Report 31 December 2020

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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 3, 60 Carrington Street
Sydney NSW 2000

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

Stock Exchange Listing

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

Supply Network Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2020.

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 \$78.4m, which is an increase of 15.4% when compared to the same period last year.

Sales revenue in the Australian operation increased by 15.3% and in the New Zealand operation increased by 15.4% in NZ\$ terms.

Earnings before interest and tax for the half-year was \$9.4m, an increase of 30.6% on the same period last year.

Profit after income tax for the half-year was \$6.1m an increase of 38.4% on the same period last year.

Basic earnings per share for the half-year was 14.91 cents compared to 10.80 cents for the same period last year.

First half profitability benefited from no major network expansion. During the second half of the financial year we expect to commence operations at our third site in Sydney and our new site in Townsville.

As at 31 December 2020, the net assets of the group were \$44.9m.

The financial position of the group remains strong. Group cash flows from operating activities were \$7.8m compared to \$4.5m for the same period last year.

There were additional long-term borrowings drawn during the half-year of \$0.9m. Gearing (excluding lease liabilities) at the end of the half-year is 20.8% (June 2020: 22.7%).

The Directors have declared a fully franked interim dividend of 8.0 cents per share payable on 8 April 2021 to shareholders registered on 25 March 2021.

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.



G J Forsyth
Director
Sydney
26 February 2021

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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 2020, 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
26 February 2021



S Grivas
Partner

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Supply Network Limited

Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2020

Note

Consolidated

		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue	3	78,414	67,976
Finance revenue	3	1	2
Other income		11	3
Changes in inventories of finished goods		(46,064)	(39,633)
Employee benefits expense		(14,318)	(13,036)
Depreciation and amortisation		(3,001)	(2,812)
Other expenses	3	(5,630)	(5,292)
Finance costs		(746)	(912)
Profit before income tax		8,667	6,296
Income tax expense		(2,577)	(1,896)
Profit after income tax		6,090	4,400
Profit attributable to members of the parent		6,090	4,400
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		49	72
Total other comprehensive income after income tax		49	72
Total comprehensive income for the half-year attributable to members of the parent		6,139	4,472
Basic earnings per share (cents per share)		14.91	10.80
Diluted earnings per share (cents per share)		14.91	10.79

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

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Supply Network Limited

Balance Sheet

at 31 December 2020

	Note	Consolidated	
		31 Dec 2020	30 Jun 2020
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	3,173	1,635
Trade and other receivables		15,400	14,892
Inventories		49,770	47,269
Other current assets		917	144
Total current assets		69,260	63,940
Non-current assets			
Property, plant and equipment		8,566	8,888
Right of use assets		30,509	31,154
Deferred tax assets		2,811	2,599
Total non-current assets		41,886	42,641
TOTAL ASSETS		111,146	106,581
LIABILITIES			
Current liabilities			
Trade and other payables		21,712	19,549
Interest bearing loans and borrowings		455	1,438
Income tax payable		875	777
Provisions		1,019	936
Lease liabilities		3,852	3,599
Derivatives		19	3
Total current liabilities		27,932	26,302
Non-current liabilities			
Interest bearing loans and borrowings		8,904	8,152
Provisions		365	349
Lease liabilities		29,034	29,453
Total non-current liabilities		38,303	37,954
TOTAL LIABILITIES		66,235	64,256
NET ASSETS		44,911	42,325
EQUITY			
Contributed equity	6	21,365	21,075
Reserves		633	762
Retained earnings		22,913	20,488
TOTAL EQUITY		44,911	42,325

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 2020

	Note	Contributed Equity \$000	Share based payment Reserve \$000	Exchange Translation Reserve \$000	Retained Earnings \$000	Total \$000
Consolidated						
Balance at 30 June 2020		21,075	178	584	20,488	42,325
Total comprehensive income for the half-year		-	-	49	6,090	6,139
		21,075	178	633	26,578	48,464
Transactions with owners in their capacity as owners						
Share based payments		290	(178)	-	4	116
Dividends provided for or paid	4	-	-	-	(3,669)	(3,669)
Balance at 31 December 2020		21,365	-	633	22,913	44,911
Balance at 30 June 2019		21,075	44	866	16,274	38,259
Adjustment for change in accounting policy		-	-	-	780	780
Total comprehensive income for the half-year		-	-	72	4,400	4,472
		21,075	44	938	21,454	43,511
Transactions with owners in their capacity as owners						
Share based payments		-	68	-	-	68
Dividends provided for or paid	4	-	-	-	(3,464)	(3,464)
Balance at 31 December 2019		21,075	112	938	17,990	40,115

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 2020

	Note	Consolidated	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities			
Receipts from customers		85,131	72,037
Payments to suppliers and employees		(73,941)	(64,555)
Interest received		1	2
Interest paid		(96)	(238)
Interest paid lease liabilities		(579)	(654)
Income tax paid		(2,703)	(2,052)
Net cash flows from (used in) operating activities		7,813	4,540
Cash flows from investing activities			
Purchase of property, plant and equipment		(520)	(1,402)
Proceeds from sale of property, plant and equipment		27	-
Net cash flows from (used in) investing activities		(493)	(1,402)
Cash flows from financing activities			
Proceeds from borrowings		938	1,000
Repayment of borrowings		(213)	(183)
Repayment of lease liabilities		(1,872)	(1,612)
Dividends paid		(3,669)	(3,464)
Net cash flows from (used in) financing activities		(4,816)	(4,259)
Net increase (decrease) in cash and cash equivalents		2,504	(1,121)
Cash and cash equivalents at beginning of the half-year	5	602	241
Cash and cash equivalents at the end of the half-year	5	3,106	(880)

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 2020

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 2020 was authorised for issue in accordance with a resolution of the directors on 26 February 2021.

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 2020. 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 2020 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) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Supply Network Limited and its subsidiaries as at 31 December 2020. The exchange differences arising on the translation of the financial statements of a foreign subsidiary are taken directly to a separate component of equity.

(c) 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 2020. The Group has considered the implications of new and amended Accounting Standards and determined that their application to the financial statements is either not relevant or not material.

Supply Network Limited

Notes to the Financial Statements (continued)

for the half-year ended 31 December 2020

Consolidated

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
3. Revenue and expenses		
(a) Revenue and expenses from operating activities		
(i) Revenue		
<i>Revenue from contracts with customers</i>		
Sale of goods	78,414	67,976
(ii) Finance revenue		
Interest received	1	2
(iii) Other expenses		
Credit losses – trade receivables	-	85
Freight and cartage expenses	936	845
Lease expenses	478	436
Impairment loss on property lease	57	-
Other expenses	4,159	3,926
	5,630	5,292

(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 2020

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
4. Dividends paid and proposed on ordinary shares		
(a) Dividends declared and paid during the half-year		
Final fully franked dividend 2020 (9.00 cents per share) (2019: 8.5 cents per share)	3,669	3,464
(b) Dividends proposed subsequent to 31 December 2020 and not recognized as a liability		
Interim fully franked dividend 2020 (8.00 cents per share) (2019: 6.50 cents per share)	3,267	2,649
	Consolidated	
	31 Dec 2020 \$'000	30 June 2020 \$'000
5. Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprises:		
Cash at bank and in hand	3,173	1,635
Bank overdraft and trade facility - included in interest bearing loans and borrowings	(67)	(1,033)
	3,106	602
6. Contributed equity		
Issued and paid up capital		
40,833,697 ordinary shares fully paid (June 20: 40,761,484)	21,365	21,075

Supply Network Limited

Notes to the Financial Statements (continued)

For the half-year ended 31 December 2020

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 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue								
Sales to customers outside the group	63,453	54,913	14,961	13,063	-	-	78,414	67,976
Other revenues outside the group	1	3	11	2	-	-	12	5
Inter-segment revenues	1,568	2,030	3	4	(1,571)	(2,034)	-	-
Total segment revenues	65,022	56,946	14,975	13,069	(1,571)	(2,034)	78,426	67,981
Results								
Segment results	7,762	6,299	1,655	1,203	(750)	(1,206)	8,667	6,296
Profit before income tax and finance costs							9,412	7,206
Finance revenue							1	2
Finance costs							(746)	(912)
Profit before income tax							8,667	6,296
Income tax expense							(2,577)	(1,896)
Profit after income tax							6,090	4,400

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 2020

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 2020 and 2019:

Related Party	Sales to related parties		Amounts owed by related parties	
	2020	2019	\$'000	\$'000
Key management personnel of the Group:				
Other directors' interests	2020	2019	589	262
			388	124

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 2020.

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 2020 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
26 February 2021

Independent Auditor's Review Report to the Members of Supply Network Limited:

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Supply Network Limited ("the company"), which comprises the consolidated balance sheet as at 31 December 2020, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, 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.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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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.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
26 February 2021**



**S Grivas
Partner**

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