



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

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29 March 2004

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

Dear Sir

RE: Shareholder Update 31 December 2003

Please find attached a copy of Supply Network Limited Shareholder Update 31 December 2003 which is being sent to shareholders.

Yours faithfully

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

Peter Gill
Company Secretary

Supply Network Limited
Statement of Financial Performance
Half-year ended 31 December 2003

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

Supply Network Limited
Statement of Financial Position
Half-year ended 31 December 2003

	Consolidated	
	December	June
	2003	2003
	\$000	\$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	2002
	\$000	\$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	1,237	(4)
Cash flows from investing activities		
Payments for property, plant and equipment	(611)	(313)
Proceeds from sale of property, plant and equipment	3	-
Net cash flows used in investing activities	(608)	(313)
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	(180)	246
Net increase (decrease) in cash held	449	(71)
Add opening cash brought forward	438	292
Closing cash carried forward	887	221

24th March 2004

Dear Shareholder

I am pleased to provide you with an update on our Half-Year results to 31 December 2003 which has been advised to the ASX.

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.

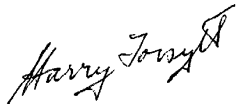
During the period we refurbished our offices at Guildford in Sydney, relocated the Multispares outlet in Perth to the suburb of Kewdale and established Globac Limited in new premises. Both Australia and New Zealand produced results in line with expectations.

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.

An interim dividend of one cent per share fully franked has been declared, payable on 16 March 2004 to shareholders registered on 01 March 2004.

A summary of the financial data from our announcement to the Australian Stock Exchange is presented overleaf for your information. The details and any future announcements will be available on our website at www.supplynetwork.com.au.

In closing I would like to extend a warm welcome to all new shareholders and to all shareholders we hope to reward your continuing support in the Company.



Harry Forsyth



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Shareholder Update

31 December 2003