



SUPPLY NETWORK LIMITED

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1 November 2005

The Manager
Companies Announcement Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Trading Update

The rapid increase in the cost of diesel fuel over the first quarter of this financial year has negatively affected sections of our customer base. As a consequence there has been a slow down in repair and maintenance activity and we have been experiencing lower than forecast sales in all business units. Sales are down 1% when compared with the previous corresponding period.

Given the early stage in the lifecycle of a number of significant investments including two new branches in Multispares Australia, capacity expansions in New Zealand and the decision to start Daconti this slow down will have a material effect on our profitability in the first half of this financial year.

Directors advise that net profit based on management accounts for the first quarter was 0.8 cents per share.

In recent weeks there has been some improvement in the short-term outlook. Furthermore we continue to expect good results in the second half of this year and a return to growth next financial year as investments begin to generate positive returns.

Directors also advise that improvements to stock management practices are progressing well and we have had a positive cashflow from operations over the first four months.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Gill', written over a white background.

Peter Gill
Company Secretary