



**SUPPLY NETWORK LIMITED**

ABN 12 003 135 680

141 - 151 Fairfield Road Guildford NSW 2161

PO Box 460 Fairfield NSW 2165

Telephone: 02 9892 3888 Facsimile: 02 9892 2399

29 February 2008

The Manager  
Companies Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
**SYDNEY NSW 2000**

Dear Sir

**Re: Half Year Report**

The Directors are pleased to announce the results for the six months ended 31 December 2007, which have been subject to an Independent review, and full details are contained in the Appendix 4D and Half Year Report which are attached.

The half-year result is in line with our announcement 8 February 2008.

Yours faithfully

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

**Peter Gill**  
Company Secretary

# Appendix 4D

## Half Year Report

### 1. Details of reporting period

<b>Name of entity</b>	Supply Network Limited
<b>ABN</b>	12 003 135 680
<b>Half year ended</b>	31 December 2007
<b>Previous corresponding period</b>	31 December 2006

### 2. Results for announcement to the market

	<b>2007 \$'000</b>	<b>2006 \$'000</b>	<b>% increase / (decrease) over corresponding period</b>
<b>Revenue</b>	19,216	17,288	11.2%
<b>Profit after income tax</b>	665	113	488.5%
<b>Profit attributable to members of the parent</b>	665	113	488.5%

### 3. Dividends

	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Interim dividend</b>	1.00 ¢	1.00¢
<b>Previous corresponding period</b>	nil	nil
<b>Final dividend-June 2007</b>	1.00 ¢	1.00 ¢
<b>Previous corresponding period</b>	1.00 ¢	1.00 ¢
<b>Record date for determining entitlements to interim dividend</b>	14 March 2008	
<p>The Directors have declared a fully franked interim dividend of 1.00 cent per share (requiring \$249,000) payable on 4 April 2008 to shareholders registered on 14 March 2008.</p> <p>Fully franked final dividend of 1.00 cents per share (requiring \$221,000) was paid on 22 September 2007.</p>		
<b>Amount per security of foreign sourced dividend or distribution</b>	Nil	

### 4. Brief explanation of any of the figures reported above necessary to enable the figures to be understood.

Refer to Directors' Report on page 3 of the half-year financial report attached.

## 5. Dividend Reinvestment Plans

The Supply Network Limited Dividend Reinvestment Plan was established in November 2007 and operated in respect of the special dividend of 4.0 cents per share paid on the 8 February 2008. After payment of the special dividend the Directors resolved to suspend the operation of the plan.

## 6. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	40.6 ¢	41.6 ¢

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

Nil

## 8. Details of associate and joint venture entities

Nil

## 9. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer attached half-year financial report

## 10. Statement in relation to accounts this report is based on

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

The financial report is all the half-year information provided to the Australian Stock Exchange under listing rule 4.2A. The report also satisfies the half-year reporting requirements of the Corporations Act 2001.

**The half-year financial report should be read in conjunction with the 2007 Annual Report.**

## Signature

**Date**            **29 February 2008**  
**Name**           **Peter Gill**  
**Position**       **Company Secretary**

# Supply Network Limited

A.B.N. 12 003 135 680

## Half-Year Report 31 December 2007

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# Supply Network Limited

## Corporate Information

### Directors

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

### Company Secretary

P W Gill

### Registered Office

151 Fairfield Road  
Guildford NSW 2161

Telephone 02 9892 3888  
Facsimile 02 9892 2399  
E-mail admin@supplynetwork.com.au

### Internet Address

[www.supplynetwork.com.au](http://www.supplynetwork.com.au)

### Auditors

HLB Mann Judd

### 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 855 080  
Enquiries (outside Australia) 61 3 9415 4000  
Facsimile 61 2 8234 5050

### Stock Exchange Listing

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

# Supply Network Limited

## Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

### 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 T Lingard (Chairman)  
G D H Stewart (Managing Director)  
G J Forsyth  
P W McKenzie

### Review and Results of Operations

Profit for the period is \$665,000, which is a significant increase (\$552,000) when compared with the same period last year.

Consolidated sales revenue for the first half was \$19.2m, which is an increase of 11.1% when compared to the same period last year.

Sales revenue in the Australian operation increased by 11.0%, which included 9.3% growth in the Multispares division and 47.3% growth in the Globac division. This continues Globac's strong growth over the 2007 financial year.

Sales revenue in the Multispares New Zealand operation increased by 6.9% measured in NZ\$ terms, which excludes the impact of exchange rate fluctuations. When measured in Australian dollar terms New Zealand sales revenue increased by 8.0%.

The group has continued to develop and expand its full supply concept to major fleets with a number of new implementations commenced or planned during this financial year.

Product and market strategies continue to deliver solid growth in key market segments. Ongoing cost controls have kept overheads within expected levels.

Inventory management strategies have held stock levels at similar levels to June 2007 resulting in positive cash flows from operating activities over the first half of the financial year. There were no additional long term borrowings or facilities during the period and gearing remains at similar levels to the financial year ended June 2007.

During the period a Dividend Reinvestment Plan (DRP) was established and the Directors declared a fully franked special dividend of 4 cents per share payable in February 2008. The DRP will operate in respect of the special dividend and any shortfall will be partially underwritten. This will minimise the impact of the special dividend on cash flows in the second half of the financial year.

The directors have declared a fully franked interim dividend of 1.0 cent per share payable on 4 April 2008.

### 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.

### 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 Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of directors.

**G T Lingard**  
**Director**  
Sydney, 29 February 2008



Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

### To the Directors of Supply Network Limited:

As lead auditor for the review of Supply Network Limited for the half-year ended 31 December 2007 I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of 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.

**D K Swindells**  
Partner

**Sydney**  
**29 February 2008**

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

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HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide organisation of accounting firms and business advisers.

# Supply Network Limited

## Income Statement

for the half-year ended 31 December 2007

	Note	Consolidated	
		31 Dec 2007	31 Dec 2006
		\$'000	\$'000
<b>Revenue</b>	3	19,189	17,272
Finance revenue	3	23	3
Other income		4	13
Changes in inventories of finished goods		(11,631)	(10,715)
Employee benefits expenses		(3,417)	(3,261)
Depreciation and amortisation		(202)	(240)
Other expenses	3	(2,855)	(2,751)
Finance costs		(152)	(149)
<b>Profit before income tax</b>		959	172
Income tax expense		(294)	(59)
<b>Profit for the period</b>		665	113
<b>Profit attributable to members of the parent</b>		<b>665</b>	<b>113</b>
Basic earnings per share (cents)		3.01	0.51
Diluted earnings per share (cents)		3.01	0.51

# Supply Network Limited

## Balance Sheet

at 31 December 2007

	Note	Consolidated	
		31 Dec 2007	30 Jun 2007
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,719	763
Trade and other receivables		4,569	4,299
Inventories		12,449	12,123
Other current assets		189	47
<b>Total current assets</b>		<b>18,926</b>	<b>17,232</b>
<b>Non-current assets</b>			
Property, plant and equipment		948	1,136
Deferred tax assets		752	708
<b>Total non-current assets</b>		<b>1,700</b>	<b>1,844</b>
<b>TOTAL ASSETS</b>		<b>20,626</b>	<b>19,076</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		5,904	5,486
Interest bearing loans and borrowings		186	135
Income tax payable		292	78
Provisions		1,821	407
Derivatives		4	13
<b>Total current liabilities</b>		<b>8,207</b>	<b>6,119</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings		3,075	3,143
Provisions		356	320
<b>Total non-current liabilities</b>		<b>3,431</b>	<b>3,463</b>
<b>TOTAL LIABILITIES</b>		<b>11,638</b>	<b>9,582</b>
<b>NET ASSETS</b>		<b>8,988</b>	<b>9,494</b>
<b>EQUITY</b>			
Contributed Equity	6	5,397	5,398
Reserves		(22)	42
Retained earnings		3,613	4,054
<b>TOTAL EQUITY</b>		<b>8,988</b>	<b>9,494</b>

# Supply Network Limited

## Statement of Changes in Equity

for the half-year ended 31 December 2007

<b>Consolidated</b>	<b>Attributable to equity holders of the parent</b>			
	<b>Issued Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Reserves \$'000</b>	<b>Total Equity \$'000</b>
<b>At 1 July 2007</b>	<b>5,398</b>	<b>4,054</b>	<b>42</b>	<b>9,494</b>
Total income and expense recognised directly in equity:				
- Currency translation differences	-	-	(64)	(64)
Profit for the period	-	665	-	665
Share buy back during the period	(1)	-	-	(1)
Dividends paid or provided for	-	(1,106)	-	(1,106)
<b>At 31 December 2007</b>	<b>5,397</b>	<b>3,613</b>	<b>(22)</b>	<b>8,988</b>

<b>Consolidated</b>	<b>Attributable to equity holders of the parent</b>			
	<b>Issued Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Reserves \$'000</b>	<b>Total Equity \$'000</b>
<b>At 1 July 2006</b>	<b>5,398</b>	<b>3,909</b>	<b>(145)</b>	<b>9,162</b>
Total income and expense recognised directly in equity:				
- Currency translation differences	-	-	153	153
Profit for the period	-	113	-	113
Dividends paid or provided for	-	(222)	-	(222)
<b>At 31 December 2006</b>	<b>5,398</b>	<b>3,800</b>	<b>8</b>	<b>9,206</b>

# Supply Network Limited

## Cash Flow Statement

for the half-year ended 31 December 2007

Note

Consolidated  
31 Dec 2007      31 Dec 2006  
\$'000              \$'000

### Cash flows from operating activities

Receipts from customers	20,856	19,398
Payments to suppliers and employees	(19,395)	(18,688)
Interest received	18	3
Interest paid	(142)	(150)
Income taxes paid	(128)	(941)
<b>Net cash flows from/(used in) operating activities</b>	<b>1,209</b>	<b>(378)</b>

### Cash flows from investing activities

Proceeds from sales of property, plant and equipment	11	-
Purchase of property, plant and equipment	(35)	(67)
<b>Net cash flows from/(used in) investing activities</b>	<b>(24)</b>	<b>(67)</b>

### Cash flows from financing activities

Share buy back payments	(1)	-
Proceeds from borrowings	190	196
Repayment of borrowings	(171)	(172)
Dividends paid on ordinary shares	(221)	(222)
<b>Net cash flow from/(used in) financing activities</b>	<b>(203)</b>	<b>(198)</b>

Net increase/(decrease) in cash and cash equivalents	982	(643)
Net foreign exchange differences	(2)	12
Cash and cash equivalents at beginning of period	739	816
<b>Cash and cash equivalents at end of period</b>	<b>1,719</b>	<b>185</b>

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# Supply Network Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2007

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### 1. Corporate Information

The financial report of Supply Network Limited (the Company) for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 29 February 2008. Supply Network Limited is a company incorporated in Australia and limited by shares, which are traded on the Australian Stock Exchange (ASX code SNL).

The principal activity of the consolidated entity during the period was the provision of after market parts to the commercial vehicle industry.

### 2. Basis of preparation of the half-year financial report

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 consolidated entity as the full financial report.

The half-year report should be read in conjunction with the annual report for the year ended 30 June 2007 and be considered together with any public announcements made by Supply Network Limited during the half-year ended 31 December 2007 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 2007.

#### (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 2007. The exchange differences arising on the translation are taken directly to a separate component of equity.

# Supply Network Limited

## Notes to the Financial Statements (continued)

for the half-year ended 31 December 2007

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	Consolidated	
	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
<b>3. Revenue and expenses</b>		
<b>(a) Revenue and expenses from operating activities</b>		
<b>(i) Revenue</b>		
Sale of goods	19,189	17,272
<b>(ii) Finance revenue</b>		
Interest received	23	3
<b>(iii) Other expenses</b>		
Bad and doubtful debts – trade receivables	25	9
Freight and cartage expenses	375	400
Insurance expense	125	140
Operating lease expenses	859	835
Utility expenses	147	153
Other expenses	1,324	1,214
	<u>2,855</u>	<u>2,751</u>

### **(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 2007

	Consolidated	
	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
<b>4. Dividends paid and proposed on ordinary shares</b>		
<b>(a) Dividends paid during the half-year</b>		
Final fully franked dividend for the financial year 30 June 2007: 1.00 cent per share (2006: 1.00 cent)	221	222
<b>(b) Dividends declared during the half-year and recognised as a liability</b>		
Special fully franked dividend for the year 31 December 2007: 4.00 cents per share (2006: nil) payable 8 February 2008	885	-
<b>(c) Dividends declared subsequent to 31 December 2007 and not recognised as a liability</b>		
Interim fully franked dividend for the financial year 30 June 2008: 1.00 cent per share (2007: nil) payable 4 April 2008	249	-
<b>5. Cash and cash equivalents</b>		
For the purpose of the cash flow statement, cash and cash equivalents comprises the following at 31 December:		
Cash at bank and on hand	518	712
Short-term deposits	1,201	51
	1,719	763

	Consolidated	
	31 Dec 2007	30 Jun 2007
	\$'000	\$'000
<b>6. Contributed Equity</b>		
<b>(a) Issued and paid up capital</b>		
22,122,345 ordinary shares fully paid (June 2007: 22,126,345)	5,397	5,398
<b>(b) Movements in ordinary shares on issue</b>		
During the half-year 4,000 ordinary fully paid shares were acquired as part of an on market buy back, and cancelled.		

# Supply Network Limited

## Notes to the Financial Statements (continued)

for the half-year ended 31 December 2007

### 7. Segment information

#### Business segments

The consolidated entity operates predominantly in one business segment being the provision of after market parts for the commercial vehicle market.

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	31 Dec 2007 \$'000	31 Dec 2006 \$'000	31 Dec 2007 \$'000	31 Dec 2006 \$'000	31 Dec 2007 \$'000	31 Dec 2006 \$'000	31 Dec 2007 \$'000	31 Dec 2006 \$'000
<b>Revenue</b>								
Sales to customers outside the consolidated entity	16,170	14,535	3,019	2,737	-	-	19,189	17,272
Other revenues outside the consolidated entity	24	14	3	2	-	-	27	16
Intersegment revenues	557	543	2	61	(559)	(604)	-	-
Total segment revenues	<u>16,751</u>	<u>15,092</u>	<u>3,024</u>	<u>2,800</u>	<u>(559)</u>	<u>(604)</u>	<u>19,216</u>	<u>17,288</u>
<b>Results</b>								
Segment results	950	236	11	(55)	(2)	(9)	959	172
Profit before income tax							959	172
Income tax expense							(294)	(59)
Profit for the period							<u>665</u>	<u>113</u>
<b>Assets</b>								
Segment Assets	<u>18,467</u>	<u>16,936</u>	<u>3,497</u>	<u>3,498</u>	<u>(1,338)</u>	<u>(1,358)</u>	<u>20,626</u>	<u>19,076</u>
<b>Liabilities</b>								
Segment Liabilities	<u>10,340</u>	<u>8,361</u>	<u>1,520</u>	<u>1,465</u>	<u>(222)</u>	<u>(244)</u>	<u>11,638</u>	<u>9,582</u>

#### Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets	31	55	4	12	-	-	35	67
Depreciation	164	203	38	37	-	-	202	240
Non-cash expenses other than depreciation	154	64	28	6	-	(18)	182	52

Segment accounting policies are the same as the consolidated entity'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 2007

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### 8. Related party disclosures

The following table provides the total amount of transactions that were entered into with related parties for the half-year ended 31 December 2007 and 2006:

<i>Related Party</i>		<i>Purchases from</i>	<i>Amounts owed</i>
		<i>related parties</i>	<i>to related parties</i>
		<b>\$'000</b>	<b>\$'000</b>
Key management personnel of the Group:			
Other directors interests	2007	293	3
	2006	289	3

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

Since the end of the half-year the parent entity issued 2,765,279 ordinary shares at an issue price of 32 cents each under the dividend reinvestment plan and associated underwriting in respect of the special dividend paid on 8 February 2008.

Except for the above 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 consolidated entity, the result of those operations or the state of affairs of the consolidated entity.

### 10. Changes in composition of entity

There have been no changes in the composition of the entities since the financial year ended 30 June 2007.

# 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 of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard 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 T Lingard**  
**Director**

Sydney, 29 February 2008

## HALF-YEAR REVIEW REPORT

To the members of Supply Network Limited:

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Supply Network Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Supply Network Group ("the consolidated entity"). The consolidated entity comprises Supply Network Limited ("the company") and the entities it controlled during that half year.

#### *Directors' Responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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 an Interim 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 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 2007 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 Supply Network, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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 (NSW Partnership) ABN 34 482 821 289**

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While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Supply Network Limited on 29 February 2008, would be in the same terms if provided to the directors as at the time of this auditor's review report.

*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 2007 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**  
**(NSW Partnership)**  
**Chartered Accountants**

**Sydney**  
**29 February 2008**

**D K Swindells**  
**Partner**