Buying and consignment preparation of Australian wool

Mr Don McWhirter

MacWool

Exporter functions and responsibilities

- Make daily contact with wool users and clients on a worldwide basis to provide market information and intelligence.
- Perform a marketing role in promoting the use of Australian wool through expert advice and assistance in wool selection.
- Negotiate and conclude firm contracts of sale.
- Act as an agent in the purchase of wool on an indent basis.
- Accept full market risk as required between the time of a negotiated firm sale and shipment.

Exporter functions and responsibilities

- Negotiate forward foreign currency exchange as required.
- Provide capital funding for the period of the sales contract.
- Manage the administration of the shipping parcel.
- Negotiate documents through the banking system.
- Accept liability for substantiated claims.

1870s Australian wool consigned to London by:

- the producer/grower
- local merchants and traders.

Wool description

- Australian type.
- AWEX-ID.
- Exporter in-house type.
- Mill type.

1880s – Growth of local auctions

- Direct processor and mill representation.
- Indent/commission buying.
- Growth of local traders and merchants.

1950s – Firm sale

- Fixed price contracts.
- Exporter market risk.
- Finance.

Options

- Public auction.
- Private sale.
- Grower direct.


NOW SELLING
DENNYS STRACHAN MERCANTILE


National Library of Australia
nla.pic-an23478385-v

- Subjective assessment.
- Objective measurement.

Objective measurement

- Mean fibre diameter
- Yield
- Vegetable matter content

plus:

- Greasy staple length
- Greasy staple strength

and:

- Position of break


1110


NORTHERN TERRITORY
QUEENSLAND
WESTERN AUSTRALIA
SOUTH AUSTRALIA
NEW SOUTH WALES
VICTORIA
TASMANIA
Brisbane
Newcastle
SYDNEY
Goulburn
Albury
Adelaide
FREMANTLE
Albany
MELBOURNE
Portland
Geelong
Launceston
Hobart
LEGEND
Major Centres
Minor Centres
State Borders


NORTHERN TERRITORY
QUEENSLAND
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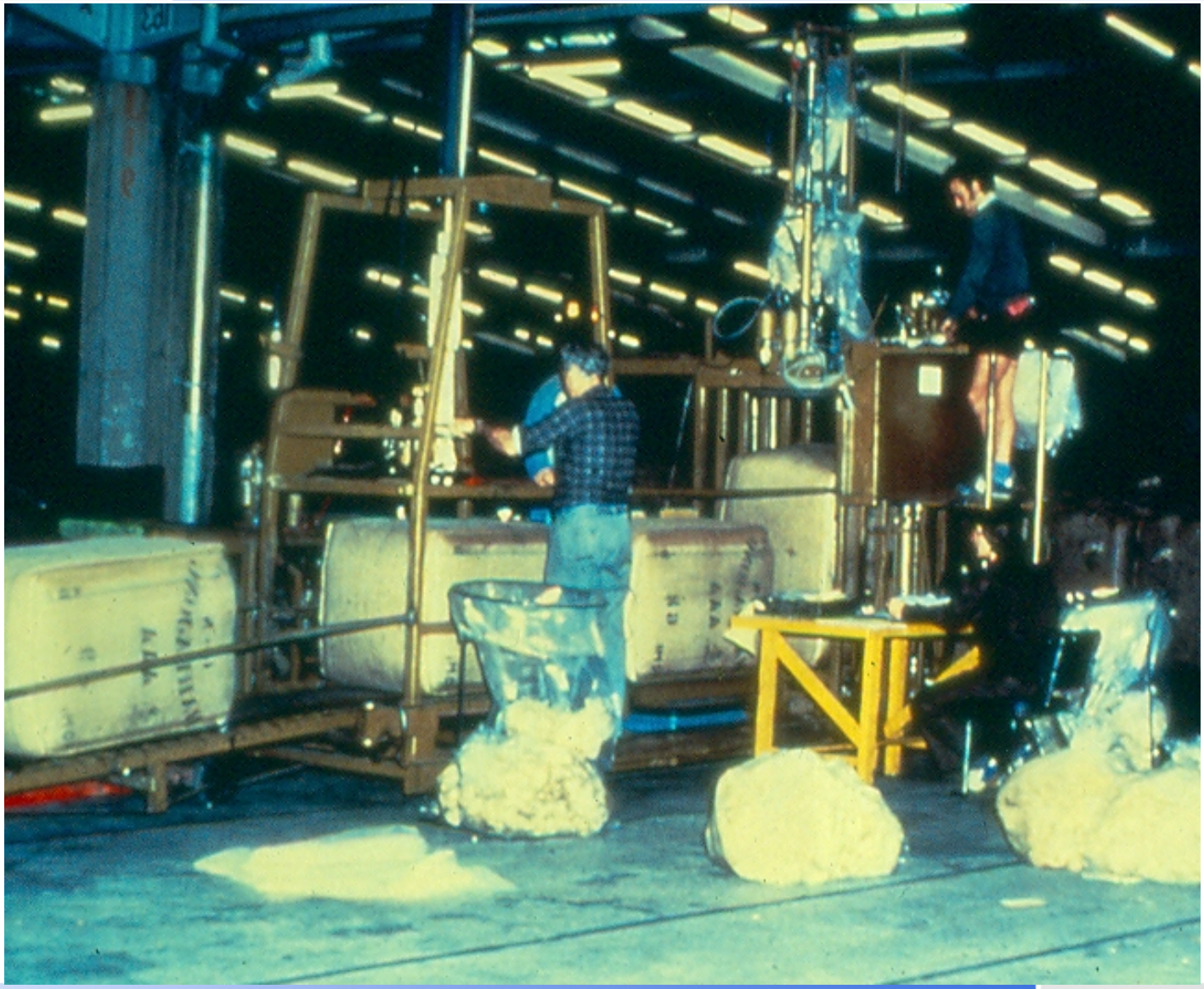
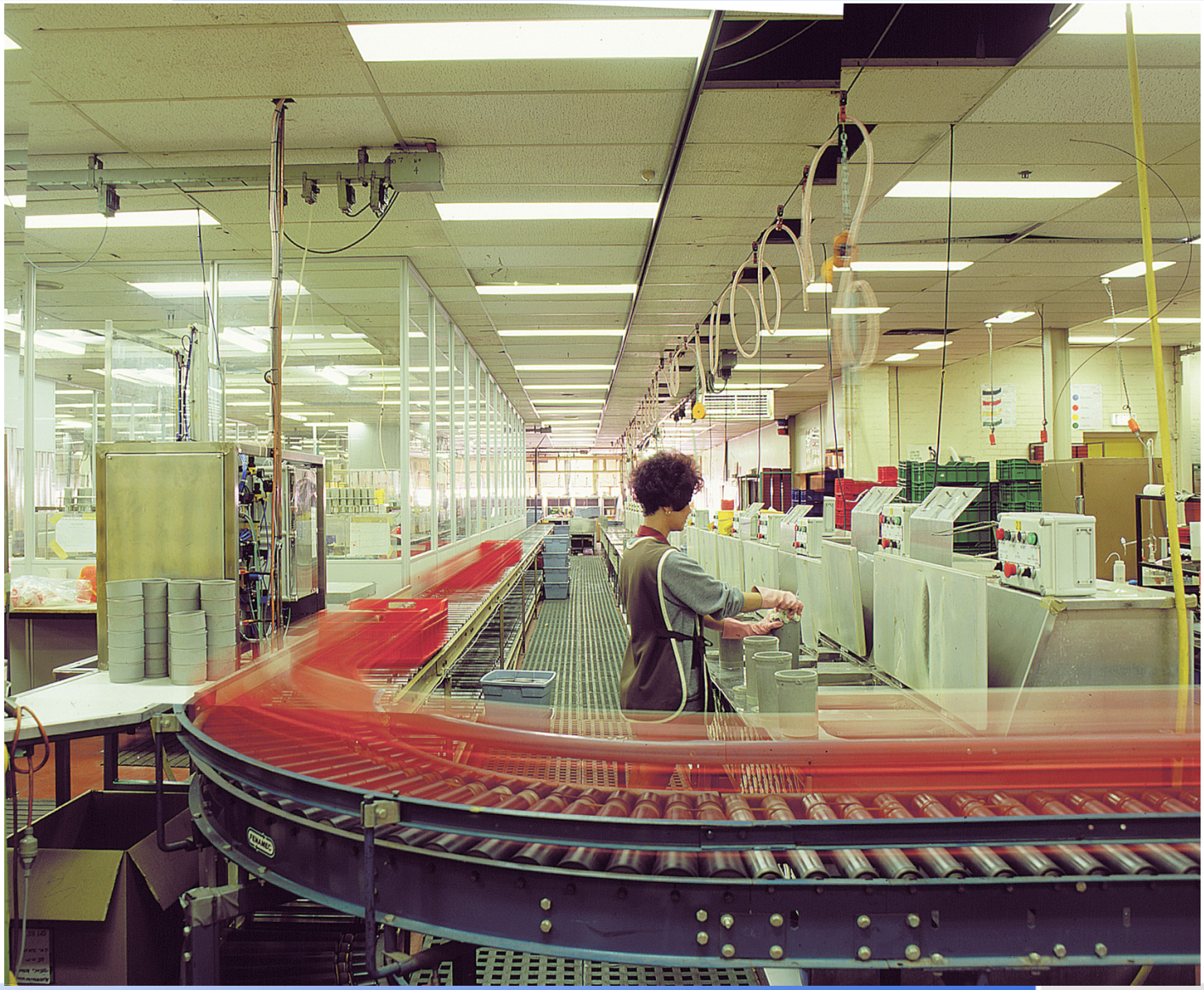
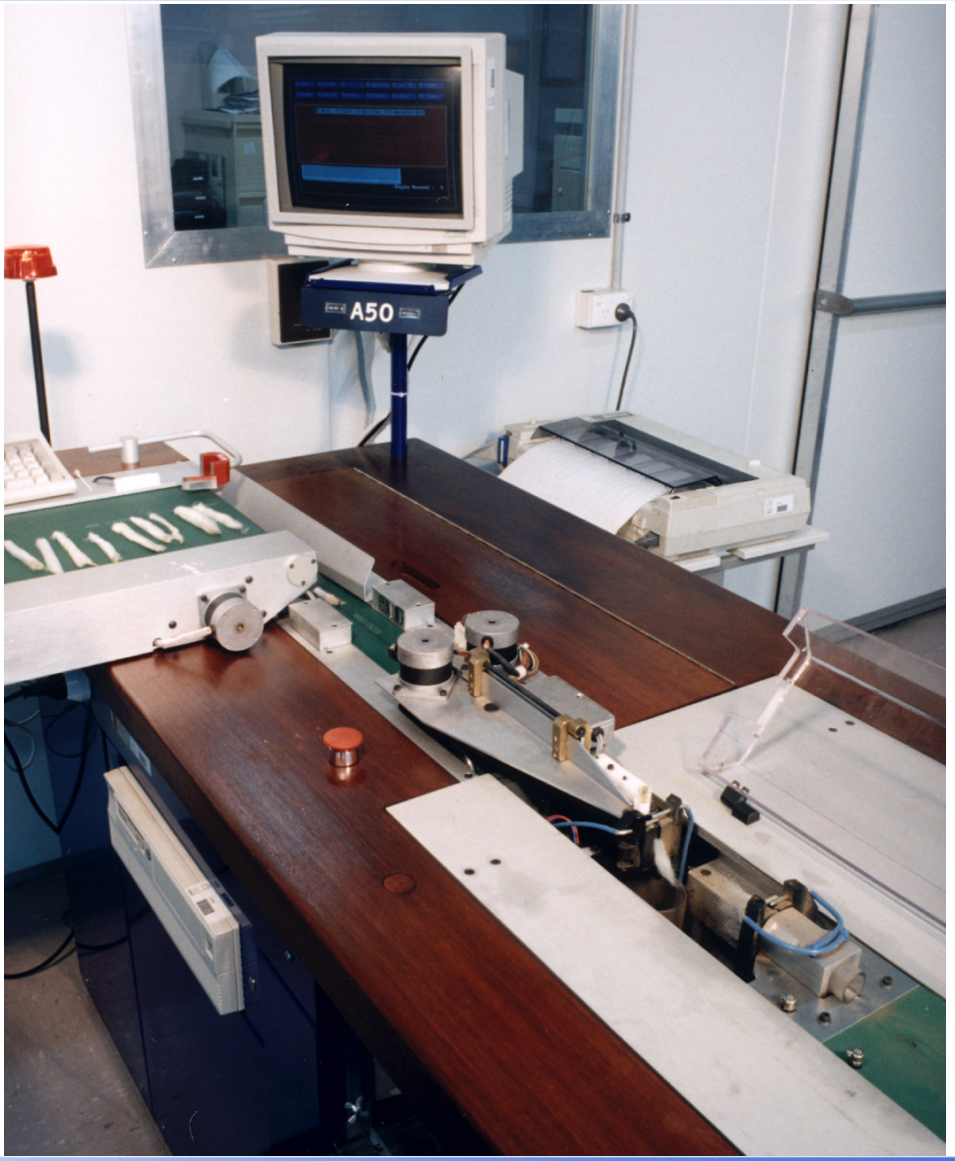
TASMANIA





awttc

AUSTRALIAN WOOL
TEXTILE TRAINING CENTRE


A50


1110


NOW SELLING
DENNYS STRACHAN MERCANTILE

Private sales

- On farm.
- Private treaty.
- Electronic private sale.

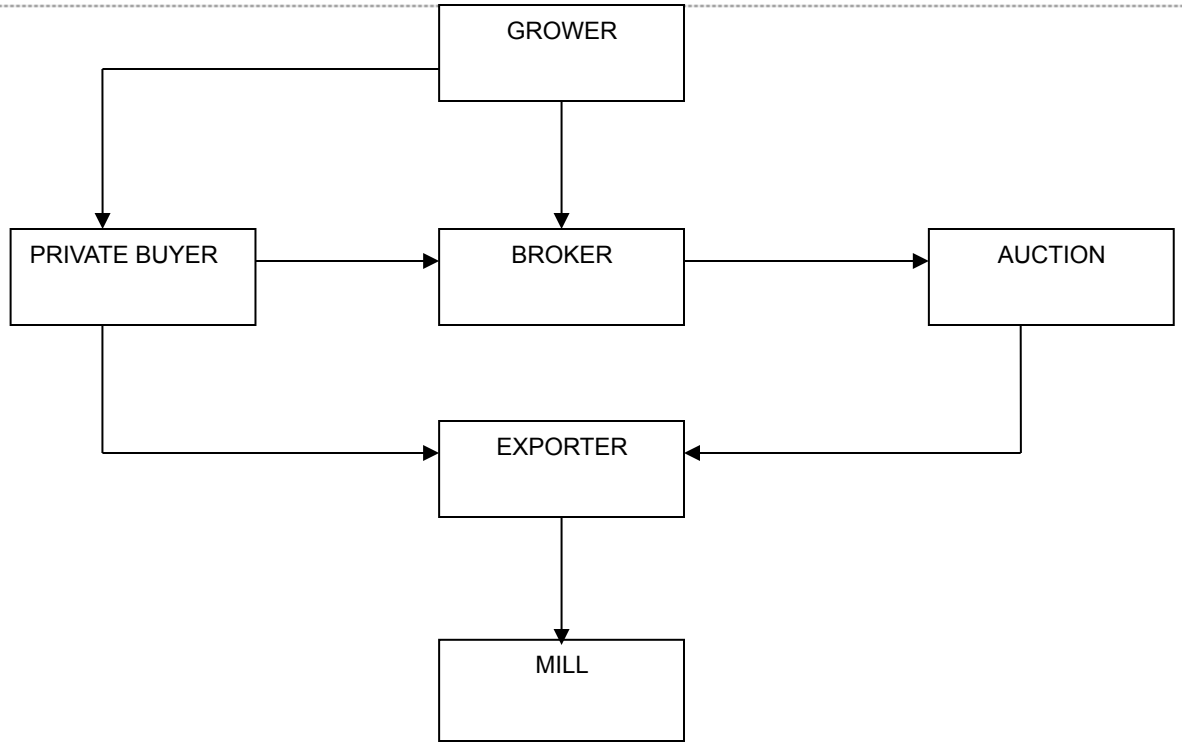
Grower direct

- To processors.
- Quantity.
- Infrastructure.
- Finance.

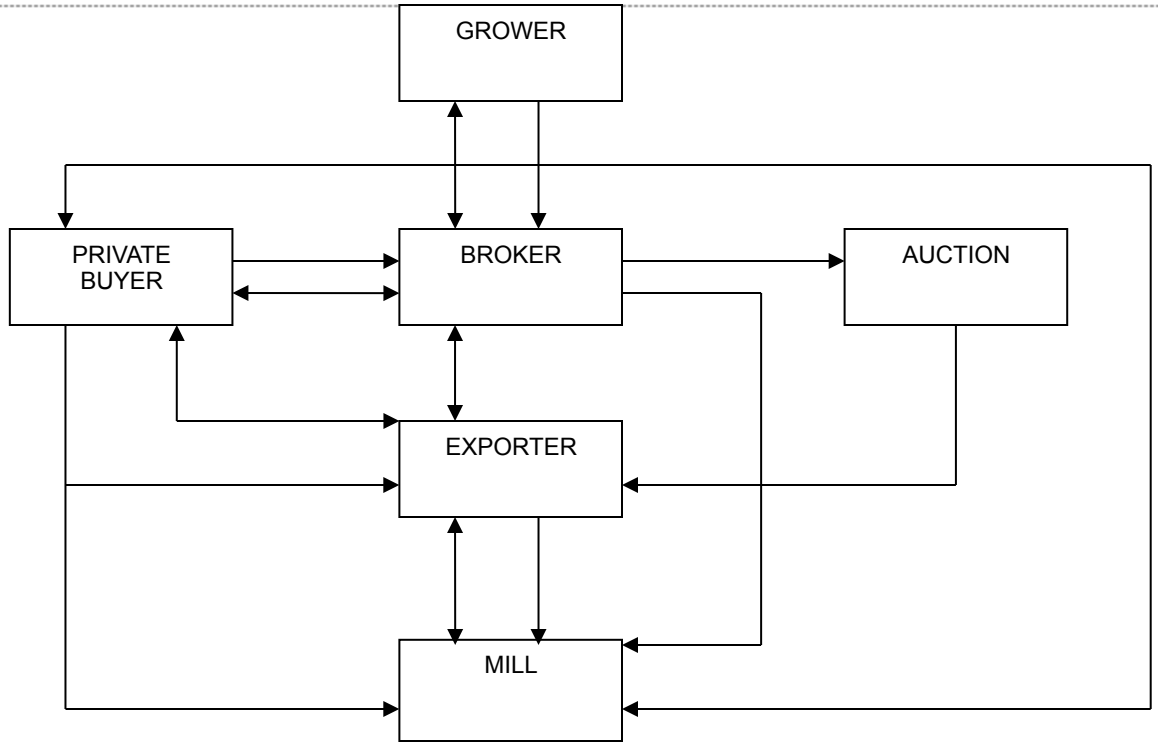
Exporter purchases

- Auction.
- Private.
- Agents.
- Country representative.

Traditional industry structure



Contemporary industry structure



Purchase methods

- Firm offer / forward sale.
- Indent / commission buying.

Firm offer

- Quantity.
- Fixed price.
- Currency.
- Specific wool parameters.
- Delivery date and destination.
- Payment terms and conditions.

Regular exporter functions

- Make worldwide daily contact with wool users and clients.
- Understand particular client requirements.
- Promote the use of Australian wool.
- Provide expert advice and assistance in wool selection.

The exporter's role

- Negotiate and conclude firm contracts of sale.
- Accept full market risk.
- Negotiate forward foreign currency exchange.
- Make provision for capital funding.

- Select, purchase and assemble the delivery parcel.
- Manage the dumping and container loading.
- Prepare shipping, export and banking documentation.
- Manage the shipping to meet client delivery dates.
- Negotiate documents through the banking system.
- Organise customs clearance and cartage to final destination.
- Accept full liability for any substantiated claims.

Indent

- Wool purchased on behalf of the client.
- Agreed rate of commission.
- Dollar per bale or percentage value.

Indent conditions

- Agreed terms and conditions of financing.
- The costs and charges to be met by each of the client and the exporter.
- The client's wool type specifications.
- Any guarantees of the greasy wool and/or top specifications.

Indent conditions

- The exporter rate of commission.
- An agreed understanding of the client price limit (either set at a maximum price or market price).
- Quantities to be bought on a daily or weekly basis.
- Daily communication on price trends, buying limits and ongoing quantities.

Client

- The cost of the greasy wool bought.
- Delivery charges from broker's store to dump.
- Dumping and container loading charges.
- Bank interest incurred and documentation charges.
- Insurance.
- Freight and port charges.
- Buyer commission.

Exporter

- Wool valuing and buying costs.
- Office and staff overheads.
- Staff travel costs.
- All communication costs.

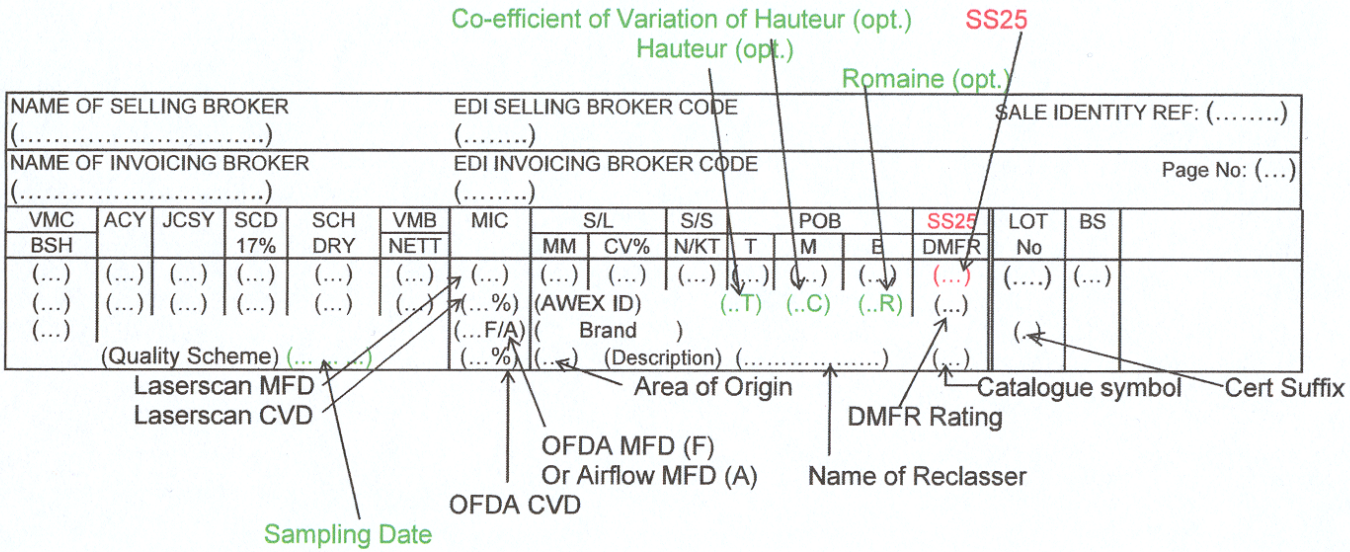
Indent

- Fixed price: client active/exporter passive.
- Market price: client passive/exporter active.

Purchasing

- Auction catalogue.

AUSTRALIAN PUBLIC CATALOGUE: STANDARD LAYOUT



Green text = Optional

Modification	Release/Effective Date
Replace Col (Y-Z) with SS25 (Avg. Staple Strength of the lowest 25% of staples measured for strength.)	24th July 2006

Yield

Price/cost comparisons.

Example:

Yield basis ACOF dry

Clean price 880 cents per kilogram

70% yield x 880 clean cents = 616 cents per kilogram greasy in reverse

616 cents kg greasy / 70% yield = 880 cents per kilogram clean.

Sale catalogue yields

- Australian Carbonising Yield.
- Japanese Clean Scoured Yield
- IWTO Schlumberger Dry Top and Noil Yield.
- IWTO Scoured Yield 17% Regain.

Yield

- Schlum dry — Western Europe
- SCRD 17% — Eastern Europe and carding wool
- JCS 16% — Japan
- ACY — High VM carding wool
- SCRD 16% — China

Example

616 cents greasy – 70.0 % Dry	= 880 cents (x 630 kg clean weight)
616 cents greasy – 71.3 % JCS	= 864 cents (x 642 kg clean weight)
616 cents greasy – 73.1% Scrd 16%	= 843 cents (x 658 kg clean weight)
616 cents greasy – 73.7 % Scrd 17%	= 836 cents (x 663 kg clean weight)

Exporter bareme/costs and charges

- Broker post-sale per bale delivery.
- Broker storage.
- Dump and countermark.
- Land and sea freight.
- Certificates – health, origin, ATWA combined.
- In-store, marine and credit insurance.
- Bank interest and document fees.
- Margin.

Dollar per bale

- Delivery A$15.50 (an estimated average cost).
- Storage A$1.20 (an estimated average cost).
- Dump and countermark A$14.50 (average).
- Exporter margin A$10 (an example only).

Dollar per item

- Sea freight A$1000 per container (an example only).
- Certificates A$150 (estimated average).
- Bank and courier A$50 (estimated average).

Percentage

- Marine insurance 0.3 (estimated average).
- Credit insurance 0.5 (estimated).
- In-store insurance 0.05 (estimated).
- Bank interest 7.75% (estimated). To cater for a situation which includes (say) needing to hold the wool for three weeks prior to shipment, and then payment conditions of 'on arrival' with a shipment period of 26 days, i.e. a total of 47 days interest x 7.75% = 0.9979%.

Total

Dollar per bale:	A$41.20
Dollar per item:	A$ 1200
Percentage:	1.8479%

- ACOF: Australian cents, clean on the floor
- AFOB: Australian cents, free on board
- AC&F: Australian cents, cost and freight
- ACIF: Australian cents, cost, insurance and freight

Example:

ACOF: 616 cents greasy –70% schlum dry = 880 cents acof dry

ACIF: 616 cents greasy – 70% schlum dry = 939 cents acif dry

Wool description

- Exporter in-house type.
- Australian type.
- AWEX ID.
- Mill type.

The price of wool

- Grower – greasy cents per kilogram.
- Mill – clean cents per kilogram/delivered clean weight.

Example:

616 cents – 70.0% acof dry = 880 cents clean acof dry
616 cents – 70.0% acif dry = 939 cents clean acif dry
616 cents - 71.3% acif jcs = 922 cents clean acif jcs
616 cents – 73.1% acif scrd = 899 cents clean acif scrd 16%
616 cents – 73.7% acif scrd = 892 cents clean acif scrd 17%

Price and cost

- Greasy cents = price (grower)

then:

- Calculated clean price = cost (exporter)

then:

- Clean cost = price (mill)

Top 20.3 mic/70mmH/45% CVH

Market price (20.3 mic GSY) –

Sound	FLC	860	ACIF
Short	FLC	835	✓
TDR	FLC	820	✓
Best	PCS	800	✓

Example1	**Cost**	**Example 2**	**Cost**
100% sound FLC	860 ACIF	60% Sound FLC 10 % Short FLC 10% TDR FLC 20% Best PCS	841 ACIF

The customer order as a minimum will normally include:

- a specified clean weight, the number of bales or FCLs for the consignment
- the time frame for the delivery
- the price and currency
- the terms and conditions of payment
- greasy wool specifications, and
- top specifications, as and if required.

- The top maker establishes the greasy batch for combing. The comber converts the greasy wool to top.
- Therefore, the (mill) client can be the top maker and comber.
- Or, the exporter can be the top maker, the (mill) client the comber.

Delivery options

- Straight fleece or straight skirtings.
- Specified blend – (mill) top maker.
- Specified blend – (exporter) top maker.

Combing wool specifications

- Primarily greasy wool related
- A mixture of greasy wool and top specifications, or
- Primarily top related.

Main specification characteristics might include:

- the average Mean Fibre Diameter (MFD) for the whole delivery
- the allowable micron range (e.g. +/– 0.5) or the maximum micron allowed for any one lot
- the average maximum vegetable matter content allowed for the delivery
- the allowable maximum VM content for any one lot
- the average greasy mm staple length (SL)
- the minimum and maximum greasy SL for any one lot
- the average greasy staple strength (NKT) allowed for the delivery
- the minimum NKT for any one lot.

Main specification characteristics might include:

- the kind of wool required, i.e. fleece/style, pieces, bellies
- the allowable (classing) certificates, i.e. which certificates can be included/excluded, such as bulk class lots, interlots, OMLs
- the type of vegetable matter allowed, particularly if seed and shive is considered a problem in processing.

In recent times, additional items have been included, such as:

- theoretical TEAM predicted Hauteur (predicted top length, mmH)
- theoretical TEAM predicted Coefficient of Variation of Hauteur (cvH)
- theoretical TEAM predicted Romaine
- position of break, middle, relating to staple strength.

Example – all greasy wool:

Type 62 (best top making)

21.0 micron average (+/– 0.5 mic)
68% schlum dry yield minimum, any one lot (AOL)
1.5% vegetable matter (2.0% maximum AOL). No shive
85 mm greasy staple length (minimum75, maximum 95 AOL)
35 nkt staple strength (30 nkt minimum AOL)
50% position of break, middle (65% AOL)
no unscourable colour

Similar to Type 79

22.0 mic average (+/– 0.7 mic)
3% vm maximum (+/– 1.0%)
75 mm gsy staple length minimum
20% tender allowed
10% unscourable colour allowed
10% brokens/pieces allowed (similar type 159B)

Greasy and top

Similar Type 62

21.5 mic gsy (+/– 0.5 mic)

1.0% vm (1.5% maximum AOL)

75 mm gsy staple length mimimum AOL

72 mmH top fibre length minimum

45% cvH maximum

Greasy and predicted top:
Similar to Type 62

21.5 mic greasy maximum (+/– 0.5 mic)
1.0% vm max`m (1.5 % maximum AOL)
85 mm gsy staple length (75 minimum, 95 maximum AOL)
35 nkt staple strength (28 nkt minimum AOL)
55% position of break, middle (65% maximum AOL)
72 mmH predicted TEAM top length (68 mmH minimum AOL)
45% predicted TEAM cvH (48% maximum AOL)

Primarily top related:

21.5/75 i.e. 21.5 mic maximum in top/75 mmH minimum)
45% cvH maximum
romaine 8% maximum
dark and coloured fibre <3 per 100 g top maximum
short fibre <30 mm 10% maximum
good fleece 1.0 % vm maximum

19.0 / 58 (19.0 mic in top / 58 mmH)
52% cvH maximum
romaine 12% maximum
dark and coloured fibre <15 per 100 g top maximum
short fibre <30 mm 16% maximum
good pieces and bellies, 4% vm maximum

Prediction – TEAM 2, TEAM 3 – certification

Prediction:

- Wool quality and
- Estimated yield

then

- Greasy measured micron to the top micron
- Pre-sale tested yield to actual yield.

Additional measurement:

- TEAM 1 1981–1984
- TEAM 2 1986–1988

TEAM formulae:

- Hauter
- CVH
- Romaine

TEAM 3

- 2001–2004
- 34 mills /647 consignment /159,000 bales

For Hauteur

TEAM 2: 0.52L + 0.47S + 0.95D – 0.19M* – 0.45V – 3.5

TEAM 3: 0.43L + 0.35S + 1.38D – 0.15M – 0.45V – 0.59CVD – 0.32CVL + 21.8

For CV Hauteur

TEAM 2: 0.12L – 0.41S – 0.35D + 0.2M* + 49.3

TEAM 3: 0.30L – 0.37S – 0.88D + 0.17M + 0.38CVL + 35.6

For Romaine

TEAM 2: – 0.11L – 0.14S – 0.35D + 0.94V + 27.7

TEAM 3: – 0.13L – 0.18S – 0.63D + 0.78V + 38.6

Example

	Predicted **TEAM 2**	Predicted **TEAM 3**
21.0 mic/22% CVD 87 mm SL/16% CVL 36 nkt SS/45% PofB/M 1.0 % VM	69.6 mmH	75.5 mmH

Change NKT 36 to 32, Increase PofB/M 45% to 65%
then TEAM 3 = 71.1 mmH

For predicted CVH

TEAM 2	**TEAM 3**
46.6%	43.6%

Change NKT 36 to 32, increase PofB/M 45% to 65%
Then, **TEAM 3** = 47.0%.

For predicated Romaine

TEAM 2	**TEAM 3**
6.7%	8.4%

Change NKT 36 to 32, increase PofB/M 45%to 65%
Then**, TEAM 3** = 9.1%.

Summary

Greasy	71.0 mic/22% CVD 87 mm SL/16% CVL 36 nkt SS/ 45% PofB/M 1.0% vm		
TEAM 3	75.5 mmH Change NKT 36 to 32 71.1 mmH	43.6%CVH Increase PofB/M 47.0% CVL	8.4% Romaine 45% to 65% 9.1% Romaine

AUSTRALIAN WOOL TESTING AUTHORITY LTD
Reg'd. Office: 70 Robertson Street, Kensington, Victoria 3031 P.O. Box 240, North Melbourne 3051 Tel: (03) 9371 4100 Fax: (03) 9371 4191

IWTO TEST CERTIFICATE

ORIGINAL

3-07858222-P2 *CLASSED GROWER LOT

TEST METHODS IWTO-19,12

AUSTRALIAN WOOL NETWORK PTY LTD MELBOURNE 13 BALES *KOOLOMURT *AAAM

REF. M39M 101 *KOOLOMURT *AAAM

297673

TOTAL BALE WEIGHTS:

TEST HOUSE GROSS 2 442 KG TARE 26 KG NETT 2 416 KG

BALE NO.	GROSS	*TARE	NETT	BALE NO.	GROSS	*TARE	NETT
1	192	2	190	11	196	2	194
2	191	2	189	12	168	2	166
3	189	2	187	14	191	2	189
4	176	2	174	16	192	2	190
6	201	2	199	17	202	2	200
8	189	2	187	19	177	2	175
9	178	2	176				

GROSS 2 442 KG TARE 26 KG NETT 2 416 KG

TEST RESULTS:

1.	WOOL BASE - 2 SUBSAMPLES	57.16 %	
2.	MEAN FIBRE DIAMETER - 4 SPECIMENS	19.5 MICRONS	
3.	COEFFICIENT OF VARIATION OF DIAMETER	21.5 %	
4.	VEGETABLE MATTER BASE INCLUDING **** % HARD HEADS-TWIGS	1.6 %	

CALCULATED COMMERCIAL YIELDS & CLEAN MASSES:

5.	IWTO SCHLUM DRY T&N YIELD (1.0%TFM)	65.6 %	1 585 KG
6.	IWTO SCOURED YIELD at 17% REGAIN	70.3 %	1 698 KG
7.	JAPANESE CLEAN SCOURED YIELD	67.3 %	1 626 KG
8.	AUSTRALIAN CARBONISING YIELD	63.6 %	1 537 KG

ADDITIONAL INFORMATION:

9.	MEAN FIBRE CURVATURE	64 DEG/MM
10.	COMFORT FACTOR	98.8 %
11.	VEGETABLE MATTER COMPOSITION (B) 0.0 (S) 1.6 (H) 0.0	
12.	*DARK & MEDULLATED FIBRE RISK	2

CHARGE: $ 38.90 GST @ 10% : $ 3.89 TOTAL CHARGE: $ 42.79

THIS CERTIFICATE HAS BEEN COMBINED IN 2-07490881-J1

SPECIMEN ONLY

CONTINUED ON NEXT PAGE

TEST CONDUCTED AT MELBOURNE LABORATORY
BALES SAMPLED AT MELBOURNE ON 14.03.2006
AWTA LTD SERVICE TIME 3.3 DAYS
ISSUED ON 17.03.2006, PRINTED ON 02.05.2006 KATS 1

08.1278 08 8246 0000 34497885 34479699

AWTA Ltd
A.B.N. 43 006 014 106

IWTO Licensed No. 7
I.W.T.O.

NATA

ILRT MEMBER

NCS INTERNATIONAL
CERTIFIED QUALITY MANAGEMENT SYSTEM
ISO9001

For and on behalf of Australian Wool Testing Authority Ltd

MICHAEL A. JACKSON B.Sc.(Hons)
MANAGING DIRECTOR

DR. GEORG R. BEILHARZ Dip.App.Sc., M.Sc., Ph.D.
GENERAL MANAGER – LABORATORY OPERATIONS

AUSTRALIAN WOOL TESTING AUTHORITY LTD A.C.N. 006 014 106 COMMON SEAL

CLIENT USE ONLY

AUSTRALIAN WOOL TESTING AUTHORITY LTD

Reg'd. Office: 70 Robertson Street, Kensington, Victoria 3031 P.O. Box 240, North Melbourne 3051 Tel: (03) 9371 4100 Fax: (03) 9371 4191

IWTO TEST CERTIFICATE (CONTINUED)

ORIGINAL

3-07858222-P2 *CLASSED GROWER LOT

AUSTRALIAN WOOL NETWORK PTY LTD MELBOURNE

REF. M39M 101 297673

*KOOLOMURT

GROSS 2 442 KG TARE 26 KG

NETT 2 416 KG

INSTRUMENT = LASERSCAN

SUB-SAMPLING METHOD = MINICORE

MEAN FIBRE DIAMETER = 19.5 MICRONS

SD OF DIAMETER = 4.2 MICRONS

CV OF DIAMETER = 21.5 %

COMFORT FACTOR = 98.8 %

NO. OF SPECIMENS = 4

NO. OF FIBRES MEASURED = 4000

THE FOLLOWING INFORMATION IS FOR APPRAISAL PURPOSES ONLY:

MEAN FIBRE CURVATURE = 64 DEG/MM

TEST METHOD IWTO-12

13 BALES

MIC	% COUNT	% OF FIBRES (0 5 10 15 20)
05-	0.0250	
06	0.0000	
07	0.0250	
08	0.0750	
09	0.1000	
10	0.4500	=
11	0.5500	=
12	1.5750	===
13	2.5000	=====
14	4.3500	=========
15	5.5250	===========
16	8.1750	================
17	8.4000	================
18	10.8250	=====================
19	11.0000	=====================
20	10.8000	=====================
21	8.6000	================
22	6.9250	==============
23	5.9500	============
24	4.0500	========
25	2.8250	======
26	2.4500	=====
27	1.5500	===
28	0.7750	==
29	0.8500	==
30	0.4750	=
31	0.2750	=
32	0.2000	
33	0.1000	
34	0.0750	
35	0.1250	
36	0.0750	
37	0.0500	
38	0.0250	
39	0.0250	
40	0.0250	

SPECIMEN ONLY

NO FURTHER PAGES

MIC	% COUNT
41	0.0500
42	0.0500
43	0.0250
44	0.0000
45	0.0000
46	0.0000
47	0.0000
48	0.0000
49	0.0500
50	0.0000
51	0.0000
52	0.0000
53	0.0250
54	0.0000
55	0.0000
56	0.0000
57	0.0000
58	0.0000
59	0.0000
60	0.0000
61	0.0000
62	0.0000
63	0.0000
64	0.0000
65	0.0000
66	0.0000
67	0.0000
68	0.0000
69	0.0000
70	0.0000
71	0.0000
72	0.0000
73	0.0000
74	0.0000
75	0.0000
76	0.0000
77	0.0000
78	0.0000
79	0.0000
80	0.0000

AWTA Ltd
A.B.N. 43 006 014 106

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IWTO COMBINED CERTIFICATE

ORIGINAL

2-07490881-J1

225 BALES

REF. 06X138AU

TOTAL BALE WEIGHTS:

TEST HOUSE GROSS 42 104 KG TARE 450 KG NETT 41 654 KG

TEST RESULTS:

1. WOOL BASE - 70 SUBSAMPLES 58.24 %
2. MEAN FIBRE DIAMETER - 139 SPECIMENS 19.5 MICRONS
3. COEFFICIENT OF VARIATION OF DIAMETER 21.5 %
4. VEGETABLE MATTER BASE 1.0 %
   INCLUDING **** % HARD HEADS-TWIGS

CALCULATED COMMERCIAL YIELDS & CLEAN MASSES:

5. IWTO SCOURED YIELD at 16% REGAIN 70.4 % 29 308 KG

ADDITIONAL INFORMATION:

6. VEGETABLE MATTER COMPOSITION
   (B) 0.1 (S) 0.9 (H) 0.0

SPECIMEN ONLY

CHARGE: $ 44.40 GST @ 10% : $ 4.44 TOTAL CHARGE: $ 48.84

NOTE - YIELDS = CLEAN WEIGHTS AS % OF NETT ROUNDED TO 1 DECIMAL

05.0930 0220 4747240 4697222

TEST METHOD IWTO-31

PAGE 1

TEST NUMBER	BALES	NETT	YIELD	VM	LSCAN	AIRFLOW	*DMFR
2-06738938-P3 *JW/MITTA/BET	4	617	58.2	0.3 *AAAE	19.2		
2-07097251-P4 *GIRRAWEEN/A	9	1764	74.1	0.6 *BBB	19.8		ND
2-07175216-P2 *AVON	5	908	71.9	1.4 *AAAA	19.0		ND
2-07237516-P1 *JM/YASS	2	310	75.2	0.7 *AAA	19.0		ND
2-07327055-P1 *GERALDRA/COOTA	8	1519	69.8	0.4 *AAA M	19.0		2
2-07403162-P2 *MERIGAN	1	165	67.8	0.7 *AAAM	19.1		ND
2-07429050-P9 *MERIGAN	9	1653	70.0	0.9 *AAAAM	19.2		ND
2-07438687-P7 *AVOCA	5	945	73.1	0.3 *AAA	19.6		1
2-07445601-P9 *TYRONE	3	582	64.9	0.9 *AAA M	19.4		ND
2-07450100-P4 *B-PD/KILLIANMORE	5	942	78.8	0.7 *AAAM	19.5		ND
2-07459763-P0 *EJN/CORADGERY	6	1135	65.7	1.7 *AAAM	20.0		ND
2-07460918-P7 *MP/MURRA	12	2076	70.8	1.7 *AAA M	19.6		ND
2-07461733-P9 *TUMBLETON/NORTH	6	997	72.4	1.7 *AAAM	20.0		ND
2-07470886-P4 *DANGELONG	6	1080	73.7	1.9 *AAAM	19.6		2
2-07474297-P0 *F/BLANGY/TRAPROCK	7	1298	75.5	0.7 *QA AAA	19.1		ND
2-07476030-P3 *PJW&CO/DUNNELONG	2	370	70.7	0.6 *AAM	19.8		1
2-07476486-P7 *GIDLEY	1	176	68.5	1.0 *AAM	19.0		1
2-07476939-P5 *MERINO DOWNS/ARAMAC	9	1713	63.8	1.7 *AAAMNR	19.7		NA
2-07477045-P0 *BENWERRIN	2	301	65.2	0.8 *AAA M	20.0		ND

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VM BASE RANGES FROM 0.2 TO 2.0 %
LASERSCAN MEAN RANGES FROM 19.0 TO 20.0 MICRONS
ISSUED ON 30.03.2006, PRINTED ON 02.05.2006 1

AWTA Ltd
A.B.N. 40 006 014 108

IWTO Licensed No. 1

I.W.T.O.

NATA

ILRT MEMBER

CERTIFIED QUALITY MANAGEMENT SYSTEM

For and on behalf of Australian Wool Testing Authority Ltd

MICHAEL A. JACKSON B.Sc (Hons)
MANAGING DIRECTOR

DR. GEORG R. BEIJHARZ Dip.App.Sc., M.Sc., Ph.D.
GENERAL MANAGER – LABORATORY OPERATIONS

AUSTRALIAN WOOL TESTING AUTHORITY LTD

CLIENT USE ONLY

AUSTRALIAN WOOL TESTING AUTHORITY LTD
Reg'd. Office: 70 Robertson Street, Kensington, Victoria 3031 P.O. Box 240, North Melbourne 3051 Tel: (03) 9371 4100 Fax: (03) 9371 4191

IWTO COMBINED STAPLE TEST CERTIFICATE

ORIGINAL

2-07490882-J9

225 BALES

REF. 06X138AU

TOTAL BALE WEIGHTS:

TEST HOUSE GROSS 42 104 KG TARE 450 KG NETT 41 654 KG

TEST RESULTS:

1. MEAN STAPLE LENGTH 91 MM
2. COEFFICIENT OF VARIATION OF STAPLE LENGTH 20 %
3. MEAN STAPLE STRENGTH 30 NEWTONS/KTEX
4. DISTRIBUTION OF POSITION OF BREAK:
   - BROKE IN THE TIP REGION 28 %
   - BROKE IN THE MIDDLE REGION 55 %
   - BROKE IN THE BASE REGION 17 %

ADDITIONAL INFORMATION:

SPECIMEN ONLY

CHARGE: $ 44.40 GST @ 10% : $ 4.44 TOTAL CHARGE: $ 48.84

TEST METHOD IWTO-31

TEST NUMBER	BALES	NETT	LNG	CV/L	STR	TIP	MID	BASE
2-06739066-L2	4	617	74	12	25	31	28	41
*JW/MITTA/BET					*AAAE			
2-07098027-L7	9	1764	110	12	31	38	62	0
*GIRRAWEEN/A					*BBB			
2-07175253-L5	5	908	89	10	38	14	44	42
*AVON					*AAAA			
2-07237650-L8	2	310	104	14	32	2	42	56
*JM/YASS					*AAA			
2-07328077-L4	8	1519	90	12	39	9	11	80
*GERALDRA/COOTA					*AAA M			
2-07403443-L6	1	165	97	17	38	0	61	39
*MERIGAN					*AAAM			
2-07430856-L6	9	1653	111	14	33	41	38	21
*MERIGAN					*AAAAM			
2-07439080-L4	5	945	87	10	23	0	3	97
*AVOCA					*AAA			
2-07446946-L7	3	582	112	14	28	20	77	3
*TYRONE					*AAA M			
2-07450300-L0	5	942	88	16	33	2	96	2
*B-PD/KILLIANMORE					*AAAM			
2-07461785-L9	12	2076	86	13	25	3	92	5
*MP/MURRA					*AAA M			
2-07461975-L6	6	997	77	13	23	92	8	0
*TUMBLETON/NORTH					*AAAM			
2-07462604-L1	6	1135	107	14	28	21	77	2
*EJN/CORADGERY					*AAAM			
2-07471099-L3	6	1080	116	18	26	9	74	17
*DANGELONG					*AAAM			
2-07474392-L9	7	1298	78	14	37	15	83	2
*F/BLANGY/TRAPROCK					*QA AAA			
2-07476464-L4	2	370	76	19	33	6	60	34
*PJW&CO/DUNNELONG					*AAM			
2-07476545-L0	1	176	73	16	41	12	76	12
*GIDLEY					*AAM			
2-07477153-L2	9	1713	75	21	39	38	48	14
*MERINO DOWNS/ARAMAC					*AAAWNR			
2-07479012-L8	2	301	96	18	31	9	76	15
*BENWERRIN					*AAA M			

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STAPLE LENGTH RANGES FROM 72 TO 116 MM
STAPLE STRENGTH RANGES FROM 23 TO 41 N/KTEX
ISSUED ON 30.03.2006, PRINTED ON 02.05.2006

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AWTA Ltd
A.B.N. 43 006 014 106

IWTO Licensed No. 7
I.W.T.O.

NATA

ILRT MEMBER

NCS INTERNATIONAL LTD
CERTIFIED QUALITY MANAGEMENT SYSTEM
ISO9001

For and on behalf of Australian Wool Testing Authority Ltd

MICHAEL A. JACKSON B.Sc.(Hons)
MANAGING DIRECTOR

DR. GEORG R. BEILHARZ Dip.App.Sc., M.Sc., Ph.D.
GENERAL MANAGER – LABORATORY OPERATIONS

AUSTRALIAN WOOL TESTING AUTHORITY LTD A.C.N. 006 014 106 COMMON SEAL

CLIENT USE ONLY

Consignment building

Indent

- Single selling centre
- Short lead time
- Quick shipment

Firm sale

- Greater time span – increased costs
- Wool selection/quantity and type
- Multiple locations
- Market risk and risk management

Example order

- Client ID
- Client bareme
- Wool description/type
- Wool specifications
- Price (client – indent, exporter – firm sale)

Example

- Client ID – IFC (International Fibre Centre)
- Client bareme – ACIF

Example: in-house type

MFB	merino fleece / best style
MFG	merino fleece / good style
MFS	merino fleece / short
MFT	merino fleece / tender (24 NKT minimum, 30% PofB/M maximum)
MFG/B	merino fleece / high vm (4.5 % maximum, burr no shive)
PB&PG	best to good brokens and pieces

The example specifications

IFC 1, 2 containers / price 927 acif dry
top 19.8 mic / 75 mmH minimum TEAM 3 / 45% cvH maximum TEAM 3
good to best fleece (100 mm gsy SL maximum)
19.5 mic greasy (+/– 0.5 mic)
1.0% vm maximum (2.5% maximum aol)
15% tender allowed (MFT)
10% short allowed (MFS)
10% bkn/pcs allowed (PB&PG)

IFC 2, 2 containers / price 753 acif dry
top 23.3 mic/78 mmH minimum TEAM 3 / 42% cvH maximum TEAM 3
good to best fleece / no pieces (105 mm gsy SL maximum)
23.0 mic greasy (+/- 0.5)
1.5% vm maximum (4.5% maximum aol)
10% tender allowed (MFT)
10% short allowed (MFS)
5% high vm flc allowed (MFG/B)

Price basis/ Schlum Dry ACIF

IFC 1	mic	MFB	MFG	MFS	MFT	PB&PG
	19.0	1040	1020	1005	990	880
	19.5	955	935	920	905	845(av. 927 acif @ 19.5 mic x type)
	20.0	870	850	835	820	810

IFC 2	mic	MFB	MFG	MFS	MFT	MFG/B (2.1–3.0%)	MFG/B (3.1–4.5%)
	22.5	775	770	760	755	740	720
	23.0	765	760	750	745	730	710 (753 acif @ 23.0 mic x type
	23.5	755	750	740	735	720	700

Quantity:	bales (for two FCL)
micron:	mean average and per lot (+/– 0.5)
vm:	mean average and per lot maximum
component types:	(quantity of bales by allowed percentage)
TEAM 3:	minimum top length and maximum cvH at the consignment level (controlled by the measured characteristics)

IFC 1

	B/S	Mic	vm	SL mm	SS Nkt	Pof B/M	Clean Cost ACIF	TEAM 3 mmH	TEAM 3 cvH
Day 1	72	19.56	0.6	86	39	36	926	76.3	41.9
		(19.2-20.0)	(02-0.9)	(67-96)	(28-49)	(10-66)	(822-998)	(66-86)	(35-51)
Day 2	74	19.34	0.7	88	34	29	938	76.0	43.5
		(19.0-19.9)	(0.3-2.3)	(80-94)	(24-44)	(14-57)	(827-1047)	(66-83)	(41-49)
Day 3	74	19.64	1.0	88	38	37	905	77.3	42.4
		(19.1-19.9)	(0.3-1.6)	(69-100)	(26-44)	(18-62)	(958-994)	(68-83)	(32-50)
Total	220	19.50	0.8	88	37	34	923	76.5	42.6
		(19.0-20.0)	(0.2-2.3)	(67-100)	(24-49)	(10-66)	(822-1047)	(66-86)	(32-51)

IFC 2

	B/S	Mic	.vm	SL mm	SS Nkt	Pof B/ M	Clean Cost ACIF	TEAM 3 mmH	TEAM 3 cvH
Day 1	73	22.93	1.1	90	38	29	767	82.9	39.4
		(22.6-23.5)	(0.3-2.4)	(83-100)	(31-48)	(11-42)	(744-786)	(78-90)	(34-46)
Day 2	73	23.15	2.0	90	35	38	732	80.1	41.2
		(22.7-23.5)	(0.5-4.4)	(76-101)	(26-43)	(3-69)	(689-755)	(73-85)	(37-48)
Day 3	75	22.83	1.2	88	38	32	762	81.2	38.9
		(22.5-23.2)	(0.4-2.4)	(73-95)	(32-45)	(9-60)	(752-770)	(69-84)	(28-44)
Total	221	23.0	1.4	89	37	33	754	81.4	39.8
		(22.5-23.5)	(0.3-4.4)	(73-101)	(26-48)	(3-69)	(689-786)	(69-90)	(28-48)

IFC 1

ORDER TARGET	BOUGHT	RANGE		
2 FCL	approx 220 b/s		220 b/s	
Price	927 acif	923 acif		822–1047
Gsy Mic	19.5 (+/– 0.5)		19.5	19.0–20.0
VM	1.0 (2.5 maximum)		0.8	0.2–2.3
SL/mm	100 maximum		88	67–100
SS/nkt	24 minimum		37	24–49
TEAM 3 mmH	75		76.5	66–86
TEAM 3 cvH	45		42.6	32–51
65% sound flc	143 b/s	144		
15% tdr flc	33 b/s	31		
10% short flc	22 b/s	20		
10% bkns/pcs	22 b/s	25		

IFC 2

2 FCL	approx 220 b/s		221 b/s	
Price	753 acif	754 acif	689–786	
Gsy Mic	23.0 (+/– 0.5)		23.0	22.5–23.5
VM	1.5 (4.5 maximum)		1.4	0.3–4.4 SL/mm
105 maximum	89	73–101	SS/nkt	24 minimum
37	26–48			
TEAM 3 mmH	78		81.4	69–90
TEAM 3 cvH	42		39.8	28–46
65% sound flc	143 b/s	143		
10% tdr flc	22 b/s	22		
10% short flc	22 b/s	22		
15% high vm flc	33 b/s	34		

Consignments

- Sensible and relevant wool specifications.
- Careful wool selection.
- Appropriate blending, prior to processing.

The role of the exporter

- Make regular worldwide contact with wool users and clients.
- Promote the use of Australian wool – provide expert advice and assistance in wool selection.
- Act as agent for indent buying.
- Negotiate and conclude firm contract of sale.
- Accept full market risk and undertake risk management.
- Provide capital funding.
- Manage the dumping, container loading and shipping functions.
- Provide all necessary export documentation.
- Accept liability for substantiated claims.