AUSPLOW FARMING SYSTEMS

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PARTS BULLETIN No. 1-07

26-10-07

Subject: PRE-SEASON ORDERS FOR 2007/08 SEASON

Our Pre-Season Order system has, over the past few seasons, given Dealers the opportunity to ensure availability of spare parts at times that best suit their requirements.

We propose to continue the three tiered order structure, with a scale of discounts to match, that was introduced last year. This offers a direct financial benefit from pre-season orders, to allow Dealers to compete more strongly on early orders, for wear-parts in particular. Weekly orders carry the same discount as before, with shipment mostly in the same week as the order. Daily orders carry a reduced discount for express shipment but, these should be a small proportion of total orders, if local stocks are maintained.

In most cases the extended terms on pre-season orders have been honoured by Dealers and payments have been on time. For the few who have not met these terms, it has been suggested that common practice is to adjust the invoices to the next lower level of discount (weekly stock order).

This would make administration of the system more difficult at both ends and we feel it may penalise Spare Parts Departments unfairly, as they are not normally responsible for payments. Instead we will apply our standard interest charge of 1% per month on overdue accounts where appropriate.

Details of the system are set out below;

PRE-SEASON ORDERS

In line with general industry practice, this will be a single order, with a single delivery (subject to stock availability), prior to the season.

Orders - To be received by 30th November 2007

Shipment - During January 2008. (Dealer nominated method)

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Discount - 30% of RRP

Terms - 60 Days from end of month (due end of March 2008)

WEEKLY STOCK ORDERS

Generally this will be the same service as we have been providing on all orders, with the same discount, but restricted to one order per week with the ability to plan shipment by the most appropriate method.

Orders - To be received by Tuesday PM and marked as a W.S.O.

Shipment - Thursday within WA (to dealer premises or pick-up)

Friday to Eastern States (most trucks leave Friday night)

Discount - 25% of RRP

Terms - 30 Days from end of month of invoice

DAILY ORDERS

These are for urgent requirements requiring earliest possible shipment, either to dealers premises or direct to machine owners. Please note that most freight companies have very tight schedules and will not take pick-up bookings after certain times.

Orders - Anytime

Shipment - Same or next day. Subject to carriers pick up schedule

Discount - 20% of RRP

Terms - 30 Days from end of month of invoice

NOTE: The above applies to normal spare parts and does not include upgrades, or special options, which continue to be subject to production capacity and with a discount of 20%.

Mike Kilroy

Parts Manager