BERKELEY FUTURES LIMITED

Offering dealing services to the agricultural community since 1986

BERKELEY AGRICULTURAL SERVICES

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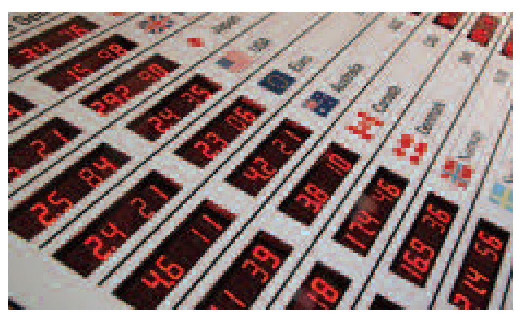
Hedging & Trading Services

Providing a comprehensive service to the agricultural community for over 25 years.



With volatile crop prices, soaring production costs, indeterminable weather and rising world demand, land owners, farmers, millers and other users are turning to the futures and options markets to fix their prices in a fast and efficient manner. Berkeley has offered its services in this area since 1986. Experienced and authorized staff will show you how to reduce your risk to the change in price of agricultural commodities including wheat, corn, rapeseed and barley, dealing directly into liquid and transparent markets, on recognised world exchanges. Berkeley also offers Single Farm Payment conversion and direct market access to more than 20 exchanges worldwide. Corporate, Partnership, Trust, SIPP and Individual Accounts are all welcome. Free daily commodity reports are available on request.

Futures, Options and Foreign Exchange

Futures Trading

Futures can be used to directly hedge grain and energy prices. For example; it is June and you are a Wheat farmer with a crop in the field; in market terminology, you have a long cash market position. The current cash market price for Wheat to be delivered in November is £160 per contract. To protect yourself from a price decline you can hedge by selling a corresponding number of contracts in the futures market now and buying them back later when it is time to sell your crop. To action, sell 10 lots (100 tonnes per lot) November Liffe Wheat @ £160 a tonne. Every pound that wheat falls from £160 a tonne the value of your futures position will rise by £1,000 (£1 x 100 tonnes x 10 lots) and the value of your crop will decline by £1,000. When it comes to physically selling your wheat you simultaneously close out the futures position.

Options Trading

Options trading can similarly be used to hedge grain and energy prices but the mechanics work much more like an insurance policy. For example; in the same way, it is June and you are a Wheat farmer with a crop in the field; in market terminology, you have a long cash market position. The current cash market price for Wheat to be delivered in November is £160 per tonne. To protect yourself from a price decline you can purchase put options which act as “insurance” against a price decline in the wheat market. To action, purchase 10 lots November Liffe wheat £150 put options at a premium of £7. (Total cost of £7000. £7 x 100 tonnes x 10 lots) The £7 that you have spent per tonne mean that every pound the price of wheat falls below £150 then you will gain a pound, less the cost of premium. This effectively guarantees your net selling price at a minimum of £143 (£150 less £7 premium paid), whilst maintaining the full potential of an upward movement in the price of wheat.

Foreign Exchange

Foreign Exchange can be used to both hedge a single farm payment or any other FX exposure your business may have, such as FX exposures generated as a function of hedging grain prices on international exchanges. For example; it is June and you are due to receive €100,000 of a Single Farm Payment sometime next year. Euro/Sterling is currently at £0.8300 to the Euro. If you forward sell €100,000 you will receive £83,000 when you take delivery of the Euros. If the rate moves down to say 0.7500 you will only receive £75,000 if you do not have a hedge on. This of course can work the other way round and move up to say 0.9000 for example. The point is that if you hedge, you know how much sterling you will receive at the appointed time, therefore eliminating exposure to currency movements.

About Berkeley Futures

Berkeley Futures Ltd has been offering dealing services in derivatives since 1986. At Berkeley we believe the client broker relationship is paramount and therefore welcome customers to visit us at our offices in the West End of London.

Initially focusing on Futures and Options we quickly expanded our product range to include Forex, CFDs and Bullion. In April 2000, to further meet the needs of our client base, Berkeley Equities was established which provides stock broking and IPO services across international stock markets.

Whether requiring advisory or execution only accounts, individual or corporate, by telephone or on-line, it is our professional service together with our broad range of product coverage, that allows us to remain a market leader in the provision of broking services.

Berkeley Futures Limited is part-owned by Macquarie Investments (UK) Limited, a UK investment subsidiary of Macquarie Group, a global provider of banking, financial advisory, investment and fund management services.

Berkeley Futures Limited is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange and Futures and Options Association.

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