

SHAREHOLDERS' UPDATE

August 2007

Business and Biodiversity on EU Lisbon Summit Agenda ~ FIELDFARE International plays its part!

Over the past couple of years, FIELDFARE has been involved in several projects and studies, not to mention many international workshops and seminars, which have focused on our core competence: the promotion of pro-biodiversity business. Our company featured in a recently completed study, called **ProBioPrise**, that was funded by the EU Directorate General on Research and led by Fauna & Flora International. One of the main aims of the study was to develop a research programme on opportunities and constraints for sustainable use of biodiversity by SMEs. The report was launched in Brussels on 3rd July at a meeting of the European Parliament InterGroup on Sustainable Development.

In another case, FIELDFARE is working in a partnership with the European Centre for Nature Conservation (Tilburg, Netherlands) to implement a project looking at a range of **pro-biodiversity businesses in Bulgaria and Croatia**, and the problems they face in obtaining finance for their operations from the current banking system. Funded by the Dutch government's MATRA programme, the results of these reviews will be presented at workshops to be held in Sofia and Zagreb later this year.

A further project, which builds on those mentioned above (as well as other previous work financed by Doen – one of our major shareholders), has recently been launched by the EU Directorate for Environment. Led by the RSPB, the project will set up **Biodiversity Technical Assistance Units in Poland, Hungary and Bulgaria**. The units will help suitable small and medium enterprises that protect nature to access a specially designed Biodiversity Finance Facility that is being set up by the European Bank for Reconstruction and Development. FIELDFARE is an



Mursala tea from Bulgaria is made from Sideritis scardica, an endemic medicinal herb. Growing the herb provides additional income for local people and reduces illegal gathering of wild plants in the Pirin and Rhodope mountains

advisor to the project, and has already helped to devise a “toolkit” to identify the kind of existing or potential pro-biodiversity businesses that would be eligible for low-cost loans to assist their growth and sustainability.

These activities, and the growing interest of the EU in the subject as a way of implementing the new Rural Development Programme 2007–2013 (which redirects support from agricultural production subsidies to environmentally sensitive land management), has led the Portuguese Presidency to convene a **high level conference on business and biodiversity in Lisbon** (12–13 November 2007). The conference will gather business leaders, biodiversity experts, NGOs and policy makers to explore how European business can improve performance through

biodiversity responsibility. It will help to improve understanding of the competitive advantages gained from conserving biodiversity and using biological resources sustainably, providing guidance to the European Commission's new initiative on business and biodiversity.

In order to keep abreast of the growing body of reports and work in the pro-biodiversity field, ECNC has established a **Biodiversity Finance Clearing House**, at the following web address:

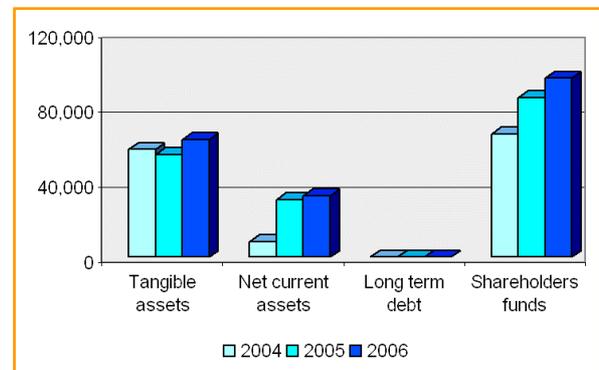
http://www.ecnc.org/BiodiversityFinanceC/Index_653.html

FIELDFARE records second year of net profit

The Board of Directors is pleased to announce that, for the second year running, FIELDFARE achieved a net profit. Company Chairman Adrian Darby said, "I am very satisfied with the progress the company is making despite the challenges it has set itself as a pro-biodiversity business. The careful groundwork and commitment of the company to this cause is starting to deliver positive results both financially and for nature in our investment area."

Although the level of profit in 2006, at £5,000, was more modest than in 2005 (£17,700), this reflects additional investments – in particular the purchase of a 17-seat Mercedes Sprinter minibus to cope with our expanded ecotourism business in Ukraine.

Managing Director Paul Goriup said, "the company is on track for rolling back the accumulated deficit from previous years incurred while we built up the business;



FIELDFARE's balance sheet continued to improve in 2006

indeed our assets now exceed these losses by at least £32,000. Moreover, the prospects for reporting another net profit in 2007 are very good."

Environmental consulting projects review

Since the last Update in May 2006, FIELDFARE staff have participated in a number of consultancy projects related to promoting pro-biodiversity business and environmental improvement within our investment region. These include:

Wetlands management in Bulgaria (EU Phare programme): the preparation of management plans and sustainable development strategies for two protected areas in the Danube floodplain.

Implementation of Natura 2000 in Romania (EU Phare programme): assisting the Ministry of Environment and Sustainable Development to put in place an online data base and acquire information on species and habitats required for designating Natura 2000 sites in the country.

Black Sea Environmental Cooperation – Moldova, Ukraine, Russia and Georgia (EU Tacis programme): advising Black Sea range states on improved implementation of the Bucharest Convention, with a pilot project on the establishment of the first marine protected area in Ukraine.

Protected Area Management Fund in Belarus (RSPB, BirdLife International, Otto Foundation): estimating the



Coastline and lagoons of the Danube Delta Biosphere Reserve in Romania. This area is to be included in the Natura 2000 network.

cost of restoring and managing Important Bird Areas from 2008 – 2015 as the basis for a Protected Area Endowment Fund, which is expected to be established under a carbon offset scheme under the Kyoto protocol.

Black Sea Scientific Environmental Network (EU 6th Research Framework): creating an online portal for environmental data about the Black Sea.

"New Danube" organic fisheries project commences with Swiss support

In July, the Swiss Institute for Organic Production (FiBL) and FIELDFARE won funding from the Swiss government to develop Ukraine's first organic fish production unit. The project will provide technical help and some funding to the

"New Danube" fish company in Kislitsky, beside Lake Katlabugh (Odessa Oblast). The aim is to produce native fish species (carp, pike and zander) for export markets in western Europe. More details in the next Update!

Salix expands ecotourism opportunities in Bulgaria, Romania and Russia

It has been a very busy year for the ecotourism operation in Ukraine run by Salix (FIELDFARE's subsidiary based in Odessa) under the direction of Natasha Goriup. The number of visitors has continued to grow steadily (see table), and the revenue margins are improving.

Year	No. Tourists	Tourist Days	Total net income (£)	Revenue £ / day
2004	97	128	421	3.3
2005	225	480	2,783	5.8
2006	240	548	7,490	13.7

Building on this success, Salix worked with partners in Bulgaria to set up a joint venture company called **Salvinia** (continuing the botanical theme) in March 2007. Based in the town of Tutrakan, beside the Danube, this new company specialises in organising trips to protected areas for school children. In future, Salix and Salvinia will design tours to and from Ukraine and Bulgaria, utilising the passenger ferry that operates between Izmail and Silistra.

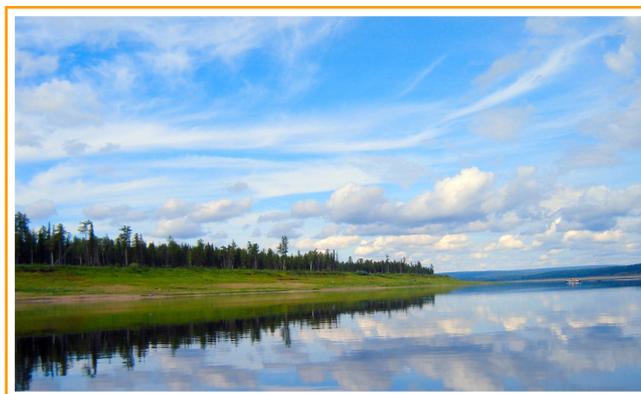
In January 2007, Salix signed a Memorandum of Cooperation with **Chettusia Tours**, based in Tulcea in Romania. This company operates birdwatching tours to the Danube Delta and Carpathian mountains. This will allow joint marketing of tours in both parts of the Danube Delta, taking advantage of a common heritage, and the accession of Romania to the European Union.

In February 2007, a consortium led by FIELDFARE, with EcoCentre Zapovedniks (an NGO) and Dersu Uzala (an ecotourism company) in Moscow, won a grant from the Department of Environment, Food and Rural Affairs under the **Partnerships for Environment and Cooperation in Europe (PECE)**. The grant, which amounts to £45,000 over two years and is matched by contributions from the consortium, will be used to explore the potential for ecotourism development in **protected areas of central Siberia** (Krasnoyarsk Krai). The first field tour took place in July 2007, with the project team (including Paul and Natasha Goriup) visiting several protected areas along the mighty Yenesei River.



Mihail Zlatenov, Kamelia Zlatenova and Natasha Goriup conclude the JV agreement to form Salvinia Ltd in Bulgaria

The outcomes of the field tour will inform training workshops for protected area managers to be held in September 2007. Meanwhile, some viable locations were identified, and several of FIELDFARE's ecotourism partners have expressed interest in promoting tours to them. These include the Sayan Mountains region bordering the Mongolian border, and the Central Siberian Nature Reserve, a huge area encompassing over one million hectares of pristine taiga habitats.



The taiga of the Central Siberian Nature Reserve straddles the Yenesei River. This area has high potential for ecotourism, which is being promoted by FIELDFARE thanks to a grant from Defra/PECE

FIELDFARE – The Ecological Company for Ethical Investors

FIELDFARE International Ecological Development (FIED) was formed in 1996 and is the first British public company with explicitly ethical and biodiversity-oriented objectives written in its statutes. The overall aim of FIED is to bring private capital in support of ecologically sustainable development, particularly wise use of natural resources in Central and Eastern Europe.

FIED makes appropriate investments, provides business experience and promotes access to relevant Western markets needed for sustainable land use, wildlife management and ecosystem restoration in Eastern Europe. This innovative approach supports and complements the more conventional approaches taken by governments (for example, passing environmental legislation and establishing protected areas) and voluntary organisations (that raise public awareness and give grants for conservation projects).

FIED became a public limited company in September 1999. It has a subsidiary registered in Odessa, Ukraine which trades as Salix Ltd. The Company Chairman is Adrian Darby OBE, and the Managing Director is Paul Goriup FIEEM. Shareholders include WWF and the Doen Foundation. In addition to private share capital, the company has attracted other income streams, including the EU EuropeAid programme, consultancy contracts and in-kind support.

Would you like to own a share of FIELDFARE and support our ecological investments?

Then just complete this form, or contact us for more information:

enquiries@fieldfare.biz

ORDINARY (VOTING) SHARE APPLICATION

Unlike giving a gift to a charity, shareholders in FIED actually own a share of the company's assets proportional to their shareholding. They have the right to receive the company's accounts, attend Annual General Meetings, vote on management resolutions and elect Board members. They will also receive dividends from the company's profits when authorised by the Board. Shares may also be sold or transferred to third parties. Further details provided on request.

NUMBER OF ORDINARY SHARES REQUESTED
(£1 each; 200 minimum; 10,000 maximum)

I hereby apply for an allocation of the above number of ordinary shares:

NAME (Title, Forename, Surname, in CAPITAL LETTERS)

.....

ADDRESS (will be used for all correspondence until notified otherwise)

Street

Town

Postcode Country.....

Email

Signature _____

Date _____

Please send with this form with a cheque for the full amount (payable to F.I.E.D.) to the Company Secretary, at the address above, or by bank transfer to:

Account Name: Fieldfare International Ecological Development plc
Account No: 70594601
Account Type: Current
Bank: Barclays, PO Box 5515, Newbury, Berks, RG14 5YF
Bank Code: 20-59-14
SWIFT: BARCGB22