



FIELDFARE International Ecological Development plc

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SHAREHOLDERS' UPDATE

December 2003

The six months since our last Update have again seen a number of positive new developments for the company. However, we have also had some setbacks in our tourism plan thanks to the outbreaks of war (in Iraq) and disease (SARS), both at critical times. All our foreign tours were cancelled. Yet, other initiatives have made far better progress than we had expected, especially in the organic production field. This clearly demonstrates the value of having a diversified, though integrated, investment strategy – as in any share portfolio, some things go up, and some go down.

Our shareholder membership continues to grow. It would be good to encourage and accelerate this trend. As a public company, FIED shares are open to subscription by anyone who shares our goals. If you know someone who would like to become a shareholder, please ask them to contact us by letter, phone (our Company Secretary is Laurie Strike) or email (see details above). We would be delighted to send them further information.

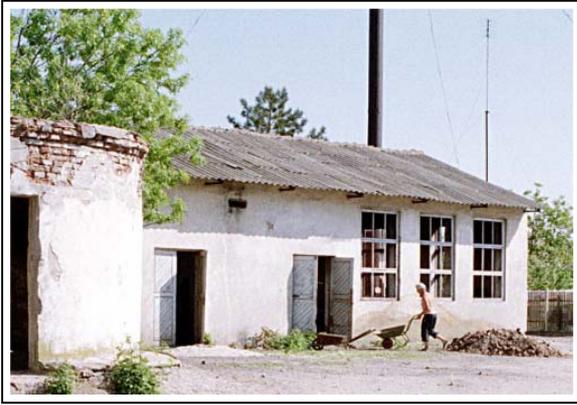
Ecotourism Investments Progress at Vilkovo



Entrance to Salix's future hotel in Vilkovo

The summer and autumn have been very busy for Fieldfare's subsidiary in Odessa, Salix Ltd. The company has made great strides in renovating the grounds and outbuildings of the ecotourism centre at Vilkovo, close to the banks of the Danube itself. The site was once a Turkish-style public baths, and very solidly constructed.

In the first phase of works, the property boundary was fenced, the buildings made sound, and grounds cleared. The former boiler house was renovated to provide a shop area for local crafts, and a store-room. It will be painted and furnished in spring 2004, and a tea-room and toilets added, ready for the next tourist season.



Before and after – the older boiler house becomes a shop for local crafts and souvenirs

The winter period is being used to plan the more ambitious redevelopment of the main building as a hotel. There will be six large family rooms on the ground floor, with a restaurant and bar. The attic will be converted to provide another 12 twin or double rooms. This means the hotel will be able to comfortably accommodate a coach-load of guests.

As part of our environmental care policy, the waste water will be treated in a tank on site, using a bacteriological digestion process. The effluent will then be used to water the gardens, which will feature native plants from the wetlands and steppes.

The whole project will take about two years to complete, though additional funding is still required.



Artist's impression of the future Salix ecotourism centre in Vilkovo

Organic Certification Scheme Takes Off



The inspection team from Gaa and Gruenstempel pore over the IKAR farm documentation during their first certification inspection, assisted by Natasha Goriup (right). IKAR is now officially in the conversion period for organic production.

At the end of August, a team from Gaa Foundation and Grünstempel (Germany) carried out a certification inspection of Fieldfare's partner farm (IKAR) in Reni. By then, IKAR had gained interest from other farms in the region and they were also visited. The intention is to form an organic farmers association that would share the costs of certification. If this goes ahead, the total area of certified land would rise from 100 ha to some 8,500 ha in the watershed of lakes that include two Ramsar sites – a considerable achievement! Fieldfare is financing the certification process as a loan, to be repaid from the sale of the produce when certified. The next stage is to form an organic farmers' association to coordinate the certification process and share costs between several farms. Salix will also be a founder member of the association.

European Biodiversity Resourcing Initiative

In November, the European Centre for Nature Conservation organised a workshop in Budapest, as part of the EBRI process. The workshop aimed to Mobilise existing experience and expertise on bankable biodiversity projects and facilitate the development of a

few pilot projects in this field. Participants included representatives from various environmental organisations as well as the European Bank for Reconstruction and Development, World Bank, UN Development Programme and Organisation for about

Economic Cooperation and Development. Paul Goriup, Fieldfare MD, attended the meeting and gave a short

presentation the company's work in the Lower Danube Region. This received a very positive response.

New Consulting Projects Awarded

During November and December, Fieldfare secured two new environmental consulting contracts. One, led by MWH in Brussels, is to provide information and training for potential applicants in Odessa region for the EU Tacis Small Projects Facility. This scheme provides up to €200,000 for cross-border cooperation in various fields, including environment and energy efficiency, cultural links, and local economic development. Part of the assignment will be done locally by Salix.

The second contract is from the Global Environment Facility, managed by the UN Environment Programme. It concerns a review of coastal wetland sites in all six countries around the Black Sea to identify those with a high potential for ecological restoration. Thereafter, a further contract will be issued for actual design studies at the selected site(s).

These two assignments further bolster the expertise and reputation of Fieldfare in the region.

Prof. Roger Crofts Joins Board ...



Adrian Darby (left) with Roger Crofts at a meeting of the UK Committee for IUCN

We are delighted to announce that Prof. Roger Crofts, has become a shareholder and joined the Board of Fieldfare. Roger recently retired as Director General of Scottish Natural Heritage, and is currently head of the European Section of IUCN's World Commission on Protected Areas. Roger regards Fieldfare as an "exciting and innovative venture" and will assist us with his considerable strategic planning skills.

... and Managing Director Goes Full Time



From January 2004, Paul Goriup will join Fieldfare as a full-time employee. Having founded and served as the MD of the Nature Conservation Bureau since 1986, he has long wanted to make the switch to Fieldfare, which he has managed on a part-time basis since 1996. As the company's activities accelerate, he is looking forward to a much more hands-on roll both within the company, as well as rolling out its investment projects. His first priority will be to strengthen the financial performance of the company during 2004.

FIELDFARE – The Ecological Company for Ethical Investors

FIELDFARE International Ecological Development (FIED) was formed in 1996 and is perhaps the first British public company with explicitly ethical and biodiversity-oriented objectives 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. The Company Chairman is Adrian Darby OBE, former Chairman of the Royal Society for the Protection of Birds. Shareholders include WWF and the Doen Foundation. In addition to private share capital, the company has attracted other income streams, including the EU Tacis programme, consultancy contracts and in-kind support.