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SHAREHOLDERS' UPDATE

July 2004

This summer Update goes out as we reach a very significant stage in the development of FIELDFARE. A significant portion of our basic tourism infrastructure in the Lower Danube region is now in place (thanks to the capital provided by the Doen Foundation) and the tourism season is in full swing. We can already report some modest progress, and the pace should pick up during the coming months. The full outcome of this operation will be reported in the year-end Update.

Meanwhile, our environmental consultancy projects are performing well: some have already been successfully

completed, others are ongoing and yet others are coming on stream.

At its April meeting, the Board adopted a budget that would allow the company to break even (or make a small profit) on its operations this year. This target is not yet realised, but neither is it unrealistic: the staff of both FIED and Salix in Odessa are working very hard to achieve it by year end.

Finally, do visit our revised and expanded web sites (see above) to find out more about what is happening.

Souvenir Shop opens at Salix Alba in Vilково

Redevelopment at the ecotourism centre in Vilково has continued. The site has been christened "Salix Alba", and the first priority was to clear the grounds and set up a souvenir shop to sell locally produced crafts. The shop was inaugurated at the end of May, and has since received a steady flow of customers from Danube cruise passengers calling at the nearby boat terminal.

The shop currently stocks hand-made greeting cards, framed photographs and artwork, a guide to the town of Vilково (see below), local maps and containers made from reeds.

In March, Salix and a local NGO, EcoRen, won a small grant of £2,800 from the Global Environment Facility to train local people how to produce commercially viable handicrafts. As a result, it is expected that the range of stock offered at Salix Alba will soon grow.



Salix Alba souvenir shop, with examples of handmade cards

Salvinia – First Electric-Powered Boat in the Danube Delta

Salix has commissioned a traditional Cossack-style 12-person boat from the top local builder in Vilково. It is named *Salvinia*, after the water-fern which is a feature of the Danube wetlands.

A major innovation, however, is that the boat is powered by an electric outboard motor purchased in America. This will be a first for the Danube delta, where visitors currently have to endure loud and smoky engines. The boat is currently undergoing trials and should be available for use by mid-August.

We are very grateful for all the technical advice and support provided by Nick Ash.



Salix general director, Lena Gavran, receives Salvinia from Vilково master builder, Nikolai Zakharov.

Inset: the electric outboard motor.

Salix Accommodation Blooms

Much of the work this spring has focused on refurbishing guest rooms in the Reni cottage and Vilково apartment. Continuing with the botanical theme, the cottage has been named *Iris*, and the apartment *Juncus*.

Iris provides three spacious bedrooms (one en suite and a shared bathroom for the other two). The garden has been restored and guests have enjoyed picking their own cherries and apricots from the fruit trees.

In Vilково, an apartment (also with three rooms) was redecorated, and a boiler and water tank installed to ensure a permanent hot water supply. Situated on the fifth floor of the block, the balconies provide fine views of the town, as well as the Danube delta itself. Egrets, cormorants and even sea-eagles pass by!

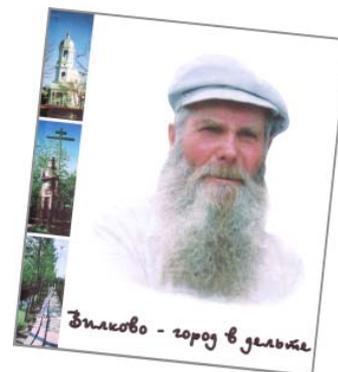


The Salix cottage – Iris – in Reni has been refurbished and now provides comfortable accommodation for up to 6 guests, not mention pick-your-own fruit in the garden

Guide to Vilково Produced

Most of the foreign visitors to Vilково come on river cruises from Germany and Austria, but they often have no idea of the town's historic origins or what they can see and do there.

We have now produced a charming 20-page guide to the town and its customs, in German (thanks to Georg Rast and Erika Schneider of WWF Germany), Russian and English. Not only are sales quite profitable, but the guide also serves to promote Salix Nature Tours.



Company Websites Relunched

The web sites for both [FIELDFARE](#) and [Salix](#) have been extensively revised and relunched at the end of July. The Salix site will soon be available in Russian. To ensure exposure, the Salix site has been registered with Google so that it now appears as a “sponsored

link” for relevant searches (usually in the top three).

The site will be further developed in coming months, in particular to allow visitors to fill in enquiry forms and receive individual quotations for their holiday.

Salix Nature Tours makes progress – but it's hard going!

In May, we organised a trip to the Danube for a group of local fishermen, and in late June we hosted a birdwatching trip set up by Waters Travel. Unfortunately, three other excursions from Britain that had been provisionally booked during the winter were all cancelled.

Efforts to find local clients also suffered as the original marketing officer resigned in June and had to be replaced. However, the new marketer is proving much more effective and we are now receiving many more enquiries about trips.

Even with these setbacks, the revenue from this business activity is still greater than last year, and our experience and expertise is also growing. We are already preparing ourselves for next year.



Consulting Projects Pursued

Since the beginning of the year, consulting work has been undertaken for various EU and UNDP projects. These included training programmes for local authorities in Odessa on cross-border cooperation, developing an ecological corridor for the whole Black Sea coast, and finalising a project for restoring biodiversity in the Carpathian meadows in Czech Republic through agri-environment schemes.

Work currently continues for the EU Black Sea Environment Programme, in which Paul Goriup now serves as deputy team leader. Meanwhile, several new projects have been prepared with local partners on organic agriculture, sport fishing, clean beaches and a wetland park in Izmail. These are to be submitted to the EU Tacis micro-project facility in due course.

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.