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## SHAREHOLDERS' UPDATE

March 2005

### “Orange Revolution” promises a fresh start for Ukraine

Over Christmas and New Year, Ukraine at last put itself on the world stage in a positive light thanks to the amazing “Orange Revolution” mounted by the opposition parties to demand a fair election for President. The country demonstrated that lawful and peaceful change can take place, and underlines these as fundamental Ukrainian characteristics.

The eventual winner, Viktor Yushchenko, has got off to a brisk start. He has addressed the Council of Europe on restoring human rights and press freedom, the European Parliament on the desire of Ukraine to start membership talks in 2007, and the population at large by tackling corruption and pursuing the rule of law.

Salix has already benefited from the changes. The new governor of Odessa Oblast has supported us in obtaining the necessary permits for our proposed hotel, *Salix Alba*, in Vilково. And there is now a great deal of interest in visiting the country, with new enquiries coming to the office every week.



*Crowds gather on Maidan square in central Kyiv to call for fair Presidential elections*

### IKAR enters organic farm conversion phase

Our farm partner in Reni, IKAR, successfully passed its second annual inspection by the German certification organisation, Grünstempel. Thus IKAR is now in its conversion phase for the 2005 season, and is heading for full organic certification in 2006.

There has been a surge of interest in organic production in

Eastern Europe in recent years. Both IKAR and Salix have joined a new pan-European network set up to promote organic producers and retailers, called EkoConnect (see [www.ekoconnect.org](http://www.ekoconnect.org)) IKAR can look forward to keen interest in its crops (mainly wheat and sunflower). Fieldfare intends to develop a business plan for a small-scale organic processing unit during 2005.

## Salix Nature Tours advances in local market

Despite a late start, the 2004 season saw a marked improvement in the number of local visitors who joined our short tours to the Danube delta, up from less than 10 visitor days in 2003 to 98 this year. Salix has established good working relations with several local hotel-based travel agencies who market our tours and the 2005 programme has already been set up, including trips to the Lower Danube Lakes as well as the delta itself.

In addition, Salix has recently purchased two allotment plots on the banks of Danube river islands. These sites will be used to host picnics, and maintained as open-air exhibitions of how local people grow and process local produce.



Visitors from Odessa on a day trip in the Danube delta

## New consulting projects secured

Four new consultancy projects have been acquired in the last six months in which staff from Fieldfare and Salix will have a significant role. These comprise:

- An EU Phare project in Bulgaria for Danube floodplain wetland management and restoration, led by Project Management (Ireland). The project began in February 2005 and Paul Goriup is serving as team leader, with assistance from Roger Crofts (institutional development), Natasha Goriup (ecotourism), and Tom Clark (sustainable business planning). A great deal of the experience gained in Ukraine can be applied in this project.
- A contract from the Department of Environment, Food and Rural Affairs to assess the feasibility for a new instrument under the Bonn Convention for migratory raptors in the Afro-Eurasian region. Paul Goriup is leading the study on behalf of NatureBureau Ltd and Birdlife International.



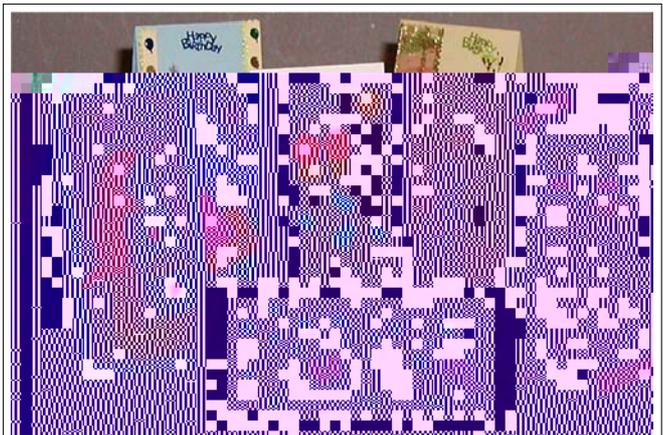
The Danube river and islands at Persina Nature Park, Bulgaria. Fieldfare is helping to develop a management plan for the site

- Salix will be involved in two EU Cross-border Cooperation projects: one for a new biosphere reserve in the Rostocze hills between Ukraine and Poland; the other is to set up a special clinic to treat TB in the border area between Ukraine, Moldova and Romania.

## Salix leads handcraft marketing programme

Over the last year, Salix has been assisting the revival of local craft making in the Lower Danube region. It helped an NGO in Reni to receive an award of €4,000 from the Global Environment Facility to train disabled people, and has been working with an EU small business development project in Odessa to identify more trainers and create new craft products. The products will be stocked in our souvenir shop in Vilkovo, providing a market for the craft workers, as well as income for the company.

Salix has also developed a line of handmade greeting cards featuring local wildlife. Some designs employ a novel material – painted fish scales from Vilkovo!



## Salix registers with ResponsibleTravel.com

Since August 2004, Salix has sponsored a link with Google, the internet search engine. Since then, our site has appeared on over 53,000 search listings and we have had 126 actual visitors to the web site. Unfortunately, none of these has resulted in trip bookings.

However, in February 2005 Salix succeeded in passing the stringent requirements for a listing on Britain's largest ecotourism portal, ResponsibleTravel.com. It is of course still too early to tell whether this approach will produce better results.

### 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. 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.