

Stichting Cardano Development
Rotterdam
Annual report 2014



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

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Auditors' report
Stichting Cardano Development
Weena 690
3012 CN Rotterdam

General

GENERAL

Report of the Board of Trustees

Stichting Cardano Development, a Dutch foundation with charitable status ("ANBI"), was established in March 2013. We acquired Cardano Development B.V. from Cardano Holding B.V. at book value. This was motivated by improving our governance structure and transparency for our work in developing countries in partnership with leading developing financial institutions. Cardano Holding supports the Foundation financially with a long term subordinated loan to ensure our financial viability, and an additional grant. Cardano Holding is also supporting the Stichting with offices and some back office support.

Believes of the Cardano Group

Our roots are in understanding the causes and impact of risk, and how this can be used to significantly improve financial resilience.

On a broader level, we want to educate the wider market about the importance of financial risk and how, when well-managed, it can benefit society as a whole. That's why we believe in sharing our views on risk and its many causes. We believe that many human behavioural biases present an obstacle to sound financial decision-making. Widely acknowledged traits, such as overconfidence, or the tendency to ignore evidence that leads to uncomfortable conclusions, often lead institutions to take too much risk and so drift towards fragility. Through the right combination of education, risk management, and an effective link between strategy and implementation, we believe that financial institutions can become resilient to financial shocks. The compound effect of doing this is greater stability in the overall financial system and for society as a whole.

About Cardano Development

The Cardano philosophy is applied to our work in developing markets through the legal entity Cardano Development since 2010, legally separated since March 2013 in Stichting Cardano Development. We are committed to helping frontier economies develop and prosper. Our goal is to address particular financial and risk-based challenges faced in frontier markets:

- For an economy to develop and prosper households, companies, financial institutions and the public sector need access to sustainable, inclusive financial markets;
- There are often structural gaps which means that financial solutions, available elsewhere in developed economies, are unavailable or inaccessible to most of those operating in these markets;
- There are increased levels of political, economic and environmental risk that affect the resilience of these individuals and organizations, and the ability and/or willingness of third-parties to participate in these economies.

We believe that providing individuals and organizations in frontier economies with stronger and deeper financial markets, and innovative solutions that decrease risk and create resilience will help them achieve sustainable growth which, in turn, will further develop their local economies.

Strategy

Cardano Development's aim is to develop and act as a catalyst for establishing scalable solutions. We use our expertise in risk management to develop a sound market-based approach. We seek to leverage the strengths and financial clout of the various existing institutions active in developing countries, including official donors, development finance institutions and the private sector.

Our own role is three-fold. We apply our expertise in risk and financial markets; we use our network to identify those opportunities with the potential to make the biggest development impact; and we aim to be the incubator in partnership with others to realize operationally and financially sustainable solutions to the identified market gaps.

All Cardano Development initiatives have the following characteristics:

- Addressing a systemically important market gap in frontier markets;
- Applying a state-of-the-art financial approach to markets, risk management and operational effectiveness;
- The solution is scalable to become relevant on a macro-economic level;
- Financially sustainable (on a level as required by its financial partners).

Internal risk control & regulatory requirements

Stichting Cardano Development is the beneficial owner of Cardano Development B.V.. We currently do not perform any operational activities other than governing Cardano Development B.V.. The governance role of the Board of Trustees is formalised by them being the Supervisory Board members of Cardano Development B.V.

Chairman of the Board
Vice-Chairman of the Board
Theo Kocken
Erkel

Treasurer of the Board

Jaap Koelewijn

Arjan



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Financial statements

FINANCIAL STATEMENTS

Balance sheet as at 31 December 2014
BALANCE SHEET AS AT 31 DECEMBER 2014

	<u>31 December 2014</u>		<u>31 December 2013</u>	
	€	€	€	€
ASSETS				
FIXED ASSETS				
Financial fixed assets				
Participations in affiliated companies	1	491.535		953.307
Other amounts receivable	2	<u>1</u>		<u>1</u>
		491.536		953.308
CURRENT ASSETS				
Receivables				
Receivables from associated companies	3		475.142	441.142
Cash at bank and in hand				
Rabobank			347	4.940
		<u>967.025</u>		<u>1.399.390</u>

		<u>31 December 2014</u>		<u>31 December 2013</u>	
		€	€	€	€
LIABILITIES					
Equity	4		15.162		445.201
Long-term liabilities					
Subordinated loans	5		898.685		900.000
Short-term liabilities					
Other liabilities and accrued expenses	6		53.178		54.189
			<u>967.025</u>		<u>1.399.390</u>

Statement of income and expenses for the year 2014

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2014

		2014		2013	
		€	€	€	€
Income	7		100.000		850.784
Other operating expenses	8		14.329		764.174
Operating result			85.671		86.610
Interest and similar expenses	9		-53.938		-46.858
Result from ordinary activities			31.733		39.752
Share in result from participations	10		-461.772		405.449
Net result			-430.039		445.201

NOTES TO THE FINANCIAL STATEMENTS

General

The financial statements have been prepared according to Title 9, Book 2 BW of the Netherlands Civil Code. For foundations article 2:10 BW is applicable instead of Titel 9, Book 2 BW. However, if a foundation holds subsidiaries with substance, we apply Title 9 Book 2 BW.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Accounting policies in respect of the valuation of assets and liabilities

General

Financial fixed assets

The group company subsidiaries are valued at net equity value, defined according to the principles of valuation of Stichting Cardano Development.

Financial assets are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Accounts receivable

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

Cash at bank

Cash and cash equivalents are stated at face value. Unless indicated otherwise, they are at the company's free disposal.

Long term liabilities

Subordinated loans are measured at amortized costs equal the face value.

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Short term liabilities

Upon initial recognition the short term liabilities are included at fair value and than valued at amortized cost. The fair value and amortized cost equal the face value.

Accounting policies in respect of result determination

General

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Income

Income represents amounts received during the financial year reported on, net of discounts and value added taxes.

Other operating expenses

Expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

Net financial result

Interest income and expenses is the interest received, respectively paid to third parties.

Result from participations in group and affiliated companies

Where significant influence is exercised over participations, the group's share in the participations' result is included in the profit and loss account. This result is determined on the basis of the accounting principles applied by Stichting Cardano Development.

Where no significant influence is exercised, the dividend income is accounted for in the profit and loss as financial income.

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Notes to the balance sheet

NOTES TO THE BALANCE SHEET**FIXED ASSETS****Financial fixed assets**

	<u>31-12-2014</u>	<u>31-12-2013</u>
	€	€
1 Participations in affiliated companies		
Cardano Development B.V.	<u>491.535</u>	<u>953.307</u>

Stichting Cardano Development holds a 100% interest in Cardano Development B.V. at Rotterdam.

	<u>2014</u>	<u>2013</u>
	€	€
Cardano Development B.V.		
Balance as at 1 January		
Cardano Development B.V.	<u>953.307</u>	-
Book value as at 1 January	<u>953.307</u>	-
Movements		
Investments in Cardano Development B.V.	-	547.858
Result annual year	<u>-461.772</u>	<u>405.449</u>
Balance movements	<u>-461.772</u>	<u>953.307</u>
Balance as at 31 December		
Cardano Development B.V.	<u>491.535</u>	<u>953.307</u>
Book value as at 31 December	<u>491.535</u>	<u>953.307</u>

	<u>31-12-2014</u>	<u>31-12-2013</u>
	€	€
2 Other amounts receivable		
Echo project	<u>1</u>	<u>1</u>

Stichting Cardano Development, Rotterdam

	<u>2014</u>	<u>2013</u>
	€	€
Echo project		
Book value as at 1 January	1	-
Additions in financial year	-	749.209
Impairments	-	-749.208
Book value as at 31 December	<u>1</u>	<u>1</u>

In July 2013 the Board of Stichting Cardano Development approved the development of a strategic partnership with the Shell Foundation with the objective to form a fund (BIX Fund) that provides Impact-based Pre-finance for Essential Household Products and –Services. This fund is based on a pilot (Envirofit Carbon Holdings One or "ECHO") developed in 2010 by Shell Foundation in association with Envirofit International ("Envirofit") to proof the concept of Carbon-based Pre-finance for Envirofit cookstoves.

ECHO is wholly owned by Envirofit and is created as an SPV for the provision of aforementioned Carbon-based Pre-finance. By the end of 2013, Shell Foundation had funded ECHO directly USD 3.65 million grant support and in the course of 2013 Shell Foundation granted Stichting Cardano Development USD 1 million to provide grant support to ECHO, in order to get familiar with the details of portfolio, investment process and details of carbon pre-finance. Stichting Cardano Development has provided the USD 1 million received from Shell Foundation in accordance with the Memorandum of Understanding. Total grant funding provided to ECHO was USD 4.65 million, and the entire available funding has been invested in 17 different programmes in mainly Sub-Sahara Africa.

If there is sufficient re-flow of investments back to ECHO, such funds will be used to invest in the junior tranche of BIX Fund B.V.

CURRENT ASSETS

Receivables

	<u>31-12-2014</u>	<u>31-12-2013</u>
	€	€
3 Receivables from associated companies		
Current account Cardano Development B.V.	<u>475.142</u>	<u>441.142</u>

This is a receivable of Cardano Development B.V. There have been no agreements made (in writing) in relation to the redemption of this liability as well as interest and other security.

Stichting Cardano Development, Rotterdam**4 Equity**

	<u>Capital</u>
	€
Balance as at 1 January 2014	445.201
Result for the year	<u>-430.039</u>
Balance as at 31 December 2014	<u><u>15.162</u></u>

	<u>31-12-2014</u>	<u>31-12-2013</u>
	€	€
5 Subordinated loans		
Loan Cardano Holding B.V.	<u>898.685</u>	<u>900.000</u>

	<u>2014</u>	<u>2013</u>
	€	€
Loan Cardano Holding B.V.		
Balance as at 1 January	900.000	-
Increase of loan	-	1.000.000
Redemption	<u>-1.315</u>	<u>-100.000</u>
Balance as at 31 December	<u>898.685</u>	<u>900.000</u>
Interest percentage	6%	6%

For the purchase of the participation in Cardano Development B.V. Stichting Cardano Development received a loan of € 1.000.000 from Cardano Holding B.V. In 2013 an amount of € 100.000 was redeemed. In 2014 an amount of € 1.315 was redeemed. The loan will annually bear interest on the principal amount at a rate of 6%. Repayment will occur on a later to be decided time.

Stichting Cardano Development, Rotterdam
SHORT-TERM LIABILITIES

	<u>31-12-2014</u>	<u>31-12-2013</u>
	€	€
6 Other liabilities and accrued expenses		
Interest loan Cardano Holding B.V.	42.103	46.849
Audit fee	9.075	2.500
Accounting fee	<u>2.000</u>	<u>4.840</u>
	<u>53.178</u>	<u>54.189</u>

Stichting Cardano Development, Rotterdam

Notes to the statement of income and expenses

NOTES TO THE STATEMENT OF INCOME AND EXPENSES

	<u>2014</u>	<u>2013</u>
	€	€
7 Income		
Grant Cardano Holding B.V.	100.000	100.000
Grant Shell Foundation	-	750.784
	<u>100.000</u>	<u>850.784</u>

Average number of employees

During the year 2014 there were no employees at the company (2013: nihil).

	<u>2014</u>	<u>2013</u>
	€	€
8 Other operating expenses		
General expenses	<u>14.329</u>	<u>764.174</u>

	<u>2014</u>	<u>2013</u>
	€	€
General expenses		
Accountancy fees	6.908	4.841
Audit fees	6.575	8.550
Insurance premium	518	-
Bank expenses	328	-
Release grant Shell Foundation / Echo loan	-	750.783
	<u>14.329</u>	<u>764.174</u>

	<u>2014</u>	<u>2013</u>
	€	€
9 Interest and similar expenses		
Interest loans contracted	53.938	46.849
Paid bank interest	-	9
	<u>53.938</u>	<u>46.858</u>

	<u>2014</u>	<u>2013</u>
	€	€
Interest loans contracted		
Interest loan Cardano Holding B.V.	<u>53.938</u>	<u>46.849</u>

Stichting Cardano Development, Rotterdam

10 Share in result from participations

Result from Cardano Development B.V.

<u>2014</u>	<u>2013</u>
€	€
<u>-461.772</u>	<u>405.449</u>

Stichting Cardano Development, Rotterdam

Other information

OTHER INFORMATION

Stichting Cardano Development, Rotterdam

1. Other information

1. Other information

Stichting Cardano Development is exempt from mentioning other information in accordance to Artikel 392 lid 5 BW 2.