

Stichting Cardano Development
Rotterdam
Annual report 19 March 2013 until 31 December 2013

Stichting Cardano Development, Rotterdam
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Stichting Cardano Development, Rotterdam

Stichting Cardano Development
Weena 690
3012 CN Rotterdam

General

The foundation was established on March 19, 2013.

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 behavioral 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.

Stichting Cardano Development, Rotterdam

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 formalized by them being the Supervisory Board members of Cardano Development B.V..

Stichting Cardano Development, Rotterdam

Review 2013

The financial performance was in line with expectations, with a profit of EUR 445.201.

In 2012 Coin-Re B.V. was incorporated by Cardano Development B.V.:

Coin-Re B.V.: consultant on crop insurance in the value chain to farming communities in developing countries, with a grant support from Shell Foundation;

In 2013 Mantis B.V. and BIX Fund Management B.V were incorporated by Cardano Development B.V.:

Mantis B.V.: provider of risk quantification and forecasting tools for frontier markets, spun out from TCX and its operational partner/supplier OG Research in Czech Republic;

BIX Fund Management B.V.: in the process of fund raising to provide pre-financing of future carbon credits as applied to essential household appliances such as cook stoves, in partnership with the Shell Foundation;

Frontier Clearing Fund: in formation, but in the process setting up a fund targeting the provision of guarantees to frontier market interbank transactions with recourse to local collateral.

Cardano Development's flagship TCX Investment Management Company B.V. celebrated her 5-year anniversary in Amsterdam, April 2013, attended by Princes Maxima as keynote speaker, just before she became the Dutch queen later that month.

Cardano Development also created a new group website, www.cardanodevelopment.com.

We would like to thank Bart Oldenkamp, member of the Board of Trustees from March 2013 until December 2013, for his effort and commitment in establishing our Foundation.

Outlook

For 2014 Cardano Development's focus is to support and promote the new promising and innovative initiatives undertaken by the staff of the Cardano Development Group.

Cardano Development takes pride in its clients' satisfaction expressed over the past years enabling it to look forward to the future with much confidence.

Rotterdam, July 10th, 2015

Chairman of the Board
Theo Kocken

Treasurer of the Board
Jaap Koelewijn

Vice-Chairman of the Board
Arjan Erkel

FINANCIAL STATEMENTS



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Stichting Cardano Development, Rotterdam

BALANCE SHEET AS AT 31 DECEMBER 2013
(After addition of net result from ordinary activities)

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

Stichting Cardano Development, Rotterdam

	<u>31 December 2013</u>
	€
LIABILITIES	
Equity	445.201
Long-term liabilities	
Subordinated loans	900.000
Short-term liabilities	
Other liabilities and accrued expenses	54.189
	<u><u>1.399.390</u></u>

Stichting Cardano Development, Rotterdam

STATEMENT OF INCOME AND EXPENSES FOR THE PERIOD 19-03-13 UNTIL 31-12-13

	<u>19 March – 31 December</u> <u>2013</u>
	€
Income	850.784
Other operating expenses	<u>764.174</u>
Operating result	86.610
Interest and similar expenses	<u>-46.858</u>
Result from ordinary activities	39.752
Share in result from participations	<u>405.449</u>
Net result from ordinary activities	<u><u>445.201</u></u>

Stichting Cardano Development, Rotterdam

Notes to the financial statements

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 Title 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.

Other receivables are valued at fair value upon initial recognition, subsequently at amortized cost, which equals the face value after deduction of provisions deemed necessary.

Accounts receivable

Upon initial recognition the receivables are included at fair value and then valued at amortized 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.

Stichting Cardano Development, Rotterdam

Long-term liabilities

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

Short-term liabilities

Upon initial recognition the short-term liabilities are included at fair value and then 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.

Stichting Cardano Development, Rotterdam

Notes to the balance sheet

NOTES TO THE BALANCE SHEET

FIXED ASSETS

Financial fixed assets

Register of participations

The interests of the company in other entities are as follows:

	<u>Share in issued capital in %</u>
Cardano Development B.V., Rotterdam	100,00
	<u>31-12-2013</u>
	€
<i>Participations in affiliated companies</i>	
Cardano Development B.V.	<u>953.307</u>
	<u>19-03-13 –</u>
	<u>31-12-13</u>
	€
<i>Cardano Development B.V.</i>	
Book value as at 19 March	<u>-</u>
Movements	
Investments in Cardano Development B.V.	547.858
Profit annual year	<u>405.449</u>
Balance movements	<u>953.307</u>
Balance as at 31 December	
Cardano Development B.V.	<u>953.307</u>
Book value as at 31 December	<u>953.307</u>
	<u>31-12-2013</u>
	€
<i>Other amounts receivable</i>	
Echo project	<u>1</u>

Stichting Cardano Development, Rotterdam

	<u>19-03-13 –</u>
	<u>31-12-13</u>
	€
<i>Echo project</i>	
Book value as at 19 March	-
Additions in financial year	749.209
Impairments	<u>-749.208</u>
Book value as at 31 December	<u><u>1</u></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 programs 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. Therefore we expect no re-flow of the grant provided to Envirofit to Stichting Cardano Development.

CURRENT ASSETS

Receivables

Stichting Cardano Development, Rotterdam

31-12-2013

€

Receivables from associated companies

Current account Cardano Development B.V.

441.142

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. No interest was charged in 2013.

**Stichting Cardano Development, Rotterdam
Equity**

	<u>31-12-2013</u>
	€
Balance as at 19 March 2013	-
Share in result financial year	<u>445.201</u>
Balance as at 31 December 2013	<u><u>445.201</u></u>

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

	<u>19-03-13</u>
	-
	<u>31-12-13</u>
	€
<i>Loan Cardano Holding B.V.</i>	
Balance as at 19 March	-
Increase of loan	1.000.000
Redemption	<u>-100.000</u>
Balance as at 31 December	<u><u>900.000</u></u>
Interest percentage	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. 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>31-12-2013</u>
	€
<i>Other liabilities and accrued expenses</i>	
Interest loan Cardano Holding B.V.	46.849
Audit fee	2.500
Accounting fee	<u>4.840</u>
	<u><u>54.189</u></u>

Stichting Cardano Development, Rotterdam

Notes to the statement of income and expenses

NOTES TO THE STATEMENT OF INCOME AND EXPENSES

	<u>19 March –</u> <u>31 December</u> <u>2013</u> €
Income	
Grant Shell foundation	750.784
Grant Cardano Holding B.V.	<u>100.000</u>
	<u>850.784</u>

Average number of employees

During the year 19 March 2013 until 31 December 2013 there were no employees at the Stichting Cardano Development.

	<u>19 March –</u> <u>31 December</u> <u>2013</u> €
Other operating expenses	
General expenses	<u>764.174</u>

	<u>19 March –</u> <u>31 December</u> <u>2013</u> €
General expenses	
Audit fees	8.550
Accountancy fees	4.841
Release grant Shell Foundation / Echo loan	<u>750.783</u>
	<u>764.174</u>

	<u>19 March –</u> <u>31 December</u> <u>2013</u> €
Interest and similar expenses	
Interest loans contracted	46.849
Paid bank interest	<u>9</u>
	<u>46.858</u>

Stichting Cardano Development, Rotterdam

Interest loans contracted

Interest loan Cardano Holding B.V.

19 March –
31 December
2013

€

46.849

Stichting Cardano Development, Rotterdam

	<u>19 March –</u> <u>31 December</u> <u>2013</u> €
Share in result from participations	
Result from Cardano Development B.V.	<u>405,449</u>

Rotterdam, July 10th, 2015

Stichting Cardano Development

Theo Kocken
Chairman of the Board

Jaap Koelewijn
Treasurer of the Board

Arjan Erkel
Vice-Chairman of the Board

Other information

OTHER INFORMATION

Stichting Cardano Development, Rotterdam

1. Other information

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