ANNUAL REPORT 2015

Stichting International Dispensary Association

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REPORT OF THE SUPERVISORY BOARD

In its meeting of 14th April 2016 the Supervisory Board adopted the Annual Report 2015 of Stichting International Dispensary Association (IDA Foundation or IDA), as presented by the Directors and audited by BDO Audit & Assurance B.V.

During 2015, the Supervisory Board conducted six meetings with the Managing Director. These meetings focused on the annual accounts, company strategy, quarterly financial and management reports, organisational changes and the budget for 2016. In addition members of the Supervisory Board were consulted, by the management of IDA, on a regular basis on issues related to their individual areas of expertise. Special attention was given to issues relating to the new ERP software and IDA's top management structure.

In view of the organisation's size and to ensure continuity the Supervisory Board decided to strengthen top management by appointing a second executive director. In January 2016 Wouter van Beesten was appointed as COO/CFO. The Executive Board now comprises Edwin de Voogd (CEO) and Wouter van Beesten (COO/CFO).

Members of the Supervisory Board also attended meetings with the Works Council and the Managing Director, to discuss IDA's general business progress.

The Supervisory Board visited the Mumbai offices on the occasion of the 10th anniversary of IDA's activities in India and attended the suppliers Summit that took place there.

The Supervisory Board recognizes the achievements of IDA's management and staff in 2015 and hereby expresses its appreciation to them.

Amsterdam, 20 July 2016

The Supervisory Board

Marek W. Guensberg
Albert ten Bruggencate
Mieke Damen
Catherine Hodgkin

DIRECTORS' STATEMENT

Our mission statement

IDA Foundation is the world's leading not-for-profit supplier of essential, quality-assured medicines and medical supplies to low- and middle-income countries. Founded in 1972, IDA Foundation is headquartered in Amsterdam, the Netherlands and has offices in India, China, Nigeria and D.R. Congo, with a global network of over 30 representative agents.
The IDA team is bound by passion for our mission: to improve access and deliver high quality essential medicines and medical supplies at the lowest possible price to low- and middle-income countries.

General

This year has been a remarkable journey. We expected a year with mild growth and internal focus on implementation of a new ERP system. We ended up growing substantially in most customer segments. Our wholesale business increased significantly, partially due to emergency response. Our procurement service programmes also went up, and the growth within the Pooled Procurement Mechanism (PPM) was particularly unexpected. We decided to go-live with the ERP in steps and customize the needs for different business models. As a result, the ERP implementation is taking more time. We went live for one programme in mid-2015 and we will go-live in two steps for two remaining programmes in 2016.

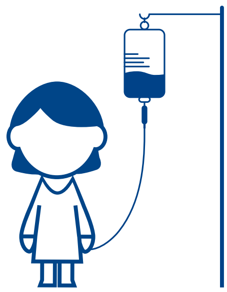
Financials

Our turnover for 2015 was US$ 542 million with a net result of US$ 6.3million.
This is the first year we report our annual accounts in US$. We desired to do so because most of our turnover and costs of goods are traditionally in US$. Reporting in US$ reduces the effect of currency fluctuations on our books, avoids corrections, and gives a better picture of our financial reality.
Due to our growth over the last few years, we have decided to revise the moment in the order execution process when revenue is recognized. This change resulted in a negative effect on our 2015 turnover and net result of US$ 127 million and US$ 3.9 million, respectively. When we adjust for the two changes detailed above, both value and volume have increased more than 25% overall, compared to 2014.
Our costs also grew considerably, mainly because we recruited more full time staff. We also made use of a lot of temporary third party support which was necessary to manage increased activity and the implementation of the new ERP system at the same time.
Net sales margins and absolute result remained stable, but due to an increase in the relative importance of procurement services in our total sales, the relative margin decreased.
Thanks to our positive result, we were able to maintain a very healthy financial position with no loans. We have very solid solvability and liquidity ratios and were able to invest in stock holdings and business systems from our own reserves.
For the procurement service programs that we run, the goods are predominantly pre-financed by donors, which reduces our liquidity risk. Price, credit and foreign exchange risks are actively monitored by our fincance team. IDA is not in volved in R&D activities.

Strategic journey

We review our strategy on a yearly basis. Because we feel it is important to engage all IDA employees in what we do, we decided to restructure our strategic objectives in such a way that they became more meaningful for everyone. This was one of the outcomes of lunch sessions between MT members and employees to share thoughts about strategy, communication and engagement. Our strategic objectives (Impact, Sustainability, Customer Focus, Quality and People) should help us to communicate better and more effectively about our strategy throughout the whole company.

IMPACT - In 2015, IDA's meaningful impact was felt in numerous fields. We supplied over 35% more essential medicines, especially to organisations like MSF, Save the Children, Red Cross and others active in emergency and refugee relief aid. Through our role as a procurement agent for the GDF, we had an impact on global tuberculosis care. Our contribution to price reductions resulted in optimizing budgets and allowing treatment to reach substantially more TB patients. In the field of malaria, supplying over 80 million bed nets contributed to saving more and more lives. In the area of HIV/AIDS prevention, diagnosis and treatment, sales of opportunistic infections medicines and diagnostics supplies tripled compared to 2014.



Many share our vision that non-communicable diseases are becoming an increasingly important issue in low- and middle-income countries. In anticipation of the growing global focus on NCDs, IDA launched a special oncology product portfolio consisting of 22 products – many generic – most commonly used to treat cancer. The launch was done at AORTIC, a conference on oncology in Africa held in Marrakech, Morocco in November 2015. We have also started to include a few products in stock and will further add products based on the latest version of the WHO essential medicines list and customer needs.

SUSTAINABILITY - Over the past few years, IDA's financial results contributed strongly to our sustainability. For 2015, we added about US$ 6.3 million to our reserves. Our financial ratios are healthy for a not-for-profit organisation. In 2014 we were able to invest in substantially more stocks. In 2015, we have invested in the new ERP system. The system is an important tool to provide ourselves, our partners and our customers with greater transparency in the administrative, financial, and physical flows for the future. The features of the new JD Edwards system will allow us to make more and better use of data to analyse our many KPIs. Because of our mission to supply at very low cost coverage margins, the tolerance between our net margins and losses is very slim. Good control therefore is essential.

IDA is part of the consortium led by Chemonics that has been awarded the Global Health Supply Chain Program (GHSCP). This is another important milestone in IDA's history. It is USAID's largest single awarded programme ever. IDA will be the procurement agent for HIV/AIDS related medicines and medical supplies. The total programme has a budget of US$ 10.6 billion over 5-8 years. The HIV/AIDS portion for which IDA is responsible represents 15-20% of the expected programme spend. The transactions of this program will not be processed in our administration, nor will they be reflected in our turnover. IDA's compensation will consist of reimbursement for time spent, based on agreed hourly rates.

CUSTOMER FOCUS - In the end, what we do is for the patient. Our customers are our closest link with patients and we can be happy we served them well. Despite the unanticipated growth and the internal resources needed for the implementation of the new ERP system, we were able to improve on all important customer KPIs. Our supplier performance, stock availability, and customer satisfaction KPIs all improved. This was realized thanks to monthly performance dashboards, over 180 reviews with suppliers to discuss improvements, and continu¬ous action plans to achieve our set targets.

QUALITY - We have performed 34 audits in 2015. Most were verification audits or GMP audits to develop our manufacturers' base. We are actively looking at ways that IDA can contribute to developing local manufacturing in Africa. It is a new trend, driven by donors, and IDA needs to be responsive to this initiative. We are working to find a good balance between global suppliers who usually benefit from economies of scale and smaller local manufacturers, who often perform better on lead times. In 2015, we assessed a number of manufacturing sites and dossiers from manufacturers in East Africa. By working closely with them, we were able to approve an initial group of products and add them to our range.
IDA's growth in volume and value also translated into more new product approvals and 35% more analyses performed. Our QA department is putting greater emphasis on monitoring and managing the supply chain after the goods have left the manufacturers' site. This includes the use of data-loggers and audits to check whether warehouses are GDP compliant.

PEOPLE - 2015 was a very tough year in terms of unexpected workload, periods of understaffing, a growing shortage of office space, and other infrastructure limitations. Our employees were instrumental to our success in 2015, despite these handicaps and obstacles. Not only did our turnover and volume increase significantly, we also invested a lot of resources in the implementation of the new ERP system. We recruited 68 new people: 41 were for new positions and 27 were replacements. As we know, these people need to be trained on the job before being able to fully contribute. That we still succeeded in improving our customer satisfaction KPIs was only possible thanks to highly motivated people who ran the extra mile, day in and day out.

Governance

Over the past decade, IDA has evolved from a stock-keeping wholesaler to an organisation that runs a variety of large programmes and projects for third parties or partners. This involves many different services and business models. Not only have our teams, our organisation and our turnover grown, so has our complexity. In order to deal more effectively with the new requirements and better safeguard our managerial sustainability, we have decided to implement a new governance structure. We have moved from single leadership with a managing director (Edwin de Voogd) to a dual leadership structure with a CEO (Edwin de Voogd) and a COO/CFO (Wouter van Beesten). Wouter has significant experience in supply chain, logistics, and operations management. He has already worked for IDA for the past 2 years as acting Supply Chain Manager and ERP project manager. Both CEO and COO/CFO report to the Supervisory Board. This new structure was approved by the Workers Council in January 2016 and was implemented in March 2016.

Future outlook

IDA operates in an environment that faces new challenges. In 2014 we had earthquakes and Ebola, and in 2015 the humanitarian tragedies around refugees from Africa and Syria hit us. None of these events can be anticipated, and we need to ensure that IDA is positioned to respond to whatever may come. That is part of the reason that in 2015 we invested in more people and the new ERP system. We have also invested in relationships with suppliers, partners, and customers, demonstrating a constant eagerness to perform well under changing circumstances. Future investments may include new facilities; after years of steep growth, there is a pressing need to look at our warehousing and office capacity. We have not yet planned any investments. If our studies demonstrate a need for infrastructure expansion, we will be able to carry out such projects using our financial reserves without needing external support.

Between 2012 and 2015, we have grown from 150 to over 250 employees worldwide, mainly due to our procurement service programs. The projections for the continuation of these programs are very uncertain, as contracts are normally awarded for only a few years. As a result, our headcount projections are also uncertain. Therefore, in our planning we work with a stable work force. At the same time, we need to develop new recruitment strategies to be better able to cope with the enormous swings that the gain or a loss of a program may cause in our head count.

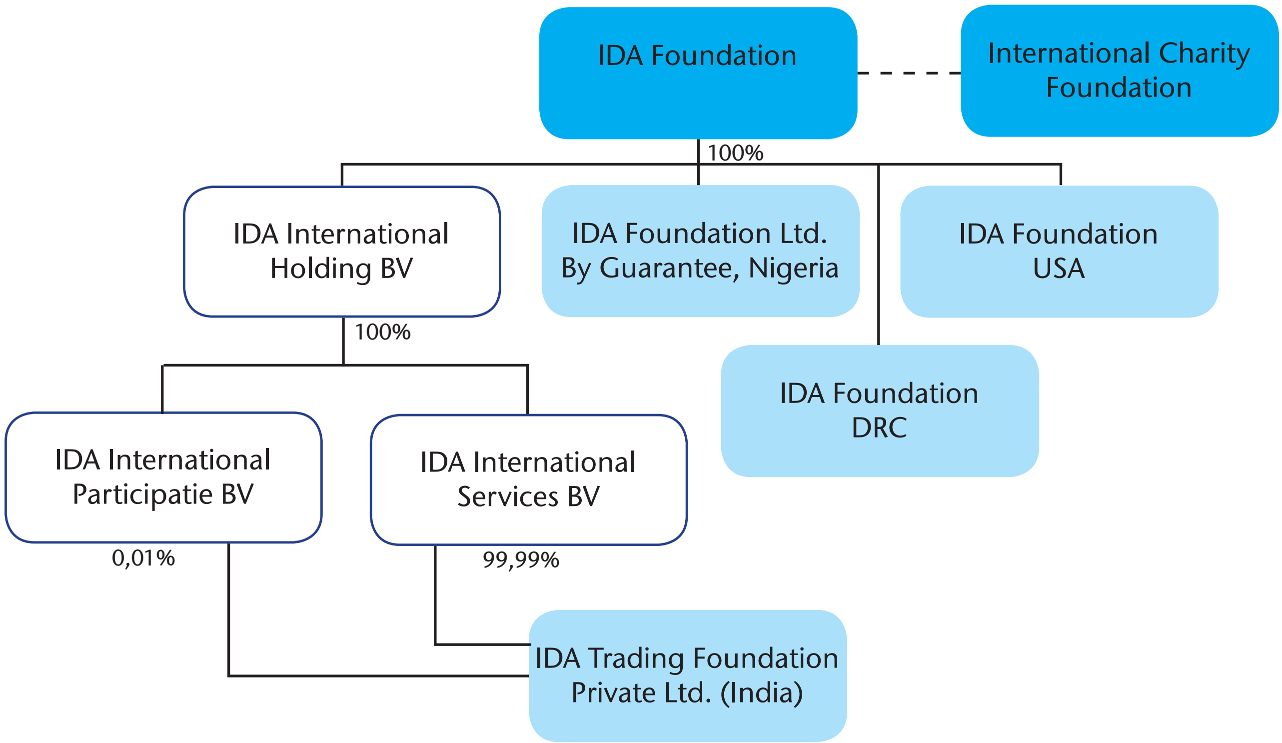
The very positive feedback from our large partners, the award of GHSCP, the very positive outcome of the customer survey, our new ERP system, our financial independence, and last but not least our very engaged, highly motivated crew of people give us the confidence that we will continue to be successful in achieving our mission.

Amsterdam, 20 July 2016

Edwin de Voogd
CEO

Wouter van Beesten
COO/CFO

CORPORATE STRUCTURE



Annual accounts 2015

A. CONSOLIDATED BALANCE SHEET

After result appropriation

	Note	31 December 2015		31 December 2014	
		$ x 1.000		$ x 1.000	
FIXED ASSETS					
Intangible fixed assets	1				
Development costs		699		186	
Licenses		538		332	
			1.237		518
Tangible fixed assets	2				
Land and buildings		1.937		1.939	
Warehouse inventory		65		82	
Office inventory		808		506	
Laboratory inventory		-		-	
Vehicles		18		1	
			2.828		2.528
Financial fixed assets	3				
Subordinated loan		633		766	
			633		766
			4.698		3.812
CURRENT ASSETS					
Inventories	4				
Goods purchased for resale		185.916		32.049	
			185.916		32.049
Receivables	5				
Trade debtors		15.418		21.493	
Advance payments to suppliers		2.862		22.465	
Pension premiums		-		15	
Other receivables and accruals		2.799		1.318	
			21.079		45.291
Corporate income tax	6		1.125		-
Other taxes	6		658		391
Securities	7		6.960		7.560
Cash and bank balances	8		224.866		256.299
			440.604		341.590
CURRENT LIABILITIES					
Creditors	9	48.626		34.738	
Payroll taxes	10	237		176	
Corporate income tax	10	-		2.538	
Accrued liabilities	11	332.617		249.507	
			381.480		286.960
Current assets less current liabilities			59.124		54.630
Assets less current liabilities			63.822		58.442
PROVISIONS	12				
Pensions		-		-	
Jubilee benefits		98		106	
			98		106
GROUP EQUITY	13				
Purpose reserve		7.968		8.877	
Retained earnings		55.756		49.459	
			63.724		58.336
			63.822		58.442

B. CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2015 $ x 1.000 $		2014 $ x 1.000 $	
Turnover	15		542.423		654.049
Cost of goods purchased		516.653		627.175	
Personnel expenses	16	11.230		10.120	
Depreciation	1-2	535		441	
Operating expenses	17	8.044		5.431	
			536.462		643.167
Operating result			5.961		10.882
Financial income and expenses					
Interest, dividend income and other results on securities portfolio and loans		333		573	
Other interest income		-		13	
			333		560
Result before tax			6.294		11.442
Corporate tax	18	(15)		4.437	
			(15)		4.437
Net result			6.309		7.005

C. CONSOLIDATED CASH FLOW STATEMENT

	Note	2015 $ x 1.000		2014 $ x 1.000	
Operating result			5.961		10.882
Adjustments for:					
Depreciation	1-2		537		441
Changes in working capital:					
- Inventories	4	(153.867)		(5.188)	
- Receivables	5	24.212		(20.638)	
- Accrued liabilities	11	83.110		(111.720)	
- Taxes and social premiums	6, 10	(205)		(352)	
- Creditors	9	13.888		5.857	
			(32.862)		(132.041)
Cash flow from business activities			(26.364)		(120.718)
Restatement for change of functional currency		-		207	
Exchange results for different functional currencies consolidated companies		(920)		(1.188)	
Interest, dividend income and other results on securities portfolio and loans		1.064		1.668	
Additions to/deductions from provisions		(8)		(27)	
Foreign exchange result administration		-		315	
(Pre)payment corporate income tax		(3.648)		(2.810)	
			(3.512)		(1.835)
Cash flow from operating activities			(29.876)		(122.553)
Investments in intangible fixed assets	1	(823)		(1.063)	
Investments in tangible fixed assets	2	(734)		-	
Desinvestments		-		84	
Net cash provided by (used in) financing activities			(1.557)		(979)
Net increase (decrease) in cash and cash equivalents			(31.433)		(123.532)
Cash and bank balances per 1 January		256.299		379.831	
Cash and bank balances per 31 December		224.866		256.299	
Net increase (decrease) in cash and cash equivalents			(31.433)		(123.532)

D. CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

	2015 $ x 1.000		2014 $ x 1.000	
Consolidated net result		6.309		7.005
Translation adjustment	(921)		(1.188)	
Total recognised in equity		(921)		(1.188)
Comprehensive income		5.388		5.817

E. Notes to the consolidated annual accounts

E.1 Accounting principles

The annual accounts have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

The consolidated annual accounts: assets, liabilities, equity and the determination of the results have been prepared on the historical cost basis, unless otherwise stated. The principal accounting policies adopted in the preparation of the annual accounts are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Stichting International Dispensary Association ("Stichting IDA" or "IDA Foundation") is the head of the IDA organisation. According to the legal provisions regarding consolidated annual accounts, the company can be considered to be the group head, which is obliged to draw up the consolidated annual accounts.

IDA Foundation is the world's leading not-for-profit supplier of essential, quality assured medicines and medical supplies to low- and medium income countries. The principal business office of IDA Foundation is at Slochterweg 35, 1027 AA Amsterdam.

IDA Foundation decided to change its reporting currency from Euro to US dollar in 2015. The comparative figures are also restated to US dollars. The US dollar is the functional currency of IDA Foundation, since the majority of the sales and purchases are in US dollars. All values in these financial statements are in US dollars and all values are rounded to the nearest thousand, except when otherwise indicated.

The following important changes were processed in these annual accounts:
• As of 1 January 2015 a new accounting estimate is used for the moment of revenue recognition by the company. The comparative figures have not been amended for this change in accounting estimates. Reference is made to the paragraph "turnover and result determination".
• Unrealized exchange differences that were deferred for tax purposes became a permanent difference, because in 2015 the company received approval from the Dutch tax authorities to calculate its taxable income in US dollars as from 2016. Reference is made to note 18 of the consolidated profit and loss account.
• As of 1 January 2015 Stichting IDA Charity Foundation is included in the consolidated annual accounts. As a result group equity increased by $ 8.0 million at 31 December 2015 (31 December 2014: $ 8.9 million). The comparative figures have been amended for this error correction. Reference is made to the paragraph "consolidated companies".

<u>CONSOLIDATION</u>

The consolidated annual accounts of IDA include the financial data of the companies that form part of the group and other legal entities that are under the control or leadership of IDA Foundation. The consolidated annual accounts have been drawn up in accordance with IDA Foundation's accounting principles.

<u>CONSOLIDATED COMPANIES</u>

Besides the figures of IDA Foundation the followowing entities are included in the consolidated annual accounts:

Stichting IDA Charity Foundation, Amsterdam
IDA International Holding BV, Amsterdam (100%)
IDA International Services BV, Amsterdam (100%)
IDA International Participation BV, Amsterdam (100%)
IDA Trading Foundation Pvt Ltd India, Mumbai (100%)
IDA Republic Democratic Congo (100%)
IDA Foundation Ltd. By Guarantee, Nigeria (100%)
IDA Foundation USA, USA (100%)

Stichting IDA Charity Foundation ("IDA Charity Foundation") is for the first time also included in the consolidated annual accounts. The comparative figures have been amended. IDA Charity Foundation is not a subsidiary, but because of the interrelationship between the Supervisory Board of IDA Foundation and the Board of IDA Charity Foundation the financial information of IDA Charity Foundation is included in these consolidated annual accounts.
Its funds are invested in a subordinated loan granted to Stichting Iplussolutions ("Iplussolutions") and in a portfolio of securities. For the effect on the result and equity of the first consolidation of the financial information of IDA Charity Foundation reference is made to the paragraph "turnover and result determination" and to paragraph 13 Group equity. The results and the equity of IDA Charity Foundation are not included in the company accounts because IDA Charity Foundation is not a participation. Consequently, there is a difference between the equity and the net result presented in the consolidated and company annual accounts.

Financial information relating to the group companies and other legal entities and companies included in the consolidation are fully included in the consolidated annual accounts, eliminating the intercompany relationships and transactions. Investments in third parties and results of group companies are separately disclosed in the consolidated annual accounts.

The results of acquisitions during the year and other legal entities and companies included in the consolidation, are consolidated from the date of acquisition. The acquired assets, provisions and liabilities are measured at fair values at date of acquisition. Goodwill paid is capitalized and amortized over its estimated useful life. The results of investments sold during the year are recognized until the date of disposal.

FOREIGN CURRENCY

Receivables, liabilities and obligations denominated in foreign currencies are translated at the exchange rate prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rate prevailing at the transaction date. The exchange differences resulting from the translation at the balance sheet date, taking into account possible hedge transactions (see below), are recorded in the profit and loss account.
Foreign group companies and non-consolidated investments outside the Netherlands which qualify as business operations in a foreign country. Balance sheet items are translated at the exchange rate at the balance sheet date and the profit and loss account items at the exchange rate at transaction date. The resulting exchange differences are directly deducted from or added to group equity.

FINANCIAL INSTRUMENTS

Financial instruments are understood to mean both primary financial instruments, such as receivables and liabilities, as well as financial derivatives. In the notes on the separate balance sheet items, the actual value of that instrument is explained if it differs from the book value. If the financial instrument is not included in the balance, the information on the actual value is provided in the explanation of the 'settlements not included on the balance sheet'. We refer to the discussion per balance sheet item for the valuation principles of primary financial instruments.

EXCHANGE RATE

As at 31 December 2015, the dollar exchange rate was € 1.00 equals $ 1.089 (2014: € 1.00 equals $ 1.215). The average exchange over 2015 was € 1.000 equals $ 1,111 (2014: € 1.00 equals $ 1.329).

COMPARATIVE FIGURES

The comparative have been amended for the consolidation of IDA Charity Foundation and for classfication differences.

FIXED ASSETS

INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of external development cost for the ERP system and licenses paid for computer software. The development costs are capitalized when the development is completed and amortized by the straight-line method over the economic life time of a period of five years.
The license costs are capitalized and amortized by the straight-line method over the economic life time, generally not exceeding 5 years.

TANGIBLE FIXED ASSETS

The fixed assets are valued at the purchase value with the deduction of depreciation costs. The depreciation is calculated on a straight line basis of the purchasing value, based on the economic life span. A depreciation in proportion to time is made for purchases made during the year.

The depreciation percentages are as following:

Land and buildings	0-10 %
Warehouse inventory	10-20 %
Office inventory	10-20 %
Laboratory inventory	10-20 %
Vehicles	10-20 %

Mainteneace costs are expensed as incurred.

LOANS

Loans are valued at amortized costs with a provision for obsolescence.

CURRENT ASSETS

INVENTORIES

The inventories are valued at standard cost, based on the last purchase price paid, and including additional costs, or if this is lower, at the market value. If necessary a provision for obsolete stock is taken into account.

RECEIVABLES

The receivables are valued at the nominal value. A provision for doubtful debts, whichh is determined on bais of an individual balance is taken into account.

SECURITIES

The securities are valued against faire value and realised and unrealised results are charged to the profit and loss account.

FOREIGN CURRENCY

Amounts in foreign currency (bank balances, receivables and debts) are valued at the rate on the balance date. Exchange differences are included in the profit and loss account.

PENSIONS

The Pension cost are calculated according to “Richtlijn voor de Jaarverslaggeving” principle 271.3. The actual pension costs are the pension premium paid minus the employees contribution. There are no material pension liabilities associated with the IDA Foundation.

A general description of the two pension plans:

Pension type	Career average salary
Build up percentage	1,75%
Pension age	67
Franchise	€ 13.449
Maximum salary	€ 105.016
Pension base	Salary -/- franchise
Surviving Relatives Pension	70% of the pension

Pension type	Defined Contribution Pension Scheme
Build up percentage	Table 2 (77,78%)
Pension age	65
Franchise	€ 13.449
Maximum salary	€ 105.016
Pension base	Salary -/- franchise
Surviving Relatives Pension	1,225% of pension base per year employed

PROVISION FOR JUBILEE BENEFITS

A provision for jubilee benefits at 12,5 and 25 year employment is calculated, based on RJ 271 employee benefits.

The calculation of the provision is time proportional and takes into account the probability that an employee leaves before reaching jubilee employment.

OTHER ASSETS AND LIABILITIES

Other assets and liabilities are valued at face value.

TURNOVER / RESULT DETERMINATION

Taking into account the above-mentioned accounting principles, the result consists of the turnover with the deduction of the cost price, and deducting other costs at historical prices. The turnover and corresponding cost of sales are recognized when most important risks and rewards from ownership have been passed to the customer.

In 2015 management reassed the estimation technique used regarding the revenue recognition policies of the company. As of 2015 management considers the fulfilling of the Inco Terms as the moment that the most important risks and benefits are passed to the customer. In 2014 revenue was recognised upon shipment or earlier if agreed upon with the customer.

If this new accounting estimate would have been applied in the profit and loss account of 2014 the turnover and gross margin would have been, respectively, $ 97,6 and $ 3,9 million lower in the comparative figures. In the balance sheet at 31 December 2014 this would also have resulted in higher inventories, lower debtors and higher prepayments.

As result of this change in estimate an amount of $ 126,6 million turnover was deferred to 2016, with a correspnding gross margin of $ 3,9 million.

Management believes that this change in estimation better reflects the current underlying economic reality and transactions.

The consolidation of the financial information of IDA Charity Foundation has no material impact on the net result in 2015 and 2014. The results of IDA Charity Foundation relate in majority to the investment result on the portfolio of the securities and the interest received on the subordinated loan.

CORPORATE TAX

Corporate tax for the period comprises current and deferred tax . The current income tax charge is calculated on basis of the tax laws enacted or substansively enacted at the date of the statement of the financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which appplicalbe tax regulations is subject to interpretations, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred provision is made for temporary difference between the carrying amounts of assets and liabilites for the financial reporting and tax bases of these items. A deferred tax asset is only recognized to the extent that it is probable that taxable profits will be available in the future that can be used for the realization of the temporary difference. Deferred tax assets are reveiwed at each reporting date and reduced to the extent that it is no longer probable that the related benefits will be realized.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group company has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group company have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement.

E.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Intangible fixed assets

	Development costs $ X 1.000	Licenses $ X 1.000	Total $ X 1.000
Historical cost	186	332	518
Depreciation	-	-	-
Book value 01-01-2015	186	332	518
Investments	571	252	823
Depreciation	(58)	(46)	(103)
	699	538	1.237
Historical cost	757	584	1.341
Depreciation	(58)	(46)	(103)
Book value 31-12-2015	699	538	1.237

2 Tangible fixed assets

	Land and buildings $ X 1.000	Warehouse inventory $ X 1.000	Office inventory $ X 1.000	Laboratory inventory $ X 1.000	Vehicles $ X 1.000	Total $ X 1.000
Historical cost	5.466	2.132	4.108	109	26	11.841
Depreciation	(3.527)	(2.050)	(3.602)	(109)	(25)	(9.313)
Book value 01-01-2015	1.939	82	506	-	1	2.528
Investments	187	9	521	-	17	734
Depreciation	(189)	(26)	(219)	-	0	(434)
	1.937	65	808	-	18	2.828
Historical cost	5.653	2.141	4.629	109	43	12.575
Depreciation	(3.716)	(2.076)	(3.821)	(109)	(25)	(9.747)
Book value 31-12-2015	1.937	65	808	-	18	2.828

3 Financial fixed assets

	31 December ------2015------ $ X 1.000	31 December ------2014------ $ X 1.000
Subordiated loan	633	766
	633	766
Face value subordinated loan	1.635	1.908

A subordinated Euro loan is granted to Iplussolutions. The loan has to be repaid ultimately 31 December 2034 or earlier on initiative of Iplussolutions without any penalty. Repayment by Iplussolutions is also required when:
- Iplussolutions merges with or sale to another commercial party; or
- in two subsequent years the guaranteed capital, after deduction of the loan, is more is than 50% of the balance total including the loan.

Repayment of the loan will take place in two equal terms, one is on 1 June of the year that the loan has become payable and the second term on 1 February of the subsequent year.
In February 2016 the current interest rate of 2% is changed to the interest rate on Dutch bonds with a duration period of five years. After a period of five years this interest rate will be revised using the same method.
In 2015 an amount of $ 75,000 was written down on this loan. This write down is a contribution for losses Iplussolutions incurred due to the loss of its contract with PFSCM.
The remaining movement during the year is due to exchange rate differences. There are no other legal commitments.

	31 December ------2015----- $ X 1.000	31 December ------2014----- $ X 1.000
4 Inventories		
Goods purchased for resale		
Inventories at standard cost	44.665	32.182
Goods in transit	141.404	-
Provision for obsolete stock	(152)	(132)
	185.916	32.049

The inventory balance is influenced by the change in the estimation technique used regarding the revenue recognition policy of the company. This change causes an increase of the inventory balances of USD 141.4 million. Reference is made to the accounting principles paragraph turnover/result determination.

As of 1 January 2015 the stock which is held by IDA in consignment for GDF is not included anymore because of a reassessment of the risks IDA bears on these stock positions. This reassessment revealed that the economic risk for IDA is limited. The corrected amount for this stock position amounts to USD 13.1 million. In the comparative figures an amount of USD 5.4 million is included which is not reclassified.
This different treatment of consignment stock has no effect on the result of the company.

	31 December ------2015----- $ X 1.000	31 December ------2014----- $ X 1.000
5 Receivables		
Trade debtors	15.418	21.493
Advance payments to suppliers	2.862	22.465
Pension premiums	-	15
Other receivables and accruals	2.799	1.318
	21.079	45.291

The trade debtors are influenced by the reassessment of the estimation technique used regarding the revenue recognition policy of the company. This change causes a decrease in trade debtors of approximately USD 83.6 million. Reference is made to the accounting principles paragraph turnover/result determination. The trade debtor balance without the cut off adjustment amounts to USD 99.0 million, which is 77.5 million higher than the debtor balance as per 31 December 2014. This increase is mainly caused by the change in the prepayment scheme of the PPM program. As of 2015 IDA receives its funding based on cash flow forecasts for payments to suppliers for the PPM program.

The receivables are due within one year.

6 Taxes and social premiums	31 December ------2015----- $ X 1.000	31 December ------2014----- $ X 1.000
Corporate income tax	1.125	-
Value added tax	613	358
Other taxes	45	33
	1.783	391

7 Securities

The securities are exchanged at official stock exchanges.

8 Cash and bank balances

The cash and bank balances include bank balances of an amount of $ 206,6 million (2014: $ 251,8 million), which are restricted for financing the large programs.

CURRENT LIABILITIES

9 Creditors

	31 December ------2015------ $ X 1.000	31 December ------2014------ $ X 1.000
Trade creditors	10.709	5.732
Payables to trade creditors	37.917	29.006
	48.626	34.738

Payables to trade creditors represent invoices to be received.

10 Taxes and social premiums

	31 December ------2015------ $ X 1.000	31 December ------2014------ $ X 1.000
Payroll taxes	237	176
Corporate income tax	-	2.538
	237	2.714

11 Accrued liabilities

	31 December ------2015------ $ X 1.000	31 December ------2014------ $ X 1.000
Advanced payments received from clients	262.522	194.016
Prepayment for GDF bufferstock	6.628	20.945
Other debts and accrued liabilities	63.462	34.546
Pension premiums	5	-
	332.617	249.507

The balances advance payment received form clients is influenced by the change in the estimation techique used regarding the revenue recognition policy of the company. This change causes an increase of approximately $ 39,6 million. Reference is made to the accounting principles paragraph turnover/result determination.

12 Provisions

	31 December ------2015------ $ X 1.000	31 December ------2014------ $ X 1.000
Jubilee benefits	98	106
	98	106

Balance mutations of the provision for jubilee benefits	------2015------	------2014------
Balance at 1 January	106	109
Paid to Jubilees	(4)	(7)
Additions	8	17
Exchange result	(11)	(14)
Balance at 31 December	98	106

13. GROUP EQUITY

	------2015-----	------2014-----
	$ X 1.000	$ X 1.000
Balance at 1 January	58.336	42.670
Equity IDA Charity Foundation (i)	-	9.849
Restated equity at 1 January	-	52.519
Translation adjustment (ii)	921-	1.188-
Net result	6.309	7.005
Balance at 31 December	63.724	58.336

2015	Translation reserve	Other Reserves	IDA Charity Foundation Purpose reserve sub total	Retained earnings	Equity Total
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
Balance at 1 January 2015	-1.188	10.065	8.877	49.459	58.336
Exchange rate difference	-921		-921		-921
Net result		12	12	6.297	6.309
Balance at 31 December 2015	-2.109	10.077	7.968	55.756	63.723

2014	Translation reserve	Other Reserves	IDA Charity Foundation Purpose reserve sub total	Retained earnings	Equity Total
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
Balance at 1 January 2014		9.849	9.849	42.670	52.519
Exchange rate difference	-1.188		-1.188		-1.188
Net result		216	216	6.789	7.005
Balance at 31 December 2014	-1.188	10.065	8.877	49.459	58.336

The group equity as per 1 January 2015 can be reconciled to the equity of the 2014 annual accounts as follows :

Equity at 31 December in the 2014 annual accounts	€40.707.000
Exchange rate USD/EURO at 31 December 2014	1,215
Equity recalculated against exchange rate at 31 December 2014	$49.459.000
Equity IDA Charity Foundation at 31 December 2014	$8.876.501
Equity at 31 December 2014	$58.335.501

(i) The equity is restated because for the first time the financial information of IDA Charity Foundation is included in the consolidated annual accounts of IDA Foundation. As from 2011 there is an interrelation beween the Supervisory Board of IDA Foundation and the Board of IDA Charity Foundation, which is the main reason for consolidation. There arises a difference between the equity of the consolidated annual accounts and the company annual accounts. IDA Charity Foundation is not a participation. Reference is further made to D1 Accounting principles.
(ii) The translation adjustment relates to the exchange result on the monetary assets and liabilties of IDA Charity Foundation, which has the Euro as its functional currency.

14. ASSETS AND OBLIGATIONS NOT INCLUDED IN THE BALANCE SHEET

ING Bank Bank N.V. gave the following guarantees at 31 December 2015: € 35.637 (2014: $ 35.637) on behalf of clients in connection with advance payments received, or guarantees related to observing commitments that have been undertaken. The ABN AMRO Bank N.V. gave the following guarantees at 31 December 2015: € 700.727 (2014: € 930.264) and $ 13.942,046 (2014: $ 2.390.382) on behalf of clients in connection with advance payments received, or guarantees related to observing commitments that have been undertaken. The bank guarantee facility at ABN AMRO Bank N.V. is € 16.200.000 (2014: € 8.000.000).

IDA Foundation rents a warehouse in Veenendaal. The current lease for a period of 5 years started at 1 May 2010. The current rent is $ 426.000 and is indexed yearly. The contract is one year renewed until 1 May 2016.

At 31 December 2015 the rental obligation of our office in India amounts to $ 667.423 (2014: $ 354.780) of which $ 322.2014 (2014: $ 189.540) is due with one year. There is no rental obligation due after five years.

E-3 NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

15. Specification of turnover:	------2015------ $ X 1.000	------2014------ $ X 1.000
Europe	27.345	20.300
Asia	134.611	190.733
America	10.109	8.740
Africa	370.358	434.277
	542.423	654.049

The turnover is influenced by the change in the estimation technique regarding the revenue recognition policies of the company. This change causes a decrease of $ 126,6 million. Reference is made to the accounting principles paragraph "turnover/result determination". No information about turnover per sector is proviced because all activities are categorised in one sector.

16. Personnel expenses	------2015------ $ X 1.000	------2014------ $ X 1.000
Wages and salaries	8.797	7.897
Pensions	609	529
Social security costs	1.005	1.004
Other	820	690
	11.230	10.120

17. Other operating expenses	------2015------ $ X 1.000	------2014------ $ X 1.000
- Accommodation costs	1.327	1.319
- Selling costs	581	623
- General and administrative costs	1.654	1.313
- Other cost	4.482	2.175
	8.044	5.431

Included in the administrative costs are:	------2015------ $ X 1.000	------2014------ $ X 1.000
- Audit fees BDO	85	91
- Audit fees Deloitte	10	10
- Fee for fiscal services rendered by BDO	12	7
- Fee for fiscal services rendered by Deloitte	14	16
	121	124

The total renumeration of the Supervisory Board is $ 49.980 (2014: $ 59,816). The Executive Board of IDA Foundation consists of one person in 2015. In accordance with the exemption of Section 383 paragraph 1, Book 2 of the Dutch Civil Code no disclosure regarding payments to the Executive Board is required.

The increase of other costs is mainly due to cost incurred for the implementation of a new ERP system.

The average number of employees in 2015 amounted to 211 FTE (2014: 177 FTE) of which 81 FTE (2014: 68 FTE) are employed outside the Netherlands.
The average number of employees (in FTE) can be categorized as follows:

	------2015------	------2014------
Board and support	57	47
Purchase	41	20
Sales	55	63
Supply chain	58	47
	211	177

18. Income tax

The effective corporate rax rate is 0.1 % (2014: 38.8%). The corporate tax in the profit and loss account amounts USD -15.000 (2014 : USD 4.437.000) of the result before tax and consists of the following components:

	%	------2015------ $ X1.000	%	-----2014------ $ X1.000
Result before tax		6.294		11.442
Tax using the Dutch corporate tax rate	25%	1.574	25%	2.861
Tax effect of adjustment to arrrive at the effective tax rate				
Exchange result		147		
Income not subject to corporate tax		(3)		(54)
Unrealized exchange results (i)		(1.579)		1.579
Other time differences		(163)		38
Non deductible expenses		10		13
Corporate tax	-0,2	(15)	38,8	4.437

(i) The company changed its fiscal policy towards unrealized foreign exchange results. As from 2014 unrealized foreign exchange results are not any more included in the corporate fiscal result. This change is processed in the 2015 corporate tax charge.

F. BALANCE SHEET IDA FOUNDATION

After result appropriation

	31 December 2015		31 December 2014	
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
FIXED ASSETS				
Intangible fixed assets	1.237		518	
Tangible fixed assets	2.557		2.356	
		3.794		2.874
FINANCIAL FIXED ASSETS				
Subsidiaries	1.354		1.025	
		1.354		1.025
CURRENT ASSETS				
Inventories	185.916		32.049	
Receivables	20.406		44.525	
Corporate income tax	1.125		-	
Taxes	613		358	
Cash and bank balances	223.872		255.191	
		431.932		332.123
CURRENT LIABILITIES				
Creditors	48.622		34.919	
Payroll taxes	230		169	
Corporate income tax	-		2.538	
Accrued liabilities	332.374		248.831	
		381.226		286.457
Current assets minus current liabilities		50.706		45.666
Assets minus current liabilities		55.854		49.565
PROVISIONS				
Jubilee benefits	98		106	
		98		106
EQUITY		55.756		49.459
		55.854		49.565

G. PROFIT AND LOSS ACCOUNT IDA FOUNDATION

	------2015------ $ X 1.000	------2014------ $ X 1.000
Net result of the company before taxes	5.736	10.751
Taxes	(170)	4.270
Net result of the company	5.906	6.481
Result subsidiaries	392	308
Net result	6.298	6.789

H. NOTES TO THE ANNUAL ACCOUNTS IDA FOUNDATION

H.1 ACCOUNTING PRINCIPLES

The subsidiaries are valued at net asset value. For the other accounting principles we refer to the accounting principles stated under chapter E-1.

SECTION 402, BOOK 2 OF THE DUTCH CIVIL CODE

Due to the fact that the profit and loss account 2015 is incorporated in the consolidated annual accounts, the profit and loss account of IDA Foundation is a summarized reproduction, as mentioned in Section 402, Book 2 of the Dutch Civil Code.

H2 Notes to the balance sheet per 31 december 2015

1a Intangible fixed assets

	Development costs	Licenses	**Total**
	$ X 1.000	$ X 1.000	$ X 1.000
Historical cost	186	332	518
Depreciation	-	-	-
Book value 01-01-2015	186	332	518
Investments	571	252	823
Depreciation	58-	46-	104-
Book value 31-12-2015	699	538	1.237
Historical cost	757	584	1.341
Depreciation	58-	46-	104-
Book value 31-12-2015	699	538	1.237

1b Tangible fixed assets

	Land and buildings	Warehouse inventory	Office inventory	Laboratory inventory	Vehicles	**Total**
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
Historical cost	5.420	2.133	3.635	109	-	11.297
Depreciation	3.481-	2.050-	3.301-	109-	-	8.941-
Book value 01-01-2015	1.939	83	334	-	-	2.356
Investments	130	9	393	-	16	548
Depreciation	181-	26-	139-	-	1-	347-
Exchange result						-
Book value 31-12-2015	1.888	66	588	-	15	2.557
Historical cost	5.550	2.142	4.028	109	16	11.845
Depreciation	3.662-	2.076-	3.440-	109-	1-	9.288-
Book value 31-12-2015	1.888	66	588	-	15	2.557

Assets

	31 December ------2015----- $ X 1.000	31 December ------2014----- $ X 1.000
2. Subsidiaries IDA Foundation		
IDA International Holding B.V. (100%)		
Balance at 1 January	1.025	661
Foreign exchange differences	(63)	56
Net result	392	308
Balance at 31 December	1.354	1.025

CURRENT ASSETS	31 December ------2015-----	31 December ------2014-----
3. Inventories	$ X 1.000	$ X 1.000
Inventories at standard cost	44.665	32.181
Goods in transit	141.404	-
Provision for obsolete stock	(152)	(132)
	185.916	32.049

	31 December	31 December
4. Receivables	------2015-----	------2014-----
	$ X 1.000	$ X 1.000
Trade debtors	15.417	21.493
Advance payments to suppliers	2.862	22.465
Pension premiums	-	15
Other receivables and accruals	2.127	552
	20.406	44.525

	31 December ------2015----- $ X 1.000	31 December ------2014----- $ X 1.000
5. Taxes and social premiums		
Corporate income tax	1.125	-
Value added tax	613	358
	1.738	358

6. Cash and bank balances

The cash and bank balances include bank balances of an amount of $ 206,6 million (2014: $ 251,8 million) which are restricted for financing the large programs.

CURRENT LIABILITIES

7. Creditors	31 December ------2015------ $ X1.000	31 December ------2014------ $ X 1.000
Trade creditors	10.705	5.913
Payables to trade creditors	37.917	29.006
	48.622	34.919

8. Accrued liabilities	31 December ------2015------ $ X 1.000	31 December ------2014------ $X 1.000
Advanced payments received from clients	262.521	194.017
bufferstock	6.628	20.945
Other debts and accrued liabilities	63.220	33.869
Pension premiums	5	-
	332.374	248.831

Provisions	31 December ------2015------ $ X1.000	31 December ------2014------ $ X1.000
9. Jubilee benefits	98	106
	98	106

EQUITY	31 December ------2015------ $ X1.000	31 December ------2014------ $ X1.000
Balance at 1 January	49.459	42.670
Net result	6.298	6.789
Balance at 31 December	55.757	49.459

I Other data

I 1 Allocation of result

In accordance with the provision in the articles of association, the result is added to the equity.

Amsterdam, 20 July 2016

Board of managing directors

E.J. de Voogd CEO	W. van Beesten COO/CFO

Supervisory Board

M.W. Guensberg	A.C.W. ten Bruggencate
M.R. Damen	C.M. Hodgkin

Independent auditor's report

To: the Management and the Supervisory Board of Stichting International Dispensary Association

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Stichting International Dispensary Association, based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of Stichting International Dispensary Association as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2015;
2. the consolidated and company profit and loss account for 2015; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting International Dispensary Association in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Other information

This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of:

- the directors' report;
- the other information on page 27.

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code and the auditing standards we report that:

- we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information on page 27 as required by Part 9 of Book 2 of the Dutch Civil Code have been annexed;
- the directors' report, to the extent we can assess, is consistent with the financial statements.

Our opinion on the financial statements does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information. We have to assess whether there are any material inconsistencies between the other information and the financial statements. In order to do so, we use the obtained audit evidence of audit of the financial statements and the conclusions drawn in our audit. We also determine whether the other information in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information including the preparation of the directors' report and the other information on page 27 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Amstelveen, 20 July 2016

For and on behalf of BDO Audit & Assurance B.V.,

sgd.
P.M. Belfroid RA