IDA FOUNDATION

FINANCIAL REPORT 2017

STICHTING INTERNATIONAL DISPENSARY ASSOCIATION AMSTERDAM

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SUPERVISORY BOARD REPORT

At its meeting of 18th of June 2018, the Supervisory Board adopted the 2017 Annual Accounts of IDA Foundation (IDA), as presented by the Managing Director and audited by Price Waterhouse Cooper (PWC).

During 2017, the Board conducted six regular meetings with the CEO. These meetings focused on the annual accounts, company strategy, quarterly financial and management reports, organisational changes and the budget for 2018. Members of the Board were regularly consulted by IDA management on issues related to their individual areas of expertise. Particular attention was given to necessary changes to internal infrastructure. These included investments in IT systems and significant decisions about office space and warehousing. The Board was closely involved in discussions about the governance structure of the Foundation. Members of the Board also attended regular meetings with the Works Council and the CEO to discuss IDA's general business progress.

At the end of 2017, Edwin de Voogd resigned as IDA's CEO. The Board acknowledges the important contributions Edwin made to IDA over the past ten years.

The Board has appointed Wendy Eggen, Director of Procurement Services, who has a long standing career with IDA, as Statutory Director. In line with the policy adopted earlier by the Board, a search procedure has been started for a second Statutory Director.

The Board recognises that the markets in which IDA operates are changing rapidly. We are confident that the dedicated management and the hard work and commitment of IDA's expert staff will enable the organisation to meet the challenges ahead and continue to flourish in this changing environment.

Amstelveen, 18 June 2018

The Supervisory Board

Marek Guensberg, Chairman
Albert ten Bruggencate
Mieke Damen
Catherine Hodgkin

MANAGING DIRECTOR'S REPORT

MISSION STATEMENT

In today's world, essential medicines and medical goods remain out of reach for too many people. IDA Foundation works to bridge these gaps so that health care professionals have access to high quality products at a fair price. The IDA team is bound by our shared mission: being the vital link that provides access to medicines and medical goods to countries in need.

IDA was founded in 1972 and we have grown from a small office in Amsterdam to a global entity with a presence in India, China, Nigeria, and D.R. Congo. As we conclude our 45th year of operation, we take a quick look back on our successes of the past year, and then turn our focus to the future. Our market is changing, and IDA Foundation needs to change with it if we are going to continue to provide our customers with the high level of service they expect.

OVERVIEW

I am pleased to be writing my first Director's Statement and sharing this annual update about IDA Foundation. Late in 2017, IDA Foundation experienced a change in leadership with the departure of Edwin de Voogd, who had served as CEO for ten years. Under his direction, IDA won several key procurement services contracts and expanded our wholesale business. On behalf of everyone at IDA, I am thankful to Edwin for steering the organisation through years of growth and I wish him well.

IDA's Supervisory Board has recognised that the size and complexity of our business require shared leadership, and our new organisational structure will reflect that. After five years as the Director of Procurement Services, and nearly 18 years at IDA in total, I was asked to step into the role of Managing Director. My experience, including five years as a member of IDA's Management Team, gives me confidence that I can lead IDA to continued success. A search is underway for the second member of our leadership team.

LOOKING BACK ON 2017

In 2017, our turnover was US$ 743 million, with a net result of US$ 2 million. This represents an increase in turnover of 30% from the previous year (US$ 575 million). These figures also reflect growth in personnel. We continued to increase our staff in Amsterdam and Mumbai to address the high volume of orders that were received in 2017, exceeding all previous years.

Early in 2017, IDA began fulfilling orders from the World Health Organization (WHO) for emergency health kits and cholera kits. Over the course of the year, we supplied 300 cholera kits to the WHO in Yemen, where a cholera outbreak was spreading rapidly. By September 2017, over 600,000 cases had been reported. The WHO informed us that thanks to the materials we supplied, the mortality rate in their treatment facilities was very low, at 0.4%. Several IDA departments worked tirelessly to ensure the availability of the cholera kits and to arrange transport to Yemen. It was encouraging to know that our efforts had a measurable impact on the health of the people of Yemen.

IDA's Procurement Services department continued to provide excellent service while managing an ever-growing volume of products. Of note is our provision of long lasting insecticide treated bed nets (LLINs), used to protect against malaria and other mosquito borne diseases. In 2017, working through the Global Fund Pooled Procurement Mechanism (PPM), IDA procured 69 million nets and shipped more than 120 million nets to 525 locations. Not only did IDA procure and deliver these critical goods, but it was done in a timely, reliable way. Our performance for on time, in full delivery (known as OTIF) was 93% for bed nets. For all products supplied for the Global Fund PPM programme, our OTIF in 2017 was a stable 84%.

In our ongoing partnership with the Global Drug Facility (GDF), IDA saw an increase in the annual turnover of first- and second-line tuberculosis medicines. India began ordering first line drugs through the GDF; in total, more than US$ 60 million of TB medicines (representing 30% of our turnover) were delivered to India. Several tuberculosis related grants are nearing their end, and there was strong collaboration between IDA, GDF, and the suppliers to ensure that deliveries were made within the grant cycle.

Another highlight of 2017 was a unique project in Mozambique to undertake a tuberculosis prevalence study in several remote and underserved areas of the country. To accomplish this ambitious goal, IDA worked with the Ministry of Health, the Global Fund Pooled Procurement Mechanism, and the University of California, San Francisco. This complex effort included the procurement of three mobile diagnostic laboratories, all of which were delivered in 2017. The project required the coordination of more than 25 suppliers of laboratory equipment and IT hardware and software. This was the first study of its kind to implement both x ray and DNA analysis for tuberculosis diagnosis.

PERSONNEL

In 2017, IDA Foundation grew from 284 full time equivalents (FTEs) to 320 FTEs globally. This increase in personnel is primarily due to the increase of activities and large improvement projects.

TRAINING AND DEVELOPMENT

Last year, the decision was taken to implement an automated performance management system in 2018, in both our Netherlands and India offices. This allows employees to be more involved in their performance review and development, as they can actively contribute to their targets and training plans. The new system also integrates the 9 Grid methodology for personnel development, which uses cross departmental evaluation and mobility of our talent. In 2017, all departments created a training plan detailing courses to be taken in the areas of leadership skills, technical tools, Lean Six Sigma and internal training system tools.

COMPLIANCE

IDA's role as a subcontractor for the Chemonics consortium required us to follow USAID policies around compliance and transparency. To support these efforts and integrate compliance awareness into IDA's everyday business, a compliance committee is in place and an anonymous ethics helpline was introduced in 2016. All new employees receive a compliance training. We continue to require our strategic suppliers to adhere to a third-party Code of Conduct.

WHAT'S AHEAD

IDA enjoyed several years of growth in which we worked on large procurement programmes, expanded our product portfolio, and hired and trained staff. Despite our investments, we see that our past ways of working are no longer sufficient, and we need to do things differently.

One significant change, already underway, is the consolidation of our warehousing activities. We currently maintain four warehouse facilities in the Netherlands. By mid-2018, we will have one location in which our warehousing partner will manage our stocks and shipments. This arrangement will improve efficiency and stock reliability while reducing lead times.

The increasing demand for kits led us to rethink our kitting processes. In 2017, we relocated our kitting facilities to Singapore. By centralising the stocking and assembly of kits in a dedicated location, we can improve packing time and efficiency. We have also created a dedicated kitting team within our Supply Chain department so that we can build expertise in this growing but complex sector.

To maximise the effects of these various investments, IDA has been building internal expertise in project planning and process management. We have 26 employees in Amsterdam and India who have completed Lean Six Sigma training.

IDA is investing in improving and modernising our IT systems to better interface with those of our partners. One example is the GS1 Global Data Synchronization Network (GDSN) being implemented by USAID's Global Health Supply Chain program. This system of product data sharing will reduce redundancies and improve accuracy and efficiency in the procurement process. Most importantly, it will allow USAID supported countries to make informed purchasing decisions when ordering lifesaving commodities. IDA is pleased to be participating in this effort, and to be investing in other updates that will bridge our systems to those of our partners. Together, we can achieve greater transparency by providing customers with real time information.

We expect to return to our newly renovated office in mid-2018. IDA's location in Amsterdam North has been our home since our founding, but we had outgrown the space. The new office will give us a comfortable, functional workspace. Its modern and environmentally focused design results in a sustainable building in which we can continue to grow. We look forward to welcoming customers and partners at our new office later this year.

CONCLUSION

We are pleased and proud of our accomplishments and recognize the need to stay focused on the foundation of our business. We have a challenging year ahead, but we have the tools in place to meet those challenges. We go into 2018 with a global team of talented employees, a clear and motivating mission, strong leadership, and initiatives and programmes that will ensure IDA's continued success.

Amstelveen, 18 June 2018

Wendy Eggen
Managing Director

RISK TOLERANCE AND RISKS

The Company's risk tolerance is divided into three main risk areas:

1. Strategic risk tolerance
We allow for strategic risk in pursuit of our mission. All major risks within this area are solely taken on after careful consideration by the Supervisory Board.

2. Operational & Compliance risk tolerance
Compliance with laws and regulations is fundamental to the continued operation of the Company and its related entities. Therefore, the Company takes a strict approach where compliance is concerned.

3. Financial risk tolerance
Acceptable risk levels are minimized where financial risks are concerned. This tolerance is equally applicable to finances as well as to financial reporting.The following section outlines a number of financial risks incurred by the Company. The order in which the risks are listed does not imply any order of significance.

Currency risk. The majority of the sales and purchases are done in US dollars. For managing these operations, IDA Foundation has offices in Amsterdam and Mumbai and warehouses in the Netherlands. The main currency risk for IDA Foundation concerns labor costs, office and warehouses costs for the Dutch operations which are paid in euros. These costs can be forecasted very accurately. Management has decided to mitigate this currency exposure risk for a period of 1 2 months by holding euro bank balances to the extent that it is probable that payments in euros will occur. IDA Foundation also incurs currency risk on the security portfolio held by IDA Charitable Foundation.

Price risk. IDA Foundation incurs risk regarding the valuation of securities disclosed under financial assets and securities within current assets. The Company manages market risk by stratifying the portfolio and imposing limits.

Interest rate and cash flow risks. IDA Foundation incurs a limited risk on interest rate fluctuations.

Credit risk. As part of its mission, IDA Foundation sells medicines and medical supplies to hospitals, central medical stores (CMS), and local relief organisations in low and middle income countries. Most of these organisations are either public sector (CMS) or semi public sector. The true creditworthiness of these organisations is often difficult to judge. Conventional methods to reduce risks by imposing letters of credit, bank guarantees or credit insurance are seldom used. They are time consuming, costly and often considered disqualifications in the bidding conditions. IDA has strategically decided to serve this large category of customers despite the theoretical non payment risk.

To minimize the credit risks proactively, Finance and Sales have set up an internal customer credit line in order to run only calculated risks. During the 45 years that IDA has been running these calculated risks, our experience is that late payments are very high but the percentage of non payment leading to write off is very low compared to European standards. Write offs are relatively low because transactions are, in many cases, funded with donor or government money. The bank balances are mainly held at the ABN/AMRO Bank, a bank with a credit A rating.

Liquidity risk. For the financing of our procurement agent activities, IDA Foundation uses the bank balances which these organisations have provided to IDA. Furthermore, IDA uses a bank guarantee facility for financing transactions. There is no bank overdraft facility.

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CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017
(after proposed appropriation of result)

ASSETS		31 December 2017		31 December 2016	
(x 1.000)	NOTE	USD	USD	USD	USD
Fixed assets					
Intangible assets	6.				
Licenses		196		365	
Development costs		993		713	
			1,189		1,078
Property, plant and equipment	7.				
Land and buildings		693		1,906	
Warehouse inventory		23		44	
Office inventory		614		801	
Vehicles		43		13	
Assets under construction		365		0	
			1,738		2,764
Financial assets	8.		695		612
Current assets					
Inventories	9.		117,186		95,111
Receivables	10.				
Trade debtors		32,262		15,567	
Taxes and social security contributions	11.	1,454		407	
Pension contributions		0		1	
Other debtors, prepayments and accrued income	12.	61,669		31,046	
			95,385		47,021
Securities	13.		7,646		6,371
Cash and cash equivalents	14.		137,698		180,258
Total assets			361,537		333,215

GROUP EQUITY AND LIABILITIES			31 December 2017		31 December 2016
(x 1.000)	NOTE	USD	USD	USD	USD
Group equity	15.		71,771		69,093
Provisions	16.		117		103
Current liabilities	17.				
Trade creditors		39,213		9,112	
Taxes and social security contributions	18.	332		867	
Pension contributions		94		0	
Other liabilities, accruals and deferred income	19.	250,010		254,040	
			289,649		264,019
Total group equity and liabilities			361,537		333,215

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

			2017		2016
(x 1.000)	NOTE	USD	USD	USD	USD
Net turnover	22.		743,191		574,859
Cost of goods purchased		713,063		543,140	
Salaries and wages		11,985		9,082	
Social security contributions		2,473		2,271	
Amortisation and depreciation	23.	909		792	
Other impairments on intangible and tangible assets	24.	853		0	
Other operating expenses	25.	12,415		12,467	
Total operating expenses			741,698		567,752
Operating profit/(loss)			1,493		7,107
Financial income and expense	27.		673		380
Result before taxation			2,166		7,487
Income tax expense	28. 29.		(542)		(1,867)
Profit/(loss) after taxation			1,624		5,620

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 31 DECEMBER 2017

			2017		2016
(x 1.000)	NOTE	USD	USD	USD	USD
Cash flow from operating activities					
Operating profit/(loss)			1,493		7,107
Adjustments for:					
Depreciation, amortisation and other impairments	23. 24.	1,762		792	
Movements in provisions	16.	14		5	
			1,776		797
Changes in working capital:					
Inventories	9.	(22,075)		90,833	
Receivables	10.	(47,529)		(25,563)	
Securities	13.	(1,275)		589	
Current liabilities (exclusive of finance balances and income tax)	17.	26,229		(117,676)	
			(44,650)		(51,817)
Cash generated from operations			(41,381)		(43,913)
Interest received		673		(251)	
Income tax paid		(1,976)		(278)	
Interest paid		0		400	
			(1,303)		(129)
Net cash generated from operating activities			(42,684)		(44,042)
Cash flow from investing activities					
Purchases of intangible assets	6.	(860)		(181)	
Purchases of property, plant and equipment	7.	(400)		(385)	
Net investment in other financial assets	8.	(83)		0	
Disposal of intangible assets	6.	289		0	
Proceeds from sale of property, plant and equipment	7.	124		0	
Net cash used in investing activities			(930)		(566)
Cash flow from financing activities					
Other movements		1,054		0	
Net cash used in financing activities			1,054		0
Net increase/(decrease) in cash and cash equivalents	14.		(42,560)		(44,608)
Movements in cash and cash equivalents can be broken down as follows:					
Balance as of 1 January			180,258		224,866
Movements during the year			(42,560)		(44,608)
Balance as of 31 December			137,698		180,258

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

			2017		2016
(x 1.000)	NOTE	USD	USD	USD	USD
Consolidated net result after taxation			1,624		5,620
Currency translation differences foreign subsidiaries		1,085		(251)	
Total of direct movements in group equity			1,085		(251)
Total result of the group			2,709		5,369

NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

1. GENERAL NOTES

1.1. Activities

The operations of Stichting International Dispensary Association and its group companies ('the Group') are mainly comprised of being a not for profit supplier of essential, quality assured medicines and medical supplies to low and medium-income countries.

1.2. Registered office, legal form and registration number Chamber of Commerce

Stichting International Dispensary Association has its registered office at Slochterweg 35, 1027 AA, Amsterdam. The registration number at the Chamber of Commerce is 33170905.

1.3. Group structure

Stichting International Dispensary Association ("Stichting IDA" or "IDA Foundation") is the head of the IDA organisation.

1.4. Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Stichting International Dispensary Association make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

1.5. Consolidation

The consolidation includes the financial information of IDA Foundation and its group companies in which it exercises control or whose central management it conducts. Group companies are entities in which IDA Foundation exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies in which IDA Foundation exercises control or whose central management it conducts are consolidated in full.

Intercompany transactions, profits and balances among group companies are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

The consolidated companies are listed below:

- Stichting IDA Charity Foundation, Amsterdam (Stichting ICF) , The Netherlands
- IDA International Holding B.V., Amsterdam, The Netherlands (100%)
- IDA International Services B.V., Amsterdam, The Netherlands (100%)
- IDA International Participation B.V., Amsterdam, The Netherlands (100%)
- IDA Trading Foundation Pvt Ltd. Mumbai, India (100%)
- IDA Republic Democratic, Kinshasa, Congo (100%)
- IDA Foundation Ltd. By Guarantee, Lagos Nigeria (100%)
- IDA Foundation Delaware, Delaware, USA (100%).

Based on the governance of Stichting ICF, IDA Foundation has direct control of this foundation. The funds of Stichting ICF are invested in a subordinated loan granted to Stichting Iplussolutions ("Iplus solutions") and in a portfolio of securities. The results and the equity of Stichting ICF are not included in the company accounts because Stichting ICF 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.

All legal entities that can be controlled, jointly controlled or significantly influencedare considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of IDA Foundation or the ultimate parent company and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

1.6. Accounting policies for the 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. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Under the investments only the investments are included for which in cash was paid.

2. GENERAL POLICIES

2.1. General

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2. Comparative figures

The accounting policies have been consistently applied to all the years presented.

2.3. Foreign currencies

2.3.1. Functional currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the functional and presentation currency of Stichting International Dispensary Association.

Non monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

2.3.2. Transactions, assets and liabilities

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, are recorded in the profit and loss account.

2.3.3. Group companies

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the applicable rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

2.4. Lease

2.4.1. Operating lease

Lease contracts for which a large part of the risks and rewards incidental to ownership of the assets does not lie with the Company, are recognised as operating leases. Lease payments are recognised on a straight line basis in the income statement over the term of the contract, taking into account reimbursements received from the lessor.

2.5. Financial instruments

Financial instruments are understood to mean both primary financial instruments, such as receivables and liabilities, as well as financial derivatives. Securities included in financial and current assets are stated at fair value. All other on balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and/or option pricing models, making allowance for entity specific inputs.

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.

3. ACCOUNTING POLICIES FOR THE BALANCE SHEET

3.1. Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realisable value. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note 3.4Impairment of 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 it is likely from both a commercial and technical perspective that the project will be successful and the costs can be determined reliably. Development costs areamortized 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.

3.2. Property, plant and equipment

Land and buildings are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight line depreciation over their estimated useful lives. Land is not depreciated. Allowance is made for any impairment losses expected at the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to the respective note.

Other non current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight line depreciation over their estimated useful lives and impairment losses. The manufacturing price is comprised of the cost of raw materials and consumables, and also includes expenditure directly attributable to an asset's manufacturing, including installation costs.

Maintenance costs are expenses as incurred.

3.3. Financial assets

3.3.1. Subordinated loan

Other receivables disclosed under financial assets include issued loans and other receivables as well as purchased loans that will be held to their maturity date. These receivables are initially measured at fair value including transaction costs, if material and subsequently carried at amortised cost. If loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised through profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the income statement.

3.4. Impairment of non current assets

As at each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified.
An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The fair value is initially determined based on a binding sales agreement. If such an agreement is not available the fair value is determined based on the active market. For the purposes of determining value in use, cash flows are discounted at a rate of 5% (2016: 5%). An impairment loss is directly expensed in the income statement. The discounted rate should not include any considerations with regard to risks which have already been reflected in the future cash flows.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised. Impairments with regard to goodwill are not reversed.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

3.5. Inventories

Inventories (stocks) are valued at historical purchase price, including inbound transport costs based on the FIFO method (first in, first out) or lower realisable value. The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken in account.

3.6. Receivables

Trade receivables are recognised initially at fair value including transaction costs, if material and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

3.7. Securities

The securities are held for trading. They are carried at fair value after initial recognition. Changes in the fair value are recognised directly in the income statement. Transaction costs are expensed in the income statement. Securities classified under the current assets have a maturity of less than twelve months.

3.8. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

3.9. Provisions

3.9.1. General information

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, other provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

3.9.2. 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.

3.10. Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. ACCOUNTING POLICIES FOR THE INCOME STATEMENT

4.1. Result

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

4.2. Revenue recognition

4.2.1. General

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

4.2.2. Sales of goods

Revenue from sales of goods is recognised when all significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer.

4.2.3. Sales of services

Revenue from sales of services is recognised under the percentage of completion method based on the services performed to the balance sheet date as a percentage of the total services to be performed.

4.3. Exchange rate differences

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

4.4. Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue.

4.5. Costs

Costs are recognised based on the historical cost convention and are allocated to the reporting year to which they relate.

4.6. Employee benefits

4.6.1. Short-term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.6.2. Pensions

IDA has a number of pension schemes for its employees. The most important characteristics of these schemes are:

Pension type: Career average salary
Build up percentage: 1.875%
Pension age: 67
Franchise: € 13,123
Maximum salary: € 103,317
Pension base: Salary / franchise
Surviving Relatives Pension: 70% of the achievable pension, paid out lifelong

Pension type: Defined Contribution Pension Scheme
Build up percentage: Table 2 (100%) based on 4% interest
Pension age: 67
Franchise: € 13,123
Maximum salary: € 13,123
Pension base: Salary / franchise
Surviving Relatives Pension: 1,16% of pension base per achievable years employed, paid out lifelong
€ 14.838 per year, paid out until surviving partner is 67

IDA Foundation has a number of pension schemes to which the provisions of the Dutch Pension Act (‘Pensioenwet’) are applicable. IDA Foundation pays premiums based on (legal) requirements, a contractual or voluntary basis to an insurance company. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

4.7. Amortisation and depreciation

Intangible assets, including goodwill, are amortised and property, plant and equipment are depreciated over the expected future useful life as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant and equipment are included in depreciation.

4.8. Financial income and expense

4.8.1. Interest paid and received

Interest paid and received is recognised on a time weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

4.9. Income tax expense

Income tax is calculated on the profit/(loss) before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax exempt items and non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

5.1. Market risk

5.1.1. Currency risk

Income tax is calculated on the profit/(loss) before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax exempt items and non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

5.1.2. Price risk

With back to back agreements company manages its price risk on sale's transactions. Stichting ICF incurs risk regarding the valuation of securities disclosed under financial assets and securities within current assets. Stichting ICF manages market risk by stratifying the portfolio and imposing limits.

5.1.3. Interest rate and cash flow risk

IDA Foundation incurs a limited risk on interest rate fluctuations.

5.2. Credit risk

As part of its mission IDA Foundation sells medicines and medical supplies to hospitals, central medical stores (CMS), local relief organisations in low and middle income countries. Most of these organisations are either public sector (CMS) or semi public sector. The true creditworthiness of these organisations is often difficult to judge. Conventional methods to reduce risks by imposing letters of credit, bank guarantees or credit insurance are seldom used. They are time consuming, costly and often considered disqualifications in the bidding conditions. IDA has strategically decided to serve this large category of customers despite the theoretical non payment risk. To minimise the credit risks pro actively, Finance and Sales have set up an internal customer credit line in order to run only calculated risks. During the 45 years that IDA has been running these calculated risks, our experience is that late payment is very high but the percentage of non payment leading to write off is very low compared to European standards. Write offs are relatively low because transactions are in many cases funded with donor or government money. Furthermore we have a dedicated team to chase payments due and investigate and eliminate administrative root causes.

The bank balances are mainly held at the ABN/AMRO Bank, a bank with a credit A rating.

5.3. Liquidity risk

For the finance of our procurement agent activities IDA Foundation uses the bank balances which these organisation have provided to IDA. Furthermore IDA uses a bank guarantee facility for financing transactions. There is no bank overdraft facility.

6. INTANGIBLE ASSETS

Movements in intangible fixed assets can be broken down as follows:

(x 1.000)	LICENSES USD	DEVELOPMENT COSTS USD	TOTAL USD
Balance as of 1 January 2017			
Cost	584	938	1,522
Accumulated impairments and amortisation	(219)	(225)	(444)
Book value	365	713	1,078
Movements in book value			
Additions	174	686	860
Disposals	(289)	0	(289)
Amortisation of disposals	(54)	(406)	(460)
Balance	(169)	280	111
Balance as of 31 December 2017			
Cost	469	1,624	2,093
Accumulated impairments and amortisation	(273)	(631)	(904)
Book value	196	993	1,189
Amortisation rates	20	20	

The development costs mainly relate to software costs for the ERP system. The licenses relate to licenses paid for computer software.

7. PROPERTY, PLANT AND EQUIPMENT

Movements in tangible fixed assets can be broken down as follows:

(x 1.000)	LAND AND BUILDINGS USD	WAREHOUSE INVENTORY USD	OFFICE INVENTORY USD	VEHICLES USD	ASSETS UNDER CON-STRUCTION USD	TOTAL USD
Balance as of 1 January 2017						
Cost	5,842	2,142	4,826	43	0	12,853
Accumulated impairments and depreciation	(3,936)	(2,098)	(4,025)	(30)	0	(10,089)
Book value	1,906	44	801	13	0	2,764
Movements in book value						
Additions	0	0	0	35	365	400
Accumulated cost of disposals	(3,926)	0	(3,345)	0	0	(7,271)
Depreciation of property, plant and equipment	(185)	(17)	(242)	(5)	0	(449)
Impairment	(853)	0	0	0	0	(853)
Depreciation of disposals	3,751	(4)	3,400	0	0	7,147
Balance	(1,213)	(21)	(187)	30	365	(1,026)
Balance as of 31 December 2017						
Cost	1,916	2,142	1,481	78	365	5,982
Accumulated impairments and depreciation	(1,223)	(2,119)	(867)	(35)	0	(4,244)
Book value	693	23	614	43	365	1,738
Depreciation rates	0 - 10	10 - 20	10 - 20	10 - 20	0	

8. FINANCIAL ASSETS

Movements in financial fixed assets can be broken down as follows:

(x 1.000)	SUBORDINATED LOAN USD
Balance as of 1 January 2017	612
Exchange differences	83
Balance as of 31 December 2017	695

The other amount receivable is a subordinated euro loan granted to i+solutions. The loan has to be repaid ultimately by 31 December 2034 or earlier on initiative of i+solutions without any penalty. Repayment by i+solutions is also required when:

- i+solutions merges with or is sold 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.

The face value of the subordinated loan amounts to 1,805 (2016: 1,581)
All receivables included in the financial assets fall due in more than one year.

9. INVENTORIES

9.1. Finished products and goods for resale

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Inventories	40,500	49,616
Goods in transit	78,907	45,610
	119,407	95,226
Obsolete products and goods for resale	(2,221)	(115)
	117,186	95,111

The stock which is held by IDA Foundation in consignment for GDF of an amount of USD 14.8 million (2016: USD 3.7 million) is not included in the inventories because IDA Foundation does not bear risks on these stock positions. The write down on stocks amounted USD 2.5 million (2016: USD 0.9 million) in 2017.

10. RECEIVABLES

Receivables all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the accounts receivable is close to the carrying amount, given the current nature of the accounts receivable and the fact that, where necessary, provisions for bad debt have been recognised.

11. TAXES AND SOCIAL SECURITY CONTRIBUTIONS

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Value added tax	619	407
Corporate income tax	835	0
	1,454	407

12. OTHER DEBTORS, PREPAYMENTS AND ACCRUED INCOME

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Advance payment to suppliers	61,669	29,875
Miscellaneous prepaid expenses	0	1,171
	61,669	31,046

13. SECURITIES

The securities are exchanged at official stock exchanges. The cost price of the listed securities (frequently quoted) amounts to USD 6.7 million per 31 December 2017 (2016: USD 5.7 million).

14. CASH AND CASH EQUIVALENTS

The cash and bank balances include bank balances of an amount of USD 126.5 million (2016: USD 167.2 million), which are restricted for financing the large programs.

15. GROUP EQUITY

The equity is detailed in the notes to the company financial statements.

16. PROVISIONS

Movements in provisions were as follows:

(x 1.000)	JUBILEE BENEFITS USD
Balance as of 1 January 2017	103
Movements in	14
Balance as of 31 December 2017	117

17. CURRENT LIABILITIES

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

18. TAXES AND SOCIAL SECURITY CONTRIBUTIONS

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Wage taxes	332	268
Corporate income tax	0	599
	332	867

19. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Miscellaneous accruals and deferred income	119,199	51,363
Prepayments for bufferstock	11,464	6,557
Miscellaneous prepaid expenses	428	0
Advanced payments received from clients / large programs	118,919	196,120
	250,010	254,040

20. GUARANTEES

ING Bank Bank N.V. gave the following guarantees at 31 December 2017: EUR 35,637 (2016: EUR 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 2017: EUR 1,330,506 (2016: EUR 512,486) and USD 2,325,738 (2016: USD 1,252,077) 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 EUR 8,000,000 (2016: EUR 8,000,000).

21. COMMITMENTS

21.1. Operational leases

The obligations from operational leases at the end of the reporting period can be specified as follows:

(x 1.000)	USD
Obligations to pay:	
No later than 1 year	404
Later than 1 year and no later than 5 years	0
Later than 5 years	0

During the year of review USD 377,000 (2016: USD 351,000) of lease payments were recognised in the income statement

21.2. Tax group liability

For corporate income tax purposes, IDA Foundation and IDA Holding B.V., and IDA Participation B.V. and IDA International Services B.V. are a fiscal unity. IDA Foundation and these subsidiary are both severally and jointly liable for the tax payable by the combination.

22. NET TURNOVER

(x 1.000)	2017 USD	2016 USD
Europe	38,240	62,703
Asia	274,281	151,087
America	22,456	33,173
Africa	408,214	327,896
	743,191	574,859

23. AMORTISATION AND DEPRECIATION

(x 1.000)	2017 USD	2016 USD
Amortisation of intangible assets	460	396
Depreciation of property, plant and equipment	449	396
	909	792

24. OTHER IMPAIRMENTS ON INTANGIBLE AND TANGIBLE ASSETS

(x 1.000)	2017 USD	2016 USD
Impairment on tangible assets	853	0

24.1. Impairment on tangible assets

(x 1.000)	2017 USD	2016 USD
Impairment on buildings	853	0

25. OTHER OPERATING EXPENSES

(x 1.000)	2017 USD	2016 USD
Other personnel expenses	2,913	2,249
Housing expenses	865	1,220
Selling expenses	684	624
Office expenses	648	718
General expenses	7,305	7,656
	12,415	12,467

26. AUDIT FEES

The following audit fees were expensed in the income statement in the reporting period:

(x 1.000)	2017 USD	2016 USD
Audit of the financial statements	142	129

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (‘Wet toezicht accountantsorganisaties Wta’) as well as by Dutch and foreign based accounting firms, including their tax services and advisory groups.These fees relate to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year.

27. FINANCIAL INCOME AND EXPENSE

(x 1.000)	2017 USD	2016 USD
Income from asset investments and securities	566	197
Interest and similar income	107	183
	673	380

27.1. Interest and similar income

(x 1.000)	2017 USD	2016 USD
Interest loan	0	58
Other interest income	107	125
	107	183

28. INCOME TAX EXPENSE

(x 1.000)	2017 USD	2016 USD
Corporate income tax	542	1,867

29. INCOME TAX EXPENSE

The income tax expense of USD 542,000 can be broken down as follows:

(x 1.000)	2017 USD	2016 USD
Operating income	2,166	7,487
Income tax expense	542	1,867
Effective tax rate	25.02%	24.94%
Applicable tax rate	25.00%	25.00%

The applicable tax rate is based on the relative proportion of the group companies' contribution to profit and the tax rates ruling in the countries concerned.

The effective tax rate differs from the applicable tax rate due to exchange rate differences.

30. AVERAGE NUMBER OF EMPLOYEES

During the year 2017, the average number of employees calculated on a full time equivalent basis was 301.0 (2016: 259.0). Of these employees 106.0 were employed abroad (2016: 101.0).

31. DIRECTORS' REMUNERATION

The Executive Board of IDA Foundation consisted of one person in 2017. 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 total remuneration of the Supervisory Board is USD 60,000 (2016: USD 60,000).

32. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no events after balance sheet date.

COMPANY
FINANCIAL STATEMENTS

BALANCE SHEET AS OF 31 DECEMBER 2017
(after proposed appropriation of result)

ASSETS		31 December 2017		31 December 2016	
(x 1.000)	NOTE	USD	USD	USD	USD
Fixed assets					
Intangible assets	36.		1,170		1,078
Property, plant and equipment	37.		1,481		2,451
Financial assets	38.		2,356		1,788
Current assets					
Inventories	39.		117,168		95,083
Receivables					
Trade debtors		31,980		15,567	
Taxes and social security contributions	40.	1,644		308	
Pension contributions		0		1	
Other debtors, prepayments and accrued income	41.	61,669		30,501	
			95,293		46,377
Cash and cash equivalents			135,405		178,572
Total assets			352,873		325,349

EQUITY AND LIABILITIES		31 December 2017		31 December 2016	
(x 1.000)	NOTE	USD	USD	USD	USD
Equity					
Other reserves	42		62,742		61,440
Provisions	44		117		103
Current liabilities	45				
Trade creditors		39,218		9,110	
Payables to group companies	46	244		247	
Taxes and social security contributions	47	332		881	
Pension contributions		94		0	
Other liabilities, accruals and deferred income	48	250,126		253,568	
			290,014		263,806
Total equity and liabilities			352,873		325,349

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

			2017		2016
(x 1.000)	NOTE	USD	USD	USD	USD
Income from participations in group and other investments			568		434
Income from operations after corporation tax			734		5,252
Profit/(loss) after taxation			1,302		5,686

NOTES TO THE COMPANY BALANCE SHEET AND INCOME STATEMENT

33. GENERAL NOTES

33.1. General

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with note 3.4 to the consolidated financial statements.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

33.2. Section 402, Book 2 of the Dutch Civil Code

The consolidated financial statements include the profit and loss account for 2017 of Stichting International Dispensary Association. Therefore, the company profit and loss account of Stichting International Dispensary Association has been abbreviated in accordance with Article 402 of Book 2 of the Netherlands Civil Code.

34. ACCOUNTING POLICIES FOR THE BALANCE SHEET

34.1. Financial assets

Financial fixed assets are stated at net asset value, based on group accounting policies.

Majority interests and other participating interests in which significant influence may be exerted are stated at net asset value, using the equity method. Significant influence is assumed to be present if the shareholder's interest is 20% or more.

The net asset value is calculated on the basis of the accounting policies used in these financial statements. Participating interests whose figures cannot be brought in line with these policies due to insufficient information, are valued based on the accounting policies of the participating interest involved. Participating interests with an equity deficit are carried at nil. If and insofar as Stichting International Dispensary Association fully or partially guarantees the debts of the participating interest or has the firm intention to allow the participating interest to pay its debts, a provision is formed.

Participating interests in which no significant influence can be exercised, are stated at acquisition price or a lower value, should this be necessary.

35. ACCOUNTING POLICIES FOR THE INCOME STATEMENT

35.1. Income from participations in group and other investments

The share in the profit or loss from participating interests represents the group's share in the performance of these participations, and the interest on the loans issued to these participations, taking account of related taxes. The profits or losses from the participations generated or incurred from the time of their acquisition or disposal are included in group performance.

36. INTANGIBLE ASSETS

Movements in intangible fixed assets can be broken down as follows:

(x 1.000)	LICENSES USD	DEVELOPMENT COSTS USD	TOTAL USD
Balance as of 1 January 2017			
Cost	584	938	1,522
Accumulated impairments and amortisation	(219)	(225)	(444)
Book value	365	713	1,078
Movements in book value			
Additions	139	686	825
Disposals	(289)	0	(289)
Amortisation of intangible assets	(54)	(406)	(460)
Amortisation of disposals	16	0	16
Balance	(188)	280	92
Balance as of 31 December 2017			
Cost	434	1,624	2,058
Accumulated impairments and amortisation	(257)	(631)	(888)
Book value	177	993	1,170
Amortisation rates	20	20	

The development costs mainly relate to software costs for the ERP system. The licenses relate to licenses paid for computer software.

37. PROPERTY, PLANT AND EQUIPMENT

Movements in intangible fixed assets can be broken down as follows:

(x 1.000)	LAND AND BUILDINGS USD	WAREHOUSE INVENTORY USD	OFFICE INVENTORY USD	VEHICLES USD	ASSETS UNDER CON-STRUCTION	TOTAL USD
Balance as of 1 January 2017						
Cost	5,709	2,142	4,126	16	0	11,993
Accumulated impairments and depreciation	(3,863)	(2,098)	(3,577)	(4)	0	(9,542)
Book value	1,846	44	549	12	0	2,451
Movements in book value						
Additions	0	0	0	0	365	365
Accumulated cost of disposals	(3,907)	0	(3,343)	0	0	(7,250)
Depreciation of property, plant and equipment	(156)	(17)	(157)	(3)	0	(333)
Impairment	(853)	0	0	0	0	(853)
Depreciation of disposals	3,742	(4)	3,365	(2)	0	7,101
Balance	(1,174)	(21)	(135)	(5)	365	(970)
Balance as of 31 December 2017						
Cost	1,802	2,142	783	16	365	5,108
Accumulated impairments and depreciation	(1,130)	(2,119)	(369)	(9)	0	(3,627)
Book value	672	23	414	7	365	1,481
Depreciation rates	0-10	10-20	10-20	10-20	0	

38. FINANCIAL ASSETS

Movements in financial fixed assets can be broken down as follows:

(x 1.000)	PARTICIPATION IDA FOUNDATION USD
Balance as of 1 January 2017	1,788
Income from participations in group and other investments	568
Balance as of 31 December 2017	2,356

All receivables included in the financial assets fall due in more than one year.

Stichting International Dispensary Association has direct interests in the following associates:

NAME, REGISTERED OFFICE	SHARE IN ISSUED CAPITAL AS PERCENTAGE
Fully consolidated	
IDA International Holding B.V., Amsterdam	100.00
IDA International Services B.V., Amsterdam, The Netherlands	100.00
IDA International Participation B.V., Amsterdam, The Netherlands	100.00
IDA Trading Foundation Pvt Ltd., Mumbai, India	100.00
IDA Republic Democratic, Kinshasa, Congo	100.00
IDA Foundation Ltd. By Guarantee, Lagos Nigeria	100.00
IDA Foundation Delaware, Delaware, USA	100.00

39. INVENTORIES

39.1. Finished products and goods for resale

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Inventories	40,482	49,588
Goods in transit	78,907	45,610
	119,389	95,198
Obsolete products and goods for resale	(2,221)	(115)
	117,168	95,083

The stock which is held by IDA Foundation in consignment for GDF of an amount of USD 14.8 million (2016: USD 3.7 million) is not included in the inventories because IDA Foundation does not bear risks on these stock positions. The write down on stocks amounted USD 2.5 million (2016: USD 0.9 million) in 2017.

40. TAXES AND SOCIAL SECURITY CONTRIBUTIONS

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Value added tax	619	308
Corporate income tax	1,025	0
	1,644	308

41. OTHER DEBTORS, PREPAYMENTS AND ACCRUED INCOME

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Advance payment to suppliers	61,669	29,875
Miscellaneous prepaid expenses	0	626
	61,669	30,501

All debtors fall due within one year.

42. OTHER RESERVES

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Balance as of 1 January	61,440	55,754
Result for the year	1,302	5,686
Balance as of 31 December	62,742	61,440

43. DIFFERENCES IN EQUITY AND PROFIT/(LOSS) BETWEEN THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The difference between equity according to the company balance sheet and equity according to the consolidated balance sheet is due to the fact that Stichting ICF is not taken in to account in the company financial statements.

43.1 Difference in equity

(x 1.000)	2017 USD
Equity according to consolidated financial statements	71,771
Other movements due to ICF	(9,029)
Equity according to company financial statements	62,742

43.2 Difference in profit/(loss)

(x 1.000)	2017 USD
Profit/(loss) according to consolidated financial statements	1,624
Other movements due to ICF	(322)
Profit/(loss) according to company financial statements	1,302

44. PROVISIONS

Movements in provisions were as follows:

(x 1.000)	JUBILEE BENEFITS USD
Balance as of 1 January 2017	103
Movements in provisions	14
Balance as of 31 December 2017	117

45. CURRENT LIABILITIES

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

46. PAYABLES TO GROUP COMPANIES

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Payables to group companies	244	247

47. TAXES AND SOCIAL SECURITY CONTRIBUTIONS

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Wage taxes	332	258
Corporate income tax	0	623
	332	881

48. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

(x 1.000)	31-12-2017 USD	31-12-2016 USD
Advanced payments received from clients / large programs	118,919	196,120
Miscellaneous accruals and deferred income	118,962	50,891
Prepayments for bufferstock	11,464	6,557
Miscellaneous prepaid expenses	781	0
	250,126	253,568

49. OTHER IMPAIRMENTS ON INTANGIBLE AND TANGIBLE ASSETS

(x 1.000)	2017 USD	2016 USD
Impairment on tangible assets	853	0

50. INTEREST AND SIMILAR INCOME

(x 1.000)	2017 USD	2016 USD
Other interest income	33	0

51. INCOME FROM PARTICIPATIONS IN GROUP AND OTHER INVESTMENTS

(x 1.000)	2017 USD	2016 USD
Result of group company	568	434

52. AVERAGE NUMBER OF EMPLOYEES

During the year 2017, the average number of employees calculated on a full time equivalent basis was 163.7 (2016: 158.0). Of these employees 0.0 were employed abroad (2016: 0.0).

53. APPROPRIATION OF RESULT

In anticipation of the adoption of the financial statements, the net profit of USD 1,302 has been added to the other reserves.

Amstelveen, 18 June 2018
Stichting International Dispensary Association

Board of directors

W.M.W. Eggen
Managing Director

Supervisory Board

M.W. Guensberg

A.C.W. ten Bruggencate

M.R. Damen

C.M. Hodgkin

OTHER
INFORMATION

PROVISION IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFITS

Article 3 and article 4 of the articles of association states the following regarding objective and resources and capital.

In accordance Objective and resources.
Article 3
1. The Foundation's objective is to improve access to, and to deliver high-quality essential medicines and medical supplies at the lowest possible price to low and middle income countries, and to perform all such further acts as may be related or conducive to the foregoing in the broadest sense.

2. The Foundation preferably supplies the medicines and supplies referred to in paragraph 1 to institutions and organisations for humanitarian aid, and other institutions and organisations that focus on the provision of regular access to health care and on conditions that are in accordance with the Foundation's humanitarian objective.

3. The Foundation tries to achieve its objectives, inter alia, by:
a. importing, exporting, selling, distributing, trading in, marketing of, and consultancy with respect to medicines, dressings and bandages, pharmaceutical raw materials, medical devices and related products, as well as other products that are or may be relevant to realisation of the Foundation's objectives;
b. checking the quality of the products referred to under a.;
c. providing education, advice, training and assistance in respect of local or regional initiatives in the field of production and distribution of the products referred to under a.;
d. collaborating with institutions and organisations within and outside the Netherlands with objectives similar to those of the Foundation or active in a field related to the Foundation's objectives, as well as with all such legitimate means as may be conducive to realisation of the Foundation's objectives, all in the broadest sense.

4. The Foundation does not seek to make any profit. The available resources shall be spent efficiently and effectively, in accordance with the Foundation's objective.

Capital.
Article 4
1. The Foundation's capital shall consist of the operating surplus in respect of the activities carried out by the Foundation, as well as other income.
2. Testamentary dispositions may be accepted only subject to the benefit of inventory.
3. The Foundation's capital serves to realise the Foundation's objectives.

INDEPENDENT
AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To: the managing director and supervisory board of Stichting International Dispensary Association

REPORT ON THE FINANCIAL STATEMENTS 2017

Our opinion
In our opinion, Stichting International Dispensary Association's financial statements give a true and fair view of the financial position of the Foundation and the Group as at 31 December 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited
We have audited the accompanying financial statements 2017 of Stichting International Dispensary Association, Amsterdam ('the Foundation'). The financial statements include the consolidated financial statements of Stichting International Dispensary Association and the foundation financial statements.

The financial statements comprise:
- the consolidated and company balance sheet as at 31 December 2017;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The 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 section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence
We are independent of Stichting International Dispensary Association in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- the directors' report;
- the supervisory board report;
- risk tolerance and risks;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Managing director is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of managing director and the supervisory board for the financial statements

Managing director 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; and for
- such internal control as managing director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board is responsible for overseeing the foundation's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 18 June 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by P.P.G.W.N. Hoek RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2017 OF STICHTING INTERNATIONAL DISPENSARY ASSOCIATION

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
Our audit consisted, among other things of the following:

• Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional 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 foundation's internal control.

• Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by managing director.

• Concluding on the appropriateness of managing director's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the foundation'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 and are made in the context of our opinion on the financial statements as a whole.
However, future events or conditions may cause the foundation to cease to continue as a going concern.

• Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the foundations consolidated financial statements we are responsible for the direction, supervision and performance of the group audit.
In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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 deficiencies in internal control that we identify during our audit.