ANNUAL REPORT 2016

STICHTING INTERNATIONAL
DISPENSARY ASSOCIATION

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REPORT 2016
FROM THE SUPERVISORY BOARD

In its meeting of 26th April 2016 the Supervisory Board adopted the Annual Accounts 2016 of IDA Foundation (IDA), as presented by the CEO and audited by PWC, IDA's newly appointed auditor.

During 2016, the Board conducted six meetings with the CEO. These meetings focused on the annual accounts, company strategy, quarterly financial and management reports, organisational changes and the budget for 2017. In addition members of the 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, IDA's top management structure, housing and warehousing and the creation of a social enterprise project.

The second executive officer of the board left IDA during 2016. The Supervisory Board is in the process of discussing the consequences of this for the top management structure of the company.

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

In 2016 a Compliance Committee was introduced to oversee all policies and relevant compliance matters. The Supervisory Board is represented by Mieke Damen.

The Supervisory Board recognizes the achievements of IDA's management and staff in 2016 and expresses its appreciation of their hard work and commitment.

Amsterdam, 26 April 2017

THE SUPERVISORY BOARD

Marek W. Guensberg
Albert ten Bruggencate
Mieke Damen
Catherine Hodgkin

REPORT 2016
FROM THE CEO

OUR MISSION STATEMENT
In today's world, essential medicines and medical goods still 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.

Founded in 1972, IDA Foundation is headquartered in Amsterdam, the Netherlands and has offices in India, China, Nigeria and D.R. Congo, with more than 275 employees worldwide and a global network of over 30 representative agents.

GENERAL
Although in many aspects 2016 looked very similar to 2015, three subjects have marked the year. The first was the official start of the USAID GHSC-PSM program, for which IDA is a subcontractor within the Chemonics consortium. Being part of a consortium in such a big programme brings a new dimension and new experience to IDA's broad portfolio. It is a different role for us, as we do not manage the program end-to-end, as we do with other procurement service contracts. Instead, we provide staff in multiple locations who execute the procurement requests of the customers. It is also new to IDA to be part of a large international consortium.

The project has the potential to reach more than 50 countries and IDA's role will help the consortium transform global and national supply chains. It is an important project and we are proud to be part of it.

Secondly, we went live with our new ERP system in two phases over the course of the year. We invested more time and resources than originally planned in the JD Edwards system because rather than opting for one standardized system, we decided to build a system able to cope with the different business models IDA is running.

IDA is working for several large partners that each have their own specific wishes when it comes to the administration of work processes, and analysing and reporting data. We now have the flexibility to serve those different requirements. We see that data management plays an increasing role in driving performance and therefore further customization and system development are expected to remain high on the agenda of IDA management during the coming years.

Finally, we enjoyed growth. With 5% in value, it was less significant than previous years but in activities it was again an impressive year with substantial growth in some of the more laborious programs, such as PPM non-core and wholesale, and the new GHSC-PSM program.

In the past few years, IDA continuously worked on improvements to our performance in existing programs. If we look at the most important KPIs like supplier performance, delivery performance and stock availability, we made significant improvements. We did so in an environment of growth and change, some of which is still ongoing. That we could do so is to a large extent thanks to our employees, who have displayed high engagement, flexibility and dedication.

FINANCIAL
Our turnover for 2016 was US$ 572 million with a net result of US$ 5.6 million. The total turnover is $ 30 million higher than 2015.

Our business line Base Business remained stable at $ 73 million with growth in stockkeeping wholesale, and less turnover in tenders and small procurement service programs. Our Procurement Service (PS) activities grew by $ 37 million to almost $ 500 million despite a significant drop of the biggest product category in PS, mosquito nets (LLINs). The volume dropped by $ 80 million to $ 145 million in 2016. This decrease can be attributed in large
part to a new, lower LTA price, as well as to lower overall sales volumes. This substantial drop was more than made up by increases in turnover in both first and second line TB programs for the GDF and the non-core program for the Global Fund.

These programs are also more labour intensive than LLIN's which explains part of the increase in personnel during 2017.

COST DEVELOPMENTS
In the past few years, we grew successfully in existing and new activities. In parallel, we implemented the new ERP system. As a result of these developments, there was less focus on costs. Some of the costs were incidental or project related, but recent analysis has shown that
our indirect fixed overheads have grown much faster than some our business models. This will need attention the coming year to be able to strengthen our sustainability.

STRATEGIC JOURNEY
In previous years, we established five strategic objectives for IDA, and have used these pillars to organise and communicate our long term strategic plans. Annually, it is a priority to update the strategic framework and determine our targets and KPIs for the year ahead.

Our customers and our mission have always been our most important driver for strategic development. We have evolved from a stock-keeping wholesaler to a supplier of multiple services through various business models.

These diverse models bring different challenges and require specific strategies in response. Still, in the end there is a lot of synergy in applying best practices. At the end of 2015 and 2016 we made important decisions to respond to our goal of continuous improvement of our services. Among the most important:

1. New central consolidated warehouse: After years of growth, our existing warehouse capacity has become too small. In addition, we have observed a continuous increase of good distribution practice (GDP) standards. These factors led to our decision to select a new consolidation warehouse for our stock-keeping activities.

2. Investment in (ERP) system and data management: Good data management is key to excellent performance. We have invested in a new system and we will continue to develop JDE's functionality to allow us to continuously improve our services. Excellent service is also an investment in customer satisfaction and retention; both are needed for a sustainable future.

3. Increase the capacity of our existing office locations: At the end of 2015 we inaugurated a new office in Mumbai adjacent to our existing floor, thereby doubling the capacity. In Amsterdam, we chose to stay in our existing location and create a substantial increase in space by renovating (within the limitations of the existing permits). We decided to do so rather than re-locate because it allows us to retain our experienced staff, key to high service levels.

IMPACT

In 2016, there were several meaningful activities that show the impact IDA has in increasing access to medicines. These include:

• The start of the GHSC-PSM program. IDA is now part of a consortium responsible for delivering on the largest single award ever made by USAID.
• The extension of important PS contracts, including the Global Fund, which reflects the high level of service that IDA provides for this complex programme.
• The continued development of our oncology product range, and greater activity within the global oncology community.
• Important awards for WHO kits, including the IEHK, cholera kits, and kits for severe acute malnutrition.
• The award as PA for a UNITAID / FIND pilot project to expand diagnosis and treatment for Hepatitis C. Although this is a relatively small project, it is highly strategic and will give IDA experience with Hep C commodities at a time when attention and funding for Hep C is growing.
• Hiring a Project Leader for Social Impact, tasked with identifying innovative or highimpact programmes in which IDA can invest, with the goal of increasing our impact
on global access to health care. This position was created in close consultation with the supervisory board. While the strategic pillars of IDA Foundation focus on running
sustainable business models, this sometimes limits our scope. The purpose of the Social Impact position is to look with a much broader scope for opportunities to serve the mission and bring them to the attention of IDA management and supervisory board.

SUSTAINABILITY

IDA has a very strong and healthy financial position with no loans and 100% equity thanks to consistent growth and good performance during the past decade. Because we have no shareholders and pay no dividends, most of our equity is used to finance our working capital, e.g. stocks and debtors.

Although we are a non-for-profit foundation, we aim at achieving an annual return on equity (ROE) of 5%. Over the past years, we have consistently over-achieved, which allowed us to invest in greater stock-keeping and remain active in segments (of the wholesale) business with a relative high risk/low margin ratio. Over 80% of our wholesale activities are at open payment and require strict debtor management. We also keep stock of a broad range of essential medicines despite little data to support the guarantee of a high turnaround. In combination with the limitations in shelf life this makes stock-keeping a high- risk activity. Thanks to our solid financial basis we are able to sustain this business model and continue supplying many smaller NGOs from stock.

The successes in our procurement service activities have largely contributed to our increased turnover and results over the past years. But such fast growth and evolving from a stock keeping wholesaler into an organisation with many different business models also includes the risk of becoming too dependent on large programs and losing focus on cost.

During 2016 alone, our personnel expenses and operating expenses grew by US$ 1.7 million; this was not all related to growth in new PS programmes.

To avoid hidden costs and financial dependencies, we have started to administrate and manage all our business models like independent companies. This will enable us to have transparent cost structures and better manage and allocate costs. The new ERP system will be of great help to do this.

CUSTOMER FOCUS

This is probably my favourite strategic pillar because the key performance indicators related to customers are the most concrete indicators of what we do well and what needs attention, both for the short and the long run. We can create a very nice strategy internally, but it is the appreciation of the customer that matters. In general, we did very well again in 2016.

- Our total turnover increased by $30 million to $572 million. More significant than the financial increase was the addition of 40 staff, some for GHSC-PSM and others
due to a shift from less to more labour-intensive programs.
- Two of our biggest contract partners, GF and GDF extended their contracts.
- We assumed our new role in the GHSC-PSM consortium
- We made important improvements in delivery performance

This was possible thanks to consistent and ongoing performance management by our teams, in partnership with our key customers and suppliers and freight forwarders.

Close collaboration with our suppliers is instrumental to good demand planning and supply chain management. To meet the set strategic performance targets with our contract partners, we performed no less than 262 review and evaluation sessions with suppliers.

Sixty-three suppliers represent 90% of our turnover. However, our wholesale strategy is to service smaller NGOs, and our procurement service contracts with the GF and GDF have additional requirements for supplier selection. As a result, we work with no less than 361 different suppliers to cover the tail end of our product range. Aiming for the best, we also approved 38 new suppliers. In some cases, this was done to secure better prices or services; in other cases, it was because we needed to supply a new product.

Strategic reviews, partnerships and KPIs as the basis for excellence

The process of having strategic and operational review sessions with our main partners has proven to be very effective but it also clearly reveals that IDA can still improve in many aspects. Our ongoing ambition is to strive for excellence, and to reach 100% success for all our KPIs.

Data management and systems

Good data management and flexible systems are instrumental to customer focus, and to achieving our objective of customer satisfaction. In the coming years we plan to offer additional services and features to our customers, including IT platforms for e-ordering, tracking and tracing of orders and performance management.

QUALITY

We performed 50 audits in 2016. Most were GMP audits to develop our manufacturer base or verification audits to verify the quality and manufacturing process of our products. Our standard quality practices continue; we monitor the quality of our products by independent visual inspections and analysis of batches. Apart from pharmaceuticals we also did significant testing on long lasting insecticide treated bed nets and condoms.

We worked to ensure close compliance to GDP requirements and monitor temperature conditions with temperature data loggers. This is especially important for goods that need special storage conditions. In this way, we assure that our products retain their quality until they reach their destination.
In response to increased donor interest in supporting local manufacturing in Africa, we audited and approved an additional manufacturing site on the African continent.
We have started to perform bio-equivalence studies on a selection of products to ensure compliance with all applicable WHO quality norms. As in past years, an increasing number of new products have been assessed so that we can better serve our customers.

PEOPLE

Personnel

In 2016, we grew from 247 to 284 people; an increase in personnel has become the norm from year to year as our activities continue to grow. The PSM project accounts for almost half of this growth. In order to better support our activities in Africa, we opened our own offices in Democratic Republic of Congo and Nigeria.

Housing

During the last decade, the number of employees in the main office in Amsterdam grew from 120 to 170 people. After considering several options to move out of the Slochterweg after 44 years, we decided to stay and invest in a significant renovation of the building. The work will
start in the course of 2017 and is expected to be completed in the beginning of 2018.

The space shortage has been a positive incentive to develop a new and more structured workfrom-home policy. The coming renovation will bring a better working environment that supports the health and well-being of our employees. Throughout 2016, employees shared ideas about how to make our workplace more environmentally sustainable and more conducive to working collaboratively. Through the employee survey and discussions at Impact Day, we have collected innovative ideas that will be incorporated into the design of our new office.
For the GHSC-PSM staff, the houses at Slochterweg 37 and 39 were transformed in a dedicated office which was inaugurated on April 1st 2016.

Training and development

With support from HR, the Management Team has adopted the 9-Grid people development methodology, which gives a more focussed approach to the cross-departmental development and mobility of our talents.

Several trainings were offered to employees throughout 2016.All employees received a training on our new Code of Conduct and general compliance principles. In addition, we started an in-house training program of Lean 6-Sigma for 20 employees in 2016.

Compliance
IDA's role as a subcontractor to the GHSC / PSM project required us to follow USAID policies around compliance and transparency, some of which were stricter than the practices we already had in place. As a result, in 2016 all compliance documents were reviewed and renewed to bring them in line with the requirements of the US government.

To support these efforts and integrate compliance awareness into IDA's everyday business, additional changes were made. A compliance committee was created and an anonymous ethics helpline has been introduced. All employees received a compliance training. We have also developed a 3rd party Code of Conduct to which all our strategic suppliers need to adhere.

FUTURE OUTLOOK: IDA CONTINUES OUR MISSION

IDA has a strong position both in wholesale business as well as in the procurement service segment. The most important and powerful way to ensure success in the future is by achieving 100% performance. We will keep on developing our IT systems and work together with our partners on performance enhancement in a number of fields, including anticipating new customer needs such as e-commerce, sharing of performance data and access to order statuses.

Our strong growth in procurement services also comes with threats. Unlike our wholesale business, in which we have over 450 active customers, there are only a handful of large programs like PPM, GDF or GHSC-PSM. IDA has an important share in this market, but the loss of one or more programs is unlikely to be compensated. Our aim is to consolidate our market share by excellent performance as described in earlier paragraphs.

An additional risk may be found in global political changes. Seventy percent of donor funding for IDA programs comes from USAID. There is uncertainty about potential budget cuts by the Trump administration, which IDA cannot influence. We cannot mitigate that risk but we can prepare for it by ensuring that each of our business models has a positive profit and loss account and meet the financial targets. Doing so would guarantee that the base business is not depending on "subsidies" from procurement services.

Although there are changes on the horizon, our performance and growth throughout 2016 have positioned us well to respond to the challenges ahead. We have a capable and committed global staff who are focused on our mission and on serving our customers. I am confident that with the resources and expertise earned during our 45-year history, we will meet the high performance standards we have set for ourselves, and continue to advance our mission.

Amsterdam, 26 April 2017

Edwin de Voogd
Chief Executive Officer

RISK MANAGEMENT

IDA Foundation's risk management can be divided into three main risk areas:

1. STRATEGIC RISK MANAGEMENT
We allow for strategic risk in pursuit of our mission. We have a yearly strategic review cycle in which we evaluate the previous year against new trends. The evaluation of strengths, weaknesses, opportunities and threats (SWOT) is done by the management team and developed into strategic activities. These activities are incorporated into the strategic framework, which is subject to board approval and shared with our employees. The discussion of the annual strategy stimulates employee engagement.
Our recent successes in procurement services also come with a risk of dependency. Contrary to the wholesale segment where we serve 450-500 customers per year, there are only a handful of large procurement service contracts in the world which are re-tendered every 2 or 3 years. So, losing a contract cannot be easily compensated by another contract. Our best guarantee for repeated success (determined by contract extensions) is through excellent performance. To this end, we agree on standard operating procedures and KPIs. We have periodic strategic review meetings with our partners to stay aligned and meet the targets.

Another risk related to the growth of the PS contracts is that it also drives (part of) our indirect overhead. In order to mitigate the risk over uncovered hidden costs, we have started in 2016 to report and manage each business as an independent entity. This will become 100% effective during 2017.

2. OPERATIONAL & COMPLIANCE MANAGEMENT
Compliance with laws and regulations is fundamental to the continued operations of IDA Foundation and its related entities. Therefore, IDA takes a strict approach where compliancy is concerned. During 2015 and 2016 we appointed a dedicated Ethical Compliance Officer (ECO) who has reviewed all our compliance related rules and regulations.

We have reviewed our Code of Conduct which adheres to the strictest rules including those imposed by the USA (FAR and Aidar). All our employees, agents, and main suppliers of goods and services need to adhere to our CoC. IDA has also created a compliance committee that comes together 5 times a year (quarterly review sessions and one annual review and goal setting session.) The committee consists of the ECO, CEO, Director of HR and one delegate from the Supervisory Board, Mieke Damen.

The committee would also come together in case of incidents or complaints but there were none reported during 2016.

We have established an anonymous hotline for reporting concerns about fraud or other behavior. The Code of Conduct includes information on the protections that IDA offers to whistleblowers.

3. FINANCIAL RISK MANAGEMENT
Financial risks differ very much depending on the business model. Below we describe the various risks and the way we mitigate the risks.

Currency risks (exchange rate fluctuations against our home currency)
The majority of the sales and purchases are done in US dollars. To minimize currency risk, IDA became a US$ company in 2015. As a result, our main activities are no longer subject to fluctuations of the Euro against the US$.

The costs in the Netherlands and India have now become our major foreign currency exposure as they are in euro and Indian rupees respectively. We have decided to only mitigate the euro risk exposure for a period of 1-2 months by holding euro bank balances to the extent that it is probable that payments in euro will occur. For the costs of our India operation we keep cash balances in the local currency.

IDA Foundation also incurs currency risk on the security portfolio held by IDA Charity Foundation (ICF).

Price risk (wholesale and tender segment)
As a stock-keeping wholesaler, IDA Foundation runs risks of price fluctuations between the moment of purchase and the moment of sales. Our price basis is historical purchase price. IDA is very sensitive to these risks because we apply very low margins to cover our costs and respect our mission of affordable prices. The best way to mitigate this risk is keeping stock of items that have a high rotation. To this end, we have a stock management team in place, use
a stock keeping software application, and align our portfolio with the needs of our most important customers.

The best way to mitigate price risks is to make back-to-back agreements with suppliers. We do so for tenders.

Credit risk (wholesale and tender segment)
As part of our mission IDA Foundation sells medicines and medical supplies to hospitals, central medical stores (CMS), and local relief organizations in low- and middle-income countries. Most of these organizations are either public sector (CMS) or semi-public sector.
The true creditworthiness of these organizations is often difficult to judge. Conventional methods to reduce risks, imposing letters of credit, bank guarantees

or credit insurance, are rarely used. They are time consuming, costly and often considered disqualifications in the bidding conditions. In spite of this, IDA has strategically decided to serve this large category of customers despite the theoretic non-payment risk.

To minimize the credit risks pro-actively, Finance and Sales have set-up an internal customer credit line to run only calculated risks. During the 45 years that IDA has run 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. This is because transactions are often funded with donor or government money. IDA 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 the funding organizations have provided to IDA. Furthermore, IDA uses a bank guarantee facility for financing transactions. There is no bank overdraft facility.

Risks exposure versus business models

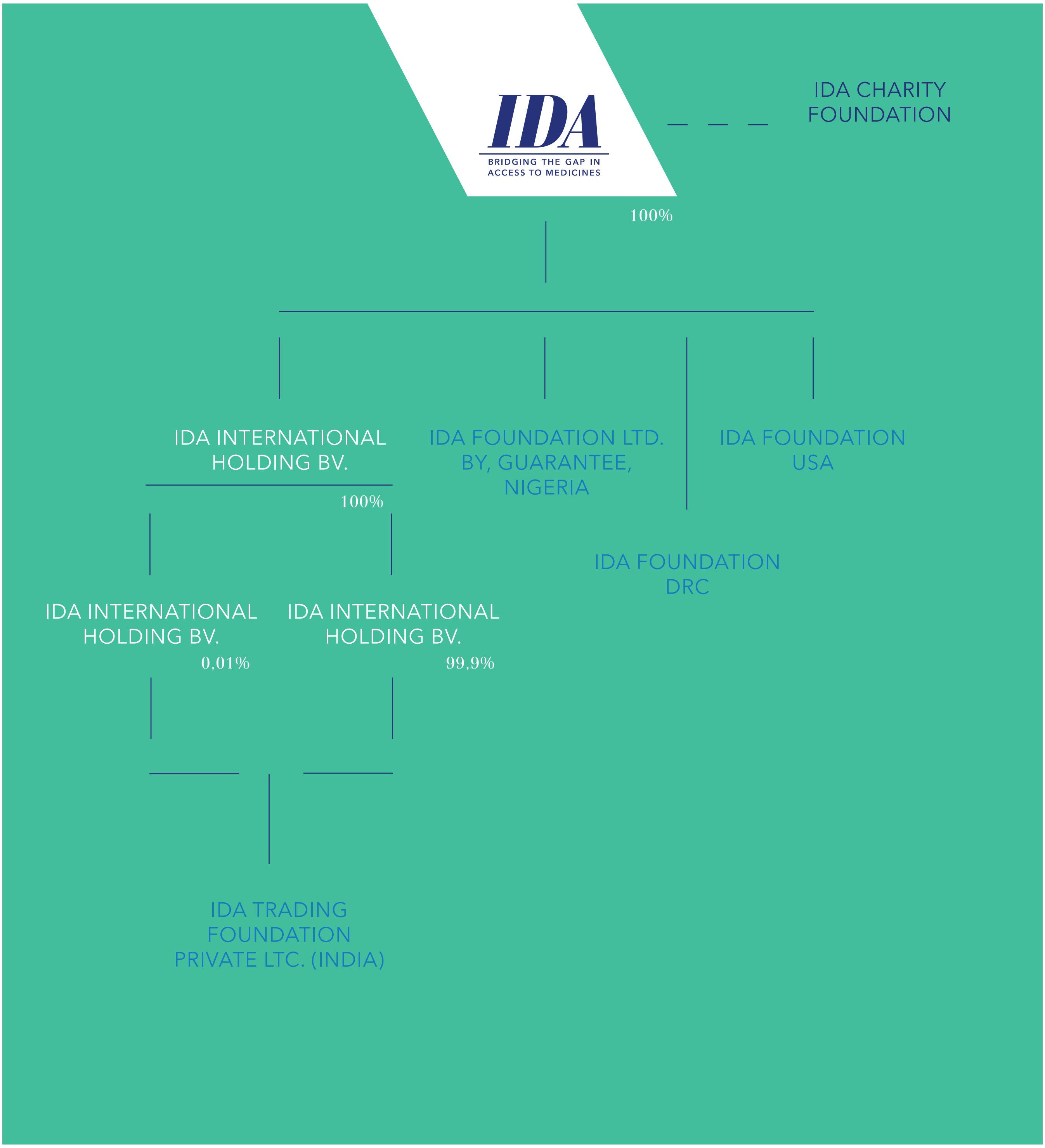
Traditionally IDA is active as a stock-keeping wholesaler participating occasionally in tenders. All above risks and risk mitigation take place.

For our Procurement Service programs, the financial risks are limited. All the programs are usually pre-paid. However, legally speaking IDA becomes owner of the goods and therefore does run certain risks.

The values involved are very substantial and usually related to public funds. Therefore, IDA, together with the contract partners, has put in place very clear standard operating procedures. These need to be strictly followed through the supply chain, from funder through principal recipient, via IDA and the supplier. Strictly following these procedures and following the INCOTERMS are a solid way to mitigate all operational risks. DA is also responsible for the insurance of the goods.

Strategic review meetings with contractors take place periodically to align the expectations.

IDA CORPORATE STRUCTURE



ANNUAL
ACCOUNTS 2016

CONSOLIDATED
BALANCE SHEET

A. CONSOLIDATED BALANCE SHEET

After result appropriation

		31 December 2016 $ *1,000		31 December 2015 $ *1,000	
FIXED ASSETS	NOTE				
Intangible fixed assets	1				
Development costs		713		699	
Licenses		365		538	
			1,078		1,237
Tangible fixed assets	2				
Land and buildings		1,906		1936	
Warehouse inventory		44		65	
Office inventory		801		808	
Vehicles		13		18	
			2,764		2,828
Financial fixed assets	3				
Subordinated loan		612		633	
			612		633
			4,455		4,698
CURRENT ASSETS					
Inventories	4				
Goods purchased for resale		95,083		185,916	
			95,083		185,916
Receivables	5				
Trade debtors		15,567		15,418	
Advance payments to suppliers				2,862	
		29,903			
Pension premiums		1		-	
Other receivables and accruals		1,170		2,799	
			46,641		21,079
Corporate income tax	6		-		1,125
Other taxes	6		407		658
Securities	7		6,371		6,960
Cash and bank balances	8		180,258		224,866
			328,760		440,604
CURRENT LIABILITIES					
Creditors	9	9,112		10,705	
Payroll taxes	10	268		237	
Corporate income tax	10	599		-	
Accrued liabilities	11	254,040		370,538	
			264,019		381,480
Current assets less current liabilities			64,741		59,124
Assets less current liabilities			69,196		63,822
PROVISIONS	12				
Jubilee benefits					
		103		98	
			103		98
GROUP EQUITY	13				
Purpose reserve		7,651		7,968	
Retained earnings		61,442		55,756	
			69,093		63,724
			69,196		63,822

CONSOLIDATED
PROFIT & LOSS ACCOUNT

B. CONSOLIDATED PROFIT AND LOSS ACCOUNT

		2016 $ x 1.000		2015 $ x 1.000	
	NOTE	$		$	
Turnover	15		572.018		542.423
Cost of goods purchased		543.140		516.653	
Personnel expenses	16	13.652		11.230	
Depreciation	1-2	792		535	
Operating expenses	17	7.327		8.044	
			564.911		536.462
Operating result			7.107		5.961
Financial income and expenses	18				
Interest, dividend income and other results on securities portfolio and loans		379		333	
Other interest income		-		-	
			379		333
Result before tax			7.486		6.294
Corporate tax	19		1.867		(15)
Net result			5.620		6.309

CONSOLIDATED
CASH FLOW STATEMENT

C. CONSOLIDATED CASH FLOW STATEMENT

	NOTE	2016 $ x 1.000		2015 $ x 1.000	
Operating result			7.107		5.961
Adjustments for:					
Depreciation	1-2		792		537
Changes in working capital:					
- Inventories	4	90.833		(153.867)	
- Receivables	5	(25.563)		24.212	
- Accrued liabilities	11	(116.500)		121.027	
- securities	7	589		599	
- Taxes and social premiums	6, 10	417		(205)	
- Creditors	9	(1.593)		(24.029)	
			(51.817)		(32.263)
Cash flow from business activities			(43.918)		(25.764)
Exchange results for different functional currencies consolidated companies	13	(251)		(920)	
Interest, dividend income and other results on securities portfolio and loans	18	400		465	
Additions to/deductions from provisions		5		(8)	
(Pre)payment corporate income tax		(278)		(3.648)	
			(124)		(4.111)
Cash flow from operating activities			(44.042)		(29.876)
Investments in intangible fixed assets	1	(181)		(823)	
Investments in tangible fixed assets	2	(385)		(734)	
Net cash generated from investment activities			(566)		(1.557)
Net cash provided by (used in) financing activities			0		0
Net increase (decrease) in cash and cash equivalents			(44.608)		(31.433)
Cash and bank balances per 1 January		224.866		256.299	
Cash and bank balances per 31 December		180.258		224.866	
Net increase (decrease) in cash and cash equivalents			(44.608)		(31.433)

CONSOLIDATED
STATEMENT OF RECOGNIZED
INCOME & EXPENSES

D. CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

	2016 $ x 1.000		2015 $ x 1.000	
Consolidated net result		5.620		6.309
Translation adjustment	(251)		(921)	
Total recognised in equity		(251)		(921)
Comprehensive income		5.369		5.388

NOTES TO THE
CONSOLIDATED ANNUAL ACCOUNTS

E1. ACCOUNTING PRINCIPLES

Stichting International Dispensary Association ("Stichting IDA" or "IDA Foundation") is the head of the IDA organisation. 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, PO Box 37098 1030 AB Amsterdam and is registered at the chamber of commerce under the number 33170905.
The annual accounts have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').
The consolidated annual accounts: assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. 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.
IDA Foundation decided to change its reporting currency from Euro to US dollar in 2015. 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.

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.

CONSOLIDATED COMPANIES

Besides the figures of IDA Foundation the follow owing entities are included in the consolidated annual accounts:
Stichting Ida Charity Foundation, Amsterdam (Stichting ICF) , The Netherlands
IDA International Holding BV, Amsterdam, The Netherlands (100%)
IDA International Services BV, Amsterdam, The Netherlands (100%)
IDA International Participation BV, 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, USA, USA (100%)

Based on the governance of Stichting ICF IDA Foundation has direct control in this foundation. The funds of Stichting ICF are invested in a subordinated loan granted to Stichting I+solutions ("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 influenced are 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.

OPERATIONAL LEASING

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract

FOREIGN 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 IDA Foundation.

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.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the 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.

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.

COMPARATIVE FIGURES

The comparative of creditors and accrued liabilities have been amended for classification differences.

FIXED ASSETS

Intangible Fixed 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 Impairment 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 are 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

Land and buildings are valued at historical cost plus additional costs less straight-line depreciation based on the expected useful life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to note impairment fixed assets.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

The depreciation percentages are as following:

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

Maintenance costs are expensed as incurred.
With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note Impairment of fixed assets.

Loans
Loans are initially measured at fair value 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.

CURRENT ASSETS
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.

Receivables
Trade receivables are recognised initially at fair value 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.

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.

Cash and bank balances
Cash at bank balances represent cash in hand, bank balances and deposits with terms of less than twelve months. Cash and bank balances are carried at nominal value.

Provisions general
Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.
If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

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	€ 12.953
Maximum salary	€ 101.519
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	€ 12.953
Maximum salary	€ 12.953
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.

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

On initial recognition other assets and 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.

Equity

Exchange results on the monetary assets and liabilities of consolidated companies which have not the USD as its functional currency are presented as translation adjustments in equity.

Turnover / result determination

The result is the difference between the realisable value of the goods and services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.
Profit or loss is determined taking into account the recognition of unrealised changes in fair value of securities included in current assets.
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.
Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.
Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered
Costs of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold, employee cost, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales.

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.

Personnel expenses

Salaries, wages and social security costs are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.
The pension costs are the pension premiums paid minus the employee contributions. Reference is made to the pension paragraph of the accounting principles of the current assets.

DEPRECIATION

Intangible assets are amortised and tangible fixed assets are depreciated over their estimated useful lives as from the moment they are ready for use. Land is 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 or equipment are included in depreciation.

IMPAIRMENT OF FIXET ASSETS

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.
An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the 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 realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted, based on a discount rate of 5% (2015: 5%). The discount rate does not reflect risks already taken into account in future cash flows.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be 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.

INTEREST INCOME AND INTEREST EXPENSES

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration

CURRENCY TRANSLATION RESERVE

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised.

RESULTS ON SECURITIES AND LOANS

Changes in the value of securities and loans are recognised directly in the income statement.

CORPORATE TAX

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate. 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 reviewed at each reporting date and reduced to the extent that this is no longer probable that the related benefits will be realized.

RESULT FROM PARTICIPATIONS (VALUED AT NET ASSET VALUE)

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to IDA Foundation.

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. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

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 labour costs, office and ware houses costs for the Dutch operations which are paid in EURO's. These cost 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 EURO's will occur. Stichting ICF also incurs currency risk on its security portfolio.

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 ICFmanages 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), local relief organizations in low and middle income countries. Most of these organizations are either public sector (CMS) or semi-public sector. The true creditworthiness of these organizations is often difficult to judge. Conventional methods to reduce risks by imposing letters of credit, bank guarantees or credit insurance are seldom. 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 theoretic non-payment risk.
To minimize 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 is running these calculated risks, our experience is that late payments is very high but the percentage of non-payment leading to write off is very low compared to European standards. Write offs are relatively 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.

Stichting ICF has issued a subordinated loan to IPlus solutions which has to be repaid in 2034. The absence of any security for this loan brings is a significant risk for IDA Foundation. Since the issue of this loan is part of our mission IDA Foundation is willing to accept this credit risk.

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

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.

E2. NOTES TO THE
CONSOLIDATED BALANCE SHEET

1. INTANGIBLE FIXED ASSETS	DEVELOPMENT COSTS	LICENSES	TOTAL
	$ X 1.000	$ X 1.000	$ X 1.000
Historical cost	757	584	1,341
Cumulative amoritization	(58)	(46)	(104)
Book value 1 January 2016	699	538	1,237
Investments	181	-	181
Amortization	(167)	(173)	(339)
	713	365	1,078
Historical cost	938	584	1,522
Cumulative Amortization	(225)	(219)	(443)
Book value 31 December 2016	713	365	1,078

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

2. TANGIBLE FIXED ASSETS	LAND AND BUILDINGS	WAREHOUSE INVENTORY	OFFICE INVENTORY	VEHICLES	TOTAL
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
Historical cost	5.653	2.142	4.629	43	12.467
Cumulative depreciation	(3.716)	(2.076)	(3.821)	(25)	9.638-
Book value 1 January 2016	1.937	66	808	18	2.829
Investments	189	-	197		385
Desinvestment					-
Depreciation	(220)	(22)	(204)	(5)	450-
Exchange result					-
	1.906	44	801	13	2.764
Historical cost	5.842	2.142	4.826	43	12.852
Cumulative depreciation	(3.936)	(2.098)	(4.025)	(30)	10.088-
Book value 31 December 2016	1.906	44	801	13	2.764

	sub ordinated loan - 2016 -	sub ordinated loan - 2015 -
	$ X 1.000	$ X 1.000
3. INTANGIBLE FIXED ASSETS		
Balance January 1	633	766
Write down		-75
Exchange differences	(21)	(58)
Balance December 31	612	633
Face value	1,581	1,635

A subordinated Euro loan is granted to I+solutions. The loan has to be repaid ultimately 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 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 i+solutions incurred due to the loss of its contract with PFSCM.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
4. INVENTORIES		
Goods purchased for resale		
Inventories	45,610	44,665
Goods in transit	49,588	141,404
Provision for obsolete stock	(115)	(152)
	95,083	185,916

The stock which is held by IDA foundation in consignment for GDF of an amount of USD 3.7 million (2016: USD 13.1 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 0.9 million (2015:USD 0.6 million) in 2016.
The decrease of the goods in transit balance in comparison to prior year can mainly be explained by relatively high value of direct shipments in the last quarter of 2015 which in majority have DAP inco terms.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
5. RECEIVABLES		
Trade debtors	15,567	15,418
Advance payments to suppliers	29,903	2,862
Pension premiums	1	-
Other receivables and accruals	1,170	2,799
	46,641	21,079

The advance payments to suppliers relate in majority to the prepayment of goods which are ready for shipment at the supplier or are already transported to the final customer but for which the purchase inco term not yet is fulffilled. Delays in the delivery scheme to the customers have an influence on the level of this balance.
The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognised, where necessary. The provision for bad debs amounts USD 1.6 million per December 31, 2016 (USD 1.3 million per 31 December 2015).

The receivables are due within one year.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
6. TAXES AND SOCIAL PREMIUMS		
Corporate income tax	-	1,125
'Value added tax	407	613
Other taxes	0	45
	407	1,783

The taxes and social premiums receivable receivables are due within one year.

7. SECURITIES

The securities are exchanged at official stock exchanges. The cost price of the listed securities (frequently quoted) amounts to USD 5.7 million per 31 December 2016 (2015: USD 6.3 million). This is a difference of USD 0.6 million (2015: 0.7 million) compared to the carrying value.
The securities are at free disposal.

8. CASH AND BANK BALANCES

The cash and bank balances include bank balances of an amount of $ 167,2 million (2015: $ 206,6 million), which are restricted for financing the large programs. The cash and bank balances include deposits to an amount of USD 0.6 million up to 11 months.

CURRENT LIABILITIES

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
9. CREDITORS		
Trade creditors	9.112	10.705
	9.112	10.705

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
10. TAXES AND SOCIAL PREMIUMS		
Payroll taxes	268	237
Corporate income tax	599	-
	867	237

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
11. ACCRUED LIABILITIES		
Advanced payments received from clients	215.728	262.522
Prepayment for bufferstock	6.557	11.018
Other debts and accrued liabilities	31.756	96.993
Pension premiums	(1)	5
	254.040	370.538

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.
The balance other debt and accrued liabilties mainly decrease because of the lower level of goods in transit in comparison to 2015. Reference is made to note 4.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
12. PROVISIONS		
Jubilee benefits	103	98
	103	98

MOVEMENT SCHEDULE FOR THE PROVISION FOR JUBILEE BENEFITS	- 2016 -	- 2015 -
Balance at 1 January	98	106
Paid to Jubilees	(9)	(4)
Additions	17	8
Exchange result	(3)	(11)
Balance at 31 December	103	98

13. GROUP EQUITY

	- 2016 - $ X 1.000	- 2015 - $ X 1.000
Balance at 1 January	63.724	58.336
Translation adjustment (ii)	-251	-921
Net result	5.620	6.309
Balance at 31 December	69.093	63.724

	TRANSLATION RESERVE	ICF FOUNDATION OTHER RESERVES	PURPOSE RESERVE	RETAINED EARNINGS EXCL ICF FOUNDATION	EQUITY
2016			sub total		total
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
Balance at 1 January 2016	-2.109	10.077	7.968	55.756	63.724
Exchange rate difference	-251		-251		-251
Net result		-67	-67	5.686	5.620
Balance at 31 December 2016	-2.360	10.010	7.650	61.442	69.093

	TRANSLATION RESERVE	ICF FOUNDATION OTHER RESERVES	PURPOSE RESERVE	RETAINED EARNINGS EXCL ICF FOUNDATION	EQUITY
2015			sub total		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

(i) There is an interrelation between 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 E1 Accounting principles.
(ii) The translation adjustment relates to the exchange result on the monetary assets and liabilities of IDA Charity Foundation, which has the Euro as its functional currency.

14. ASSETS AND OBLIGATIONS NOT INCLUDED IN THE BALANCE SHEET

14.1 Bank guarantees

ING Bank Bank N.V. gave the following guarantees at 31 December 2016: € 35.637 (2015: € 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 2016: € 512.486 (2015: € 700.727) and $1.252.077 (2015: $ 13.942.046) 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 € 8.000.000 (2015: € 8.000.000).

14.2 Operational leasing

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

	- 2016 - $ X 1.000	- 2015 - $ X 1.000
Obligations to pay:		
Within one year	732	464
Between one and five years	180	345
	912	809

During the year of review USD 351.000 (2015: $ 205.000) of lease payments were recognised in the income statement.

E3. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	- 2016 - $ X 1.000	- 2015 - $ X 1.000
15. SPECIFICATION OF TURNOVER		
Europe	62.703	27.345
Asia	151.087	134.611
America	33.173	10.109
Africa	325.055	370.358
	572.018	542.423

	- 2016 - $ X 1.000	- 2015 - $ X 1.000
16. PERSONNEL EXPENSES		
Wages and salaries	10.672	8.797
Pensions	871	609
Social security costs	1.400	1.005
Other	709	820
	13.652	11.230

	- 2016 - $ X 1.000	- 2015 - $ X 1.000
17. OTHER OPERATING EXPENSES		
- Accommodation costs	1.781	1.327
- Selling costs	594	581
- General and administrative costs	1.520	1.654
- Other cost	3.432	4.482
	7.327	8.044

Included in the administrative costs are:	- 2016 - $ X 1.000	- 2015 - $ X 1.000
- Audit fees of the financial statements	129	120
- Tax services	-	12
	129	132

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 2016 financial statements, regardless of whether the work was performed during the financial year.

The directors' remuneration for the current and former director amounts USD 378.000 in 2016. This remuneration includes periodically paid remuneration, such as salaries, holiday allowance, social premiums, pensions and bonus payments. In 2015 the Executive Board of IDA Foundation consisted 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 total remuneration of the Supervisory Board is $ 60.000 (2015: $ 49.980).

The average number of employees in 2016 amounted to 259 FTE (2015: 211 FTE) of which 101 FTE (2015: 81 FTE) are employed outside the Netherlands.

	- 2016 -	- 2015 -
	$ X 1.000	$ X 1.000
18. FINANCIAL INCOME AND EXPENSES		
'Income from subordinated loans and securities	197	212
'Interest and similar income	182	121
	379	333

	- 2016 -		- 2015 -	
	%	$ X 1.000	%	$ X 1.000
19. INCOME TAX				
Result before tax		7,486		6,294
Tax using the Dutch corporate tax rate	25%	1,872	25%	1,574
Tax effect of adjustment to arrive at the effective tax rate				
Unrealized exchange results (i)				(1,579)
Exchange result				147
Other timing differences and non deductible expenses		72		(156)
Income tax previous years		(77)		
Corporate tax	24.9	1,867	-0.2	(15)

(i) As from 2016 the functional currency for fiscal purposes was adjusted to USD. Therefore no adjustment needs to be made related to unrealized exchange results on the USD.

The effective corporate rax rate is 25,0 % (2015: 0.2 %). The corporate tax in the profit and loss account amounts USD -15.000 (2015 : USD -15.000) of the result before tax and consists of the above mentioned components.

20. EVENTS AFTER BALANCE SHEET DATE

There are no events after balance sheet date.

BALANCE SHEET PARENT

COMPANY IDA FOUNDATION

F. BALANCE SHEET PARENT COMPANY IDA FOUNDATION

After result appropriation

	31 December 2016 $ *1,000		31 December 2015 $ *1,000	
FIXED ASSETS				
Intangible fixed assets	1.078		1.237	
Tangible fixed assets	2.451		2.557	
		3.529		3.794
FINANCIAL FIXED ASSETS				
Subsidiaries	1.788		1.354	
		1.788		1.354
CURRENT ASSETS				
Inventories				
Goods purchased for resale	95.083		185.916	
Receivables	46.071		20.406	
Corporate income tax			1.125	
Taxes	308		613	
Cash and bank balances	178.572		223.872	
		320.034		431.932
CURRENT LIABILITIES				
Creditors	9.110		10.705	
Payroll taxes	258		230	
Corporate income tax	623		-	
Accrued liabilities	253.816		370.291	
		263.807		381.226
Current assets minus current liabilities		56.227		50.706
Assets minus current liabilities		61.544		55.854
PROVISIONS				
Jubilee benefits	103		98	
		103		98
EQUITY				
		61.441		55.756
		61.544		55.854

PROFIT & LOSS ACCOUNT

PARENT COMPANY

IDA FOUNDATION

G. PROFIT AND LOSS ACCOUNT PARENT COMPANY IDA FOUNDATION

	- 2016 - $ X 1.000	- 2015 - $ X 1.000
Net result of the company before taxes	6.875	5.736
Corporate tax	1.623	(170)
Net result of the company	5.252	5.906
Result subsidiaries	434	392
Net result	5.686	6.298

NOTES TO THE
ANNUAL ACCOUNTS PARENT
COMPANY 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 2016 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.

H.2 NOTES TO THE BALANCE SHEET PER 31 DECEMBER 2016

1A. INTANGIBLE FIXED ASSETS	DEVELOPMENT COSTS	LICENSES	TOTAL
	$ X 1.000	$ X 1.000	$ X 1.000
Historical cost	757	584	1,341
Cumulative amoritization	58-	46-	104-
Book value 1 January 2016	699	538	1,237
Investments	181	-	181
Amortization	(167)	(173)	339-
	713	365	1,078
Historical cost	938	584	1,522
Amortization	225-	219-	443-
Book value 31 December 2016	713	365	1,078

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

1B. TANGIBLE FIXED ASSETS	LAND AND BUILDINGS	WAREHOUSE INVENTORY	OFFICE INVENTORY	VEHICLES	TOTAL
	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000	$ X 1.000
Historical cost	5.550	2.142	4.028	16	11.736
Cumulative depreciation	3.662-	2.076-	3.440-	1-	9.179-
Book value 1 January 2016	1.888	66	588	15	2.557
Investments	159	-	98	-	257
Depreciation	(201)	(22)	(137)	(3)	363-
Book value 31 December 2016	1.846	44	549	12	2.451
Historical cost	5.709	2.142	4.126	16	11.993
Depreciation	3.863-	2.098-	3.577-	4-	9.542-
Book value 31 December 2016	1.846	44	549	12	2.451

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
ASSETS		
2. Subsidiaries IDA Foundation		
IDA International Holding B.V. (100%)		
Balance at 1 January	1.354	1.025
Foreign exchange differences		(63)
Net result	434	392
Balance at 31 December	1.788	1.354

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
CURRENT ASSETS		
3. Inventories		
Goods purchased for resale		
Inventories	45.610	44.665
Goods in transit	49.588	141.404
Provision for obsolete stock	(115)	(152)
	95.083	185.916

The stock which is held by IDA foundation in consignment for GDF of an amount of USD 3.7 million (2016: USD 13.1 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 0.9 million (2015:USD 0.6 million) in 2016.
The decrease of the goods in transit balance in comparison to prior year can mainly be explained by relatively high value of direct shipments in the last quarter of 2015 which in majority have DAP inco terms.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
4. Receivables		
Trade debtors	15.567	15.417
Advance payments to suppliers	29.875	2.862
Pension premiums	-	-
Other receivables and accruals	628	2.127
	46.070	20.406

The advance payments to suppliers relate in majority to the prepayment of goods which are ready for shipment at the supplier or are already transported to the final customer but for which the purchase inco term not yet is fulfilled. Delays in the delivery scheme to the customers have an influence on the level of this balance.
The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognised, where necessary. The provision for bad debs amounts USD 1.6 million per December 31, 2016 (USD 1.3 million per 31 December 2015).
The receivables are due within one year.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
5. Taxes and social premiums		
Corporate income tax		1.125
Value added tax	308	613
	308	1.738

6. Cash and bank balances

The cash and bank balances include bank balances of an amount of $ 167,2 million (2015: $ 206,6 million) which are restricted for financing the large programs.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
CURRENT LIABILITIES		
7. Creditors		
Trade creditors	9.110	10.705
	9.110	10.705

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
8. Accrued liabilities		
Advanced payments received from clients	215.728	262.521
Prepayment for bufferstock	6.557	11.018
Other debts and accrued liabilities	31.532	96.747
Pensions	-	5
	253.817	370.291

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.
The balance other debt and accrued liabilties mainly decrease because of the lower level of goods in transit in comparison to 2015. Reference is made to note 3.

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
9. PROVISIONS		
Jubilee benefits	103	98
	103	98

Movement schedule for the provision for jubilee benefits

Balance at 1 January	98	106
Paid to Jubilees	(9)	(4)
Additions	17	8
Exchange result	(3)	(11)
Balance at 31 December	103	98

	31 December - 2016 - $ X 1.000	31 December - 2015 - $ X 1.000
EQUITY		
10.		
Balance at 1 January	55.756	49.459
Net result	5.686	6.297
Balance at 31 December	61.442	55.756

The average number of employees in 2016 amounted to 158 FTE (2015: 130 FTE).

11. Contingent liabilities

For corporate income tax purposes, IDA Foundation and IDA Holding B.V.. and IDA Participatie 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.

12. Allocation of result

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

Amsterdam, 26 April 2017

Board of managing directors

E.J. de Voogd
CEO

Supervisory Board

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

OTHER
INFORMATION

ARTICLES OF ASSOCIATION GOVERNING PROFIT APPROPRIATION

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: management and supervisory board of Stichting International Dispensary Association

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting International Dispensary Association as at 31 December 2016, 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 2016 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 foundation balance sheet as at 31 December 2016;
- the consolidated and foundation profit and loss account for the year then ended;
- 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.

Independence

We are independent of Stichting International Dispensary Association in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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.

Ref.: e0401005

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
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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 other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- the report of the supervisory board;
- risk management;
- corporate structure.

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 all 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 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.

Management is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

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; and 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 fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the foundation'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 foundation 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 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, 26 April 2017
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 2016 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 management;
- concluding on the appropriateness of management'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 foundation's 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.