IDA
FOUNDATION

FINANCIAL REPORT 2018

STICHTING INTERNATIONAL DISPENSARY ASSOCIATION AMSTERDAM

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REPORTS

SUPERVISORY BOARD REPORT

At its meeting of 3rd July 2019, the Supervisory Board adopted the 2018 Annual Accounts of IDA Foundation (IDA), as presented by the Managing Director and audited by Pricewaterhouse Coopers (PwC).

2018 showed a negative result for the first time in many years. This was mainly due to several incidental items: overdue payment by a large (state) debtor, problems with the transition from IDA's own warehouses to a third-party logistics service provider, resulting in high costs and temporary loss of revenue, and provision taken for accumulated obsolete stock. IDA management informed us about these matters extensively and the Supervisory Board supported the measures taken to mitigate these issues.

During 2018, 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. Individually, members of the Board were also consulted by IDA management on issues related to their areas of expertise. Considering the challenges experienced in 2018, specific attention was given to the warehouse transition, financial developments and planned organizational changes.

IDA remains a financially sound organization with no external financing, a high solvency and strong cash position. The Board recognises that the environment in which IDA operates is competitive and full of change and that this requires a new approach to remain sustainable in the future. We are confident that with IDA's plans for 2019, the organization can meet the challenges ahead and continue to serve customers - and thereby patients - worldwide.

Amsterdam, 3rd July 2019

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.

In my second year as Managing Director of IDA Foundation, I reflect on a challenging year in which we dealt with financial and operational setbacks, but also kicked off programmes that set the start for building a stronger foundation.

FINANCIAL RESULTS

Despite a robust turnover of 460 million USD, our 2018 financial results are not consistent with our aim to be profitable in all active segments. We recognise three main factors which impacted our results. First, unforeseen complications in the outsourcing of our warehousing activities to a third-party logistics provider resulted in additional costs, delayed and cancelled orders and consequently decreased revenue. Second, through rationalisation of our product portfolio we had a large amount of remaining stock items, which we sold at lower prices. Third, provisions were taken for large outstanding amounts with customers for 2017 orders.
These losses resulted in a reduction of our equity. Despite this, IDA remains a financially strong company, with high equity, no loans and high in cash.
Also affecting our equity is that International Charity Foundation (ICF – founded by IDA in 1991) is no longer consolidated in the financials of IDA. This results in a reduction of the consolidated equity but has no impact on the equity and financial position of IDA Foundation.

CREATING IMPACT

In 2018 we saw increased unrest leading to multiple public health crises: another Ebola outbreak in the Democratic Republic of Congo, the humanitarian crisis in Yemen, and a refugee crisis in Bangladesh amongst others. IDA's team worked tirelessly to supply hundreds of WHO emergency kits/modules with essential medicines and supplies, providing treatments to support around 3 million people in these fragile areas.

Our Global Fund Pooled Procurement Mechanism (PPM) Programmes delivered shipments of health supplies to 51 countries, which includes 46,5 million LLINs to protect against malaria and other mosquito-borne diseases. Through our successful efforts to continually improve our performance, our contract for the PPM was extended.

After significant changes in WHO's recommended treatment guidelines for Multi-Drug Resistant TB (MDR-TB), our GDF programme saw demand shift from products such as injectables, to an increase in demand of the 'newer' TB drugs bedaquiline, clofazimine and delamanid. While this meant we needed to evaluate how this would affect current and future order patterns, we worked together with all partners towards a smooth transition. Most importantly, we are glad to see that these new recommendations offer radically shorter treatments and improved outcomes for MDR-TB patients in the future.

2018 also saw a milestone as we implemented GS1 data sharing in our supply chain, as the first USAID Pre-Qualified wholesaler to sync data via the Global Data Synchronization Network (GDSN). This system of product data sharing reduces redundancies, improves accuracy and efficiency in the procurement process and allows USAID-supported countries to make informed purchasing decisions when ordering lifesaving commodities.

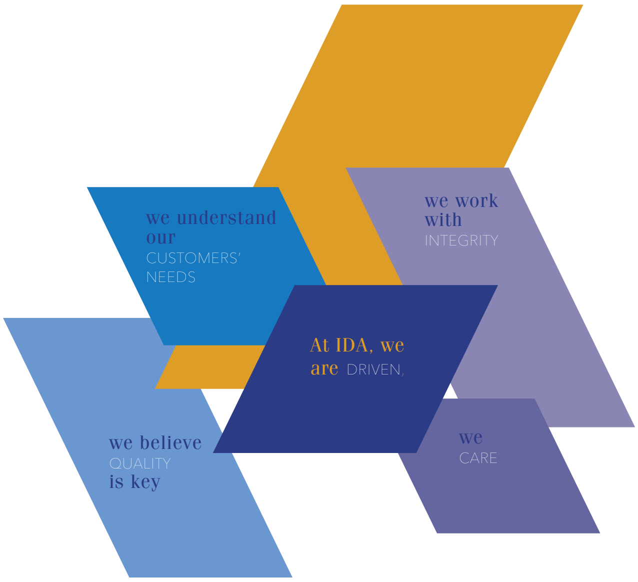
In April 2018, IDA Foundation was accepted into the UN Global Compact, joining over 12,000 other organisations to create a world that is more sustainable and socially equitable. Already in line with our mission and code of conduct, this affiliation is also an opportunity to further incorporate meaningful developments in the areas of human rights, labour, environment and anti-corruption practices into our day-to-day operations.

PERSONNEL AND LEADERSHIP

In December 2018, our team counted 254. full time equivalents (FTEs) globally, versus 320FTE in 2017. This decrease is largely due to the outsourcing of our warehouse which took place in 2018. In our leadership team, we welcomed a new Finance Director and two Procurement Services Directors to our management team. This strengthening of our Management Team creates a healthy balance within our leadership with an equal male-female ratio. This balance is also found in our supervisory board, which consists of two female and two male members, and what we aim for when appointing new members of staff.

CORE VALUES

We know that to continue to be sustainable in the future, we have to enable people across the organisation to make good decisions, do their best work and be their best selves. So, in 2018, we asked all staff to help us define our core values. These five values (pictured) reflect how we work in good times, as well as trying times. Having strong core values integrated in the organisation can help us focus, make the right decisions, work with the right people and fulfil our purpose as an organisation.



INTERNAL DEVELOPMENTS

Operating in an environment impacted heavily by humanitarian disasters, changing funding streams and diverse customer requirements, our business segments have varied challenges that require constant attention and ability to adapt to this changing market.

To address these challenges, we defined a new approach in the way we operate in January 2018. Inefficiencies in our processes and ERP system were preventing us from being able to meet customer expectations. Through Lean Six Sigma methodology, our Sales and Supply Chain processes were streamlined to cut out all inefficiencies. The project bore its fruits: a streamlined quotation process, improved deliveries On Time In Full (OTIF), and improved stock availability. It also meant adapting to new ways of working, and our team demonstrated their ability to do so for a healthy future for IDA.

Recognising the issue of space in our warehouses, a key strategic project for 2018 was the outsourcing of our warehousing activities to a third-party logistics provider. Despite careful preparation and planning, the implementation in mid-2018 brought unforeseen issues with it, unfortunately also heavily impacting our ability to deliver to our customers. As a result, lost orders and excess stock have had a negative impact on our 2018 results. We have taken this situation as an opportunity to evaluate what we need to change in our processes, procedures, training and communication to prevent this in the future. With the initial issues now behind us, we believe this transformation was vital in restoring and upgrading the services we offer. We are glad to hear positive feedback from our customers regarding our improved delivery times.

We also achieved an improved and stable IT infrastructure at IDA, providing the solid foundation we can build on in 2019 to further improve functional IT-support of the IDA business. This included a document management system (DMS), which safely stores, manages and tracks our (Quality Affairs) documents and a new automated (HR) performance management system in both our Netherlands and India offices. This allows employees to be more involved in their performance review and development and to actively contribute to their targets and training plans.

In May 2018, the new European privacy regulations (General Data Protection Regulations – GDPR) came into effect. Our HR, QA, Finance, IT and Marketing teams worked together to ensure compliance to these new regulations. For full transparency, we developed a Data Protection Policy, as well as Privacy notices for customers and website visitors, employees and job applicants.

In July, we returned to our office in Amsterdam; renovated in a modern and sustainable design. With this return we also launched our new health policies to encourage our employees to lead a healthy lifestyle. This includes healthy food options in our office restaurant, sports club membership tax advantage and financial support to quit smoking or lose weight.

Considering the many internal changes happening within our organisation, communicating these to our team is vital to keep everyone aware of developments. Quarterly town halls in our Amsterdam and Mumbai offices serve to share the most important project updates with the whole team, also allowing for questions and open discussion.

LOOKING AHEAD

Although 2018 was challenging, I am proud of the way our team worked together and managed to turn around the issues experienced during the warehouse transition this past year. We are seeing major progress through the structural improvements implemented these last months and we are happy to be receiving positive feedback on deliveries from our customers. We are confident our customers and partners will benefit from this new warehousing solution in the coming years.

In 2019, we look forward to continuing our work on global programmes with profound impact on global health, serving WHO, the Global Drug Facility, Global Fund PPM, the Chemonics consortium, international NGOs and many more.

To strengthen the foundation of our organisation, we will continue the restructuring programmes started in late 2018. This reorganisation will be realised without material investments or external funding, but will unfortunately mean a reduction in our headcount. We will work closely with IDA's Works Council and all affected employees to ensure this process goes smoothly.

We know that 2019 will continue to present challenges, but with our trusted high-quality brand, a solid warehousing solution, our capable and dedicated staff, combined with our strong equity and cash position, we are confident that a turnaround is possible. Compared to 2018, we expect a higher revenue in 2019 and 2020. In 2019, we expect an EBIT result close to break-even, and for 2020 we expect positive results again.

With our motivated team and a stronger foundation, I look forward to working with you in 2019 and beyond.

RISKS AND VULNERABILITIES

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.

OPERATIONAL AND COMPLIANCE RISK TOLERANCE

Operational risks relate to our ability:

- to restructure our organisation and implement process improvements (including managing the warehouse goods flow and costs, linked to an improved ERP system);
- to reduce our headcount;
- to improve the capability on managing our accounting system (also linked to an improved ERP system);
- to adapt the size of our organization to the development of our business, and
- to attract and retain the right talent.

Compliance with laws and regulations is fundamental to the continued operation of IDA Foundation and its related entities. Therefore, we take a strict approach where compliance is concerned.

FINANCIAL RISK TOLERANCE

Acceptable risk levels are minimised where financial risks are concerned. The following section outlines a number of financial risks incurred by IDA Foundation.

Currency risk: The majority of sales and purchases are done in US dollars resulting in limited exposure. The main currency risk for IDA concerns our Dutch operations: labour costs, office and warehouse costs, as these are paid in Euros. Management has decided to mitigate this currency risk for 2019 by hedging 50% of its exposure.

Price risk: Our price risk is related to sales versus purchase contracts with fixed prices for a different period. We manage this risk by bringing periods of fixed prices of purchase and of sales closer to each other, with focus on products that show price fluctuations. We also use back to back agreements.

Credit risk: We had to take material provisions in 2018 on debtors. In the meantime, we tightened credit management.

Liquidity risk: This risk does not exist for the Procurement Services activities as this is fully funded by the GF (for PPM and also for GDF) and by USAID for GHSC-PSM. The potential liquidity risk is limited to the Base Business and given the solid cash position this is considered limited.

Our bank balances are mainly held at ABN/AMRO, a bank with a credit A rating. This bank also provides us with a bank guarantee facility.

IDA has no external funding, and this is also not considered necessary in 2019.

Amsterdam, 3rd July 2019

Wendy Eggen
Managing Director

CONSOLIDATED
FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

After proposal appropriation of result.

		31 December 2018		31 December 2017	
X 1000	NOTE	USD	USD	USD	USD
ASSETS					
FIXED ASSETS					
Intangible assets	1				
Development costs		1,010		993	
Licenses		117		196	
			1,127		1,189
Property, plant and equipment	2				
Land and buildings		3,488		693	
Warehouse inventory		0		23	
Office inventory		763		614	
Vehicles		34		43	
Fixed assets in progress		0		365	
			4,285		1,738
Financial assets					
Subordinated loan	3	0		695	
CURRENT ASSETS					
Inventories	4		100,517		117,186
Receivables	5				
Trade receivables		18,386		32,262	
Taxes and social security charges	6	592		1,454	
Other receivables, prepayments and accrued income	7	20,562		62,023	
			39,540		95,739
Securities	8		0		7,646
Cash at bank and in hand	9		151,285		137,698
Total Assets			**296,753**		**361,891**

		31 December 2018		31 December 2017	
x 1000	NOTE	USD	USD	USD	USD
GROUP EQUITY AND LIABILITIES					
Group equity	10		46,860		71,771
Provisions	11		97		117
Current liabilities	12				
Accounts payable		26,649		39,213	
Taxes and social security charges	13	341		426	
Other liabilities and accrued expenses	14	222,806		250,364	
			249,796		290,003
Total group equity and liabilities			**296,753**		**361,891**

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2018

			2018		2017
x 1000	NOTE	USD	USD	USD	USD
Net turnover	16		460,639		743,191
Cost of sales		447,375		713,063	
Salaries and wages		10,161		11,985	
Social security charges		1,490		1,515	
Pension contributions		901		958	
Amortisation of intangible assets		476		460	
Depreciation of property, plant and equipment		382		449	
Impairments on intangible and tangible assets		0		853	
Other operating expenses	20	15,556		12,415	
Total operating expenses			**476,341**		**741,698**
Operating result			(15,702)		1,493
Financial income and expense	21		88		673
Consolidated result of ordinary activities before taxation			**(15,614)**		**2,166**
Income tax expense	22		64		(542)
Net consolidated results after taxation			**(15,550)**		**1,624**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2018

		2018		2017
x 1000	USD	USD	USD	USD
CASH FLOW FROM OPERATING ACTIVITIES				
Operating result		(15,702)		1,493
Adjustments for:				
Amortisation of intangible fixed assets		476		460
Depreciation of tangible assets		382		449
Impairments		0		853
Movement provisions		(20)		14
Changes in working capital:				
Movements inventories	16,669		(22,075)	
Movements receivables	55,457		(47,529)	
Movements securities	0		(1,275)	
Current liabilities, accruals and deferred income (excluding banks)	(40,199)		26,229	
		31,927		(44,650)
Cash flow from business activities		**17,063**		**(41,381)**
Interest received	88		673	
Income tax expense	710		(1,976)	
		798		(1,303)
Cash flow from operating activities		**17,861**		**(42,684)**
CASH FLOW FROM INVESTEMENT ACTIVITIES				
Investment in intangible assets	(433)		(860)	
Investments in tangible assets	(3,262)		(400)	
Investments in financial fixed assets	0		(83)	
Disposal of intangible fixed assets	0		289	
Disposal of tangible fixed assets	312		124	
Cash flow from investment activities		**(3,383)**		**(930)**
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend distribution tax	(147)		0	
Other	(138)		1,054	
Other movements		(285)		1,054
		14,193		(42,560)
Cash position ICF		**607**		**0**
Movements cash		**(13,586)**		**(42,560)**

	2018	2017
x 1000	USD	USD
TURNOVER MOVEMENT CASH AND CASH EQUIVALENTS		
Balance as at beginning of financial year	137,698	180,258
Movements during financial year	13,586	(42,560)
Balance as at financial year end	**151,284**	**137,698**

NOTES TO THE FINANCIAL STATEMENTS OF THE CONSOLIDATED ANNUAL REPORT

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of Stichting International Dispensary Association is Slochterweg 35, 1027 AA in Amsterdam. Stichting International Dispensary Association is registered at the Chamber of Commerce under number 33170905.

GENERAL NOTES

The most important activities of the entity

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

Disclosure of group structure

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

Disclosure of 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.
Most material assumption relate to the valuation of debtors, for which a provision is taken based on expected recovery. Also, a decrease in value of inventory is made at lowest of market prices or cost prices.

Disclosure of 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:

- 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, Delaware, USA (100%)

Based on the governance of Stichting ICF until 2017 IDA Foundation has direct control in 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. In 2018 IDA Foundation has no direct control anymore in Stichting ICF. Therefore it is not consolidated anymore in 2018 (equity per 31 December 2017 was USD 9,0 million). The results and the equity of Stichting ICF are not included in the company accounts of 2017 because Stichting ICF was not a participation. Consequently, there was a difference between the equity and the net result presented in the consolidated and company annual accounts of 2017.

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.

The application of Article 402

Since the consolidated profit and loss account for 2018 of Stichting International Dispensary Association is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

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.

Changes in accounting policies

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

Conversion of amounts denominated in 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 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.

Foreign currency translation for the balance sheet

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.

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.

Operating leases

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.

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.

IDA Foundation closed several foreign exchange (FX) forward contracts. These derivative financial instruments are not quoted in an open market and are stated at cost or current value, if lower, after initial recognition at fair value. If the fair value as at balance sheet date is lower than the cost of the derivative financial instrument, the difference is recognised in the income statement. Derivates that consist of foreign currencies are converted using the period end rate of exchange, gains and losses are recognised in the income statement. Derivatives with a negative fair value are subject to Guideline 252 Provisions.

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.

ACCOUNTING PRINCIPLES

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 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.

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.

Financial assets

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.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Impairment of 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 2% (2017: 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 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.

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
Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. 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. Provisions for bad debts are deducted from the carrying amount of the receivable.

Current 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 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.

Provisions
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.

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.

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 and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result
The result is the difference between the realisable value of the goods/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.

Revenue recognition
General
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.

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.

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.

Cost of sales
Cost of sales represents the direct and indirect expenses attributable to revenue. Costs are recognised based on the historical cost convention and are allocated to the reporting year to which they relate.

Wages
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.

Applied policy of pension costs
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: 68
- Franchise: € 13,344
- Maximum salary: € 105,075
- 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: 68
- Franchise: € 13,344
- Maximum salary: € 105,075
- Pension base: Salary / franchise
- Surviving Relatives Pension: 1,16% of pension base per achievable years employed, paid out lifelong € 15.166 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.

Amortisation of intangible assets and depreciation of property, plant and equipment

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.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

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.

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.

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.

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.

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, Mumbai and warehouses in the Netherlands and Singapore. The main currency risk for IDA Foundation concerns labour costs, office and warehouses costs for the Dutch operations which are paid in euros . These cost can be forecasted very accurately. Management has decided to mitigate this currency exposure risk for a period of 12 months by hedging 50% of yearly costs.

Price risk

Our price risk is related to sales versus purchase contracts with fixed prices for a different period. We manage this risk by bringing periods of fixed prices of purchase and of sales closer to each other, with focus on products that show price fluctuations. We also use back to back agreements.

Interest rate and cash flow risk

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 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.

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.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INTANGIBLE ASSETS

	Development costs	Licenses	Total
x 1000	USD	USD	USD
BALANCE AS AT 1 JANUARY 2018			
Development expenditure	1,624	469	2,093
Accumulated amortisation expenditure	(631)	(273)	(904)
Book value as at 1 January 2018	**993**	**196**	**1,189**
MOVEMENTS			
Investments	578	0	578
Accumulated cost of disposals	0	(174)	(174)
Amortisations	(562)	(59)	(621)
Accumulated amortisation of disposals	0	155	155
Balance movements	**16**	**(78)**	**(62)**
BALANCE AS AT 31 DECEMBER 2018			
Development expenditure	2,202	295	2,497
Accumulated amortisation expenditure	(1,193)	(177)	(1,370)
Book value as at 31 December 2018	1,010	117	1,127
Depreciation percentages	20	20	

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

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Warehouse inventory	Office inventory	Vehicles	Fixed assets in progress	Total
x 1000	USD	USD	USD	USD	USD	USD
BALANCE AS AT 1 JANUARY 2018						
Acquisition costs	1,916	2,142	1,481	78	365	5,982
Cumulative depreciation	(1,223)	(2,119)	(867)	(35)	0	(4,244)
Book value as at 1 January 2018	**693**	**23**	**614**	**43**	**365**	**1,738**
MOVEMENTS						
Investments	2,884		378	0	0	3,262
Reclassification fixed assets in progress	365	0	0	0	(365)	0
Accumulated cost of disposals	(975)	(2,142)	(148)	(27)	0	(3,292)
Depreciation	(158)	0	(279)	(7)	0	(444)
Accumulated depreciation of disposals	679	2,119	198	25	0	3,021
Balance movements	**2,795**	**(23)**	**149**	**(9)**	**(365)**	**2,547**
BALANCE AS AT 31 DECEMBER 2018						
Acquisition costs	4,190	0	1,711	51	0	5,952
Cumulative depreciation	(702)	0	(948)	(17)	0	(1,667)
Book value as at 31 December 2018	3,488	0	763	34	0	4,285
Depreciation percentages	0-10	10-20	10-20	10-20	0	

3. SUBORDINATED LOAN

The subordinated euro loan is granted to i+solutions by Stichting ICF. As of 2018 Stichting ICF is not consolidated anymore and therefore the subordinated loan is not presented anymore in 2018 (see paragraph 'Disclosure of consolidation').

4. INVENTORIES

	2018	2017
x 1000		
Finished products and goods for resale	100,517	117,186
Balance as at 31 December	**100,517**	**117,186**

The Strategic Rotating Stock (buffer stock) which is held by IDA Foundation for GDF of an amount of USD 11.1 million (2017: USD 14.8 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 3,0 million (2017: USD 2.5 million) in 2018.

5. 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.

	31-12-2018	31-12-2017
x 1000	USD	USD
Trade receivables	24,308	34,839
Less: provision for bad debts	(5,922)	(2,577)
	18,386	**32,262**

6. TAXES AND SOCIAL SECURITY CHARGES

	31-12-2018	31-12-2017
x 1000	USD	USD
Value added tax	403	619
Corporate income tax	189	835
	592	**1,454**

The unused compensable losses per 31 December 2018 of $15.5 million, have not been capitalized. This is based on a conservative valuation principle.

7. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	31-12-2018	31-12-2017
x 1000	USD	USD
Advance payments to suppliers	18,414	61,669
Miscellaneous prepaid expenses	2,148	354
	20,562	**62,023**

8. SECURITIES

The securities are fully owned by Stichting ICF. As of 2018 Stichting ICF is not consolidated anymore and therefore the securities are not presented anymore in 2018 (see paragraph 'Disclosure of consolidation'). 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 2018.

9. CASH AND CASH EQUIVALENTS

The cash and bank balances include bank balances of an amount of USD 136,1 million (2017: USD 126.5 million), which are restricted for financing the large programs.

The balance per 31 December 2017 included an amount of USD 0,6 million of Stichting ICF. As of 2018 Stichting ICF is not consolidated anymore (see paragraph 'Disclosure of consolidation').

10. GROUP EQUITY

As of 2018 Stichting ICF is not consolidated anymore. The equity of Stichting ICF per 31 December 2017 was USD 9,029,000. This consisted of the following balances:

	31-12-2017
x 1000	USD
Subordinated loan	695
Securities	7,646
Cash and banks	607
Other	81
Equity Stichting ICF	**9,029**

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

11. PROVISIONS

	31-12-2018	**31-12-2017**
x 1000	USD	USD
Other provisions	**97**	**117**

	2018
x 1000	USD
Balance as at 1 January	117
Decrease other provision	(20)
Balance as at 31 December	**97**

12. 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.

13. TAXES AND SOCIAL SECURITY CHARGES

	31-12-2018	**31-12-2017**
x 1000	USD	USD
Wage tax	269	332
Pension contributions	72	94
	341	**426**

14. OTHER LIABILITIES AND ACCRUED EXPENSES

	31-12-2018	31-12-2017
x 1000	USD	USD
Miscellaneous accruals and deferred income	85,930	119,981
Prepayments received with regard to buffer stock	13,797	11,464
Advanced payments received from clients / large programs	123,079	118,919
	226,806	**250,364**

15. CONTINGENT ASSETS AND LIABILITIES

Contingent arrangements

To mitigate the currency risk for payments in euro IDA Foundation has agreed forward contracts for approximately 50% of the currency exposure, amounting to EUR 900,000 per month until December 2019.

The off-balance sheet liabilities relating to the fiscal unity

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.

Off-balance sheet commitments relating to guarantees

The ABN AMRO Bank N.V. gave the following guarantees at 31 December 2018: EUR 809,848 (2017: EUR 1,330,506) and USD 723,017 (2017: USD 2,325,738) on behalf of clients in connection with advance payments received. This is within the bank guarantee facility at ABN AMRO Bank N.V. is EUR 8,000,000 (2017: EUR 8,000,000).

OPERATING LEASE COMMITMENTS: BREAKDOWN MATURITY

	31-12-2018	31-12-2017
x 1000	USD	USD
Minimal lease payments of operational leases with a maturity within one year	210	404
Minimal lease payments of operating leases with a maturity exceeding one year and within five years	0	0
Total of minimal lease payments of operating leases	210	404

SUBSEQUENT EVENTS

There are no events after balance sheet date.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

16. NET TURNOVER

GEOGRAPHIC SEGMENTATION TURNOVER

	2018	2017
x 1000	USD	USD
Europe	28,311	38,240
Asia	150,995	274,281
America	13,836	22,456
Africa	267,497	408,214
	460,639	**743,191**

The presented net turnover for Procurement Service consists of the funds received for the goods delivered and external services rendered, as well as the Procurement Fees. In case only the Procurement Fees would have been included, the reported net turnover would have been $ 81.0m (2017: $ 82.7m).

17. REMUNERATION OF DIRECTORS

The Executive Board of IDA Foundation consisted of one person in 2018. 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.

18. REMUNERATION OF SUPERVISORY BOARD

	31-12-2018	31-12-2017
x 1000	USD	USD
Remuneration of supervisory board	**66**	**60**

19. AVERAGE NUMBER OF EMPLOYEES

	2018	2017
Active within the Netherlands	169	184
Active outside the Netherlands	116	117
Total	**285**	**301**

20. OTHER OPERATING EXPENSES

	2018	2017
x 1000	USD	USD
Other personnel expenses	3,500	2,913
Housing expenses	803	865
Selling expenses	506	684
Office expenses	595	594
General expenses	10,152	7,359
	15,556	**12,415**

SPECIFICATION AUDIT FEES

	Pricewaterhouse-Coopers Accountants N.V.	Other PwC member firms	Total ammount
x 1000	USD	USD	USD
Audit costs, review of the annual accounts 2018	180	0	180
Audit costs, review of the annual accounts 2017	222	0	222

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, sub-section 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 2018 financial statements (2017 financial statements), regardless of whether the work was performed during the financial year.

21. FINANCIAL INCOME AND EXPENSE

	2018	2017
Revenues of receivables from fixed assets and securities	0	566
Interest and similar income	88	107
Total	**88**	**673**

The revenues of receivables from fixed assets and securities were all generated by Stichting ICF which is not consolidated anymore as of 2018 (see paragraph 'Disclosure of consolidation).

INCOME FROM SECURITIES

	2018	2017
x 1000	USD	USD
Income from other securities	**0**	**566**

The income from securities in 2017 is related to ICF which is not consolidated anymore as of 2018.

22. INCOME TAX EXPENSE

	2018	2017
x 1000	USD	USD
Income tax revenue/expense from current financial year	**64**	**(542)**
	%	**%**
Effective tax rate	0.41	25.02
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.

COMPANY
FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2018

After proposal appropriation of result

		31 December 2018		31 December 2017	
X 1000	NOTE	USD	USD	USD	USD
ASSETS					
FIXED ASSETS					
Intangible assets	23				
Development costs		1,010		993	
Licenses		117		177	
			1,127		1,170
Property, plant and equipment	24				
Land and buildings		3,472		672	
Warehouse inventory		0		23	
Office inventory		613		414	
Vehicles		5		7	
Fixed assets in progress		0		365	
			4,090		1,481
Financial assets	25				
Participations in group companies			2,594		2,356
CURRENT ASSETS					
Inventories	26		100,486		117,168
Receivables	27				
Trade receivables		18,386		31,980	
Taxes and social security charges	28	592		1,644	
Other receivables, prepayments and accrued income		20,394		61,670	
			39,372		95,294
Cash at bank and in hand	29		149,272		135,405
Total Assets			**296,941**		**352,874**

		31 December 2018		31 December 2017	
x 1000	NOTE	USD	USD	USD	USD
EQUITY AND LIABILITIES					
Equity	30		46,860		62,742
Provisions	31		97		117
Current liabilities	32				
Accounts payable		26,633		39,218	
Liabilities to group companies		212		244	
Taxes and social security charges	33	341		426	
Other liabilities and accrued expenses	34	222,798		250,127	
			249,984		290,015
Total equity and liabilities			**296,941**		**352,874**

COMPANY ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2018

			2018		2017
x 1000	NOTE	USD	USD	USD	USD
Income from participations in group and other investments	36	567		568	
Company result after taxes		(16,117)		734	
Net result after taxation			**(15,550)**		**1,302**

NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY ANNUAL REPORT

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

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 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.

ACCOUNTING PRINCIPLES

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.

Share in results of participating interests

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 Stichting International Dispensary Association.

NOTES TO THE BALANCE SHEET

23. INTANGIBLE ASSETS

	Development costs	Licenses	Total
x 1000	USD	USD	USD
BALANCE AS AT 1 JANUARY 2018			
Development expenditure	1,624	434	2,058
Accumulated amortisation expenditure	(631)	(257)	(888)
Book value as at 1 January 2018	**993**	**177**	**1,170**
MOVEMENTS			
Investments	578	0	578
Accumulated cost of disposals	0	(140)	(140)
Amortisations	(561)	(59)	(620)
Accumulated amortisation of disposals	0	139	139
Balance movements	**17**	**(60)**	**(43)**
BALANCE AS AT 31 DECEMBER 2018			
Development expenditure	2,202	294	2,496
Accumulated amortisation expenditure	(1,192)	(177)	(1,369)
Book value as at 31 December 2018	1,010	117	1,127
Depreciation percentages	20	20	

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

24. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Warehouse inventory	Office inventory	Vehicles	Fixed assets in progress	Total
x 1000	USD	USD	USD	USD	USD	USD
BALANCE AS AT 1 JANUARY 2018						
Acquisition costs	1,802	2,142	783	16	365	5,108
Cumulative depreciation	(1,130)	(2,119)	(369)	(9)	0	(3,627)
Book value as at 1 January 2018	**672**	**23**	**414**	**7**	**365**	**1,481**
MOVEMENTS						
Investments	2,882		335	0	0	3,217
Reclassification fixed assets in progress	365	0	0	0	(365)	0
Accumulated cost of disposals	(994)	(2,142)	(87)	0	0	(3,223)
Depreciation	(137)	0	(204)	(3)	0	(344)
Accumulated depreciation of disposals	684	2,119	155	0	0	2,958
Balance movements	**2,799**	**(23)**	**199**	**(3)**	**(365)**	**2,607**
BALANCE AS AT 31 DECEMBER 2018						
Acquisition costs	4,055	0	1,031	16	0	5,102
Cumulative depreciation	(583)	0	(418)	(12)	0	(1,013)
Book value as at 31 December 2018	3,472	0	613	4	0	4,089
Depreciation percentages	0-10	10-20	10-20	10-20	0	

25. FINANCIAL ASSETS

	Participations in group companies
x 1000	USD
BALANCE AS AT 1 JANUARY 2018	
Principal value	2,356
Balance as at 1 January 2018	**2,356**
MOVEMENTS	
Addition	0
Result	567
Translation and other movements	(329)
Balance movements	**238**
BALANCE AS AT 31 DECEMBER 2018	
Principal value	2,594
Book value as at 31 December 2018	2,594

REGISTER OF PARTICIPATIONS

	Share in issued capital
	in %
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

26. INVENTORIES

	2018	2017
x 1000		
Finished products and goods for resale	100,486	117,168
Balance as at 31 December	**100,486**	**117,168**

The stock which is held by IDA Foundation in consignment for GDF of an amount of USD 11.1 million (2017: USD 14.8 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 3.0 million (2017: USD 2.5 million) in 2018.

27. 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.

28. TAXES AND SOCIAL SECURITY CHARGES

	31-12-2018	**31-12-2017**
x 1000	USD	USD
Value added tax	403	619
Corporate income tax	189	1,025
	592	**1,644**

29. CASH AND CASH EQUIVALENTS

The cash and bank balances include bank balances of an amount of USD 136.1 million (2017: USD 126.5 million), which are restricted for financing the procurement services.

30. EQUITY

	31-12-2018	**31-12-2017**
x 1000	USD	USD
Other reserve	**46,860**	**62,742**

OTHER RESERVE

	2018
x 1000	USD
Balance as at 1 January	62,742
Appropriation of result	(15,550)
Translation and other movements	(322)
Balance as at 31 December	**46,860**

DISCLOSURE OF DIFFERENCES IN THE EQUITY AND RESULT BETWEEN THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The difference between equity according to the company balance sheet and equity according to the consolidated balance sheet per 31 12 2017 is due to the fact that Stichting ICF is not taken in to account in the company financial statements. As of 2018, IDA Foundation has no direct control anymore in Stichting ICF. Therefore in 2018 it is not consolidated anymore.

PROPOSED APPROPRIATION OF RESULT

Following the appropriation of result proposed by the managing director and pursuant to article 4 of the articles of association, the loss of 2018 at USD 15,550,000 will be deducted from the other reserve.

31. PROVISIONS

	31-12-2018	**31-12-2017**
x 1000	USD	USD
Other provisions	**97**	**117**

The other provisions relate to jubilee benefits.

	2018
x 1000	USD
Balance as at 1 January	117
Decrease other provision	(20)
Balance as at 31 December	**97**

32. 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.

33. TAXES AND SOCIAL SECURITY CHARGES

	31-12-2018	31-12-2017
x 1000	USD	USD
Wage tax	269	332
Pension contributions	72	94
	341	**426**

34. OTHER LIABILITIES AND ACCRUED EXPENSES

	31-12-2018	31-12-2017
x 1000	USD	USD
Advanced payments received from clients / large programs	123,079	118,919
Prepayments received with regard to buffer stock	13,797	11,464
Miscellaneous accruals and deferred income	85,922	119,744
	222,798	**250,127**

NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT

35. AVERAGE NUMBER OF EMPLOYEES

	2018	2017
Active within the Netherlands	169	184
Active outside the Netherlands	0	0
Total	**169**	**184**

36. SHARE IN RESULT OF PARTICIPATIONS

	2018	2017
x 1000	USD	USD
Result of group company	**567**	**568**

Amsterdam, 3rd July 2019
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

PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO 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 AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS 2018

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 2018, 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 2018 of Stichting International Dispensary Association, Amsterdam ('the Foundation'). The financial statements include the consolidated financial statements of Stichting International Dispensary Association together with its subsidiaries ('the Group') and the company financial statements.

The financial statements comprise:
- the consolidated and company balance sheet as at 31 December 2018;
- the consolidated and company profit and loss account for the year 2018; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework 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. We have further described our responsibilities under those standards 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 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), 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 supervisory board report;
- the managing director's report;
- 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.

The 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 the managing director and the supervisory board for the financial statements

The 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 the 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, the managing director is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the managing director should prepare the financial statements using the going-concern basis of accounting unless the managing director either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The 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, 3rd July 2019

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 2018 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 the managing director.
- Concluding on the appropriateness of the 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 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.