With clearly set guidelines, DNDi ensures its resources are delivering the most value to its social mission.
## BALANCE SHEET

AT 31 DECEMBER 2011 (with 2010 comparative figures)

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>NOTES</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and banks at headquarters</td>
<td></td>
<td>11,096,606</td>
<td>3,985,617</td>
</tr>
<tr>
<td>Cash and banks at regional offices and affiliates</td>
<td></td>
<td>347,002</td>
<td>285,943</td>
</tr>
<tr>
<td>Time deposits</td>
<td></td>
<td>8,182,670</td>
<td>12,815,450</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td></td>
<td>19,626,278</td>
<td>17,087,010</td>
</tr>
<tr>
<td>Stocks of drugs</td>
<td>3</td>
<td>80,797</td>
<td>81,041</td>
</tr>
<tr>
<td>Current accounts and receivables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances to officers and liaison offices</td>
<td></td>
<td>66,651</td>
<td>47,700</td>
</tr>
<tr>
<td>Receivables from public institutional donors</td>
<td></td>
<td>2,475,541</td>
<td>2,899,330</td>
</tr>
<tr>
<td>Receivables from Founding Partners</td>
<td></td>
<td>0</td>
<td>6,745</td>
</tr>
<tr>
<td>Other receivables</td>
<td></td>
<td>1,147,388</td>
<td>388,347</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
<td>380,290</td>
<td>75,862</td>
</tr>
<tr>
<td>Total current accounts and receivables</td>
<td></td>
<td>4,069,870</td>
<td>3,417,984</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>23,776,945</td>
<td>20,586,035</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets, net</td>
<td>4</td>
<td>85,459</td>
<td>86,051</td>
</tr>
<tr>
<td>Bank guarantee deposits</td>
<td></td>
<td>32,108</td>
<td>28,938</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>117,567</td>
<td>114,989</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>23,894,512</td>
<td>20,701,024</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td>2,588,190</td>
<td>3,073,437</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
<td>759,073</td>
<td>439,470</td>
</tr>
<tr>
<td>Deferred income</td>
<td></td>
<td>10,077,858</td>
<td>6,750,150</td>
</tr>
<tr>
<td>Provisions</td>
<td>5</td>
<td>199,347</td>
<td>248,614</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>13,624,468</td>
<td>10,511,671</td>
</tr>
<tr>
<td><strong>CAPITAL OF THE ORGANIZATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-in capital</td>
<td></td>
<td>32,510</td>
<td>32,510</td>
</tr>
<tr>
<td>Restricted operating funds</td>
<td>6</td>
<td>219,888</td>
<td>205,155</td>
</tr>
<tr>
<td>Internally generated unrestricted funds</td>
<td></td>
<td>10,017,646</td>
<td>9,951,688</td>
</tr>
<tr>
<td>Total capital of the organization</td>
<td></td>
<td>10,270,044</td>
<td>10,189,353</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>23,894,512</td>
<td>20,701,024</td>
</tr>
</tbody>
</table>
## STATEMENT OF OPERATIONS

**FOR THE YEAR ENDED 31 DECEMBER 2011** (with 2010 comparative figures)

(expressed in EUR)

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>INCOME</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public institutional funding:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Govern. &amp; public int. organiz. unrestricted</td>
<td>8,729,076</td>
</tr>
<tr>
<td></td>
<td>Govern. &amp; public int. organiz. restricted</td>
<td>4,728,028</td>
</tr>
<tr>
<td></td>
<td>Total public institutional funding</td>
<td>13,457,104</td>
</tr>
<tr>
<td></td>
<td>Private resources:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Private foundations, corporations, and individuals, unrestricted</td>
<td>71,060</td>
</tr>
<tr>
<td></td>
<td>Private foundations, corporations, and individuals, restricted</td>
<td>8,192,695</td>
</tr>
<tr>
<td></td>
<td>Royalties on drug sales</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Total private resources</td>
<td>8,320,448</td>
</tr>
<tr>
<td></td>
<td>Resources from founding partners:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Médecins Sans Frontières, unrestricted</td>
<td>3,091,937</td>
</tr>
<tr>
<td></td>
<td>Médecins Sans Frontières, restricted</td>
<td>864,557</td>
</tr>
<tr>
<td></td>
<td>Indian Council for Medical Research, unrestricted</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total resources from Founding Partners</td>
<td>3,956,494</td>
</tr>
<tr>
<td></td>
<td>Other income:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sundry income &amp; reimbursements</td>
<td>96,894</td>
</tr>
<tr>
<td></td>
<td>Total income</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>SOCIAL MISSION EXPENDITURE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RESEARCH &amp; DEVELOPMENT EXPENDITURE:</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Research &amp; development coordination and supervision</td>
<td>2,017,738</td>
</tr>
<tr>
<td></td>
<td>Human African trypanosomiasis projects</td>
<td>5,794,051</td>
</tr>
<tr>
<td></td>
<td>Leishmaniasis projects</td>
<td>4,466,885</td>
</tr>
<tr>
<td></td>
<td>Chagas disease projects</td>
<td>3,811,913</td>
</tr>
<tr>
<td></td>
<td>Other diseases projects (malaria, helminths infections, paed. HIV)</td>
<td>2,397,430</td>
</tr>
<tr>
<td></td>
<td>Portofolio building</td>
<td>1,595,323</td>
</tr>
<tr>
<td></td>
<td>Total research &amp; development expenditure</td>
<td>20,083,340</td>
</tr>
<tr>
<td></td>
<td>STRENGTHENING CAPACITIES</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>ADVOCACY EXPENSES</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Total social mission expenditure</td>
<td>22,609,974</td>
</tr>
<tr>
<td></td>
<td>NON-SOCIAL MISSION EXPENDITURE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fundraising</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>General and administration</td>
<td>2,139,433</td>
</tr>
<tr>
<td></td>
<td>Total non-social mission expenditure</td>
<td>3,624,274</td>
</tr>
<tr>
<td></td>
<td>Total expenditure</td>
<td>26,034,248</td>
</tr>
<tr>
<td></td>
<td>Operating surplus</td>
<td>(203,308)</td>
</tr>
<tr>
<td></td>
<td>OTHER INCOME (EXPENSES)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial income, net</td>
<td>34,323</td>
</tr>
<tr>
<td></td>
<td>Exchange gain, net</td>
<td>249,676</td>
</tr>
<tr>
<td></td>
<td>Total other income, net</td>
<td>283,999</td>
</tr>
<tr>
<td></td>
<td>Net surplus for the year prior to allocations</td>
<td>80,691</td>
</tr>
<tr>
<td></td>
<td>Allocation to restricted operating funds</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Allocation to internally gener. unrestricted funds</td>
<td>(14,733)</td>
</tr>
<tr>
<td></td>
<td>Net surplus for the year after allocations</td>
<td>-</td>
</tr>
</tbody>
</table>
# FUNDS FLOW STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2011 (with 2010 comparative figures)**

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUNDS FLOW FROM OPERATIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net surplus for the year, unrestricted</td>
<td>65,958</td>
<td>497,640</td>
</tr>
<tr>
<td>Net surplus for the year, restricted</td>
<td>14,733</td>
<td>54,071</td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>105,153</td>
<td>88,815</td>
</tr>
<tr>
<td>Increase (decrease) in provisions</td>
<td>(49,267)</td>
<td>18,863</td>
</tr>
<tr>
<td>(Increase) decrease in stocks</td>
<td>244</td>
<td>(46,041)</td>
</tr>
<tr>
<td>(Increase) decrease in advances</td>
<td>(18,951)</td>
<td>324,231</td>
</tr>
<tr>
<td>(Increase) decrease in receivables from donors</td>
<td>423,790</td>
<td>(1,245,615)</td>
</tr>
<tr>
<td>(Increase) decrease in Founding Partners and other receivables</td>
<td>(752,296)</td>
<td>1,059</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(304,428)</td>
<td>1,693</td>
</tr>
<tr>
<td>Increase (decrease) in payables</td>
<td>(485,247)</td>
<td>325,819</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>319,603</td>
<td>1,645,323</td>
</tr>
<tr>
<td>Increase (decrease) in deferred income</td>
<td>3,327,708</td>
<td>1,679,102</td>
</tr>
<tr>
<td><strong>Funds flow from operations</strong></td>
<td>2,647,000</td>
<td>3,344,960</td>
</tr>
<tr>
<td>FUNDS FLOW FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease of investments in tangible fixed assets</td>
<td>(104,562)</td>
<td>(21,700)</td>
</tr>
<tr>
<td>(Increase) decrease in bank guarantee deposits</td>
<td>(3,170)</td>
<td>(5,050)</td>
</tr>
<tr>
<td><strong>Funds flow from investing activities</strong></td>
<td>(107,732)</td>
<td>(26,750)</td>
</tr>
<tr>
<td>FUNDS FLOW FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash increase (decrease)</td>
<td>2,539,268</td>
<td>3,318,210</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>17,087,010</td>
<td>13,768,800</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - end of year</strong></td>
<td>19,626,278</td>
<td>17,087,010</td>
</tr>
</tbody>
</table>

# STATEMENT OF CHANGES IN CAPITAL

**FOR THE YEAR ENDED 31 DECEMBER 2011**

<table>
<thead>
<tr>
<th>Internally generated funds (expressed in EUR)</th>
<th>Opening balance</th>
<th>Allocation</th>
<th>Internal fund transfers</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in capital</td>
<td>32,510</td>
<td>-</td>
<td>-</td>
<td>32,510</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>-</td>
<td>80,691</td>
<td>(80,691)</td>
<td>-</td>
</tr>
<tr>
<td>Restricted operating funds</td>
<td>205,155</td>
<td>-</td>
<td>14,733</td>
<td>219,888</td>
</tr>
<tr>
<td>Internally generated unrestricted funds</td>
<td>9,951,688</td>
<td>-</td>
<td>65,958</td>
<td>10,017,646</td>
</tr>
<tr>
<td>Capital of the organization</td>
<td>10,189,353</td>
<td>80,691</td>
<td>-</td>
<td>10,270,044</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

1. GENERAL INFORMATION

a) Legal aspects
The Drugs for Neglected Diseases initiative (DNDi) is a Swiss foundation, established as a not-for-profit legal entity, registered in Geneva under statutes dated 17 July 2003. DNDi is managed by a Board, an Executive Director, and six senior managers. In 2011, a seventh senior manager position was created to complete the Executive team.

With its headquarters in Geneva, DNDi aims to:

a) stimulate and support research and development of drugs, as well as vaccines and diagnostics for neglected diseases;
b) seek equitable access and development of new drugs, to encourage the production of known effective drugs, diagnostic methods and/or vaccines for neglected diseases;
c) adapt new treatments for neglected diseases, to meet patient needs, as well as to meet the requirements of delivery and production capacity in developing countries;
d) raise awareness of the need to research and develop drugs for neglected diseases.

As with all Swiss foundations, DNDi is monitored by the Swiss Federal Supervisory Board for Foundations.

b) Income tax
DNDi is exonerated from income tax from the Swiss federal income tax and from the Geneva cantonal and communal taxes for a five-year period commencing 2003, which was renewed in September 2008 for a period of ten years until 2018.

c) Situation of Regional Offices (RO) and Affiliate
DNDi has seven Regional Offices and Affiliates to help identify patient needs, support heads of disease programmes, identify and support regional partners, and undertake regional advocacy work for DNDi. These offices, together with regional networks, ensure the participation of disease-endemic countries notably in clinical and post-clinical activities and foster South-South collaboration. In addition, Regional Offices can explore fundraising opportunities in their regions. Their tasks and duties are further developed in the DNDi Business Plan.

Regional Offices (ROs) are usually hosted by a Founding Partner, often at no cost, and are represented by an experienced senior person as the RO Director; bearing a consultant contract with DNDi. For local or operational reasons, DNDi may deem necessary to establish the RO as a legal entity, usually a branch of DNDi Foundation or a corporation following needs and local regulations and requirements. Establishment of a DNDi legal entity outside Switzerland requires the authorization of the Board of Directors.

As of December 2011, DNDi has established legal entities in Kenya (in 2006), in Brazil (in 2008), and in India (2009) in the form of branches. The fourth DNDi RO is in Penang, Malaysia and is still in the process of being registered there as a branch. Additionally, DNDi has one Liaison Office in the Democratic Republic of Congo. RO accounting is fully incorporated into DNDi accounts.

In June 2009, the Board of Directors approved the creation of a Regional Office in Japan, under the form of a ‘specified non-profit organization’, a legal entity registered with the city of Tokyo. DNDi Japan was established in November 2009.

The aim of DNDi Japan is exclusively charitable, and includes but shall not be limited to: assisting people in developing countries who are suffering from tropical diseases and contributing to the health and welfare of people in developing countries by supporting activities of the Drugs for Neglected Diseases initiative (DNDi) by promoting medical treatment; encouraging scientific research; and liaising, advising, and assisting entities performing these activities. The DNDi Japan Board of Directors met in February 2011.

DNDi Japan presents an annual report comprising the financial statements of the calendar year. This report is certified by an independent Certified Public Accounting (CPA) firm selected by its Board of Directors. The firm auditing DNDi Japan accounts in 2011 is Deloitte Touche Tohmatsu LLC Tokyo, Japan.

Start-up funding is provided via annual grants from DNDi and is accounted for in the DNDi financial statements by combining DNDi Japan accounts following the method of full integration (i.e. all income and expenditures are incorporated in the DNDi financial statement).

DNDi Japan’s 2011 financial position as of 31 December 2011 is the following:

- Total liabilities and net assets: JPY 1,620,608
- Total revenue: JPY 12,536,494 which represents a grant from DNDi to DNDi Japan;
- Of this grant, there is JPY 0 carried forward for 2012.

Affiliate: Drugs for Neglected Diseases initiative North America, Inc., a Delaware not-for-profit corporation exempt from U.S. Federal income taxation pursuant to Section 501(c) (3) of the U.S. Internal Revenue Code (DNDi NA), was established in February 2007. This affiliate is based in New York City, New York, USA and operates under the Direction of the DNDi NA Board of Directors.
The purposes for which it was formed are exclusively charitable and educational and include conducting activities to support or benefit the Drugs for Neglected Diseases initiative (DNDi), such as conferring grants to support programmes, projects, and activities to stimulate and support research and development of drugs for neglected diseases and raising awareness in the region about the need for increased research and development for neglected diseases.

DNDi NA presents an annual report comprising the financial statements of the calendar year. This report is certified by an independent Certified Public Accounting (CPA) firm selected by its Board of Directors. The firm auditing DNDi NA accounts as of 2008, is Tait, Weller & Baker LLP, Philadelphia, Pennsylvania, USA. Start-up funding is provided via annual grants from DNDi and is accounted for in the DNDi financial statements by combining DNDi NA accounts following the method of full integration (i.e. all income and expenditures are incorporated in the DNDi financial statement). DNDi NA’s 2011 financial position as of 31 December 2011 is the following:

- Total liabilities and net assets: USD 184,892;
- Total revenue and other support: USD 1,924,059, of which a total grant from DNDi to DNDi NA, amounting to USD 672,970 and contributions (unrestricted) from individuals and private foundations (restricted) ranging from USD 25 to 1,102,830 for a total of USD 1,175,873. One donor provided approximately 57% of the total contributions, including seed funding from DNDi NA;
- Total expenses: USD 1,855,446, and an excess of revenue over the expenses (change of net assets) of USD 68,613.

In June 2009, the Board of Directors approved the change in legal status of DNDi in Brazil from a branch to a not-for-profit legal entity under the form of Associação de direito privado, sem fins lucrativos e de fins não econômicos, DNDi Latin America. The process was terminated during the first semester 2010.

Lastly, a legal entity has been set up in France in the form of a not-for-profit association for administrative purposes in September 2004, this legal entity is not a Regional Office.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance
The financial statements have been prepared in accordance with Swiss GAAP FER. They include:
- a) Balance sheet;
- b) Statement of operations (activity based method);
- c) Funds flow statement;
- d) Statement of changes in capital;
- e) Notes;
- f) Performance report.
These financial statements present all activities by the Foundation. A list of in-kind income and expenditures is disclosed in Note 12.

b) Basis of preparation
The financial statements have been prepared on a historical cost basis. The principal accounting policies are set forth below.

c) Social mission expenditure
Social mission expenditures represent expenses incurred according to the purposes defined in Article 5 of the DNDi statutes. They are defined in the present general notes under point 1.a Legal aspects. Research & development, strengthening existing capacities, and advocacy are the three chapters that comprise ‘social mission expenditure’.

d) Functional currency
The Board of DNDi has determined that the assets, liabilities, and operations should be measured using EUR as the functional currency. The environment in which the entity primarily generates and expends cash determines this decision. All amounts presented in the financial statements are stated in EUR, except when specified otherwise.

e) Foreign currency translation
Transactions in currencies other than the entity’s measurement and reporting currency (EUR) are converted at the average monthly rates of exchange. Year-end balances in other currencies are converted at the prevailing rates of exchange at the balance sheet date. Resulting exchange differences are recognized in the statement of operations.
The following are the principal rates of exchange used at the end of the year to revalue the balance sheet items to EUR for reporting purposes:

<table>
<thead>
<tr>
<th>Currency</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>0.7728</td>
<td>0.7496</td>
</tr>
<tr>
<td>CHF</td>
<td>0.8212</td>
<td>0.8006</td>
</tr>
<tr>
<td>GBP</td>
<td>1.1913</td>
<td>1.1597</td>
</tr>
<tr>
<td>100 CDF</td>
<td>0.0821</td>
<td>0.0801</td>
</tr>
<tr>
<td>100 INR</td>
<td>1.4536</td>
<td>1.6733</td>
</tr>
<tr>
<td>100 KES</td>
<td>0.9116</td>
<td>0.9287</td>
</tr>
<tr>
<td>100 JPY</td>
<td>0.9962</td>
<td>0.9210</td>
</tr>
<tr>
<td>100 BRL</td>
<td>41.4388</td>
<td>45.0999</td>
</tr>
</tbody>
</table>

**f) Income**

Restricted public and private institutional donations based on annual or multiyear agreements are recorded, over the life of the agreement, as and when the milestones set out in the agreement are achieved.

Unrestricted public and private institutional donations based on annual or multiyear agreements are recorded on an accruals basis over the life of the agreement. Other donations are recorded on a cash basis.

**g) Funding committed to projects**

After Board approval of the annual action plan and budget comprising the approved projects to be funded by DNDi, one or more contracts are drawn up and signed by two Directors, including the Executive Director, the R&D Director, the Discovery & Pre-clinical Director and/or the Medical Director for important and complex agreements and contracts exceeding EUR 50,000, as detailed in the agreement signature process. Thereafter, funds are allocated to the partner(s) in charge of the project. Expenditures are recorded:

a) according to a financial report presenting expenditures incurred during the year on an accrual basis; or

b) if financial reports are unavailable as per the deadline of the 15 March of the following year, an estimated amount is calculated on a prorata temporis basis, based on the time between the contract signing date and 31 December. This estimated amount is considered as an accrued expense following Swiss GAAP FER to be regularized in the following year. The unpaid portion remaining at year-end is included under current liabilities.

**h) Expenditures incurred for projects and activities**

The annual action plan and budget are approved by the Board. They include funding for projects subcontracted to partners and current expenditures required to achieve the objectives for the year. A budget revision is approved by the Board at mid-year. All expenditures incurred on behalf of a project or for any activity of DNDi are recorded on an accrual basis.

**i) Credit risk, cash-flow management**

DNDi’s liquid assets are maintained in cash, low-risk short-term deposits, or capital guaranteed investments. At the balance sheet dates, there are no significant concentrations of credit risk. The maximum exposure is primarily represented by the carrying amounts of the financial assets in the balance sheet, including accounts receivable and cash.

**j) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the statement of operations on a straight-line basis over the estimated useful lives of the tangible fixed asset items.

The rates of depreciation used are based on the following estimated useful lives:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office fittings and equipment</td>
<td>20%</td>
</tr>
<tr>
<td>IT equipment</td>
<td>33%</td>
</tr>
</tbody>
</table>

**k) Bank guarantee deposits**

Guarantees are presented as non-current assets. To date, DNDi has four guarantees representing three deposits related to office rental in Tokyo and New York, and parking rental in Geneva; and a letter of guarantee pertaining to the Geneva premises. It is recoverable, subject to prevailing contract terms, upon vacating the premises.

**l) Provisions**

A provision is recognized on the balance sheet when the organization has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the management’s best estimates of the expenditure required to settle that obligation at the balance sheet date.
m) Capital of the organization
The founding capital (paid-in capital) of EUR 32,510 (CHF 50,000) referenced in the statutes was received from the founding members of DNDi, including the Indian Council of Medical Research, the Institut Pasteur, the Kenya Medical Research Institute, and the International Office of Médecins Sans Frontières. The capital is fully paid in.

n) Restricted and unrestricted reserves
Restricted and unrestricted reserves represent the excess of income over expenditure since the inception of DNDi. Restricted reserves are available to DNDi for future operations and project funding costs as its evolving research and development project pipeline dictates. Unrestricted reserves will be utilized for expenditures of DNDi as incurred.

o) In-kind donations
Gifts-in-kind are not recorded but disclosed in the notes to the financial statements and valued at fair market values according to the following principles:
• Goods transferred to a DNDi project or services rendered to DNDi must be free, excluding the involvement of a monetary transfer.
• They must be clearly identifiable and part of DNDi’s projects and activities as defined by DNDi’s action plans and budgets.
• They must be recognizable as a visible contribution to DNDi’s projects and activities, benefit DNDi, and be in-line with DNDi’s mission and objectives.
• A partner’s voluntary involvement in joint projects and activities, in particular if the Partner does not aim to achieve DNDi’s project objectives, is not considered a gift-in-kind.
• For goods or services paid at prices below market prices, the difference between real payment and current market price is not considered a gift-in-kind, but the current market price reached after negotiations.
• Fair market value is defined as the price DNDi would have paid to utilize the good or service. Fair market value can be suggested by partners. However, DNDi will be careful not to overestimate such valuations in compliance with Swiss GAAP RPC 3 basic principles of materiality and prudence.
• Gifts-in-kind estimated at EUR 5,000 and above are taken into account. Exceptions can be made by DNDi when it serves the purpose of providing consistency and completeness of a project’s accounts.

3. DRUG INVENTORY
In 2011, DNDi purchased vials of SSG, AmBisome®, paromomycin (PM) and caps of miltefosine 10mg and 50mg for an estimated value of EUR 65,000 from various partners (IDA Foundation, Gilead, Gland Pharma, and Paladin), for use in the ongoing clinical trials and the SSG&PM combination pharmaco-vigilance programme. Stocks of SSG, AmBisome®, miltefosine, and paromomycin at an estimated value of EUR 80,797 are stored at clinical trial sites in Ethiopia, Kenya, Sudan, Uganda, and Bangladesh.

<table>
<thead>
<tr>
<th>Countries / drugs</th>
<th>Vials</th>
<th>Caps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SSG</td>
<td>AmBisome®</td>
</tr>
<tr>
<td>Uganda</td>
<td>1,201</td>
<td>280</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>2,177</td>
<td>821</td>
</tr>
<tr>
<td>Kenya</td>
<td>852</td>
<td>453</td>
</tr>
<tr>
<td>Sudan</td>
<td>3,818</td>
<td>500</td>
</tr>
<tr>
<td>Total vials/caps</td>
<td>8,048</td>
<td>2,047</td>
</tr>
<tr>
<td>Total in EUR</td>
<td>41,447</td>
<td>27,751</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 4. TANGIBLE FIXED ASSETS, net

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>Computer Equipment</th>
<th>Office fittings &amp; Installations</th>
<th>Office Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net carrying amounts 1.1.2010</strong></td>
<td>34,186</td>
<td>48,162</td>
<td>70,820</td>
<td>153,168</td>
</tr>
<tr>
<td><strong>Gross values of cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the period 1.1.2010</td>
<td>209,998</td>
<td>126,485</td>
<td>137,261</td>
<td>473,744</td>
</tr>
<tr>
<td>Additions</td>
<td>16,358</td>
<td>5,342</td>
<td>-</td>
<td>21,700</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>End of the period 31.12.2010</strong></td>
<td>226,356</td>
<td>131,827</td>
<td>137,261</td>
<td>495,444</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the period 1.1.2010</td>
<td>(175,812)</td>
<td>(78,324)</td>
<td>(66,441)</td>
<td>(320,577)</td>
</tr>
<tr>
<td>Change of the year</td>
<td>(38,616)</td>
<td>(22,996)</td>
<td>(29,204)</td>
<td>(88,816)</td>
</tr>
<tr>
<td><strong>End of the period 31.12.2010</strong></td>
<td>(212,428)</td>
<td>(101,320)</td>
<td>(95,645)</td>
<td>(409,393)</td>
</tr>
<tr>
<td><strong>Net carrying amounts 31.12.2010</strong></td>
<td>13,928</td>
<td>30,507</td>
<td>41,616</td>
<td>86,051</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>Provision for taxes</th>
<th>Provision for HR expenses (holidays not taken)</th>
<th>Provision for running expenses (other)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net carrying amounts 1.1.2011</strong></td>
<td>13,928</td>
<td>30,507</td>
<td>41,616</td>
<td>86,051</td>
</tr>
<tr>
<td><strong>Gross values of cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the period 1.1.2011</td>
<td>226,357</td>
<td>131,828</td>
<td>137,260</td>
<td>495,445</td>
</tr>
<tr>
<td>Additions</td>
<td>77,811</td>
<td>6,697</td>
<td>20,053</td>
<td>104,561</td>
</tr>
<tr>
<td><strong>End of the period 31.12.2011</strong></td>
<td>304,168</td>
<td>138,525</td>
<td>157,313</td>
<td>600,006</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the period 1.1.2011</td>
<td>(212,428)</td>
<td>(101,320)</td>
<td>(95,645)</td>
<td>(409,393)</td>
</tr>
<tr>
<td>Change of the year</td>
<td>(48,834)</td>
<td>(22,300)</td>
<td>(34,019)</td>
<td>(105,153)</td>
</tr>
<tr>
<td><strong>End of the period 31.12.2011</strong></td>
<td>(261,262)</td>
<td>(123,620)</td>
<td>(129,664)</td>
<td>(514,546)</td>
</tr>
<tr>
<td><strong>Net carrying amounts 31.12.2011</strong></td>
<td>42,906</td>
<td>14,905</td>
<td>27,649</td>
<td>85,460</td>
</tr>
</tbody>
</table>

### 5. PROVISIONS

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>Provision for taxes</th>
<th>Provision for HR expenses (holidays not taken)</th>
<th>Provision for running expenses (other)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carrying period as per 1.1.2010</strong></td>
<td>140,408</td>
<td>65,718</td>
<td>23,624</td>
<td>229,750</td>
</tr>
<tr>
<td>Creation</td>
<td>42,963</td>
<td>75,624</td>
<td>14,588</td>
<td>133,175</td>
</tr>
<tr>
<td>Utilization</td>
<td>(24,507)</td>
<td>(62,985)</td>
<td>(26,819)</td>
<td>(114,311)</td>
</tr>
<tr>
<td>Reversal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying period as per 31.12.2010</strong></td>
<td>158,864</td>
<td>78,357</td>
<td>11,393</td>
<td>248,614</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>Provision for taxes</th>
<th>Provision for HR expenses (holidays not taken)</th>
<th>Provision for running expenses (other)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carrying period as per 1.1.2011</strong></td>
<td>158,864</td>
<td>78,357</td>
<td>11,393</td>
<td>248,614</td>
</tr>
<tr>
<td>Creation</td>
<td>42,963</td>
<td>75,624</td>
<td>14,588</td>
<td>133,175</td>
</tr>
<tr>
<td>Utilization</td>
<td>(24,507)</td>
<td>(62,985)</td>
<td>(26,819)</td>
<td>(114,311)</td>
</tr>
<tr>
<td>Reversal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying period as per 31.12.2011</strong></td>
<td>113,024</td>
<td>76,548</td>
<td>9,776</td>
<td>199,348</td>
</tr>
</tbody>
</table>
6. ROYALTIES

In December 2004, DNDi signed an agreement with sanofi-aventis, a pharmaceutical company (currently ‘Sanofi’), pertaining to the implementation of co-formulation treatments against malaria developed originally by DNDi together with sanofi-aventis (ASAQ). Article VI of the contract states that 3% royalties resulting from net sales of this drug whose brand name is CoArsucam® to the private sector in developing countries are to be paid to DNDi. DNDi has decided to allocate this money to supporting pharma-co-vigilance projects or activities such as the implementation of the ASAQ treatment in developing countries, notably in Africa.

The 3% royalties on the 2010 sales of CoArsucam® amounting to EUR 56,693 were allocated as follows: EUR 41,960 to the Artesunate + Amodiaquine (FACT-ASAQ in Africa) project; EUR 14,733 to the Restricted operating fund, which will be used for collaborative projects with various partners for observational studies and other access-related expenses in Africa and in Asia. The total amount of this restricted fund amounted to EUR 219,888 as per 31 December 2011.

7. INCOME

a) Cumulative donations committed to DNDi and/or received by 2011 (in EUR)

<table>
<thead>
<tr>
<th>DONORS</th>
<th>Total Commitment (in currencies)*</th>
<th>Total Commitment (in EUR)</th>
<th>As per Statement of Operations 2011 (in EUR)</th>
<th>To be used after 2011 (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Médecins Sans Frontières</td>
<td>EUR 44,854,973</td>
<td>44,854,973</td>
<td>3,956,494</td>
<td>8,775,360</td>
</tr>
<tr>
<td>Bill &amp; Melinda Gates Foundation</td>
<td>USD 59,016,944</td>
<td>43,720,379</td>
<td>7,087,764</td>
<td>18,449,534</td>
</tr>
<tr>
<td>UK Government DFID**</td>
<td>GBP 27,881,529</td>
<td>33,890,896</td>
<td>7,559,349</td>
<td>4,765,738</td>
</tr>
<tr>
<td>Dutch Government DGIS</td>
<td>EUR 16,975,000</td>
<td>16,975,000</td>
<td>2,000,000</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Spanish Government AECID</td>
<td>EUR 12,000,000</td>
<td>12,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>French Government MAEE / AFD***</td>
<td>EUR 9,255,000</td>
<td>9,255,000</td>
<td>585,259</td>
<td>0</td>
</tr>
<tr>
<td>German Government</td>
<td>EUR 9,000,000</td>
<td>9,000,000</td>
<td>401,439</td>
<td>7,598,561</td>
</tr>
<tr>
<td>Swiss Government SDC</td>
<td>CHF 4,120,000</td>
<td>3,202,691</td>
<td>837,402</td>
<td>821,200</td>
</tr>
<tr>
<td>Wellcome Trust UK</td>
<td>EUR 1,999,801</td>
<td>1,999,801</td>
<td>719,497</td>
<td>1,280,304</td>
</tr>
<tr>
<td>USA Government NIH/NIAID</td>
<td>USD 2,488,363</td>
<td>1,833,189</td>
<td>326,810</td>
<td>716,636</td>
</tr>
<tr>
<td>Medicor Foundation</td>
<td>EUR 1,719,424</td>
<td>1,719,424</td>
<td>359,179</td>
<td>0</td>
</tr>
<tr>
<td>European Union, FP5, FP6, FP7, EDCTP</td>
<td>EUR 1,216,134</td>
<td>1,216,134</td>
<td>326,583</td>
<td>191,543</td>
</tr>
<tr>
<td>Canton of Geneva</td>
<td>CHF 1,600,000</td>
<td>1,117,401</td>
<td>161,624</td>
<td>164,240</td>
</tr>
<tr>
<td>UBS Optimus Foundation</td>
<td>CHF 1,250,000</td>
<td>791,045</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Global Fund (AMFM)</td>
<td>EUR 518,205</td>
<td>518,205</td>
<td>258,638</td>
<td>98,399</td>
</tr>
<tr>
<td>Various private donors</td>
<td>EUR 436,417</td>
<td>436,417</td>
<td>97,315</td>
<td>4,661</td>
</tr>
<tr>
<td>Sandoz Family Foundation</td>
<td>CHF 500,000</td>
<td>308,700</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sasakawa Peace Foundation</td>
<td>EUR 241,336</td>
<td>241,336</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tuscany Region</td>
<td>EUR 200,000</td>
<td>200,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Various other donor(s)</td>
<td>EUR 170,060</td>
<td>170,060</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Starr International Foundation</td>
<td>USD 200,000</td>
<td>141,388</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Anonymous donation</td>
<td>CHF 201,229</td>
<td>138,108</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Donations (EUR)</strong></td>
<td>183,730,147</td>
<td>25,677,353</td>
<td>55,866,176</td>
<td></td>
</tr>
</tbody>
</table>

* Exchange rates used for 'Total Commitment in EUR' and 'As per Statement of Operations 2011', are real exchange rates following the DNDi exchange rate policy. Exchange rates used for 'To be used after 2011' appear in EUR at the USD/EUR, CHF/EUR and GBP/EUR exchange rates as per 31.12.2011 (see note 2). 'Total Donations' therefore yields an approximate value as exchange will vary over time.

** The UK Government, DFID, funded DNDi with 4 grants. A first unrestricted grant of 6,500,000 British pounds in 2006 for the period 2006 – 2008, a second unrestricted grant of 18,000,000 British pounds in 2009 for the period 2009 – 2013, a third restricted grant of 1,381,529 British pounds in 2010 for the period 2010 – 2011, and a fourth restricted grant of 2,000,000 British pounds in 2011 for 2011.

b) Funding per project (restricted and unrestricted)

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>UK Government DFID (Restricted/Unrestricted)</th>
<th>French Government MAEE (Restricted)</th>
<th>Spanish Government AECID (Restricted)</th>
<th>Dutch Government DGIS (Restricted)</th>
<th>German Government KfW-BMBF (Restricted)</th>
<th>United States Government NIH (Restricted)</th>
<th>Switzerland SDC (Unrestricted)</th>
<th>Switzerland Canton of Geneva (Restricted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FACT (ASAQ &amp; ASMQ fixed dose) for Malaria</td>
<td>2,312,148</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nifurtimox + Eflornithine co-administration (NECT) for HAT</td>
<td>401,439</td>
<td>326,810</td>
<td>837,402</td>
<td>161,624</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combination therapies/ new treatment for VL (Asia, Africa, Latin America)</td>
<td>84,677</td>
<td>135,108</td>
<td>299,800</td>
<td>347,771</td>
<td>146,847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fexinidazole for HAT</td>
<td>1,306,463</td>
<td>137,911</td>
<td>582,628</td>
<td>54,703</td>
<td>354,393</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Azole E1224 &amp; Biomarker for Chagas</td>
<td>679,930</td>
<td>43,661</td>
<td>135,108</td>
<td>299,800</td>
<td>146,847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benznidazole Paediatric dosage form for Chagas</td>
<td>679,930</td>
<td>43,661</td>
<td>135,108</td>
<td>299,800</td>
<td>146,847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative formulations of Amphotericin B for VL</td>
<td>152,695</td>
<td>1,523</td>
<td>103,520</td>
<td>735</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oxaborole SCYX 7158 (&amp; Back-up) for HAT</td>
<td>638,420</td>
<td>194,854</td>
<td>2,098</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nitroimidazole (&amp; Back-up) for VL</td>
<td>639,510</td>
<td>252,227</td>
<td>2,586</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flubendazole Macrofilaricide for Helminths</td>
<td>43,661</td>
<td>107,332</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K777 for Chagas (Exploratory)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paediatric HIV (Exploratory)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VL Consortium Lead Optimization</td>
<td>171,975</td>
<td></td>
<td>15,649</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chagas Consortium (Including Fenarimol series) Lead Optimization</td>
<td>343,612</td>
<td>135,108</td>
<td>299,800</td>
<td>347,771</td>
<td>146,847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HAT Consortium Lead Optimization</td>
<td>638,420</td>
<td>194,854</td>
<td>2,098</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discovery &amp; Exploratory activities</td>
<td>639,510</td>
<td>252,227</td>
<td>2,586</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>326,810</td>
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(1) DFID grants include: 1) An unrestricted grant of EUR 4,579,526; 2) A restricted grant of EUR 667,675 for Malaria projects (Jan-Mar 2011); 3) An unrestricted grant of EUR 2,312,148 covering the period Oct-Dec 2011 only.
(2) MAEE restricted grant in 2011 was of EUR 585,259 for discovery projects (Jan-Dec 2011), which finalises the allocation of the EUR 1,300,000 contribution started in December 2009.
(3) German Government KfW-BMBF restricted multi year grant started as of December 2011 with an amount of EUR 401,439.
(4) NIH grants include two multi year grants: 1) A restricted grant with a no cost extension for the entire year 2011 of EUR 191,393 for Alternative formulations of Amphotericin B for VL project; 2) A restricted grant of EUR 135,417 for K777 for Chagas project.
(5) AMM – Global Fund include one restricted grant with a contract that has been amended and increased in 2011 with a total amount of EUR 258,638.
(6) Bill & Melinda Gates Foundation include five restricted grants in 2011: 1) A grant of EUR 3,648,271 pertaining to Lead Optimization/Preclinical for HAT & VL & Nitroimidazole for VL projects; 2) A grant of EUR 2,259,746 for Fexinidazole for HAT project; 3) A grant of EUR 679,930 for new VL treatments in Asia project covering the period July to
### Table: Financial Report

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<th>AMMI - Global Fund (Restricted)</th>
<th>European Union EU FP7 (Restricted)</th>
<th>European Union EDCTP (Restricted)</th>
<th>Bill &amp; Melinda Gates Foundation (Restricted)</th>
<th>Médecins Sans Frontières (Restricted)</th>
<th>Wellcome Trust (Restricted)</th>
<th>Medecin Foundation (Restricted)</th>
<th>Private Foundations, Individuals &amp; Other Revenues (Restricted)</th>
<th>Royalties on drug sales</th>
<th>Financial income (Net)</th>
<th>TOTAL Expenses</th>
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December 2011; 4) A grant of EUR249,259 for Flubendazole Macrofilaricide for Helminths project covering the period April to December 2011; 5) A grant of EUR200,558 for Screening NTD covering the period November to December 2011.

[7] MSF include 4 grants in 2011: 1) An unrestricted grant of EUR3,091,937; 2) A restricted grant of EUR300,000 for Benzimidazole Paediatric dosage form for Chagas project; 3) A restricted grant of EUR550,000 for Paediatric HIV [Exploratory] project; 4) A restricted grant of EUR214,557 for Benzimidazole Paediatric dosage form for Chagas project.


[9] Private Foundations: ABT Association [EUR35,538], Buck Foundation [EUR17,516], Fondation ARPE [EUR8,739]. Other Revenue: various individual donations for a total of EUR35,532, of which EUR33,810 come from North America and EUR1,711 come from Geneva. In addition Geneva has collected various reimbursements and participations of partners all along the year for a total amount of EUR76,894.

[10] Royalties from Sanofi for EUR56,693 earmarked to Monitoring study on pharmacovigilance of ASAQ (see note 6).
## 8. R&D PROJECTS RELATED EXPENDITURE

### Recognized in (expressed in EUR)

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<tr>
<th>PROJECTS</th>
<th>2011</th>
<th>2010</th>
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<td><strong>CLINICAL/POST-REGISTRATION PROJECTS</strong></td>
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<td>Artesunate + Amodiaquine (Malaria)(^1)</td>
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<td>Artesunate + Mefloquine (Malaria)(^2)</td>
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<td>1,538,633</td>
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<td>Nifurtimox - Efornithine co-administration for stage(^2) T.b.gambiense (HAT)(^3)</td>
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<td>500,066</td>
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<td>Fexinidazole for (HAT)(^4)</td>
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<td>2,662,577</td>
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<td>Combination therapy [VL] in Africa(^5)</td>
<td>1,599,592</td>
<td>1,945,443</td>
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<td>Combination therapy [VL] in Latin America(^4)</td>
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<td>Combination therapy [VL] in Asia(^4)</td>
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<td>Paediatric Benznidazole [Chagas](^7)</td>
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<td>Azole E1224 &amp; Biomarkers [Chagas](^8)</td>
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<td><strong>PRE-CLINICAL PROJECTS</strong></td>
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<tr>
<td>Alternative formulations of Amphotericin B (VL)(^9)</td>
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<td>Drug combination for Chagas(^10)</td>
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<td>Oxaborole SCYX7158 (HAT)(^11)</td>
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<td>Nitroimidazole [VL](^13)</td>
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<td>K777 for Chagas(^13)</td>
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<td>Other exploratory activities</td>
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<td><strong>PROJECT-RELATED VARIABLE EXPENDITURE</strong></td>
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<tr>
<td>Coordination &amp; Supervision(^20)</td>
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<td><strong>Total of Projects related expenditure</strong></td>
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<td>19,809,963</td>
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Main R&D Partners & Subcontractors

1. Sanofi, France / Medicines for Malaria Venture, Switzerland / National Centre for Research and Development on Malaria, Burkina Faso / Universiti Sains Malaysia / Institute of Research for Development (IRD), Senegal / Mahidol University, Thailand / Ellipse Pharmaceuticals, France / Médecins Sans Frontières / Epicentre, France / Kenya Medical Research Institute (KEMRI), Kenya / Indian Council of Medical Research (ICMR), India / National Malaria Control Programme, Ministry of Health, Burundi / Ministry of Health, Sierra Leone / Komfo Anokye Teaching Hospital (KATH), Ghana.

2. Shoklo Malaria Research Unit, Thailand / Universiti Sains Malaysia / Indian Council of Medical Research, India / Epicentre, France / Centre Hospitalier Universitaire Vaudois (CHUV), Switzerland / National Institute of Medical Research, Tanzania; Kenya Medical Research Institute (KEMRI), Kenya / Centre National de Recherche et de Formation sur le Paludisme (CNRFP), Burkina Faso / Cipla, India.

3. Epicentre, France; Médecins Sans Frontières (MSF) / Swiss Tropical and Public Health Institute (Swiss TPH) / National Trypanosomiasis Control Programmes of the Republic of Congo and the Democratic Republic of the Congo (DRC) / HAT Platform partners (PNLTH, the Republic of Congo / TMRI Sudan / ICCT, Angola / COCTU, Uganda / PNLTHA Centrafricain / PNLTHA Chad).

4. Sanofi, France / Swiss TPH / HAT Platform partners [see point 3 above] / Apteut, UK / Acccelera, Italy / SGS, Belgium and France / Epicentre, France / Covance, UK / Phirc Development, France / XCentipharm, France / Cardinal Systems, France.

5. Kenya Medical Research Institute, Kenya / Institute of Endemic Diseases (IED) and University of Khartoum, Sudan / Addis Ababa University, Ethiopia / Gondar University, Ethiopia / University of Makerere, Uganda / Amudap Hospital, Uganda / LSHTM, UK / ASK (AMC, Slotervaart Hospital, KIT), The Netherlands / GILEAD, Ireland / IDA Foundation, The Netherlands / OneWorld Health (OWH), USA / Institute of Tropical Medicine-Antwerp, Belgium / Médecins Sans Frontières, The Netherlands.

6. GVK, India / Sitaram Kala Azar Medical Centre, India / RMRIMS (ICMR), India / ICCDR,B, Bangladesh / SHSMC, Bangladesh / SK Hospital Bangladesh.

7. Pharmaceutical Laboratory of Pernambuco State (LAFEPE), Brazil / Centro Nacional de Diagnostic e Epi-ecomedical [CeNDIE] / LAT Research, Argentina / FITEC, Argentina.


9. Polythecnic, UK / London School of Pharmacy, UK / LSHTM, UK.

10. Federal University of Ouro Preto, Brazil.

11. SCYNEXIS, USA / Advinus Therapeutics, India / Drugabilis, France / Penn Pharma, UK.

12. TB Alliance, USA / Advinus Therapeutics, India.

13. Harlan, Switzerland / University of California in San Francisco (UCSF), USA.

14. Michigan State University, USA / McGill University, Canada / Drugabilis, France / Acccelera, Italy / MSU, USA.

15. Eskitis Institute at Griffith University, Australia / Institut Pasteur Korea, South Korea / University of Washington, USA / Swiss TPH, Switzerland / GlaxoSmithKline (GSK-Tres Cantos), Spain / University of Dundee, UK.

16. Swiss TPH, Switzerland / LSHTM, UK / Institute of Tropical Medicine-Antwerp, Belgium.

17. SCYNEXIS, USA / Pace University, USA / WuXi, China / Drugabilis, France.

18. Advinus Therapeutics, India / TB Alliance, USA.

19. Epichem Pty Ltd, Australia / Murdoch University, Australia / Monash University, CDIO, Australia / WuXi, China / Institute of Tropical Medicine-Antwerp, Belgium.

20. R&D Coordination & Supervision in EUR

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<td>Total</td>
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Consultants involved in R&D projects in alphabetical order:

Amuasi, John; Ansong, Daniel; Barros Gonçalves, Luciana; Baker, William; Bennett, John; Blay Nguah, Samuel; Bray Michael; Bruning, Karin; Daher, André; Dormeyer, Mathias; Dorre, Daniel; Espinoza, Emilia; Fernandes, Jaime; Ferreira Crato, Marguerite; Ghabri, Salah; Grislain, Luc; Halu, Asrat; Holst, Marylise; Hudson, Alan; Khalil, Eltahir; Mazue, Guy; Mechali, Daniel; Moody, Anthony; Musa Mudawi, Ahmed; Pinheiro, Eloaon; R.K. Singh; Sasella, Daniela; Scherrer, Bruno; Schijman, Alejandro; Selitzer, Jonathan; Smithius, Frank; Sosa-Estani, Sergio; Taylor, Bob; Thenot, Jean-Paul; Tweats, David; Viallant, Michel; Von Geldern, Thomas; Yardley, Vanessa; Zijlstra, Ed; Zwang, Julien.

East African Clinical Site Monitors: Bedru, Kinoti, Mwangi, Okello, Ogeli, Waveru.

Additional partners involved in DNDI R&D projects without financial implications:

Cipla, India; Oxford University, UK; WHO-TDR; Fiocruz-Farmanguinhos, Brazil; Genzyme, USA; Hospital of Ninos Ricardo Gutierrez, Argentina; Institut René Rachou, Brazil; Novartis Institute for Tropical Diseases NITD, Singapore; Pfizer, USA; University of Auckland, New Zealand; Universidade Federal do Piauí, UFP, Brazil; Universidade Federal de Tocantins, Brazil; Ministry of Health, Kenya / Federal Ministry of Health, Sudan / Federal Bureau of Health, Ethiopia / Ministry of Health, Uganda / Oxford University, UK / Université de Bordeaux, Faculté de Pharmacie, France / Universidade de Brasilia (UNB), Brazil / CNPq, Brazil / Ministério de Saúde, Provincia de Jujuy, Argentina / Centro de Chagas y Patologia Regional, Argentina / CONICET, Argentina / Ministry of Health, Argentina / University of Liverpool, UK / Hospital de Niños Ricardo Gutierrez, Argentina / Instituto Nacional de Parasitología, Dr M Fatale Chabén, Argentina / Hospital de Niños de Jujuy, Argentina / Hospital Público Materno Infantil – Salta, Argentina.
9. STRENGTHENING CAPACITIES EXPENDITURE

DNDi expenditures on strengthening existing capacities in developing countries aim to:
- build networks around specific projects between researchers from developing and developed countries;
- establish working partnerships, including technology transfers, with public and private institutions, and researchers from developing and developed countries; and
- invest in sustainable capacity and leadership in developing countries at all stages of research and development.

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<tr>
<th>(expressed in EUR)</th>
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<th>2010</th>
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<tbody>
<tr>
<td>Regional Offices: Brazil, India, Kenya, Malaysia</td>
<td>842,514</td>
<td>716,615</td>
</tr>
<tr>
<td>For VL combo, Ward Construction &amp; Equipment in Ethiopia and in Sudan</td>
<td>0</td>
<td>78,654</td>
</tr>
<tr>
<td>Leishmaniasis East Africa Platform (LEAP)</td>
<td>151,760</td>
<td>155,355</td>
</tr>
<tr>
<td>Human African Trypanosomiasis (HAT) Platform</td>
<td>273,552</td>
<td>207,075</td>
</tr>
<tr>
<td>Chagas Clinical Research Platform</td>
<td>117,382</td>
<td>118,526</td>
</tr>
<tr>
<td>LeishDNAvax Consortium Agreement</td>
<td>74,883</td>
<td>99,183</td>
</tr>
<tr>
<td>Pan-Asian Natural Substances Network</td>
<td>0</td>
<td>38,776</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,460,091</td>
<td>1,414,184</td>
</tr>
</tbody>
</table>


HAT Platform: WHO, Ministries of Health National Control Programmes of the major endemic countries (Angola, Democratic Republic of the Congo, Republic of Congo, Sudan, Uganda, Chad, and the Central African Republic), Swiss Tropical and Public Health Institute, Médecins Sans Frontières, DNDi.

Leishmaniasis East Africa Platform: University of Khartoum, Sudan; Addis Abeba University, Ethiopia; Makerere University, Uganda; Kenya Medical Research Institute; Ministries of Health of Kenya, Uganda, Ethiopia, and Sudan; London School of Hygiene and Tropical Medicine, UK; Médecins Sans Frontières; AMC-Slotervaart Hospital-KIT, The Netherlands; i+ Solutions, The Netherlands; DNDi.

10. ADVOCACY, FUNDRAISING AND GENERAL & ADMINISTRATION EXPENSES

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>ADVOCACY</th>
<th>FUNDRAISING</th>
<th>GENERAL &amp; ADMINISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Human resources</td>
<td>453,778</td>
<td>487,445</td>
<td>1,170,773</td>
</tr>
<tr>
<td>Office charges</td>
<td>45,079</td>
<td>47,950</td>
<td>74,397</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>39,506</td>
<td>29,072</td>
<td>86,787</td>
</tr>
<tr>
<td>Administration</td>
<td>26,861</td>
<td>31,820</td>
<td>86,989</td>
</tr>
<tr>
<td>IT &amp; telecommunications</td>
<td>23,548</td>
<td>18,242</td>
<td>24,139</td>
</tr>
<tr>
<td>Communication</td>
<td>265,659</td>
<td>301,518</td>
<td>24,032</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,567</td>
<td>11,546</td>
<td>13,670</td>
</tr>
<tr>
<td>Other</td>
<td>545</td>
<td>13,725</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>866,543</td>
<td>941,318</td>
<td>1,684,840</td>
</tr>
</tbody>
</table>

11. INDEMNITIES & REMUNERATIONS GIVEN TO DIRECTORS

All members of the Board are appointed on a voluntary basis. The Board members have not received any remuneration for their mandate in 2011, nor in 2010.

12. VALUATION OF IN-KIND

Drugs for Neglected Diseases initiative (DNDi) operations are funded through financial contributions and donations. In addition to financial funding, generous partners—private companies, academic groups and individuals—provide DNDi with goods and services at zero cost as gifts-in-kind (see note 2.o, DNDi In-Kind Policy). DNDi aims at reflecting this increasing contribution in the 2011 financial statements in order to present a comprehensive picture of its activities. The In-Kind contribution of DNDi’s partners was raised between 2010 and 2011 from EUR 2,300,000 in 2010 up to EUR 5,000,000 in 2011.

Gifts-in-kind in EUR evaluated for the year 2011 per category and per project:

<table>
<thead>
<tr>
<th>(expressed in EUR)</th>
<th>Staff Scientific</th>
<th>Staff non-Scientific</th>
<th>R&amp;D Services</th>
<th>Office, furniture &amp; admin.</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Optimization (Chagas) Consortium</td>
<td>69,518</td>
<td>4,085</td>
<td>230,222</td>
<td></td>
<td>303,824</td>
</tr>
<tr>
<td>Screening Resources</td>
<td>513,596</td>
<td>14,923</td>
<td>318,840</td>
<td></td>
<td>847,359</td>
</tr>
<tr>
<td>Fexinidazole (HAT)</td>
<td>150,000</td>
<td>30,000</td>
<td></td>
<td></td>
<td>180,000</td>
</tr>
<tr>
<td>Flubendazole macro-filaricid [ helminths ]</td>
<td>410,440</td>
<td></td>
<td></td>
<td></td>
<td>410,440</td>
</tr>
<tr>
<td>Regional Offices</td>
<td>75,193</td>
<td>17,518</td>
<td>80,482</td>
<td></td>
<td>173,193</td>
</tr>
<tr>
<td>Combination therapy (VL)</td>
<td>116,485</td>
<td>86,661</td>
<td>42,927</td>
<td></td>
<td>246,073</td>
</tr>
<tr>
<td>Azole E1224 (Chagas)</td>
<td>1,071,731</td>
<td>120,333</td>
<td>1,640,036</td>
<td></td>
<td>2,832,101</td>
</tr>
<tr>
<td>Advocacy (Partners’ meeting)</td>
<td>21,101</td>
<td></td>
<td></td>
<td></td>
<td>21,101</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,406,964</td>
<td>264,620</td>
<td>2,262,024</td>
<td>80,482</td>
<td>5,014,090</td>
</tr>
</tbody>
</table>

Main In-kind contributors: EISAI, Japan; Abbott, USA; Sanofi, France; CNPq-Brasilia University, Brazil; ARC-Australian Research Council, Australia; Dundee University, Scotland; University Federal Ouro Preto, Brazil; GSK, France; FiOCRUZ, Brazil; Epichem Pty Ltd, Australia; ICMR, India; KEMRI, Kenya; IDEC Inc., Japan; LAFEPE, Brazil

13. ASSETS PLEDGED AS GUARANTEE FOR COMMITMENTS

At year-end, a bank of the Foundation had provided two rental letters of guarantee of CHF 70,000 [EUR 57,484] and CHF 20,000 [EUR 16,424] in favour of a third party. Cash for an equivalent amount is pledged at the corresponding bank.
Report of the statutory auditor

To the Board of

DRUGS FOR NEGLECTED DISEASES INITIATIVE (DNDi), GENEVA

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Drugs for Neglected Diseases initiative (DNDi), which comprise the balance sheet, statement of operations, funds flow statement, statement of changes in capital and notes, presented on pages 63 to 77, for the year ended December 31, 2011. In accordance with Swiss GAAP FER 21, the content of the performance report is not audited.

Board's Responsibility
The Board is responsible for the preparation and the fair presentation of the financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law and the charter of the foundation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity’s preparation of the financial statements 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 entity’s internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and the charter of the foundation.

Member of Deloitte Touche Tohmatsu
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (articles 83b CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board.

We recommend that the financial statements submitted to you be approved.

Deloitte SA

Peter Quigley
Licensed audit expert
Auditor in charge

Jürg Gehringer
Licensed audit expert

Geneva, May 16, 2012
DNDi would like to thank the following donors for supporting its activities since July 2003:

PUBLIC INSTITUTIONAL DONORS

- Department for International Development (DFID) / United Kingdom
- Dutch Ministry of Foreign Affairs (DGIS) / The Netherlands
- European Union – Framework Programmes 5, 6, and 7
- European and Developing Countries Clinical Trials Partnerships (EDCTP) with co-funding from Member States / International
- Federal Ministry of Education and Research (BMBF) through KfW / Germany
- French Development Agency (AFD) / France
- The Global Fund to Fight AIDS, Tuberculosis and Malaria (AMFm) / International
- German International Cooperation (GIZ) on behalf of the Government of the Federal Republic of Germany / Germany
- Ministry of Foreign and European Affairs (MAEE) / France
- National Institutes of Health (NIH), National Institute of Allergy and Infectious Diseases (NIAID) / USA
- Region of Tuscany / Italy
- Republic and Canton of Geneva / Switzerland
- Spanish Agency of International Cooperation for Development (AECID) / Spain
- Swiss Agency for Development and Cooperation (SDC) / Switzerland
- United States Agency for International Development (USAID), via the 4th Sector Health Project implemented by Abt Associates, Inc. / USA

PRIVATE DONORS

- Bill & Melinda Gates Foundation / USA
- Médecins Sans Frontières (Doctors without Borders)
- Wellcome Trust / United Kingdom
- Fondation André & Cyprien / Switzerland
- Fondation ARPE / Switzerland
- Fondation de bienfaisance de la banque Pictet / Switzerland
- Fondation Pro Victimis / Switzerland
- Guy’s, King’s and St Thomas, Giving Week / UK
- Leopold Bachmann Foundation / Switzerland
- Medicor Foundation / Liechtenstein
- Peter and Carmen Lucia Buck Foundation / USA
- Sasakawa Peace Foundation / Japan
- Starr International Foundation / Switzerland
- UBS Optimus Foundation / Switzerland
- Steve Rabin
- Jonathan Winslow
- Other private foundations and individuals who would like to remain anonymous