

Ludwig Institute for Cancer Research Ltd

Statutory Financial Statements 2012

**Ludwig Institute for Cancer Research Ltd,
Zurich**

Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders
Financial Statements 2012

KPMG AG
Zurich, May 14, 2013



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Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of

Ludwig Institute for Cancer Research Ltd, Zurich

As statutory auditor, we have audited the financial statements of Ludwig Institute for Cancer Research Ltd, which comprise the balance sheet, income statement and notes on pages 11 to 23 for the year ended December 31, 2012.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Institute's articles of incorporation. 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 of directors 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, 2012 comply with Swiss law and the Institute's articles of incorporation.



*Ludwig Institute for Cancer Research Ltd, Zurich
Report of the Statutory Auditor
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Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (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 of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG


Michael Herzog
*Licensed Audit Expert
Auditor in Charge*


Marc Sterchi
Licensed Audit Expert

Zurich, May 14, 2013

Ludwig Institute for Cancer Research Ltd

Balance Sheet as at December 31, 2012

	USD		CHF	
	2012	2011	2012	2011
Assets				
Current assets				
Liquid funds (Notes 1 & 2)	22,138,495	15,385,587	20,265,932	14,387,043
Fixed term deposits (Notes 1 & 2)	6,439,223	14,765,382	5,894,618	13,806,828
Other receivables -				
Third parties	2,640,414	3,461,456	2,417,059	3,236,845
External funding	3,888,612	3,411,279	3,559,672	3,189,902
Prepayments and accrued income	3,120,349	2,681,977	2,856,387	2,507,918
Total current assets	38,227,093	39,705,681	34,993,668	37,128,536
Fixed assets				
Financial fixed assets -				
Investments (Note 4)	7,080,599	5,103,000	6,481,635	4,771,815
Other (Notes 1 & 5)	1,517,679	1,987,090	1,389,319	1,858,180
Total fixed assets	8,598,278	7,090,090	7,870,954	6,629,995
Total assets	46,825,371	46,795,771	42,864,622	43,758,531
Liabilities and Net worth				
Current liabilities				
Accounts payable - third parties (Note 7)	8,873,562	10,624,684	8,122,981	9,935,143
Accruals (Note 1)	6,507,197	7,514,082	5,956,785	7,026,474
Provisions (Notes 1 & 8)	5,839,674	5,860,811	5,345,653	5,480,518
Deferred income (Notes 1 & 10)	6,887,424	10,096,102	6,304,919	9,441,140
Total current liabilities	28,107,857	34,095,679	25,730,338	31,883,275
Long term liabilities				
Liabilities	72,800	25,630	66,641	23,968
Accruals (Note 1)	138,663	483,105	126,934	451,759
Provisions (Notes 1 & 8)	1,101,171	4,077,401	1,008,045	3,812,802
Total long term liabilities	1,312,634	4,586,136	1,201,620	4,288,529
Total liabilities	29,420,491	38,681,815	26,931,958	36,171,804
Net worth				
Share capital (Note 1)	33,722	33,722	50,000	50,000
Legal reserve (Note 1)	6,744	6,744	10,000	10,000
Cumulative exchange adjustment (Note 1)	25,079	23,698	0	0
Excess of income over expenditure	17,339,335	8,049,792	15,872,664	7,526,727
Net worth	17,404,880	8,113,956	15,932,664	7,586,727
Total liabilities and Net worth	46,825,371	46,795,771	42,864,622	43,758,531

Ludwig Institute for Cancer Research Ltd

Statement of Income and Expenditure for the year ended December 31, 2012

	USD		CHF	
	2012	2011	2012	2011
Income				
Contributions and dividends (Notes 1 & 11)	76,750,745	75,465,645	72,651,183	68,418,045
Interest (Note 1)	488,817	389,321	463,381	350,238
External funding (Notes 1 & 10)	41,070,967	43,203,582	38,932,773	38,883,645
Licenses and patents (Notes 1 & 3)	4,910,435	5,754,258	4,654,231	5,180,845
Other income	25,317	13,580	24,002	12,216
Total income	123,246,281	124,826,386	116,725,570	112,844,989
Medical research and related expenditure				
Salaries & social benefits (Note 11)	57,741,282	65,572,510	54,736,133	59,017,431
Laboratory	13,907,139	18,401,477	13,182,904	16,557,163
Equipment & other assets (Note 1)	4,495,805	4,993,166	4,261,948	4,495,305
Leasehold improvements (Note 1)	209,448	361,706	198,565	325,667
Clinical trials	2,882,004	3,487,193	2,732,278	3,141,208
Collaborative research programs	17,918,393	13,575,212	16,987,367	12,226,787
Occupancy (Note 11)	6,478,673	6,434,755	6,141,791	5,792,383
Travel	998,866	937,892	946,987	844,840
Scientific conferences, seminars etc.	823,435	868,648	780,591	781,605
Consultants	2,021,296	741,837	1,916,271	668,271
Patent costs	1,511,919	1,678,625	1,433,008	1,511,195
Other operating expenses	4,933,361	5,138,643	4,677,173	4,627,118
Total medical research and related expenditure	113,921,621	122,191,664	107,995,016	109,988,973
Excess of income over expenditure before other items	9,324,660	2,634,722	8,730,554	2,856,016
Other items				
Net gain on foreign exchange (Note 1)	258,736	898,341	(106,059)	465,931
Net realized gain on investments (Note 5)	0	439,183	0	395,704
Net unrealized depreciation on investments (Note 5)	(293,853)	(258,980)	(278,558)	(232,997)
Excess of income over expenditure for the year	9,289,543	3,713,266	8,345,937	3,484,654
Excess of income over expenditure at the beginning of the year	8,049,792	4,336,526	7,526,727	4,042,073
Excess of income over expenditure at the end of year	17,339,335	8,049,792	15,872,664	7,526,727

Notes to the Financial Statements – December 31, 2012

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations.

Liquid funds and fixed term deposits

Cash on hand and at banks and funds on call available within 48 hours are classified as liquid funds. Cash deposits fixed for periods of longer than 48 hours are classified as fixed term deposits.

Income

Contributions and dividends are accounted for on the cash basis.

Interest is accounted for on the accruals basis.

External funding received from any outside source, whether of cash or a non-cash nature, is recorded in the books of the Ludwig Institute for Cancer Research Ltd (the Institute) upon receipt. External funding received is taken to income when the corresponding expenditure is incurred. Any unspent income is deferred to future accounting periods. External funding pledged, but not received where expenditure has been incurred, is taken to account as income and is accounted for as Other receivables - External funding.

Licenses and patents are accounted for on the modified cash basis.

Translation of foreign exchange transactions

The Institute's offices' Swiss franc transactions and the Lausanne Branch and Centre's operations are recorded in Swiss francs. Those of the Brussels, Oxford, Melbourne, New York, San Diego, Sao Paulo, Stockholm and Uppsala Branches are recorded in the currencies of their respective countries. The foreign branch accounts and the Zurich and New York offices' transactions in currencies other than Swiss francs are translated for the purpose of preparing statutory financial statements of the Institute as a whole into Swiss francs in accordance with the following principles: -

- i). Income - contributions and dividends at the monthly rates as published by the Federal Tax Administration. All other income is translated at the yearly average of the monthly rates as published by the Federal Tax Administration.
- ii). Expenditure - at the yearly average of the monthly rates as published by the Federal Tax Administration.
- iii). Assets and liabilities - at the London closing rates of exchange at the end of the year.

The USD equivalents of the statutory financial statements in CHF are presented in accordance with the same principles as stated above and in addition, Share capital, Legal reserve and the Balance of income at the beginning of the year are translated at historical rates.

The resulting translation adjustments are included in the Excess of income over expenditure for the year.

Tangible fixed assets

Expenditure on equipment and other assets and leasehold improvements is expensed in the year of acquisition.

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Financial fixed assets - Other

Investments in companies, which are traded on the stock exchange, are evaluated at the stock market price prevailing at the end of the year, as these values are lower than the respective acquisition cost. All other investments are evaluated at acquisition cost.

Reclassifications

Provisions were previously classified under Current liabilities – Accruals and Long term liabilities – Accruals. In 2012 provisions have been classified under Current liabilities – Provisions and Long term liabilities – Provisions. The 2011 values have been reclassified accordingly.

2 Liquid Funds & Fixed term deposits

The Institute has pledged all its assets with a financial institution as collateral for a letter of credit of USD 0.8 Mio. (CHF 0.7 Mio.). The letter of credit has been issued to the lessor of the New York office premises and as per December 31, 2012 and 2011 these assets amounted to USD 14.0 Mio. (CHF 12.8 Mio.) and USD 12.7 Mio. (CHF 11.9 Mio.) respectively.

3 Income - Licenses and patents

Income - Licenses and patents is shown net of co-owners' share of income.

Description	USD		CHF	
	2012	2011	2012	2011
Gross license and patent income	7,078,397	7,864,428	6,709,676	7,082,108
Co-owners' share distributed	2,167,962	2,110,170	2,055,445	1,901,263
Net license and patent income	4,910,435	5,754,258	4,654,231	5,180,845

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4 Financial fixed assets - Investments

Description	USD		CHF	
	2012	2011	2012	2011
Universe Tankships, Inc.				
Book value	5,103,000	5,103,000	4,671,286	4,771,815
Percentage owned	100%	100%	100%	100%
Dividends paid to Institute	0	0	0	0
iTeos Therapeutics SA				
Book value	1,977,599	0	1,810,349	0
Percentage owned	49.75%	0%	49.75%	0%
Dividends paid to Institute	0	0	0	0
TC Metrix Sàrl				
Book value	21,848	0	20,000	0
Value adjustment to book value	(21,848)	0	(20,000)	0
Percentage owned	80%	0%	80%	0%
Dividends paid to institute	0	0	0	0
Total Financial fixed assets - Investments	7,080,599	5,103,000	6,481,635	4,771,815

Universe Tankships, Inc., Monrovia, Liberia, has been accounted for at acquisition cost.

In 2012 the Institute launched iTeos Therapeutics SA (iTeos), Ottignies-Louvain-La-Neuve, Belgium, together with the de Duve Institute at the Catholic University of Louvain. The company aims to translate LICR licensed knowledge into novel immunomodulatory therapies for cancer. The nominal share capital including the premium on capital stock amounts to EUR 3,076,498 (USD 4,056,055, CHF 3,713,025). The investment has been accounted for at acquisition cost and includes a second call of capital and premium of EUR 1,507,498 (USD 1,987,486, CHF 1,819,400) as a deferred consideration.

In 2012 the Institute founded the company TC Metrix Sàrl (TC Metrix), Epalinges, Switzerland, together with former employees of the Lausanne branch. The nominal share capital is CHF 25,000. The company engages in the development and commercialisation of reagents for diagnosis of lymphocytes T specific antigens (Tetramers). Considering the financial results of the company as per December 31, 2012 and the medium-term prospects, the value of the acquisition cost of the nominal capital has been adjusted.

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5 Financial fixed assets - Other

Description	USD		CHF	
	2012	2011	2012	2011
Ark Therapeutics Group plc				
Net investment	29,669	26,614	27,159	24,886
Percentage owned	0.3%	0.3%	0.3%	0.3%
Circadian Technologies Ltd.				
Net investment	1,134,473	1,504,360	1,038,532	1,406,781
Percentage owned	6.7%	6.7%	6.7%	6.7%
Life Sciences Pharmaceuticals, Inc.				
Net investment	1,457	1,500	1,334	1,403
Percentage owned	13.7%	14.1%	13.7%	14.1%
Recepta Biopharma S.A.				
Net investment	327	327	300	306
Percentage owned	35.3%	35.3%	35.3%	35.3%
CT Atlantic AG				
Net investment	10,924	10,694	10,000	10,000
Percentage owned	3.8%	3.8%	3.8%	3.8%
Serametrix Corporation				
Net investment	100	100	91	93
Percentage owned	5.0%	5.0%	5.0%	5.0%
Ludwig Technologies, Inc.				
Net investment	100	100	91	93
Percentage owned	100.0%	100.0%	100.0%	100.0%
Cancer Vaccine Acceleration Company, LLC				
Net investment	100	100	91	93
Percentage owned	50.0%	50.0%	50.0%	50.0%
Activiomics Ltd				
Net Investment	1	1	1	1
Percentage owned	5.0%	5.0%	5.0%	5.0%
TC Metrix Sàrl				
Long term receivable	131,722	0	120,578	0
Loan (subordinated)	163,863	0	150,000	0
Value adjustment	(295,585)	0	(270,578)	0
Long-term prepayment	0	48,774	0	45,609
Loans to staff	267,728	394,520	245,078	368,915
US 457b Pension plan	72,800	0	66,641	0
Total Financial fixed assets - Other	1,517,679	1,987,090	1,389,318	1,858,180

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The Institute is committed to disseminating its know-how to the global research community. All investments in the start-up organizations shown above have been acquired or founded as part of licensing arrangements, transferring Institute research knowledge to these companies. Participation in these entities does not form part of the Institute's long term strategy and the respective investments, if not quoted on a stock exchange, are accounted for at acquisition cost.

With respect to investments with a percentage owned of more than 20%, the following information is provided:

- i). The nominal share capital of Recepta Biopharma S.A., Sao Paulo, Brazil, is BRL 1,000. It conducts medical research, develops, produces and commercializes humanized antibodies for the diagnosis of human cancer.
- ii). In order to administer intellectual property assets in areas other than cancer, in 2010 the Institute founded Ludwig Technologies, Inc., Delaware, USA. The nominal share capital is USD 100.
- iii). In 2010 the Institute entered into a joint venture with the Cancer Research Institute and formed the company Cancer Vaccine Acceleration Company, LLC, Delaware, USA. The purpose of the company is to identify novel opportunities for the development of cancer vaccine and immunotherapy and to obtain, hold and develop intellectual property. The nominal share capital is USD 200.

In 2011, as part of a licensing agreement, the Institute acquired a 5% share in Activiomics Ltd, London, UK.

With respect to TC Metrix (see Financial fixed assets – Investments) in view of the financial results as per December 31, 2012 and the medium-term prospects, a value adjustment has been made for the long term receivable and the loan.

The Institute has granted various housing loans to San Diego Branch staff primarily upon relocation to working at the Branch. The outstanding long term receivables as at December 31, 2012 amounted to USD 267,728 (CHF 245,078) and as at December 31, 2011 amounted to USD 394,520 (CHF 368,915). Short-term receivables for these loans are recorded under Other receivables – Third parties in Current assets and amounted to USD 42,068 (CHF 38,509) in 2012 and USD 45,401 (CHF 42,455) in 2011.

6 Fire insurance values

Description	USD		CHF	
	2012	2011	2012	2011
Equipment and other assets	63,612,530	78,135,660	58,231,674	73,064,656
Leasehold improvements	8,375,473	11,045,784	7,667,061	10,328,913
Fire insurance values of tangible fixed assets	71,988,003	89,181,444	65,898,735	83,393,569

The reduction in insured values reflects the closure of the Melbourne-Parkville and New York branches.

7 Accounts payable - pension funds

Description	USD		CHF	
	2012	2011	2012	2011
Current liabilities				
Accounts payable third parties	135,017	232,352	123,595	217,272

The above table illustrates the amount, within the Accounts payable - third parties balance sheet item, that is payable to pension funds. Institute wide, the annual cost of the employer's contributions in 2012 and 2011 for all plans amounted to USD 4,041,885 (CHF 3,831,546) and USD 4,739,060 (CHF 4,265,029) respectively.

In Switzerland, the Institute operates a scheme with the VITA Collective Insurance (VITA) for the staff at the Lausanne branch. The invested capital amounted to USD 2.3 Mio. (CHF 2.1 Mio.) as of December 31, 2012 and USD 2.4 Mio. (CHF 2.2 Mio.) as of December 31, 2011. VITA has communicated a funding ratio of 102.5% as of December 31, 2012. In order to finance any funding shortage VITA may raise future employee and employer contributions.

In addition, the Institute operates in Switzerland a scheme with the AXA Foundation for Occupational Benefits (AXA) for staff employed at the Zurich office and on central programs. The invested capital as of December 31, 2012 amounted to USD 7.4 Mio. (CHF 6.8 Mio.) and USD 7.4 Mio. (CHF 6.9 Mio.) as of December 31, 2011. The capital invested is guaranteed 100% by AXA.

Listed below are all other pension schemes in respect of the Institute's locations outside Switzerland for which the Swiss Federal Law on Occupation Retirement, Survivors and Disability does not apply but various disclosures are provided.

In Australia, during 2012 and 2011 the Melbourne-Parkville and the Melbourne-Austin branches were registered employers with the Defined Benefit Division of UniSuper (UniSuper DBD), a pension scheme for Australian universities and associated organizations. Clause 34 of the UniSuper Trust Deed allows participating employers to treat the UniSuper defined benefit plan as a defined contribution fund. UniSuper DBD publishes quarterly estimates of the Vested Benefit Index (VBI - the ratio of net market value of assets to vested benefits) and Accrued Benefits Index (ABI - the ratio of net market assets to accrued benefits). These are key actuarial measures used to monitor the financial position of UniSuper DBD. As per January 1, 2013 UniSuper DBD estimated that the VBI was 91.4% and the ABI was 102%. Under Australian Accounting Standard AASB 119, UniSuper DBD disclosed a deficit as of June 30, 2012 of AUD 2,010.8 Mio. (USD 2,087.6 Mio., CHF 1,911.1 Mio.) and AUD 906.5 Mio. (USD 929.3 Mio., CHF 869.1 Mio.) as per June 30, 2011.

Clause 34 of the Trust Deed provides a mechanism for reducing benefits if after a period of four years, during which two further actuarial investigations are completed, the Trustee still considers that UniSuper DBD is or may be insufficiently funded to provide the current level of benefits. Following the actuarial valuation as of December 31, 2008, the clause 34 process was initiated and has since been renewed. To date there has been no change on how the benefits are calculated or paid. Discussions are taking place with the stakeholders on how the funding of the scheme can be improved.

In Belgium, a scheme was in place during 2012 and 2011 providing target benefits upon retirement to staff at the Brussels Branch. The plan is administered by and funds are invested with the AG Insurance Company, Brussels. The insurance company recalculates the contributions to be paid to finance the target pension benefits on an annual basis.

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In Brazil, during 2012 and 2011 the Institute operated three defined contribution schemes at its Sao Paulo Branch. The Benefit Generator Fund pension scheme, the Life, Free Benefits Generator scheme and the Free Benefits Generator Plan are administered by and funds are invested with the Itau / Unibanco Life and Provident Ltd.

In Sweden, the Institute operates the Optional ITP Plan 1 (Plan 1), a defined contribution scheme, the SPP Optional ITP Plan 2 (Plan 2), a defined benefit scheme, and the SPP Alternative ITP Plan, a defined contribution scheme, with the SPP Life Insurance Company. The Plans cover different types of income classes. For the defined benefit schemes the insurance company recalculates the contributions to be paid to finance the target pension benefits on an annual basis.

In the United Kingdom, the Institute is a registered employer with the Universities Superannuation Scheme (the USS scheme) which sets the level of contributions based on the advice of the scheme's actuary. In view of the size of the scheme and the Institute's limited participation in the management of the scheme, this scheme is treated as a defined contribution scheme. The last actuarial valuation took place on March 31, 2011 and this showed under the Technical Provisions basis, as required by the UK Pensions Regulator, a funding level of 92%. It is envisaged that the employer contribution level of 16% shall remain unchanged through to 2017. Following legislation introduced in the United Kingdom in September 2005, special provisions apply in the event of either an employer winding up a pension scheme or causing a cessation event to occur as a registered employer of a multi-employer pension scheme. In these cases, the employer is required to make additional funding available to buy-out all liabilities with an insurance company (defined either as "buy-out-debt" or "Section 75 debt") or, for multi-employer schemes with continuing indirect participation, to enter into an approved withdrawal arrangement (AWA). Subject to agreement with the trustee of the pension scheme and the pension regulator, under an AWA, a guarantee is to be provided by the employer to the trustee of the pension scheme and the additional funding requirement is deferred until the trustee requires it to be paid or the scheme commences wind-up.

Liability incurred by buying out debt with insurance companies is invariably significantly greater than that calculated using traditional actuarial valuations.

The Institute's Board of Directors has reviewed the position taking into account the various on-going employment situations in the United Kingdom. As the USS scheme continues to have active members, and it is intended to retain the scheme for active members, the Board has concluded that there is no need to make provision for buy-out-debt as of December 2011 and 2010.

In the event that a buy-out-debt liability would be incurred for the USS scheme in the United Kingdom, the cost thereof, based on information provided by the respective actuary using the last triennial valuation and current industry experience, is estimated at USD 7.5 Mio. (CHF 6.8 Mio.) as of December 31, 2012 and USD 10.3 Mio. (CHF 9.6 Mio.) as of December 31, 2011.

In addition to the USS scheme, the Institute is the only registered employer of the Federated Pension Scheme for Ludwig Institute for Cancer Research (the FPS scheme) in the United Kingdom. It has been decided to wind up the FPS scheme during 2013. For this purpose, the provision previously set up to provide additional funding to the scheme on an on-going basis, shall now be used to fund the wind up deficit (see Note 8 Provisions).

In the United States of America, the Institute operated The Ludwig Institute for Cancer Research Retirement Savings Plan (the LICRRS Plan). The LICRRS Plan is organized under Section 403(b) of the Internal Revenue Code and is a defined contribution scheme.

8 Provisions

USD	Tax related	Pension schemes	Restructuring	Other	Total
Total provisions as per 31.12.10	2,468,405	716,734	2,143,964	1,442,055	6,771,158
Additions	135,183	1,761,901	3,460,974	149,769	5,507,827
Utilizations	0	(578,658)	(1,129,438)	(264,000)	(1,972,096)
Dissolutions	0	0	(305,216)	0	(305,216)
Currency adjustments	(12,849)	(50,284)	(328)	0	(63,461)
Total provisions as per 31.12.11	2,590,739	1,849,693	4,169,956	1,327,824	9,938,212
thereof current					5,860,811
Additions	128,467	379,200	1,384,368	141,562	2,033,597
Utilizations	0	(582,383)	(2,574,929)	(162,000)	(3,319,312)
Dissolutions	0	(266,561)	(1,641,576)	0	(1,908,137)
Currency adjustments	60,344	83,001	53,140	0	196,485
Total provisions as per 31.12.12	2,779,550	1,462,950	1,390,959	1,307,386	6,940,845
thereof current					5,839,674

CHF	Tax related	Pension schemes	Restructuring	Other	Total
Total provisions as per 31.12.10	2,300,800	668,072	1,998,387	1,344,139	6,311,398
Additions	121,800	1,586,557	3,113,601	134,942	4,956,900
Utilizations	0	(520,622)	(1,033,742)	(236,209)	(1,790,573)
Dissolutions	0	0	(275,000)	0	(275,000)
Currency adjustments	0	(4,406)	96,225	(1,224)	90,595
Total provisions as per 31.12.11	2,422,600	1,729,601	3,899,471	1,241,648	9,293,320
thereof current					5,480,518
Additions	121,800	359,448	1,312,362	134,147	1,927,757
Utilizations	0	(543,326)	(2,399,880)	(150,088)	(3,093,294)
Dissolutions	0	(244,013)	(1,502,749)	0	(1,746,762)
Currency adjustments	0	37,490	(35,887)	(28,926)	(27,323)
Total provisions as per 31.12.12	2,544,400	1,339,200	1,273,317	1,196,781	6,353,698
thereof current					5,345,653

Tax related

The Institute is registered for value added tax in Switzerland.

In September 2004, the Federal Tax Administration carried out an audit at the Institute's Zurich office. In an informal report, the Federal Tax Administration questioned the method used by the Institute in calculating the reduction of the input tax for the years 2000 to 2004.

The report set out three different methods to calculate the input tax reduction with claims ranging for 2003 - the year audited in detail - between USD 782,637 (CHF 889,937) and USD 817,696 (CHF 929,802).

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In May 2005 the Federal Tax Administration revised their initial position and invoiced the Institute for a total amount of USD 1,319,983 (CHF 1,739,606) with amounts ranging between USD 229,051 (CHF 301,866) and USD 284,091 (CHF 374,404) for the years 2000 to 2004.

The Institute's management continues to be not in agreement with these calculations and its tax advisors wrote to the Federal Tax Administration in June 2005 setting out again the Institute's position. The Federal Tax Administration has not, as yet, responded to this letter. In order to prevent any limitation of claim by the Institute, the professional tax advisors wrote to the Federal Tax Administration again in February 2012. In December 2012 the Federal Tax Administration informed the Institute that this matter was still pending and notified the Institute of the interruption of the limitation of the claim for the years 2007 to 2009.

In the opinion of management, based on professional advice received, the Institute expects a further substantial reduction in the claim by the Federal Tax Administration. However, taking account of the developments that took place in 2005, for the sake of prudence, a provision of USD 914,333 (CHF 1,205,000) was included in the 2005 financial statements. As of December 31, 2012 and December 31, 2011, this provision amounted to USD 2,665,501 (CHF 2,440,000) and USD 2,516,308 (CHF 2,353,000) respectively.

As from January 1, 2010 a new value added tax law has been introduced and based on advice from tax experts, provisions required under the new tax law are considerably lower. As of December 31, 2012 and December 31, 2011 this provision amounted to USD 114,049 (CHF 104,400) and USD 74,431 (CHF 69,600) respectively.

The total provisions as of December 31, 2012 and 2011 are USD 2,779,550 (CHF 2,544,400) and USD 2,590,739 (CHF 2,422,600) respectively.

Pension schemes

The actuarial valuation as of March 31, 2009 of the FPS scheme in the United Kingdom revealed a shortfall of assets of USD 3,053,776 (CHF 3,157,025). The Institute entered into a recovery plan with the Trustee of the FPS scheme in December 2009, to finance the deficit plus interest over a six-year period. As part of the recovery plan USD 2,166,059 (CHF 2,158,098) has been paid through to December 31, 2012. As per December 31, 2011, the total amount of the outstanding payments of the recovery plan has been provided for. As per December 31, 2012 the Institute has provided for the total costs of winding up the scheme, which is planned for 2013.

Restructuring

The Institute is in the process of consolidating its research activities at fewer branches. As part of this transition, the scientific activities at the Melbourne-Parkville branch ceased during 2012. The scientific staff relocated to the Walter and Eliza Hall Institute, Melbourne with transition support from the Institute. The final administrative accounts are being settled and will be closed off during the first half of 2013. The New York Branch closed at the end of 2012. Under current plans, the Melbourne-Austin branch will be closed by the end of 2014. Provision has been made in the financial statements for redundancy and severance pay due to Institute staff members as a result of these branch closures.

Other

Various claims have been made by former staff against the Institute. Some of the claims have resulted in court filings. Institute management disputes the claims made and shall contest them vigorously. For the purposes of preparing the financial statements, management has carried out an assessment of the claims made giving due consideration to the various outcomes. Provision has been made in the financial statements under Provisions – Other reflecting the results of this assessment.

Ludwig Institute for Cancer Research Ltd

9 Lease and leasing commitments

Description	USD		CHF	
	2012	2011	2012	2011
Lease and leasing commitments not recorded in the balance sheet	23,110,265	21,190,072	21,155,143	19,814,873

10 External funding

The Institute receives external funding from third parties, including government agencies, in return for which the Institute may be obliged to comply with specific conditions. In certain cases, the right and / or obligation exists to confirm compliance by means of audit. The Board of Directors does not expect that these arrangements will result in any significant adverse financial consequences for the Institute.

11 Related party transactions

The Institute effectively controls LICR Fund, Inc. (the Fund), a non-profit membership corporation incorporated in Delaware, USA, which was established to receive, hold and invest funds on behalf of the Institute.

During 2012 and 2011, the Fund was a material source of funding and made grants to the Institute of USD 73,750,745 (CHF 69,807,033) and USD 72,465,645 (CHF 65,714,210) respectively.

Effective January 1, 2006, the Institute entered into a new administrative service agreement with The Ludwig Group, Inc., (LGI), a wholly owned subsidiary of Universe Tankships, Inc., Delaware USA. This new agreement replaces the former contract between the two parties, which was in effect as from January 1, 1996.

Fees paid by the Institute's New York office and New York Branch under the service agreement including occupancy related costs amounted to USD 2.4 Mio. (CHF 2.3 Mio.) in 2012 and USD 2.5 Mio. (CHF 2.2 Mio.) in 2011.

Payables in favour of LGI by the Institute's New York office and New York Branch as of December 31, 2012 and December 31, 2011 amounted to USD 0.6 Mio. (CHF 0.6 Mio.) and USD 0.8 Mio. (CHF 0.8 Mio.)

12 System of internal control and the conduct of the annual assessment of risk

The Institute's Board of Directors and management are responsible for determining the system of internal controls operated by the Institute and for monitoring the adequacy and effectiveness of the control environment. The Institute's internal control over financial reporting is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles in Switzerland / Financial Reporting Standards - Swiss GAAP FER.

The Institute has adopted a risk-based approach to internal control and accepts that it is neither possible nor cost effective to build a control environment that is risk free. Accordingly, the system of internal controls in place is designed to manage rather than to eliminate risk. The system of internal control is an on-going process

Ludwig Institute for Cancer Research Ltd

designed to identify the principal financial reporting risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

In 2012, the Institute's management conducted a risk assessment of the key processes already documented in the form of process flowcharts. Risks within those key processes were identified and evaluated as to their likelihood and impact based on pre-defined scales, incorporating quantitative and qualitative criteria. For each of the identified risks, the risk level was calculated as a multiple of the likelihood and impact. Top risks for each process were identified based on their respective risk level and classified further as financial reporting or operational risks. Key controls were defined and implemented to mitigate those top risks, focusing on financial reporting risks. Non-financial reporting risks are considered outside of the ICS through other LICR policies and procedures.

The Institute's management assessed the effectiveness of the LICR Internal Control System (the ICS) over financial reporting during the year under review and reported thereon to the Institute's Audit Committee.

The Audit Committee has the delegated responsibility to oversee the development and operation of the internal control system, to receive reports from the Risk and Compliance Officer and External Auditors, to review the internal control system documentation and to agree any actions necessary to implement recommended improvements. The Audit Committee met four times during the year and provided the Institute's Board of Directors at each of the Board's following meetings with their considered opinion on the status of internal controls.

The Board of Directors of the Institute assessed the effectiveness of the ICS for financial reporting throughout the year and believes that the LICR system of internal control for financial reporting was properly in effect as of December 31, 2012.

As part of the system of internal control, the internal audit function continued to operate and verify the adequacy and effectiveness of internal controls, carry out work to test the controls and provide reports to the Audit Committee. The operations of the New York Office and the Stockholm Branch were reviewed by internal audit during 2012 and reports were submitted to the Audit Committee.

Risk assessments shall be carried out on an annual basis by the Risk and Compliance Officer reporting to the Audit Committee. They shall be based on annual self re-assessment of risks and controls by the ICS process owners, information obtained by interviews of the Institute's management and key personnel and further evaluation and testing of controls.

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Ludwig Institute for Cancer Research Ltd

Proposal to carry forward excess of income over expenditure

The Statutory Financial Statements of the Ludwig Institute for Cancer Research Ltd as of December 31, 2012, together with the Report of the Statutory Auditors, dated May 14, 2013, are hereby submitted to the General Meeting of Shareholders.

The Balance sheet of the Statutory Financial Statements shows total assets of CHF 42,864,622 and the Statement of Income and Expenditure shows an excess of income over expenditure for the fiscal year of CHF 8,345,937.

In accordance with Article 8 of the Statutes, the Board of Directors proposes that the Shareholders of the Institute authorise the carrying forward of the accumulated available excess of income over expenditure as of December 31, 2012 in the amount of CHF 15,872,664. In this regard, it is noted that according to Article 8 of the Statutes of the Institute, no distribution may be made to the Shareholders.

Ludwig Institute for Cancer Research Ltd

Consolidated Financial Statements 2012

**Ludwig Institute for Cancer Research Ltd,
Zurich**

Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting of Shareholders
Consolidated Financial Statements 2012

KPMG AG
Zurich, May 14, 2013

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Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Shareholders of

Ludwig Institute for Cancer Research Ltd, Zurich

As statutory auditor, we have audited the consolidated financial statements of Ludwig Institute for Cancer Research Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes on pages 28 to 48 for the year ended December 31, 2012.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended December 31, 2012 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.



*Ludwig Institute for Cancer Research Ltd, Zurich
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting of the Shareholders*

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (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 consolidated financial statements according to the instructions of the board of directors.

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

KPMG AG

A blue ink signature of Michael Herzog, consisting of a large, stylized 'H' followed by a horizontal line.

Michael Herzog
*Licensed Audit Expert
Auditor in Charge*

A blue ink signature of Marc Sterchi, consisting of a stylized 'M' followed by a horizontal line.

Marc Sterchi
Licensed Audit Expert

Zurich, May 14, 2013

Ludwig Institute for Cancer Research Ltd

Consolidated Balance Sheet as at December 31, 2012

	USD		CHF	
	2012	2011	2012	2011
Assets				
Current assets				
Liquid funds (Notes 2 & 3)	22,210,236	15,409,103	20,331,603	14,409,033
Short-term cash deposits (Notes 2 & 3)	6,439,223	14,765,382	5,894,618	13,806,828
Investments (Notes 2 & 4)	1,190,935,801	1,113,432,105	1,090,182,632	1,041,170,361
Interest & dividends receivable	1,796,554	2,164,782	1,644,566	2,024,287
Research external funding receivables (Note 2)	3,888,612	3,411,279	3,559,672	3,189,902
Other receivables - Third parties (Note 5)	2,767,549	3,545,108	2,533,439	3,315,068
Prepayments	3,137,595	2,669,703	2,872,173	2,496,440
Total current assets	1,231,175,570	1,155,397,462	1,127,018,703	1,080,411,919
Fixed assets				
Financial fixed assets -				
Investments (Notes 1, 2 & 6)	18,440,305	16,098,000	16,880,311	15,053,240
Other (Notes 2 & 7)	1,517,679	1,987,090	1,389,318	1,858,180
Total fixed assets	19,957,984	18,085,090	18,269,629	16,911,420
Total assets	1,251,133,554	1,173,482,552	1,145,288,332	1,097,323,339
Liabilities and net worth				
Current liabilities				
Creditors - Third parties (Note 13)	10,569,437	12,321,564	9,675,384	11,521,895
Accruals (Note 2)	6,513,074	7,514,082	5,962,166	7,026,474
Provisions (Notes 2 & 14)	5,839,674	5,860,811	5,345,653	5,480,518
Deferred income (Notes 2 & 8)	6,887,424	10,096,102	6,304,919	9,441,140
Total current liabilities	29,809,609	35,792,559	27,288,122	33,470,027
Long term liabilities				
Payables	72,800	25,630	66,641	23,968
Accruals (Note 2)	138,663	483,105	126,934	451,759
Provisions (Notes 2 & 14)	1,101,171	4,077,401	1,008,045	3,812,802
Total long term liabilities	1,312,634	4,586,136	1,201,620	4,288,529
Total liabilities	31,122,243	40,378,695	28,489,742	37,758,556
Net worth				
Share capital	33,722	33,722	50,000	50,000
Legal reserve	6,744	6,744	10,000	10,000
Donated capital	572,000,000	572,000,000	773,352,000	773,352,000
Cumulative excess of income over expenditure	647,945,571	561,039,498	872,475,369	790,428,718
Cumulative translation adjustment (Note 1)	25,274	23,893	(529,088,779)	(504,275,935)
Net worth	1,220,011,311	1,133,103,857	1,116,798,590	1,059,564,783
Total liabilities and Net worth	1,251,133,554	1,173,482,552	1,145,288,332	1,097,323,339

Ludwig Institute for Cancer Research Ltd

Consolidated Statement of Income and Expenditure for the year ended December 31, 2012

	USD		CHF	
	2012	2011	2012	2011
Investment income				
Interest	8,925,033	8,498,621	8,461,757	7,656,717
Dividends	4,566,746	4,836,887	4,329,732	4,358,035
Other income	12,535	121,092	11,884	109,104
Total investment income	13,504,314	13,456,600	12,803,373	12,123,856
Other gains / (losses) from investment activities				
Net realized gains on investment transactions (Notes 2 & 4)	45,970,678	57,973,055	43,584,800	52,233,723
Net unrealized appreciation / (depreciation) of investments (Notes 2 & 4)	99,066,598	(87,479,551)	93,925,086	(78,818,731)
Unrealized foreign exchange gains (Note 2)	301,761	945,682	(69,180)	423,149
Share of profit / (loss) and capital contribution in associated entities (Note 6)	324,419	(2,507,000)	307,928	(2,258,807)
Total other gains / (losses) from investment activities	145,663,456	(31,067,814)	137,748,634	(28,420,666)
Expenditure related to investment activities				
Asset management, custodian & other fees	6,306,213	6,623,784	5,978,920	5,968,030
Other administration expenses	1,116,997	974,285	1,059,025	877,831
Total expenditure related to investment activities	7,423,210	7,598,069	7,037,945	6,845,861
Net gain / (loss) from investment activities	151,744,560	(25,209,283)	143,514,062	(23,142,671)
Medical research related income				
External funding (Notes 2 & 8)	37,862,289	40,629,546	35,796,552	36,514,965
Licenses and patents	4,910,435	5,754,258	4,654,231	5,180,845
Contributions	3,000,000	3,000,000	2,844,150	2,703,835
Other (Note 9)	177,449	13,580	168,238	12,216
Total medical research related income	45,950,173	49,397,384	43,463,171	44,411,861
Medical research related expenditure				
Salaries & social benefits (Notes 13 & 15)	57,971,073	67,570,355	54,953,998	60,816,453
Laboratory expenditure	13,918,701	18,401,477	13,193,866	16,557,163
Equipment & other assets and Leasehold improvements (Notes 2 & 9)	4,731,844	5,354,872	4,485,724	4,820,972
Collaborative research programs	17,918,393	13,575,212	16,987,367	12,226,787
Other	19,457,327	19,287,594	18,445,848	17,366,620
Total medical research related expenditure	113,997,338	124,189,510	108,066,803	111,787,995
Excess of income over expenditure				
Excess of income over expenditure / (expenditure over income) for the year	83,697,395	(100,001,409)	78,910,430	(90,518,805)
Excess of income over expenditure at the beginning of the year	561,039,498	658,466,871	790,428,718	878,578,843
Net change in restricted funds (Note 8)	3,208,678	2,574,036	3,136,221	2,368,680
Excess of income over expenditure at the end of the year	647,945,571	561,039,498	872,475,369	790,428,718

Consolidated Statement of Cash Flows for the year ended December 31, 2012

	USD		CHF	
	2012	2011	2012	2011
Operating activities				
Medical research related income	45,950,173	49,397,384	43,463,171	44,411,861
Medical research related expenditure	(113,997,338)	(124,189,510)	(108,066,803)	(111,787,995)
Excess of operating expenditure over income	(68,047,165)	(74,792,126)	(64,603,632)	(67,376,134)
Net change in receivables and payables relating to operations	(5,726,078)	3,509,820	(5,437,698)	3,162,347
Net cash used by operating activities	(73,773,243)	(71,282,306)	(70,041,330)	(64,213,787)
Investment activities				
Net gain / (loss) from investment activities	151,744,560	(25,209,283)	143,514,062	(23,142,671)
Net realized gain on investment transactions (Notes 2 & 4)	(45,970,678)	(57,973,055)	(43,584,800)	(52,233,723)
Net unrealized (appreciation) / depreciation of investments (Notes 2 & 4)	(99,066,598)	87,479,551	(93,925,086)	78,818,731
Net unrealized (gain) / loss on forward foreign currency contracts (Note 10)	(520,009)	1,112,876	(493,021)	1,002,701
Share of profit / (loss) and capital contribution in associated entities (Note 6)	(324,419)	2,507,000	(307,928)	2,258,807
Net change in receivables and payables relating to investing activities	348,277	763,929	330,201	688,300
Purchase of securities	(631,789,917)	(721,052,899)	(599,000,020)	(649,668,662)
Proceeds from sale of securities	697,639,751	787,468,407	661,432,248	709,509,035
Effects of exchange movements	187,250	(1,113,084)	86,034	(410,760)
Net cash generated by investment activities	72,248,217	73,983,442	68,051,690	66,821,758
Net (decrease) / increase in liquid funds and cash deposits	(1,525,026)	2,701,136	(1,989,640)	2,607,971
Liquid funds and cash deposits at the beginning of the year	30,174,485	27,473,349	28,215,861	25,607,890
Liquid funds and cash deposits at the end of the year	28,649,459	30,174,485	26,226,221	28,215,861

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Ludwig Institute for Cancer Research Ltd

Consolidated Statement of Capital Changes for the year ended December 31, 2012

Net worth

The share capital consists of 50 fully paid shares of nominal value CHF 1,000 each. The shareholders do not have any interest in the assets or income of the Institute. Their sole power is to vote the shares in accordance with the exclusively charitable and scientific purposes of the Institute.

USD	Share capital	Legal reserve	Donated capital	Cumulative excess of income	Cumulative translation adjustment	Total net worth
Balance at December 31, 2010	33,722	6,744	572,000,000	658,466,871	24,100	1,230,531,437
Excess of expenditure over income	0	0	0	(100,001,409)	(207)	(100,001,616)
Net change in restricted funds	0	0	0	2,574,036	0	2,574,036
Balance at December 31, 2011	33,722	6,744	572,000,000	561,039,498	23,893	1,133,103,857
Excess of income over expenditure	0	0	0	83,697,395	1,381	83,698,776
Net change restricted funds	0	0	0	3,208,678	0	3,208,678
Balance at December 31, 2012	33,722	6,744	572,000,000	647,945,571	25,274	1,220,011,311

CHF	Share capital	Legal reserve	Donated capital	Cumulative excess of income	Cumulative translation adjustment	Total net worth
Balance at December 31, 2010	50,000	10,000	773,352,000	878,578,843	(505,012,479)	1,146,978,364
Excess of expenditure over income	0	0	0	(90,518,805)	736,544	(89,782,261)
Net increase in restricted funds	0	0	0	2,368,680	0	2,368,680
Balance at December 31, 2011	50,000	10,000	773,352,000	790,428,718	(504,275,935)	1,059,564,783
Excess of income over expenditure	0	0	0	78,910,430	(24,812,844)	54,097,586
Net change in restricted funds	0	0	0	3,136,221	0	3,136,221
Balance at December 31, 2012	50,000	10,000	773,352,000	872,475,369	(529,088,779)	1,116,798,590

Donated capital

Universe Tankships, Inc. made the following donations to the Fund: -

Initial donation	1990	USD	500,000,000	CHF	673,500,000
Second donation	1991	USD	24,000,000	CHF	36,588,000
Third donation	1992	USD	48,000,000	CHF	63,264,000
Total		USD	572,000,000	CHF	773,352,000

Cumulative excess of income over expenditure

The Statutes of the Institute stipulate that the cumulative excess of income over expenditure is not to be distributed to shareholders and accordingly the available cumulative excess of income over expenditure is carried forward.

Notes to the Consolidated Financial Statements as of December 31, 2012

1. Accounting principles and scope of consolidation

Basis of presentation

The accompanying consolidated financial statements of the Ludwig Institute for Cancer Research Ltd are presented in accordance with generally accepted accounting principles in Switzerland (Financial Reporting Standards - Swiss GAAP FER). The Consolidated Statement of Cash Flows reflects the combination of the two principal activities – medical research carried out by the Institute and the investment activities of LICR Fund, Inc. In accordance with Swiss GAAP FER 21, paragraphs 28 and 56, the Institute adapted the terms and presentation of the Consolidated Statement of Cash Flows to reflect the purpose and activities of the organization.

Scope of consolidation

The consolidated financial statements include the financial results of the Ludwig Institute for Cancer Research Ltd (the Institute), a not for profit organization incorporated in Switzerland and LICR Fund, Inc. (the Fund), a not for profit membership corporation incorporated in Delaware, U.S.A, which was established to receive, hold and invest funds on behalf of the Institute and which is effectively controlled by the Institute, and TC Metrix Sàrl (TC Metrix), Epalinges, Switzerland a commercial company set up with the assistance of the Institute during 2012 in which the Institute holds a 80% interest. The consolidation is based on the audited financial statements of the Institute, the Fund and TC Metrix. All inter-company transactions and balances have been eliminated. No minority interests exist for the Fund. Due to the company reporting a net loss in 2012, no minority interests are shown for TC Metrix.

Universe Tankships, Inc., Liberia (UTI), a wholly owned subsidiary of the Institute, which engages in substantially different activities than the Institute, has been accounted for on the net worth basis.

iTeos Therapeutics SA (iTeos), Ottignies-Louvain-La-Neuve, Belgium, in which the Institute acquired a 49.75% interest in 2012, has been accounted for on the net worth basis.

Ludwig Technologies, Inc., Delaware, a wholly owned subsidiary of the Institute, has been accounted for at acquisition cost.

Nature of operations

The Institute carries out its scientific and clinical activities at various branches and a centre in conjunction with hospitals in university medical centers. During 2012 the Institute's research branches and centre were situated in Brussels, Lausanne, Melbourne, New York, Oxford, San Diego, Sao Paulo, Stockholm and Uppsala. In addition, administrative offices were maintained in New York and Zurich. The Institute has a broadly based research program that addresses the challenge of cancer using the disciplines of cell biology, genetics, immunology, molecular biology and virology.

Foreign currency translation

Swiss franc financial statements

The consolidated accounts presented in Swiss Franc (CHF) include the Institute's financial statements denominated in CHF, the Fund's financial statements denominated in US Dollars (USD) and the financial statements of TC Metrix denominated in CHF. Translation of the Fund's Balance Sheet into CHF is achieved by using the London closing rates of exchange at year-end with the exception of donated capital and accumulated excess of income over expenditure, which are translated at historical rates. The Fund's income and expenditure are translated at the yearly average rates provided by the Federal Tax Administration. The resulting translation difference is shown as a separate component of net worth. The currency translation adjustment, which arises on the translation of the Fund's USD based financial statements into CHF is being accumulated with effect from January 1, 1994 and has not been calculated retrospectively.

Ludwig Institute for Cancer Research Ltd

US Dollar financial statements

The consolidated accounts presented in USD include the Institute's financial statements denominated in USD and the Fund's financial statements denominated in USD. The Balance Sheet of TC Metrix is translated using the London closing rates of exchange at year-end. The Statement of Income over Expenditure is translated using the yearly average rates provided by the Federal Tax Administration. As the Institute has historically maintained USD accounts in addition to its CHF accounts, there is no need to perform a translation for the purposes of preparing a consolidation in USD. Accordingly, there is no translation effect in the consolidated USD accounts apart from Share capital and Legal reserve. The Share capital and Legal reserve are translated into USD at the rate ruling on January 1, 1994, being the initial year in which consolidated financial statements were prepared. The resulting translation difference is shown as a separate component of net worth.

Foreign exchange differences, which arise from foreign exchange in preparing the Institute's USD accounts, are included on a yearly basis in the excess of income over expenditure / (expenditure over income) for the year.

2. Accounting policies and valuation standards

Liquid funds and Short-term cash deposits

Cash on hand and at banks and funds on call available within 48 hours are classified as liquid funds. Cash deposits fixed for periods of longer than 48 hours are classified as short-term cash deposits.

Investments and related income

Investments are valued at fair value for the year, as quoted on major securities exchanges. Securities that are not traded on major securities exchanges are valued based on quotations received from leading brokers. Forward foreign currency contracts are valued based on the average of closing bid and asked quotations from banks and brokers. Investments in limited partnerships are valued based on the Fund's underlying holdings in these partnerships, which represent market values as determined by the general partners of the partnership. Unrealized appreciation and depreciation on investments as of the year-end are included in the excess of income over expenditure for the year.

Securities transactions are recorded on the trade date. Realized gains and losses on security transactions are calculated on the average cost basis.

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and could materially affect the amounts reported in the balance sheets.

Foreign exchange transactions

Assets and liabilities denominated in foreign currencies are translated into the reporting currencies at the London closing rates of exchange at year-end. Income and expenditure denominated in foreign currencies are translated into the reporting currencies on the following basis: -

- i) Dividend income and contributions are translated at the average monthly rates as published by the Federal Tax Administration of the month in which the dividends and contributions have been received.
- ii) Research expenditure and research external funding income are translated at the yearly average of the monthly rates as published by the Federal Tax Administration.
- iii) Purchases and sales of investment securities are translated at the rates of exchange prevailing on the respective dates of such transactions.
- iv) All other income and expenditure are translated at the yearly average of the monthly rates as published by the Federal Tax Administration.

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Net realized and unrealized foreign exchange differences include gains and losses on foreign currency positions and changes in the value of other assets and liabilities arising as a result of changes in exchange rates.

Research external funding

External funding received from any outside source, whether of a cash or a non-cash nature, is recorded in the books of the Institute upon receipt. External funding received (in terms of restricted funds) is taken to income when the corresponding expenditure is incurred. Any unspent restricted funds are deferred to future accounting periods. Unrestricted funds received are taken to income in the year of receipt. External funding pledged, but not received where expenditure has been incurred, is taken to account as income and is accounted for as Research external funding receivables.

Joint ventures

The Institute has entered into joint ventures to carry out research projects on a joint basis with affiliated hospitals and research institutions. Income received and expenditure incurred under joint ventures, if material, is accounted for by the method of proportional consolidation.

Tangible and intangible assets

Expenditure on equipment & other assets and leasehold improvements is expensed in full against revenue in the year it is incurred in accordance with accepted practice for cancer research organizations. The resale value of research equipment is minimal and no significant income is generated therefrom.

The value of intangible assets is not recorded in the balance sheet. All research expenditure, including the cost of patenting and licensing intellectual property is expensed in the year it is incurred.

Taxes

The Institute and the Fund are tax-exempt organizations and accordingly are not subject to income and capital taxes. Withholding taxes on foreign dividends and interest have been provided for in accordance with the applicable countries' tax rates. TC Metrix is subject to Swiss income and capital taxes.

Reclassifications

Provisions were previously classified under Current liabilities – Accruals and Long term liabilities – Accruals. In 2012 provisions have been classified under Current liabilities – Provisions and Long term liabilities – Provisions. The 2011 values have been reclassified accordingly.

3. Liquid funds

The Institute has pledged all its assets with a financial institution as collateral for a letter of credit of USD 0.8 Mio. (CHF 0.7 Mio.). The letter of credit has been issued to the lessor of the New York office premises and as per December 31, 2012 and 2011 these assets amounted to USD 14.0 Mio. (CHF 12.8 Mio.) and USD 12.7 Mio. (CHF 11.9 Mio.) respectively.

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4. Current assets - Investments

Investments, at fair value, held at December 31, 2012 and 2011 were as follows: -

Description	USD		CHF	
	2012	2011	2012	2011
Invested cash and cash equivalent				
- USD	23,320,988	16,983,467	21,348,032	15,881,240
- Non-USD currencies	1,322,843	1,072,334	1,210,930	1,002,740
Equity investments	547,408,538	463,667,156	501,097,778	433,575,158
Fixed income investments				
- Government	102,887,309	98,958,200	94,183,043	92,535,813
- Other	81,222,593	93,997,810	74,351,162	87,897,352
Alternative investments (limited partnerships)	430,356,751	403,256,839	393,948,570	377,085,470
Due from brokers	4,357,290	35,956,818	3,988,662	33,623,220
Net unrealized gain (loss) on foreign currency contracts	59,489	(460,519)	54,455	(430,632)
Investments, at fair value	1,190,935,801	1,113,432,105	1,090,182,632	1,041,170,361

The Fund obtained a revolving line of credit USD 25 Mio. (CHF 22.9 Mio.) through a financial institution on May 20, 2008. The applicable interest rate of any amount drawn upon is LIBOR plus 0.75%. There is no expiration date and the agreement may be terminated by either party with written notice. There were no amounts outstanding under this agreement during the year or at December 31, 2012 and 2011. The line of credit is collateralized by qualifying assets with a fair value of approximately USD 94 Mio. at December 31, 2012.

5. Other Receivables - Third parties

Other Receivables - Third parties of USD 2,767,549 (CHF 2,533,439) as of December 31, 2012 and USD 3,545,108 (CHF 3,315,068) as of December 31, 2011 included doubtful debts, which have been fully provided for, in the amount of USD 549,217 (CHF 502,754) and USD 546,504 (CHF 511,034) respectively.

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6. Financial fixed assets - Investments

Description	USD		CHF	
	2012	2011	2012	2011
Universe Tankships, Inc.				
Share capital	5,103,000	5,103,000	4,756,506	4,756,506
Percentage owned	100%	100%	100%	100%
Net assets at January 1	16,098,000	18,605,000	15,053,240	17,341,720
Dividends paid to the Institute	0	0	0	0
Net income / (loss) for the year	335,000	(2,507,000)	317,614	(2,258,807)
Translation adjustment	0	0	(328,086)	(29,673)
Net investment at December 31	16,433,000	16,098,000	15,042,768	15,053,240
iTeos Therapeutics SA				
Share capital	2,731,064	0	2,500,092	0
Share premium	1,324,991	0	1,212,934	0
Capital contribution	254,751	0	233,206	0
Percentage owned	49.75%	0.00%	49.75%	0.00%
Net assets at January 1	0	0	0	0
Share of capital and premium 1st call	988,800	0	905,175	0
Share of capital and premium 2nd call	988,800	0	905,175	0
Share of capital contribution	126,739	0	116,020	0
Share of net (loss) for the period	(137,320)	0	(125,706)	0
Translation adjustment	40,286	0	36,879	0
Net investment at December 31	2,007,305	0	1,837,543	0
Total investments at December 31	18,440,305	16,098,000	16,880,311	15,053,240

Universe Tankships, Inc., Monrovia, Liberia, has been accounted for using the net worth method, as its business activities differ substantially from those of the Institute.

iTeos has been accounted for using the net worth method. The Institute holds 49.75% of the capital of iTeos. The company was launched in 2012 by the Institute together with the de Duve Institute at the Catholic University of Louvain and aims to translate Institute knowledge into novel immunomodulatory therapies for cancer. The second call for shares was subscribed for 2013. It is treated as a deferred consideration and has been accrued under Current Liabilities – Accruals.

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7. Financial fixed assets - Other

Description	USD		CHF	
	2012	2011	2012	2011
Ark Therapeutics Group plc				
Net investment	29,669	26,614	27,159	24,886
Percentage owned	0.3%	0.3%	0.3%	0.3%
Circadian Technologies Ltd.				
Net investment	1,134,473	1,504,360	1,038,532	1,406,781
Percentage owned	6.7%	6.7%	6.7%	6.7%
Life Sciences Pharmaceuticals, Inc.				
Net investment	1,457	1,500	1,334	1,403
Percentage owned	13.7%	14.1%	13.7%	14.1%
Recepta Biopharma S.A.				
Net investment	327	327	300	306
Percentage owned	35.3%	35.3%	35.3%	35.3%
CT Atlantic AG				
Net investment	10,924	10,694	10,000	10,000
Percentage owned	3.8%	3.8%	3.8%	3.8%
Serametrix Corporation				
Net investment	100	100	91	93
Percentage owned	5.0%	5.0%	5.0%	5.0%
Ludwig Technologies, Inc.				
Net investment	100	100	91	93
Percentage owned	100.0%	100.0%	100.0%	100.0%
Cancer Vaccine Acceleration Company, LLC				
Net investment	100	100	91	93
Percentage owned	50.0%	50.0%	50.0%	50.0%
Activiomics Ltd				
Net Investment	1	1	1	1
Percentage owned	5.0%	5.0%	5.0%	5.0%
Long-term prepayment	0	48,774	0	45,609
Loans to staff	267,728	394,520	245,078	368,915
US 457b Pension plan	72,800	0	66,641	0
Total Financial fixed assets - Other	1,517,679	1,987,090	1,389,318	1,858,180

The Institute is committed to disseminating its know-how to the global research community. The investments in the start-up organizations shown above have been acquired or founded as part of licensing arrangements, transferring Institute research knowledge to these companies. Participation in these entities does not form part of the Institute's long term strategy and the respective investments, if not quoted on a stock exchange, are accounted for at acquisition cost.

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With respect to investments with a percentage owned of more than 20%, the following information is provided:

- i) The nominal share capital of Recepta Biopharma S.A., Sao Paulo, Brazil, is BRL 1,000. It conducts medical research, develops, produces and commercializes humanized antibodies for the diagnosis of human cancer.
- ii) In order to administer intellectual property assets in areas other than cancer, in 2010 the Institute founded Ludwig Technologies, Inc., Delaware, USA. The nominal share capital is USD 100.
- iii) In 2010 the Institute entered into a joint venture with the Cancer Research Institute and formed the company Cancer Vaccine Acceleration Company, LLC, Delaware, USA. The purpose of the company is to identify novel opportunities for the development of cancer vaccine and immunotherapy and to obtain, hold and develop intellectual property. The nominal share capital is USD 200.

In 2011, as part of a licensing agreement, the Institute acquired a 5% share in Activiomics Ltd, London, UK.

The Institute has granted various housing loans to San Diego Branch staff primarily upon relocation to working at the Branch. The outstanding long term receivables as of December 31, 2012 amounted to USD 267,728 (CHF 245,078) and as of December 31, 2011 amounted to USD 394,520, (CHF 368,915). Short-term receivables for these loans are recorded under Other receivables – Third parties and amounted to USD 42,068 (CHF 38,509) in 2012 and USD 45,401 (CHF 42,455) in 2011.

8. Change in deferred income (restricted funds)

Description	USD		CHF	
	2012	2011	2012	2011
Deferred Income at January 1	10,096,102	12,670,138	9,441,140	11,809,820
Usage of deferred income	(8,673,393)	(10,493,892)	(8,110,721)	(9,781,343)
New deferred income	5,445,535	7,924,240	4,984,975	7,410,174
Exchange rate adjustments	19,180	(4,384)	(10,475)	2,489
Deferred income at December 31	6,887,424	10,096,102	6,304,919	9,441,140
Net change of deferred income	(3,208,678)	(2,574,036)	(3,136,221)	(2,368,680)

In accordance with the provisions of Swiss GAAP FER 21 as from January 1, 2003, all changes in deferred income (restricted funds) are shown gross in the captions Medical research related income and Excess of income over expenditure in the Consolidated Statement of Income and Expenditure (see note 2, Accounting policies and valuation standards, Research external funding).

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9. Tangible fixed assets

During the years ended December 31, 2012 and December 31, 2011 the purchase of equipment & other assets and expenditure on leasehold improvements, amounting to USD 4,731,844 (CHF 4,485,724) and USD 5,354,872 (CHF 4,820,972) respectively, was expensed in the year of acquisition. Receipts arising from the disposal of equipment & other assets amounting to USD 25,317 (CHF 23,148) and USD 14,584 (CHF 13,121) respectively were credited in full to Medical research related income - Other.

10. Forward currency contracts

The Fund and the Institute enter into forward contracts in order to hedge their exposure to changes in foreign currency rates on their assets and liabilities denoted in foreign currencies. In 2012 and 2011 unrealized gains of USD 471,222 (CHF 431,355) and USD 521,259 (CHF 487,429) and unrealized losses of USD 411,733 (CHF 376,900) and USD 981,778 (CHF 918,061) respectively, arising from contracts open at year end, are included in Current assets - Investments and represent the changes in fair value of the investments from the time of the Fund's and the Institute's investment.

The notional values of the forward foreign currency contracts held by the Fund and the Institute translated at the relevant year-end exchange rates were as follows: -

Description	USD in thousands		CHF in thousands	
	2012	2011	2012	2011
Forward currency purchases	69,110	62,886	63,263	58,805
Forward currency sales	69,169	62,425	63,317	58,374

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11. Lease and leasing commitments

Year	USD		CHF	
	2012	2011	2012	2011
2012		6,358,255		5,945,602
2013	7,039,955	3,686,174	6,444,388	3,446,949
2014	5,238,705	2,657,624	4,795,510	2,485,152
2015	5,045,670	2,468,913	4,618,811	2,308,689
2016	1,240,978	1,349,956	1,135,991	1,262,351
2017	1,225,749	1,349,954	1,122,050	1,262,350
2018-2020	3,319,208	3,319,196	3,038,393	3,103,780
Lease and leasing commitments not recorded in the balance sheet	23,110,265	21,190,072	21,155,143	19,814,873

All operational lease and leasing commitments with a notice period of three months or more are shown.

12. Fire insurance values

Description	USD		CHF	
	2012	2011	2012	2011
Equipment and other assets	63,612,530	78,135,660	58,231,674	73,064,656
Leasehold improvements	8,375,473	11,045,784	7,667,061	10,328,913
Fire insurance values of tangible fixed assets	71,988,003	89,181,444	65,898,735	83,393,569

The reduction in insured values reflects the closure of the Melbourne-Parkville and New York branches.

13. Liabilities to pension funds

Description	USD		CHF	
	2012	2011	2012	2011
Current liabilities				
Accounts payable third parties	135,017	232,352	123,595	217,272

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The above table illustrates the amount, within the Accounts payable third parties balance sheet item, that is payable to pension funds. Institute wide, the annual cost of the employer's contributions in 2012 and 2011 for all plans amounted to USD 4,041,885 (CHF 3,831,546) and USD 4,739,060 (CHF 4,265,029) respectively.

Pension schemes have been established for all Institute branches and offices.

The following table shows all the pension schemes for which information is required under the application of the revision of FER 16. All amounts are in thousands: -

Name/ (Country)	Net worth 31.12.12**	Share of commit- ment 31.12.12*	Share of commit- ment 31.12.11*	Change in commit- ment*	Contri- butions 2012 incl. change in commit- ment*	Contri- butions 2012	Contri- butions 2011
	USD	USD	USD	USD	USD	USD	USD
Federated Pension Scheme (UK)	14,630	(1,463)	(1,850)	(387)	(370)	17	24
Vita Collective Insurance (CH)	N/A	0	0	0	91	91	168
AXA Foundation for Occupational Benefits (CH)	N/A	0	0	0	310	310	337
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Federated Pension Scheme (UK)	13,392	(1,339)	(1,730)	(391)	(375)	16	22
Vita Collective Insurance (CH)	N/A	0	0	0	86	86	152
AXA Foundation for Occupational Benefits (CH)	N/A	0	0	0	293	293	303

* Economic commitment

** Net worth at disposal of trustee, does not take account of pension obligations due after the end of the scheme year

The actuarial valuation as of March 31, 2009 of the Federated Pension Scheme for Ludwig Institute for Cancer Research (the FPS scheme) in the United Kingdom revealed a shortfall of assets of USD 3,053,776 (CHF 3,157,025). The Institute entered into a recovery plan with the Trustee of the FPS scheme in December 2009, to finance the deficit plus interest over a six year period. As part of the recovery plan USD 2,166,059 (CHF 2,158,098) has been paid through to December 31, 2012. As per December 31, 2011 the total amount of the outstanding payments of the recovery plan have been provided for. As per December 31, 2012 the Institute has provided for the total costs of winding up the scheme, which is planned for 2013.

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In Switzerland, the Institute operates a scheme with the VITA Collective Insurance (VITA) for the staff at the Lausanne branch. The invested capital amounted to USD 2.3 Mio. (CHF 2.1 Mio.) as of December 31, 2012 and USD 2.4 Mio. (CHF 2.2 Mio.) as of December 31, 2011. VITA has communicated a funding ratio of 102.5% as of December 2012. In order to finance a funding shortfall VITA may increase future employer and employee contributions.

In addition, the Institute operates in Switzerland a scheme with the AXA Foundation for Occupational Benefits (AXA) for staff employed at the Zurich office and on central programs. The invested capital as of December 31, 2012 amounted to USD 7.4 Mio. (CHF 6.8 Mio.) and USD 7.4 Mio. (CHF 6.9 Mio.) as of December 31, 2011. The capital invested is guaranteed 100% by AXA.

Listed below are all other pension schemes in respect of the Institute's locations outside Switzerland for which the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (Occupational Pensions Act) does not apply, but various disclosures are provided.

In Australia, during 2012 and 2011 the Melbourne-Parkville and Melbourne-Austin branches were registered employers with the Defined Benefit Division of UniSuper (UniSuper DBD), a pension scheme for Australian universities and associated organizations. Clause 34 of the UniSuper Trust Deed allows participating employers to treat the UniSuper defined benefit plan as a defined contribution fund. UniSuper DBD publishes quarterly estimates of the Vested Benefit Index (VBI – the ratio of net market value of assets to vested benefits) and Accrued Benefit Index (ABI – the ratio of net market assets to accrued benefits). These are key actuarial measures used to monitor the financial position of UniSuper DBD. As per January 1, 2013 UniSuper DBD estimated that the VBI was 91.4% and the ABI was 102%. Under Australian Accounting Standard AASB 119, UniSuper DBD disclosed a deficit as of June 30, 2012 of AUD 2,010.8 Mio. (USD 2,087.6 Mio., CHF 1,911.1 Mio.) and AUD 906.5 Mio. (USD 929.3 Mio., CHF 869.1 Mio.) as per June 30, 2011.

Clause 34 of the Trust Deed provides a mechanism for reducing benefits if after a period of four years, during which two further actuarial investigations are completed, the Trustee still considers that UniSuper DBD is or may be insufficiently funded to provide the current level of benefits. Following the actuarial valuation as of December 31, 2008, the clause 34 process was initiated and has since been renewed. To date there has been no change on how the benefits are calculated or paid. Discussions are taking place with the stakeholders on how the funding of the scheme can be improved.

In Belgium, a scheme was in place during 2012 and 2011 providing target benefits upon retirement to staff at the Brussels Branch. The plan is administered by and funds are invested with the AG Insurance Company, Brussels. The insurance company recalculates the contributions to be paid to finance the target pension benefits on an annual basis.

In Brazil, during 2012 and 2011 the Institute operated three defined contribution schemes at its Sao Paulo Branch. The Benefit Generator Fund pension scheme, the Life, Free Benefits Generator scheme and the Free Benefits Generator Plan are administered by and funds are invested with the Itau / Unibanco Life and Provident Ltd.

In Sweden, the Institute operates with the SPP Life Insurance Company the Optional ITP Plan 1 (Plan 1), a defined contribution scheme, the SPP Optional ITP Plan 2 (Plan 2), a defined benefit scheme, and the SPP Alternative ITP Plan, a defined contribution scheme. The Plans cover different types of income classes. For the defined benefit schemes the insurance company recalculates the contributions to be paid to finance the target pension benefits on an annual basis.

In the United Kingdom, the Institute, in addition to operating the Federated Pension Scheme, is also a registered employer with the Universities Superannuation Scheme (the USS scheme) which sets the level of contributions based on the advice of the scheme's actuary. In view of the size of the scheme and the Institute's limited participation in the management of the scheme, this scheme is treated as a defined contribution scheme. The last actuarial valuation took place on March 31, 2011 and this showed under the Technical Provisions basis,

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as required by the UK Pensions Regulator, a funding level of 92%. It is envisaged that the employer contribution level of 16% shall remain unchanged through to 2017. Following legislation introduced in the United Kingdom in September 2005, special provisions apply in the event of either an employer winding up a pension scheme or causing a cessation event to occur as a registered employer of a multi-employer pension scheme. In these cases, the employer is required to make additional funding available to buy-out all liabilities with an insurance company (defined either as "buy-out-debt" or "Section 75 debt") or, for multi-employer schemes with continuing indirect participation, to enter into an approved withdrawal arrangement (AWA). Subject to agreement with the trustee of the pension scheme and the pension regulator, under an AWA, a guarantee is to be provided by the employer to the trustee of the pension scheme and the additional funding requirement is deferred until the trustee requires it to be paid or the scheme commences wind-up.

Liability incurred by buying out debt with insurance companies is invariably significantly greater than that calculated using traditional actuarial valuations.

The Institute's Board of Directors has reviewed the position taking into account the various on-going employment situations in the United Kingdom. As the USS scheme continues to have active members, and it is intended to retain the scheme for active members, the Board has concluded that there is no need to make provision for buy-out-debt as of December 2012 and 2011.

In the event that a buy-out-debt liability would be incurred for the USS scheme in the United Kingdom, the cost thereof, based on information provided by the respective actuary using the last triennial valuation and current industry experience, is estimated at USD 7.5 Mio. (CHF 6.8 Mio.) as of December 31, 2012 and USD 10.3 Mio. (CHF 9.6 Mio.) as of December 31, 2011.

In the United States of America, the Institute operated The Ludwig Institute for Cancer Research Retirement Savings Plan (the LICRRS Plan). The LICRRS Plan is organized under Section 403(b) of the Internal Revenue Code and is a defined contribution scheme.

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14. Provisions

USD	Tax related	Pension schemes	Restructuring	Other	Total
Total provisions as per 31.12.10	2,468,405	716,734	2,143,964	1,442,055	6,771,158
Additions	135,183	1,761,901	3,460,974	149,769	5,507,827
Utilizations	0	(578,658)	(1,129,438)	(264,000)	(1,972,096)
Dissolutions	0	0	(305,216)	0	(305,216)
Currency adjustments	(12,849)	(50,284)	(328)	0	(63,461)
Total provisions as per 31.12.11	2,590,739	1,849,693	4,169,956	1,327,824	9,938,212
thereof current					5,860,811
Additions	128,467	379,200	1,384,368	141,562	2,033,597
Utilizations	0	(582,383)	(2,574,929)	(162,000)	(3,319,312)
Dissolutions	0	(266,561)	(1,641,576)	0	(1,908,137)
Currency adjustments	60,344	83,001	53,140	0	196,485
Total provisions as per 31.12.12	2,779,550	1,462,950	1,390,959	1,307,386	6,940,845
thereof current					5,839,674

CHF	Tax related	Pension schemes	Restructuring	Other	Total
Total provisions as per 31.12.10	2,300,800	668,072	1,998,387	1,344,139	6,311,398
Additions	121,800	1,586,557	3,113,601	134,942	4,956,900
Utilizations	0	(520,622)	(1,033,742)	(236,209)	(1,790,573)
Dissolutions	0	0	(275,000)	0	(275,000)
Currency adjustments	0	(4,406)	96,225	(1,224)	90,595
Total provisions as per 31.12.11	2,422,600	1,729,601	3,899,471	1,241,648	9,293,320
thereof current					5,480,518
Additions	121,800	359,448	1,312,362	134,147	1,927,757
Utilizations	0	(543,326)	(2,399,880)	(150,088)	(3,093,294)
Dissolutions	0	(244,013)	(1,502,749)	0	(1,746,762)
Currency adjustments	0	37,490	(35,887)	(28,926)	(27,323)
Total provisions as per 31.12.12	2,544,400	1,339,200	1,273,317	1,196,781	6,353,698
thereof current					5,345,653

Tax related

The Institute is registered for value added tax in Switzerland.

In September 2004, the Federal Tax Administration carried out an audit at the Institute's Zurich office. In an informal report, the Federal Tax Administration questioned the method used by the Institute in calculating the reduction of the input tax for the years 2000 to 2004.

The report set out three different methods to calculate the input tax reduction with claims ranging for 2003 - the year audited in detail - between USD 782,637 (CHF 889,937) and USD 817,696 (CHF 929,802).

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In May 2005 the Federal Tax Administration revised their initial position and invoiced the Institute for a total amount of USD 1,319,983 (CHF 1,739,606) with amounts ranging between USD 229,051 (CHF 301,866) and USD 284,091 (CHF 374,404) for the years 2000 to 2004.

The Institute's management continues to be not in agreement with these calculations and its tax advisors wrote to the Federal Tax Administration in June 2005 setting out again the Institute's position. The Federal Tax Administration has not, as yet, responded to this letter. In order to prevent any limitation of claim by the Institute, the professional tax advisors wrote to the Federal Tax Administration again in February 2012. In December 2012 the Federal Tax Administration informed the Institute that this matter was still pending and notified the Institute of the interruption of the limitation of claim for the years 2007 to 2009.

In the opinion of management, based on professional advice received, the Institute expects a further substantial reduction in the claim by the Federal Tax Administration. However, taking account of the developments that took place in 2005, for the sake of prudence, a provision of USD 914,333 (CHF 1,205,000) was included in the 2005 financial statements. As of December 31, 2012 and December 31, 2011, this provision amounted to USD 2,665,501 (CHF 2,440,000) and USD 2,516,308 (CHF 2,353,000) respectively.

As from January 1, 2010 a new value added tax law has been introduced and based on advice from tax experts, provisions required under the new tax law are considerably lower. As of December 31, 2012 and December 31, 2011 this provision amounted to USD 114,049 (CHF 104,400) and USD 74,431 (CHF 69,600) respectively.

The total provisions as of December 31, 2012 and 2011 are USD 2,779,550 (CHF 2,544,400) and USD 2,590,739 (CHF 2,422,600) respectively.

Pension schemes

The actuarial valuation as of March 31, 2009 of the FPS in the United Kingdom revealed a shortfall of assets of USD 3,053,776 (CHF 3,157,025). The Institute entered into a recovery plan with the Trustee of the Federated Pension Scheme in December 2009, to finance the deficit plus interest over a six-year period. As part of the recovery plan USD 2,166,059 (CHF 2,158,098) has been paid through to December 31, 2012. As per December 31, 2011, the total amount of the outstanding payments of the recovery plan has been provided for. As per December 31, 2012 the Institute has provided for the total costs of winding up the scheme, which is planned for 2013.

Restructuring

The Institute is in the process of consolidating its research activities at fewer branches. As part of this transition, the scientific activities at the Melbourne-Parkville branch ceased during 2012. The scientific staff relocated to the Walter and Eliza Hall Institute, Melbourne with transition support from the Institute. The final administrative accounts are being settled and will be closed off during the first half of 2013. The New York Branch closed at the end of 2012. Under current plans, the Melbourne-Austin Branch will be closed by the end of 2014. Provision has been made in the financial statements for redundancy and severance pay due to Institute staff members as a result of these branch closures.

Other

Various claims have been made by former staff against the Institute. Some of the claims have resulted in court filings. Institute management disputes the claims made and shall contest them vigorously. For the purposes of preparing the financial statements, management has carried out an assessment of the claims made giving due consideration to the various outcomes. Provision has been made in the financial statements under Provisions – Other, reflecting the results of this assessment.

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15. Directors' emoluments

The members of the Institute's Board of Directors constitute all of the Board of Directors of the Fund. In 2012 and 2011, the President of the Institute and the Fund and the Institute's Scientific Director were members of both Boards of Directors.

Emoluments consist of (i) Directors' fees, (ii) Salaries and social benefits and (iii) Other remuneration. Directors' fees were paid by the Institute and the Fund; Salaries and social benefits were paid by the Institute and The Ludwig Group, Inc., a subsidiary company. Other remuneration was paid by the Institute.

Description	USD		CHF	
	2012	2011	2012	2011
Directors' fees	399,306	456,901	378,582	411,668
Salaries & social benefits	1,773,011	1,729,546	1,680,992	1,558,321
Other remuneration	16,126	5,367	15,289	4,836
Total emoluments	2,188,443	2,191,814	2,074,863	1,974,825

The Scientific Director resigned in October 2012 but continues to serve as a member on both the Institute and the Fund Board of Directors from which point he commenced receiving directors' fees.

In 2012 and 2011 the President of the Institute and the Fund and the Institute's Scientific Director received salaries and social benefits but did not receive directors' fees. The Chairman and the remaining members of the two Boards including the former Scientific Director received directors' fees but did not receive salaries & social benefits. One member of the Board of Directors was paid other remuneration in 2012 (2011 – 2 members).

The remuneration of the two Boards of Directors, the Chairman of the two Boards, the President of the Institute and the Fund and the Institute's Scientific Director are subject to review by the Institute's Board Compensation Committee.

At December 31, 2012 and 2011, there were nine and eleven members respectively of both the Board of Directors of the Institute and the Fund.

16. Related party transactions

Effective January 1, 2006, the Institute and the Fund entered into new administrative service agreements with The Ludwig Group, Inc. (LGI), a wholly owned subsidiary of Universe Tankships, Inc., Delaware, USA. These new agreements replace the former contracts between the two parties, which were in effect as from January 1, 1996.

Fees paid by the Institute and the Fund under the service agreements including occupancy related costs amounted to USD 5.0 Mio. (CHF 4.7 Mio.) in 2012 and USD 4.8 Mio. (CHF 4.3 Mio.) in 2011.

Payables in favor of LGI by the Institute and the Fund as of December 31, 2012 and December 31, 2011 amounted to USD 1.3 Mio. (CHF 1.2 Mio.) and USD 1.4 Mio. (CHF 1.3 Mio.) respectively.

17. Expenditure analysis

The Institute and the Fund prepare, by entity, various statistical and information returns which require analysis of expenditure between i) program service, ii) management and general and iii) grant writing costs.

Using this analysis, on a consolidated basis, for the year 2011 (the latest year where analysis data is currently available), total expenditure is analyzed as program service expenditure - USD 104,846,402 (82%) (CHF 99,404,874); management and general expenditure - USD 21,011,400 (16%) (CHF 19,920,908) and grant writing expenditure - USD 2,918,777 (2%) (CHF 2,767,292).

For 2010, total expenditure is analyzed as program service expenditure - USD 99,565,190 (83%) (CHF 105,549,058); management and general expenditure - USD 18,458,186 (15%) (CHF 19,568,583) and grant writing expenditure - USD 2,592,445 (2%) (CHF 2,748,251).

18. System of internal control and the conduct of the annual assessment of risk

The Institute's and the Fund's Board of Directors and management are responsible for determining the system of internal controls operated and for monitoring the adequacy and effectiveness of the control environment. The Institute's and the Fund's internal control over financial reporting is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles in Switzerland / Financial Reporting Standards – Swiss GAAP FER.

The Institute and the Fund have adopted a risk-based approach to internal control and accept that it is neither possible nor cost effective to build a control environment that is risk free. Accordingly, the system of internal controls in place is designed to manage rather than to eliminate risk. The system of internal control is an on-going process designed to identify the principal financial reporting risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

In 2012, the Institute's and the Fund's management conducted a risk assessment of the key processes already documented in the form of process flowcharts. Risks within those key processes were identified and evaluated as to their likelihood and impact based on pre-defined scales, incorporating quantitative and qualitative criteria. For each of the identified risks, the risk level was calculated as a multiple of the likelihood and impact. Top risks for each process were identified based on their respective risk level and classified further as financial reporting or operational risks. Key controls were defined and implemented to mitigate those top risks, focusing on financial reporting risks. Non-financial reporting risks are considered outside of the ICS through other LICR policies and procedures.

The Institute's and Fund's management assessed the effectiveness of the LICR Internal Control System (ICS) over financial reporting during the year under review and reported thereon to the Institute's and Fund's Audit Committees.

The respective Audit Committees have the delegated responsibility to oversee the development and operation of the internal control system, to receive reports from the Risk and Compliance Officer and External Auditors, to review the internal control system documentation and to agree any actions necessary to implement recommended improvements. The Audit Committees met four times during the year and provided the Institute's and the Fund's Board of Directors at each of the Boards' following meetings with their considered opinion on the status of internal controls.

The Boards of Directors of the Institute and the Fund assessed the effectiveness of the ICS for financial reporting throughout the year and believe that the LICR system of internal control for financial reporting was properly in effect as of December 31, 2012.

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As part of the system of internal control, the internal audit function continued to operate and verify the adequacy and effectiveness of internal controls, carry out work to test the controls and provide reports to the Audit Committee. The operations of the New York Office and the Stockholm Branch were reviewed by internal audit during 2012 and reports were submitted to the Audit Committee.

Risk assessments shall be carried out on an annual basis by the Risk and Compliance Officer reporting to the Audit Committees. They shall be based on annual self re-assessment of risks and controls by the ICS process owners, information obtained by interviews of the Institute's and the Fund's management and key personnel and further evaluation and testing of controls.

19. Approval of the Consolidated Financial Statements

The Consolidated Financial Statements of the Ludwig Institute for Cancer Research Ltd as of December 31, 2012, together with the Report of the Auditors, dated May 14, 2013, are hereby submitted to the General Meeting of Shareholders.

20. Subsequent events

There are no subsequent events to report, which might have a material impact on the Consolidated Financial Statements.

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Ludwig Institute for Cancer Research Ltd

Performance Report

Purposes of the organization

The Ludwig Institute for Cancer Research Ltd (the Institute) originates and conducts incisive long-range research programs on a continuing basis in conjunction with hospitals in established medical centers, directed to the ultimate goal of controlling and eradicating cancer.

The Institute is a Swiss not-for-profit organization with around 550 scientists, clinicians, postdoctoral fellows, students and support staff located in seven countries who are focused on multiple aspects of cancer research. It is committed to translating its research discoveries into therapeutic practices and actively sponsors and conducts clinical trials.

In 2012, the Institute's research activities were organized through various Branches and Centers. Each Branch occupies defined space and functions in close association with a local university, research institute and / or not-for-profit hospital. A number of collaborative individual investigators, laboratories and centers complement the Institute's Branch network and extend its international reach and research footprint.

The Institute continued to attract significant external funding to support its core research programs. In 2012, the Institute received USD 17.9 million (CHF 16.9 million) from industrial and philanthropic resources. In addition, external funding from Government sources amounting to USD 20.0 million (CHF 18.9 million) was taken to income in 2012. The total amount received of USD 37.9 million (CHF 35.8 million) was 6.8% (USD) and 2.0% (CHF) lower than the 2011 amount received of USD 40.6 million (CHF 36.5 million). The decline in external funding received in USD is mainly related to the restructuring of branches (principally Melbourne-Parkville and New York). The smaller decline in CHF is mainly due to currency fluctuation.

Managing bodies and senior staff

The Statutes and By-laws of the Institute determine the responsibilities and the authority of the following organs of the company: -

the Board of Directors,
the Management, comprising the Executive Officers and
the Branch Directors.

The Board is elected at the General Meeting of Shareholders held each year in June for a one-year term of office. The members of the Institute's Board of Directors are automatically members of the Board of Directors of LICR Fund, Inc. (the Fund) which holds the investment portfolio of the Institute.

The individuals who served as members of the Board of Directors of both the Institute and the Fund during 2012 were as follows: - John L. Notter (Chairman); Alfred Berger; Stephen F. Bollenbach; Olivier Dunant; John D. Gordan III; Samuel Hellman, MD; Adolf E. Kammerer; Sir David Lane, PhD; Edward A. McDermott Jr.; Sir Derek Roberts and Andrew J.G. Simpson, PhD. Sir David Lane and Sir Derek Roberts did not stand for re-election at the 2012 Annual General Meeting.

The Executive Officers of the Institute constitute its management and consist of the President; the Scientific Director; the Executive Directors; the Chief Financial Officer and the Secretary to the Board of Directors.

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These posts were held as of December 31, 2012, by the following individuals: -

President	Edward A. McDermott Jr.
Scientific Director	Vacant (as of October 2012)
Executive Director of Operations	Eric W. Hoffman, PharmD
Executive Director of Technology Development	Jonathan C.A. Skipper, PhD
Executive Director of Collaborative Sciences	Robert L. Strausberg, PhD
Chief Financial Officer and Secretary to the Board	Richard D.J. Walker

The Scientific Director and Executive Directors were supported by: -

Director of Human Resources	Kimberly McKinley-Thomas
Director of Intellectual Property	Pär Olsson, PhD
Director of Communications	Rachel Steinhardt
Director of Clinical Trials Management and Chief Medical Officer	Ralph Venhaus, MD

The Institute has a Scientific Advisory Committee that provides advice to the Scientific Director on scientific matters as well as the review and promotion of scientific staff. As of December 31, 2012, the Scientific Advisory Committee was composed of: - Lucy Shapiro, PhD (Interim Chair); Titia de Lange, PhD; Philip D. Greenberg, MD; Sir David Lane, PhD; Sir John Skehel, PhD; Craig B. Thompson, MD and Christopher T. Walsh, PhD. Eric W. Hoffman, PharmD was the Secretary.

The Institute carries out its research activities primarily through its Branches which are each managed by a Director or a senior scientist, who is responsible for the scientific program and, together with the Branch Administrator, the administration of the Branch.

The leadership of the Institute's locations as of December 31, 2012 was as follows: -

Brussels	Benoît Van den Eynde, PhD
Lausanne Centre	George Coukos, MD, PhD
Melbourne–Austin	Andrew M. Scott, MD
Oxford	Xin Lu, PhD
San Diego	Webster K. Cavenee, PhD
Sao Paulo	Anamaria Camargo, PhD
Stockholm	Thomas Perlmann, PhD
Uppsala	Carl-Henrik Heldin, PhD

The Melbourne-Parkville Branch closed at the end of 2012. The scientific staff relocated to the adjacent Walter and Eliza Hall Institute and will be supported by the Institute during a transition period. The New York Branch closed at the end of 2012 as planned. A smaller collaborative laboratory is being maintained in New York at Memorial Sloan Kettering Cancer Center.

Various Executive Officers, Branch Directors and other senior staff members hold academic positions within the host institutions with which the Institute is associated.

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Results of work on Institute research programs in 2012

Scientific Publications

Laboratory and clinical research to further the understanding and control of cancer is conducted at the Institute's Branches. In 2012, progress was made in the study of the cancer genome, cancer biology, cancer genetics, signal transduction, cancer immunology, and therapeutic modalities of cancer vaccines, enzyme therapy, small molecule inhibitors, RNA interference therapy and targeted antibodies.

The Institute is committed to prompt and active dissemination of its research results. In the year 2012, the publication record by location was as follows: -

	Primary Research Articles	Reviews/Book Chap- ters/Commentaries	Total
Brussels	36	4	40
Lausanne Centre	50	4	54
Melbourne–Parkville	36	4	40
Melbourne–Austin	42	14	56
New York	40	8	48
Oxford	11	3	14
San Diego	59	6	65
Sao Paulo	25	4	29
Stockholm	9	1	10
Uppsala	26	13	39
Total	334	61	395

Clinical Trials

Fourteen Institute-sponsored clinical trials were on-going in 2012. Two additional studies were managed by the Institute, but not sponsored directly. Institute investigational study agents were provided for an additional six clinical trials sponsored and managed by local entities. These twenty-two trials were supported by fifteen active Institute regulatory dossiers [Nine Investigational New Drug (IND) applications (USA), three Drug Master Files (DMF) and three Investigational Medicinal Product Dossiers, (European Union)]. Over the year, the Institute made six new regulatory submissions and twenty-six supplemental submissions to its active regulatory dossiers in eight countries.

Clinical Trial Sites

The following sites had active LICR-managed trials in 2012:

Asia

- Chang Gung Memorial Hospital- LinKou Branch, Taoyuan, Taiwan
- National Cheng Kung University Hospital, Taipei, Taiwan
- National Taiwan University Hospital, Taipei City, Taiwan

Australasia

- Austin Hospital (LICR Melbourne – Austin Branch), Melbourne, VIC, Australia
- Peter MacCallum Cancer Centre, Melbourne, VIC, Australia

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Europe

- St. Luc Hospital, Brussels, Belgium
- Krankenhaus Nordwest, Frankfurt, Germany
- University Hospital Nijmegen, Nijmegen, Netherlands
- Centre Pluridisciplinaire d'Oncologie (LICR Lausanne Centre), Lausanne, Switzerland
- St. Bartholomew's Hospital, London, UK

North America

- Duke University Medical Center, Durham, NC, USA
- Fox Chase Cancer Center, Philadelphia, PA, USA
- Memorial Sloan-Kettering Cancer Center (LICR New York Branch), New York, NY, USA
- Mount Sinai Hospital, New York, NY, USA
- New York University Clinical Cancer Center, New York, NY, USA
- University of Chicago, Chicago, IL, USA
- University of Pittsburgh Cancer Institute, Pittsburgh, PA, USA

Patents

To enable the Institute to bring new discoveries to public benefit and as far as possible control this process, a deliberate patent protection policy has been pursued. In 2012, fourteen new patents were issued and twelve new applications filed in the United States of America and a further four new international patent applications were filed. The Institute's translational research focus in the area of immunotherapy continues to be reflected in the patents issued and filed. For example, eight of the fourteen issued US patents relate to cancer immunotherapies.

The Institute's Intellectual Property and Licensing office is bringing these discoveries to the attention of the pharmaceutical and biotechnology industries as new candidates for licensing, with the ultimate goal of having Institute discoveries developed into potential cancer therapies. In 2012, the Institute entered into several noteworthy licensing and collaborative agreements with commercial partners. In June the Institute granted a non-exclusive license to MPEG-LA LLC for its Librassay initiative, a new patent pooling scheme for the diagnostics and personalized medicine field. The Institute was one of initial eight academic partners to contribute to the Librassay portfolio of patents along with Johns Hopkins University, Memorial Sloan-Kettering Cancer Center, the National Institutes of Health, Partners HealthCare Harvard, Stanford University, University of Pennsylvania and University of California, San Francisco. The Institute also signed a new collaborative research program with its Brazilian start-up company Recepta Biopharma. This is an expansion of Institute's existing drug discovery collaboration with the Basel based company 4-Antibody focused on the development of antibodies with immunomodulatory properties. In the same area of immunotherapeutic antibodies the Institute and the Cancer Research Institute (CRI) jointly established a clinical research and development collaboration with MedImmune (AstraZeneca), which provides access to three investigational monoclonal antibodies from MedImmune's pipeline for investigational clinical trials designed and conducted by the Institute.

In May the Institute announced the founding, together with the de Duve Institute at the Catholic University of Louvain, of another start-up company, iTeos Therapeutics SA. The company will develop novel immunomodulators targeting the enzymes IDO and TDO in order to stimulate the immune system's ability to attack cancer. Earlier in the year the Institute founded TC Metrix Sàrl, a start-up company based upon the technologies established by the Institute tetramer facility in Lausanne. TC Metrix will focus on providing high quality T cell monitoring research reagents to basic and clinical researchers and companies around the globe.

On-going clinical studies with Institute discoveries or inventions include two separate, large phase III studies by GlaxoSmithKline (GSK) which completed recruitment of Astuprotimut-R, the MAGE-A3-ASCI (Antigen Specific Cancer Immunotherapy), in melanoma and non-small cell lung cancer. In collaboration with GSK, patients continue to be recruited to an Institute sponsored phase I clinical study seeking to assess the safety and immunogenicity of GSK's MAGE-A3 ASCI in

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patients with symptomatic multiple myeloma. Acceleron Pharma completed a Phase 1 clinical study of Dalantercept (ACE-041), a novel angiogenesis inhibitor that targets the activin receptor-like kinase 1 (ALK1) pathway. Based upon the observed clinical activity and safety profile four Phase II clinical studies of Dalantercept in patients with advanced head and neck, renal, endometrial and ovarian cancer are currently being conducted. Components of the PI3K pathway are frequently mutated or amplified in a broad range of cancers. GDC-0941 (RG7321) is a PI3K kinase inhibitor that effectively and specifically blocks the PI3K pathway, may inhibit the proliferation and growth of tumor cells and sensitize them to apoptosis. Several phase II clinical studies of GDC-0941 have been initiated in different cancers by Genentech. German company Wilex AG, announced that their phase III ARISER trial with the renal cell carcinoma targeting antibody Rencarex (G250/Girentuximab), did not meet its primary endpoint of disease free survival and the trial was terminated. Wilex is continuing to develop radiolabelled G250-124I/Girentuximab (Redectane) for diagnosis of renal cancer and is currently planning a confirmatory phase III study to support a regulatory filing. Lastly, the Australian biotechnology company Circadian Technologies, which has commercial rights to certain Institute technologies in angiogenesis and in which Institute has an ownership share, commenced a Phase 1 clinical trial of its fully human monoclonal antibody against VEGF-C (VGX-100) alone and in combination with Bevacizumab (Avastin).

Material Transfer Agreements

The Institute entered into 243 material transfer agreements during 2012. These were mainly with academic institutions (234 agreements) whereby the Institute supplied reagents free of charge to the academic community, while nine material transfer agreements were entered into with commercial organizations. One agreement may cover several reagents. The material originated from the following locations: -

	2012	2011
Brussels	39	44
Melbourne–Parkville	37	42
Melbourne–Austin	18	14
New York	20	18
Oxford	13	8
San Diego	32	20
Uppsala	36	43
Sao Paulo	0	0
Stockholm	0	0
Affiliates/inventors from several Branches	48	26
Total	243	215

Licensing / Royalties

In accordance with the objective of making scientific discoveries available to the general public, the Institute enters into agreements with commercial organizations having the substantial financial, management and technological resources necessary to develop Institute discoveries for therapeutic purposes.

The Institute was party to 177 license, sublicense and option agreements with commercial organizations at the beginning of 2012. A further sixteen agreements were signed during the year, while eight agreements expired or were terminated with the result that at year end the portfolio comprised a total of 185 agreements.

Most of these agreements are with companies selling Institute reagents for laboratory research purposes or with companies using Institute-developed reagents for in-house research purposes only. A total of forty-three of these agreements relate to the development of therapeutic and diagnostic products. One agreement relates to a therapeutic product presently on the market, GM-CSF (granulocyte macrophage colony stimulating factor), while the rest relate to products at various stages of development, from pre-clinical testing to Phase I, II and III clinical trials of the products. A total of six products involving intellectual property from the Institute are currently in Phase III trials.

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GM-CSF is a broad stimulator of hematologic progenitor cells for patients with low white blood cell counts and has been licensed to Bayer Schering Pharma AG under an Invention Administration Agreement with the Institute by Research Corporation Technologies Inc. (RCT), Tucson, Arizona. GM-CSF was co-invented with scientists from the Walter and Eliza Hall Institute for Medical Research (WEHI), Melbourne, with the priority application filed in 1984. GM-CSF is licensed by Bayer Schering Pharma AG who owns the rights to the therapeutic product Leukine. Bayer entered into an exclusive worldwide licence for Leukine with Genzyme Corporation in 2009 for all present and future indications.

The gross income to the Institute from license fees and royalty income totalled USD 5.9 million for 2012 and net income totalled USD 2.9 million after co-owner and inventor sharing.

When appropriate, the Institute is working to facilitate the start-up of new companies using Institute-owned technology to further the research work initiated by the Institute. At the end of 2012, the Institute had holdings in eleven start-up companies, at various stages of development, originating from licenses to Institute technology: Circadian Technologies Ltd (Australia), iTeos Therapeutics SA (Belgium), Recepta Biopharma S.A. (Brazil), CT Atlantic AG and TC Metrix Sàrl (Switzerland), Activiomics Limited and Ark Therapeutics Group Plc (United Kingdom) and Cancer Vaccine Acceleration Company, LLC, Extended Delivery Pharmaceuticals LLC, Life Sciences Pharmaceuticals, Inc and Seramatrix Corporation (USA).

Human Resources

An important aspect of the Institute's developing programs is the training of outstanding young scientists who will in time join an emerging new generation of cancer investigators. During the year, 20 PhD students started their postgraduate training with the Institute and 22 completed their training with the Institute. At December 31, 2012, the Institute was acting as sponsor to 114 postdoctoral fellows and 77 PhD students.

Academic Review

Two scientists were appointed to the rank of Member: -

Paul S Mischel, MD San Diego Branch

Peter J Ratcliffe, MD Oxford Branch

One staff member was promoted to the rank of Associate Member: -

Jedd Wolchok, MD, PhD Ludwig Collaborative Laboratory at
Memorial Sloan Kettering Cancer Center

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Awards and Distinctions

The quality of the Institute's investigators continued to be internationally recognized. In the last year, the following awards and distinctions were received: -

Brussels

Jean-Christophe Renauld, MD, PhD Awarded the 2012 Wivine and Jacques Allard-Janssen Prize

Laurent Knoops, MD, PhD Awarded the 2012 Lambertine Lacroix Prize

Lausanne Centre

Silvia A Fuertes Marraco, PhD Awarded the 2012 European Academy of Allergy and Clinical Immunology
Daniel E Speiser, MD Abstract Presentation Award

Melbourne-Austin

Ian Davis, MD Awarded the Best Scientific Paper Prize at the 2012 USANZ meeting -
Andrew Scott, MD The British Association of Urological Surgeons

Nathan Lawrentschuk, MB, BS, PhD

Nathan Lawrentschuk, MB, BS, PhD Awarded distinction for the best abstract at the 2012 AUA/Japan Annual Meeting

Jonathan Cebon, MD Awarded the 2012 Established Investigator Award by the Melanoma Research Alliance (USA)

Fiona Chionh Awarded the Ipsen Best of Posters Award for the oral presentation, "Oral versus intravenous fluoropyrimidines for colorectal cancer"

Joe Chang Awarded the 2012 Sanofi Prize for Oncology-Haematology Research at the Austin Lifesciences Research Week

Andrew Scott, MD Elected President - Elect of the World Federation of Nuclear Medicine and Biology

Oxford

Skirmantas Kriaucionis, PhD Awarded the 2012 Lithuanian Ministry of Science and Education Award

San Diego

Webster Cavenee, PhD Elected to Membership of the Leopoldina German Academy of Sciences

Don W. Cleveland, PhD Elected to Membership of the Institute of Medicine

Elected President of the American Society for Cell Biology

Kevin Corbett, PhD Awarded the Ray Thomas Edwards Foundation Recognition Award

Awarded the Sidney Kimmel Foundation for Cancer Research Scholar Award

Paul Mischel, MD Inducted into American Association of Physicians (AAP)

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Stockholm

Rickard Sandberg, PhD

Awarded the 2012 EMBO Young Investigator Award

Awarded the 2012 Sven and Ebba-Christina Hagberg Prize

Uppsala

Carl-Henrik Heldin, PhD

Awarded the 2012 Honorary Medal of the Signal Transduction Society