

EVOGENE LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2011

UNAUDITED(*)

EXPRESSED IN US\$ THOUSANDS

TABLE OF CONTENTS

	<u>Page</u>
AUDITORS' REVIEW OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS	2
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5-7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8-9
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS	10-14

() This report is a translation of Evogene Ltd.'s Hebrew-language financial statements. It is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version and in the event of any discrepancy, the Hebrew version shall prevail.*

AUDITORS' REVIEW REPORT TO THE SHAREHOLDERS OF EVOGENE LTD.**Introduction**

We have reviewed the attached financial information of Evogene Ltd. and its subsidiary ("Group"), which includes the condensed consolidated statements of financial position as of September 30, 2011, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine-month and three-month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for said interim periods, in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), and are also responsible for the preparation of financial information for said interim periods, in accordance with Chapter D of Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on the financial information for said interim periods based on our review.

Scope of Review

We conducted our review in accordance with Review Standard 1 issued by the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than of an audit conducted in accordance with Israeli generally accepted auditing standards, and accordingly does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above noted financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to that noted above, and based on our review, nothing has come to our attention that causes us to believe that the above noted financial information does not comply, in all material respects, with the disclosure provisions of Chapter D of Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Tel-Aviv, Israel
November 21, 2011

KOST FORER GABBAY & KASIERER
Certified Public Accountants (Israel)

EVOGENE LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		December 31,
	2011	2010	2010
	Unaudited		Audited
	US\$ Thousands		
<u>Current Assets:</u>			
Cash and cash equivalents	7,726	10,654	10,120
Marketable securities	38,053	23,568	21,229
Short-term deposits	13,787	1,650	4,500
Customers	1,280	563	2,142
Other receivables	732	304	553
	<u>61,578</u>	<u>36,739</u>	<u>38,544</u>
<u>Non-current Assets:</u>			
Prepaid expenses	49	33	37
Property, plant and equipment	5,809	3,709	4,120
Intangible assets	145	183	171
	<u>6,003</u>	<u>3,925</u>	<u>4,328</u>
	<u>67,581</u>	<u>40,664</u>	<u>42,872</u>
<u>Current Liabilities:</u>			
Trade payables	998	645	1,054
Liabilities in respect of grants from the Chief Scientist	487	438	400
Deferred revenue	4,311	3,700	3,718
Options	-	6,478	9,199
Other payables	1,651	1,354	1,949
	<u>7,447</u>	<u>12,615</u>	<u>16,320</u>
<u>Non-current Liabilities:</u>			
Liabilities in respect of grants from the Chief Scientist	3,287	3,408	3,499
Deferred revenue	5,780	7,154	6,313
Employee benefit liabilities	9	9	9
	<u>9,076</u>	<u>10,571</u>	<u>9,821</u>
<u>Equity:</u>			
Share capital	100	81	82
Share premium	80,498	47,728	49,248
Put option	(4,433)	(4,433)	(4,433)
Reserve - transaction with a controlling shareholder	1,156	1,156	1,156
Reserve – share based payment transactions	6,290	4,063	4,782
Accumulated deficit	(32,553)	(31,117)	(34,104)
	<u>51,058</u>	<u>17,478</u>	<u>16,731</u>
	<u>67,581</u>	<u>40,664</u>	<u>42,872</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

November 21, 2011			
Date Of Financial Statements Approval	Martin Gerstel, Chairman Of Board Of Directors	Ofer Haviv, President And Chief Executive Officer	Jack Baruch, Director Of Finance

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine Months Ended September 30,		Three Months Ended September 30,		Year Ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	US\$ Thousands				
	(Except for Net Income (Loss) Per Share Data)				
Revenue	10,168	7,905	3,352	2,589	12,563
Cost of revenue	<u>5,507</u>	<u>4,213</u>	<u>1,951</u>	<u>1,486</u>	<u>5,811</u>
Gross profit	4,661	3,692	1,401	1,103	6,752
Research and development expenses	4,642	3,691	1,952	1,499	5,544
Business development expenses	727	715	240	274	1,062
Management and general expenses	<u>1,650</u>	<u>1,375</u>	<u>527</u>	<u>506</u>	<u>2,069</u>
Operating loss	(2,358)	(2,089)	(1,318)	(1,176)	(1,923)
Other expenses	(5)	(54)	(5)	-	(54)
Financing income	1,035	614	329	789	724
Financing expenses	(732)	(7)	(1,308)	(3)	(10)
Net financing income (expense) - revaluation of options	3,729	(2,222)	-	(3,126)	(5,393)
Net financing expense - revaluation of liabilities to the Chief Scientist	<u>(118)</u>	<u>(225)</u>	<u>(37)</u>	<u>(109)</u>	<u>(314)</u>
Net income (loss)	<u>1,551</u>	<u>(3,983)</u>	<u>(2,339)</u>	<u>(3,625)</u>	<u>(6,970)</u>
Total comprehensive income (loss)	<u>1,551</u>	<u>(3,983)</u>	<u>(2,339)</u>	<u>(3,625)</u>	<u>(6,970)</u>
Net income (loss) per share (expressed in US\$) - basic	<u>0.05</u>	<u>(0.14)</u>	<u>(0.074)</u>	<u>(0.12)</u>	<u>(0.24)</u>
Net diluted income (loss) per share (in US\$)	<u>0.05</u>	<u>(0.14)</u>	<u>(0.074)</u>	<u>(0.12)</u>	<u>(0.24)</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

EVOGENE LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Share Premium	Put Option	Reserve - Transaction With A Controlling Shareholder	Reserve – Share Based Payment Transactions	Accumulated Deficit	Total
	Unaudited						
	US\$ Thousands						
Balance as of January 1, 2011 (audited)	82	49,248	(4,433)	1,156	4,782	(34,104)	16,731
Total comprehensive income	-	-	-	-	-	1,551	1,551
Shares issued	5	9,577	-	-	-	-	9,582
Options exercised	13	21,673	-	-	(166)	-	21,520
Cost of share-based payment	-	-	-	-	1,674	-	1,674
<u>Balance as of September 30, 2011</u>	<u>100</u>	<u>80,498</u>	<u>(4,433)</u>	<u>1,156</u>	<u>6,290</u>	<u>(32,553)</u>	<u>51,058</u>
	Share Capital	Share Premium	Put Option	Reserve - Transaction With A Controlling Shareholder	Reserve – Share Based Payment Transactions	Accumulated Deficit	Total
	Unaudited						
	US\$ Thousands						
Balance as of January 1, 2010 (audited)	80	47,130	(4,433)	1,156	2,540	(27,134)	19,339
Total comprehensive loss	-	-	-	-	-	(3,983)	(3,983)
Options exercised	1	598	-	-	(204)	-	395
Cost of share-based payment	-	-	-	-	1,727	-	1,727
<u>Balance as of September 30, 2010</u>	<u>81</u>	<u>47,728</u>	<u>(4,433)</u>	<u>1,156</u>	<u>4,063</u>	<u>(31,117)</u>	<u>17,478</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

EVOGENE LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Share Premium	Put Option	Reserve - Transaction With A Controlling Shareholder	Reserve – Share Based Payment Transactions	Accumulated Deficit	Total
	Unaudited						
	US\$ Thousands						
<u>Balance as of July 1, 2011</u>	100	80,411	(4,433)	1,156	5,835	(30,214)	52,855
Total comprehensive loss	-	-	-	-	-	(2,339)	(2,339)
Options exercised	-	87	-	-	(30)	-	57
Cost of share-based payment	-	-	-	-	485	-	485
<u>Balance as of September 30, 2011</u>	<u>100</u>	<u>80,498</u>	<u>(4,433)</u>	<u>1,156</u>	<u>6,290</u>	<u>(32,553)</u>	<u>51,058</u>
	Share Capital	Share Premium	Put Option	Reserve - Transaction With A Controlling Shareholder	Reserve – Share Based Payment Transactions	Accumulated Deficit	Total
	Unaudited						
	US\$ Thousands						
<u>Balance as of July 1, 2010</u>	81	47,413	(4,433)	1,156	3,202	(27,492)	19,927
Total comprehensive loss	-	-	-	-	-	(3,625)	(3,625)
Options exercised	-	315	-	-	(69)	-	246
Cost of share-based payment	-	-	-	-	930	-	930
<u>Balance as of September 30, 2010</u>	<u>81</u>	<u>47,728</u>	<u>(4,433)</u>	<u>1,156</u>	<u>4,063</u>	<u>(31,117)</u>	<u>17,478</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

EVOGENE LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Share Premium	Put Option	Reserve - Transaction With A Controlling Shareholder Audited	Reserve – Share Based Payment Transactions	Accumulated Deficit	Total
	US\$ Thousands						
<u>Balance as of January 1, 2010</u>	80	47,130	(4,433)	1,156	2,540	(27,134)	19,339
Total comprehensive loss	-	-	-	-	-	(6,970)	(6,970)
Options exercised	2	2,118	-	-	(320)	-	1,800
Cost of share-based payment	-	-	-	-	2,562	-	2,562
<u>Balance as of December 31, 2010</u>	<u>82</u>	<u>49,248</u>	<u>(4,433)</u>	<u>1,156</u>	<u>4,782</u>	<u>(34,104)</u>	<u>16,731</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30		Three Months Ended September 30		Year Ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	US\$ Thousands				
<u>Cash flows from operating activities:</u>					
Net income (loss)	1,551	(3,983)	(2,339)	(3,625)	(6,970)
Adjustments to reconcile net income (loss) to net flows from operating activities:					
Reconciliation of profit and loss items:					
Depreciation and amortization	1,047	687	482	248	943
Cost of share-based payment	1,674	1,727	485	930	2,562
Net financing expenses (income)	(3,914)	1,840	1,016	2,449	4,993
Loss on disposal of property, plant and equipment	5	54	5	-	54
	(1,188)	4,308	1,988	3,627	8,552
Changes in asset and liability items:					
Decrease (increase) in trade receivables	877	(5)	1,544	126	(1,584)
Decrease (increase) in other receivables	(217)	41	(179)	72	(208)
Increase in prepaid expenses	(12)	(8)	(3)	(6)	(12)
Increase (decrease) in trade payables	109	(221)	441	(41)	24
Increase (decrease) in other payables	(234)	355	156	235	950
Increase (decrease) in deferred revenue	60	(2,923)	(1,007)	(1,002)	(3,779)
	583	(2,761)	952	(616)	(4,609)
Cash received during the period for:					
Interest received	243	115	63	41	187
Net cash provided by (used for) operating activities	1,189	(2,321)	664	(573)	(2,840)
<u>Cash flows from investing activities:</u>					
Acquisition of property, plant and equipment	(2,839)	(908)	(855)	(190)	(1,403)
Proceeds on disposal of property, plant and equipment	9	-	9	-	-
Proceeds on sale of marketable securities measured at fair value through profit and loss	2,871	6,185	1,303	2,694	8,596
Purchase of marketable securities measured at fair value through profit and loss	(19,728)	(24,261)	(4,823)	(1,089)	(24,261)
Redemption (deposit) - net bank deposits	(9,287)	5,421	(9,792)	-	2,571
Net cash provided by (used for) investing activities	(28,974)	(13,563)	(14,158)	1,415	(14,497)

The accompanying notes are an integral part of the interim consolidated financial statements.

EVOGENE LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30		Three Months Ended September 30		Year Ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	US\$ Thousands				
<u>Cash flows from financing activities:</u>					
Shares issued, net	9,582	-	-	-	2
Options exercised	16,049	358	57	216	1,311
Assumption of liabilities in respect of grants from Chief Scientist	161	294	30	137	320
Repayment of liabilities - grants from the Chief Scientist	(402)	(280)	(190)	(143)	(280)
Net cash provided by (used for) financing activities	<u>25,390</u>	<u>372</u>	<u>(103)</u>	<u>210</u>	<u>1,353</u>
<u>Exchange rate differences - cash and cash equivalent balances</u>	<u>1</u>	<u>(49)</u>	<u>(387)</u>	<u>234</u>	<u>(111)</u>
<u>Increase (decrease) in cash and cash equivalents</u>	<u>(2,394)</u>	<u>(15,561)</u>	<u>(13,984)</u>	<u>1,286</u>	<u>(16,095)</u>
<u>Cash and cash equivalents, beginning of the period</u>	<u>10,120</u>	<u>26,215</u>	<u>21,710</u>	<u>9,368</u>	<u>26,215</u>
<u>Cash and cash equivalents, end of the period</u>	<u><u>7,726</u></u>	<u><u>10,654</u></u>	<u><u>7,726</u></u>	<u><u>10,654</u></u>	<u><u>10,120</u></u>
<u>Significant non-cash activities:</u>					
Acquisition of property, plant and equipment, against credit	<u>240</u>	<u>191</u>	<u>240</u>	<u>191</u>	<u>355</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1 – GENERAL:

A. Evogene Ltd. ("Company") is a biotech company that is engaged in research and development in the field of improved plants. The Company focuses on the development of technology to identify gene sequences (D.N.A. sequences that are responsible for producing proteins; hereafter – genes) and other D.N.A. sequences in plants (hereafter – D.N.A. sequences), which are likely to improve one or more of the plant's traits (hereafter – the target plant and the target trait). These improvements are accomplished through introducing the genes into the target plant, by natural crossbreeding by cultivation so the seeds obtained carry the target trait. In addition, the Company is involved in the characterization and breeding of designated non-edible crops that are likely to be used in the future for the production of oil for the biodiesel industry.

The Company was founded in 1999 under the Agro Leads Ltd. name and began operations on January 1, 2002.

Evogene Inc. was incorporated in the state of Delaware, USA as a private company limited by shares in September 2006. Evogene Inc. is a wholly owned subsidiary of the Company. As of report date, the subsidiary has no employees and is inactive.

B. These financial statements were prepared on a condensed basis as of September 30, 2011 and for the nine month and three month periods then ended ("interim consolidated financial statements"). These statements should be read together with the Company's annual financial statements as of December 31, 2010 and for the year then ended, and the notes attached thereto ("annual consolidated financial statements").

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A. Format for Preparing Interim Consolidated Financial Statements:

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of Securities Regulations (Periodic and Immediate Reports), 5730-1970.

The significant accounting policies and calculations used in preparing the interim consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements, except for that stated below:

IAS 24 – Related Party Disclosures:

The amendment to IAS 24 clarifies the definition of a related party in order to simplify the identification of relationships with a related party, and to prevent any inconsistencies in the use of this definition. In addition, companies related to a government are afforded, under the amendment, partial relief from disclosing transactions with the government and with other companies related to a government.

The amendment is adopted retrospectively, starting January 1, 2011.

The Standard application did not have any significant effect on the company's financial reports.

IAS 34 – Interim Financial Reporting:

The amendment to IAS 34 provides additional disclosure requirements for interim financial statements, vis à vis when it is reasonable to believe, that certain circumstances will affect the fair value of financial instruments and their classifications, transfers of financial instruments between the various levels of the fair value hierarchy, and changes in the classification of financial assets.

The amendment is adopted retrospectively, starting January 1, 2011.

The Standard application did not have any significant effect on the company's financial reports.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

IAS 32 – Financial Instruments: Presentation - Classification of Rights Issues:

The amendment to IAS 32 states that rights, options or share options to acquire a fixed number of the company's equity instruments for a fixed amount of any currency, be classified as equity instruments if the company offers the rights, options or share options pro rata to all existing owners of the same class of its non-derivative equity instruments.

The amendment is adopted retrospectively, starting January 1, 2011.

The Standard application did not have any significant effect on the company's financial reports.

B. Disclosure of the Effects on New IFR Standards in the Period Prior to Their Implementation:

During May 2011, the IASB issued four new Standards - IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities" ("new Standards") and IFRS 13, "Fair Value Measurement", and amended two current Standards, IAS 27R (amended 2011), "Separate Financial Statements", and IAS 28R (amended 2011), "Investments in Associates and Joint Ventures".

The new Standards are to be applied retrospectively in financial statements for annual periods starting January 1, 2013 or afterwards. Early adoption is permitted. However, if the company chooses earlier adoption, it must adopt all new Standards together as a package (excluding the disclosure requirements of IFRS 12, which may be adopted separately). The Standards also provide transitional provisions, with certain relief available upon initial adoption.

The main provisions of said Standards, as relevant, and their expected effects on the company are as follows:

IFRS 13 – Measurement Of Fair Value:

IFRS 13 provides guidance for the measurement of fair value, to the extent that such measurement is required according to IFRS. IFRS 13 defines fair value as the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants on measurement date. IFRS 13 also specifies the characteristics of market participants, and determines that fair value is based on the assumptions that would have been used by said market participants. IFRS 13 also requires that fair value measurement be based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of any principal market, in the most advantageous market.

IFRS 13 requires an entity to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. IFRS 13 also includes a fair value hierarchy based on the inputs used to determine fair value as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Information, which is not quoted information included in Level 1 that can be observed directly or indirectly.
- Level 3: Information, which is not based on observable market information (estimation techniques without use of observable market data).

Moreover, IFRS 13 also prescribes certain specific disclosure requirements.

The new disclosures, and the measurement of assets and liabilities pursuant to IFRS 13, are to be applied prospectively, only for periods starting after the Standard's effective date, in financial statements for annual periods starting January 1, 2013 or afterwards. Early adoption is permitted. The new disclosures are not binding on comparative data.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

In the company's opinion, adoption of IFRS 13 is not expected to have any significant effect on its financial statements.

The new Standards are to be applied retrospectively in financial statements for annual periods starting January 1, 2013 or afterwards. Early adoption is permitted. However, if the company chooses earlier adoption, it must adopt all new Standards together as a package (excluding the disclosure requirements of IFRS 12, which may be adopted separately). The Standards also provide transitional provisions, with certain relief available upon initial adoption.

NOTE 3 - SIGNIFICANT EVENTS DURING THE REPORT PERIOD:

A. Commitments:

On December 12, 2010, the Company signed a multifaceted collaboration agreement for the genetic improvement of wheat, as well as an investment agreement, with Bayer CropScience AG ("Bayer"), a leading company involved in the production and marketing of improved quality seeds ("collaboration agreement" and "investment agreement", respectively).

1. According to the investment agreement, Bayer invested \$ 12 million, and on the basis of the investment agreement, on January 10, 2011, the company issued 1,726,619 Ordinary shares, NIS 0.01 par value each. With closing of the investment agreement, and as long as Bayer's percentage shareholding will be at least 4% of the Company's issued shares, Bayer will have the right to appoint an observer, who is not a Bayer employee, and not an employee of any party related to it, to meetings of the Company's Board of Directors.

2. Upon signing the investment agreement, a collaboration agreement was also signed for €15.4 million (equivalent to \$21 million). In addition, Bayer undertook to pay the Company milestone payments, subject to completion of various stages in the development of improved wheat species, which include the project sequences and/or which were developed using the project sequences, by Bayer, and, for a certain period from the beginning of commercialization of every improved wheat species as stated, royalties on future revenue from the sale of seeds of the improved wheat species, and the issue of licenses on project sequences to third parties.

Under the agreement, the Company issued Bayer an exclusive license, unlimited in time, for use of project sequences for the purposes of research, development and commercialization of improved wheat species. The Company will have exclusive rights to the intellectual property that will be developed by the Company under the project in respect of project sequences, subject to a license issued to Bayer under the contract, as noted above.

3. As the investment agreement, and the agreement to provide research and development services and the provision of a right to gene licenses, were signed on the same day, the two agreements were treated as a multiple hybrid contract. Share capital and premium were recorded at the market share price on closing date. The net balance of the two agreements was attributed to deferred revenue from research and development.

Proceeds received in respect of the investment agreement were attributed as follows: share capital and premium - \$9,582 thousand on the basis of the share price on the Tel Aviv Stock Exchange on closing date, and deferred revenue of \$2,394 thousand, on closing date.

B. Series 2 Options Exercise:

During the first five months of 2011, Series 2 options were exercised against a consideration of \$15.7 million. This amount plus \$5.5 million that was originally recorded under liabilities, was classified under equity on the date of conversion. In total, 99.9% of all Series 2 options that were originally issued under the public issue were exercised. The balance of options not exercised by May 31, 2011, expired.

NOTE 3 - SIGNIFICANT EVENTS DURING THE REPORT PERIOD (CONTINUED):

C. Options To Interested Parties And To Directors:

On August 8, 2011, the Board of Directors of the Company approved a private issue to current directors of the Company, of 35,000 options (non-traded), available for conversion into 35,000 Ordinary shares, NIS 0.01 par value each. The options were issued on September 18, 2011. These options will vest over a period of four years, with exercise premiums ranging from NIS 14.35 to NIS 16.901 per share. The options will expire 10 years after their original issue. The options were valued at \$58 thousand, as of issue date. Value was determined on the basis of the Binomial model, based on the following assumptions: non-risk interest rates ranging from 3.03% to 6.69%, a share price of NIS 14.84, a dividend yield of 0%, and expected fluctuations in share price ranging from 32.61% to 68.32%.

D. Options to Employees and Service Providers:

On May 16, 2011, the Board of Directors approved a private issue to new employees of the Company, of 255,000 options (non-traded), available for conversion into 255,000 Ordinary shares, NIS 0.01 par value each. The options were issued on May 25, 2011. These options will vest over a period of four years, with an exercise premium of NIS 16.96 per share. The options will expire 10 years after their original issue. The options were valued at \$401 thousand, as of issue date. Value was determined on the basis of the Binomial model, based on the following assumptions: non-risk interest rates ranging from 3.62% to 6.76%, a share price of NIS 16.54, a dividend yield of 0%, and expected fluctuations in share price ranging from 32.86% to 69.56%.

On September 20, 2011, the Board of Directors approved a private issue to new employees and to office holders of the Company (except for directors and the CEO) of 240,000 options (non-traded), available for conversion into 240,000 Ordinary shares, NIS 0.01 par value each. The options were issued September 22, 2011. These options will vest over a period of four years, with an exercise premium of NIS 14.559 per share. The options will expire 10 years after their original issue. The options were valued at \$314 thousand, as of issue date. Value was determined on the basis of the Binomial model, based on the following assumptions: non-risk interest rates ranging from 3.01% to 6.83% , a share price of NIS 13.99, a dividend yield of 0%, and expected fluctuations in share price ranging from 32.80% to 68.33%.

E. Options Exercised - By Company Employees and Service Providers:

During the report period, employees and service providers converted 265,505 options (non-traded) into 265,505 Ordinary shares, NIS 0.01 par value each, against a consideration of approximately \$292,000.

NOTE 4 - EVENTS AFTER REPORT DATE:

A. At the beginning of November 2011, Proposal for Social and Economic Changes (Legislative Amendments) (Taxation), 5772-2011, was published. The proposal suggested, inter alia, cancellation, from 2012, of the decrease in "companies tax", and an increase of companies tax to 25% during 2012. Along with the proposed increase in companies tax to 25% during 2012, the tax rate on real capital gains and on land improvements would increase.

In the Company's opinion, approval by the Israel Knesset of said proposal is not expected to have a significant effect on the financial statements.

NOTE 4 - EVENTS AFTER REPORT DATE (CONTINUED):

B. As part of the August 27, 2008 agreement with Monsanto Company ("Monsanto"), a leading international company in agriculture biotechnology ("investment agreement"), the company received a non-recourse option ("PUT option"), valid for three years after finalizing the investment agreement, and for a period of 30 days from said date (exercise period), to require Monsanto, to purchase 1,727,273 Ordinary shares (exercise shares) against an investment of \$12 million, reflecting a price per share of \$6.9473 for each exercise share, subject to the Company's compliance with certain commitments that it accepted under the comprehensive collaboration agreement with Monsanto of August 27, 2008, in the field of the genetic improvement of agricultural growths. As of September 30, 2011, the Company was in compliance with its obligations vis à vis Monsanto, said a pre-condition for exercising the PUT option, and accordingly, the Company earned the right to exercise the option.

On September 21, 2011, as agreed with Monsanto, the exercise period of the PUT option was extended until November 15, 2011 (inclusive), in order to allow the parties to consider the possibility of replacing the PUT option exercise by the Company, with a new transaction between the parties, an extension and/or expansion of collaboration between them. On November 14, 2011, Monsanto and the Company agreed on an additional extension up to November 30, 2011 (inclusive), with the aim of allowing the parties to complete their negotiations on the new transaction, as noted.

C. On November 20, 2011, the Company and Pioneer Hi Bred International Inc. ("Pioneer") one of the world's leading companies in seed development and marketing and a fully owned company of DuPont, signed a multi-year collaboration contract for the development of soybean species having improved resistance to soybean rust ("improved soybean species"). The collaboration period, as noted, is expected to be five years. According to the contract, each party will finance their own project operating costs, as required by joint work plan. According to the contract, the Company may receive milestone payments, which are conditioned on completing various stages of the development and the commercialization of improved soybean species by Pioneer, and royalties on Pioneer's future revenue, to be calculated on sales of improved soybean species, and from providing licenses to third parties to use soybean genes.

NOTE 5 - SEPARATE FINANCIAL INFORMATION:

The Company did not provide separate financial information in its interim financial statements for September 30, 2011, as required by Regulation 9C because of the immateriality of any additional information that would be provided to an investor as a result of adding this information, based on the following reasoning:

A. The consolidated company is fully owned by Evogene Ltd., and is inactive.

B. The volume of assets, liabilities and share of comprehensive loss of the consolidated company is immaterial vis-à-vis the assets, liabilities, and comprehensive loss of the Company itself.

C. More than 99% of all cash flows are generated by the Company itself.