Evogene Ltd.

Consolidated Financial Statements as of March 31, 2013

Chapter C

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Auditors' report on review to the shareholders of Evogene Ltd.

Introduction

We have reviewed the accompanying financial information of Evogene Ltd. and its subsidiaries ("the Group"), which comprises the condensed consolidated balance sheet as of March 31, 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent 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 an audit conducted in accordance with generally accepted auditing standards in Israel and consequently 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 accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel

May 13, 2013

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

EVOGENE LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	As of March 31,		As of December 31,
	2013	2012	2012
	Unaudited		Audited
CURRENT ASSETS:			
Cash and cash equivalents	$ 19,369	$ 11,501	$ 24,262
Marketable securities	33,168	33,998	30,868
Short-term bank deposits	-	11,300	-
Trade receivables	1,957	1,585	1,542
Other receivables	920	469	650
	55,414	58,880	57,322
LONG-TERM ASSETS:			
Long term deposits	43	47	43
Plant, property and equipment, net	7,279	7,468	7,401
Other investment	365	-	-
Intangible assets, net	78	123	89
	7,765	7,638	7,533
	63,179	66,518	64,855
CURRENT LIABILITES:			
Trade payables	1,266	975	1,416
Liabilities in respect of grants from the Chief Scientist	518	483	733
Deferred revenues and other advances	4,185	4,195	4,211
Other payables	2,224	1,806	3,139
	8,193	7,459	9,499
LONG-TERM LIABILITES:			
Liabilities in respect of grants from the Chief Scientist	3,005	2,910	2,918
Deferred revenues and other advances	3,433	7,141	4,168
Severance pay liability, net	11	9	11
	6,449	10,060	7,097
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.01 par value: Authorized − 300,000,000 ordinary shares; Issued and outstanding – 37,639,210, 36,694,691 and 37,476,578 shares at March 31, 2013 and 2012 and December 31, 2012, respectively	102	100	102
Share premium	91,505	88,510	90,746
Put option	(7,764)	(7,764)	(7,764)
Reserve - transaction with a former controlling shareholder	1,156	1,156	1,156
Accumulated deficit	(36,462)	(33,003)	(35,981)
	48,537	48,999	48,259

	$ 63,179	$ 66,518	$ 64,855

The accompanying Notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except share and per share data)

	Three Months Ended March, 31		Year ended December 31
	2013	2012	2012
	Unaudited		Audited
Revenues	$ 4,616	$ 4,200	$ 17,072
Cost of revenues	2,230	2,079	9,552
Gross profit	2,386	2,121	7,520
Operating expenses:			
Research and development	2,186	1,457	7,252
Business development	227	249	1,159
General and administrative	555	536	2,235
Total operating expenses	2,968	2,242	10,646
Operating loss	(582)	(121)	(3,126)
Financing income	459	579	972
Financing expenses	(358)	(2)	(294)
Income (loss) before taxes on income	(481)	456	(2,448)
Taxes on income	-	-	74
Net income (loss)	$ (481)	$ 456	$ (2,522)
Total comprehensive income (loss)	$ (481)	$ 456	$ (2,522)
Basic and diluted income (loss) per share	$ (0.013)	$ 0.012	$ (0.07)

EVOGENE LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share Capital	Share Premium	Put Option	Reserve - Transaction With a Former Controlling Shareholder	Accumulated Deficit	Total
	Unaudited					
Balance as of January 1, 2013 (audited)	$ 102	$ 90,746	$ (7,764)	$ 1,156	$ (35,981)	$ 48,259
Total comprehensive loss	-	-	-	-	(481)	(481)
Exercise of options	*)	435	-	-	-	435
Share-based compensation	-	324	-	-	-	324
Balance as of March 31, 2013	$ 102	$ 91,505	$ (7,764)	$ 1,156	$ (36,462)	$ 48,537

	Share Capital	Share Premium	Put Option	Reserve - Transaction With a Former Controlling Shareholder	Accumulated Deficit	Total
	Unaudited					
Balance as of January 1, 2012 (audited)	$ 100	$ 88,056	$ (7,764)	$ 1,156	$ (33,459)	$ 48,089
Total comprehensive income	-	-	-	-	456	456
Exercise of options	*)	111	-	-	-	111
Share-based compensation	-	343	-	-	-	343
Balance as of March 31, 2012	$ 100	$ 88,510	$ (7,764)	$ 1,156	$ (33,003)	$ 48,999

*) Represent amount lower than $1

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share Capital	Share Premium	Put Option	Reserve - Transaction With a Former Controlling Shareholder	Accumulated Deficit	Total
	Audited					
Balance as of January 1, 2012	$ 100	$ 88,056	$ (7,764)	$ 1,156	$ (33,459)	$ 48,089
Total comprehensive loss	-	-	-	-	(2,522)	(2,522)
Exercise of options	2	1,517	-	-	-	1,519
Share-based compensation	-	1,173	-	-	-	1,173
Balance as of December 31, 2012	$ 102	$ 90,746	$ (7,764)	$ 1,156	$ (35,981)	$ 48,259

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three Months Period Ended March, 31		Year Ended December 31,
	2013	2012	2012
	Unaudited		Audited
Cash Flows from Operating Activities			
Net income (loss)	$ (481)	$ 456	$ (2,522)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	506	424	1,835
Share-based compensation	324	343	1,173
Net financing income	(101)	(577)	(678)
Taxes on income	-	-	74
Gain on disposal of property, plant and equipment	-	-	(33)
	729	190	2,371
Changes in asset and liability items:			
Increase in trade receivables	(428)	(816)	(742)
Decrease (increase) in other receivables	(269)	513	336
Increase (decrease) in trade payables	(359)	(680)	231
Increase (decrease) in other payables	(927)	(289)	974
Decrease in deferred revenues and other advances	(1,090)	(374)	(3,331)
	(3,073)	(1,646)	(2,532)
Cash received (paid) during the period for:			
Interest received	38	345	869
Taxes paid (withheld by customers)	-	-	(74)
Net cash used in operating activities	(2,787)	(655)	(1,888)

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three Months Period Ended March, 31		Year Ended December 31,
	2013	2012	2012
	Unaudited		Audited
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	$ (149)	$ (1,167)	$ (2,963)
Proceeds from disposal of property, plant and equipment	-	-	34
Proceeds from sale of marketable securities	6,377	3,189	15,697
Purchase of marketable securities	(8,578)	(2,132)	(11,935)
Proceeds from bank deposits, net	-	6,360	17,652
Net cash provided by (used in) investing activities	(2,350)	6,250	18,485
Cash Flows from Financing Activities			
Proceeds from exercise of warrants and options	435	111	1,519
Proceeds from the Chief Scientist grants	82	120	484
Repayment of the Chief Scientist grants	(255)	(661)	(892)
Net cash provided by (used in) financing activities	262	(430)	1,111
Exchange rate differences - cash and cash equivalent balances	(18)	(129)	89
Increase (decrease) in cash and cash equivalents	(4,893)	5,036	17,797
Cash and cash equivalents, beginning of the year	24,262	6,465	6,465
Cash and cash equivalents, end of the year	$ 19,369	$ 11,501	$ 24,262
Significant non-cash transactions			
Acquisition of property, plant and equipment in credit	$ 325	$ 585	$ 101
Other investment	$ 365	$ -	$ -