

# Evogene Ltd.

Consolidated Financial Statements  
as of June 30, 2014



evogene  
Plant Innovation

**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands



	<u>As of June 30,</u>		<u>As of</u>
	<u>2014</u>	<u>2013</u>	<u>December 31,</u>
	<u>Unaudited</u>		<u>2013</u>
			<u>Audited</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 8,716	\$ 16,884	\$ 95,454
Marketable securities	78,549	33,657	31,452
Short-term bank deposits	24,000	-	-
Trade receivables	1,864	1,853	1,913
Other receivables	1,026	1,573	733
	<u>114,155</u>	<u>53,967</u>	<u>129,552</u>
<b>LONG-TERM ASSETS:</b>			
Long-term bank deposits	10,000	-	-
Long-term deposits	20	33	28
Plant, property and equipment, net	7,188	7,572	7,215
Long-term investment	471	365	471
Intangible assets, net	22	67	45
	<u>17,701</u>	<u>8,037</u>	<u>7,759</u>
	<u>\$ 131,856</u>	<u>\$ 62,004</u>	<u>\$ 137,311</u>
<b>CURRENT LIABILITIES:</b>			
Trade payables	\$ 1,488	\$ 1,873	\$ 2,014
Other payables	2,840	2,677	4,363
Liabilities in respect of grants from the Chief Scientist	603	528	625
Deferred revenues and other advances	1,572	3,968	1,572
	<u>6,503</u>	<u>9,046</u>	<u>8,574</u>
<b>LONG-TERM LIABILITIES:</b>			
Liabilities in respect of grants from the Chief Scientist	2,939	3,101	3,008
Deferred revenues and other advances	567	2,539	963
Severance pay liability, net	19	19	19
	<u>3,525</u>	<u>5,659</u>	<u>3,990</u>
<b>SHAREHOLDERS' EQUITY:</b>			
Ordinary shares of NIS 0.02 par value:			
Authorized - 150,000,000 ordinary shares; Issued and outstanding - 25,010,394 , 18,879,987 and 24,901,327 shares at June 30, 2014 and 2013 and December 31, 2013, respectively	138	103	137
Share premium and other capital reserve	172,077	93,303	169,469
Put option	-	(7,764)	-
Accumulated deficit	(50,387)	(38,343)	(44,859)
	<u>121,828</u>	<u>47,299</u>	<u>124,747</u>
	<u>\$ 131,856</u>	<u>\$ 62,004</u>	<u>\$ 137,311</u>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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



	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
Revenues:					
Research and development payments, including up-front payments	\$ 7,542	\$ 7,313	\$ 3,767	\$ 3,508	\$ 15,028
Share purchase related revenues	165	1,621	83	810	2,553
Total Revenues	7,707	8,934	3,850	4,318	17,581
Cost of revenues	4,988	4,688	2,425	2,458	10,114
Gross profit	2,719	4,246	1,425	1,860	7,467
Operating expenses:					
Research and development, net	6,012	4,666	3,355	2,480	11,107
Business development	936	532	562	305	1,517
General and administrative	2,124	1,197	1,236	642	3,564
Total operating expenses	9,072	6,395	5,153	3,427	16,188
Operating loss	(6,353)	(2,149)	(3,728)	(1,567)	(8,721)
Financing income	1,353	776	703	317	1,179
Financing expenses	(528)	(989)	(166)	(631)	(1,336)
Net and Comprehensive loss	\$ (5,528)	\$ (2,362)	\$ (3,191)	\$ (1,881)	\$ (8,878)
Basic and diluted loss per share	\$ (0.22)	\$ (0.12)	\$ (0.13)	\$ (0.10)	\$ (0.45)

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share Premium and other capital reserve	Accumulated Deficit	Total
	Unaudited			
Balance as of January 1, 2014 (audited)	\$ 137	\$ 169,469	\$ (44,859)	\$ 124,747
Total comprehensive loss	-	-	(5,528)	(5,528)
Exercise of options	1	859	-	860
Share-based compensation	-	1,749	-	1,749
Balance as of June 30, 2014	<u>\$ 138</u>	<u>\$ 172,077</u>	<u>\$ (50,387)</u>	<u>\$ 121,828</u>

	Share capital	Share Premium and other capital reserve	Put Option	Accumulated Deficit	Total
	Unaudited				
Balance as of January 1, 2013 (audited)	\$ 102	\$ 91,902	\$ (7,764)	\$ (35,981)	\$ 48,259
Total comprehensive loss	-	-	-	(2,362)	(2,362)
Exercise of options	1	827	-	-	828
Share-based compensation	-	574	-	-	574
Balance as of June 30, 2013	<u>\$ 103</u>	<u>\$ 93,303</u>	<u>\$ (7,764)</u>	<u>\$ (38,343)</u>	<u>\$ 47,299</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share Premium and other capital reserve	Accumulated Deficit	Total
	Unaudited			
Balance as of April 1, 2014	\$ 138	\$ 170,986	\$ (47,196)	\$ 123,928
Total comprehensive loss	-	-	(3,191)	(3,191)
Exercise of options	*)	168	-	168
Share-based compensation	-	923	-	923
Balance as of June 30, 2014	<u>\$ 138</u>	<u>\$ 172,077</u>	<u>\$ (50,387)</u>	<u>\$ 121,828</u>

\*) Represent amount lower than \$1 thousand

	Share capital	Share Premium and other capital reserve	Put Option	Accumulated Deficit	Total
	Unaudited				
Balance as of April 1, 2013	\$ 102	\$ 92,661	\$ (7,764)	\$ (36,462)	\$ 48,537
Total comprehensive loss	-	-	-	(1,881)	(1,881)
Exercise of options	1	392	-	-	393
Share-based compensation	-	250	-	-	250
Balance as of June 30, 2013	<u>\$ 103</u>	<u>\$ 93,303</u>	<u>\$ (7,764)</u>	<u>\$ (38,343)</u>	<u>\$ 47,299</u>

	Share capital	Share Premium and other capital reserve	Put Option	Accumulated Deficit	Total
	Audited				
Balance as of January 1, 2013	\$ 102	\$ 91,902	\$ (7,764)	\$ (35,981)	\$ 48,259
Total comprehensive loss	-	-	-	(8,878)	(8,878)
Shares issued, net	32	76,764	-	-	76,796
Issuance and exercise of put options	-	(4,483)	7,764	-	3,281
Exercise of options	3	2,556	-	-	2,559
Share-based compensation	-	2,730	-	-	2,730
Balance as of December 31, 2013	<u>\$ 137</u>	<u>\$ 169,469</u>	<u>\$ -</u>	<u>\$ (44,859)</u>	<u>\$ 124,747</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**U.S. dollars in thousands**

	<u>Six months ended</u> <u>June 30,</u>		<u>Three months ended</u> <u>June 30,</u>		<u>Year ended</u> <u>December 31,</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
	<u>Unaudited</u>				<u>Audited</u>
<u>Cash flows from operating activities</u>					
Net loss	\$ (5,528)	\$ (2,362)	\$ (3,191)	\$ (1,881)	\$ (8,878)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,055	1,007	536	501	2,042
Share-based compensation	1,749	574	923	250	2,730
Net financing expenses (income)	(12)	213	(103)	314	157
	<u>2,792</u>	<u>1,794</u>	<u>1,356</u>	<u>1,065</u>	<u>4,929</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	49	(323)	12	105	(345)
Decrease (increase) in other receivables	(293)	(94)	5	175	(81)
Decrease in prepaid expenses	8	-	6	-	15
Increase (decrease) in trade payables	(606)	(255)	14	104	292
Increase (decrease) in other payables	(1,523)	(502)	(565)	425	940
Increase in severance pay liability, net	-	8	-	8	8
Increase (decrease) in deferred revenues	(396)	(2,202)	172	(1,112)	(3,191)
	<u>(2,761)</u>	<u>(3,368)</u>	<u>(356)</u>	<u>(295)</u>	<u>(2,362)</u>
Cash received during the period for:					
Interest received	<u>226</u>	<u>634</u>	<u>143</u>	<u>596</u>	<u>1,041</u>
Net cash used in operating activities	<u>(5,271)</u>	<u>(3,302)</u>	<u>(2,048)</u>	<u>(515)</u>	<u>(5,270)</u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (925)	\$ (731)	\$ (622)	\$ (582)	\$ (1,613)
Proceeds from sale of marketable securities	8,096	13,291	3,759	6,914	18,157
Purchase of marketable securities	(55,359)	(16,831)	(7,513)	(8,253)	(19,444)
Investment in bank deposits	(34,000)	-	-	-	-
Net cash used in investing activities	<u>(82,188)</u>	<u>(4,271)</u>	<u>(4,376)</u>	<u>(1,921)</u>	<u>(2,900)</u>
<u>Cash Flows from Financing Activities</u>					
Proceeds from issuance of shares, net	-	-	-	-	77,014
Issuance expenses	-	(550)	-	(550)	-
Proceeds from exercise of warrants and options	860	828	168	393	2,559
Proceeds from the Chief Scientist grants	126	155	126	73	348
Repayment of the Chief Scientist grants	(272)	(255)	-	-	(513)
Net cash provided by (used in) financing activities	<u>714</u>	<u>178</u>	<u>294</u>	<u>(84)</u>	<u>79,408</u>
Exchange rate differences - cash and cash equivalent balances	<u>7</u>	<u>17</u>	<u>(12)</u>	<u>35</u>	<u>(46)</u>
Increase (decrease) in cash and cash equivalents	(86,738)	(7,378)	(6,142)	(2,485)	71,192
Cash and cash equivalents, beginning of the period	<u>95,454</u>	<u>24,262</u>	<u>14,858</u>	<u>19,369</u>	<u>24,262</u>
Cash and cash equivalents, end of the period	<u>\$ 8,716</u>	<u>\$ 16,884</u>	<u>\$ 8,716</u>	<u>\$ 16,884</u>	<u>\$ 95,454</u>
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	<u>\$ 379</u>	<u>\$ 526</u>	<u>\$ 379</u>	<u>\$ 526</u>	<u>\$ 299</u>
Long-term investment	<u>-</u>	<u>\$ 365</u>	<u>-</u>	<u>-</u>	<u>\$ 471</u>
Issuance expenses	<u>-</u>	<u>\$ 259</u>	<u>-</u>	<u>\$ 259</u>	<u>\$ 218</u>