



Evogene Ltd.

Consolidated Financial Statements as of
June 30, 2015



CONSOLIDATED BALANCE SHEETS

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

	As of June 30,		As of
	2015	2014	December 31,
	Unaudited		Audited
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,949	\$ 8,716	\$ 5,213
Restricted cash	-	-	1,000
Marketable securities	78,812	78,549	80,040
Short-term bank deposits	23,228	24,000	30,046
Trade receivables	750	1,864	1,183
Other receivables	1,084	1,026	889
	111,823	114,155	118,371
LONG-TERM ASSETS:			
Long-term bank deposits	-	10,000	-
Long-term deposits	24	20	21
Plant, property and equipment, net	8,016	7,188	8,812
Long-term investment	-	471	382
Intangible assets, net	-	22	-
	8,040	17,701	9,215
	\$ 119,863	\$ 131,856	\$ 127,586
CURRENT LIABILITIES:			
Trade payables	\$ 1,205	\$ 1,488	\$ 1,984
Other payables	2,485	2,840	3,854
Liabilities in respect of grants from the Chief Scientist	553	603	570
Deferred revenues and other advances	1,248	1,572	1,511
	5,491	6,503	7,919
LONG-TERM LIABILITIES:			
Liabilities in respect of grants from the Chief Scientist	3,145	2,939	3,103
Deferred revenues and other advances	845	567	453
Severance pay liability, net	28	19	29
	4,018	3,525	3,585
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.02 par value:			
Authorized - 150,000,000 ordinary shares; Issued and outstanding - 25,388,938, 25,010,394 and 25,350,954 shares at June 30, 2015 and 2014 and December 31, 2014, respectively	140	138	140
Share premium and other capital reserve	177,962	172,077	175,553
Accumulated other comprehensive loss	-	-	(222)
Accumulated deficit	(67,748)	(50,387)	(59,389)

<u>110,354</u>	<u>121,828</u>	<u>116,082</u>
<u>\$ 119,863</u>	<u>\$ 131,856</u>	<u>\$ 127,586</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

	<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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>Unaudited</u>				<u>Audited</u>
Revenues:					
Research and development payments, including up-front payments	\$ 5,276	\$ 7,542	\$ 2,616	\$ 3,767	\$ 14,198
Share purchase related revenues	81	165	40	83	313
Total Revenues	<u>5,357</u>	<u>7,707</u>	<u>2,656</u>	<u>3,850</u>	<u>14,511</u>
Cost of revenues	<u>3,762</u>	<u>4,988</u>	<u>1,932</u>	<u>2,425</u>	<u>9,709</u>
Gross profit	<u>1,595</u>	<u>2,719</u>	<u>724</u>	<u>1,425</u>	<u>4,802</u>
Operating expenses:					
Research and development, net	7,229	6,012	3,690	3,355	14,022
Business development	999	936	502	562	1,851
General and administrative	<u>2,137</u>	<u>2,124</u>	<u>1,174</u>	<u>1,236</u>	<u>4,185</u>
Total operating expenses	<u>10,365</u>	<u>9,072</u>	<u>5,366</u>	<u>5,153</u>	<u>20,058</u>
Operating loss	<u>(8,770)</u>	<u>(6,353)</u>	<u>(4,642)</u>	<u>(3,728)</u>	<u>(15,256)</u>
Financing income	1,277	1,353	331	703	2,242
Financing expenses	<u>(866)</u>	<u>(528)</u>	<u>(639)</u>	<u>(166)</u>	<u>(1,516)</u>
Net loss	<u>\$ (8,359)</u>	<u>\$ (5,528)</u>	<u>\$ (4,950)</u>	<u>\$ (3,191)</u>	<u>\$ (14,530)</u>
Other comprehensive loss:					
Gain (loss) from cash flow hedges	\$ (45)	\$ -	\$ 19	\$ -	\$ (222)
Amounts transferred to the statement of profit or loss for cash flow hedges	267	-	72	-	-
Total comprehensive loss	<u>\$ (8,137)</u>	<u>\$ (5,528)</u>	<u>\$ (4,859)</u>	<u>\$ (3,191)</u>	<u>\$ (14,752)</u>
Basic and diluted loss per share	<u>\$ (0.33)</u>	<u>\$ (0.22)</u>	<u>\$ (0.20)</u>	<u>\$ (0.13)</u>	<u>\$ (0.58)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Share Premium and other capital reserve	Accumulated other comprehensive loss	Accumulated Deficit	Total
	Unaudited				
Balance as of January 1, 2015 (audited)	\$ 140	\$ 175,553	\$ (222)	\$ (59,389)	\$ 116,082
Net loss	-	-	-	(8,359)	(8,359)
Other comprehensive income	-	-	222	-	222
Exercise of options	*)	208	-	-	208
Share-based compensation	-	2,201	-	-	2,201
Balance as of June 30, 2015	<u>\$ 140</u>	<u>\$ 177,962</u>	<u>\$ -</u>	<u>\$ (67,748)</u>	<u>\$ 110,354</u>

*) Represent amount lower than \$1 thousand

	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	Accumulated other comprehensive loss	Accumulated Deficit	Total
	unaudited				
Balance as of April 1, 2015	\$ 140	\$ 176,437	\$ (91)	\$ (62,798)	\$ 113,688
Net loss	-	-	-	(4,950)	(4,950)
Other comprehensive income	-	-	91	-	91
Exercise of options	*)	134	-	-	134
Share-based compensation	-	1,391	-	-	1,391
Balance as of June 30, 2015	<u>\$ 140</u>	<u>\$ 177,962</u>	<u>\$ -</u>	<u>\$ (67,748)</u>	<u>\$ 110,354</u>

*) Represent amount lower than \$1 thousand

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Share Premium and other capital reserve	Accumulate d Deficit	Total
<u>Unaudited</u>				
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	Accumulated other comprehensive loss	Accumulated Deficit	Total
<u>Audited</u>					
Balance as of January 1, 2014	\$ 137	\$ 169,469	\$ -	\$ (44,859)	\$ 124,747
Net loss	-	-	-	(14,530)	(14,530)
Other comprehensive loss	-	-	(222)	-	(222)
Exercise of options	3	2,854	-	-	2,857
Share-based compensation	-	3,230	-	-	3,230
Balance as of December 31, 2014	<u>\$ 140</u>	<u>\$ 175,553</u>	<u>\$ (222)</u>	<u>\$ (59,389)</u>	<u>\$ 116,082</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,
	2015	2014	2015	2014	2014
	Unaudited				Audited
<u>Cash flows from operating activities</u>					
Net loss	\$ (8,359)	\$ (5,528)	\$ (4,950)	\$ (3,191)	\$ (14,530)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,266	1,055	612	536	2,249
Share-based compensation	2,201	1,749	1,391	923	3,230
Net financing expenses (income)	(451)	(12)	240	(103)	(926)
	<u>3,016</u>	<u>2,792</u>	<u>2,243</u>	<u>1,356</u>	<u>4,553</u>
Changes in asset and liability items:					
Decrease in trade receivables	433	49	66	12	730
Decrease (increase) in other receivables	(312)	(293)	(308)	5	58
Decrease (increase) in long term deposits	(3)	8	(4)	6	7
Increase (decrease) in trade payables	(400)	(606)	(6)	14	(267)
Increase (decrease) in other payables	(1,246)	(1,523)	9	(565)	(895)
Increase (decrease) in severance pay liability, net	(1)	-	1	-	10
Increase (decrease) in deferred revenues	129	(396)	(401)	172	(571)
	<u>(1,400)</u>	<u>(2,761)</u>	<u>(643)</u>	<u>(356)</u>	<u>(928)</u>
Cash received during the period for:					
Interest received	<u>1,372</u>	<u>226</u>	<u>551</u>	<u>143</u>	<u>2,010</u>
Net cash used in operating activities	<u>(5,371)</u>	<u>(5,271)</u>	<u>(2,799)</u>	<u>(2,048)</u>	<u>(8,895)</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,
	2015	2014	2015	2014	2014
	<u>Unaudited</u>				<u>Audited</u>
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (849)	\$ (925)	\$ (296)	\$ (622)	\$ (3,564)
Proceeds from sale of marketable securities	14,854	8,096	7,016	3,759	31,195
Purchase of marketable securities	(13,905)	(55,359)	(7,424)	(7,513)	(80,615)
Proceeds from (investment in) bank deposits	6,818	(34,000)	(42)	-	(30,046)
Decrease (increase) in restricted cash	1,000	-	1,000	-	(1,000)
Net cash provided by (used in) investing activities	<u>7,918</u>	<u>(82,188)</u>	<u>254</u>	<u>(4,376)</u>	<u>(84,030)</u>
<u>Cash Flows from Financing Activities</u>					
Proceeds from exercise of options	208	860	134	168	2,857
Proceeds from the Chief Scientist grants	188	126	188	126	339
Repayment of the Chief Scientist grants	(233)	(272)	-	-	(530)
Net cash provided by financing activities	<u>163</u>	<u>714</u>	<u>322</u>	<u>294</u>	<u>2,666</u>
Exchange rate differences - cash and cash equivalent balances	<u>26</u>	<u>7</u>	<u>106</u>	<u>(12)</u>	<u>18</u>
Increase (decrease) in cash and cash equivalents	2,736	(86,738)	(2,117)	(6,142)	(90,241)
Cash and cash equivalents, beginning of the period	<u>5,213</u>	<u>95,454</u>	<u>10,066</u>	<u>14,858</u>	<u>95,454</u>
Cash and cash equivalents, end of the period	<u>\$ 7,949</u>	<u>\$ 8,716</u>	<u>\$ 7,949</u>	<u>\$ 8,716</u>	<u>\$ 5,213</u>
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	<u>\$ 157</u>	<u>\$ 379</u>	<u>\$ 157</u>	<u>\$ 379</u>	<u>\$ 536</u>