



Evogene Ltd.

Consolidated Financial Statements as of
June 30, 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of June 30,		As of
	2016	2015	December 31,
	Unaudited		2015
			Audited
CURRENT ASSETS:			
Cash and cash equivalents	\$ 5,533	\$ 7,949	\$ 10,221
Restricted cash	47	-	47
Marketable securities	74,801	78,812	71,807
Short-term bank deposits	16,561	23,228	18,603
Trade receivables	80	750	2,675
Other receivables	1,542	1,084	1,023
	<u>98,564</u>	<u>111,823</u>	<u>104,376</u>
LONG-TERM ASSETS:			
Long-term deposits	16	24	22
Property, plant and equipment, net	7,354	8,016	8,197
	<u>7,370</u>	<u>8,040</u>	<u>8,219</u>
	<u>\$ 105,934</u>	<u>\$ 119,863</u>	<u>\$ 112,595</u>
CURRENT LIABILITIES:			
Trade payables	\$ 1,364	\$ 1,205	\$ 1,771
Other payables	2,495	2,485	3,049
Liabilities in respect of government grants	766	553	259
Deferred revenues and other advances	820	1,248	560
	<u>5,445</u>	<u>5,491</u>	<u>5,639</u>
LONG-TERM LIABILITIES:			
Liabilities in respect of government grants	2,614	3,145	2,880
Deferred revenues and other advances	157	845	298
Severance pay liability, net	30	28	26
	<u>2,801</u>	<u>4,018</u>	<u>3,204</u>
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.02 par value:			
Authorized - 150,000,000 ordinary shares; Issued and outstanding – 25,447,024, 25,388,938 and 25,404,362 shares at June 30, 2016 and 2015 and December 31, 2015, respectively	140	140	140
Share premium and other capital reserve	181,985	177,962	180,214
Accumulated deficit	(84,437)	(67,748)	(76,602)
	<u>97,688</u>	<u>110,354</u>	<u>103,752</u>
	<u>\$ 105,934</u>	<u>\$ 119,863</u>	<u>\$ 112,595</u>

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)

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,
	2016	2015	2016	2015	2015
	Unaudited				Audited
Revenues	\$ 3,824	\$ 5,357	\$ 1,808	\$ 2,656	\$ 11,129
Cost of revenues	3,090	3,762	1,575	1,932	8,255
Gross profit	734	1,595	233	724	2,874
Operating expenses:					
Research and development, net	7,765	7,229	4,040	3,690	14,449
Business development	790	999	428	502	1,964
General and administrative	1,944	2,137	946	1,174	4,382
Total operating expenses	10,499	10,365	5,414	5,366	20,795
Operating loss	(9,765)	(8,770)	(5,181)	(4,642)	(17,921)
Financing income	2,095	1,277	761	331	2,571
Financing expenses	(165)	(866)	(43)	(639)	(1,863)
Net loss	\$ (7,835)	\$ (8,359)	\$ (4,463)	\$ (4,950)	\$ (17,213)
Other comprehensive income (loss):					
Gain (loss) from cash flow hedges	\$ -	\$ (45)	\$ -	\$ 19	\$ (45)
Amounts transferred to the statement of profit or loss for cash flow hedges	-	267	-	72	267
Total comprehensive loss	\$ (7,835)	\$ (8,137)	\$ (4,463)	\$ (4,859)	\$ (16,991)
Basic and diluted loss per share	\$ (0.31)	\$ (0.33)	\$ (0.18)	\$ (0.20)	\$ (0.68)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Share premium and other capital reserve	Accumulated deficit	Total
	Unaudited			
Balance as of January 1, 2016 (audited)	\$ 140	\$ 180,214	\$ (76,602)	\$ 103,752
Net and comprehensive loss	-	-	(7,835)	(7,835)
Exercise of options	*) -	114	-	114
Share-based compensation	-	1,657	-	1,657
Balance as of June 30, 2016	<u>\$ 140</u>	<u>\$ 181,985</u>	<u>\$ (84,437)</u>	<u>\$ 97,688</u>

*) Represents an amount lower than \$1

	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>

*) Represents an amount lower than \$1

	Share capital	Share premium and other capital reserve	Accumulated deficit	Total
	Unaudited			
Balance as of April 1, 2016	\$ 140	\$ 181,170	\$ (79,974)	\$ 101,336
Net and comprehensive loss	-	-	(4,463)	(4,463)
Exercise of options	*) -	29	-	29
Share-based compensation	-	786	-	786
Balance as of June 30, 2016	<u>\$ 140</u>	<u>\$ 181,985</u>	<u>\$ (84,437)</u>	<u>\$ 97,688</u>

*) Represents an amount lower than \$1

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Share premium and other capital reserve	Accumulated other comprehensive loss <u>Unaudited</u>	Accumulated deficit	Total
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	\$ 140	\$ 177,962	\$ -	\$ (67,748)	\$ 110,354

*) Represents an amount lower than \$1

	Share capital	Share premium and other capital reserve	Accumulated other comprehensive loss <u>Audited</u>	Accumulated deficit	Total
Balance as of January 1, 2015	\$ 140	\$ 175,553	\$ (222)	\$ (59,389)	\$ 116,082
Net loss	-	-	-	(17,213)	(17,213)
Other comprehensive income	-	-	222	-	222
Exercise of options	*) -	296	-	-	296
Share-based compensation	-	4,365	-	-	4,365
Balance as of December 31, 2015	\$ 140	\$ 180,214	\$ -	\$ (76,602)	\$ 103,752

*) Represents an amount lower than \$1

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
<u>Cash flows from operating activities</u>					
Net loss	\$ (7,835)	\$ (8,359)	\$ (4,463)	\$ (4,950)	\$ (17,213)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,176	1,266	585	612	2,433
Share-based compensation	1,657	2,201	786	1,391	4,365
Net financing expenses (income)	(2,017)	(451)	(723)	240	(845)
Loss from sale of property, plant and equipment	17	-	17	-	-
	<u>833</u>	<u>3,016</u>	<u>665</u>	<u>2,243</u>	<u>5,953</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	2,595	433	545	66	(1,492)
Decrease (increase) in other receivables	(477)	(312)	291	(308)	(293)
Decrease (increase) in long-term deposits	6	(3)	-	(4)	(1)
Increase (decrease) in trade payables	(241)	(400)	54	(6)	(68)
Increase (decrease) in other payables	(596)	(1,246)	160	9	(640)
Increase (decrease) in severance pay liability, net	4	(1)	4	1	(3)
Increase (decrease) in deferred revenues and other advances	119	129	-	(401)	(1,055)
Increase (decrease) in liabilities in respect of government grants	115	-	-	-	(284)
	<u>1,525</u>	<u>(1,400)</u>	<u>1,054</u>	<u>(643)</u>	<u>(3,836)</u>
Cash received during the period for:					
Interest received	<u>1,154</u>	<u>1,372</u>	<u>475</u>	<u>551</u>	<u>2,689</u>
Net cash used in operating activities	<u>(4,323)</u>	<u>(5,371)</u>	<u>(2,269)</u>	<u>(2,799)</u>	<u>(12,407)</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,
	2016	2015	2016	2015	2015
	Unaudited				Audited
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (474)	\$ (849)	\$ (91)	\$ (296)	\$ (2,005)
Proceeds from sale of marketable securities	11,624	14,854	8,134	7,016	38,164
Purchase of marketable securities	(13,750)	(13,905)	(8,465)	(7,424)	(31,168)
Proceeds from (investment in) bank deposits, net	2,042	6,818	4,042	(42)	11,443
Decrease in restricted cash	-	1,000	-	1,000	953
Net cash provided by (used in) investing activities	(558)	7,918	3,620	254	17,387
<u>Cash Flows from Financing Activities</u>					
Proceeds from exercise of options	114	208	29	134	296
Proceeds from government grants	258	188	150	188	167
Repayment of government grants	(199)	(233)	-	-	(418)
Net cash provided by financing activities	173	163	179	322	45
Exchange rate differences - cash and cash equivalent balances	20	26	18	106	(17)
Increase (decrease) in cash and cash equivalents	(4,688)	2,736	1,548	(2,117)	5,008
Cash and cash equivalents, beginning of the period	10,221	5,213	3,985	10,066	5,213
Cash and cash equivalents, end of the period	\$ 5,533	\$ 7,949	\$ 5,533	\$ 7,949	\$ 10,221
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	\$ 225	\$ 157	\$ 225	\$ 157	\$ 349