



Evogene Ltd.

Consolidated Financial Statements as of
September 30, 2015

CONSOLIDATED BALANCE SHEETS**U.S. dollars in thousands (except share and per share data)**

	As of September 30,		As of
	2015	2014	December 31,
	Unaudited		2014
			Audited
CURRENT ASSETS:			
Cash and cash equivalents	\$ 11,847	\$ 14,962	\$ 5,213
Restricted cash	47	-	1,000
Marketable securities	79,867	77,850	80,040
Short-term bank deposits	14,591	16,000	30,046
Trade receivables	963	1,103	1,183
Other receivables	1,083	1,320	889
	<u>108,398</u>	<u>111,235</u>	<u>118,371</u>
LONG-TERM ASSETS:			
Long-term bank deposits	-	10,000	-
Long-term deposits	25	19	21
Plant, property and equipment, net	7,943	8,027	8,812
Long-term investment	-	471	382
Intangible assets, net	-	11	-
	<u>7,968</u>	<u>18,528</u>	<u>9,215</u>
	<u>\$ 116,366</u>	<u>\$ 129,763</u>	<u>\$ 127,586</u>
CURRENT LIABILITIES:			
Trade payables	\$ 1,021	\$ 1,849	\$ 1,984
Other payables	2,428	2,954	3,854
Liabilities in respect of grants from the Chief Scientist	470	463	570
Deferred revenues and other advances	824	971	1,511
	<u>4,743</u>	<u>6,237</u>	<u>7,919</u>
LONG-TERM LIABILITIES:			
Liabilities in respect of grants from the Chief Scientist	3,054	2,696	3,103
Deferred revenues and other advances	447	516	453
Severance pay liability, net	31	27	29
	<u>3,532</u>	<u>3,239</u>	<u>3,585</u>
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.02 par value:			
Authorized – 150,000,000 ordinary shares; Issued and outstanding			
–25,394,388, 25,301,897 and 25,350,954 shares at September 30,			
2015 and 2014 and December 31, 2014, respectively	140	139	140
Share premium and other capital reserve	179,081	174,714	175,553
Accumulated other comprehensive loss	-	-	(222)
Accumulated deficit	(71,130)	(54,566)	(59,389)
	<u>108,091</u>	<u>120,287</u>	<u>116,082</u>
	<u>\$ 116,366</u>	<u>\$ 129,763</u>	<u>\$ 127,586</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**U.S. dollars in thousands (except share and per share data)**

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
Revenues:					
Research and development payments, including up-front payments	\$ 8,542	\$ 10,631	\$ 3,266	\$ 3,089	\$ 14,198
Share purchase related revenues	124	240	43	75	313
Total Revenues	<u>8,666</u>	<u>10,871</u>	<u>3,309</u>	<u>3,164</u>	<u>14,511</u>
Cost of revenues	<u>6,249</u>	<u>7,325</u>	<u>2,487</u>	<u>2,337</u>	<u>9,709</u>
Gross profit	<u>2,417</u>	<u>3,546</u>	<u>822</u>	<u>827</u>	<u>4,802</u>
Operating expenses:					
Research and development, net	10,326	9,754	3,097	3,742	14,022
Business development	1,505	1,343	506	407	1,851
General and administrative	<u>3,138</u>	<u>3,108</u>	<u>1,001</u>	<u>984</u>	<u>4,185</u>
Total operating expenses	<u>14,969</u>	<u>14,205</u>	<u>4,604</u>	<u>5,133</u>	<u>20,058</u>
Operating loss	<u>(12,552)</u>	<u>(10,659)</u>	<u>(3,782)</u>	<u>(4,306)</u>	<u>(15,256)</u>
Financing income	2,045	1,980	768	627	2,242
Financing expenses	<u>(1,234)</u>	<u>(1,028)</u>	<u>(368)</u>	<u>(500)</u>	<u>(1,516)</u>
Net loss	<u>\$ (11,741)</u>	<u>\$ (9,707)</u>	<u>\$ (3,382)</u>	<u>\$ (4,179)</u>	<u>\$ (14,530)</u>
Other comprehensive loss:					
Loss from cash flow hedges	\$ (45)	\$ -	\$ -	\$ -	\$ (222)
Amounts transferred to the statement of profit or loss for cash flow hedges	267	-	-	-	-
Total comprehensive loss	<u>\$ (11,519)</u>	<u>\$ (9,707)</u>	<u>\$ (3,382)</u>	<u>\$ (4,179)</u>	<u>\$ (14,752)</u>
Basic and diluted loss per share	<u>\$ (0.46)</u>	<u>\$ (0.39)</u>	<u>\$ (0.13)</u>	<u>\$ (0.17)</u>	<u>\$ (0.58)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share Premium and other capital reserve	Accumulated other comprehensive loss Unaudited	Accumulated Deficit	Total
Balance as of January 1, 2015 (audited)	\$ 140	\$ 175,553	\$ (222)	\$ (59,389)	\$ 116,082
Net loss	-	-	-	(11,741)	(11,741)
Other comprehensive income	-	-	222	-	222
Exercise of options	*)	237	-	-	237
Share-based compensation	-	3,291	-	-	3,291
Balance as of September 30, 2015	<u>\$ 140</u>	<u>\$ 179,081</u>	<u>\$ -</u>	<u>\$ (71,130)</u>	<u>\$ 108,091</u>

*) Represents an 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	-	-	(9,707)	(9,707)
Exercise of options	2	2,708	-	2,710
Share-based compensation	-	2,537	-	2,537
Balance as of September 30, 2014	<u>\$ 139</u>	<u>\$ 174,714</u>	<u>\$ (54,566)</u>	<u>\$ 120,287</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 July 1, 2015	\$ 140	\$ 177,962	\$ (67,748)	\$ 110,354
Total comprehensive loss	-	-	(3,382)	(3,382)
Exercise of options	*)	29	-	29
Share-based compensation	-	1,090	-	1,090
Balance as of September 30, 2015	\$ 140	\$ 179,081	\$ (71,130)	\$ 108,091

*) Represents an amount lower than \$1 thousand

	Share Capital	Share Premium and other capital reserve	Accumulated Deficit	Total
	Unaudited			
Balance as of July 1, 2014	\$ 138	\$ 172,077	\$ (50,387)	\$ 121,828
Total comprehensive loss	-	-	(4,179)	(4,179)
Exercise of options	1	1,849	-	1,850
Share-based compensation	-	788	-	788
Balance as of September 30, 2014	\$ 139	\$ 174,714	\$ (54,566)	\$ 120,287

	Share capital	Share Premium and other capital reserve	Accumulated other comprehensive loss	Accumulated Deficit	Total
	Audited				
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	\$ 140	\$ 175,553	\$ (222)	\$ (59,389)	\$ 116,082

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
<u>Cash flows from operating activities</u>					
Net loss	\$ (11,741)	\$ (9,707)	\$ (3,382)	\$ (4,179)	\$ (14,530)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,849	1,616	583	561	2,249
Share-based compensation	3,291	2,537	1,090	788	3,230
Net financing expenses (income)	(896)	417	(445)	429	(926)
	<u>4,244</u>	<u>4,570</u>	<u>1,228</u>	<u>1,778</u>	<u>4,553</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	220	810	(213)	761	730
Decrease (increase) in other receivables	(335)	(587)	(23)	(294)	58
Decrease (increase) in long term deposits	(4)	9	(1)	1	7
Increase (decrease) in trade payables	(546)	(247)	(146)	359	(267)
Increase (decrease) in other payables	(1,303)	(1,409)	(57)	114	(895)
Increase in severance pay liability, net	2	8	3	8	10
Decrease in deferred revenues	(642)	(1,048)	(771)	(652)	(571)
	<u>(2,608)</u>	<u>(2,464)</u>	<u>(1,208)</u>	<u>297</u>	<u>(928)</u>
Cash received during the period for:					
Interest received	<u>2,119</u>	<u>288</u>	<u>747</u>	<u>62</u>	<u>2,010</u>
Net cash used in operating activities	<u>(7,986)</u>	<u>(7,313)</u>	<u>(2,615)</u>	<u>(2,042)</u>	<u>(8,895)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (1,397)	\$ (2,312)	\$ (548)	\$ (1,387)	\$ (3,564)
Proceeds from sale of marketable securities	22,128	21,042	7,274	12,946	31,195
Purchase of marketable securities	(22,533)	(68,214)	(8,628)	(12,855)	(80,615)
Proceeds from (investment in) bank deposits	15,455	(26,000)	8,637	8,000	(30,046)
Decrease (increase) in restricted cash	953	-	(47)	-	(1,000)
Net cash provided by (used in) investing activities	<u>14,606</u>	<u>(75,484)</u>	<u>6,688</u>	<u>6,704</u>	<u>(84,030)</u>
<u>Cash flows from financing activities</u>					
Proceeds from exercise of warrants and options	237	2,710	29	1,850	2,857
Proceeds from the Chief Scientist grants	188	179	-	53	339
Repayment of the Chief Scientist grants	(418)	(530)	(185)	(258)	(530)
Net cash provided by (used in) financing activities	<u>7</u>	<u>2,359</u>	<u>(156)</u>	<u>1,645</u>	<u>2,666</u>
Exchange rate differences - cash and cash equivalent balances	<u>7</u>	<u>(54)</u>	<u>(19)</u>	<u>(61)</u>	<u>18</u>
Increase (decrease) in cash and cash equivalents	6,634	(80,492)	3,898	6,246	(90,241)
Cash and cash equivalents, beginning of the period	<u>5,213</u>	<u>95,454</u>	<u>7,949</u>	<u>8,716</u>	<u>95,454</u>
Cash and cash equivalents, end of the period	<u>\$ 11,847</u>	<u>\$ 14,962</u>	<u>\$ 11,847</u>	<u>\$ 14,962</u>	<u>\$ 5,213</u>
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	<u>\$ 119</u>	<u>\$ 461</u>	<u>\$ 119</u>	<u>\$ 461</u>	<u>\$ 536</u>