

COMPUGEN LTD
Form 6-K
November 02, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

for the month of November 2005

Compugen Ltd.

(Translation of registrant's name in English)

72 Pinchas Rosen Street, Tel-Aviv 69512, Israel

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

On November 2, 2005 Compugen Ltd. (the "Registrant") issued a Press Release, filed as Exhibit 1 to this Report on Form 6-K, which is hereby incorporated by reference herein.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Compugen Ltd.

(Registrant)

By: /s/ Mor Amitai

Title: President & CEO

Date: November 2, 2005

Exhibit 1

Compugen Reports Third Quarter 2005 Financial Results

Alex Kotzer assumes President and CEO Position

TEL AVIV, ISRAEL, Nov. 2, 2005 - Compugen Ltd. (NASDAQ: CGEN) today reported financial results for the third quarter ended September 30, 2005. As previously announced, effective September 1, 2005, Alex Kotzer assumed the position of President and Chief Executive Officer.

"I am delighted to join Compugen at this point in time as the company focuses on developing and commercializing its many potential biomarkers and therapeutic proteins. These potential products are resulting from our pioneering research efforts in predictable methods of discovery." stated Mr. Kotzer.

Martin Gerstel, Compugen`s Chairman added, "Alex brings to Compugen many years of relevant experience and a proven track record in managing biotech operations in his previous positions at Serono and InterPharm. His background makes him ideal to lead Compugen as we move forward with the development and commercialization of our diagnostic and therapeutic product candidates as well as to continue to advance our predictive research capabilities and the unique discovery engines based on these capabilities."

Revenues and governmental and other grants for the third quarter of 2005 were \$761,000 (including \$666,000 from governmental and other grants), compared to \$971,000 (including \$326,000 from governmental and other grants) for the third quarter of 2004. The net loss for the quarter was \$3.6 million (including a non-cash expense of \$332,000 for amortization of deferred compensation), or \$0.13 per share, compared with a net loss of \$3.6 million (including a non-cash expense of \$231,000 for amortization of deferred compensation), or \$0.13 per share, for the corresponding quarter of 2004.

Revenues and governmental and other grants for the nine months ended September 30, 2005 were \$2.1 million (including \$1.5 million from governmental and other grants), compared to \$3.5 million for the same period in 2004 (including \$1 million from governmental and other grants). The net loss for the first nine months of 2005 was \$10.6 million (including a non-cash expense of \$313,000 for amortization of deferred compensation), or \$0.38 per share, compared with a net loss of \$10.0 million (including a non-cash expense of \$600,000 for amortization of deferred compensation), or \$0.36 per share, for the same period in 2004.

As of September 30, 2005, Compugen had \$38 million in cash, cash equivalents, and marketable securities, a decrease of \$3 million from June 30, 2005.

Conference Call and Web Cast Information

Compugen will hold a conference call to discuss its third quarter results on November 2nd, 2005 at 10:00 AM EST. To access the conference call, please dial 1-866-860-9642 from the US or +972-3-918-0610 internationally. A replay of the conference call will also be available approximately two hours after the completion of the live conference call. To access the replay, please dial 1-866-276-1485 from the US or +972-3-925-5901. The replay will be available until 12 noon EST on November 4nd, 2005.

The call will also be available via live Web cast through Compugen`s Website, located at www.cgen.com.

About Compugen

Compugen is a drug and diagnostic discovery company incorporating ideas and methods from mathematics, computer science, and physics into biology, chemistry, and medicine. The Company`s powerful predictive models and discovery engines are both advancing the understanding of important biological phenomena and enabling the discovery of numerous potential therapeutic products and diagnostic markers. The Company has an early stage in-house pipeline consisting of selected therapeutic protein candidates discovered by the Company; additional discoveries have been out-licensed for development. Among Compugen`s customers and partners are leading pharmaceutical and diagnostic companies, such as Abbott Laboratories, Diagnostic Products Corporation, Novartis, and Ortho-Clinical Diagnostics, a Johnson & Johnson company. Compugen has established a small-molecule drug discovery affiliate - Keddem Bioscience, and an agricultural biotechnology affiliate - Evogene. For additional information, please visit Compugen's corporate Website at www.cgen.com.

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties that may cause the actual results, performance or achievements of Compugen to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Some of these risks are: changes in relationships with collaborators; the impact of competitive products and technological changes; risks relating to the development of new products; and the ability to implement technological improvements. These and

other factors are identified and more fully explained under the heading "Risk Factors" in Compugen's annual reports filed with the Securities and Exchange Commission.

(Tables to follow)

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Compugen Ltd.

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COMPUGEN LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except for share and per-share amounts)

| | Three Months Ended_ | | Nine Months | |
|--------------------------------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | September 30, | | Ended September 30, | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> |
| Revenues | 95 | 645 | 646 | 2,471 |
| Governmental and other grants | 666 | 326 | 1,454 | 1,004 |
| Total revenues and grants | 761 | 971 | 2,100 | 3,475 |
| Cost and Expenses | | | | |
| Cost of revenues | 72 | 292 | 148 | 1,018 |
| Research and development expenses | 2,974 | 2,762 | 9,547 | 8,570 |
| Sales and marketing expenses | 417 | 644 | 1,324 | 2,063 |
| General and administrative expenses | 731 | 812 | 2,039 | 2,374 |
| Amortization of deferred compensation | 332 | 231 | 313 | 600 |
| Total operating expenses | 4,526 | 4,741 | 13,371 | 14,625 |
| Operating loss | (3,765) | (3,770) | (11,271) | (11,150) |
| Financing income, net | 160 | 245 | 472 | 1,075 |
| Other income | 52 | 57 | 168 | 250 |
| Capital loss | - | (154) | - | (154) |
| Net loss | (3,553) | (3,622) | (10,631) | (9,979) |
| Basic and diluted net loss per ordinary share | (0.13) | (0.13) | (0.38) | (0.36) |
| Weighted average number of ordinary shares outstanding | 27,779,670 | 27,547,239 | 27,770,852 | 27,401,795 |

Total revenues and grants

COMPUGEN LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS DATA
(U.S. dollars, in thousands)

| | September 30, <u>2005</u> Unaudited | December 31, <u>2004</u> <u>Audited</u> |
|-----------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash, cash equivalents, short-term cash deposits, and marketable securities | 29,954 | 20,574 |
| Receivables and prepaid expenses | 788 | 1,545 |
| Total current assets | 30,742 | 22,119 |
| Long-term investments | | |
| | 27,854 | |
| 8,097 | | |
| Other assets | 1,682 | 1,641 |
| Property and equipment, net | 3,465 | 3,739 |
| Total assets | 43,986 | 55,353 |
| LIABILITIES AND SHAREHOLDERS` EQUITY | | |
| Current liabilities | | |
| | 3,107 | |
| 2,049 | | |
| Deferred revenues | 200 | 276 |
| Total current liabilities | 2,249 | 3,383 |
| Long-term liabilities | | |
| | 1,878 | |
| 1,797 | | |
| Other long-term liabilities | 60 | 60 |
| Excess of losses over investment in Evogene | 466 | 466 |
| Total long-term liabilities | 2,323 | 2,404 |
| Total shareholders` equity | 39,414 | 49,566 |
| Total liabilities and shareholders` equity | 43,986 | 55,353 |