UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2016

Commission File Number 000-30902

COMPUGEN LTD.

(Translation of registrant's name into English)

26 Harokmim Street
Holon 5885849, Israel
(Address of Principal Executive Offices)

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

Form 20-F ☑ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Compugen Ltd.

Second Quarter 2016 Financial Results

The unaudited interim consolidated financial statements of Compugen Ltd. (the "Company") and its subsidiary as of June 30, 2016 and December 31, 2015 and for the six months ended June 30, 2016 and 2015 are filed as Exhibit 99.1 to this Form 6-K and incorporated by reference herein. The Operating and Financial Review and Prospects of the Company as of and for the six months ended June 30, 2016 and June 30, 2015 are filed as Exhibit 99.2 to this Form 6-K and incorporated by reference herein.

The information contained in this Report on Form 6-K, including the exhibits hereto, is hereby incorporated by reference into the Company's Registration Statement on Form F-3, File No. 333-198368.

Exhibits

Exhibit Number	**Description of Exhibit**
10.1*	First Amendment, dated February 5, 2014, to the Research and Development Collaboration and License Agreement by and between the Company and Bayer Pharma AG.
10.2*	Second Amendment, dated July 27, 2015, to the Research and Development Collaboration and License Agreement by and between the Company and Bayer Pharma AG.
10.3*	Third Amendment, dated April 17, 2016, to the Research and Development Collaboration and License Agreement by and between the Company and Bayer Pharma AG.
99.1	Unaudited interim consolidated financial statements as of June 30, 2016 and December 31, 2015 and for the six months ended June 30, 2016 and 2015.
99.2	Operating and Financial Review and Prospects as of and for the six months ended June 30, 2016 and June 30, 2015.
101	The following financial information from Compugen Ltd.'s Report on Form 6-K, formatted in XBRL (eXtensible Business Reporting Language): (i) consolidated balance sheets at June 30, 2016 and December 31, 2015; (ii) consolidated statements of comprehensive loss for the six months ended June 30, 2016 and 2015; (iii) consolidated statements of changes in shareholders' equity for the six months ended June 30, 2016 and the year ended December 31, 2015; (iv) consolidated statements of cash flows for the six months ended June 30, 2016 and 2015; and (v) notes to the consolidated financial statements.

* Confidential treatment with respect to certain portions of this exhibit has been requested from the Securities and Exchange Commission. Omitted portions have been filed separately with the Securities and Exchange Commission.

Signatures

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.

Date: August 9, 2016

By: /s/ Donna Gershowitz
Donna Gershowitz
General Counsel

Exhibit 10.1

CONFIDENTIAL TREATMENT REQUESTED

First Amendment to the
Research and Development Collaboration and License Agreement

This is the first Amendment (hereinafter "Amendment") to the Research and Development Collaboration and License Agreement between Bayer Pharma AG, a company formed under the laws of Germany, having a place of business at Muellerstrasse 178, 13353 Berlin, Germany (hereinafter: "BAYER") and Compugen Ltd, a company formed under the laws of Israel, having a place of business at 72 Pinchas Rosen Street, Tel Aviv 69512, Israel (hereinafter: "Compugen") effective as of 5 August 2013 (hereinafter: the "Agreement").

WHEREAS The parties wish to amend the exhibit specifying the Bayer Development Process.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. The parties agree to replace Exhibit 1.3 of the Agreement by Exhibit 1.3 attached to this Amendment, describing the "Bayer Development Process".

2. This Amendment shall become retroactively effective as of 5 August 2013.

3. All capitalized terms used herein shall have the meaning set forth in the Agreement. Except as expressly amended pursuant to this Amendment, all other terms and conditions of the Agreement shall remain in force unchanged and apply to this Amendment.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

SIGNED for and on behalf of
Bayer Pharma AG

Date: February 3, 2014

_____
ppa.

_____
i.V.

SIGNED for and on behalf of
Compugen Ltd

Date: February 5, 2014

/s/ Anat Cohen-Dayag
President and CEO

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

CONFIDENTIAL TREATMENT REQUESTED

Exhibit 1.3: Bayer Development Process

[***, 3 pages]

Portions of the exhibit, indicated by the mark "[***],"** ***were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.***

Exhibit 10.2

CONFIDENTIAL TREATMENT REQUESTED

Second Amendment Agreement to
Research and Development Collaboration and License Agreement

This Second Amendment Agreement is entered into as of this 27th day of July, 2015 (the "Amendment Date"), by and between Bayer Pharma AG, a company formed under the laws of Germany, having a place of business at Müllerstraße 178, 13353 Berlin, Germany ("**Bayer**") and Compugen Ltd a company formed under the laws of Israel, having a place of business at 72 Pinchas Rosen Street, Tel Aviv 69512, Israel ("**Compugen**"). Bayer and Compugen each shall be referred to herein as a "**Party**" and they shall be referred to together as the "**Parties**".

WHEREAS, the Parties are party to that certain Research and Development Collaboration and License Agreement, dated August 5, 2013, as amended on February 5, 2014, (the "**Agreement**"); and

WHEREAS, the Parties believe the Target Programs (as defined in the Agreement) will benefit from Compugen granting Bayer limited rights to [***] certain Target [***] Proteins (as defined in the Agreement) for certain research and development purposes within the Target Programs; and

WHEREAS, the Parties wish to amend the Agreement to grant such limited rights, all in accordance with the terms and conditions of this Second Amendment Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

1. The parties agree to amend the Agreement as set forth below.

2. Section 2.3.7.2 of the Agreement is hereby amended to read as follows:

"2.3.7.2. [***] **Protein Controls.**

The Parties agree that the CGEN-15001T Research Program may benefit from the use, as research reagents, of certain Compugen proprietary material [***] ("[***] **Protein Controls**") and that the CGEN-15022 Research Program may benefit from the use, as research reagents, of certain Compugen proprietary material [***] ("[***] **Protein Controls**"). Bayer understands that [***] Protein Controls and [***] Protein Controls are part of Compugen therapeutic development programs that are not subject to this Agreement (the "[***] Protein Program" and the "[***] Protein Program", respectively). The [***] Protein Program and the [***] Protein Program will each be referred to as a "[***] **Protein Program**". The parties contemplate that Compugen and/or its Affiliate will provide Bayer and/or its Affiliate (a) certain [***] Protein Controls for [***] specifically set forth in the CGEN-15001T Workplan or [***] otherwise specifically agreed to by [***]; and (b) certain [***] Protein Controls for use in certain activities specifically set forth in the CGEN-15022 Workplan or [***] otherwise specifically agreed to by [***]. Such [***] Protein Controls and [***] Protein Controls provided by Compugen and/or its Affiliate for purposes of the Workplans will be provided free of charge unless – solely with respect to [***] Protein Controls or [***] Protein Controls provided [***] in the Workplans after the Amendment Date – otherwise agreed upon by [***] in good faith due to [***] by Compugen relating to the [***] of such [***] Protein Controls or [***] Protein Controls ***for*** Bayer, and it will in each case be [***] along with information regarding the [***] and/or other [***] of such [***] Protein Controls or [***] Protein Controls, as applicable. Compugen and/or its Affiliate shall provide such [***] Protein Controls and [***] Protein Controls ready for [***] described in the Workplans; such [***] Protein Controls and [***] Protein Controls will be [***] form and quality [***].

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

In addition, the Parties agree that the CGEN-15001T Research Program may benefit from [***] to [***] Confidential Information of Compugen to [***] Approved [***] Protein Controls (defined below) solely for [***] in the CGEN-15001T Research Program and that the CGEN-15022 Research Program may benefit from [***] to [***] Confidential Information of Compugen to [***] Approved [***] Protein Controls (defined below) solely for [***] in the CGEN-15022 Research Program. "**Approved** [***] **Protein Control**" means any [***] whose [***] has been specifically [***] by Compugen in advance and in writing under this Section 2.3.7.2 and that [***] (including without limitation [***]). "**Approved** [***] **Protein Control**" means any [***] whose [***] has been specifically [***] by Compugen in advance and in writing under this Section 2.3.7.2 and that [***] (including without limitation [***]).

Compugen hereby grants Bayer [***] the right (which right may **not** be sublicensed to any Third Party) to [***] Confidential Information of Compugen to [***] Approved [***] Protein Controls and Approved [***] Protein Controls solely for the CGEN-15001T Research Program and CGEN-15022 Research Program, respectively, subject to the terms and conditions set forth below. Notwithstanding the restriction on sublicensing in the previous sentence, Bayer [***] may allow Third Party contractors to [***] Approved [***] Protein Controls and Approved [***] Protein Controls [***] if all of the following conditions have been fulfilled: (i) in addition to the requirements below, the agreement between Bayer [***] and the Third Party contractor pursuant to which [***] by the Third Party contractor contains the same limitations on the use of Confidential Information and assignment and ownership of intellectual property, as are set forth in this Agreement; and (ii) Compugen has had the opportunity to review such agreement for compliance with this Agreement and has approved such agreement with such Third Party contractor (including, without limitation, the identity of such Third Party contractor) in writing in advance.

For clarity, no rights are granted under this Section 2.3.7.2 to use Confidential Information of Compugen to [***] of a [***] or of a [***], unless the [***] of the proposed [***] has been specifically approved in advance by Compugen in writing.

Each of the [***] Protein Controls and [***] Protein Controls provided by Compugen [***] to Bayer [***] and each Approved [***] Protein Controls and Approved [***] Protein Controls made under the rights granted above shall be referred to as a "[***] **Protein Control**". In addition to the provisions of Section 2.3.7.1, the following provisions will apply to use of such [***] Protein Controls:

(a) Notwithstanding Section 2.3.7.1, Bayer shall not be entitled to [***] Protein Controls to any [***] of Bayer who are [***] (as described in the next sentence) on behalf of Bayer. Bayer and its [***] may use such [***] Protein Controls solely for performance of the [***] or otherwise specifically [***] as tasks involving the use of such [***] Protein Controls.

(b) Bayer shall not, and shall ensure that its Affiliates, contractors and collaborators shall [***] the [***] Protein Controls or use [***] Confidential Information regarding the [***] and/or regarding other [***] of the [***] Protein Controls nor any other Confidential Information regarding the [***] Protein Controls provided by Compugen on a need-to-know basis or [***] or a [***], to [***] any other [***] of a Target, without the prior express written consent of Compugen in each case. Information regarding Target [***] Proteins [***] in the [***] Approved [***] Protein Controls or Approved [***] Protein Controls under the rights granted above will be deemed Confidential Information of Compugen for purposes of this Agreement;

(c) Bayer shall not, and shall ensure that its Affiliates, contractors and collaborators shall not, [***] or otherwise [***] to any Third Party results of their use of the [***] Protein Controls, without Compugen's prior written consent; and

(d) Bayer shall within reasonable time, but in any case within [***] days, after becoming aware thereof, [***] to Compugen [***] with respect to Target [***] Proteins, their use or their production (in each case including, without limitation, [***] thereof), that are conceived and/or reduced to practice by Bayer, its Affiliates, contractors and/or collaborators, [***] Compugen or its Affiliates in the performance of work using a [***] Protein Control ("[***] Protein Invention"). Any such [***] Protein Invention, whether made by Bayer, any of its Affiliates or any of its contractors or collaborators, solely by Compugen or an Affiliate of Compugen, or jointly by any of the above, shall be [***]. Bayer and its Affiliates [***], and Bayer shall cause its contractors and collaborators [***], any and all of their [***] in and to any and all [***] Protein Inventions to Compugen, and any [***] Protein Invention [***] to Bayer, is [***] by Bayer to Compugen. Upon Compugen's request and at Compugen's expense, Bayer shall [***] and [***] that any relevant Affiliate, contractor and collaborator [***] as Compugen deems [***], in its [***], to enable Compugen to [***] with respect to any of the foregoing. Bayer will, and shall ensure that its Affiliates, contractors and collaborators will, at Compugen's request, provide [***] and [***], as [***] to [***]. Bayer is [***] that its Affiliates, contractors and collaborators [***], and [***] by its Affiliates of, the provisions of this Section 2.3.7.2(d). Bayer shall ensure that its contractors and collaborators are [***] of this Section 2.3.7.2(d) by [***] to which Compugen is [***], prior to [***] to [***] Protein Controls or any Confidential Information of Compugen related to Target [***] Proteins.

For the avoidance of doubt, this clause does not limit in any way Bayer's and its Affiliates' right to conduct independent activities that an unaffiliated third party would also be allowed to perform using Target [***] Proteins (e.g. based on publications) without the use of or reference to Confidential Information of Compugen; for the avoidance of doubt, (a) Compugen [***] with respect to the results of any such independent activities and (b) [***] is granted by Compugen by implication, estoppel or otherwise with respect to [***] Proteins under any Patents Controlled by Compugen or any of its Affiliates (both except for the right to use [***] Protein Controls pursuant to the terms of the previous paragraph).

3. The Parties agree to replace Exhibit 1.21 of the Agreement by Exhibit 1.21 attached to this Amendment, describing the "CGEN-15022 Workplan".

4. All capitalized terms used herein shall have the meaning set forth in the Agreement. Except as expressly amended pursuant to this Amendment. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

[Signature Page Follows]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives as of the date first written above.

Bayer Pharma AG	**Compugen Ltd.**
By: ppa_____	By: /s/ Dr. Anat Cohen-Dayag_____
Name:	Name: Dr. Anat Cohen-Dayag
Title:	Title: President and CEO
By: i.V._____	
Name:	
Title:	

***Portions of the exhibit, indicated by the mark "[***],"* were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.**

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 1.21 CGEN-15022 WORK PLAN

[***, 9 pages]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.3

CONFIDENTIAL TREATMENT REQUESTED

Third Amendment to the
Research and Development Collaboration and License Agreement

This is the third Amendment (hereinafter "Third Amendment") to the Research and Development Collaboration and License Agreement between Bayer Pharma AG, a company formed under the laws of Germany, having a place of business at Muellerstrasse 178, 13353 Berlin, Germany (hereinafter: "BAYER") and Compugen Ltd, a company formed under the laws of Israel, having a place of business at 26 Harokmim Street, Holon 5885849, Israel (hereinafter: "Compugen") effective as of 5 August 2013, as amended on February 5, 2014 and on July 27, 2015 (hereinafter: the "Agreement").

WHEREAS, the Parties wish to amend Exhibit 1.3 specifying the Bayer Development Process; and

WHEREAS, the Parties wish to amend the Agreement to revise certain milestone [***] as a result of the amended Exhibit 1.3, all in accordance with the terms and conditions of this Third Amendment.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. The Parties agree to replace Exhibit 1.3 of the Agreement by Exhibit 1.3 attached to this Third Amendment, describing the "Bayer Development Process".

2. The following language shall be added to the end of Section 6.2.1.1:

   ", except that solely with respect to [***] such milestone payment shall be [***] US Dollars ($[***]);"

3. The following language shall be added to the end of Section 6.2.1.2:

   '", except that solely with respect to [***] such milestone payment shall be [***] US Dollars ($[***]);"

4. This Third Amendment shall become effective on the date this Agreement is signed by the last of the Parties to sign it.

5. All capitalized terms used herein shall have the meaning set forth in the Agreement. Except as expressly amended pursuant to this Third Amendment, all other terms and conditions of the Agreement shall remain in force unchanged and apply to this Third Amendment.

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

SIGNED for and on behalf of
Bayer Pharma AG

Date: April 17, 2016

_____
ppa.

_____
i.V.

SIGNED for and on behalf of
Compugen Ltd

Date: April 17, 2016

/s/ Anat Cohen-Dayag
Dr. Anat Cohen-Dayag
(President & CEO)

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

CONFIDENTIAL TREATMENT REQUESTED

Exhibit 1.3: Bayer Development Process

[***, 3 pages]

Portions of the exhibit, indicated by the mark "[***]," were omitted and have been filed separately with the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 99.1

COMPUGEN LTD. AND ITS SUBSIDIARY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2016

U.S. DOLLARS IN THOUSANDS

UNAUDITED

INDEX

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2016	December 31, 2015
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,325	$ 10,777
Restricted cash	992	1,077
Short-term bank deposits	53,761	69,567
Investment in marketable securities	104	426
Trade receivable	400	7,800
Other accounts receivable and prepaid expenses	1,332	1,352
Total current assets	75,914	90,999
NON-CURRENT ASSETS:		
Long-term prepaid expenses	96	101
Severance pay fund	2,281	2,179
Property and equipment, net	6,169	6,028
Total non- current assets	8,546	8,308
Total assets	$ 84,460	$ 99,307

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2016	December 31, 2015
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 1,312	$ 2,001
Deferred revenues	123	312
Other accounts payable and accrued expenses	3,103	4,541
Total current liabilities	4,538	6,854
NON- CURRENT LIABILITIES:		
Accrued severance pay	2,789	2,556
Total non-current liabilities	2,789	2,556
COMMITMENTS AND CONTINGENT LIABILITIES (NOTE 5)		
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares of NIS 0.01 par value: 100,000,000 shares authorized at June 30, 2016 and December 31, 2015; 50,908,454 and 50,572,244 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	139	138
Additional paid-in capital	331,538	328,797
Accumulated other comprehensive income	148	421
Accumulated deficit	(254,692)	(239,459)
Total shareholders' equity	77,133	89,897
Total liabilities and shareholders' equity	$ 84,460	$ 99,307

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

	Six months ended June 30,	
	2016	2015
	Unaudited	
Revenues	$ 589	$ 736
Cost of revenues	167	396
Gross profit	422	340
Operating expenses:		
Research and development expenses, net	12,237	10,109
Marketing and business development expenses	471	478
General and administrative expenses	3,593	3,028
Total operating expenses	16,301	13,615
Operating loss	(15,879)	(13,275)
Financial and other income, net	666	324
Loss before taxes on income	(15,213)	(12,951)
Taxes on income	20	-
Net loss	$ (15,233)	$ (12,951)
Basic and diluted net loss per share	$ (0.30)	$ (0.26)
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	50,724,004	50,374,993
Net loss	$ (15,233)	$ (12,951)
Unrealized loss arising during the period on investment in marketable securities	$ (56)	$ (57)
Realized gain arising during the period on investment in marketable securities	$ (277)	$ -
Realized gain arising during the period from foreign currency derivative contracts	$ (24)	$ (91)
Unrealized gain arising during the period from foreign currency derivative contracts	$ 84	$ 145
Total comprehensive loss	$ (15,506)	$ (12,954)

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' equity
	Number	Amount				
Balance as of January 1, 2015	50,254,492	137	324,053	1,222	(219,296)	106,116
Options exercised	317,752	1	971	-	-	972
Stock-based compensation relating to options issued to non-employees	-	-	299	-	-	299
Stock-based compensation relating to options issued to employees and directors	-	-	3,474	-	-	3,474
Changes in other comprehensive income from marketable securities	-	-	-	(641)	-	(641)
Changes in other comprehensive income from foreign currency derivative contracts	-	-	-	(160)	-	(160)
Net loss	-	-	-	-	(20,163)	(20,163)
Balance as of December 31, 2015	50,572,244	138	328,797	421	(239,459)	89,897
Options exercised	336,210	1	1,374	-	-	1,375
Stock-based compensation relating to options issued to non-employees	-	-	85	-	-	85
Stock-based compensation relating to options issued to employees and directors	-	-	1,282	-	-	1,282
Changes in other comprehensive income from marketable securities	-	-	-	(333)	-	(333)
Changes in other comprehensive income from foreign currency derivative contracts	-	-	-	60	-	60
Net loss	-	-	-	-	(15,233)	(15,233)
Balance as of June 30, 2016 (unaudited)	50,908,454	$ 139	$ 331,538	$ 148	$ (254,692)	$ 77,133

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,	
	2016	2015
	Unaudited	
Cash flows from operating activities:		
Net loss	$ (15,233)	$ (12,951)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,367	1,713
Depreciation	704	482
Increase in severance pay, net	131	162
Gain from sale of marketable securities	(277)	-
Amortization of the cash consideration of research and development funding arrangement	-	(211)
Realized gain from foreign currency derivative contracts	(24)	(91)
Decrease (increase) in interest receivables from short-term bank deposits	367	(384)
Decrease in trade receivable	7,400	-
Decrease (increase) in other accounts receivable and prepaid expenses	251	(599)
Decrease in long-term prepaid expenses	5	9
Decrease in deferred revenues	(189)	(736)
Decrease in trade payables and other accounts payable and accrued expenses	(2,233)	(389)
Net cash used in operating activities	(7,731)	(12,995)
Cash flows from investing activities:		
Proceeds from maturity of short-term bank deposits	54,000	12,000
Investment in short-term bank deposits	(38,561)	(15,000)
Changes in restricted cash	85	(3)
Purchase of property and equipment	(701)	(615)
Proceeds from sales of marketable securities	266	-
Net cash provided by (used in) investing activities	15,089	(3,618)
Cash flows from financing activities:		
Proceeds from exercise of options	1,190	551
Net cash provided by financing activities	1,190	551
Increase (decrease) in cash and cash equivalents	8,548	(16,062)
Cash and cash equivalents at the beginning of the period	10,777	25,643
Cash and cash equivalents at the end of the period	$ 19,325	$ 9,581
Supplemental disclosure of non-cash investing and financing activities:		
Receivables from exercise of options	$ 185	$ -
Receivables from foreign currency derivative contracts	$ 84	$ 145
Purchase of property and equipment	$ 144	$ -

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1:- GENERAL

a. Compugen Ltd. (The "Company") is a leading therapeutic discovery company utilizing its broadly applicable predictive discovery infrastructure to identify novel drug targets and develop first-in-class biologics. The Company's current pipeline primarily consists of early-stage immuno-oncology programs aimed at harnessing the immune system to fight cancer. The Company's pipeline's focus is on immune checkpoint target candidates discovered by the Company, which are predicted to serve as promising drug targets for cancer immunotherapies addressing various cancer types and patient populations, both as monotherapy and in combination with other drugs. The Company's business model relies on extracting the commercial value of the Company's systematic discovery capability by entering into various forms of revenue-sharing collaborations for the Company's novel drug target candidates and therapeutic product candidates at various stages of research and development.

The Company is headquartered in Holon, Israel, with R&D facilities located in both Holon and South San Francisco. At the U.S. facilities, therapeutic monoclonal antibodies are discovered and developed against the Company's novel drug target candidates.

b. On August 5, 2013, the Company entered into a Research and Development Collaboration and License Agreement ("Bayer Agreement") with Bayer Pharma AG ("Bayer") for the research, development, and commercialization of antibody-based therapeutics for antibody based therapeutics against two novel, Compugen-discovered immune checkpoint regulators.

Under the terms of the Bayer Agreement, the Company received an upfront payment of $ 10,000, and is eligible to receive an aggregate of over $ 500,000 in potential milestone payments for both programs, not including aggregate preclinical milestone payments of up to $ 30,000 during the research programs. Additionally, the Company is eligible to receive mid to high single digit royalties on global net sales of any approved products under the collaboration.

With respect to the first licensed program, the third pre-clinical milestone was achieved on December 11, 2015. Pursuant to the terms of the Bayer Agreement, as amended, following completion of this program, it was transferred to Bayer's full control for further pre-clinical and clinical development activities, and worldwide commercialization under milestone and royalty bearing licenses from the Company.

On April 17, 2016, the Company achieved the first pre-clinical milestone with respect to the second licensed program under the Bayer Agreement, as amended, according to which the Company recognized revenues in total amount of $ 400 in accordance with the criteria prescribed under ASC 605-28. The Company and Bayer are continuing the pre-clinical research program for the second of the two checkpoint protein candidates discovered by the Company that is being developed pursuant to the Bayer Agreement.

A joint steering committee consisting of an equal number of representatives from each party is responsible for overseeing and directing the research program pursuant to agree upon work-plans.

NOTE 1:- GENERAL (Cont.)

Each party is responsible for the costs and expenses incurred by it in performing its designated activities under the work-plans during the research programs. As stated above, the first research program was completed and transferred to Bayer's full control for further pre-clinical and clinical development activities, and worldwide commercialization under milestone and royalty bearing licenses from the Company. Following the completion of the second research program, Bayer will have full control over further pre-clinical and clinical development of any cancer therapeutic product candidates targeting the Company-discovered immune checkpoint regulator and will have worldwide commercialization under milestone and royalty bearing licenses from the Company.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2015 are applied consistently in these financial statements.

For further information, refer to the consolidated financial statements as of December 31, 2015.

b. Concentration of credit risks:

Financial instruments that potentially subject the Company and Compugen USA, Inc. to concentration of credit risk consist principally of cash and cash equivalents, restricted cash, short-term bank deposits, marketable securities and foreign currency derivative contracts.

Cash, cash equivalents, restricted cash and short-term bank deposits are invested in major banks in Israel and in the U.S. Generally, these deposits may be redeemed upon demand and bear minimal risk.

The Company's marketable securities consist of investment in Evogene ordinary shares which are publicly traded in the U.S. and Israel.

As of June 30, 2016 the Company has a major customer which constitute 100% of total revenues. The management of the Company performed risk assessment on an ongoing basis and believes it bears low risk.

The Company entered into forward contracts to hedge against the risk of overall changes in future cash flow from payments of payroll and related expenses as well as other expenses denominated in NIS. The derivative instruments hedge a portion of the Company's non-dollar currency exposure. Counterparty to the Company's derivative instruments is major financial institution.

c. In March 2016, FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The amendments in this update change the accounting for certain stock-based compensation transactions, including the income tax consequences and cash flow classification for applicable transactions. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company is currently evaluating the impact that this amendment will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases," on the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether a lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for in a manner similar to the accounting under existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASC 842 supersedes the previous leases standard, ASC 840, "Leases." The guidance is effective for the interim and annual periods beginning on or after December 15, 2018. The Company is currently evaluating the potential effect of the guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). The standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company is currently assessing the impact of the adoption of this ASU on its consolidated financial statements.

NOTE 3:- UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ended December 31, 2016.

NOTE 4:- DERIVATIVE INSTRUMENTS

The Company accounts for derivatives and hedging based on ASC 815, "Derivatives and Hedging."

The Company entered into forward contracts to hedge against the risk of overall changes in future cash flow from payments of payroll and related expenses as well as other expenses denominated in NIS. As of June 30, 2016 and December 31, 2015, the Company had outstanding forward contracts in the notional amount of $ 3,174 and $ 4,357, respectively. These contracts hedge NIS denominated cash flows, for a period of six months ended December 31, 2016 and nine months ended September 30, 2016, respectively. The Company measured the fair value of the contracts in accordance with ASC 820 (classified as level 2).

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

NOTE 4:- DERIVATIVE INSTRUMENTS (Cont.)

These contracts met the requirement for cash flow hedge accounting and as such for the six-month period ended June 30, 2016 and 2015 the Company recorded total realized gains of $ 24 and $ 91, respectively, under operating expense.

As of June 30, 2016 and December 31, 2015 an unrealized gain (loss) in the amount of $ 41 and $ (19), respectively, related with outstanding forward contracts at such dates, were recognized under other comprehensive loss. The fair value of the Company's outstanding forward contracts at June 30, 2016 and December 31, 2015 amounted to unrealized gain (loss) of $ 41 and $ (19), respectively.

NOTE 5:- FAIR VALUE MEASUREMENTS

In accordance with ASC 820 "Fair Value Measurements and Disclosures," the Company measures its investment in marketable securities and foreign currency derivative contracts at fair value. Investment in marketable securities is classified within Level 1 because this asset is valued using quoted market prices. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments.

The Company's financial assets (liabilities) measured at fair value on a recurring basis, consisted of the following types of instruments as of the following dates:

	June 30, 2016 (Unaudited)			
		Fair value measurements		
Description	Fair value	Level 1	Level 2	Level 3
Investment in marketable securities	$ 104	$ 104	$ -	$ -
Foreign currency derivative contracts	41	-	41	-
Total financial assets	$ 145	$ 104	$ 41	$ -

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

NOTE 5:- FAIR VALUE MEASUREMENTS (Cont.)

	December 31, 2015			
	Fair value measurements			
Description	Fair value	Level 1	Level 2	Level 3
Investment in marketable securities	$ 426	$ 426	$ -	$ -
Total financial assets	$ 426	$ 426	$ -	$ -

	December 31, 2015			
	Fair value measurements			
Description	Fair value	Level 1	Level 2	Level 3
Foreign currency derivative contracts	$ (19)	$ -	$ (19)	$ -
Total financial liabilities	$ (19)	$ -	$ (19)	$ -

NOTE 6:- COMMITMENTS AND CONTINGENCIES

a. The Company and Compugen USA, Inc. lease their facilities and motor vehicles under various operating lease agreements that expire on various dates.

Future minimum rental commitments under non-cancelable operating lease agreements as of June 30, 2016 are approximately as follows:

December 31,	
2016	$ 647
2017	1,374
2018	1,028
2019	754
2020 and after	804
	$ 4,607

Operating lease expenses for the Company and Compugen USA, Inc. were approximately $ 663, and $ 409 for the six-month period ended June 30, 2016 and 2015, respectively.

b. The Company provided bank guarantees in the amount of $ 992 in favor of its offices' lessor in Israel, foreign currency derivative contracts and credit card security for its U.S. subsidiary. In addition, Compugen USA, Inc. provided a check deposit in the amount of $ 74 in favor of its offices' lessor in California, U.S.

c. Under the OCS royalty-bearing programs, the Company is not obligated to repay any amounts received from the OCS if it does not generate any income from the results of the funded research program(s).

NOTE 6:- COMMITMENTS AND CONTINGENCIES (Cont.)

If income is generated from a funded research program, the Company is committed to pay royalties at a rate of between 3% to 5% of future revenue arising from such research program(s), and up to a maximum of 100% of the amount received, linked to the U.S. dollar (for grants received under programs approved subsequent to January 1, 1999, the maximum to be repaid is 100% plus interest at LIBOR).

For the six-month period ended June 30, 2016 and 2015, the Company has an aggregate of paid and accrued royalties to the OCS, recorded as cost of revenues in the consolidated statement of comprehensive loss, in the amount of $ 21 and $ 26, respectively.

As of June 30, 2016, the Company's aggregate contingent obligations for payments to OCS, based on royalty-bearing participation received or accrued, net of royalties paid or accrued, totaled approximately to $ 8,687.

d. Under the Israel-U.S. Binational Industrial Research and Development (" BIRD") plan, the Company is not obligated to repay any amounts previously received from BIRD if it does not generate any income from the outcome of the funded research program. As of June 30, 2016 the Company accounted for proceeds under BIRD plan in total aggregate amount of approximately $ 500, received in the period between December 2005 and March 2012. As of June 30, 2016 the Company does not expect any income to be generated from the outcome of the funded research BIRD plan and as such no obligation was recorded.

e. On June 25, 2012 the Company and its U.S subsidiary entered into an Antibodies Discovery Collaboration Agreement (the "Antibodies Discovery Agreement") with a U.S. antibody technology company ("mAb Technology Company"), providing an established source for fully human mAbs. Under the Antibodies Discovery Agreement the mAb Technology Company will be entitled to certain royalties that could be eliminated, upon payment of certain one-time fees (all payments referred together as "Contingent Fees"). As of June 30, 2016 the Company did not incur any obligation for such Contingent Fees.

f. On May 9, 2012, the Company entered into agreement (the "May 2012 Agreement") with a U.S. Business Development Strategic Advisor ("Advisor") for the purpose of entering into transactions with Pharma companies related to selected Pipeline Program Candidates. Under the May 2012 Agreement the Advisor shall be entitled to at least 4% of the cash considerations that may be received under such transactions.

On February 27, 2014, the Company entered into a new agreement (the "New Agreement") (replacing the May 2012 Agreement, which terminated on that date except for certain payments arising from the Bayer Agreement which survive termination) with the Advisor for certain services with respect to financing, strategic and other agreements. The New Agreement has since expired in accordance with its terms except for certain payments arising from the Bayer Agreement which survive termination.

As of June 30, 2016 the Company does not have any outstanding obligation for payments under the aforementioned agreements.

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

NOTE 7:- SHAREHOLDERS' EQUITY

Stock based compensation:

During the six-month period ended June 30, 2016, the Company's Board of Directors granted 313,000 options to purchase ordinary shares of the Company to employees, directors and non-employees. The exercise prices for such options range from $ 4.69 to $ 6.46 per share, with vesting to occur in up to 4 years.

The following table presents the assumptions used to estimate the fair values of the options granted in the periods presented:

	Six months ended June 30,	
	2016	2015
	Unaudited	
Volatility	50%-52%	51%-60%
Risk-free interest rate	1.10%-1.30%	1.43%-1.77%
Dividend yield	0%	0%
Expected life (years)	4.8-5.9	4.8-6.0

Weighted average fair value of options granted during the six-month period ended June 30, 2016 and 2015 were $ 3.17 and $ 3.38, respectively.

During the six-month period ended June 30, 2016 and 2015, the Company recorded share based compensation in a total amount of $ 1,367 and $ 1,713, respectively.

As of June 30, 2016, the total unrecognized estimated compensation cost related to non-vested stock options granted prior to that date was $ 5,754, which is expected to be recognized over a weighted average period of approximately 2.64 years.

NOTE 8:- FINANCIAL AND OTHR INCOME, NET

	Six months ended June 30,	
	2016	2015
	Unaudited	
Interest income	$ 377	$ 406
Income from sales of marketable securities	277	-
Exchange rate differences and other	12	(82)
Financial and other income, net	$ 666	$ 324

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

NOTE 9:- RELATED PARTY BALANCES AND TRANSACTIONS

Balances with related parties:

	June 30, 2016	December 31, 2015
	Unaudited	
Trade payables (a)	$ -	$ 15

Related parties' expenses:

	Six months ended June 30,	
	2016	2015
	Unaudited	
Amounts charged to:		
Research and development expenses (a)	$ 72	$ 119

Related parties' revenues:

	Six months ended June 30,	
	2016	2015
	Unaudited	
Amounts recognized from:		
Revenues (b)	$ -	$ 71

a. For the six-month period ended June 30, 2016 and 2015 the Company received research and development services related with cancer studies in animal models, and breeding and maintenance of animals (mice) to support such studies.

b. For the six-month period ended June 30, 2015 the Company recognized revenues from research and development services in consideration for pre-scheduled determined fees in accordance with a research collaboration and license agreement entered into in June 2012.

Exhibit 99.2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

RESULTS OF OPERATIONS

Six months ended June 30, 2016

Revenues. Revenues for the six months ended June 30, 2016 were approximately $0.6 million compared with approximately $0.7 million for the six months ended June 30, 2015. The decrease is attributed mainly to the reduction in recognition of a non-refundable upfront payment, offset with revenues in the amount of $0.4 million associated with the achievement of the first preclinical milestone for CGEN- 15022 during the second quarter of 2016, both pursuant to the August 2013 Research and Development Collaboration and License Agreement with Bayer Pharma AG (the "Collaboration").

Cost of Revenues. Cost of revenues was approximately $0.2 million for the first six months of 2016 compared with approximately $0.4 million for the first six months of 2015. Cost of revenues consists mostly of expenses attributed to activities performed by Compugen in connection with the upfront payment from the Collaboration. The decrease in cost of revenues reflects the corresponding decrease in revenues.

Research and Development Expenses, Net. Research and development expenses, net, increased by approximately 21% to approximately $12.2 million for the first six months of 2016 from approximately $10.1 million for the first six months of 2015. The increase in expenses reflects primarily substantial increase in activities involving our pipeline program candidates, including the hiring of additional professional employees and manufacturing and regulatory consultants to support pre-clinical activities. Research and development expenses, net, as a percentage of total operating expenses, increased to 75% for the first six months of 2016 from 74% for the first six months of 2015.

Marketing and Business Development Expenses. Marketing and business development expenses were approximately $0.5 million for the first six months of each of 2016 and 2015. Marketing and business development expenses, as a percentage of total operating expenses, decreased to 3% for the first six months of 2016 from 4% for the first six months of 2015.

General and Administrative Expenses. General and administrative expenses increased to approximately $3.6 million for the first six months of 2016 from approximately $3.0 million for the first six months of 2015. The increase is primarily attributed to an increase in professional services and an increase in head count related general and administrative expenses. General and administrative expenses, as a percentage of total operating expenses, remain at 22% for the first six months of each of 2016 and 2015.

Financial Income, Net. Financial income, net, was approximately $0.7 million for the first six months of 2016 compared with approximately $0.3 million for the first six months of 2015. The increase is primarily due to gains related to the sales of a portion of our investment in Evogene Ltd. ("Evogene") in the amount of $0.3 million during the first six months of 2016.

LIQUIDITY AND CAPITAL RESOURCES

Net Cash Used in Operating Activities. Net cash used in operating activities was approximately $7.7 million in the first six months of 2016 compared with approximately $13.0 million in the first six months of 2015. The net cash used during the first six months of 2016 includes the collection of $7.8 million associated with the third milestone with respect to one licensed program under the Collaboration which had been achieved and recognized as revenue in the fourth quarter of 2015. Excluding the collection of the above milestone in the amount of $7.8 million, net cash used for the period in 2016 increased to approximately $15.5 million reflecting higher level of expenses associated with increased activities involving our pipeline program candidates.

Net Cash Provided by (Used in) Investing Activities. Net cash provided by investing activities in the first six months of 2016 was approximately $15.1 million compared with net cash used in the investing activities of approximately $3.6 million in the first six months of 2015. The increase in net cash provided by investment activities is primarily related to a higher level of proceeds from the maturity of short-term bank deposits in the first six months of 2016 compared to the first six months of 2015, partially offset by an increase in investment in short-term bank deposits between the comparable periods.

Net Cash Provided by Financing Activities. Net cash provided by financing activities was approximately $1.2 million in the first six months of 2016 compared with approximately $0.6 million in the first six months of 2015. The principal source of cash provided by financing activities for the first six months of each of 2016 and 2015 was proceeds received from the issuance of ordinary shares as a result of the exercise of stock options.

Net Liquidity. Liquidity refers to liquid financial assets available to fund our business operations and pay for near-term obligations. These liquid financial assets mostly consist of cash and cash equivalents, as well as short-term bank deposits and marketable securities. As of June 30, 2016, we had total cash, cash equivalents and short-term bank deposits of approximately $74.1 million.