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 2017

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.

On August 2, 2017, Compugen Ltd. (the "**Company**") issued two press releases, copies of which are filed as Exhibits 99.1 and 99.2 to this Form 6-K and incorporated by reference herein

Second Quarter 2017 Financial Results

The unaudited interim consolidated financial statements of Compugen Ltd. (the "Company") and its subsidiary as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016 are filed as Exhibit 99.3 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, 2017 and June 30, 2016 are filed as Exhibit 99.4 to this Form 6-K and incorporated by reference herein.

The information contained in this Report on Form 6-K is hereby incorporated by reference into the Company's Registration Statements on Form F-3, File Nos. 333-198368 and 333-213007.

Exhibits

Exhibit Number	**Description of Exhibit**
99.1	Press Release dated August 2, 2017 – "Compugen Welcomes Paul Sekhri as its New Chairman of the Board"
99.2	Press Release dated August 2, 2017 – "Compugen Reports Second Quarter 2017 Results"
99.3	Unaudited interim consolidated financial statements as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016.
99.4	Operating and Financial Review and Prospects as of and for the six months ended June 30, 2017 and June 30, 2016.
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, 2017 and December 31, 2016; (ii) consolidated statements of comprehensive loss for the six months ended June 30, 2017 and 2016; (iii) consolidated statements of changes in shareholders' equity for the six months ended June 30, 2017 and the year ended December 31, 2016; (iv) consolidated statements of cash flows for the six months ended June 30, 2017 and 2016; and (v) notes to the consolidated financial statements.

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 2, 2017

By: /s/ Donna Gershowitz
Donna Gershowitz
General Counsel

Exhibit 99.1

Compugen Welcomes Paul Sekhri as its New Chairman of the Board

Appointment to take effect October 2, 2017

HOLON, ISRAEL, August 2, 2017 — Compugen Ltd. (NASDAQ: CGEN), a leader in predictive discovery and development of first-in-class therapeutics for cancer immunotherapy, announced today that the Board of Directors has appointed Paul Sekhri to serve as a Director and Chairman of the Board, effective October 2, 2017. As the new Chairman, Mr. Sekhri will succeed Martin Gerstel, who announced his intention to retire from this role in February of this year.

"We are delighted to have Paul Sekhri join us as our new Chairman," said Anat Cohen-Dayag, PhD, President and CEO of Compugen. "Paul brings to Compugen over 30 years of experience in the life sciences industry and a proven track record in drug development, business development and commercial strategy, as well as extensive board and capital markets expertise. I look forward to benefitting from his leadership during this next exciting chapter of our corporate development, as we aim to leverage the opportunities offered by our predictive capabilities and novel pipeline and strive to maximize the value of our assets for the benefit of patients and our shareholders."

"I am honored to have been given the opportunity to lead Compugen as its new Chairman. Compugen is an extraordinary company with highly differentiated predictive discovery capabilities and an impressive therapeutic pipeline," said Paul Sekhri. "I look forward to working with my fellow directors, Anat, and the entire senior management team to establish Compugen as a key industry player in the space of cancer immunotherapy."

Martin Gerstel said, "I am extremely proud of our successful establishment of a unique and broadly applicable predictive discovery capability, and through its initial focused utilization the creation of a very promising immunotherapy pipeline. When announcing earlier this year my planned retirement, I commented that following the anticipated entrance into human clinical testing of product candidates based on our novel target discoveries, and the signing of additional collaboration agreements, I am confident that these past achievements will be more broadly recognized, and Compugen will then be seen as, and in fact be, a very different company with both new opportunities and new challenges. Accordingly, it would be appropriate for Compugen to have a new chairperson on board at that time to guide the next chapter of our corporate growth as the Company leverages its unique capabilities to expand and enhance our medical and commercial value. I have no doubt that Paul is the right person to undertake this challenge and I look forward to doing whatever I can to support his efforts."

Dr. Cohen-Dayag concluded, "I would like to acknowledge Martin for his leadership and vision as Chairman of the Board and his invaluable contributions to Compugen's development for two decades. I also want to personally thank him for his guidance and support over the past seven years and for the exceptional and fruitful teamwork during my tenure as President and CEO."

Paul Sekhri was appointed the President and CEO of Lycera Corp. in February 2015. Prior to joining Lycera, he served as Senior Vice President, Integrated Care for Sanofi from April 2014 through January 2015. Previously, he served as Group Executive Vice President, Global Business Development and Chief Strategy Officer for Teva Pharmaceutical Industries, Ltd. Prior to joining Teva he spent five years as Operating Partner and Head of the Biotechnology Operating Group at TPG Biotech, the life sciences venture capital arm of TPG Capital. From 2004-2009, Mr. Sekhri was Founder, President, and Chief Executive Officer of Cerimon Pharmaceuticals, Inc. Prior to founding Cerimon, Mr. Sekhri was President and Chief Business Officer of ARIAD Pharmaceuticals, Inc. Previously, Mr. Sekhri spent four years at Novartis, as Senior Vice President, and Head of Global Search and Evaluation, Business Development and Licensing for Novartis Pharma AG. Mr. Sekhri also developed the Disease Area Strategy for Novartis, identifying those specific therapeutic areas upon which the company would focus. His first role at Novartis was as Global Head, Early Commercial Development – a department he established to ensure the differential competitive advantage of Novartis' pipeline.

Mr. Sekhri completed graduate work in Neuroscience at the University of Maryland School of Medicine, where he also received his BS in Zoology.

Mr. Sekhri is currently a member of the Board of Directors of Veeva Systems Inc., Chairman of the Board of Supervisory Directors of Pharming N.V. and Topas Therapeutics GmbH, and was recently nominated as Chairman of the Board of Petra Pharma. Additionally, he is on the Board of Directors of the TB Alliance, and, as an avid classical music enthusiast, is Vice Chairman of Young Concert Artists, Inc., and is on the Board of Trustees of Caramoor Center for Music and the Arts. Mr. Sekhri is also an active member of the Patrons Council of Carnegie Hall.

About Compugen

Compugen is a therapeutic discovery and development company utilizing its broadly applicable predictive discovery infrastructure to identify novel drug targets and develop first-in-class therapeutics in the field of cancer immunotherapy. The Company's therapeutic pipeline consists of immuno-oncology programs against novel drug targets it has discovered, including T cell immune checkpoints and myeloid target programs. Compugen's business model is to selectively enter into collaborations for its novel targets and related drug product candidates at various stages of research and development. The Company is headquartered in Israel, with R&D facilities in both Israel and South San Francisco, CA. Compugen's shares are listed on NASDAQ and the Tel Aviv Stock Exchange under the ticker symbol CGEN. For additional information, please visit Compugen's corporate website at http://www.cgen.com.

Forward-Looking Statement

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of terminology such as "will," "may," "expects," "anticipates," "believes," "potential," "plan," "goal," "estimate," "likely," "should," and "intends," and describe opinions about possible future events. 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. Among these risks: Compugen's business model is substantially dependent on entering into collaboration agreements with third parties, Compugen may not be successful in generating adequate revenues or commercializing aspects of its business model. Moreover, the development and commercialization of therapeutic candidates involve many inherent risks, including failure to progress to clinical trials or, if they progress to or enter clinical trials, failure to receive regulatory approval. These and other factors are more fully discussed in the "Risk Factors" section of Compugen's most recent Annual Report on Form 20-F as filed with the Securities and Exchange Commission (SEC) as well as other documents that may be subsequently filed by Compugen from time to time with the SEC. In addition, any forward-looking statements represent Compugen's views only as of the date of this release and should not be relied upon as representing its views as of any subsequent date. Compugen does not assume any obligation to update any forward-looking statements unless required by law.

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Exhibit 99.2

Compugen Reports Second Quarter 2017 Results

IND application for COM701 therapeutic antibody candidate
for immuno-oncology expected to be filed towards the end of the first quarter of 2018

Compugen names Paul Sekhri as Chairman of the Board effective October 2, 2017

HOLON, ISRAEL, August 2, 2017 — Compugen Ltd. (NASDAQ: CGEN), a leader in predictive discovery and development of first-in-class therapeutics for cancer immunotherapy, today reported financial results for the second quarter ended June 30, 2017.

Anat Cohen-Dayag, Ph.D., CEO and President of Compugen, stated, "During the second quarter we made important progress in our pipeline programs, most notably in COM701, our lead immuno-oncology checkpoint candidate targeting PVRIG. We are now planning on filing an Investigational New Drug (IND) application towards the end of the first quarter of 2018. Production of the drug for clinical testing is currently in progress and we are also finalizing our Phase I clinical trial design. Our second preclinical program, COM902, a TIGIT inhibitor, is also progressing, and is currently at the stage of cell line development for manufacturing."

Dr. Cohen-Dayag added, "In parallel to the progress achieved in our internal pipeline, we are also excited to see the CGEN-15001T program moving towards human clinical trials by Bayer, as a first-in-class opportunity with significant upside potential. We greatly appreciate Bayer's continued confidence in our discovery capabilities and, as previously stated, we are in discussions with them on potential future collaborative projects in the area of immuno-oncology."

"We are encouraged by the various discussions and evaluation processes we are currently holding with potential industry partners with respect to our four program areas. While we are confident that we can achieve multiple pipeline collaborations and believe that at least one new industry partnership may occur before the end of the year, the exact timing for completing any such collaborative arrangement cannot be precisely predicted and may take longer."

"Today we were also happy to announce the appointment of Paul Sekhri to serve as our new Chairman of the Board, effective October 2, 2017. We are delighted to have Paul join us and are confident that we will benefit from his leadership and expertise during the next exciting chapter of our corporate growth," Dr. Cohen-Dayag concluded.

Financial Results

R&D expenses for the second quarter of 2017 and six months ending June 30, 2017 were $7.1 million and $13.8 million, respectively, compared with $5.5 million and $12.2 million in the comparable periods in 2016. The increase primarily reflects expanded preclinical activities involving our pipeline program candidates, mainly related to COM701 as well as COM902.

Net loss for the second quarter of 2017 was $9.2 million, or $0.18 per diluted share, compared with a net loss of $6.6 million, or $0.13 per diluted share, for the comparable period in 2016. Net loss for the six months ending June 30, 2017 was $17.9 million, or $0.35 per diluted share, compared with a net loss of $15.2 million, or $0.30 per diluted share, for the comparable period in 2016.

As of June 30, 2017, cash and cash related accounts totaled $46.1 million, compared with $61.5 million as of December 31, 2016. The Company has no debt.

Conference Call and Webcast Information

Compugen will hold a conference call with an accompanying slide presentation to discuss its second quarter 2017 results today, August 2, 2017, at 10:00 a.m. ET. To access the live conference call by telephone, please dial 1-888-668-9141 from the US, or +972-3-918-0609 internationally. The conference call and accompanying slide presentation will also be available via live webcast through Compugen's website, located at the following link. Following the live audio webcast, a replay and the accompanying slide presentation will be available on the Company's website.

(Tables to follow)

About Compugen

Compugen is a therapeutic discovery and development company utilizing its broadly applicable predictive discovery infrastructure to identify novel drug targets and develop first-in-class therapeutics in the field of cancer immunotherapy. The Company's therapeutic pipeline consists of immuno-oncology programs against novel drug targets it has discovered, including T cell immune checkpoints and myeloid target programs. Compugen's business model is to selectively enter into collaborations for its novel targets and related drug product candidates at various stages of research and development. The Company is headquartered in Israel, with R&D facilities in both Israel and South San Francisco, CA. Compugen's shares are listed on NASDAQ and the Tel Aviv Stock Exchange under the ticker symbol CGEN. For additional information, please visit Compugen's corporate website at http://www.cgen.com.

Forward-Looking Statement

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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 June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Revenues	-	496	-	589
Cost of revenues	-	86	-	167
Gross profit	-	410	-	422
Operating expenses				
Research and development expenses	7,063	5,463	13,793	12,237
Marketing and business development expenses	283	199	609	471
General and administrative expenses	1,911	1,756	3,638	3,593
Total operating expenses	9,257	7,418	18,040	16,301
Operating loss	**(9,257)**	**(7,008)**	**(18,040)**	**(15,879)**
Financial and other income, net	79	396	155	666
Loss before taxes on income	**(9,178)**	**(6,612)**	**(17,885)**	**(15,213)**
Taxes on income	-	20	-	20
Net loss	**(9,178)**	**(6,632)**	**(17,885)**	**(15,233)**
Basic and diluted net loss per ordinary share	(0.18)	(0.13)	(0.35)	(0.30)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	51,131,541	50,820,607	51,131,538	50,724,004

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

	June 30, 2017 Unaudited	December 31, 2016 Audited
ASSETS		
Current assets		
Cash, cash equivalents, short-term bank deposits and restricted cash	46,111	61,527
Other accounts receivable and prepaid expenses	1,433	1,153
Total current assets	47,544	62,680
Non-current assets		
Long-term prepaid expenses	40	92
Severance pay fund	2,775	2,402
Property and equipment, net	5,265	5,965
Total non-current assets	8,080	8,459
Total assets	**55,624**	**71,139**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Other accounts payable, accrued expenses and trade payables	5,067	4,740
Total current liabilities	5,067	4,740
Non-current liabilities		
Accrued severance pay	3,333	2,880
Total non-current liabilities	3,333	2,880
Total shareholders' equity	47,224	63,519
Total liabilities and shareholders' equity	**55,624**	**71,139**

Exhibit 99.3

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

RESULTS OF OPERATIONS

Six months ended June 30, 2017 and 2016

Revenues. During the six month period ended June 30, 2017, the Company did not record any revenues compared with approximately $0.6 million in the comparable period of 2016. Revenues during the six month period ended June 30, 2016 were attributable mainly to the milestone achieved in 2016 in the amount of $0.4 million as well as the recognition of relevant portions of the non-refundable upfront payment under the Bayer Collaboration. The recognition of revenues associated with the non-refundable upfront payment was completed by the end of 2016.

Cost of Revenues. During the six month period ended June 30, 2017, the Company did not record any cost of revenues compared with approximately $0.2 million in the comparable period of 2016. Cost of revenues in the prior period consisted mostly of expenses attributed to activities performed by the Company in support of the upfront payment from the Bayer Collaboration.

Research and Development Expenses. Research and development expenses increased by approximately 13% to approximately $13.8 million for the first six months of 2017 from approximately $12.2 million for the comparable period of 2016. The increase was primarily due to a substantial increase in preclinical activities involving certain of the Company's pipeline program candidates, mainly related to COM701 and COM902, including the hiring of additional professional employees and manufacturing and regulatory consultants to support preclinical activities. Research and development expenses, as a percentage of total operating expenses, were 76% for the first six months of 2017 compared with 75% for the comparable period of 2016.

Marketing and Business Development Expenses. Marketing and business development expenses increased by approximately 20% to approximately $0.6 million for the six month period ended June 30, 2017 from approximately $0.5 million for the comparable period of 2016. The increase is primarily attributable to headcount changes during the periods. Marketing and business development expenses, as a percentage of total operating expenses, remained at 3% for the first six months of 2017 and the comparable period of 2016.

General and Administrative Expenses. General and administrative expenses were approximately $3.6 million for both the first six months of 2017 and 2016. General and administrative expenses, as a percentage of total operating expenses, decreased to 21% for the first six months of 2017 from 22% for the comparable period of 2016.

Financial Income, Net. Financial income, net, was approximately $0.2 million for the first six months of 2017 compared with approximately $0.7 million for the comparable period of 2016. The decrease is primarily due to gains related to the sales of a portion of the Company's investment in Evogene Ltd. 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 $15.1 million in the first six months of 2017 compared with approximately $7.7 million in the comparable period of 2016. The net cash used during the first six months of 2016 included the collection of $7.8 million associated with the third milestone with respect to one licensed program under the Bayer Collaboration, which had been achieved and recognized as revenue in the fourth quarter of 2015. Net cash used in both periods reflected higher levels of preclinical expenses, including manufacturing activities to generate clinical material associated with COM701 and COM902.

Net Cash Provided by Investing Activities. Net cash provided by investing activities during the six month period ended June 30, 2017 was approximately $22.3 million compared with approximately $15.1 million in the comparable period of 2016. Changes in net cash provided by investing activities during these periods was attributable to the effect of decrease in investment in short-term bank deposits, offset by lower levels of proceeds from the maturity of short-term bank deposits.

Net Cash Provided by Financing Activities. Net cash provided by financing activities was $0 in the first six months of 2017 compared with approximately $1.2 million in the comparable period of 2016. The principal source of cash provided by financing activities for the first six months of 2016 consisted of 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 the Company 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. As of June 30, 2017, the Company had total cash, cash equivalents, restricted cash and short-term bank deposits of approximately $46.1 million.

Exhibit 99.4

COMPUGEN LTD. AND ITS SUBSIDIARY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

U.S. DOLLARS IN THOUSANDS

UNAUDITED

INDEX

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2017	December 31, 2016
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,914	$ 9,709
Restricted cash	1,047	993
Short-term bank deposits	28,150	50,825
Other accounts receivable and prepaid expenses	1,433	1,153
Total current assets	47,544	62,680
NON-CURRENT ASSETS:		
Long-term prepaid expenses	40	92
Severance pay fund	2,775	2,402
Property and equipment, net	5,265	5,965
Total non- current assets	8,080	8,459
Total assets	$ 55,624	$ 71,139

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, 2017	December 31, 2016
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 2,120	$ 1,274
Other accounts payable and accrued expenses	2,947	3,466
Total current liabilities	5,067	4,740
NON- CURRENT LIABILITIES:		
Accrued severance pay	3,333	2,880
Total non-current liabilities	3,333	2,880
COMMITMENTS AND CONTINGENT LIABILITIES (NOTE 7)		
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares of NIS 0.01 par value: 100,000,000 shares authorized at June 30, 2017 and December 31, 2016; 51,131,756 and 51,131,534 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	140	140
Additional paid-in capital	335,819	334,337
Accumulated other comprehensive income	326	7
Accumulated deficit	(289,061)	(270,965)
Total shareholders' equity	47,224	63,519
Total liabilities and shareholders' equity	$ 55,624	$ 71,139

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,	
	2017	2016
	Unaudited	
Revenues	$ -	$ 589
Cost of revenues	-	167
Gross profit	-	422
Operating expenses:		
Research and development expenses	13,793	12,237
Marketing and business development expenses	609	471
General and administrative expenses	3,638	3,593
Total operating expenses	18,040	16,301
Operating loss	(18,040)	(15,879)
Financial and other income, net	155	666
Loss before taxes on income	(17,885)	(15,213)
Taxes on income	-	20
Net loss	$ (17,885)	$ (15,233)
Basic and diluted net loss per share	$ (0.35)	$ (0.30)
Other comprehensive loss:		
Unrealized loss arising during the period on investment in marketable securities	$ -	$ (56)
Realized gain arising during the period on investment in marketable securities	$ -	$ (277)
Unrealized gain arising during the period from foreign currency derivative contracts	$ 477	$ 84
Realized gain arising during the period from foreign currency derivative contracts	$ (158)	$ (24)
Total comprehensive loss	$ (17,566)	$ (15,506)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	51,131,538	50,724,004

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)

	Ordinaryshares		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' equity
	Number	Amount				
Balance as of January 1, 2016	50,572,244	138	328,797	421	(239,459)	89,897
Options exercised	559,290	2	2,456	-	-	2,458
Stock-based compensation relating to options issued to non-employees	-	-	152	-	-	152
Stock-based compensation relating to options issued to employees and directors	-	-	2,932	-	-	2,932
Changes in other comprehensive income from marketable securities	-	-	-	(440)	-	(440)
Changes in other comprehensive income from foreign currency derivative contracts	-	-	-	26	-	26
Net loss	-	-	-	-	(31,506)	(31,506)
Balance as of December 31, 2016	51,131,534	140	334,337	7	(270,965)	63,519
Options exercised	222	*)	*)	-	-	*)
Stock-based compensation relating to options issued to non-employees	-	-	18	-	-	18
Stock-based compensation relating to options issued to employees and directors	-	-	1,253	-	-	1,253
Changes in other comprehensive income from foreign currency derivative contracts	-	-	-	319	-	319
ASU 2016-09 adoption, Note 2c	-	-	211	-	(211)	-
Net loss	-	-	-	-	(17,885)	(17,885)
Balance as of June 30, 2017 (unaudited)	51,131,756	$ 140	$ 335,819	$ 326	$(289,061)	$ 47,224

*) Represents an amount lower than $ 1.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,	
	2017	2016
	Unaudited	
Cash flows from operating activities:		
Net loss	$ (17,885)	$ (15,233)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,271	1,367
Depreciation	820	704
Increase in severance pay, net	80	131
Gain from sale of marketable securities	-	(277)
Realized gain from foreign currency derivative contracts	-	(24)
Decrease in interest receivables from short-term bank deposits	114	367
Decrease in trade receivable	-	7,400
Decrease in other accounts receivable and prepaid expenses	39	251
Decrease in long-term prepaid expenses	52	5
Decrease in deferred revenues	-	(189)
Increase (decrease) in trade payables and other accounts payable and accrued expenses	447	(2,233)
Net cash used in operating activities	(15,062)	(7,731)
Cash flows from investing activities:		
Proceeds from maturity of short-term bank deposits	35,561	54,000
Investment in short-term bank deposits	(13,000)	(38,561)
Changes in restricted cash	(54)	85
Purchase of property and equipment	(240)	(701)
Proceeds from sales of marketable securities	-	266
Net cash provided by investing activities	22,267	15,089
Cash flows from financing activities:		
Proceeds from exercise of options	-	1,190
Net cash provided by financing activities	-	1,190
Increase in cash and cash equivalents	7,205	8,548
Cash and cash equivalents at the beginning of the period	9,709	10,777
Cash and cash equivalents at the end of the period	$ 16,914	$ 19,325
Supplemental disclosure of non-cash investing and financing activities:		
Receivables from exercise of options	$ -	$ 185
Receivables from foreign currency derivative contracts	$ 319	$ 84
Purchase of property and equipment	$ 23	$ 144

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

NOTE 1:- GENERAL

a. Compugen Ltd. (The "Company") is a therapeutic discovery and development company utilizing its broadly applicable predictive discovery infrastructure to identify novel drug targets and develop first-in-class therapeutics in the field of cancer immunotherapy. The Company's therapeutic pipeline consists of immuno-oncology programs against novel drug targets it has discovered, including T cell immune checkpoints and myeloid target programs. The Company's business model is to selectively enter into collaborations for its novel targets and related drug product candidates at various stages of research and development.

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

Under the Bayer Agreement, the Company and Bayer will jointly pursue a preclinical research program with respect to each of the two immune checkpoint regulators. A joint steering committee consisting of an equal number of representatives from each party is responsible for overseeing and directing each such research program pursuant to agree upon work-plans. 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. Following each such research program, Bayer will have full control over further clinical development of any cancer therapeutic product candidates targeting the Company-discovered immune checkpoint regulators and will have worldwide commercialization rights for any approved products.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2016, are applied consistently in these financial statements.

For further information, refer to the consolidated financial statements as of December 31, 2016.

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 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 United States ("U.S."). Generally, these deposits may be redeemed upon demand and bear minimal risk.

The Company enters 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. Stock-based compensation:

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The update simplifies certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification in the statement of cash flows and forfeiture rate calculation. The amendments of this ASU are effective for reporting periods beginning after December 15, 2016 and interim periods within those fiscal years, for public entities.

The Company has adopted ASU 2016-09 in the current interim consolidated financial statements using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. As a result of this adoption, the Company recorded an increase to accumulated deficit of $ 211 resulting from the election of accounting policy to account for forfeitures as they occurred as of January 1, 2017.

d. Revenue recognition:

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). Subsequently, the FASB also issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606), which adjusted the effective date of ASU 2014-09; ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which amends the principal-versus-agent implementation guidance and illustrations in ASU 2014

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Revenue recognition (cont.):

09; ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which clarifies identifying performance obligation and licensing implementation guidance and illustrations in ASU 2014-09; and ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, which addresses implementation issues and is intended to reduce the cost and complexity of applying the new revenue standard in ASU 2014-09 (collectively, the "Revenue ASUs").

The Revenue ASUs provide an accounting standard for a single comprehensive model for use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The accounting standard is effective for interim and annual periods beginning after December 15, 2017. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (the full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method)

The Company currently anticipate adoption of the new standard effective January 1, 2018 under the modified retrospective method. The Company is in the process of determining the impact of the Revenue ASUs on its financial statements; However, the adoption of the Revenue ASUs is not expected to have a significant impact on the Company's notes to consolidated financial statements and its internal controls over financial reporting.

e. New Accounting Pronouncements and Other Standards:

In May 2017, the FASB issued ASU 2017-09, Compensation-Stock Compensation (Topic 718) Scope of Modification Accounting. ASU 2017-09 provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This ASU does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions, or award classification and would not be required if the changes are considered non-substantive. This pronouncement is effective for annual reporting periods beginning after December 15, 2017 (early adoption is permitted). The Company is currently assessing the impact that adopting this new accounting standard will have 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.

NOTE 3:- UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

Operating results for the six-month period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ended December 31, 2017.

NOTE 4:- DERIVATIVE INSTRUMENTS

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

The Company enters 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, 2017, and December 31, 2016, the Company had outstanding forward contracts in the notional amount of $ 3,390 and $ 6,548 respectively. These contracts hedge NIS denominated cash flows, for a period of six months and twelve months ended December 31, 2017, respectively. The Company measured the fair value of the contracts in accordance with ASC 820 (classified as level 2).

These contracts met the requirement for cash flow hedge accounting and as such for the six-month periods ended June 30, 2017 and 2016 the Company recorded total realized gains of $ 158 and $ 24, respectively, under operating expenses.

As of June 30, 2017, and December 31, 2016, an unrealized gain in the amount of $ 477 and $ 7, respectively, related to 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, 2017 and December 31, 2016 amounted to unrealized gain of $ 326 and $ 7, respectively.

NOTE 5:- FAIR VALUE MEASUREMENTS

In accordance with ASC 820 "Fair Value Measurements and Disclosures," the Company measures its investment in foreign currency derivative contracts at fair value. 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.

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

NOTE 5:- FAIR VALUE MEASUREMENTS (Cont.)

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, 2017 (Unaudited)			
	Fair value measurements			
Description	Fair value	Level 1	Level 2	Level 3
Foreign currency derivative contracts	326	-	326	-
Total financial assets	$ 326	$ -	$ 326	$ -

	December 31, 2016			
	Fair value measurements			
Description	Fair value	Level 1	Level 2	Level 3
Foreign currency derivative contracts	$ 7	$ -	$ 7	$ -
Total financial assets	$ 7	$ -	$ 7	$ -

NOTE 6:- INVESTMENT IN AFFILAITES

On December 17, 2014 ("Loan Grant Date"), the Company, Merck Holdings Netherlands B.V. and Neviah Genomics Ltd. ("Neviah"), a start-up company established jointly by the Company, Merck KGaA and Merck Holdings Netherlands B.V., entered into Convertible Bridge Loan ("Loan") Agreement ("Loan Agreement") in the amount of € 500,000 ("Loan Amount") to finance Neviah's operations. Under the Loan agreement, the Company provided $ 155, reflecting its respective portion of the Loan Amount. The Loan was granted for a period of 18 months from the Loan Grant Date ("Loan Term") and bears interest at an annual rate of 2%.

In accordance with the Loan Agreement, the Company exercised its right to convert its respective portion of the outstanding Loan Amount into Preferred A Shares of Neviah (at a conversion rate of one Preferred A share per Euro).

On April 2, 2017, Neviah issued to the Company 131,440 Preferred A Shares. Following the conversion, the Company's equity ownership of Neviah was 25.12%.

The Company accounts for its investment in Neviah under the equity method in accordance with ASC 323, "Investments-Equity Method". Since Neviah is in accumulated loss position until June 30, 2017 and because the Company has no commitment to fund Neviah's operations, no investment account was recorded in the Company's consolidated financial statements as of June 30, 2017, or December 31, 2016.

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

NOTE 7:- 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.

Annual future minimum rental commitments under non-cancelable operating lease agreements as of June 30, 2017, are approximately as follows:

December 31,	
2017	$ 782
2018	1,205
2019	920
2020	860
2021	93
	$ 3,860

Operating lease expenses for the Company and Compugen USA, Inc. were approximately $ 685 and $ 663 for the six-month periods ended June 30, 2017 and 2016, respectively.

The above annual minimum future rental commitments exclude an option to extend the lease of the Company facility for two consecutive additional five year periods following expiration of the current lease period.

b. The Company provided bank guarantees in the amount of $ 1,047 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, United States.

c. Under the Israel Innovation Authority's ("IIA"), previously known as the Office of the Chief Scientist ("OCS"), royalty-bearing programs, the Company is not obligated to repay any amounts received from the IIA if it does not generate any income from the results of the funded research program(s).

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), 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 amount to be repaid is 100% plus interest at LIBOR).

For the six-month periods ended June 30, 2017 and 2016, the Company had aggregate paid and accrued royalties to the IIA, recorded as cost of revenues in the consolidated statement of comprehensive loss, in the amounts of zero and $ 21, respectively.

As of June 30, 2017, the Company's aggregate contingent obligations for payments to IIA, based on royalty-bearing participation received or accrued, net of royalties paid or accrued, totaled $ 8,935.

NOTE 7:- COMMITMENTS AND CONTINGENCIES (Cont.)

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, 2017, the Company accounted for proceeds under the BIRD plan in the aggregate amount of $ 500, received in the period between December 2005 and March 2012. As of June 30, 2017, the Company did not expect any income to be generated from the outcome of the funded research BIRD plan and, therefore, 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, 2017, the Company had not incurred any obligation for such Contingent Fees.

f. On June 2, 2016, the Company entered into a Master Services Agreement for the development and production of a Master Cell Bank and Antibodies (the “Agreement”) with a U.S. company in the field of development and manufacturing services. Pursuant to the Agreement, in the event of termination of the Agreement under certain circumstances payment of a specified cancellation fee is due.

g. On May 9, 2012, the Company entered into an 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 agreement, the Advisor is entitled to at least 4% of the cash consideration that may be received by the Company under such transactions.

On February 27, 2014, the Company entered into a new agreement (the "New Agreement") (replacing the May 2012 Agreement, which was 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. Under the New Agreement, the Advisor is entitled to up to 1% of cash consideration that may be received under specified financing agreements and a fee that will be determined in good faith in respect to all other transactions.

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

NOTE 8:- SHAREHOLDERS' EQUITY

Stock based compensation:

During the six-month period ended June 30, 2017, the Company's Board of Directors granted 151,500 options to purchase ordinary shares of the Company to employees, directors and non-employees. The exercise prices for such options range from $ 4.35 to $ 4.75 per share, with vesting to occur in up to 4 years.

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

	Six months ended June 30,	
	2017	2016
	Unaudited	
Volatility	49%-50%	50%-52%
Risk-free interest rate	1.8%-2.1%	1.1%-1.3%
Dividend yield	0%	0%
Expected life (years)	4.7-6	4.8-5.9

Weighted average fair value of options granted during the six-month periods ended June 30, 2017 and 2016 were $ 2.00 and $ 3.17, respectively.

During the six-month periods ended June 30, 2017 and 2016, the Company recorded share based compensation in a total amount of $ 1,271 and $ 1,367, respectively.

As of June 30, 2017, the total unrecognized estimated compensation cost related to non-vested stock options granted prior to that date was $ 5,365 which is expected to be recognized over a weighted average period of approximately 2.63 years.

NOTE 9:- FINANCIAL AND OTHR INCOME, NET

	Six months ended June 30,	
	2017	2016
	Unaudited	
Interest income	$ 293	$ 377
Income from sales of marketable securities	-	277
Exchange rate differences and other	(138)	12
Financial and other income, net	$ 155	$ 666

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

NOTE 10:- RELATED PARTY BALANCES AND TRANSACTIONS

Balances with related parties:

	June 30, 2017	December 31, 2016
	Unaudited	
Trade payables (a)	$ 52	$ 97

Related parties' expenses:

	Six months ended June 30,	
	2017	2016
	Unaudited	
Amounts charged to:		
Research and development expenses (a)	$ 243	$ 72

(a) For the six-month periods ended June 30, 2017 and 2016, the Company incurred expenses for research and development services provided by related parties for cancer studies in animal models, and breeding and maintenance of animals (mice) to support such studies. The Company maintained trade payable balance with such related parties at the end of each such period.

NOTE 11:- SUBSEQUENT EVENT

On July 25, 2017, Bayer provided written notice in accordance with the Bayer Agreement that it is exercising its right to terminate the Bayer Agreement only with respect to the CGEN-15022 Target Program, which termination would take effect October 31, 2017. The CGEN-15001T Target Program is not affected by this notice and the Bayer Agreement continues in full force and effect with respect thereto.