

FINANCIAL STATEMENTS

DELTAGEN, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Consolidated Balance Sheet For Quarter Ended 3/31/09

(Dollars In Thousands)

	Unaudited 3/31/09 <u>Consolidated</u>
Assets	
Current assets:	
Cash and cash equivalents	4,968
Accounts receivable, net	129
Prepays, Deposits and Tax Assets	36
Total current assets	<u>5,133</u>
Property and equipment, net	54
Non-current portion of deferred tax assets	1,586
Total assets	<u><u>6,772</u></u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	238
Accrued expenses	37
Total liabilities	<u>276</u>
Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	229,061
Retained Earnings	(222,064)
Foreign currency translation adjustment	327
Total stockholders' equity	<u>6,496</u>
Total liabilities and stockholders' equity	<u><u>6,772</u></u>

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

DELTAGEN, INC.
CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

**Consolidated Income Statement and
Statement of Retained Earnings
For Quarter Ended 3/31/09**

(Dollars In Thousands)	Unaudited 3/31/09 <u>Consolidated</u>
Revenue	264
Royalty and Commission Expenses	90
Operating Expenses	<u>250</u>
Income From Operations	(75)
Interest Income	7
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Income before provision for income taxes	(68)
Provision for income taxes	
Current income tax expense	-
Deferred income tax expense	-
Adjustment for valuation allowance	<u>-</u>
Total income tax expense/(income)	0
	<u> </u>
Net Income (Loss)	(68)
Retained earnings at beginning of period	<u>(221,996)</u>
Retained earnings at end of period	<u><u>(222,064)</u></u>

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

DELTAGEN, INC.
CONSOLIDATED CASH FLOW
(UNAUDITED)

Consolidated Cash Flow
For Quarter Ended 3/31/09
(Dollars In Thousands)

Unaudited
3/31/09
Consolidated

Cash flows from operating activities:

Net Income (Loss)	(68)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	4
Loss on disposal of fixed assets	-
(Increase)/Decrease in operating assets	
Accounts receivable	285
Prepays, deposits and tax assets	599
Purchase of assets	-
Deferred tax assets	(586)
Increase/(Decrease) in operating liabilities	
Accounts payable	9
Accrued expenses	(300)
Dividends Paid	-
Net Increase/(Decrease) in cash	(56)
Effect of foreign exchange rate change on cash and cash equivalents	(61)
Cash and cash equivalents, at beginning of period	5,084
Cash and cash equivalents, at end of period	4,968

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

DELTAGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FIRST QUARTER 2008 March 31, 2009

1. Basis of Presentation

The accompanying consolidated financial statements of Deltagen, Inc. (“Deltagen” or the “Company”) for the three month period ended March 31, 2009 are unaudited, but have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information.

These consolidated financial statements have been prepared so that they present fairly, in the opinion of management, the Company’s financial position and its results of operations and its cash flows for the period presented. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

The preparation of consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on the Company’s best knowledge of current events and actions that the Company may undertake in the future, actual results may differ materially from the estimates.

Under our revenue recognition policy, revenues are recognized when a definitive agreement with a determinable price exists, product delivery and/or invoicing (in each case where there is reasonable assurance of meeting customer-specified criteria) have occurred, and collectibility is reasonably assured.

Cash and cash equivalents include cash in banks and money market mutual funds with a maturity of three months or less when purchased.

The Company has incurred expenditures relating to the pursuit of patent rights covering certain of its products and technologies. These expenditures have not been capitalized because, in the Company’s opinion, the probability of future benefits from such patent rights cannot at present be reasonably assessed and/or the useful life of such assets cannot be reasonably estimated.

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of assets ranging from three to seven years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred. When an asset is sold or retired, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss on disposition is recognized in the current year.

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. The Company currently intends to evaluate and adjust on an ongoing basis, based on expected income, the recoverability of the deferred tax assets and the level of the valuation allowance.

For further information, refer to the financial statements and related notes posted on the Company’s website (www.deltagen.com).

2. Treatment of Subsidiaries

The consolidated financial statements include the accounts and activities of the Company's subsidiaries, Deltagen Research Laboratories, L.L.C., Deltagen Europe, S.A. and Xenopharm, Inc. Intercompany transactions and balances are eliminated in consolidation. The Company uses the U.S. dollar as the functional currency for its foreign subsidiary. Accordingly, gains and losses from the translation of foreign currency amounts reflected on the balance sheet into U.S. dollars are included in the results of operations.

3. Deferred Tax Assets

The Company reclassified \$585,776 of its tax assets to deferred tax assets based on changes in the Company's expected income.