

FINANCIAL STATEMENTS

DELTAGEN, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Consolidated Balance Sheet As of 12/31/10

	Unaudited 12/31/10 <u>Consolidated</u>
(Dollars in Thousands)	
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,530
Accounts receivable, net	288
Prepays, Deposits and Tax Assets	<u>555</u>
Total current assets	\$ 4,373
Property and equipment, net	970
Goodwill	224
Non-current portion of deferred tax assets	1,586
Total assets	<u><u>\$ 7,153</u></u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 234
Accrued expenses	<u>88</u>
Total liabilities	\$ 322
Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	230,624
Retained Earnings	(223,367)
Foreign currency translation adjustment	<u>402</u>
Total stockholders' equity	\$ 6,831
Total liabilities and stockholders' equity	<u><u>\$ 7,153</u></u>

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

DELTAGEN, INC.

**CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)**

**Consolidated Income Statements and
Statements of Retained Earnings
For Quarter ended 12/31/10 & Full Year 2010**

(Dollars in Thousands)	Unaudited 12/31/10 <u>Consolidated</u>	Unaudited FY2010 <u>Consolidated</u>
Revenue	\$ 343	\$ 1,987
Royalty and Commission Costs	87	640
Other Operating Costs	527	2,041
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Income From Operations	\$ (270)	\$ (694)
Interest Income	2	10
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Income before provision for income taxes	\$ (269)	\$ (685)
Total income tax expense	-	-
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Net Income (Loss)	\$ (269)	\$ (685)
Retained earnings at beginning of period	(223,099)	(222,683)
	<hr/>	<hr/>
Retained earnings at end of period	<u>\$ (223,367)</u>	<u>\$ (223,367)</u>

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

DELTAGEN, INC.
CONSOLIDATED CASH FLOWS
(UNAUDITED)

Consolidated Cash Flows
For Quarter ended 12/31/10 & Full Year 2010

(Dollars in Thousands)	Unaudited 12/31/10 <u>Consolidated</u>	Unaudited FY2010 <u>Consolidated</u>
Cash flows from operating activities:		
Net Income (Loss)	(269)	(685)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3	12
Stock-based compensation expense	5	9
Loss on disposal of fixed assets	-	-
(Increase)/Decrease in operating assets		
Accounts receivable	(6)	(157)
Prepays, deposits and tax assets	16	(502)
Purchase of assets	(127)	(920)
Increase/(Decrease) in operating liabilities		
Accounts payable	(5)	12
Accrued expenses	(27)	56
Change in goodwill	-	-
Stock issuance for Benten BioServices acquisition	1,497	1,497
Net Increase/(Decrease) in cash	(408)	(2,175)
Cash and cash equivalents, at beginning of period	<u>3,937</u>	<u>5,704</u>
Cash and cash equivalents, at end of period	<u><u>3,530</u></u>	<u><u>3,530</u></u>

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

DELTAGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR QUARTER AND YEAR ENDED DECEMBER 31, 2010

December 31, 2010

1. Basis of Presentation

The accompanying consolidated financial statements of Deltagen, Inc. (“Deltagen” or the “Company”) for the three-month period and year ended December 31, 2010 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 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 periods 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 collectability 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. In the calculation of the deferred tax assets, the Company established a 98% valuation allowance due to uncertainties relating to future income and the realization of such deferred tax assets. The Company evaluates and adjusts 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 wholly-owned subsidiaries, Deltagen Research Laboratories, L.L.C., Xenopharm, Inc. and Benten BioServices, Inc.

Intercompany transactions and balances are eliminated in consolidation.

3. Stock-Based Compensation

The Company's stock awards are governed by its 2000 Stock Incentive Plan (a qualified stock option plan under Internal Revenue Code), as amended (the "Plan").

In determining the valuation of stock options granted under the Plan, the Company adopted the fair value recognition provisions of FASB Statement No. 123(R), by which the compensation cost for stock-based payments are based on the grant-date fair value estimated in accordance with the provisions of Statement 123(R). Stock-based compensation is recognized on the straight-line basis.

In December 2009 and July 2010, the Company issued stock options to certain directors and officers of the Company.

The Company's net income for the quarter and year ended December 31, 2010 reflects stock-based compensation expenses of \$0.005 million and \$0.009 million, respectively.