

**GLYCONEX, INC.**  
**FINANCIAL STATEMENTS AND**  
**REPORT OF INDEPENDENT ACCOUNTANTS**  
**DECEMBER 31, 2013 AND 2012**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To GlycoNex Incorporation

We have audited the accompanying balance sheets of GlycoNex Incorporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GlycoNex Incorporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan  
March 11, 2014

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**GLYCONEX INCORPORATION**  
**BALANCE SHEETS**  
**DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
Cash and cash equivalents	6(1)	\$ 1,777,720	76	\$ 694,171	76	\$ 248,184	52	
Financial assets at fair value through	6(2)							
profit or loss-current		166,600	7	66,203	7	75,463	16	
Accounts receivable, net		172	-	-	-	195	-	
Other receivables		567	-	1,008	-	311	-	
Current income tax assets		714	-	274	-	65	-	
Prepayments		743	-	691	-	1,428	1	
Other current assets		973	-	717	-	828	-	
<b>Total Current Assets</b>		<u>1,947,489</u>	<u>83</u>	<u>763,064</u>	<u>83</u>	<u>326,474</u>	<u>69</u>	
<b>Non-current Assets</b>								
Financial assets at fair value through	6(2)							
profit or loss-non-current		84	-	-	-	-	-	
Available-for-sale financial	6(3)							
assets-non-current		45,768	2	50,902	5	57,162	12	
Property, plant and equipment	6(4) and 8	67,069	3	72,545	8	70,466	15	
Intangible assets	6(5)(21)	23,482	1	23,899	3	12,883	3	
Deferred income tax assets	6(20)	8,836	-	7,148	1	4,734	1	
Other financial assets-non-current	8	250,000	11	-	-	-	-	
Other non-current assets		2,061	-	2,075	-	2,883	-	
<b>Total Non-current Assets</b>		<u>397,300</u>	<u>17</u>	<u>156,569</u>	<u>17</u>	<u>148,128</u>	<u>31</u>	
<b>Total Assets</b>		<u>\$ 2,344,789</u>	<u>100</u>	<u>\$ 919,633</u>	<u>100</u>	<u>\$ 474,602</u>	<u>100</u>	

(Continued)

**GLYCONEX INCORPORATION**  
**BALANCE SHEETS**  
**DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	December 31, 2013		December 31, 2012		January 1, 2012	
		Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>							
Notes payable		\$ 1,120	-	\$ 712	-	\$ 1,575	1
Other payables	6(6)	10,822	-	19,717	2	15,321	3
Other current liabilities	6(7)	242	-	10,736	1	15,095	3
<b>Total Current Liabilities</b>		<u>12,184</u>	<u>-</u>	<u>31,165</u>	<u>3</u>	<u>31,991</u>	<u>7</u>
<b>Non-current Liabilities</b>							
Bonds payable	6(8)	15,250	1	-	-	-	-
Other non-current liabilities	6(7)(9)	3,561	-	3,815	1	15,127	3
<b>Total Non-current Liabilities</b>		<u>18,811</u>	<u>1</u>	<u>3,815</u>	<u>1</u>	<u>15,127</u>	<u>3</u>
<b>Total Liabilities</b>		<u>30,995</u>	<u>1</u>	<u>34,980</u>	<u>4</u>	<u>47,118</u>	<u>10</u>
<b>Equity Attributable to Owners of Parent</b>							
<b>Share capital</b>	6(8)(10)						
Common stock		685,447	29	472,436	52	425,000	90
Certificate of bond conversion		12,703	1	-	-	-	-
<b>Capital surplus</b>	6(8)(11)						
Capital surplus		1,606,413	69	370,062	40	423	-
<b>Retained earnings</b>	6(12)(20)						
Legal reserve		2,506	-	1,370	-	-	-
Special reserve		-	-	1,020	-	-	-
(Accumulated deficit) Unappropriated retained earnings		( 18,308)	( 1)	10,161	1	9,688	2
<b>Other equity interest</b>	6(13)						
Other equity		25,033	1	29,604	3	( 7,627)	( 2)
<b>Equity attributable to owners of the parent</b>		<u>2,313,794</u>	<u>99</u>	<u>884,653</u>	<u>96</u>	<u>427,484</u>	<u>90</u>
<b>Total Equity</b>		<u>2,313,794</u>	<u>99</u>	<u>884,653</u>	<u>96</u>	<u>427,484</u>	<u>90</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>	9						
<b>Significant events after the balance sheet date</b>	11						
<b>Total Liabilities and Equity</b>		<u>\$ 2,344,789</u>	<u>100</u>	<u>\$ 919,633</u>	<u>100</u>	<u>\$ 474,602</u>	<u>100</u>

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

**GLYCONEX INCORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT (LOSS) EARNINGS PER SHARE AMOUNTS)

Items	Notes	For the years ended December 31,			
		2013		2012	
		Amount	%	Amount	%
<b>Operating revenue</b>	6(14)(21)	\$ 35,698	100	\$ 63,229	100
<b>Operating costs</b>	6(18)(19)	( 1,247)	( 3)	( 3,092)	( 5)
<b>Gross profit</b>		<u>34,451</u>	<u>97</u>	<u>60,137</u>	<u>95</u>
<b>Operating expenses</b>	6(18)(19)				
Selling expenses		( 2,924)	( 8)	( 1,312)	( 2)
General and administrative expenses		( 24,198)	( 68)	( 30,354)	( 48)
Research and development expenses		( 34,621)	( 97)	( 30,613)	( 48)
<b>Total operating expenses</b>		<u>( 61,743)</u>	<u>( 173)</u>	<u>( 62,279)</u>	<u>( 98)</u>
<b>Operating loss</b>		<u>( 27,292)</u>	<u>( 76)</u>	<u>( 2,142)</u>	<u>( 3)</u>
<b>Non-operating income and expenses</b>					
Other income	6(15)	7,544	21	4,587	7
Other gains and losses	6(16)	4,211	12	16,606	26
Finance costs	6(17)	( 1,070)	( 3)	-	-
<b>Total non-operating income and expenses</b>		<u>10,685</u>	<u>30</u>	<u>21,193</u>	<u>33</u>
<b>(Loss) profit before income tax</b>		<u>( 16,607)</u>	<u>( 46)</u>	<u>19,051</u>	<u>30</u>
Income tax expense	6(20)	( 4,829)	( 14)	( 7,334)	( 11)
<b>Net (loss) income</b>		<u>( \$ 21,436)</u>	<u>( 60)</u>	<u>\$ 11,717</u>	<u>19</u>
<b>Other comprehensive income</b>	6(9)(13)				
Unrealized (loss) gain on valuation of available-for-sale financial assets		( \$ 4,571)	( 13)	\$ 37,231	59
Actuarial income (loss) on defined benefit plans		<u>170</u>	<u>1</u>	<u>( 354)</u>	<u>( 1)</u>
<b>Total other comprehensive (loss) income for the period</b>		<u>( \$ 4,401)</u>	<u>( 12)</u>	<u>\$ 36,877</u>	<u>58</u>
<b>Total comprehensive (loss) income for the period</b>		<u>( \$ 25,837)</u>	<u>( 72)</u>	<u>\$ 48,594</u>	<u>77</u>
<b>(Loss) earnings per share (in dollars)</b>					
<b>Basic (loss) earnings per share</b>	6(22)	<u>( \$ 0.37)</u>		<u>\$ 0.24</u>	
<b>Diluted (loss) earnings per share</b>	6(22)	<u>( \$ 0.37)</u>		<u>\$ 0.24</u>	

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

**GLYCONEX INCORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Share capital		Capital reserve		Retained earnings		Unappropriated retained earnings (Accumulated deficit)	Unrealized gain or loss on available-for-sale financial assets	Total equity
		Common stock	Certificate of bond conversion	Capital surplus – issued at premium	Capital surplus – stock warrant	Legal reserve	Special reserve			
<b>2012</b>										
Balance at January 1, 2012		\$ 425,000	\$ -	\$ 423	\$ -	\$ -	\$ -	\$ 9,688	( \$ 7,627 )	\$ 427,484
Cash capital increase		38,500	-	369,600	-	-	-	-	-	408,100
Appropriations of 2011 net income	6(12)									
Legal reserve		-	-	-	-	1,370	-	( 1,370 )	-	-
Special reserve		-	-	-	-	-	1,020	( 1,020 )	-	-
Cash dividends		-	-	-	-	-	-	( 850 )	-	( 850 )
Stock dividends		7,650	-	-	-	-	-	( 7,650 )	-	-
Stock bonus to employees		1,286	-	39	-	-	-	-	-	1,325
Comprehensive income										
Net income for the year		-	-	-	-	-	-	11,717	-	11,717
Other comprehensive income (loss) for the year	6(3)(9)	-	-	-	-	-	-	( 354 )	37,231	36,877
Balance at December 31, 2012		<u>\$ 472,436</u>	<u>\$ -</u>	<u>\$ 370,062</u>	<u>\$ -</u>	<u>\$ 1,370</u>	<u>\$ 1,020</u>	<u>\$ 10,161</u>	<u>\$ 29,604</u>	<u>\$ 884,653</u>
<b>2013</b>										
Balance at January 1, 2013		\$ 472,436	\$ -	\$ 370,062	\$ -	\$ 1,370	\$ 1,020	\$ 10,161	\$ 29,604	\$ 884,653
Cash capital increase		112,500	-	785,121	-	-	-	-	-	897,621
Cash capital increase-private placement		27,600	-	248,400	-	-	-	-	-	276,000
Issue stock warrants of convertible bonds	6(8)	-	-	-	11,972	-	-	-	-	11,972
Exercise conversion of convertible bonds	6(8)	19,290	12,703	249,438	( 11,337 )	-	-	-	-	270,094
Appropriations of 2012 net income	6(12)									
Legal reserve		-	-	-	-	1,136	-	( 1,136 )	-	-
Reversal of special reserve		-	-	-	-	-	( 1,020 )	1,020	-	-
Cash dividends		-	-	-	-	-	-	( 709 )	-	( 709 )
Stock dividends		6,378	-	-	-	-	-	( 6,378 )	-	-
Capitalization from capital reseve		47,243	-	( 47,243 )	-	-	-	-	-	-
Comprehensive income										
Net loss for the year		-	-	-	-	-	-	( 21,436 )	-	( 21,436 )
Other comprehensive income (loss) for the year	6(3)(9)	-	-	-	-	-	-	170	( 4,571 )	( 4,401 )
Balance at December 31, 2013		<u>\$ 685,447</u>	<u>\$ 12,703</u>	<u>\$ 1,605,778</u>	<u>\$ 635</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>( \$ 18,308 )</u>	<u>\$ 25,033</u>	<u>\$ 2,313,794</u>

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

**GLYCONEX INCORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2013	2012
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) income before income tax		( \$ 16,607 )	\$ 19,051
Adjustments to reconcile (loss) income before tax to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Loss on disposal of property, plant and equipment, net	6(16)	-	4
Gain on disposal of investments	6(16) (	707 )	( 18,230 )
Depreciation and amortization	6(18)	8,658	7,848
Amortization of discount on bonds payable	6(17)	1,070	-
Gain on recovery of allowance for doubtful accounts		-	( 2,106 )
Net gains on financial assets at fair value through profit or loss	6(2) (	1,291 )	( 769 )
Interest income	6(15) (	7,543 )	( 2,143 )
Deferred revenue transferred to revenue	6(7) (	10,509 )	( 12,610 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss-current		( 100,000 )	10,029
Accounts receivable, net		( 172 )	2,301
Other receivables		635	( 633 )
Current income tax assets		( 440 )	( 209 )
Prepayments		( 52 )	737
Other current assets		( 256 )	111
Net changes in liabilities relating to operating activities			
Notes payable		408	( 438 )
Other payables		( 7,098 )	7,950
Other current liabilities		15	( 4,359 )
Other non-current liabilities		( 84 )	944
Cash (used in) generated from operations		( 133,973 )	7,478
Interest received		7,142	2,079
Income tax paid		( 6,308 )	( 9,749 )
Net cash used in operating activities		( 133,139 )	( 192 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in available-for-sale financial assets-non-current		-	( 1,879 )
Proceeds from disposal of available-for-sale financial assets-non-current		1,270	63,600
Acquisition of equipment	6(23) (	3,742 )	( 10,325 )
Increase in intangible assets		-	( 12,016 )
Increase in other financial assets-non-current		( 250,000 )	-
Increase in other assets-non-current		( 806 )	( 451 )
Net cash (used in) provided by investing activities		( 253,278 )	38,929
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Issuance of convertible bonds		300,000	-
Cost of convertible bonds issuance		( 2,946 )	-
Payment of cash dividends	6(12) (	709 )	( 850 )
Cash capital increase		900,000	408,100
Cash capital increase-private placement		276,000	-
Cost of capital increase		( 2,379 )	-
Net cash provided by financing activities		1,469,966	407,250
Net increase in cash and cash equivalents		1,083,549	445,987
Cash and cash equivalents at beginning of the year		694,171	248,184
Cash and cash equivalents at end of the year		\$ 1,777,720	\$ 694,171

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