

GLYCONEX INCORPORATION
FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2014 AND 2013

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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To GlycoNex Incorporation

We have reviewed the accompanying balance sheets of GlycoNex Incorporation as of March 31, 2014 and 2013, and the related statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Our reviews were made in accordance with the Generally Accepted Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan
May 6, 2014

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
MARCH 31, 2014, DECEMBER 31, 2013 AND MARCH 31, 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF MARCH 31, 2014 AND 2013 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	March 31, 2014		December 31, 2013		March 31, 2013	
		Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1)	\$ 2,007,119	86	\$ 1,777,720	76	\$ 676,493	76
Financial assets at fair value through	6(2)						
profit or loss-current		156,393	7	166,600	7	66,478	7
Accounts receivable, net		114	-	172	-	-	-
Other receivables		684	-	567	-	238	-
Current income tax assets		1,049	-	714	-	359	-
Prepayments		1,302	-	743	-	1,274	-
Other current assets		585	-	973	-	72	-
Total Current Assets		<u>2,167,246</u>	<u>93</u>	<u>1,947,489</u>	<u>83</u>	<u>744,914</u>	<u>83</u>
Non-current Assets							
Financial assets at fair value through	6(2)						
profit or loss-non-current		-	-	84	-	-	-
Available-for-sale financial	6(3)						
assets-non-current		43,712	2	45,768	2	48,308	5
Property, plant and equipment	6(4) and 8	71,030	3	67,069	3	70,914	8
Intangible assets	6(5)(21)	23,482	1	23,482	1	23,649	3
Deferred income tax assets		8,836	-	8,836	-	7,148	1
Prepayments for equipment		12,297	1	190	-	-	-
Other financial assets-non-current	8	-	-	250,000	11	-	-
Other non-current assets		1,981	-	1,871	-	1,861	-
Total Non-current Assets		<u>161,338</u>	<u>7</u>	<u>397,300</u>	<u>17</u>	<u>151,880</u>	<u>17</u>
Total Assets		<u>\$ 2,328,584</u>	<u>100</u>	<u>\$ 2,344,789</u>	<u>100</u>	<u>\$ 896,794</u>	<u>100</u>

(Continued)

LIABILITIES AND EQUITY	Notes	March 31, 2014		December 31, 2013		March 31, 2013	
		Amount	%	Amount	%	Amount	%
Current liabilities							
Notes payable		\$ 1,693	-	\$ 1,120	-	\$ 844	-
Other payables	6(6)	7,707	1	10,822	-	11,895	1
Other current liabilities	6(7)	177	-	242	-	7,547	1
Total Current Liabilities		<u>9,577</u>	<u>1</u>	<u>12,184</u>	<u>-</u>	<u>20,286</u>	<u>2</u>
Non-current Liabilities							
Bonds payable	6(8)	-	-	15,250	1	-	-
Other non-current liabilities		3,542	-	3,561	-	3,794	1
Total Non-current Liabilities		<u>3,542</u>	<u>-</u>	<u>18,811</u>	<u>1</u>	<u>3,794</u>	<u>1</u>
Total Liabilities		<u>13,119</u>	<u>1</u>	<u>30,995</u>	<u>1</u>	<u>24,080</u>	<u>3</u>
Equity Attributable to Owners of Parent							
Share capital	6(8)(10)						
Common stock		699,941	30	685,447	29	472,436	53
Certificate of bond conversion		-	-	12,703	1	-	-
Capital surplus	6(8)(11)						
Capital surplus		1,619,818	69	1,606,413	69	370,062	41
Retained earnings	6(12)(20)						
Legal reserve		2,506	-	2,506	-	1,370	-
Special reserve		-	-	-	-	1,020	-
(Accumulated deficit) unappropriated retained earnings		(29,777)	(1)	(18,308)	(1)	816	-
Other equity interest	6(13)						
Other equity		22,977	1	25,033	1	27,010	3
Total Equity		<u>2,315,465</u>	<u>99</u>	<u>2,313,794</u>	<u>99</u>	<u>872,714</u>	<u>97</u>
Significant contingent liabilities and unrecognized contract commitments	9						
Significant events after the balance sheet date	11						
Total Liabilities and Equity		<u>\$ 2,328,584</u>	<u>100</u>	<u>\$ 2,344,789</u>	<u>100</u>	<u>\$ 896,794</u>	<u>100</u>

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

GLYCONEX INCORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT LOSS PER SHARE AMOUNTS)
(UNAUDITED BUT REVIEWED)

Items	Notes	2014		2013	
		Amount	%	Amount	%
Operating revenue	6(14)(21)	\$ 251	100	\$ 3,288	100
Operating costs	6(18)(19)	-	-	(188)	(6)
Gross profit		251	100	3,100	94
Operating expenses	6(18)(19)				
Selling expenses		(698)	(278)	(651)	(20)
General and administrative expenses		(6,430)	(2562)	(6,437)	(195)
Research and development expenses		(9,470)	(3773)	(8,947)	(272)
Total operating expenses		(16,598)	(6613)	(16,035)	(487)
Operating loss		(16,347)	(6513)	(12,935)	(393)
Non-operating income and expenses					
Other income	6(15)	3,202	1276	1,096	33
Other gains and losses	6(16)	1,707	680	2,494	76
Finance costs	6(17)	(31)	(12)	-	-
Total non-operating income and expenses		4,878	1944	3,590	109
Loss before income tax		(11,469)	(4569)	(9,345)	(284)
Income tax expense	6(20)	-	-	-	-
Net loss		(\$ 11,469)	(4569)	(\$ 9,345)	(284)
Other comprehensive loss	6(13)				
Unrealized loss on valuation of available-for-sale financial assets		(\$ 2,056)	(819)	(\$ 2,594)	(79)
Total other comprehensive loss for the period		(\$ 2,056)	(819)	(\$ 2,594)	(79)
Total comprehensive loss for the period		(\$ 13,525)	(5388)	(\$ 11,939)	(363)
Loss per share (in dollars)					
Basic loss per share	6(22)	(\$ 0.16)		(\$ 0.18)	
Diluted loss per share	6(22)	(\$ 0.16)		(\$ 0.18)	

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

GLYCONEX INCORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	Notes	Share capital		Capital reserve		Retained earnings		Other Equity	Total equity	
		Common stock	Certificate of bond conversion	Capital surplus – issued at premium	Capital surplus – stock warrant	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)		Unrealized gain or loss on available-for-sale financial assets
2013										
Balance at January 1, 2013		\$ 472,436	\$ -	\$ 370,062	\$ -	\$ 1,370	\$ 1,020	\$ 10,161	\$ 29,604	\$ 884,653
Comprehensive income										
Net income for the period		-	-	-	-	-	-	(9,345)	-	(9,345)
Other comprehensive loss for the period	6(3)	-	-	-	-	-	-	-	(2,594)	(2,594)
Balance at March 31, 2013		<u>\$ 472,436</u>	<u>\$ -</u>	<u>\$ 370,062</u>	<u>\$ -</u>	<u>\$ 1,370</u>	<u>\$ 1,020</u>	<u>\$ 816</u>	<u>\$ 27,010</u>	<u>\$ 872,714</u>
2014										
Balance at January 1, 2014		\$ 685,447	\$ 12,703	\$ 1,605,778	\$ 635	\$ 2,506	\$ -	(\$ 18,308)	\$ 25,033	\$ 2,313,794
Exercise conversion of convertible bonds	6(8)	14,494	(12,703)	14,040	(635)	-	-	-	-	15,196
Comprehensive income										
Net loss for the period		-	-	-	-	-	-	(11,469)	-	(11,469)
Other comprehensive loss for the period	6(3)	-	-	-	-	-	-	-	(2,056)	(2,056)
Balance at March 31, 2014		<u>\$ 699,941</u>	<u>\$ -</u>	<u>\$ 1,619,818</u>	<u>\$ -</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>(\$ 29,777)</u>	<u>\$ 22,977</u>	<u>\$ 2,315,465</u>

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

GLYCONEX INCORPORATION
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	Notes	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax	(\$	11,469)	(\$ 9,345)
Adjustments to reconcile loss before tax to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Gain on disposal of property, plant and equipment, net	6(16) (	2)	-
Depreciation and amortization	6(18)	2,368	2,267
Amortization of discount on bonds payable	6(17)	31	-
Net loss (gain) on financial assets at fair value through profit or loss	6(2)	208 (	275)
Interest income	6(15) (	3,202)	(1,096)
Deferred revenue transferred to revenue	6(7)	-	(3,153)
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		10,000	-
Accounts receivable, net		58	-
Other receivables	(	606)	770
Prepayments	(	559)	(583)
Other current assets		388	645
Net changes in liabilities relating to operating activities			
Notes payable		573	132
Other payables	(	3,428)	(6,025)
Other current liabilities	(	65)	(36)
Other non-current liabilities	(	19)	(21)
Cash used in operations	(	5,724)	(16,720)
Interest received		3,356	1,011
Net cash used in operating activities	(	2,368)	(15,709)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(23) (	5,905)	(1,967)
Proceeds from disposal of property, plant and equipment		2	-
Increase in deferred assets	(	412)	-
Decrease in other financial assets-non-current		250,000	-
Increase in prepayments for equipment	(	11,918)	-
Increase in other assets-non-current		-	(2)
Net cash provided by (used in) investing activities		231,767	(1,969)
Net increase (decrease) in cash and cash equivalents		229,399	(17,678)
Cash and cash equivalents at beginning of the period		1,777,720	694,171
Cash and cash equivalents at end of the period	\$	2,007,119	\$ 676,493

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