

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2015 AND 2014

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 reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and subsidiary as of March 31, 2015 and 2014, and the related consolidated 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 consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

Our reviews were made in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review 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 8, 2015

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 AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2015, DECEMBER 31, 2014 AND MARCH 31, 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(THE BALANCE SHEETS AS OF MARCH 31, 2015 AND 2014 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	March 31, 2015		December 31, 2014		March 31, 2014	
		Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1)	\$ 1,447,849	65	\$ 1,697,747	74	\$ 2,007,119	86
Financial assets at fair value through profit or loss-current	6(2)	207,396	9	217,273	10	156,393	7
Accounts receivable, net		3,615	-	5,967	-	114	-
Other receivables		7,610	-	5,368	-	684	-
Current income tax assets		2,665	-	2,303	-	1,049	-
Prepayments		2,195	-	1,374	-	1,302	-
Other current assets		308	-	910	-	585	-
Total Current Assets		1,671,638	74	1,930,942	84	2,167,246	93
Non-current Assets							
Available-for-sale financial assets-non-current	6(3)	85,688	4	102,877	4	43,712	2
Property, plant and equipment	6(4) and 8	192,206	9	89,814	4	71,030	3
Intangible assets	6(5)(20)	77,143	3	79,987	4	23,482	1
Deferred income tax assets		6,366	-	6,366	-	8,836	-
Prepayments for equipment		214,169	10	92,428	4	12,297	1
Other non-current assets		1,857	-	2,223	-	1,981	-
Total Non-current Assets		577,429	26	373,695	16	161,338	7
Total Assets		\$ 2,249,067	100	\$ 2,304,637	100	\$ 2,328,584	100

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2015, DECEMBER 31, 2014 AND MARCH 31, 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(THE BALANCE SHEETS AS OF MARCH 31, 2015 AND 2014 ARE UNAUDITED BUT REVIEWED)

LIABILITIES AND EQUITY	Notes	March 31, 2015		December 31, 2014		March 31, 2014	
		Amount	%	Amount	%	Amount	%
Current Liabilities							
Notes payable		\$ 970	-	\$ 12,590	1	\$ 1,693	-
Other payables	6(6)(20)	22,106	1	32,356	1	7,707	1
Other current liabilities		184	-	175	-	177	-
Total Current Liabilities		<u>23,260</u>	<u>1</u>	<u>45,121</u>	<u>2</u>	<u>9,577</u>	<u>1</u>
Non-current Liabilities							
Deferred income tax liabilities		5,308	-	7,371	-	-	-
Other non-current liabilities	6(7)(20)	33,803	2	33,580	2	3,542	-
Total Non-current Liabilities		<u>39,111</u>	<u>2</u>	<u>40,951</u>	<u>2</u>	<u>3,542</u>	<u>-</u>
Total Liabilities		<u>62,371</u>	<u>3</u>	<u>86,072</u>	<u>4</u>	<u>13,119</u>	<u>1</u>
Equity Attributable to Owners of Parent							
Share Capital							
Common stock	6(9)	769,935	34	769,935	33	699,941	30
Capital Surplus							
Capital surplus	6(10)	1,534,022	68	1,534,022	67	1,619,818	69
Retained Earnings							
Legal reserve	6(11)(19)	-	-	-	-	2,506	-
Accumulated deficit		(58,143)	(3)	(41,400)	(2)	(29,777)	(1)
Other Equity Interest							
Other equity	6(12)	33,135	2	48,261	2	22,977	1
Treasury stock	6(9)	<u>(92,253)</u>	<u>(4)</u>	<u>(92,253)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
Total Equity		<u>2,186,696</u>	<u>97</u>	<u>2,218,565</u>	<u>96</u>	<u>2,315,465</u>	<u>99</u>
Significant contingent liabilities and unrecognized contract commitments							
Total Liabilities and Equity		<u>\$ 2,249,067</u>	<u>100</u>	<u>\$ 2,304,637</u>	<u>100</u>	<u>\$ 2,328,584</u>	<u>100</u>

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)

(UNAUDITED BUT REVIEWED)

Items	Notes	2015		2014 (Adjusted)	
		Amount	%	Amount	%
Operating revenue	6(13)	\$ 1,088	100	\$ 251	100
Operating costs	6(8)(17)(18)	(445)	(41)	-	-
Gross profit		<u>643</u>	<u>59</u>	<u>251</u>	<u>100</u>
Operating expenses	6(8)(17)(18)				
Selling expenses		(667)	(61)	(698)	(278)
General and administrative expenses		(5,647)	(519)	(6,430)	(2562)
Research and development expenses		(14,213)	(1307)	(9,470)	(3773)
Total operating expenses		<u>(20,527)</u>	<u>(1887)</u>	<u>(16,598)</u>	<u>(6613)</u>
Operating loss		<u>(19,884)</u>	<u>(1828)</u>	<u>(16,347)</u>	<u>(6513)</u>
Non-operating income and expenses					
Other income	6(14)	3,779	347	3,202	1276
Other gains and losses	6(15)	(427)	(39)	1,707	680
Finance costs	6(16)	(211)	(19)	(31)	(12)
Total non-operating income and expenses		<u>3,141</u>	<u>289</u>	<u>4,878</u>	<u>1944</u>
Loss before income tax		<u>(16,743)</u>	<u>(1539)</u>	<u>(11,469)</u>	<u>(4569)</u>
Income tax expense		-	-	-	-
Net loss		<u><u>(\$ 16,743)</u></u>	<u><u>(1539)</u></u>	<u><u>(\$ 11,469)</u></u>	<u><u>(4569)</u></u>
Other comprehensive income (loss)	6(3)(9)(12)(19)				
Items may be subsequently reclassified to profit or loss					
Unrealised loss on valuation of available-for-sale financial assets		(\$ 17,189)	(1580)	(\$ 2,056)	(819)
Income tax related to items that may be reclassifiable		<u>2,063</u>	<u>190</u>	<u>-</u>	<u>-</u>
Total other comprehensive loss for the period		<u><u>(\$ 15,126)</u></u>	<u><u>(1390)</u></u>	<u><u>(\$ 2,056)</u></u>	<u><u>(819)</u></u>
Total comprehensive loss for the period		<u><u>(\$ 31,869)</u></u>	<u><u>(2929)</u></u>	<u><u>(\$ 13,525)</u></u>	<u><u>(5388)</u></u>
Net loss attributable to:					
Owner of the Company		<u><u>(\$ 16,743)</u></u>	<u><u>(1539)</u></u>	<u><u>(\$ 11,469)</u></u>	<u><u>(4569)</u></u>
Total comprehensive loss attributable to:					
Owner of the Company		<u><u>(\$ 31,869)</u></u>	<u><u>(2929)</u></u>	<u><u>(\$ 13,525)</u></u>	<u><u>(5388)</u></u>
Loss per share (in dollars)					
Basic loss per share	6(21)	<u><u>(\$ 0.22)</u></u>		<u><u>(\$ 0.15)</u></u>	
Diluted loss per share	6(21)	<u><u>(\$ 0.22)</u></u>		<u><u>(\$ 0.15)</u></u>	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

Notes	Share capital		Capital reserve		Retained earnings			Other Equity	Treasury stock	Total equity
	Common stock	Certificate of bond conversion	Capital surplus – issued at premium	Capital surplus – stock warrant	Legal reserve	Special reserve	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets		
<u>For the three-month period ended March 31, 2014</u>										
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(9)	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	-	-	-	-	-	-	-	(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>\$ -</u>	<u>\$ 2,315,465</u>
<u>For the three-month period ended March 31, 2015</u>										
Balance at January 1, 2015	\$ 769,935	\$ -	\$ 1,534,022	\$ -	\$ -	\$ -	(\$ 41,400)	\$ 48,261	(\$ 92,253)	\$ 2,218,565
Comprehensive income										
Net loss for the period	-	-	-	-	-	-	(16,743)	-	-	(16,743)
Other comprehensive loss for the period	-	-	-	-	-	-	-	(15,126)	-	(15,126)
Balance at March 31, 2015	<u>\$ 769,935</u>	<u>\$ -</u>	<u>\$ 1,534,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 58,143)</u>	<u>\$ 33,135</u>	<u>(\$ 92,253)</u>	<u>\$ 2,186,696</u>

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax			
Adjustments to reconcile loss before tax to net cash used in operating activities		(\$ 16,743)	(\$ 11,469)
Income and expenses having no effect on cash flows			
Gain on disposal of property, plant and equipment, net	6(15)	-	(2)
Depreciation and amortization	6(17)	6,300	2,368
Amortisation of discount on bonds payable	6(16)	-	31
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(15)	(123)	208
Interest income	6(14)	(3,576)	(3,202)
Interest expense	6(16)	211	-
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	10,000
Accounts receivable, net		2,352	58
Other receivables		(2,285)	(606)
Current income tax assets		(362)	-
Prepayments		(821)	(559)
Other current assets		602	388
Net changes in liabilities relating to operating activities			
Notes payable		82	573
Other payables		(4,230)	(3,428)
Other current liabilities		9	(65)
Other non-current liabilities		(349)	(19)
Cash used in operations		(8,933)	(5,724)
Interest received		3,619	3,356
Net cash used in operating activities		(5,314)	(2,368)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(22)	(111,788)	(5,905)
Increase in prepayments for equipment		(133,156)	(11,918)
Proceeds from disposal of property, plant and equipment		-	2
Increase in deferred assets		-	(412)
Decrease in other financial assets-non-current		-	250,000
Net cash (used in) provided by investing activities		(244,944)	231,767
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Increase in deposits received		360	-
Net (decrease) increase in cash and cash equivalents		(249,898)	229,399
Cash and cash equivalents at beginning of the period		1,697,747	1,777,720
Cash and cash equivalents at end of the period		<u>\$ 1,447,849</u>	<u>\$ 2,007,119</u>

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

