

**GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 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.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To GlycoNex Incorporation

We have audited the accompanying consolidated balance sheets of GlycoNex Incorporation and subsidiary as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GlycoNex Incorporation and subsidiary as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended 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.

We have also audited the parent company only financial statements of GlycoNex Incorporation as of and for the years ended December 31, 2014 and 2013, on which we have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan
March 24, 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
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2014		December 31, 2013	
		Amount	%	Amount	%
Current Assets					
Cash and cash equivalents	6(1)	\$ 1,697,747	74	\$ 1,777,720	76
Financial assets at fair value through profit or loss-current	6(2)	217,273	10	166,600	7
Accounts receivable, net		5,967	-	172	-
Other receivables		5,368	-	567	-
Current income tax assets		2,303	-	714	-
Prepayments		1,374	-	743	-
Other current assets		910	-	973	-
Total Current Assets		1,930,942	84	1,947,489	83
Non-current Assets					
Financial assets at fair value through profit or loss-non-current	6(2)	-	-	84	-
Available-for-sale financial assets-non-current	6(3)	102,877	4	45,768	2
Property, plant and equipment	6(4) and 8	89,814	4	67,069	3
Intangible assets	6(5)(21)	79,987	4	23,482	1
Deferred income tax assets	6(20)	6,366	-	8,836	-
Prepayments for equipment		92,428	4	190	-
Other financial assets-non-current	8	-	-	250,000	11
Other non-current assets		2,223	-	1,871	-
Total Non-current Assets		373,695	16	397,300	17
Total Assets		\$ 2,304,637	100	\$ 2,344,789	100

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	December 31, 2014		December 31, 2013	
		Amount	%	Amount	%
Current Liabilities					
Notes payable	6(23)	\$ 12,590	1	\$ 1,120	-
Other payables	6(6)(23)	32,356	1	10,822	-
Other current liabilities		175	-	242	-
Total Current Liabilities		<u>45,121</u>	<u>2</u>	<u>12,184</u>	<u>-</u>
Non-current Liabilities					
Bonds payable	6(8)	-	-	15,250	1
Deferred income tax liabilities	6(20)	7,371	-	-	-
Other non-current liabilities	6(7)(9)	33,580	2	3,561	-
Total Non-current Liabilities		<u>40,951</u>	<u>2</u>	<u>18,811</u>	<u>1</u>
Total Liabilities		<u>86,072</u>	<u>4</u>	<u>30,995</u>	<u>1</u>
Equity Attributable to Owners of Parent					
Share Capital	6(8)(10)				
Common stock		769,935	33	685,447	29
Certificate of bond conversion		-	-	12,703	1
Capital Surplus	6(8)(11)				
Capital surplus		1,534,022	67	1,606,413	69
Retained Earnings	6(12)(20)				
Legal reserve		-	-	2,506	-
Unappropriated retained earnings		(41,400)	(2)	(18,308)	(1)
Other Equity Interest	6(12)				
Other equity		48,261	2	25,033	1
Treasury stock	6(10)	(92,253)	(4)	-	-
Total Equity		<u>2,218,565</u>	<u>96</u>	<u>2,313,794</u>	<u>99</u>
Significant contingent liabilities and unrecognized contract commitments	9				
Total Liabilities and Equity		<u>\$ 2,304,637</u>	<u>100</u>	<u>\$ 2,344,789</u>	<u>100</u>

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT LOSS PER SHARE AMOUNTS)

Items	Notes	For the years ended December 31,			
		2014		2013	
		Amount	%	Amount	%
Operating revenue	6(14)(21)	\$ 7,873	100	\$ 35,698	100
Operating costs	6(18)(19)	(142)	(2)	(1,247)	(3)
Gross profit		<u>7,731</u>	<u>98</u>	<u>34,451</u>	<u>97</u>
Operating expenses	6(18)(19)				
Selling expenses		(2,981)	(38)	(2,924)	(8)
General and administrative expenses		(24,705)	(314)	(24,198)	(68)
Research and development expenses		(40,275)	(511)	(34,621)	(97)
Total operating expenses		<u>(67,961)</u>	<u>(863)</u>	<u>(61,743)</u>	<u>(173)</u>
Operating loss		<u>(60,230)</u>	<u>(765)</u>	<u>(27,292)</u>	<u>(76)</u>
Non-operating income and expenses					
Other income	6(15)	16,200	206	7,544	21
Other gains and losses	6(16)	6,107	77	4,211	12
Finance costs	6(17)	(171)	(2)	(1,070)	(3)
Total non-operating income and expenses		<u>22,136</u>	<u>281</u>	<u>10,685</u>	<u>30</u>
Loss before income tax		<u>(38,094)</u>	<u>(484)</u>	<u>(16,607)</u>	<u>(46)</u>
Income tax expense	6(20)	(3,260)	(41)	(4,829)	(14)
Net loss		<u>\$ 41,354</u>	<u>(525)</u>	<u>\$ 21,436</u>	<u>(60)</u>
Other comprehensive income (loss)	6(9)(13)				
Unrealized gain (loss) on valuation of available-for-sale financial assets		\$ 29,809	379	(\$ 4,571)	(13)
Actuarial (loss) gain on defined benefit plans		(46)	(1)	170	1
Income tax attributable to other comprehensive income		(6,581)	(84)	-	-
Total other comprehensive income (loss) for the year		<u>\$ 23,182</u>	<u>294</u>	<u>(\$ 4,401)</u>	<u>(12)</u>
Total comprehensive loss for the year		<u>(\$ 18,172)</u>	<u>(231)</u>	<u>(\$ 25,837)</u>	<u>(72)</u>
Net loss attributable to:					
Owner of the Company		<u>(\$ 41,354)</u>	<u>(525)</u>	<u>(\$ 21,436)</u>	<u>(60)</u>
Total comprehensive loss attributable to:					
Owner of the Company		<u>(\$ 18,172)</u>	<u>(231)</u>	<u>(\$ 25,837)</u>	<u>(72)</u>
Loss per share (in dollars)					
Basic loss per share	6(22)	<u>(\$ 0.54)</u>		<u>(\$ 0.33)</u>	
Diluted loss per share	6(22)	<u>(\$ 0.54)</u>		<u>(\$ 0.33)</u>	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Share capital		Capital reserve		Retained earnings			Other Equity		
	Notes	Common stock	Certificate of bond conversion	Capital surplus – issued at premium	Capital surplus – stock warrant	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gain or loss on available-for-sale financial assets	Treasury stock	Total equity
<u>For the year ended December 31, 2013</u>											
Balance at January 1, 2013		\$ 472,436	\$ -	\$ 370,062	\$ -	\$ 1,370	\$ 1,020	\$ 10,161	\$ 29,604	\$ -	\$ 884,653
Cash capital increase	6(10)	112,500	-	785,121	-	-	-	-	-	-	897,621
Cash capital increase-private placement	6(10)	27,600	-	248,400	-	-	-	-	-	-	276,000
Issue stock warrants of convertible bonds	6(8)(10)	-	-	-	11,972	-	-	-	-	-	11,972
Exercise conversion of convertible bonds	6(8)	19,290	12,703	249,438	(11,337)	-	-	-	-	-	270,094
Appropriations and distribution of 2012 retained earnings											
Legal reserve		-	-	-	-	1,136	-	(1,136)	-	-	-
Reversal of special reserve		-	-	-	-	-	(1,020)	1,020	-	-	-
Cash dividends		-	-	-	-	-	-	(709)	-	-	(709)
Stock dividends	6(10)	6,378	-	-	-	-	-	(6,378)	-	-	-
Capital surplus transferred to common stock	6(10)	47,243	-	(47,243)	-	-	-	-	-	-	-
Comprehensive loss											
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>\$ -</u>	<u>\$ 2,313,794</u>
<u>For the year ended December 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(8)(10)	14,494	(12,703)	14,040	(635)	-	-	-	-	-	15,196
Appropriations and distribution of 2013 retained earnings	6(12)										
Capital surplus used to offset accumulated deficit		-	-	(15,802)	-	-	-	15,802	-	-	-
Legal reserve used to offset accumulated deficit		-	-	-	-	(2,506)	-	2,506	-	-	-
Capital surplus transferred to common stock	6(10)	69,994	-	(69,994)	-	-	-	-	-	-	-
Redemption of treasury shares	6(10)	-	-	-	-	-	-	-	-	(92,253)	(92,253)
Comprehensive loss											
Net loss for the year		-	-	-	-	-	-	(41,354)	-	-	(41,354)
Other comprehensive income (loss) for the year	6(3)(9)	-	-	-	-	-	-	(46)	23,228	-	23,182
Balance at December 31, 2014		<u>\$ 769,935</u>	<u>\$ -</u>	<u>\$ 1,534,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 41,400)</u>	<u>\$ 48,261</u>	<u>(\$ 92,253)</u>	<u>\$ 2,218,565</u>

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the years ended December 31,	
	Notes	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax		(\$ 38,094)	(\$ 16,607)
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)	-
Gain on disposal of investments	6(16)	(589)	(707)
Depreciation and amortization	6(18)	12,305	8,658
Amortization of discount on bonds payable	6(17)	31	1,070
Net gain on financial assets at fair value through profit or loss	6(2)	(673)	(1,291)
Interest income	6(15)	(16,104)	(7,543)
Interest expense	6(17)	140	-
Deferred revenue transferred to revenue		-	(10,509)
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	(	49,411)	(100,000)
Accounts receivable, net	(	5,795)	(172)
Other receivables	(	4,609)	635
Current income tax assets	(	1,575)	(440)
Prepayments	(	631)	(52)
Other current assets		63	(256)
Net changes in liabilities relating to operating activities			
Notes payable	(	232)	408
Other payables		1,077	(7,098)
Other current liabilities	(	67)	15
Other non-current liabilities		1,018	(84)
Cash used in operations	(	103,148)	(133,973)
Interest received		15,897	7,142
Income tax paid		-	(6,308)
Net cash used in operating activities	(	87,251)	(133,139)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets-non-current	(	27,300)	-
Proceeds from disposal of available-for-sale financial assets-non-current		-	1,270
Acquisition of equipment	(	14,046)	(3,742)
Increase in prepayments for equipment	(	92,237)	-
Proceeds from sale of property, plant and equipment		2	-
Increase in deferred expenses	(	1,646)	-
Increase in intangible assets	(	15,250)	-
Decrease (increase) in other non-current assets		8	(806)
Decrease (increase) in other financial assets-non-current		250,000	(250,000)
Net cash provided by (used in) investing activities		99,531	(253,278)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issuance of convertible bonds		-	300,000
Cost of convertible bonds issuance		-	(2,946)
Payment of cash dividends	6(12)	-	(709)
Cash capital increase		-	900,000
Cash capital increase-private placement		-	276,000
Cost of capital increase		-	(2,379)
Redemption of treasury shares	(	92,253)	-
Net cash (used in) provided by financing activities	(	92,253)	1,469,966
Net (decrease) increase in cash and cash equivalents	(	79,973)	1,083,549
Cash and cash equivalents at beginning of the year		1,777,720	694,171
Cash and cash equivalents at end of the year	\$	1,697,747	\$ 1,777,720

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