

GLYCONEX INCORPORATION
FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 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 consolidated balance sheets of GlycoNex Incorporation and its subsidiaries as of June 30, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the six-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 a conclusion on these financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews 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.

As explained in Note 4(3), we did not review the financial statements of certain insignificant consolidated subsidiaries, which statements reflect total assets of NT\$19,980 thousand and NT\$0, constituting 1% and 0% of the consolidated total assets, and total liabilities of NT\$15 thousand and NT\$0, both constituting 0% of the consolidated total liabilities as of June 30, 2014 and 2013, respectively, and total comprehensive loss of (NT\$35) thousand, NT\$0, (NT\$35) thousand and NT\$0, all constituting 0% of the consolidated total comprehensive loss for the three-month and six-month periods then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and the information disclosed in Note 13 been reviewed by independent accountants, 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.

PricewaterhouseCoopers, Taiwan
August 8, 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
JUNE 30, 2014, DECEMBER 31, 2013 AND JUNE 30, 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF JUNE 30, 2014 AND 2013 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	June 30, 2014		December 31, 2013		June 30, 2013	
		Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1)	\$ 1,937,911	84	\$ 1,777,720	76	\$ 413,671	47
Financial assets at fair value through	6(2)						
profit or loss-current		186,734	8	166,600	7	66,181	8
Accounts receivable, net		220	-	172	-	-	-
Other receivables		656	-	567	-	802	-
Current income tax assets		1,506	-	714	-	222	-
Prepayments		1,270	-	743	-	908	-
Other current assets		707	-	973	-	13	-
Total Current Assets		2,129,004	92	1,947,489	83	481,797	55
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		70,842	3	45,768	2	48,549	5
Property, plant and equipment	6(4) and 8	68,902	3	67,069	3	70,399	8
Intangible assets	6(5)(22)	23,482	1	23,482	1	23,482	3
Deferred income tax assets		8,836	-	8,836	-	6,733	1
Prepayments for equipment		13,395	1	190	-	-	-
Other financial assets-non-current	8	-	-	250,000	11	250,000	28
Other non-current assets		1,984	-	1,871	-	1,733	-
Total Non-current Assets		187,441	8	397,300	17	400,896	45
Total Assets		\$ 2,316,445	100	\$ 2,344,789	100	\$ 882,693	100

(Continued)

GLYCONEX INCORPORATION
BALANCE SHEETS
JUNE 30, 2014, DECEMBER 31, 2013 AND JUNE 30, 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF JUNE 30, 2014 AND 2013 ARE UNAUDITED BUT REVIEWED)

LIABILITIES AND EQUITY	Notes	June 30, 2014		December 31, 2013		June 30, 2013	
		Amount	%	Amount	%	Amount	%
Current Liabilities							
Notes payable		\$ 2,013	-	\$ 1,120	-	\$ 1,337	-
Other payables	6(6)	8,746	1	10,822	-	14,381	2
Other current liabilities	6(7)	241	-	242	-	4,413	-
Total Current Liabilities		<u>11,000</u>	<u>1</u>	<u>12,184</u>	<u>-</u>	<u>20,131</u>	<u>2</u>
Non-current Liabilities							
Bonds payable	6(8)	-	-	15,250	1	-	-
Other non-current liabilities		3,524	-	3,561	-	3,773	1
Total Non-current Liabilities		<u>3,524</u>	<u>-</u>	<u>18,811</u>	<u>1</u>	<u>3,773</u>	<u>1</u>
Total Liabilities		<u>14,524</u>	<u>1</u>	<u>30,995</u>	<u>1</u>	<u>23,904</u>	<u>3</u>
Equity Attributable to Owners of Parent							
Share Capital	6(8)(10)						
	(11)						
Common stock		699,941	30	685,447	29	472,436	53
Certificate of bond conversion		-	-	12,703	1	-	-
Stock dividends to be distributed		69,994	3	-	-	53,621	6
Capital Surplus	6(8)(12)						
Capital surplus		1,534,022	66	1,606,413	69	322,819	37
Retained Earnings	6(13)(21)						
Legal reserve		-	-	2,506	-	2,506	-
Accumulated deficit		(24,842)	(1)	(18,308)	(1)	(19,844)	(2)
Other Equity Interest	6(14)						
Other equity		22,806	1	25,033	1	27,251	3
Total Equity		<u>2,301,921</u>	<u>99</u>	<u>2,313,794</u>	<u>99</u>	<u>858,789</u>	<u>97</u>
Significant contingent liabilities and unrecognized contract commitments	9						
Total Liabilities and Equity		<u>\$ 2,316,445</u>	<u>100</u>	<u>\$ 2,344,789</u>	<u>100</u>	<u>\$ 882,693</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated August 8, 2014.

GLYCONEX INCORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT LOSS PER SHARE AMOUNTS)

(UNAUDITED BUT REVIEWED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2014		2013		2014		2013	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	6(15)(22)	\$ 101	100	\$ 3,152	100	\$ 352	100	\$ 6,440	100
Operating costs	6(19)(20)	-	-	(479)	(15)	-	-	(667)	(10)
Gross profit		101	100	2,673	85	352	100	5,773	90
Operating expenses	6(19)(20)								
Selling expenses		(969)	(959)	(1,149)	(37)	(1,667)	(473)	(1,800)	(28)
General and administrative expenses		(6,140)	(6079)	(5,433)	(172)	(12,570)	(3571)	(11,870)	(184)
Research and development expenses		(9,931)	(9833)	(9,109)	(289)	(19,401)	(5512)	(18,056)	(281)
Total operating expenses		(17,040)	(16871)	(15,691)	(498)	(33,638)	(9556)	(31,726)	(493)
Operating loss		(16,939)	(16771)	(13,018)	(413)	(33,286)	(9456)	(25,953)	(403)
Non-operating income and expenses									
Other income	6(16)	4,826	4778	1,278	40	8,028	2281	2,374	37
Other gains and losses	6(17)	(1,260)	(1248)	187	6	447	127	2,681	42
Finance costs	6(18)	-	-	-	-	(31)	(9)	-	-
Total non-operating income and expenses		3,566	3530	1,465	46	8,444	2399	5,055	79
Loss before income tax		(13,373)	(13241)	(11,553)	(367)	(24,842)	(7057)	(20,898)	(324)
Income tax expense	6(21)	-	-	(1,904)	(60)	-	-	(1,904)	(30)
Net loss		(\$ 13,373)	(13241)	(\$ 13,457)	(427)	(\$ 24,842)	(7057)	(\$ 22,802)	(354)
Other comprehensive loss	6(14)								
Unrealized loss on valuation of available-for-sale financial assets		(\$ 171)	(169)	\$ 241	8	(\$ 2,227)	(633)	(\$ 2,353)	(37)
Total other comprehensive loss for the period		(\$ 171)	(169)	\$ 241	8	(\$ 2,227)	(633)	(\$ 2,353)	(37)
Total comprehensive loss for the period		(\$ 13,544)	(13410)	(\$ 13,216)	(419)	(\$ 27,069)	(7690)	(\$ 25,155)	(391)
Loss attributable to owners of parent		(\$ 13,373)	(13241)	(\$ 13,457)	(427)	(\$ 24,842)	(7057)	(\$ 22,802)	(354)
Comprehensive loss attributable to owners of parent		(\$ 13,544)	(13410)	(\$ 13,216)	(419)	(\$ 27,069)	(7690)	(\$ 25,155)	(391)
Loss per share (in dollars)									
Basic loss per share	6(23)	(\$ 0.19)		(\$ 0.28)		(\$ 0.36)		(\$ 0.48)	
Diluted loss per share	6(23)	(\$ 0.19)		(\$ 0.28)		(\$ 0.36)		(\$ 0.48)	

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GLYCONEX INCORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 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	Stock dividends to be distributed	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
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	-	-	6,378	-	-	-	- (	6,378)	-	-
Capital surplus transferred to common stock	-	-	47,243 (	47,243)	-	-	-	-	-	-
Comprehensive loss										
Net loss for the period	-	-	-	-	-	-	- (	22,802)	- (	22,802)
Other comprehensive loss for the period	6(3)	-	-	-	-	-	-	-	(2,353)	(2,353)
Balance at June 30, 2013	<u>\$ 472,436</u>	<u>\$ -</u>	<u>\$ 53,621</u>	<u>\$ 322,819</u>	<u>\$ -</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>(\$ 19,844)</u>	<u>\$ 27,251</u>	<u>\$ 858,789</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
Appropriations and distribution of 2013 retained earnings										
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	-	-	69,994 (	69,994)	-	-	-	-	-	-
Comprehensive income										
Net loss for the period	-	-	-	-	-	-	- (	24,842)	- (	24,842)
Other comprehensive loss for the period	6(3)	-	-	-	-	-	-	-	(2,227)	(2,227)
Balance at June 30, 2014	<u>\$ 699,941</u>	<u>\$</u>	<u>\$ 69,994</u>	<u>\$ 1,534,022</u>	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 24,842)</u>	<u>\$ 22,806</u>	<u>\$ 2,301,921</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated August 8, 2014.

GLYCONEX INCORPORATION
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax		(\$ 24,842)	(\$ 20,898)
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(17) (	2)	-
Depreciation and amortization	6(19)	4,774	4,506
Amortization of discount on bonds payable	6(18)	31	-
Net (gain) loss on financial assets at fair value through profit or loss	6(2) (	133)	22
Interest income	6(16) (	8,028)	(2,374)
Deferred revenue transferred to revenue	6(7)	-	(6,305)
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	(	20,001)	-
Accounts receivable, net	(	48)	-
Other receivables		14	363
Current tax assets	(	792)	(155)
Prepayments	(	527)	(217)
Other current assets		266	704
Net changes in liabilities relating to operating activities			
Notes payable		654	625
Other payables	(	1,887)	(4,626)
Other current liabilities	(	1)	(18)
Other non-current liabilities	(	37)	(42)
Cash used in operations	(	50,559)	(28,415)
Interest received		7,925	2,217
Income tax paid		-	(1,282)
Net cash used in operating activities	(	42,634)	(27,480)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets	(	27,300)	-
Acquisition of property, plant and equipment	6(23) (	6,049)	(2,953)
Proceeds from disposal of property, plant and equipment		2	-
Increase in deferred assets	(	613)	-
Decrease (increase) in other financial assets-non-current		250,000	(250,000)
Increase in prepayments for equipment	(	13,215)	-
Increase in other non-current assets		-	(67)
Net cash provided by (used in) investing activities		202,825	(253,020)
Net increase (decrease) in cash and cash equivalents		160,191	(280,500)
Cash and cash equivalents at beginning of the period		1,777,720	694,171
Cash and cash equivalents at end of the period		<u>\$ 1,937,911</u>	<u>\$ 413,671</u>

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