

**GLYCONEX INCORPORATION AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT**  
**ACCOUNTANTS**  
**JUNE 30, 2015 AND 2014**

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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 reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and subsidiary as of June 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, 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 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  
August 12, 2015

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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 review 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**  
**JUNE 30, 2015, DECEMBER 31, 2014 AND JUNE 30, 2014**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(THE BALANCE SHEETS AS OF JUNE 30, 2015 AND 2014 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	June 30, 2015 Amount	%	December 31, 2014 Amount	%	June 30, 2014 Amount	%
<b>Current Assets</b>							
Cash and cash equivalents	6(1)	\$ 367,225	16	\$ 1,697,747	74	\$ 1,937,911	84
Financial assets at fair value through profit or loss-current	6(2)	177,222	8	217,273	10	186,734	8
Accounts receivable, net		7,931	-	5,967	-	220	-
Other receivables		16,038	1	5,368	-	656	-
Current income tax assets		2,302	-	2,303	-	1,506	-
Prepayments		8,483	-	1,374	-	1,270	-
Other current financial assets	6(3)	703,600	32	-	-	-	-
Other current assets		264	-	910	-	707	-
<b>Total Current Assets</b>		<b>1,283,065</b>	<b>57</b>	<b>1,930,942</b>	<b>84</b>	<b>2,129,004</b>	<b>92</b>
<b>Non-current Assets</b>							
Available-for-sale financial assets-non-current	6(4)	83,361	4	102,877	4	70,842	3
Property, plant and equipment	6(5) and 8	720,399	32	89,814	4	68,902	3
Intangible assets	6(6)(21)	74,298	4	79,987	4	23,482	1
Deferred income tax assets		6,366	-	6,366	-	8,836	-
Prepayments for equipment		62,386	3	92,428	4	13,395	1
Other non-current assets		1,491	-	2,223	-	1,984	-
<b>Total Non-current Assets</b>		<b>948,301</b>	<b>43</b>	<b>373,695</b>	<b>16</b>	<b>187,441</b>	<b>8</b>
<b>Total Assets</b>		<b>\$ 2,231,366</b>	<b>100</b>	<b>\$ 2,304,637</b>	<b>100</b>	<b>\$ 2,316,445</b>	<b>100</b>

(Continued)

**GLYCONEX INCORPORATION AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2015, DECEMBER 31, 2014 AND JUNE 30, 2014**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(THE BALANCE SHEETS AS OF JUNE 30, 2015 AND 2014 ARE UNAUDITED BUT REVIEWED)

LIABILITIES AND EQUITY	Notes	June 30, 2015		December 31, 2014		June 30, 2014	
		Amount	%	Amount	%	Amount	%
<b>Current Liabilities</b>							
Notes payable		\$ 986	-	\$ 12,590	1	\$ 2,013	-
Other payables	6(7)(21)	22,890	1	32,356	1	8,746	1
Other current liabilities		238	-	175	-	241	-
<b>Total Current Liabilities</b>		<u>24,114</u>	<u>1</u>	<u>45,121</u>	<u>2</u>	<u>11,000</u>	<u>1</u>
<b>Non-current Liabilities</b>							
Deferred income tax liabilities		5,029	-	7,371	-	-	-
Other non-current liabilities	6(8)(21)	33,637	2	33,580	2	3,524	-
<b>Total Non-current Liabilities</b>		<u>38,666</u>	<u>2</u>	<u>40,951</u>	<u>2</u>	<u>3,524</u>	<u>-</u>
<b>Total Liabilities</b>		<u>62,780</u>	<u>3</u>	<u>86,072</u>	<u>4</u>	<u>14,524</u>	<u>1</u>
<b>Equity Attributable to Owners of Parent</b>							
<b>Share Capital</b>	6(10)						
Common stock		769,935	34	769,935	33	699,941	30
Stock dividends to be distributed		-	-	-	-	69,994	3
<b>Capital Surplus</b>	6(11)						
Capital surplus		1,492,622	67	1,534,022	67	1,534,022	66
<b>Retained Earnings</b>	6(12)(20)						
Accumulated deficit		( 32,805)	( 1)	( 41,400)	( 2)	( 24,842)	( 1)
<b>Other Equity Interest</b>	6(13)						
Other equity		31,087	1	48,261	2	22,806	1
<b>Treasury stock</b>	6(10)	( 92,253)	( 4)	( 92,253)	( 4)	-	-
<b>Total Equity</b>		<u>2,168,586</u>	<u>97</u>	<u>2,218,565</u>	<u>96</u>	<u>2,301,921</u>	<u>99</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>	9						
<b>Total Liabilities and Equity</b>		<u>\$ 2,231,366</u>	<u>100</u>	<u>\$ 2,304,637</u>	<u>100</u>	<u>\$ 2,316,445</u>	<u>100</u>

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

**GLYCONEX INCORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014**

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

Items	Notes	(UNAUDITED BUT REVIEWED)							
		Three-month periods ended June 30				Six-month periods ended June 30			
		2015		2014 (Adjusted)		2015		2014 (Adjusted)	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue</b>	6(14)	\$ 4,478	100	\$ 101	100	\$ 5,566	100	\$ 352	100
<b>Operating costs</b>	6(9)(18)(19)	( 352)	( 8)	-	-	( 797)	( 14)	-	-
<b>Gross profit</b>		<u>4,126</u>	<u>92</u>	<u>101</u>	<u>100</u>	<u>4,769</u>	<u>86</u>	<u>352</u>	<u>100</u>
<b>Operating expenses</b>	6(9)(18)(19)								
Selling expenses		( 938)	( 21)	( 969)	( 959)	( 1,605)	( 29)	( 1,667)	( 473)
General and administrative expenses		( 7,236)	( 162)	( 6,140)	( 6,079)	( 12,883)	( 231)	( 12,570)	( 3,571)
Research and development expenses		( 15,068)	( 336)	( 9,931)	( 9,833)	( 29,281)	( 526)	( 19,401)	( 5,512)
<b>Total operating expenses</b>		<u>( 23,242)</u>	<u>( 519)</u>	<u>( 17,040)</u>	<u>( 16,871)</u>	<u>( 43,769)</u>	<u>( 786)</u>	<u>( 33,638)</u>	<u>( 9,556)</u>
<b>Operating loss</b>		<u>( 19,116)</u>	<u>( 427)</u>	<u>( 16,939)</u>	<u>( 16,771)</u>	<u>( 39,000)</u>	<u>( 700)</u>	<u>( 33,286)</u>	<u>( 9,456)</u>
<b>Non-operating income and expenses</b>									
Other income	6(15)	4,095	92	4,826	4,778	7,874	142	8,028	2,281
Other gains and losses	6(16)	( 831)	( 18)	( 1,260)	( 1,248)	( 1,258)	( 23)	447	127
Finance costs	6(17)	( 210)	( 5)	-	-	( 421)	( 8)	( 31)	( 9)
<b>Total non-operating income and expenses</b>		<u>3,054</u>	<u>69</u>	<u>3,566</u>	<u>3,530</u>	<u>6,195</u>	<u>111</u>	<u>8,444</u>	<u>2,399</u>
<b>Loss before income tax</b>		<u>( 16,062)</u>	<u>( 358)</u>	<u>( 13,373)</u>	<u>( 13,241)</u>	<u>( 32,805)</u>	<u>( 589)</u>	<u>( 24,842)</u>	<u>( 7,057)</u>
Income tax expense		-	-	-	-	-	-	-	-
<b>Net loss</b>		<u><u>(\$ 16,062)</u></u>	<u><u>( 358)</u></u>	<u><u>(\$ 13,373)</u></u>	<u><u>( 13,241)</u></u>	<u><u>(\$ 32,805)</u></u>	<u><u>( 589)</u></u>	<u><u>(\$ 24,842)</u></u>	<u><u>( 7,057)</u></u>
<b>Other comprehensive loss</b>	6(4)(10)(13)(20)								
<b>Items that may be subsequently reclassified to profit or loss</b>									
Unrealised loss on valuation of available-for-sale financial assets		(\$ 2,327)	( 52)	(\$ 171)	( 169)	(\$ 19,516)	( 351)	(\$ 2,227)	( 633)
Income tax related to items that may be reclassifiable		<u>279</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>2,342</u>	<u>42</u>	<u>-</u>	<u>-</u>
<b>Total other comprehensive loss for the period</b>		<u><u>(\$ 2,048)</u></u>	<u><u>( 46)</u></u>	<u><u>(\$ 171)</u></u>	<u><u>( 169)</u></u>	<u><u>(\$ 17,174)</u></u>	<u><u>( 309)</u></u>	<u><u>(\$ 2,227)</u></u>	<u><u>( 633)</u></u>
<b>Total comprehensive loss for the period</b>		<u><u>(\$ 18,110)</u></u>	<u><u>( 404)</u></u>	<u><u>(\$ 13,544)</u></u>	<u><u>( 13,410)</u></u>	<u><u>(\$ 49,979)</u></u>	<u><u>( 898)</u></u>	<u><u>(\$ 27,069)</u></u>	<u><u>( 7,690)</u></u>
<b>Net loss attributable to:</b>									
Owners of the parent		<u><u>(\$ 16,062)</u></u>	<u><u>( 359)</u></u>	<u><u>(\$ 13,373)</u></u>	<u><u>( 13,241)</u></u>	<u><u>(\$ 32,805)</u></u>	<u><u>( 589)</u></u>	<u><u>(\$ 24,842)</u></u>	<u><u>( 7,057)</u></u>
<b>Total comprehensive loss attributable to:</b>									
Owners of the parent		<u><u>(\$ 18,110)</u></u>	<u><u>( 404)</u></u>	<u><u>(\$ 13,544)</u></u>	<u><u>( 13,410)</u></u>	<u><u>(\$ 49,979)</u></u>	<u><u>( 898)</u></u>	<u><u>(\$ 27,069)</u></u>	<u><u>( 7,690)</u></u>
<b>Loss per share (in dollars)</b>	6(22)								
Basic loss per share		<u><u>(\$ 0.21)</u></u>		<u><u>(\$ 0.17)</u></u>		<u><u>(\$ 0.43)</u></u>		<u><u>(\$ 0.32)</u></u>	
Diluted loss per share		<u><u>(\$ 0.21)</u></u>		<u><u>(\$ 0.17)</u></u>		<u><u>(\$ 0.43)</u></u>		<u><u>(\$ 0.32)</u></u>	

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

**GLYCONEX INCORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(UNAUDITED BUT REVIEWED)

		Share capital			Capital reserve		Retained earnings				
	Notes	Common stock	Certificate of bond conversion	Stock dividends to be distributed	Capital surplus – issued at premium	Capital surplus – stock warrant	Legal reserve	Accumulated deficit	Unrealised gain or loss on available-for-sale financial assets	Treasury stock	Total equity
<u>For the six-month period ended June 30,2014</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(10)	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	-	-	-
Capitalisation of capital surplus	6(10)	-	-	69,994	( 69,994 )	-	-	-	-	-	-
Comprehensive loss											
Net loss for the period		-	-	-	-	-	-	( 24,842 )	-	-	( 24,842 )
Other comprehensive loss for the period		-	-	-	-	-	-	-	( 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>(\$ 24,842 )</u>	<u>\$ 22,806</u>	<u>\$ -</u>	<u>\$ 2,301,921</u>
<u>For the six-month period ended June 30,2015</u>											
Balance at January 1, 2015		\$ 769,935	\$ -	\$ -	\$ 1,534,022	\$ -	\$ -	(\$ 41,400 )	\$ 48,261	(\$ 92,253 )	\$ 2,218,565
Capital surplus used to offset accumulated deficit		-	-	-	( 41,400 )	-	-	41,400	-	-	-
Comprehensive loss											
Net loss for the period		-	-	-	-	-	-	( 32,805 )	-	-	( 32,805 )
Other comprehensive loss for the period		-	-	-	-	-	-	-	( 17,174 )	-	( 17,174 )
Balance at June 30, 2015		<u>\$ 769,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,492,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 32,805 )</u>	<u>\$ 31,087</u>	<u>(\$ 92,253 )</u>	<u>\$ 2,168,586</u>

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

**GLYCONEX INCORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(UNAUDITED BUT REVIEWED)

	Notes	2015	2014
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before income tax		( \$ 32,805 )	( \$ 24,842 )
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)	13,387	4,774
Amortisation of discount on bonds payable	6(17)	-	31
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(16)	51	( 133 )
Interest income	6(15)	( 7,028 )	( 8,028 )
Interest expense	6(17)	421	-
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		40,000	( 20,001 )
Accounts receivable, net		( 1,964 )	( 48 )
Other receivables		( 10,776 )	14
Current income tax assets		1	( 792 )
Prepayments		( 7,109 )	( 527 )
Other current assets		646	266
Net changes in liabilities relating to operating activities			
Notes payable		98	654
Other payables		( 4,218 )	( 1,887 )
Other current liabilities		62	( 1 )
Other non-current liabilities		-	( 37 )
Cash used in operations		( 9,234 )	( 50,559 )
Interest received		7,135	7,925
Net cash used in operating activities		( 2,099 )	( 42,634 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in other current financial assets		( 703,600 )	-
Increase in available-for-sale financial assets-non-current		-	( 27,300 )
Acquisition of property, plant and equipment	6(23)	( 586,240 )	( 6,049 )
Increase in prepayments for equipment		( 38,993 )	( 13,215 )
Proceeds from disposal of property, plant and equipment		-	2
Increase in deferred expenses		-	( 613 )
Decrease in other financial assets - non-current		-	250,000
Net cash (used in) provided by investing activities		( 1,328,833 )	202,825
<b><u>CASH FLOWS FROM FINANCING ACTIVITY</u></b>			
Increase in refundable deposits		410	-
Net (decrease) increase in cash and cash equivalents		( 1,330,522 )	160,191
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>\$ 367,225</u>	<u>\$ 1,937,911</u>

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

