

**GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2016 AND 2015**

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 subsidiary as of March 31, 2016 and 2015, 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 a conclusion on these 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 6, 2016

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)

(THE BALANCE SHEETS AS OF MARCH 31, 2016 AND 2015 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
		Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1)	\$ 702,964	33	\$ 666,722	30	\$ 1,447,849	65
Financial assets at fair value through	6(2)						
profit or loss-current		207,059	10	147,050	7	207,396	9
Notes receivable, net		-	-	456	-	-	-
Accounts receivable, net		75	-	140	-	3,615	-
Other receivables		1,712	-	11,747	1	7,610	-
Current income tax assets		2,951	-	2,830	-	2,665	-
Prepayments		8,293	-	4,458	-	2,195	-
Other current financial assets	6(3)	173,600	8	273,600	13	-	-
Other current assets		2	-	21	-	308	-
Total Current Assets		<u>1,096,656</u>	<u>51</u>	<u>1,107,024</u>	<u>51</u>	<u>1,671,638</u>	<u>74</u>
Non-current Assets							
Available-for-sale financial	6(4)						
assets-non-current		36,964	2	75,480	4	85,688	4
Property, plant and equipment	6(5),8	919,880	43	925,779	42	192,206	9
Intangible assets	6(6)(21)	65,766	3	68,610	3	77,143	3
Deferred income tax assets		4,027	-	4,027	-	6,366	-
Prepayments for equipment		4,789	1	3,480	-	214,169	10
Other non-current assets		1,509	-	1,588	-	1,857	-
Total Non-current Assets		<u>1,032,935</u>	<u>49</u>	<u>1,078,964</u>	<u>49</u>	<u>577,429</u>	<u>26</u>
Total Assets		<u>\$ 2,129,591</u>	<u>100</u>	<u>\$ 2,185,988</u>	<u>100</u>	<u>\$ 2,249,067</u>	<u>100</u>

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(THE BALANCE SHEETS AS OF MARCH 31, 2016 AND 2015 ARE UNAUDITED BUT REVIEWED)

LIABILITIES AND EQUITY	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
		Amount	%	Amount	%	Amount	%
Current Liabilities							
Notes payable		\$ 2,111	-	\$ 1,678	-	\$ 970	-
Other payables	6(7)(21)	22,943	1	43,346	2	22,106	1
Other current liabilities		203	-	744	-	184	-
Total Current Liabilities		<u>25,257</u>	<u>1</u>	<u>45,768</u>	<u>2</u>	<u>23,260</u>	<u>1</u>
Non-current Liabilities							
Deferred income tax liabilities		699	-	3,293	-	5,308	-
Other non-current liabilities	6(8)(21)	20,146	1	20,276	1	33,803	2
Total Non-current Liabilities		<u>20,845</u>	<u>1</u>	<u>23,569</u>	<u>1</u>	<u>39,111</u>	<u>2</u>
Total Liabilities		<u>46,102</u>	<u>2</u>	<u>69,337</u>	<u>3</u>	<u>62,371</u>	<u>3</u>
Equity Attributable to Owners of Parent							
Share Capital							
Common stock	6(10)	769,935	36	769,935	35	769,935	34
Capital Reserve							
Capital surplus	6(11)	1,492,622	70	1,492,622	68	1,534,022	68
Retained Earnings							
Accumulated deficit	6(12)(20)	(91,943)	(4)	(77,805)	(3)	(58,143)	(3)
Other Equity							
Other equity	6(13)	5,128	-	24,152	1	33,135	2
Treasury stock	6(10)	<u>(92,253)</u>	<u>(4)</u>	<u>(92,253)</u>	<u>(4)</u>	<u>(92,253)</u>	<u>(4)</u>
Total Equity		<u>2,083,489</u>	<u>98</u>	<u>2,116,651</u>	<u>97</u>	<u>2,186,696</u>	<u>97</u>
Significant contingent liabilities and unrecognized contract commitments							
Significant events after the reporting period							
Total Liabilities and Equity		<u>\$ 2,129,591</u>	<u>100</u>	<u>\$ 2,185,988</u>	<u>100</u>	<u>\$ 2,249,067</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

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

Items	Notes	For the three-month periods ended March 31			
		2016		2015	
		Amount	%	Amount	%
Operating revenue	6(14)	\$ 109	100	\$ 1,088	100
Operating costs	6(5)(9)(18)(19)	(42)	(39)	(445)	(41)
Gross profit		<u>67</u>	<u>61</u>	<u>643</u>	<u>59</u>
Operating expenses	6(5)(6)(9)(18)(19)				
Selling expenses		(406)	(373)	(667)	(61)
General and administrative expenses		(8,824)	(8,095)	(5,647)	(519)
Research and development expenses		(14,568)	(13,365)	(14,213)	(1,307)
Total operating expenses		<u>(23,798)</u>	<u>(21,833)</u>	<u>(20,527)</u>	<u>(1,887)</u>
Operating loss		<u>(23,731)</u>	<u>(21,772)</u>	<u>(19,884)</u>	<u>(1,828)</u>
Non-operating income and expenses					
Other income	6(15)	2,337	2,144	3,779	347
Other gains and losses	6(2)(16)	7,467	6,851	(427)	(39)
Finance costs	6(17)	(211)	(194)	(211)	(19)
Total non-operating income and expenses		<u>9,593</u>	<u>8,801</u>	<u>3,141</u>	<u>289</u>
Loss before income tax		<u>(14,138)</u>	<u>(12,971)</u>	<u>(16,743)</u>	<u>(1,539)</u>
Net loss		<u><u>(\$ 14,138)</u></u>	<u><u>(12,971)</u></u>	<u><u>(\$ 16,743)</u></u>	<u><u>(1,539)</u></u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Unrealized loss on valuation of available-for-sale financial assets	6(4)(13)	(\$ 21,618)	(19,833)	(\$ 17,189)	(1,580)
Income tax attributable to other comprehensive income	6(13)(20)	<u>2,594</u>	<u>2,380</u>	<u>2,063</u>	<u>190</u>
Total other comprehensive loss for the period		<u><u>(\$ 19,024)</u></u>	<u><u>(17,453)</u></u>	<u><u>(\$ 15,126)</u></u>	<u><u>(1,390)</u></u>
Total comprehensive loss for the period		<u><u>(\$ 33,162)</u></u>	<u><u>(30,424)</u></u>	<u><u>(\$ 31,869)</u></u>	<u><u>(2,929)</u></u>
Loss attributable to owners of parent		<u><u>(\$ 14,138)</u></u>	<u><u>(12,971)</u></u>	<u><u>(\$ 16,743)</u></u>	<u><u>(1,539)</u></u>
Comprehensive loss attributable to owners of parent		<u><u>(\$ 33,162)</u></u>	<u><u>(30,424)</u></u>	<u><u>(\$ 31,869)</u></u>	<u><u>(2,929)</u></u>
Loss per share (in dollars)					
Basic loss per share	6(22)	<u><u>(\$ 0.19)</u></u>		<u><u>(\$ 0.22)</u></u>	
Diluted loss per share	6(22)	<u><u>(\$ 0.19)</u></u>		<u><u>(\$ 0.22)</u></u>	

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

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

	Notes	Attributable to owners of the Company					Treasury stock	Total equity
		Share capital	Capital reserve	Retained earnings	Other equity			
		Common stock	Capital surplus – issued at premium	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets			
<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	6(4)(20)	-	-	-	(15,126)	-	(15,126)	
Balance at March 31, 2015		<u>\$ 769,935</u>	<u>\$ 1,534,022</u>	<u>(\$ 58,143)</u>	<u>\$ 33,135</u>	<u>(\$ 92,253)</u>	<u>\$ 2,186,696</u>	
<u>For the three-month period ended March 31, 2016</u>								
Balance at January 1, 2016		\$ 769,935	\$ 1,492,622	(\$ 77,805)	\$ 24,152	(\$ 92,253)	\$ 2,116,651	
Comprehensive income								
Net loss for the period		-	-	(14,138)	-	-	(14,138)	
Other comprehensive loss for the period	6(4)(20)	-	-	-	(19,024)	-	(19,024)	
Balance at March 31, 2016		<u>\$ 769,935</u>	<u>\$ 1,492,622</u>	<u>(\$ 91,943)</u>	<u>\$ 5,128</u>	<u>(\$ 92,253)</u>	<u>\$ 2,083,489</u>	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(UNAUDITED BUT REVIEWED)

	For the three-month periods ended March 31,	
Notes	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss before income tax	(\$ 14,138)	(\$ 16,743)
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 investments	6(16) (6,879)	-
Depreciation and amortization	6(18) 8,990	6,300
Net gain on financial assets at fair value through profit or loss	6(16) (9)	(123)
Interest income	6(15) (1,695)	(3,576)
Interest expense	6(17) 211	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	(60,000)	10,000
Notes receivable, net	456	-
Accounts receivable, net	65	2,352
Other receivables	10,194	(2,285)
Current income tax assets	(121)	(362)
Prepayments	(3,835)	(821)
Other current assets	19	602
Net changes in liabilities relating to operating activities		
Notes payable	675	82
Other payables	(4,852)	(4,230)
Other current liabilities	(541)	9
Other non-current liabilities	(341)	(349)
Cash used in operations	(71,801)	(8,933)
Interest received	1,837	3,619
Net cash used in operating activities	(69,964)	(5,314)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease in other current financial assets	100,000	-
Proceeds from disposal of available-for-sale financial assets-non-current	23,476	-
Acquisition of equipment	6(23) (575)	(111,788)
Increase in prepayments for equipment	(1,309)	(133,156)
Increase in deferred charges	(136)	-
Increase in intangible assets	6(23) (15,250)	-
Net cash provided by (used in) investing activities	106,206	(244,944)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>		
Increase in deposits received	-	360
Net increase (decrease) in cash and cash equivalents	36,242	(249,898)
Cash and cash equivalents at beginning of the period	666,722	1,697,747
Cash and cash equivalents at end of the period	\$ 702,964	\$ 1,447,849

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