

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 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 June 30, 2016 and 2015, 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 consolidated 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 10, 2016

The accompanying consolidated 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 consolidated financial statements and review 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 CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	June 30, 2016		December 31, 2015		June 30, 2015		
		Amount	%	Amount	%	Amount	%	
Current Assets								
Cash and cash equivalents	6(1)	\$ 664,574	32	\$ 666,722	30	\$ 367,225	16	
Financial assets at fair value	6(2)							
through profit or loss-current		207,250	10	147,050	7	177,222	8	
Notes receivable, net		-	-	456	-	-	-	
Accounts receivable, net		17	-	140	-	7,931	-	
Other receivables		3,266	-	11,747	1	16,038	1	
Current income tax assets		1,418	-	2,830	-	2,302	-	
Prepayments		7,377	-	4,458	-	8,483	-	
Other current financial assets	6(3)	173,600	8	273,600	13	703,600	32	
Other current assets		96	-	21	-	264	-	
Total Current Assets		1,057,598	50	1,107,024	51	1,283,065	57	
Non-current Assets								
Available-for-sale financial	6(4)							
assets-non-current		24,461	1	75,480	4	83,361	4	
Property, plant and equipment	6(5) and 8	914,092	44	925,779	42	720,399	32	
Intangible assets	6(6)(21)	62,921	3	68,610	3	74,298	4	
Deferred income tax assets		4,028	-	4,027	-	6,366	-	
Prepayments for equipment		26,659	1	3,480	-	62,386	3	
Other non-current assets		7,712	1	1,588	-	1,491	-	
Total Non-current Assets		1,039,873	50	1,078,964	49	948,301	43	
Total Assets		\$ 2,097,471	100	\$ 2,185,988	100	\$ 2,231,366	100	

(Continued)

LIABILITIES AND EQUITY	Notes	June 30, 2016		December 31, 2015		June 30, 2015	
		Amount	%	Amount	%	Amount	%
Current Liabilities							
Notes payable		\$ 2,688	-	\$ 1,678	-	\$ 986	-
Other payables	6(7)(21)	24,863	1	43,346	2	22,890	1
Other current liabilities		244	-	744	-	238	
Total Current Liabilities		27,795	1	45,768	2	24,114	1
Non-current Liabilities							
Deferred income tax liabilities		-	-	3,293	-	5,029	-
Other non-current liabilities	6(8)(21)	20,380	1	20,276	1	33,637	2
Total Non-current Liabilities		20,380	1	23,569	1	38,666	2
Total Liabilities		48,175	2	69,337	3	62,780	3
Equity Attributable to Owners of							
Parent							
Share Capital 6(10)							
Common stock		769,935	37	769,935	35	769,935	34
Capital Reserve 6(11)							
Capital Surplus		1,414,817	67	1,492,622	68	1,492,622	67
Retained Earnings 6(12)(20)							
Accumulated deficit		(40,722)	(2)	(77,805)	(3)	(32,805)	(1)
Other Equity 6(13)							
Other equity		(2,481)	-	24,152	1	31,087	1
Treasury Stock	6(10)	(92,253)	(4)	(92,253)	(4)	(92,253)	(4)
Total equity		2,049,296	98	2,116,651	97	2,168,586	97
Significant contingent liabilities and unrecognized contract commitments	9						
Significant events after the reporting period	11						
Total Liabilities and Equity		\$ 2,097,471	100	\$ 2,185,988	100	\$ 2,231,366	100

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 June 30				For the six-month periods ended June 30			
		2016		2015		2016		2015	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	6(14)	\$ 94	100	\$ 4,478	100	\$ 203	100	\$ 5,566	100
Operating costs	6(5)(9)(18)(19)	(49)	(52)	(352)	(8)	(91)	(45)	(797)	(14)
Gross profit		<u>45</u>	<u>48</u>	<u>4,126</u>	<u>92</u>	<u>112</u>	<u>55</u>	<u>4,769</u>	<u>86</u>
Operating expenses	6(5)(6)(9)(18)(19)								
Selling expenses		(407)	(433)	(938)	(21)	(813)	(400)	(1,605)	(29)
General and administrative expenses		(12,469)	(13265)	(7,236)	(162)	(21,293)	(10489)	(12,883)	(231)
Research and development expenses		(14,830)	(15776)	(15,068)	(336)	(29,398)	(14482)	(29,281)	(526)
Total operating expenses		<u>(27,706)</u>	<u>(29474)</u>	<u>(23,242)</u>	<u>(519)</u>	<u>(51,504)</u>	<u>(25371)</u>	<u>(43,769)</u>	<u>(786)</u>
Operating loss		<u>(27,661)</u>	<u>(29426)</u>	<u>(19,116)</u>	<u>(427)</u>	<u>(51,392)</u>	<u>(25316)</u>	<u>(39,000)</u>	<u>(700)</u>
Non-operating income and expenses									
Other income	6(15)	2,278	2423	4,095	92	4,615	2273	7,874	142
Other gains and losses	6(2)(16)	(968)	(1030)	(831)	(18)	6,499	3201	(1,258)	(23)
Finance costs	6(17)	(210)	(223)	(210)	(5)	(421)	(207)	(421)	(8)
Total non-operating income and expenses		<u>1,100</u>	<u>1170</u>	<u>3,054</u>	<u>69</u>	<u>10,693</u>	<u>5267</u>	<u>6,195</u>	<u>111</u>
Loss before income tax		<u>(26,561)</u>	<u>(28256)</u>	<u>(16,062)</u>	<u>(358)</u>	<u>(40,699)</u>	<u>(20049)</u>	<u>(32,805)</u>	<u>(589)</u>
Income tax expense		(23)	(25)	-	-	(23)	(11)	-	-
Net loss		<u>(\$ 26,584)</u>	<u>(28281)</u>	<u>(\$ 16,062)</u>	<u>(358)</u>	<u>(\$ 40,722)</u>	<u>(20060)</u>	<u>(\$ 32,805)</u>	<u>(589)</u>
Other comprehensive loss									
Components of other comprehensive loss that will be reclassified to profit or loss									
Unrealized loss on valuation of available-for-sale financial assets	6(4)(13)	(\$ 8,308)	(8838)	(\$ 2,327)	(52)	(\$ 29,926)	(14742)	(\$ 19,516)	(351)
Income tax attributable to other comprehensive income	6(13)(20)	<u>699</u>	<u>743</u>	<u>279</u>	<u>6</u>	<u>3,293</u>	<u>1622</u>	<u>2,342</u>	<u>42</u>
Total other comprehensive loss for the period		<u>(\$ 7,609)</u>	<u>(8095)</u>	<u>(\$ 2,048)</u>	<u>(46)</u>	<u>(\$ 26,633)</u>	<u>(13120)</u>	<u>(\$ 17,174)</u>	<u>(309)</u>
Total comprehensive loss for the period		<u>(\$ 34,193)</u>	<u>(36376)</u>	<u>(\$ 18,110)</u>	<u>(404)</u>	<u>(\$ 67,355)</u>	<u>(33180)</u>	<u>(\$ 49,979)</u>	<u>(898)</u>
Loss attributable to owners of parent									
Owners of the parent		<u>(\$ 26,584)</u>	<u>(28281)</u>	<u>(\$ 16,062)</u>	<u>(358)</u>	<u>(\$ 40,722)</u>	<u>(20060)</u>	<u>(\$ 32,805)</u>	<u>(589)</u>
Comprehensive loss attributable to owners of parent									
Owners of the parent		<u>(\$ 34,193)</u>	<u>(36376)</u>	<u>(\$ 18,110)</u>	<u>(404)</u>	<u>(\$ 67,355)</u>	<u>(33180)</u>	<u>(\$ 49,979)</u>	<u>(898)</u>
Loss per share (in dollars)									
Basic loss per share	6(22)	<u>(\$ 0.35)</u>		<u>(\$ 0.21)</u>		<u>(\$ 0.54)</u>		<u>(\$ 0.43)</u>	
Diluted loss per share	6(22)	<u>(\$ 0.35)</u>		<u>(\$ 0.21)</u>		<u>(\$ 0.54)</u>		<u>(\$ 0.43)</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)

		Attributable to owners of the Company				Treasury stocks	Total equity
		Share Capital	Capital Reserve	Retained Earnings	Other Equity		
	Notes	Common stock	Capital surplus-issued at premium	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets		
<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	6(12)	-	(41,400)	41,400	-	-	-
Comprehensive income							
Net loss for the period		-	-	(32,805)	-	-	(32,805)
Other comprehensive loss for the period	6(4)(20)	-	-	-	(17,174)	-	(17,174)
Balance at June 30, 2015		<u>\$ 769,935</u>	<u>\$ 1,492,622</u>	<u>(\$ 32,805)</u>	<u>\$ 31,087</u>	<u>(\$ 92,253)</u>	<u>\$ 2,168,586</u>
<u>For the six-month period ended June 30, 2016</u>							
Balance at January 1, 2016		\$ 769,935	\$ 1,492,622	(\$ 77,805)	\$ 24,152	(\$ 92,253)	\$ 2,116,651
Capital surplus used to offset accumulated deficit	6(12)	-	(77,805)	77,805	-	-	-
Comprehensive income							
Net loss for the period		-	-	(40,722)	-	-	(40,722)
Other comprehensive loss for the period	6(4)(20)	-	-	-	(26,633)	-	(26,633)
Balance at June 30, 2016		<u>\$ 769,935</u>	<u>\$ 1,414,817</u>	<u>(\$ 40,722)</u>	<u>(\$ 2,481)</u>	<u>(\$ 92,253)</u>	<u>\$ 2,049,296</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)

	Notes	<u>For the six-month periods ended June 30,</u>	
		<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax		(\$ 40,699)	(\$ 32,805)
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)	(6,824)	(607)
Depreciation and amortization	6(18)	17,979	13,387
Net (gain) loss on financial assets at fair value through profit or loss	6(16)	(200)	51
Interest income	6(15)	(3,331)	(7,028)
Interest expense	6(17)	421	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		(60,000)	40,607
Notes receivable, net		456	-
Accounts receivable, net		123	(1,964)
Other receivables		8,365	(10,776)
Current income tax assets		1,412	1
Prepayments		(2,919)	(7,109)
Other current assets		(75)	646
Net changes in liabilities relating to operating activities			
Notes payable		1,252	98
Other payables		(2,748)	(4,218)
Other current liabilities		(500)	62
Other non-current liabilities		(317)	-
Cash used in operations		(87,605)	(9,234)
Interest received		3,447	7,135
Income tax paid		(23)	-
Net cash flows used in operating activities		(84,181)	(2,099)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other current financial assets		-	(703,600)
Proceeds from disposal of available-for-sale financial assets-non-current		27,916	-
Acquisition of equipment	6(23)	(691)	(586,240)
Increase in prepayments for equipment		(23,179)	(38,993)
Increase in deferred charges		(1,963)	-
Increase in intangible assets	6(23)	(15,250)	-
Increase in other assets-non-current		(4,800)	-
Decrease in other financial assets-current		100,000	-
Net cash provided by (used in) investing activities		82,033	(1,328,833)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in deposits received		-	410
Net cash provided by financing activities		-	410
Net decrease in cash and cash equivalents		(2,148)	(1,330,522)
Cash and cash equivalents at beginning of the period		666,722	1,697,747
Cash and cash equivalents at end of the period		<u>\$ 664,574</u>	<u>\$ 367,225</u>

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