

GLG Life Tech Limited
(Formerly Panoramic Mirrors Inc.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited – Prepared by Management)

SCHEDULE "A"

GLG Life Tech Limited
(Formerly Panoramic Mirrors Inc.)

NOTICE TO SHAREHOLDERS FOR THE SIX MONTHS ENDED JUNE 30, 2005

Responsibility for Financial Statements

The accompanying financial statements for GLG Life Tech Limited have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in December 31, 2004 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditor's involvement

The auditors of GLG Life Tech Limited have not performed a review of the unaudited financial statements for the six month periods ended June 30, 2005.

GLG Life Tech Limited (formerly Panoramic Mirrors Inc.)**CONSOLIDATED BALANCE SHEET**

June 30, 2005

(Unaudited - Prepared by Management)

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 689,754	\$ 54,633
Accounts receivable	5,324	2,296
Subscriptions receivable	0	102,211
Inventory (Note 6)	33,966	0
Prepaid and deposits	600	0
	<u>729,644</u>	<u>159,140</u>
NOTES RECEIVABLE (Note 7)	620,100	0
CAPITAL ASSETS (Note 8)	7,414	0
LICENSE (Note 5)	5	0
	<u>\$ 1,357,163</u>	<u>\$ 159,140</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 0	\$ 10,729
	<u>0</u>	<u>10,729</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	1,473,817	163,440
CONTRIBUTED SURPLUS (Note 10)	1,856,562	0
DEFICIT	(1,973,216)	(15,029)
	<u>1,357,163</u>	<u>148,411</u>
	<u>\$ 1,357,163</u>	<u>\$ 159,140</u>

APPROVED BY THE BOARD

"Brian A Palmieri"

Director

"Jinduo Zhang"

Director

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

GLG Life Tech Limited (formerly Panoramic Mirrors Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(Unaudited - Prepared by Management)

	<u>3 Months Ended</u> <u>June 30, 2005</u>	<u>6 Months Ended</u> <u>June 30, 2005</u>
REVENUE	\$ 0	\$ 0
EXPENSES		
Accounting	2,445	12,741
Amortization of capital assets	601	601
Consulting fees	2,284	2,284
Office and stationary	1,625	2,149
Professional fees	24,438	56,199
Regulatory fees	100	3,734
Rent	970	1,995
Stock-based compensation	1,856,562	1,856,562
	<u>1,889,025</u>	<u>1,936,265</u>
NET LOSS FROM OPERATIONS	(1,889,025)	(1,936,265)
OTHER ITEMS		
Foreign exchange loss	1,735	23,026
Interest income	(1,009)	(1,104)
	<u>726</u>	<u>21,922</u>
LOSS FOR THE PERIOD	(1,889,751)	(1,958,187)
DEFICIT, BEGINNING OF PERIOD	<u>(83,465)</u>	<u>(15,029)</u>
DEFICIT, END OF PERIOD	\$ <u><u>(1,973,216)</u></u>	\$ <u><u>(1,973,216)</u></u>
LOSS PER SHARE	\$ <u><u>0.02</u></u>	\$ <u><u>0.02</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	91,135,188	91,135,188

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GLG Life Tech Limited (formerly Panoramic Mirrors Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited - Prepared by Management)

	3 Months Ended June 30, 2005	6 Months Ended June 30, 2005
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	\$ (1,889,751)	\$ (1,958,187)
Items not involving cash:		
Amortization of capital assets	601	601
Stock-based compensation	1,856,562	1,856,562
Changes in non-cash working capital items:		
Decrease (increase) in Inventory	(33,966)	(33,966)
Decrease (increase) in Accounts receivable	(1,873)	(3,028)
Decrease (increase) in Prepaid and deposits	0	(600)
Decrease (increase) in Licence	(1)	(5)
Increase (decrease) in Accounts payable and accrued liabilities	0	(10,729)
Net cash used in operating activities	<u>(68,428)</u>	<u>(149,352)</u>
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		
Notes receivable	(620,100)	(620,100)
Purchase of capital assets	<u>(8,015)</u>	<u>(8,015)</u>
Net cash used in investing activities	<u>(628,115)</u>	<u>(628,115)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Subscription receivable	0	102,211
Issuance of share capital	<u>1,310,377</u>	<u>1,310,377</u>
Net cash provided by financing activities	<u>1,310,377</u>	<u>1,412,588</u>
INCREASE (DECREASE) ON CASH DURING THE PERIOD	613,834	635,121
CASH, BEGINNING OF PERIOD	<u>75,920</u>	<u>54,633</u>
CASH, END OF PERIOD	<u><u>\$ 689,754</u></u>	<u><u>\$ 689,754</u></u>

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GLG Life Tech Limited

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited – Prepared by Management)

1. Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) with the on-going assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The statements are prepared using the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These interim financial statements should be read in conjunction with the audited financial statements of Grand Leaf International Ltd. (“Grand Leaf” or “GLI”) for the year ended December 31, 2004. Interim results are not necessary indicative of the results expected for the fiscal year.

Comparative statements of operations and cashflows for the corresponding period ended June 30, 2004 are not available as Grand Leaf was incorporated in England and Wales on December 15, 2004.

2. Nature of Operations

Panoramic Mirrors Inc. (“PMI”) was incorporated on June 5, 1998 under the corporate laws of the Province of British Columbia, Canada. On June 16, 2005 the Company changed its name to GLG Life Tech Limited (“GLGT” or the “Company”).

On June 21, 2005, GLGT completed a share exchange agreement with the shareholders of Grand Leaf and acquired all the issued and outstanding common shares of Grand Leaf. To effect this acquisition, the common shareholders of Grand Leaf exchanged their shares for common shares of GLGT at a ratio 12.58 to 1. As a result of this acquisition, the former shareholders of Grand Leaf having received 86% of the shares of the Company have control of the combined entity. Therefore, this transaction is accounted for as an acquisition of GLGT by Grand Leaf. (Note 3)

The Company is in the business of procuring health and nutritional products, including protein and vitamin supplements, food supplements and dietary supplements from around the globe and is currently selling them to their main customer in China that currently has in excess of 100 locations. Their main customer in China is GLG International Health Products Chain Stores.

3. Acquisition of Grand Leaf International Limited

Pursuant to a Definitive Share Purchase Agreement (“Agreement”) dated December 1, 2004 with Grand Leaf and its shareholders, the Company agreed to issue 79,661,000 shares of its common share in exchange for all of the outstanding common shares in Grand Leaf.

The above transaction resulted in the former shareholders of Grand Leaf owning the majority of the issued and outstanding shares of the combined entity. For accounting purposes, the acquisition has been recorded, in accordance with the GAAP, as a reverse takeover of GLGT by Grand Leaf. Accordingly, Grand Leaf has been identified as the acquirer and, accordingly, the financial statements of the combined company reflect the continuation of Grand Leaf under the name GLG Tech Limited (the “Company”).

GLG Life Tech Limited

(Formerly Panoramic Mirrors Inc.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited – Prepared by Management)

It was also agreed between the parties that on June 21, 2005, the former management of Panoramic Mirrors Inc. would be responsible for all the outstanding liabilities and that a license to distribute SQ mirrors worldwide with a book value of \$1 is the only asset on the Company's books. The operating results of PMI for the period January 1, 2005 to June 21, 2005 (date of acquisition) are summarized below:

EXPENSES	
Amortization of capital assets	1,134
Bank charges and interest	230
Office and stationary	174
Professional fees	707
Regulatory fees	4,270
Rent	6,000
Telephone and fax	369
Salaries and wages	4,616
	<hr/>
NET LOSS FROM OPERATIONS	17,500
	<hr/>
OTHER ITEMS	
Interest income	(1,796)
	<hr/>
NET LOSS FOR THE PERIOD	15,704

Before the transaction took place on June 21, 2005 (the date of acquisition), PMI's share capital value has been written down to \$1 to reflect the value of the licence and the net liabilities (where liabilities exceed liabilities) have been removed from the Company's books.

4. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Consolidation

These consolidated financial statements included the accounts of the Company and its wholly-owned subsidiary, Grand Leaf. All significant inter-company transactions occurring subsequent to June 21, 2005, the date of acquisition of Grand Leaf, have been eliminated upon consolidation.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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(Formerly Panoramic Mirrors Inc.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited – Prepared by Management)

c) Revenue recognition

Revenue is recognized when products are shipped to customers, and the ultimate collection is reasonably assured.

d) Foreign currency translation

The Company maintains its accounting records in Canadian dollars. Monetary assets and liabilities of the company denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Foreign currency transactions are translated at rates in effect on the dates of the transactions. Foreign exchange gains and losses are reflected in the statement of income.

e) Earnings (loss) per share

Earnings (loss) per share are computed using the weighted average number of common shares outstanding during the year.

Fully diluted earnings (loss) per share have not been presented as the effect of common shares issuable upon the exercise of options and warrants would be anti-dilutive.

f) Income taxes

The Company follows the liability method of accounting for income taxes in accordance with Section 3465, Income Taxes, of *The Handbook of the Canadian Institute of Chartered Accountant*. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

g) Equipment

Computer equipment is recorded at cost less accumulated amortization and is amortized over its expected life on the following basis:

30% declining balance.

The Company uses the half-year rule in the year of acquisition.

h) Stock-based Compensation

The Company uses the fair value method for stock-based compensation granted to employees and non-employees of the Company and all direct awards of stock, in accordance with the Canadian Institute of Chartered Accountants Handbook Section 3870 "*Stock-based compensation and Other stock-based payments*". The fair value of stock options is determined by the *Black-Scholes Option Pricing Model* with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock.

GLG Life Tech Limited

(Formerly Panoramic Mirrors Inc.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited – Prepared by Management)

i) Intangible Assets

Intangible assets are amortized over its useful life unless the life is determined to be indefinite. An intangible asset with an indefinite life is not amortized but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized when the carrying value of intangible asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

5. Licenses and Rights

a) Exclusive License Agreement with Dr. Zhang and Prof. Hong

Pursuant to an agreement dated December 30, 2004, Dr. Zhang, a major shareholder of the Company, and Prof. Hong have granted the Company an exclusive world-wide license to operate the health and wellness business owned by Dr. Zhang and Prof. Hong (which includes health education and consulting services, and the marketing and distribution for retail sale of various health and nutraceutical products) and the right to sub-license such right.

An independent appraisal company, licensed by the Central Finance Committee in China and having a Seal from the Supreme Court of the Shandong Province in China which means that the company's appraisal's will stand as legal evidence in a court of law, found that the economic impact of Professor Hong to the Company has a value of RMB ¥320,000,000 which is equivalent to \$47,392,000 in Canadian dollars. However, the Company assigns only a nominal value of \$1 to the license on its Balance Sheet for accounting purpose.

b) Exclusive License Agreement with Prof. Jinduo Zhang

Pursuant to an agreement dated December 30, 2004, Prof. Jinduo Zhang granted the Company the exclusive world-wide license to use the name GLG, and to sub-license such right.

c) Supplier Agreement with GLG Health Products Chain Store Limited

Pursuant to an agreement dated December 30, 2004, GLG Health Products Chain Store Limited ("GLG Health Products" or "Chain Stores") was appointed as an authorized retailer in China of health and nutraceutical products distributed by the Company. The agreement also provides that all health and nutraceutical products sold by GLG Health Products must be purchased from the Company or its approved suppliers. Mrs. Yunru Zhang, a minority owner of GLG Health Products, owns approximately 13% of the Company's issued and outstanding shares.

d) Share Transfer Agreement with the Owners of GLG Health Products

Pursuant to an agreement dated December 30, 2004, the Company has the right, but not the obligation, to purchase ownership of GLG Health Products Chain Store Limited and all interest in its registered capital. Mrs. Yunru Zhang, a minority owner of GLG Health Products, owns approximately 13% of the Company's issued and outstanding shares.

GLG Life Tech Limited

(Formerly Panoramic Mirrors Inc.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited – Prepared by Management)

- e) License for distributing SQ Mirrors worldwide

Pursuant to an amended agreement dated October 5, 1998, the Company has the worldwide distribution rights for the SQ Mirrors. Due to the continuous losses in distributing these products for 3 years, Panoramic Mirrors Inc. had written down the value of the license to \$1 in 2003 and abandoned this business.

6. Inventory

Inventory consists of health and nutritional products that are ready to be shipped to the Chain Stores in China. The Company acquires the products through third parties worldwide and records its inventory at cost.

7. Notes Receivable

The Company loaned a sum of US\$500,000 to the Chain Stores pursuant to an agreement dated June 20, 2005. The loan bears interest at the rate of 1% more than the prime commercial lending rate posted by the Bank of Montreal at its main branch in Vancouver, British Columbia on the first business day of each calendar quarter. The loan is unsecured and is due on June 19, 2008.

8. Equipment

	Cost	Accumulated amortization	Net book value
Computer equipment	\$8,015	\$601	\$7,414

9. Share Capital

In accordance with reverse takeover accounting principles, Grand Leaf, the legal subsidiary, is deemed to have acquired control of the net assets of the legal parent, the Company. Accordingly, the number of issued shares reflects the structure of the Company, while the value of the issued share capital reflects the position of Grand Leaf adjusted for the cost of the purchase.

- a) Authorized: Unlimited number of common shares without par value.

- b) Issued and outstanding: 92,921,000 of common shares without par value

	Shares	Amount
Shares issued and outstanding immediately before reverse acquisition	13,260,000	\$ 1
Shares issued to effect the acquisition of Grand Leaf and recapitalization at the share exchange ratio of 12.58 common shares of the Company for each common share of Grand Leaf	<u>79,661,000</u>	<u>1,473,816</u>
Total	<u>92,921,000</u>	<u>\$1,473,817</u>

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(Formerly Panoramic Mirrors Inc.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

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c) Shares held in escrow

As at June 30, 2005, there are 59,594,103 common shares which are being held in escrow and subject to voluntary pooling agreement. The shares will be released over a period of 36 months with 15% released from escrow every six months after June 21, 2005. All of these shares are also subject to a voluntary pooling agreement and are not permitted to be traded until 18 months after June 21, 2005, except that if the closing price of the shares reaches \$2.00 or higher, then 15% of the subject shares will be released at such time.

10. Stock Options

In the quarter ended June 30, 2005, the Company adopted the Stock Option Plan ("Plan") whereby the Company can grant stock options to directors, officers, employees and consultants to acquire up to 18,584,200 common shares of the Company. At the Special General Meeting on June 21, 2005, the Company cancelled all the options granted before the acquisition and granted a total of 18,584,200 options, exercisable into one common share of the Company at \$0.10 per share until June 20, 2010.

Stock-based compensation

The Company recorded stock-based compensation costs of \$1,856,562 by applying the fair value method of accounting for the stock options granted during the period ended June 30, 2005. The offsetting amount was recorded as contributed surplus on the balance sheet.

The fair value of all options granted has been estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate	3.4%
Expected life of options	5 years
Annualized volatility	300%
Dividend rate	Nil

Option pricing models require the use of highly subjective estimate and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

11. Warrants

As at June 30, 2005, 300,000 half warrants (i.e. 150,000 full warrants) are outstanding. Each full warrant entitles the holder to buy one common share of the Company at \$0.15 until September 21, 2005.

12. Related Party Transaction

Related party transaction not disclosed elsewhere in the financial statements are as follows:

- The Company paid legal fees, disbursements and provincial sales taxes in the amount of \$30,297 to a legal firm at which an officer of the Company is an associate counsel.
- The Company paid consulting fees in the amount of \$1,000 to an officer of the Company.

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(Formerly Panoramic Mirrors Inc.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

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13. Financial Instruments

Fair value of estimates of financial instruments is made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The Company's financial instruments consist of cash, receivables, inventories, prepaid expenses and deposits and accounts payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

14. Comparative Figures

Comparative figures for the same period (ended June 30) in prior year were not available as Grand Leaf was not formed until December 15, 2004.

15. Subsequent Event

In July 2005, the Company had recorded sales revenue of \$98,128.