



**GLG Life Tech
Corporation
Management
Discussion &
Analysis**

June 30

2008

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Forward-Looking Statements

Certain statements in this management discussion and analysis and the information incorporated herein by reference constitute “forward-looking statements”. Such forward-looking statements include, without limitation, statements evaluating market and general economic conditions and discussing future-oriented costs and expenditures. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes” or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. While we have based these forward-looking statements on our current expectations about future events, the statements are not guarantees of our future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgements in the course of preparing forward-looking statements. Specific reference is made to the risks described herein under the heading “Risk Factors” for a discussion of these and other sources of factors underlying forward-looking statements. In light of these factors, the forward-looking events discussed in this management discussion and analysis might not occur. Further, although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

This management’s discussion and analysis (“MD&A”) relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation (“GLG”) together with its subsidiaries in the People’s Republic of China (“China”). As used herein, the word “Company” means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the “Exchange”) under the symbol “GLG”. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of Canadian generally accepted accounting principles (“Canadian GAAP”). This MD&A should be read in conjunction with GLG’s audited consolidated financial statements for the period ended December 31, 2007, and notes thereto. Additional information relating to GLG Life Tech Corporation including its Annual Information Form can be found on GLG’s web site at www.glglifetech.com or on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. GLG bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

GLG has issued guidance on and reports on certain non-GAAP measures that are used by management to evaluate the Company's performance. Because non-GAAP measures do not have a standardized meaning, securities regulations require that non-GAAP measures be clearly defined and qualified, and reconciled with their nearest GAAP measure. Where non-GAAP measures are reported, GLG has provided the definition and reconciliation to their nearest GAAP measure.

Auditor's Involvement

The auditors of GLG Life Tech Corporation have not performed a review of the interim financial statements for the three-month and six-month periods ended June 30, 2008.

Overview

GLG is a world leader in the production of high quality stevia extract. Our vertically integrated strategy includes stevia seed development, growth and refining operations as well as final manufacturing of formulated product for consumers. Stevia is a natural, calorie free sugar substitute, derived from the leaves of the stevia plant scientifically known as *Stevia Rebaudiana Bertoni*.

Upon the harvesting of the stevia leaf it is further processed by GLG for the commercial sale of the resulting industrial powder to the food and beverages industry. Cargill Incorporated (“Cargill”) announced in May 2007 it will be producing the world’s first commercial scale natural, zero-calorie high intensity sweetener, rebiana. GLG is a strategic supplier to Cargill for high quality stevia extract for its rebiana product. The two companies have worked in close partnership to develop a world-class supply chain including leaf supply and extract manufacturing.

GLG is one of the largest low cost/high quality producers of stevia extract in the world today. By vertically integrating our operations, high quality stevia is produced through each step of the growing and production process including the development of seeds, growth of seedlings, planting, leaf harvesting, extraction and refining.

GLG has its primary extract manufacturing capabilities and agricultural assets located throughout China. GLG entered into the stevia production business in December 2006 with the acquisition of 100% ownership of Qingdao Runde Biotechnology Company, Ltd. (“Runde”). This turnkey plant provided GLG with an annual capacity for high grade stevia extract of 200 metric tons (MT). The facility has recently completed an upgrade project to 500 MT of annual capacity of high grade stevia extract. The Company believes demand for stevia could increase significantly over the coming years and is investing in the capacity needed for projected growth.

GLG experiences a competitive advantage due to patent-pending seedlings that have higher Rebaudioside A (Reb A) content (the sweet component of the stevia leaf), vertically integrated operations (R&D, seed base, and processing facilities), proprietary processing technology and lower labour costs given the location of its operations.

Stevia is a safe, healthy alternative to artificial substitutes and sugar. It includes no additional chemicals and provides a healthy, 100% natural solution for consumers. Indigenous to Paraguay, stevia has been used to sweeten food and beverages for over 200 years.

Beyond GLG’s core stevia production business, the Company is involved in sports nutrition, research, preventative health software, manufacturing, retail chain stores, and medical clinics. The Company’s goal in these divisions is to reach people by providing healthy solutions for better living.

Second Quarter Corporate Developments

In April, the Company signed a 20-year agreement with the government of Juancheng County in the western Shandong Province of China, which gives GLG exclusive rights to grow high quality stevia leaf and build and operate a stevia processing factory as well as the exclusive right to purchase high quality stevia leaf grown in that region. The Juancheng County government will also organize and the company will contract the farmers in the region to grow high quality stevia leaf exclusively for sale to GLG for the same 20-year period.

The agreement calls for the growth of 20,000 mu (approximately 3,300 acres) in 2008; 50,000 mu (approximately 8,300 acres) in 2009; 100,000 mu (approximately 16,600 acres) in 2010; 200,000 mu (approximately 33,300 acres) in 2011 and 300,000 mu (approximately 50,000 acres) in 2012. With this agreement, the land now available to GLG for stevia leaf growth in 2009 increases GLG's exclusive growing areas by approximately 30%. This agreement marks the third such exclusive agreement from which GLG will benefit and is an important milestone to provide geographic diversification from its other two exclusive growing areas in the provinces of Anhui and Jiangsu. It is also important as GLG works to develop the supply of high quality stevia leaf to meet anticipated higher market demands.

GLG is obligated to make a total investment in the Juancheng region of \$US 60 million over the course of the 20 year agreement to retain its exclusive rights. The first year commitment is to build a 10,000 metric ton stevia leaf processing facility between October 1, 2008 and September 30, 2009. This capacity expansion is required within GLG's current operating plan.

GLG intends to purchase 800 mu (approximately 130 acres) of deeply discounted land in the Juancheng Economic Development Zone to locate this fourth processing plant. Construction of the first phase of the leaf processing facility is expected to be completed in the fourth quarter of 2009. The Juancheng government will further provide GLG access to all necessary utilities for plant operation and ensure GLG has all certificates and permits needed for construction and operation of the facility.

Also in April, the Company signed of a strategic alliance and long-term renewable supply agreement with Cargill Inc. ("Cargill") for the supply of stevia extract on April 30, 2008. The initial term of this agreement is for 10 years and is automatically renewable through at least 2030. GLG is currently a supplier to Cargill for high quality stevia extract for its rebiana product. The companies have worked in close partnership to develop a world-class supply chain for the ingredient, including leaf supply and extract manufacturing. The agreement aligns both the interests of GLG and Cargill to pursue the successful development of the rebiana supply chain. Further amendments to the initial agreement were made in July 2008. Please refer to subsequent events for further discussion.

In May, the new 500 metric ton secondary processing line production in Runde subsidiary has begun production. The new line re-crystallizes intermediate stevia powder fed from primary processing lines at the plant into finished high grade stevia product. This new line is expected to improve efficiency by not only freeing primary lines from this task but by providing a 30% reduction in current processing time for this secondary phase. Energy efficiencies in the new machinery will also reduce costs. In addition, the

new production line has passed an extensive quality and food safety audit and may be utilized immediately to meet existing customer orders.

Also in May, the Company signed a Letter of Intent (LOI) with Weider Global Nutrition (“WGN”) of Salt Lake City, Utah, to establish a joint venture agreement (Venture) dedicated to the sale of dietary and tabletop supplements containing various GLG stevia products.

Subsequent Events

On July 17th 2008, GLG announced agreed revisions to the strategic alliance supply agreement with Cargill & US\$ 20M Leaf Financing

Highlights of the proposed amendments to the Original Agreement include:

- i. The Company and Cargill have agreed to reduce the rolling three year minimum commitment to a rolling twelve month commitment. For the period from October 1, 2008 to September 30, 2009, the twelve month committed revenue to GLG is estimated at a minimum of US\$ 25 million. For each of years two and three, once volume and price have been agreed, Cargill will be required to either take the committed volume or pay the agreed price.
- ii. The Company will take the lead role in arranging working capital financing for the Company's stevia leaf purchases each year beyond 2008 and Cargill may assist or participate but will not be required to do so.
- iii. Cargill has provided a US\$20 million loan facility to GLG to allow GLG to make leaf purchases from its suppliers during the current growing season. As security for that financing, GLG has provided Cargill with a general security agreement securing all the assets of GLG, which includes provisions for accommodation of other leaf financing lenders as well as term lenders for capital expenditure and working capital purposes. The term of this financing is for fifteen months at a floating rate based on LIBOR + 6%.
- iv. Cargill and the Company have agreed to amend the exclusivity terms to allow the Company to develop its stevia extract business with customers other than Cargill.
- v. Cargill will pay the Company a one-time restructuring fee of US\$ 2.5 million.
- vi. Cargill will provide the Company with an additional US\$5 million through the exercise of warrants of GLG.

Key provisions that will remain unchanged from the Original Agreement include:

- i) GLG will provide a minimum of 80% of Cargill's global requirements of RA stevia extract for the first five years of the agreement.
- ii) GLG will be Cargill's exclusive Chinese supplier of RA stevia extract for the term of the agreement. GLG will also be Cargill's agent in China for any additional RA stevia extract sourcing opportunities that should arise.
- iii) New product opportunities from GLG are to be offered to Cargill on a right of first refusal basis.
- iv) Should Cargill wish to terminate the agreement early, it may do so on three years notice.

Further to the GLG press release of July 17, 2008, GLG and Cargill have completed the final negotiations and have signed the previously announced amendment on August 11, 2008. There were no material changes to the negotiated changes as previously disclosed except that GLG is no longer obligated to offer up to 93% of its production of RA extract to this customer and this clause has been replaced with a proactive forecasting process between the two parties to address future year's stevia extract requirements for Cargill.

On July 29th 2008, GLG announced it had arranged secured credit lines approximately US\$ 37.5 million (approximately RMB 250 million) with banks and financial service institutions in China.

The term of these credit lines will commence on July 28, 2008 and end on July 27, 2009. The interest rates, which will range from 6.73% to 7.47%, will be based on the benchmark one-year lending rate with discounts applied. The Company intends to use the funds to purchase additional high quality Stevia leaf for customers other than the Company's strategic partner and to finance the expansion of extraction facilities in Dongtai and Mingguang.

Results

The following results have been derived from and should be read in conjunction with the consolidated financial statements of GLG for the quarter ending June 30, 2008, and its annual consolidated financial statements for 2007.

In thousands Canadian \$, except per share amounts	Q2 08 Restated	Q2 07	% Change	Six months 2008 Restated	Six months 2007	% Change
Revenue	\$1,092	\$1,297	(15.8)	\$1,933	\$3,172	(39.1)
Gross Profit	\$293	\$472	(38.0)	\$560	\$938	(40.2)
% of Revenue	26.8%	36.4%	(9.6)	29.0%	29.6%	(0.6)
Expenses	\$1,293	\$350	270	\$2,142	\$562	281
% of Revenue	118%	26.9%	91.1	111%	17.7%	93.1
Income (loss) from Operations	(\$1,000)	\$122	(919)	(\$1,582)	\$376	(521)
% of Revenue	(91.6%)	9.4%	(101)	(81.8%)	11.8%	(93.6)
Other Income (Expenses)	(\$606)	(\$26)	(2231)	(\$958)	\$5	(19260)
% of Revenue	(55.5%)	(2.0%)	(53.5)	(49.6%)	0%	(49.6)
Net Income (loss) before Tax	(\$1,606)	\$96	(1773)	(\$2,540)	\$381	(766)
% of Revenue	(147%)	7.4%	(154.4)	(131%)	12%	(143)
Net Income (loss) after Tax	(\$1,606)	\$96	(16835)	(\$2,540)	\$381	(766)
Earnings (loss) per share (Basic)	(\$0.02)	\$0.00	(200)	(\$0.04)	\$0.01	(500)
Earnings (loss) per share (Diluted)	(\$0.02)	\$0.00	(200)	(\$0.04)	0.01	(500)
Depreciation & Amortization	\$511	\$110	366	\$742	\$238	212
% of Revenue	46.8%	8.4%	38.4	43.2%	7.5%	30.9
Share Compensation Expense	\$30	-	-	\$30	-	-
% of Revenue	2.8%	-	-	1.6%	-	-
EBITDA (1)	(\$481)	\$232	(307)	(\$831)	\$614	(235)
% of Revenue	(44%)	18%	(62)	(43%)	19%	(62)

- (1) EBITDA is a non-GAAP financial measure. GLG calculates it by adding to net income before taxes (1) depreciation and amortization expense reported on the income statement, (2) Interest Expense (Income) and (3) share compensation expense. This may not be the same definition used by other companies.

Results of Operations

The following results from operations has been derived from and should be read in conjunction with the consolidated financial statements of GLG for the quarter ending June 30, 2008, and its annual Consolidated financial statements for previous years. Certain 2007 comparative figures have been reclassified to conform to the current financial statement presentation.

Revenues

Revenues for the second quarter ending June 30, 2008 were \$1,091,720, a decrease of 15.8% over \$1,297,344 in revenue for the second quarter in 2007. Stevia revenue was \$1,091,720 for the second quarter in 2008, a marginal decrease compared to \$1,093,863 in the second quarter 2007. Towards the end of the quarter, the Company shipped three containers of high grade stevia product produced during the quarter to a customer with sales term CIF destination point. As a result, the inventory is accounted for as goods in transit at the end of the current quarter. The customer confirmed the receipt of these shipments in July and revenue from this shipment will be recognized as sales in the third quarter along with a reduction in the amounts due to customers on GLG's balance sheet. Revenue for the second quarter was therefore lower than expected due to the shipments in transit to its strategic customer at quarter end. If the value of the goods in transit was to be added to the sales for the second quarter, the value of the goods shipped during the quarter would have met Management's expectations for revenue for the quarter which was approximately \$3.5 Million.

Revenues for the first half of 2008 were \$1,932,554, a decrease of 39% over \$3,171,707 in revenue for the first half of 2007. The main driver for the lower revenue for the first half of 2008 compared with the first half of 2007 was that the majority of shipments of stevia extract produced during the first half of 2008 for GLG's strategic customer were shipped late in the second quarter and have been consequently classified as inventory goods in transit since ownership for the goods had not formally transferred as at June 30, 2008. Subsequent to the period ending June 30, 2008, the goods have been received by the customer and will be recognized as revenue in the third quarter of 2008.

New Production Line for High Grade Stevia comes on line May 2, 2008

After meeting rigorous food safety audit standards of its strategic customer, GLG's new secondary processing production line began operations in early May. Line 3 has been built to GMP (Good Manufacturing Practice) specifications and has an output capacity of between 40-50 metric tons per month of high grade stevia. Line 3 employs GLG's "re-crystallization" technology to take the Company's intermediate product (RA60 industrial powder) and further refine it to higher levels between RA80 and RA97 depending on customer specifications. As the direct result of Line 3 coming into operation during the second quarter, GLG produced and shipped its highest volume of high grade stevia extract ever with

tonnage approaching 40 metric tons. To Management's knowledge, Line 3 is currently the largest re-crystallization facility for high grade stevia extract in the world today.

Line 3's performance has met Management's expectations from the following aspects; energy efficiencies, conformance to standard and quality, processing time efficiencies. From the beginning of Line 3's operation, GLG was quickly able to re-crystallize a backlog of RA60 produced during the first quarter from Lines 1 and 2 to produce approximately 40 metric tons of high grade stevia during Q2.

Line 3 has shown improved production efficiency during the second quarter by not only freeing other production lines to focus on intermediate product but also has shown a material reduction in current processing time for this secondary production phase. Energy efficiencies with the new machinery experienced during the quarter are expected to continue to reduce operating costs. With the current limited capacities for RA60 output from Lines 1 and 2, Line 3 is not expected to reach its maximum capacity until the new production lines at the Dongtai and Mingguang plants (currently scheduled for completion before the end of 2008) are operational.

Gross profit

Gross profit for the quarter ending June 30, 2008 was \$292,689, a decrease of 38% over \$472,013 in gross profit for Q2 2007. The main driver for the decrease in gross profit for the second quarter 2008 compared with the second quarter of 2007 was lower stevia sales than expected. The reason for lower sales for the second quarter was identified above under the revenue results section (late shipments in the second quarter that will be recognized as revenue in the third quarter). Gross profit reflects both margins from GLG stevia operations as well margin from procurement revenues related to YHT chain stores business. Additional discussion on gross profit results is presented in the Summary Quarterly Results section. Gross profit includes all direct and indirect manufacturing costs including depreciation.

The key components of stevia cost of sales includes:

- stevia leaf
- salaries and wages of manufacturing labour
- manufacturing overhead used in the production of stevia extract, including supplies, power and water.
- depreciation of the stevia extract processing plants.

The key factors that impact stevia cost of sales and gross profit percentages in each period include:

- The price paid for stevia leaf and the stevia leaf quality, which is impacted by crop quality for a particular year/period. This is the most important factor that will impact the gross profit of GLG's stevia business. As previously stated in the December 31, 2007 MD&A, the leaf purchased during the 2007 stevia harvest was of poorer quality than previously experienced by the GLG management team. The impact is reflected in the second quarter gross profit for the

stevia business segment as lower yields have resulted due to the poor quality thus driving up the stevia cost of sales.

- The price per kg that the extract is sold at.
- The sale of by-products (also known as co-products). There were a very small number of co-product sales during the second quarter due to the focus on production of high grade stevia. Sales of by-products has historically increased the overall gross profit of the stevia business.
- Other factors which also impact stevia cost of sales to a lesser degree include, plant capacity utilization, wages rates, water and power consumption used in the process.

Gross profit for the first half of 2008 was \$560,442, a decrease of 40% over \$937,722 in gross profit for the first half of 2007. The stevia business segment gross profit was down 11% for the first half of 2008 compared with the first half of 2007. The main driver for the lower gross profit for the first half of 2008 compared with the first half of 2007 was that the majority of shipments of stevia extract produced during the first half of 2008 for GLG's strategic customer were shipped late in the second quarter and have been consequently classified as inventory goods in transit since ownership for the goods had not formally transferred as at June 30, 2008. Subsequent to the period ending June 30, 2008, the goods have been received by the customer and will be recognized as revenue in the third quarter of 2008 along with the associated gross profit.

EBITDA

EBITDA for the quarter ending June 30, 2008 was (\$480,532), a decrease of 307% over \$231,671 in EBITDA in Q2 2007. The main drivers for the decrease in EBITDA is attributable to a lower gross profit from its stevia business relative to the second quarter in 2007 as well as higher operating expenses for the Company. The lower gross profit was driven by the cost factors described under the gross profit analysis as well as the shipment of a material amount of product at the end of the second quarter that was classified as goods and transit with the corresponding gross profit deferred until the third quarter. The higher operating expenses of the Company were driven by the start-up of its two new Greenfield processing facilities in China located in the cities of Mingguang and Dongtai and the start-up of its new consumer products division in advance of material revenues. GLG has also incurred higher public company and corporate governance costs associated with its recent TSX listing and corporate development projects undertaken in the second quarter.

EBITDA for the first half of 2008 was (\$830,820), a decrease of 235% over \$613,891 in EBITDA for the first half of 2007. The main drivers for the decrease in EBITDA for the first half of 2008 compared to the first half of 2007 is attributable to a lower gross profit from its stevia business as well as higher operating expenses for the Company. The lower gross profit was driven by the cost factors described under the gross profit analysis as well as the shipment of a material amount of product at the end of the second quarter that was classified as goods and transit with the corresponding gross profit deferred until the third quarter. The higher operating expenses of the Company were driven by the start-up of its

two new subsidiaries Greenfield processing facilities in China located in the cities of Mingguang and Dongtai and the start-up of its new consumer products division in advance of material revenues. GLG has also incurred higher operating public company and corporate governance costs associated with its recent TSX listing in 2008 and corporate development projects undertaken in the first half of 2008.

The following table provides reconciliation of Canadian GAAP Net Income to EBITDA.

In thousands Canadian	Q2 08	Q2 07	% Change	Six months 2008 Restated	Six months 2007	% Change
	Restated					
Net Income (loss)	(\$1,606)	\$96	(1765)	(\$2,540)	\$381	(766)
Add:						
Depreciation and Amortization	\$512	\$110	366	\$742	\$238	212
Other (Income) Expense excluding donation	(\$584)	\$26	(2346)	(\$936)	(\$5)	(18620)
Non-Cash Share Compensation Expense	\$30	-	-	\$30	-	-
EBITDA	(\$481)	\$232	(307)	(\$831)	\$614	(235)

Net Income (Loss)

Net loss for the second quarter 2008 was \$1,605,854, a decrease of 1,765% over second quarter 2007 net income of \$96,422. The basic earnings (loss) per share (EPS) were (\$0.02) for the second quarter 2008 compared with \$0.00 for the second quarter of 2007. Earnings were impacted by lower gross profit from the Company's stevia business segment, increased labour costs and larger expenses associated with the start-up of new facilities and the development of the new consumer products division.

Net loss for the first half of 2008 was \$2,539,521, a decrease of 766% over a net income of \$381,149 for the first half of 2007. The basic earnings (loss) per share (EPS) were (\$0.02) for the first half of 2008 compared with \$0.01 for the first half of 2007. Earnings were impacted by lower gross profit from the Company's stevia business segment, increased labour costs and larger expenses associated with the start-up of new facilities and the development of the new consumer products division during the first half of 2008 compared to the first half of 2007.

Foreign Exchange gains (losses)

GLG reports in Canadian dollars but earns most of its revenues in US dollar and incurs most of its expenses in Chinese Yuan ("RMB"). Impacts of the appreciation of the Chinese Yuan against the

Canadian dollar are shown separately under the Cumulative Translation Adjustment (“CTA”) account on the Balance Sheet. The appreciation of the RMB relative to the Canadian dollar during the last quarter was positive on the values of the GLG China subsidiaries. For example the RMB rate used to value the balance sheet accounts on December 31, 2007 was 0.1380 Canadian dollars per RMB. As of June 30, 2008, the exchange for Canadian dollars per RMB was 0.1486, or an appreciation of 7.68% from the exchange rate on December 31, 2007. The balance of the CTA account was \$3,813,132 on June 30, 2008 compared to balance of (\$1,307,926) as at December 31, 2007. The exchange rate fluctuations of the US dollar and the Canadian dollar had minimal impact on the cumulative translation account in the second quarter of 2008.

Expenses

In thousands Canadian \$	Q2 08 Restated	Q2 07	% Change	Six months 2008 Restated	Six months 2007	% Change
Expenses	\$1,293	\$350	270	\$2,142	\$562	281
% of Revenue	118%	26.9%	91.1	111%	17.7%	93.1

Consolidated expenses include sales, general and administration costs (SG&A) plus depreciation and amortization expenses on non-manufacturing fixed assets.

The SG&A increase (excluding depreciation and amortization) for Q2 2008 over Q2 2007 was \$761,123 or a 219% increase. This increase was driven primarily by increases in consolidated salary and wages, consulting fees, professional fees and listing expenses. The total of these four categories for the second quarter was \$656,946. This represents a 56% increase over Q1 2008 comparable costs or 54% of the SG&A increase quarter over quarter. The cost increases for the second quarter are both 1) one-time related development costs for the Company related to the start-up of its new plants in China and its Consumer Division and; 2) ongoing operating costs related to the hiring of additional staff in China for the new production line and new Greenfield plants.

The next major increase in SG&A is in office and rental costs, security, business licenses and taxes. These categories account for an increase of \$122,156 or 28% of the SG&A increase quarter (Q2) over quarter (Q1). These costs are also driven by the expansion of GLG’s business with its new subsidiary operations in China. Schedule 1 to the Interim Financial Statements for Q2 2008 provides the details of these costs.

The SG&A increase (excluding depreciation and amortization) for the first half of 2008 compared with the first half of 2007 was up \$1,225,626 or a 220% increase. This increase was driven primarily by increases in salary and wages, consulting fees, professional fees and listing expenses. The total of these four categories accounted for 64% of the increase over the second half of 2007. Office related expenses

accounted for 24% of the increase comparing the first half of 2008 SG&A expenses compared to the first half of 2007. These cost increases incurred in the first half of 2008 are both one-time development costs related to the start-up of its new plants in China and its Consumer Division as well as ongoing operating costs related to the hiring of additional staff in China for the new production line and new Greenfield plants currently under construction.

Depreciation and Amortization Expense

In thousands Canadian	Q2 08 Restated	Q2 07	% Change	Six months 2008 Restated	Six months 2007	% Change
Depreciation and Amortization	\$511	\$110	366	\$742	\$238	212
% of Revenue	46.8%	8.4%	38.4	38.4%	7.5%	30.9

The depreciation and amortization increase for Q2 2008 over Q2 2007 reflects the commencement of the intangible patent amortization at the beginning of 2008 from the acquisition of Agricultural High Tech Developments Limited at the end of the fourth quarter 2007 (total amortization was \$160,938 for Q2 2008). Depreciation is included in the cost of goods sold as well as in the consolidated expenses reported below gross profit on the Income Statement. The above table provides a summary of total depreciation and amortization expenses reported.

Depreciation and amortization for the first half of 2008 was \$741,851, an increase of 212% over \$238,120 for the first half of 2007. Of the \$503,731 increase over the first half of 2007, the intangible patent amortization at the beginning of 2008 from the acquisition of Agricultural High Tech Developments Limited accounted for \$321,875 or 64% of the increase. The other key driver for the increase in depreciation has the decrease in useful life for resin equipment which was decreased from 20 to 15 years starting on January 1, 2008 as well as increased depreciation from the addition of capital plant after the first half of 2007.

Other Income (Expenses)

In thousands Canadian \$	Q2 08 Restated	Q2 07	% Change	Six months 2008 Restated	Six months 2007	% Change
Other Income (Expense)	(\$606)	(\$26)	(2231)	(\$958)	\$5	(19260)

% of Revenue	(55.5%)	(2.0%)	(53.5)	(49.6%)	0%	(49.6)
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Other expense for the second quarter 2008 was \$605,543 an increase of 2,252% over the second quarter 2007 other expense of \$25,749. GLG offset interest expenses of \$668,760 with income earned on its short term deposits totalling \$25,349,815 as of June 30, 2008. Interest expense was driven by the CDN\$6,000,000 convertible debenture it arranged in June 2007 as well as interest due on a customer prepayment of US\$7,000,000 also arranged in June 2007. The balance of the customer prepayment at June 30, 2008 was CDN\$5,956,773 – down \$592,327 from the year-end balance of CDN\$ 6,549,100. As GLG ships product to this customer, the customer prepayment balance and interest expense will also decrease. During the quarter, GLG also donated \$21,647 (RMB 150,000) in response to the earthquake that took place in Sichuan Province of China.

Other expense for the first half of 2008 was \$957,883, a 17911% decrease compared to the other income of \$5,378 for the first half of 2007. The key driver for the decrease has been the use of debt in the Company's operations subsequent to the second half of 2007. Interest expenses associated with the convertible debenture and interest on the advance from a customer were the two main sources of interest expense. These expenses have been offset partially due to the interest earned on cash balances from cash raised from a private placement in December 2007 and from warrants exercised in January 2008.

Convertible debenture

The use of proceeds for the convertible debenture issued in June 2007 (see section "Convertible Debenture Financing" for more information) was as follows: 50% to finance the Runde 500 MT plant upgrade and 50% for working capital purposes. The interest rate on the convertible debenture was 12% and had two warrants attached. The effective interest rate was 18% after reflecting the discount on the convertible debenture. This discount is amortized over the term of the convertible debenture which is 12 months.

Customer Prepayment

The interest rate on the customer prepayment (see section "Advances from Customers" for more information) is LIBOR + 3.25%. The average interest rate on the customer prepayment for the second quarter of 2008 was 6.33%. The use of proceeds for the customer prepayment was to finance stevia leaf purchase for this customer's order. GLG will repay the prepayment as it ships product against this customer's order. There was no change in the balance of this customer advance during the second quarter, however, the goods shipped during the second quarter (classified as goods in transit in inventory) has resulted in a material reduction to this balance subsequent to the quarter. The balance of the customer prepayment has decreased \$592,327 from the year-end balance of CDN\$ 6,549,100.

Summary Quarterly Results

The following summary quarterly results should be read in conjunction with the consolidated financial statements of GLG for the quarter ending June 30 2008, and its annual consolidated financial statements for previous years.

The selected consolidated information below has been gathered from quarterly financial statements for the previous eight quarterly periods:

In thousands Canadian \$, except per share amounts	2008		2007				2006	
	Q2 restated	Q1 restated	Q4 restated	Q3 restated	Q2	Q1	Q4	Q3
Consolidated Revenue	\$1,092	\$8,41	\$3,727	\$2,258	\$1,297	\$1,874	\$994	\$184
Gross profit	\$293	\$268	\$896	\$823	\$472	\$465	\$444	\$185
Gross profit %	27%	32%	24%	36%	36%	25%	45%	100%
Net Income (Loss)	(\$1,606)	(\$934)	\$456	(\$468)	\$96	\$285	\$224	\$85
Basic Earnings (Loss) Per Share	(\$0.02)	(\$0.01)	\$0.01	(\$0.01)	\$0.00	\$0.00	\$0.01	\$0.00
Diluted Earnings (Loss) Per Share	(\$0.02)	(\$0.01)	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.01	\$0.00
EBITDA	(\$481)	(\$350)	\$451	\$431	\$232	\$383	\$208	\$50

Quarterly Net Income (Loss)

Net income (loss) for the second quarter 2008 was (\$1,605,854), versus a loss of (\$933,667) in the first quarter of 2008. The profitability of GLG's consolidated results are impacted by the volume of sales. Since not all costs are variable, a certain level of sales is required to fund fixed expenses, start-up costs of its new greenfield plants that are currently under construction and the new consumer products division.

Quarterly Basic and Diluted Earnings (Loss) Per Share

The basic earnings (loss) per share (EPS) were (\$0.02) for the second quarter 2008 compared with (\$0.01) for the first quarter of 2008. Compared to the first quarter of 2008, earnings were impacted by material shipments of stevia made late in the second quarter and that will be recognized in the third quarter, ramp-up of expenses associated with new facilities start-ups and the development of the new

consumer products division. The diluted earnings (loss) per share were a loss of (\$0.02) per share for the second quarter 2008 compared to a loss of \$0.00 per share for the same period in 2007 and were impacted by the same factors as mentioned for the basic los per share for the quarter.

Segmented Quarterly Results

The Company operates in one reportable operating segment, being the manufacturing and selling of a refined form of stevia and has operations in Canada and China.

Stevia Operations Quarterly Results

In thousands Canadian\$	2008				2007		2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Stevia Revenue	\$1,092	\$841	\$3,356	\$2,003	\$1,094	\$1,746	\$753	\$-
Gross profit *	\$293	\$273	\$576	\$569	\$356	\$337	\$204	\$-
Gross profit %	27%	32%	17%	28%	33%	19%	27%	-

* Cost of Goods Sold for stevia includes raw material (stevia leaf), direct and indirect manufacturing costs including equipment depreciation, plant labour, supplies used in the manufacturing process and utility costs to run the plant and machinery.

GLG's stevia business is affected by seasonality. The harvest of the stevia leaves typically occurs from the end of the second quarter (ending June 30) through July and August of each year. This period has historically been a slow time for stevia manufacturers and shipments typically decrease over this period before the harvest is complete and delivery of the new stevia leaf takes place. In 2007, the stevia leaf harvest occurred slightly later with the leaf arriving on site at Runde in late August. A full year's supply of raw material is purchased during the third quarter as there is currently only one stevia leaf harvest in China. Therefore inventory levels are typically higher in the fourth quarter until raw material is converted into finished products and shipped to customers. Gross profit is significantly influenced by the quality of the stevia leaf crop harvested in any given year. GLG's production management saw a generally poorer quality stevia leaf crop collected in 2007 than seen in previous years. The poorer quality leaf has had a significant impact on gross profit for the second quarter. The lower gross profit also reflects very few co-product sales during the second quarter. GLG's plan to further improve gross profits is explained in the Outlook section under the headings, "GLG Seed Base and R&D Outlook" and "Greenhouse Operations". GLG's operations in China are also impacted by Chinese New Year celebrations during the month of February each year where many businesses close down operations for approximately two weeks.

Capital Expenditures

In thousands Canadian\$	Q2 08 Restated	Q2 07	% Change	YTD 08 Restated	YTD 07	% Change
Capital Expenditures	\$10,175	\$21	47,325	\$13,538	\$1,021	1,226

GLG's capital expenditures were \$10.2 million for the second quarter of 2008 versus \$0.02 million in Q2 2007. 2008 Q2 Capital expenditures were driven by the Greenfield leaf processing facility builds at the Runhai (Mingguang) and Runyang (Dongtai) subsidiaries. The status of GLG's major capital expenditure projects is provided in the Outlook section.

Liquidity and capital resources

In thousands Canadian \$	June 30, 2008 Restated	December 31, 2007
Cash	\$30,374	\$28,253
Current Ratio (1)	6.11	3.11
Working Capital	\$39,193	\$30,761
Total Assets	\$109,679	\$94,129
Total Liabilities	\$11,554	\$17,230
Advances from Customers	\$5,957	\$6,549
Loans Payable (Current Portion)	-	\$6,000
Total Equity	\$98,124	\$76,898

(1) Current Ratio = Current Assets / Current Liabilities

Cash and working capital reflected net proceeds from the private placement that was completed on December 11, 2007 as well as the exercise of the warrants on January 30, 2008. Total Liabilities include the Advances from Customer amount of \$5.9 million. The working capital increase relative to the year-end 2007 position is attributable primarily by the increase in cash from the exercise of \$12.5 million warrants on January 30, 2008. The increase in total equity from December 31, 2007 reflects the exercise of the warrants on January 30, 2008 and the conversion of the \$6 million convertible debenture at the end of the second quarter.

Cash used by operating activities was \$831,764 in this quarter and \$1,494,621 for the year to date, compared to \$262,524 used in the second quarter of 2007 and \$461,495 generated in the first half of 2007. The cash was mainly used to support the working capital for the Company's stevia business.

Cash used by investing activities was \$10,064,679 in this quarter and \$13,393,105 for the year to date, compared to \$21,438 and \$1,191,485 in the same periods in 2007. Majority of the cash outflow was to finance the new 500 MT facility and the construction in progress in Dongtai and Mingguang.

Cash generated by financing activities was \$351,155 in this quarter and \$11,632,968, compared to \$9,462,297 and \$9,821,074 in the same periods in 2007. There was a \$83,901 injection of share capital in the quarter as a result of options exercised.

Convertible Debenture Financing

On June 22, 2007, the Company issued convertible debentures ("Debentures") and share purchase warrants ("Warrants") to purchase shares of the Company's common shares for total gross proceeds of \$6,000,000. The Debentures were due on June 30, 2008 and bore interest at a rate of 12% per annum, payable semi-annually in arrears beginning on December 31, 2007. The Debentures were convertible into common shares with the first third of the principal converted at a conversion price of \$2.80 per common share, the second third of the principal converted at \$3.05 per common share and the remaining converted at \$3.30 per common share. The Debentures were issued with warrants to purchase up to 1,200,000 common shares of the Company. The warrants expire on June 22, 2009 and are each exercisable for one common share of the Company at a price of \$3.05 for the first 600,000 common shares and \$3.30 for the second 600,000 common shares.

Notice was received from the holder of the Debenture and it was converted as at June 30, 2008 into 1,976,082 common shares of the Company at an average conversion price of \$3.036 per share. The Debentures were convertible, at the option of the holder, at any time prior to maturity. Since redemption could be made either by cash or by common shares at the option of the Company, the Debentures were classified as a compound financial instrument for accounting purposes.

Advances from customers

In July 2007, the Company signed a five year supply agreement and a prepayment agreement for the 2007-2008 order with one of the Company's customers whereby the customer would finance up to US\$7,000,000 for the purchase of stevia leaves, which shall be further processed into stevia extract to be shipped to the customer. The prepayment will be repaid upon sale of stevia extracts to that customer, which commenced on September 1, 2007 through to September 15, 2008. Interest at Libor + 3.25% is charged per annum, payable on a quarterly basis. The balance of this prepayment was \$CDN 5,956,733 (US\$5,848,000) as at June 30, 2008.

Contractual obligations

In thousands Canadian \$	2008	2009	Total
Convertible debenture	\$-	\$-	\$-
Customer prepayment*	\$5,956	\$20,000	\$25,956
Leases	\$116	\$116	\$232
Equipment & Construction Contracts	\$25,275	\$-	\$25,275
Government Contract Commitments (**)	\$-	\$28,000	\$28,000
Total	\$31,347	\$48,116	\$79,463

* This amount is expected to revolve each year and will renew in June of a fiscal year to finance the next leaf harvest payments to farmers.

** This commitment is related to the announcement on April 18, 2008 of a 20-year agreement signed with the government of Juancheng County in the western Shandong Province of China, which gives GLG exclusive rights to grow high quality stevia leaf and build and operate a stevia processing factory as well as the exclusive right to purchase high quality stevia leaf grown in that region. This financial commitment is related to GLG's construction of a new leaf processing facility in that region by September 30, 2009

The Company has contractual obligations due within the next twelve months including:

- a) The customer prepayment of \$5,956,773 is due by September 15, 2008. The customer prepayment is settled through product shipments which commenced in 2007. The Company expects that it will negotiate a customer prepayment each year with its major customer to finance the leaf purchase required for the next year of its contract delivery. Please also refer to the Subsequent Events section which highlights the amount of leaf financing GLG has entered into with this customer for 2008/2009 production. As of July 17, 2008, GLG has entered into additional customer prepayment with this customer for US\$ 20 million for leaf financing. This prepayment will be during the next contracted delivery period of October 1, 2008 through September 30th, 2009.
- b) Equipment and construction contracts associated with its capital expenditure program.

The outlook section also provides information concerning GLG's capital expenditure program in 2008 with respect to potential additional commitments for 2008.

Capital Structure

Outstanding Share Data as at August 10, 2008

	Shares
Common Shares Issued and Outstanding	72,530,233
Stock Options	5,539,757
Warrants	20,391,764
Reserved for Issuance - AHTD acquisition	8,750,000
Reserved for Issuance – Other	249,109
Total Reserved for Issuance	34,930,630
Fully Diluted Shares	107,460,863

China laws require all wholly owned foreign entities to set aside 10% of retained earnings as a general reserve fund for employee benefit every year until such a fund has reached 50% of the Company's registered capital. The law allows the funds in the reserve to be distributed to shareholders at the wind up of the reserve. The reserve has been included in retained earnings on the balance sheet. The total reserve of the Company at June 30, 2008 is \$151,855 (December 31, 2007 - \$139,474). This reserve fund applies to all of GLG's China based subsidiaries.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the second quarter ending June 30, 2008, the Company entered into the following transactions with related parties:

1. Pursuant to the respective consulting agreements, the Company paid and/or accrued consulting fees for the second quarter of 2008 of \$123,645 (Q2 2007 - \$100,000) to three companies separately controlled by three officers.
2. Paid legal fees, disbursement and provincial sales taxes of \$6,178 (Q2 2007 – \$30,389) to a law firm of which the Company's secretary is an associate counsel.

3. The Company entered into a 5-year facility rental agreement expiring on December 31, 2011 with a company that two officers have ownership interest in. During the quarter, the Company paid facility rental fees of \$29,259 (RMB 202,766) (Q2 2007 – \$28,631)

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

2008 Outlook

Operations - 2008 Outlook

The Company continues to expect the market for its stevia products to be stronger in 2008 relative to the demand seen in 2007. As of the date of this MD&A, the Company has a contracted order backlog of US\$ 34 million for delivery between the third quarter 2008 through to September 30, 2009. The Company further expects this backlog to grow as it finalizes additional contracts during the third and fourth quarter of 2008.

GLG's key operational objectives for 2008 are:

1. Construct new facilities to increase production capacity and revenues (to be completed by Q4)
2. Recruit and train staff in China for new production facilities (to be completed by Q4)
3. Organize stevia growers in partnership with local governments in China (completed in Q1)
4. Implement a new Consumer Products Division and commence operations (completed in Q2)

The Company has excellent relations at both the provincial and municipal levels of government in the provinces of Shandong, Jiangsu and Anhui China which will assist it greatly in the realization of these business objectives in 2008.

GLG guidance for 2008.

	2008 Estimate	2007 Actual
Revenue	\$16 to \$18 million	\$9.1 million
Metric Tons (MT) Stevia Shipped	210 MT to 240 MT	113 MT
EBITDA	\$2.6 to \$3.0 million	\$1.5 million
Capital Expenditures	\$65 to \$75 million (updated)	\$6.5 million

Revenue – 2008 - Outlook

GLG's stevia operations are expected to drive the majority of forecasted revenue growth in 2008. This growth will be based on delivery against existing customer orders for 2008 as well as expected new orders for the 2008/2009 delivery period. Revenue is expected to be significantly weighted towards the third and fourth quarter of 2008. This expectation is driven by the following:

a) Limited production and shipments in the first quarter due to plant shut down in February for Chinese New Year celebrations. The value of the current order backlog that GLG currently has is approximately US\$ 34 Million for delivery in the third and fourth quarters of 2008 and the nine months of 2009.

b) The completion of the new 500 MT facility upgrade at Runde in the second quarter that once online will more than double GLG's high grade stevia extract output. This new line was announced on May 2, 2008 and was in production as of that date. GLG confirms that with the addition of the new 500 MT

secondary processing facility it has been able to deliver at double its historical high quality stevia output for the third quarter. It further expects that once the additional leaf processing facilities are operational, it expects the 500 MT facility will be operating at up to 50 metric tons per month capacity of high grade stevia.

c) Larger volume customer orders that will be fulfilled after the stevia harvest in the third quarter. GLG has contracted approximately 50% of its forecast revenues for the 2008/2009 production year as of August 14, 2008.

d) GLG is planning for higher levels of leaf purchase during harvest period in the third quarter of 2008 as compared to 2007 in order to meet increased customer contracted demand.

e) Additional new facilities in Mingguang and Dongtai anticipated to be online in the fourth quarter that are expected to increase GLG's capacity and output of stevia extract.

f) Launch of consumer products division with operations underway at the end of the second quarter.

Consumer Division 2008 Update and Outlook

During the period GLG launched its consumer products division and made progress with the development of several industrial and consumer products. This new division is currently reported as part of the stevia business segment for financial reporting purposes. GLG's rebsweet industrial powder is going to be used in dietary supplement products. The initial sale of GLG's rebsweet formulated and granulated product was sold to Weider Canada for use in their current distribution of their Stevia Sweet product using GLG's rebsweet formula. Stevia Sweet in Canada is currently found in Wal-Mart, Safeway and Sobeys West. The sales at Wal-Mart are progressing every week as people discover the sweet sugar-like zero calorie taste of GLG's rebsweet.

GLG also offers industrial and formulated Anysweet as well as our top of the line high purity product Rebpure. These products are fully developed now and it is anticipated that during Q3 there will be orders and new distribution locations through new customers.

During the period GLG continued to develop a full line of consumer products in both rebsweet and rebpure formulas that it will be introducing to the market progressively over the next several quarters. Some of these products are flavoured sweeteners that include flavors such as, Lemon, French Vanilla, Hazelnut, Mocha and then various flavoured teas and lemonade.

GLG and Weider Global Nutrition continued to work on the details of the venture agreement and are in the process of setting up a new company to be called GLG – Weider Sweet Naturals. This company will utilize the 70+ years of experience of the Weider group in the health and supplement industry as well as the solid manufacturing capabilities of GLG in the stevia industry to form a capable sales team that will

be able to deliver innovative high quality stevia products on a global basis. It is anticipated that the final agreement will be signed during Q3 2008.

The new GLG – Weider Sweet Naturals team, in addition to developing its own unique products will also have existing Weider products that will utilize GLG's rebsweet and rebpure stevia. Some of these products that will soon be upgraded to GLG's rebsweet and rebpure products are the existing Sweete brands as well as the Advanced Fruits and the various Quick2Sip Weider products. These consumer products will continue to expand their sales on a global basis.

Further with the recent changes made to the GLG Cargill supply agreement, GLG has more freedom to pursue sales of wholesale stevia extract to food and beverage companies worldwide. It is the intention of the GLG Weider venture to also focus on the sales of wholesale stevia extract products to these companies.

Capital Expenditures - 2008 Outlook

There are four key capital projects for the Company in 2008 which constitute its largest capital program to date. By the end of 2008, the Company expects its capacity for high grade stevia production to increase by over 400% which will position it to meet forecasted customer demand for the balance of 2008 and the first half of 2009. The Company further expects to require capacity upgrades beyond those planned in 2008 to meet additional demand.

The Company has decided the most economical approach to developing its processing facilities in Mingguang and Dongtai is to develop the land and building infrastructure to accommodate two year expansion requirements rather than just year one's capacity requirement. This approach will allow the Company to add incremental production lines while limiting the need to construct additional building and facility space, warehouse space or roads in 2009. The building infrastructure will be constructed for two 20,000 MT leaf processing facilities, however the equipment purchased in 2008 will be limited to providing 10,000 MT leaf processing capacity.

Upon completion of its first phase of construction in Mingguang and Dongtai, future capacity upgrades at these locations are expected to be facilitated.

Production Capacity	Year end 2007	Year end 2008
Leaf Processing	5,000	25,000
Intermediate Powder	500	2,500
High Grade Stevia	200	1000

List of Key Capital Projects for 2008

GLG Subsidiary	Capital Project	Location	Expected Completion Date	2008 Capital Project Estimate ('000s)
Qingdao Runde Biotechnology Co., Ltd. ("Runde")	500 M T High Grade Stevia Upgrade.	Qingdao, Shandong Province	April, 2008	\$1,000
Status of Project: Complete and operational as of May 2, 2008.				
Dongtai Runyang Stevia High Tech Co. Ltd. ("Runyang")	10,000 MT Leaf Capacity Intermediate Processing Facility	Dongtai, Jiangsu Province	October, 2008	\$28,000
Status of Project: Vendors have been selected, all required Government approvals have been received & construction is on track for completion in Q4.				
Dongtai Runyang Stevia High Tech Co. Ltd. ("Runyang")	1,000 MT High Grade Stevia Capacity Secondary	Dongtai, Jiangsu Province	October, 2008	\$15,000

GLG Subsidiary	Capital Project	Location	Expected Completion Date	2008 Capital Project Estimate ('000s)
Processing Facility				
Status of Project: Vendors have been selected, all required Government approvals have been received & construction is on track for completion in Q4.				
Chuzhou Runhai Stevia High Tech Co., Ltd. ("Runhai")	10,000 MT Leaf Capacity Intermediate Processing Facility	Mingguang, Anhui Province	November, 2008	\$28,000
Status of Project: Vendors have been selected, all required Government approvals have been received & construction is on track for completion in Q4.				
Phase 2 Capacity Expansion for 2009	This is the program to upgrade both Intermediate and High Grade Stevia capacity for 2009.	Juancheng (1)and Dongtai	Start in 2009	\$-
Total 2008 Capex Program Outlook				\$72,000

(1) GLG announced on April 18th, 2008, its third new exclusive stevia growing area and its intention to construct a new stevia leaf processing facility there for completion in 2009.

GLG Seed Base and R&D Outlook

With the completion of the acquisition of Agricultural High Tech Developments Company Limited ("AHTD") in late 2007, GLG will directly benefit from the high quality seedlings produced by AHTD. One of the key benefits acquired were two patent pending seedlings that are commercially viable for growth in key stevia growing regions within China. These seedlings have been bred through AHTD's R&D program and contain significantly higher Rebaudioside A content than the average seedlings available in China today. The advantage to GLG will be through high yield from the leaf providing GLG a lower cost of production for its products than if it were to process average stevia leaf found in China today. AHTD's patents and key personnel will be fully integrated into GLG's Bengbu subsidiary in 2008.

In 2007, GLG's purchase of stevia leaves was approximately less than 5% of the leaf that was generated from AHTD's higher quality seedlings. With the establishment of its Bengbu subsidiary operations in late 2007 and the acquisition of AHTD staff and technology, GLG estimates for the 2008 stevia growing season that approximately 30% of its harvested leaf will come from Bengbu's (formally AHTD's) high quality seedlings.

Status of 2008 Objective: GLG anticipates that the 30% objective will be exceeded as GLG is expecting that 50% of the stevia leaf purchased during the 2008 harvest will come from its proprietary seedlings. The new seedbase in Dongtai announced on April 10, 2008 has effectively increased the size of GLG's

seedbase operations by 600%.

Greenhouse Operations

To ensure farmers in key stevia growing regions plant GLG seedlings, the Company established a greenhouse program in 2007 to cultivate seedlings for the 2008 planting season. As of March 31, 2008, GLG had the use of approximately 300 greenhouses, constructed primarily by the Chinese Government, which were growing seedlings for GLG's 2008 stevia growing season. Each greenhouse is an average size of 1 mu and contains an average number of seedlings ranging from 400,000 to 500,000. The Government cooperates with GLG through the provision of greenhouses in which GLG can grow seedlings. The support to further expand stevia growing by the Government is strong as the stevia crop is viewed by the Chinese Government as high-tech agriculture that will further the prosperity of its farmers. GLG further expects that as it expands its greenhouse operations in 2009 and beyond, the Bengbu seedlings will move closer to supplying 100% of the leaf purchased by GLG. GLG announced the start-up of a new seed base in Dongtai on April 10, 2008. It is the largest stevia seed base in China. GLG plans to commence its 2009 growing season greenhouse operation in the fall of 2008 and will evaluate the required number of seedlings and greenhouses for next year's harvest at that time.

R&D Program for Stevia

The R&D program for stevia will be undertaken through GLG's subsidiary Anhui Bengbu HN Stevia High Tech Development Company, Ltd ("Bengbu"). Bengbu is led by Mr. Wang who has spent over 10 years developing commercially viable stevia seedlings and who became part of the GLG team with the acquisition of AHTD in 2007. Mr. Wang is also responsible for the development of the greenhouse operations through the Bengbu subsidiary.

GLG plans to continually fund an R&D program that will achieve the following objectives:

1. Enhance Rebaudioside A content of its seedlings to improve production yields of Rebaudioside A during final extraction and refining operations and to lower GLG's production cost of high grade stevia products
2. Develop commercially viable stevia seedlings for new stevia growing areas that the Company is developing.
3. Develop farming techniques to assist farmers for the growth of stevia in their regions.

Status of 2008 Objective: GLG reports that all R&D objectives are on track to be met in 2008.

Changes in Accounting Policies

Accounting policies implemented effective January 1, 2008:

Section 1400 "General Standards of Financial Presentation" requires management to assess and disclose the ability of the Company to continue as a going concern. Additional disclosure has been provided in Note 1 to the Unaudited Interim Consolidated Financial Statements.

Section 1535 "Capital Disclosures" requires disclosure regarding what the Company defines as capital and its objectives, policy and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements and, if not, the consequences of such non-compliance. Additional disclosure has been provided in Note 27 to the Unaudited Interim Consolidated Financial Statements.

Section 3031 "Inventories" which replaces Section 3030 "Inventories", establishes standards for measurement and disclosure of inventories. Under the new section, inventories are required to be measured at the "lower of cost and net realizable value", which is different from the existing guidance of the "lower of cost and market". The new section contains guidance on the determination of cost and also requires the reversal of any write-downs previously recognized. Certain minimum disclosures are required, including the accounting policies used, carry amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses. The adoption of this standard does not have an impact on the Company's consolidated financial statements. Additional disclosure has been provided in Note 8 to the Unaudited Interim Consolidated Financial Statements.

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" have replaced Section 3861 "Financial Instruments – Disclosure and Presentation". These new sections incorporate many of the disclosure requirements of Section 3861, but place an increased emphasis on disclosure about risk, including both qualitative and quantitative information about the risk exposures arising from financial instruments. Additional disclosure has been provided in Note 26 to the Unaudited Interim Consolidated Financial Statements.

Accounting Policies to be Implemented Effective January 1, 2009

In February 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets" which replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". Section 3064 establishes standards for recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to the Company's financial statements for its fiscal year beginning January 1, 2009. The Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the CICA Accounting Standard Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required, for fiscal years beginning on or after January 1, 2011, for publicly accountable profit-oriented enterprises. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

Financial Instruments and Other Instruments

Fair Values

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 carrying value of cash and cash equivalents, investment, subscriptions receivable, accounts receivable, accounts payable and convertible note payable approximates the fair value because of the short-term nature of these instruments. The fair value of loans receivable approximates the fair value because they bear a fair interest rate.

Credit Risks

The Company has a high concentration of credit risk as the accounts receivable were owed by fewer than five customers. The Company does not believe that it needs to require collateral to support these financial instruments.

Currency Risk

The Company is exposed to currency risk as its subsidiary's functional currency is denominated in a foreign currency. Unfavourable changes in the applicable exchange rate may result in a decrease or increase in the cumulative translation adjustment. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.

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

Of the \$30,373,963 cash and cash equivalents as of June 30, 2008, \$ 885,318 is denominated in US Dollars (US\$869,152), \$1,771,324 is denominated in Canadian Dollars and \$27,717,321 is denominated in Chinese Yuan (RMB 186,516,510).

Disclosure Controls and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures were designed to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. The Company's management, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2008, and has concluded that such disclosure controls and procedures are effective.

The Company's management, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, are also responsible for establishing and maintaining internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. There have been no changes in the Company's internal control over financial reporting for the quarter ending June 30, 2008 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Risks Related to our Business

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects. A prospective investor should carefully consider the risk factors set out below and consult with his, hers or its investment and professional advisors before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on the Company's business, financial condition, operating results or prospects. In that case, the trading price of the common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

For further details regarding these following risk factors, amongst others, please refer to the section entitled, "Risk Factors" contained in the Company's Annual Information Form filed on SEDAR at www.sedar.com.

- Intellectual Property Infringement
- Product Liability Costs
- Manufacturing Risk
- Customer Concentration Risk
- Competition
- Government Regulations
- Consumer Perception of Products
- Changing Consumer Preferences
- Market Acceptance
- Dependence on Key Personnel
- Volatility of Share Prices

Risks Associated with Doing Business in the People's Republic of China

The Company faces the following additional risk factors that are unique to it doing business in China. For further details regarding these following risk factors, amongst others, please refer to the section entitled, "Risk Factors" contained in the Company's Annual Information Form filed on SEDAR at www.sedar.com.

- Government Involvement
- Changes in the Laws and Regulations in the People's Republic of China
- The Chinese Legal and Accounting System
- Currency Controls
- Additional Compliance Costs in the People's Republic of China

- Difficulties Establishing Adequate Management, Legal and Financial Controls in the People's Republic of China
- Capital Outflow Policies in the People's Republic of China
- Jurisdictional and Enforcement Issues
- Political System in the People's Republic of China

Additional Information

Additional information relating to the Company is available on its website (www.glglifetech.com), in its Annual Information Form available on SEDAR (www.sedar.com).