GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Nine Months Ended September 30, 2012

(Amended AND Restated)

Dated: June 10, 2013

Notice to Reader

The following Management Discussion and Analysis has been amended and restated from the previous version dated December 20, 2012.

The Company initially filed its 2012 Q3 interim financial statements in US GAAP (as had been its practice) on November 14, 2012. However, subsequent to its inability to rely on the exemption to file in US GAAP after its SEC deregistration on Sept 20, 2012, it was required to re-file its Q3 statements under IFRS. On December 20, 2012, the Company filed consolidated interim financial statements for Q3 2012 under IFRS ("Initial Statements"). As part of its year-end 2012 procedures the Company hired a third party valuation expert to review its 2011 impairment testing work used to support its Q3 IFRS transition. The Company subsequently decreased its revenue projections for the forecast period 2012 through 2016 and the third party impairment report subsequently showed an impairment where the previous business plan forecast approved by the Company that was used in the original Q3 IFRS financial statements did not. As a result of the incremental change in 2011 impairment of goodwill, intangibles and tangible assets of $86,398,003 under IFRS, the Company has recognized a material weakness in its control over financial reporting (see page 52 of the MD&A for more details).

A summary of the significant changes is below:

Section	Change
Summary of Significant Accounting Policies (commencing page 5)	Updated Significant Accounting Estimates, IFRS Policies and Judgments
Reconciliation from US GAAP to IFRS (commencing page 5)	Updated Reconciliations from US GAAP to IFRS
Results from operations (commencing page 25)	Updated results from previous version
Summary of Quarterly Results (commencing page 39)	Updated Summary of Quarterly Results
Transactions with Related Parties (commencing page 51)	Updated with additional disclosure
Disclosure Controls and Internal Controls over Financial Reporting (commencing page 52)	Updated disclosure on internal controls over financial reporting

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated June 10, 2013 which is the date of filing of this document. It provides a review of the financial results for the three and nine months ended September 30, 2012 compared to the same periods in the prior year.

This MD&A relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation ("we," "us," "our," "GLG" or the "Company") together with GLG's subsidiaries in the People's Republic of China ("China") and other jurisdictions. 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 International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2012 as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2011. Additional information relating to GLG Life Tech Corporation including GLG's 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities and disclosure of contingent assets or liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following: determining the accrued liabilities, assessing the fair value of property, plant and equipment, biological assets, intangible assets and goodwill, the valuation of future tax assets, revenue recognition, estimate of inventory net realizable value, going concern assumption, expected useful lives of assets subject to amortization and the assumptions used in determining the fair value of stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Forward-Looking Statements

Certain statements in this MD&A constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements evaluating the market, potential demand for stevia 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 the Company has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Company's 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, consumer demand for our products and new orders from our

customers and distributors, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgments in the course of preparing forward-looking statements. Specific reference is made to the risks described herein under the heading "Risks Related to the Company's Business" and "Risks Associated with Doing Business in the People's Republic of China" for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading "Risk Factors" in the Company's Annual Information Form for the financial year ended December 31, 2012. In light of these factors, the forward-looking events discussed in this MD&A 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. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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.

Financial outlook information contained in this MD&A about prospective results of operations, capital expenditures or financial position is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information as of the date hereof. Such financial outlook information should not be used for purposes other than those for which it is disclosed herein.

Overview

We are a leading producer of high quality stevia extract. Stevia extracts, such as Rebaudioside A (or Reb A), are used as all natural, zero-calorie sweeteners in food and beverages. Our revenue is derived primarily through the sale of high-grade stevia extract to the food and beverage industry. We conduct our stevia development, refining, processing and manufacturing operations through our five wholly-owned subsidiaries in China. Our operations in China include four processing factories, stevia growing areas across 10 growing areas, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf and 1,500 metric tons of RA 97 or 2,000 metric tons of BlendSure™.

The Company also has an 80% interest in Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company ("AN0C") formed in 2010. AN0C is focused on the sales and distribution of consumer food and beverage products in China. These consumer products are sweetened with the Company's stevia products and have low or zero calories.

The Company therefore has two reportable segments – Stevia business unit and AN0C Consumer products.

Our revenues were $5.8 million for the three months ended September 30, 2012 compared to $1.7 million for the three months ended September 30, 2011. Our revenues were $13.4 million for the nine months ended September 30, 2012 compared to $24.4 million for the nine months ended September 30, 2011. We had a net loss attributable to the Company of $12.7 million for the three months ended September 30, 2012 compared

to a net loss of $12.4 million for the three months ended September 30, 2011. We had a net loss attributable to the Company of $22.5 million for the nine months ended September 30, 2012 compared to a net loss of $30.7 million for the comparable period in 2011.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are subject to estimates and key judgements about future events, many of which are beyond management's control. A summary of the Company's significant accounting policies is included in Note 4 of the Company's condensed interim consolidated financial statements for the period ended September 30, 2012.

The preparation of financial statements in conformity with generally accepted accounting principles requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to our financial statements.

We believe that our application of accounting policies, and the estimates inherently required therein, are reasonable. Our accounting policies and estimates are periodically re-evaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

Changes in Significant Accounting Policies

The Accounting Standards Board of the Canadian Institute of Chartered Accountants requires all publicly accountable enterprises to report under International Financial Reporting Standards (IFRS) for the years beginning on or after January 1, 2011.

Previously, under National Instrument 52-107 ("NI 52-107") which allowed SEC issuers, defined by NI 52-107 as an issuer that has a class of securities registered under Section 12 of the Exchange Act of 1934 (the "Exchange Act") or is required to file reports under Section 15(d) of the Exchange Act to file with Canadian securities regulators financial statements prepared in accordance with US GAAP. Beginning January 1, 2011, GLG was considered an "SEC issuer" under NI 52-107 and, as a result, the Company prepared its financial statements in accordance with US GAAP.

Subsequently, the Company deregistration under Sections 12(b) and 12(g) of the United States Exchange Act of 1934, as amended (the "Exchange Act"), became effective on or about September 9, 2012, and September 20, 2012, respectively. As of September 2012, the Company's obligation to file reports under Section 15(d) of the Exchange Act was suspended. Since the Company no longer qualified as an SEC Issuer under NI 52-107, it is now required to prepare financial statements in accordance with IFRS.

These interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company's first annual consolidated financial statements under IFRS are presented for the year ended December 31, 2012. The Company adopted IFRS effective January 1, 2012 and accordingly, the Company's date of transition to IFRS and its opening IFRS balance sheet is as at January 1, 2011.

The Company has provided a reconciliation between US GAAP and IFRS in note 26 of its interim consolidated Financial Statements. The influence on the Financial Statements and Methods of adoption are reproduced below, and are discussed in Note 4 and 5 of the interim consolidated financial statements.

FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These are the Company's first condensed interim consolidated financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 2 have been applied in preparing the condensed interim consolidated financial statements for the nine months ended September 30, 2012, the comparative information for the nine months ended September 30, 2011, the consolidated financial statements for the year ended December 31, 2011 and the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2011.

In preparing the opening IFRS consolidated statement of financial position, the Company has assessed potential adjustments to amounts reported previously in financial statements that were prepared in accordance with US GAAP. An explanation of the Company's assessment on the transition from US GAAP to IFRS is set out below. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

(a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;

(b) to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;

(c) to apply the requirements of IFRIC 4, determining whether an arrangement contains a lease, only to periods after on or after January 1, 2006;

(d) to apply the requirements of IAS 23, Borrowing costs, only to instances prospectively from the Transition Date; and

(e) to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the Transition Date including those foreign currency differences which arose on adoption of IFRS.

The Company applied the following mandatory exemption:

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2011 are consistent with its US GAAP estimates for the same date.

Although there is a possibility that the opening statement of financial position may require adjustment before constituting the external statement of financial position as at January 1, 2011 due to factors such as changes in accounting standards to IFRS, including exposure drafts and final determination by management, management has concluded that no significant adjustment is required after such a review.

Non-controlling interests

The Company will apply the following requirements of IFRS 10, Consolidated financial statements, prospectively from the Date of Transition:

(a) total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;
(b) accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and
(c) accounting for a loss of control over a subsidiary, and the related requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Under US GAAP, the Company measured stock-based compensation related to share purchase options at the fair value of the share purchase options granted using the Black-Scholes option pricing formula and recognized this expense over the vesting period of the options. Forfeitures are recognized as they occur.

IFRS 2, similar to US GAAP, requires the Company to measure stock-based compensation related to share purchase options granted to employees at the fair value of the share purchase options on the date of grant and to recognize such expense over the vesting period of the options. However, for share purchase options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured.

Prior to January 1, 2011, the Company used the straight-line method of calculating vested options. The fair value of stock-based awards with graded vesting was calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. Effective January 1, 2011, the Company changed from the straight-line method to the graded-vesting method.

Share-based Payment

Under IFRS, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.

Prior to January 1, 2011, forfeitures of awards were recognized as they occurred. Under IFRS, forfeiture estimates are recognized on the grant date and revised for actual experiences in subsequent periods.

The adjustments were calculated only for unvested share purchase options issued and outstanding as of and after the Transition Date.

Management has determined that the adoption of IFRS has resulted in no significant adjustments to the amounts as reported previously under US GAAP.

Reconciliation from US GAAP to IFRS

The adoption of the IFRS has resulted in changes to the Company's previously reported financial position, although such an adoption has resulted in no significant impact to the Company's previously reported results of operations and cash flow movement. In order to allow the users of the financial statements to better understand about these changes, reconciliations from US GAAP to IFRS of the Company's reported financial positions as at January 1, 2011, September 30, 2011 and December 31, 2011 are presented below.

The US GAAP consolidated statement of financial position at January 1, 2011 has been reconciled to IFRS as follows:

	Note		Previously reported under US GAAP		Change in foreign currency translation		Reclassification of balance sheet items		Restated under IFRS
ASSETS									
Current Assets									
Cash and cash equivalents		$	23,817,215	$	-	$	-	$	23,817,215
Accounts receivable			31,562,296		-		-		31,562,296
Taxes recoverable			6,554,498		-		-		6,554,498
Inventory			63,306,902		-		-		63,306,902
Prepaid expenses			4,461,751		-		-		4,461,751
Total Current Asset			129,702,662		-		-		129,702,662
Property, Plant, and Equipment	b		108,324,184		-		(723,174)		107,601,010
Biological Assets	b		-		-		723,174		723,174
Goodwill			7,736,478		-		-		7,736,478
Intangible Assets			35,643,970		-		-		35,643,970
Total Assets		$	281,407,294	$	-	$	-	$	281,407,294
LIABILITIES AND SHAREHOLDERS' EQUITY									
Current Liabilities									
Short term loans		$	100,131,084	$	-	$	-	$	100,131,084
Accounts payable and accruals			22,006,820		-		-		22,006,820
Interest payable			384,761		-		-		384,761
Due to related parties			99,460		-		-		99,460
Total Current Liabilities			122,622,125		-		-		122,622,125
Due to related parties			6,133,554		-		-		6,133,554
Deferred income tax liability			642,864		-		-		642,864
Total Liabilities			129,398,543		-		-		129,398,543
Shareholders' Equity									
Issued capital			141,423,457		-		-		141,423,457
Additional paid-in capital			16,389,310		-		-		16,389,310
Accumulated other comprehensive income	a		5,676,312		(5,676,312)		-		-
Deficit	a		(11,484,715)		5,676,312		-		(5,808,403)
Total GLG Life Tech Corporation Shareholde			152,004,364		-		-		152,004,364
Non-controlling interests			4,387		-		-		4,387
Total Shareholders' Equity			152,008,751		-		-		152,008,751
Total Liabilities and Shareholders' Equ		$	281,407,294	$	-	$	-	$	281,407,294

a) In accordance with IFRS optional exemptions, the Company elected to transfer the cumulative translation differences, recognized as a separate component of equity, to deficit at the date of transition. In electing to take this IFRS 1 exemption, the Company has reclassified $5,676,312 previously recorded to accumulated other comprehensive loss under US GAAP to deficit as at the date of transition.

b) The Company has reclassified biological assets as defined in IAS41 from property, plant and equipment as reported under US GAAP.

The US GAAP consolidated statement of financial position at December 31, 2011 has been reconciled to IFRS as follows:

	Note	Previously reported under US GAAP	Change in foreign currency translation	Impairment of assets	Reclassification of balance sheet items	Restated under IFRS
ASSETS						
Current Assets						
Cash and cash equivalents		$ 4,486,838	$ -	$ -	$ -	$ 4,486,838
Accounts receivable		7,124,710	-	-	-	7,124,710
Taxes recoverable		8,583,119	-	-	-	8,583,119
Inventory		66,740,868	-	-	-	66,740,868
Prepaid expenses		6,639,713	-	-	-	6,639,713
Total Current Asset		93,575,248	-	-	-	93,575,248
Property, Plant, and Equipment	b	112,255,188	-	(58,448,304)	(696,859)	53,110,025
Biological assets	b	-	-	-	696,859	696,859
Intangible Assets		27,949,699	-	(27,949,699)	-	-
Total Assets		$ 233,780,135	$ -	$ (86,398,003)	-	$ 147,382,132
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Short term loans		$ 70,574,229	$ -	$ -	-	$ 70,574,229
Accounts payable and accrua	c	31,651,426	-	-	825,120	32,476,546
Interest payable		215,554	-	-	-	215,554
Advances from customers	c	825,120	-	-	(825,120)	-
Deferred revenue		109,460	-	-	-	109,460
Total Liabilities		103,375,789	-	-	-	103,375,789
Shareholders' Equity						
Issued capital		189,335,257	-	-	-	189,335,257
Additional paid-in capital		26,429,140	-	-	-	26,429,140
Accumulated other comprehensive income	a	14,462,164	(5,676,312)	-	(217,368)	8,568,484
Deficit	a,d	(101,999,019)	5,676,312	(86,398,003)		(182,720,710)
Total GLG Life Tech Corporation Shareholde		128,227,542	-	(86,398,003)	(217,368)	41,612,171
Non-controlling interests	d	2,176,804	-	-	217,368	2,394,172
Total Shareholders' Equity		130,404,346	-	(86,398,003)	-	44,006,343
Total Liabilities and Shareholders' Equ		$ 233,780,135	$ -	$ (86,398,003)	$ -	$ 147,382,132

a) In accordance with IFRS optional examinations, the Company elected to transfer the cumulative translation differences, recognized as a separate component of equity, to deficit at the date of transition. In electing to take this IFRS 1 exemption, the Company has reclassified $5,676,312 previously recorded to accumulated other comprehensive loss under US GAAP to deficit as at the date of transition.
b) The Company has reclassified biological assets as defined in IAS41 from property, plant and equipment as reported under US GAAP.
c) The Company has reclassified advances from customers as defined in IAS39 from advances from customers as reported under US GAAP.
d) The Company has allocated foreign currency translation to NCI as defined in amendment in IAS 1 from NCI as reported under US GAAP.

The US GAAP consolidated statement of financial position at September 30, 2011 has been reconciled to IFRS as follows:

	Note	Previously reported under US GAAP	Change in foreign currency translation	Reversal of impairment of intangible assets	Reclassification of balance sheet items	Restated under IFRS
ASSETS						
Current Assets						
Cash and cash equivalents		$ 9,417,388	$ -	$ -	$ -	$ 9,417,388
Accounts receivable		15,711,973	-	-	-	15,711,973
Taxes recoverable		7,836,698	-	-	-	7,836,698
Inventory		96,103,510	-	-	-	96,103,510
Prepaid expenses		13,250,536	-	-	-	13,250,536
Total Current Asset		142,320,105	-	-	-	142,320,105
Property, Plant, and Equipment		113,974,779	-		(723,174)	113,251,605
Biological assets		-	-	-	723,174	723,174
Goodwill		-	-	7,736,478		7,736,478
Intangible Assets		28,653,142	-	4,540,000	-	33,193,142
Total Assets		$ 284,948,026	$ -	$ 12,276,478	-	$ 297,224,504
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Short term loans		$ 72,355,824	$ -	$ -	-	$ 72,355,824
Accounts payable and accruals		32,247,122	-	-	608,720	32,855,842
Interest payable		158,419	-	-	-	158,419
Advances from customers		608,720	-	-	(608,720)	-
Deferred revenue		103,880	-	-	-	103,880
Total Liabilities		105,473,965	-	-	-	105,473,965
Shareholders' Equity						
Issued capital		188,934,281	-	-	-	188,934,281
Additional paid-in capital		26,516,270	-	-	-	26,516,270
Accumulated other comprehensive income	a	15,326,554	(5,676,312)	-		9,650,242
Deficit	a	(54,378,011)	5,676,312	12,276,478		(36,425,221)
Total GLG Life Tech Corporation Shareholders' Equity		176,399,094	-	12,276,478	-	188,675,572
Non-controlling interests		3,074,967	-	-		3,074,967
Total Shareholders' Equity		179,474,061	-	12,276,478	-	191,750,539
Total Liabilities and Shareholders' Equity		$ 284,948,026	$ -	$ 12,276,478	$ -	$ 297,224,504

a) In accordance with IFRS optional examinations, the Company elected to transfer the cumulative translation differences, recognized as a separate component of equity, to deficit at the date of transition. In electing to take this IFRS 1 exemption, the Company has reclassified $5,676,312 previously recorded to accumulated other comprehensive loss under US GAAP to deficit as at the date of transition.

Statement of compliance and conversion to International Financial Reporting Standards

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company's first annual consolidated financial statements under IFRS are presented for the year ended December 31, 2012. The Company adopted IFRS effective January 1, 2012 and accordingly, the Company's date of transition to IFRS and its opening IFRS balance sheet is as at January 1, 2011.

The Company's consolidated financial statements have been prepared on a historical costs basis except for biological assets, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting. These consolidated financial statements are presented in Canadian dollars, except when otherwise indicated.

The policies applied in the Company's consolidated financial statements are based on IFRS issued and outstanding as of May 26, 2013, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2012 could result in restatement of these consolidated financial statements, including the transition adjustments recognized on changeover to IFRS.

Basis of consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries, after eliminating intercompany balances and transactions.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with these subsidiaries, and has the ability to use its power to affect the amount of these returns.

The Company has early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities on January 1, 2012. By applying IFRS 10, the Company has no change in the entities to be included in the Consolidated Financial Statements. The Company does not have any joint arrangements as defined by IFRS 11, and hence, is not affected by the application of this standard.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the consideration transferred, measured at the acquisition date at fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date. Acquisition costs are expensed in the period that they are incurred.

Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. The Company has determined that none of its subsidiaries operates in a hyper inflationary economic environment. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21. For the analysis of the parent entity, the primary determining factors regarding revenue and labour, material and other costs were inconclusive. As a result, the secondary factors were considered. The secondary factors indicated that CAD will be the primary currency in the future for financing activities. Therefore, the functional currency for GLG Canada is CAD. The reporting currency for the Company is CAD.

Foreign currency transactions are translated into the functional currency of the respective currency of the entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates as at the date when fair value was determined.

The results and financial position of all the consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: (i) assets and liabilities for each balance sheet presented are translated at the rate of exchange in effect as at the balance sheet date; (ii) income and expense items for each statement of operations are translated at the average rates of exchange in effect during the reporting period; and (iii) all resulting exchange differences are recognized in accumulated other comprehensive income.

Basis of consolidation

These consolidated financial statements include the following:

Entity	Ownership	Domicile	Functional Currency
GLG Life Tech Corporation	Parent	Canada	CAD
Agricultural High Tech Developments Limited	100%	Marshall Islands	CAD
Anhui Bengbu HN Stevia High Tech Development Company Limited	100%	China	RMB
Chuzhou Runhai Stevia High Tech Company Limited	100%	China	RMB
Dongtai Runyang Stevia High Tech Company Limited	100%	China	RMB
Qingdao Runde Biotechnology Company Limited	100%	China	RMB
Qingdao Runhao Stevia High Tech Company Limited	100%	China	RMB
GLG Life Tech US, Inc.	100%	USA	USD
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company	80%	Hong Kong, China	USD
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods (Anhui) Limited	80%	China	RMB
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods (Shanghai) Limited	80%	China	RMB
Dr. Zhang's All Natural and Zero Calorie Stevia Solution Company Ltd.	80%	Hong Kong, China	RMB
GLG Weider Sweet Naturals Corporation	55%	Canada	USD

Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with these subsidiaries, and has the ability to use its power to affect the amount of these

returns.

The Company has early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities on January 1, 2012. By applying IFRS 10, the Company has no change in the entities to be included in the Consolidated Financial Statements. The Company does not have any joint arrangements as defined by IFRS 11, and hence, is not affected by the application of this standard.

All intercompany transactions and balances are eliminated on consolidation.

Financial instruments

Fair Value measurement

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial assets

The Company determines the classification of its financial assets at initial recognition, depending on the nature and purpose of the financial asset. All financial assets, except financial assets at fair value through profit or loss (‘FVTPL”), are recognized initially at fair value plus directly attributable transaction costs. The Company has not designated any of its financial assets as FVTPL. A financial asset is derecognized when the rights to receive cash flows from the asset have expired.

The Company’s financial assets include cash and cash equivalents, accounts receivable and sales tax recoverable. The Company classifies these financial assets as “loans and receivables”. The carrying value of these instruments approximates their fair value due to their immediate or short term to maturity, or their ability for liquidation at comparable amounts.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

The effective interest method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial asset/liability to its fair value.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition, depending on the nature and purpose of the financial liability. All financial liabilities, except financial liabilities at FVTPL, are recognized initially at fair value plus directly attributable transaction costs. The Company has not designated any of its financial liabilities as FVTPL. A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

The Company's financial liabilities include short term loans, accounts payables and accruals, interest payables and amounts due to related parties. The Company classifies these financial liabilities as "Other financial liabilities". The carrying value of financial liabilities approximates their fair value due to their immediate or short term to maturity.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Impairment

Financial assets

Financial assets, other than 'FVTPL', are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Goodwill and indefinite-life intangibles

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at December 31) and when events or changes in circumstances indicate that the carrying value may be impaired, the recoverable amount of each cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The

Company's cash generating units are consistent with its reporting segments, Stevia and Consumer Products (AN0C). Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-financial assets with finite useful lives

For non-financial assets, such as property, plant and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of FVLCS and VIU. FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits held with banks readily convertible into cash and purchased with original maturities of three months or less.

Accounts receivable and concentration of credit risks

Trade and other receivables are stated at amortized cost less any impairment. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on historical write-off experience and customer economic data.

When all or part of a trade receivable is known to be uncollectible, the trade receivable and related allowance are written off. Amounts subsequently recovered from trade receivables previously considered uncollectible and written off are recorded in profit or loss as an expense recovery in the period that the cash is collected.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales and has a high concentration of credit risk as the accounts receivable are made up of a small number of customers. It is the Company's policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness. A review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer. The executive management determines concentrations of credit risk frequently by monitoring the creditworthiness rating of existing customers and

through a review of the trade receivables' ageing analysis. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made only with payment in advance. However, based on current facts and circumstances, the Company believes that it does not require collateral to support the carrying value of the accounts receivable.

Inventory

Raw materials, work-in-progress and finished goods are measured at the lower of cost, determined on a weighted average basis and net realizable value.

The cost of raw materials comprises the purchase price, applicable taxes and other costs incurred in bringing inventory to their present location and condition. The cost of finished goods includes cost of materials and cost of conversion. The cost of conversion includes costs directly related to the units of production, such as direct labour, and fixed and variable production overheads, based on normal operating capacity.

The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale.

The amount of any impairment of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any impairment of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Property, plant and equipment

Recognition and measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Land use rights have been accounted for as an asset in the consolidated financial statements. However, all lands in China are owned by the Chinese government (the “Government”). In accordance with the terms as established by Chinese law, the Government may sell the right to use the land for a specific period of time. If in the public interest there is a need to re-develop the land, the Government may revoke the right at any time. The purpose of the land use is restricted. In the event that the land is used for purposes outside the scope of the purpose for which they were granted, the Government could revoke such rights. Land use rights are recorded at cost less accumulated amortization and are amortized over 50 years.

Subsequent costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Subsequent costs other maintenance and repairs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The capitalization rate for the year ended December 31, 2011 was 3.78%.

Gains and losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profits or loss.

Amortization

Amortization is calculated using the straight line method over the estimated useful lives of the assets as follows:

Ion exchange resin equipment - 15 years
Buildings - 20 years
Manufacturing equipment - 10 years
Motor vehicles, computer equipment, computer software, furniture and fixtures – 5 years

Amortization is provided over the term of the lease on leasehold and land use rights. Depreciation is not provided for construction in progress until the assets are ready for use. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Capitalization of interest

Interest on long term debt associated with the construction of long term assets is capitalized into property, plant and equipment, where the borrowing cost is attributable to the acquisition, construction or production of a qualifying asset until the facilities are substantially completed.

For funds borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization would be the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

For non-specific funds borrowed and being used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization would be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalizes during a period shall not exceed the amount of borrowing costs it incurred during that period.

Biological assets

The biological assets of the Company are bearer biological assets consisting of mother and father stevia plants that are cultivated and developed for their active ingredient (steviol glycosides) content in their leaves. Expenditures incurred in planting and developing stevia seedlings up to maturity are recognized directly in the profit or loss. Biological assets are stated at fair value less any accumulated impairment losses. Fair value is determined by net present value of future cash flows generated by the related assets. Any gain or loss on fair value adjustment is recognized in profit or loss. Upon disposal or retirement of biological assets, the differences between the disposal proceeds and the carrying value of such biological assets are recognized in profit or loss accordingly.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss. Customer relationships are amortized over a 10 year period. Patents and technology are amortized on a straight-line basis over the expected useful lives of 4.5 to 20 years.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Revenue recognition

Revenue from all product sales of the Company is recognized when products are shipped to customers and ownership is transferred to customers, when the price is fixed or determinable and when the ultimate collection is reasonably assured. Customer prepayments are recorded as advances from customers and revenue is not recognized until the shipment of goods occurs. Shipping and handling costs related to product sales are included in cost of sales.

Share-based payments

The Company grants stock options and restricted shares to employees, directors, and consultants pursuant to the Stock Option and Restricted Share Plan. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility and expected life of the option. The Company estimates forfeitures at the grant date and revises the estimate as necessary if subsequent information indicates that actual forfeitures differ significantly from the original estimate. Changes in these assumptions can materially affect the fair value estimate.

Comprehensive income

Comprehensive income is comprised of net earnings for the period and other comprehensive income. Included in accumulated other comprehensive income are foreign exchange amounts resulting from the translation of certain subsidiaries' functional currency to the Company's presentation currency.

Earnings per share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the period.

Diluted net earnings per share is computed similar to basic net earnings per shares, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants at the beginning of the reporting period, if dilutive. The number of additional shares is calculated assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to repurchase common shares at the average market price during the reporting period. Stock options and warrants are dilutive when the market price of the common shares at the end of the period exceeds the exercise price of the options and warrants and when the Company generates net earnings.

Income taxes

Deferred taxes result from differences between the financial statement and tax bases of our assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

The Company is subject to income taxes in Canada and in other foreign jurisdictions. The calculation of our tax provision involves the application of complex tax laws and requires significant judgment and estimates. The deferred tax asset for each jurisdiction at each reporting date will be assessed for the possibility if the asset can

be realized. The ultimate realization of deferred tax asset is dependent upon the generation of future taxable income of the same character and in the same jurisdiction. All available positive and negative evidence in making this assessment, including, but not limited to, the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies will be considered. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

The Company accounts for income taxes under the asset and liability method which includes the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this approach, deferred taxes are recorded for the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year.

Change in accounting policies

The Company has early adopted the Annual Improvements to IFRSs 2009-2011 Cycle of IAS1 Presentation of Financial Statements. The amendments to IAS 1 clarifies the requirements for comparative information when entities apply accounting policies retrospectively, makes a retrospective restatement of items in the financial statements, or when items are reclassified in its financial statements. The amendments are effective for annual periods beginning on or after January 1, 2013 but can be applied earlier.

The Company has early adopted IFRS 10, which replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require that management exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The adoption of IFRS 10 did not change entities consolidated as required under IAS 27.

The Company has early adopted IFRS 11, which replaces the guidance in IAS 31, Interests in Joint Ventures, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The adoption of IFRS 11 did not change entities consolidated as required under IAS 31.

The Company has early adopted IFRS 12, which includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are not yet effective as of December 31, 2012 and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company

may have been excluded from the list below.

IFRS 13, Fair-value measurement

IFRS 13, Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and is currently evaluating the potential impact of the adoption of IFRS 13.

IFRS 9, Financial instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 28, Investments in Associates and Joint Ventures

In May 2011, the IASB amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). This amendment requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires it to continue to be accounted for under the equity method. The amendment also disallows the re-measurement of any retained interest in an investment upon the cessation of significant influence or joint control. This amended standard is effective for our interim and annual consolidated financial statements commencing January 1, 2013. Management is assessing the impact of this amended standard on our consolidated financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the

Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Determination of Stevia Cash Generating Unit (CGU)

The stevia operation is set up as an integrated supply chain whereby each subsidiary specializes in part of the supply chain. The stevia operations include: an agricultural unit, primary processing plants, secondary processing plants, and corporate and sales and marketing offices in North America.

Centralized production planning that takes place across the entire supply chain. It starts with the worldwide sales forecast of the stevia products for secondary processing plants, which then translates into production forecasts for secondary processing plants. The production forecasts for secondary processing plants then define how much products will be required from the primary processing plants.

The design of the integrated supply chain makes the cash flows for each component of the supply not sufficiently independent of all the components in order to break down the cash flows any lower than the stevia business level. Therefore, management has treated the four stevia processing plants, the agricultural unit as well as the North American offices are included as a single CGU (Stevia CGU). The carrying amount of the Stevia CGU is $114,198,600.

Determination of AN0C Cash Generating Unit (CGU)

The consumer products operations include: an entity in Hong Kong, China that focuses on marketing of the consumer products in China, two entities in China that focus on sales and marketing of the consumer products in China, and an entity in China that focus on the development of sweetener solutions around stevia and other sweeteners.

There are no production facilities for the AN0C business units and all production of its products is contracted out. Cash flow from external parties are generated from the two sales and marketing subsidiaries in China, and there are no cash flow from external parties generated from the other two entities. Sales and production planning is done on the level of the entire operations and not on the level of individual entity. Furthermore, the nature of products and their markets are very different from the stevia operations. Therefore, management has treated the four entities in the consumer products operation as a single CGU (AN0C CGU) and is a separate CGU from the Stevia CGU. The carrying amount of the AN0C CGU is $6,241,766.

Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each its CGU's using a VIU calculation based on a discounted cash flow analysis. Significant judgements are inherent in this analysis including estimating the amount and timing of the cash flows, the selection of an appropriate discount rate, and the identification of appropriate terminal growth rate assumptions. The future cash flows are based on the Company's estimates of future operating results, economic conditions and the competitive environment. The terminal value is estimated using a long term growth rate assumption with consideration to the expected long-term growth of the market in which the Company operates based on independent sources. The discount rates used in the analysis are based on the Company's weighted average cost of capital. In arriving at the

weighted average cost of capital general market, industry and company specific risk, which included an assessment of the risk inherent in the projected cash flows, were considered in determining the cost of equity. The key assumptions used to determine the recoverable amounts, including a sensitivity analysis, are included in Note 12 of the financial statements.

Uncertainty estimation

Inventories

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

Income Tax Estimates

We provide for income taxes based on currently available information in each of the jurisdictions in which we operate. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. Our tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

Market forecasts

Assumptions in determining the recoverable amount of the Stevia CGU include market forecasts and the Company's market share. The Company's market forecast was derived by establishing the size of the sugar market in the core geographical markets, estimating the market for high intensity sweeteners ("HIS") in the same markets and thereafter assuming the percentage of the HIS market that stevia would be able to capture.

Key assumptions used to determine the recoverable amounts for Stevia CGU in 2012 include forecast market share estimates was 4.7% to 9.1%, forecast leaf costs per kilogram were $2.16 - $ 2.53.

Corporate Developments

On March 30, 2012 the Company announced the delay in the filing of its annual financial statements, its management discussion and analysis relating to its annual financial statements, its Annual Information Form (and related Form 40-F in the United States) and the CEO and CFO certifications (collectively, the "Required Documents") for the period ended December 31, 2011, beyond the prescribed deadline of March 30, 2012.

The Company worked to obtain further audit evidence, primarily from third parties, required by its auditor PricewaterhouseCoopers LLP ("PwC") in order to complete the audit. The Company's management, together with its audit committee continued to cooperate with its auditors to provide the information and expected that the Required Documents would be filed on or before April 30, 2012. There were no insolvency proceedings and there is no other material information concerning the affairs of the Company that has not been generally disclosed.

The Company applied to the applicable Canadian securities regulatory authorities for a management cease trade order ("MCTO") which was granted on April 10, 2012. A general cease trade order ("CTO") against the Company for failure to file the Required Documents within the prescribed time period was imposed on May 3, 2012. The Company's shares were halted from trading on the TSX and the Nasdaq Stock Market ("Nasdaq").
On April 30, 2012 the Company announced that PWC had required that the Company's Audit Committee engage a third-party audit firm in order to assist with third party audit evidence in order to properly conclude on certain third party transactions. The Company's Audit Committee duly engaged KPMG LLP in order to assist in the process.

The Company also announced on April 30, 2012 that it had arranged an interim unsecured credit facility from its Chairman and Chief Executive Officer, Dr. Luke Zhang, in an amount of up to US$6.5 million to be advanced to the Company and its subsidiaries in China. The facility is for a three-year term and will bear interest at a rate ranging from 13% to 14.5% per annum. The Company intended to use the proceeds from the facility for general working capital purposes.

In connection with the Facility, the Company also granted an aggregate of 650,000 warrants to purchase common shares of the Company at an exercise price of $3.50 per common share for a period of three years. The grant of the warrants was subject to the approval of the Toronto Stock Exchange.

On May 2, 2012, the British Columbia Securities Commission ("BCSC") imposed a Cease Trade Order ("CTO") on the Company's shares for failure to file its annual financial statements, its management discussion and analysis relating to its annual financial statements, its Annual Information and the CEO and CFO certifications (collectively, the "Required Documents") for the period ended December 31, 2011, beyond the prescribed deadline of March 30, 2012. On May 3, 2012, the Investment Industry Regulatory Organization of Canada (IIROC) imposed a temporary suspension of trading in the shares of the Company.

On May 3, 2012 the Company received a notice from Nasdaq regarding noncompliance with Nasdaq Listing Rule 5250(c)(1) as a result of not timely filing its Form 40-F for the period ending December 31, 2011. Under Nasdaq Rules, the Company had until May 18, 2012 to submit a plan to regain compliance.

On May 31, 2012 the Company announced that its former auditor, PricewaterhouseCoopers LLP ("PwC") resigned effective May 22, 2012, at the request of the Company. Thomson Penner & Lo LLP ("TPL") was appointed as the successor auditor. In accordance with National Instrument 51-102, the Company filed the Change of Auditor Notice on SEDAR, together with letters from PwC and TPL, each confirming that it is in

agreement with the statements contained in the notice, as applicable. TPL was the Company's previous auditor from 2005 to 2008.

PwC had not expressed any audit opinion in relation to the Company's most recently completed fiscal year, nor any subsequent periods. A description of the "reportable event" in connection with PwC's resignation was set out in the notice of change of auditor and PwC resignation letter and is available on Nasdaq. PwC had required an independent investigation from another large international accounting firm with respect to confirmation of third party information in connection with its audit opinion. The Company assessed the costs, delays, and uncertainties associated with the process proposed by PwC (which included the engagement of KPMG) and determined that it was more likely to obtain a complete audit in a reasonable time and at a cost that it could afford if the Company appointed its previous auditor. The engagement of KPMG was terminated.

The Company also announced its intention to delist its shares from the Nasdaq Global Select Market as soon as practicable. The Company's shares of common stock continue to be listed on the Toronto Stock Exchange. Following its delisting from Nasdaq, the Company intended to voluntarily terminate its public reporting obligations under the U.S. Securities Exchange Act as soon as possible.

The Company determined that the costs of maintaining GLG's listing and registration in the U.S. and complying with SEC reporting and other applicable U.S. obligations, including the provisions of the Sarbanes-Oxley Act of 2002, outweighed the benefits of continuing such listing and registration of the Company's shares. Also, in light of the Company's change in its independent auditor, the Company did not anticipate that it would be able to regain compliance with the Nasdaq rules within the time periods prescribed by Nasdaq. On June 21, 2012, the Company reported that it was working with TPL on the completion and filing of its 2011 audited financials.

On August 31, 2012, the Company was served with proposed class action law suits filed in the Supreme Court of British Columbia and in the Ontario Superior Court of Justice. The Company is awaiting the completion of service and the appointment of a case management judge which is likely to take several months. For further information about the lawsuit, please view the Company's Annual Information Form on SEDAR.

In September 2012, the BCSC commenced a Continuous Disclosure Review of the Company's 2011 and 2012 filings.

On October 5, 2012, the BCSC granted a partial revocation of the Cease Trade Order to complete a loan to the Company from Dr. Luke Zhang (CEO of the Company) in the amount of US$1,000,000 with an interest rate of 14.37% per annum payable semi-annually and with a maturity date of three years, and allow the Company to issue Dr. Zhang 100,000 warrants entitling the holder to purchase 100,000 common shares for $2.50 per share for a period of two years. The transaction is subject to approval by the TSX.

On November 14, 2012 the Company filed its third quarter statements under US GAAP, as had been its practice. It announced that due to de-registration from the SEC reporting obligations, it would re-file its third quarter statements under IFRS as soon as possible.

On December 20, 2012 the Company refiled its third quarter statements under IFRS. As of the date of this MD&A, the British Columbia Securities Commission continues its review of the Company's Continuous Disclosure Obligations that commenced on September 4, 2012. The Company continues to cooperate fully and in a timely nature with the BCSC's requests for information.

On April 2, 2013, the Company announced that it would delay the filing of its annual financial statements, its management discussion and analysis relating to its annual financial statements, its Annual Information Form and the CEO and CFO certifications (collectively, the "Required Documents") for the period ended December 31, 2012, beyond the prescribed deadline of April 2, 2013. The Company was working to obtain further audit evidence, primarily from third parties, required by its auditors in order to complete the audit as soon as possible. The Company expects that the Required Documents will be filed on or before May 31, 2013.

On May 15, 2013, the Company announced the development of a strategic collaboration with China National Cereals, Oils, and Foodstuff Corporation ("COFCO") for the Chinese market. The collaboration between the two companies will focus on three areas: (1) healthier food and beverage products, (2) technology & (3) investments. GLG expects that an official Letter of Intent will be signed in the coming weeks between the two companies that will detail the three areas of collaboration.

On May 21, 2013- the company provided an update on the review by the regulatory authorities. The Company expected that it was nearing completion of the Continuous Disclosure Review by the BCSC and that it will be able to file its year-end financial reports including its annual audited Financial Statements, Management Discussion and Analysis, Annual Information Form, and CEO and CFO Certifications for the period ending December 31, 2012 shortly. The main reasons for the delay in filing were due to third party valuation reports required to support its transition from US GAAP to IFRS and in particular to look at tangible and intangible assets impairment testing and to meet the BCSC's information request as part of the Continuous Disclosure review. The Company also intends to re-file its financial statements for the nine month period ended September 30, 2012 and related MD&A to correct an error associated with its IFRS impairment testing.

SALES DEVELOPMENTS

On April 30, 2012, the Company announced that it had entered sales contracts relating to its stevia products approaching USD$7 million in the past few weeks and continued to focus on making progress on improving its stevia sales.

On June 21, 2012, the Company provided a presentation updating its sales efforts, focused on the strategy of selling directly through distributors and flavour houses. Notable sales successes included global tabletop sweetener, food service, dairy, and pharmaceutical companies, and regional ready to drink ("RTD") beverage, sweetener, water, consumer packaged goods and ice cream companies. The Company also engaged in selling to other stevia extract providers. New products launched by GLG customers included: flavoured water, fruit

fillings, stevia-sweetened beverages, powdered blends, power bars, tabletop applications and flavoured milks. A copy of the presentation was posted on the Company's website at www.glglifetech.com .

On June 21, 2012 the Company provided an update on AN0C Consumer Products subsidiary. The key consumer target markets for RTD beverages were focused on 40 years or older, high net worth individuals who value their health, and students (especially university) focusing on the younger female. AN0C had limited funds available in 2012 and operated under a restricted budget, and remains open to possible marketing or strategic opportunities. A copy of the presentation was posted on the Company's website at www.glglifetech.com .

Also on June 21, 2012, the Company provided an update on AN0C Stevia Solutions, its subsidiary focussed on providing product formulation expertise with stevia extracts to customers and potential customers. AN0C Stevia Solutions was developing products for six large food and beverage companies in China, with additional customers in the final stages of negotiation. Products include beverages, snack foods, spices and pharmaceuticals. A copy of the presentation was posted on the Company's website at www.glglifetech.com .
On December 3, 2012 the Company announced that Health Canada had approved stevia for use as a food additive.

On December 14, 2012 the Company announced a new distribution agreement with Orkila Holding SAL for distribution of stevia products in the Middle East and Africa.

On December 17, 2012 the Company announced a new distribution agreement with KP Manish for distribution of stevia products in India.

On January 29, 2013, the Company announced a new distribution agreement with Crest Chemicals (Pty) Ltd. for distribution of stevia products in South Africa.

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for 2011 and the condensed interim consolidated financial statements for the three and nine month period ended September 30, 2012.

In thousands Canadian $, except per share amounts	3 Months Ended Sep 30		% Change	9 Months Ended Sept 30		% Change
	2012	2011		2012	2011	
Revenue	$5,778	$1,740	232%	$13,432	$24,367	(45%)
Cost of Sales	$8,146	$4,833	69%	$17,020	$23,217	(27%)
% of Revenue	141%	278%	(137%)	127%	95%	31%
Gross Profit (Loss)	($2,368)	($3,093)	(23%)	($3,588)	$1,150	(412%)
% of Revenue	(41%)	(178%)	137%	(27%)	5%	(31%)
Expenses	$2,768	$10,756	(74%)	$9,150	$31,208	(71%)
% of Revenue	48%	618%	(570%)	68%	128%	(60%)
Loss from Operations	($5,136)	($13,849)	(63%)	($12,738)	($30,058)	(58%)
% of Revenue	(89%)	(796%)	707%	(95%)	(123%)	29%
Other Expenses	($7,881)	($638)	1135%	($10,289)	($3,974)	159%
% of Revenue	(136%)	(37%)	(100%)	(77%)	(16%)	(60%)
Net Loss before Income Taxes and Non-Controlling Interests	($13,017)	($14,487)	(10%)	($23,027)	($34,032)	(32%)
% of Revenue	(225%)	(833%)	607%	(171%)	(140%)	(32%)
Net Loss after Income Taxes and Non-Controlling Interests	($12,722)	($12,438)	2%	($22,514)	($30,704)	(27%)
Loss per share (Basic & Diluted)	($0.39)	($0.38)	3%	($0.68)	($0.96)	(30%)
Total Comprehensive Loss	($14,341)	($939)	1427%	($25,914)	($21,054)	23%
% of Revenue	(248%)	(54%)	(194%)	(193%)	(86%)	(107%)
Asset Impairment Losses	$5,168	$0	0%	$5,274	$0	0%
% of Revenue	89%	0%	0%	39%	0%	0%
Consolidated Depreciation & Amortization	$840	$2,714	(69%)	$1,622	$7,142	(77%)
% of Revenue	15%	156%	(141%)	12%	29%	(17%)
Stock based Compensation	$253	$764	(67%)	$1,406	$2,386	(41%)
% of Revenue	4%	44%	(40%)	10%	10%	1%

In thousands Canadian $	3 months Ended Sept 30 2012		3 months Ended Sept 30 2011			9 months Ended Sept 30 2012		9 months Ended Sept 30 2011	
	Stevia Business	ANOC Consumer Products Business	Stevia Business	ANOC Consumer Products Business		Stevia Business	ANOC Consumer Products Business	Stevia Business	ANOC Consumer Products Business
Revenue	$5,653	$125	$722	$1,018		$12,978	$454	$16,961	$7,406
Cost of Sales	$8,001	$145	$3,891	$942		$16,470	$550	$10,566	$6,454
Gross Profit (loss)	($2,348)	($20)	($3,169)	$76		($3,492)	($96)	$6,395	$952
Gross Profit %	-42%	-16%	-439%	7%		-27%	-21%	38%	13%
G&A (cash)	$1,737	$566	$1,487	$8,290		$295	$239	$6,979	$19,873

Revenue

Revenue for the three months ended September 30, 2012 which was derived from stevia sales and the sale of consumer beverage products was $5.8 million, an increase of 232% compared to $1.7 million in revenue for the same period last year. The total revenue was composed of $5.7 million for stevia sales and $0.1 million for consumer products sales.

Revenue for the nine months ended September 30, 2012 was $13.4 million a decrease of 45% compared to $24.4 million for the same period in 2011. The total revenue was composed of $13.0 million for stevia sales

and $0.4 million for consumer products sales.

Approximately 10% of sales for the three month period are derived from sales denominated in US dollars and 90% are derived from sales denominated in RMB. As at September 30, 2012, 100% of the Company's sales are in foreign currencies and translated into Canadian dollars for financial reporting purposes.

Stevia Business

Stevia sales of $5.7 million for the three months ended September 30, 2012 were up by 714% compared to the stevia sales of $0.7 million in the prior period. This 714% increase in sales comparing the third quarter in 2012 to the third quarter in 2011 was driven mainly by higher volumes of products sold compared to the prior year. Prices were approximately 30 to 50% lower during the nine months ended September 30, 2012 compared to the levels in the previous period. The Company introduced its new stevia extract pricing plan at the end of 2011 reflecting its new cost structure based on the H3 stevia leaf strain. During the third quarter the Company also sold a large volume of its lower purity products (Total Steviol Glycoside content < 95%) at a price significantly lower than the list price. These products were not sold in the prior period since the Company historically reprocessed these materials into higher purity products. These new product sales during the third quarter reflect an expansion of the Company's customer base in Asia as it has not been a customer segment that it had previously targeted.

Stevia sales of $13.0 million for the nine months ended September 30, 2012 were down by 24% compared to the stevia sales of $17.0 million in the prior period. This 23% decrease in sales comparing the third quarter in 2012 to the third quarter in 2011 was driven mainly by lower pricing for stevia extracts. Prices were approximately 30 to 50% lower during the nine months ended September 30, 2012 compared to the levels in the previous period. The Company introduced its new stevia extract pricing plan at the end of 2011 reflecting its new cost structure based on the H3 stevia leaf strain. During the third quarter the Company also sold a large volume of its lower purity products (Total Steviol Glycoside content < 95%) at a price significantly lower than the list price. These products were not sold in the prior period since the Company historically reprocessed these materials into higher purity products. These new product sales during the third quarter reflect an expansion of the Company's customer base in Asia as it has not been a customer segment that it had previously targeted.

AN0C Consumer Products Business

The Company's consumer products business had sales of $0.1 million in the third quarter of 2012 compared to $1.0 million in the comparative period. This represents a 90% decrease compared to the sales in the previous period. The Company had limited financial resources for marketing and promotion available in the third quarter to support advertising and promotions and the result of a lower advertising and marketing promotions spend is reflected in the lower sales in the period. The Company now has limited its products offering to the following product SKU's: Ready to Drink Green and Jasmine Tea (zero calorie); Zero Calorie Tabletop products; Zero Calorie Flavoured Vitamin Enriched Waters (3 Flavours); and Reduced Calorie Functional Health drinks sweetened with stevia.

The Company's consumer products business had sales of $0.5 million for the nine months ended September

30, 2012 compared to $7.4 million in the comparative period in 2011. This represents a 94% decrease compared to the sales in the previous period. The Company had limited financial resources for marketing and promotion available for the nine month period ended September 30, 2012 compared to the same period in 2011 to support advertising and promotions and the result of a lower advertising and marketing promotions spend is reflected in the lower sales in the period. The Company now has limited its products offering to the following product SKU's: Ready to Drink Green and Jasmine Tea (zero calorie); Zero Calorie Tabletop products; Zero Calorie Flavoured Vitamin Enriched Waters (3 Flavours); and Reduced Calorie Functional Health drinks sweetened with stevia.

Cost of Sales

Cost of sales for the three months ended September 30, 2012 was $8.1 million compared to $4.8 million for the same period last year or an increase of 69%. Cost of sales as a percentage of revenues was 141% compared to 278% in the prior period, a decrease of 137% percentage points. This was composed of $8.0 million for the stevia business and $0.1 million for the consumer products business. Cost of sales as a percentage of revenue declined in the third quarter of 2012 (141%) compared to the same period in 2011 (278%) as the depreciation charges as a percentage of costs of sales have reduced in 2012 compared to in the same period of 2011 due to the impairment charges against PP&E realized at the end of 2011. The cost of sales for the stevia business was however significantly impacted by the capacity charges to the cost of goods sold. These charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the third quarter and capacity and other fixed charges of approximately $0.8 million were included in the cost of sales which under periods of normal production capacity would have flowed to inventory.

Cost of sales for the nine months ended September 30, 2012 was $17.0 million compared to $23.2 million for the same period in 2011 and a decrease of 27%. This was composed of $16.4 million for the stevia business and $0.6 million for the consumer products business. The cost of sales for the stevia business for the 9 months ended September 30, 2012 was significantly impacted by the capacity charges to the cost of goods sold. These charges ordinarily would flow to inventory; however, only two of GLG's manufacturing facilities were operating during the nine months and capacity charges of approximately $2.3 million were incurred in the cost of sales.

Stevia Business

For the three months ended September 30, 2012 the cost of sales related to the stevia business was $8.0 million compared to $3.9 million in cost of sales for the same period last year ($4.1 million or 105% increase) which was driven mainly to the higher volume of stevia products sold in the third quarter of 2012 compared to the volume sold in the comparable period. Cost of sales for stevia as a percentage of revenues was 142% compared to 539% in the prior period, a decrease of 397 percentage points. The cost of goods sold for the stevia business was also significantly impacted by two factors during the quarter: (1) the capacity charges to the cost of goods sold and (2) material volumes of two stevia product SKU's sold significantly below list prices. Capacity related charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the third quarter and capacity and other fixed charges of approximately $0.8 million were charged to cost of sales. As mentioned in the stevia sales section, the Company sold significant volumes of two stevia extract products to customers in Asia below list price driving a gross loss on sales. This amount equated to approximately $1.6 million for the quarter. The Company has taken a further write-down during the third quarter on the remaining inventories of these product categories of $4.8 million based on the sales transactions made during the third quarter (see other expense section for further details).

For the nine months ended September 30, 2012 the cost of sales related to the stevia business was $16.5 million compared to $10.6 million in cost of sales for the same period last year ($5.9 million or 56% increase) which was driven mainly to the higher volume of stevia products sold in the third quarter of 2012 compared to the volume sold in the comparable period. Cost of sales for stevia as a percentage of revenues was 127% compared to 62% in the prior period, an increase of 65 percentage points. The cost of goods sold for the stevia business was also significantly impacted by two factors during the quarter: (1) the capacity charges to the cost of goods sold and (2) material volumes of two stevia product SKU's sold significantly below list prices. Capacity related charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the third quarter and capacity and other fixed charges of approximately $2.3 million were charged to cost of sales. As mentioned in the stevia sales section, the Company sold significant volumes of two stevia extract products to customers in Asia below list price driving a gross loss on sales during the third quarter of 2012. This amount equated to approximately $1.6 million for the third quarter.

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

1. Capacity utilization of stevia manufacturing plants;
2. The price paid for stevia leaf and the stevia leaf quality, which is impacted by crop quality for a particular year/period and the price per kilogram for which the extract is sold. These are the most important factors that will impact the gross profit of GLG's stevia business;
3. salaries and wages of manufacturing labour;
4. Other factors which also impact stevia cost of sales to a lesser degree include:
    - Water and power consumption;
    - Manufacturing overhead used in the production of stevia extract, including supplies, power and water;
    - Net VAT paid on export sales;
    - Exchange rate changes;
    - Depreciation and capacity utilization of the stevia extract processing plants; and
    - Depreciation of intangible assets related to intellectual property.

GLG's stevia business is affected by seasonality. The harvest of the stevia leaves typically occurs starting at the end of the July and continues through the fall of each year. GLG's operations in China are also impacted by Chinese New Year celebrations during the month of January or February each year, during which many businesses close down operations for approximately two weeks. GLG's production year runs October 1 through September 30 each year.

AN0C Consumer Products Business

For the three months ended September 30, 2012, cost of sales related to the consumer products business was $0.1 million compared to $0.9 million for the prior period. The reduction in AN0C cost of sales for the quarter was related to the same reasons described in the revenue section for AN0C. AN0C Consumer product costs of goods sold includes costs associated with bottling the beverage products, supplies and ingredients used to manufacture the beverages, and shipping the products to the different distribution channels.

For the nine months ended September 30, 2012, cost of sales related to the consumer products business was $0.6 million compared to $6.5 million for the prior period. Nine month cost of sales for AN0C was down 91% due to lower sales during the 9 months period for 2012 compared to the same period in 2011. AN0C Consumer product costs of goods sold includes costs associated with bottling the beverage products, supplies and ingredients used to manufacture the beverages, and shipping the products to the different distribution channels.

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

- The price paid for OEM manufacturing and bottling
- Material costs (bottles, caps, labels)
- Ingredient costs
- Shipping costs

Gross Profit (Loss)

Gross loss for the three months ended September 30, 2012 was $2.4 million, a decrease of 23% over $3.1 million in gross loss for the comparable period in 2011. The gross profit margin for the three months period ended September 30, 2012 for the Company as a whole was a negative 41% compared to a negative 178% for the three months ended September 30, 2011 or an improvement of 137 percentage points from the previous year. On a disaggregated basis stevia products had a gross loss of negative 42% and the consumer products had a gross loss of 16%. The gross loss in stevia products was significantly impacted by the capacity charges to the cost of goods sold as well as material sales of two products sold significantly below list prices during the quarter ($1.6 million gross loss). These capacity charges ordinarily would ordinarily flow to inventory; however, only one of GLG's manufacturing facilities was operating during the quarter and capacity and other fixed charges of approximately $0.8 million were incurred. The gross loss was positively impacted in the third quarter of 2012 by reduced amortization charges to cost of sales due to impairment losses on both tangible and intangible assets realized at the end of 2011.

Gross loss for the nine months ended September 30, 2012 was $3.6 million compared to a gross margin of $1.2 million for the comparable period in 2011. The gross profit margin decreased to negative 27% for the nine months ended September 30, 2012 from a positive 5% for the comparable period in 2011. On a disaggregated basis, stevia products had a gross margin of negative 27% and the consumer products had a gross margin of negative 21%. The gross loss was significantly impacted by the capacity charges to the cost of goods sold. These charges ordinarily would flow to inventory; however, only two of GLG's manufacturing facilities were operating during the nine months and capacity and other fixed charges of approximately $4.6 million were incurred. The gross loss was positively impacted in the nine months ended September 30, 2012 by reduced amortization charges to cost of sales due to impairment losses on both tangible and intangible assets realized at the end of 2011.

Stevia Business

The increase in gross profit for the stevia business for the third quarter of 2012 compared to the third quarter of 2011 can be attributed to the factors detailed in the cost of sales and revenues section. Gross profit for the

third quarter 2012 was negative 42%.

The decrease in gross profit for the stevia business for the nine months ended September 30, 2012 compared to the prior period in 2011 can be attributed to the factors detailed in the cost of sales and revenues section. Gross profit for the nine months ended September 30, 2012 was negative 27%.

AN0C Consumer Products Business

For the AN0C consumer products business the gross profit was a negative $0.1 million or negative 16% of revenues for the third quarter of 2012 compared with $0.1 million or 7% for the comparable period in 2011.

For the AN0C consumer products business the gross profit was a negative $0.1 million or negative 21% of revenues for the nine months ended September 30, 2012 compared with $1.0 million or 13% for the comparable period in 2011.

Selling, General, and Administration Expenses

Selling, General and administration ("SG&A") expenses include sales, marketing, general, and administration costs ("G&A"), stock -based compensation, and depreciation and amortization expenses on G&A fixed assets. A breakdown of SG&A expenses into these components is presented on the following page:

In thousands Canadian $	3 Months Ended Sep 30		% Change	9 Months Ended Sept 30		% Change
	2012	2011		2012	2011	
G&A Stevia	$1,737	$1,487	17%	$5,307	$6,979	(24%)
G&A AN0C	$566	$8,290	(93%)	$1,904	$19,873	(90%)
Stock Based Comp	$253	$764	(67%)	$1,406	$2,386	(41%)
Amortization Stevia	$133	$178	(25%)	$295	$1,932	(85%)
Amortization AN0C	$79	$37	113%	$239	$38	528%
Total	$2,768	$10,756	(74%)	$9,150	$31,208	(71%)

G&A for the stevia business for the three months ended September 30, 2012 was $1.7 million compared to $1.5 million in the same period in 2011 or a $0.2 million increase year over year. The majority of the increase was due to severance payments made in China during the period. Operating staff for the stevia business in China was 372 personnel at the end of the quarter compared with 657 at year end 2011.

G&A for the consumer beverage business was $0.6 million for the three month period ended September 30, 2012 compared to $8.3 million for the prior period. 58% of these costs were related to advertising and marketing expenditures to promote the AN0C brand and business. The remaining balance of the AN0C G&A costs (42%) was related to salary and other operating costs.

Stock-based compensation was $0.3 million for the three months ended September 30, 2012 compared with $0.8 million in the same quarter of 2011. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock based compensation awards was recognized, due to previously granted options and restricted shares.

G&A related depreciation and amortization expenses for the three months ended September 30, 2012 were $0.2 million compared to the $0.2 million at September 30, 2011. These expenses are down for the stevia business in the third quarter of 2012 due to the impairment losses realized at the year-end 2011 which resulted in write-downs of both tangible and intangible assets and lower amortization charges in 2012.

G&A for the stevia business for the nine months ended September 30, 2012 was $5.3 million compared to $7.0 million in the same period in 2011. The decrease of $1.7 million was due to a significant reduction of salaries, operating expenses and professional fees (including audit fees) during the period.

G&A for the consumer beverage business was $1.9 million for the nine month period ended September 30, 2012 compared to $19.9 for the prior period. 35% of these costs were related to advertising and marketing expenditures to promote the AN0C brand and business. The remaining balance of the AN0C G&A costs were related to salary and other operating costs (65%).

Stock-based compensation was $1.4 million for the nine months ended September 30, 2012 compared with $2.4 million in the same period in 2011. During the period, compensation from vesting stock based compensation awards was recognized, due to previously granted options and restricted shares.

G&A related depreciation and amortization expenses for the nine months ended September 30, 2012 were $0.5 million which is a decrease of $1.5 million over the $2.0 million for the comparable period in 2011. These expenses are down for the stevia business in the nine months ended September 30, 2012 due to the impairment losses realized at the year-end 2011 which resulted in write-downs of both tangible and intangible assets and lower amortization charges in 2012.

Other Expenses

In thousands Canadian $	3 Months Ended Sep 30		% Change	9 Months Ended Sept 30		% Change
	2012	2011		2012	2011	
Other Expenses	($7,881)	($638)	1135%	($10,289)	($3,974)	159%
% of Revenue	(136%)	(37%)	(100%)	(77%)	(16%)	(60%)

Other expenses for the three months ended September 30, 2012 was $7.9 million, a $7.3 million increase compared to $0.6 million for the same period in 2011. Other expenses were up during the third quarter by (1) interest expense that is incurred on the Company's short and long term loans, (2) foreign exchange rate fluctuations and (3) impairment charges on inventories. Interest expense increased by $0.7 million in the three months ended September 30, 2012 compared to September 30, 2011 due to the impact of higher interest rates on loans and no interest was capitalized in the current period compared to the amounts capitalized in the previous period. Foreign exchange losses for the three months ended September 30, 2012 increased by $1.1 million to $0.6 million in Q3 2012 from $0.5 million gain for the same period in 2011. The Company took an impairment charge on its inventories during the quarter of $5.2 million which was primarily driven by sales of two of its products in the stevia business below the cost that these two stevia products were previously held.

Other expenses for the nine months ended September 30, 2012 was $10.3 million, a $6.3 million increase compared to $4.0 million for the same period in 2011. Other expenses for the nine months were mainly driven by (1) interest expense that is incurred on the Company's short and long term loans, (2) foreign exchange rate fluctuations and (3) impairment charges on inventories. Interest expense increased by $0.7 million in the nine months ended September 30, 2012 compared to September 30, 2011 due to the decrease in the short term loan balance in China, combined with an increase in the average interest rate paid on the loans and no interest

was capitalized in the current period compared to the interest capitalized in the previous period. Foreign exchange losses increased by $0.2 million to $0.1 million compared to a foreign exchange gain of $0.1 million in 2011. The Company took an impairment charge on its inventories during the nine month period of $5.3 million which was primarily driven by sales of two of its products in the stevia business below the cost that these two stevia products were previously held.

Foreign Exchange Gains (Losses)

GLG reports in Canadian dollars but earns revenues in US dollars and Chinese renminbi ("RMB") and incurs most of its expenses in RMB. Impacts of the appreciation or depreciation of the RMB against the Canadian dollar are shown separately in Accumulated Other Comprehensive income ("AOCI") on the Balance Sheet. As at September 30, 2012, the exchange rate for RMB per Canadian dollar was 6.3898 compared to the exchange rate of 6.1881 as at December 31, 2011 reflecting a depreciation of the RMB against the Canadian dollar. The balance of the AOCI was $5.2 million on September 30, 2012 compared to a balance of $8.6 million as at December 31, 2011.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange losses were $0.6 million for the third quarter of 2012 compared to the foreign exchange gain of $0.5 million for the comparable period in 2011. The table below shows the change in the Canadian dollar relative to the US dollar from December 31, 2010 to September 30, 2012 and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown below.

Exchange rates Noon rate (as compared to the Canadian $)	2012 30-Sep	2012 30-Jun	2012 31-Mar	2011 31-Dec	2011 30-Sep	2011 30-Jun	2011 31-Mar	2010 31-Dec
U.S. Dollars	0.9837	1.0191	0.9991	1.0170	1.0389	1.0370	1.0290	1.0054
Chinese Yuan	6.3898	6.2344	6.3052	6.1881	6.1425	6.7024	6.734	6.6269

Exchange rates Noon rate (as compared to the US $)	2012 30-Sep	2012 30-Jun	2012 31-Mar	2011 31-Dec	2011 30-Sep	2011 30-Jun	2011 31-Mar	2010 31-Dec
Chinese Yuan	6.2856	6.3535	6.2995	6.2933	6.3814	6.4633	6.5441	6.5911

Income Tax Expense

In thousands Canadian $	3 Months Ended Sep 30		% Change	9 Months Ended Sept 30		% Change
	2012	2011		2012	2011	
Income tax recovery (expense)	$0	$496	(100%)	($4)	($417)	(99%)
Income tax expense as a percent of revenue	0%	29%	(29%)	(.0%)	(2%)	2%

During the three months ended September 30, 2012 the Company recorded income tax expense of $0.0 million, a change of $0.5 million compared to the income tax recovery of $0.5 million in the comparable period in 2011.

During the nine months ended September 30, 2012 the Company recorded an income tax expense of $0.0 million compared to income tax expense of $0.4 million in 2011.

Net Income (Loss) Attributable to the Company

In thousands Canadian $	3 Months Ended Sep 30		% Change	9 Months Ended Sept 30		% Change
	2012	2011		2012	2011	
Net Loss	($12,722)	($12,438)	2%	($22,514)	($30,704)	(27%)
% of revenue	(220%)	(715%)	495%	(168%)	(126%)	(42%)

For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of $12.7 million, an increase of $0.3 million over the comparable period in 2011 ($12.4 million loss). The increase in net loss was driven by: (1) a decrease of $0.4 in income tax recovery, (2) an increase in other income/expenses of $7.2 million and (3) a decrease in loss attributable to non-controlling interests of $1.4 million. These items were offset by (5) a decrease in G&A expenses of $8.0 million and an increase in gross profit of $0.7 million.

For the nine months ended September 30, 2012, the Company had a net loss attributable to the Company of $22.5 million, a decrease of $8.2 million over the comparable period in 2011 ($30.7 million loss). The decrease in net loss was driven by: (1) a decrease in G&A expenses of $22.0 million and (2) a decrease in income tax expenses of $0.4 million. These items were offset by (3) a decrease in gross profit of $4.7 million, (4) an increase in other income/expenses of $6.3 million and (5) a decrease in loss attributable to non-controlling interests of $3.2 million.

Comprehensive Loss

In thousands Canadian $	3 Months Ended Sep 30		% Change	9 Months Ended Sept 30		% Change
	2012	2011		2012	2011	
Net Loss	($12,722)	($12,438)	2%	($22,514)	($30,704)	(27%)
Other comprehensive income (loss)	($1,619)	$11,499	(114%)	($3,400)	$9,650	(135%)
Total comprehensive income (Loss)	($14,341)	($939)	1427%	($25,914)	($21,054)	23%

The Company recorded total comprehensive loss of $14.3 million for the three months ended September 30, 2012, comprising $12.7 million of net loss attributable to the Company and $1.6 million of other comprehensive loss. The Company recorded a total comprehensive loss of $0.9 million for the three months ended September 30, 2011, comprising $12.4 million of net loss attributable to the Company and $11.5 million of other comprehensive income.

The Company recorded total comprehensive loss of $25.9 million for the nine months ended September 30, 2012, comprising $22.5 million of net loss attributable to the Company and $3.4 million of other comprehensive loss. The Company recorded a total comprehensive loss of $21.0 million for the nine months ended September 30, 2011, comprising $30.7 million of net loss attributable to the Company and $9.7 million of other comprehensive income.

The Company's other comprehensive income (loss) is solely made up of the currency translation adjustments recorded on the revaluation of the Company's investments in our Chinese and Hong Kong subsidiaries. The other comprehensive income (loss) is held in accumulated other comprehensive income until it is realized (i.e. the subsidiaries are sold), at which time it is included in net income (loss).

Summary of Quarterly Results

The selected consolidated information below has been gathered from GLG's quarterly condensed interim consolidated financial statements for the previous eight quarterly periods:

In thousands Canadian $, except per share amounts	2012 Q3[1]	2012 Q2[1]	2012 Q1[1]	2011 Q4[1]	2011 Q3[1]	2011 Q2[2]	2011 Q1[2]	2010 Q4[2]
Revenue	$5,778	$6,761	$892	$473	$1,740	$15,213	$7,414	$19,300
Gross Profit $	($2,368)	($1,126)	($95)	($2,732)	($3,093)	$3,020	$1,223	$3,654
Gross Profit %	(41%)	(17%)	(11%)	(577%)	(178%)	20%	16%	19%
Net Loss	($12,722)	($5,924)	($3,868)	($146,208)	($12,438)	($12,514)	($5,752)	($3,185)
Basic Income (Loss) Per Share	($0.39)	($0.18)	($0.12)	($4.56)	($0.38)	($0.38)	($0.20)	($0.12)
Diluted Income (Loss) Per Share	($0.39)	($0.18)	($0.12)	($4.56)	($0.38)	($0.38)	($0.20)	($0.12)

1. Amended and restated and presented in conformity with IFRS
2. Presented in conformity with US GAAP

Quarterly Net Loss

For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of $12.7 million, an increase of $0.3 million over the comparable period in 2011 ($12.4 million loss). The increase in net loss was driven by: (1) a decrease of $0.4 in income tax recovery, (2) an increase in other income/expenses of $7.2 million and (3) a decrease in loss attributable to non-controlling interests of $1.4 million. These items were offset by (5) a decrease in G&A expenses of $8.0 million and an increase in gross profit of $0.7 million.

For the three months ended June 30, 2012, the Company had a net loss attributable to the Company of $5.9 million, a decrease of $6.6 million over the comparable period in 2011 ($12.5 million loss). The decrease in net loss was driven by: (1) a decrease in G&A expenses of $11.1 million, (2) a decrease in other income/expenses of $0.4 million, and (3) a decrease of $1.0 in income tax expense. These items were offset by the (4) a decrease in gross profit of $4.1 million, and (5) a decrease in loss attributable to non-controlling interests of $1.8 million.

For the three months ended March 31, 2012, the Company had a net loss attributable to the Company of $3.9 million, a decrease of $1.9 million over the comparable period in 2011. The decrease in net loss was driven by: (1) a decrease in gross profit of $1.3 million, (2) the decrease in income tax recovery of $0.2 million and (3) the decrease in loss attributable to non-controlling interests of $0.1 million. These items were offset by (1) a decrease in G&A expenses of $2.9 million, and (2) a decrease in interest expense and other income/expenses of $0.6 million.

For the three months ended December 31, 2011, the Company had a net loss attributable to the Company of $146.2 million compared to a net loss attributable to the Company of $3.2 for same period in 2010. The net change of $143.0 million was driven by: (1) a decrease in gross profit of $6.5 million and (2) an increase in G&A expenses of $3.7 million, (3) an increase in accounts receivable provisions of $6.4 million and (4) an increase in other income and expenses of $128.8 million (including asset impairment charges of $127.9 million). These items were offset by the increase in loss attributable to non-controlling interests of $0.8 million and a decrease in income tax expense of $0.7 million.

For the three months ended September 30, 2011, the Company had a net loss attributable to the Company of

$12.4 million compared to a net income attributable to the Company of $1.8 for same period in 2010. The net change of $14.2 million was driven by: (1) a decrease in gross profit of $10.0 million and (2) an increase in G&A expenses of $6.5 million driven by the marketing and advertising costs for the start-up of its AN0C joint venture. These items were offset by the increase in loss attributable to non-controlling interests of $1.5 million, a decrease in other income and expenses of $0.5 million and an increase in income tax recovery of $0.3 million.

The Company had a net loss attributable to the Company of $12.5 million for the three months ended June 30, 2011, an increase of $12.2 million over the comparable period in 2010. The increase in net loss was driven by: (1) a decrease in gross profit of $0.6 million, (2) an increase in G&A expenses of $11.0 million mainly associated with the start-up of its AN0C joint venture, (3) an increase in interest expense and other income/expenses of $1.1 million, and (4) an increase of $1.5 million in income tax expense. These items were offset by the increase in loss attributable to non-controlling interests of $2.0 million.

The Company had a net loss attributable to the Company of $5.8 million for the three months ended March 31, 2011, an increase of $4.4 million over the comparable period in 2010. The increase in net loss was driven by: (1) a decrease in gross profit of $2.0 million, (2) an increase in G&A expenses of $2.8 million mainly associated with the start-up of its AN0C joint venture, and (3) an increase in interest expense and other income/expenses of $0.4 million. These items were offset by the increase in income tax recovery of $0.6 million and the increase in loss attributable to non-controlling interests of $0.2 million.

The Company had a net loss attributable to the Company of $3.2 million for the three months ended December 31, 2010, an increase in loss of $3.7 million over the net income of $0.5 million for comparable period in 2009. This net loss increase was driven by: (1) a decrease in gross profit of $1.3 million, (2) an increase in G&A expenses of $0.3 million, (3) an increase in income tax expenses of $1.1 million, and (4) an increase in other income and expenses of $1.0 million.

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share was $0.39 for the third quarter of 2012 compared with a basic and diluted net loss of $0.38 for the same period in 2011. For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of $12.7 million, an increase of $0.3 million over the comparable period in 2011 ($12.4 million loss). The increase in net loss was driven by: (1) a decrease of $0.4 in income tax recovery, (2) an increase in other income/expenses of $7.2 million and (3) a decrease in loss attributable to non-controlling interests of $1.4 million. These items were offset by (5) a decrease in G&A expenses of $8.0 million and an increase in gross profit of $0.7 million.

The basic loss and diluted loss per share was $0.18 for the second quarter of 2012 compared with a basic and diluted net loss of $0.38 for the same period in 2011. For the three months ended June 30, 2012, the Company had a net loss attributable to the Company of $5.9 million, a decrease of $6.6 million over the comparable period in 2011 ($12.5 million loss). The decrease in net loss was driven by: (1) a decrease in G&A expenses of $11.1 million, (2) a decrease in other income/expenses of $0.4 million, and (3) a decrease of $1.0 in income tax expense. These items were offset by the (4) a decrease in gross profit of $4.1 million, and (5) a decrease in loss attributable to non-controlling interests of $1.8 million.

The basic loss and diluted loss per share was $0.12 for the first quarter of 2012 compared with a basic and diluted net loss of $0.20 for the same period in 2011. For the three months ended March 31, 2012, the Company had a net loss attributable to the Company of $3.9 million, a decrease of $1.9 million over the

comparable period in 2011. The decrease in net loss was driven by: (1) a decrease in gross profit of $1.3 million, (2) the decrease in income tax recovery of $0.2 million and (3) the decrease in loss attributable to non-controlling interests of $0.1 million. These items were offset by (1) a decrease in G&A expenses of $2.9 million, and (2) a decrease in interest expense and other income/expenses of $0.6 million.

The basic loss and diluted loss per share was $4.56 for the fourth quarter of 2011 compared with a basic and diluted income per share of $0.12 for the same period in 2010.

For the three months ended December 31, 2011, the Company had a net loss attributable to the Company of $146.2 million compared to a net loss attributable to the Company of $3.2 for same period in 2010. The net change of $143.0 million was driven by: (1) a decrease in gross profit of $6.5 million and (2) an increase in G&A expenses of $3.7 million, (3) an increase in accounts receivable provisions of $6.4 million and (4) an increase in other income and expenses of $128.8 million (including asset impairment charges of $127.9 million). These items were offset by the increase in loss attributable to non-controlling interests of $0.8 million and a decrease in income tax expense of $0.7 million.

The basic loss and diluted loss per share was $0.38 for the third quarter of 2011 compared with a basic and diluted income per share of $0.06 for the same period in 2010. For the three months ended September 30, 2011, the Company had a net loss attributable to the Company of $12.4 million compared to a net income attributable to the Company of $1.8 for same period in 2010. The net change of $14.2 million was driven by: (1) a decrease in gross profit of $10.0 million and (2) an increase in G&A expenses of $6.5 million driven by the marketing and advertising costs for the start-up of its AN0C joint venture. These items were offset by the increase in loss attributable to non-controlling interests of $1.5 million, a decrease in other income and expenses of $0.5 million and an increase in income tax recovery of $0.3 million.

The basic loss and diluted loss per share was $0.38 for the second quarter of 2011 compared with a basic and diluted loss per share of $0.01 for the same period in 2010. For the three months ended June 30, 2011, the Company had a net loss attributable to the Company of $12.5 million, an increase of $12.2 million over the comparable period in 2010. The increase in net loss was driven by: (1) a decrease in gross profit of $0.6 million, (2) an increase in G&A expenses of $11.0 million driven by the marketing and advertising costs for the start-up of its AN0C joint venture, (3) an increase in interest expense and other income/expenses of $1.1 million, and (4) an increase of $1.5 in income tax expense. These items were offset by the increase in loss attributable to non-controlling interests of $2.0 million.

The basic loss and diluted loss per share was $0.20 for the first quarter of 2011 compared with a basic and diluted net loss of $0.05 for the same period in 2010. The Company had a net loss attributable to the Company of $5.8 million, an increase of $4.4 million over the comparable period in 2010. The increase in net loss was driven by: (1) a decrease in gross profit of $2.0 million, (2) an increase in G&A expenses of $2.8 million mainly associated with the start-up of its AN0C joint venture, and (3) an increase in interest expense and other income/expenses of $0.4 million. These items were offset by the increase in income tax recovery of $0.6 million and the increase in loss attributable to non-controlling interests of $0.2 million.

The basic loss and diluted loss per share was $0.12 for the fourth quarter of 2010 compared with a basic and diluted net income of $0.02 for the same period in 2019. The Company had a net loss attributable to the Company of $3.2 million, an increase in loss of $3.7 million over the net income of $0.5 million for comparable period in 2009. This net loss increase was driven by: (1) a decrease in gross profit of $1.3 million, (2) an increase in G&A expenses of $0.3 million, (3) an increase in income tax expenses of $1.1 million, and (4) an increase in other income and expenses of $1.0 million.

Liquidity and Capital Resources

In thousands Canadian $	30-Sep-12	31-Dec-11
Cash and Cash Equivalents	$3,107	$4,487
Working Capital	($23,252)	($9,801)
Total Assets	$120,440	$193,258
Total Liabilities	$101,630	$103,376
Loan Payable (<1 year)	$65,066	$70,574
Loan Payable (>1 year)	$6,767	$0
Total Equity	$18,811	$89,882

The Company continues to progress with the following measures to manage cash flow of the Company: paying down short term loans and refinancing with longer term debt with its Chairman, reducing accounts payable and negotiating with creditors extended payment terms, working closely with the banks to manage their loans, and reducing operating expenditures including general and administrative expenses and production-related expenses.

Cash Flows: Three months ended September 30, 2012 and 2011

Cash used by operating activities was $1.1 million in the three month period ended September 30, 2012 compared to $9.4 million used in the same period of 2011 or an $8.3 million improvement. This decrease in cash used by operating activities can be attributed to a $4.6 million improvement in cash flow used in operations ($6.9 million used in the third quarter 2012 compared to $11.5 million used in 2011) and a $3.7 million improvement in cash generated from non-cash working capital ($5.8 million generated in the third quarter 2012 compared to $2.1 million generated in 2011) in the current period compared to the same period in 2011. The $3.6 million dollar increase in cash used from non-cash working capital in the three months ended September 30, 2012 compared to the comparative 2011 period, was due to changes in, (1) the decrease in cash used in inventory of $9.5 million, (2) increase in taxes recoverable of $2.7 million and (3) the increases in interest payable of $0.9 million. These were offset by, (4) the decreases in accounts receivable collected of $2.2 million, (5) the decrease in the use of accounts payable of $6.6 million, and (6) the decrease of cash used for prepaid expenses of $0.7 million.

Cash used by investing activities was $0.0 million during the third quarter of 2012, compared to cash used by investing activities of $2.4 million in the same period in 2011.

Cash from financing activities was $0.5 million in the third quarter of 2012 compared to cash used in financing of $13.2 million in the same period in 2011. The increase of cash from financing of $13.8 million was primarily driven by the net increase of cash from related party loans of $1.0 million and lower repayments of short term bank loans of $14.5 million offset by a reduction in cash from minority interests of $1.8 million.

Cash Flows: Nine months ended September 30, 2012 and 2011

Cash used by operating activities was $5.0 million in the nine month period ended September 30, 2012 compared to $29.4 million used in the same period of 2011 or a $24.2 million improvement.

This decrease in cash used by operating activities can be attributed to (1) a $10.0 million improvement in cash flow used in operations ($14.4 million used in the nine months ended September 30, 2012 compared to $24.4 million used in the same period for 2011) and (2) a $14.4 million improvement in cash generated from non-cash working capital ($9.4 million generated in the nine months ended September 30, 2012 compared to $5.0 million used for the same period in 2011) in the current period compared to the same period in 2011. This decrease in cash used by operating activities can be attributed to the lower operating loss from the AN0C joint venture for the nine months ended September 30, 2012 compared to the same period for 2011 offset by lower gross profit generated from its stevia business. The $14.4 million dollar increase in cash generated from non-cash working capital in the nine months ended September 30, 2012 compared to the comparative 2011 period, was due to (1) the decrease of cash used in inventory of $37.5 million, (2) the increases in interest payable of $1.6 million, (3) the increases of taxes receivable of $2.8 million and (4) the decreases in cash used for prepaid expenses of $6.1 million. These were offset by, (5) the decrease in cash generated from accounts receivable of $18.9 million, and (6) the decrease in accounts payable and deferred revenue of $14.7 million.

Cash generated by investing activities was $0.1 million during the first nine months of 2012, compared to cash used by investing activities of $7.2 million in the same period in 2011.

Cash generated by financing activities was $3.4 million in the nine months ended September 30, 2012 compared to $21.9 million generated in the same period in 2011. The decrease of $18.5 million was driven by the decrease in cash generated from common share offerings ($54.2 million of cash provided by the issuance of common shares in the nine months ended September 30, 2011), the reduction cash contributed by non-controlling interests of $6.8 million. These items were offset by c) the net decrease in the repayment of short term loans of $29.6 million and d) the net increase in cash from related parties of $12.9 million.

Financial Resources

Cash and cash equivalents decreased by $1.4 million during the nine months ended September 30, 2012 from December 31, 2011. Working capital decreased by $13.5 million from the year-end 2011 position to negative $23.3 million. The working capital decrease can be attributed to a reduction in cash, inventory, and tax receivables balances partially offset by an increase accounts receivable, prepaid expenses and a reduction in short term loans and accounts payable. See balance sheet discussion below for movement in specific accounts.

The Company's working capital and working capital requirements fluctuate from quarter to quarter depending on, among other factors, the annual stevia harvest in China (third and fourth quarter each year), the production output along with the amount of sales conducted during the period. The value of raw material in inventory has historically been the highest in the fourth quarter due to the fact that the Company purchases leaf during the third and fourth quarter for the entire production year which runs October through September each year. The Company's principal working capital needs include accounts receivable, taxes receivable, inventory, prepaid expenses, and other current assets, and accounts payable and interest payable.

Balance Sheet

In comparison to December 31, 2011, the total assets decreased by $26.9 million as at September 30, 2012, which was split by a decrease in current assets of $22.0 million and a decrease in fixed assets of $4.9 million.

The decrease in the current assets was mainly driven by the following:

1. decrease of $21.9 million in inventory
2. decrease in cash and cash equivalents of $1.4 million
3. decrease in taxes recoverable by $2.4 million
4. increase in prepaid expenses of $0.5 million
5. increase in accounts receivable of $3.2 million

Decrease in the fixed and other long term assets of $4.9 million was mainly due to amortization for the period and the depreciation of the Canadian dollar against the RMB.

Current liabilities decreased by $8.5 million as at September 30, 2012 in comparison to December 31, 2011, driven by a net decrease in short term loans of $5.5 million and a decrease in accounts payable of $4.6 million offset with an increase in Interest Payable of $1.3 million and an increase in Advances from Customers of $0.3 million.

Long term liabilities increased by $6.8 million due to the increase of related party loans taken out during the period.

The Company has been working on improving its working capital deficiency situation which was driven by the write downs to inventory and accounts receivable at year end 2011. (These 2011 year end write down amounts totaled $36.1 million) The Company has been able to raise a three year loan with our Chairman and CEO to assist in the financing of the Company as it recovered its stevia sales from the third and fourth quarter 2011 sales levels. This longer term liability has helped to address the current working capital deficiency.

Shareholders' equity decreased by $25.2 million due to a decrease in accumulated other comprehensive income of $3.4 million, an increase in deficit of $22.5 million, and a decrease in non-controlling interests of $0.7 million which were offset by an increase in common stock of $1.4 million from the vesting of warrants, restricted shares and stock options.

Short Term Loans

As at September 30, 2012, the Company's short term loans consisted of borrowings from a private lender and from five banks in China as follows:

September 30, 2012	December 31, 2011	Loan amount in USD	Maturity Date	Interest rate per annum
$ 531,182	$ 549,180	$ 540,000	October 9, 2012	8.00%

This loan matured on October 9, 2012 and the Company is discussions with the Lender to renew the loan for another 12 months.

As at September 30, 2012, the Company had the following short term loans balances in China to finance its expansion and operations:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 469,498	3,000,000	July 28, 2012	7.71%	Agricultural Bank of China
4,381,984	28,000,000	July 28, 2012	7.71%	Agricultural Bank of China
1,564,994	10,000,000	April 18, 2012	7.71%	Agricultural Bank of China
1,532,524	9,792,521	March 28, 2012	7.71%	Agricultural Bank of China
9,389,965	60,000,000	June 9, 2012	6.81%	Agricultural Bank of China
3,129,988	20,000,000	June 16, 2012	6.81%	Agricultural Bank of China
12,519,954	80,000,000	June 20, 2012	6.81%	Agricultural Bank of China
2,660,490	17,000,000	July 25, 2012	7.08%	Agricultural Bank of China
15,038,071	96,090,263	February 25, 2012	6.40%	Bank of Communication
3,129,988	20,000,000	August 26, 2012	7.22%	Bank of China
624,886	3,992,894	September 29, 2012	7.22%	Bank of China
2,660,490	17,000,000	December 1, 2012	7.54%	Huishang Bank
4,694,983	30,000,000	December 17, 2011	9.09%	Construction Bank of China
2,737,097	17,489,500	December 23, 2011	9.09%	Construction Bank of China
$ 64,534,912	412,365,178			

As of September 30, 2012 all short term loans excluding the loan with the Huisheng Bank have matured and not been repaid. These banks have not demanded immediate repayment of these loans and the Company is currently in discussion with the banks to formally renew these remaining loans. The Company has had a successful history in renewing its short term loans and plans to continue to renew these loans as they become due. However, if the Company is unable to refinance these short term bank loans of $61,874,422, the Company will require alternative forms of financing. There can be no assurance the Company will be successful in this endeavor and these circumstances lead to substantial doubt about the ability of the Company to continue as a going concern.

On April 18, 2013, the Company has signed a loan refinancing agreement with Agricultural Bank of China. The agreement details the repayment of all existing short term loans totaling $32,567,575 (RMB 203,928,387) with Agriculture Bank as of December 31, 2012. The Company will repay $6,108,799 (RMB 38,251,465) during the year ended December 31, 2013, $12,776,083 (RMB 80,000,000) during the year ended December 31, 2014 and $13,682,693 (RMB 85,676,922) during the year ended December 31, 2015. The Company has made the first scheduled payment of $1,317,768 (RMB 8,251,465) as of March 31, 2013.

Short term bank loans as at December 31, 2011

Loan amount in C$	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 484,801	3,000,000	July 28, 2012	7.71%	Agricultural Bank of China
4,524,814	28,000,000	July 28, 2012	7.71%	Agricultural Bank of China
1,616,005	10,000,000	April 18, 2012	7.71%	Agricultural Bank of China
1,616,005	10,000,000	March 28, 2012	7.71%	Agricultural Bank of China
9,696,029	60,000,000	June 9, 2012	6.81%	Agricultural Bank of China
3,232,010	20,000,000	June 16, 2012	6.81%	Agricultural Bank of China
12,928,039	80,000,000	June 20, 2012	6.81%	Agricultural Bank of China
2,747,208	17,000,000	July 25, 2012	7.08%	Agricultural Bank of China
4,848,015	30,000,000	December 17, 2011	6.06%	Construction Bank of China
3,005,625	18,599,111	December 23, 2011	6.06%	Construction Bank of China
16,160,049	100,000,000	Dec 17, 2011	7.98%	Bank of Communication
2,541,976	15,730,000	Dec 23, 2011	7.87%	CITIC Bank
3,232,010	20,000,000	August 26, 2012	7.22%	Bank of China
645,254	3,992,894	September 29, 2012	7.22%	Bank of China
2,747,208	17,000,000	December 1, 2012	7.54%	Huishang Bank
$ 70,025,049	433,322,005			

In general, the short term loans and bank loans do not have any attached covenants. Please see below for an overview of the short term loans with the banks:

1. The short term loan with CITIC Bank matured on February 13, 2012 and was repaid in the second quarter.

2. Two short term loans due to Construction Bank of China matured on December 17, 2011 and December 23, 2011, respectively.

3. Two short term loans due to the Bank of China matured on August 26, 2012 and September 29, 2012, respectively.

4. The short term loan due to Bank of Communication matured on February 25, 2012.

5. Eight short term loans due to Agricultural Bank of China matured on July 28, 2012, April 18, 2012, March 28, 2012, June 9, 2012, June 16, 2012, June 20, 2012 and July 25, 2012.

All loans, except for the loan with CITIC Bank, were not repaid on the maturity dates and are currently payable. These loans are classified on the balance sheet as current liabilities. The Company is currently in discussion with these banks to renew the matured loans. Traditionally, short term loans in China require repayment before completion of renewal by the banks. The Company did not have the funds to repay the short term loans when they came due as part of the renewal process. The banks have not demanded immediate repayment of these loans and the Company is currently in discussion with these banks to formally renew these loans. The Company has a history of successfully renewing its short term loans since 2008 and believes these loans will be extended. However, there can be no guarantee that it will be successful in renewing these loans.

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for the short term bank loans.

As part of the collateral agreement with CITIC Bank loan, a third party monitor was in place at one of GLG's subsidiaries to monitor inventory collaterals. The Company maintains access to its inventory at this subsidiary. The CITIC Bank loan was repaid in its entirety subsequent to year end during the second quarter of 2012 and the third party monitor was removed after the loan was repaid.

Financial and Other Instruments

The Company's financial instruments comprise cash and cash equivalents, classified as "held-for-trading", accounts receivable and certain other assets that are financial instruments, classified as "loans and receivables", and short term loans, accounts payable, interest payable, advance from customer, due to related party, and non- current bank loan, classified as "other financial liabilities". The Company currently does not have any hedge instruments.

As at September 30, 2012, the Company recorded cash and cash equivalents at fair value. Recorded amounts for accounts receivable, accounts payable and accrued liabilities, short term loans, interest payable, advances from customers, and due to related party approximate their fair values due to the short-term nature of these instruments.

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's primary credit risk is on its cash and cash equivalents, restricted cash and accounts receivable.

The Company limits its exposure to credit risk by placing its cash and cash equivalents with various financial institutions. Given the current economic environment, the Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

The Company has a high concentration of credit risk as the accounts receivable was owed by fewer than ten customers. However, the Company believes that it does not require collateral to support the carrying value of these financial instruments. The carrying amount of financial assets represents the maximum credit exposure. The Company reviews financial assets, including past due accounts, on an ongoing basis with the objective of identifying potential events or circumstances which could delay or prevent the collection of funds on a timely basis. Based on default rates on customers with receivable balances at September 30, 2012, the Company believes that there are minimal requirements for an allowance for doubtful accounts against its accounts receivable.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. The Company conducts its business primarily in US dollars, RMB, Canadian dollars and Hong Kong dollars. The Company is exposed to currency risk as the functional currency of its subsidiaries is other than Canadian dollars.

The majority of the Company's assets are held in subsidiaries whose functional currency is the RMB. The RMB is not a freely convertible currency. Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Company's capital account, are subject to foreign exchange controls and require the approval of the PRC State Administration of Foreign Exchange. Developments relating to the PRC's economy and actions taken by the PRC government could cause future foreign exchange rates to vary significantly from current or historical rates. The Company cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into Canadian dollars of the Company's net assets and net profits. The Company cannot give any assurance that

any future movements in the exchange rates of RMB against the Canadian dollar and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

All of the Company's operations in China are considered self-sustaining operations. The assets and liabilities of the self-sustaining operations are translated at exchange rates prevailing at the balance sheet date.

As of September 30, 2012, assuming that all other variables remain constant, a change of 1% in the Canadian dollar against the RMB would have an effect on other comprehensive income of approximately $946,417 (December 31, 2011 - $1,232,712; January 1, 2011 - $1,276,497).

The Company's US operations and Canadian operations are primarily exposed to exchange rate changes between the US dollar and the Canadian dollar. The Company's primary US dollar exposure in Canada relates to the revaluation into Canadian dollars of its US dollar denominated working capital.

As of September 30, 2012, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on net income of approximately $79,493 (December 31, 2011 - $8,685; January 1, 2011 - $17,074).

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. It is the Company's intention to meet these obligations through the collection of accounts receivable, receipts from future sales, current cash and cash equivalents, short term investments, available lines of credit in China and possible issuance of new equity or debt instruments.

The Company is dependent on obtaining regular financings in order to continue its expansion programs and repay amounts due under current short term loans. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings on terms acceptable to the Company.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents, restricted cash, short term bank loans, and amounts due to related party. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at September 30, 2012, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of approximately $687,265 (December 31, 2011 - $660,874; January 1, 2011 - $825,468) on net (loss) income.

Contractual Obligations

1. The Company renewed two 5-year operating leases with respect to land and production equipment at the Qingdao factory in China. The leases expires in 2016, and the annual minimum lease payments are approximately $156,000 (RMB 1,000,000).
2. The Company entered into a 30-year agreement with the Dongtai City Municipal Government, located in the Jiangsu Province of China, for approximately 50 acres of land for its seed base operation. Rent of approximately $124,000 (RMB 790,000) is paid every 10 years.
3. The Company entered into a 5-year agreement for office premises beginning June 1, 2011. The annual minimum lease payments are approximately $142,000.
4. The Company entered into various one year lease agreements for regional sales offices throughout China. The annual minimum lease payments are approximately $158,000 (RMB 975,149) per year. The Company entered into various marketing and promotional short term contracts to support consumer business promotional campaigns. The total commitments related

to these contracts as of September 30, 2012 are $99,000 (RMB 634,375).

5. In April 2008, the Company signed a twenty year agreement with the government of Juancheng County in the Shandong Province of China, which gave the Company exclusive rights to build and operate a stevia processing factory as well as the exclusive right to purchase high quality stevia leaf grown in that region. The agreement requires the Company to make a total investment in the Juancheng region of $58,998,000 (US$60,000,000) over the course of the twenty year agreement to retain its exclusive rights. As of December 31, 2012, the Company has not made any investment in the region and there is no liability if the Company eventually does not make any investment in the region. However, the Company may lose its exclusivity right if no investment is made by the end of the term of the agreement.

The minimum operating lease cash payments related to the above are summarized as follows:

2012	$	105,353
2013		366,615
2014		302,917
2015		304,293
2016		217,789
Thereafter		248,000
Total	$	1,544,968

Capital Structure

Outstanding Share Data as at June 10, 2013

	Shares
Common Shares Issued	32,915,634
Reserved For Issuance	
Warrants	2,727,400
Stock Options	375,779
Total Reserved For Issuance	3,103,179
Fully Diluted Shares	36,018,813

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Transactions with Related Parties

Transactions with key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including any external director of the Company.

Remuneration of key management of the Company is comprised of the following expenses:

	Three months September 30, 2012	Three months September 30, 2011	Nine months September 30, 2012	Nine months September 30, 2011
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$ 178,700	$ 263,500	$ 540,900	$ 868,300
Long-term employee benefits (including share-based benefits)	243,300	518,900	911,700	1,466,500
Total remuneration	$ 422,000	$ 782,400	$ 1,452,600	$ 2,344,800

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits ranging from 24 to 36 months of gross salary, totaling approximately $1,200,000.

During the nine months ended September 30, 2012 and 2011, key management did not exercise stock options granted under the Company's stock option plan.

Amount due to related parties

During the three months ended September 30, 2012, the Company obtained additional loans of $1,046,821 from the Company's Chairman and Chief Executive Officer (the "Lender"). As at September 30, 2012, a total amount of $6,767,372 was owed to the Lender. These loans bore interest at China's 10-year benchmark government bond rate plus 11% per annum and not expected to be settled within a year to the balance sheet date. The loan proceeds were used for corporate working capital purposes to fund the operations of the Company. Subsequent to September 30, 2012, the Company borrowed an additional $592,320 under the same terms and conditions. The loans provided by the Lender were necessitated by the Company's cash requirements in light of its inability to access funding from the equity markets and/or obtain additional bank financing.

Loans will be repaid by either GLG or its Chinese subsidiaries to the Lender in the currency the loans were originally borrowed, notwithstanding any provision to the contrary contained herein.

Subsidiaries

The following are the subsidiaries of the Company:

Subsidiaries	Jurisdiction of incorporation	Ownership interest 2012	2011
Agriculatural High Tech Development Limited	Marshall Islands	100%	100%
Anhui Bengbu HN Stevia High Tech Development Company Limited	China	100%	100%
Chuzhou Runhai Stevia High Tech Company Limited	China	100%	100%
Dontai Runyang Stevia High Tech Company Limited	China	100%	100%
Qingdao Runde Biotechnology Company Limited	China	100%	100%
Qingdao Runhao Stevia High Tech Company Limited	China	100%	100%
GLG Life Tech US, Inc.	USA	100%	100%
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company	Hong Kong, China	80%	80%
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods (Anhui) Limited	China	80%	80%
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods (Shanghai) Limited	China	80%	0%
Dr. Zhang's All Natural and Zero Calorie Stevia Solution Company Ltd.	Hong Kong, China	80%	80%
GLG Weider Sweet Naturals Corporation	Canada	55%	55%

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Disclosure Controls and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures are designed to provide reasonable assurance that relevant information relating to the Company, including its consolidated subsidiaries, is made known to senior 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. As of the end of the period covered by this report, the Company's management evaluated, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim filings ("NI 52-109"). The Company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2012, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports the Company files or submits to the Canadian Securities Administrators ("CSA") is recorded, processed, summarized and reported within the time periods specified therein and accumulated and reported to management to allow timely discussions regarding required disclosure.

The Company's management, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, is 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 accounting principles generally accepted in Canada.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in NI 52-109, as of December 31, 2012. In making this assessment, management used the criteria set forth in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that an operational weakness existed as of December 31, 2012. The Company adopted IFRS from US GAAP during 2012. Analysis on impairment of assets under IFRS was subsequently reviewed by independent third party and a material error in the impairment of assets for the year ended December 31, 2011 under IFRS was noted. The Company had to restate the financial results for the year ended December 31, 2011 under IFRS.

The Company has undertaken the following actions to mitigate this operational weakness in financial reporting:

1. Engaged third party consultants with extensive experience in analysis on impairment of assets under IFRS to assist Management in determining the appropriate analytical assumptions, procedures and results.
2. Provided accounting staff training on IFRS through profession development courses.

It should be noted that while the officers of the Company have certified the Company's period-end filings, they do not expect that the disclosure controls and procedures or internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or implemented, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Risks Related to the Company's 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.

There are a number of risk factors that could materially affect the business of GLG, which include but are not limited to the risk factors set out below. The Company has been structured to minimize these risks as best possible. More details about the following risk factors can be found in the Company's Annual Information Form filed on SEDAR at www.sedar.com.

- Risk that the Cease Trade Order will not be revoked in a timely fashion
- Intellectual Property Infringement
- Product Liability Costs
- Manufacturing Risk
- Inventory 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. More details about the following risk factors can be found in the Company's Annual Information Form.

- 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, including our Annual Information Form, is available on SEDAR (www.sedar.com). Additional information relating to the Company is also available on our website (www.glglifetech.com).