GLG Life Tech Corporation Announces 2013 Second Quarter Results

VANCOUVER, British Columbia, Aug. 14, 2013 (GLOBE NEWSWIRE) -- GLG Life Tech Corporation (TSX:GLG) ("GLG" or the "Company"), a vertically-integrated leader in the agricultural and commercial development of high quality stevia, announces financial results for the six months ended June 30, 2013. The complete set of interim financial statements and management discussion and analysis are available on SEDAR and on the Company's website www.glglifetech.com.

The Company has focused in 2013 on increasing its international customer base and its international sales grew by 333% in the second quarter of 2013 compared with the second quarter of 2012. As previously disclosed, since the conclusion of the regulatory reviews and the resumption of the trading of the Company's stock on the TSX in late June 2013, international sales orders have increased significantly from the levels achieved in the first half of 2013. The Company expects this change in business focus towards international customers will result in more predictable recurring revenue streams compared to large one-off or irregular purchases from other stevia providers.

The Company has also made progress in developing its business with COFCO in China. There are currently three main healthy food and beverage formulation projects underway pursuant to the Company's previously announced strategic collaboration for the Chinese market with COFCO Nutrition and Health Research Institute Co Ltd.("COFCO NHRI"), a 100% owned subsidiary of China National Cereals, Oils, and Foodstuff Corporation ("COFCO".) Two projects are targeted at dairy products for the COFCO Mengniu Dairy Subsidiary and one is for COFCO's China Foods subsidiary. The objective of these formulation projects is to create reduced calorie healthier products for COFCO subsidiaries and introduce products into the China market. The two partners are also assessing some of GLG's existing stevia sweetened products for distribution in China including tabletop. Lastly, the two parties are in discussions on advancing the China Sugar Reserve Healthy Sugar project.

Financial Highlights

Revenue for the quarter was $3.4 million, 49% lower than the prior period. Revenue for the six months ended June 30, 2013 was $6.7 million, 13% lower than the prior period. Revenue reductions during the first half of 2013 were driven by the Company's change in business focus to international customers and recurring revenue compared with a focus on selling large amounts of stevia extract to other stevia providers in 2012.

The Company's quarterly net loss was $6.7 million compared with $6.0 million in the corresponding quarter in 2012. For the six month period, the net loss was $10.4 million compared with $9.8 million in the comparable period in 2012. Net losses include capacity charges of $1.7 million incurred during the second quarter and $3.2 million incurred during the six month period ended June 30, 2013.

Cash flow from operations during the quarter was $0.2 million, an $3.8 million improvement from cash used in operations of $3.6 million in the prior period. Cash increased by $2.9 million during the quarter to $4.8 million.

Working capital has significantly improved to a deficit of $0.3 million as at June 30, 2013 compared to a working capital deficit of $33.9 million as at December 31, 2012.

The Company has successfully refinanced its short term loans with all of its lenders during the six months ended June 30, 2013.

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 2012 and the condensed interim consolidated financial statements for the six month period ended June 30, 2013.

In thousands Canadian $, except per share amounts	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2013	2012		2013	2012	
Revenue	$3,446	$6,761	(49%)	$6,688	$7,653	(13%)
Cost of Sales	$4,910	$7,887	(38%)	$8,591	$8,874	(3%)
% of Revenue	142%	117%	26%	128%	116%	12%
Gross Profit (Loss)	($1,464)	($1,126)	30%	($1,902)	($1,221)	56%
% of Revenue	(42%)	(17%)	(26%)	(28%)	(16%)	(12%)
Expenses	$3,730	$3,647	2%	$5,472	$6,382	(14%)
% of Revenue	108%	54%	54%	82%	83%	(2%)
Loss from Operations	($5,195)	($4,773)	9%	($7,375)	($7,603)	(3%)
% of Revenue	(151%)	(71%)	(80%)	(110%)	(99%)	(11%)
Other Expenses	($1,600)	($1,272)	26%	($3,143)	($2,408)	31%
% of Revenue	(46%)	(19%)	(28%)	(47%)	(31%)	(16%)
Net Loss before Income Taxes and Non-Controlling Interests	($6,794)	($6,045)	12%	($10,518)	($10,011)	5%
% of Revenue	(197%)	(89%)	(108%)	(157%)	(131%)	(26%)
Net Loss after Income Taxes and Non-Controlling Interests	($6,694)	($5,924)	13%	($10,417)	($9,792)	6%
Loss per share (Basic & Diluted)	($0.20)	($0.18)	13%	($0.32)	($0.30)	6%
Total Comprehensive Loss	($2,154)	($5,481)	(61%)	($5,877)	($11,572)	(49%)
% of Revenue	(63%)	(81%)	19%	(88%)	(151%)	63%

In thousands Canadian $	3 months Ended June 30 2013		6 months Ended June 30 2013	
	Stevia Business	AN0C Consumer Products Business	Stevia Business	AN0C Consumer Products Business

Revenue	$3,445	$1	$6,688	$1
Cost of Sales	$4,910	$0	$8,590	$0
Gross Profit (loss)	($1,465)	$0	($1,903)	$0
Gross Profit %	(43%)	80%	(28%)	80%
G&A (cash)	$3,162	$115	$4,455	$202

Revenue

Revenue for the three months ended June 30, 2013 which was derived from stevia sales and the sale of consumer beverage products was $3.4 million, a decrease of 49% compared to $6.8 million in revenue for the same period last year. The total revenue was composed of $3.4 million for stevia sales and $0.0 million for consumer products sales.

Revenue for the six months ended June 30, 2013 which was derived from stevia sales and the sale of consumer beverage products was $6.7 million, a decrease of 13% compared to $7.7 million in revenue for the same period last year. The total revenue was composed of $6.7 million for stevia sales and $0.0 million for consumer products sales.

Stevia Business

Stevia sales of $3.4 million for the three months ended June 30, 2013 were decreased by 47% compared to the stevia sales of $6.5 million in the prior period. This 47% decrease in sales comparing the second quarter in 2013 to the second quarter in 2012 was driven by lower volumes of stevia extract sales to other stevia providers. In the second quarter of 2012 the Company needed to focus on reducing its inventory to meet short term obligations and aggressively sold off some of its inventories to other stevia providers in order to accomplish this. The Company has focused in 2013 on building its international customer base and sales to these customers have increased 333% during the three months ended June 30, 2013 compared to the prior period. The Company has proactively made a change in business focus towards international customers who buy stevia on a recurring basis compared to the sales of large quantities of stevia extracts to other stevia providers who purchase large quantities less frequently. International sales activity has also increased following the resumption of the Company's shares trading on the TSX subsequent to the quarter end. The Company will continue to focus on increasing its international customer business and also plans to continue to sell stevia extracts to other stevia providers. Pricing on its high purity stevia extracts was flat compared to the pricing for the same period in 2012. Pricing for low purity stevia extracts was lower in the second quarter 2013 compared to the same period in 2012. Price reductions on lower purity products were lower in the range of 20 to 57% for the second quarter 2013 compared to the second quarter of 2012.

Stevia sales of $6.7 million for the six months ended June 30, 2013 were decreased by 8% compared to the stevia sales of $7.3 million in the prior period. The 9% decrease in sales comparing the first half of 2013 to the first half in 2012 was driven by a change in business focus towards international customers who buy stevia on a recurring basis compared to the sales of large quantities of stevia extracts to other stevia providers who purchase large quantities less frequently. Pricing on its high purity stevia extracts was flat compared to the pricing for the same period in 2012. Pricing for low purity stevia extracts was lower in the first quarter 2013 compared to the same period in 2012. Price reductions on lower purity products were lower in the range of 20 to 57% for the first half of 2013 compared to the first half of 2012.

AN0C Consumer Products Business

The Company's consumer products business had sales of $0.0 million in the second quarter of 2013 compared to $0.3 million in the comparative period. This represents a 100% decrease compared to the sales in the previous period. The Company continues to have limited financial resources for marketing and promotion of its AN0C products and there has been very limited sales activities in this segment during the second quarter and this is reflected in the lower sales in the period.

Cost of Sales

Cost of sales for the three months ended June 30, 2013 was $4.9 million compared to $7.9 million for the same period last year or a decrease of 38%. Cost of sales as a percentage of revenues was 142% compared to 117% in the prior period, an increase of 26%. This was composed of $4.9 million for the stevia business and $0.0 million for the consumer products business. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 35% of cost of sales in the current period compared to 19% in the prior period. These capacity charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the second quarter and capacity and other fixed charges of approximately $1.7 million were included in the cost of sales.

Cost of sales for the six months ended June 30, 2013 was $8.6 million compared to $8.9 million for the same period last year or a decrease of 3%. Cost of sales as a percentage of revenues was 128% compared to 116% in the prior period, an increase of 12%. This was composed of $8.6 million for the stevia business and $0.0 million for the consumer products business. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 37% of cost of sales in the current period compared to 35% in the prior period. These charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the first half of the year and capacity and other fixed charges of approximately $3.2 million were included in the cost of sales.

Stevia Business

For the three months ended June 30, 2013 the cost of sales related to the stevia business was $4.9 million compared to $7.5 million in cost of sales for the same period last year ($2.6 million or 35% decrease). Cost of sales for stevia as a percentage of revenues was 143% compared to

116% in the prior period, a decrease of 26%. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 35% of cost of sales in the current period compared to 19% in the prior period. Cost of goods sold exceed revenues generated due to the capacity charges to the cost of goods sold that would ordinarily would flow to inventory. Two of GLG's manufacturing facilities were operating during the second quarter and capacity charges of $1.7 million were charged to cost of sales compared to $1.5 million charged to cost of sales in 2012.

For the six months ended June 30, 2013 the cost of sales related to the stevia business was $8.6 million compared to $8.5 million in cost of sales for the same period last year ($0.1 million or 1% increase). Cost of sales for stevia as a percentage of revenues was 128% compared to 116% in the prior period, an increase of 12%. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 37% of cost of sales in the current period compared to 35% in the prior period. Cost of goods sold exceed revenues generated due to the capacity charges to the cost of goods sold that would ordinarily would flow to inventory. Two of GLG's manufacturing facilities were operating during the period and capacity charges of $3.2 million were charged to cost of sales compared to $3.1 million charged to cost of sales in 2012.

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 from October 1 to September 30 each year.

AN0C Consumer Products Business

For the three months ended June 30, 2013, cost of sales related to the consumer products business was $0.0 million compared to $0.3 million for the prior period. 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 six months ended June 30, 2013, cost of sales related to the consumer products business was $0.0 million compared to $0.4 million for the prior period. 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 June 30, 2013 was $1.5 million, an increase of 30% over $1.1 million in gross loss for the comparable period in 2012. The gross profit margin for the three month period ended June 30, 2013 for the Company as a whole was a negative 42% compared to a negative 17% for the three months ended June 30, 2012 or a decrease of 26% from the previous year. On a disaggregated basis stevia products had a gross margin of negative 43% and the consumer products had a gross margin of 80%. The gross margin in stevia products was significantly impacted by the capacity and other fixed charges to the cost of goods sold. These capacity charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the quarter and capacity charges of approximately $1.7 million were incurred.

Gross loss for the six months ended June 30, 2013 was $1.9 million, an increase of 56% over

$1.2 million in gross loss for the comparable period in 2012. The gross profit margin for the six month period ended June 30, 2013 for the Company as a whole was a negative 28% compared to a negative 16% for the six months ended June 30, 2012 or a decrease of 12% from the previous year. On a disaggregated basis stevia products had a gross margin of negative 28% and the consumer products had a gross margin of 80%. The gross margin in stevia products was significantly impacted by the capacity and other fixed charges to the cost of goods sold. These capacity charges ordinarily would flow to inventory; however, only one of GLG's manufacturing facilities was operating during the quarter and capacity charges of approximately $3.2 million were incurred.

Stevia Business

The increase in gross loss for the stevia business for the second quarter of 2013 compared to the second quarter of 2012 can be attributed to the factors detailed in the cost of sales and revenues section. Gross profit for the second quarter 2013 was negative 43% compared to negative 16% for the previous period.

The increase in gross loss for the stevia business for the first half of 2013 compared to the first half of 2012 can be attributed to the factors detailed in the cost of sales and revenues section. Gross profit for the first half of 2013 was negative 28% compared to negative 16% for the previous period.

AN0C Consumer Products Business

For the AN0C consumer products business the gross profit was $0.0 million or 80% of revenues for the second quarter of 2013 compared with negative $0.1 million or negative 28% for the comparable period.

For the AN0C consumer products business the gross profit was $0.0 million or 80% of revenues for the first half of 2013 compared with negative $0.1 million or negative 23% for the comparable period.

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 follow:

In thousands Canadian $	3 Months Ended Jun 30		% Change	6 Months Ended Jun 30		% Change
	2013	2012		2013	2012	
G&A Stevia	$3,162	$1,935	63%	$4,455	$3,410	31%
G&A AN0C	$115	$941	(88%)	$202	$1,497	(87%)
Stock Based Comp	$247	$610	(60%)	$482	$1,152	(58%)
Amortization Stevia	$159	$82	94%	$281	$162	74%

Amortization AN0C	$49	$80	(39%)	$52	$160	(68%)
Total	$3,730	$3,647	2%	$5,472	$6,382	(14%)

G&A for the stevia business for the three months ended June 30, 2013 was $3.2 million compared to $1.9 million in the same period in 2012 or $1.2 million increase year over year. The majority of the increase was due to a provision against accounts receivable ($1.8 million) in the current period compared to the prior period. The provision for A/R was the result of a strategic decision to provide a credit subsequent to the quarter end on the remaining outstanding A/R balance with its Xiaogang partner in order to advance new business for tabletop and low calorie health sugar projects for a new large customer in China.

G&A for the stevia business for the six months ended June 30, 2013 was $4.5 million compared to $3.4 million in the same period in 2012 or a $1.0 million increase year over year. The increase is due to a provision against accounts receivable ($1.8 million) in the current period.

Net (Loss) Attributable to the Company

In thousands Canadian $	3 Months Ended Jun 30		% Change	6 Months Ended Jun 30		% Change
	2013	2012		2013	2012	
Net Loss	($6,694)	($5,924)	13%	($10,417)	($9,792)	6%
% of revenue	(194%)	(88%)	(107%)	(156%)	(128%)	(28%)

For the three months ended June 30, 2013, the Company had a net loss attributable to the Company of $6.7 million, an increase of $0.8 million over the comparable period in 2012 ($5.9 million loss). The increase in net loss was driven by: (1) a decrease in gross profit of $0.3 million, (2) an increase in other expenses of $0.3 million, and (3) an increase in G&A expenses of $0.2 million.

For the six months ended June 30, 2013, the Company had a net loss attributable to the Company of $10.4 million, an increase of $0.6 million over the comparable period in 2012 ($9.8 million loss). The increase in net loss was driven by: (1) a decrease in gross profit of $0.7 million, (2) an increase in other expenses of $0.7 million and (3) a decrease in loss attributable to non-controlling interests of $0.1 million. These items were offset by (4) a decrease in G&A expenses of $0.9 million.

Liquidity and Capital Resources

In thousands Canadian $	30-Jun-13	31-Dec-12
Cash and Cash Equivalents	$4,779	$3,582
Working Capital	($324)	($33,854)
Total Assets	$102,611	$103,065
Total Liabilities	$100,284	$95,377

Loan Payable (<1 year)	$22,400	$59,883
Loan Payable (>1 year)	$52,974	$8,673
Total Equity	$2,327	$7,688

The Company continues to progress with the following measures to manage cash flow of the Company: paying down short term loans and refinancing short term loans into loans with longer maturities (see bank loans section) 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.

Lender	Maturity Date	Weighted average interest rate per annum	Loan amount in RMB	Loan amount in CAD
Huishang Bank	September 7, 2013	7.20%	7,000,000	1,199,102
Huishang Bank	September 8, 2013	7.20%	8,000,000	1,370,403
Bank of China	December 31, 2014	7.22%	22,200,000	3,802,868
Construction Bank of China	December 31, 2014	9.09%	43,388,674	7,432,495
Agricultural Bank of China	December 31, 2015	7.05%	190,596,812	32,649,299
Bank of Communication	December 31, 2015	11.97%	82,190,263	14,079,220
			353,375,750	$ 60,533,386
		Total current	126,919,891	$ 21,741,421
		Total non-current	226,455,859	$ 38,791,966

While the Company was subject to cease trade orders (the "CTO's") issued by Canadian securities regulators and was unable to raise financing, Dr. Luke Zhang, CEO of the Company, provided separate loans to the Company in the equivalent amount of US$6,879,710 on April 27, 2012, US$1,000,000 on October 11, 2012, and US$3,665,236 on May 30, 2013. In connection with each of these loans, the Company's Board of Directors approved the issuance of 100 common share purchase warrants for every US$1,000 borrowed by the Company. The warrants could not be formally granted until the CTO's were revoked. Subsequent to the revocation of the CTO's, the Company granted, subject to approval of the Toronto Stock Exchange (the "TSX"), a total of 1,154,494 share purchase warrants at an exercise price of $1.00 per share with an expiry date of 24 months from the date of approval by the TSX.

Forward-looking statements: This press release contains certain information that may 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 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 press release 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.

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.

CONTACT: Stuart Wooldridge
Phone: +1 (604) 669-2602 ext 104
Email: ir@glglifetech.com