GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Twelve months ended December 31, 2013

Dated: March 31, 2014

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated March 31, 2014, which is the date of filing of this document. It provides a review of the financial results for the three and twelve months ended December 31, 2013 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 annual consolidated financial statements and notes thereto. 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

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

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, 2013. 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 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.

Our revenues were $4.1 million for the three months ended December 31, 2013 compared to $8.3 million for the three months ended December 31, 2012. Our revenues were $16.0 million for the twelve months ended December 31, 2013 compared to $21.1 million for the twelve months ended December 31, 2012.

We had a net loss from continuing operations of $5.5 million for the three months ended December 31, 2013 compared to a net loss of $9.6 million for the three months ended December 31, 2012. We had a net loss from continuing operations of $29.8 million for the twelve months ended December 31, 2013 compared to a net loss of $30.0 million for the comparable period in 2012.

We had a net loss of $3.4 million for the three months ended December 31, 2013 compared to a net loss of $11.8 million for the three months ended December 31, 2012. We had a net loss of $26.4 million for the twelve months ended December 31, 2013 compared to a net loss of $34.8 million for the comparable period in 2012.

Discontinued operations. In September 2013, the Company finalized the sale of its 80% interest in Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company ("ANOC") to the minority 20% interest holder, China Agriculture and Healthy Foods Company Limited ("CAHFC"), as part of the Company's disposal of its ANOC segment. As part of the transaction and to settle amounts owing by ANOC agreement, the Company issued a three year, zero interest unsecured convertible note with principal amount to $4,295,533 that is convertible into the common shares of GLG at a price of $1.80 per share. The sale reflects the Company's focus on agriculture and stevia sales rather than consumer products. The Company's interest in AN0C had a liability to CAHFC, which was forgiven by CAHFC as part of the terms of the agreement. The Company's proportionate share of this liability was $5,175,218. See note 7 of the Audited Financial Statements. In this MD&A, "Discontinued Operations" refers to the AN0C interest. The impact on the Company's future revenues are expected to be minor, with this discontinued segment providing $0.0 million revenue during the twelve month period ending December 31, 2013 and $0.6 million for the comparable period in 2012.

We had a net gain net of tax from discontinued operations of $2.0 million for the three months ended December 31, 2013 compared to a net loss of $2.1 million for the three months ended December 31, 2012. We had a net gain net of tax from discontinued operations of $3.4 million for the twelve months ended December 31, 2013 compared to a net loss of $4.9 million for the comparable period in 2012.

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 annual consolidated financial statements for the period ended December 31, 2013 (the "Financial Statements").

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.

Basis of consolidation

These 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.

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 (Note 4a). 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:

	Jurisdiction of incorporation	Ownership Interest 2013	Ownership Interest 2012
Subsidiaries			
Agricultural High Tech Developments 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%
Dongtai 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%
GLG Weider Sweet Naturals Corporation	Canada	55%	55%

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.

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, long-term loans, convertible notes 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. Amortized 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.

The component parts of compound instruments (convertible notes) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value the liability component is estimated using the prevailing market interest rate for similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest rate method. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as whole. This is reconigzed and included in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity component in proportion to the allocation of the gross proceeds.

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 disposal ("FVLCD") 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 FVLCD and VIU. FVLCD 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 less the costs of disposal. 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 assets that does not generate largely independent cash inflows, which is comprised of intangible assets of the Company, 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.

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 is comprised of 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 the 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 than 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.

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. Amortization 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. The capitalization rate for the year ended December 31, 2013 was nil %.

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 difference 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 adopted IFRS 13, a framework for measuring fair value and new required disclosures about fair value measurements. The adoption of IFRS 13 is incorporated into the fair value assessment of property, plant and equipment, inventory and biological assets.

The Company has adopted IAS 32, an amendment aim to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company amended the note disclosure related to the presentation of financial instruments.

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, 2013 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 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 mandatory date of adoption for this standard has not been determined. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The adoption of the first phase of IFRS 9 will have an effect onthe 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 36, Impairment of assets

IAS 36 was amended to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective to the Company as of January 1, 2014. The Company will incorporate the amendments into the procedures in the assessment of impairment of assets for the year ended December 31, 2014.

Annual improvements 2012

Annual improvements 2012 are amendments that include changes from the 2010-12 cycle of annual improvements project that affect seven standards: IFRS 2, "Share based payments"; IFRS 3, "Business combinations"; IFRS 8, "Operating segments"; IFRS 13, "Fair value measurement"; IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets"; Consequential amendments to IFRS 9, "Financial instruments", IAS 37, "Provisions, contingent liabilities and contingent assets"; and IAS 39, "Financial instruments – Recognition and measurement". The amendment is effective to the Company as of January 1, 2015. The Company will incorporate the amendments into the accounting policies for the year ended December 31, 2015.

Annual improvements 2013

Annual improvements 2013 are amendments that include changes from the 2011-13 cycle of annual improvements project that affect four standards: IFRS 1, "First time adoption"; IFRS 3, "Business combinations"; IFRS 13, "Fair value measurement"; and IAS 40, "Investment property". The amendment is effective to the Company as of January 1, 2015. The Company will incorporate the amendments into the accounting policies for the year ended December 31, 2015.

Significant accounting estimates and judgments

The Company makes certain estimates and judgments 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.

Judgments

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

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 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 $58,456,191.

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, which is included in Note 12.

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, 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 such as the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

Income Tax Estimates

The Company provides 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 2013 include forecast market share estimates was 3.3% to 6.1%, forecast leaf costs per kilogram were $2.00 - $ 2.26.

Corporate Developments

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.

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 British Columbia Securities Commission ("BCSC") and that it would be able to file its Required Documents for the period

ending December 31, 2012 in short order. The main reasons for the delays 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 intended 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.

On June 18, 2013, the Company announced that the BCSC had completed their continuous disclosure review and issued a revocation order relating to the cease trade order issued on May 2, 2012. The Ontario Securities Commission and Manitoba Securities Commission issued a revocation orders on June 27, 2013 and June 17, 2013, respectively.

The Company also announced that it had successfully renewed all of its bank loans, improving the Company's balance sheet and working capital position. The Company signed loan refinancing agreements with all of its short term loan lenders. The net effect of the restructuring agreements was to split the amounts due over three years. The loans due for repayment for 2013 were $8.6 million, the loans due for repayment for 2014 are $29.2 million and the loans due for repayment for 2015 are $18.4 million.

On July 24, 2013 the Company announced that the Exchange had completed its de-listing review of the common shares of the Company and had determined that GLG meets all of the Exchange's continued listing requirements.

On September 5, 2013, the Company announced that it had transferred its 80% interest in a joint venture (the "Joint Venture") with Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company to the minority 20% interest holder, China Agriculture and Healthy Foods Company Limited. Under the previously disclosed strategic cooperation agreement between GLG and the COFCO Nutrition and Health Research Institute Co Ltd. ("COFCO NHRI"), GLG would work with COFCO to develop stevia sweetened beverages and foods for the China market and COFCO (as defined below) will use their own marketing and distributing channels for the co-developed products, and thus continued participation in the Joint Venture was no longer necessary. As part of the transaction and to settle amounts owing by the Joint Venture, GLG issued a three year, zero interest unsecured convertible note with principal amount of $4,295,532.65 that is convertible into the common shares of GLG at a price of $1.80 per share. The Exchange granted conditional approval for listing of up to 2,386,407 common shares upon conversion, subject to certain conditions.

On February 3, 2014, the Company announced that the class action lawsuit filed against GLG for alleged failures to disclose certain information was dismissed. The Company secured a dismissal with prejudice of a securities class action filed against it and two of its officers (CEO Dr. Luke Zhang and President and CFO Brian Meadows) in the United States District Court for the Southern District of New York (the "Court"). In granting the Company's motion to dismiss the class action, the Court held that the Company had previously disclosed "substantial information [to] the market that suggested precisely that which plaintiffs alleged defendants failed to disclose" under the United States securities laws. The Court further found that "plaintiffs have failed to allege that defendants had a plausible motive to defraud investors," and noted the fact that Dr. Zhang "purchased a significant number of shares during the putative class period." Significantly, the Court also ruled that the Company "persuasively argue[d]" that it had also "disclosed all that was required "under Canadian securities regulations.The deadline to appeal the judgment entered in favor of the Company and its officers has passed, and the dismissal of this class action is final.

Sales Developments

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

On May 15, 2013, the Company announced the development of a strategic collaboration for the Chinese market. A letter of Intent ("LOI") was signed on June 12, 2013 with with COFCO NHRI, a 100% owned subsidiary of China National Cereals, Oils, and Foodstuff Corporation ("COFCO"), for a strategic collaboration for the Chinese market.

The LOI focuses on the two party's cooperation on the research and development of food and beverage products and on the development, marketing and sale of stevia extracts and formulated products to promote the development of the stevia industry, nutrition, and the healthy food industry in China. Under the LOI terms, COFCO NHRI shall preferentially use the materials, products, and technologies provided by GLG. The parties shall work together to develop the strategies and promotions and industrialization of stevia in the process of developing health food and functional food. The Company expects that additional agreements will result of this framework agreement and the LOI specifically provides for future agreements for major developments that are to occur.

China has one of the largest populations of diabetics globally with approximately 90 million diagnosed, and approximately 200 million people are classified as obese. Both parties are focused on the health and social well-being of the Chinese people in the development of products sweetened with stevia for zero or low calories. In addition, the parties recognize the high agricultural value of stevia to China's farmers, and the continued requirement for China to import sweeteners.

The LOI specifies that COFCO NHRI is responsible for introducing the related co-developed products to COFCO Innovation of Food (Beijing) Co., Ltd. and the sales channel of COFCO. NHRI will also be responsible to bring the stevia products of GLG to China Mengniu Dairy Company Limited and to assist in the expansion of the distribution channel of GLG's products. The LOI also states that investment may occur under the right circumstances, including COFCO NHRI investment in GLG and other forms of investment.

On September 5, 2013 the Company announced a signed distribution agreement with Quadra Ingredients Ltd. for the distribution and marketing of GLG's stevia extract products throughout the Canadian market.

On September 11, 2013 the Company announced the launch of GLG Naturals+, which focused on sourcing high-quality/low-cost natural and functional food ingredients from China through a unique certification program designed to address the concerns of international food and beverage companies. GLG and COFCO's many years of experience in delivering food ingredients to leading multinational customers results in deep familiarity with international food safety standards and the need for transparency in supply chains. Our China-based GLG Naturals+ Team leverages strong relationships to rate and certify every supplier that we represent under the R8 program.

R8 program elements are:

- Verified quality through independent testing
- Competitive pricing
- Confirmed capacity and consistent supply of ingredients
- Factory site audits and routine facility visits

- International customer service standards
- Recognized international certifications from reputable third parties
- Commitment to environmental and safety practices
- Verification of manufacturer's assets and financial credit checks.

Examples of products in the growing portfolio include: crystalline fructose, erythritol, inositol, inulin, lo han guo, and lycopene, all synergistic with the Company's current stevia products.

On December 5, 2013, the Company announced that Health Canada added Luo Han Guo (Monk Fruit) to its list of permitted sweeteners and that Monk Fruit would be a new product line of the Company. The Company recognizes the merits of this natural sweetener when used alone and more importantly in combination with stevia to offer options for zero or reduced calorie formulations. The Company was working on obtaining US FDA GRAS self-affirmation for Luo Han Guo ("LHG") high purity products.

The Company is currently establishing a fully integrated supply chain for the products, mirroring what has successfully been achieved with stevia. The supply chain is expected to be operational in the second quarter of 2014.

On February 3, 2014 the Company announced that it had filed a patent with the State Intellectual Property Bureau of the People's Republic of China for its proprietary process for extraction and production of high purity LHG extracts as well as LHG formulations used in food and beverage applications. The Company also plans to seek International Patent Protection under the Patent Cooperation Treaty for this patent. The patent filing has two components, the first addresses GLG's proprietary industrial scale purification processes for LHG and the second addresses LHG formulations. Both components lever our patented and proprietary techniques developed for purification and formulating high purity stevia extract products. GLG expects that its proprietary LHG technology covered in this patent will result in higher yields of mogroside from the fruit and greater purity of extracts. The company is currently capable of producing LHG extracts up to 60% mogroside V purity and is working on 70 to 80% mogroside V extracts. These products are expected to be the highest available in the marketplace. Formulations in the patent cover a range of formulations including stevia/LHG blends.

The Company has completed the majority of work to establish its fully integrated supply chain for LHG including obtaining high quality LHG seedlings, contracting with LHG growers and storage facilities, and developing patent pending processing technology for high purity LHG extract and quality assurance/quality control processes. GLG plans to utilize its Runyang stevia processing facility to produce the extracts. Key remaining activities include the commencement of LHG planting this spring and minor modifications to its Runyang facility to enable LHG production. Production using this year's LHG crop is expected to start in the third quarter of 2014. GLG is currently working through the US FDA GRAS self-affirmation process for its LHG high purity extract products.

On March 7, 2014, the Company announced that it was launching its new line of stevia sweeteners – "organipureTM". The organipureTM line includes purity levels that pair the clean finish and rounded sweetness that GLG stevia extracts are known for with organic certifications that are recognized both in North America and Europe. GLG offers the largest portfolio of stevia extract-based sweetener solutions globally, providing a number of options within the organic line that allows for the use of organipureTM stevia extract in both high-end and cost constrained formulations aiming to provide consumers with an organic certified premium finished product. organipure™ was a natural step in the evolution of GLG's stevia offerings after

extensive consultation with its customers and distribution partners. organipure™ represents a premium quality organic product that has an exceptional taste profile.

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 the three and twelve month periods ended December 31, 2013 and 2012. The Company has reclassified certain of the figures presented for comparative purposes to conform to the financial statement presentation adopted in the current period.

In thousands Canadian $, except per share amounts	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Revenue	$4,138	$8,277	(50%)	$16,022	$21,139	(24%)
Cost of Sales	$2,276	$9,640	(76%)	$17,724	$26,110	(32%)
% of Revenue	55%	116%	(61%)	111%	124%	(13%)
Gross Profit (Loss)	$1,862	($1,363)	(237%)	($1,702)	($4,972)	(66%)
% of Revenue	45%	(16%)	61%	(11%)	(24%)	13%
Expenses	$5,668	$2,683	111%	$12,780	$9,690	32%
% of Revenue	137%	32%	105%	80%	46%	34%
Loss from Operations	($3,806)	($4,046)	(6%)	($14,483)	($14,662)	(1%)
% of Revenue	(92%)	(49%)	(43%)	(90%)	(69%)	(21%)
Other Income (Expenses)	($1,608)	($5,521)	(71%)	($15,277)	($15,220)	0%
% of Revenue	(39%)	(67%)	28%	(95%)	(72%)	(23%)
Net (Loss) before Income Taxes	($5,414)	($9,567)	(43%)	($29,760)	($29,882)	(%)
% of Revenue	(131%)	(116%)	(15%)	(186%)	(141%)	(44%)
Net (Loss)	($3,431)	($11,789)	(71%)	($26,430)	($34,820)	(24%)
% of Revenue	(83%)	(142%)	(42%)	(165%)	(165%)	0%
Net (Loss) from continuing	($5,461)	($9,646)	(43%)	($29,808)	($29,965)	(1%)
% of Revenue	(132%)	(117%)	(15%)	(186%)	(142%)	(44%)
Net gain (loss) from discontinued operations	$2,030	($2,143)	(195%)	$3,378	($4,856)	(170%)
% of Revenue	49%	(26%)	75%	21%	(23%)	44%
Loss per share (LPS, Basic & Diluted)	($0.10)	($0.36)	(71%)	($0.79)	($1.06)	(25%)
Loss per share from continuing operations (LPS, Basic & Diluted)	($0.16)	($0.29)	(44%)	($0.89)	($0.91)	(2%)
Loss per share from discontinued operations (LPS, Basic & Diluted)	$0.06	($0.07)	(193%)	$0.10	($0.15)	(169%)
Other Comprehensive Income (Loss) from continuing operations	$2,082	$305	582%	$4,803	($2,983)	(261%)
% of Revenue	50%	4%	47%	30%	(14%)	44%
Other Comprehensive Income (Loss) from discontinued operations	$21	$54	(62%)	$89	($58)	(253%)
% of Revenue	1%	1%	(%)	1%	(%)	1%
Total Comprehensive Income (Loss)	($1,328)	($11,430)	(88%)	($21,538)	($37,861)	(43%)
% of Revenue	(32%)	(138%)	106%	(134%)	(179%)	45%

Revenue

As at December 31, 2013, 100% of the Company's sales are in foreign currencies and translated into Canadian dollars for financial reporting purposes.

Stevia sales of $4.1 million for the three months ended December 31, 2013 were down by 50% compared to the fourth quarter in 2012, reflecting the change in business focus away from the period of one-off sales of stevia extracts to other stevia providers to international customers who generate recurring monthly revenues. For example, one-off low purity stevia extract sales in the fourth quarter of 2012 were approximately $4.1 million for 3 China based companies compared no sales made to these same companies in the fourth quarter of 2013.

Stevia sales of $16.0 million, for the twelve months ended December 31, 2013 were down by 24% over $21.1 million sales in the comparable period in 2012. Factors that have led to the decrease in stevia sales during the twelve months ended December 31, 2013 over the twelve months ended December 31, 2012, include:

1. The Company revised its sales strategy in 2013 to focus on developing:
   a) International sales;
   b) Recurring monthly revenues compared to one-off sales; and
   c) Decreased sale of stevia extracts to other stevia companies.

   The Company increased the percentage of international sales for the twelve months ending December 31, 2013 to 30% from approximately 7% in 2012. The focus on developing recurring monthly revenues has also been successful in 2013 with the majority of its international customers placing purchase orders every 4 to 6 weeks compared to infrequent larger sales that were more the norm in 2012. The Company has also decreased its sales to other China based stevia companies in 2013 from the levels made in 2012. The reduction in sales to other stevia providers and agents in 2013 is the main reason for the 24% decline in stevia revenues in 2013. International sales increased significantly from $1.6 million for fiscal 2012 to $4.8 million in fiscal 2013 or an increase of 195% compared to China based revenues that declined 44% from $20.1 million in fiscal 2012 to $11.3 million in fiscal 2013. Non-recurring low purity stevia extract sales for the twelve months ended December 31, 2012 were approximately $5.4 million for three China based customers compared to $0.1 million for the same customers for the twelve months ended December 31, 2013.

2. International sales were also negatively impacted by a US based stevia provider that did not honour a $US 2.4 million purchase that was contractually commited to under a supply agreement.

3. An additional factor that affected 2013 sales was the uncertainty perceived by the Company's customers as the Company was subject to certain regulatory reviews during the first 6 months of 2013. The events included a delisting review by the Exchange and a continuous disclosure review that resulted from a cease trade order (CTO) initiated by the BCSC in April 2012. The Company is no longer seeing an impact on its international sales efforts since these matters were resolved in June 2013.

Cost of Sales

Cost of sales for the three months ended December 31, 2013 was $2.3 million compared to $9.6 million for the same period last year. Cost of sales as a percentage of revenues was 55% compared to 116% in the fourth quarter of 2012. There was a 61 percentage point improvement in the fourth quarter of 2013 compared to the cost of sales as a percentage of revenue in 2012 due to processing cost improvements and lower stevia extract material costs. Capacity charges of $1.4 million were incurred in the fourth quarter of 2013 compared to $1.6 million incurred in 2012. Capacity charges would ordinarily flow to inventory during periods of normal capacity operations.

For the twelve months ended December 31, 2013 the cost of sales related to the stevia business was $17.7 million compared to $26.1 million in cost of sales for the same period last year ($8.4 million decrease or 32% reduction). The 32% decrease is primarily due to the lower volume of extract sold compared to the previous year. Cost of sales as a percentage of revenues was 111% in the twelve months ended December 31, 2013 compared to 124% in 2012. Stevia revenues were down 24% year over year as stated previously. Capacity charges in cost of sales in 2013 were $6.1 million compared to those capacity charges incurred in 2012 ($6.2 million). Capacity charges would ordinarily flow to inventory during periods of normal capacity operations and therefore were the major factor in driving the cost of sales higher than the actual revenue generated in the twelve months ended December 31, 2013.

The key factors that impact stevia cost of sales and gross profit percentages in each period include (from the most important to least important):

1. The price paid for stevia leaf and the associated stevia leaf quality, which demands high prices for higher crop quality;
2. Capacity utilization of stevia at manufacturing plants;
3. Salaries and wages of manufacturing labour;
4. Water and power consumption;
5. Manufacturing overhead used in the production of stevia extract including supplies, power and water;
6. Net value added tax (VAT) paid on export sales;
7. Exchange rate changes;
8. Depreciation and capacity utilization of the stevia extract processing plants; and
9. 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 of each year.

Gross Profit (loss)

Gross profit for the three months ended December 31, 2013 was $1.9 million compared to a $1.4 million gross loss for the comparable period in 2012 or an improvement of $3.2 million. The gross profit margin for the three months period ended December 31, 2013 for the Company as a whole was 45% compared to negative 16% for the three months ended December 31, 2012. The main contributors to the positive gross profit were (1) lower cost stevia extract sourced and used during the fourth quarter; and (2) production cost improvements as GLG produced more high purity stevia extracts in the fourth quarter of 2013 compared to the fourth quarter of 2012 which also had a high sales mix of low purity extract sales that required low amounts of processing. Gross margin was affected by the high fixed non-cash charges driven by lower utilization of stevia facilities in the quarter that would ordinarily flow to inventory during periods of higher plant utilization. Capacity charges of $1.4 million in the fourth quarter 2013 cost of sales compare with capacity charges of $1.6 million in 2012. Capacity charges would ordinarily flow to inventory during periods of normal capacity operations and therefore were the major factor in drive cost of sales higher than the actual revenue generated in the fourth quarter.

Gross loss for the twelve months ended December 31, 2013 was $1.7 million compared to a gross loss of $5.0 million for the comparable period in 2012 or an improvement of $3.3 million. The gross profit margin for the twelve months period ended December 31, 2013 for the Company as a whole was negative 11% compared to negative 24% for the comparable period in 2012. The main contributor to the negative gross margin for the year ended December 31, 2013 was the high fixed non-cash charges driven by lower utilization of stevia facilities during the year that would ordinarily flow to inventory during periods of higher plant utilization. Since only two of GLG's manufacturing facilities was operating during 2013, the Company incurred capacity and other fixed charges of $6.1 million in 2013 ($6.2 million in capacity charges in 2012).

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 long lived assets. A breakdown of SG&A expenses into these components is presented below:

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
G&A Stevia	$1,498	$2,876	(48%)	$5,790	$8,204	(29%)
Provision for receivables Stevia	$2,900	($423)	(786%)	$4,431	($447)	(1091%)
Stock Based Comp	$1,068	$137	680%	$1,845	$1,543	20%
Amortization Stevia	$203	$93	119%	$714	$390	83%
Total	$5,668	$2,683	111%	$12,780	$9,690	32%

G&A for the stevia business for the three months ended December 31, 2013 was $1.5 million compared to $2.9 million in the same period in 2012 or a 48% decrease from the prior year. Management has taken steps to proactively reduce its G&A costs going forward as it works to rebuild its sales order book. At the end of December, the total number of employees in GLG's China stevia subsidiaries was 259, which is down from the 437 employees at the end of December 2012.

The Company has reviewed its accounts receivable and has made an impairment provision of $2.9 million in the fourth quarter of 2013 compared to no impairment provision in 2012.

Stock-based compensation was $1.1 million for the three months ended December 31, 2013 compared with $0.1 million in the same quarter of 2012. The number of common shares available for issue under the stock compensation plan is a maximum of 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, new grants and restricted shares.

G&A related depreciation and amortization expenses for the three months ended December 31, 2013 were $0.2 million which is an increase of $0.1 million over the $0.1 million at December 31, 2012.

G&A for the stevia business for the twelve months ended December 31, 2013 was $5.8 million compared to $8.2 million in the same period in 2012 or a decrease of 29%. Management has taken steps to proactively reduce its G&A costs going forward as it works to rebuild its sales order book. At the end of December, the total number of employees in GLG's China stevia subsidiaries was 259, which is down from the 437 employees at the end of December 2012.

The Company has reviewed its accounts receivable and has made an impairment provision of $4.4 million for the year ending December 31, 2013 compared to no impairment provision in 2012.

Stock-based compensation was $1.8 million for the twelve months ended December 31, 2013 compared with $1.5 million in the same period in 2012. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the period, compensation from vesting stock based compensation awards was recognized, due to previously granted options, new grants and restricted shares.

G&A related depreciation and amortization expenses for the twelve months ended December 31, 2013 were $0.7 million compared with $0.4 million at December 31, 2012.

NON-GAAP Financial Measures

Gross Profit (Loss) before capacity charges

This non-GAAP financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only 50% of its production facilities in operation in 2013 and idle capacity charges have a material impact on the gross profit (loss) line in the financial statements.

Gross Profit (Loss) before capacity charges for the three months ended December 31, 2013 was $3.3 million or 79% of fourth quarter revenues, compared to $0.2 million or 3% of fourth quarter revenues for the same period in 2012. Gross Profit (Loss) before capacity charges improved from the comparable period due to the sourcing of lower cost stevia extract materials in the fourth quarter as well as production cost improvements experienced during the quarter as production volumes improved from the previous year.

Gross Margin before capacity charges for the twelve months ended December 31, 2013 was $4.4 million or 28% of twelve month revenues, compared to $1.2 million or 6% of twelve month revenues for the same period in 2012. Gross Profit (Loss) before capacity charges improved from the comparable period due to the sourcing of lower cost stevia extract materials in the fourth quarter as well as production cost improvements experienced during the year as production volumes improved from the previous year.

Earnings before Interest Taxes and Depreciation ("EBITDA") and EBITDA Margin

Consolidated EBITDA

EBITDA for the quarter ended December 31, 2013 was $1.4 million or 34% of revenues, compared to negative $4.0 million or negative 48% of revenues for the same period in 2012. EBITDA improved by 82 percentage points for the three month period ended December 31, 2013 driven by lower material costs, processing cost improvements as described earlier as well as reductions in sales, cash based SG&A costs achieved during the fourth quarter of 2013.

EBITDA for the twelve months ended December 31, 2013 was negative $4.4 million or negative 28% of revenues compared to negative $11.8 million or negative 53% of revenues for the twelve months ended December 31, 2012. EBITDA improved by 28 percentage points for the 12 month period ended December 31, 2013 driven by processing cost improvements as described previously in addition to reductions in sales, cash based SG&A costs achieved during 2013.

In thousands Canadian $	3 Months Ended Dec 31		Year Ended Dec 31	
	2013	2012	2013	2012
Loss Before Income Taxes and Non-Controlling Interests	($5,414)	($9,567)	($29,760)	($29,882)
Add:				
Provisions for inventories write-off	($465)	$3,632	$8,149	$8,494
Provisions for receivables	$2,900	($423)	$4,431	($447)
Net Interest Expense	$1,930	$1,959	$7,181	$6,924
Depreciation and Amortization	$1,653	$337	$4,356	$1,720
Foreign Exchange Loss (Gain)	($272)	($29)	($638)	($148)
Non-Cash Share Compensation	$1,068	$137	$1,845	$1,543
EBITDA	$1,401	($3,954)	($4,436)	($11,796)
EBITDA as a % of revenue	34%	(48%)	(28%)	(56%)

Other Expenses

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Other Income (Expenses)	($1,608)	($5,521)	(71%)	($15,277)	($15,220)	0%
% of Revenue	(39%)	(67%)	28%	(95%)	(72%)	(23%)

Other expenses for the three months ended December 31, 2013 was $1.6 million, a $3.9 million or 71% decrease compared to $5.5 million for the same period in 2012. Other expense decreases are driven by decrease of asset impairment losses of recognized during the fourth quarter of 2013 compared to the $3.6 million of impairment charges recognized for the same period in 2012 (decrease of $4.1 million between two periods). Foreign exchange gain for the three months ended December 31, 2013 increased by $0.2 million to $0.3 million gain from $0.1 million gain for the same period in 2012. Miscellaneous other expenses for the three months ended December 31, 2013 increased by $0.2 million to $0.2 million from nil for the same period in 2012.

Other expenses for the twelve months ended December 31, 2013 was $15.3 million, a $0.1 million increase compared to $15.2 million for the same period in 2012. Other expenses are driven by asset impairment losses of $8.1 million recognized during the year and interest expenses of $7.2 million. Asset impairment losses decreased by $0.4 million in the twelve months ended December 31, 2013 compared to December 31, 2012 based on inventory valuation analysis performed as of December 31, 2013. Interest expense increased by $0.3 million in the twelve months ended December 31, 2013 compared to December 31, 2012 due to the higher average interest rate paid on loans. Foreign exchange gain increased by $0.5 million to a $0.6 million gain in 2013 compared to a foreign exchange gain of $0.1 million for the same period in 2012. Miscellaneous other expenses for the twelve months ended December 31, 2013 increased by $0.6 million to $0.6 million from nil for the same period in 2012.

Asset impairment charges

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 VIE. 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.

The Company conducted such impairment tests in 2013 and concluded that the VIU of the stevia CGU exceeded the carrying value ("CV") of the assets and that therefore no impairment was required in 2013. The Company also believes that indications of impairment were still present so no write-up of the CV was warranted under these circumstances even though the VIU exceeded the CV of the stevia assets being tested.

Impairment of Inventory

Under IFRS and the Company's accounting policies, 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 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 Company performed such analysis consistently during 2013 and for the 2012 year end balances. During the three month period ending December, 31, 2013, the Company recorded a reversal of inventory impairment charge of $0.5 million ($3.6 million in 2012) since some of the previously marked obsolete goods were sold to third parties.

During the twelve month period ending December, 31, 2013, the Company recorded an inventory impairment charge of $8.1 million ($8.5 million in 2012).

Foreign Exchange Gains (Losses)

GLG reports in Canadian dollars but earns revenues in US dollars and Chinese Yuan ("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 December 31, 2013, the exchange rate for RMB per Canadian dollar was 5.6915 compared to the exchange rate of 6.2617 as at December 31, 2012. The balance of the AOCI was $10.4 million on December 31, 2013 compared to balance of $5.6 million as at December 31, 2012.

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 gains of $0.3 million, for the fourth quarter of 2013, compared to a $0.1 million exchange loss for the comparable period in 2012.

The following table presents the exchange rate movement for the Canadian dollar relative to the US dollar and RMB, from December 31, 2008 to December 31, 2013:

Exchange rates Noon rate (as compared to the Canadian $)	2013 31-Dec	2013 30-Sep	2013 30-Jun	2013 31-Mar	2012 31-Dec	2012 30-Sep	2012 30-Jun	2012 31-Mar	2011 31-Dec	2010 31-Dec	2009 31-Dec	2008 31-Dec
U.S. Dollars	1.0636	1.0285	1.0512	1.0156	0.9949	0.9837	1.0191	0.9991	1.0170	1.0054	0.9515	0.8166
Chinese Yuan	5.6915	5.9524	5.8377	6.1200	6.2617	6.3898	6.2344	6.3052	6.1881	6.6269	6.5232	5.5710
Exchange rates Noon rate (as compared to the US $)	**2013 31-Dec**	**2013 30-Sep**	**2013 30-Jun**	**2012 31-Dec**	**2012 31-Dec**	**2012 30-Sep**	**2012 30-Jun**	**2012 31-Mar**	**2011 31-Dec**	**2010 31-Dec**	**2009 31-Dec**	**2008 31-Dec**
Chinese Yuan	6.0535	6.1220	6.1365	6.2157	6.2298	6.2856	6.3535	6.2995	6.2933	6.5911	6.8270	6.8223

Income Tax Expense

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Income tax recovery (expense)	($47)	($79)	(40%)	($49)	($83)	(41%)
Income tax expense as a percent of revenue	(1%)	(1%)	(%)	0%	0%	0%

During the three months ended December 31, 2013 the Company recorded income tax expense of $0.1 million compared to the income tax expense of $0.1 million in the comparable period in 2012.

During the twelve months ended December 31, 2013 the Company recorded an income tax expense of $0.1 million compared to income tax expense of $0.1 million in 2012.

Net Income (Loss) from Continuing Operations

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Net Loss	($5,461)	($9,646)	(43%)	($29,808)	($29,965)	(1%)
% of revenue	(132%)	(117%)	(15%)	(186%)	(142%)	(44%)

For the three months ended December 31, 2013, the Company had a net loss from continuing operations of $5.5 million compared to a net loss attributable to the Company of $9.6 million for same period in 2012. The decrease of $4.1 million loss was driven by: (1) an increase in gross profit of $3.2 million, and (2) a decrease in other expenses of $3.9 million. These items were offset by an increase in G&A expenses of $3.0 million.

For the twelve months ended December 31, 2013, the Company had a net loss attributable to the Company of $29.8 million, a reduction of $0.2 million in losses compared to the $30.0 million loss for the comparable period in 2012. The decrease in net loss was driven by: (1) by an increase in gross profit of $3.3 million. This item was offset by an increase of G&A expenses of $3.1 million.

Comprehensive Income from Continuing Operations

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Net Loss	($3,431)	($11,789)	(71%)	($26,430)	($34,820)	(24%)
Other comprehensive income (loss)	$2,103	$359	485%	$4,892	($3,041)	(261%)
Other Comprehensive Income (Loss) from continuing operations	$2,082	$305	582%	$4,803	($2,983)	(261%)
% of Revenue	50%	4%	47%	30%	(14%)	44%
Other Comprehensive Income (Loss) from discontinued operations	$21	$54	(62%)	$89	($58)	(253%)
% of Revenue	1%	1%	(%)	1%	(%)	1%
Total comprehensive income (Loss)	($1,328)	($11,430)	(88%)	($21,538)	($37,861)	(43%)

The Company recorded total comprehensive loss from continuing operations of $3.4 million for the three months ended December 31, 2013, comprising $5.5 million of net loss and $2.1 million of other comprehensive income. The Company recorded a total comprehensive loss from continuing operations of $9.3 million for the three months ended December 31, 2012, comprised of $9.6 million in net loss and $0.3 million in other comprehensive loss.

The Company recorded total comprehensive loss from continuing operations of $24.9 million for the twelve months ended December 31, 2013, comprising $29.8 million of net loss and $4.9 million of other comprehensive income. The Company recorded a total comprehensive loss of $33.0 million for the twelve months ended December 31, 2012, comprised of $30.0 million in net loss and $3.0 million in other comprehensive loss.

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 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 consolidated financial statements for the previous eight quarterly periods:

In thousands Canadian $, except per share amounts	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Revenue	$4,138	$5,196	$3,446	$3,243	$8,277	$5,778	$6,761	$892
Gross Profit $	$1,862	($1,662)	($1,464)	($438)	($1,661)	($2,368)	($1,126)	($95)
Gross Profit %	45%	(32%)	(42%)	(14%)	(20%)	(41%)	(17%)	(11%)
Net Loss	($3,431)	($12,480)	($6,795)	($3,723)	($11,789)	($13,017)	($6,045)	($3,968)
Gain (loss) from continuing operations	($5,461)	($14,338)	($6,440)	($3,569)	($9,646)	($12,034)	($5,437)	($3,464)
Gain (loss) from discontinued operations	$2,030	$1,857	($355)	($154)	($2,143)	($983)	($608)	($504)
Basic Income (Loss) Per Share	($0.10)	($0.37)	($0.20)	($0.11)	($0.36)	($0.41)	($0.16)	($0.12)
Basic LPS from continuing operations	($0.16)	($0.43)	($0.19)	($0.10)	($0.29)	($0.37)	($0.14)	($0.10)
Basic LPS from discontinued operations	$0.06	$0.06	($0.01)	($0.01)	($0.07)	($0.04)	($0.02)	($0.02)
Diluted Income (Loss) Per Share	($0.10)	($0.37)	($0.20)	($0.11)	($0.36)	($0.41)	($0.16)	($0.12)
Diluted LPS from continuing operations	($0.16)	($0.43)	($0.19)	($0.10)	($0.29)	($0.37)	($0.14)	($0.10)
Diluted LPS from discontinued operations	$0.06	$0.06	($0.01)	($0.01)	($0.07)	($0.04)	($0.02)	($0.02)

Quarterly Net Loss

For the three months ended December 31, 2013, the Company had a net loss attributable to the Company of $3.4 million compared to a net loss of $11.8 million for same period in 2012. The decrease of $8.4 million loss was driven by: (1) an increase in gross profit of $3.2 million, (2) a decrease in other expenses of $3.9 million and (3) a gain from discontinued operations of $4.3 million. These items were offset by an increase in G&A expenses of $3.0 million. The net loss from continuing operations was $5.5 million and the net gain from discontinued operations was $2.0 million.

For the three months ended September 30, 2013, the Company had a net loss attributable to the Company of $14.3 million compared to a net loss attributable to the Company of $12.1 for same period in 2012. The net change of $2.2 million was driven by: (1) a decrease in gross loss of $0.7 million and (2) a decrease in G&A expenses of $0.3 million. These items were offset by (3) an increase in other expenses of $3.2 million. The net loss from continuing operations was $14.3 million and the net gain from discontinued operations was $1.9 million.

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. The net loss from continuing operations was $6.4 million and the net loss from discontinued operations was $0.4 million.

For the three months ended March 31, 2013, the Company had a net loss attributable to the Company of $3.7 million, a decrease of $0.2 million over the comparable period in 2012 ($3.9 million loss). The decrease in net loss was driven by: (1) a decrease in gross profit of $0.4 million, (2) an increase in other income/expenses of $0.4 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 $1.0 million. The net loss from continuing operations was $3.6 million and the net loss from discontinued operations was $0.2 million

For the three months ended December 31, 2012, the Company had a net loss attributable to the Company of $11.5 million compared to a net loss attributable to the Company of $146.2 for same period in 2011. The decrease of $134.7 million loss was driven by: (1) an increase in gross profit of $1.1 million, (2) a decrease in G&A expenses of $11.3 million, and (3) a decrease in other income and expenses of $123.1 million. These items were offset by a decrease in loss attributable to non-controlling interests of $0.7 million and an increase in income tax expense of $0.1 million. The net loss from continuing operations was $9.6 million and the net loss from discontinued operations was $2.1 million

For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of $13.0 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 net loss from continuing operations was $12.0 million and the net loss from discontinued operations was $1.0 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. The net loss from continuing operations was $5.4 million and the net loss from discontinued operations was $0.6 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. The net loss from continuing operations was $3.5 million and the net loss from discontinued operations was $0.5 million

Quarterly Basic and Diluted Earnings (Loss) per Share

The basic loss and diluted loss per share from both continuing and discontinued operations was $0.10 for the fourth quarter of 2013 compared with a basic and diluted net loss from both continuing and discontinued operations of $0.36 for the same period in 2012. The basic and diluted loss per share from continuing operations was $0.16 per share. The basic and diluted earnings per share from discontinued operations was $0.06 per share. For the three months ended December 31, 2013, the Company had a net loss attributable to the Company of $3.4 million compared to a net loss of $11.8 million for same period in 2012. The decrease of $8.4 million loss was driven by: (1) an increase in gross profit of $3.2 million, (2) a decrease in other expenses of $3.9 million and (3) a gain from discontinued operations of $4.3 million. These items were offset by an increase in G&A expenses of $3.0 million.

The basic loss and diluted loss per share was $0.43 for the third quarter of 2013 compared with a basic and diluted loss per share of $0.37 for the same period in 2012. The basic and diluted loss per share from continuing operations was $0.43 per share. For the three months ended September 30, 2013, the Company had a net loss attributable to the Company of $14.3 million compared to a net loss attributable to the Company of $12.1 million for same period in 2012. The net change of $2.2 million was driven by: (1) a decrease in gross loss of $0.7 million and (2) a decrease in G&A expenses of $0.3 million. These items were offset by (3) an increase in other expenses of $3.2 million.

The basic loss and diluted loss per share was $0.20 for the second quarter of 2013 compared with a basic and diluted net loss of $0.18 for the comparable period in 2012. The basic and diluted loss per share from continuing operations was $0.19 per share. 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 decrease in net loss was driven by: (1) a decrease in gross profit of $0.3 million, an increase in other expenses of $0.3 million, and (3) an increase in G&A expenses of $0.2 million.

The basic loss and diluted loss per share was $0.11 for the first quarter of 2013 compared with a basic and diluted net loss of $0.12 for the comparable period in 2012. The basic and diluted loss per share from continuing operations was $0.19 per share. For the three months ended March 31, 2013, the Company had a net loss attributable to the Company of $3.7 million, a decrease of $0.2 million over the comparable period in 2012 ($3.9 million loss). The decrease in net loss was driven by: (1) a decrease in gross profit of $0.4 million, (2) an increase in other income/expenses of $0.4 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 $1.0 million.

The basic loss and diluted loss per share was $0.34 for the fourth quarter of 2012 compared with a basic and diluted net loss of $4.56 for the same period in 2011. The basic and diluted loss per share from continuing operations was $0.29 per share. For the three months ended December 31, 2012, the Company had a net loss attributable to the Company of $11.5 million compared to a net loss attributable to the Company of $146.2 for same period in 2011. The decrease of $134.7 million loss was driven by: (1) an increase in gross profit of $1.1 million, (2) a decrease in G&A expenses of $11.3 million, and (3) a decrease in other income and expenses of $123.1 million. These items were offset by a decrease in loss attributable to non-controlling interests of $0.7 million and an increase in income tax expense of $0.1 million.

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. The basic and diluted loss per share from continuing operations was $0.37 per share. 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. The basic and diluted loss per share from continuing operations was $0.14 per share. 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; and 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. The basic and diluted loss per share from continuing operations was $0.10 per share. 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.

Capital Expenditures

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Capital Expenditures	($9)	($623)	(99%)	($81)	($776)	(89%)

GLG's capital expenditures of $0.1 million for the fourth quarter of 2013 reflected a decrease of 99% in comparison to $0.6 million in the fourth quarter of 2012. Expenditures for the twelve months were $0.1 million compared to $0.8 million for the same period in 2012, a decrease of approximately 89%.

Liquidity and Capital Resources

In thousands Canadian $	31-Dec-13	31-Dec-12
Cash and Cash Equivalents	$5,133	$3,582
Working Capital	($29,445)	($33,854)
Total Assets	$87,796	$103,065
Total Liabilities	$101,164	$95,377
Loan Payable (<1 year)	$40,663	$59,883
Loan Payable (>1 year)	$38,935	$8,673
Total Equity	($13,367)	$7,688

The Company has a working capital deficit of $29.4 million as of December 31, 2013 compared to a working capital deficit of $33.9 million for the comparable period in 2012. The negative working capital has been driven by the total of $46.5 million of inventory impairment charges that it has recognized since year ended December 31, 2011. The Company has pursued the following actions to manage this situation during 2013. The Company has paid down short term loans by $5.1 million and refinanced this debt with longer term debt from banks and through loans from its its Chairman of $7.3 million in 2013. The Company has also reduced accounts payable by $8.2 million and negotiated with its creditors on extended payment terms.

During the year ended December 31, 2013, the Company has signed loan refinancing agreements with Agricultural Bank of China, Bank of China, Construction Bank of China and Bank of Communication. The agreements detail the repayment of all existing short term loans with these four banks totaling $57,719,279 (RMB 328,509,279) with the four banks. The Company will repay $37,888,446 (RMB 215,642,094) during the year ended December 31, 2014, $19,830,833 (RMB 112,867,185) during the year ended December 31, 2015.

The Company has also optimized production at two plants during 2013 to minimize additional investment in inventories and has focused converting existing inventories into cash. As discussed below in the cash flow section, the inventory account has been reduced by $13.0 million for the twelve months ended 2013. The Company has also focused on improvements to accounts receivable collections and credit management.

Cash Flows: Three months ended December 31, 2013 and 2012

Cash used by operating activities from continuing operations was negative $3.3 million in the three month period ended December 31, 2013 compared to $7.5 million generated in the same period of 2012 or a decrease of $10.8 million. Cash flow before the impact of non-cash working capital was negative $1.6 million before changes in non-cash working capital in 2013 compared to a negative $5.4 million before changes in non-cash working capital in 2012 or a $3.8 million improvement. This reflects the improvement in gross profit in the fourth quarter of 2013 as well as lower SGA operating expenses (excluding non-cash SGA expenses) incurred in the fourth quarter 2013 compared to the fourth quarter of 2012. Non-cash working capital used an additional $1.6 million in the three month period ended December 31, 2013 relative to the $12.9 million non-cash working capital generated in the 2012 comparable period. The $14.5 million dollar decrease in cash provided from non-cash working capital in the three months ended December 31, 2013 compared to the comparative 2012 period, was due to changes in (1) the net decrease in cash from inventory of $11.9 million, and (2) the net decrease in cash provided by taxes receivable of $0.9 million, and (3) the net reduction cash generated from prepaid expenses of $0.4 million; (4) the decrease in cash provided by accounts receivable of $3.1 million. These amounts were offset by and (5) the net decrease in accounts payable and interest payable of $1.8 million.

Cash generated from operating activities by discontinued operations was $3.4 million during the fourth quarter ended 2013, compared to cash used of $0.6 million in the same period in 2012 or a $4.0 million improvement.

Cash used by investing activities from continuing operations was $0.1 million during the fourth quarter of 2013, compared to cash used by investing activities of $0.6 million in the same period in 2012.

Cash generated from financing activities from continuing operations was $1.1 million in the fourth quarter of 2013 compared to cash used of $4.6 million in the same period in 2012. The increase of cash used by financing activities of $5.7 million was driven by the net increase in repayment of short term bank loans of $6.1 million, offset by a net increase of loans from related parties by $0.4 million.

Cash Flows: Twelve months ended December 31, 2013 and 2012

Cash used by operating activities from continuing operations was $3.9 million in the twelve month period ended December 31, 2013 compared to $3.7 million generated in the same period of 2012 or a $7.6 million

decrease. Cash flow before the impact of non-cash working capital was negative $10.5 million before changes in non-cash working capital in 2013 compared to a negative $17.9 million before changes in non-cash working capital in 2012 or a $7.4 million improvement. This reflects the improvement in gross profit in the twelve months ended December 31, 2013 as well as lower SGA operating expenses (excluding non-cash SGA expenses) incurred in 2013 compared to the same period in 2012. Non-cash working capital contributed a positive $6.5 million contribution in the twelve months ended December 31, 2013 relative to the $21.6 million non-cash working capital generated in the 2012 comparable period or a $15.1 million decrease. The $15.1 million dollar decrease in cash provided from non-cash working capital in the twelve months ended December 31, 2013 compared to the comparative 2012 period, was due to changes in (1) the net decrease in cash from inventory of $15.5 million, and (2) the net decrease in cash provided by taxes receivable of $1.9 million and (3) the net decrease in accounts payable and interest payable These amounts were offset by (4) the increase in cash provided by accounts receivable of $4.4 million (5) the net increase in cash generated from prepaid expenses of $1.0 million.

Cash generated from operating activities from discontinued operations was $5.2 million during the year ended 2013, compared to cash used of $1.8 million in the same period in 2012 or a $7.0 million improvement.

Cash used by investing activities from continuing operations was $0.1 million during the year ended 2013, compared to cash used by investing activities of $0.6 million in the same period in 2012.

Cash generated from financing activities from continuing operations was $2.2 million in the 12 months ended for 2013 compared to cash used by financing activities of $1.1 million in the same period in 2012. The net increase of cash from financing activities of $3.3 million was driven by the net decrease in repayments of short term bank loans of $4.7 million, which were offset by the net decrease of loan from related parties by $1.4 million.

Selected Annual Information

	Year Ended December 31		
In thousands Canadian $, except for EPS	2013	2012	2011
Gross Revenue (note 1)	$16,022	$21,139	$16,841
Net Income (Loss) from continuing operations	($29,808)	($29,965)	($158,359)
Net Income (Loss)	($26,430)	($34,820)	($181,555)
Total Assets	$87,796	$103,065	$147,382
Non-current financial liabilities	$38,893	$8,683	$0
Loss per share from continuing operations			
Basic and diluted	($0.89)	($0.91)	($4.81)
Loss per share from continuing operations and discontinued operations			
Basic and diluted	($0.79)	($1.03)	($5.52)

NOTE 1: Restated numbers exclude revenue from discontinued operations. (2011 - 8.0 million)

During the year ended December 31, 2011, in addition to operating losses, the Company incurred write-downs of Property Plant and Equipment, Goodwill and Intangible Assets and Inventories totaling $128.2 million.

Total Assets declined over the years 2012 and 2013 as inventories were drawn down, and further impairment charges were also taken on obsolete inventory.

During the year ended December 31, 2012 and 2013, Non-current financial liabilities increased as the Company rose from nil in 2011 to $38.9 million as the company refinanced short term bank debt and obtained longer term funding from the Company's Chairm and CEO.

Financial Resources

Cash and cash equivalents increased by $1.6 million during the twelve months ended December 31, 2013. Working capital improved to negative $29.4 million from negative $33.9 million as of December 31, 2012. The working capital increase can be attributed to increase in cash, and decreases in short term loans and accounts payable, offset by decreases in accounts receivable, sales taxes recoverable, inventory, and prepaid expenses and increase in interest payable. (See section on Liquidity and Capital Resources for additional information)

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, other current assets,accounts payable and interest payable.

Balance Sheet

In comparison to December 31, 2012, total assets decreased by $15.3 million as at December 31, 2013, primarily due to a decrease in current assets of $20.0 million and an increase in capital assets of $4.7 million. The decrease in the current assets was mainly driven by the following:

1. Decrease of $13.0 million in inventory.
2. Decrease in taxes recoverable of $0.4 million, which can be attributed to refundable VAT taxes on the increase in inventory.
3. Decrease in prepaid expenses of $1.3 million
4. Decrease in accounts receivable of $6.9 million

These were offset by:

5. Increase of $1.6 million in cash and cash equivalents.

The increase in property plant, and equipment of $4.9 million in the fixed assets was mainly due to unrealized foreign exchange gain of these assets.

Current liabilities decreased by $24.4 million as at December 31, 2013 in comparison to December 31, 2012, because of net decrease in short term loans of $19.2 million and decrease in accounts payable of $8.2 million. These changes were offset by an increase of interest payable of $2.9 million.

Long term liabilities increased by $30.2 million due to the increase of related party loans, the conversion of short term bank loans to longer terms and the Convertible Note issued as a result of the AN0C transaction. Shareholders' equity decreased by $19.5 million due to: a) increase from stock based compensation of $2.1

million, b) the increase in accumulated other comprehensive income of $4.8 million (assuming this is foreign currency affects), c) an increase in deficit of $29.8 million, and d) a gain from the transaction for the disposition of discontinued operations of $3.4 million.

China Lines of Credit and Short Term Loans

The Company's short term loans consisted of borrowings from a private lender and from four banks in China as follows:

Short term borrowing from a private lender:

As at December 31, 2012	$	623,222
Addition		43,019
As at December 31, 2013	$	666,241

During the year ended December 31, 2013, the Company renewed the short term borrowing from a private lender. The loan principal amount as of December 31, 2013 is $666,241 and bear interest at 11.50% per annum. The short term borrowing is due on demand and does not have any attached covenants.

Short term bank loans as at December 31, 2013:

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$ 527,102	3,000,000	December 31, 2015	7.71%	Agricultural Bank of China
	4,919,617	28,000,000	December 31, 2015	7.71%	Agricultural Bank of China
	1,757,006	10,000,000	December 31, 2015	7.13%	Agricultural Bank of China
	1,718,352	9,780,000	December 31, 2015	7.13%	Agricultural Bank of China
	9,320,916	53,049,991	December 31, 2015	6.48%	Agricultural Bank of China
	14,056,048	80,000,000	December 31, 2015	6.48%	Agricultural Bank of China
	14,440,879	82,190,263	December 31, 2015	11.97%	Bank of Communication
	3,409,905	19,407,477	December 31, 2014	7.22%	Bank of China
	104,107	592,523	December 31, 2014	7.22%	Bank of China
	878,503	5,000,000	July 3, 2014	7.80%	Huishang Bank
	1,229,904	7,000,000	July 5, 2014	7.20%	Huishang Bank
	5,271,018	30,000,000	December 31, 2014	9.09%	Construction Bank of China
	2,194,329	12,489,025	December 31, 2014	9.09%	Construction Bank of China
	$ 59,827,687	340,509,279			
Short-term	$ 39,996,854	227,642,094			
Long-term	$ 19,830,833	112,867,185			

Short term bank loans as at December 31, 2012:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 479,103	3,000,000	July 28, 2012	7.71%	Agricultural Bank of China
4,471,629	28,000,000	July 28, 2012	7.71%	Agricultural Bank of China
8,931,821	55,928,387	June 9, 2012	6.81%	Agricultural Bank of China
3,194,021	20,000,000	June 16, 2012	6.81%	Agricultural Bank of China
12,776,083	80,000,000	June 20, 2012	6.81%	Agricultural Bank of China
2,714,918	17,000,000	July 25, 2012	7.08%	Agricultural Bank of China
13,125,870	82,190,263	February 25, 2012	7.98%	Bank of Communication
3,140,734	19,666,333	August 26, 2012	7.22%	Bank of China
525,819	3,292,523	August 26, 2012	7.22%	Bank of China
1,117,907	7,000,000	September 7, 2013	7.20%	Huishang Bank
1,277,608	8,000,000	September 8, 2013	7.20%	Huishang Bank
4,791,031	30,000,000	December 17, 2011	9.09%	Construction Bank of China
2,713,109	16,988,674	December 23, 2011	9.09%	Construction Bank of China
$ 59,259,655	371,066,180			

During the year ended December 31, 2013, the Company has signed loan refinancing agreements with Agricultural Bank of China, Bank of China, Construction Bank of China and Bank of Communication. The agreements detail the repayment of all existing short term loans totaling $57,719,279 (RMB 328,509,279) with the four banks. The Company will repay $37,888,446 (RMB 215,642,094) during the year ended December 31, 2014, $19,830,833 (RMB 112,867,185) during the year ended December 31, 2015.
The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans (see Note 8, 10). For the year ended December 31, 2013, the weighted average interest capitalization was nil% (2012 – nil%).

Financial and Other Instruments

Categories of financial assets and liabilities

Fair value

As at December 31, 2013 and December 31, 2012, the recorded amounts for cash and cash equivalents are at fair value.

As at December 31, 2013 and December 31, 2012, accounts receivable, accounts payable and accrued liabilities, short term loans, interest payable, advances from customers, and amount due to related parties, less provision for impairment if applicable, approximate their fair values due to the short-term nature of these instruments.

The carrying value of the Company's financial instruments is classified into the following categories:

	December 31, 2013		
	Available-for-sale	Loans and receivables	Other financial liabilities
Financial Instruments			
Cash and cash equivalents	$ -	5,132,909	-
Accounts receivables	-	1,500,312	-
Short-term loans	-	(40,663,095)	-
Long-term loans	-	(19,830,833)	-
Convertible Notes	-	-	(3,179,265)
Accounts payable and accrued liabilities	-	-	(16,862,903)
Interest payable	-	-	(4,703,457)
Due to related parties	-	-	(15,924,428)
	$ -	(53,860,707)	(40,670,053)

	December 31, 2012		
	Available-for-sale	Loans and receivables	Other financial liabilities
Financial instruments			
Cash and cash equivalents	$ -	3,582,437	-
Accounts receivables	-	8,444,038	-
Short-term loans	-	(59,882,876)	-
Accounts payable and accrued liabilities	-	-	(25,048,280)
Interest payable	-	-	(1,762,825)
Due to related parties	-	-	(8,673,137)
	$ -	(47,856,401)	(35,484,242)

The Company is exposed to credit risk, liquidity risk and market risk. The Company's primary risk management objective is to protect its income and cash flows and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Company's risks and the related exposures are consistent with its business objectives and risk tolerance.

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

The Company's primary credit risk is on its cash and cash equivalents and accounts receivable. The Company has a high concentration of credit risk as the accounts receivable were owed by four major customers that make up 56% of the total accounts receivable. The amounts disclosed in the consolidated statements of financial position are net of allowances for doubtful accounts, which is estimated by the Company's management based on prior experience and an assessment of the current economic environment. Significant management estimates are used to determine the allowance for doubtful accounts. The allowance for doubtful accounts is calculated by taking into account factors such as the Company's historical collection and write-off experience, the number of days the counterparty is past due, ongoing discussion with the customers and the status of the account. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company's accounts receivable. Given the current economic environment, the Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

Credit risk

Allowance for credit losses		2013	2012
Opening balance	$	456,997	6,231,535
Increase (decrease) in AFDA		2,492,448	(5,674,770)
Foreign Currency Translation		-	(99,768)
Ending balance	$	2,949,445	456,997

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 18 of the Financial Statements. It also manages liquidity risk by continually monitoring actual and projected cash flows to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the undiscounted contractual maturities of the Company's financial liabilities at December 31, 2013 and 2012:

Financial liabilities at December 31, 2013		0 to 12 months	12 to 24 months
Accounts payable and accrued liabilities	$	16,862,903	-
Short-term loans		40,663,095	-
Long-term loans			19,830,833
Convertible Notes			3,179,265
Interest payable		4,703,457	-
Due to related parties		15,924,428	-
	$	78,153,883	23,010,098

Financial liabilities at December 31, 2012		0 to 12 months	12 to 24 months
Accounts payable and accruals	$	25,048,280	-
Short term loans		59,882,876	-
Interest payable		1,762,825	-
Due to related party		8,673,137	-
	$	95,367,118	-

Market risk

Market risk is the risk that changes in market prices, such as fluctuations in the market prices of the Company's publicly traded investments, the Company's share price, foreign exchange rates and interest rates, will affect the Company's income, cash flows or the value of its financial instruments.

Interest rate risk

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, short term loans and amounts due to related parties at December 31, 2013. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2013, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of approximately $712,854 (December 31, 2012 - $215,642) on net (loss) income.

Foreign exchange risk

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 U.S. dollars, Chinese renminbi ("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 People's Republic of China 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. Information on the net foreign exchange risk exposure on translating functional currency of the consolidated entities to the presentation currency with an impact on the other comprehensive income is provided in the following table:

	December 31, 2013		
	RMB balance	HK balance	US balance
Total assets	773,765,282	727	849,206
Total liabilities	(496,341,784)	-	(750,027)
Net foreign exchange risk exposure	**277,423,498**	**727**	**99,180**

	December 31, 2012		
	RMB balance	HK balance	US balance
Total assets	1,038,875,369	4,404	314,586
Total liabilities	(620,964,882)	-	(30,776)
Net foreign exchange risk exposure	**417,910,487**	**4,404**	**283,809**

As of December 31, 2013, 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 $488,491 (December 31, 2012 - $667,407).

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

The following table provides information on the Company's net foreign exchange risk exposure from its US and Canadian operations with an impact on the net income (loss):

	December 31, 2013	December 31, 2012
	US$	US$
Financial assets		
Cash and cash equivalents	46,585	315,675
Accounts receivable	761,129	315,460
Financial liabilities		
Accounts payable and accruals	(6,923)	(140,723)
Interest payable	(84,075)	(694,186)
Short-term loan	(626,400)	(626,400)
Due to related party	(13,881,538)	(8,621,881)
Net foreign exchange risk exposure	**(13,791,222)**	**(9,452,055)**

As of December 31, 2013, 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 $146,484 (December 31, 2012 - $82,624).

Contractual Obligations

Operating leases

The Company renewed two five-year operating leases with respect to land and production equipment at the Qingdao factory in China. The leases expire in 2016 and 2018, and the annual minimum lease payments are approximately $176,000 (RMB 1,000,000).

The Company entered into a thirty-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 $139,000 (RMB 790,000) is paid every 10 years.

The Company entered into a five-year agreement for office premises located in Vancouver, Canada beginning June 1, 2011. The lease payments for the year ended December 31, 2013 is $147,000 (2012 – $143,114).

Research and development contract

The Company entered into a thirteen-month research and development contract to support development of new stevia products beginning January 2014. The total payments are approximately $138,000 (USD $130,000).

The minimum cash payments related to the above are summarized below:		Amount
2014	$	461,185
2015		324,293
2016		237,789
2017		87,850
2018		87,850
Thereafter		278,000
Total	$	1,476,968

Investment in Juancheng

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 County of $63,816,000 (US$60,000,000) over the course of the twenty year agreement to retain its exclusive rights. As of December 31, 2013, the Company has not made any investment in the county 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.

Capital Structure

Outstanding Share Data as at March 31, 2014

	Shares
Common Shares Issued	33,362,804
Reserved For Issuance	
Convertible debenture	2,386,407
Warrants	1,154,494
Stock Options	2,542,504
Total Reserved For Issuance	6,083,405
Fully Diluted Shares	39,446,209

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 who have the 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:

	12 Months	
	2013	2012
Short-term employee benefits (including salaries, Bonuses, fees and social security benefits)	$ 733,647	$ 1,121,370
Long-term employee benefits (including share-based benefits)	$ 1,555,687	$ 1,474,615
Total remuneration	$ 2,289,334	$ 2,595,985

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 $1,700,000.

Key management did not exercise stock options granted under the Company's stock option plan in the 2013 and 2012 fiscal years.

Amount due to related parties

As of December 31, 2013, the Company obtained loans of $12,677,990 from the Company's Chairman and Chief Executive Officer (the "Lender"). These loans bore interest at China's 10-year benchmark government bond rate plus 11% per annum and not 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. The loan does not have any attached covenants.

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, the parties agree that the loan will be repayable in 36 months since the date of borrowing.

Warrant

In connection to the loans from the Lender, 100 common share purchase warrants for every US$1,000 equivalent borrowed were granted to the Lender at the exercise price of $1.00 per warrant for a period of 24 months following the offering closing date. As of December 31, 2013, the Company granted and issued an aggregate of 1,154,494 common share purchase warrants to the Lender.

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, 2013, 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, 2013. 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, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2013, the Company's internal control over financial

reporting were effective

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.

- 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 is available on its website (www.glglifetech.com), in its Annual Information Form available on SEDAR (www.sedar.com).