



## **GLG LIFE TECH CORPORATION**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Six Months Ended June 30, 2017**

**(Unaudited – Prepared by Management)**

## **Notice of No Auditor Review of Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for a review of interim financial statements by an entity's auditors.

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2017 and December 31, 2016

(Unaudited – Expressed in Canadian Dollars)

		June 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 1,253,532	\$ 1,562,524
Accounts receivable	5	1,766,894	2,209,271
Sales taxes recoverable		369,098	662,240
Inventory	6	6,719,665	7,838,059
Prepaid expenses and other advances		534,600	788,369
<b>Total Current Assets</b>		<b>10,643,789</b>	<b>13,060,463</b>
<b>Property, Plant, and Equipment</b>	7	<b>39,705,993</b>	<b>42,066,695</b>
<b>Total Assets</b>		<b>\$ 50,349,782</b>	<b>\$ 55,127,158</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Short-term loans	8	\$ 63,858,976	\$ 65,637,794
Accounts payable and accruals		18,758,496	19,521,154
Interest payable		24,019,877	21,354,102
Deferred revenue		-	302,827
Due to related parties	9	4,857,443	7,974,276
<b>Total Current Liabilities</b>		<b>111,494,792</b>	<b>114,790,153</b>
<b>Long-term loans</b>		<b>-</b>	<b>-</b>
<b>Convertible notes</b>		<b>-</b>	<b>-</b>
<b>Due to related parties</b>	9	<b>18,160,303</b>	<b>27,158,725</b>
<b>Liabilities on derivatives</b>	8,9	<b>339,844</b>	<b>606,002</b>
<b>Total Liabilities</b>		<b>129,994,939</b>	<b>142,554,880</b>
<b>EQUITY</b>			
<b>Shareholders' Deficiency to GLG</b>			
Share capital	10	198,163,544	197,849,958
Contributed surplus		50,007,067	29,232,154
Accumulated other comprehensive income		11,391,290	13,183,038
Deficit		(336,014,998)	(327,692,872)
<b>Total Shareholders' Deficiency</b>		<b>(76,453,097)</b>	<b>(87,427,722)</b>
<b>Non-controlling interests</b>	11	<b>(3,192,060)</b>	<b>-</b>
<b>Total equity</b>		<b>(79,645,157)</b>	<b>(87,427,722)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>		<b>\$ 50,349,782</b>	<b>\$ 55,127,158</b>

Going concern (Note 3)

Commitments (Note 15)

Contingencies (Note 16)

See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Sophia Leung "

Director

"Brian Palmieri "

Director

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)

For the Periods Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
<b>REVENUE</b>	\$ 6,387,178	\$ 4,328,803	\$ 12,637,798	\$ 9,869,591
<b>COST OF SALES (Note 13)</b>	(5,811,692)	(4,325,513)	(11,454,463)	(9,767,024)
<b>GROSS PROFIT</b>	575,486	3,290	1,183,335	102,567
<b>SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 13)</b>	(2,348,997)	(2,860,141)	(4,678,355)	(5,957,997)
<b>OTHER INCOME (EXPENSES)</b>				
Bad debt recovery (expenses)	3,533	15,057	-	526,948
Foreign exchange gain (loss)	318,875	145,508	291,377	1,044,897
Interest expense	(2,685,254)	(2,403,703)	(5,398,202)	(5,133,919)
Interest income	780	4,459	1,745	9,256
Inventory impairment recovery (obsolescence)	150,753	(2,215)	177,224	(10,077)
Other income (expenses)	23,373	1,092,273	(12,960)	1,033,199
Prepaid expenses recovery	-	(8,260)	19,748	26,353
Property, plant and equipment impairment	-	(7,378)	-	(7,378)
	(2,187,940)	(1,164,259)	(4,921,068)	(2,510,721)
<b>NET LOSS</b>	(3,961,451)	(4,021,110)	(8,416,088)	(8,366,151)
Less: Loss attributable to the non-controlling interest	(93,962)	-	(93,962)	-
Net Loss attributable to Shareholders of GLG	(3,867,489)	(4,021,110)	(8,322,126)	(8,366,151)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Foreign Currency Translation Adjustment	119,042	623,171	(48,018)	1,039,320
Less: comprehensive income (loss) attributable to non-controlling interest	(11,283)	-	(11,283)	-
Other comprehensive income (loss) attributable to GLG	130,325	623,171	(36,735)	1,039,320
<b>COMPREHENSIVE LOSS</b>	(3,842,409)	(3,397,939)	(8,464,106)	(7,326,831)
Less: comprehensive loss attributable to non-controlling interest	(105,245)	-	(105,245)	-
Comprehensive loss attributable to shareholders of GLG	(3,737,164)	(3,397,939)	(8,358,861)	(7,326,831)
	\$ (3,842,409)	\$ (3,397,939)	\$ (8,464,106)	(7,326,831)
<b>NET LOSS PER SHARE</b>				
Basic & Diluted (Note 14)	\$ (0.10)	\$ (0.11)	\$ (0.22)	\$ (0.22)
<b>Weighted Average Number of Shares Outstanding</b>				
Basic and diluted	37,890,336	37,890,336	37,890,336	37,890,336

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

As at June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

	Number of Common Shares	Number of Restricted Shares	Common Shares Amount	Contributed Surplus	Accumulated Other Comprehensive Income ("AOCI")	Deficit	Total GLG Shareholders' Equity	Non-controlling Interest	Total Shareholders' Equity
<b>Balance as at December 31, 2015</b>	36,472,317	1,418,019	\$ 197,116,227	\$ 29,019,219	\$ 11,541,694	\$ (303,887,482)	\$ (66,210,343)	\$ -	\$ (66,210,343)
Balance, January 1, 2016	36,472,317	1,418,019	\$ 197,116,227	\$ 29,019,218	\$ 11,541,694	\$ (303,887,482)	\$ (66,210,343)	\$ -	\$ (66,210,343)
Share-based compensation	-	-	395,520	149,106	-	-	544,626	-	544,626
Change in foreign currency translation	-	-	-	-	1,039,320	-	1,039,320	-	1,039,320
Net loss	-	-	-	-	-	(8,366,151)	(8,366,151)	-	(8,366,151)
<b>Balance as at June 30, 2016</b>	36,472,317	1,418,019	\$ 197,511,747	\$ 29,168,324	\$ 12,581,014	\$ (312,253,633)	\$ (72,992,548)	\$ -	\$ (72,992,548)
Balance, April 1, 2016	36,472,317	1,418,019	\$ 197,511,747	\$ 29,168,324	\$ 12,581,014	\$ (312,253,633)	\$ (72,992,548)	\$ -	\$ (72,992,548)
Vested restricted shares	447,170	(447,170)	-	-	-	-	-	-	-
Share-based compensation	-	-	338,211	63,830	-	-	402,041	-	402,041
Change in foreign currency translation	-	-	-	-	602,024	-	602,024	-	602,024
Net loss	-	-	-	-	-	(15,439,239)	(15,439,239)	-	(15,439,239)
<b>Balance as at December 31, 2016</b>	36,919,487	970,849	\$ 197,849,958	\$ 29,232,154	\$ 13,183,038	\$ (327,692,872)	\$ (87,427,722)	\$ -	\$ (87,427,722)
Balance, January 1, 2017	36,919,487	970,849	\$ 197,849,958	\$ 29,232,154	\$ 13,183,038	\$ (327,692,872)	\$ (87,427,722)	\$ -	\$ (87,427,722)
Share-based compensation	-	-	313,586	15,181	-	-	328,767	-	328,767
Disposal ownership of subsidiaries	-	-	-	20,759,732	(1,755,013)	-	19,004,719	(3,086,815)	15,917,904
Change in foreign currency translation	-	-	-	-	(36,735)	-	(36,735)	(11,283)	(48,018)
Net loss	-	-	-	-	-	(8,322,126)	(8,322,126)	(93,962)	(8,416,088)
<b>Balance as at June 30, 2017</b>	36,919,487	970,849	\$ 198,163,544	\$ 50,007,067	\$ 11,391,290	\$ (336,014,998)	\$ (76,453,097)	\$ (3,192,060)	\$ (79,645,157)

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Cash Flows

For the periods ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
<b>Cash Flows From Operating Activities</b>				
Net loss	\$ (3,961,451)	\$ (4,021,110)	\$ (8,416,088)	\$ (8,366,151)
Adjustments to reconcile net income to net cash provided by operating activities:				
Share-based compensation (Note 10)	161,745	255,639	328,767	544,626
Depreciation of property, plant and equipment (Note 7)	1,135,413	1,379,610	2,363,862	2,709,596
Bad debt recovery	(3,533)	(15,057)	-	(526,948)
Inventory impairment	(150,753)	2,215	(177,224)	10,077
Loss on disposal of property, plant and equipment	-	7,378	-	7,378
Prepaid expenses (recovery)	-	8,260	(19,748)	(26,353)
Unrealized foreign exchange (gain) loss	9,929	(323,267)	158,340	(1,951,640)
Interest expenses - noncurrent	789,611	1,009,533	1,677,362	2,129,416
Changes in non-cash working capital items (Note 12)	2,773,845	2,326,949	4,549,725	4,776,542
Net cash from (used in) operating activities	754,806	630,150	464,996	(693,458)
<b>Cash Flows From Investing activities</b>				
Purchase of property, plant and equipment	(76,763)	(38,309)	(150,696)	(294,216)
Net cash used in investing activities	(76,763)	(38,309)	(150,696)	(294,216)
<b>Cash Flow From Financing activities</b>				
Advances from related parties	188,167	-	188,167	-
Debt restructure fees paid	(328,400)	-	(328,400)	-
Interest paid	(57,509)	(31,010)	(113,780)	(101,795)
Net cash from (used in) financing activities	(197,742)	(31,010)	(254,014)	(101,795)
Effect of exchange rate changes on cash	(161,985)	255,219	(369,277)	720,836
<b>Net Change In Cash</b>	318,315	(368,633)	(308,991)	(368,633)
<b>Cash, beginning of year</b>	935,218	2,326,765	1,562,524	2,326,765
<b>Cash, end of year</b>	\$ 1,253,533	\$ 1,958,132	\$ 1,253,533	\$ 1,958,132

See Accompanying Notes to the Consolidated Financial Statements

Supplemental Cash Flow Information (Note 12)

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS

GLG Life Tech Corporation (the “Company” or “GLG”) was incorporated under the *Business Corporation Act* (British Columbia), Canada. The registered office of the Company is located at Suite 100, 10271 Shellbridge Way, Richmond, British Columbia V6X 2W8. The Company’s shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “GLG”.

The Company is a vertically integrated producer of high-grade stevia and monk fruit extracts. The Company’s business operates primarily through the manufacturing and sales of refined forms of stevia and monk fruit, and has operations in China and North America.

### 2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2017, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 (“Interim Financial Reporting”).

The notes presented in these unaudited condensed interim consolidated financial statements include only significant events and transactions occurring since the Company’s last fiscal year end and they do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRS”). As a result, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s 2016 annual financial statements which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed consolidated financial statements have been prepared on a historical costs basis. In addition, these financial statements have been prepared using the accrual basis of accounting. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, except when otherwise indicated.

The condensed interim consolidated financial statements of the Company for the six months ended June 30, 2017, were authorized for issue by the Audit Committee on behalf of the Board of Directors on August 10, 2017.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

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### 3. GOING CONCERN

These unaudited condensed consolidated financial statements have been prepared in accordance with IFRS accounting policies, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. For the six-month period ended June 30, 2017, the Company incurred a net loss of \$8,322,126 (2016 - \$8,366,151). As at June 30, 2017, the Company had an accumulated deficit of \$336,014,998 (December 31, 2016 - \$327,692,872), working capital deficiency of \$100,851,003 (December 31, 2016 - \$101,729,690) and cash inflow from operating activities of \$ 464,996 (2016 – cash outflow \$693,458).

These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's operating assets and primary sources of income and cash flows originate in China; the Company is therefore subject to the considerations and risks of operating in China. These include risks associated with the political and economic environment, foreign currency exchange and the legal system in China. Changes in the political and economic policies of the People's Republic of China ("PRC") government may materially and adversely affect the Company's business, financial condition and results of operations and may result in the Company's inability to sustain growth and expansion. There is also no assurance that the Company will not be adversely affected by changes in other governmental policies or any unfavorable change in the political, economic or social conditions, laws or regulations, or the rate or method of taxation in China.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past three decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on the Company. The financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to the Company. In addition, the PRC government has in the past implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our services and consequently could have a material adverse effect on our business, financial condition and results of operations.



# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

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### 3. GOING CONCERN, continued

There are also uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. As noted above, most of the Company's operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. The Company's PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may be given retroactive effect. As a result, the Company may not be aware of a violation of these policies and rules until after the occurrence of the violation.

Furthermore, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede the Company's ability to enforce the contracts we have entered into and could materially and adversely affect the Company's business, financial condition and results of operations.

Regarding risk associated with financial instruments generally, as of June 30, 2017, and December 31, 2016, substantially all bank loans were held by Chinese banks and state-owned capital management companies ("SOCMC"). The Company has provided its banks and SOCMCs guarantees and collateral agreements which could enable the banks and SOCMCs to exercise their rights against the Company's assets, because the Company has not made its principal or interest payments on time. Should the banks exercise their respective rights, it could have a significant impact on the Company's ownership of its assets, and ultimately, its operations. The Company has provided collateral and guarantor agreements in multiple provinces in China, of which each is subject to local provincial rules. There is additional risk that the Company may be assessed additional interest and penalties. To the best of the Company's knowledge, the banks have not taken any action on their assets to date.

The Company also relies heavily on related parties for funding and continued operations of the Company. Should the related parties not act in good faith, or decide to no longer fund the operations of the Company, there is a high risk that the operations of the Company could be significantly impacted adversely.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

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### 3. GOING CONCERN, continued

Finally, in the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably possible to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company did not accrue any loss contingencies in this respect as of June 30, 2017, and December 31, 2016, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

The above matters indicate the existence of a material uncertainty about the Company's ability to continue as a going concern.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed interim financial statements have been prepared using accounting policies consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2016. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016.

#### New accounting standards issued but not yet effective

**IFRS 15 Revenue from Contracts with Customers.** In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2016, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. We are currently assessing the impact on our consolidated financial statements along with the planned timing of our adoption of IFRS 15.

**IFRS 16 Leases.** In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. We are currently assessing the impact on our consolidated financial statements along with timing of our adoption of IFRS 16.

**IFRS 9 Financial Instruments.** In July 2014, the IASB issued IFRS 9, which amends some of the requirements of IFRS 7 Financial Instruments. Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and de-recognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### Change in accounting policies

Beginning on January 1, 2017, the Company adopted the amendments to IAS 12 Income Taxes which provide clarification on the requirements relating to the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The adoption of the amendments to IAS 12 did not have a material impact on the consolidated financial statements.

### 5. ACCOUNTS RECEIVABLE

The aging analysis of trade receivables is as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	<90 days	91-180 days	>180 days
June 30, 2017	\$ 1,766,894	\$ 1,638,760	\$ 128,134	\$ -	\$ -
December 31, 2016	\$ 2,209,271	\$ 1,656,798	\$ 532,731	\$ 19,742	\$ -

### 6. INVENTORY

	June 30, 2017		December 31, 2016	
Raw material	\$	759,349	\$	1,703,736
Work in progress		1,507,170		2,021,721
Finished goods		4,453,146		4,112,602
	\$	6,719,665	\$	7,838,059

The Company assessed the net realizable value of inventory based on the following: the cost of raw materials is comprised of the purchase price, applicable taxes and other costs incurred in bringing inventory to its 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 labor, and fixed and variable production overheads, based on normal operating capacity.

For the six months ended June 30, 2017, the Company recorded an inventory impairment recovery of \$177,224 (2016 - obsolescence of \$10,077). For the six months ended June 30, 2017, raw materials, changes in work in progress and finished goods included in cost of sales amounted to \$8,529,807 (2016 - \$7,171,296).

The carrying amounts of inventory have been pledged as general collateral for the line of credit facilities available to the Chinese subsidiaries.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 7. PROPERTY, PLANT AND EQUIPMENT

	Ion exchange resin equipment	Manufacturing equipment	Buildings & construction in progress	Leasehold & land use rights	Computer equipment & software	Motor vehicles & furniture and fixture	Bearer plants	Total
<b>Costs</b>								
<b>As at December 31, 2015</b>	\$ 5,289,816	\$ 39,535,892	\$ 48,868,307	\$ 6,230,075	\$ 584,806	\$ 980,150	\$ 276,050	\$ 101,765,096
Additions	118,770	507,857	56,808	39,470	17,376	50,941	-	791,222
Impairment	(1,412,421)	(6,758,820)	-	-	(29,722)	(287,078)	-	(8,488,041)
Disposals	-	(1,782)	-	(79,901)	(35,494)	(32,445)	-	(149,622)
Foreign currency adjustments	(1,777,928)	(7,791,965)	(5,314,113)	(580,082)	(50,655)	(88,291)	-	(15,603,034)
<b>As at December 31, 2016</b>	\$ 2,218,237	\$ 25,491,182	\$ 43,611,002	\$ 5,609,562	\$ 486,311	\$ 623,277	\$ 276,050	\$ 78,315,621
Additions	-	29,842	1,345	-	-	-	-	31,186
Foreign currency adjustments	(64,610)	(322,779)	(521,098)	(46,228)	(3,574)	(4,623)	(28,112)	(991,024)
<b>As at June 30, 2017</b>	\$ 2,153,627	\$ 25,198,245	\$ 43,091,249	\$ 5,563,334	\$ 482,737	\$ 618,654	\$ 247,938	\$ 77,355,783
<b>Accumulated depreciation</b>								
<b>As at December 31, 2015</b>	\$ 3,017,839	\$ 24,557,284	\$ 15,516,132	\$ 950,960	\$ 440,221	\$ 832,776	\$ 55,210	\$ 45,370,422
Amortization	317,736	2,289,838	1,560,358	117,402	29,147	14,445	70,832	4,399,758
Disposals	-	(1,603)	-	(72,522)	(31,945)	(22,408)	-	(128,478)
Impairment	(632,609)	(5,302,431)	-	-	(25,818)	(258,370)	-	(6,219,228)
Foreign currency adjustments	(1,149,150)	(4,054,572)	(1,772,174)	(83,231)	(39,228)	(75,193)	-	(7,173,548)
<b>As at December 31, 2016</b>	\$ 1,553,816	\$ 17,488,516	\$ 15,304,316	\$ 912,609	\$ 372,377	\$ 491,250	\$ 126,042	\$ 36,248,926
Amortization	129,251	821,203	761,431	57,219	9,415	9,946	24,794	1,813,258
Foreign currency adjustments	(155,100)	(164,160)	(56,633)	(6,313)	(981)	(2,340)	(26,867)	(412,394)
<b>As at June 30, 2017</b>	\$ 1,527,967	\$ 18,145,559	\$ 16,009,114	\$ 963,515	\$ 380,811	\$ 498,856	\$ 123,969	\$ 37,649,790
<b>Net book value</b>								
As at December 31, 2016	664,421	8,002,666	28,306,686	4,696,953	113,934	132,027	150,008	42,066,695
As at June 30, 2017	625,660	7,052,686	27,082,135	4,599,819	101,926	119,798	123,969	39,705,993

The carrying amounts of Property, plant and equipment have been pledged as general collateral for the line of credit facilities available to the Chinese subsidiaries (Note 8).

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 7. PROPERTY, PLANT AND EQUIPMENT, continued

Land use rights in China have remaining terms ranging from 41.75 to 42.00 years.

Amortization expense is included in the unaudited condensed interim consolidated statement of operations under the following categories:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Cost of sales	\$ 753,135	\$ 991,450	\$1,570,773	\$ 1,905,027
Selling, general and administrative expenses	382,278	388,160	793,089	804,569
	\$ 1,135,413	\$ 1,379,610	\$2,363,862	\$ 2,709,596

Amortization expenses for the six months ended June 30, 2017, consist of \$1,813,258 relating to current period amortization on property, plant and equipment and \$550,604 relating to amortization capitalized to inventory during the year ended December 31, 2016, and amortized into income during the six months ended June 30, 2017.

### 8. SHORT-TERM LOANS

The Company's short-term loans consisted of borrowings from various banks in China \$62,860,646 (December 31, 2016 - \$63,386,713) and loans from private lenders of \$998,330 (2016 - \$2,251,081) as follows:

#### Bank loans as at June 30, 2017:

Loan amount in CAD	Loan amount in		Maturity Date	Interest rate per annum	Lender
	RMB				
\$ 574,200	3,000,000		On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
5,359,200	28,000,000		On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
1,914,000	10,000,000		On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
1,871,892	9,780,000		On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
9,870,822	51,571,696		On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
15,311,992	80,000,000		On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
15,155,982	79,184,858		On Demand	11.97%	Bank of Communication
3,341,361	17,457,477		On Demand	8.83%	China Cinda Assets Management Anhui Branch
8,139	42,523		On Demand	8.83%	China Cinda Assets Management Anhui Branch
1,320,660	6,900,000		July 26, 2017	5.82%	Huishang Bank
5,742,000	30,000,000		On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
2,390,398	12,489,025		On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
\$ 62,860,646	328,425,578				

Category 1: China 10 year benchmark government bond rate plus 1100 basis points

Category 2: US 10 year benchmark government bond rate plus 1100 basis points for loans issued in USD or

China 10 year benchmark government bond rate plus 1100 basis points for loans issued in RMB

Category 3: 20%

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 8. SHORT-TERM LOANS, continued

#### Bank loans as at December 31, 2016:

	Loan amount in	Loan amount in	Maturity Date	Interest rate	Lender
	CAD	RMB		per annum	
	\$ 579,005	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	5,404,049	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	1,930,018	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	1,887,557	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	9,953,427	51,571,696	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,440,141	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,282,816	79,184,858	On Demand	11.97%	Bank of Communication
	3,369,324	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	8,207	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	1,331,712	6,900,000	July 26, 2017	5.82%	Huishang Bank
	5,790,053	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
	2,410,404	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
<b>Short-term</b>	<b>\$ 63,386,713</b>	<b>328,425,578</b>			

The Company has continuously worked with its Chinese banks and SOCMCs on restructuring its debt during the quarter ended June 30, 2017.

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

#### Short-term borrowing from private lenders:

December 31, 2016	\$ 2,251,080
Additions	-
Converted into non-controlling interest (note 11)	(1,218,427)
Foreign currency translation	(34,323)
June 30, 2017	\$ 998,330

This loan balance consists of two loans.

As of June 30, 2017, the first loan balance consists of principal of \$998,330 (2016 - \$1,032,904) and accrued interest of \$347,757 (2016 - \$273,297), with interest at 11.50% per annum, compounding quarterly. The loan will be payable on October 31, 2017, and does not have any attached covenants.

The second loan consists of principal of \$ nil (2016 - \$1,218,176) and accrued interest of \$767,983 (2016 - \$629,107), with interest at 20% per annum, compounding quarterly. The loan principal has converted into a non-controlling interest of Chuzhou Runhai Stevia High Tech Company Limited (see Note 11). The interest payable provides a repayment option to the lender in either RMB or USD using a fixed foreign exchange rate of 6.1234. This option results in a liability of \$13,733 (2016 - \$33,506), which is accounted as liabilities on

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

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### 8. SHORT-TERM LOANS, continued

derivatives and included in unrealized foreign exchange losses. The fair value of the liability on derivatives was calculated using the Black-Scholes model with the following assumptions:

Risk free interest	1.28%
Expected life of the loan	3 years
Expected foreign currency volatility	10.36%

### 9. RELATED PARTIES TRANSACTIONS AND BALANCES

#### a) 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:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	\$ 219,558	\$ 228,982	\$ 437,053	\$ 468,280
Share-based benefits	\$ 158,596	\$ 247,399	\$ 322,069	\$ 524,975
Total remuneration	\$ 378,154	\$ 476,381	\$ 759,121	\$ 993,256

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 six months ended June 30, 2017.

#### b) Amount due to related parties

As of June 30, 2017, the Company has accrued \$1,909,725 (2016 - \$1,875,913) including 3% interest per annum in consulting fees to the Company's Chairman and Chief Executive Officer.

As of June 30, 2017, the Company has obtained loans under numerous credit facility agreements starting from April 2012 to November 2013 from the Company's Chairman and Chief Executive Officer that, along

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 9. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

#### b) Amount due to related parties, continued

with accrued interest, total \$16,250,586 (2016 - \$25,282,811). The loan proceeds were used for corporate working capital purposes. Amended agreements specify that the loans are repayable within 72 months of the date of borrowing.

As of June 30, 2017, the Company has obtained a loan from a direct family member of the Company's Chairman and Chief Executive Officer that, along with accrued interest, totals \$3,857,443 (2016 - \$6,974,276) in order to provide working capital required for monk fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 20% per annum and repayable within 6 months to 36 months of the loan date, depending on the debt facility agreement.

The combined total of the above loans, including the accrued interest, is \$20,108,029 (2016 - \$32,257,088) of which \$3,857,443 (2016 - \$6,974,276) is in current liabilities. These loans will be repaid by either GLG or its Chinese subsidiaries to the Lender in the currency the loans were originally borrowed (either USD or RMB), or, at the Lender's discretion, in the alternate currency.

These loans provide a repayment option to the lender, in either RMB or USD using a fixed foreign exchange rate of 6.1234. This option results in a liability of \$326,111 (2016 - \$572,496), which is accounted as liabilities on derivatives and unrealized foreign exchange losses. The assumptions for the fair value determination of the liability are the same as those outlined in Note 9.

#### Loan balance as of June 30, 2017

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
\$	648,915	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	1,297,700	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	648,850	May 30, 2013	May 30, 2018	Unsecured	Category 1	Chairman and CEO
	324,425	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	895,413	October 20, 2014	October 20, 2017	Unsecured	Category 2	Direct family member of CEO
	188,167	May 23, 2017	November 23, 2017	Unsecured	Category 2	Direct family member of CEO
Principal amounts	\$ 4,003,469					
Accrued interest	16,104,560					
	<u>\$ 20,108,029</u>					

Category 1: US 10 year benchmark government bond rate plus 1100 basis points for loans issued in USD or

China 10 year benchmark government bond rate plus 1100 basis points for loans issued in RMB

Category 2: 20%



# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 9. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

#### b) Amount due to related parties, continued

Loan balance as of December 31, 2016

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	\$ 7,739,070	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	1,333,013	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	4,244,192	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
	335,661	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	2,175,438	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
	2,487,592	October 15, 2015	On demand	Unsecured	Category 3	Direct family member of CEO
<b>Principal amounts</b>	<b>\$ 18,314,965</b>					
<b>Accrued interest</b>	<b>13,942,122</b>					
	<b>\$ 32,257,088</b>					

Category 1: China 10 year benchmark government bond rate plus 1100 basis points

Category 2: US 10 year benchmark government bond rate plus 1100 basis points for loans issued in USD or

China 10 year benchmark government bond rate plus 1100 basis points for loans issued in RMB

Category 3: 20%

As of June 30, 2017, the Company has a loan of \$1,000,000 (2016 - \$1,000,000) from a Director of the Company to provide working capital required for Monk Fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum and repayable in full within twelve months of the Disbursement Date. As of June 30, 2017, the total amount due to this related party including interest was \$1,000,000 (2016 - \$1,000,000) and is classified under current liabilities.

Loan balance as of June 30, 2017

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Interest rate per annum	Related Parties
<b>Principal amounts</b>	\$ 1,000,000	September 15, 2016	September 30, 2017	15.00%	Director
<b>Accrued interests</b>	\$ -				
	<b>\$ 1,000,000</b>				

Loan balance as of December 31, 2016

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Interest rate per annum	Related Parties
<b>Principal amounts</b>	\$ 1,000,000	September 15, 2016	September 30, 2017	15.00%	Director
<b>Accrued interests</b>	\$ -				
	<b>\$ 1,000,000</b>				

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 9. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

#### c) Subsidiaries

The following are the subsidiaries of the Company:

Subsidiaries	Jurisdiction of incorporation	Ownership Interest		Functional Currency
		2017	2016	
Agricultural High Tech Developments Limited	Marshall Islands	100%	100%	HKD
Chuzhou Runhai Stevia High Tech Company Limited	China	84.05%	100%	RMB
Qingdao Runde Biotechnology Company Limited	China	100%	100%	RMB
GLG Life Tech US, Inc.	USA	100%	100%	USD
0833416 BC Limited (formerly "GLG Weider Sweet Naturals Corporation")	Canada	55%	55%	USD

### 10. SHARE CAPITAL

#### a) Common shares

As at June 30, 2017, there are 37,890,336 common shares issued and outstanding with no par value. An unlimited number of common shares are authorized with no par value. The holders of common shares are entitled to one vote per share.

#### b) Share-based payments

##### i) Share-based compensation

Share-based compensation to employees is measured at fair value. Fair value is determined using the Company's common share price, and the Black-Scholes option pricing model ("Black-Scholes model").

The Company is subject to the policies of the TSX, under which it is authorized to grant options and restricted shares to officers, directors, employees and consultants enabling them to purchase common stock of the Company. The Company has a stock option and restricted share plan (the "Plan") amended and effective from May 16, 2008. The Plan is administered by the Board of Directors, which determines individual eligibility under the plan.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 10. SHARE CAPITAL, continued

#### i) Share-based compensation, continued

	Stock Options	Weighted Average Exercise Price
Balance as at December 31, 2016	3,094,222	\$ 0.64
Granted	-	-
Exercised	-	-
Expired/cancelled/forfeited	(4,000)	0.40
Balance as at June 30, 2017	3,090,222	\$ 0.64

#### ii) Stock options

The Company recorded share-based payments in the amount of \$6,683 (2016 - \$57,880), which all related to stock options granted in previous years.

A continuity of stock options is as follows:

The following summarizes information about the stock options outstanding and exercisable at June 30, 2017:

Exercise price	Number outstanding at June 30, 2017	Number exercisable at June 30, 2017	Remaining contractual life (years)	Expiry Date
\$0.53	1,231,322	1,231,322	1.01	July 4, 2018
\$1.11	783,500	783,500	1.14	August 20, 2018
\$0.55	318,400	318,400	1.81	April 20, 2019
\$0.56	15,000	15,000	1.87	May 14, 2019
\$0.38	742,000	531,333	2.68	March 6, 2020
	3,090,222	2,879,555		

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

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### 10. SHARE CAPITAL, continued

#### b) Share-based payments, continued

##### iii) Restricted shares

The Company recorded share-based payments in the amount of \$155,060 (2016 - \$197,760), which all related to restricted shares granted in previous years. Those were valued using the stock price at the date of issue, recognized over the vesting period of the restricted shares.

A continuity of Restricted Shares is as follows:

Restricted Shares	
Balance as at December 31, 2016	970,849
Granted	-
Exercised	-
Vested	(100,000)
Expired/cancelled/forfeited	-
Balance as at June 30, 2017	870,849

The vesting periods for restricted shares into unrestricted common shares as at June 30, 2017, are as follows:

Number of restricted share as at June 30, 2017	Vesting period (years)	Performance based
520,849	2.94	Yes
200,000	3.90	Yes
150,000	0.68	Yes
870,849	2.76	

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 11. Non-Controlling Interest

On May 31, 2017, the Company disposed 15.95% of its ownership in Chuzhou Runhai Stevia High Tech Company Limited (“Runhai”) to its related party in order to settle \$15,971,767 (RMB 80,584,090) in related party loans, which carried a fixed contracted foreign exchange rate of USD against RMB 6.1234 and thus, as of May 31, 2017, a derivatives liability of \$274,538. As a result of this transaction, as of May 31, 2017, the Company owns 84.05% of its Runhai subsidiary. The following table summarizes the fair value of identifiable assets and liabilities at the acquisition date, as well as the value of the consideration.

Net assets and liability disposed	Amount
Cash	\$ 10,274
Accounts receivable	21,249
Tax recoverable	4,109
Inventory	397,325
Prepaid expenses	25,609
Property, Plant and Equipment	6,248,960
Short Term Loan	(4,617,817)
Accounts payable	(1,906,361)
Tax payable	(871,631)
Due to related parties	280,578
Interest payable	(2,679,110)
<b>Total identifiable net liability</b>	<b>\$ (3,086,815)</b>
<b>Non-controlling interest</b>	<b>\$ (3,086,815)</b>

	June 30, 2017
Beginning balance	\$ (3,086,815)
Share of net loss	(93,962)
Share of accumulative other comprehensive loss	(11,283)
<b>Ending Balance</b>	<b>\$ (3,192,060)</b>

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Expressed in Canadian Dollars)

### 12. SUPPLEMENTARY INFORMATION

Supplementary cash flow information is as follows:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Accounts receivable	\$ 423,327	\$ 995,449	\$ 438,839	\$ 715,234
Taxes recoverable	290,959	109,319	292,004	489,411
Inventory	956,692	(527,167)	783,274	737,564
Prepaid expenses	219,964	111,241	292,452	(31,322)
Accounts payable and accruals	(864,702)	220,736	(519,200)	(108,355)
Interest payable	1,458,978	1,039,545	2,942,590	2,583,921
Deferred revenue	-	-	(302,827)	-
Due to related party (current)	288,627	377,824	622,594	390,088
Changes in non-cash working capital items	\$ 2,773,845	\$ 2,326,949	\$ 4,549,725	\$ 4,776,542
Interest paid	\$ 57,509	\$ 31,010	\$ 113,780	\$ 101,795

### 13. COST OF SALES AND EXPENSES

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Cost of sales				
Direct cost of sales	\$ 4,771,677	\$ 3,220,369	\$ 9,177,997	\$ 7,694,616
Depreciation and amortization	753,135	991,450	1,570,773	1,905,027
Freight & others	286,880	113,694	705,693	167,381
Total	\$ 5,811,692	\$ 4,325,513	\$ 11,454,463	\$ 9,767,024
Selling, general and administrative expenses				
Direct expenses	\$ 1,966,719	\$ 2,471,981	\$ 3,885,266	\$ 5,153,428
Depreciation and amortization	382,278	388,160	793,089	804,569
Total	\$ 2,348,997	\$ 2,860,141	\$ 4,678,355	\$ 5,957,997
Supplementary information:				
Salaries and wages	\$ 630,943	\$ 735,828	\$ 1,238,224	\$ 1,546,588

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

### 14. LOSS PER SHARE

The following table sets forth the calculation of the basic and diluted loss per share for share for the six months ended June 30, 2017 and 2016:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Numerator:				
Net Loss after tax	\$ (3,867,489)	\$ (4,021,110)	\$ (8,322,126)	\$ (8,366,151)
Denominator:				
Weighted average number of shares				
outstanding - basic	37,890,336	37,890,336	37,890,336	37,890,336
Weighted average number of shares				
outstanding - diluted	37,890,336	37,890,336	37,890,336	37,890,336
Loss per share - basic	\$ (0.10)	\$ (0.11)	\$ (0.22)	\$ (0.22)
Loss per share - diluted	\$ (0.10)	\$ (0.11)	\$ (0.22)	\$ (0.22)

The total number of anti-dilutive options excluded from the calculation for the six months ended June 30, 2017 was 3,090,222 (2016 – 3,249,392).

### 15. SEGMENTED INFORMATION

The Company's business operates primarily through the Natural Sweeteners Products segment.

The Natural Sweeteners Products segment is the manufacturing and sales of refined forms of stevia and monk fruit, which has operations in China and North America.

The Company's chief operating decision makers are the CEO and CFO. They review the operations and performance of the Company.

Revenue to external customers by geographical location is as follows:

	Three months ended June 30		Three months ended June 30	
	2017	2016	2017	2016
China	\$ 466,312	\$ 330,726	\$ 834,370	\$ 1,155,124
North America	5,920,866	3,998,077	11,803,428	8,714,467
	\$ 6,387,178	\$ 4,328,803	\$ 12,637,798	\$ 9,869,591

During the six months ended June 30, 2017, the sales of one customer (2016 – two customers) represented approximately 70% (2016 – 70%) of total consolidated revenue.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2017 and 2016

(Unaudited – Expressed in Canadian Dollars)

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### 16. COMMITMENTS

#### a) Operating leases

The Company renewed two five-year operating leases with respect to land and production equipment at the Qingdao Runde factory in China. The leases expire on December 31, 2021. The annual minimum lease payments are approximately \$97,000 (RMB 500,000).

The Company signed a twenty-year land rental agreement in Qingdao. The agreement was signed on February 16, 2005, and expires on Feb 16, 2025. The terms are as follows:

- In the first 5 years the rent expense is approximately \$1,941 (10,000 CNY) per year
- In the second 5 years the rent expense is approximately \$2,267 (11,680 CNY) per year
- In the third 5 years the rent expense is approximately \$2,647 (13,642 CNY) per year (the Company is currently at this rate)
- In the fourth 5 years the rent expense is approximately \$3,092 (15,934 CNY) per year

With the same vendor the Company also signed another rental agreement from Nov 8, 2006, to Nov 7, 2036. The annual rental expense is approximately \$5,545 (28,576 CNY).

The Company's current office premises are leased under an eight-year agreement beginning August 1, 2016, and will expire on July 31, 2024. The six month lease payments ended June 30, 2017 total \$42,680 (2016 – \$62,579).

The minimum cash payments related to the above	Amount
2017	\$ 255,542
2018	298,222
2019	330,232
2020	330,232
Thereafter	774,450
Total	\$ 1,988,678