GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Twelve months ended December 31, 2012

Dated: June 10, 2013

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated June 10, 2013, which is the date of filing of this document. It provides a review of the financial results for the three and twelve months ended December 31, 2012 compared to the same periods in the prior year.

This MD&A relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation ("we," "us," "our," "GLG" or the "Company") together with GLG's subsidiaries in the People's Republic of China ("China") and other jurisdictions. As used herein, the word "Company" means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the "Exchange") under the symbol "GLG". Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of International Financial Reporting Standards ("IFRS".)This MD&A should be read in conjunction with the 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, 2012. In light of these factors, the forward-looking events discussed in this MD&A might not occur.

Further, although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

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

Overview

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

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

Our revenues were $8.3 million for the three months ended December 31, 2012 compared to $0.5 million for the three months ended December 31, 2011. Our revenues were $21.7 million for the twelve months ended December 31, 2012 compared to $24.8 million for the twelve months ended December 31, 2011.

We had a net loss attributable to the Company of $11.5 million for the three months ended December 31, 2012 compared to a net loss of $146.2 million for the three months ended December 31, 2011. We had a net loss attributable to the Company of $34.0 million for the twelve months ended December 31, 2012 compared to a net loss of $176.9 million for the comparable period in 2011.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are subject to estimates and key judgements about future events, many of which are beyond management's control. A summary of the Company's significant accounting policies is included in Note 4 of the Company's condensed annual consolidated financial statements for the period ended December 31, 2012.

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

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

Changes in Significant Accounting Policies

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

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

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

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

Company's date of transition to IFRS and its opening IFRS balance sheet is as at January 1, 2011.

The Company has provided a reconciliation between US GAAP and IFRS in note 29 of its Financial Statements. . The influence on the financial statements is disclosed in Note 29, which is reproduced below. Methods of adoption are disclosed in the Financial Statements as Note 4 and Note 5 and in this MD&A under SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, and SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 1 sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retroactively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings or if appropriate another category of equity unless certain exemptions are applied. In preparing the opening IFRS consolidated statement of financial position, the Company has assessed potential adjustments to amounts reported previously in financial statements that were prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). An explanation of the Company's assessment on the transition from US GAAP to IFRS is set out below.

IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, Business Combinations, prospectively from January 1, 2011;
- to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of January 1, 2011;
- to apply the requirements of IFRIC 4, determining whether an arrangement contains a lease, only to periods after on or after January 1, 2011;
- to apply the requirements of IAS 23, Borrowing costs, only to instances prospectively from January 1, 2011; and
- to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at January 1, 2011 including those foreign currency differences which arose on adoption of IFRS.

The Company applied the following mandatory exemption:

Estimates

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

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

Non-controlling interests

The Company will apply the following requirements of IFRS 10, Consolidated financial statements, prospectively from January 1, 2011:

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

Share-based Payment

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

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

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

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

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

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

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

Reconciliation from US GAAP to IFRS

The adoption of the IFRS has resulted in changes to the Company’s previously reported financial position, although such an adoption has resulted in no significant impact to the Company’s previously reported results of operations and cash flow movement. In order to allow the users of the financial statements to better understand about these changes, reconciliations from US GAAP to IFRS of the Company’s reported financial

positions as at January 1, 2011 are presented below.

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

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

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

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

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

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

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

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

c) The Company has reclassified advances from customers as defined in IAS39 from advances from customers as reported under US GAAP.

d) The Company has allocated foreign currency translation to NCI as defined in amendment in IAS 1 from NCI as reported under US GAAP.

The US GAAP consolidated statements of operations and comprehensive (loss) at December 31, 2011 has been reconciled to IFRS as follows:

		Previously reported under US GAAP	Impairment based on IFRS	Restated under IFRS
REVENUE		$ 24,840,189	$	$ 24,840,189
COST OF SALES		26,421,812		26,421,812
GROSS (LOSS) PROFIT		(1,581,623)		(1,581,623)
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 21)		45,451,135		45,451,135
OTHER INCOME (EXPENSES)				
Goodwill and intangible asset impairment	a	(12,189,321)	(27,949,699)	(40,139,020)
Inventories impairment		(29,714,496)		(29,714,496)
Property, plant and equipment impairment	a	-	(58,448,304)	(58,448,304)
Interest expense		(5,721,191)		(5,721,191)
Interest income		183,494		183,494
Foreign exchange (loss) gain		(242,721)		(242,721)
		(47,684,235)	(86,398,003)	(134,082,238)
(LOSS) BEFORE INCOME TAXES		(94,716,993)	(86,398,003)	(181,114,996)
INCOME TAX (EXPENSE) RECOVERY		(440,460)		(440,460)
NET (LOSS)		(95,157,453)	(86,398,003)	(181,555,456)
OTHER COMPREHENSIVE (LOSS)				
Foreign Currency Translation Adjustment		8,785,852		8,785,852
TOTAL COMPREHENSIVE (LOSS)		(86,371,601)	(86,398,003)	(172,769,604)
NET (LOSS)				
ATTRIBUTABLE TO NON-CONTROLLING INTEREST		(4,643,149)		(4,643,149)
ATTRIBUTABLE TO GLG LIFE TECH CORPORATION SHAREHOLDERS		(90,514,304)	(86,398,003)	(176,912,307)
OTHER COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO NON-CONTROLLING INTEREST		217,368		217,368
ATTRIBUTABLE TO GLG LIFE TECH CORPORATION SHAREHOLDERS		8,568,484	-	8,568,484
COMPREHENSIVE (LOSS)				
ATTRIBUTABLE TO NON-CONTROLLING INTEREST		(4,425,781)	-	(4,425,781)
ATTRIBUTABLE TO GLG LIFE TECH CORPORATION SHAREHOLDERS		(81,945,820)	(86,398,003)	(168,343,823)
NET (LOSS) PER SHARE				
Basic & Diluted (Note 22)		(2.82)	(2.70)	(5.52)
Weighted Average Number of Shares Outstanding				
Basic and diluted		32,045,917	32,045,917	32,045,917

a) In accordance with IAS 36, the Company reassessed impairment of assets. The Company recognized impairments on intangible assets and PP&E. (see Note 13)

The US GAAP consolidated statements of cash flow at December 31, 2011 has been reconciled to IFRS as follows:

	Note	Previously reported under US GAAP	Impairment based on IFRS	Reclassification of balance sheet items	Restated under IFRS
Cash Flows From Operating Activities					
Net (loss)		$ (95,157,453)	$ (86,398,003)	$	$ (181,555,456)
Adjustments to reconcile net income to net cash provided by operating activities:					
Stock-based compensation		2,699,846			2,699,846
Depreciation of property, plant and equipment and amortization of intangible assets		10,503,420	(73,474)		10,429,946
Goodwill and intangible asset impairment		12,189,321	27,949,699		40,139,020
Loss on disposal of property, plant and equipment		-			-
Allowances for doubtful accounts		6,405,224			6,405,224
Inventories impairment		29,714,496			29,714,496
Property, plant and equipment impairment		-	58,448,304		58,448,304
Prepaid expenses impairment		-			-
Unrealized foreign exchange loss (gain)		(479,464)			(479,464)
Deferred income tax expense (recovery)		430,146			430,146
Changes in non-cash working capital items (Note 20)	a	729,642		703,256	1,432,898
Net cash from (used in) operating activities		(32,964,822)	(73,474)	703,256	(32,335,040)
Cash Flows From Investing activities					
Proceeds on disposal of property, plant and equipment		-			-
Purchase of property, plant and equipment		(9,005,825)			(9,005,825)
Net cash from (used in) investing activities		(9,005,825)			(9,005,825)
Cash Flow From Financing activities					
Issuance of short term loans		66,305,489			66,305,489
Repayment of short term loans		(100,978,904)			(100,978,904)
Issuance of common shares, net of share issuance costs		54,187,645			54,187,645
Exercise of stock options		52,232			52,232
Equity contribution by non-controlling interests		6,815,566			6,815,566
Advance from customers	a	703,256		(703,256)	-
Advance from related parties		(6,125,438)			(6,125,438)
Net cash from (used in) financing activities		20,959,846	-	(703,256)	20,256,590
Effect of exchange rate changes on cash and cash equivalents		1,680,424	73,474		1,753,898
NET DECREASE IN CASH AND CASH EQUIVALENTS		(19,330,377)	-	-	(19,330,377)
CASH AND CASH EQUIVALENTS, beginning of year		23,817,215			23,817,215
CASH AND CASH EQUIVALENTS, end of year		$ 4,486,838	$	$	$ 4,486,838

a) The Company has reclassified advances from customers as defined in IAS39 from advances from customers as reported under US GAAP.

Statement of compliance and conversion to International Financial Reporting Standards

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

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

The policies applied in the Company's consolidated financial statements are based on IFRS issued and outstanding as of May 23, 2013, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2012 could result in restatement of these consolidated financial statements, including the transition adjustments recognized on changeover to IFRS.

Basis of consolidation

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

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

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

Business combinations

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

Goodwill

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

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

Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. The Company has determined that none of its subsidiaries operates in a hyper inflationary economic environment. The reporting currency for the Company is CAD.

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

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

Basis of consolidation

These consolidated financial statements include the following:

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

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

The Company has early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities on January 1, 2012. By applying IFRS 10, the Company has no

change in the entities to be included in the Consolidated Financial Statements. The Company does not have any joint arrangements as defined by IFRS 11, and hence, is not affected by the application of this standard.

All intercompany transactions and balances are eliminated on consolidation.

Financial instruments

Fair Value measurement

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

Financial assets

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

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

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

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

Financial liabilities

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

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

short term to maturity.

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

Impairment

Financial assets

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

For all financial assets objective evidence of impairment could include:

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

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

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

Goodwill and indefinite-life intangibles

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at December 31) and when events or changes in circumstances indicate that the carrying value may be impaired, the recoverable amount of each cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The Company's cash generating units are consistent with its reporting segments, Stevia and Consumer Products (AN0C). Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-financial assets with finite useful lives

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

Cash and cash equivalents

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

Accounts receivable and concentration of credit risks

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

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

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales and has a high concentration of credit risk as the accounts receivable are made up of a small number of customers. It is the Company's policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness. A review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer. The executive management determines concentrations of credit risk frequently by monitoring the creditworthiness rating of existing customers and through a review of the trade receivables' ageing analysis. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made only with payment in advance. However, based on current facts and circumstances, the Company believes that it does not require collateral to

support the carrying value of the accounts receivable.

Inventory

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

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

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

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

Property, plant and equipment

Recognition and measurement

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

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

Subsequent costs

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

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

Subsequent costs 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. Depreciation is not provided for construction in progress until the assets are ready for use. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Capitalization of interest

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

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

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

Biological assets

The biological assets of the Company are bearer biological assets consisting of mother and father stevia plants that are cultivated and developed for their active ingredient (steviol glycosides) content in their leaves. Expenditures incurred in planting and developing stevia seedlings up to maturity are recognized directly in the profit or loss. Biological assets are stated at fair value less any accumulated impairment losses. Fair value is

determined by net present value of future cash flows generated by the related assets. Any gain or loss on fair value adjustment is recognized in profit or loss. Upon disposal or retirement of biological assets, the differences between the disposal proceeds and the carrying value of such biological assets are recognized in profit or loss accordingly.

Intangible assets

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

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

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

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

Revenue recognition

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

Share-based payments

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

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

credited to capital stock.

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

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

Comprehensive income

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

Earnings per share

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

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

Income taxes

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

The Company is subject to income taxes in Canada and in other foreign jurisdictions. The calculation of our tax provision involves the application of complex tax laws and requires significant judgment and estimates. The deferred tax asset for each jurisdiction at each reporting date will be assessed for the possibility if the asset can be realized. The ultimate realization of deferred tax asset is dependent upon the generation of future taxable income of the same character and in the same jurisdiction. All available positive and negative evidence in making this assessment, including, but not limited to, the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies will be considered. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset

will be recovered, it provides a valuation allowance against that excess.

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

Change in accounting policies

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

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

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

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

New standards, amendments and interpretations not yet effective

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

IFRS 13, Fair-value measurement

IFRS 13, Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required

disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and is currently evaluating the potential impact of the adoption of IFRS 13.

IFRS 9, Financial instruments

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

IAS 28, Investments in Associates and Joint Ventures

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

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Determination of Stevia Cash Generating Unit (CGU)

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

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

The design of the integrated supply chain makes the cash flows for each component of the supply not sufficiently independent of all the components in order to break down the cash flows any lower than the stevia business level. Therefore, management has treated the four stevia processing plants, the agricultural unit as well as the North American offices are included as a single CGU (Stevia CGU). The carrying amount of the Stevia CGU is $99,930,699.

Determination of AN0C Cash Generating Unit (CGU)

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

There are no production facilities for the AN0C business units and all production of its products is contracted out. Cash flow from external parties are generated from the two sales and marketing subsidiaries in China, and there are no cash flow from external parties generated from the other two entities. Sales and production planning is done on the level of the entire operations and not on the level of individual entity. Furthermore, the nature of products and their markets are very different from the stevia operations. Therefore, management has treated the four entities in the consumer products operation as a single CGU (AN0C CGU) and is a separate CGU from the Stevia CGU. The carrying amount of the AN0C CGU is $3,134,474.

Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each its CGU's using a VIU calculation based on a discounted cash flow analysis. Significant judgements are inherent in this analysis including estimating the amount and timing of the cash flows, the selection of an appropriate discount rate, and the identification of appropriate terminal growth rate assumptions. The future cash flows are based on the Company's estimates of future operating results, economic conditions and the competitive environment. The terminal value is estimated using a long term growth rate assumption with consideration to the expected long-term growth of the market in which the Company operates based on independent sources. The discount rates used in the analysis are based on the Company's weighted average cost of capital. In arriving at the weighted average cost of capital general market, industry and company specific risk, which included an assessment of the risk inherent in the projected cash flows, were considered in determining the cost of equity. The key assumptions used to determine the recoverable amounts, including a sensitivity analysis, are included in Note 13 of the financial statements.

Uncertainty estimation

Inventories

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

Contingencies

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

Income Tax Estimates

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

Market forecasts

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

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

Corporate Developments

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

The Company worked to obtain further audit evidence, primarily from third parties, required by its auditor PricewaterhouseCoopers LLP ("PwC") in order to complete the audit. The Company's management, together with its audit committee continued to cooperate with its auditors to provide the information and expected that

the Required Documents would be filed on or before April 30, 2012. There were no insolvency proceedings and there is no other material information concerning the affairs of the Company that has not been generally disclosed.

The Company applied to the applicable Canadian securities regulatory authorities for a management cease trade order (“MCTO”) which was granted on April 10, 2012. A general cease trade order (“CTO”) against the Company for failure to file the Required Documents within the prescribed time period was imposed on May 3, 2012. The Company’s shares were halted from trading on the TSX and the Nasdaq Stock Market (“Nasdaq”).

On April 30, 2012 the Company announced that PWC had required that the Company’s Audit Committee engage a third-party audit firm in order to assist with third party audit evidence in order to properly conclude on certain third party transactions. The Company’s Audit Committee duly engaged KPMG LLP in order to assist in the process.

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

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

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

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

On May 31, 2012 the Company announced that its former auditor, PricewaterhouseCoopers LLP (“PwC”) resigned effective May 22, 2012, at the request of the Company. Thomson Penner & Lo LLP (“TPL”) was appointed as the successor auditor. In accordance with National Instrument 51-102, the Company filed the Change of Auditor Notice on SEDAR, together with letters from PwC and TPL, each confirming that it is in agreement with the statements contained in the notice, as applicable. TPL was the Company’s previous auditor from 2005 to 2008.

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

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

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

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

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

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

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

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

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

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

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

Sales Developments

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

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

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

Also on June 21, 2012, the Company provided an update on AN0C Stevia Solutions, its subsidiary focussed on providing product formulation expertise with stevia extracts to customers and potential customers. AN0C Stevia Solutions was developing products for six large food and beverage companies in China, with additional customers in the final stages of negotiation. Products include beverages, snack foods, spices and pharmaceuticals.

On December 3, the Company announced that Health Canada had approved stevia for use as a food additive.

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

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

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

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for the three and twelve month periods ended December 31, 2012 and 2011. 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
	2012	2011		2012	2011	
Revenue	$8,277	$473	1649%	$21,709	$24,840	(13%)
Cost of Sales	$9,938	$3,205	210%	$26,958	$26,422	2%
% of Revenue	120%	677%	(557%)	124%	106%	18%
Gross Profit (Loss)	($1,661)	($2,732)	(39%)	($5,250)	($1,582)	232%
% of Revenue	(20%)	(577%)	557%	(24%)	(6%)	(18%)
Expenses	$2,989	$14,243	(79%)	$12,139	$45,451	(73%)
% of Revenue	36%	3010%	(2974%)	56%	183%	(127%)
Loss from Operations	($4,651)	($16,975)	(73%)	($17,389)	($47,033)	(63%)
% of Revenue	(56%)	(3587%)	3531%	(80%)	(189%)	109%
Other Expenses	($7,060)	($130,108)	(95%)	($17,349)	($134,082)	(87%)
% of Revenue	(85%)	(27495%)	27409%	(80%)	(540%)	460%
Net Loss before Income Taxes and Non-Controlling Interests	($11,710)	($147,083)	(92%)	($34,738)	($181,115)	(81%)
% of Revenue	(141%)	(31082%)	30940%	(160%)	(729%)	569%
Net Loss after Income Taxes and Non-Controlling Interests	($11,514)	($146,208)	(92%)	($34,028)	($176,912)	(81%)
Loss per share (Basic & Diluted)	($0.34)	($4.56)	(93%)	($1.03)	($5.52)	(81%)
Total Comprehensive Loss	($11,097)	($147,073)	(92%)	($37,010)	($168,344)	(78%)
% of Revenue	(134%)	(31080%)	30946%	(170%)	(678%)	507%

In thousands Canadian $	3 months Ended Dec 31 2012		3 months Ended Dec 31 2011		12 months Ended Dec 31 2012		12 months Ended Dec 31 2011	
	Stevia Business	ANOC Consumer Products Business	Stevia Business	ANOC Consumer Products Business	Stevia Business	ANOC Consumer Products Business	Stevia Business	ANOC Consumer Products Business
Revenue	$8,161	$116	$178	$295	$21,139	$570	$17,139	$7,701
Cost of Sales	$9,495	$443	$2,895	$310	$26,110	$848	$19,968	$6,454
Gross Profit (loss)	($1,334)	($327)	($2,717)	($15)	($4,972)	($278)	($2,829)	$1,247
Gross Profit %	(16%)	(282%)	(1524%)	(5%)	(24%)	(49%)	(17%)	16%
G&A (cash)	$2,451	$355	$2,877	$3,485	$7,758	$2,259	$9,855	$22,904

Revenue

Revenue for the three months ended December 31, 2012 which was derived from stevia sales and the sale of consumer beverage products was $8.3 million, an increase of 1649% compared to $0.5 million in revenue for the same period last year. For the three months ended December 31, 2012, the total sales of $8.3 million are composed of stevia sales of $8.2 million ($0.2 million 2011) and consumer product sales of $0.1 million ($0.3 million 2011).

Revenue for the twelve months ended December 31, 2012 was $21.7 million compared to $24.8 million for the same period in 2011, a decrease of 13% compared to revenue for the same period last year. The total revenue was composed of $21.1 million for stevia sales ($17.1 million 2011) and $0.6 million ($7.7 million 2011) for consumer products sales.

As at December 31, 2012, 100% of the Company's sales are in foreign currencies and translated into Canadian dollars for financial reporting purposes.

Stevia Business

Stevia sales of $8.2 million for the three months ended December 31, 2012 are net of intersegment sales to ANOC. Stevia sales for the fourth quarter 2012 were up by 2620% compared to the fourth quarter in 2011,

which was driven by higher demand for the Company's products during the fourth quarter from its customers.

There are a number of factors that have led to the increase in stevia sales during the fourth quarter of 2012 over the fourth quarter of 2011:

1. The company increased the number of distributors and customers purchasing its products both in China and internationally.
2. New markets that approved stevia's use such as Europe and Canada increased demand for the company's products.
3. The Company was no longer restricted from providing product directly to Multinational Customers (MNC's) under its supply agreement with Cargill starting in the fourth quarter of 2011 which allowed it to target and win some of these customers in 2012.
4. The company's formulation services from AN0C Stevia Solutions provided value added services to existing and new customers which also increased revenues.
5. The company significantly decreased its product pricing in the fourth quarter of 2011 to react to increased competition in the marketplace. Pricing was reduced between 30 to 50% at the end of 2011 and was in effect for all of 2012.
6. The company's price decreases during 2012 attracted additional Asian based customers and sales in 2012 for lower purity stevia extracts.

Stevia sales of $21.1 million, for the twelve months ended December 31, 2012 are net of intersegment sales to AN0C. Stevia sales for the twelve months ended December 31, 2012 were up by 23% over $17.1 million sales in the comparable period in 2011.

There are a number of factors that have led to the increase in stevia sales during the twelve months ended December 31, 2012 over the twelve months ended December 31, 2011:

1. The company increased the number of distributors and customers purchasing its products both in China and internationally.
2. New markets that approved stevia's use such as Europe and Canada increased demand for the company's products.
3. The Company was no longer restricted from providing product directly to Multinational Customers (MNC's) under its supply agreement with Cargill starting in the fourth quarter of 2011 which allowed it to target and win some of these customers in 2012.
4. The company's formulation services from AN0C Stevia Solutions provided value added services to existing and new customers which also increased revenues.
5. The company significantly decreased its product pricing in the fourth quarter of 2011 to react to increased competition in the marketplace. Pricing was reduced between 30 to 50% at the end of 2011 and was in effect for all of 2012.
6. The company's price decreases during 2012 attracted additional Asian based customers and sales in 2012 for lower purity stevia extracts.

AN0C Consumer Products Business

The Company's consumer products business, AN0C, had sales of $0.1 million in the fourth quarter of 2012 compared to $0.3 million during the comparable period for 2011. Q4 2012 sales primarily consisted of the sale

of raw materials and only a minor amount of AN0C consumer products was sold in the fourth quarter.

Consumer product revenue for the twelve months ended December 31, 2012 was $0.6 million compared to $7.7 million for the same period in 2011, a decrease of 93% compared to revenue for the same period last year. The Company had limited financial resources for marketing and promotion available during the twelve months ended, December 31, 2012 and the result of a lower advertising and marketing promotions spend is reflected in the lower sales in the period. The Company had limited its products offering to the following product SKU's: Ready to Drink Green and Jasmine Tea (zero calorie); Zero Calorie Tabletop products; Zero Calorie Flavoured Vitamin Enriched Waters (3 Flavours); and Reduced Calorie Functional Health drinks sweetened with stevia during the twelve months ended December 31, 2012.

Cost of Sales

Cost of sales for the three months ended December 31, 2012 was $9.9 million compared to $3.2 million in cost of sales for the same period last year. Cost of sales as a percentage of revenues was 120% compared to 677% in the fourth quarter of 2011. This was composed of $9.5 million for the stevia business and $0.4 million for the consumer products business.

Cost of sales for the twelve months ended December 31, 2012 was $26.9 million compared to $26.4 million for the same period in 2011. This was composed of $26.1 million for the stevia business and $0.8 million for the consumer products business.

Stevia Business

For the three months ended December 31, 2012 the cost of sales related to the stevia business was $9.5 million compared to $2.9 million in cost of sales for the same period last year ($6.6 million increase or 128%) which are due to higher stevia sales in the fourth quarter of 2012 compared to the same period in 2011.

Cost of sales for the three months ended December 31, 2012 for stevia as a percentage of revenues was 116% compared to 1626% in the same period last year. Cost of sales as a percentage of revenue declined in 2012 (116%) compared to the same period in 2011 (1626%) as the depreciation charges as a percentage of costs of sales have reduced in 2012 in the fourth quarter of 2012 compared to in the same period of 2011 due to the impairment charges against PP&E realized at the end of 2011. Capacity charges of $2.1 million in cost of sales compared to those charges incurred in 2011 of $2.1 million. 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.

Cost of sales for the twelve months ended December 31, 2012 for stevia as a percentage of revenues was 124% compared to 116% in the same period last year. For the twelve months ended December 31, 2012 the cost of sales related to the stevia business was $26.1 million compared to $19.9 million in cost of sales for the same period last year ($6.2 million increase or 31%). The 31% increase is primarily due to the higher volume of extract sold compared to the previous year. Stevia revenues were up 23% year over year as stated previously. There were lower fixed capacity charges in cost of sales in 2012 ($4.4 million) compared to those capacity charges incurred in 2011 ($7.5 million). Although lower in the twelve months ended December 31, 2012, these 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, 2012.

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

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

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

AN0C Consumer Products Business

For the three months ended December 31, 2012, cost of sales related to the consumer products business was $0.4 million and includes costs associated with bottling the beverage products, supplies and ingredients used to manufacture the beverages, and shipping the products to the different distribution channels. The majority of the cost of goods sold in the fourth quarter related to the sale of raw material inventory.

For the twelve months ended December 31, 2012, cost of sales related to the consumer products business was $0.8 million compared to $6.5 million for the year ended in 2011 reflecting lower sales of AN0C products in 2012.

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

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

- Shipping costs

Gross Profit (loss)

Gross loss for the three months ended December 31, 2012 was $1.7 million compared to a $2.7 million gross loss for the comparable period in 2011. The gross profit margin for the three months period ended December 31, 2012 for the Company as a whole was negative 20% compared to negative 578% for the three months ended December 31, 2011. The main contributors to the negative gross profit were (1) 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, and (2) price decreases during the year for lower purity products that resulted in gross loss on the sale of those products. The gross loss as a percentage of revenue did improve in the fourth quarter of 2012 due to significantly higher revenues in 2012 compared to the revenues generated in the fourth quarter 2011. These fixed capacity charges ordinarily would ordinarily flow to inventory; however, only one of GLG's manufacturing facilities was operating during the quarter. Capacity charges of $2.1 million in the fourth quarter 2012 cost of sales compare capacity charges of $2.1 million in 2011. 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.The impairment losses realized at the end of 2011 did reduce the amount of depreciation that flowed through cost of sales and through the capacity and other fixed charges during the fourth quarter 2012 compared to those charges realized in the cost of sales in the comparable period in 2011.

Gross loss for the twelve months ended December 31, 2012 was $5.3 million compared to a gross loss of $1.6 million for the comparable period in 2011. The gross profit margin for the twelve months period ended December 31, 2012 for the Company as a whole was negative 24% compared to negative 6% for the comparable period in 2011. The main contributors to the negative gross profit were (1) 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, and (2) price decreases during the year for lower purity products that resulted in gross loss on the sale of those products. These fixed capacity charges ordinarily would ordinarily flow to inventory; however, only two of GLG's manufacturing facilities was operating during 2012. These capacity and other fixed charges were $4.4 million in 2012 compared to $6.5 million in capacity charges in 2011. Additionally some lower purity products were sold below cost in the third and fourth quarters which also resulted in further inventory write downs during the year and accounted for the remaining negative gross loss for the twelve months ended December 31, 2012. The impairment losses realized at the end of 2011 did reduce the amount of depreciation that flowed through cost of sales and through the capacity and other fixed charges during the twelve months ended 2012 compared to those charges realized in the cost of sales in the comparable period in 2011.

Stevia Business

The gross loss of $1.3 million for the stevia business for the fourth quarter of 2012 decreased by $1.4 million compared to the fourth quarter gross loss of $2.7 million in 2011. Gross profit was negative in the fourth quarter 2012 for the reasons described earlier.

For the twelve months ended December 31, 2012, the gross loss on revenue was $5.0 million compared to a

gross loss of $2.8 million in 2011. Gross profit was negative in the full year ended December 31, 2012 for the reasons described earlier.

AN0C Consumer Products Business

The gross loss in the fourth quarter of 2012 of $0.3 million was driven by the sale of raw material inventory at a loss from the original purchase price compared to the fourth quarter gross loss of $0.02 million in 2011. Gross margin on AN0C consumer products before shipping costs averaged 24% during the quarter.

For the twelve months ended December 31, 2012, the gross loss on revenue was $0.3 million compared to a gross profit of $1.2 million in 2011. Gross margin on AN0C consumer products before shipping costs averaged 8%.

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
	2012	2011		2012	2011	
G&A Stevia	$2,453	$2,877	(15%)	$7,758	$9,855	(21%)
G&A AN0C	$355	$3,485	(90%)	$2,259	$22,904	(90%)
Provision for receivables Stevia	$0	$5,915	(100%)	$0	$6,370	(100%)
Provision for receivables AN0C	$0	$35	(100%)	$0	$35	(100%)
Stock Based Comp	$137	$314	(56%)	$1,543	$2,700	(43%)
Amortization Stevia	$93	$1,521	(94%)	$390	$3,453	(89%)
Amortization AN0C	($49)	$96	(151%)	$190	$134	42%
Total	$2,989	$14,243	(79%)	$12,139	$45,451	(73%)

G&A for the stevia business for the three months ended December 31, 2012 was $2.5 million compared to $2.9 million in the same period in 2011. 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 437, which is down from the 657 employees at the end of December 2011.

G&A for the consumer products business was $0.4 million for the three month period ended December 31, 2012 compared to $3.5 million for the same period last year or a 90% decrease from the prior year. 14% of these costs were related to advertising and marketing expenditures made in the quarter which were down from $1.8 million from the fourth quarter of 2011. At the end of December, the total number of employees in GLG's AN0C China subsidiaries was 24, which is down from the 357 employees at the end of December 2011.

The Company has reviewed its accounts receivables and has concluded that there is no impairment required in 2012 compared to an impairment provision made in 2011 for $6.4 million on previous stevia sales. This improvement reflects tighter credit and collection practices employed by the company in 2012.

Stock-based compensation was $0.1 million for the three months ended December 31, 2012 compared with $0.3 million in the same quarter of 2011. 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, 2012 were $0.1 million which is a decrease of $1.5 million over the $1.6 million at December 31, 2011. The main reason for the $1.5 million reduction is due to the prior year's impairment charges to the Company's tangible and intangible assets.

G&A for the stevia business for the twelve months ended December 31, 2012 was $7.8 million compared to $9.9 million in the same period in 2011. Overall stevia general and administration costs were down by approximately 17% in the twelve months ended 2012 over comparable costs in 2011. 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 437, which is down from the 657 employees at the end of December 2011.

G&A for the consumer beverage business was $2.3 million for the twelve month period ended December 31, 2012 compared to $22.9 million for the prior period or a 90% decrease from the prior year. 35% of these costs were related to advertising and marketing expenditures made during the year, down from $15.1 million from the comparable period in 2011. At the end of December, the total number of employees in GLG's AN0C China subsidiaries was 24, which is down from the 357 employees at the end of December 2011.

Stock-based compensation was $1.5 million for the twelve months ended December 31, 2012 compared with $2.7 million in the same period in 2011. The decrease is due to no new grants were made during 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, 2012 were $0.6 million compared with the $3.6 million at December 31, 2011. The $3.0 million reduction is due to the prior year's impairment charges to the Company's tangible and intangible assets.

Other Expenses

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2012	2011		2012	2011	
Other Expenses	($7,060)	($130,108)	(95%)	($17,349)	($134,082)	(87%)
% of Revenue	(85%)	(27495%)	27409%	(80%)	(540%)	460%

Other expenses for the three months ended December 31, 2012 was $7.0 million, a $123.1 million or 95% decrease compared to $130.1 million for the same period in 2011. Other expense decreases are driven by lower asset impairment losses of $5.4 million recognized during the fourth quarter of 2012 compared to the $128.3 million of impairment charges recognized for the same period in 2011 (see section asset impairment charges). Interest expense increased by $0.5 million in the three months ended December 31, 2012 compared to December 31, 2011 due to higher average interest rate paid on outstanding loans during the quarter. Foreign exchange loss for the three months ended December 31, 2012 decreased by $0.6 million to $0.3 million gain from $0.3 million loss for the same period in 2011.

Other expenses for the twelve months ended December 31, 2012 was $17.3 million, a $116.8 million decrease compared to $134.1 million for the same period in 2011. Other expenses are driven by asset impairment losses of $128.3 million recognized during the year (see section asset impairment charges) and interest expenses of $6.9 million. Interest expense increased by $1.4 million in the twelve months ended December 31, 2012 compared to December 31, 2011 due to the higher average interest rate paid on loans. Foreign exchange losses decreased by $0.4 million to a $0.2 million gain in 2012 compared to a foreign exchange loss of $0.2 million for the same period in 2011.

Asset impairment charges

Goodwill and indefinite-life intangibles

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at December 31) and when events or changes in circumstances indicate that the carrying value may be impaired, the recoverable amount of each cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The Company's cash generating units are consistent with its reporting segments, Stevia and Consumer Products (AN0C). Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-financial assets with finite useful lives

For non-financial assets, such as property, plant and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of FVLCS and 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 2012 and concluded that the VIU of the stevia CGU exceeded the Carrying Value of the assets and that therefore no impairment was required in 2012. 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.

The Company initially filed its 2012 Q3 interim financial statements in US GAAP (as had been its practice) on November 14, 2012. However, subsequent to its inability to rely on the exemption to file in US GAAP after its SEC deregistration on Sept 20, 2012, it was required to re-file its Q3 statements under IFRS. On December 20,

2012, the Company filed consolidated interim financial statements for Q3 2012 under IFRS ("Initial Statements"). As part of its year-end 2012 procedures the Company hired a third party valuation expert to review its 2011 impairment testing work used to support its Q3 IFRS transition. The Company subsequently decreased its revenue projections for the forecast period 2012 through 2016 and the third party impairment report subsequently showed an impairment where the previous business plan forecast approved by the Company that was used in the original Q3 IFRS financial statements did not. As a result of the incremental change in 2011 impairment of goodwill, intangibles and tangible assets of $86.4 million under IFRS, the Company has recognized a material weakness in its control over financial reporting.

The Company conducted such impairment tests in 2011 and concluded that the VIU of the stevia CGU was lower than the Carrying Value of the assets. During the year ended December 31, 2011, the Company recorded an aggregate $98,587,324 impairment charge for the CGU in the stevia segment, consisting of $7,736,478 in goodwill, $10,696,648 in finite life intangible assets of customer relationships, $21,705,894 in patents and acquired technologies and $57,751,445 in property, plant and equipment. The recoverable amounts of the stevia CGU declined in 2011 due to the increase in competition in the stevia market and a decline in the Company's expectations for future growth in revenues. (See note 13 in the December 31, 2012 financial statements for additional information)

The Company also conducted impairment tests for the assets of its other CGU – Consumer products (AN0C) in 2012. The results of the tests showed that the VIU was lower than the CV of the assets for this CGU. As a result impairment charges of $2 million (2011 $nil) were recorded for the assets of the Consumer Products CGU. The balance of the tangible assets was $0.1 million after the impairment charges were recorded in the fourth quarter of 2012. There was no impairment charge recorded in 2011 as the VIU for the Consumer Products CGU exceeded the CV at that time.

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 2012 and for the 2011 year end balances. During the three month period ending December, 31, 2012, the Company recorded an inventory impairment charge of $3.4 million ($29.7 million in 2011). The Company further reduced the pricing for some of its lower purity stevia products in the fourth quarter of 2012 which led to approximately 30% of the $3.4 million impairment charge for the quarter. The Company also made an obsolescence provision for some of the inventory products for the approximately 70% of the impairment charge.

During the twelve month period ending December, 31, 2012, the Company recorded an inventory impairment charge of $8.7 million ($29.7 million in 2011). The Company further reduced the pricing for some of its lower purity stevia products in the third and fourth quarter of 2012 which led to the majority of the $8.7 million impairment charge. The Company also made an obsolescence provision for some of the inventory products for the approximately 27% of the full year impairment charge 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, 2012, the exchange rate for RMB per Canadian dollar was 6.2298 compared to the exchange rate of 6.1881 as at December 31, 2011. The balance of the AOCI was $5.6 million on December 31, 2012 compared to balance of $8.6 million as at December 31, 2011.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange gains of $0.2 million, for the fourth quarter of 2012, compared to a $0.2 million exchange loss for the comparable period in 2011.

The following table presents the exchange rate movement for the Canadian dollar relative to the US dollar and RMB, from December 31, 2007 to December 31, 2012:

Exchange rates	2012	2012	2012	2012	2011	2011	2011	2011	2010	2009	2008	2007
Noon rate (as compared to the Canadian $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec
U.S. Dollars	0.9949	0.9837	1.0191	0.9991	1.0170	1.0389	1.0370	1.0290	1.0054	0.9515	0.8166	1.0120
Chinese Yuan	6.2617	6.3898	6.2344	6.3052	6.1881	6.1425	6.7024	6.734	6.6269	6.5232	5.5710	7.3910
Exchange rates	2012	2012	2012	2012	2011	2011	2011	2011	2010	2009	2008	2007
Noon rate (as compared to the US $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec
Chinese Yuan	6.2298	6.2856	6.3535	6.2995	6.2933	6.3814	6.4633	6.5441	6.5911	6.8270	6.8223	7.3141

Income Tax Expense

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2012	2011		2012	2011	
Income tax recovery (expense)	($79)	($24)	231%	($83)	($440)	(81%)
Income tax expense as a percent of revenue	(1%)	(5%)	4%	(%)	(2%)	1%

During the three months ended December 31, 2012 the Company recorded income tax expense of $0.1 million compared to the income tax expense of $0.02 million in the comparable period in 2011.

During the twelve months ended December 31, 2012 the Company recorded an income tax expense of $0.1 million compared to income tax expense of $0.4 million in 2011.

Net Income (Loss) Attributable to the Company

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2012	2011		2012	2011	
Net Loss	($11,514)	($146,208)	(92%)	($34,028)	($176,912)	(81%)
% of revenue	(139%)	(30897%)	30758%	(157%)	(712%)	555%

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.

For the twelve months ended December 31, 2012, the Company had a net loss attributable to the Company of $34.0 million, a reduction of $142.9 million in losses compared to the $176.9 million loss for the comparable period in 2011. The decrease in net loss was driven by: (1) by a decrease in G&A expenses of $33.4 million (2) a decrease in other income and expenses of $116.7 million, and (3) a decrease in income expense of $0.4 million. These items were offset by a decrease in gross profit of $3.7 million and a decrease in the loss attributable to non-controlling interests of $3.9 million.

Comprehensive Income

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2012	2011		2012	2011	
Net Loss	($11,514)	($146,208)	(92%)	($34,028)	($176,912)	(81%)
Other comprehensive income (loss)	$417	($884)	(147%)	($2,983)	$8,568	(135%)
Total comprehensive income (Loss)	($11,097)	($147,092)	(92%)	($37,010)	($168,344)	(78%)

The Company recorded total comprehensive loss of $11.1 million for the three months ended December 31, 2012, comprising $11.5 million of net loss attributable to the Company and $0.4 million of other comprehensive income. The Company recorded a total comprehensive loss of $147.0 million for the three months ended December 31, 2011, comprised of $146.2 million in net loss and $0.9 million in other comprehensive loss.

The Company recorded total comprehensive loss of $37.0 million for the twelve months ended December 31, 2012, comprising $34.0 million of net loss attributable to the Company and $3.0 million of other comprehensive loss. The Company recorded a total comprehensive loss of $168.3 million for the twelve months ended December 31, 2011, comprised of $176.9 million in net loss and $8.6 million in other comprehensive income.

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

Summary of Quarterly Results

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

In thousands Canadian $, except per share amounts	2012 Q4[1]	2012 Q3[2]	2012 Q2[2]	2012 Q1[2]	2011 Q4[2]	2011 Q3[2]	2011 Q2[2]	2011 Q1[2]
Revenue	$8,277	$5,778	$6,761	$892	$473	$1,740	$15,213	$7,414
Gross Profit $	($1,661)	($2,368)	($1,126)	($95)	($2,732)	($3,093)	$3,020	$1,223
Gross Profit %	(20%)	(41%)	(17%)	(11%)	(577%)	(178%)	20%	16%
Net Loss	($11,514)	($12,722)	($5,924)	($3,868)	($146,208)	($12,438)	($12,514)	($5,752)
Basic Income (Loss) Per Share	($0.34)	($0.39)	($0.18)	($0.12)	($4.56)	($0.38)	($0.38)	($0.20)
Diluted Income (Loss) Per Share	($0.34)	($0.39)	($0.18)	($0.12)	($4.56)	($0.38)	($0.38)	($0.20)

1. Presented under IFRS
2. Presented under IFRS Amended and restated

Quarterly Net Loss

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.

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

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

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

of $0.6 million.

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

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

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

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

Quarterly Basic and Diluted Earnings (Loss) per Share

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. 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. For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of $12.7 million, an increase of $0.3 million over the comparable period in 2011 ($12.4 million loss). The increase in net loss was driven by: (1) a decrease of $0.4 in

income tax recovery, (2) an increase in other income/expenses of $7.2 million and (3) a decrease in loss attributable to non-controlling interests of $1.4 million. These items were offset by (5) a decrease in G&A expenses of $8.0 million and an increase in gross profit of $0.7 million.

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

The basic loss and diluted loss per share was $0.12 for the first quarter of 2012 compared with a basic and diluted net loss of $0.20 for the same period in 2011. For the three months ended March 31, 2012, the Company had a net loss attributable to the Company of $3.9 million, a decrease of $1.9 million over the comparable period in 2011. The decrease in net loss was driven by: (1) a decrease in gross profit of $1.3 million, (2) the decrease in income tax recovery of $0.2 million and (3) the decrease in loss attributable to non-controlling interests of $0.1 million. These items were offset by (1) a decrease in G&A expenses of $2.9 million, and (2) a decrease in interest expense and other income/expenses of $0.6 million.

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

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

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

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

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

Capital Expenditures

In thousands Canadian $	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2012	2011		2012	2011	
Capital Expenditures	$ 623	$ 1,824	(66%)	$ 568	$ 9,006	(94%)

GLG's capital expenditures of $0.6 million for the fourth quarter of 2012 reflected a decrease of 66% in comparison to $1.8 million in the fourth quarter of 2011. Expenditures for the twelve months were $0.6 million compared to $9.0 million for the same period in 2011, a decrease of 94%.

Liquidity and Capital Resources

In thousands Canadian $	31-Dec-12	31-Dec-11
Cash and Cash Equivalents	$3,582	$4,487
Working Capital	($33,854)	($9,801)
Total Assets	$103,065	$147,382
Total Liabilities	$95,377	$103,376
Loan Payable (<1 year)	$59,883	$70,574
Loan Payable (>1 year)	$8,673	$0
Total Equity	$7,688	$44,006

The Company has a working capital deficit of $33.9 million as of December 31, 2012 compared to a working capital deficit of $9.8 million for the comparable period in 2011. The negative working capital has been driven by the total of $38.4 million of inventory impairment charges that it has recognized since year end 2011. The Company has pursued the following actions to manage this situation during 2012. The Company has paid down short term loans by $9.8 million and refinanced this debt with longer term debt with its Chairman of $8.5 million. The Company has also reduced accounts payable by $7.4 million and negotiated with its creditors on extended payment terms. The Company has also worked closely with the Banks to manage the existing short term debt situation. On April 18, 2013, the Company has signed a loan refinancing agreement with Agricultural Bank of China. The agreement details the repayment of all existing short term loans totaling $32,567,575 (RMB 203,928,387) with Agriculture Bank as of December 31, 2012. The Company will repay $6,108,799 (RMB 38,251,465) during the year ended December 31, 2013, $12,776,083 (RMB 80,000,000) during the year ended December 31, 2014 and $13,682,693 (RMB 85,676,922) during the year ended December 31, 2015. The Company has made the first scheduled payment of $1,317,768 (RMB 8,251,465) as of March 31, 2013 and this agreement is improve the negative working capital situation going forward. The Company has also focused on reducing operating expenditures during 2012. For example general and administration costs excluding

amortization and stock based compensation expenses have been reduced by $30.3 million during 2012 compared to the same period in 2011. The Company has also optimized production at two plants during 2012 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 $35.1 million for the twelve months ended 2012. The Company has also focused on improvements to accounts receivable collections and credit management.

Cash Flows: Three months ended December 31, 2012 and 2011

Cash generated by operating activities was $6.8 million in the three month period ended December 31, 2012 compared to $2.8 million used in the same period of 2011 which is an improvement of $9.6 million. Cash generated by operating activities was improved by higher stevia sales, reductions in inventories on hand and lower SG&A expenses for the quarter ended December 31, 2012 compared to the same period for 2011. There was a positive $12.9 million contribution from non-cash working capital requirements in the three month period ended December 31, 2012 relative to the $6.4 million non-cash working capital generated in the 2011 comparable period. The $6.5 million dollar increase in cash provided from non-cash working capital in the three months ended December 31, 2012 compared to the comparative 2011 period, was due to changes in (1) the net decrease in working capital requirements from inventory of $14.9 million, (2) the reductions in cash used by accounts receivable of$0.4 million. and (3) the net decrease in working capital requirements from taxes receivable of $1.5 million. These were offset by, (4) the net reduction in accounts payable and interest payable of $5.9 million and (5) the net reduction cash generated from prepaid expenses of $4.5 million.

Cash used by investing activities was $0.6 million during the fourth quarter of 2012, compared to cash used by investing activities of $1.8 million in the same period in 2011.

Cash used by financing activities was $4.6 million in the fourth quarter of 2012 compared to cash used of $1.7 million in the same period in 2011. The increase of cash used by financing activities of $2.8 million was driven by the net increase in repayment of short term bank loans of $4.8 million, offset by a net increase of loans from related parties by $1.9 million.

Cash Flows: Twelve months ended December 31, 2012 and 2011

Cash generated by operating activities was $1.9 million in the twelve month period ended December 31, 2012 compared to $32.3 million used in the same period of 2011. This $34.1 million increase in cash generated by operating activities can be attributed to improved stevia sales, reductions in inventories on hand and lower SG&A expenses for the twelve months ended December 31, 2012 compared to the same period for 2011. There was a positive $22.3 million contribution from non-cash working capital requirements in the twelve months ended December 31, 2012 relative to the $1.4 million non-cash working capital generated in the 2011 comparable period. The $20.9 million dollar increase in cash provided from non-cash working capital in the twelve months ended December 31, 2012 compared to the comparative 2011 period, was due to changes in (1) the net decrease in working capital requirements from inventory of $52.4 million, and (2) the net decrease in working capital requirements from taxes receivable of $4.3 million and (3) the net cash generated from a net reduction in prepaid of $1.7 million. These were offset by, (4) the reductions in cash from accounts receivable of $18.4, and (5) the net reduction in accounts payable and interest payable of $18.8 million and (5) deferred revenue of $0.2 million.

Cash used by investing activities was $0.6 million during the year ended 2012, compared to cash used by investing activities of $9 million in the same period in 2011.

Cash used by financing activities was $1.1 million in the 12 months ended for 2012 compared to cash generated from financing activities of $20.3 million in the same period in 2011. The net decrease of cash from financing activities of $21.4 million was driven by a reduction in cash from equity offerings of $54.2 million, a decrease in cash from minority shareholders of $6.8 million which were offset by the net decrease in repayments of short term bank loans of $24.9 million and the net increase of cash from related parties by $14.8 million through a reduction loan repayments compared to 2011 of $6.1 million and an increase of loans from related parties in 2012 of $8.7 million.

Financial Resources

Cash and cash equivalents decreased by $0.9 million during the twelve months ended December 31, 2012. Working capital decreased to negative $33.9 million from the year-end 2011 position of negative $9.8 million. The working capital decrease can be attributed to reductions in cash, inventory, a decrease in prepaid expenses and a decrease in taxes recoverable which were offset by a decrease in accounts payable, a reduction in short term loans, an increase in accounts receivable, and an 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, and other current assets, and accounts payable and interest payable.

Balance Sheet

In comparison to December 31, 2011, total assets decreased by $44.3 million as at December 31, 2012, primarily due to a decrease in current assets of $40.7 million and a decrease in capital assets of $3.6 million. The decrease in the current assets was mainly driven by the following:

1. Decrease of $35.1 million in inventory.
2. Decrease in taxes recoverable of $2.9 million, which can be attributed to refundable VAT taxes on the increase in inventory.
3. decrease in prepaid expenses of $3.0 million
4. Decrease in cash and cash equivalents of $0.9 million.

   These were offset by:

5. Increase of $1.3 million accounts receivable.

The decrease in property plant, and equipment of $3.6 million in the fixed assets was due to amortization of

these assets.

Current liabilities decreased by $16.7 million as at December 31, 2012 in comparison to December 31, 2011, driven by a net decrease in short term loans of $10.7 million and a decrease accounts payable and deferred revenue of $7.5 million.   This was offset by an increase of interest payable of $1.5 million.

Long term liabilities increased by $8.7 million due to the increase of related party loans.

Shareholders' equity decreased by $36.3 million due to a) increase from stock based compensation of $1.5 million b) the decrease in accumulated other comprehensive income of $2.9 million, c) an increase in deficit of $33.8 million, and d) an decrease in non-controlling interests of $1.0 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 January 1, 2011	$	537,084
Foreign Currency Adjustment		12,096
As at December 31, 2011		549,180
Addition		74,072
As at December 31, 2012	$	623,222

During the year ended December 31, 2012, the Company renewed the short term borrowing from a private lender. The loan principal amount as of December 31, 2012 is $623,222. The short term borrowing is due on demand and does not have any attached covenants.

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	6.40%	Bank of Communication
3,140,734	19,666,333	August 26, 2012	7.22%	Bank of China
525,819	3,292,523	September 29, 2012	7.22%	Bank of China
1,117,907	7,000,000	September 7, 2013	7.54%	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			

Short term bank loans as at December 31, 2011:

Loan amount in C$	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 484,801	3,000,000	July 28, 2012	7.71%	Agricultural Bank of China
4,524,814	28,000,000	July 28, 2012	7.71%	Agricultural Bank of China
1,616,005	10,000,000	April 18, 2012	7.71%	Agricultural Bank of China
1,616,005	10,000,000	March 28, 2012	7.71%	Agricultural Bank of China
9,696,029	60,000,000	June 9, 2012	6.81%	Agricultural Bank of China
3,232,010	20,000,000	June 16, 2012	6.81%	Agricultural Bank of China
12,928,039	80,000,000	June 20, 2012	6.81%	Agricultural Bank of China
2,747,208	17,000,000	July 25, 2012	7.08%	Agricultural Bank of China
16,160,049	100,000,000	February 25, 2012	7.98%	Bank of Communication
2,541,976	15,730,000	February 13, 2012	7.87%	CITIC Bank
3,232,010	20,000,000	August 26, 2012	7.22%	Bank of China
645,254	3,992,894	September 29, 2012	7.22%	Bank of China
2,747,208	17,000,000	December 1, 2012	7.54%	Huishang Bank
4,848,015	30,000,000	December 17, 2011	6.06%	Construction Bank of China
3,005,625	18,599,111	December 23, 2011	6.06%	Construction Bank of China
$ 70,025,049	$ 433,322,005			

During the year ended December 31, 2012, the Company renewed loans of $2,395,516 (RMB 15,000,000), fully repaid one loan of $2,512,097 (RMB 15,730,000), and reduced loan balances of $7,432,223 (RMB 46,525,825) with various banks.

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

Excluding the loans with Agricultural Bank of China and Huisheng Bank, loans with three banks were matured and not repaid. These banks have not demanded immediate repayment of these remaining loans and the Company is currently in discussion with the banks to formally renew these loans. The Company has had a history of successfully renewing these loans since 2008. There is no certainty that the Company will be successful in renewing these loans (see also Note 3 in the December 31, 2012 Financial Statements), although the Company believes that these loans will eventually be renewed.

If the Company is unable to refinance these other short term bank loans of $24,296,564, the Company will require alternative forms of financing. There can be no assurance the Company will be successful in this endeavor and these circumstances lead to significant doubt about the ability of the Company to continue as a going concern

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 in the December 31, 2012 Financial Statements).

For the year ended December 31, 2012, the weighted average interest capitalization was nil% (2011 – 3.8%).

Financial and Other Instruments

Categories of financial assets and liabilities

Fair value

As at December 31, 2012, December 31, 2011 and January 1, 2011, the recorded amounts for cash and cash equivalents are at fair value.

As at December 31, 2012, December 31, 2011 and January 1, 2011, 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:

Financial instruments	December 31, 2012 Available-for-sale	Loans and receivables	Other financial liabilities
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)

Financial instruments	December 31, 2011 Available-for-sale	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ -	4,486,838	-
Accounts receivables	-	7,124,710	-
Short-term loans	-	(70,574,229)	-
Accounts payable and accrued liabilities	-	-	(32,476,546)
Interest payable	-	-	(215,554)
Due to related parties	-	-	-
	$ -	(58,962,681)	(32,692,100)

Financial instruments	January 1, 2011 Available-for-sale	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ -	23,817,215	-
Accounts receivables	-	31,562,296	-
Short-term loans	-	(100,131,084)	-
Accounts payable and accrued liabilities	-	-	(22,006,820)
Interest payable	-	-	(384,761)
Due to related parties	-	-	(6,233,014)
	$ -	(44,751,573)	(28,624,595)

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 two major customers that make up 83% 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 account for credit losses	December 31, 2012	December 31, 2011	January 1, 2011
Opening balance	6,231,535	33,325	-
Increase (decrease) in allowance of doubtful debts	(5,674,770)	6,104,132	33,325
Foreign currency translation	(99,768)	94,078	-
Ending balance	456,997	6,231,535	33,325

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. 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, 2012 and 2011:

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**	$	**-**

Financial liabilities at December 31, 2011		0 to 12 months		12 to 24 months
Accounts payable and accruals	$	32,476,546	$	-
Short term loans		70,574,229		-
Interest payable		215,554		-
	$	**103,266,329**	$	**-**

Financial liabilities at January 1, 2011		0 to 12 months		12 to 24 months
Accounts payable and accruals	$	22,006,820	$	-
Short term loans		100,131,084		-
Interest payable		384,761		-
Due to related party		99,460		6,133,554
	$	**122,622,125**	$	**6,133,554**

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, 2012. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2012, with other variables unchanged, a 100-basis point change in

the bank prime rate would have a net effect of approximately $215,642 (December 31, 2011 - $660,874; January 1, 2011 - $825,468) 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 PRC State Administration of Foreign Exchange. Developments relating to the PRC's economy and actions taken by the PRC government could cause future foreign exchange rates to vary significantly from current or historical rates. The Company cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into Canadian dollars of the Company's net assets and net profits.

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

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, 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**

December 31, 2011			
	RMB balance	HK balance	US balance
Total assets	1,404,708,765	5,679	855,000
Total liabilities	(641,894,435)	-	-
Net foreign exchange risk exposure	**762,814,330**	**5,679**	**855,000**

January 1, 2011			
	RMB balance	HK balance	US balance
Total assets	1,457,070,820	5,679	-
Total liabilities	(611,148,070)	-	-
Net foreign exchange risk exposure	**845,922,750**	**5,679**	**-**

As of December 31, 2012, assuming that all other variables remain constant, a change of 1% in the Canadian dollar against the RMB would have an effect on other comprehensive income of approximately $667,407 (December 31, 2011 - $1,232,712; January 1, 2011 - $1,276,497).

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, 2012	December 31, 2011	January 1, 2011
	US$	US$	US$
Financial assets			
Cash and cash equivalents	315,675	1,322,808	348,199
Accounts receivable	315,460	2,674,971	8,775,010
Financial liabilities			
Accounts payable and accruals	(140,723)	-	(404,956)
Short-term borrowing		-	(540,000)
Interest payable	(694,186)	1,910	(194,692)
Due to related party	(8,621,881)	-	(6,266,855)
Net foreign exchange risk exposure	**(8,825,654)**	**3,999,689**	**1,716,706**

As of December 31, 2012, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on net income of approximately $82,624 (December 31, 2011 - $41,512; January 1, 2011 - $17,074).

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 the annual minimum lease payments are approximately $156,000 (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 $124,000 (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, 2012 is $143,114 (2011 – $85,485).

The minimum operating lease cash payments related to the above are summarized as follows:		**Amounts**
2013	$	371,615
2014		306,917
2015		308,293
2016		221,789
2017		NIL
Thereafter		252,000
	$	1,460,614

(a) Marketing and promotional contracts

The Company entered into various marketing and promotional short term contracts to support the consumer business promotional campaigns. The total commitment as of December 31, 2012 is $68,000 (RMB 428,125).

(b) 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 region of $58,998,000 (US$60,000,000) over the course of the twenty year agreement to retain its exclusive rights. As of December 31, 2012, the Company has not made any investment in the region and there is no liability if the Company eventually does not make any investment in the region. However, the Company may lose its exclusivity right if no investment is made by the end of the term of the agreement.

Capital Structure

Outstanding Share Data as at June 10, 2013

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

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Transactions with Related Parties

(a) Transactions with key management personnel

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

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

	12 Months	
	2012	**2011**
Short-term employee benefits (including salaries, Bonuses, fees and social security benefits)	$1,121,370	$1,117,708
Share-based benefits	$1,474,615	$1,752,136
Total remuneration	$2,595,985	$2,869,844

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

Key management did not exercise stock options granted under the Company's stock option plan in the 2011 and 2012 fiscal years.

b) Amount due to related parties

In 2012, the Company obtained loans of $8,673,137 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 loans provided by the Lender were necessitated by the Company's cash requirements in light of its inability to access funding from the equity markets and/or obtain additional bank financing.

c) Subsidiaries

The following are the subsidiaries of the Company:

	Jurisdiction of incorporation	Ownership Interest 2012	2011
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%
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company	Hong Kong, China	80%	80%
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods (Anhui) Limited	China	80%	80%
Dr. Zhang's All Natural and Zero Calorie Beverage and Foods (Shanghai) Limited	China	80%	0%
Dr. Zhang's All Natural and Zero Calorie Stevia Solution Company Ltd.	Hong Kong, China	80%	80%
GLG Weider Sweet Naturals Corporation	Canada	55%	55%

Disclosure Controls and Internal Controls over Financial Reporting

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

The Company's management, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, is also responsible for establishing and maintaining internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

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

had to restate the financial results for the year ended December 31, 2011 under IFRS.
The Company has undertaken the following actions to mitigate this operational weakness in financial reporting.

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

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

Risks Related to the Company's Business

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

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

- Risk that the Cease Trade Order will not be revoked
- Risk that the Company's shares will not be relisted for trading on the Toronto Stock Exchange
- 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).