GLG LIFE TECH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of GLG Life Tech Corporation (the "Company") have been prepared by, and are the responsibility of, the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment on information currently available.

Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable. The Board of Directors, through the Audit Committee, is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the annual consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Calvista LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based upon its assessment, management concluded that, as of December 31, 2013, the Company's internal control over financial reporting was effective.

Dr. Luke Zhang (Signed)
Chairman and Chief Executive Officer

March 25, 2014

Brian Meadows (Signed)
President and Chief Financial Officer

March 25, 2014

CALVISTA LLP
PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GLG Life Tech Corporation:

Report on the financial statements

We have audited the accompanying consolidated financial statements of GLG Life Tech Corporation, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GLG Life Tech Corporation as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements which indicates that the Corporation incurred a net loss of $26,199,019 during the year ended December 31, 2013 and, as of that date, the Corporation had an accumulated deficit of $242,947,253. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

Calvista LLP

Professional Accountants

March 25, 2014
Calgary, Alberta, Canada

GLG LIFE TECH CORPORATION

Consolidated Statement of Financial Position
As at December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Note		December 31, 2013		December 31, 2012
ASSETS					
Current Assets					
Cash and cash equivalents		$	5,132,909	$	3,582,437
Accounts receivable	6		1,500,312		8,444,038
Sale taxes recoverable	7		5,209,949		5,652,678
Inventory	8		18,638,507		31,593,282
Prepaid expenses	9		2,302,692		3,567,802
Total Current Asset			32,784,369		52,840,237
Property, Plant, and Equipment	10		54,444,418		49,552,923
Biological Assets	11		526,453		672,013
Deferred income tax asset			41,255		-
Total Assets		$	87,796,495	$	103,065,173
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Short term loans	13	$	40,663,095	$	59,882,876
Accounts payable and accruals	14		16,862,903		25,048,280
Interest payable			4,703,457		1,762,825
Total Current Liabilities			62,229,455		86,693,981
Long term loans	13		19,830,833		-
Convertible notes	15		3,179,265		-
Due to related parties	17		15,924,428		8,673,137
Deferred income tax liability	16		-		9,911
Total Liabilities			101,163,981		95,377,029
EQUITY					
Shareholders' Equity					
Common Stock	18		191,245,563		190,449,847
Contributed surplus			28,171,678		26,857,443
Accumulated other comprehensive income			10,389,044		5,585,772
Deficit			(243,178,461)		(216,748,234)
Total GLG Life Tech Corporation Shareholders' Equity			(13,372,176)		6,144,828
Non-controlling interests	19		4,690		1,543,316
Total Shareholders' Equity			(13,367,486)		7,688,144
Total Liabilities and Shareholders' Equity		$	87,796,495	$	103,065,173

Going concerns (Note 3)
Commitments (Note 28)
Contingencies (Note 30)
See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Sophia Leung " Director
"David Hall " Director

GLG LIFE TECH CORPORATION

Consolidated Statements of Operations and Comprehensive (Loss)
For the Year Ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	2013	2012
CONTINUING OPERATIONS		
REVENUE	$ 16,021,553	$ 21,138,619
COST OF SALES (note 21)	17,723,791	26,110,173
GROSS (LOSS) PROFIT	(1,702,237)	(4,971,554)
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (note 21)	12,780,422	9,690,338
OTHER INCOME (EXPENSES)		
Inventory impairment (note 8)	(8,148,650)	(8,494,470)
Interest expense	(7,199,128)	(6,927,929)
Interest income	17,895	3,918
Other income (expenses)	(585,391)	50,206
Foreign exchange gain	638,426	148,115
	(15,276,848)	(15,220,160)
(LOSS) BEFORE INCOME TAXES	(29,759,508)	(29,882,052)
INCOME TAX (EXPENSE) RECOVERY	(48,611)	(82,666)
NET (LOSS) FROM CONTINUING OPERATIONS	(29,808,119)	(29,964,718)
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations , net of tax	3,377,891	(4,855,692)
NET (LOSS)	(26,430,227)	(34,820,410)
OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		
Foreign Currency Translation Adjustment	4,891,821	(3,040,681)
TOTAL COMPREHENSIVE (LOSS)	(21,538,407)	(37,861,091)
NET (LOSS)		
ATTRIBUTABLE TO DISCONTINUED OPERATIONS	3,377,891	(4,855,692)
ATTRIBUTABLE TO GLG LIFE TECH CORPORATION SHAREHOLDERS	(29,808,119)	(29,964,718)
COMPREHENSIVE (LOSS)		
ATTRIBUTABLE TO DISCONTINUED OPERATIONS	3,466,440	(4,913,662)
ATTRIBUTABLE TO GLG LIFE TECH CORPORATION SHAREHOLDERS	(25,004,847)	(32,947,429)
NET (LOSS) PER SHARE		
From continuing and discontinued operations		
Basic & Diluted (Note 23)	(0.79)	(1.06)
From continuing operations		
Basic & Diluted (Note 23)	(0.89)	(0.91)
From disontinued operations		
Basic & Diluted (Note 23)	0.10	(0.15)
Weighted Average Number of Shares Outstanding		
Basic	33,362,804	32,915,634
Basic and diluted	33,362,804	32,915,634

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Changes in Shareholders' Equity
As at December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Number of common shares	Common shares amount	Contributed Surplus	Accumulated Other Comprehensive Income ("AOCI")	Deficit	Total Equity Attributable to GLG Life Tech Corporation Shareholders	Non-controlling Interest	Total Shareholders' Equity
Balance, January 1, 2012	32,915,634	$ 189,335,257	$ 26,429,140	$ 8,568,484	$ (182,720,710)	$ 41,612,171	$ 2,394,172	$ 44,006,343
Stock-based compensation	-	1,114,590	428,303	-	-	1,542,893	-	1,542,893
Change in foreign currency translation	-	-	-	(2,982,712)	-	(2,982,712)	(57,970)	(3,040,681)
Net (loss)	-	-	-	-	(34,027,524)	(34,027,524)	(792,886)	(34,820,410)
Balance, December 31, 2012	32,915,634	$ 190,449,847	$ 26,857,443	$ 5,585,772	$ (216,748,234)	$ 6,144,828	$ 1,543,316	$ 7,688,144
Issuance of restricted shares	447,170					-		-
Stock-based compensation	-	795,716	1,049,668	-	-	1,845,385	-	1,845,385
Change in foreign currency translation	-	-	-	4,803,272	-	4,803,272	88,549	4,891,821
Discontinued operation		-	264,567	-	-	264,567	(1,627,175)	(1,362,608)
Net (loss)	-	-	-	-	(26,430,227)	(26,430,227)		(26,430,227)
Balance, December 31, 2013	33,362,804	$ 191,245,563	$ 28,171,678	$ 10,389,044	$ (243,178,461)	$ (13,372,176)	$ 4,690	$ (13,367,486)

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Cash Flows
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

		2013		2012
Cash Flows From Operating Activities				
Net (loss)	$	(29,808,119)	$	(29,964,718)
Adjustments to reconcile net income to net cash provided by operating activities:				
Stock-based compensation		1,845,385		1,542,893
Depreciation of property, plant and equipment and amortization of intangible assets		4,355,900		1,719,956
Goodwill and intangible asset write downs				
Loss on disposal of property, plant and equipment				295,693
Allowances for doubtful accounts		4,430,967		-
Inventories impairment		8,148,650		8,494,470
Unrealized foreign exchange loss		362,747		23,871
Change in biological assets		202,643		-
Deferred income tax expense		-		9,911
Changes in non-cash working capital items (Note 20)		6,482,360		21,582,820
Net cash from (used in) operating activities -continued operations		(3,979,466)		3,704,896
Net cash from (used in) operating activities - discontinued operations		5,194,548		(1,752,083)
Net cash from (used in) operating activities		1,215,082		1,952,813
Cash Flows From Investing activities				
Proceeds on disposal of property, plant and equipment		-		207,307
Purchase of property, plant and equipment		(81,470)		(775,693)
Net cash used in investing activities		(81,470)		(568,386)
Cash Flow From Financing activities				
Repayment of short term loans		(5,074,756)		(9,796,836)
Advance from related parties		7,251,291		8,673,137
Net cash from (used in) financing activities		2,176,535		(1,123,699)
Effect of exchange rate changes on cash and cash equivalents		(1,759,674)		(1,165,128)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,550,472		(904,401)
CASH AND CASH EQUIVALENTS, beginning of period		3,582,437		4,486,838
CASH AND CASH EQUIVALENTS, end of period	$	5,132,909	$	3,582,437

See Accompanying Notes to the Consolidated Financial Statements
Supplemental Cash Flow Information (Note 20)

1. NATURE OF OPERATIONS

GLG Life Tech Corporation (the "Company") was incorporated under the Companies Act (British Columbia), Canada. The registered office of the Company is located at Suite 2168, 1050 West Pender Street, Vancouver, British Columbia. The Company's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "GLG".

The Company is a vertically integrated producer of high-grade stevia extract. The Company's business operates primarily through the manufacturing and sales of a refined form of stevia which has operations in China and North America.

2. BASIS OF PRESENTATION

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).

These 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 these consolidated financial statements are based on IFRS issued and outstanding as of March 25, 2014, 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, 2013 could result in restatement of these consolidated financial statements, including the transition adjustments recognized on changeover to IFRS.

3. GOING CONCERN

These consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. For the year ended December 31, 2013, the Company incurred a net loss of $26,430,227 (2012 - $34,820,410). As at December 31, 2013, the Company had an accumulated deficit of $243,178,461 (2012 - $216,748,234), working capital deficit of $29,445,086 (2012 - $33,853,744) and a net cash from operating activities of $1,215,082 (2012 – $1,952,812).

3. GOING CONCERN, continued

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

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

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

The Company is subject to the considerations and risks of operating in China. These include risks associated with the political and economic environment, foreign currency exchange and the legal system in China.

The economy of China differs significantly from the economies of the "western" industrialized nations in such respects as structure, level of development, gross national product, growth rate, capital reinvestment, resource allocation, self-sufficiency, rate of inflation and balance of payments position, among others. The Chinese economy has experienced significant growth in the past several years, but such growth has been uneven among various sectors of the economy and geographic regions. Actions by the Chinese government to control inflation have significantly restrained economic expansion in the recent past. Similar actions by the Chinese government in the future could have a significant adverse effect on economic conditions in China.

The Company's operating assets and primary sources of income and cash flows originate in China. The Chinese economy has, for many years, been a centrally planned economy, operating on the basis of annual, five-year and ten-year state plans adopted by central China governmental authorities, which set out national production and development targets. The government of China has been pursuing economic reforms since it first adopted its "open-door" policy in 1978. There is no assurance that the government of China will continue to pursue economic reforms or that there will not be any significant change in its economic or other policies, particularly in the event of any change in the political leadership of, or the political, economic or social conditions in China. There is also no assurance that the Company will not be adversely affected by any such change in governmental policies or any unfavorable change in the political, economic or social conditions, the laws or regulations, or the rate or method of taxation in China. As many of the economic reforms, which have been or are being implemented by the Chinese government, are unprecedented or experimental, they may be subject to adjustment or refinement, which may have adverse effects on the Company. Further, through state plans and other economic and fiscal measures, it remains possible for the government of China to exert significant influence on the Chinese economy.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

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

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

b) 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.

c) Goodwill

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

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

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates (Note 4a). The Company has determined that none of its subsidiaries operates in a hyper inflationary economic environment. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21. For the analysis of the parent entity, the primary determining factors regarding revenue and labour, material and other costs were inconclusive. As a result, the secondary factors were considered. The secondary factors indicated that CAD will be the primary currency in the future for financing activities. Therefore, the functional currency for GLG Canada is CAD. The reporting currency for the Company is CAD.

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

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

e) Basis of consolidation

These consolidated financial statements include the following:

	Jurisdiction of incorporation	Ownership Interest 2013	2012
Subsidiaries			
Agricultural High Tech Developments Limited	Marshall Islands	100%	100%
Anhui Bengbu HN Stevia High Tech Development Company Limited	China	100%	100%
Chuzhou Runhai Stevia High Tech Company Limited	China	100%	100%
Dongtai Runyang Stevia High Tech Company Limited	China	100%	100%
Qingdao Runde Biotechnology Company Limited	China	100%	100%
Qingdao Runhao Stevia High Tech Company Limited	China	100%	100%
GLG Life Tech US, Inc.	USA	100%	100%
GLG Weider Sweet Naturals Corporation	Canada	55%	55%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

e) Basis of consolidation, continued

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

All intercompany transactions and balances are eliminated on consolidation.

f) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

f) Financial instruments, continued

Financial liabilities

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

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

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

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

g) 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g) Impairment, continued

Financial assets, continued

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

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

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

Goodwill and indefinite-life intangibles

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

Non-financial assets with finite useful lives

For non-financial assets, such as property, plant and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of FVLCD and VIU. FVLCD is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g) Impairment, continued

Non-financial assets with finite useful lives, continued

specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For assets that does not generate largely independent cash inflows, which is comprised of intangible assets of the Company, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h) 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.

i) Accounts receivable and concentration of credit risks

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

j) Inventory

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

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

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

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

k) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

k) Property, plant and equipment, continued

Subsequent costs

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

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

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

Gains and losses

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

Amortization

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

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

Amortization is provided over the term of the lease on leasehold and land use rights. Amortization is not provided for construction in progress until the assets are ready for use.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

l) Capitalization of interest

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

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

For non-specific funds borrowed and being used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization would be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalizes during a period shall not exceed the amount of borrowing costs it incurred during that period. The capitalization rate for the year ended December 31, 2013 was nil %.

m) Biological assets

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

n) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

n) Intangible assets , continued

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.

o) 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.

p) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

p) Share-based payments, continued

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.

q) 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.

r) 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.

s) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

s) Income taxes, continued

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.

t) Change in accounting policies

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

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

u) New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are not yet effective as of December 31, 2013 and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

u) New standards, amendments and interpretations not yet effective, continued

IFRS 9, Financial instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The mandatory date of adoption for this standard has not been determined. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 36, Impairment of assets

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

Annual improvements 2012

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

Annual improvements 2013

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

a) Judgments

Recognition of deferred tax assets

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

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

The design of the integrated supply chain makes the cash flows for each component of the supply not sufficiently independent of all the components in order to break down the cash flows any lower than the stevia business level. Therefore, management has treated the four stevia processing plants, the agricultural unit as well as the North American offices are included as a single CGU (Stevia CGU). The carrying amount of the Stevia CGU is $58,456,191.

Impairment of long-lived assets

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

a) Judgments, continued

The discount rates used in the analysis are based on the Company's weighted average cost of capital. In arriving at the weighted average cost of capital general market, industry and company specific risk, which included an assessment of the risk inherent in the projected cash flows, were considered in determining the cost of equity. The key assumptions used to determine the recoverable amounts, including a sensitivity analysis, which is included in Note 12.

b) Uncertainty estimation

Inventories

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

Contingencies

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

Income Tax Estimates

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

Market forecasts

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

Key assumptions used to determine the recoverable amounts for Stevia CGU in 2013 include forecast market share estimates was 3.3% to 6.1%, forecast leaf costs per kilogram were $2.00 - $ 2.26.

(Expressed in Canadian Dollars)

6. ACCOUNTS RECEIVABLE

		December 31, 2013		December 31, 2012
Current				
Accounts receivable	$	4,455,506	$	8,902,584
Allowance for doubtful accounts		(2,949,445)		(456,997)
Foreign currency translation		(5,749)		(1,549)
	$	1,500,312	$	8,444,038

	Total
Allowance for doubtful accounts	
As at January 1, 2012	6,231,535
Increase (decrease) in AFDA	(5,674,770)
Foreign Currency Translation	(99,768)
As at December 31, 2012	456,997
Increase (decrease)in AFDA	2,492,448
Foreign Currency Translation	-
As at December 31, 2013	2,949,445

The aging analysis of trade receivables is as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	< 90 days	91 - 180 days	>180 days
December 31, 2013	$ 1,500,312	$ 677,104	$ 355,023	$ 26,089	$ 442,096
December 31, 2012	8,444,038	269,075	3,157,350	665,418	4,352,195

As of December 31, 2013, trade receivable balances with aging over twelve months is $85,170 (2012 - $3,613,191). No accounts receivable has been pledged as general collateral for the line of credit facilities available to the Chinese subsidiaries.

(Expressed in Canadian Dollars)

6. ACCOUNTS RECEIVABLE, continued

The offsetting of accounts receivable and accounts payables and accruals are as follows:

Financial assets	Amounts offset			Amounts not offset		Net
	Gross assets	Gross liabilities offset	Net amounts presented	Financial instruments	Cash collateral received	
December 31, 2013						
Trade receivables	$ 1,500,312	$ -	$ 1,500,312	$ -	$ -	$ 1,500,312
	$ 1,500,312	$ -	$ 1,500,312	$ -	$ -	$ 1,500,312

Financial assets	Amounts offset			Amounts not offset		Net
	Gross assets	Gross liabilities offset	Net amounts presented	Financial instruments	Cash collateral received	
December 31, 2012						
Trade receivables	$ 9,272,717	$ (828,679)	$ 8,444,038	$ -	$ -	$ 8,444,038
	$ 9,272,717	$ (828,679)	$ 8,444,038	$ -	$ -	$ 8,444,038

Financial liabilities	Amounts offset			Amounts not offset		Net
	Gross liabilities	Gross assets offset	Net amounts presented	Financial instruments	Cash collateral received	
December 31, 2013						
Accounts payable and accruals	$ 16,862,903	$ -	$ 16,862,903	$ -	$ -	$ 16,862,903
	$ 16,862,903	$ -	$ 16,862,903	$ -	$ -	$ 16,862,903

Financial liabilities	Amounts offset			Amounts not offset		Net
	Gross liabilities	Gross assets offset	Net amounts presented	Financial instruments	Cash collateral received	
December 31, 2012						
Accounts payable and accruals	$ 25,876,959	$ (828,679)	$ 25,048,280	$ -	$ -	$ 25,048,280
	$ 25,876,959	$ (828,679)	$ 25,048,280	$ -	$ -	$ 25,048,280

The company recorded settlement of accounts payable through accounts receivable from sales based on 3-way settlement agreements as at December 31, 2012. The company had a legally enforceable right to set-off the recognized amounts and there was an intention to settle on a net basis or realize the assets and settle the liability simultaneously. There were no netting arrangements as at December 31, 2013.

(Expressed in Canadian Dollars)

7. SALES TAXES RECOVERABLE

The taxes are value-added taxes paid on purchases in China and Goods and Services Tax ("GST") paid in Canada. These taxes are recoverable from the respective authorities upon filing of the prescribed returns.

8. INVENTORY

		December 31, 2013		December 31
Raw material	$	3,344,691	$	6,091,200
Work in process		5,604,499		6,195,338
Finished goods		9,689,317		19,306,744
	$	18,638,507	$	31,593,282

For the year ended December 31, 2013, the amount of inventories charged to cost of sales was $14,025,323 (2012 - $25,328,514).

The Company assessed the net realizable value of inventory based on the following: the cost of raw materials is comprised of the purchase price, applicable taxes and other costs incurred in bringing inventory to 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.

For the year ended December 31, 2013, the Company has recorded an impairment of inventory of $8,148,650 (2012 - $8,494,470).

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

9. PREPAID EXPENSES

		December 31, 2013		December 31
Prepayment for raw material	$	688,063	$	760,637
Prepayment for construction and equipment		498,459		1,032,672
Insurance		49,728		89,804
Rent and deposits		12,248		147,129
Prepayment for AN0C production costs		-		261,430
Others		1,054,194		1,276,130
	$	2,302,692	$	3,567,802

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	Ion exchange resin equipment	Manufacturing equipment	Buildings & construction in progress	Leasehold & land use rights	Computer equipment & software	Motor vehicles & furniture and fixture	Total
Costs							
As at December 31, 2011	8,630,649	29,469,028	32,049,805	4,684,652	733,371	1,182,494	76,749,999
Additions	-	154,764	592,233	-	25,621	3,072	775,690
Disposals	-	(1,521,846)	(129,207)	-	-	(47,533)	(1,698,586)
Impairment		(891,358)					(891,358)
Foreign currency adjustments	(357,507)	(552,418)	(872,830)	4,408	(5,732)	(12,974)	(1,797,053)
As at December 31, 2012	$ 8,273,142	$ 26,658,171	$ 31,640,001	$ 4,689,060	$ 753,260	$ 1,125,059	$ 73,138,692
Additions	-	69,170			5,283	6,373	80,826
Disposals	-	(5,944)	(53,693)	(13,880)	-	(76,432)	(149,950)
Foreign currency adjustments	1,749,777	4,979,320	5,784,623	476,408	64,534	103,786	13,158,448
As at December 31, 2013	$ 10,022,919	$ 31,700,717	$ 37,370,931	$ 5,151,588	$ 823,077	$ 1,158,785	$ 86,228,017
Accumulated depreciation							
As at December 31, 2011	3,650,078	12,286,649	6,865,134	131,762	224,953	481,398	23,639,974
Amortization	168,440	805,312	353,231	218,182	138,858	225,907	1,909,931
Disposals	-	(256,695)	-	-	-	(47,533)	(304,228)
Foreign currency adjustments	(343,687)	(1,092,516)	(216,051)	3,845	(4,564)	(6,934)	(1,659,907)
As at December 31, 2012	$ 3,474,831	$ 11,742,750	$ 7,002,314	$ 353,789	$ 359,247	$ 652,838	$ 23,585,769
Amortization	323,751	2,248,152	1,293,426	206,671	111,395	172,506	4,355,900
Disposals		(1,605)		(27,761)		(15,664)	(45,030)
Foreign currency adjustments	637,351	2,346,283	841,768	(41,852)	32,260	71,150	3,886,960
As at December 31, 2013	$ 4,435,933	$ 16,335,579	$ 9,137,508	$ 490,847	$ 502,902	$ 880,829	$ 31,783,599
Net book value							
As at December 31, 2012	4,798,311	14,915,421	24,637,687	4,335,271	394,013	472,221	49,552,923
As at December 31, 2013	5,586,987	15,365,137	28,233,423	4,660,740	320,175	277,956	54,444,418

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT, continued

Land use rights in China have remaining terms ranging from 44.5 to 45.8 years.

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

	December 31, 2013	December 31, 2012
Cost of sales	$ 3,635,023	$ 1,330,145
Selling, general and administrative expenses	720,877	579,786
	$ 4,355,900	$ 1,909,931

11. BIOLOGICAL ASSETS

	2013	2012
As at January 1	$ 672,013	$ 696,859
Expenditure incurred	137,608	156,501
Agricultural products	(294,605)	(214,178)
Gain/(loss) included in other income		
- change in fair value	(45,646)	57,677
Gain/(loss) included in OCI		
- foreign currency adjustments	57,083	(24,846)
As at December 31	$ 526,453	$ 672,013

The Company's biological assets include a loss of $45,646 (2012 – gain of $57,677) representing changes in the fair value of the nursery plants. As of December 31, 2013, approximately 6.6 million parent seedlings (2012 – 10 million)are at the nursery plants.

Biological assets are the only recurring fair value measurements. There are no non-recurring fair value measurements. There was no transfer between different levels of the fair value hierarchy.

The fair value measurements for biological assets have been categorised as Level 3 fair value based on the inputs to the valuation techniques used. The fair value of biological assets is assessed by present value of net cash flow expected to be generated by the parent seedlings. The cash flow projections include specific estimates for five years. The expected net cash flows are discounted using the risk-adjusted discount rate.

11. BIOLOGICAL ASSETS, continued

The following significant unobservable inputs are used to estimate the net cash flow:
- Estimated amount of seedlings sold: 13.1 million
- Estimated revenue from seedlings: $85,000
- Estimated amount of seeds sold: 3,000kg
- Estimated revenue from seeds: $310,000
- Estimated total expenses from seeds and seedlings: $367,000
- Weighted average cost of capital: 10.2%

The estimated fair value would increase (decrease) if:
- Estimated amount of seedlings sold was higher (lower)
- Estimated revenue from seedlings was higher (lower)
- Estimated amount of seeds sold was higher (lower)
- Estimated revenue from seeds was higher (lower)
- Estimated total expenses from seeds and seedlings was lower (higher)
- Weighted average cost of capital was lower (higher)

12. IMPAIRMENT OF FINITE LIFE INTANGIBLE ASSETS AND TANGIBLE ASSETS

a) Finite life intangible assets and tangible assets

The Company tested CGUs with goodwill, finite life intangible assets and tangible assets for impairment during 2013 and 2012 as at December 31 of both calendar years. In assessing whether or not there is impairment, the Company determines the recoverable amount of a CGU based on the greater of value in use and FVLCD (if market comparables are available). The Company estimates the discounted future cash flows for a period of five years and includes a terminal value to capture results beyond the five year forecasts. The future cash flows are based on the Company's estimates and include consideration for expected future operating results, economic conditions and a general outlook for the industry in which the CGU operates.

The discount rates used by the Company consider debt to equity ratios and certain risk premiums. The terminal value is the value attributed to the CGU's operations beyond the initial five year period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

The following table gives an overview of the methods and assumptions used to determine recoverable amounts for CGUs with allocated definite life intangible assets and tangible assets that are significant to the Company:

(Expressed in Canadian Dollars)

12. IMPAIRMENT OF GOODWILL, FINITE LIFE INTANGIBLE ASSETS AND TANGIBLE ASSETS, continued

a) Finite life intangible assets and tangible assets, continued

December 31, 2013

CGU	Tangible assets (NBV)	Recoverable Method	Periods used (Years)	Terminal Growth Rates %	Pre-Tax Discount Rate %
Stevia	$58,456,191	Value in Use	5	1.5	10.2
Discontinued Operations	N/A	N/A	N/A	N/A	N/A

December 31, 2012

CGU	Tangible assets (NBV)	Recoverable Method	Periods used (Years)	Terminal Growth Rates %	Pre-Tax Discount Rate %
Stevia	$49,500,650	Value in Use	5	1.5	14.7
Discontinued Operations	$ 52,273	Value in Use	5	0	14.7

b) Impairment losses

Key assumptions used to determine the recoverable amounts for Stevia CGU in 2013 include forecast market share estimates was 4.7% to 9.1%, forecast leaf costs per kilogram were $2.00 - $ 2.26, terminal value was $173,309,369 (2012 - $149,300,000) and present value of the terminal value was $111,616,800 (2012 – $87,510,000), the calculated recoverable amount was $156,302,806 (2012 – $125,454,738), the calculated impairment amount was $nil (2012 – $nil).

During the year ended December 31, 2013, the Company performed an impairment assessment for its Stevia CGU. The recoverable amount of Stevia CGU based on VIU exceeded the carrying value and therefore no further impairment charge was warranted. During the year ended December 31, 2013, the Company disposed AN0C CGU (see Note 22). Therefore, no separate impairment assessment was performed on AN0C CGU.

During the year ended December 31, 2012, the Company performed an impairment assessment for its two CGUs. In the case of Stevia CGU, the recoverable amount based on VIU exceeded the carrying value and therefore no further impairment charge was warranted. In the case of AN0C CGU, the recoverable amount based on VIU is lower than the carrying amount and an impairment charge of $2,000,158 was recorded.

c) Sensitivity analysis on key assumptions used to determine recoverable amounts for Stevia CGU

The Company has made certain assumptions for the discount and terminal growth rates to reflect variations in expected future cash flows. These assumptions may differ or change quickly depending on economic conditions or other events. Therefore, it is possible that future changes in assumptions

(Expressed in Canadian Dollars)

12. IMPAIRMENT OF GOODWILL, FINITE LIFE INTANGIBLE ASSETS AND TANGIBLE ASSETS, continued

c) Sensitivity analysis on key assumptions used to determine recoverable amounts for Stevia CGU

may negatively impact future valuations of CGUs and goodwill, which would result in further impairment losses. An increase of 2.0% in the discount rate would result in no impairment. A decrease in growth rate of 0.5% woud result in no impairment.

13. SHORT TERM AND LONG TERM LOANS

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

Short term borrowing from a private lender:

As at December 31, 2012 (in CAD)	$	623,222
Addition		43,019
As at December 31, 2013 (in CAD)	$	666,241

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

Bank loans as at December 31, 2013:

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

(Expressed in Canadian Dollars)

13. SHORT TERM AND LONG TERM LOANS, continued

Short term bank loans as at December 31, 2012:

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

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

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans (see Note 8, 10). For the year ended December 31, 2013, the weighted average interest capitalization was nil% (2012 – nil%).

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2013	December 31, 2012
Accounts Payable	$ 5,485,428	$ 8,734,141
Payroll liabilities	378,680	526,601
Accrued liabilities	3,042,886	3,497,262
Construction liabilities	6,410,625	7,778,430
Other payables	1,523,625	3,006,192
Advance from customers	21,660	1,550,054
Foreign currency translation	-	(44,400)
	$ 16,862,903	$ 25,048,280

The offset of accounts receivable and accounts payable is summarized in Note 6.

(Expressed in Canadian Dollars)

15. CONVERTIBLE NOTES

On September 30, 2013, the Company issued a three year, zero interest Canadian dollars dominated unsecured convertible debenture with principal amount of $4,295,533 that is convertible to common shares at a conversion price of $1.80 per share. The Toronto Stock Exchange has granted approval for listing of up to 2,386,407 common shares upon conversion, subject to certain conditions.

The convertible notes contain two components: liability and equity elements. The equity element is presented in equity under the heading of "Contributed surplus". The effective interest rate of the liability element on initial recognition is 11.46% per annum.

Fair value of issue	3,366,405
Liability component at the date of issue	(3,101,838)
Equity component	264,567
Liability component at the date of issue	3,101,838
Accretion	77,427
Liability component at December 31, 2013	3,179,265

Option premium on convertible notes

	Dec 31, 2013	Dec 31, 2012
Balance at beginning of year	9,519,988	9,519,988
Recognition of option premium on issue of convertible notes	264,567	-
Related income tax	-	-
Balance at December 31, 2013	9,784,555	9,519,988

(Expressed in Canadian Dollars)

16. INCOME TAXES

a) Income tax expenses

Provision for income taxes		December 31, 2013		December 31, 2012
Current tax expense				
USA		1,133		3,498
China		47,478		79,168
Deferred income tax expense (recovery)				
Canadian		-		-
China		-		-
Total	$	48,611	$	82,666

As the Company operates in several tax jurisdictions, its income is subject to various rates of taxation. The statutory income tax rates in China range from 0% to 25%. The income tax expense differs from the amount that would have resulted from applying the Canada statutory income tax rates of 25% (2012 - 25%) to loss before taxes as follows:

		December 31, 2013		December 31, 2012
Tax recovery at statutory rates	$	(7,346,422)	$	(8,684,068)
Increase (decrease) resulting from:				
Permanent and other differnces		124,577		(668,931)
Stock based compensation		461,346		385,723
Book to tax differences		1,498,670		6,546,323
Foreign rate differences		(198,211)		20,934
Change in valuation allowance		5,460,040		2,482,684
Total	$	-	$	82,666

b) Deferred income taxes

		December 31, 2013		December 31, 2012
Non-capital loss carry-forwards	$	25,455,116	$	19,836,287
Cumulative eligible costs		244,431		244,431
Inventory		1,889,374		9,601,283
Net capital loss carry-forwards		-		(35,672)
Property, plant and equipment		10,586,042		15,290,715
Share issuance costs		400,893		778,726
Other				277,200
Deferred income tax asset not recognized	$	38,575,856	$	45,992,970

(Expressed in Canadian Dollars)

16. INCOME TAXES, continued

c) Non-capital loss carry-forwards

As at December 31, 2013, the Company has non-capital loss carry forwards for Canada and China that are available to reduce taxable income in future years. These non-capital loss carry-forwards expire as follows:

		Canada & US	China	2013
2014	$		2,469,641	2,469,641
2015			2,122,145	2,122,145
2016			5,516,629	5,516,629
2017			22,881,289	22,881,289
2018			20,088,622	20,088,622
2030		4,142,571		4,142,571
2031		6,669,915		6,669,915
2032		3,263,977		3,263,977
	Total $	14,076,463	53,078,326	67,154,790

d) Uncertain tax positions

The Company believes there are no significant unrecognized tax benefits to be recorded. The Company has accrued $nil (2012 - $nil) interest and penalties related to income taxes in the Statement of Operations.

The Company is subject to taxes in different countries. Taxes and fiscal risks recognized in the consolidated financial statements reflect the Company's best estimates of the outcome based on the facts known at the balance sheet date in each individual entity. These facts may include, but are not limited to, change in tax laws, interpretation thereof in the various jurisdictions where the Company operates. They may have an impact on the income tax as well as the resulting assets and liabilities. Any differences between tax estimates and final tax assessments are charged to the Statement of Operations in the period in which they are incurred.

17. RELATED PARTIES TRANSACTIONS AND BALANCES

a) Transactions with key management personnel

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

(Expressed in Canadian Dollars)

17. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

a) Transactions with key management personnel, continued

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

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

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits ranging from 24 to 36 months of gross salary, totaling approximately $1,700,000.

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

b) Amount due to related parties

As of December 31, 2013, the Company obtained loans of $12,677,990 from the Company's Chairman and Chief Executive Officer (the "Lender"). These loans bore interest at China's 10-year benchmark government bond rate plus 11% per annum and not to be settled within a year to the balance sheet date. The loan proceeds were used for corporate working capital purposes to fund the operations of the Company. The loan does not have any attached covenants.

Loans will be repaid by either GLG or its Chinese subsidiaries to the Lender in the currency the loans were originally borrowed. Notwithstanding any provision to the contrary contained herein, the parties agree that the loan will be repayable in 36 months since the date of borrowing.

c) Warrant

In connection to the loans from the Company's Chairman and Chief Executive Officer (the "Lender"), 100 common share purchase warrants for every US$1,000 equivalent borrowed were granted to the lender at the exercise price of $1.00 per warrant for a period of 24 months following the offering closing date. As of December 31, 2013, the Company granted and issued an aggregate of 1,154,494 common share purchase warrants to the lender (see Note 18).

(Expressed in Canadian Dollars)

18. SHARE CAPITAL

a) Commom shares

There are 33,362,804 common shares with no par value. Unlimited number of common shares is authorized with no par value. The holders of common shares are entitled to one vote per share.

Balance at December 31, 2012	**32,915,634**	**$**	**190,449,847**
Stock-based compensation on previously issued restricted shares	-		795,716
Issuance of restricted shares [Note 17 (a)]	447,170		-
Balance at December 31, 2013	**33,362,804**	**$**	**191,245,563**

In 2011, the Company issued units consisting of common share and common share purchase warrants. Each whole warrant entitles the holder thereof to acquire one common share of the Company at the exercise price of $15.00 per common share for a period of 36 months following the offering closing date.

The Black-Scholes model was used to value the warrants in 2011 with the following assumptions:

Risk free interest rate	1.97%
Expected dividend yield	0%
Expected stock price volatility	78%
Expected life of warrants in years	3
Exercise price	$ 15.00
Fair value	$ 4.43

The relative fair value method was used to allocate the net proceeds of $55,199,552 between common shares and share purchase warrants. $45,745,972 was allocated to common shares and $9,453,580 to contributed surplus, respectively. As at December 31, 2013, there are 2,645,000 of the aforementioned warrants outstanding. These warrants will be expired on February 23, 2014 at the end of the 36 month period following the offering date of February 23, 2011.

During the year ended December 31, 2013, the Company issued units consisting of common share purchase warrants according to loan agreements with a related party (see Note 17). Each whole warrant entitles the holder thereof to acquire one common share of the Company at the exercise price of $1.00 per common share for a period of 24 months following the offering closing date.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL, continued

a) Commom shares, continued

The Black-Scholes model was used to value the warrants in 2013 with the following assumptions:

Risk free interest rate	1.32%
Expected dividend yield	0%
Expected stock price volatility	115%
Expected life of warrants in years	2
Exercise price	$ 1.00
Fair value	$ 0.48

The relative fair value of $554,061 was allocated to contributed surplus.

As at December 31, 2013, there were 3,799,494 (2012 – 2,645,000) warrants outstanding.

b) Share-based payments

i) Stock-based compensation

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

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

Under the Plan, options granted are non-assignable and the number of common shares available for issue is a maximum of 10% of the issued and outstanding common shares of the Company inclusive of any restricted share units granted under the Plan. The maximum term of an option is five years after the date of grant. The exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant.

Under the Plan, RSUs granted are non-assignable and the number of common shares available for issue is a maximum of 10% of the issued and outstanding common shares in the Company inclusive of any stock options granted under the Plan. Holders of RSUs are entitled to voting rights and dividends. The maximum vesting period for RSUs are five years from the date of grant unless, otherwise, it is approved by the Board of Directors. RSUs are issued to certain employees and have certain performance criteria, which are based on production and financial targets.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL, continued

b) Share-based payments, continued

i) Stock-based compensation, continued

The Company recorded share-based payments in the amount of $795,716 (2012 - $1,114,590), of which $57,943 related to restricted shares issued during the year ended December 31, 2013 (2012 - $nil) and $737,773 (2012 - $1,114,590) related to restricted shares granted in previous years.

The Company recorded share-based payments in the amount of $495,607 (2012 - $428,303), of which $322,543 related to stock options issued during the year ended December 31, 2013 (2012 - $nil) and $173,064 (2012 - $428,303) related to stock options granted in previous years.

The Company recorded share-based payments in the amount of $554,061 (2012 - $nil) related to warrants issued during the year ended December 31, 2013 (2012 - $nil).

A summary of stock-based compensation expense, which is included in employee salaries and benefits expense, is as follows:

	2013	2012
Stock-based compensation:		
Stock options	$ 495,607	$ 428,303
Restricted share units	795,716	1,114,590
Warrants	554,061	-
	$ 1,845,385	$ 1,542,893

ii) Stock options

The following summarizes information about the stock options outstanding and exercisable at December 31, 2013:

Exercise price	Number outstanding at December 31, 2013	Weighted average remaining contractual life (years)	Weighted average exercise price
$8.60	88,100	0.02	$0.30
$7.79	85,336	0.05	$0.26
$8.11	6,000	0.00	$0.02
$8.90	141,527	0.13	$0.50
$1.32	5,000	0.01	$0.00
$0.53	1,336,041	2.37	$0.28
$1.11	868,000	1.58	$0.38
$0.56	12,500	0.02	$0.00
	2,542,504	**4.19**	**$1.74**

(Expressed in Canadian Dollars)

18. SHARE CAPITAL, continued

b) Share-based payments, continued

ii) Stock options, continued

			Options outstanding		Options exercisable
Exercise price	**Number outstanding at December 31, 2013**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable at December 31, 2013**	**Weighted average exercise price**
$8.60	88,100	0.02	$0.30	88,100	$0.30
$7.79	85,336	0.05	$0.26	67,097	$0.21
$8.11	6,000	0.00	$0.02	6,000	$0.02
$8.90	141,527	0.13	$0.50	81,844	$0.29
$1.32	5,000	0.01	$0.00	5,000	$0.00
$0.53	1,336,041	2.37	$0.28	-	$0.00
$1.11	868,000	1.58	$0.38	-	$0.00
$0.56	12,500	0.02	$0.00	-	$0.00
	2,542,504	**4.19**	**$1.74**	**248,041**	**$0.81**

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended December 31, 2013 was $0.81 (2012 - $1.32) per option.

Summary of option transactions:

As at December 31, 2013, the total remaining unrecognized compensation costs associated with stock options totaled $950,332 (2012 - $250,953) which will be amortized over the weighted average remaining life of 4.19 years. The aggregate intrinsic value of vested and exercisable stock options was $nil (December 31, 2012 - $nil).

Significant management estimates are used to determine the fair value of stock options, and RSUs. The weighted-average fair value of stock options granted during the year ended December 31, 2013 and 2012, and the principal assumptions used in applying the Black-Scholes option to determine their fair value at grant date were as follows:

	2013	**2012**
Risk-free interest rate	1.20% - 1.32%	0.98%
Dividend yield	0%	0%
Volatility	105.3% - 113.27%	153.42%
Expected option life	5 years	5 years
Expected forfeiture per year	5%	5%

(Expressed in Canadian Dollars)

18. SHARE CAPITAL, continued

b) Share-based payments, continued

iii) Restricted shares units

As of December 31, 2013, there was $4,626,307 (2012 - $4,949,174) of total unrecognized compensation cost related to non-vested restricted shares. That cost is expected to be recognized over the weighted average remaining life of 3.27 years.

The vesting periods for restricted shares as at December 31, 2013 are as follows:

Number of restricted share units at December 31, 2013	Vesting period (years)	Performance based
36,000	1.40	No
37,193	1.43	No
47,170	2.51	No
400,000	2.64	Yes
538,849	6.44	Yes
200,000	7.40	Yes
1,259,212	**3.27**	

The vesting periods for restricted shares as at December 31, 2012 are as follows:

Number of restricted share units at December 31, 2012	Vesting period (years)	Performance based
37,193	2.43	No
36,000	2.40	No
538,849	7.44	Yes
200,000	8.40	Yes
812,042	**4.03**	

During the year ended December 31, 2013, the restricted shares were issued with a fair value of $470,887 (2012 - $nil). The fair value of the restricted shares is calculated based on the share price at grant date. The Company recorded share-based payments in the amount of $795,716 (2012 - $1,114,590), of which $57,943 related to restricted shares issued during the year ended December 31, 2013 (2012 - $nil) and $737,773 (2012 - $1,114,590) related to restricted shares granted in previous years.

As of December 31, 2013, there was $4,626,307 (December 31, 2012 - $4,949,174) of total unrecognized compensation cost related to non-vested restricted shares. That cost is expected to be recognized over the weighted average remaining life of 3.27 years.

(Expressed in Canadian Dollars)

19. NON-CONTROLLING INTERESTS

	2013	2012
Balance at January 1	1,543,316	2,394,172
Reversal of NCI due to disposal of AN0C	(1,510,404)	-
Share of Loss for the year	(116,770)	(792,886)
Change in foreign currency translation	88,549	(57,970)
Balance at December 31	4,690	1,543,316

20. SUPPLEMENTARY INFORMATION

Supplementary cash flow information is as follows:

		2013		2012
Accounts receivable	$	2,982,131	$	(1,388,507)
Taxes recoverable		906,225		2,761,246
Inventory		8,221,838		23,659,528
Prepaid expenses		1,839,635		860,251.69
Accounts payable and accruals		(10,006,742)		(5,747,510.75)
Interest payable		2,641,116		1,547,272
Deferred revenue		(101,843)		(109,460)
Changes in non-cash working capital items	$	6,482,360	$	21,582,820
Interest paid		2,685,008		4,602,603
Taxes paid		-		777,050

(Expressed in Canadian Dollars)

21. COST OF SALES AND EXPENSES

	2013	2012
Cost of sales - continuing operation		
Direct cost of sales	$ 13,999,706	$ 25,115,124
Depreciation and amortization	3,635,023	1,330,145
Transfer from expenses	89,062	(335,096)
	17,723,791	26,110,173
Cost of sales - discontinued operation	25,617	848,134
Total	$ 17,749,408	$ 26,958,307
Selling, general and administrative expenses - continuing operation		
Direct expenses	$ 12,059,546	$ 9,300,529
Depreciation and amortization	720,877	389,809
	12,780,422	9,690,338
Selling, general and administrative expenses - discontinued operation	274,571	2,448,660
Total	$ 13,054,993	$ 12,138,998
Supplementary information:		
Employee benefits	$ 1,842,960	$ 3,920,215

22. DISCONTINUED OPERATIONS

In September 2013, the Company finalized the sale of its 80% interest in Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company ("ANOC") to the minority 20% interest holder, China Agriculture and Healthy Foods Company Limited ("CAHFC"), as part of the Company's disposal of its ANOC segment. As part of the transaction and to settle amounts owing by ANOC agreement, the Company issued a three year, zero interest unsecured convertible note with principal amount to $4,295,533 that is convertible into the common shares of GLG at a price of $1.80 per share (see Note 15).

(Expressed in Canadian Dollars)

22. DISCONTINUED OPERATIONS, continued

The post-tax loss on disposal of discontinued operations was determined as follows:

	2013	2012
Loss on disposition of discontinued operations		
Net liabilities disposed:		
Cash	309,239	-
Trades and other receivables	297,899	-
Inventory	29,100	-
Prepaid expenses	402,462	-
Property, plant and equipment	49,279	-
Trade and other payables	(3,917,988)	-
Advance from customers	(1,135,228)	-
Subtotal	(3,965,238)	-
	80%	
GLG's share of net liabilities	3,172,190	-
Convertible debenture (Measured value)	(3,366,405)	-
Reversal of AOCI	(256,887)	-
Reversal of NCI	(1,510,404)	-
Loss on disposition of discontinued operations	(1,961,505)	-

The post-tax gain on disposal of discontinued operations was determined as follows:

	2013	2012
Profits for the year from discontinued operations		
Revenue	419	570,092
Expenses	(467,500)	(5,425,784)
Profit/(loss) from discontinued operations	(467,081)	(4,855,692)
Loss on disposition of discontinued operations	(1,961,505)	-
Forgiveness of debt	5,806,477	-
Profit/(loss) for the year from discontinued operations	3,377,891	(4,855,692)
Earnings per share from discontinued operartions		
Basic earnings/(loss) per share	$ 0.10	$ (0.15)
Diluted earnings/(loss) per share	$ 0.10	$ (0.15)
Cash Flows from discontinued operations		
Net cash outflows from operating activities	5,194,548	(1,752,083)
Net cash outflows from investing activities	-	-
Net cash outflows from financing activities	-	-
	5,194,548	(1,752,083)

At the time of the agreement, ANOC had a liability to CAHFC, which was forgiven by CAHFC as part of the terms of the agreement. The Company's proportionate share of this liability was $5,175,218.

(Expressed in Canadian Dollars)

23. LOSS PER SHARE

The following table set forth the calculation of the basic and diluted loss per share for the year ended December 31, 2013 and 2012.

	2013	2012
Numerator:		
Net Loss after tax		
From continuing and discontinued operations	$ (26,430,227)	$ (34,820,410)
From continuing operations	(29,808,119)	(29,964,718)
From discontinued operations	3,377,891	(4,855,692)
Denominator:		
Weighted average number of shares outstanding - basic	33,362,804	32,915,634
Effective of diluted securities		
Employeee Stock Options	-	-
Warrants	-	-
Weighted average number of shares outstanding - diluted	33,362,804	32,915,634
Loss per share - basic		
From continuing and discontinued operations	(0.79)	(1.06)
From continuing operations	(0.89)	(0.91)
From discontinuing operations	0.10	(0.15)
Loss per share - diluted		
From continuing and discontinued operations	(0.79)	(1.06)
From continuing operations	(0.89)	(0.91)
From discontinued operations	$ 0.10	$ (0.15)

The total number of anti-dilutive options and warrants that were out of the money and therefore excluded from the calculation for the year ended December 31, 2013 was 1,402,535 (2012 – 234,006).

24. SEGMENTED INFORMATION

The Company’s business operates primarily through two reportable business segments, Stevia Products and Consumer Products.

Stevia Products segment is the manufacturing and sales of a refined form of stevia which has operations in China and North America. Consumer Products segment is the sales and distribution of stevia sweetened consumer food and beverage products in China.

(Expressed in Canadian Dollars)

24. SEGMENTED INFORMATION, continued

The Company's chief operating decision makers are the CEO and CFO. They review the operations and performance of the Company by segments, which include Stevia and Consumer Products. Segment results that are reported to the Company's chief decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The accounting policies of the segments are the same as those described in Note 2 to the Company's consolidated financial statements.

The chief operating decision makers review adjusted operating profit as a key measure of performance for each segment and for purposes of making decisions on resource allocations. Adjusted operating profit is income before stock-based compensation expense, impairment of assets, finance costs, other income, and income taxes. This measure of segment's operating results differs from operating income in the consolidated statements of income. The majority of the segment's assets are located outside of Canada, in China. Information by reportable segments is as follows, which is regularly reported to the chief operating decision makers:

Year ended December 31, 2013	**Stevia**	**Discontinued Operations**	**Corporate items & Elminations**	**Consolidated Totals**
Operating Revenue	$ 16,021,553	$ 524		$ 16,022,077
Operating Costs (1)	(28,658,828)	(300,187)		(28,959,015)
Adjusted Operating Loss	$ (12,637,275)	$ (299,664)	$ -	(12,936,938)
Stock based compensation expense (1)	(1,845,385)	-		(1,845,385)
Operating Loss	$ (14,482,660)	$ (299,664)	$ -	$ (14,782,323)
Finance costs	(7,181,233)			-
Inventories write-off	(8,148,650)			(8,148,650)
Other income, net	53,035	3,677,555		3,730,590
Income before income taxes & Minority Interest	$ (29,759,508)	$ 3,377,891	$ -	$ (26,381,616)
Additions to PP&E	81,470	-	-	81,470
Total Assets	$ 87,796,495	$ -	$ -	$ 87,796,495
Income taxes paid	$ -	$ -	$ -	$ -

(1) Included with operating costs in consolidated statements of income.

(Expressed in Canadian Dollars)

24. SEGMENTED INFORMATION, continued

Year ended December 31, 2012		Stevia		Discontinued Operations		Corporate items & Elminations		Consolidated Totals
Operating Revenue	$	21,138,619	$	570,092	$	-	$	21,708,711
Operating Costs (1)		(32,537,664)		(3,106,817)				(35,644,481)
Adjusted Operating Profit	$	(11,399,045)	$	(2,536,725)	$	-	$	(13,935,770)
Stock based compensation expense (1)		(1,542,893)		-				(1,542,893)
Depreciation and amortization		(1,719,954)		(189,977)				(1,909,931)
Operating loss	$	(14,661,891)	$	(2,726,703)	$	-	$	(17,388,594)
Impairment of Assets		(8,494,470)		(2,196,323)				(10,690,793)
Finance costs		(6,912,653)		-				(6,912,653)
Other income, net		186,963		67,333				254,296
Income before income taxes & Minority Interest	$	(29,882,051)	$	(4,855,693)	$	-	$	(34,737,744)
Additions to PP&E		775,033		-				775,033
Goodwill	$	-	$	-	$	-	$	-
Total Assets	$	99,930,699	$	3,134,474	$	-	$	103,065,173
Income taxes paid	$	43,433	$	-	$	-	$	43,433

(1) Included with operating costs in consolidated statements of income.

Revenue to external customers by geographical locations is as follows:

		Year ended December 31		
		31-Dec-13		31-Dec-12
China	$	11,272,070	$	20,106,215
North America		4,750,007		1,602,496
	$	16,022,077	$	21,708,711

During the year ended December 31, 2013, two customers (2012 – three customers) of the Stevia CGU individually represented 10% or more of total consolidated revenue. The sales to these customers represented 23% (2012 – 48%) of total consolidated revenue.

(Expressed in Canadian Dollars)

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Categories of financial assets and liabilities

Fair value

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

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

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

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

	December 31, 2012		
Financial instruments	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)

(Expressed in Canadian Dollars)

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Categories of financial assets and liabilities, continued

Fair value

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

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

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

b) Credit risk

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

(Expressed in Canadian Dollars)

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) 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, 2013 and 2012:

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

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

d) 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.

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

d) Market risk, continued

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

ii) Foreign exchange risk

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

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

The Company cannot give any assurance that any future movements in the exchange rates of RMB against the Canadian dollar and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Information on the net foreign exchange risk exposure on translating functional currency of the consolidated entities to the presentation currency with an impact on the other comprehensive income is provided in the following table:

(Expressed in Canadian Dollars)

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

d) Market risk, continued

ii) Foreign exchange risk, continued

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

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

As of December 31, 2013, assuming that all other variables remain constant, a change of 1% in the Canadian dollar against the RMB would have an effect on other comprehensive income of approximately $488,491 (December 31, 2012 - $667,407).

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

(Expressed in Canadian Dollars)

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

d) Market risk, continued

ii) Foreign exchange risk, continued

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

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

As of December 31, 2013, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on net income of approximately $146,484 (December 31, 2012 - $82,624).

(Expressed in Canadian Dollars)

27. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to provide returns for shareholders, and comply with any externally imposed capital requirements while safeguarding the Company's ability to continue as a going concern.

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ (5,132,909)	$ (3,582,437)
Convertible Notes	3,179,265	-
Debt	76,418,356	68,556,013
Net Debt	74,464,712	64,973,576
Share capital	191,245,563	190,449,847
Contributed surplus	28,171,678	26,857,443
AOCI	10,389,044	5,585,772
Deficit	(243,178,461)	(216,748,234)
Shareholder's equity	(13,372,176)	6,144,828

The Company defines capital as comprising all components of shareholders' equity (other than non-controlling interests), and short and long term loans and bank indebtedness less cash and cash equivalents.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, issue new debt, or sell assets to reduce debt. In this respect, the Company monitors its net debt to equity ratio. There is no assurance that the Company will be able to meet or maintain its currently stated objectives.

The Company's officers and senior management are responsible for managing the Company's capital and do so through regular meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

Pursuant to Chinese regulations, the Company is required to make appropriations to reserve funds, based on after tax net income determined in accordance with generally accepted accounting principles of China. The reserve funds are established for covering corporate obligations in the event of business liquidation. The reserve funds are recorded as part of deficit. The reserve funds are available for the Company to use but are not available for distribution to shareholders other than in liquidation and may limit repatriation of invested capital. The Company is in compliance with this regulation during the year ended December 31, 2013.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2013.

(Expressed in Canadian Dollars)

28. COMMITMENTS

a) Operating leases

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

The Company entered into a thirty-year agreement with the Dongtai City Municipal Government, located in the Jiangsu Province of China, for approximately 50 acres of land for its seed base operation. Rent of approximately $139,000 (RMB 790,000) is paid every 10 years.

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

b) Research and development contract

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

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

c) Investment in Juancheng

In April 2008, the Company signed a twenty year agreement with the government of Juancheng County in the Shandong Province of China, which gave the Company exclusive rights to build and operate a stevia processing factory as well as the exclusive right to purchase high quality stevia leaf grown in that region. The agreement requires the Company to make a total investment in the Juancheng County of $63,816,000 (US$60,000,000) over the course of the twenty year agreement to retain its exclusive rights. As of December 31, 2013, the Company has not made any investment in the county and there is no liability if the Company eventually does not make any investment in the region. However, the Company may lose its exclusivity right if no investment is made by the end of the term of the agreement.

29. STATUTORY SURPLUS RESERVE

The Company's subsidiaries in China are required to make appropriations to a statutory surplus reserve to the amount of 10% of the after tax net income as determined under the Chinese GAAP in accordance with the legal requirements in China until the statutory surplus reserve is equal to 50% of the entities registered capital. Statutory surplus reserve is established for the purpose of offsetting accumulated losses, expending productions or increasing share capital. No appropriation of statutory surplus reserve is made for the year ended December 31, 2013. As at December 31, 2013, the Company's statutory surplus reserve was in the amount of $894,850 (December 31, 2012 - $813,364).

30. CONTINGENCIES

On December 14, 2011, a putative class action lawsuit was filed against the Company, its Chief Executive Officer and Chief Financial Officer ("defendants") in the U.S. District Court for the Southern District of New York. On January 26, 2012, a very similar putative class action lawsuit against the same defendants was filed in the U.S. District Court for the Southern District of New York. These lawsuits were consolidated into a single case on March 21, 2012, and a consolidated complaint was filed on May 10, 2012. After the defendants move to dismiss the consolidated complaint, the plaintiffs filed an amended consolidated complaint on March 15, 2013. The defendants filed a motion to dismiss the amended consolidated complaint on March 29, 2013, which the Court granted on January 31, 2014 and dismissed this consolidated action with prejudice. The deadline to appeal this dismissal ruling has passed, and the judgment in defendants' favour has become final.

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 which name the Company, its Chief Executive Officer and Chief Financial Officer. The Company has reviewed the allegations in the consolidated complaint and the Canadian claims, which concern certain purported misrepresentations and omissions in the Company's public filings, and believes that these allegations are completely without merit. The actions have been served on the Company and a tolling agreement has been executed to hold these matters in abeyance pending further developments in similar litigation in the United States. The tolling agreement postpones the running of the limitation period for the claims under the B.C. and Ontario Securities Acts until the Plaintiff or the Company provides 30 days notice terminating the tolling agreement.

The outcome of all the proceedings and claims against the Company, including the Canadian proposed class action described above, is subject to future resolution that includes the uncertainties of litigation. Based on information currently known to the Company, management believes that it is not probable that the ultimate resolution of any such proceedings and claims, individually or in the aggregate, will have a material adverse effect on the consolidated financial position or results of operations. If it becomes probable that the Company is liable, a provision will be recorded in the period in which the change in probability occurs, and such a provision could be material to the consolidated financial position and results of operations.

30. CONTINGENCIES, continued

The Company has commenced an arbitration as Claimant against a US based stevia extract provider with whom it entered a one-time supply agreement (the “Agreement”) in 2012 to provide a specific volume of product at set prices in 2012 and 2013. The purchaser refused to take delivery of the agreed to amount of product. As a result, the Company was unable realize the anticipated revenues or profits from the sale or the Agreement, which significantly affected revenues in 2013. The dispute is set for hearing in October 2014 in a confidential arbitration process provided for under the Agreement. The Company expects to be successful and recover damages in respect of the lost revenue from the product not purchased in accordance with the Agreement.