GLG LIFE TECH CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2012

(Unaudited – Prepared by Management)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared by management and approved by the Board of Directors.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with U.S. GAAP for a review of interim financial statements by an entity's auditors.

GLG LIFE TECH CORPORATION

Interim Consolidated Balance Sheets

(Unaudited - Expressed in Canadian Dollars)

	Note		June 30, 2012		December 31, 2011
ASSETS					
Current Assets					
Cash and cash equivalents		$	3,732,882	$	4,486,838
Accounts receivable	4		9,549,679		7,124,710
Taxes recoverable	5		7,209,153		8,583,119
Inventory	6		59,652,791		66,740,868
Prepaid expenses	7		6,498,253		6,639,713
Total Current Asset			86,642,758		93,575,248
Property, Plant, and Equipment	8		107,016,034		112,255,188
Intangible Assets	9		26,630,578		27,949,699
Total Assets		$	220,289,370	$	233,780,135
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Short term loans	10	$	67,229,822	$	70,574,229
Accounts payable and accruals	11		29,320,537		31,651,426
Interest payable			711,585		215,554
Advances from customers			966,893		825,120
Deferred revenue			-		109,460
Total Current Liabilities			98,228,837		103,375,789
Due to related parties	12		6,727,023		-
Deferred income tax liability			7,675		-
Total Liabilities			104,963,535		103,375,789
EQUITY					
Stockholders' Equity					
Common Stock: no par value; unlimited shares authorized; issued and outstanding: 32,915,634 (December 31, 2010- 27,371,246 shares)	13		190,382,503		189,335,257
Additional paid-in capital	13		26,837,779		26,429,140
Accumulated other comprehensive income			12,681,592		14,462,164
Deficit			(116,530,398)		(101,999,019)
Total GLG Life Tech Corporation Stockholders' Equity			113,371,476		128,227,542
Non-controlling interests			1,954,359		2,176,804
Total Stockholders' Equity			115,325,835		130,404,346
Total Liabilities and Stockholders' Equity		$	220,289,370	$	233,780,135

Nature of Operations and Liquidity Risk (Note 1)
Commitments (Note 17)
Contingent liabilities (Note 18)
Subsequent events (Note 20)
See Accompanying Notes to the Interim Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Sophia Leung " Director

"David Hall " Director

GLG LIFE TECH CORPORATION

Interim Consolidated Statements of Operations and Comprehensive Loss

For the three and six months ended June 30

(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2012	**2011**	**2012**	**2011**
REVENUE	$ 6,761,076	$ 15,213,022	$ 7,653,194	$ 22,626,659
COST OF SALES	9,437,716	12,193,191	11,975,704	18,383,479
GROSS (LOSS) PROFIT	(2,676,640)	3,019,831	(4,322,510)	4,243,180
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	4,466,280	14,741,371	8,019,583	20,452,305
(LOSS) BEFORE THE UNDERNOTED	(7,142,920)	(11,721,540)	(12,342,093)	(16,209,125)
OTHER INCOME (EXPENSES)				
Provisions for inventories write-off	(105,946)	-	(105,946)	
Interest expense	(1,718,989)	(1,540,425)	(3,092,520)	(3,082,507)
Interest income	3,714	90,290	4,751	138,034
Other income	126,495	-	263,294	-
Foreign exchange (loss) gain	422,402	(191,986)	522,194	(392,076)
	(1,272,324)	(1,642,121)	(2,408,227)	(3,336,549)
(LOSS) BEFORE INCOME TAXES	(8,415,244)	(13,363,661)	(14,750,320)	(19,545,674)
INCOME TAX (EXPENSE) RECOVERY	-	(1,093,376)	(3,504)	(912,486)
NET (LOSS)	(8,415,244)	(14,457,037)	(14,753,824)	(20,458,160)
NET (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(121,604)	(1,943,085)	(222,445)	(2,192,389)
NET (LOSS) ATTRIBUTABLE TO GLG LIFE TECH CORPORATION	(8,293,640)	(12,513,952)	(14,531,379)	(18,265,771)
OTHER COMPREHENSIVE (LOSS)				
Foreign Currency Translation Adjustment	568,278	589,262	(1,780,572)	(1,848,834)
COMPREHENSIVE (LOSS) INCOME	(7,725,362)	(11,924,690)	(16,311,951)	(20,114,605)
NET (LOSS) PER SHARE				
Basic & Diluted	(0.25)	(0.38)	(0.44)	(0.59)
Weighted Average Number of Shares Outstanding				
Basic and diluted	32,915,634	32,835,829	32,915,634	31,170,788

See Accompanying Notes to the Interim Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Interim Consolidated Statements of Equity

For the six months ended June 30, 2012

(Unaudited - Expressed in Canadian Dollars)

	Common Shares			Accumulated Other		Total Equity	Non- Controlling	
	Shares	Amount	Additional Paid in Capital	Comprehensive Income ("AOCI")	Deficit	Attributable to the Company	interest (deficit)	Total Equity
Balance, December 31, 2011	32,915,634	$ 189,335,257	$ 26,429,140	$ 14,462,164	$ (101,999,019)	$ 128,227,542	$ 2,176,804	$ 130,404,346
the year:		303,585						
Stock-based compensation	-	743,661	408,639	-	-	1,152,300	-	1,152,300
Change in foreign currency translation	-	-	-	(1,780,572)	-	(1,780,572)	-	(1,780,572)
Net (loss)	-	-	-	-	(14,531,379)	(14,531,379)	(222,445)	(14,753,824)
Balance, June 30, 2012	32,915,634	$ 190,382,503	$ 26,837,779	$ 12,681,592	$ (116,530,398)	$ 113,371,476	$ 1,954,359	115,325,835

See Accompanying Notes to the Interim Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Interim Consolidated Statements of Cash Flows

For the three and six months ended June 30

(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2012	**2011**	**2012**	**2011**
Cash Flows From Operating Activities				
Net (loss)	$ (8,415,244)	$ (14,457,037)	$ (14,753,824)	$ (20,458,160)
Adjustments to reconcile net income to net cash provided by operating activities:				
Stock-based compensation	610,070	779,025	1,152,300	1,622,120
Amortization of property, plant and equipment and intangible assets	2,432,170	2,337,642	5,065,002	4,427,718
Loss on disposal of property, plant and equipment	-	-	295,693	-
Provisions for receivables	(24,412)	-	(24,412)	-
Provisions for inventories write-off	105,946	-	105,946	-
Unrealized foreign exchange loss (gain)	(48,579)	323,363	21,856	618,908
Deferred income tax expense (recovery)	(5,760)	1,088,071	3,838	897,158
Changes in non-cash working capital items (Note 14)	819,028	(135,460)	3,448,478	(7,163,348)
Net cash (used in) operating activities	(4,526,781)	(10,064,396)	(4,685,123)	(20,055,604)
Cash Flows From Investing activities				
Proceeds on disposal of property, plant and equipment	-	-	207,307	-
Purchase of property, plant and equipment	(256,979)	(4,009,052)	(284,588)	(4,824,774)
Net cash (used in) operating activities	(256,979)	(4,009,052)	(77,281)	(4,824,774)
Cash Flow From Financing activities				
Repayment of short term loans	(1,956,883)	(8,940,000)	(2,801,457)	(17,928,000)
Issuance of common shares, net of share issuance costs	303,585	(26,299)	303,585	54,187,643
Exercise of stock options	-	52,234	-	52,234
Equity contribution by non-controlling interests	-	2,293,265	-	5,014,306
Advances from customers	51,483	52,975	146,699	18,825
Advance from related parties	5,903,911	-	6,834,598	
Repayment of loans to related parties	-	(4,535,306)	-	(6,125,436)
Net cash from financing activities	4,302,096	(11,103,132)	4,483,425	35,219,572
Effect of exchange rate changes on cash and cash equivalents	1,361,610	(87,219)	(474,977)	(1,170,028)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	879,946	(25,263,799)	(753,956)	9,169,166
CASH AND CASH EQUIVALENTS, beginning of period	2,852,936	58,250,179	4,486,838	23,817,215
CASH AND CASH EQUIVALENTS, end of period	3,732,882	32,986,380	**$** 3,732,882	$ 32,986,381

See Accompanying Notes to the Consolidated Financial Statements

Supplemental Cash Flow Information (Note 14)

1. NATURE OF OPERATIONS AND GOING CONCERN

GLG Life Tech Corporation (the "Company") was incorporated under the Companies Act (British Columbia) on June 5, 1998 and changed its name to GLG Life Tech Corporation on March 14, 2007. 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 operations include stevia seed breeding, propagation, growth and harvest, extraction, refining and formulation. The Company also has an 80% interest in Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company ("AN0C") formed in 2010. AN0C is focused on the sales and distribution of consumer food and beverage products in China. These consumer products are sweetened with the Company's stevia products and have low or zero calories.

These unaudited interim consolidated financial statements ("interim financial statements") have been prepared by management in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") 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 six months ended June 30, 2012, the Company incurred a net loss of $14,753,824 (2011 – $20,458,460). As at June 30, 2012 the Company had an accumulated deficit of $116,530,398 (2011 – $ 101,999,019), working capital deficit of $11,586,079 (2011 – working capital deficit of $9,800,541) and a net cash outflow used in operations of $4,685,123 (2011 - $20,055,604). The Company has had a successful history in renewing its short term loans over the past three years and in the 2012 fiscal year (see also Note 10) and plans to continue to renew these loans as they become due. However, if the Company is unable to refinance its credit facilities of $67,229,822 due in 2012, the Company will require alternative forms of financing. There can be no assurance the Company will be successful in this endeavor and these circumstances lead to substantial doubt about the ability of the Company to continue as a going concern.

These interim 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 consideration 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.

1. NATURE OF OPERATIONS AND GOING CONCERN, Continued

Many laws and regulations dealing with economic matters in general and foreign investment in particular have been enacted in China. However, China still does not have a comprehensive system of laws, and enforcement of the existing laws may be uncertain and sporadic.

The Company's operating assets and primary sources of income and cash flows originate in China. The China 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 China government has been pursuing economic reforms since it first adopted its "open-door" policy in 1978. There is no assurance that the China government 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 being implemented by 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 China government to exert significant influence on the China economy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by management in accordance with U.S. GAAP and are presented in Canadian dollars. These interim financial statements include the accounts of the Company and its subsidiaries after elimination of all significant intercompany accounts and transactions. The interim financial statements are presented in Canadian dollars and have been prepared in accordance with the US GAAP for interim financial information. Accordingly, the interim financial statements do not include all of the information and disclosures for complete financial statements. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2011.

In the opinion of management, these interim financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented are not necessarily indicative of results of operations for the full year.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

There are no recently issued accounting pronouncements that are expected to have a significant impact on the Company's accounting policies.

(Unaudited – Expressed in Canadian Dollars)

4. ACCOUNTS RECEIVABLE

		June 30, 2012		December 31, 2011
Accounts Receivable	$	15,979,314	$	13,529,934
less allowance for doubtful accounts		(6,429,636)		(6,405,224)
	$	9,549,679	$	7,124,710

5. TAXES RECOVERABLE

The taxes are value-added taxes paid on purchases in China and HST/GST paid in Canada. These taxes are recoverable from the respective authorities upon filing of the prescribed returns.

6. INVENTORY

		June 30, 2012		December 31, 2011
Raw material	$	19,136,728	$	17,420,060
Work in process		33,358,024		41,558,934
Finished goods		7,158,039		7,761,874
	$	59,652,791	$	66,740,868

For the period ended June 30, 2012, the Company recorded a write-down of inventories of $105,946.

7. PREPAID EXPENSES

		June 30, 2012		December 31, 2011
Prepayment for raw material	$	2,614,049	$	1,161,889
Prepayment for construction and equipment		402,991		351,637
Insurance		-		73,755
Rent and deposits		146,258		2,535,470
Prepayment for AN0C production costs		1,715,401		1,873,511
Others		1,317,298		643,451
	$	6,195,997	$	6,639,713

(Unaudited – Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2012			December 31, 2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Ion exchange resin equipment	$ 7,296,744	$ 1,498,295	$ 5,798,449	$ 15,956,718	$ 3,650,078	$ 12,306,640
Manufacturing equipment and Biological assets	59,221,427	16,955,498	42,265,929	54,148,504	12,286,649	41,861,855
Buildings	60,714,985	8,179,179	52,535,806	59,060,216	6,865,135	52,195,081
Leasehold & land use rights	5,277,624	178,478	5,099,146	4,684,652	131,762	4,552,890
Construction in progress	129,207	-	129,207	129,207	-	129,207
Computer equipment and software	882,416	312,195	570,221	733,372	224,951	508,421
Motor vehicles and	46,236	7,037	39,199	46,582	2,825	43,757
Furniture and fixture	1,128,060	549,983	578,077	1,135,910	478,573	657,337
	$ 134,696,699	$ 27,680,665	$ 107,016,034	$ 135,895,162	$ 23,639,973	$ 112,255,189

Interest capitalized to property, plant and equipment during the period ended June 30, 2012 was $Nil (December 31, 2011 - $212,028).

9. INTANGIBLE ASSETS

	June 30, 2012				December 31, 2011			
	Cost	Accumulated Amortization	Impairment Loss	Net Book Value	Cost	Accumulated Amortization	Impairment Loss	Net Book Value
Customer relationship	$ 10,876,254	$ 5,175,654	$ -	$ 5,700,600	$ 15,416,254	$ 4,719,607	$ 4,540,000	$ 6,156,647
Patents and acquired technologies	26,533,750	5,603,773	-	20,929,977	26,533,750	4,740,698	-	21,793,052
	$ 37,410,004	$ 10,779,427	$ -	$ 26,630,577	$ 41,950,004	$ 9,460,305	$ 4,540,000	$ 27,949,699

(Unaudited – Expressed in Canadian Dollars)

10. SHORT TERM LOANS

As at June 30, 2012, the Company's short term loans consisted of borrowings from a private lender and from four banks in China as follows:

Short term borrowing from a private lender as at June 30, 2012 and December 31, 2011

June 30, 2012	December 31, 2011	Loan amount in USD	Maturity Date	Interest rate
$ 550,290	$ 549,180	540,000	October 9, 2012	8.00%

Short term bank loans as at June 30, 2012

Loan amount in C$	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 481,201	3,000,000	December 29, 2011	7.71%	Agricultural Bank of China
4,491,210	28,000,000	July 28, 2012	7.71%	Agricultural Bank of China
1,604,004	10,000,000	April 18, 2012	7.71%	Agricultural Bank of China
1,587,613	9,897,814	March 28, 2012	7.71%	Agricultural Bank of China
9,624,022	60,000,000	June 9, 2012	6.81%	Agricultural Bank of China
3,208,007	20,000,000	June 16, 2012	6.81%	Agricultural Bank of China
12,832,029	80,000,000	June 20, 2012	6.81%	Agricultural Bank of China
2,726,806	17,000,000	July 25, 2012	7.08%	Agricultural Bank of China
15,873,807	98,963,662	Dec 17, 2011	7.98%	Bank of Communication
3,208,007	20,000,000	August 26, 2012	7.22%	Bank of China
640,462	3,992,894	September 29, 2012	7.22%	Bank of China
2,726,806	17,000,000	December 1, 2012	7.54%	Huishang Bank
4,812,011	30,000,000	December 17, 2011	9.09%	Construction Bank of China
2,863,547	17,852,500	December 23, 2011	9.09%	Construction Bank of China
$ 66,679,531	415,706,870			

During the period ended June 30, 2012 the Company repaid loans totaling $1,733,807 CAD (10,932,000 RMB). The loans were held by the CITIC Bank. The short term loan and bank loans do not have any attached covenants. The assets of the Company's subsidiaries have been pledged as collateral for the short term bank loans. Land of two subsidiaries has also been used as collateral for the above facilities.

(Unaudited – Expressed in Canadian Dollars)

10. SHORT TERM LOANS, Continued

Short term bank loans as at December 31, 2011

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

11. ACCOUNTS PAYABLE AND ACCRUALS

	June 30, 2012	December 31, 2011
Raw material	$ 3,286,410	$ 3,181,095
Construction and equipment	7,038,828	6,388,331
Trade payable	18,995,299	22,081,999
	$ 29,320,537	$ 31,651,425

12. RELATED PARTIES TRANSACTIONS AND BALANCES

In addition to the transactions disclosed elsewhere in these interim financial statements, the Company has agreements with Grand Leaf Ltd. ("Grand Leaf"), GLG International Development Company ("GLG International"), and AAFAB Corporation ("AAFAB") for executive and management consulting services. These Companies are related as they are owned by senior officials and directors of the Company.

The amount of these transactions and outstanding balances as at June 30, 2012 are as follows:

a) During the six months ended June 30, 2012, the Company paid or accrued consulting fees totaling $ 231,311 (June 30, 2011 - $254,502) for the services provided by Grand Leaf. As at June 30, 2012, there was $231,311 (December 31, 2011 - $nil) payable to Grand Leaf.
b) During the six months ended June 30, 2011 the Company paid or accrued consulting fees of nil (June 30, 2011 - $34,786) to AAFAB. As at June 30, 2012 and December 31, 2011 there was nil payable to AAFAB.
c) During the six months ended June 30, 2012, the Company paid or accrued management fees totaling $nil (June 30, 2011 - $200,000) to GLG International. As at June 30, 2012 there was $400,000 (December 31, 2011 - $400,000) included in accounts payable to GLG International.

During the quarter ended June 30, 2012, the Company obtained loans totaling CAD 5,903,911 from the Company's Chief Executive Officer (Lender). The loans bore interest at the US 10-year benchmark government bond rate plus 11% per annum for USD denominated loans or based on China 10-year benchmark government bond rate plus 11% per annum for RMB denominated loans. The Company used the loan proceeds for corporate working capital purposes and to fund the operations of the company in Canada and China.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. SHARE CAPITAL

a) Capital stock

The holders of common shares are entitled to one vote per share.

b) Stock options and restricted shares

The Company is subject to the policies of the TSX, under which it is authorized to grant options to officers, directors, employees and consultants enabling them to purchase common stock of the Company. The Company has one stock option and restricted share units plan ("Plan") which was amended effective May 16, 2008 and reapproved by the Company's shareholders on June 28th, 2011. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan.

(Unaudited – Expressed in Canadian Dollars)

13. SHARE CAPITAL, Continued

c) Stock options and restricted shares

The Company is subject to the policies of the TSX, under which it is authorized to grant options to officers, directors, employees and consultants enabling them to purchase common stock of the Company. The Company has one stock option and restricted share units plan ("Plan") which was amended effective May 16, 2008 and reapproved by the Company's shareholders on June 28th, 2011. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan.

(i) Stock options

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 5 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.

The following summarizes information about the stock options outstanding and exercisable at June 30, 2012:

Exercise price	Number outstanding at June 30, 2012	Weighted average remaining contractual life (years)	Number exercisable at June 30, 2011	Weighted average exercise price
$16.00	44,716	0.87	44,716	$16.00
$7.79	85,336	2.94	26,027	$7.79
$8.11	6,000	3.37	6,000	$8.11
$8.90	146,627	3.91	47,332	$8.90
$6.33	10,000	3.13	-	$6.33
$1.32	9,000	2.53	-	$1.32
	389,779	**2.86**	**180,935**	**$9.15**

(Unaudited – Expressed in Canadian Dollars)

13. SHARE CAPITAL, Continued

(i) Stock options, continued

The following summarizes information about the stock options outstanding and exercisable at December 31, 2011:

Exercise price	Number outstanding at December 31, 2011	Weighted average remaining contractual life (years)	Number exercisable at December 31, 2010	Weighted average exercise price
$16.00	44,716	1.37	44,716	$16.00
$7.79	85,336	3.44	26,027	$7.79
$8.11	6,000	3.87	6,000	$8.11
$8.90	146,627	4.41	-	$8.90
$6.33	10,000	3.63	-	$6.33
	380,779	**3.36**	**133,603**	**$9.34**

Summary of option transactions:

	Number of options		Weighted average exercise price per option	Weighted average fair value per option
Balance at December 31, 2010	**256,040**	**$**	**9.53**	**4.09**
Options granted	9,000		8.75	5.56
Options forfeited	1		8.64	5.57
Options exercised	(6,388)		8.18	5.33
Balance at December 31, 2011	**258,653**	**$**	**9.34**	
Options granted	9,000		1.32	-
Options forfeited	-		0.00	-
Options exercised	-		0.00	-
Balance at June 30, 2012	**267,653**	**$**	**9.15**	

As at June 30, 2012, the total remaining unrecognized compensation costs associated with stock options totaled $424,967 (June 30, 2011 - $1,679,506) which will be amortized over the weighted average remaining life of 2.86 years.

As at June 30, 2012 the aggregate intrinsic value of vested and exercisable stock options was $Nil (June 30, 2011 - $Nil).

The Company recorded stock-based compensation in additional paid in capital in the amount of $299,154 (June 30, 2011 - $351,208)

(Unaudited – Expressed in Canadian Dollars)

13. SHARE CAPITAL, Continued

(ii) Restricted share units

Under the Plan, restricted share units 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 restricted share units are entitled to voting rights and dividends. The maximum vesting period for restricted share units are 5 years from the date of grant unless otherwise approved by the Board of Directors. Restricted share units are issued to certain employees and have performance criteria, which are based on production and financial targets.

The vesting periods for restricted shares as at June 30, 2012 are as follows:

Number of restricted share units at June 30, 2012	Vesting period (years)	Performance based
85,709	-	No
311,295	-	Yes
12,000	0.16	No
9,614	0.19	No
225,000	0.25	Yes
37,193	3.19	No
36,000	3.16	No
538,849	8.19	Yes
200,000	9.16	Yes
1,455,660	**6.18**	

The vesting periods for restricted shares as at December 31, 2011 are as follows:

Number of restricted share units at December 31, 2011	Vesting period (years)	Performance based
85,709	-	No
311,295	-	Yes
12,000	0.41	No
9,614	0.44	No
225,000	0.50	Yes
37,193	3.44	No
36,000	3.41	No
538,849	8.44	Yes
200,000	9.41	Yes
1,455,660	**4.67**	

(Unaudited – Expressed in Canadian Dollars)

13. SHARE CAPITAL, Continued

(ii) Restricted share units

During the three months ended June 30, 2012, nil restricted shares were issued (June 30, 2011 – 248,000). The Company recorded stock-based compensation expense in the amount of $375,896 related to restricted shares (June 30, 2011 - $1,270,912).

As of June 30, 2012 there was $5,320,103 (June 30, 2011 - $6,900,891) 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 6.18 years.

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
	2012	2011	2012	2011
Accounts receivable	$ (2,523,118)	$ 5,547,385	$ (1,574,185)	$ 15,100,468
Taxes recoverable	875,055	1,448,891	1,302,179	1,218,958
Inventory	6,535,788	(21,060,503)	6,220,085	(21,819,458)
Prepaid expenses	(1,714,879)	6,812,453	(821,277)	(7,643,977)
Accounts payable and accruals	(2,765,659)	7,269,682	(2,059,811)	6,074,727
Interest payable	411,841	(249,798)	496,217	(190,496)
Deferred revenue	-	96,430	(114,730)	96,430
	$ 819,028	$ (135,460)	$ 3,448,478	$ (7,163,348)
(Decrease) Increase in accounts payable and accruals related to property, plant and equipment	791,137	(2,135,784)	(2,428,719)	(3,219,856)

15. SEGMENTED INFORMATION

Sales to external customers:

Sales to external customers	30-Jun-12	31-Dec-11
Stevia Products	$ 7,324,714	$ 17,138,703
Consumer Products	328,480	7,701,486
	$ 7,653,194	$ 24,840,189

(Unaudited – Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION, Continued

The Company generates sales to external customers in the following geographical locations:

	30-Jun-12	31-Dec-11
China	$ 7,174,994	$ 15,762,253
North America	478,200	9,077,936
	$ 7,653,194	$ 24,840,189

During the six months ended June 30, 2012, two customers (2011 - two customers) of the Stevia products segment individually represented 10% or more of total consolidated revenue. The sales to these customers represented 41% (2011 - 60%) of the total consolidated revenue for the period.

Operating (Loss) Profit	30-Jun-12	31-Dec-11
Stevia Products	$ (11,173,146)	$ (25,194,718)
Consumer Products	(1,168,947)	(21,838,040)
	$ (12,342,093)	$ (47,032,758)

The Company has property, plant and equipment in the following reportable segments and geographic locations:

	30-Jun-12	31-Dec-11
Stevia Products	$ 106,061,062	$ 109,703,382
Consumer Products	954,972	1,124,416
	$ 107,016,034	$ 110,827,798

	30-Jun-12	31-Dec-11
China	$ 107,000,190	$ 110,799,880
North America	15,844	27,918
	$ 107,016,034	$ 110,827,798

(Unaudited – Expressed in Canadian Dollars)

16. INCOME TAXES

For the three and six months ended June 30, 2012 the Company recorded income tax expenses of $0.0 million and $0.04 million respectively, compared to income tax expenses of $1.1 million and income tax expense of $0.9 million for the three and six months ended June 30, 2011.

The effective tax rate for the period differs from the statutory Canadian tax rate of 26.5% and is primarily due to valuation allowances on net operating losses and permanent differences not subject to tax.

The amount of liability for uncertain tax positions as of June 30, 2012 is nil (December 31, 2011-nil).

17. COMMITMENTS

(a) The Company renewed two 5-year operating lease with respect to land and production equipment at the Qingdao factory in China. The lease expires in 2016, and the annual minimum lease payments are approximately $160,000 (RMB 1,000,000)

(b) The Company entered into a 30-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 $127,000 (RMB 790,000) is paid every 10 years.

(c) The Company entered into a 5-year agreement for office premises beginning June 1, 2011. The annual minimum lease payments are approximately $142,000.

(d) The Company entered into various marketing and promotional short term contracts to support consumer business promotional campaigns. The total commitment as of June 30, 2012 is $132,000 (RMB 825,000)

(e) In April 2008, the Company signed a 20 year agreement with the government of Juancheng County in the Shandong Province of China, which gave exclusive rights to build and operate a stevia processing factory as well as the exclusive right to purchase high quality stevia leaf grown in that region. The agreement requires the Company to make a total investment in the Juancheng region of $61,019,000 (US$60,000,000) over the 20 year life of the agreement to retain its exclusive rights. As of June 30, 2012, the Company had not made any investment in the region.

The minimum operating lease cash payments related to the above are summarized as follows:

2012	$	282,132
2013		305,615
2014		306,917
2015		308,293
2016		221,789
Thereafter		254,000
Total	$	1,678,746

18. CONTINGENT LIABILITIES

The Company has learned that on December 14, 2011, a putative class action lawsuit was filed against the Company, its Chief Executive Officer and Chief Financial Officer 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. The Company anticipates that these two complaints will be consolidated into a single case. The Company has reviewed the allegations in the complaints -- which concern certain purported misrepresentations and omissions in the Company's public filings -- and believes that these allegations are completely without merit. The Company has retained counsel and will defend itself vigorously in this matter. An estimate of the possible loss or range of loss cannot be made at the date of release of the financial statements.

19. SEASONALITY

GLG's stevia business is affected by seasonality. The harvest of the stevia leaves typically start at the end of July and continue through to the fall of each year. GLG's operations in China are also impacted by Chinese New Year celebrations during the month of January or February each year, during which many businesses close down operations for approximately two weeks. GLG's production year runs from October to September whereby raw materials are converted into WIP and finished goods.

20. SUBSEQUENT EVENTS

As of May 16, 2012, a general cease trade order ("CTO") has been issued by the BC Securities Commission ("BCSC") against the Company for failure to file its annual financial statements, its management discussion and analysis relating to its annual financial statements, its Annual Information Form (and related Form 40-F in the United States) and the CEO and CFO certifications (collectively, the "Required Documents") for the period ended December 31, 2011, beyond the prescribed deadline of March 30, 2012. If the Company fails to make the required documents, or the financial statements etc. for Q1 and Q2 of the fiscal year ending December 31, 2012 the BCSC will not rescind the CTO, which will make it impossible for shareholders to negotiate the sale of their Shares.