Management's Discussion and Analysis

First quarter of Fiscal 2013
Three-month period ended June 30, 2012

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August 9, 2012

Unless otherwise indicated, all amounts are in Canadian dollars.

1. PRELIMINARY COMMENTS TO THE INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

This interim Management's Discussion & Analysis ("MD&A") was prepared under the responsibility of GLV Inc.'s management and approved by its Board of Directors as of August 9, 2012. The information appearing herein accounts for all significant events that occurred prior to that date. The MD&A presents the Corporation's position and business context as they were, to management's best knowledge, upon its approval by the Board of Directors.

This interim MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes for the three-month period ended June 30, 2012, as well as with the consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2012.

The financial information presented in this interim MD&A, including tabular amounts, is prepared in accordance with the International Financial Reporting Standards ("IFRS") unless otherwise indicated.

In this MD&A, "GLV" or "the Corporation" designates, as the case may be, GLV Inc. and its subsidiaries and divisions, or GLV Inc. or one of its subsidiaries or divisions and the information contained is mainly structured by group, specifically the Water Treatment Group under Ovivo, the Pulp and Paper Group and Other. The fiscal year ending March 31, 2013 and the fiscal years ended March 31 of prior years are sometimes designated by the terms "fiscal 2013," "fiscal 2012" and so forth. The "first quarter of fiscal 2013" and the "first quarter of fiscal 2012" refer to the three-month periods ended June 30, 2012 and 2011, respectively. Unless otherwise indicated, the comparative analysis of operating results and cash flows for the three-month period ended June 30, 2012 is performed in relation to the equivalent periods ended June 30, 2011, whereas the comparative analysis of the financial situation as at June 30, 2012 is performed in relation to data recorded as at March 31, 2012.

This interim MD&A also uses non-IFRS financial measures. Please refer to the section 11, "Reconciliation of non-IFRS financial measures" of this report for more information.

Supplementary information about the Corporation, including the Annual Information Form dated June 7, 2012, the MD&A for the year ended March 31, 2012 and press releases are available on the websites of SEDAR (www.sedar.com) and the Corporation (www.glv.com). Certain other documents, including presentations to investors, are also available on the Corporation's website.

2. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain information and statements in this interim MD&A and other public communications regarding management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements concern analyses and other information based on forecasted future results and estimates of amounts that cannot yet be determined. These may be observations concerning, in particular, strategies, expectations, planned activities or future actions. Forward-looking statements are recognized by the use of terms such as "forecast," "project," "could," "plan," "aim," "estimate" and other similar terms, possibly used in the future or conditional, particularly with regard to certain assumptions.

The management of GLV would like to point out that forward-looking statements involve a number of uncertainties and known and unknown risks such that GLV's actual and future results could differ considerably from those stated.

Factors of uncertainty and risk that might result in such differences include contracts with clients regarding equipments and services, operations and turnkey projects, dependence on key personnel, risks related to acquisitions, regulatory and legal risk, foreign exchange rate and foreign exchange contract risk, credit risk, asset impairment, market and liquidity risks, competition, supplier-related risks, availability of the financing required to carry on the business and strategic plan, concentration risk, availability of raw materials, fluctuations in interest rates, potential lawsuits regarding intellectual property rights, and risks associated with the Corporation's holding company structure. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. In addition, unless otherwise indicated, the forward-looking statements included in this interim MD&A were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of GLV assumes no obligation to update or revise forward-looking statements as a result of new information, future events or other changes. Forward-looking statements are designed to provide the reader with a description of management's expectations regarding the Corporation's financial performance during fiscal 2013 and may not be appropriate for other purposes.

Additional information about the risk factors to which GLV is exposed is provided in Section 10, "Risks and uncertainties" of the MD&A for the fiscal year ended March 31, 2012.

3. PROFILE OF THE CORPORATION

Description of business

GLV Inc. is a leading global provider of technological solutions used in water treatment as well as in pulp and paper production. The Corporation operates in over 20 countries and had approximately 2,200 employees as at June 30, 2012.

- The **Water Treatment Group - Ovivo** designs and markets equipment and integrated solutions in the form of products and services for the treatment and recycling of municipal and industrial wastewater as well as for water used in various industrial processes. Ovivo also offers water intake screening solutions for power stations, refineries and water desalination facilities. With its extensive technology portfolio, it is positioned to provide comprehensive solutions for the filtration, clarification, treatment and purification of water for return to the environment, re-use in various industrial processes or domestic use. Ovivo's offering also includes rebuilding, upgrading and optimization services for existing equipment, the sale of spare parts as well as maintenance services.

- The **Pulp and Paper Group** designs and globally markets equipment used in various stages of paper production, from pulp preparation to sheet formation and finishing. It also serves the global market with rebuilding, upgrading and optimization services for existing equipment, as well as the sale of spare parts. It ensures that its portfolio contains innovative products and technologies that bring customers added value, such as lower energy consumption.

- In addition to these two groups, the Corporation has:

    - Two manufacturing units that specialize in the manufacture of large custom-made parts from specifications provided by Ovivo, the Pulp and Paper Group or external customers; and
    - The Van Der Molen division that specializes in processes for the design and marketing of equipment for certain stages of beverage production.

GLV Inc. is a public company whose shares trade on the Toronto Stock Exchange ("TSX") under the ticker symbols GLV.A and GLV.B. Its stock is included in the S&P/TSX Clean Technology Index.

Strategic approach

To drive sustained revenue growth and continuous improvement in profitability, the Corporation promotes an entrepreneurial culture across the organization and implements a business strategy based on four main axes:

- ***Development of growing markets***
  The Corporation operates worldwide. It strives to expand its presence in its traditional markets of North America and Europe, while continuing business development efforts in areas of the world where water processing and pulp and paper industries boast growth potential, such as Southeast Asia, the Middle East, China, India and Russia. GLV leverages its in-house expertise to develop and offer its clients unmatched technologies and know-how. Meanwhile, Ovivo focuses on developing energy, and electronics and metals markets (formerly called microelectronics) in the industrial segment as well as the municipal market in North America, Europe, the Middle East and Africa.

- ***Development of aftermarket services***
  Aftermarket services, including the sale of spare parts, optimization and maintenance of equipment, and the operation of water treatment facilities, generate recurring revenue streams and added value. The Pulp and Paper Group is already active in this market in North America and Europe, and targets as well regions with growing demand for this type of services. Offering aftermarket services is also an integral part of Ovivo's business development strategy across all of its segments.

- ***Manufacturing outsourcing***
  The Corporation generally outsources component manufacturing to an international network of subcontractors. Accordingly, its teams can focus on product engineering, project management and sales operations, which is considered a cost advantage as it gives the Corporation sufficient flexibility to adapt to fluctuations in demand.

- ***Acquisition of targeted businesses and technologies***
  The Corporation continually seeks opportunities to enhance its technology portfolio, particularly through the addition of technologies complementary to its current technologies, and to expand its commercial presence in regions with growth potential.

4. HIGHLIGHTS

Operating results for the quarter ended June 30, 2012 were slightly more favourable than for the first quarter of the previous fiscal year. Mixed results at Ovivo were offset by good performance within the Pulp and Paper Group. For Ovivo, the recognition of costs in the first quarter of the previous fiscal year in respect of certain large desalination contracts with negative margins arising from the acquisition of Christ Water Technology ("CWT") resulted in a significant favourable change for the current quarter. However, this positive impact was fully offset by the negative performance of a few entities stemming from a low backlog as at March 31, 2012 and the completion of a few large contracts with low profit margins. Results were also dampened by lower volume in the electronics and metals market during the current quarter. Despite a decrease in business volume, operating results in the energy market and the municipal segment in the U.S and in Europe, the Middle East and Africa met or exceeded management's profitability targets for the second straight quarter. These segments are very much part of the refocused performance and growth strategy for Ovivo and the Corporation.

The Pulp and Paper Group's operating results for the first quarter of 2013 showed a sharp improvement over the previous fiscal year, due to a higher backlog as at March 31, 2012.

The Corporation reported a net loss attributable to the shareholders of GLV Inc. of ($5.5 million) or ($0.13) per share, basic and diluted, compared with a net loss of ($4.1 million) or ($0.09), respectively, for the corresponding quarter of the previous fiscal year. The unfavourable changes, despite higher consolidated EBITDA and lower amortization expense, stem primarily from the impact of the foreign exchange loss and the higher income tax expense.

Following changes to the Corporation's leadership team, particularly at Ovivo, announced in June 2012, Ovivo management has reviewed its business strategy to ensure a gradual improvement in profitability and long-term growth. This new business strategy is based on the following themes:

- Simplify and refocus global operations on markets where Ovivo is recognized as a leader and where profitability has generally met management targets, namely the energy, electronics and metals, and municipal segments in North America, Europe, the Middle East and Africa;
- Maintain operations solely in regions with a solid business base and performance record for certain segments such as food and beverage processing;
- Accelerate development in aftermarket services, particularly in regions with a significant pool of operating equipment for which the Corporation is the original equipment manufacturer;
- Refocus efforts on contracts offering products and solutions without a construction component for all operations, except for a few entities with a proven track record in managing such projects.

This repositioning will reduce the workforce by approximately 10% for all of the group's subsidiaries, generating annual savings of about $8 million. Related restructuring costs, mainly comprising severance payments, are estimated at approximately $4 million and will be recognized in the coming quarters of the current fiscal year.

The backlog amounted to $343.3 million as at June 30, 2012, below the level as at March 31, 2012. The Pulp and Paper Group is mainly responsible for the decline. Ovivo's backlog increased, following growth in the energy market and the municipal segment in North America, partly offset by a decline in the municipal segment in Europe, the Middle East and Africa.

For fiscal 2013 as a whole, assuming exchange rates remain stable at current levels and in light of the outlook in the segments serviced by each group, and in particular the refocusing of Ovivo's operations, the Corporation expects consolidated revenues to range from $600 million to $650 million.

5. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

Selected information

	Quarters ended June 30	
(In thousands of $, except per share amounts and percentages)	**2012**	2011
Revenues	**147,472**	150,421
Ovivo	**85,450**	89,460
Pulp and Paper	**54,177**	51,278
Other	**7,845**	9,683
EBITDA	**5,012**	4,017
Ovivo	**3,124**	3,495
Pulp and Paper	**4,230**	2,238
Other	**(2,342)**	(1,716)
EBITDA margin (as % of revenues)	**3.4%**	2.7%
Ovivo	**3.7%**	3.9%
Pulp and Paper	**7.8%**	4.4%
Other	**n/a**	n/a
Net loss attributable to shareholders of GLV Inc.	**(5,540)**	(4,091)
Net (loss) earnings:		
attributable to shareholders of GLV Inc.	**(5,540)**	(4,091)
attributable to non-controlling interests	**-**	18
Total	**(5,540)**	(4,073)

Cash flows used	**(16,158)**	(7,487)
Net loss per share (basic and diluted)	**(0.13)**	(0.09)
Cash flows used per share (basic and diluted)	**(0.37)**	(0.17)

Financial ratios	**June 30, 2012**	March 31, 2012
Total net debt to invested capital ratio	**25.5%**	19.6%
Working capital ratio	**1.56**	1.57

Revenues

	Quarters ended June 30		Change	Organic growth (1)
(in thousands of $)	**2012**	2011	%	%
TOTAL	**147,472**	150,421	(2.0)%	0.1%
Ovivo	**85,450**	89,460	(4.5)%	(3.8)%
New equipment	**70,034**	75,084	(6.7)%	
Sale of parts and provision of services	**15,416**	14,376	7.2%	
Pulp and Paper	**54,177**	51,278	5.7%	5.0%
New equipment	**21,187**	19,717	7.5%	
Sale of parts and provision of services	**32,990**	31,561	4.5%	
Other	**7,845**	9,683	(19.0)%	14.2%

(1) Organic growth is described in section 11 "Reconciliation of non-IFRS financial measures" in this MD&A.

Consolidated revenues decreased slightly in the first quarter of 2013 compared with the same period of the previous fiscal year. The decline is due to lower revenues from new equipment sales at Ovivo, the sale of a subsidiary of the Other group in the fourth quarter of fiscal 2012, and is partly offset by higher revenues at the Pulp and Paper Group. Total organic revenues are almost identical to the level in first three months of the previous fiscal year.

Currency fluctuations did not have a significant impact on consolidated revenues for the three-month period ended June 30, 2012 as the weakening of the euro was offset by the strengthening of the U.S. currency against the Canadian dollar.

Ovivo

Revenues fell in the first quarter of 2013 compared with the same period in 2012, owing primarily to weakness in the electronics and metals market and the municipal segment in North America. The decline is further heightened by the strong performance in the electronics and metals market recorded in the first quarter of 2012. The lower revenues compared with 2012 was partly offset by sharp growth in municipal segments in Europe, the Middle East and Africa and in the energy segment.

Pulp and Paper Group

Pulp and Paper Group revenues in North America grew considerably over the three-month period ended June 30, 2012 compared with the same period of the previous fiscal year, driven by the high backlog at the beginning of the quarter and the accelerated pace of contract performance. European revenues decreased during the first quarter of fiscal 2013.

Other

The Other group reported lower revenues for the first quarter of 2013 compared with the first quarter of 2012 following the sale of a manufacturing unit in the fourth quarter of 2012. The manufacturing segment experienced an unusual organic increase in the first quarter due to a high backlog at the end of fiscal 2012 and efficient contract performance. Van Der Molen division revenues were slightly up.

Revenues by geographic segment based on destination address

	Total		Ovivo		Pulp and Paper	
	Twelve-month periods ended June 30					
	2012	2011	**2012**	2011	**2012**	2011
	(as % of consolidated revenues)		*(as % of Group revenues)*			
North America	**42.4%**	40.4%	**31.8%**	32.8%	**63.1%**	58.8%
Europe and Russia	**26.2%**	27.2%	**28.6%**	27.6%	**18.2%**	21.5%
Asia and Asia-Pacific	**17.1%**	19.9%	**21.5%**	24.8%	**11.7%**	13.0%
Middle East and Africa	**10.7%**	10.0%	**15.8%**	13.7%	**0.7%**	1.3%
Latin America	**3.6%**	2.5%	**2.3%**	1.1%	**6.3%**	5.4%

The geographic breakdown of revenues by destination address for the most recent twelve-month period is comparable to the previous period with a downward trend in Asia and Asia-Pacific. North American revenues are up, driven by Pulp and Paper Group revenues. But the Group reported lower revenues in Europe and Russia. Ovivo operates primarily in North America, Europe and Russia, and Asia and Asia-Pacific, while the Pulp and Paper Group's main market is North America.

Gross margin (excluding amortization)

	Quarters ended June 30		Change	Change at constant exchange rates
	2012	2011	%	%
In thousands of $	**33,937**	31,988	6.1%	7.3%
As % of revenues	**23.0%**	21.3%		

For the first quarter of 2013, the higher gross margin in dollars and as a percentage of revenues, year-over-year, was driven by efficient performance of contracts in progress by the Pulp and Paper Group, particularly in North America. The Pulp and Paper Group's gross margin in Europe declined over the same period of 2012.

For Ovivo, the overall gross margin in dollars and as a percentage dipped slightly, remaining mostly comparable with the first quarter of the previous fiscal year. The near-completion of contracts with negative margins in the desalination segment favourably impacted the group's gross margin. These contracts resulting from the acquisition of CWT had generated a negative margin for the first quarter of fiscal 2012 compared with a positive margin for the first quarter of 2013. This impact was largely offset by a decrease in operating volume in the electronics and metals market compared with an increase in the first quarter of 2012.

The Other group reported a higher gross margin for the first quarter of 2013 compared with the same period of 2012. Efficient contract performance led to a higher gross margin for the Van Der Molen division. Despite the unfavourable impact resulting from the sale of a manufacturing unit in the fourth quarter of 2012, the manufacturing units maintained a higher gross margin, driven mainly by the early completion of contracts.

Selling and administrative expenses (excluding amortization)

	Quarters ended June 30		**Change**	**Change at constant exchange rates**
	2012	2011	%	%
In thousands of $	**28,925**	27,971	3.4%	5.2%
As % of revenues	**19.6%**	18.6%		

Selling and administrative expenses for the first quarter of 2013 were higher as a gain on the sale of a building and land had led to a decrease in the expense for the same period of fiscal 2012.

The increase as a percentage of revenues is attributable to the higher expense amount combined with the lower level of revenues compared with the first quarter of fiscal 2012 as explained previously.

EBITDA

	Quarters ended June 30		Change	Change at constant exchange rates
	2012	2011	%	%
(in thousands of $)				
EBITDA	**5,012**	4,017	24.8%	22.4%
Ovivo	**3,124**	3,495	(10.6)%	(13.8)%
Pulp and Paper	**4,230**	2,238	89.0%	77.9%
Other	**(2,342)**	(1,716)	(36.5)%	(21.2)%
(as % of revenues)				
EBITDA margin	**3.4%**	2.7%		
Ovivo	**3.7%**	3.9%		
Pulp and Paper	**7.8%**	4.4%		
Other	**n/a**	n/a		

Ovivo

Ovivo reported a lower EBITDA for the first quarter of 2013 compared with the corresponding period of the previous fiscal year. The decrease stemmed partly from lower operating volume in the electronics and metals market following a decline in the backlog as at March 31, 2012 compared with the opposite impact in the first quarter of 2012. Moreover, additional costs were incurred to complete large contracts in the industrial segment. The decrease was partly offset by the near-completion of desalination contracts with negative margins resulting from the acquisition of CWT that had generated a negative EBITDA in the first quarter of fiscal 2012 compared with a positive result for the first quarter of 2013.

Profitability in the energy and municipal segments in North America met management expectations for the three-month period ended June 30, 2012.

Pulp and Paper Group

Driven by a high backlog at the end of previous quarter and efficient performance of contracts in progress during the first quarter of 2013, the Pulp and Paper Group reported considerably higher EBITDA compared with the first quarter of 2012. The increase was particularly significant in North America compared with a decrease in Europe.

Other

The Other group reported a lower gross margin for the first quarter of 2013 compared with the same period of 2012, as a gain had been recognized in the three-month period ended June 30, 2011 on the sale of a building and the reversal of a liability related to the closure of a Van Der Molen division unit. Excluding the changes related to these transactions, the Van Der Molen division maintained its results with efficient contract performance. Despite the unfavourable impact resulting from the sale of a manufacturing subsidiary in the fourth quarter of fiscal 2012, the manufacturing units maintained a slightly higher gross margin. Last, management continues to closely monitor head office costs.

Changes in normalized EBITDA and normalized EBITDA margin

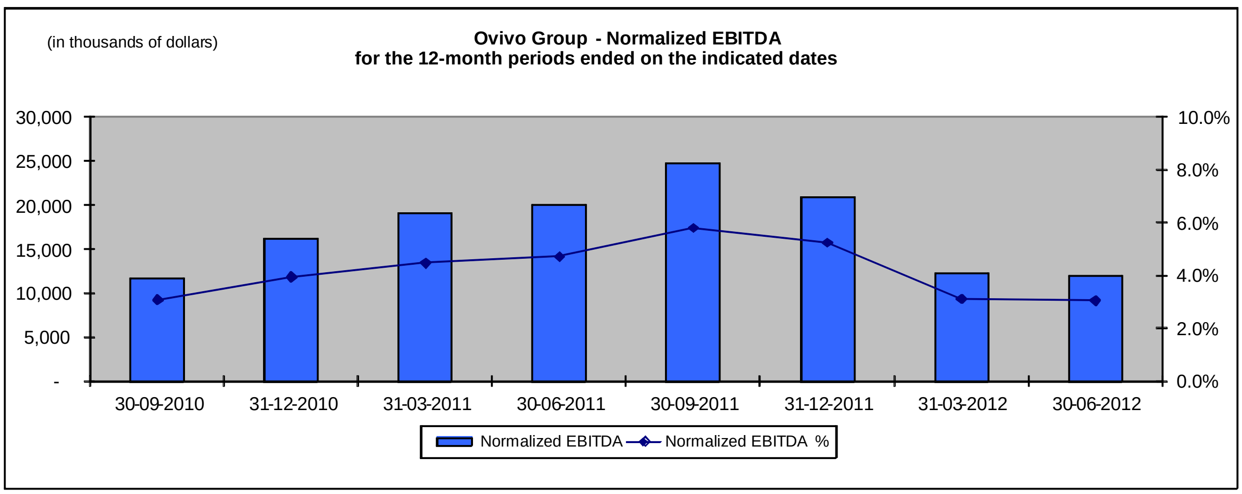
The graphs below show the changes in normalized EBITDA and normalized EBITDA margin for Ovivo and the Pulp and Paper Group for the twelve-month periods ended on the indicated dates. The results of periods prior to April 1, 2010 were prepared in accordance with Canadian generally accepted accounting principles, while the results for periods after March 31, 2010 have been prepared in accordance with IFRS.

Ovivo

The twelve-month period ended September 30, 2010 was adversely impacted by lower profit margins on contracts that were part of CWT's backlog when it was acquired at the end of November 2009 and the operating losses at the U.K. energy division in the second quarter of fiscal 2011.

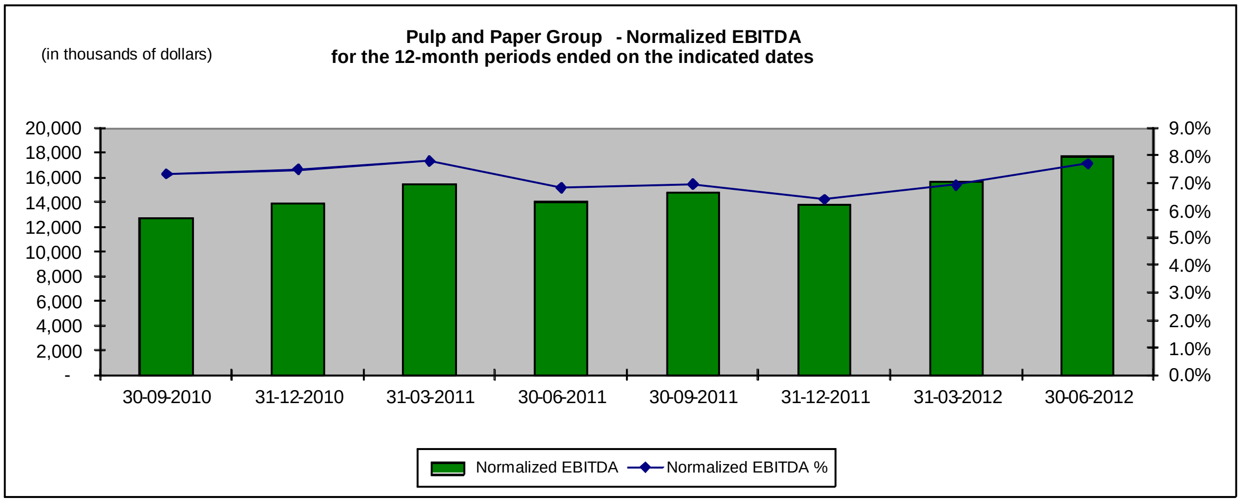
For the twelve-month periods ended since December 31, 2010, the graph shows steady improvement in profitability until the second quarter of 2012, despite the unfavourable impact of the desalination segment in the fourth quarter of 2011 and in the first quarter of 2012 particularly.

The lower profitability for the twelve-month periods ended December 31, 2011 and March 31, 2012 and to a lesser extent the period ended June 30, 2012 stems mainly from significantly negative results in the food and beverage processing market and the Canadian subsidiary operating in the municipal and industrial segment, which mostly impacted the fourth quarter of 2012. The electronics and metals market also slowed; given the large value of contracts in this segment, operating volume can vary significantly from one period to another.



Pulp and Paper Group

For the Pulp and Paper Group, the graph highlights the impacts of the recovery in investments by paper manufacturers in fiscal 2011, temporarily hampered by lower profitability in the third quarter of 2012, with satisfactory results in the first two quarters and the fourth quarter of 2012, which were extended to the first quarter of 2013.



Amortization

	Quarters ended June 30		Change	Change at constant exchange rates
(in thousands of $)	**2012**	2011	%	%
Total	**3,131**	4,719	(33.7)%	(30.9)%
Property, plant and equipment	**1,295**	1,377	(6.0)%	
Intangible assets	**1,836**	3,342	(45.1)%	.

The amortization expense for the first quarter of 2013 was lower, primarily due to the recognition of an impairment loss for intangible assets during the fourth quarter of the previous fiscal year. Also, intangible assets associated with the CWT backlog were fully amortized during the first quarter of fiscal 2012, resulting in a lower expense amount.

Net financial expenses

	Quarters ended June 30		Change
(in thousands of $)	**2012**	2011	%
Total	**1,830**	2,118	(13.6)%
Interest on long-term debt	**1,378**	1,683	(18.1)%
Interest income	**(194)**	(53)	266.0%
Other	**646**	488	32.4%

For the three-month period ended June 30, 2012, the Corporation recognized lower net financial expenses following the renewal of the credit facility under better borrowing conditions at the end of the third quarter of 2012. To a lesser extent, the repayment or cancellation of credit facilities at higher interest rates and the impact of the weakening of the euro against the Canadian dollar also contributed to the lower interest expense.

Foreign exchange loss (gain) and loss related to derivative financial instruments

	Quarters ended June 30		Change
(in thousands of $)	**2012**	2011	$
Foreign exchange loss (gain)	**1,009**	(2,539)	3,548
Loss related to derivative financial instruments	**1,901**	2,026	(125)

The foreign exchange loss or gain results mainly from the translation effect of monetary items recognized in currencies other than the functional currencies of subsidiaries.

The foreign exchange loss for the first quarter of 2013 was mainly due to the weakening of the euro against the main currencies of the Corporation. In the same quarter of the previous fiscal year, the strengthening of the Swiss franc against the euro had generated a foreign exchange gain.

The loss related to derivative financial instruments recognized in the first quarter of 2013 is attributable to unrealized losses on foreign currency hedging contracts during the period and the unfavourable mark-to-market remeasurement of the total return swap based on the market price of Class A subordinate voting shares.

Income taxes

	Quarters ended June 30		Change
(In thousands of $, except percentages)	**2012**	2011	$
Loss before income taxes	**(2,859)**	(2,307)	(552)
Income tax expense	**2,448**	1,720	728
Effective tax rate (%)	**(85.6%)**	(74.6%)	
Canadian statutory rate (%)	**26.9%**	26.9%	

The difference between the effective tax rate and the Canadian statutory rate resulted primarily from the current income tax expense in the U.S. and the valuation allowances for deferred tax assets of other subsidiaries. If these other subsidiaries report improved profitability in coming quarters, the Corporation will be able to make partial use of these deferred tax assets.

Net loss attributable to shareholders of GLV Inc.

	Quarters ended June 30	
	2012	2011
(in thousands of $)		
Net loss attributable to shareholders of GLV Inc.	**(5,540)**	(4,091)
(In $ per share, basic and diluted)		
Net loss attributable to shareholders of GLV Inc.	**(0.13)**	(0.09)
Weighted average number of participating shares outstanding *(in thousands)*	**44,092**	44,092

The unfavourable changes in the net loss of the Corporation between the first quarter of 2013 and the same quarter of the previous fiscal year, despite higher consolidated EBITDA and lower amortization expense, stem primarily from the impact of the foreign exchange loss and higher income tax expense.

6. SUMMARY OF QUARTERLY PERFORMANCE

	Quarters ended							
	Fiscal 2013	**Fiscal 2012**				**Fiscal 2011**		
(In thousands of $, except per share amounts)	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**	**March 31, 2011**	**December 31, 2010**	**September 30, 2010**
Revenues	**147,472**	173,614	161,663	173,916	150,421	168,235	185,966	161,293
EBITDA	**5,012**	(2,666)	6,518	6,536	4,017	8,921	10,669	(2,539)
Normalized EBITDA	**5,012**	2,274	6,894	7,318	4,017	7,449	11,580	(2,539)
Operating income (loss)	**1,881**	(46,969)	3,078	3,447	(702)	3,615	6,121	(6,931)
Normalized operating income (loss)	**1,881**	(1,107)	3,454	4,229	(702)	2,754	7,032	(6,931)
Net (loss) earnings attributable to shareholders of GLV Inc.:								
From continuing operations	**(5,540)**	(52,846)	(1,570)	4,359	(4,091)	(4,866)	3,453	(7,148)
per share (basic and diluted)	**(0.13)**	(1.20)	(0.04)	0.10	(0.09)	(0.11)	0.07	(0.16)
From normalized continuing operations	**(5,540)**	(6,984)	(1,194)	5,141	(4,091)	(5,799)	4,187	(7,148)
per share (basic and diluted)	**(0.13)**	(0.16)	(0.03)	0.11	(0.09)	(0.13)	0.09	(0.16)
From discontinued operations	**-**	-	-	-	-	(3,680)	(4,108)	(2,041)
per share (basic and diluted)	**-**	-	-	-	-	(0.08)	(0.09)	(0.05)
Total	**(5,540)**	(52,846)	(1,570)	4,359	(4,091)	(8,546)	(655)	(9,189)
per share (basic and diluted)	**(0.13)**	(1.20)	(0.04)	0.10	(0.09)	(0.19)	(0.02)	(0.21)
Net earnings (loss) attributable to non-controlling interests	**-**	76	10	(36)	18	316	(93)	(503)
Net (loss) earnings	**(5,540)**	(52,770)	(1,560)	4,323	(4,073)	(8,230)	(748)	(9,692)

The Corporation's quarterly results are exposed to economic conditions and are not necessarily comparable from quarter to quarter. The following events had an important impact on the results:

- Significant operational issues of an Ovivo energy subsidiary in the U.K. which generated significant operating losses mainly in the second and fourth quarters of fiscal 2011;

- The recognition in the last quarter of 2011 and the first two quarters and the fourth quarter of 2012 of additional costs required to complete some desalination contracts resulting from the acquisition of CWT;

- Impact of more challenging global economic conditions for certain business segments of the Corporation since the third quarter of 2012, although the Pulp and Paper Group reported sound results, offset by a disappointing performance by Ovivo in the fourth quarter of 2012;

- Return to a positive normalized EBITDA and operating income for Ovivo in the first quarter of 2013, despite lower revenues, resulting from efficient performance of contracts in progress and tight cost control.

7. FINANCIAL SITUATION AND CASH FLOWS

After deducting net additions to property, plant and equipment, cash flows used in the first quarter of 2013 totalled $16.2 million ($0.37 per share, basic and diluted), compared with $7.5 million ($0.17 per share, basic and diluted) for the same quarter of the previous fiscal year.

	Quarters ended June 30	
(In thousands of $, except per share amounts)	**2012**	2011
Cash flow generated from operations before the net change in non-cash items	**1,844**	1,603
Net change in non-cash items related to operations	**(19,335)**	(9,018)
Additions to property, plant and equipment, net of disposals	**1,333**	(72)
Cash flows used	**(16,158)**	(7,487)
per share (basic and diluted)	**(0.37)**	(0.17)

Impact of net change in non-cash items related to operations

	Quarter ended June 30
(in thousands of $)	**2012**
Trade and other receivables	**5,374**
Inventories	**(1,044)**
Contracts in progress	**1,872**
Prepaid expenses	**(287)**
Accounts payable and accrued liabilities, provisions and other liabilities	**(24,402)**
Deferred revenues	**(3,938)**
Income taxes receivable/payable	**3,090**
	(19,335)

The $19.3 million negative impact on cash flows resulting from changes in non-cash items, related to operations during the quarter ended June 30, 2012, is mainly attributable to lower accounts payable and accrued liabilities, provisions and other liabilities, due to supplier payment schedules and the slowdown in operations for certain entities during the period. These impacts were partly offset by lower trade and other receivables, owing primarily to stronger trade account collections management during the quarter. Income tax recovery also had a favourable impact on cash flows.

The net working capital position stood at $121.1 million as at June 30, 2012, representing a ratio of 1.56 as at that date, compared with $129.8 million and a ratio of 1.57 as at March 31, 2012. The Corporation's total assets amounted to $499.5 million as at June 30, 2012, compared with $523.2 million as at March 31, 2012, a decrease attributable mainly to cash and cash equivalents, and trade and other receivables. Generally, management seeks to maintain its working capital ratio at approximately 1.50, which represents an adequate level given the Corporation's business model, by ensuring that a reasonable amount of cash is available to support operations. The Corporation continues to focus on optimizing management of current trade receivables to maximize the resulting cash flows and thereby reduce financial expenses.

Exchange rate fluctuations during the first quarter of 2013 resulted in a negative change in the remeasurement of cash items and cash equivalents totalling $0.2 million.

The net change in cash flows used in the first quarter of fiscal 2013 resulted in a $9.2 million decrease in cash and cash equivalents.

Investing activities

Investing activities generated net cash flows of $0.5 million for the first quarter of 2013 while cash flows amounting to $0.5 million were used in the corresponding quarter of the previous fiscal year. During the first quarter of 2013, the Corporation sold a building held for sale for a consideration of $2.2 million.

Additional comments on financial position

	As at June 30, 2012	As at March 31, 2012
(in thousands of $, except ratio)		
Long-term debt, including current portion	**88,250**	80,932
Cash and cash equivalents	**(26,359)**	(35,583)
Total net debt	**61,891**	45,349
Equity	**181,256**	186,461
Invested capital	**243,147**	231,810
Total net debt to invested capital ratio	**25.5%**	19.6%

As at June 30, 2012, the Corporation's total debt amounted to $88.3 million compared with $80.9 million as at March 31, 2012. Net of cash and cash equivalents, GLV's total net debt as at June 30, 2012 stood at $61.9 million for a total net debt to invested capital ratio of 25.5%, compared with total net debt of $45.3 million and a 19.6% ratio as at March 31, 2012. Due to their maturities, non-convertible European debentures are presented as short-term liabilities in the unaudited interim condensed consolidated financial statements as at June 30, 2012.

As at June 30, 2012, the cash position and bank credit facilities were sufficient to fund operations. Moreover, all financial ratios met the requirements under current credit agreements with GLV's banking institutions. Where there are special or non-recurring items, the terms of these credit agreements require an adjustment to normalized EBITDA to determine financial ratios. Accordingly, as at June 30, 2012, financial ratios were calculated using normalized EBITDA as defined in the agreements, which includes, for example, the operating results of the past twelve months ended June 30, 2012 of entities of which the shares were acquired and excludes the operating results of the past twelve months ended June 30, 2012 of private entities whose shares or certain assets were sold, as well as restructuring costs and other special items.

Share capital information and stock-based compensation

Balances as at June 30 and August 9, 2012	**Authorized**	**Number of shares issued and outstanding**
Class A subordinate voting shares	Unlimited	41,911,194
Class B multiple voting shares	Unlimited	2,180,705
Preferred shares	Unlimited	-
		44,091,899

As at June 30, 2012, following the cancellation of 25,000 options, the number of outstanding stock options to acquire Class A subordinate voting shares under the Corporate' stock option plan stood at 2,142,589 (2,167,589 as at March 31, 2012) of which 1,167,389 (1,124,789 as at March 31, 2012) were exercisable based on the time requirement, notwithstanding achievement of target prices when the requirement applies.

During the first quarter of 2013, 3,700 Class B multiple voting shares were converted into Class A subordinate voting shares.

For further information, refer to notes 7 and 8 to the unaudited interim condensed consolidated financial statements accompanying this interim MD&A.

8. BACKLOG AND OUTLOOK

	June 30, 2012	March 31, 2012	Change	Change at constant exchange rates
(in thousands of $)			%	%
Total	**343,348**	354,796	(3.2)%	(3.2)%
Ovivo	**277,418**	272,418	1.8%	2.0%
Pulp and Paper	**56,787**	70,345	(19.3)%	(19.8)%
Other	**9,143**	12,033	(24.0)%	(22.9)%

Ovivo

Ovivo's backlog amounted to $277.4 million as at June 30, 2012, higher than the level for the previous quarter. The increase is significant for the energy market but less for the municipal segment in North America. Despite a slightly lower backlog for the municipal segment, due to delays in awarding longer-term contracts, tendering activity in Europe, the Middle East and Africa was maintained, suggesting a favourable outlook for the coming quarters. The pulp and paper division also recorded a decrease.

Although new projects awarded in the electronics and metals market were fewer than expected in the past quarters, tendering activity was maintained and management remains positive about winning new contracts in the near future. Moreover, the opening of service centres in Texas and New York State during the previous fiscal year has made it possible to extend the aftermarket services offering.

The implementation of Ovivo's new business strategy over the coming quarters should favour a return to sustained profitability for the group, focusing on its target markets, aftermarket services offering, and prioritizing projects without a construction component except for a few entities with a proven track record in managing such projects. The target markets will be energy, the electronics and metals segments, the municipal segment in Europe, the Middle East and Africa and the municipal segment in North America. Management will consider other markets based on regional opportunities, performance history and the presence of established clients.

The changes to the operational structure resulting from this significant shift will lead to a review of the purpose of certain entities. Regional centres will be created in the U.K., Germany, Switzerland and the U.S. to generate operational and administrative synergies. Certain entities with an established business volume will continue their operations. Other subsidiaries will serve as sales offices where business opportunities exist. As a result, even though annual revenues could be expected to decline by about $50 million, overall profitability should improve, moving towards management's profitability targets for the whole group.

Economic conditions combined with the completion of some contracts with negative margins will unfavourably impact operating results of the fiscal year. Such impact should be limited as synergies resulting from the refocusing plan and the ongoing procurement strategy will improve profitability during the fiscal year.

Pulp and Paper Group

Despite a satisfactory level of tendering activity, the Pulp and Paper Group's backlog declined significantly compared with the previous quarter due to the slowdown in Europe and China. Aftermarket services remain significant for the group and greater efforts will be made in this segment in Europe in the coming quarters.

With the completion of the operational integration of the acquisition made in the third quarter of the previous fiscal year, the integrated service offering provides a positive outlook for the pulp recycling technology.

Given the current backlog and tendering activity, the review of operating performance to identify additional initiatives to generate synergy will continue. International procurement and outsourcing strategy continues to be a priority to enhance profit margins.

Other

For the Van Der Molen division, the objective for 2013 is to maintain a satisfactory level of business volume to ensure profitability despite a more difficult business environment resulting from economic uncertainty. During the past two fiscal years, this division was able to regain its credibility in the market by focusing on client relationships and excellent contract performance. In the current fiscal year, the objective is to further develop aftermarket services given the vast pool of operating equipment.

For the two manufacturing units, the objective for 2013 is to achieve an acceptable level of profitability as economic conditions are likely to have an unfavourable impact on their business volume.

Finally, head office costs are projected to remain comparable to the level of fiscal 2012.

Overall outlook

Economic uncertainty in recent quarters has delayed the awarding of new infrastructure contracts in several regions of the world where the Corporation operates, directly impacting the backlog. Given this slowdown, the global economic conditions, and the potential negative impact of the weakening of the euro on revenues level, management maintains conservative business forecasts for upcoming quarters. Management is closely monitoring global economic conditions to ensure that the Corporation has sufficient flexibility to adapt to any fluctuations in demand and changes in business outlook.

Streamlining measures implemented in the fourth quarter and the initiatives resulting from Ovivo's refocusing plan announced in this MD&A should allow the two core operating groups of the Corporation to intensify its efforts in the target markets as well as on the aftermarket services segment where demand generally holds steady when new equipment investments slow down. The Corporation's primary goal remains improving the financial performance and competitive positioning of its two core operating groups to expand their share of their existing geographic markets.

For fiscal 2013 as a whole, assuming exchange rates remain stable at current levels and in light of the outlook in the segments serviced by all groups, the Corporation expects consolidated revenues to range from $600 million to $650 million.

GLV remains focused on its objective of long-term value creation for its shareholders. To do so, it will rely primarily on Ovivo's strategy to refocus on four key markets in an industry with strong growth potential: organic resulting from increasing world demand for water, as well as growth from acquisitions due to the highly fragmented nature of the industry. Given its overall financial performance and flexibility to adjust to economic conditions, the Pulp and Paper Group continues to be a major component of our corporate strategy. Moreover, GLV benefits a satisfactory financial position and an adequate capital structure to support current operations and pursue development projects.

9. RISKS AND UNCERTAINTIES

Risks and uncertainties as well as risk management practices are discussed in section 10, "Risks and Uncertainties" of the MD&A for the fiscal year ended March 31, 2012.

Management has observed no material changes regarding risks and uncertainties and has made no changes to its risk management practices since the beginning of the fiscal year.

10. ACCOUNTING POLICIES

(a) Critical accounting policies and estimates

The unaudited interim condensed consolidated financial statements of the Corporation for the three-month period ended June 30, 2012 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, which form part of IFRS issued by the International Accounting Standards Board ("IASB").

The accounting policies used in the unaudited interim condensed financial statements are the same as and are applied consistently with those presented in note 2 to the annual consolidated financial statements as at March 31, 2012.

The preparation of the Corporation's unaudited interim condensed consolidated financial statements in accordance with IFRS requires management to exercise judgment in developing estimates and making forward-looking assumptions that affect the amounts reported in the consolidated financial statements. Actual results could give rise to significant adjustments to the reported amounts of assets, liabilities and earnings (loss) in subsequent periods. The Corporation's most significant estimates and assumptions for the three-month period ended June 30, 2012 are the same as those presented in note 2(c) to the annual consolidated financial statements as at March 31, 2012.

(b) Future changes in accounting policies

IFRS 7, *Financial Instruments: Disclosures*

In December 2011, the IASB amended this standard to set out additional disclosure requirements regarding the offsetting of financial assets and financial liabilities. The standard was also amended to reflect the effects of adopting IFRS 9, *Financial Instruments*.

IFRS 9, *Financial Instruments*

In November 2009, the IASB released IFRS 9, *Financial Instruments*, which provides a model for the recognition, classification and measurement of financial instruments, replacing the guidance set out in IAS 39, *Financial Instruments: Recognition and Measurement.* In December 2011, it was determined that the standard will be effective for fiscal years beginning on or after January 1, 2015.

IFRS 10, *Consolidated Financial Statements*

On May 12, 2011, the IASB released IFRS 10, *Consolidated Financial Statements*, which provides for a single consolidation model based on a qualitative definition of control, replacing the guidance set out in IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation – Special Purpose Entities*.

IFRS 11, *Joint Arrangements*

On May 12, 2011, the IASB released IFRS 11, *Joint Arrangements*, which supersedes IAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities: Non-Monetary Contributions by Venturers*. This standard prohibits consolidating joint ventures using the proportionate consolidation method and eliminates the distinction between jointly controlled assets and jointly controlled operations.

IFRS 13, *Fair Value Measurement*

On May 12, 2011, the IASB released IFRS 13, *Fair Value Measurement*, which provides a single definition of fair value, eliminating inconsistencies between other definitions set out in various existing standards (financial instruments, property, plant and equipment, investment properties, etc.). In addition, the standard carries forward fair value disclosure requirements for financial instruments and extends their scope to all items measured at fair value.

IAS 19, *Employee Benefits*

The amendments to IAS 19 affect, among other things, the recognition of defined benefit expense and the presentation of the revaluation component in other comprehensive income (loss), which eliminates the previously available option under IAS 19 to recognize or defer changes in the accrued benefit obligation and the fair value of plan assets directly through the statement of earnings (loss). IAS 19 also introduces a net interest cost approach which replaces expected return on plan assets and interest expense related to the defined benefit obligation by a single net interest cost component computed by multiplying the net defined benefit asset or liability recognized by the discount rate used to determine the defined benefit obligation. In addition, total past service costs will now be recognized through earnings (loss) when the plan is amended with deferral to future service periods no longer permitted.

IAS 28, *Investments in Associates and Joint Ventures*

The amendments to IAS 28 prohibit proportionate consolidation of interests in associates and joint ventures. Use of the equity method will be mandatory. Under this method, the investment in an associate or a joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of net earnings (loss) of the investee after the date of acquisition. These amendments will not have any impact on the Corporation's financial statements given that the interests in joint ventures are already recognized using the equity method.

IAS 32, *Financial Instruments: Presentation*

In December 2011, the IASB amended this standard for consistency in the application of certain financial asset and financial liability offsetting criteria.

The Corporation has not yet assessed the effects of adopting these new standards (except for IAS 28), which are effective for fiscal years beginning on or after January 1, 2013, save IAS 32 and IFRS 9, which are effective for fiscal years beginning on or after January 1, 2014 and 2015, respectively.

11. RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

The financial information presented in this interim MD&A, including tabular amounts, is prepared in accordance with IFRS. The information contained in the interim MD&A also includes some figures that are non-IFRS financial measures, specifically:

- **EBITDA**: net earnings (loss) before amortization, net financial expenses, foreign exchange loss (gain), loss (gain) related to derivative financial instruments, income taxes and share of loss (gain) in joint ventures;
- **Normalized EBITDA**: EBITDA before items recorded outside the normal course of business, including restructuring costs;
- **Normalized net earnings (loss)**: earnings (loss) before items recorded outside the normal course of business, including restructuring costs;
- **Cash flows provided by (used in):** cash flows from operating activities, less additions to property, plant and equipment (net of disposals);
- **Cash flows provided by (used in) per share:** free cash flow (negative free cash flow) divided by the weighted average number of participating shares outstanding during the reporting period.

Such measures enable management to assess the operational and financial performance of its operating divisions. These measures are also commonly used by the financial community to analyze and compare the performance of companies engaged in the same industries. However, they are not intended to be regarded as alternatives to other financial performance measures or to the statement of cash flows as indicators of liquidity. They are not intended to represent funds available for debt service, dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for other performance measures calculated under IFRS. Management's definition of these measures may differ from similarly titled measures reported by other companies.

To assess the annual growth in revenues excluding the impact of business acquisitions or disposals, the Corporation uses the organic growth measure. The organic growth is computed by eliminating the impact of revenue from acquisitions or disposals with the comparative period of the previous fiscal year, at constant exchange rates.

The Corporation's backlog consists of firm orders supported, as the case may be, by a signed contract, a purchase order or an advance receipt on a contract. Under certain circumstances, management may decide to include a contract in the backlog even though the contract has not been signed if the stages to be completed are administrative in nature or deemed not to be significant. Management may also decide to defer recognition of a contract in the backlog if, for instance, there are risks that the order could be cancelled or delayed, or that the collection of the selling price is exposed to risks. In that case, the order in question will normally be added to the backlog only upon collection of part of the selling price in the form of advance receipts on a contract, or when management has a reasonable degree of comfort thereof. Management may also decide to record a general reserve accounting for its assessment of the various risks related to the orders recognized in the backlog.

12. CONTROLS AND PROCEDURES

As required by National Instrument 52-109 of the Canadian Securities Administrators ("NI 52-109"), GLV has filed certificates signed by the President and Chief Executive Officer and the Chief Financial Officer that, among others, attest to the design of the disclosure controls and procedures and the design of internal control over financial reporting.

GLV's management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities.

During the three-month period ended June 30, 2012, there have been no changes in internal control over financial reporting that have materially affected, or would reasonably be expected to materially affect GLV's internal control over financial reporting.

(SIGNED)
Richard Verreault
President and Chief Executive Officer

(SIGNED)
France De Blois, CPA, CA
Chief Financial Officer

August 9, 2012