INTERIM MANAGEMENT'S REPORT
Three and Nine-Month Periods Ended December 31, 2008

I. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Interim Management's Report is designed to assist investors in understanding the nature and the importance of the changes and trends, as well as the risks and uncertainties associated with GLV Inc.'s operations and financial position. The statements set forth in this Management's Report and other communications to the public that describe management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of securities legislation. Forward-looking statements concern analysis and other information based on forecast future results and the estimate of amounts that cannot yet be determined. These may be observations concerning, among others, strategies, expectations, planned activities or actions to come. 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, notably in regard to certain assumptions.

Management would like to point out that forward-looking statements involve a number of risks and uncertainties such that GLV Inc.'s actual and future results could differ materially from those indicated. Factors of uncertainty and risk that might result in such differences include trends in the demand for GLV Inc.'s products and services and cost of its raw materials, fluctuations in the value of various currencies, pressures exerted on prices by the competition and general changes in economic conditions. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. Unless required to do so pursuant to applicable securities legislation, management assumes no obligation as to the updating or revision of the forward-looking statements as a result of new information, future events or other changes.

Additional information about the risk factors to which GLV Inc. is exposed is provided in the *"Liquidity and Risk Management"* section of this Interim Report, as well as the *"Risk Management"* section of the Management's Report contained in its latest Annual Report for the fiscal year ended March 31, 2008, which is available on SEDAR (www.sedar.com).

II. PROFILE

GLV Inc. ("GLV" or the "Company") is a leading global provider of technological solutions used in water treatment and pulp and paper production. Its **Water Treatment Group** (also known worldwide as "Eimco Water Technologies") specializes in the design and international marketing of solutions for the treatment and re-use of municipal and industrial wastewater and water used in various industrial processes. It also offers water intake screening solutions for power stations and desalination plants. With its extensive technological portfolio, the group is positioned to provide comprehensive solutions for the filtration, clarification, treatment and purification of water that will either be returned into the environment, or be re-used in various industrial processes or for domestic purposes. Its **Pulp and Paper Group** specializes in the design and global marketing of equipment and systems used in various stages of pulp and paper production, notably chemical pulping, pulp preparation and sheet formation and finishing. This group ranks among the foremost players in its industry and is a recognized leader in rebuilding, upgrading and optimization services for existing equipment, as well as the sale of spare parts. GLV is present in some 30 countries and has approximately 1,700 employees.

III. PRELIMINARY COMMENTS TO MANAGEMENT'S REPORT

General

This Interim Management's Report was prepared under the responsibility of GLV's management and approved by its Board of Directors as of February 12, 2009. It presents the Company's status and business context as they were, to management's best knowledge, at the time these lines were written.

This Interim Management's Report should be read in conjunction with the consolidated financial statements and accompanying notes. The interim consolidated financial statements for the three and nine-month periods ended December 31, 2008, as well as the interim consolidated financial statements for the three-month period ended December 31, 2007 and the interim consolidated and combined carve-out financial statements for the nine-month period ended December 31, 2007 have not been reviewed or audited by the Company's external auditors. (Information on the basis of comparison between the financial information for the current fiscal year compared with the previous year is provided in the *"Other"* section appearing further on in this Management's Report.)

The information contained in this Management's Report is mainly structured by group, specifically the Water Treatment Group and the Pulp and Paper Group. The financial information presented in this Interim Management's Report, including tabular amounts, is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). However, it also includes some figures that are not performance measures consistent with GAAP. Information regarding these non-GAAP financial measures is provided in the *"Other"* section appearing further on in this Management's Report.

Unless otherwise indicated, the financial information presented in this Interim Report, including tabular amounts, is expressed in Canadian dollars. The sign "$M" means "millions of dollars".

The "Arrangement" refers to the arrangement concluded on August 10, 2007 between Groupe Laperrière & Verreault Inc. ("GL&V"), its shareholders and FLSmidth & Co. A/S ("FLS"). This transaction is described in detail in GLV's Annual Report for the fiscal year ended March 31, 2008, available on SEDAR (www.sedar.com).

IV. ANALYSIS OF CONSOLIDATED OPERATING RESULTS, CASH FLOWS AND BALANCE SHEET FOR THE THREE AND NINE-MONTH PERIODS ENDED DECEMBER 31, 2008

As global economic and financial conditions continued to deteriorate in the third quarter, both of GLV's groups experienced a decrease in their new order bookings, especially the Pulp and Paper Group, and a slowdown in their organic revenue growth. In line with management's expectations, the Water Treatment Group's profitability nonetheless continued to improve, consistent with the objectives of the global reorganization of its operations carried out during the previous year. Given the difficult conditions currently prevailing in the pulp and paper industry worldwide, GLV adopted a series of proactive and defensive measures within its Pulp and Paper Group, including the implementation of a cost-reduction program and the recognition of a special doubtful accounts expense, which entailed costs of $5.7 M in the third quarter.

Consolidated Highlights of the Third Quarter of Fiscal 2009:

- Consolidated **revenues** of $154.0 M, up 11.8% over the consolidated revenues recorded for the same quarter of the previous year. Excluding the favourable impact of exchange rate fluctuations and the acquisition closed the previous year, consolidated revenues posted a slight organic decrease of 1.7%;
- **Gross margin** of 23.0% versus 20.0% last year, an improvement attributable to higher value-added contracts for new infrastructures within the Water Treatment Group and the Pulp and Paper Group's lucrative aftermarket business;
- **Normalized items** totalling $5.7 M associated primarily with the Pulp and Paper Group, including restructuring costs of $3.8 M and a special doubtful accounts expense of $1.9 M motivated by the difficult conditions in the pulp and paper industry;
- **Normalized EBITDA** of $8.0 M, posting a 9.5% increase mainly attributable to the Water Treatment Group;
- Third-quarter consolidated **normalized net earnings** of $4.7 M or $0.18 per share (basic and diluted), compared with $1.7 M or $0.07 per share (basic and diluted) the previous year;
- **Free cash flow** of $4.7 M or $0.18 per share;
- **Order backlog** of $291.0 M as at December 31, 2008, down 21.6% (at constant exchange rates) from September 30, 2008, due mainly to the Pulp and Paper Group;
- **Good financial position**: $9.3 M reduction in net debt since March 31, 2008, bringing the **total net debt** to invested capital ratio to 22.0% as at December 31, 2008, compared with 28.3% as at March 31, 2008;
- **Consolidated results for the first nine months** of fiscal 2009 (compared with consolidated and combined carve-out results for the same period of the previous year): revenues of $449.0 M (18.5% increase), **normalized EBITDA** of $22.8 M (36.4% increase) and **normalized net earnings** of $9.8 M or $0.37 per share (basic and diluted), up from $2.5 M or $0.10 (basic and diluted) per share a year earlier.
- In line with the recent restructuring plan and in the face of the continuing global economic crisis, **Laurent Verreault,** GLV's CEO, has elected to **reduce his annual base salary** to a nominal $1.00 for the upcoming fiscal 2010 and to forgo all future pension allowances as per his employment contract. This decision is supported by a **salary freeze** for senior management for the same period.

Consolidated Results

(in thousands of $, except percentages, per share data and number of shares)	Three months ended December 31, 2008	Three months ended December 31, 2007	Change 2008 versus 2007 %	Nine months ended December 31, 2008	Nine months ended December 31, 2007	Change 2008 versus 2007 %
Revenues	**153,960**	137,690	11.8%	**449,009**	378,845	18.5%
Gross margin	**35,382**	27,531	28.5%	**99,477**	79,916	24.5%
Selling and administrative expenses	**27,385**	20,231	35.4%	**76,678**	63,196	21.3%
EBITDA	**2,293**	6,302	-63.6%	**17,095**	9,925	72.2%
Normalized items:						
Restructuring costs and special doubtful accounts expense	**5,704**	503	1034.0%	**5,704**	503	1034.0%
Arrangement-related costs	**-**	495	-	**-**	6,292	-
Normalized EBITDA	**7,997**	7,300	9.5%	**22,799**	16,720	36.4%
Depreciation and amortization	**2,892**	2,800	3.3%	**8,887**	8,435	5.4%
Normalized EBIT	**5,105**	4,500	13.4%	**13,912**	8,285	67.9%
Financial expenses	**(1,304)**	2,207	-	**1,400**	4,708	-70.3%
Income taxes	**241**	270	-10.7%	**1,315**	(1,510)	-
Effective tax rate	***34.2%***	*20.8%*	13.3% pts	***19.3%***	*46.9%*	-27.6% pts
Net earnings (loss)	**464**	1,025		**5,493**	(1,708)	
per share (basic and diluted)(1)	**0.02**	0.04		**0.21**	(0.07)	
Normalized net earnings	**4,744**	1,742		**9,773**	2,520	
per share (basic and diluted)(1)	**0.18**	0.07		**0.37**	0.10	
Weighted average number of participating shares outstanding (in thousands):						
basic and diluted	**26,544**	25,389	4.5%	**26,501**	25,389	4.4%
Margins as a percentage of revenues:						
Gross margin	***23.0%***	*20.0%*		***22.2%***	*21.1%*	
Normalized EBITDA	***5.2%***	*5.3%*		***5.1%***	*4.4%*	
Normalized EBIT	***3.3%***	*3.3%*		***3.1%***	*2.2%*	
Free cash flow	**4,709**	5,010	-6.0%	**15,539**	9,602	61.8%

Favourable (unfavourable) impact of currency fluctuations:	**Three-month December 31, 2008**	**Nine months December 31, 2008**
Revenues	**14,877**	**10,274**
Gross margin	**3,704**	**2,199**
EBITDA	**1,296**	**793**
Normalized EBITDA	**1,055**	**552**
EBIT	**1,173**	**768**

Order backlogs:	**Dec. 31, 2008**	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007
Water Treatment	**192,293**	202,243	200,397	185,639	164,644
Pulp and Paper	**88,152**	123,791	142,949	152,454	129,933
Manufacturing Unit	**10,521**	9,616	10,772	9,903	6,016
Total	**290,966**	335,650	354,118	347,996	300,593

(1) Net earnings (loss) per share basic and diluted and normalized net earnings per share basic and diluted as of December 31, 2007 were calculated using the participating shares outstanding immediately after the completion of the Arrangement.

A detailed analysis of the *Water Treatment Group's* and the *Pulp and Paper Group's* results is presented in *Section V.*

Revenue Breakdown

During the first nine months of fiscal 2009, the Water Treatment Group and the Pulp and Paper Group generated 48.0% and 52.0% of consolidated revenues respectively (excluding the Manufacturing unit's revenues and before inter-segment eliminations).

The geographic breakdown of year-to-date consolidated revenues was as follows:

- 48.0% in North America;
- 34.6% in Europe and Russia;
- 12.6% in Asia and the Asia-Pacific region;
- 4.0% in Latin America; and
- 0.8% in other geographic markets combined.

Gross Margin

The third-quarter gross margin grew by 28.5% (15.1% growth at constant exchange rates), whereas the gross margin as a percentage of revenues rose from 20.0% last year to 23.0% this year. Both GLV's groups, as well as the Manufacturing unit, improved their gross margin in dollars and as a percentage of revenues. For the first nine months of fiscal 2009, the gross margin increased by 24.5% (21.7% increase at constant exchange rates), whereas the gross margin as a percentage of revenues rose from 21.1% to 22.2%. This general improvement is attributable to higher value-added contracts for new infrastructures within the Water Treatment Group and the Pulp and Paper Group's lucrative aftermarket business.

Selling and Administrative Expenses

During the third quarter, total selling and administrative expenses represented 17.8% of revenues, compared with 14.7% in the same quarter of the previous year. This increase is explained in part by the rise in head office expenses, more specifically an increase in insurance reserves. In the same quarter of the previous year, GLV had conversely made a downward adjustment to certain accumulated provisions related to performance-based compensation.

For the nine-month period ended December 31, 2008, selling and administrative expenses represented 17.1% of consolidated revenues, versus 16.7% of consolidated and combined carve-out revenues for the corresponding period of the previous year (considering the statement in Section VII on the basis of comparison of results between the reporting periods.)

Normalized EBITDA

Excluding the normalized items of $5.7 M associated primarily with the Pulp and Paper Group, normalized EBITDA amounted to $8.0 M in the third quarter, up 9.5% over $7.3 M the previous year. However, at constant exchange rates, normalized EBITDA declined by 4.9%, mainly as a result of the aforementioned increase in selling and administrative expenses. The normalized EBITDA margin as a percentage of revenues stood at 5.2%, compared with 5.3% in the same period of the previous year. Besides the aforementioned increase in selling and administrative expenses, this decrease is attributable to a decline in the Pulp and Paper Group's EBITDA margin. However, these factors were almost fully offset by a significant improvement in the Water Treatment Group's normalized EBITDA margin, which rose from 5.7% to 7.5%.

For the nine-month period, consolidated normalized EBITDA totalled $22.8 M, compared with consolidated and combined carve-out normalized EBITDA of $16.7 M the previous year, posting a 36.4% increase (33.1% increase at constant exchange rates). The normalized EBITDA margin as a percentage of revenues therefore stood at 5.1%, versus 4.4% for the same period of the previous year.

Financial Expenses

Net financial expenses for the quarter ended December 31, 2008 posted $1.3 M as income, compared with expenses of $2.2 M in the same quarter of fiscal 2008, and of $1.2 M in the previous quarter ended September 30, 2008. The main items to be noted in regard to financial expenses are as follows:

- Interest on long-term debt, net of interest income, amounted to $0.8 M, a figure comparable to those of the third quarter of the previous year and the second quarter of the current fiscal year;
- On November 10, 2008, the Company contracted an interest rate swap to reduce its risks related to interest rate fluctuations. The agreement provides for a variable rate equal to CDOR and a fixed rate representing 2.36% of the nominal amount over the term of the contract, considering an initial nominal amount of $50.0 M diminishing over three years. An unfavourable variation of $1.2 M related to the fair value of this derivative financial instrument was recognized as financial expenses during the third quarter, with no equivalent amount for comparative periods;
- As GLV intends to implement a stock appreciation rights ("SAR") plan in the next fiscal year, the Company set up a total rate-of-return swap with a financial institution during the third quarter, aimed at reducing the future risk related to fluctuations in its share price on the eventual SAR-related expense. A favourable variation of $1.1 M related to the fair value of this derivative financial instrument was recognized against financial expenses during the third quarter, with no equivalent amount for comparative periods;
- A net favourable variation of $2.5 M (compared with a net unfavourable variation of $ 1.0 M in the same quarter of the previous year) related to realized and unrealized exchange gains and losses (including on foreign exchange contracts) was recognized during the quarter as a result of the significant increase in the U.S. dollar in relation to the Canadian dollar.

Financial expenses for the nine-month period ended December 31, 2008 totalled $1.4 M, compared with $4.7 M in the corresponding period of the previous year (considering the statement in Section VII on the basis of comparison of operating results between the reporting periods). This variation notably reflects:

- a $0.7 M decrease in interest on long-term debt[1], net of interest income; and
- a net favourable variation of $1.9 M related to realized and unrealized exchange gains and losses during the nine-month period, compared with an unfavourable variation of $1.0 M for the first nine months of the previous year.

Income Taxes

The effective tax rate stood at 34.2% for the quarter ended December 31, 2008. The 31.4% difference between the effective tax rate and the regulatory Canadian rate can be explained by the unfavourable impact of valuation allowances recognized during the quarter. The effective tax rate for the nine-month period stood at 19.3%, as the unfavourable impact of valuation allowances was mitigated by the advantage associated with revenues earned in jurisdictions with lower effective tax rates.

Net Earnings and Earnings Per Share

GLV closed the third quarter with consolidated normalized net earnings of $4.7 M or $0.18 per share (basic and diluted), compared with consolidated normalized net earnings of $1.7 M or $0.07 per share (basic and diluted) in the same quarter of the previous year. Consolidated normalized net earnings for the first nine months totalled $9.8 M or $0.37 per share (basic and diluted), compared with normalized consolidated and combined carve-out net earnings of $2.5 M or $0.10 per share (basic and diluted) in the corresponding nine-month period of the previous year.

The 4.4% increase in the weighted average number of shares outstanding (basic and diluted) during the nine-month period is primarily attributable to the issue of 1,153,846 Class A subordinate voting shares effective April 11, 2008.

1 Compared with the interest on long-term debt recorded as of August 9, 2007, and the interest on advances to companies of GL&V recorded up until August 8, 2007.

Impact of Currency Fluctuations

As GLV's operations are conducted in some 30 countries, fluctuations between the various currencies used may have an impact on its operating results and balance sheet items.

During the third quarter of fiscal 2009, currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar) had a favourable impact on GLV's consolidated operating results, in the amount of $14.9 M on revenues, $3.7 M on gross margin, $1.3 M on EBITDA and $1.2 M on EBIT. For the full first nine months, exchange rate fluctuations had a favourable impact of $10.3 M, $2.2 M, $0.8 M and $0.8 M respectively on GLV's consolidated revenues, gross margin, EBITDA and EBIT, as a result primarily of the significant devaluation of the Canadian dollar in relation to the U.S. dollar during the third quarter in comparison to the equivalent period of the previous year.

Order Backlog as at December 31, 2008 and Outlook[1]

As at December 31, 2008, GLV's order backlog stood at $291.0 M. At constant exchange rates, it reflected respective decreases of:

- 21.6% from September 30, 2008; and
- 15.8% from December 31, 2007.

These changes are primarily attributable to the significant slowdown in the global pulp and paper industry, and to the finalization by the Pulp and Paper Group of a contract worth more than $60 M in Portugal. The Water Treatment Group is also witnessing a slowdown in certain target markets, especially the municipal segment in the United Kingdom. In addition, the group voluntarily withdrew from a large contract for which the financial guarantees offered by the customer were deemed insufficient by GLV in the current economic context.

The crisis currently affecting the global economy is a concern for GLV's management. The pulp and paper industry, in particular, is strongly affected by this crisis, as attested to by the cancellation or deferral of several large-scale projects (notably in China), the weakened financial position of certain large pulp and paper manufacturers, as reflected notably by a major North American papermaker recently coming under the protection of the *Companies' Creditors Arrangement Act*. Thus, the impact of the economic slowdown on the financial position of certain customers of GLV's Pulp and Paper Group could have a negative effect on its earnings, balance sheet and order backlog. Therefore, in December 2008, GLV's management decided to be proactive by implementing cost-reduction measures and recognizing a special doubtful accounts expense in the Pulp and Paper Group, which translated into normalized items totalling $5.7 M for the third quarter.

Since the beginning of the economic slowdown, GLV has reinforced its overall cost control measures at head office and in both its groups. It has also adopted stricter measures with respect to the management of its liquidity and risks, especially project-related credit risks. Section VI of this Management's Report provides further information on the Company's liquidity and risk management.

In line with the recent restructuring plan and in the face of the continuing global economic crisis, GLV's CEO, **Laurent Verreault**, has elected to reduce his annual base salary to a nominal $1.00 for the upcoming fiscal 2010 and to forgo future pension allowances as per his employment contract. This decision is further supported by a general salary freeze for the Company's senior management for the same period.

These initiatives reflect GLV's corporate philosophy and values and attest to its senior management's desire and commitment to build shareholder value by maximizing on the Company's fundamentals and long-term potential.

GLV's management will continue to closely monitor global economic conditions and will promptly react, if deemed appropriate based on its reading of market trends, by implementing additional cost-reduction measures. It should be noted that GLV's manufacturing outsourcing strategy provides it with the flexibility needed to rapidly adjust its cost structure to the market reality.

[1] The following text contains forward-looking statements, which are discussed in Section I, "*Notice Regarding Forward-Looking Statements*".

Management believes that GLV has certain advantages to face the current global financial and economic crisis, including the following:

- Despite its decrease, the Company still has a good order backlog, which should sustain a good level of business activity and revenues in upcoming months.

- The recent reorganization of the Water Treatment Group's European and North American operations is yielding benefits in line with expectations, whereas the cost-reduction program recently implemented in the Pulp and Paper Group should produce recurring savings of more than $5 M annually.

- In regard to GLV's customers, management believes that the tightening of credit markets is mostly affecting major investment projects for new infrastructures, while the demand remains relatively strong for smaller-scale projects aimed at improving and upgrading existing infrastructures as well as in the aftermarket. This market segment is the Pulp and Paper Group's primary field of expertise and an important niche for the Water Treatment Group, especially in the North American municipal market.

- The new federal administration in the United States and the Canadian federal government have proposed infrastructure investment plans to stimulate the economy, which should benefit projects to upgrade municipal water treatment infrastructures.

- Finally, as described and discussed further on in this Management's Report, GLV benefits from a healthy financial position, especially since the Company's loans are being used exclusively to finance its working capital.

For fiscal 2009, based on its reading of GLV's business outlook, current economic conditions and financial markets, management maintains with caution the Company's objective, as disclosed in June 2008, of achieving consolidated revenues of between $570 M and $600 M. However, although it maintains its goal of achieving consolidated and segmented EBITDA margins of 10%, management believes that the current economic context could defer the achievement of this objective, which was initially scheduled for the end of fiscal 2010.

Free Cash Flow

(in thousands of $, except per share data)	**Three months ended December 31,**		**Nine months ended December 31,**	
	2008	2007	**2008**	2007
Cash flows from (used in) operating activities	**1,156**	7,777	**(7,036)**	17,098
Less:				
Net change in non-cash balances related to operations	**(4,720)**	1,346	**(25,547)**	2,817
Acquisition of property, plant and equipment, net of disposals	**1,167**	1,421	**2,972**	4,679
Free cash flow	**4,709**	5,010	**15,539**	9,602
per share (basic and diluted)	**0.18**	0.20	**0.59**	0.38

It should be noted that the comparison between the free cash flows for the nine-month period ended December 31, 2008 and the equivalent period of the previous year must consider the fact that data for the first half of the previous year reflected the impact of the transaction related to the Arrangement.

Variance in Cash and Cash Equivalents

(in thousands of $)	Three months ended December 31,		Nine months ended December 31,	
	2008	2007	**2008**	2007
Balance as at beginning of period	**13,427**	(25)	**18,724**	18,057
Free cash flow	**4,709**	5,010	**15,539**	9,602
Net changes in non-cash balances related to operations	**(4,720)**	1,346	**(25,547)**	2,817
Net utilization of the revolving credits	**(4,992)**	9,539	**(9,369)**	66,239
Repayments of long-term debt	**(212)**	(402)	**(3,150)**	(493)
Issuance of share capital	**-**	-	**15,011**	-
Cost issuance of share capital	**(38)**	-	**(87)**	(182)
Net transactions with other group of Groupe Laperriere & Verreault Inc.	**-**	(4,497)	**-**	(74,459)
Change in restricted cash	**96**	55	**(306)**	(1,020)
Effect of exchange rate changes on cash and cash equivalents	**7,606**	1,301	**5,481**	(6,799)
Other	**(178)**	(96)	**(598)**	(1,531)
Balance as at end of period	**15,698**	12,231	**15,698**	12,231

Despite the repayments made on revolving credit facilities, cash and cash equivalents increased by $2.3 M during the third quarter, due mainly to the favourable impact of exchange rate fluctuations on cash balances. During the third quarter, $4.7 M of the free cash flow was allocated to working capital requirements stemming from the Company's business growth and the degree of advancement of certain large contracts.

For the nine-month period, considering the statement in Section VII on the basis of comparison of results between the reporting periods and the impact of the Arrangement on cash flows during the first half of the previous year, cash and cash equivalents increased by $3.0 M, partly due to the $5.5 M favourable impact of exchange rate fluctuations on cash balances during the period. The $27.1 M investment in contracts in progress (less progress billings) during the first nine months of fiscal 2009 was partially offset by the increase in free cash flow and the efficient collection of accounts receivable, which mitigated the increase in accounts receivable resulting from the Company's business growth. GLV has repaid more than $12.5 M in debt since the beginning of fiscal 2009. In this regard, it should be noted that the $15 M proceeds from the first-quarter share issue were used primarily to repay the debt related to the acquisition of AJM.

Financial Position

Balance Sheet Highlights

(in thousands of $, except ratio)	**December 31, 2008**	March 31, 2008	**Major explanations of variances**
Assets			
Cash and cash equivalents	**15,698**	18,724	
Accounts receivable	**148,877**	141,368	Increase commensurate with increase in sales volume and progress billings
Income taxes receivable	**2,303**	2,107	
Inventories	**36,488**	31,419	Increase due to increase in business volume
Contracts in progress, less progress billings	**74,937**	47,808	Increase of $27.1 M due to business growth
Prepaid expenses	**5,344**	3,824	Payments of various commitments
Future income taxes	**7,373**	6,134	Increase due to the strengthening of the USD versus the CDN dollar
Financial Instruments	**1,151**	376	Mark to market of total return SAR swap
Long-term investments and other	**1,525**	1,527	
Property, plant and equipment	**40,509**	42,677	
Future income taxes	**3,212**	3,428	
Goodwill	**33,559**	33,686	
Intangible assets	**38,733**	40,982	
Restricted cash	**4,843**	4,537	
Other assets	**4,471**	4,407	
Liabilities			
Accounts payable and accrued liabilities	**144,934**	130,106	Increase due to increase in business volume
Financial Instruments	**3,781**	-	Mark to market of interest rate swap
Advances from companies of GL&V	**1,186**	991	
Long-term debt	**67,500**	80,055	Partial repayment of debt using proceeds from the $15 M share issue and from available cash flows
Other liabilities	**10,036**	9,690	
Future income taxes	**4,118**	3,913	
Shareholders' equity			
Share capital	**178,532**	163,517	Issuance of $15 M of share capital in the first quarter
Current assets	**292,171**	251,760	
Current liabilities	**(148,715)**	(130,106)	
Working capital	**143,456**	121,654	
Current ratio	***1.96 :1***	*1.94 :1*	

Indebtedness

(in thousands of $, except ratio)	December 31, 2008	March 31, 2008
Total net debt:		
Long-term debt and advances from companies of GL&V	**68,686**	81,046
Less:		
Cash and cash equivalents	**(15,698)**	(18,724)
Total net debt	**52,988**	62,322
Total invested capital:		
Shareholders' equity	**187,468**	158,249
Total net debt	**52,988**	62,322
Total	**240,456**	220,571
Total net debt on invested capital ratio	***22.0%***	*28.3%*

Despite the use of part of the cash available at the beginning of the year, the total net debt decreased by $9.3 M due to the repayments made on credit facilities and the long-term debt. The total net debt to invested capital ratio improved from 28.3% as at March 31, 2008 to 22.0% as at December 31, 2008, under the combined impact on the reduction in total net debt and the increase in shareholders' equity resulting primarily from the share issue effective April 11, 2008.

In January 2009, the Solidarity Fund QFL renewed for an additional three-month period the financing arrangement by way of unsecured debentures of a maximum amount of $25 M made available to GLV in April 2008.

Unused Financing Sources

(in thousands of $)	December 31, 2008	March 31, 2008
Credit facilities:		
Authorized	**200,000**	175,000
Borrowed	**(67,500)**	(76,875)
Letters of credit issued	**(43,447)**	(42,990)
Unused credit	**89,053**	55,135
Cash and cash equivalents	**15,698**	18,724
Total unused financing sources	**104,751**	73,859

As at December 31, 2008, total unused sources of financing had slighty fluctuated compared with September 30, 2008, standing at $104.8 M.

V. ANALYSIS OF SEGMENTED OPERATING RESULTS FOR THE THREE AND NINE-MONTH ENDED PERIODS DECEMBER 31, 2008

WATER TREATMENT GROUP

Results of Operations

(in thousands of $, except percentages)	**Three months ended December 31,**		Change 2008 versus 2007	**Nine months ended December 31,**		Change 2008 versus 2007
	2008	2007	%	**2008**	2007	%
Revenues:						
New equipment	**68,014**	60,755	11.9%	**190,356**	169,650	12.2%
Aftermarket	**7,883**	7,350	7.3%	**19,231**	18,966	1.4%
Total	**75,897**	68,105	11.4%	**209,587**	188,616	11.1%
EBITDA	**5,454**	3,474	57.0%	**11,614**	9,852	17.9%
Normalized items:						
Restructuring costs and special doubtful accounts expense	**236**	428	(44.9%)	**236**	428	(44.9%)
Arrangement-related costs	**-**	-	-	**-**	173	-
Normalized EBITDA	**5,690**	3,902	45.8%	**11,850**	10,453	13.4%
Depreciation and amortization	**1,434**	1,306	9.8%	**4,405**	4,055	8.6%
Normalized EBIT	**4,256**	2,596	63.9%	**7,445**	6,398	16.4%
Margins as a percentage of revenues:						
Normalized EBITDA	**7.5%**	5.7%		**5.7%**	5.5%	
Normalized EBIT	**5.6%**	3.8%		**3.6%**	3.4%	

Other selected financial information

Favourable (unfavourable) impact of currency fluctuations:	**Three-month December 31,2008**			**Nine months December 31,2008**	
Revenues	**6,441**			**1,022**	
Gross margin	**1,159**			**71**	
EBITDA	**592**			**482**	
Normalized EBITDA	**605**			**495**	
EBIT	**564**			**596**	
Order backlogs:	**Dec. 31, 2008**	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007
	192,293	202,243	200,397	185,639	164,644

Impact of Currency Fluctuations

As shown in the above table, currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar) had a favourable impact on this group's revenues, gross margin, EBITDA and EBIT during the first nine months of fiscal 2009, and especially in the third quarter.

Revenues

The Water Treatment Group's third-quarter revenues grew by $7.8 M or 11.4% (2.0% growth at constant exchange rates). Changes in revenues are broken down as follows:

- AJM Environmental Services Pty Ltd. ("AJM"), acquired in March 2008, continues to bring a contribution in line with and even above management's expectations.
- Excluding AJM, the group's revenues posted a 3.6% organic decrease (at constant exchange rates) due mainly to the significant slowdown in the United Kingdom municipal market, where financing constraints are leading customers to modify the execution schedule of projects underway, and to cancel or defer their planned projects.

For the nine-month period, the 11.1% increase in the group's revenues (10.6% increase at constant exchange rates) is attributable to AJM's contribution coupled with a 4.4% organic growth (at constant exchange rates). The organic growth was mainly achieved in North America, whereas a decline was recorded in Europe, particularly in the United Kingdom municipal market. Consistent with the group's market objective, the acquisition of AJM and further diversification of its customer base contributed to raise the share of its revenues from the industrial segment from 28.2% in the first nine months of the last fiscal year to 33.1% this year.

Operating Profitability

Excluding restructuring costs of $0.2 M, the group's normalized EBITDA grew by 45.8% (30.3% growth at constant exchange rates) to $5.7 M in the third quarter of fiscal 2009, compared with normalized EBITDA of $3.9 M the previous year. The normalized EBITDA margin thus rose from 5.7% to 7.5%. The recent restructuring of the Water Treatment Group's North American operations is yielding benefits in line with management's expectations. A stronger focus on higher value-added contracts and a more efficient execution of contracts notably contributed to improve the group's gross margin.

Segmented normalized EBITDA for the first nine months increased by 13.4% (8.6% increase at constant exchange rates) to $11.9 M. The consolidated normalized EBITDA margin thus rose from 5.5% last year to 5.7% this year.

Order Backlog and Outlook[1]

As at December 31, 2008, the Water Treatment Group's order backlog stood at $192.3 M. At constant exchange rates, it reflected the following variations:

- a 14.7% decrease from September 30, 2008; and
- a 0.4% increase over December 31, 2007.

The decrease of approximately $10 M in the order backlog from September 30, 2008 can be explained mainly by GLV's voluntary withdrawal from a project worth some $7 M to supply a water intake screening system, as the financial guarantees offered by the customer were deemed insufficient by GLV in the current economic context. This decision is consistent with the stricter risk management measures adopted by GLV since the beginning of the economic slowdown to preserve the solidity of its order backlog and balance sheet. In addition, the volume of new order bookings fell short of management's expectations in most of the Water Treatment Group's business segments during the third quarter.

Management believes that the particularly severe slowdown that has affected the U.K. municipal market for the past several months could continue during the next months. However, GLV believes that conditions in the North American municipal market should be more favourable, for the following main reasons:

- To stimulate the economy, the new U.S. federal administration and the Canadian government have proposed to inject substantial funds into infrastructure projects, which should favour the expansion and rebuilding of municipal water treatment infrastructures.

- Although the financial crisis in the United States has caused a slowdown in new capital investment projects, demand remains relatively good for municipal systems upgrading projects, which is one of Eimco Water Technologies' strengths. It has therefore undertaken, and continues to intensify its development efforts in this market niche.

- GLV is pursuing its efforts to broaden and enhance its technological portfolio of municipal water treatment, recycling and purification solutions. For instance, it recently announced it has been granted an exclusive license for U.S. and Canadian municipalities to market an advanced sludge technology which is one of the ecological and economical on the market.

[1] The following text contains forward-looking statements, which are discussed in Section I, "*Notice Regarding Forward-Looking Statements*".

In regard to the industrial segment, the Water Treatment Group is currently witnessing a certain slowdown in the demand for its water intake screening technologies due to the tightening of sources of financing for major projects in the energy sector. However, the group continues to develop its customer base in the food and beverage processing industry, where it has notably undertaken to export the technologies and know-how acquired from AJM toward Southeast Asia. In addition, GLV recently announced its association with a world leader to create a North American joint venture, Global Water & Energy, LLC ("GW&E"), which holds an exclusive and perpetual license to market a selection of processes for the anaerobic treatment of industrial wastewater and organic waste and for the conversion and handling of biogas to produce energy. GW&E, which is 70%-owned by GLV and 30% by its partner, will primarily target the North American food and beverage processing industry as well as certain other key sectors. Further agreements could be subsequently reached to serve various other geographic and segmented markets. Over the next two years, GLV plans to invest $2 M to $3 M in the start-up and development of GW&E, which is expected to achieve between $20 M and $30 M in sales within five years. GW&E is based in Austin (Texas) and will therefore benefit from synergies with Eimco Water Technologies. Management believes that the new joint venture not only increases GLV's presence in the industrial water treatment market, but also provides it with economical access to the renewable biomass power generation niche, which could undergo significant development in the coming years.

This type of initiative demonstrates GLV's will to continue developing its Water Treatment Group in order to ensure its long-term success in an industry that, despite the current global economic slowdown, holds strong growth potential. Management intends to remain vigilant and to continue exercising tight control over the Water Treatment Group's expenses, where further cost reductions could be implemented should the global economic crisis worsen or endure. However, GLV will take care not to weaken the group's most strategic asset – the expertise and experience of its personnel – given the key role played by technological know-how in this industry. GLV thereby aims to preserve the Water Treatment Group's competitive strength when the global industry resumes its growth, notably as part of upcoming infrastructure projects.

Although management remains cautious as to the Water Treatment Group's outlook over the short and medium term, it believes that its performance should be within the expected range for the fiscal year ending March 31, 2009.

PULP AND PAPER GROUP

Results of Operations

(in thousands of $, except percentages)	**Three months ended December 31, 2008**	2007	Change 2008 versus 2007 %	**Nine months ended December 31, 2008**	2007	Change 2008 versus 2007 %
Revenues:						
New equipment	**39,548**	33,129	19.4%	**127,149**	88,147	44.2%
Aftermarket	**33,446**	33,447	(0.0%)	**99,766**	94,499	5.6%
Total	**72,994**	66,576	9.6%	**226,915**	182,646	24.2%
EBITDA	**(20)**	4,913	-	**13,490**	10,705	26.0%
Normalized items:						
Restructuring costs and special doubtful accounts expense	**5,468**	-	-	**5,468**	-	-
Arrangement-related costs	**-**	294	-	**-**	536	-
Normalized EBITDA	**5,448**	5,207	4.6%	**18,958**	11,241	68.7%
Depreciation and amortization	**747**	709	5.4%	**2,211**	2,253	(1.9%)
Normalized EBIT	**4,701**	4,498	4.5%	**16,747**	8,988	86.3%
Margins as a percentage of revenues:						
Normalized EBITDA	**7.5%**	7.8%		**8.4%**	6.2%	
Normalized EBIT	**6.4%**	6.8%		**7.4%**	4.9%	

Other selected financial information

Favourable (unfavourable) impact of currency fluctuations:	**Three-month December 31,2008**	**Nine months December 31,2008**
Revenues	**7,774**	**8,717**
Gross margin	**1,883**	**1,593**
EBITDA	**188**	**(43)**
Normalized EBITDA	**(66)**	**(297)**
EBIT	**113**	**(101)**

Order backlogs:	**Dec. 31, 2008**	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007
	88,152	123,791	142,949	152,454	129,933

Impact of Currency Fluctuations

As shown in the above table, currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar) had a favourable impact on this group's revenues, gross margin, EBITDA and EBIT during the first nine months of fiscal 2009, and especially in the third quarter.

Revenues

The Pulp and Paper Group's third-quarter revenues grew by $6.4 M or 9.6% due mainly to currency fluctuations. At constant exchange rates, revenues posted an organic decrease of 2.0%.

For the first nine months of fiscal 2009, the group's revenues increased by 24.2% (19.5% increase at constant exchange rates). This growth, which is entirely organic, stemmed primarily from the chemical pulp preparation segment, but also from the aftermarket. It was particularly strong in Europe, due mainly to the contribution of the technology centre in Karlstad and the execution of a $60 M contract in Portugal, which is virtually completed today. The group also achieved satisfactory revenue growth in North America.

Normalized Items Related to the Measures Adopted in Response to Difficult Conditions for the Pulp and Paper Industry

Restructuring Costs:
In December 2008, considering the major impact of the economic slowdown on the global pulp and paper industry, GLV implemented streamlining measures in its Pulp and Paper Group in North America and Europe in order to reduce its operating costs by some $5.5 M annually. These measures led to restructuring costs of $3.6 M that were fully recognized in financial results for the third quarter of fiscal 2009. Considering the enduring difficult conditions in this industry, the Pulp and Paper Group could adopt further streamlining measures in upcoming quarters.

Special Doubtful Accounts Expense:
As of December 31, 2008, in light of the rapid deterioration of the pulp and paper market and financial position of certain manufacturers, as reflected notably by a major North American producer that recently placed itself under the protection of the *Companies' Creditors Arrangement Act*, GLV's management recorded a special $1.9 M doubtful accounts expense in the Pulp and Paper Group, in addition to the normal provisions based on historical factors. GLV's management considers this special expense to be of an exceptional nature as they are entirely related to the rapidity and magnitude of the effects of the current economic crisis on the pulp and paper industry. The special doubtful accounts expense has therefore been excluded from the normalized operational results of the Pulp and Paper Group and GLV as a whole for the three and nine-month periods ended December 31, 2008. GLV would like to point out that normalized data are not financial measures consistent with GAAP. Information regarding these non-GAAP financial measures is provided in the *"Other"* section appearing further on in this Management's Report.

GLV has tightened the management of the credit risks of the Pulp and Paper Group's customers and the credit limits granted to certain customers have been reduced considerably. Management evaluates the group's accounts receivable on a constant basis.

Operating Profitability
Excluding normalized items related to the restructuring costs and special doubtful accounts expense, the Pulp and Paper Group's normalized EBITDA increased by 4.6% (5.9% increase at constant exchange rates) to $5.4 M during the third quarter. The group's normalized EBITDA margin thus decreased from 7.8% last year to 7.5% this year.

For the first nine months, the Pulp and Paper Group's normalized EBITDA grew by 86.3% (71.3% growth at constant exchange rates) to stand at $18.9 M compared with $11.2 M the previous year. The normalized EBITDA margin improved to 8.4% from 6.2% last year. Two key factors enabled this group to increase its gross margin, specifically:
- the strengthening of its international manufacturing outsourcing network; and
- the implementation of an aftermarket business model in Europe similar to the one which has proven successful for several years in North America.

Order Backlog and Outlook [1]
As at December 31, 2008, the Pulp and Paper Group's order backlog stood at $88.2 M. At constant exchange rates, it reflected respective decreases of:
- 35.3% from September 30, 2008; and
- 40.5% from December 31, 2007.

These decreases are due mainly to the economic slowdown severely affecting the global pulp and paper industry. They are also partly attributable to the significant revenues recognized during the past three quarters according to the execution schedule of large-scale contracts in progress, including the $60 M order in Europe that was almost finalized in the third quarter.

[1] The following text contains forward-looking statements, which are discussed in Section I, "*Notice Regarding Forward-Looking Statements*".

In China, management estimates that the postponement of several equipment orders will have a temporary impact of approximately $4 M to $6 M on the group's working capital, as it will delay the delivery of equipment and the collection of accounts receivable to the third and fourth quarters of fiscal 2010. However, given the status of negotiations with customers, the collection of advances on contracts and the fact that most of the equipment is still under GLV's control, management is confident that these deferrals will not have a material impact on the group's profitability.

In the current economic context, GLV's management remains cautious as to the Pulp and Paper Group's overall outlook between now and the end of fiscal 2009, which could probably yield a performance below expectations. Given the slowdown in investments in the pulp and paper industry, the Pulp and Paper Group is focusing most of its efforts on the aftermarket in both North America and Europe in order to maximize its market share in this segment. In addition, the recently implemented cost-reduction program will enable the group to achieve substantial savings as of the next quarters. If management deems it necessary in light of its reading of trends in the pulp and paper industry, further cost-reduction measures could be considered.

VI. LIQUIDITY AND RISK MANAGEMENT IN THE CURRENT ECONOMIC CONTEXT

General

GLV's management makes every effort to ensure that the Company and its subsidiaries benefit from effective risk management, which has been strengthened according to even stricter criteria since the beginning of the current economic slowdown. For instance, the Company has formed an Enterprise Risk Management Committee in charge of identifying and assessing the potential risks that could have a material impact on the Company's operations and financial position, as well as the risk management strategies implemented within the Company. It is also responsible for setting up risk management oversight provisions, notably by developing and recommending to the Board of Directors or its Audit Committee various policies and procedures to support GLV's subsidiaries in developing and adopting effective strategies in regard to internal and external control in order to improve and reduce the impact of business and operational risk factors.

Credit Risk

The Company strictly manages the credit granted to its customers. In recent quarters, special emphasis has been placed on the monitoring and collection of accounts receivables. The Water Treatment Group's accounts receivable collection period has been historically longer in the municipal segment, and does not meet management's objectives. Therefore, new collection process monitoring and improvement methods have been implemented since the beginning of the current fiscal year and are starting to produce positive results. In the Pulp and Paper Group, greater discipline has been implemented in recent years in regard to negotiating the terms and conditions and monitoring the collection of accounts receivables, as a result of which an acceptable level of accounts receivable is maintained today. Despite the strengthening of its management, the rapid weakening of the economic conditions currently facing the Pulp and Paper Group could result in further doubtful accounts expenses, as was the case during third quarter.

Supplier-Related Risk

GLV's business model is largely built on its use of an international network of manufacturer subcontractors, which enables it to reduce the risks associated with fixed costs and to adjust to fluctuations in demand. In addition, the Company's practice is to pay its suppliers based on the degree of advancement of the work and to avoid prepayments. Finally, arrangements with alternate suppliers are provided for in the event of a supplier's inability to honour an order. It should also be noted that GLV's Manufacturing unit provides it with additional security to ensure that customers' contracts are efficiently executed in the event of default by a supplier.

Cost Structure, Working Capital Requirements and Debt Service

In addition to providing GLV with the flexibility needed to rapidly adjust its cost structure to the market reality, its manufacturing outsourcing strategy provides the Company with the advantage of having few capital assets. Thus, its debt is primarily used to finance its working capital requirements. As a result, should GLV experience a decline in its business volume and, consequently, in its working capital requirements, it would make lesser use of its credit facilities.

Furthermore, GLV benefits from a healthy financial position:

- As at December 31, 2008, its total net debt to invested capital ratio stood at 22.0%, whereas its total net debt to normalized EBITDA ratio for the past 12 months stood at 2.20:1.
- The $25 M credit facility by way of unsecured debentures granted by the Solidarity Fund QFL for the Company's expansion projects was renewed for an additional period three-month in January 2009;
- It should also be noted that GLV benefits from more favourable financing conditions than those currently available on the market, having concluded its main credit agreement prior to the beginning of the financial market, in August 2007, for a five-year period expiring in August 2012.

Asset Impairment

As at December 31, 2008, GLV conducted its annual goodwill impairment test and concluded that no adjustment was necessary. It should be noted that the Company has few capital assets. As at December 31, 2008, the value of its capital assets was $40.5 M, representing less than 10% of its total assets, whereas the value of goodwill and intangible assets totalled $72.3 M or 17.3% of total assets, consisting primarily of technologies and goodwill of companies in the water treatment segment.

For further information, the principal risk factors to which the Company is exposed are described in the Management's Report contained in GLV's Annual Report for the fiscal year ended March 31, 2008 as well as in the 2008 Annual Information Form available on SEDAR (www.sedar.com) and on GLV's website (www.glv.com).

VII. OTHER

Selected Financial Information for the Past Eight Quarters

(in thousands of $, except per share amounts)	**Fiscal Year 2009**			Fiscal Year 2008				Fiscal Year 2007
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
Revenues	**153,960**	149,559	145,490	147,548	137,690	125,887	115,268	144,011
EBITDA	**2,293**	7,491	7,311	200	6,302	(96)	3,719	11,591
Normalized EBITDA	**7,997**	7,491	7,311	1,265	7,300	4,804	4,616	11,554
EBIT	**(599)**	4,567	4,240	(2,437)	3,502	(2,867)	855	7,594
Normalized EBIT	**5,105**	4,567	4,240	(1,372)	4,500	2,033	1,752	7,558
Net earnings (loss)	**464**	2,924	2,105	(1,902)	1,025	(2,155)	(578)	1,673
per share (basic and diluted)	**0.02**	0.11	0.08	(0.07)	0.04	(0.09)	(0.02)	0.07
Normalized net earnings (loss)	**4,744**	2,924	2,105	(1,021)	1,742	422	356	2,004
per share (basic and diluted)	**0.18**	0.11	0.08	(0.04)	0.07	0.02	0.01	0.08

Normalized EBITDA, EBIT and net earnings (loss), both in dollars and per share, have been restated to reflect the new definition of such items described further on in this section.

Investor Information

Authorized, issued and outstanding share data as at December 31, 2008 and February 11, 2009

(in thousands of $, except number of shares)	**Authorized**	**Number of shares issued and outstanding**
Class A subordinate voting shares	Unlimited	24,111,821
Class B multiple voting shares	Unlimited	2,431,905
Preferred shares	Unlimited	-
		26,543,726

On April 11, 2008, GLV issued 1,153,846 Class A subordinate voting shares to the Solidarity Fund QFL at a price of $13.00 per share, for net proceeds of $15 M.

Normal Course Issuer Bid

On December 4, 2008, the Toronto Stock Exchange accepted the Company's notice of intention to make a normal course issuer bid, under which GLV may acquire, between December 8, 2008 and no later than December 7, 2009, a maximum of 2,268,547 Class A subordinate voting shares and 121,595 Class B multiple voting shares, representing approximately 10% of the public float of the Class A shares and 5% of issued and outstanding Class B shares as of November 30, 2008. The number of shares that the Company intends to purchase and the time of such purchases will be determined by the Company, at its discretion. The shares thereby purchased will be cancelled. In the opinion of GLV's Board of Directors, when the purchases are carried out, they will represent an appropriate use of GLV's funds. No shares have been purchased to date under the issuer bid.

Stock Option Plan as at December 31, 2008

	Options available for issuance	Options issued and outstanding
Class A subordinate voting shares	2,538,888	1,335,000

Basis of Comparison for the Three and Nine-Month Periods Ended December 31, 2008 and 2007

The analysis of the third quarter and first nine months ended December 31, 2008 relates to GLV's actual consolidated operating results and cash flows for these periods. The same applies to consolidated operating results and cash flows for the third quarter of the previous year, i.e., the three-month period ended December 31, 2007. However, operating results and cash flows for the nine-month period ended December 31, 2007 include GLV's actual consolidated results only as of August 9, 2007, subsequent to the closing of the Arrangement. Prior to that date, they consist of combined carve-out data related to the businesses retained by GLV pursuant to the Arrangement. These data are derived from the accounting records of the former GL&V based on the historical value of the assets and liabilities and the historical operating results of the businesses retained by GLV. In addition to the direct charges and costs exclusively attributable to the operations of the Water Treatment Group, the Pulp and Paper Group and the Manufacturing unit, they include part of GL&V's head office expenses.

Management would like to point out that although the assumptions underlying the historical combined carve-out financial statements are in its opinion reasonable, these are not necessarily representative of the operating results and cash flows the retained businesses would have posted if they had been a stand-alone entity during the period preceding the Arrangement. In its opinion, the analysis of the comparative nine-month periods ended December 31, 2008 and 2007 must be approached with caution as to the combined carve-out portion of the 2007 results regarding certain items, in particular head-office-related administrative expenses and general expenses, financial expenses and income taxes.

The analysis of the consolidated balance sheet as at December 31, 2008 is performed in comparison with the consolidated balance sheet as at March 31, 2008.

Compliance with Canadian Generally Accepted Accounting Principles

The financial information presented in this Interim Management's Report, including tabular amounts, is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The information contained in the Management's Report also includes some figures that are not performance measures consistent with GAAP, specifically:

- **EBITDA**: earnings before depreciation and amortization, financial expenses and income taxes;
- **normalized EBITDA**: according to the reporting periods, EBITDA before items recorded outside the normal course of business, including non-recurring costs directly related to the Arrangement, restructuring costs and special doubtful accounts expense;
- **EBIT**: earnings before financial expenses and income taxes;
- **normalized EBIT**: according to the reporting periods, EBIT before items recorded outside the normal course of business, including non-recurring costs directly related to the Arrangement, restructuring costs and special doubtful accounts expense;
- **normalized net earnings**: according to the reporting periods, earnings before gains or losses recorded outside the normal course of business on the disposal of property, plant and equipment, other assets and commercial activities, non-recurring costs directly related to the Arrangement, restructuring costs, special doubtful accounts expense and impairment of long-lived assets (less related taxes);
- **free cash flows**: cash flows from operating activities excluding net changes in non-cash balances related to operations, less property, plant and equipment acquisitions (net of disposals); and
- **free cash flows per share**: free cash flows divided by the weighted average number of participating shares outstanding during the reporting period.

Such measures enable management to assess the performance and return of its operating groups and the proportion of the operating cash flows available for debt service and discretionary purposes other than capital expenditures. Additional information about such measures is provided on pages 19, 20 and 21 of the Management's Report contained in the Company's Annual Report for the fiscal year ended March 31, 2008, available on SEDAR (www.sedar.com).

In order to assess what the growth in its revenues would have been from one year to the next without the impact of business acquisitions, the Company uses the **organic growth** measure. As for the information provided regarding GLV's **order backlog**, it consists of contracts which are subject to a firm order supported, as the case may be, by a signed contract, a purchase order or an advance receipt on a contract. Additional information regarding the description of the organic growth and order backlog measures is provided on page 14 of the Management's Report contained in the Company's Annual Report for the fiscal year ended March 31, 2008, available on SEDAR (www.sedar.com).

Effectiveness of Disclosure Controls and Procedures and Internal Control Over Financial Reporting
Management of GLV has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared, and disclosed in public documents pursuant to the requirements of *Multilateral Instrument 52-109*.

As at December 31, 2008, GLV's Chief Executive Officer and Chief Financial Officer, with the participation of the Company's management, concluded that the design and operation of the Company's disclosure controls and procedures are effective. GLV's Chief Executive Officer and Chief Financial Officer also concluded that the Company has designed appropriate internal control over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

During the quarter ended December 31, 2008, the Company did not make any changes to its internal controls over financial reporting that would have materially affected, or would likely materially affect, such controls.

Contractual Commitments, Critical Estimates and Financial Instruments
The Company has not noted any material changes in these items since the end of the last fiscal year. For further information, the reader is referred to the Management's Report contained in GLV's Annual Report for the fiscal year ended March 31, 2008.

Changes in Accounting Policies
The following Handbook Sections, released by the Canadian Institute of Chartered Accountants ("CICA"), were adopted by the Company on April 1, 2008.

The Company adopted the new recommendations of the CICA Handbook Section 3862, "*Financial Instruments – Disclosures*", Section 3863, "*Financial Instruments – Presentation*" and Section 1535, "*Capital Disclosures*". These new Handbook sections are effective for interim and fiscal years beginning on or after October 1, 2007. Section 3862 requires an increased emphasis on disclosing the nature and the extent of risk arising from financial instruments and how the Company manages those risks. Section 3863, establishes standards for presentation of financial periods and non-financial derivatives. Sections 3862 and 3863 replaced Section 3861, "*Financial Instruments - Disclosures and Presentation*". Section 1535 requires the Company to disclose information to enable users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital. Other than the additional disclosure in the notes to these financial statements, the adoption of these Sections had no impact on the financial results of the Company.

The Company adopted the new recommendation of the CICA Handbook Section 3031, "*Inventories*". This section which is effective for fiscal years beginning after January 1, 2008, requires that inventories be measured at the lower of cost and net realizable value. Other than the additional disclosure in the notes to these financial statements, the implementation of this new policy did not have any significant impact on the results of the Company.

The Company retroactively adopted these accounting policies without restating comparative figures of prior periods.

Future Changes in Accounting Policies
In January 2008, the CICA issued Section 3064, "*Goodwill and Intangible Assets*", which replaces Section 3062, "*Goodwill and Other Intangible Assets*", and results in the withdrawal of Section 3450, "*Research and Development Costs*" and Emerging Issues Committee Abstract 27, "*Revenues and Expenditures during the Pre-operating Period*" and amendments to Accounting Guideline No. 11, "*Enterprises in the Development Stage*". The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the effect of adopting this standard.

In 2005, the Accounting Standards Board of Canada announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). In May 2007, the CICA published an updated version of its "*Implementation Plan for Incorporating International Financial Reporting Standards*" into Canadian GAAP. This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS. In February 2008, the Accounting Standards Board of Canada (AcSB) confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 "*Inventories*" and IAS 38 "Intangible assets", thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's consolidated financial statements will be measured only once all the IFRS applicable at the conversion date are known. For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on April 1, 2011. As a result, the Company has developed a plan to convert its consolidated financial statements to IFRS. The Company has also set up an IFRS dedicated team. The Company is monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting. A detailed analysis of the differences between IFRS and the Company's accounting policies as well as an assessment of the impact of various alternatives are in progress. Changes in accounting policies are likely and may materially impact the Company's consolidated financial statements.

Supplementary Information

Supplementary information about the Company, including its latest Annual Report, the documents prepared for the August 7, 2008 Annual General Meeting of Shareholders, the Annual Information Form dated June 18, 2008, the interim reports for the fiscal year ended March 31, 2008 and press releases, are available on SEDAR’s website (www.sedar.com) and GLV’s website (www.glv.com). Certain other documents, including presentations to investors, are also available on the Company’s website.

(SIGNED)
Laurent Verreault
Chairman of the Board and Chief Executive Officer

(*SIGNED)*
Marc Barbeau, C.A.
Executive Vice-President and Chief Financial Officer

February 12, 2009