INTERIM MANAGEMENT'S REPORT
Three and Six-Month Periods Ended September 30, 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 *"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 recycling 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 November 6, 2008. 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 interim consolidated and combined carve-out financial statements and accompanying notes. The interim consolidated financial statements for the three and six-month periods ended September 30, 2008 and the interim consolidated and combined carve-out financial statements for the equivalent periods ended September 30, 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 SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2008

Financial results for both the second quarter and first six months of the fiscal year ending March 31, 2009 were in line with management's expectations. GLV's revenues continued to post solid growth, driven primarily by the Pulp and Paper Group, whereas the Company's profitability continued to improve at a satisfactory rate. Despite the uncertainty currently affecting the global economy, GLV's management remains confident as to the Company's results for the current fiscal year given the size of the its order backlog, as well as the market developments and operational improvements achieved in recent quarters.

Consolidated Highlights of the Second Quarter of Fiscal Year 2009: Sustained Business Growth and Enhanced Profitability

- Consolidated **revenues** of $149.6 M, up 18.8% over the consolidated and combined carve-out revenues achieved for the same quarter of the previous year. This increase is mostly due to a 14.9% organic growth (at constant exchange rates) driven primarily by the Pulp and Paper Group;
- Consolidated **EBITDA** of $7.5 M, up 55.9% over the consolidated and combined carve-out normalized EBITDA posted for the same quarter a year earlier;
- Quarterly consolidated **net earnings** of $2.9 M or $0.11 per share (basic and diluted), compared with the previous year's normalized consolidated and combined carve-out net earnings of $0.4 M or $0.02 per share (basic and diluted), an improvement of $2.5 M;
- **Free cash flows** of $6.2 M or $0.23 per share;
- Immaterial impact of **currency fluctuations** on second-quarter consolidated results;
- **Order backlog** of $335.7 M as at September 30, 2008, down slightly from June 30, 2008 due to the significant volume of revenues recognized during the period by the Pulp and Paper Group;
- Good financial position as at September 30, 2008: **total net debt** to **invested capital** ratio of 25.8%;
- Renewal of $25 M credit facility by way of unsecured debentures with the Solidarity Fund QFL (still unused at the date of this management report); and
- Second-quarter results bring **revenues for the six-month period** ended September 30, 2008 to $295.0 M (increase of 22.3% over the previous year), year-to-date **EBITDA** to $14.8 M (increase of 57.1% over last year's normalized EBITDA) and year-to-date **net earnings** to $5.0 M or $0.19 per share (basic and diluted) (compared with normalized net earnings of $0.8 M or $0.03 per share (basic and diluted) a year earlier).

Consolidated Results

(in thousands of $, except percentages, per share data and number of shares)	Three-month periods ended September 30,		Change 2008 versus 2007	Six-month periods ended September 30,		Change 2008 versus 2007
	2008	2007	%	**2008**	2007	%
Revenues	**149,559**	125,887	18.8%	**295,049**	241,155	22.3%
Gross margin	**31,047**	27,699	12.1%	**64,095**	52,385	22.4%
Selling and administrative expenses	**23,556**	22,895	2.9%	**49,293**	42,965	14.7%
EBITDA	**7,491**	(96)	-	**14,802**	3,623	308.6%
Normalized items:						
Arrangement-related costs	**-**	4,900	-	**-**	5,797	-
Normalized EBITDA	**7,491**	4,804	55.9%	**14,802**	9,420	57.1%
Depreciation and amortization	**2,924**	2,771	5.5%	**5,995**	5,635	6.4%
Normalized EBIT	**4,567**	2,033	124.6%	**8,807**	3,785	132.7%
Financial expenses	**1,224**	1,232	(0.6%)	**2,704**	2,501	8.1%
Income taxes	**419**	(1,944)	-	**1,074**	(1,780)	-
Effective tax rate	***12.5%***	*47.4%*	(34,9%) pts	***17.6%***	*39.4%*	(21,8%) pts
Net earnings (loss)	**2,924**	(2,155)		**5,029**	(2,733)	
per share (basic and diluted)(1)	**0.11**	(0.08)		**0.19**	(0.11)	
Normalized net earnings	**2,924**	422		**5,029**	778	
per share (basic and diluted)(1)	**0.11**	0.02		**0.19**	0.03	
Weighted average number of participating shares outstanding (in thousands):						
basic and diluted	**26,543**	25,389	4.5%	**26,473**	25,389	4.3%
Margins as a percentage of revenues:						
Gross margin	***20.8%***	*22.0%*		***21.7%***	*21.7%*	
Normalized EBITDA	***5.0%***	*3.8%*		***5.0%***	*3.9%*	
Normalized EBIT	***3.1%***	*1.6%*		***3.0%***	*1.6%*	
Free cash flow	**6,162**	3,105	98.5%	**10,830**	4,592	135.8%

Favourable (unfavourable) impact of currency fluctuations:	**Three-month Sept. 30, 2008**	**Six-month Sept. 30, 2008**
Revenues	**984**	**(4,602)**
Gross margin	**(153)**	**(1,504)**
EBITDA	**(22)**	**(503)**
EBIT	**(33)**	**(405)**

Order backlogs:	**Sept. 30, 2008**	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Water Treatment	**202,243**	200,397	185,639	164,644	174,408
Pulp and Paper	**123,791**	142,949	152,454	129,933	151,081
Manufacturing Unit	**9,616**	10,772	9,903	6,016	5,750
Total	**335,650**	354,118	347,996	300,593	331,239

(1) Net earnings (loss) per share basic and diluted and normalized net earnings per share basic and diluted as of September 30, 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

Since the beginning of fiscal 2009, the Water Treatment Group and the Pulp and Paper Group generated 46.5% and 53.5% respectively of consolidated revenues (excluding the Manufacturing unit's revenues and before inter-segment eliminations). The geographic breakdown of year-to-date consolidated revenues was as follows:

- 46.9% in North America;
- 36.2% in Europe and Russia;
- 12.3% in Asia and the Asia-Pacific region;
- 4.1% in Latin America; and
- 0.5% in other geographic markets combined.

Operating Profitability

During the second quarter, taking into account management's comment regarding the basis of comparison between the reporting periods presented in Section VI of this report, total selling and administrative expenses represented 15.8% of revenues, compared with 18.2% in the second quarter last year, and 17.7% in the first quarter of the current fiscal year. Both groups contributed to this improvement, which is in line with management's expectations.

EBITDA amounted to $7.5 M, compared with normalized EBITDA of $4.8 M the previous year, posting a 55.9% increase (56.4% at constant exchange rates). This improvement is mainly attributable to the Pulp and Paper Group. The EBITDA margin as a percentage of revenues thus stood at 5.0%, versus a normalized EBITDA margin of 3.8% for the same period last year.

For the six-month period, EBITDA totalled $14.8 M, compared with normalized EBITDA or $9.4 M for the first half of the previous year, representing a 57.1% increase (62.5% at constant exchange rates). The EBITDA margin as a percentage of revenues stood at 5.0%, versus a normalized EBITDA margin of 3.9% for the first six months of last year.

Financial Expenses

Financial expenses for the second quarter ended September 30, 2008 were unchanged compared with the second quarter of the previous year, standing at $1.2 M. They comprised the following elements:

- a $0.5 M increase in interest on long-term debt[1], net of interest income recorded during the quarter;
- which was entirely compensated by a net favourable variance of $0.5 M with respect to materialized and unmaterialized exchange gains and losses recorded during the quarter, resulting from the rise in the US dollar in relation with the Canadian dollar.

Financial expenses for the first half of the year increased by $0.2 M or 8.1% over the same semester last year, to total $2.7 M. This increase reflects:

- a reduction of $0.5 M in interest on long-term debt, net of interest income recorded during the semester;
- which was reversed by an unfavourable net variance of $0.7 M with respect to materialized and unmaterialized exchange gains and losses during the semester.

Income Taxes

The effective tax rate stood at 12.5% for the quarter ended September 30, 2008. The difference between the effective tax rate and the regulatory Canadian tax rate of 31.4% can be explained by the breakdown of the Company's revenues between different jurisdictions, including some with lower effective tax rates. The effective tax rate for the six-month period stood at 17.6%, as the unfavourable impact of valuation allowances mitigated the advantage associated with revenues earned in jurisdictions with lower effective tax rates.

Net Earnings and Earnings Per Share

GLV closed the second quarter with consolidated net earnings of $2.9 M or $0.11 per share (basic and diluted), compared with normalized consolidated and combined carve-out net earnings of $0.4 M or $0.02 per share (basic and diluted) in the same quarter of the previous year. Year-to-date consolidated net earnings amounted to $5.0 M or $0.19 per share (basic and diluted), compared with normalized consolidated and combined carve-out net earnings of $0.8 M or $0.03 per share (basic and diluted) for the same semester last year.

The 4.5% increase in the weighted average number of shares outstanding (basic and diluted) is attributable to the issue of 1,153,846 Class A subordinate voting shares effective April 11, 2008.

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 second quarter of fiscal 2009, although currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the American dollar and the decline in the pound Sterling in relation to the Canadian dollar) had a certain impact on the two groups' segmented operating results, their effect on GLV's consolidated operating results was immaterial, representing less than $1.0 M on revenues, less than $0.2 M on the gross margin and a negligible amount on consolidated EBITDA and EBIT.

For the full six-month period, however, an unfavourable impact of $4.6 M, $1.5 M, $0.5 M and $0.4 M respectively reduced GLV's consolidated revenues, gross margin, EBITDA and EBIT, primarily as a result of the significant first-quarter increase in the Canadian dollar in relation to the American dollar compared with the same period of the previous fiscal year and, to a lesser extent, in relation to the pound Sterling and the Swedish krona.

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1 Compared with the interest on advances to companies of GL&V recorded up until August 8, 2007.

Order Backlog as at September 30, 2008 and Outlook

As at September 30, 2008, GLV's order backlog stood at $335.7 M, reflecting, at constant exchange rates, slight declines of:

- 3.5% from June 30, 2008; and
- 0.9% from September 30, 2007.

Despite the finalization underway of a contract worth more than $60 M by the Pulp and Paper Group in Portugal and the economic slowdown, GLV thus succeeded in renewing its order backlog to maintain it at virtually the same level as it record high of June 30, 2008.

Although it is still too early to assess its impact over the short, medium and long term, the ongoing worldwide financial and economic crisis is a concern for GLV's management, as it could limit financing alternatives relating to GLV's customers investment projects.

Being cautious in light of the current context, GLV's management has tightened cost control measures at head office and in both its groups, as well as the Company's risk management, especially project-related credit risks. It should be noted that GLV benefits from more favourable financing conditions than those currently available on the market, having arranged its principal credit agreement before the financial market crisis began, i.e. in August 2007, for a five-year period expiring in August 2012.

Despite the current situation, management believes that GLV is in a good position to face the global economic and financial crisis, for the following main reasons:

- The size of the Company's order backlog should enable GLV to sustain a good level of business activity and revenues in upcoming quarters;
- The recent reorganization of the Water Treatment Group's European and North American operations is yielding benefits in line with expectations;
- In regard to GLV's customers, management believes that the current tightening of credit markets should mostly affect major investment projects for new infrastructures, as the demand for smaller-scale projects aimed at improving and upgrading existing infrastructures presently remains relatively strong. This market segment is the Pulp and Paper Group's primary field of expertise and an important niche for the Water Treatment Group as well, especially in the North American municipal market; and
- GLV benefits from a good financial position, as its total net debt to invested capital ratio stood at 25.8% as at September 30, 2008. The $25 M credit facility by way of unsecured debentures granted by the Solidarity Fund QFL for the Company's expansion projects was renewed in October for an additional three-month period.

Thus, for fiscal 2009, based on its reading of the Company's business outlook and of current economic conditions and financial markets, management maintains the Company's objective, as disclosed in June 2008, of achieving consolidated revenues of between $570 M and $600 M.

Free Cash Flow

(in thousands of $, except per share data)	**Three-month periods ended September 30,**		**Six-month periods ended September 30,**	
	2008	2007	**2008**	2007
Cash flows from (used in) operating activities	**94**	22,407	**(8,192)**	9,321
Less:				
Net change in non-cash balances related to operations	**(6,281)**	17,234	**(20,827)**	1,471
Acquisition of property, plant and equipment, net of disposals	**213**	2,068	**1,805**	3,258
Free cash flow	**6,162**	3,105	**10,830**	4,592
per share (basic and diluted)	**0.23**	0.12	**0.41**	0.18

The comparison of free cash flows for the period ended September 30, 2008 with the equivalent period in 2007 is not representative, as data for the second quarter of the previous year mostly reflects the impact of the transaction related to the Arrangement.

Variance in Cash and Cash Equivalents

(in thousands of $)	Three-month periods ended September 30, 2008	2007	Six-month periods ended September 30, 2008	2007
Balance as at beginning of period	**8,370**	1,827	**18,724**	18,057
Free cash flow	**6,162**	3,105	**10,830**	4,592
Net changes in non-cash balances related to operations	**(6,281)**	17,234	**(20,827)**	1,471
Net utilization of the revolving credits	**7,091**	56,700	**(4,377)**	56,700
Repayments of long-term debt	**(1,317)**	(58)	**(2,938)**	(91)
Issuance of share capital	**11**	-	**15,011**	-
Cost issuance of share capital	**3**	(182)	**(49)**	(182)
Net transactions with other group of Groupe Laperriere & Verreault Inc.	**-**	(69,664)	**-**	(69,962)
Change in restricted cash	**(38)**	(892)	**(402)**	(1,075)
Effect of exchange rate changes on cash and cash equivalents	**(1,506)**	(6,648)	**(2,125)**	(8,100)
Other	**932**	(1,447)	**(420)**	(1,435)
Balance as at end of period	**13,427**	(25)	**13,427**	(25)

It should be noted that the considerable amounts invested in work in progress as a result of business growth during the six-month period ended September 30, 2008 were alleviated by the efficient collection of accounts receivable.

In addition to free cash flows for the quarter, the positive net change of $5.1 M in cash and cash equivalents is mainly attributable to the use of $7.1 M of the credit facility.

During the first half of the current fiscal year, however, cash and cash equivalents decreased by $5.3 M due primarily to a $31.1 M increase in contracts in progress (less progress billings) attributable to the business growth in both operational groups, offset by $19.9 M from accounts receivable.

The $7.3 M reduction in long-term debt of the semester can be explained by the use of the $15 M proceeds from the first-quarter share issue to repay the debt related to the acquisition of AJM, combined with the period’s other debt movements.

Financial Position

Balance Sheet Highlights

(in thousands of $, except ratio)	**September 30, 2008**	March 31, 2008	**Explanation of variations**
Assets			
Cash and cash equivalents	**13,427**	18,724	Use of $5.3 M to finance operational requirements stemming from business growth
Accounts receivable	**121,890**	141,744	Reduction of $19.9 M due to the disciplined collection strategy implementd by management
Income taxes receivable	**3,049**	2,107	Immaterial change
Inventories	**32,529**	31,419	Immaterial change
Contracts in progress, less progress billings	**78,876**	47,808	Increase of $31.1 M due to business growth
Prepaid expenses	**5,635**	3,824	Payments of various commitments
Future income taxes	**6,350**	6,134	Immaterial change
Long-term investments and other	**1,524**	1,527	Immaterial change
Property, plant and equipment	**39,998**	42,677	Immaterial change
Future income taxes	**3,136**	3,428	Immaterial change
Goodwill	**32,093**	33,686	Immaterial change
Intangible assets	**37,731**	40,982	Immaterial change
Restricted cash	**4,939**	4,537	Immaterial change
Other assets	**4,142**	4,407	Immaterial change
Liabilities			
Accounts payable and accrued liabilities	**124,699**	130,106	Decrease of $5.4M related to the advancement of contracts in progress
Advances from companies of GL&V	**1,027**	991	Immaterial change
Long-term debt	**72,702**	80,055	During the first quarter, partial repayment of debt using proceeds from the $15 M share issue; second quarter increase of the debt to finance operational requirements stemming from business growth
Other liabilities	**9,601**	9,690	Immaterial change
Future income taxes	**3,868**	3,913	Immaterial change
Shareholders' equity			
Share capital	**178,532**	163,517	Issuance of $15 M of share capital in the first quarter
Current assets	**261,756**	251,760	
Current liabilities	**(124,699)**	(130,106)	
Working capital	**137,057**	121,654	
Current ratio	***2,10:1***	*1.94 :1*	

Indebtedness

(in thousands of $, except ratio)	**September 30, 2008**	March 31, 2008
Total net debt:		
Long-term debt and advances from companies of GL&V	**73,729**	81,046
Less:		
Cash and cash equivalents	**(13,427)**	(18,724)
Total net debt	**60,302**	62,322
Total invested capital:		
Shareholders' equity	**173,422**	158,249
Total net debt	**80,302**	62,322
Total	**233,724**	220,571
Total net debt on invested capital ratio	***25.8%***	*28.3%*

Despite the use of part of the available cash, the total net debt and total net debt to invested capital ratio slightly decreased from March 31, 2008, as a result of the share issue effective April 11, 2008 and the repayment of long-term debt.

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

Unused Financing Sources

(in thousands of $)	**September 30, 2008**	March 31, 2008
Credit facilities:		
Authorized	**200,000**	175,000
Borrowed	**(72,702)**	(76,875)
Letters of credit issued	**(36,745)**	(42,990)
Unused credit	**90,553**	55,135
Cash and cash equivalents	**13,427**	18,724
Total unused financing sources	**103,980**	73,859

V. ANALYSIS OF SEGMENTED OPERATING RESULTS FOR THE THREE AND SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2008

WATER TREATMENT GROUP

Results of Operations

(in thousands of $, except percentages)	Three-month periods ended September 30, 2008	2007	Change 2008 versus 2007 %	Six-month periods ended September 30, 2008	2007	Change 2008 versus 2007 %
Revenues:						
New equipment	**60,374**	60,401	(0.0%)	**122,342**	108,895	12.3%
Aftermarket	**6,763**	5,433	24.5%	**11,348**	11,616	(2.3%)
Total	**67,137**	65,834	2.0%	**133,690**	120,511	10.9%
EBITDA	**3,495**	3,264	7.1%	**6,160**	6,378	(3.4%)
Normalized items:						
Arrangement-related costs	**-**	144		**-**	173	
Normalized EBITDA	**3,495**	3,408	2.6%	**6,160**	6,551	(6.0%)
Depreciation and amortization	**1,400**	1,356	3.2%	**2,971**	2,749	8.1%
Normalized EBIT	**2,095**	2,052	2.1%	**3,189**	3,802	(16.1%)
Margins as a percentage of revenues:						
Normalized EBITDA	**5.2%**	5.2%		**4.6%**	5.4%	
Normalized EBIT	**3.1%**	3.1%		**2.4%**	3.2%	

Other selected financial information

Favourable (unfavourable) impact of currency fluctuations:	**Three-month Sept. 30, 2008**	**Six-month Sept. 30, 2008**
Revenues	**(1,328)**	**(5,419)**
Gross margin	**(352)**	**(1,088)**
EBITDA	**(34)**	**(110)**
EBIT	**4**	**32**

Order backlogs:	**Sept. 30, 2008**	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
	202,243	200,397	185,639	164,644	174,408

Impact of Currency Fluctuations

During the second quarter, this group's revenues sustained an unfavourable impact of $1.3 M due mainly to the devaluation of the pound Sterling in relation to the Canadian dollar. Currency fluctuations also affected its gross margin by $0.4 M, but had no material impact on its EBITDA and EBIT.

Currency fluctuations for the full six-month period had an unfavourable impact of $5.4 M on segmented revenues, $1.1 M on the gross margin and $0.1 M on EBITDA. The effect on EBIT was immaterial.

Revenues

The Water Treatment Group's second-quarter revenues grew by $1.3 M or 2.0% (4.0% growth at constant exchange rates):

- This increase is essentially attributable to the contribution of AJM, which is performing in line with management's expectations.
- Conversely, the group recorded a slight organic decrease of 2.0% in its revenues (at constant exchange rates), due mainly to the execution schedule of certain large-scale contracts, especially in Europe. The group did not experience an actual business slowdown during the second quarter, as attested to by the growth of its order backlog.

For the six-month period, the 15.4% increase (at constant exchange rates) in the group's revenues is attributable to the 8.9% organic growth coupled with AJM's contribution. The organic growth was mainly achieved in North America, whereas a slight decline was recorded in Europe due notably to the execution schedule of certain contracts and the slowdown in demand in the municipal market in the United Kingdom. Consistent with the group's market objective, the acquisition of AJM and further diversification of its customer base contributed to increase the share of its revenues from the industrial segment, which rose from 26.9% in the first half of the last fiscal year, to 34.0% this year. The gains were mainly achieved in the food and beverage processing segment, as well as in water intake screening systems for the energy sector.

Operating Profitability

Second-quarter EBITDA grew by 2.6% (3.6% growth at constant exchange rates) to $3.5 M in the second quarter of fiscal 2009, compared with normalized EBITDA of $3.4 M the previous year. The EBITDA margin was the same as the previous year's normalized EBITDA margin, at 5.2%.

Despite this apparent stability, the following main changes should be pointed out:

- The group achieved a $1.0 M or 8.8% reduction in its operating expenses, primarily selling and administrative expenses, which thus represented 15.3% of second-quarter revenues, versus 17.1% last year. Consistent with management's expectations, this improvement reflects the initial benefits of the previous year's reorganization of the group's operations.
- However, besides the unfavourable impact of currency fluctuations, this group's gross margin continued to be affected by certain less profitable contracts being finalized in North America. As part of their recent restructuring, the North American operations refocused their market development efforts on higher value-added contracts further showcasing the quality of the Water Treatment Group's technological portfolio and yielding higher margins. This strategic shift is progressing as planned.

Year-to-date segmented EBITDA decreased by 6.0% (4.3% decrease at constant exchange rates) to $6.2 M. The EBITDA margin (compared with the previous year's normalized EBITDA) thus declined from 5.4% last year to 4.6% this year, due to the following factors:

- the pressure exerted on the gross margin by less profitable contracts being finalized in North America and currency fluctuations; and
- a $2.0 M or 10.3% year-to-date increase in selling and administrative expenses, attributable to the setting up, during the first quarter, of new resources to support the group's organic growth and the efficient execution of its order backlog. However, operating expenses as a percentage of revenues decreased slightly, from 15.7% to 15.6%. In light of the second-quarter results, management expects this ratio to further improve in the second half of fiscal 2009.

Order Backlog and Outlook

As at September 30, 2008, the Water Treatment Group's order backlog stood at an all-time high of $202.2 M. At constant exchange rates, it posted growth rates of:

- 1.1% over June 30, 2008, due to organic growth; and
- 13.3% over September 30, 2007, attributable to the addition of AJM and organic growth.

Consistent with the comment made by management in the Interim Report for the first quarter of fiscal 2009 to the effect that the municipal market in the United Kingdom could experience a slowdown due to the financial crisis, GLV's management can confirm that a sharp downturn is effectively affecting this market at the present time. However, management estimates that this downturn will have a moderate impact on the group's financial performance for the current fiscal year, as this group is achieving a better than expected performance in certain other markets. To alleviate the impact of the slowdown in demand in the United Kingdom, GLV has implemented cost reduction measures that should yield annual savings of close to $1 M in fixed costs. In addition, since the beginning of the current fiscal year, the teams based in the United Kingdom have been redirected toward growth markets in Eastern Europe, the Middle East and Spain. This initiative has already started to produce positive results that should contribute to mitigate the impact of the downturn in the United Kingdom.

Management believes there could also be a slowdown in demand in the North American municipal market, but mainly in regard to new capital investment projects. Thus far, the demand remains strong for municipal systems upgrading projects, which is one of Eimco Water Technologies' strengths. The group will intensify its development efforts in this North American market niche in upcoming quarters. GLV's management is also confident that government authorities will inject supplementary funds into infrastructure projects within the next few months, in order to stimulate the economy.

Furthermore, the Water Treatment Group continues to develop its industrial customer base in regions where the demand for water treatment solutions is growing, especially in the energy and food and beverage processing sectors. In the latter segment, consistent with the previously announced objectives, the group has undertaken to export the technologies and know-how acquired from AJM toward other geographic markets, beginning with Southeast Asia.

In the event of a severe and prolonged market slowdown, management is confident that group can rapidly and efficiently adjust its cost structure, given its operational model built on manufacturing outsourcing. Although GLV's remains cautious as to the Water Treatment Group's overall outlook in light of the current economic situation, the effects of which are for the moment difficult to foresee, it believes that the Water Treatment Group should achieve a performance within the expected range for fiscal 2009 as a whole.

PULP AND PAPER GROUP

Results of Operations

(in thousands of $, except percentages)	**Three-month periods ended September 30, 2008**	2007	Change 2008 versus 2007 %	**Six-month periods ended September 30, 2008**	2007	Change 2008 versus 2007 %
Revenues:						
New equipment	**46,173**	30,393	51.9%	**87,601**	55,018	59.2%
Aftermarket	**32,167**	27,760	15.9%	**66,320**	61,052	8.6%
Total	**78,340**	58,153	34.7%	**153,921**	116,070	32.6%
EBITDA	**6,301**	4,211	49.6%	**13,510**	5,792	133.3%
Normalized items:						
Arrangement-related costs	**-**	(1,146)		**-**	242	
Normalized EBITDA	**6,301**	3,065	105.6%	**13,510**	6,034	123.9%
Depreciation and amortization	**709**	792	(10.5%)	**1,464**	1,544	(5.2%)
Normalized EBIT	**5,592**	2,273	146.0%	**12,046**	4,490	168.3%
Margins as a percentage of revenues:						
Normalized EBITDA	**8.0%**	5.3%		**8.8%**	5.2%	
Normalized EBIT	**7.1%**	3.9%		**7.8%**	3.9%	

Other selected financial information

Favourable (unfavourable) impact of currency fluctuations:	**Three-month Sept. 30, 2008**			**Six-month Sept. 30, 2008**	
Revenues	**2,342**			**943**	
Gross margin	**229**			**(290)**	
EBITDA	**72**			**(231)**	
EBIT	**68**			**(214)**	
Order backlogs:	**Sept. 30, 2008**	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
	123,791	142,949	152,454	129,933	151,081

Impact of Currency Fluctuations

During the second quarter of fiscal 2009, currency fluctuations, more particularly the devaluation of the Canadian dollar in relation to the Swedish krona, had a favourable impact of $2.3 M on this group's revenues and $0.2 M on its gross margin, although its impact on EBITDA and EBIT was immaterial.

Currency fluctuations for the six-month period has a slight favourable impact of $0.9 M on the group's revenues, but negatively affected its gross margin, EBITDA and EBIT, by $0.3 M, $0.2 M and $0.2 M respectively.

Revenues

The Pulp and Paper Group's revenues increased by $20.2 M or 34.7% (30.7% increase at constant exchange rates) during the second quarter, exclusively due to organic growth:

- Revenues from the sale of new equipment grew by 51.9% as a result of the significant revenues recognized in connection with large-scale contracts, especially that of more than $60 M in Portugal. This world-class contract, which is currently being finalized, was executed according to GLV's and the customer's expectations, thereby providing the Pulp and Paper Group with a major international showcase that will contribute to reinforce its leadership in pulp preparation technologies.
- Aftermarket revenues also posted a solid 15.9% growth rate, notably in Europe.

The 31.8% organic growth (at constant exchange rates) in the group's revenues for the first six months of fiscal 2009 is primarily attributable to the chemical pulp preparation segment, but also to the aftermarket. Growth was particularly strong in Europe, attributable mainly to the contribution of the technology centre in Karlstad and the execution in progress of the major contract in Portugal. The group also achieved satisfactory revenue growth in North America.

Operating Profitability

The group's second-quarter EBITDA increased by $3.2 M or 105.6% to $6.3 M, compared with normalized EBITDA of $3.1 M the previous year. The group's EBITDA margin thus rose from 5.3% (normalized figure) last year to 8.0% this year. This improvement can be explained by the following key factors:

- the significant revenues recognized during the period, consistent with the execution schedule of certain large-scale contracts, the progression and profitability of which are line with management's objectives;
- the group's solid performance in the aftermarket;
- the strengthening of its international manufacturing outsourcing network, particularly in India and China; and
- the implementation in the European aftermarket of a business model similar to the one in North America, which has proven successful for several years.

It should also be noted that the group's general administrative and selling expenses represented 13.3% of second-quarter revenues, compared with 16.4% in the same period last year.

The group's EBITDA for the first six months grew to $13.5 M, up by 127.7% (at constant exchange rates) over the normalized EBITDA of $6.0 M posted the previous year. Besides the aforementioned factors, this performance is also attributable to the increased contribution of the technology centre in Karlstad (Sweden), which was in a start-up phase last year. The EBITDA margin thus stood at 8.8%, versus a normalized EBITDA margin of 5.2% the previous year.

Order Backlog and Outlook

As at September 30, 2008, the Pulp and Paper Group's order backlog stood at $123.8 M. At constant exchange rates, it posted respective decreases of:

- 9.5% from June 30, 2008; and
- 19.8% from September 30, 2007.

These changes are due mainly to the significant revenues recognized during the last two quarters consistent with the execution schedule of the large-scale contracts in progress, especially in Europe. Conversely, the Pulp and Paper Group has grown its order backlog in North America over the past three months.

Among new orders, the Pulp and Paper Group has been awarded recently a large-scale contract in the United States in the pulp preparation segment (based on technologies similar to those being implemented in Portugal), which confirms this group's technological leadership and its ability to garner major orders despite the economic downturn. In addition, global demand remains strong for smaller-scale projects and spare parts. As such, the group's international leadership in the aftermarket represents a key advantage in the event of an extended slowdown in demand for large projects, especially since it has one of the industry's most extensive installed equipment bases worldwide. In this regard, the group's strategy to further penetrate the aftermarket in Europe is yielding positive results, as reflected by the results achieved in recent quarters. It should also be noted that during past downturn cycles, the aftermarket business has always continued to post a solid performance.

The Pulp and Paper Group is currently witnessing a slowdown in the demand for large projects in China, which has led to the deferral of certain equipment orders. These postponements could have a temporary impact of approximately $4 M to $5 M on the group's working capital, as they would delay the collection of such accounts receivable by approximately 12 months. However, given the status of negotiations with customers and the information currently at its disposal, management is confident that these deferrals will not have a material impact on the group's profitability.

Like the Water Treatment Group, the Pulp and Paper Group's operational model is built on manufacturing outsourcing. This advantage makes management confident that the group can rapidly and efficiently adjust its fixed costs in the event of a significant slowdown in its markets.

In the current economic context, GLV's management remains cautious as to the Pulp and Paper Group's overall outlook. However, it believes that the solid performance recorded by this group since the beginning of fiscal 2009 will be maintained in the second half of the year, and that this group will achieve a performance in line with expectations for fiscal 2009 as a whole.

VI. 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	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Revenues	**149,559**	145,490	147,548	137,690	125,887	115,268	144,011	111,792
EBITDA	**7,491**	7,311	200	6,302	(96)	3,719	11,591	3,715
Normalized EBITDA	**7,491**	7,311	1,265	7,300	4,804	4,616	11,554	2,223
EBIT	**4,567**	4,240	(2,437)	3,502	(2,867)	855	7,594	1,063
Normalized EBIT	**4,567**	4,240	(1,372)	4,500	2,033	1,752	7,558	(429)
Net earnings (loss)	**2,924**	2,105	(1,902)	1,025	(2,155)	(578)	1,673	623
per share (basic and diluted)	**0.11**	0.08	(0.07)	0.04	(0.09)	(0.02)	0.07	0.02
Normalized net earnings (loss)	**2,924**	2,105	(1,021)	1,742	422	356	2,004	(537)
per share (basic and diluted)	**0.11**	0.08	(0.04)	0.07	0.02	0.01	0.08	(0.02)

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 November 5, 2008

(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.

Stock Option Plan as at September 30, 2008

	Options available for issuance	**Options issued and outstanding**
Class A subordinate voting shares	2,538,888	1,355,000

Change in Ticker Symbols on TSX

Since August 21, 2008, GLV's Class A subordinate voting shares and Class B multiple voting shares have traded on the TSX under the new ticker symbols GLV.A and GLV.B respectively.

Basis of Comparison for the Three and Six-Month Periods Ended September 30, 2008 and 2007

The analysis of the second quarter and first half ended September 30, 2008 relates to GLV's actual consolidated operating results and cash flows for these periods. However, operating results and cash flows for the comparative periods ended September 30, 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 two comparative periods in 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 September 30, 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 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 expenses and impairment of long-lived assets;
- **EBIT**: earnings before financial expenses and income taxes;
- **normalized EBIT**: according to the reporting periods, EBIT before gains or losses recorded outside the normal course of business on the disposal of property, plant and equipment and other assets, non-recurring costs directly related to the Arrangement, restructuring expenses and impairment of long-lived assets;
- **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 and other assets, non-recurring costs directly related to the Arrangement, restructuring expenses and impairment of long-lived assets (net of 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).

Risk Management

GLV's management makes every effort to ensure that the Company and its subsidiaries benefit from effective risk management. 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 implementing the measures necessary for monitoring risk management, among others, by developing and recommending to the Board of Directors or its Audit Committee the various policies and procedures serving to support GLV's subsidiaries in developing and implementing effective strategies in regard to internal and external control, aimed at improving and reducing the impact of business and operating risk factors.

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).

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 September 30, 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.

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 only be measured 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, CA
Executive Vice-President and Chief Financial Officer

November 6, 2008