Management's Discussion & Analysis

First quarter of Fiscal 2012
Three-month period ended June 30, 2011

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August 11, 2011

Unless otherwise indicated, all amounts are in Canadian dollars.

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

This interim Management Discussion & Analysis ("MD&A") was prepared under the responsibility of GLV Inc.'s management and approved by its Board of Directors as of August 11, 2011. The information appearing herein accounts for all significant events that occurred prior to that date. The MD&A presents the Corporation's position and business context as they were, to management's best knowledge, upon its approval by the Board of Directors.

This MD&A should be read in conjunction with the interim condensed consolidated financial statements and accompanying notes for the three-month period ended June 30, 2011, as well as with the audited consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2011. The interim condensed consolidated financial statements for the three-month periods ended June 30, 2011 and June 30, 2010 have not been reviewed or audited by the Corporation's external auditors.

The financial information presented in this MD&A, including tabular amounts, is prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are for the first time prepared in accordance with IFRS. For more information regarding the conversion to IFRS, please refer to the note 19 of the interim condensed consolidated financial statements and the section 11, "Accounting principles and IFRS" of this MD&A.

In this MD&A, "GLV" or "the Corporation" designates, as the case may be, GLV Inc. and its subsidiaries and divisions, or GLV Inc. or one of its subsidiaries or divisions and the information contained is mainly structured by group, specifically the Water Treatment Group under Ovivo, the Pulp and Paper Group and Other. The fiscal year ended March 31, 2012 and the fiscal years ended March 31 of prior years are sometimes designated by the terms "fiscal 2012," "fiscal 2011" and so forth. The "first quarter of fiscal 2012" and the "first quarter of fiscal 2011" refer to the three-month periods ended June 30, 2011 and 2010, respectively. Unless otherwise indicated, the comparative analysis of operating results and cash flows for the three-month period ended June 30, 2011 is performed in relation to the equivalent periods ended June 30, 2010, whereas the comparative analysis of the financial situation as at June 30, 2011 is performed in relation to data recorded as at March 31, 2011. According to the first IFRS application described above, the results for the first quarter fiscal 2011 have been restated for comparison purposes.

This MD&A also uses non-IFRS financial measures. Please refer to the section 12, "Reconciliation to non-IFRS measures" of this report for more information on these measures.

Supplementary information about the Corporation, including the Annual Information Form dated June 9, 2011, the MD&A for the fiscal year ended March 31, 2011 and the interim reports for the fiscal 2011 and press releases are available on SEDAR (www.sedar.com) and the Corporation's website (www.glv.com). Certain other documents, including presentations to investors, are also available on the Corporation's website.

2. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

The management of GLV would like to point out that forward-looking statements involve a number of uncertainties and known and unknown risks such that the actual and future results of GLV could differ materially from those stated. Factors of uncertainty and risk that might result in such differences include contracts with clients regarding equipments and services, operations and turnkey projects, dependence on key personnel, risks related to acquisitions, exchange rate and hedging contract risk, credit, asset impairment, market and liquidity risks, competition, supplier-related risks, availability to the financing required to carry on the business and strategic plan, concentration risk, availability of raw materials, fluctuations in interest rates, potential lawsuits regarding intellectual property rights, and risks associated with the Corporation's holding company structure. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. In addition, unless otherwise indicated, the forward-looking statements included in this MD&A were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of GLV assumes no obligation to update or revise forward-looking statements as a result of new information, future events or other changes. Forward-looking statements are designed to provide the reader with a description of management's expectations regarding the Corporation's financial performance during fiscal 2012 and may not be appropriate for other purposes.

Additional information about the risk factors to which GLV is exposed is provided in Section 11, "Risks and uncertainties" of this MD&A for the fiscal year ended March 31, 2011.

3. PROFILE OF THE CORPORATION

Description of business

GLV Inc. is a leading global provider of technological solutions used in water treatment as well as in pulp and paper production. The Corporation operates in some 30 countries and had approximately 2,300 employees as at June 30, 2011.

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

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

- In addition to these two groups, the Corporation has:
    - Three manufacturing units that specialize in the manufacture of large custom-made parts from specifications provided by the Ovivo, the Pulp and Paper Group or external customers; and
    - The Van Der Molen division that specializes in processes for the designs and marketing of equipment for certain stages of beverage production.

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

Strategic approach

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

- ***Development of growing geographic markets***
  The Corporation operates worldwide. It strives to expand its presence in its traditional markets of North America and Europe, while positioning itself in areas of the world where water processing and pulp and paper industries boast growth potential, such as Southeast Asia, Australia, the Middle East, China, India and Russia. GLV leverages its in-house expertise to develop and offer to its clients, competitive technologies and know-how.
- ***Acquisition of targeted businesses and technologies***
  The Corporation continually seeks opportunities to enhance its technology portfolio, particularly through the addition of complementary technologies, to expand its commercial presence in growth potential regions.
- ***Development of aftermarket services***
  Aftermarket services, including the sale of replacement parts and optimization services for existing equipment, generate recurring revenue streams and added value. The Pulp and Paper Group is already active in this market in North America and Europe and targets as well markets with growing capital spending. Ovivo strives to expand its service offering in equipment optimization services and increase sales of replacement parts across all of its markets.
- ***Manufacturing outsourcing***
  The Corporation generally outsources component manufacturing to an international network of subcontractors. Accordingly, its teams can focus on product engineering, project management and sales operations, which it considers an advantage in regard to costs and the ability to adapt to fluctuations in demand.

4. SIGNIFICANT EVENTS IN FISCAL 2012 FIRST QUARTER

Completion of certain contracts in Ovivo's desalination segment

As noted in the fourth quarter of the last fiscal year, certain contracts on the backlog of Chris Water Technology AG ("CWT") acquired at the end of November 2009, mainly in the desalination segment, will be substantially completed beginning of fiscal 2013. These contracts, which have negative gross margins, have had a significant unfavorable impact on fiscal 2012 first quarter results.

During that first fiscal quarter 2012, the advanced state of completion of some of these contracts and the appointment of a new management team for the segment identified new risks and opportunities related to the contracts, resulting in the recognition of additional costs required to bring them to conclusion.

Excluding these problematic contracts, the desalination operating activities, of which, current projects in Africa, generate satisfactory margins resulting from a good project management approach, aligned with the management expectations.

Consolidation of operations in the U.K. - Ovivo

During the first quarter of fiscal 2012, the ongoing restructuring of the U.K. division responsible for managing energy market contracts advanced as expected. Implementing the turnaround plan combined with consolidating some administrative functions with other divisions in the U.K. will generate synergies in the future. Moreover, integration of operating activities within the U.K. and U.S. divisions will enhance our client offering, by drawing on the full range of our technology portfolio. Solid proof of this is the growth of the backlog in the energy sector during the first quarter of fiscal 2012.

Management expects to have concluded these initiatives during the third quarter of 2012, along with substantial completion of the problematic contracts identified during fiscal 2011, with no significant unfavorable effect on the Corporation's future results.

5. HIGHLIGHTS OF THE FISCAL 2012 FIRST QUARTER

The Corporation's results for the quarter ended June 30, 2011 were below expectations due to the effect of significant additional costs recognized for certain contracts in the desalination segment. Despite this significant event for the quarter, the Corporation maintained both revenues and operating profitability at the same levels as the first quarter of the previous fiscal year.

Despite the important impact of the reduction of activities in the desalination segment on Ovivo revenues, the group has improved its EBITDA and EBITDA margin in comparison with the first fiscal 2011 quarter. That increase is attributable to some synergies resulting from the integration of the water treatment group operations under Ovivo, brand created during fiscal 2011, the implementation of more stringent projects selection criteria and the project management processes.

For the Pulp and Paper Group, despite an increase in its revenues in comparison with the first fiscal 2011 quarter, the mix of certain margins on equipment procurement contracts, partially offset by stronger demand for aftermarket services, reduced EBITDA and EBITDA margin.

Revenues: $150.4 million

From $148.3 million for the same quarter in fiscal 2011, an increase driven by growth in the two core operating groups, excluding the significant reduction impact of the desalination segment.

Gross margin: $32.0 million

Representing 21.3% of consolidated revenues, up from 20.8% ($30.8 million) reported for the first quarter of fiscal 2011 which is noteworthy considering the unfavourable impact of the desalination segment.

EBITDA: $4.0 million

Compared with $3.9 million for the first quarter of fiscal 2011, representing an improved performance for Ovivo and the group Other offset by a decrease in the Pulp and Paper Group. Ovivo reported sound performance in the microelectronics and energy segments and a good contribution from U.S. and European municipal segments. This was partially offset by significant operating losses in the desalination segment resulting from the recognition of additional costs required to bring certain contracts on the backlog of CWT to conclusion. The EBITDA margin stands at 2.7%, at the same level as for the first quarter of last year.

Net loss: $4.1 million or $0.09 per share, basic and diluted

Compared with a net loss of $4.5 million or $0.09 per share, basic and diluted, and a net loss from continuing operations of $4.1 million or $0.08 per share, basic and diluted, for the first quarter of fiscal 2011, a variance attributable to the same level of consolidated BAIIA as last year and a favourable impact of the gain on foreign exchange partially offset by higher income taxes.

OTHER INFORMATION AS AT JUNE 30, 2011

Total net debt to invested capital ratio: 21.7%

Compared with 18.9% as at March 31, 2011 due to increased investments in working capital since the acquisition of CWT and considering the disbursements required for further completion of certain contracts in the desalination and energy segments.

Backlog: $421.0 million

Up from $372.2 million as at March 31, 2011, a significant increase mostly attributable to Ovivo, in the segments of energy and renewable energy, the desalination in South Africa and the municipal in Europe. The Pulp and Paper Group has also an improvement of its backlog.

6. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

The consolidated results of the first quarter for fiscal 2011 are comparable to those of the first quarter fiscal 2012 for both revenues and EBITDA. The improvement in performance for most Ovivo entities has been offset by the significant impact of additional costs recognized for contracts to complete in the desalination segment and a decrease in the Pulp and Paper Group profitability.

Selected information

	Quarters ended June 30	
	2011	2010
(in thousands of $, except per share data and percentages)		
Revenues	**150,421**	148,328
Ovivo	**89,460**	92,321
Pulp & Paper	**51,278**	44,113
Other	**9,683**	11,894
EBITDA	**4,017**	3,936
Ovivo	**3,495**	2,619
Pulp & Paper	**2,238**	3,641
Other	**(1,716)**	(2,324)
EBITDA margin (as % of revenues)	**2,7%**	2,7%
Ovivo	**3,9%**	2,8%
Pulp & Paper	**4,4%**	8,3%
Other	**n/a**	n/a
Net loss from continuing operations	**(4,073)**	(4,079)
Net loss from discontinued operations	**-**	(409)
Net loss	**(4,073)**	(4,488)
Cash flow used in continuing operations	**(7,487)**	(30,580)
PER SHARE (basic and diluted)		
Net loss from continuing operations	**(0,09)**	(0,08)
Net loss from discontinued operations	**-**	(0,01)
Net loss	**(0,09)**	(0,09)
Cash flow used in continuing operations	**(0,17)**	(0,69)

Capitalization Ratio	**June 30 2011**	**March 31 2011**
Total net debt to invested capital ratio	21,7%	18,9%

Revenues

	Quarters ended June 30		Change	Organic change at constant exchange rates
	2011	2010	%	%
(in thousands $)				
TOTAL	**150,421**	**148,328**	**1.4%**	**0.1%**
Ovivo	**89,460**	**92,321**	**-3.1%**	**-4.3%**
New equipment	75,084	78,434	-4.3%	
Sale of goods and provision of services	14,376	13,887	3.5%	
Pulp & Paper	**51,278**	**44,113**	**16.2%**	**15.2%**
New equipment	19,717	14,329	37.6%	
Sale of goods and provision of services	31,561	29,784	6.0%	
Other	**9,683**	**11,894**	**-18.6%**	**-22.3%**

For the first quarter of fiscal 2012, the increase in consolidated revenues in comparison to the same quarter of last year was predominately driven by the organic growth of the Pulp & Paper Group. Excluding the significant reduction of the revenues in the desalination segment, the organic growth for Ovivo would have been positive, over 10%. The net favourable impact of currency fluctuations on consolidated and segmented revenues is primarily attributable, in order, to the depreciation of the Canadian dollar against the Swedish Kroner, the euro and the Australian dollar partially offset by its appreciation against the US dollar.

Ovivo

For the first quarter of fiscal 2012, the decrease in overall revenues for Ovivo is attributable to the significant reduction in activities of the desalination segment and to a lesser extent, to the energy sector. This reduction was partially offset by a good performance in the microelectronics segment and an increase in petrochemical and specialized water treatment pulp and paper divisions.

Pulp and Paper Group

For the first quarter of fiscal 2012, the Pulp and Paper Group reported organic revenues growth for a fifth consecutive quarter. Performance during the quarter was solid with a growth rate of 15.2%. This is primarily attributable to the continued recovery within the industry and a surge in demand in aftermarket services.

Other

For the first quarter of fiscal 2012, the decrease in revenues recorded under 'Other', in comparison with the same quarter of fiscal 2011, is due to lower revenues within the Van Der Molen market due to delay in some projects execution. The Manufacturing units in Europe reported an increase in comparison to the first quarter of fiscal 2011.

Revenues by geographic segment based on destination address

	Total		Ovivo		Pulp & Paper	
	as % of consolidated revenues		as % of Group revenues		as % of Group revenues	
	Twelve-month periods ended June 30		Twelve-month periods ended June 30		Twelve-month periods ended June 30	
	2011	2010	2011	2010	2011	2010
North America	40.1%	44.6%	32.5%	38.5%	58.8%	61.3%
Europe and Russia	27.6%	24.9%	28.3%	26.9%	21.5%	19.0%
Asia and Asian Pacific	19.8%	14.5%	24.6%	15.6%	13.0%	13.4%
Middle-East and Africa	10.0%	13.1%	13.5%	18.2%	1.3%	0.9%
Latin America	2.5%	2.9%	1.1%	0.8%	5.4%	5.4%

The geographic breakdown of revenues by destination address for the most recent twelve-month period compared with the previous period shows, for Ovivo, an increase in Asia and Asian Pacific in microelectronics market division and the petrochemical and specialized water treatment pulp and paper divisions.

Gross margin

	Quarters ended June 30		Change	Organic change at constant exchange rates
	2011	**2010**	**%**	**%**
(in thousands $)				
TOTAL	31,988	30,785	3.9%	2.1%
(as % of revenues)				
TOTAL	21.3%	20.8%		

For the first quarter of fiscal 2012 consolidated operating margin increased in dollars and as a percentage of revenues in comparison to the first quarter of fiscal 2011.

Despite the significant impact of the adverse performance of the desalination segment, most of the subsidiaries within Ovivo reported operating margins at the expected level by management. Furthermore, the Pulp and Paper Group reported lower operating margin due to the execution of lower margin capital projects partly offset by higher margin on the aftermarket revenues. The Van Der Molen and europeen manufacturing units, which are reported under 'Other', improved their operating margin showing a good execution on the ongoing projects.

Selling and administrative expenses

	Quarters ended June 30		Change		Organic change at constant exchange rates
	2011	2010	$	%	%
(in thousands $)					
TOTAL	27,971	26,849	1,122	4.2%	2.1%
(as % of revenues)					
TOTAL	18.6%	18.1%			

Selling and administrative expenses slightly rose in the first quarter of fiscal 2012, both in dollars and as a percentage of revenues, compared with the corresponding period last year resulting from the fluctuation in the exchange rates and the variation of revenues between the quarters compared with these expenses that are mostly recurring.

EBITDA

	Quarters ended June 30		Change	Organic change at constant exchange rates
	2011	2010	%	%
(in thousands $)				
EBITDA				
TOTAL	4,017	3,936	2.1%	-0.1%
Ovivo	3,495	2,619	33.4%	32.9%
Pulp & Paper	2,238	3,641	-38.5%	-35.5%
Other	(1,716)	(2,324)	26.2%	18.2%
(as % of revenues)				
EBITDA Margin				
TOTAL	2.7%	2.7%		
Ovivo	3.9%	2.8%		
Pulp & Paper	4.4%	8.3%		
Other	n/a	n/a		

Ovivo
For the first quarter of fiscal 2012, Ovivo reported an increase in EBITDA and an improved EBITDA margin in comparison with the first quarter of fiscal 2011.

Ovivo profitability increase in the first fiscal 2012 quarter was driven by a significant improvement in the microelectronics and the energy segments and by a good performance reported for the Municipal sectors, US and Europe. However, the good performance of most of the subsidiaries was partly offset by the adverse impact of the operating loss reported by the desalination segment which was due to cost overruns recognized in the first quarter fiscal 2012 for the contracts that most are nearly completed, acquired during the acquisition of CWT.

Excluding the operating loss of the desalination segment, Ovivo EBITDA and EBITDA margin for the first quarter of fiscal 2012 would be as expected by the management and would show a significant improvement over the same quarter of last year.

Pulp and Paper Group
For the first quarter of fiscal 2012, while the Pulp and Paper Group's performance was satisfactory, its execution schedule for certain lower margin equipment procurement contracts, partially offset by stronger demand for aftermarket services, reduced EBITDA and EBITDA margin compared with the first quarter of 2011.

Other

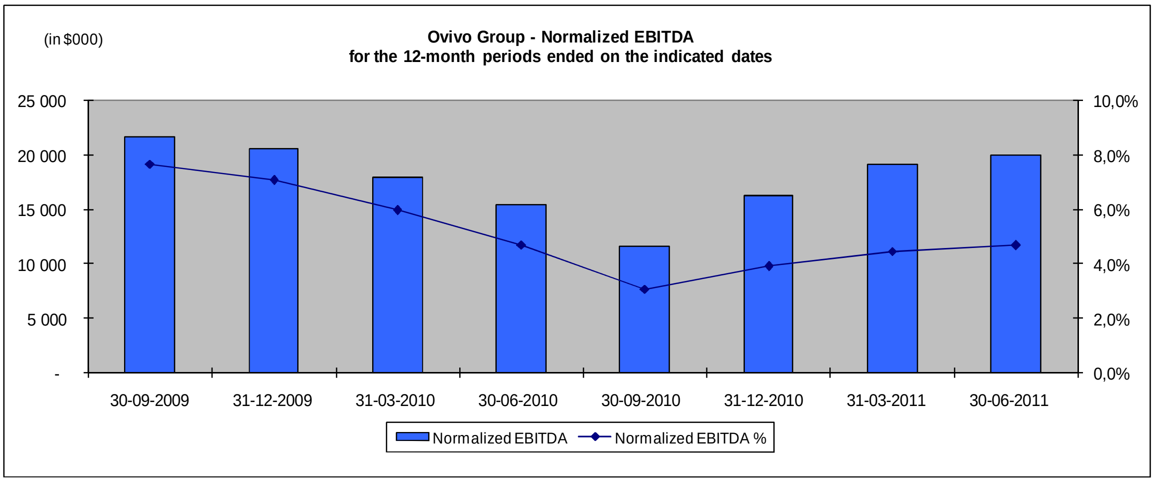
Although during the first quarter of fiscal 2012, 'Other' generated negative EBITDA, its performance improved in comparison to the first quarter of fiscal 2011 due to the good performance of the European Manufacturing units, a gain on the sale of the building and the reversal of a liability for one entity within the Van der Molen Group which closed.

Administrative expenses of Head Office decreased in comparison to the first quarter of fiscal 2011 namely resulting from the CWT Head Office closure at the end of the second quarter of fiscal 2011.

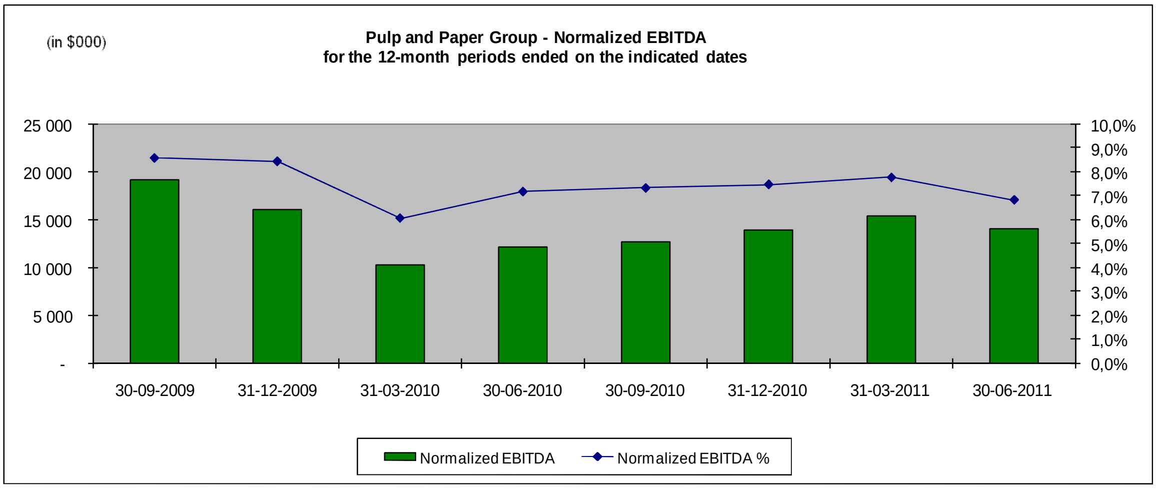
Changes in normalized EBITDA and normalized EBITDA margin

The graphs below show the changes in the normalized EBITDA and normalized EBITDA margin for Ovivo and the Pulp and Paper Group for the twelve-month periods ended on the indicated dates.

For Ovivo, the decline in performance for the periods following the acquisition of CWT stems from the impact of lower profit margins on contracts that were part of CWT's backlog when it was acquired at the end of November 2009 and the operating losses at the U.K. energy division in the second quarter of fiscal 2011. For the twelve-month periods ended since December 31, 2010, the graph shows some stability and a slight improvement in profitability in the past three quarters, despite the impact of the desalination segment results in the past two quarters.



For the Pulp and Paper Group, the graph highlights the impact of the global recession on the pulp and paper industry starting in fall 2008, some recent recovery in investments made by paper makers and the reduction of the combined margins on contracts and revenues from the aftermarket in the first fiscal 2012 quarter.



Amortization

	Quarters ended June 30		Change	Organic change at constant exchange rates
	2011	**2010**	$	%
(in thousands $)				
Total	4,719	4,584	135	-1.4%
Property, plant and equipment	1,377	1,508	(131)	
Intangible assets	3,342	3,076	266	

The amortization expense for the first quarter of fiscal 2012 is comparable to the one of the first quarter of fiscal 2011.

The amortization expense of the intangible asset associated with CWT backlog amounts to approximately $0.9 million per quarter and has been fully amortized in the current period.

Financial expenses, net

	Quarters ended June 30		Change
	2011	2010	$
(in thousands $)			
Total	2,118	2,177	(59)
Interest on long-term debt	1,683	1,383	300
Interest income, net	(36)	(243)	207
Other	471	1,037	(566)

For the first quarter of fiscal 2012, the Corporation recorded net financial expenses that were essentially unchanged compared with the same period in fiscal 2011. Interest on long-term debt, net of interest income, rose as a result of an additional investment in working capital and additional disbursements related to problematic contracts, as discussed in detail in section 8, "*Financial situation and Cash flows"* in this MD&A. This was offset by a decline in other expenses, primarily due to the gradual optimization and streamlining of banking and credit transaction volumes.

Foreign exchange gain and derivative financial instruments

	Quarters ended June 30		Change
	2011	2010	$
(in thousands $)			
Foreign exchange gain	(2 539)	(1 145)	(1 394)
Loss related to derivative financial instruments	2 026	2 207	(181)

The exchange difference results mainly from the translation effect of transactions carried out by subsidiaries in currencies other than their operating currency.

For the first quarter of 2012, the favourable exchange difference is due in large part to the appreciation of the Swiss franc relative to the euro.

The loss related to derivative financial instruments recorded during the first quarter of fiscal 2012 is attributable to an unfavourable mark-to-market re-measurement of the total return swap as well as realized and unrealized losses on cross currency interest rate swaps owing to the appreciation of the Swiss franc against the euro during the period.

Income taxes

	Quarters ended June 30		Change
	2011	2010	$
(in thousands of $, except percentages)			
Income tax expense	1,720	2	1,718
Effective tax rate (%)	-74.6%	-0.1%	
Canadian statutory rate (%)	26.9%	30.7%	

The difference between the effective tax rate and the Canadian statutory rate resulted primarily from valuation allowances (balance of $43.5 million as at June 30, 2011). Management is continuing the reorganization of its holding structure for subsidiaries with the aim of reducing the number of legal entities and optimizing the structure for tax purposes to capitalize on future income tax assets over the next fiscal years.

Net loss

	Quarters ended June 30	
	2011	2010
(in thousands of $)		
Net loss	(4,073)	(4,488)
Net loss from continuing operations	(4,073)	(4,079)
(in $ per share, basic and diluted)		
Net loss	(0.09)	(0.09)
Net loss from continuing operations	(0.09)	(0.08)
Weighted average number of participating shares outstanding (in thousands)	44,092	44,092

The Corporation reported a net loss of $4.1 million or $0.09 per share, basic and diluted for the first quarter of fiscal 2012, compared with a net loss on continuing operations of $4.1 million or $0.08 per share, basic and diluted, for the first quarter of fiscal 2011, a variance resulting primarily from maintained EBITDA for the Corporation as a whole, and a favourable impact of the foreign exchange gain, partially offset by higher income taxes.

7. SUMMARY OF QUARTERLY PERFORMANCE

(en millers de $, sauf les montants par action)	**Exercice 2012**				Exercice 2011			Exercice 2010
	Premier trimestre	Quatrième trimestre	Troisième trimestre	Deuxième trimestre	Premier trimestre	Quatrième trimestre	Troisième trimestre	Deuxième trimestre
Revenus	**150 421**	168 235	185 966	165 188	148 328	141 874	135 808	102 134
BAIIA	**4 017**	8 921	10 669	(2 539)	3 936	934	7 551	3 268
BAIIA normalisé	**4 017**	7 449	11 580	(2 539)	3 936	2 112	7 201	4 228
Résultat opérationnel	**(702)**	3 615	6 121	(6 931)	(648)	(4 567)	3 835	397
Résultat opérationnel normalisé	**(702)**	2 754	7 032	(6 931)	(648)	(3 389)	3 485	1 357
Résultat net lié aux activités poursuivies	**(4 073)**	(5 254)	3 360	(7 651)	(4 079)	(13 152)	1 569	719
par action (de base et dilué)	**(0,09)**	(0,12)	0,07	(0,17)	(0,08)	(0,34)	0,04	0,02
Résultat net normalisé lié aux activités poursuivies	**(4 073)**	(6 187)	4 094	(7 651)	(4 079)	(12 209)	1 289	1 487
par action (de base et dilué)	**(0,09)**	(0,15)	0,09	(0,17)	(0,08)	(0,31)	0,04	0,05
Résultat net lié aux activités abandonnées	**-**	(3 680)	(4 108)	(2 041)	(409)	(520)	168	-
par action (de base et dilué)	**-**	(0,08)	(0,09)	(0,04)	(0,01)	(0,01)	-	-
Résultat net	**(4 073)**	(8 934)	(748)	(9 693)	(4 488)	(13 672)	1 737	719
par action (de base et dilué)	**(0,09)**	(0,20)	(0,02)	(0,21)	(0,09)	(0,35)	0,04	0,02

The fiscal 2011 quarterly results are presented according to the IFRS. The impact of IFRS and the reconciliation to the results presented in prior periods are disclosed in the note 19 to the interim condensed consolidated financial statements unaudited accompanying this MD&A.

The Corporation's results are influenced by current conditions and are not necessarily comparable from one quarter to another. The following events had a significant impact:

- the acquisition of CWT on November 27, 2009 since the fourth quarter of fiscal 2010 ;
- the restructuring of the U.K. energy division mainly in the second and fourth quarters of fiscal 2011 ; and
- the costs to complete some desalination contracts issued from CWT on our last quarter of fiscal 2011 and our first quarter of fiscal 2012.

8. FINANCIAL SITUATION AND CASH FLOWS

For the first quarter of fiscal 2012, the cash flow used, net of acquisitions of property, plant and equipment was $7.5 million ($0.17 per share, basic and diluted), in comparison to $30.6 million ($0.69 per share, basic and diluted) for the same quarter of last year.

	Quarters ended June 30	
	2011	2010
(in thousands of $, except per share data)		
Cash flow generated from operations before changes in non-cash items	**1,603**	3,387
Less:		
Net change in non-cash items related to operations	**(9,018)**	(33,065)
Acquisition of property, plant and equipment, net of disposals	**(72)**	(902)
Cash flow used	**(7,487)**	(30,580)
per share (basic and diluted)	**(0.17)**	(0.69)

For the first quarter of 2012, cash flows related to operations were negatively impacted by the amounts invested in the progress of certain negative gross margin projects in Ovivo's desalination and energy segments, as discussed previously in this MD&A. There is a lag between the time of recognition of certain expenses related to the completion of a given contract (when it is most likely predictable that the contract will result in a negative profit margin on completion), and the actual related disbursements, which are usually made subsequently. This negative effect on cash flows is further compounded by collection terms on the receivables related to these problematic contracts which, in some cases, involve delays exceeding the delivery schedules provided for under the agreements. The combination of these two factors contributed significantly to the cash flow deficit related to operations during the first quarter of fiscal 2012.

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

	Quarter ended June 30, 2011
	$
Trade and other receivables	**13,550**
Inventories	**(610)**
Contracts in progress	**(220)**
Prepaid expenses	**434**
Accounts payable and accrued liabilities, provisions and other liabilities	**(20,776)**
Deferred revenues	**(2,311)**
Income taxes receivable / payable	**915**
	(9,018)

The $9.0 million negative impact on cash flows resulting from changes in non-cash items related to operations during the first quarter of fiscal 2012 is mainly attributable to lower accounts payable and deferred income due to supplier payment schedules and headway on certain contracts during the period. These impacts were offset, however, by sharply lower accounts receivable, owing primarily to stronger trade account collections management.

This resulted in a net working capital position of $129.7 million as at June 30, 2011, representing a ratio of 1.63 as at that date, compared with $116.7 million and 1.52 as at March 31, 2011. The Corporation's total assets stood at $562.2 million as at June 30, 2011, compared with $572.2 million as at March 31, 2011, a decline attributable mainly to the changes in accounts receivable discussed above. Generally, management seeks to maintain its working capital ratio at approximately 1.50, which represents an adequate level given the Corporation's business model, by ensuring that a reasonable amount of cash is used to support operations. The Corporation is continuing its efforts to improve current trade account receivables management in order to maximize the resulting cash flows and thereby reduce financial expenses.

Apart from the foregoing, no other significant cash flows were recorded during the period. Note that changes in exchange rates between March 31, 2011 and June 30, 2011 resulted in a negative change in the remeasurement of cash items and cash equivalents totaling $1.7 million.

The consequence of the cash used during the first quarter was a $14.7 million increase in consolidated debt, partially offset by a $4.8 million rise in cash and cash equivalents during the same period.

Additional comments on financial position

(in thousands of $, except ratios)	**June 30 2011**	March 31 2011
Total net debt:		
Long-term debt	**86,882**	72,148
Less:		
Cash and cash equivalents	**(19,298)**	(14,460)
Total net debt	**67,584**	57,688
Total capitalization:		
Equity	**243,895**	247,584
Total net debt	**67,584**	57,688
Total	**311,479**	305,272
Total net debt to invested capital ratio	***21.7%***	*18.9%*

As at June 30, 2011, the Corporation's total debt amounted to $86.9 million compared with $72.1 million as at March 31, 2011. Net of cash and cash equivalents, GLV's total net debt amounted to $67.6 million for a total net debt to invested capital ratio of 21.7%, compared with total net debt of $57.7 million and an 18.9% ratio as at March 31, 2011.

As at June 30, 2011, our cash position and our bank credit facilities were sufficient to fund our operations. Moreover, all the financial ratios met the parameters set out in the current credit agreements with banks. Where there were special or non-recurring items, conditions on these credit agreements require an adjustment to EBITDA for the purpose of establishing financial ratios. Accordingly, as at June 30, 2011, financial ratios were calculated using an EBITDA adjusted for some of the items recorded in connection with the turnaround plan at the U.K. energy division (in the second quarter of 2011), entities whose shares or assets were sold or that were closed considering their operating losses for the twelve-month period ended June 30, 2011 and implementation costs related to the Group's global positioning strategy during the previous fiscal year.

The main financing agreement in place consists of two non-reducing revolving credit facilities totalling $185 million. Of that amount, $85 million is in the form of a revolving credit facility available to meet day-to-day financing requirements, issue letters of credit and finance business acquisitions, and the balance amount of $100 million is available to issue letters of credit guaranteed by Export and Development Canada ("EDC"). In May 2011, the Corporation reduced for the remaining term of the agreement, the amount available to meet day-to-day financing requirements, from $125 million to $85 million. According to the terms and conditions of the financing agreement, no principal repayment on the long-term debt is required before it matures in August 2012. The Corporation intends to begin the renegotiation of the main financing agreement in the coming quarters. Accordingly, the amounts used on the revolving credit facilities will be presented as short term debt as of the next quarter.

The Corporation also have two revolving credit facilities to support the operations in Austria. The first facility of €40.0 million ($56.0 million) is used to issue letters of credit and the second, amounting to €5 million ($7 million), is used to meet day-to-day financing requirements. As at June 30, 2011, €33.7 million ($47.2 million) had been drawn down under the credit facility to issue letters of credit. The Corporation guarantees repayment of these credit facilities in the event of payment default. The credit facility for issuing letters of credit matures on May 26, 2015 while the credit facility for day-to-day financing requirements is renewable annually in May.

Share capital information and Stock-Based Compensation

Authorized, issued and outstanding shares as at June 30, 2011 and August 11, 2011

	Authorized	Number of shares issued and outstanding
Class A subordinate voting shares	Unlimited	41,906,694
Class B multiple voting shares	Unlimited	2,185,205
Preferred shares	Unlimited	-
		44,091,899

As at June 30, 2011, the number of outstanding stock options to acquire Class A subordinate voting share under the Corporate' stock option plan was 1,587,176 (1,606,176 as at March 31, 2011) of which 899,576 (847,176 as at March 31, 2011) were exercisable.

Furthermore, as per two stock appreciation rights plans ("2007 SARs" and "2009 SARs") another Corporate' long-term incentive program for granting stock appreciation rights (SARs) linked to Class A subordinate voting shares, 930,000 SARs were outstanding as at June 30, 2011 (940,000 as at March 31, 2011).

For further information, refer to note 11 to the interim condensed consolidated financial statements accompanying this MD&A.

9. BACKLOG AND OUTLOOK

	As at June 30	As at March 31	Change		Organic change at constant exchange rates
	2011	2011	$	%	%
(in thousands of $)					
TOTAL	420,971	372,201	48,770	13.1%	12.5%
Ovivo	343,651	304,715	38,936	12.8%	12.1%
Pulp & Paper	63,486	55,994	7,492	13.4%	13.5%
Other	13,834	11,492	2,342	20.4%	19.1%

Ovivo

Given the impact of IFRS and the Corporations's election to account for joint ventures according to the equity method under IAS 31, *Interests in Joint Ventures*, the backlog of its joint ventures is no longer included in the reported information. As at March 31, 2011, that backlog amounted to $1.8 million.

As at June 30, 2011, Ovivo's backlog posted an increase of more than 12%, at constant exchange rates, compared with the end of the previous quarter. The growth is largely in the energy and renewable energy segments, the desalination segment in Africa and the European municipal segment.

In light of current tendering activity, Ovivo is expected to report sustained business volumes in most of its industry sectors in the coming quarters. Outlook for the energy and pulp and paper sectors specializing in water treatment is particularly favourable. The European municipal segment is also developing into a promising market for the coming quarters.

The more challenging economic conditions prevailing in the U.S. municipal segment are limiting the resources of local authorities for investment in infrastructure projects. There has been a noticeable slowdown in requests for bids and management expects a decline in its business volume. That being said, to remain competitive and maintain segment profitability margins, various initiatives have been undertaken such as identifying synergies with other Ovivo entities.

Management remains prudent in estimating future costs related to the completion of certain CWT contracts that had a significant unfavourable effect on desalination segment results in the first quarter of fiscal 2012 and the last quarter of fiscal 2011. New contracts have been won by the desalination segment during the quarter that meet the profitability and risk criteria set by the Corporation's management.

As noted in previous quarters, rigorous contract selection criteria were implemented during fiscal 2010 and 2011, relating primarily to geographical location, minimum expected profitability and availability of the skills required for optimum contract completion. Accordingly, management remains prudent in approving new contracts.

To maintain and increase profitability, management is pursuing the following initiatives:

- Consolidation of operations and administrative functions in the U.K.;
- Active and rigorous management of contracts in the desalination segment and repositioning of the segment with contracts that meet the criteria set by the Corporation's management for profitability, risk and the ability to manage such projects;
- Guidance by a high-caliber project management team with a view, in particular, to benefit from its expertise in identifying and strengthening project execution best practices;
- Continuity of its global procurement and outsourcing program aimed at the optimal use of the existing supplier network in Asia and Eastern Europe, as well as the Group's manufacturing facilities;
- Working capital management, including measures to reduce accounts receivable levels and improve contract payment terms;
- Implementation of a management information system across Ovivo.

According to the Corporation's management, Ovivo's profitability as forecasted for fiscal 2012 takes into account the benefits resulting from the initiatives begun during fiscal 2011. However, the unfavourable impact of the desalination segment and the completion of certain contracts in the energy segment in the U.K. impeded the Group from achieving normalized EBITDA of 10%.

Pulp and Paper Group

As at June 30, 2011, the Group's order backlog showed good growth over March 31, 2011, driven mainly by a sharp rise in capital expenditure projects while orders for the spare parts market held steady compared with the end of the previous quarter.

To maintain comparable profitability with the preceding fiscal year, the Pulp and Paper Group continues to invest in developing new products and improving targeted current products based on its market strengths, as well as in seeking opportunities to boost its aftermarket volume, while maintaining tight control over its costs. Developing the Group's presence in China and in India as well as its outsourcing network remains a priority.

Because the contract performance schedule varies from quarter to quarter, it is likely that the second half of the current fiscal year will show a higher volume of activity than the first six months. For fiscal 2012 overall, the Group's real and expected backlog growth will generate satisfactory operating volumes, which, combined with a competitive and tightly managed cost structure, should enable it to maintain its profit margins.

Other

The outlook for the Van Der Molen group remains favourable and the goals for fiscal 2012 are to achieve positive operations profitability, continue improving contract performance and contractual risk management, and develop a manufacturing outsourcing network.

For the manufacturing units, the goal is to generate positive results for all the subsidiaries, with a particular focus on continuing to develop the facility in Eastern Europe where operating costs are competitive. In Canada, the competitive environment is such that our manufacturing unit cannot currently meet the minimum profitability objectives, and management is monitoring the situation closely.

Last, head office costs should decrease compared with the previous fiscal year and remain unchanged from current quarter levels.

Global outlook

The Corporation's primary goal remains improving the financial performance of Ovivo and strengthening the competitive positioning of its two core groups to expand their market shares in areas where they already operate. In addition, implementation of the strategy for the integrated product and service offering, particularly for the industrial water treatment market, is making positive progress.

For fiscal 2012 as a whole, assuming exchange rates remain stable at current levels and in light of the outlook in the sectors serviced by each group, the Corporation is maintaining its forecast for consolidated revenues to range from $650 million to $675 million.

GLV remains focused on its objective of long-term value creation for its shareholders and reaching $1 billion in revenues. To do so, it will rely primarily on the positioning of Ovivo in an industry with solid organic growth potential resulting from increasing world demand for water, as well as growth potential from acquisitions due to the highly fragmented nature of the industry. With its operating performance and profitability, the Pulp and Paper Group continues to make a solid contribution and remains a key element in the Corporation's strategy. Moreover, GLV enjoys a solid financial position and an adequate capital structure to support current operations and pursue development projects.

10. RISKS AND UNCERTAINTIES

Risks and uncertainties as well as risk management practices are discussed in section 11, "Risks and Uncertainties" of the MD&A for the fiscal year ended March 31, 2011.

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

11. ACCOUNTING POLICIES AND IFRS

Critical accounting policies and estimates

The Corporation prepares its consolidated financial statements in Canadian dollars according to the IFRS. The significant accounting policies used by the Corporation are described in note 2 of the interim unaudited condensed consolidated financial statements as at June 30, 2011.

Certain accounting policies of the Corporation require management to exercise judgment in developing estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates, even significantly. These estimates are reviewed periodically and any required adjustments are recorded in the financial statements of the period in which they are identified.

The most significant estimates concern revenue recognition, goodwill, long-lived assets, provisions, including those relating to warranties, doubtful accounts, restructuring costs and obsolete inventory, as well as the amortization periods for each of the main classes of amortizable assets and income taxes.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that IFRS will replace Canadian GAAP for the fiscal year beginning from January 1st, 2011 for publicly accountable enterprises. The Corporation's first quarter 2012 interim unaudited condensed consolidated financial statements are the first ones prepared according to IFRS. The first IFRS application date for the Corporation is April 1, 2010, considered as the transition date.

The note 19 to the interim unaudited condensed consolidated financial statements accompanying this MD&A provided substantive explanations on the impact of IFRS. This note also discloses the IFRS 1 choices, *First-Time Adoption of IFRS* and the reconciliation tables of the financial information published in previous periods according to Canadian GAAP specifically for the financial situation and the equity as at March 31, 2011, June 30, 2010 and April 1st, 2010 as well as statement of loss and statement of comprehensive loss for the period of twelve months ended March 31, 2011 and three months ended June 30, 2010.

Information on the transition to IFRS is also available in the section 12 « Accounting policies and transition to IFRS in the Corporate' Annual MD&A for the fiscal 2011.

Changes in accounting policies

IFRS 9, Financial instruments
In November 2009, the IASB released IFRS 9, *Financial Instruments*, which provides a model for the recognition, classification and measurement of financial instruments, replacing the guidance set out in IAS 39, *Financial Instruments: Recognition and Measurement*

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

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

IFRS 12, Disclosure of Interests in Other Entities
On May 12, 2011, the IASB released IFRS 12, *Disclosure of Interests in Other Entities*, which contains all of the disclosure requirements for interests in other entities, including subsidiaries, associates, joint ventures and structured entities. Although some of these disclosure requirements were already set out in current standards, some are new.

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

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

GLV is currently assessing the impact of adopting these new standards, which are effective for fiscal years beginning on or after January 1, 2013, except for IFRS 13, which will be effective for fiscal years beginning on or after January 1, 2012.

12. RECONCILIATION OF NON-IFRS MEASURES

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

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

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

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

The Corporation’s backlog consists of firm orders supported, as the case may be, by a signed contract, a purchase order or an advance receipt on a contract. Under certain circumstances, management may decide to defer recognition of a contract in the backlog if, for instance, there are risks that the order could be cancelled or delayed, or that the collection of the selling price is exposed to risks. In that case, the order in question will normally be added to the backlog only upon collection of part of the selling price in the form of advance receipts on a contract, or when management has a reasonable degree of comfort thereof. Management may also decide to record a general reserve accounting for its assessment of the various risks related to the orders recognized in the backlog.

13. CONTROLS AND PROCEDURES

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

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

During the three-month period ended June 30, 2011, there have been no changes in internal control over financial reporting that have materially affected, or would reasonably be expected to materially affect GLV’s internal control over financial reporting.

(SIGNED)
Richard Verreault

President and Chief Executive Officer

(SIGNED)
Marc Barbeau, CA

Executive Vice-President and Chief Financial Officer

August 11, 2011