Management's Report
2009

Driven by
a Vision

of Sustainable Value
Creation

Note from Management

GLV Inc. produced two separate documents for the review of its fiscal year 2009. This document contains the Management's Report and audited consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2009. In compliance with the requirements of the Canadian securities legislation, it was forwarded to shareholders of the Company upon request and filed on SEDAR's website (www.sedar.com) effective June 11, 2009. It has also been made available on GLV Inc.'s website (www.glv.com) on June 11, 2009.

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MANAGEMENT'S REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2009

MANAGEMENT'S REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2009

I. INTRODUCTION

Notice Regarding Forward-Looking Statements

The following 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.

GLV Inc.'s 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 Section V, "*Risk Management*" of this Management's Report for the fiscal year ended March 31, 2009.

Preliminary Comments to Management's Report

This Management's Report was prepared under the responsibility of GLV Inc.'s management and approved by its Board of Directors as of June 11, 2009, and the information appearing herein accounts for any major event occurring prior to that date. 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 Management's Report should be read in the light of the audited consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2009.

In this Management's Report, "GLV" or "the Company" designate, as the case may be, GLV Inc. and its subsidiaries and divisions, or GLV Inc. or one of its subsidiaries or divisions. In this Management's Report, the financial statements ended March 31, 2009 and 2008 are sometimes designated by the terms "fiscal 2009" and "fiscal 2008". The "fourth quarter of fiscal 2009" and the "fourth quarter of fiscal 2008" refer to the three-month periods ended March 31, 2009 and 2008 respectively.

Information about the basis of comparison between the financial data for the current fiscal year and those for the previous year is provided in Section VI, "*Other*" of 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 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 Section VI, *"Other"* of this Management's Report.)

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

Description of Business

Profile

GLV was incorporated on May 15, 2007 to receive, effective August 8, 2007, pursuant to the Arrangement described below, the Water Treatment Group, the Pulp and Paper Group and the Manufacturing unit of Groupe Laperrière & Verreault Inc. ("GL&V"), collectively comprising "the retained businesses". On April 20, 2007, GL&V announced that it had entered into an agreement with FLSmidth & Co. ("FLS"), a Danish company, whereby, through a court-approved plan of arrangement (the "Arrangement"), FLS acquired all the outstanding Class A subordinate voting shares and Class B multiple voting shares of GL&V. In connection with the Arrangement, GL&V transferred the retained businesses to GLV, for which shares are now listed on the TSX Exchange and have been spun off to shareholders.

GLV is a leading global provider of technological solutions used in water treatment, recycling and purification as well as in pulp and paper production. GLV is present in some 30 countries and has approximately 1,600 employees.

- The **Water Treatment Group** (also known worldwide as "Eimco Water Technologies") specializes in the design and international marketing of solutions and high-performance, economical and eco-friendly processes 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, refineries 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.
- The **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. It also stands apart for the superior performance of several of its key products and technologies, notably in terms of energy savings.

GLV is a public company whose shares trade on the TSX Stock Exchange under the ticker symbols GLV.A and GLV.B.

Strategy

Consistent with its vision of creating **long-term shareholder value**, GLV focuses primarily on value-added operations making use of its distinctive skills, more particularly project engineering, technological development, project management and marketing. Its development strategy is based on the following elements:

- the building through acquisitions, technological alliances and internal development of a **portfolio of high-performance technological solutions** meeting the current, emerging and future needs of GLV's target markets, especially in the growing water management field;
- the development of an **international network of subcontractor partners** to whom GLV outsources most of the manufacturing of its proprietary products. Thus, GLV has relatively few fixed assets, providing it with a flexible cost and capital structure it can adapt to market fluctuations;
- the **international and segmented expansion and diversification** of its operational base in high-potential markets;
- the development of a solid business base in the **aftermarket** (upgrading of existing equipment, sale of spare parts, maintenance and other aftermarket services), an activity that yields attractive profit margins and generates a recurring revenue and profit stream;
- **proactive management** of its costs and capital structure; and
- an **entrepreneurial and responsible human organization**, strongly focused on the development of the personnel's technical expertise, proximity to customers and quality of the products and services offered.

Fiscal 2009 Highlights

GLV's results for fiscal 2009 exceeded management's expectations. Despite the economic slowdown that prevailed during the larger part of the year, the Company posted **consolidated normalized net earnings of $16.0 M or $0.60 per share** (basic and diluted), compared with consolidated and combined carve-out normalized net earnings of $1.5 M or $0.06 per share (basic and diluted) the previous year. This performance is attributable to the following key factors:

- the significant order backlog at the beginning of the fiscal year;
- an improvement in both group's profitability;
- efficient contract management and execution in both groups;
- the proactive implementation of cost-reduction and credit risk management measures; and
- the favourable impact of exchange rates.

As at March 31, 2009, GLV's order backlog was down 27.6% (at constant exchange rates) from the same date in 2008, due mainly to the Pulp and Paper Group. Although this group's business environment remains difficult, GLV expects its results for fiscal 2010 will notably benefit from:

- the Water Treatment Group's anticipated solid performance; and
- the cost-reduction measures implemented in 2009.

The following table presents the Company's fiscal 2009 financial highlights and major achievements, in the light of its medium and long-term strategic objectives. A more detailed analysis of the Water Treatment Group's and Pulp and Paper Group's results and achievements is presented in Sections III and IV of this Management's Report.

Medium and Long Term OBJECTIVES	**2009 ACHIEVEMENTS**
Raise consolidated revenues to $1 billion within five to seven years, through organic growth and acquisitions/alliances focused on the integration of new technologies	▪ Revenues of $598.9 M, up 13.8% over fiscal 2008, attributable to: - a 6.6% organic growth (at constant exchange rates); - the additional contribution of the Australian water treatment company acquired in March 2008; and - the favourable impact of exchange rate fluctuations. ▪ Conclusion of three strategic transactions aimed at the integration of new technologies in the water treatment field.
Achieve and maintain a consolidated normalized EBITDA margin of 10% by fiscal 2011	▪ Gross margin of 23.7%, versus 20.7% in 2008. ▪ Normalized EBITDA of $36.1 M, up 100.5% over 2008 ▪ Normalized EBITDA margin of 6.0% (3.4% in 2008), including: - 6.5% for the Water Treatment Group (4.1% in 2008), attributable primarily to an increased focus on value-added business; and - 9.6% for the Pulp and Paper Group (6.1% in 2008), attributable to a solid performance in the aftermarket and the efficient execution of large-scale contracts. ▪ Development and reinforcement of outsourcing networks, including in India and China, and setting-up of an engineering and assembly centre in India. ▪ Strengthening of project management and total quality processes throughout the organization.
Continually adjust the Company's cost structure to market conditions, through manufacturing outsourcing combined with proactive and responsible cost management	▪ In response to the global economic slowdown, implementation of cost-reduction measures that will yield recurring annual savings of close to $10 M. ▪ In support of the streamlining efforts, GLV's CEO Laurent Verreault reduced its annual base salary to a nominal $1.00 for fiscal 2010, whereas the other senior officers agreed to a salary freeze for the same period.
Maintain a healthy and flexible capital structure	▪ Free cash flows of $22.5 M or $0.85 per share. ▪ Strengthening of liquidity management, in particular the collection of accounts receivable. ▪ As at March 31, 2009, total net debt of $43.6 M (18.3% ratio), compared with $62.3 M (28.3% ratio) in 2008.

II. ANALYSIS OF CONSOLIDATED OPERATING RESULTS, CASH FLOWS AND BALANCE SHEET

TABLE 1

A detailed analysis of the Water Treatment Group's and the Pulp and Paper Group's results is presented in Sections III and IV of this Management's Report).

Consolidated Results

(in thousands of $, except percentages, per share data and number of shares)	**Three months ended March 31,**		Change 2009 versus 2008	**Twelve months ended March 31,**		Change 2009 versus 2008
	2009	2008	%	**2009**	2008	%
Revenues	**149,854**	147,548	1.6%	**598,863**	526,393	13.8%
Gross margin	**42,547**	29,063	46.4%	**142,024**	108,979	30.3%
Selling and administrative expenses	**29,283**	27,798	5.3%	**105,961**	90,994	16.4%
EBITDA	**12,677**	200	6238.5%	**29,772**	10,125	194.0%
Normalized items:						
Restructuring costs and special doubtful accounts expense	**587**	848	-30.8%	**6,291**	1,351	365.7%
Arrangement-related costs	**-**	217	-	**-**	6,509	-
Normalized EBITDA	**13,264**	1,265	948.5%	**36,063**	17,985	100.5%
Depreciation and amortization	**2,975**	2,637	12.8%	**11,862**	11,072	7.1%
Normalized EBIT	**10,289**	(1,372)	-	**24,201**	6,913	250.1%
Financial expenses	**2,073**	386	437.0%	**3,473**	5,094	-31.8%
Income taxes	**2,042**	(921)	-	**3,357**	(2,431)	-
Effective tax rate	***26.8%***	*32.6%*	-5.9% pts	***23.3%***	*40.2%*	-17.0% pts
Net earnings (loss)	**5,587**	(1,902)		**11,080**	(3,610)	
per share (basic and diluted)(1)	**0.21**	(0.07)		**0.42**	(0.14)	
Normalized net earnings	**6,231**	(1,021)		**16,004**	1,499	
per share (basic and diluted)(1)	**0.23**	(0.04)		**0.60**	0.06	
Weighted average number of participating shares outstanding (in thousands):						
basic and diluted	**26,544**	25,389	4.5%	**26,512**	25,389	4.4%
Margins as a percentage of revenues:						
Gross margin	***28.4%***	*19.7%*		***23.7%***	*20.7%*	
Normalized EBITDA	***8.9%***	*0.9%*		***6.0%***	*3.4%*	
Normalized EBIT	***6.9%***	*(0.9%)*		***4.0%***	*1.3%*	
Free cash flow	**6,973**	(3,448)	-	**22,512**	6,154	265.8%

Favourable (unfavourable) impact of currency fluctuations:	**Three-month March 31, 2009**	**Twelve months March 31, 2009**
Revenues	**13,047**	**23,322**
Gross margin	**3,480**	**5,680**
EBITDA	**2,355**	**3,148**
Normalized EBITDA	**3,080**	**3,632**
EBIT	**2,249**	**3,017**

Order backlogs:	**March 31, 2009**	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
Water Treatment	**191,640**	192,293	202,243	200,397	185,639
Pulp and Paper	**74,157**	88,152	123,791	142,949	152,454
Manufacturing Unit	**6,882**	10,521	9,616	10,772	9,903
Total	**272,679**	290,966	335,650	354,118	347,996

(1) Net earnings (loss) per share basic and diluted and normalized net earnings per share basic and diluted as of March 31, 2008 were calculated using the participating shares outstanding immediately after the completion of the Arrangement.

Summary of Results for the Fourth Quarter Ended March 31, 2009

Quarterly consolidated **revenues** increased by $2.3 M or 1.6% (7.3% decrease at constant exchange rates). The decline in the Pulp and Paper Group's revenues stemming from the significant slowdown in investments in this industry worldwide was largely offset by:

- the increase in the Water Treatment Group's revenues attributable to organic growth and the contribution of the acquisition closed in 2008; and
- a $13.0 M favourable impact attributable to currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar).

GLV incurred non-recurring **restructuring costs** of $0.6 M resulting from a reduction in personnel at certain of the Water Treatment Group's units.

Excluding these restructuring costs, GLV recorded quarterly **consolidated normalized EBITDA** of $13.3 M, up from $1.3 M in the same quarter of 2008, whereas its profit margin rose to 8.9%. Both groups contributed to this good performance.

Consequently, and despite a $1.7 M increase in financial expenses stemming mainly from losses on foreign exchange contracts, GLV closed the fourth quarter with normalized net earnings of $6.2 M or $0.23 per share (basic and diluted), compared with a normalized net loss of $1.0 M or $0.04 $ per share (basic and diluted) in the same quarter of 2008.

Analysis of Operating Results for the Fiscal Year Ended March 31, 2009

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, primarily fluctuations in the U.S. dollar, the pound Sterling and the Swedish krona in relation to the Canadian dollar.

During fiscal 2009, the devaluation of the Canadian dollar in relation to the U.S. dollar had a significant favourable impact on GLV's consolidated results, although it was mitigated by the unfavourable impact of the devaluation of the pound Sterling and the Swedish krona in relation to the Canadian dollar. Overall, various currency fluctuations notably had a net favourable impact of $23.3 M on revenues, $5.7 M on the gross margin and $3.6 M on normalized EBITDA.

Revenues

During fiscal 2009, consolidated revenues grew by 13.8% (9.3% growth at constant exchange rates) due to the following factors:

- a 6.6% organic growth (at constant exchange rates) to which both groups and the Manufacturing unit contributed;
- the additional contribution of the water treatment company acquired in March 2008; and
- the favourable impact of currency fluctuations.

The Water Treatment Group and the Pulp and Paper Group generated 50.1% and 49.9% respectively of consolidated revenues (excluding the Manufacturing unit's revenues and before inter-segment eliminations).

The geographic breakdown of consolidated revenues was as follows:

- 49.6% in North America (45.4% in 2008);
- 30.5% in Europe and Russia (37.0% in 2008);
- 13.2% in Asia and the Asia Pacific region (13.3% in 2008);
- 3.8% in Latin America (2.7% in 2008); and
- 2.9% in the Middle East and Africa (1.6% in 2008).

Gross Margin

The annual gross margin grew by $33.0 M or 30.3% (25.1% at constant exchange rates), whereas the gross margin as a percentage of revenues rose from 20.7% in 2008 to 23.7% in 2009. Both of GLV's groups, as well as the Manufacturing unit, improved their gross margin in dollars and as a percentage of revenues.

Selling and Administrative Expenses

Total selling and administrative expenses increased by $15 M to represent 17.7% of revenues, compared with 17.3% the previous year (considering the statement in Section VI on the basis of comparison of results between the reporting periods.)

Non-recurring Items

GLV recognized non-recurring items of $6.3 M in 2009, of which:

- $5.5 M in the Pulp and Paper Group, including restructuring costs of $3.6 M associated with a cost-reduction program and a special doubtful accounts expense of $1.9 M, in light of the difficult economic context. These items were recognized in the third quarter; and
- $0.8 M in restructuring costs recognized in the third and fourth quarters as part of targeted cost-reduction measures implemented within the Water Treatment Group.

Normalized EBITDA

Excluding the non-recurring items of $6.3 M primarily associated with the Pulp and Paper Group, the year's consolidated normalized EBITDA totalled $36.1 M, compared with consolidated and combined carve-out normalized EBITDA of $18.0 M the previous year, an increase of 100.5% (80.3% increase at constant exchange rates). The normalized EBITDA margin as a percentage of revenues improved from 3.4% to 6.0%. Both groups, as well as the Manufacturing unit, contributed to this improvement.

Amortization and Financial Expenses

Amortization expenses were up 7.1% due mainly to the Water Treatment Group's acquisition of an Australian company at the end of fiscal 2008. However, they represented 2.0% of consolidated revenues, compared with 2.1% in 2008.

GLV incurred a $3.5 M net financial expense, compared with a $5.1 M net expense for fiscal 2008. This $1.6 M favourable variation can be explained by the following main factors:

- interest on long-term debt[(1)], net of interest income, amounted to $2.6 M versus $3.7 M in 2008, for a favourable variation of $1.1 M;
- a net favourable balance of $0.6 M, compared with a net unfavourable balance of $0.1 M the previous year related to realized and unrealized exchange gains and losses (including on foreign exchange contracts), representing a $0.7 M favourable variation attributable to the strong increase in the U.S. dollar in relation to the Canadian dollar;
- on November 10, 2008, the Company contracted an interest rate swap to reduce its risks related to interest rate fluctuations. The agreement provides for a variable rate equal to CDOR and a fixed rate representing 2.36% of the nominal amount over the term of the contract, considering an initial nominal amount of $50.0 M diminishing over three years. A total unfavourable variation of $1.3 M related to the fair value (nil upon the contracting of the instrument) of this derivative financial instrument was recognized against financial expenses during the third and fourth quarters, with no equivalent amount for comparative periods; and
- during the third quarter, in view of setting up a stock appreciation rights ("SARs") plan in April 2009, the Company set up a total rate-of-return swap with a financial institution aimed at reducing the future risk related to fluctuations in its share price on the eventual SARs-related expense. A total favourable variation of $0.5 M related to the fair value (nil upon the contracting of the instrument) of this derivative financial instrument was recognized against financial expenses during the third and fourth quarters, with no equivalent amount for comparative periods.

Income Taxes

The effective tax rate stood at 23.3% for the fiscal year ended March 31, 2009. The difference between the effective tax rate and the 31.0% regulatory Canadian rate can be explained by the benefits associated with revenues earned in jurisdictions with lower tax rates.

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

Net Earnings and Earnings Per Share

GLV closed fiscal 2009 with consolidated normalized net earnings of $16.0 M or $0.60 per share (basic and diluted) compared with consolidated and combined carve-out normalized net earnings of $1.5 M or $0.06 per share (basic and diluted) the previous year.

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

Selected Financial Information for the Past Eight Quarters

(in thousands of $, except per share amounts)				**Fiscal Year 2009**				Fiscal Year 2008
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenues	**149,854**	153,960	149,559	145,490	147,548	137,690	125,887	115,268
EBITDA	**12,677**	2,293	7,491	7,311	200	6,302	(96)	3,719
Normalized EBITDA	**13,264**	7,997	7,491	7,311	1,265	7,300	4,804	4,616
EBIT	**9,702**	(599)	4,567	4,240	(2,437)	3,502	(2,867)	855
Normalized EBIT	**10,289**	5,105	4,567	4,240	(1,372)	4,500	2,033	1,752
Net earnings (loss)	**5,587**	464	2,924	2,105	(1,902)	1,025	(2,155)	(578)
per share (basic and diluted)	**0.21**	0.02	0.11	0.08	(0.07)	0.04	(0.09)	(0.02)
Normalized net earnings (loss)	**6,231**	4,744	2,924	2,105	(1,021)	1,742	422	356
per share (basic and diluted)	**0.23**	0.18	0.11	0.08	(0.04)	0.07	0.02	0.01

Normalized EBITDA, normalized EBIT and normalized net earnings (loss) in dollars and per share for fiscal 2008 have been restated to reflect the new definition of these financial measures adopted in 2009, and described in Section VI, "*Other*" of Management's Report.

The preceding table shows sustained growth in revenues, normalized EBITDA and normalized net earnings in each quarter of fiscal 2009 over the corresponding period of fiscal 2008, due to the following factors:

- the significant order backlog as at March 31, 2008;
- the increase in both groups' profit margins; and
- the favourable impact of currency fluctuations throughout most of fiscal 2009 compared with 2008.

Order Backlog as at March 31, 2009 and Overall Outlook [(1)]

As at March 31, 2009, GLV's order backlog stood at $272.7 M. At constant exchange rates, it reflected decreases of:

- 7.7% from December 31, 2008; and
- 27.6% from March 31, 2008.

These changes are primarily attributable to the significant slowdown in the global pulp and paper industry. For its part, the Water Treatment Group's order backlog remained relatively stable.

Although management remains cautious in light of the economic context which is particularly affecting the pulp and paper sector, it is confident as to GLV's financial outlook for fiscal 2010 due notably to the significant progress achieved by its two groups in 2009 in:

- **developing and diversifying** their presence in their targeted segmented and geographic market niches;
- **optimizing** their operations and business through an increased focus on higher value-added technologies, products and services and the reinforcement of international outsourcing networks; and
- adjusting their cost structure to the current economic context and their market reality, which will yield **recurring savings of close to $10 M** annually, of which $2.5 M in the Water Treatment Group and more than $7.0 M in the Pulp and Paper Group.

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

On the corporate level, the Company will also benefit from the following initiatives and factors:

- GLV has tightened its **liquidity and risk management**, particularly in regards to its project-related credit risks, as discussed in further detail in Section V of this Management's Report.
- In support of the Company's streamlining efforts in these uncertain economic times, Chief Executive Officer **Laurent Verreault** elected to reduce its annual base salary to a nominal $1.00 for fiscal 2010 and to forgo future pension allowances as per his employment contract. This decision is reinforced by a salary freeze for the Company's senior management for the next fiscal year. These initiatives reflect GLV's corporate philosophy and values and attest to its senior management's desire and commitment to build shareholder value by maximizing the Company's fundamentals and long-term potential.
- GLV's management intends to continue closely monitoring global economic conditions and will promptly react, if deemed appropriate based on its reading of market trends, by implementing additional cost-reduction measures. It should be pointed out in this regard that GLV's **manufacturing outsourcing strategy** provides it with the flexibility to rapidly adjust its cost structure to the market reality.
- As described and discussed further on in this Management's Report, with a total net debt ratio of 18.3% as at March 31, 2009, GLV benefits from a **healthy financial position**, especially since its current loans are being used exclusively to finance its working capital. This positions the Company favourably not only to continue weathering the global recession and to finance its ongoing working capital requirements, but also to take advantage of acquisition opportunities in its key markets that the current economic context could create.

However, the recent rise in the Canadian dollar, which is heading toward parity with the U.S. dollar, could adversely affect the Company's revenues and EBITDA in the United States, nonetheless, management does not expect this impact to be material in comparison with the cost reductions implemented in 2009.

In keeping with its objective of building long-term shareholder value, GLV estimates that its long-term outlook remains excellent, considering:

- the strong growth potential of the global water treatment industry and worldwide positioning of the Water Treatment Group, which is gradually establishing an international leadership by banking on its extensive portfolio of sustainable municipal and industrial water treatment technologies aimed at water conservation and re-use. In addition, this group can count on GLV's financial health to play an active role in the consolidation of the water treatment equipment industry that is foreseen in the coming years; and
- the Pulp and Paper Group's global leadership in the lucrative aftermarket and certain high growth potential technological niches. In particular, the group recently gained a significant international showcase for its advanced pulp preparation technologies by successfully executing a $60 M contract. Despite the slowdown currently affecting its industry, this group has demonstrated it can generate significant profits and cash flows with a revenue base of approximately $300 M.

A description of the Water Treatment Group's and the Pulp and Paper Group's order backlogs and outlook is presented in Sections III and IV of this Management's Report.

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

Analysis of Cash Flows, Liquidity and Balance Sheet

Free Cash Flow

(in thousands of $, except per share data)	Three months ended March 31, 2009	Three months ended March 31, 2008	Twelve months ended March 31, 2009	Twelve months ended March 31, 2008
Cash flows from operating activities	**17,352**	2,659	**10,316**	19,757
Less:				
Net change in non-cash balances related to operations	**8,618**	3,267	**(16,929)**	6,084
Acquisition of property, plant and equipment, net of disposals	**1,761**	2,840	**4,733**	7,519
Free cash flow	**6,973**	(3,448)	**22,512**	6,154
per share (basic and diluted)	**0.26**	(0.14)	**0.85**	0.24

During the fourth quarter of fiscal 2009, GLV generated free cash flows of $7.0 M or $0.26 per share, compared with a cash outflow of $3.4 M or $0.14 per share in the same quarter of 2008. The growth in free cash flows over the previous year is primarily attributable to a $9.3 M increase in cash flows from operating activities (before net changes in non-cash balances related to operations), which amounted to $8.7 M compared with a cash outflow of $0.6 M the previous year, due to the improvement in both groups' operating profitability and, consequently, in GLV's net earnings.

During the fourth quarter, net changes in non-cash balances related to operations provided cash flows of $8.6 M. This net change stemmed from the reduction in accounts receivable between December 31, 2008 and March 31, 2009, due notably to the efficient collection of trade receivables. However, this favourable factor was attenuated by the reduction in trade payables, the increase in the value of contracts in progress (less progress billings) and the increase in inventories (attributable to the growth in the Water Treatment Group's business volume).

For fiscal 2009 as a whole, the comparison of free cash flows with those of the previous year is not truly indicative as data for the first half of fiscal 2008 reflected the impact of the transaction related to the Arrangement (the "Arrangement") closed on August 10, 2007 between Groupe Laperrière & Verreault Inc. ("GL&V"), its shareholders and FLSmidth & Co. A/S ("FLS"). Further detail on the basis of comparison of financial data between fiscal 2009 and 2008 is provided in Section VI, "*Other*" of this Management's Report, taking into account the Arrangement.

Free cash flows for fiscal 2009 totalled $22.5 M or $0.85 per share, broken down as follows:

- cash flows from operating activities (before net changes in non-cash balances related to operations) of $27.2 M, attributable to the good operational performance combined with a decrease in financial expenses;
- capital expenditures (net of disposals) of $4.7 M (versus $7.5 M in 2008), reflecting the cautious approach taken by the Company in light of the economic context; and
- cash flows of $16.9 M were earmarked for working capital requirements during fiscal 2009, due mainly to the Company's business growth and the degree of advancement of certain large-scale contracts as at March 31, 2009.

Variance in Cash and Cash Equivalents

(in thousands of $)	Three months ended March 31,		Twelve months ended March 31,	
	2009	2008	**2009**	2008
Balance as at beginning of period	**15,698**	12,231	**18,724**	18,057
Free cash flow	**6,973**	(3,448)	**22,512**	6,154
Net changes in non-cash balances related to operations	**8,618**	3,267	**(16,929)**	6,084
Net utilization of the revolving credits	**(17,500)**	11,095	**(26,869)**	77,334
Repayments of long-term debt	**-**	(32)	**(3,150)**	(525)
Issuance of share capital	**-**	-	**15,011**	-
Cost issuance of share capital	**1**	-	**(86)**	(182)
Net transactions with other group of Groupe Laperriere & Verreault Inc.	**-**	1,816	**-**	(72,643)
Change in restricted cash	**874**	(332)	**568**	(1,352)
Effect of exchange rate changes on cash and cash equivalents	**(5,979)**	4,443	**(498)**	(2,356)
Other	**(1,095)**	(10,316)	**(1,693)**	(11,847)
Balance as at end of period	**7,590**	18,724	**7,590**	18,724

Cash and cash equivalents decreased by $8.1 M during the fourth quarter, due to the repayment of $17.5 M of GLV's revolving credit facility. These repayments were financed in part by the period's free cash flows and in part by the use of the cash and cash equivalents at the Company's disposal at the beginning of the period.

For fiscal 2009 as a whole, and considering the statement in Section VI on the basis of comparison of results between fiscal 2009 and 2008 as well as the impact of the Arrangement on cash flows for the first half of the previous year, cash and cash equivalents decreased by $11.1 M, due to the following main variations (including the impact of foreign exchange rate fluctuations):

- A consideration of $16.9 M was earmarked for working capital requirements, due to the business growth and degree of advancement of certain large-scale contracts as at March 31, 2009. It should be noted in this regard that the $27.2 M investment in contracts in progress (less progress billings) was partially offset by the efficient collection of accounts receivable, which contributed to lower receivables by $22.8 M despite the Company's business growth.
- The Company repaid $26.9 M of its revolving credit facility and $3.2 M of its long-term debt.
- Besides the use of part of the cash available for debt service, the $15 M proceeds from the first-quarter share issue were used primarily to repay the debt related to the acquisition of AJM.
- Finally, exchange rate fluctuations had a $0.5 M unfavourable impact on the cash balance.

Financial Position

Balance Sheet Highlights

(in thousands of $, except ratio)	March 31, 2009	March 31, 2008	Major explanations of variances
Assets			
Cash and cash equivalents	**7,590**	18,724	
Accounts receivable	**125,553**	141,368	Efficient accounts receivable collection
Income taxes receivable	**1,815**	2,107	
Inventories	**39,709**	31,419	Increase due to increase in business volume
Contracts in progress, less progress billings	**79,688**	47,808	Increase in business volume
Prepaid expenses	**4,739**	3,824	
Future income taxes	**10,085**	6,134	Future income tax relating to certain losses now shown in short term
Derivative Financial Instruments	**602**	376	Mark-to-market of total return SAR swap
Property, plant and equipment	**40,399**	42,677	Prudent approach to new PP&E acquisitions
Future income taxes	**832**	3,428	Future income tax relating to certain losses now shown in short term
Goodwill	**33,550**	33,686	
Intangible assets	**38,659**	40,982	
Restricted cash	**3,969**	4,537	
Other assets	**5,335**	5,934	
Liabilities			
Accounts payable and accrued liabilities	**128,892**	130,106	
Derivative Financial Instruments	**2,679**	-	Mark to market of interest rate swap and foreign exchange contracts
Advances from companies of GL&V	**1,174**	991	
Long-term debt	**50,000**	80,055	Partial repayment of debt using proceeds from the $15 M share issue and from available cash flows
Other liabilities	**10,527**	9,690	
Future income taxes	**4,212**	3,913	
Shareholders' equity			
Share capital	**178,532**	163,517	Issuance of $15 M of share capital in the first quarter
Current assets	**269,781**	251,760	
Current liabilities	**(131,817)**	(130,106)	
Working capital	**137,964**	121,654	
Current ratio	***2.05 :1***	*1.94 :1*	

Additional Comments Regarding Financial Position

Considering GLV's manufacturing outsourcing strategy, capital assets represent a small percentage of its total assets, that is 10.3%.

In addition to strictly controlling its capital expenditures, especially in the current economic context, GLV is concentrating its business acquisitions on the integration of technologies, intellectual property rights, know-how and customer relations. As a result, intangible assets, goodwill and other assets represented an aggregate 19.7% of GLV's total assets as at March 31, 2009.

Indebtedness

(in thousands of $, except ratio)	**March 31, 2009**	March 31, 2008
Total net debt:		
Long-term debt and advances from companies of GL&V	**51,174**	81,046
Less:		
Cash and cash equivalents	**(7,590)**	(18,724)
Total net debt	**43,584**	62,322
Total invested capital:		
Shareholders' equity	**195,041**	158,249
Total net debt	**43,584**	62,322
Total	**238,625**	220,571
Total net debt on invested capital ratio	***18.3%***	*28.3%*

The total net debt to invested capital ratio improved from 28.3% as at March 31, 2008 to 18.3% as at March 31, 2009, under the combined effect of the reduction in total net debt and the increase in shareholders' equity resulting from:

- the net earnings of $11.1 M for fiscal 2009;
- the $15.0 M proceeds of share issue; and
- the $9.6 M favourable variation in accumulated other comprehensive income.

It should be noted that given the Company's relatively low amount of capital assets, its debt is primarily used to finance its working capital requirements. This provides the Company with significant flexibility as, in the event of a decline in GLV's business activity, its working capital requirements would diminish accordingly and consequently, the Company would reduce its use of credit facilities and total debt.

In April 2009, the Solidarity Fund QFL renewed for an additional three-month period, until July 22, 2009, the credit facility by way of unsecured debentures of a maximum amount of $25 M made available to GLV in April 2008.

Unused Financing Sources

(in thousands of $)	**March 31, 2009**	March 31, 2008
Credit facilities:		
Authorized	**200,000**	175,000
Borrowed	**(50,000)**	(76,875)
Letters of credit issued	**(43,327)**	(42,990)
Unused credit	**106,673**	55,135
Cash and cash equivalents	**7,590**	18,724
Total unused financing sources	**114,263**	73,859

As at March 31, 2009, GLV benefited from unused sources of financing totalling $114.3 M. Combined with its low total net debt ratio, its ability to generate significant operating cash flows and its available cash, the Company's unused sources of financing gives it the means to take advantage of certain development opportunities that could arise.

Share Capital Information

Authorized, issued and outstanding share data

(in thousands of $, except number of shares)	**Authorized**	**Number of shares issued and outstanding as of June 10, 2009[1]**	**Number of shares issued and outstanding as of March 31, 2009**
Class A subordinate voting shares	Unlimited	24,231,921	24,111,821
Class B multiple voting shares	Unlimited	2,311,805	2,431,905
Preferred shares	Unlimited	-	-
		26,543,726	26,543,726

(1) 120,100 Class B multiple voting shares were converted into Class A subordinate voting shares during the month of May 2009.

Share Issue

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

Normal Course Issuer Bid

On December 4, 2008, GLV implemented a normal course issuer bid under which it may acquire, up to December 7, 2009, a maximum of 2,268,547 Class A subordinate voting shares and 121,595 Class B multiple voting shares, representing approximately 10% of the public float of the Class A subordinate voting shares and 5% of the Class B multiple voting shares issued and outstanding as of March 31, 2009. No shares have been acquired thus far under this normal course issuer bid.

Acquisition of Shares on the Secondary Market by Senior Management

On November 21, 2008, members of the Company's senior management individually acquired a total of 790,600 Class A subordinate voting shares on the secondary market:

- **Laurent Verreault**, Chairman of the Board of Directors and Chief Executive Officer, acquired 515,600 Class A subordinate voting shares. Also taking into account the 1,680,240 Class B multiple voting shares then held directly or indirectly by Mr. Verreault, the latter held 8.3% of the total number of Class A subordinate voting shares and Class B multiple voting shares issued and outstanding at that date.
- **Richard Verreault**, President and Chief Operating Officer, acquired 250,000 Class A subordinate voting shares which, combined with the 465,900 Class A subordinate voting shares and 17,000 Class B multiple voting shares he already held, represented 2.8% of the total number of Class A subordinate voting shares and Class B multiple voting shares issued and outstanding at that date.
- **Marc Barbeau**, Executive Vice-President and Chief Financial Officer, acquired 25,000 Class A subordinate shares and now holds a total of 82,480 Class A subordinate voting shares.

Stock Option Plan as at March 31, 2009

	Options available for issuance	**Options issued and outstanding**
Class A subordinate voting shares	2,538,888	1,312,000

III. ANALYSIS OF SEGMENTED OPERATING RESULTS: WATER TREATMENT GROUP

Results of Operations

(in thousands of $, except percentages)	Three months ended March 31, 2009	2008	Change 2009 versus 2008 %	Twelve months ended March 31, 2009	2008	Change 2009 versus 2008 %
Revenues:						
New equipment	**73,621**	62,581	17.6%	**263,977**	232,231	13.7%
Aftermarket	**8,287**	7,259	14.2%	**27,518**	26,225	4.9%
Total	**81,908**	69,840	17.3%	**291,495**	258,456	12.8%
EBITDA	**6,379**	(254)	-	**17,993**	9,598	87.5%
Normalized items:						
Restructuring costs and special doubtful accounts expense	**587**	409	43.5%	**823**	837	(1.7%)
Arrangement-related costs	**-**	-	-	**-**	173	-
Normalized EBITDA	**6,966**	155	4,394.2%	**18,816**	10,608	77.4%
Depreciation and amortization	**1,377**	1,150	19.7%	**5,782**	5,205	11.1%
Normalized EBIT	**5,589**	(995)	-	**13,034**	5,403	141.2%
Margins as a percentage of revenues:						
Normalized EBITDA	**8.5%**	0.2%		**6.5%**	4.1%	
Normalized EBIT	**6.8%**	(1.4%)		**4.5%**	2.1%	

Other selected financial information

Favourable (unfavourable) impact of currency fluctuations:	**Three-month March 31,2009**	**Twelve months March 31,2009**
Revenues	**5,981**	**7,003**
Gross margin	**973**	**1,044**
EBITDA	**794**	**1,276**
Normalized EBITDA	**723**	**1,218**
EBIT	**745**	**1,341**

Order backlogs:	**March 31, 2009**	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
	191,640	192,293	202,243	200,397	185,639

Fiscal 2009 Highlights

OBJECTIVES	2009 ACHIEVEMENTS
Achieve revenues of $700 M within five to seven years (representing an annual growth of approximately 15%) through technology-driven acquisitions/ alliances and organic growth	▪ Revenues of $291.5 M in 2009, **up 12.8%** over 2008, due mainly to: - a 4.5% organic growth (at constant exchange rates); and - additional revenues attributable to the March 2008 acquisition of Australian company AJM Environmental Services PTY Ltd. ("AJM"). ▪ Conclusion of **three strategic transactions** in January and April 2009 aimed at expanding the group's technology portfolio along with its segmented and geographic positioning.
Achieve and maintain a normalized EBITDA margin of 10% as of fiscal 2011	▪ Normalized EBITDA margin of **6.5%** (4.1% in 2008), including an average 8.0% margin for the last six months of the year, attributable to the following factors: - the global reorganization carried out in 2008; - a further focus on value-added and high-margin products and services, notably at the Salt Lake City (Utah) division; - the strengthening of global outsourcing and project management operations; and - the implementation of targeted cost-reduction measures in response to the economic context.
Achieve a 50%/50% mix of revenues generated respectively by the industrial segment and the municipal segment	▪ **34%/66%** mix in 2009 (versus 29%/71% in 2008), following a 34% growth in industrial revenues stemming from: - the development of the **energy** and **food and beverage** processing markets; and - AJM's contribution.
Through internal development, acquisitions and partnerships, shape the technological portfolio to increase the group's ability to provide comprehensive top-performing, economical and ecological solutions	▪ Creation of the **GW&E joint venture** (Austin, Texas) dedicated to the North American marketing of cutting-edge technologies for the treatment of industrial wastewater through anaerobic digestion and the production of green energy from biogas, notably for the food and beverage processing industry. ▪ **Exclusive licence** for the North American marketing of a highly energy-efficient municipal sludge treatment technology. ▪ At the beginning of fiscal 2010, **acquisition** of a state-of-the-art municipal and industrial sludge dewatering technology applicable to most of the Water Treatment Group's key markets.
Increase presence in high-potential regions	▪ Expansion of the distribution network serving the food and beverage industry towards Southeast Asia, Europe and the United States. ▪ Expansion of the municipal sales organization towards Eastern Europe, Spain and the Middle East. ▪ Increased presence in India and China.
Generate 20% of revenues in the aftermarket within five to seven years	▪ **9.4%** of revenues attributable to the sale of spare parts and other aftermarket services in 2009. ▪ Training of teams focused on existing equipment upgrading and after-sales support services. ▪ Ongoing development of new products targeted to the aftermarket.

Summary of Results for the Fourth Quarter Ended March 31, 2009

The group's fourth-quarter **revenues** grew by $12.1 M or 17.3% due to the following main factors:

- a 4.6% organic growth (at constant exchange rates) achieved primarily in the industrial segment, more particularly in the global energy and water intake screening sectors;
- AJM's additional contribution; and
- a $6 M favourable impact attributable to currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar).

The group incurred **non-recurring restructuring costs** of $0.6 M, consisting primarily of severance pay related to a reduction in the personnel of certain units in North America and England. Combined with the changes introduced within the organization in England earlier in the year, these targeted cost-reduction measures will yield recurring savings of approximately $2.5 M annually. They reflect GLV's determination to adjust its cost structure to the situation in its markets, some of which being further affected by the current economic context than others. These measures were taken without compromising the group's pool of expertise and the quality of its services.

Excluding restructuring costs, the group recorded **normalized EBITDA** of $7.0 M, compared with $0.2 M in the same quarter of 2008, whereas its normalized EBITDA margin reached 8.5%. This good performance, which met management's expectations, is primarily attributable to the benefits of the global business reorganization carried out the previous year, especially the refocus of the Salt Lake City (Utah) division's operations on higher value-added contracts.

Results and Achievements of the Fiscal Year Ended March 31, 2009

Impact of Currency Fluctuations

Currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar) had a favourable impact on this group's revenues, gross margin, EBITDA and EBIT during fiscal 2009, and especially in the fourth quarter. However, results were adversely affected, although to a lesser extent, by the decrease in the pound Sterling.

Revenues

The Water Treatment Group's annual revenues grew by $33.0 M or 12.8% (10.0% growth at constant exchange rates) due to the following factors:

- the solid contribution of AJM acquired in March 2008, which met and even exceeded management's expectations;
- a 4.5% organic growth (at constant exchange rates) primarily attributable to the industrial segment (particularly the global energy sector) and the U.S. municipal market; and
- the $7.0 M favourable impact of currency fluctuations.

Business Development by Market

Municipal Segment (66% of Revenues)

The group had an active year in the **North American municipal market**. In addition to targeting higher value-added contracts, Eimco Water Technologies successfully banked on its strengths in the upgrading of existing equipment to increase its business in this niche where demand remains good. (It should be noted that large-scale upgrading projects such as those often executed by the Water Treatment Group are treated as "new equipment" projects in GLV's revenue breakdown.) Conversely, the **municipal market in England** suffered a sharp decline in demand due to financing constraints that led customers to amend the execution schedules of projects in progress, and to cancel or postpone their planned projects. The group reacted promptly by taking the following initiatives:

- significantly reducing expenses associated with this market;
- forming a team dedicated to the marketing of integrated solutions for the municipal market; and
- redeploying part of its England-based personnel toward more dynamic markets, namely Eastern Europe, Northern Ireland and the Middle East, where offices were notably opened in Hungary and the United Arab Emirates.

This strategy earned the group major contracts in Ireland and Scotland as well as in new targeted territories, which enabled it to mitigate the impact on its results of the persisting weakness of the municipal market in England.

Industrial Segment (34% of Revenues)

Revenues recorded with industrial customers grew by more than 34%. This segment therefore accounted for 34% of the group's total revenues in 2009 versus 29% in 2008, consistent with GLV's long-term objective of raising this proportion to over 50%. The 2009 growth is attributable to the following factors:

- the strengthening of the group's global presence and reputation in the energy sector, to which it offers a selection of water intake screening solutions ranking among the top-performing and most ecological worldwide;
- the integration of AJM's technologies, mainly designed for the food and beverage processing sector; and
- the expansion of its sales network in Southeast Asia and Europe.

Geographically, the group's revenue breakdown was as follows:

- 51.7% in North America (43.3% in 2008);
- 27.2% in Europe and Russia (46.0% in 2008);
- 14.7% in Asia and the Asia-Pacific region (7.2% in 2008);
- 5.7% in the Middle East and Africa (2.8% in 2008); and
- 0.7% in Latin America (0.7% in 2008).

Besides the impact of currency fluctuations, primarily on North American revenues, these changes reflect the slowdown of the municipal market in England, the group's good performance in the U.S. municipal market and the significant growth in its revenues derived from the industrial segment worldwide, especially in the Asia/Asia-Pacific region and the Middle East.

Operating Profitability

Excluding restructuring costs totalling \$0.8 M for fiscal 2009, the group's normalized EBITDA grew by \$8.2 M or 77.4% (65.9% growth at constant exchange rates) to \$18.8 M. Its normalized EBITDA margin thus rose from 4.1% to 6.5%, mostly as a result of an increase in its gross margin. This growth mainly results from the restructuring of the Water Treatment Group's North American operations, and more specifically to an increased focus on higher value-added contracts and more efficient contract execution. Consistent with management's expectations, the benefits of the restructuring started to materialize in the second half of fiscal 2009. Thus, the normalized EBITDA margin stood at 8.0% for the last six months of the fiscal year.

Strategic Transactions

Creation of Global Water & Energy, LLC

On January 22, 2009, GLV announced the creation of a North American joint venture with Hong Kong-based Global Water Engineering Limited ("Global Water Engineering") to market some of this company's technologies, notably its anaerobic digestion processes for the treatment of industrial wastewater and its energy production technology using the biogas generated by the digestion of industrial organic waste. The new joint venture, named Global Water & Energy, LLC ("GW&E"), is 70%-owned by GLV and 30% by Global Water Engineering. GLV will invest in the start-up and development of GW&E over the next years. In exchange, Global Water Engineering has granted GW&E an exclusive and perpetual marketing license, notably for its selection of processes for the anaerobic treatment of industrial wastewater and organic waste, and for the conversion and handling of biogas to produce energy. GW&E is based in Austin (Texas) and therefore benefits from synergies with GLV's Water Treatment Group (Eimco Water Technologies). It primarily targets the North American food and beverage processing industry, as well as certain other key sectors. Further agreements could be subsequently reached to serve various other geographic and segmented markets.

In addition to meeting the Water Treatment Group's objective of increasing its presence and revenue base in the industrial segment, this initiative provides GLV with economical and low-risk access to the high-potential niche of renewable power generation using biomass.

Exclusive Licence Agreement with Enersave Fluid Mixers Inc.

Also in January 2009, the Water Treatment Group was granted another exclusive licence for the U.S. and Canadian municipal sludge treatment market to sell and distribute the advanced digester sludge mixing technology developed by the company Enersave Fluid Mixers Inc. ("Enersave"). This technology not only provides homogeneous mixing – making it one of the most environmentally-friendly sludge mixing solutions on the market – but also requires up to 80% less power than conventional processes. This economical, eco-friendly and user-friendly equipment will contribute to the development of the Water Treatment Group's market share in the North American municipal market.

Acquisition of Certain Assets of Elcotech Technologies Inc.

On April 14, 2009, subsequent to the end of fiscal 2009, GLV closed the acquisition of certain assets of Elcotech Technologies Inc. ("Elcotech"), a young company based in Boucherville (Quebec, Canada). The acquisition primarily covered the intellectual property rights and patents related to the equipment line using the state-of-the-art municipal and industrial wastewater sludge dewatering technology developed by Elcotech. The advantage of Elcotech's technology is that it uses electro-osmosis to separate water molecules from biosolids, thereby allowing to reduce substantially the residual material volume, with lower energy consumption. In addition, the technology can eliminate pathogens and odours, resulting in a higher-quality biomass that can further be used for agricultural land spreading or as biofuel for the production of green energy. With its exceptional features, Elcotech's technology is ideally suited to sectors with particularly challenging sludge processing needs, including the food and beverage industry, the pulp and paper industry, the textile industry and the municipal sector. In addition, this easy-to-use, easy-to-maintain and energy-efficient equipment perfectly fits into the Water Treatment Group's existing technological portfolio and can be marketed in substantially all of its business segments.

Order Backlog as at March 31, 2009 and Outlook [1]

GLV's management looks forward to a good performance for the Water Treatment Group during fiscal 2010, for the following main reasons:

- its significant order backlog as at March 31, 2009;
- the inroads achieved in 2009 on the technological, commercial and strategic fronts;
- the recurring savings of approximately $2.5 M created in 2009 stemming from its restructuring;
- the benefits, for the year as a whole, of the restructuring of the Salt Lake City division;
- the execution under way of a restructuring plan for the Canadian division, the results of which fell short of management's expectations in 2009; and
- increased business in certain markets including the global energy sector and the U.S. municipal market, which should notably benefit from the incentive measures implemented by the U.S. federal administration.

As at March 31, 2009, the Water Treatment Group's order backlog stood at $191.6 M. At constant exchange rates, it reflected:

- a slight decline of 2.2% from December 31, 2008; and
- a 6.2% decrease from March 31, 2008.

The decline in the order backlog since December 2008 is mostly attributable to the U.S. municipal market, where a particularly strong volume of revenue was recognized during the fourth quarter. However, Eimco Water Technologies has been awarded several major contracts since the beginning of fiscal 2010, primarily for infrastructure upgrading projects being launched, notably, due to the economic stimulus funds made available by the U.S. federal administration. In the coming weeks, depending on the general guidelines of the federal stimulus plan, GLV will have a clearer picture of the types of investment that will be favoured by U.S. municipalities: the building of new infrastructures or the upgrading of existing equipment. In any event, Eimco Water Technologies will be ready to meet the demand as it benefits from conventional technologies adapted to equipment upgrading and replacement needs, along with latest-generation technologies designed for new infrastructure projects or improving the performance of existing systems. Among its technologies increasingly sought for their performance, small ecological footprint and low energy consumption, some of the most prominent are the MBR submerged membrane bioreactors and the energy-efficient sludge digestion technology to which GLV recently obtained the exclusive distribution rights for the North American municipal market. As demand in the English municipal market remains weak, the group will carry on and intensify the strategy successfully implemented in 2009, based on geographic diversification and the marketing of integrated solutions.

The Water Treatment Group's market outlook is favourable in the industrial segment:

- It benefits from solid demand and an increased order backlog for its large-capacity water intake screening solutions, which it offers to power stations, refineries and desalination plants worldwide. This market niche, in which Eimco Water Technologies has a global presence, should remain one of its primary sources of revenue growth in 2010, notably in regard to nuclear power plant and refinery upgrading projects in North America, as well as the construction or upgrading of power stations and desalination plants in the Middle East, India, China, Thailand and Africa.
- It has significantly increased its operational base in the food and beverage processing segment, where its sales network now extends into Australia and New Zealand, Southeast Asia, Europe and, since recently, into North America through the joint venture GW&E. GLV plans to invest $2 M to $3 M over the next two years in the start-up and development of GW&E, whose revenues are expected to reach $20 M to $30 M within five years. Based in Austin (Texas), GW&E will also benefit from synergies with Eimco Water Technologies.
- In addition, the group was recently awarded large orders (including in Poland and Mexico) from the pulp and paper industry, which, despite the decline in demand for its products, must nonetheless comply with strict water treatment requirements.

Finally, the Water Treatment Group's action plan for fiscal 2010 provides for further development into certain other niches, including the petrochemicals industry and the naval and defence sectors.

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

The Water Treatment Group's primary objectives for fiscal 2010 are to:

- leverage the new technologies integrated in 2009 by building on its international engineering and sales network;
- integrate new technologies, notably for process water treatment, by way of acquisitions, alliances and internal development, while enhancing existing technologies;
- develop the new joint venture GW&E;
- further improve profitability, including in Canada; and
- maintain strict control over costs and credit risks in light of the current economic context.

As it keeps its focus on the Water Treatment Group's growth strategy, GLV's management remains convinced that the group's long-term outlook is excellent, due notably to:

- the growing importance of this industry for sustainable economic development worldwide;
- the size and the geographic and segmented diversity of its operational base;
- the scale and quality of its technological portfolio, capable of meeting its customers current and emerging needs in terms of performance and environmental protection; and
- the growing efficiency of its global business model, including its international outsourcing operations.

IV. ANALYSIS OF SEGMENTED OPERATING RESULTS: PULP AND PAPER GROUP

Results of Operations

(in thousands of $, except percentages)	Three months ended March 31, 2009	2008	Change 2009 versus 2008 %	Twelve months ended March 31, 2009	2008	Change 2009 versus 2008 %
Revenues:						
New equipment	**28,409**	39,413	(27.9%)	**155,558**	127,560	21.9%
Aftermarket	**34,933**	35,446	(1.4%)	**134,699**	129,945	3.7%
Total	**63,342**	74,859	(15.4%)	**290,257**	257,505	12.7%
EBITDA	**9,044**	4,383	106.3%	**22,534**	15,088	49.4%
Normalized items:						
Restructuring costs and special doubtful accounts expense	**-**	-	-	**5,468**	-	-
Arrangement-related costs	**-**	-	-	**-**	536	-
Normalized EBITDA	**9,044**	4,383	106.3%	**28,002**	15,624	79.2%
Depreciation and amortization	**804**	745	7.9%	**3,015**	2,998	0.6%
Normalized EBIT	**8,240**	3,638	126.5%	**24,987**	12,626	97.9%
Margins as a percentage of revenues:						
Normalized EBITDA	**14.3%**	5.9%		**9.6%**	6.1%	
Normalized EBIT	**13.0%**	4.9%		**8.6%**	4.9%	

Other selected financial information

Favourable (unfavourable) impact of currency fluctuations:	**Three-month March 31,2009**	**Twelve months March 31,2009**
Revenues	**6,626**	**15,343**
Gross margin	**2,067**	**3,660**
EBITDA	**1,217**	**1,174**
Normalized EBITDA	**2,013**	**1,716**
EBIT	**1,148**	**1,047**

Order backlogs:	**March 31, 2009**	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
	74,157	88,152	123,791	142,949	152,454

Fiscal 2009 Highlights

OBJECTIVES	2009 ACHIEVEMENTS
Achieve revenues of $300 M, for an annual growth of approximately 2.5% (primarily organic)	▪ Revenues of $290.3 M, representing a 12.7% exclusively organic growth over 2008 (6.8% at constant exchange rates).
Achieve by fiscal 2012, and maintain, a normalized EBITDA margin of 10%	▪ Normalized EBITDA margin of 9.6% in 2009 (versus 6.1% in 2008): - solid performance in the spare parts and aftermarket services niche; - execution of large pulp preparation equipment contracts meeting both the customers' performance needs and GLV's earnings objectives; - strengthening of global outsourcing and project management organization, including in India and China; - compliance of all the group's business units with the ISO standard; and - in response to the current economic context, implementation of a cost-reduction program that will yield recurring savings of more than $7 M annually.
Maintain a 50%/50% mix of revenues generated respectively by aftermarket products and services and the sale of new equipment by: - **consolidating the group's global leadership in the aftermarket; while** - **strengthening its positioning in certain technological niches for new equipment, especially in the area of chemical pulp preparation.**	▪ 46%/54% mix of revenues attributable to aftermarket activities and new equipment in 2009: - 2009 revenue growth largely attributable to the execution of major contracts leveraging the group's leadership in chemical pulping technologies; - implementation of a European aftermarket business model similar to the high-performance North American model; and - increased added value of spare parts selection, partly as a result of enhanced global outsourcing network.
Geographic development targeted toward emerging regions	▪ 19.2% of revenues from regions other than North America and Western Europe in 2009 (versus 25.2% in 2008), due mainly to the slowdown in investments by the Chinese pulp and paper industry.

Summary of Results for the Fourth Quarter Ended March 31, 2009

This group's fourth-quarter **revenues** decreased by $11.5 M or 15.4% (24.2% decrease at constant exchange rates). This exclusively organic decrease can be explained by:

- the significant slowdown in the global demand for new pulp and paper infrastructures due to the economic context and financing constraints; and
- a reduction in pulp and paper producers' expenditures in the aftermarket.

However, the group more than doubled its **EBITDA**, which reached $9.0 M compared with $4.4 M in the same quarter of 2008. Its profit margin thus rose to 14.3% from 5.9% the previous year, under the combined effect of a higher gross margin and lower operating costs. This improvement is attributable more specifically to the following main factors:

- the more efficient than expected finalization of certain large-scale contracts. Given the nature of these projects involving new technologies, the group had recorded reserves as to the "installation" component of such contracts. However, sustained improvement in the group's project management expertise allowed for optimal execution of the installation phase, thereby meeting both the customers' expectations and GLV's profitability objectives;
- the strengthening of international outsourcing networks in low-cost regions, especially in China and India, where GLV has also recently opened an assembly site;
- a more profitable spare parts sales mix, driven in part by the reinforcement of outsourcing operations consistent with the group's objective of servicing its global installed equipment base with its best-selling and highest value-added products;

- a good performance in the aftermarket which accounted for 55.2% of the group's fourth-quarter revenues, compared with 47.4% the previous year. Among others, the group set up an aftermarket business model in Europe similar to the model it has successfully developed for several years in North America;
- a $2.0 M decrease in selling and administrative expenses in the fourth quarter, reflecting the initial benefits of the cost-reduction measures implemented in the third quarter in response to the economic slowdown; and
- the favourable impact of the increase in the U.S. dollar in relation to the Canadian dollar.

Results and Achievements of the Fiscal Year Ended March 31, 2009

Impact of Currency Fluctuations

Currency fluctuations (more particularly the devaluation of the Canadian dollar in relation to the U.S. dollar) had a significant favourable impact on this group's revenues and gross margin during fiscal 2009.

Revenues

During fiscal 2009, the Pulp and Paper Group's revenues grew by $32.8 M or 12.7% (6.8% growth at constant exchange rates). This exclusively organic growth can be explained by the following factors:

- this group's significant order backlog at the beginning of the year;
- the efficient execution of large-scale contracts in the chemical pulp preparation niche;
- a $15.4 M favourable impact of currency fluctuations; and
- a sustained performance in the aftermarket.

Geographically, the revenue growth was particularly strong in Europe due primarily to the contribution of the Karlstad technology centre and the execution of a $60 M contract in Portugal. The group also grew its revenues in North America. Its annual revenues breakdown was as follows:

- 47.1% in North America (45.9% in 2008);
- 33.7% in Europe and Russia (28.9% in 2008);
- 12.4% in Asia and the Asia-Pacific region (20.0% in 2008); and
- 6.8% in Latin America, the Middle East and Africa (5.2% in 2008).

The trend in the geographic revenue breakdown primarily reflects:

- the execution of a major contract and the general development of business in Europe;
- the favourable impact of currency fluctuations on North American revenues, combined with a real business growth in this market;
- the significant decline in pulp and paper producers' investments in Asia, notably in China and India, since the beginning of the recession; and
- the development of the group's presence in Latin America.

Non-recurring Items Related to the Measures Adopted in Response to Difficult Conditions for the Pulp and Paper Industry

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

At the beginning of fiscal 2010, considering the ongoing difficult conditions in this industry, the Pulp and Paper Group adopted further streamlining measures in its organization in the United Kingdom that entailed non-recurring restructuring costs of $0.6 M to be recognized in financial results for the first quarter of fiscal 2010. These measures will yield additional recurring savings of $1.6 M annually.

Special Doubtful Accounts Expense:

In light of the rapid deterioration of the pulp and paper market and financial position of certain manufacturers, as reflected notably by a major North American producer placing itself under the protection of bankruptcy and insolvency legislation, GLV's management recorded a special $1.9 M doubtful accounts expense in the Pulp and Paper Group effective December 31, 2008, in addition to the normal provisions based on historical factors. GLV's management considers this special expense to be of an exceptional nature as it is entirely related to the rapidity and magnitude of the effects of the current economic crisis on the pulp and paper industry. The special doubtful accounts expense has therefore been excluded from the Pulp and Paper Group's normalized operational results for the third quarter and fiscal 2009 as a whole. GLV would like to point out that normalized data are not financial measures consistent with GAAP. Information regarding these non-GAAP financial measures is provided in Section VI, *"Other"* appearing further on in this Management's Report.

It should also be pointed out that even prior to the economic recession, GLV's management tightened the management of the credit risks related to the Pulp and Paper Group's customers and had significantly reduced the credit limits granted to certain customers. Consequently, when another major North American pulp and paper producer recently placed itself under the protection of bankruptcy and insolvency legislation, the Company did not incur any significant loss associated with this customer. Management evaluates the group's accounts receivable on an ongoing basis and adjusts accordingly the credit limits granted and the shipping of equipment and parts. Information regarding the management of credit risks is further discussed in Section V, "*Risk Management*" of this Management's Report.

Operating Profitability

Excluding restructuring costs, cost related to the Arrangement, and the special doubtful accounts expense, the Pulp and Paper Group's normalized EBITDA for fiscal 2009 grew by $12.4 M or 79.2% (68.2% growth at constant exchange rates) to $28.0 M. The group's normalized EBITDA margin thus improved from 6.1% in 2008 to 9.6% in 2009. This performance is attributable to the same factors as those described in the summary of results for the fourth quarter ended March 31, 2009.

Order Backlog as at March 31, 2009 and Outlook [1]

GLV's management is cautious as to the Pulp and Paper Group's outlook for fiscal 2010 as the economic context remains difficult for its global customer base and is affecting its order backlog. However, although it is unlikely that this group will be able to reproduce its 2009 record performance during fiscal 2010, certain factors will have a favourable impact on its profitability, including:

- the cost-reduction measures implemented in 2009 and at the beginning of fiscal 2010, which should yield recurring savings of more than $7 M annually;
- the steady reinforcement of its global organization and business model, more particularly in respect to its project management, the development of its international outsourcing network and the optimization of its operations in the global aftermarket, including in the spare parts niche; and
- the development underway of an assembly centre in India that will contribute to further improve its operating profitability.

As at March 31, 2009, the Pulp and Paper Group's order backlog stood at $74.2 M. At constant exchange rates, it reflected a decline of:

- 16.5% from December 31, 2008; and
- 53.4% from March 31, 2008.

In addition to the economic slowdown that is severely affecting the global pulp and paper industry, this decrease is also explained by the finalization of the $60 M contract in Portugal. The first half of fiscal 2010 will therefore be more difficult for this group, due to weaker order bookings in the last two quarters of 2009. However, management has been witnessing some positive signs in the worldwide pulp and paper market in recent weeks, including a strengthening of pulp prices and a certain recovery in investment activity in China. Regarding the Chinese market, management confirms its estimate that the postponement of certain equipment orders in fiscal 2009 will have a temporary impact of approximately $4 M to $6 M on the group's working capital between now and the end of fiscal 2010, as it will defer the delivery of equipment and collection of accounts receivable to the third and fourth quarters. However, given the status of negotiations with customers, the collection of advances on contracts and the fact that most of the equipment is still under GLV's control, management is confident that these deferrals will not have a material impact on the group's profitability.

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

Management is confident that order bookings will pick up in the second half of fiscal 2010, which should enable the Pulp and Paper Group to return to a profitability level in line with its objectives by fiscal 2011. In fiscal 2009, this group proved that it can achieve an EBITDA margin of 10% and over with revenues of approximately $300 M.

In the current economic context, the Pulp and Paper Group's primary objectives for fiscal 2010 are as follows:

- while remaining on the lookout for business opportunities related to its advanced technologies, especially in the area of chemical pulping, focus its efforts on the aftermarket in order to maximize its share of this niche worldwide and increase the added value and profitability thereof;
- continue to strictly manage its working capital, particularly through the efficient and rapid collection of accounts receivable, so as to minimize the use of the Company's credit facilities;
- further optimize its business model, especially in the areas of project management, global outsourcing operations and aftermarket services;
- maintain rigorous and proactive control over its credit risks and operating costs. Thus, if management deems it necessary in light of its reading of trends in the pulp and paper industry, further cost-reduction measures could be contemplated.

V. RISK MANAGEMENT

General

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 comprised of certain officers responsible for finance, operations, legal affairs, human resources and information technologies, thereby covering all the Company's business activities. This Committee is 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 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.

Since the outset of the global economic slowdown in September 2008 and, in certain regards, even prior to that, management GLV has strengthened its risk management according to even stricter criteria.

Liquidity and Risk Management in the Current Economic Context

Credit Risk

The Company strictly manages the credit granted to its customers. Over the past fiscal year, special emphasis has been placed on the monitoring and collection of accounts receivable.

- In the **Pulp and Paper Group**, management evaluates accounts receivable on a constant basis. Greater discipline has been implemented in recent years in negotiating the terms and conditions and monitoring the collection of accounts receivable, as a result of which an acceptable level of accounts receivable is maintained today. Furthermore, even before the current economic recession began, GLV's management had tightened the management of the credit risks of the Pulp and Paper Group's customers and had significantly reduced the credit limits granted to certain customers. Despite these efforts, the Pulp and Paper Group recorded a special expense of $1.9 M for doubtful accounts as at December 31, 2008, considering the rapid degradation of the pulp and paper market and financial health of certain producers during the last winter, including a major North American producer and significant customer of the Pulp and Paper Group coming under the protection of bankruptcy and insolvency legislation in February 2009. However, when another major North American pulp and paper producer and customer of the group recently placed itself under the protection of bankruptcy and insolvency legislation, the Company did not incur any significant loss associated with this customer. A further weakening of the economic conditions facing the Pulp and Paper Group and its customers could result in additional doubtful accounts expenses in the future. On April 1, 2009, to minimize this risk, the Company contracted a credit insurance policy for doubtful accounts related risks that covers a large number of the Pulp and Paper group's U.S.-based customers.
- GLV's management also tightly controls and constantly monitors the **Water Treatment Group's** accounts receivable as well. This group's accounts receivable collection period has been historically longer in the municipal segment and does not meet management's objectives. However, it should be noted that this type of public sector customer carries a relatively low credit risk. Nevertheless, new collection process monitoring and improvement methods have been implemented in the Water Treatment Group since the beginning of fiscal 2009 and have started to produce positive results. In the industrial segment, it should be pointed out that during the third quarter of the last fiscal year, GLV voluntarily withdrew from a project worth approximately $7 M related to water intake screening, as GLV's management deemed that the financial warranties offered by the customer were insufficient in the current economic context. This decision is consistent with the reinforcement of GLV's risk management since the beginning of the economic slowdown, to ensure the solidity of its order backlog and health of its balance sheet. A credit insurance policy is contracted on a case-by-case basis to cover the risks related to doubtful accounts, according to the assessment of the customer-related risks.

Supplier-Related Risk

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

Cost Structure, Working Capital Requirements and Debt Service

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

Furthermore, GLV benefits from a healthy financial position:

- As at March 31, 2009, its total net debt to invested capital ratio stood at 18.3%, whereas its total net debt to normalized EBITDA stood at 1.21:1 for fiscal 2009.
- The $25 M credit facility by way of unsecured debentures granted by the Solidarity Fund QFL for the Company's expansion projects was renewed for an additional three-month period in April 2009.
- It should also be noted that GLV benefits from more favourable financing conditions than those currently available on the market, having concluded its main credit agreement prior to the beginning of the financial market crisis, in August 2007, for a five-year period expiring in August 2012.

Asset Impairment

As at December 31, 2008, GLV conducted its annual goodwill impairment test and concluded that no adjustment was necessary. It should be reminded that the Company has few capital assets. As at March 31, 2009, the value of its capital assets was $40.4 M, representing 10.3% of its total assets. The value of goodwill, intangible assets and other assets totalled $77.5 M or 19.7% of total assets. Intangible assets consist primarily of technologies, trademarks and customer relations, whereas other assets consist mainly of development costs, primarily in the Water Treatment Group.

General Risks and Uncertainties

The following section describes the risk factors to which the Company is exposed. GLV is exposed to other lesser risks, which could become more significant in the future.

Holding Company Structure

In order to meet its financial obligations, GLV as a holding company is primarily dependent upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other cash payments from its subsidiaries. All its operations are conducted by its subsidiaries. GLV's various subsidiaries are distinct legal entities and have no obligation, contingent or otherwise, to make funds available to the Company, whether by dividends, interest, loans, advances or other payments. In addition, the payment of dividends and the making of loans, advances and other payments to GLV by these subsidiaries may be subject to certain statutory or contractual restrictions, is contingent upon the earnings of such entities and is subject to various business and other considerations. These subsidiaries are parties to various agreements, including loan agreements that restrict the ability of the respective subsidiaries to pay cash dividends or make advances or other payments.

Liquidity

Given the nature of its business, more specifically large-scale mandates and progress billing, GLV is exposed to certain liquidity risks during the execution of major contracts for which it has to incur costs before billing the customer. Management considers that this risk is attenuated by the large number of contracts, as well as their segmented and geographical diversity. In addition, GLV manages this risk by obtaining letters of credit from recognized banking institutions.

Customers and Markets

GLV's operations are not dependent on a limited number of customers. However, its Pulp and Paper Group operates in a relatively cyclical segment that depends on the health of the world economy. In addition, this industry has undergone major structural changes in recent years, primarily a shifting of pulp and paper production toward certain regions in the Southern Hemisphere, Asia and Eastern Europe, which benefit from abundant natural resources and advantageous production costs. Concurrently, new technologies have emerged on the market, focused on enhancing mill capacity, productivity and efficiency. In recent years, GLV's Pulp and Paper Group has successfully adapted to these trends by acquiring technologies meeting markets' evolving needs and increasing its presence in the most dynamic territories.

For its part, the Water Treatment Group operates in a segment where demand is not cyclical in nature, and is growing faster than the pulp and paper market. In addition, the water treatment industry is still fairly fragmented, which increases the potential for business acquisitions.

Customer Contract-Related Risks

GLV is exposed to a certain number of risks in its contracts with its customers. The Company's risk management strategy includes a bid and order approval process whereby bids and final orders are reviewed for compliance with corporate policy in the areas of commercial and contractual terms and conditions. GLV's risk management practice is to embed risk management activities in the operational responsibilities of its management team, requiring the higher-risk potential contracts to be reviewed by more senior management and lower-risk potential to be managed by less senior management. Effective risk management is essential so GLV can regularly identify, quantify and monitor risks that might affect the Company's performance.

Suppliers

Its outsourcing strategy enables GLV to minimize the risks associated with fixed costs by using a wide outsourcing network, and thereby to rapidly react to fluctuations in demand. Finally, alternate supplier arrangements exist although the replacement of key suppliers could affect GLV's ability to meet its commitments.

Exposure to Exchange Rate Fluctuations

As GLV's business is conducted in several countries, it is exposed to the risk of fluctuations of such currencies compared to the Canadian dollar, mainly the U.S. dollar, the pound Sterling, the Swedish krona and the Euro. Consequently, fluctuations in the value of the Canadian dollar against other major currencies could have a material impact on GLV's financial position and operating results. Major contracts awarded to GLV's subsidiaries are hedged using forward exchange contracts.

Interest Rates

Changes in interest rates could have a direct impact on GLV's profitability. Management evaluates the risks of interest rate fluctuations and uses exchange contracts when deemed appropriate.

Hedging Contracts

Hedging contracts are arranged by management with recognized financial institutions that meet management's solvency criteria. Considering the solvency of these institutions, management estimates it is unlikely that GLV could sustain losses resulting from the non-compliance of these financial institutions with their obligations.

Recognition of Derivative Financial Instruments at Their Fair Value

GLV does not apply hedge accounting for its derivative financial instruments; rather, it recognizes them at their fair value at the end of each quarter. This practice occasionally gives rise to unrealized gains or losses that can cause some volatility in the Company's financial results from quarter to quarter.

Credit

Management considers that GLV's credit concentration risk is minimal on account of its diversified operations, products, customers and the geographical distribution of its customer base. Furthermore, credit insurance strategies have recently been implemented to minimize credit risks, in particular for customers in the pulp and paper industry.

Acquisitions

GLV's growth strategy is based primarily on expansion through acquisitions, which could involve a degree of risk. Management has developed a solid expertise in this field. The groups have successfully acquired and integrated more than 25 businesses in the last 15 years. To limit the risk, GLV will continue to follow a targeted acquisition strategy meeting strict return on investment criteria, apply due diligence practices, and develop detailed integration plans focused notably on the disposal of non-strategic assets to lower its fixed costs and repay a portion of its debt using the proceeds from asset disposals.

Additional Sources of Financing

To finance the acquisition of complementary companies, the growth of its current operations or other requirements of its working capital, GLV could need additional sources of financing, over and above its current credit facilities. There can be no assurance that additional financing by borrowing or by issuing shares on conditions acceptable to GLV will be available, or that such financing will be available at all. Failure to obtain such financing could restrict GLV's capacity to proceed with acquisitions or satisfy its working capital requirements

Competition and Technological Advancement

GLV's business is highly competitive. The Company faces competition in each of its primary businesses from entities which provide substantially similar services, some of which have much more significant resources than GLV.

Dependence on Key Personnel

GLV's success depends upon its personnel. The unexpected loss or simultaneous departure of a number of GLV's key officers or employees could be detrimental to its future business. Hence, the Company's future success will depend, in part, upon its ability to attract and retain qualified personnel in accordance with its needs. The current boom in the water treatment industry represents a challenge in this regard for the GLV, as it creates increased competition in the search for qualified personnel. There can be no assurance that the Company will be able to engage the services of such personnel or to retain its current personnel.

However, as management has always successfully done in the past, GLV believes it will be in a position to achieve a high personnel retention rate through a stimulating business culture and competitive compensation conditions. For instance, GLV offers certain key employees a long-term incentive plan allowing the grant of stock options and stock appreciation rights (SARs). In April 2009, GLV also set up a new SARs program that adds to the initial plan, offered exclusively to key employees responsible for operations within the two groups. Management deems this plan to be an effective tool to foster the retention of its personnel and thereby safeguard the expertise and know-how needed for the Company to succeed in its key markets.

Availability and Price of Raw Materials

The primary raw material used by the Company is steel. GLV has virtually no control over the availability and price of this raw material, which may vary according to market demand. Any difficulty in procuring this raw material in sufficient quantities and on a timely basis, as well as any increase in its price, could have an impact on the Company's operations and financial position.

Intellectual Property Rights

Although the Company attempts to take all necessary measures, it does not have absolute control over the protection of the intellectual property rights to its technologies and products, which could have an impact on GLV's operations and financial position. Furthermore, third parties could assert that the Company infringes on their intellectual property rights, which could give rise to major lawsuits or costs related to licence fees.

Environment and Climate Change

Manufacturing is not part of the Company's core business. Management estimates that GLV's operations are not exposed to the negative effects of climate change and do not involve any major environmental risk that could have an impact on the Company's operations and financial position. Furthermore, GLV's development is largely rooted in the marketing of technologies that help reduce the negative effects associated with climate change and the environmental footprint of its municipal and industrial customers. More specifically, these technologies are focused on the sustainability of global water resources, energy-efficiency and the production of green energy from biomass.

VI. OTHER

Basis of Comparison Between Fiscal 2009 and 2008

The analysis of the fourth quarter and fiscal year ended March 31, 2009 relates to GLV's actual consolidated operating results and cash flows for these periods. The same applies to consolidated operating results and cash flows for the fourth quarter of the previous year, i.e., the three-month period ended March 31, 2008. However, operating results and cash flows for the 12-month period ended March 31, 2008 include GLV's actual consolidated results only as of August 9, 2007, subsequent to the closing of the Arrangement. Prior to that date, they consist of combined carve-out data related to the businesses retained by GLV pursuant to the Arrangement. These data are derived from the accounting records of the former GL&V based on the historical value of the assets and liabilities and the historical operating results of the businesses retained by GLV. In addition to the direct charges and costs exclusively attributable to the operations of the Water Treatment Group, the Pulp and Paper Group and the Manufacturing unit, they include part of GL&V's head office expenses.

Management would like to point out that although the assumptions underlying the historical combined carve-out financial statements are in its opinion reasonable, these are not necessarily representative of the operating results and cash flows the retained businesses would have posted if they had been a stand-alone entity during the period preceding the Arrangement. In its opinion, the analysis of the comparative 12-month periods ended March 31, 2009 and 2008 must be approached with caution as to the combined carve-out portion of the 2008 results regarding certain items, in particular head-office-related administrative expenses and general expenses, financial expenses and income taxes.

However, the analysis of the consolidated balance sheet as at March 31, 2009 is performed in comparison with GLV's actual consolidated balance sheet as at March 31, 2008.

(For further information about the Arrangement, 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).)

Compliance with Canadian Generally Accepted Accounting Principles

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

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

Such measures enable management to assess the operational and financial performance of its operating groups. These measures 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 accounting performance measures or to the statement of cash flows as a measure 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 prepared in accordance with Canadian GAAP. Management's definition of these measures may not similarly titled measures reported by other companies.

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. The organic growth of each of its operating groups is computed by eliminating from the current fiscal year the revenues from the acquisitions that were not present during the comparative period of the previous fiscal year. The revenues thereby eliminated correspond to the revenues recorded by the acquired companies based on the latest financial data available preceding their acquisition by GLV, prorated to correspond to the analyzed periods. This computation method highlights the impact that GLV itself had on the revenue growth of the acquired companies subsequent to their acquisition date.

As for 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. Under certain circumstances, management may decide to defer the inclusion of a contract in the order backlog if, for instance, there are risks that the order could be cancelled or delayed, or that the collection of the selling price involves a risk. In that case, the order in question will normally be added to the order 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 included in the backlog.

Effectiveness of Disclosure Controls and Procedures and Internal Control Over Financial Reporting

In compliance with the Canadian Securities Administrators' National Instrument 52-109 ("NI 52-109"), GLV has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reporting within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

An evaluation was carried out, under the supervision of the Chief Executive Officer and the Chief Financial Officer, of the design and effectiveness of the Company's internal controls over financial reporting. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the internal controls over financial reporting are effective, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes in Internal Control Over Financial Reporting

No changes were made to the Company's internal controls over financial reporting that occurred during the fourth quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Contractual Commitments

In addition to the debts appearing in the consolidated balance sheet as at March 31, 2009, the Company has operating leases for premises and equipment expiring at various dates until 2016, and representing total minimum lease payments of $21.1 M as at March 31, 2009 ($24.3 M as at March 31, 2008). Management believes that the Company's cash and cash equivalents, capital resources and net cash flows from operations will suffice to finance its capital expenditures, working capital requirements, pension plan contributions, and interest and principal payments on long-term debt in a foreseeable future. Minimum annual lease payments on the operating leases for the next years and thereafter are as follows:

(in thousands of $)

2010	6,152
2011	5,074
2012	4,284
2013	3,349
2014	1,651
2015 and thereafter	608
Total	**21,118**

GLV is also committed under letters of credit and corporate guarantees for the achievement of contracts, for an amount that totalled $135.1 M as at March 31, 2009 ($111.8 M as at March 31, 2008).

Financial Instruments

The fair value of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in the context of a forced or liquidation sale. The following methods and assumptions were used to estimate the instruments' fair values:

- Cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities: fair values approximate their carrying amounts largely due to short-term maturities and high liquidity.
- Long-term debt: the fair value approximates its carrying amount because this debt instrument bears interest at rates that fluctuate with market rates.

Derivative Financial Instruments

The Company hedges its exposure to fluctuations in interest rates (Interest rate swap), foreign exchange rates (Foreign exchange contracts) and equity price (Total return swap) through the use of derivative financial instruments. The Company does not hold or issue financial instruments for trading purposes.

The following methods and assumptions were used to estimate the fair values:

- Foreign exchange contracts: are estimated using period-end market rates, and reflect the amount the Company would receive or pay if the instruments were closed out at those dates.
- Total return swap: estimated using the underlying shares' period-end market price.
- Interest rate swap: estimated by discounting expected future cash-flows using period-end market yield curves.

The fair values of the Company's derivative financial instruments are determined based on quoted market prices received from counterparties and adjusted for credit risk. The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments but does not expect any counterparties to fail to meet their obligations. The Company deals with only highly rated counterparties, normally major financial institutions. The Company is exposed to credit risk when there is a positive fair value of derivative financial instruments at a reporting date. The maximum amount that would be at risk if the counterparties to derivative financial instruments with positive fair values failed completely to perform under the contracts was $602,000 as at March 31, 2009 (2008 – $437,000).

The derivative financial instruments are subject to normally applied credit terms and conditions, financial controls, management processes and risk monitoring. In management's opinion, none of the parties to the existing derivative financial instruments are expected to default on their obligations since they are large multinational financial institutions.

GLV does not apply hedge accounting to its foreign exchange contracts, its total return swap and its interest rate swap; rather, it recognizes them at their fair value. This practice occasionally gives rise to unrealized gains and losses that can cause some volatility in the Company's financial results from quarter to quarter.

The reader is referred to notes 28 and 29 accompanying the consolidated financial statements for fiscal 2009 for further details.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires the Company to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. The Ontario Securities Commission defines critical accounting estimates as those requiring assumptions made about matters that are highly uncertain at the time the estimate is made, and when the use of different reasonable estimates or changes to the accounting estimates would have a material impact on a company's financial condition or operating results.

Changes in Accounting Policies

New Accounting Policies Adopted During Fiscal 2009

The following Handbook Sections, released by the Canadian Institute of Chartered Accountants ("CICA"), were adopted by the Company on April 1, 2008. The Company has retroactively adopted these accounting policies without restatement of comparative of prior periods.

Financial Instruments

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*. 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.

Inventories

The Company adopted the new recommendation of the CICA Handbook Section 3031, *Inventories*. This section is the Canadian equivalent to IAS 2, *Inventories* under International Financial Reporting Standards ("IFRS"). This standard requires that inventories be measured at the lower of cost and net realizable value. It provides further guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value and circumstances for their reversal. 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.

Fair Value Measurement

On January 20, 2009, the Emerging Issues Committee ("EIC") issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which requires that the fair value of financial instruments, including derivative financial instruments, takes into account the counterparties' credit risk for assets and the Company's credit risk for liabilities. This interpretation must be applied retrospectively without restatement of prior periods. The effective date of application for the Company is April 1, 2008. This new interpretation did not give rise to any significant adjustment for the Company.

Future Changes in Accounting Policies

Business Combinations and Consolidated Financial Statements

In January 2009, the CICA issued three new accounting standards: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling Interest*.

Section 1582 replaces former Section 1581 and establishes standards for the accounting of a business combination and is mostly aligned with International Financial Reporting Standards 3 ("IFRS 3"), *Business Combinations*. Section 1582 specifies (i) an expanded definition of a business; (ii) that most assets acquired and liabilities assumed will be measured at fair value; and, (iii) that acquisition costs will be recognized as expenses.

Sections 1601 and 1602 together replace former Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602, which converges with the requirements of International Accounting Standard 27 (IAS 27), *Consolidated and Separate Financial Statements*, establishes standards for accounting of a non-controlling interest resulting from a business acquisition, recognized as a distinct component of shareholders' equity. Net income will present the allocation between the controlling and non-controlling interests.

For the Company, these three standards will become effective for business combinations for which the acquisition date is on or after April 1, 2011 and for interim and annual consolidated financial statements relating to the fiscal year starting April 1, 2011. As Section 1582 is applicable only to future business combinations, the Company does not expect these new standards to have a material impact on the Company's consolidated financial statements prior to such acquisitions.

Intangible Assets

In February 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 EIC-27, *Revenues and Expenditures during the Pre-operating Period* and amendments to Accounting Guideline No. 11, *Enterprises in the Development Stage*. This section is the Canadian equivalent to IAS 38, *Intangible Assets* under IFRS. This accounting 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. For the Company, this standard applies to interim and annual financial statements beginning on April 1, 2009. The Company does not expect this new standard to have a material impact on the Company's consolidated financial statements.

Transition to International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). In February 2008, the AcSB confirmed that publicly accountable enterprises will be required to apply, and report in accordance with IFRS, in full and without modification, effective in fiscal years beginning on or after January 1, 2011, which in the case of the Company, represents interim and fiscal year-end periods beginning on or after April 1, 2011 (the "Changeover" date). In the Company's reporting in those periods following the Changeover date, GLV will be required to present comparative data for equivalent periods in the previous fiscal year, making April 1, 2010 the "Transition" date for the Company.

IFRS use a conceptual framework similar to Canadian GAAP, but presents significant differences on certain recognition, measurement and disclosure principles. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are better aligned with IFRS as illustrated by Section 3031 "Inventories" applicable for the Company as of April 1, 2008 and Section 3064 "Goodwill and intangible assets" applicable for the Company as of April 1, 2009 as they respectively relate to IAS 2 "Inventories" and IAS 38 "Intangible assets", thus mitigating the impact of conversion to IFRS. Further, the International Accounting Standard Board[2] ("IASB") will also continue to issue new, or amend existing accounting standards during the conversion period, and as a result, the final impact on the Company's consolidated financial statements of applying IFRS in full will only be entirely measurable once all applicable IFRS standards at the final changeover date are known.

[2] The International equivalent of the AcSB.

The Company's transition process from Canadian GAAP to IFRS is well initiated. To ensure adequate management of this process, the Company has namely established a project team and an IFRS Steering Committee, both of which are comprised of finance and accounting senior management as well as representatives from various areas of the organization, as deemed appropriate. Progress reporting to the Audit Committee on the status of the IFRS implementation project has been instituted.

The transition to full implementation of IFRS consists of three phases:

- *Initial Assessment Phase* – This phase involves performing a high-level assessment to identify and rank key areas of accounting differences and their impact (high, medium or low priority) that may arise from the transition to IFRS.
- *Detailed Assessment and Design Phase* – In this phase, each area of accounting differences identified in the initial phase will be further assessed in order of descending priority, with project teams established appropriately. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and impacts on drafting of financial statements under IFRS. The analysis and decisions made during this phase are included in IFRS Memos challenged and approved by the IFRS Steering Committee and External Auditors, which are then submitted to the Audit Committee.
- *Implementation and Testing Phase* – This phase includes execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs for the Company's finance and other staff, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements, embedding IFRS in business processes, elimination of any unnecessary data collection processes and audit committee approval of IFRS financial statements. Implementation also involves delivery of further training to staff as revised systems begin to take effect.

The Company completed the *Initial Assessment Phase* in July 2008, and its IFRS team is currently focusing on the *Detailed Assessment and Design Phase*.

The analysis of IFRS and comparison with currently applied accounting principles, namely based on standards analysis and surveys conducted throughout the Company, have helped identify a number of areas of differences.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The company is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in the circumstances.

Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time. Transitional adjustments relating to those standards where comparative figures are not required to be restated will only be made as of the first day of the year of adoption.

Set out below are selected key areas of accounting differences where changes in accounting policies in conversion to IFRS may impact the Company's consolidated financial statements. The list and comments should not be construed as a comprehensive list of changes that will result from transition to IFRS but rather highlights those areas of accounting differences GLV currently believes to be most significant. Notwithstanding, analysis of changes is still in progress and certain decisions remain to be made where choices relating to accounting policies are available. We note that the standard-setting bodies that promulgate Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's consolidated financial statements in future years. The areas of differences highlighted below are based on existing Canadian GAAP and IFRS effective at March 31, 2009. At this stage, the Company is not able to reliably quantify the full impact of these and other differences on GLV's consolidated financial statements.

Revenue Recognition

IAS 11, "Construction Contracts", requires that construction contracts revenues (revenues from new infrastructure projects) be measured based on the percentage of completion ("POC") method. Canadian GAAP on the other hand allows such contracts be measured based on either POC method or the completed contract method under certain circumstances. This difference may impact the accounting measurement and the timing of our revenue recognized.

Business Combinations

IFRS 3, “Business Combinations”, namely requires non-controlling interests be measured at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets; acquisition-related costs be expensed as incurred; contingent consideration be measured at fair value at acquisition date. Canadian GAAP on the other hand requires non-controlling interests be measured initially based on the existing carrying amounts; acquisition-related costs be included in the purchase price allocation; contingent considerations be recognized when the liability is resolved and the considerations becomes payable.

For Business Combinations, IFRS 1, “First-Time Adoption of International Financial Reporting Standards” provides the choice not to restate business combinations that occurred before transition date. GLV plans to elect for this choice.

Share-Based Compensation

IFRS 2, “Share-Based Payments”, requires that cash-settled share-based payments to employees be measured (both initially and at each reporting date) based on fair values of the awards. Canadian GAAP, on the other hand, requires that such payments be measured based on intrinsic values of the awards. This difference may impact the accounting measurement of GLV’s cash-settled share-based employee incentive plans.

Provisions

IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation. “Probable” in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is “likely”, which is a higher threshold than “probable”. Therefore, it is possible that there may be some provisions or contingent liabilities which would meet the recognition criteria under IFRSs that were not recognized under Canadian GAAP.

Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the low-point of the range, whereas Canadian GAAP uses the low end of the range), and the requirement under IFRS for provisions to be discounted where material.

The Company will continue to review all proposed and ongoing projects of the IASB and assess their impact on its conversion process.

Supplementary Information

Supplementary information about the Company, including the Annual Information Form dated June 12, 2009, the interim reports for the fiscal year ended March 31, 2009 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 of Directors and Chief Executive Officer

(*SIGNED)*
Marc Barbeau, CA
Executive Vice-President and Chief Financial Officer

June 11, 2009