Management's Discussion & Analysis

Second quarter of Fiscal 2012
Three-month and six-month periods ended September 30, 2011

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November 10, 2011

Unless otherwise indicated, all amounts are in Canadian dollars.

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

This interim Management Discussion & Analysis ("MD&A") was prepared under the responsibility of GLV Inc.'s management and approved by its Board of Directors as of November 10, 2011. The information appearing herein accounts for all significant events that occurred prior to that date. The MD&A presents the Corporation's position and business context as they were, to management's best knowledge, upon its approval by the Board of Directors.

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

The financial information presented in this interim MD&A, including tabular amounts, is prepared in accordance with the International Financial Reporting Standards (IFRS), which the Corporation has adopted as basis of presentation since the first quarter of fiscal 2012, April 1, 2010 being the transition date. For more information regarding the conversion to IFRS, please refer to the note 22 of the interim condensed consolidated financial statements and the section 10, "Accounting principles and IFRS" of this interim MD&A.

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

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

Supplementary information about the Corporation, including the Annual Information Form dated June 9, 2011, the MD&A for the fiscal year ended March 31, 2011 and the interim reports for the fiscal 2011 and the first quarter of fiscal 2012 and press releases, are available on SEDAR (www.sedar.com) and the Corporation's website (www.glv.com). Certain other documents, including presentations to investors, are also available on the Corporation's website.

2. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

3. PROFILE OF THE CORPORATION

Description of business

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

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

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

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

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

Strategic approach

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

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

4. HIGHLIGHTS

The Corporation's results for the quarter ended September 30, 2011 were in line with management's expectations, as the majority of units in all operating groups reported positive operational results in the markets they serve. These results were partially offset by a negative performance of one subsidiary in the desalination segment and management continues to closely monitor the situation and will be prudent in estimating the future costs of current projects stemming from the acquisition of Christ Water Technology (CWT).

In the second quarter of fiscal 2011, significant operational issues in an energy subsidiary in the United Kingdom had a major negative impact on the Corporation's results. Consequently, there was a significant improvement in profitability in the second quarter of fiscal 2012 compared to the same quarter a year earlier.

Despite the impact of this significant event in the second quarter of 2011, consolidated revenues, consolidated EBITDA and EBITDA margin were all up over the second quarter of the previous year and the first quarter of fiscal 2012. This shows the improvement in backlog quality over the past twelve months and the effectiveness of the project control and management measures implemented by management following the acquisition of CWT.

For the six-month period ended September 30, 2011, results are also up over the previous period, basically for the above-mentioned reasons.

For the second quarter of 2012 and the six-month period ended September 30, 2011, an income tax recovery of 3.7 million and 1.9 million have been recognized, respectively, compared to 0.6 million for the same periods a year earlier. This recovery is mainly explained by the corporate reorganization of certain subsidiaries that resulted in a reduction of the valuation allowance.

Given that the Corporation's main financing agreement matures in the next twelve months, in August 2012, the amounts used on these revolving credit facilities will be presented as current liabilities starting from the second quarter of fiscal 2012, until its renewal. The Corporation has begun renegotiating the agreement and expects to have the new agreement in place by March 31, 2012.

As at September 30, 2011, the backlog of $430.0 million was up compared to $421.0 million as at June 30, 2011 and $372.2 million as at March 31, 2011. The backlog in the Pulp and Paper Group has grown steadily since the beginning of fiscal 2012, and significantly so in the new equipment sales market. For Ovivo, the sharp increase reported at the end of the first quarter stemmed from the energy and renewable energy segments, the desalination segment in Africa and the European municipal segment, partially offset by a decrease in the municipal segment in the United States. The decrease since that date is due mainly to the renewable energy and desalination segments, partially offset by the positive impact of currency fluctuations.

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

5. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

Selected information

	Quarters ended September 30		Six-month periods ended September 30	
(In thousands of $, except per share data and percentages)	**2011**	2010	**2011**	2010
Revenues	**173,916**	161,293	**324,337**	309,621
Ovivo	**108,393**	106,008	**197,853**	198,329
Pulp and Paper	**54,609**	47,423	**105,887**	91,536
Other	**10,914**	7,862	**20,597**	19,756
EBITDA	**6,536**	(2,539)	**10,553**	1,397
Ovivo	**3,787**	(166)	**7,282**	2,453
Pulp and Paper	**4,215**	3,469	**6,453**	7,110
Other	**(1,466)**	(5,842)	**(3,182)**	(8,166)
Normalized EBITDA	**7,318**	(2,539)	**11,335**	1,397
Ovivo	**4,569**	(166)	**8,064**	2,453
Pulp and Paper	**4,215**	3,469	**6,453**	7,110
Other	**(1,466)**	(5,842)	**(3,182)**	(8,166)
EBITDA margin (as % of revenues)	**4.2 %**	(1.6)%	**3.5 %**	0.5 %
Ovivo	**4.2 %**	(0.2)%	**4.1 %**	1.2 %
Pulp and Paper	**7.7 %**	7.3 %	**6.1 %**	7.8 %
Other	**n/a**	n/a	**n/a**	n/a
Net earnings (loss) attributable to shareholders of GLV inc. :				
from continuing operations	**4,359**	(7,148)	**268**	(10,922)
from discontinued operations	**–**	(2,041)	**–**	(2,450)
Net earnings (loss) :				
attributable to shareholders of GLV inc.	**4,359**	(9,189)	**268**	(13,372)
attributable to non-controlling interests	**(36)**	(503)	**(18)**	(808)
Total	**4,323**	(9,692)	**250**	(14,180)
Generated (used) cash flow from continuing operations	**10,601**	21,791	**3,114**	(8,789)
Per share (basic and diluted)				
Net earnings (loss) from continuing operations	**0.10**	(0.16)	**0.01**	(0.24)
Net earnings (loss) from discontinued operations	**–**	(0.05)	**–**	(0.06)
Net earnings (loss)	**0.10**	(0.21)	**0.01**	(0.30)
Generated (used) cash flow from continuing operations	**0.24**	0.49	**0.07**	(0.20)

Capitalization Ratio	**September 30, 2011**	**March 31, 2011**
Total net debt to invested capital ratio	**18.4 %**	18.9 %
Working capital ratio (excluding current portion of long-term debt)	**1.57**	1.50

Revenues

	Quarters ended September 30		Change	Organic growth (1)	Six-month periods ended September 30		Change	Organic growth (1)
(In thousands of $)	**2011**	2010	%	%	**2011**	2010	%	%
TOTAL	**173,916**	161,293	7.8 %	8.4 %	**324,337**	309,621	4.8 %	4.4 %
Ovivo	**108,393**	106,008	2.2 %	2.7 %	**197,853**	198,329	(0.2)%	(0.5)%
New equipment	**94,216**	90,615	4.0%		**169,300**	169,049	0.1 %	
Sale of goods and provision of services	**14,177**	15,393	(7.9)%		**28,553**	29,280	(2.5)%	
Pulp and Paper	**54,609**	47,423	15.2 %	16.3 %	**105,887**	91,536	15.7 %	15.8 %
New equipment	**23,822**	19,163	24.3 %		**43,539**	33,492	30.0 %	
Sale of goods and provision of services	**30,787**	28,260	8.9 %		**62,348**	58,044	7.4 %	
Other	**10,914**	7,862	38.8 %	36.1 %	**20,597**	19,756	4.3 %	0.9 %

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

For the second quarter of 2012, the year-over-year increase in consolidated revenues is the result of organic growth in all operating groups, particularly in the Pulp and Paper Group. Excluding the impact of the significant reduction in revenues from the desalination segment stemming from more stringent contract selection criteria, consolidated organic growth would have been even greater, at close to 19%.

For the six-month period ended September 30, 2011, the desalination segment had a greater negative impact in first quarter 2012, which resulted in negative organic growth for Ovivo. Excluding this impact, consolidated organic growth would have been more than14%.

Currency fluctuations had very little impact on consolidated and each group revenues for the second quarter and first six months of fiscal 2012.

Ovivo

For the second quarter of 2012 and the six-month period ended September 30, 2011, the change in revenues compared to the corresponding periods of fiscal 2011 is due to an increase in the microelectronics segment, the petrochemical and specialized water treatment pulp and paper divisions and the European municipal segment. This increase in revenues was partly offset by significantly reduced operations in the desalination segment, more pronounced in the first quarter of 2012. Excluding the impact of the much lower revenues in the desalination segment, Ovivo's organic growth would have been significant, at more than 18% for the second quarter 2012 and close to 15% for the six-month period ended September 30, 2011.

Pulp and Paper Group
For the second quarter of 2012 and the six-month period ended September 30, 2011, the Pulp and Paper Group reported a strong performance, with steady organic revenue growth of 16.3% and 15.8%, respectively. This stems mainly from the sustained investment within the industry and a steady demand in aftermarket services.

Other
For the second quarter of 2012 and to a lesser degree for the six-month period ended September 30, 2011, the revenue growth compared to corresponding periods in the previous year derives mainly from the Van Der Molen division. Manufacturing unit revenues remained at the same level as in the previous fiscal year.

Revenues by geographic segment based on destination address

	Total		Ovivo		Pulp & Paper	
	Twelve-month periods ended September 30					
	2011	2010	**2011**	2010	**2011**	2010
	(as % of consolidated revenues)		*(as % of group revenues)*			
North America	**40.4 %**	40.2 %	**33.5 %**	33.2 %	**57.6 %**	59.8 %
Europe and Russia	**27.7 %**	25.1 %	**27.9 %**	26.5 %	**22.3 %**	18.9 %
Asia an Asian Pacific	**19.8 %**	16.8 %	**24.9 %**	18.5 %	**12.8 %**	15.8 %
Middle-East and Africa	**9.0 %**	15.4 %	**11.9 %**	21.2 %	**1.4 %**	0.7 %
Latin America	**3.1 %**	2.5 %	**1.8 %**	0.6 %	**5.9 %**	4.8 %

The geographic breakdown of revenues by destination address for the most recent twelve-month period compared with the previous period shows, for Ovivo, an increase in Asia and Asian Pacific in microelectronics market and the petrochemical and specialized water treatment pulp and paper divisions. Furthermore, it shows a decrease in Middle-East and Africa due to the significant reduction in activities of the desalination segment.

Gross margin

	Quarters ended September 30		Change	Change at constant exchange rates	Six-month periods ended September 30		Change	Change at constant exchange rates
	2011	2010	%	%	**2011**	2010	%	%
In thousands of $	**37,810**	30,385	24.4 %	25.0 %	**69,798**	61,170	14.1 %	13.4 %
As % of revenues	**21.7 %**	18.8 %			**21.5 %**	19.8 %		

For the second quarter of 2012 and the six-month period ended September 30, 2011, the Corporation recorded a higher consolidated operating margin, in dollars and as a percentage of revenues, compared to the same periods a year earlier.

Despite the adverse impact of the desalination segment, most of the other Ovivo segments and the Pulp and Paper Group reported operating margins in line with management's expectations for the second quarter and six-month period ended September 30, 2011. The manufacturing units in Europe and the Van Der Molen division, reported under Other, improved their operating margins, indicating efficient execution of current projects.

Selling and administrative expenses

	Quarters ended September 30		Change	Change at constant exchange rates	Six-month periods ended September 30		Change	Change at constant exchange rates
	2011	2010	%	%	**2011**	2010	%	%
In thousands of $	**30,492**	32,924	(7.4)%	(7.3)%	**58,463**	59,773	(2.2)%	(3.1)%
As % of revenues	**17.5 %**	20.4 %			**18.0 %**	19.3 %		

For the second quarter of 2012 and the six-month period ended September 30, 2011, selling and administrative expenses were down, both in dollar and as a percentage of revenues compared to the same period a year earlier, reflecting the Corporation's controls on these expenses in a revenues growth position. Also, in second quarter 2011, an amount of $0.7 million was recognized related to the launch of the Ovivo brand and positioning strategy.

EBITDA and normalized EBITDA

	Quarters ended September 30		Change	Change at constant exchange rates	Six-month periods ended September 30		Change	Change at constant exchange rates
	2011	2010	%	%	**2011**	2010	%	%
(In thousands of $)								
EBITDA	**6,536**	(2,539)	n/a	n/a	**10,553**	1,397	655.4 %	663.8 %
Ovivo	**3,787**	(166)	n/a	n/a	**7,282**	2,453	196.9 %	203.1 %
Pulp & Paper	**4,215**	3,469	21.5 %	22.1 %	**6,453**	7,110	(9.2)%	(7.4)%
Other	**(1,466)**	(5,842)	74.9 %	75.2 %	**(3,182)**	(8,166)	61.0 %	59.0 %
Normalized items	**782**	-	n/a	n/a	**782**	-	n/a	n/a
Ovivo	**782**	-	n/a	n/a	**782**	-	n/a	n/a
Pulp & Paper	**-**	-	n/a	n/a	**-**	-	n/a	n/a
Other	**-**	-	n/a	n/a	**-**	-	n/a	n/a
Normalized EBITDA	**7,318**	(2,539)	n/a	n/a	**11,335**	1,397	711.4 %	719.8 %
Ovivo	**4,569**	(166)	n/a	n/a	**8,064**	2,453	228.7 %	234.9 %
Pulp & Paper	**4,215**	3,469	21.5 %	22.1 %	**6,453**	7,110	(9.2)%	(7.4%)
Other	**(1,466)**	(5,842)	74.9 %	75.2 %	**(3,182)**	(8,166)	61.0%	59.0%
(as % of revenues) **Normalized EBITDA margin**	**4.2 %**	(1.6)%			**3.5 %**	0.5 %		
Ovivo	**4.2 %**	(0.2)%			**4.1 %**	1.2 %		
Pulp & Paper	**7.7 %**	7.3 %			**6.1 %**	7.8 %		
Other	**n/a**	n/a			**n/**a	n/a		

Ovivo

Ovivo's EBITDA was up strongly, and its EBITDA margin improved compared to the three-month and six-month periods for the prior fiscal year, mainly as a consequence of recognition of the operating loss in a United Kingdom energy-segment subsidiary in the second quarter of 2011.

Excluding this effect, Ovivo's improved profitability in the second quarter of 2012 stems mainly from significant contributions from the energy and microelectronics segments and the good performance of the European municipal segment. These contributions were partially offset by the operating loss of two subsidiaries, one in the municipal segment in Canada and one in the desalination segment; for the latter, management continues to closely monitor the situation and will exercise prudence in its estimates of future costs of current projects stemming from the acquisition of CWT.

Excluding the operating loss in the desalination segment, primarily in the first quarter of 2012, Ovivo's normalized EBITDA and normalized EBITDA margin are in line with the profitability targets set by management and net improvement compare to the same periods a year earlier.

Pulp and Paper Group

The performance of the Pulp and Paper Group was satisfactory in the second quarter of 2012, as it was up over the second quarter of 2011 and the first quarter of fiscal 2012. Due to the execution schedule for certain equipment-sale contracts and fluctuations in the demand for aftermarket services, the Group's first-quarter EBITDA had a negative impact on its profitability for the six-month period ended September 30, 2011 in comparison with the same period a year earlier.

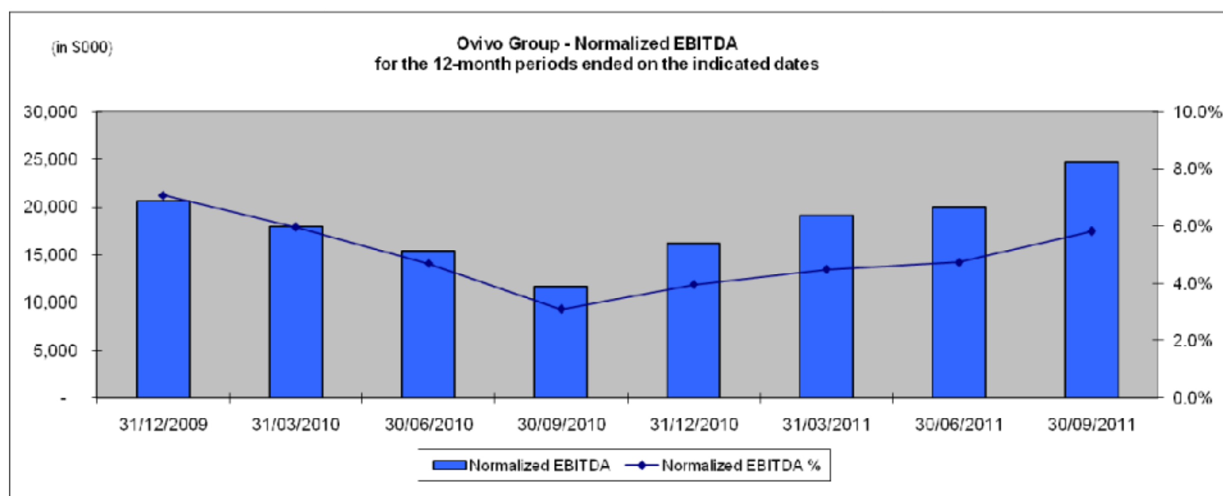
Other

For the second quarter of 2012 and the six-month period ended September 30, 2011, the Other Group recorded a significant improvement year over year due to the improved performance of the Van Der Molen division as well as lower head office expenses, taking into account recognition of the $0.7 million related to the launch of the Ovivo brand and positioning strategy in second quarter 2011 and the close of the CWT head office at the end of second quarter 2011.

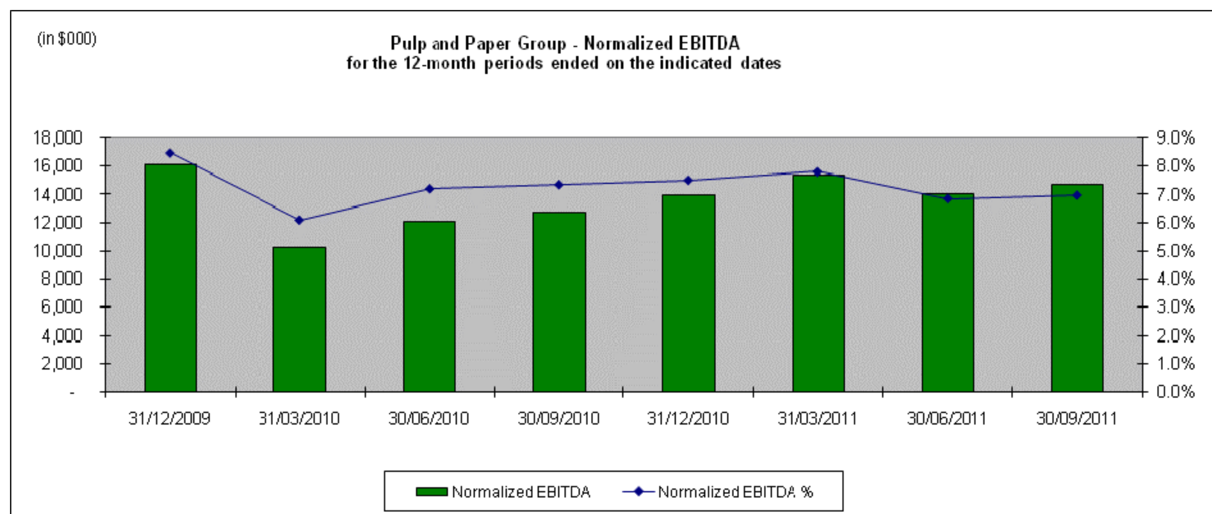
Changes in normalized EBITDA and normalized EBITDA margin

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

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



For the Pulp and Paper Group, the graph highlights the impact of the global recession on the pulp and paper industry starting in fall 2008, a sustained recovery in investments made by paper makers during fiscal 2011 and a good performance in second quarter of fiscal 2012.



Restructuring costs

For both the three-month and the six-month periods ended September 30, 2011, the Corporation recorded $0.8 million in restructuring costs. This consists primarily of reorganization costs of a subsidiary in the desalination segment which operating losses over the last three quarters had significant impact on the Corporation's results.

Amortization

	Quarters ended September 30		Change	Change at constant exchange rates	Six-month periods ended September 30		Change	Change at constant exchange rates
(In thousands of $)	**2011**	2010	%	%	**2011**	2010	%	%
Total	**3,089**	4,392	(29.7)%	(30.0)%	**7,808**	8,976	(13.0)%	(15.4)%
Property, plant and equipment	**1,353**	1,574	(14.0)%		**2,730**	3,082	(11.4)%	
Intangible assets	**1,736**	2,818	(38.4)%		**5,078**	5,894	(13.8)%	

For both the three-month and six-month periods ended September 30, 2011, decline in amortization expense is mainly due to the intangible asset associated with CWT backlog fully amortized during the first quarter of fiscal 2012.

Net financial expenses

	Quarters ended September 30		Change	Six-month periods ended September 30		Change
(In thousands of $)	**2011**	2010	%	**2011**	2010	%
Total	**2,136**	1,771	20.6 %	**4,254**	3,948	7.8 %
Interest on long-term debt	**1,726**	1,579	9.3 %	**3,409**	2,962	15.1 %
Interest income	**(78)**	(22)	254.5%	**(114)**	(265)	(57.0)%
Other	**488**	214	128.0 %	**959**	1,251	(23.3)%

For the second quarter 2012 and the six-month period ended September 30, 2011, the Corporation recorded an increase in net financial expenses compared with the same periods in fiscal 2011 due to interest on long-term debt, net of interest income, which are higher given the level of net debt required to support investment in working capital.

Foreign exchange loss (gain) and derivative financial instruments

	Quarters ended September 30		Change	Six-month periods ended September 30		Change
(In thousands of $)	**2011**	2010	$	**2011**	2010	$
Foreign exchange (gain) loss	**(192)**	1,888	(2,080)	**(2,731)**	743	(3,474)
Loss (gain) related to derivative financial instruments	**981**	(2,400)	3,381	**3,007**	(193)	3,200

Foreign exchange loss or gain results mainly from the translation of monetary items recorded in a currency other than a subsidiary's operating currency.

For the second quarter of 2012, the foreign exchange gain stems primarily from the appreciation of the U.S. dollar versus the Canadian dollar. The opposite effect occurred in the same quarter a year earlier. For the six-month period ended September 30, 2011, the foreign exchange gain stems primarily from the appreciation of the Swiss Franc against the Euro. In the same period a year earlier, the depreciation of the US dollar relative to the Canadian dollar had the opposite effect.

The loss on derivative financial instruments recorded during the second quarter of fiscal 2012 is due to an unfavourable revaluation of the total return swap as well as realized and unrealized losses on foreign exchange contracts during the period.

For the six-month period ended September 30, 2011, in addition to the above items, the change for the loss on derivative financial instruments is also due to realized and unrealized losses on cross currency swaps.

Income taxes

	Quarters ended September 30		Change	Six-month periods ended September 30		Change
(In thousands of $, except percentages)	**2011**	2010	$	**2011**	2010	$
Net earnings (loss) before tax	**522**	(8,190)	8,712	**(1,785)**	(12,077)	10,292
Income tax recovery	**(3,665)**	(556)	(3,109)	**(1,945)**	(554)	(1,391)
Effective tax rate (%)	**n/a**	6.8 %		**109.0%**	4.6 %	
Canadian statutory rate (%)	**26.9 %**	30.7 %		**26.9 %**	30.7 %	

For the second quarter of fiscal 2012 and for the six-month period ended September 30, 2011, the income tax recovery resulted primarily from reversal of valuation allowances following corporate reorganization of certain subsidiaries. Management confirms that the reorganization of its holding structure is almost completed as at September 30, 2011 and with the improvement of profitability over the next quarters, the Corporation should be able to benefit from the deferred tax assets on which valuation allowances had been taken in the past.

Net earnings (loss) attributable to shareholders of GLV Inc.

	Quarters ended September 30		Six-month periods ended September 30	
	2011	2010	**2011**	2010
(In thousands of $)				
Net earnings (loss) attributable to shareholders of GLV inc.	**4,359**	(9,189)	**268**	(13,372)
Net earnings (loss) from continuing operations attributable to shareholders of GLV inc.	**4,359**	(7,148)	**268**	(10,922)
Normalized net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**5,141**	(7,148)	**1,050**	(10,922)
(In $ per share, basic and diluted)				
Net earnings (loss) attributable to shareholders of GLV inc.	**0.10**	(0.21)	**0.01**	(0.30)
Net earnings (loss) from continuing operations attributable to shareholders of GLV inc.	**0.10**	(0.16)	**0.01**	(0.24)
Normalized net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**0.11**	(0.16)	**0.02**	(0.24)
Weighted average number of participating shares outstanding *(in thousands)*	**44,092**	44,092	**44,092**	44,092

The positive variances compared to the previous fiscal year in the previous table result from the improved EBITDA for the Corporation as a whole, taking into account the considerable impact of the operating loss sustained by the United Kingdom division in the second quarter of 2011, reduced amortization expense, a positive difference in the foreign exchange effect and the recovery of income taxes, partially offset by a negative variance stemming from the loss on derivative financial instruments.

6. SUMMARY OF QUARTERLY PERFORMANCE

	Quarters ended							
	Fiscal 2012		Fiscal 2011				Fiscal 2010	
(In thousands of $, except per share data)								
	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Revenues	**173,916**	150,421	168,235	185,966	161,293	148,328	141,874	135,808
EBITDA	**6,536**	4,017	8,921	10,669	(2,539)	3,936	934	7,551
Normalized EBITDA	**7,318**	4,017	7,449	11,580	(2,539)	3,936	2,112	7,201
Operating gain (loss)	**3,447**	(702)	3,615	6,121	(6,931)	(648)	(4,567)	3,835
Normalized operating gain (loss)	**4,229**	(702)	2,754	7,032	(6,931)	(648)	(3,389)	3,485
Net earnings (loss) attributable to shareholders of GLV inc. :								
from continuing operations	**4,359**	(4,091)	(5,570)	3,453	(7,148)	(3,774)	(13,152)	1,569
per share (basic and diluted)	**0.10**	(0.09)	(0.13)	0.07	(0.16)	(0.08)	(0.34)	0.04
normalized from continuing operations	**5,141**	(4,091)	(6,503)	4,187	(7,148)	(3,774)	(12,209)	1,289
per share (basic and diluted)	**0.11**	(0.09)	(0.15)	0.09	(0.16)	(0.08)	(0.31)	0.04
from discontinued operations	**-**	-	(3,680)	(4,108)	(2,041)	(409)	(520)	168
per share (basic and diluted)	**-**	-	(0.08)	(0.09)	(0.05)	(0.01)	(0.01)	-
Total	**4,359**	(4,091)	(9,250)	(655)	(9,189)	(4,183)	(13,672)	1,737
per share (basic and diluted)	**0.10**	(0.09)	(0.21)	(0.02)	(0.21)	(0.09)	(0.35)	0.04
Net earnings (loss) attributable to non-controlling interests	**(36)**	18	316	(93)	(503)	(305)	-	-
Net earnings (loss)	**4,323**	(4,073)	(8,934)	(748)	(9,692)	(4,488)	(13,672)	1,737

The fiscal 2011 quarterly results have been restated according to the IFRS. The impact of IFRS and the reconciliation to the results presented in prior periods are disclosed in the note 22 to the unaudited interim condensed consolidated financial statements accompanying this MD&A.

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

- the acquisition of CWT on November 27, 2009 during the third quarter of fiscal 2010 ;
- significant operational issues of a U.K. energy division which generated significant losses mainly in the second and fourth quarters of fiscal 2011 ; and
- additional costs required to complete some desalination contracts issued from CWT on our last quarter of fiscal 2011 and our first two quarters of fiscal 2012.

7. FINANCIAL SITUATION AND CASH FLOWS

After deduction of net acquisitions of property, plant and equipment, cash flow generated in the second quarter of 2012 were $10.6 million ($0.24 per share, basic and diluted) compared to $21.8 million ($0.49 per share, basic and diluted) for the same quarter of 2011 and for the six month period ended September 30, 2011, $3.1 million ($0.07 per share basic and diluted) compared with used cash flows of $8.8 million ($0.20 per share, basic and diluted) for the corresponding period last year.

	Quarters ended September 30		**Six-month periods ended September 30**	
(In thousands of $, except per share data)	**2011**	2010	**2011**	2010
Cash flow generated (used) from operations before changes in non-cash items	**3,644**	(6,119)	**5,247**	(2,732)
Net change in non-cash balances related to operations	**7,487**	25,365	**(1,531)**	(7,700)
Acquisition of property, plant and equipment, net of disposals	**(530)**	2,545	**(602)**	1,643
Generated (used) cash flow	**10,601**	21,791	**3,114**	(8,789)
per share (basic and diluted)	**0.24**	0.49	**0.07**	(0.20)

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

	Quarter ended September 30	Six-month period ended September 30
(In thousands of $)	**2011**	**2011**
Trade and other receivables	**88**	**13,638**
Inventories	**(1,141)**	**(1,751)**
Contracts in progress	**(2,522)**	**(2,081)**
Prepaid expenses	**(456)**	**(22)**
Account payables and accrued liabilities, provisions and other liabilities	**13,587**	**(7,850)**
Deferred revenues	**(1,315)**	**(3,626)**
Income taxes receivables / payables	**(754)**	**161**
	7,487	**(1,531)**

For the second quarter of 2012, the positive impact of cash flows of $7.5 million resulting from changes in non-cash items related to operations stemmed primarily from an increase in accounts payable and accrued liabilities due to payment schedules, partially offset by an increase in contracts in progress, which vary with projects progress status. For the six-month period ended September 30, 2011, the negative impact of cash flow of $1.5 million is the result of a decrease in accounts payable and accrued liabilities and deferred revenue and to a lesser extent of an increase in the contract in progress at September 30, 2011 compared to March 31, 2011. This variation was offset by a marked decrease in accounts receivable as a result of more effective trade accounts collection.

If there was a temporary decrease in the Corporation's volume of business, which could occur if the world economy slows, working capital requirement would decrease, which would have a positive impact on cash flows and reduce the level of net indebtedness, since long-term debt is used almost exclusively to finance working capital.

Excluding the current portion of long-term debt, the net working capital position is $131.4 million as at September 30, 2011, representing a ratio of 1.57 as at that date, compared with $116.7 million and 1.50 as at March 31, 2011. The Corporation's total assets stood at $587.9 million as at September 30, 2011, compared with $580.7 million as at March 31, 2011, an increase attributable mainly to the changes in contracts in progress and cash and cash equivalent, partially offset by a decrease in accounts receivable. Generally, management seeks to maintain its working capital ratio at approximately 1.50, which represents an adequate level given the Corporation's business model, while ensuring that a reasonable amount of cash is available to support operations. The Corporation is continuing its efforts to improve current trade account receivables management in order to maximize the resulting cash flows and thereby reduce financial expenses.

Note that changes in exchange rates for the second quarter 2012 and the six-month period ended September 30, 2011, resulted in a negative change in revaluation of cash and cash equivalents items totaling $0.4 million and $2.1 million, respectively.

The net effect of transactions relating to cash flows used in the second quarter 2012 and the six-month period ended September 30, 2011 has been an increase in the cash and cash equivalent of $3.6 million and $8.4 million, respectively.

Additional comments on financial position

	September 30	March 31
(In thousands of $, except ratios)	**2011**	2011
Long-term debt, including current portion of long-term debt	**79,566**	72,148
Cash and cash equivalents	**(22,861)**	(14,460)
Total net debt	**56,705**	57,688
Equity	**251,949**	247,746
Invested capital	**308,654**	305,434
Total net debt to invested capital ratio	**18.4 %**	18.9 %

As at September 30, 2011, the Corporation's total debt amounted to $79.6 million compared with $86.9 million as at June 30, 2011 and $72.1 million as at March 31, 2011. Net of cash and cash equivalents, GLV's total net debt amounted to $56.7 million for a total net debt to invested capital ratio of 18.4% as at September 30, 2011, compared with total net debt of $57.7 million and a 18.9% ratio as at March 31, 2011.

As at September 30, 2011, the cash position and the bank credit facilities were sufficient to fund the operations. Moreover, all the financial ratios met the parameters set out in the current credit agreements with banks. Where there were special or non-recurring items, conditions on these credit agreements require an adjustment to normalized EBITDA for the purpose of establishing financial ratios. Accordingly, as at September 30, 2011, financial ratios were calculated using a normalized EBITDA adjusted to exclude the operating results recorded during the twelve months ended September 30, 2011 of entities whose shares or assets were sold or that were closed.

The main financing agreement in place consists of two non-reducing revolving credit facilities totalling $185 million. Of that amount, $85 million is in the form of a revolving credit facility available to meet day-to-day financing requirements, issue letters of credit and finance business acquisitions, and the balance amount of $100 million is available to issue letters of credit guaranteed by Export and Development Canada ("EDC"). In May 2011, the Corporation reduced for the remaining term of the agreement, the amount available to meet day-to-day financing requirements, from $125 million to $85 million.

The main financing agreement stipulates that the principal must be repaid at maturity in August 2012. The Corporation has begun renegotiating the agreement and expects to have the new agreement in place by March 31, 2012. Given that the maturity date of the existing agreement falls within the next twelve months, amounts used on these credit facilities will be presented as current liabilities starting from the second quarter of 2012 and until its renewal.

Note also that while in past quarters other amounts were due for repayment within twelve months, they were presented under long-term debt because the liquidities available to the Corporation on its main credit agreement would have allowed it to carry those amounts beyond the twelve month period.

Given the situation with the main credit agreement, these amounts were also reclassified as current liabilities. As at September 30, 2011, an amount of $36.0 million was presented as the current portion of long-term debt.

The Corporation also have two revolving credit facilities to support the operations in Austria. The first facility of €40.0 million ($56.0 million) is used to issue letters of credit and the second, amounting to €5 million ($7 million), is used to meet day-to-day financing requirements. As at September 30, 2011, €31.5 million ($44.5 million) had been drawn down under the credit facility to issue letters of credit. The Corporation guarantees repayment of these credit facilities in the event of payment default. The credit facility for issuing letters of credit matures on May 26, 2015 while the credit facility for day-to-day financing requirements is renewable annually in May.

Share capital information and Stock-Based Compensation

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

As at September 30, 2011, the number of outstanding stock options to acquire Class A subordinate voting share under the Corporate' stock option plan was 1,589,052 (1,606,176 as at March 31, 2011) of which 1,137,852 (847,176 as at March 31, 2011) were exercisable based on time condition, notwithstanding the reach of targeted share price when applicable.

Furthermore, as per two stock appreciation rights plans ("2007 SARs" and "2009 SARs") linked to Class A subordinate voting shares, 910,000 SARs were outstanding as at September 30, 2011 (940,000 as at March 31, 2011).

For further information, refer to note 12 to the interim condensed consolidated financial statements accompanying this MD&A.

8. BACKLOG AND OUTLOOK

	Quarter ended September 30	Quarter ended June 30	Change	Change at constant exchange rates	Quarter ended March 31	Change	Change at constant exchange rates
(In thousands of $)	**2011**	2011	%	%	2011	%	%
Total	**430,016**	420,971	**2.1 %**	**(0.4)%**	372,201	**15.5 %**	**12.1 %**
Ovivo	**338,421**	343,651	**(1.5)%**	**(3.7)%**	304,715	**11.1 %**	**8.0 %**
Pulp & Paper	**77,191**	63,486	**21.6 %**	**16.4 %**	55,994	**37.9 %**	**32.1 %**
Other	**14,404**	13,834	**4.1 %**	**3.6 %**	11,492	**25.3 %**	**23.1 %**

Ovivo

As at September 30, 2011, Ovivo's order backlog was down slightly from the previous quarter, primarily in the desalination segment, due to more stringent selection criteria for new contracts. Compared to March 31, 2011, the backlog is growing strongly in the energy and renewable energy segments, the desalination segment in Africa and the European municipal segment, partially offset by a decrease in the U.S. municipal segment.

Given the current tendering activity, most of the industrial segments served by Ovivo should see a good level of activity in coming quarters. The energy segment and the European municipal segment also have particularly favourable outlooks.

The more challenging economic conditions in the U.S. municipal segment continue to limit the financial resources available to local authorities for investment in infrastructure projects. This situation has been reflected in the backlog since March 31, 2011. To maintain its profitability margins, Ovivo has started to temporarily re-deploy employees in the U.S. municipal segment to other Ovivo units.

Management is closely monitoring the desalination segment and will be prudent in estimating future costs related to the completion of certain CWT contracts which had a significant negative impact on results for the first six months of fiscal 2012 and fourth quarter 2011.

Initiatives have been introduced to maintain and increase the profitability of Ovivo; these include sharing of best practices by a high-calibre project management team, working capital management, including measures to reduce the level of accounts receivable and improve contract payment terms, and implementation of best practices in procurement and outsourcing.

As per Corporation management, Ovivo's projected profitability for fiscal 2012 takes into account the benefits of the initiatives introduced in fiscal 2011. However, the unfavourable impact of the CWT contracts in the desalination segment will impede the Group's ability to achieve a normalized EBITDA margin of 10%.

Pulp and Paper Group

As at September 30, 2011, the Group's order backlog showed good growth over the previous quarter and March 31, 2011, driven mainly by a sharp rise in capital expenditure projects; orders for the spare parts market were up slightly compared to the end of the two previous quarters.

To maintain comparable profitability with the preceding fiscal year, the Pulp and Paper Group continues to invest in the development of new products and improving targeted current projects based on its market strengths; it also continues to seek out opportunities to boost its aftermarket volume or in high-potential niches, while maintaining tight control over its costs. Developing the Group's presence in China and in India as well as its outsourcing network remains a priority.

For fiscal 2012, the Group's actual and expected backlog level will generate a satisfactory level of activity, which, combined with a competitive and tightly managed cost structure, should enable it to maintain its profit margins.

Other

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

For the manufacturing units, the goal is to deliver a positive performance for all subsidiaries. Last, head office costs should decrease compared with the previous fiscal year and remain at the same level as current quarter.

Global outlook

Despite the global economic conditions, the Corporation has maintained its volume of activity. Nonetheless, management remains vigilant and the outlook presented in this section could change if the global economy deteriorates.

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

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

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

9. RISKS AND UNCERTAINTIES

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

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

10. ACCOUNTING POLICIES AND TO IFRS

Critical accounting policies and estimates

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

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

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

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that IFRS will replace Canadian GAAP for the fiscal year beginning from January 1st, 2011 for publicly accountable enterprises. The Corporation's interim unaudited condensed consolidated financial statements for three-month and six-month periods ended September 30, 2011 are prepared according to IFRS. The first IFRS application date for the Corporation is April 1, 2010, considered as the transition date.

The note 22 to the interim unaudited condensed consolidated financial statements accompanying this MD&A provided substantive explanations on the impact of IFRS. This note also discloses the IFRS 1 choices, *First-Time Adoption of IFRS* and the reconciliation tables of the financial information published in previous periods according to Canadian GAAP specifically for the financial situation as at September 30, 2011, the equity as at September 30, 2010 and March 31, 2011, as well as statement of loss and statement of comprehensive loss for the three-month and six-months periods ended September 30, 2010 and twelve months ended March 31, 2011.

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

Changes in accounting policies

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

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

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

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

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

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

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

GLV is currently assessing the impact of adopting these new standards (except for IAS 28), which are effective for fiscal years beginning on or after January 1, 2013.

11. RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

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

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

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

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

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

The following table reconcile non-IFRS financial measures from the Corporation consolidated statement of earnings (loss).

	Quarter ended September 30, 2011				**Six-month period ended September 30, 2011**			
(in thousands of $)	Ovivo	Pulp and Paper	Other	**Consolidated Results**	Ovivo	Pulp and Paper	Other	**Consolidated Results**
As presented on the financial statements:								
Operating income				3,447				2,745
Amortization				3,089				7,808
Net earnings (loss) before amortization, net financial expenses, foreign exchange loss (gain), loss (gain) change in derivative financial instruments, income taxes and share of loss (gain) in joint ventures	3,787	4,215	(1,466)	6,536	7,282	6,453	(3,182)	10,553
Normalized Items	782			782	782			782
Normalized EBITDA	4,569	4,215	(1,466)	7,318	8,064	6,453	(3,182)	11,335

	Quarter ended September 30, 2010				**Six-month period ended September 30, 2010**			
(in thousands of $)	Ovivo	Pulp and Paper	Other	**Consolidated Results**	Ovivo	Pulp and Paper	Other	**Consolidate d Results**
As presented on the financial statements:								
Operating income				(6,931)				(7,579)
Amortization				4,392				8,976
Net earnings (loss) before amortization, net financial expenses, foreign exchange loss (gain), loss (gain) change in derivative financial instruments, income taxes and share of loss (gain) in joint ventures	(166)	3,469	(5,842)	(2,539)	2,453	7,110	(8,166)	1,397
Normalized Items	-	-	-	-	-	-	-	-
Normalized EBITDA	(166)	3,469	(5,842)	(2,539)	2,453	7,110	(8,166)	1,397

12. CONTROLS AND PROCEDURES

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

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

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

(SIGNED)
Richard Verreault

President and Chief Executive Officer

(SIGNED)
Marc Barbeau, CA

Executive Vice-President and Chief Financial Officer

November 10, 2011