MANAGEMENT'S REPORT
For the Fiscal Year Ended March 31, 2008

(Management's Discussion and Analysis of
Operating Results, Cash Flows and Financial Position)

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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's operations and financial position. The statements set forth in this Management's Report that describe management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of securities legislation. Management would like to point out that, by their very nature, forward-looking statements involve a number of risks and uncertainties such that actual and future results could differ materially from those indicated. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. Unless required to do so pursuant to applicable securities legislation, management assumes no obligation as to the updating or revision of the forward-looking statements as a result of new information, future events or other changes.

(Additional information about the risk factors to which GLV Inc. is exposed is provided in the *"Risk Management"* section of this Management's Report.)

DESCRIPTION OF THE BUSINESS

GLV Inc. ("GLV" or "the Company") is a leading global provider of technological solutions used in water treatment and pulp and paper production. The Company has close to 1,700 employees and is present in some 30 countries.

GLV was incorporated on May 15, 2007 to acquire and to carry on the business of Groupe Laperrière & Verreault Inc. ("GL&V") in the water treatment and the pulp and paper production equipment segments. On August 8, 2007, pursuant to an arrangement ("the Arrangement") entered into between GL&V, its shareholders and the Danish company FLSmidth & Co. A/S ("FLS"), all the assets and liabilities of GL&V's Water Treatment Group, Pulp and Paper Group and Manufacturing Unit ("the Retained Businesses") were subject to a carve-out transaction and were spun off into GLV. The Arrangement closed on August 10, 2007. On August 13, 2007, GLV's Class A subordinate voting shares and Class B multiple voting shares began trading on the Toronto Stock Exchange (TSX) under the ticker symbols LVG.A and LVG.B.

(*A detailed description of the carve-out transaction is provided further on in this Management's Report.)*

GLV's operations are currently divided into two reportable segments:

- The **Water Treatment Group** (also known worldwide as "Eimco Water Technologies") specializes in the design and international marketing of solutions for the treatment and recycling of municipal and industrial wastewater and water used in various industrial processes. It also offers water intake screening solutions for power stations and desalination plants. With its extensive technological portfolio, the group is positioned to provide comprehensive solutions for the filtration, clarification, treatment and purification of water that will either be returned into the environment, or be re-used in various industrial processes or for domestic purposes.

- 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. Ranking among the foremost players in its industry, this group is recognized as a leading provider of spare parts as well as rebuilding, upgrading and optimization services.

In addition, a Manufacturing Unit specializes in the production of large custom-made parts for the Pulp and Paper Group as well as external customers involved mainly in the pulp and paper and energy sectors. Apart from this unit, GLV outsources most of the manufacturing of its proprietary products to an international network of subcontractors in order to focus primarily on product engineering and sales operations.

During the last fiscal year, the consolidated revenues of GLV (excluding the Manufacturing Unit and inter-segment eliminations) were equally divided between the Water Treatment Group and the Pulp and Paper Group.

(A description and a detailed history of the Water Treatment Group and the Pulp and Paper Group are provided in the Annual Information Form of GLV dated June 12, 2008 and available on the websites of SEDAR at www.sedar.com and GLV at www.glv.com.)

PRELIMINARY COMMENTS TO MANAGEMENT'S REPORT

General

This Management's Report should be read in conjunction with the consolidated and combined carve-out financial statements and accompanying notes included in GLV's Annual Report for the fiscal year ended March 31, 2008. Supplementary information regarding the Company, including the documents prepared for the August 7, 2008 Annual General Meeting of Shareholders, Annual Information Form, interim reports for the fiscal year ended March 31, 2008 and press releases, is available on the websites of SEDAR (www.sedar.com) and GLV (www.glv.com). Certain other documents, including presentations made to investors over the past year, are also available on the Company's website. Readers seeking information about the Arrangement closed on August 10, 2007 are invited to refer to the Arrangement Circular ("the Circular") dated June 20, 2007 and filed on SEDAR under the profile of Groupe Laperrière & Verreault Inc. The Circular is also available on GLV's website at www.glv.com.

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. Similarly, "Groupe Laperrière & Verreault Inc." or "GL&V" designate, as the case may be, Groupe Laperrière & Verreault Inc. and its subsidiaries and divisions or Groupe Laperrière & Verreault Inc. or one of its subsidiaries or divisions.

In this Management's Report, GLV's fiscal year ending March 31, 2008, GL&V's fiscal year ended March 31, 2007 and previous fiscal years are designated by the terms "fiscal 2008", "fiscal 2007", "fiscal 2006" and "fiscal 2005". The "fourth quarter of fiscal 2008" and the "fourth quarter of fiscal 2007" refer to the three-month periods ended March 31, 2008 and 2007 respectively.

Unless otherwise indicated, the financial information presented in this Management's Report, including tabular amounts, is expressed in Canadian dollars. The Canadian dollar is also GLV's and GL&V's measurement currency. Unless otherwise indicated, the analysis of results for the reporting period in question is made in comparison with financial results for the equivalent period of the previous fiscal year. The sign "$M" means "millions of dollars".

The information contained in this Management's Report accounts for any major events occurring prior to June 5, 2008, on which date GLV's Board of Directors approved the annual financial statements and Management's Report. It presents the Company's status and business context as they were, to management's best knowledge, at the time these lines were written.

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 amortization, financial expenses and income taxes;

- **normalized EBITDA**: according to the reporting periods, EBITDA before gains or losses on disposal of property, plant and equipment, other assets and commercial activities, non-recurring costs directly related to the Arrangement, restructuring costs and impairment of long-lived assets;

- **EBIT**: earnings before financial expenses and income taxes;

- **normalized EBIT**: according to the reporting periods, EBIT before gains or losses on disposal of property, plant and equipment and other assets, non-recurring costs directly related to the Arrangement and restructuring costs;

- **normalized net earnings**: according to the reporting periods, earnings before gains or losses on disposal of property, plant and equipment and other assets, non-recurring costs directly related to the Arrangement and restructuring costs (net of related taxes); and

- **Free Cash Flow per share**: Calculated by dividing the free cash flow by the weighted average number of shares outstanding for the year.

Such measures allow management to assess the operational and financial performance of its operating groups. These measures are also commonly used by the investment 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 performance measures prepared in accordance with Canadian GAAP. Management's definition of these measures may not be similarly titled measures reported by other companies. A table presenting the reconciliation between these measures and the most comparable GAAP measures for the three-month and 12-month periods ended March 31, 2008 and 2007 is presented elsewhere in this Management's Report.

GLV uses certain other performance measures that are not consistent with GAAP and might not correspond to similarly titled measures used by other companies.

In order to assess the proportion of the operating cash flows available for debt service and discretionary purposes other than capital expenditures, GLV uses the **free cash flows** measure which corresponds to cash flows from operations before net changes in non cash balances related to operations, less acquisitions of property, plant and equipment (net of disposals of property, plant and equipment).

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 operational groups is calculated by eliminating from the current fiscal year the revenues derived from the acquisitions that were not present during the comparative period of the previous year. The revenues thereby eliminated correspond to the revenues recorded by the acquired businesses based on the latest financial information prior to their acquisition by GLV, prorated to correspond to the periods analyzed. This calculation method highlights the impact that GLV itself has on the revenue growth of acquired businesses after their acquisition date.

As for GLV's **order backlog**, it consists of the contracts 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 some circumstances, management may decide to defer the inclusion of a contract in the order backlog, for instance, if there is a certain risk that the order may be cancelled or delayed or that the receipt of the selling price carries risks. In this case, the specific order will normally be added to the order backlog only upon receipt of a portion of the selling price in the form of advances on a contract, or when management has a reasonable degree of assurance thereof. Management may also decide to take a general reserve on the basis of its assessment of the various risks involved in the orders included in the backlog.

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

Management of GLV (and the former GL&V) has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared, and disclosed in public documents pursuant to the requirements of *Multilateral Instrument 52-109*.

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

OTHER IMPORTANT CONSIDERATIONS REGARDING THE COMPARATIVE ANALYSIS OF RESULTS FOR THE 12-MONTH PERIODS ENDED MARCH 31, 2008 AND 2007

Basis of Presentation

As GLV adopted the same fiscal year-end as GL&V, i.e. March 31, this Management's Report covers the three-month and 12-month periods ended March 31, 2008, in comparison with the corresponding periods ended March 31, 2007.

Thus, the analysis of the fourth quarter ended March 31, 2008 discusses GLV's actual consolidated results in comparison with the combined carve-out financial results of the retained businesses for the equivalent three-month period ended March 31, 2007. Results for the fiscal year ended March 31, 2008 include GLV's actual consolidated results for the post-carve-out period extending from August 9, 2007 to March 31, 2008 and, for the period between April 1 and August 8, 2007, they include the combined carve-out financial results of the Retained Businesses. The entire comparative 12-month period ended March 31, 2007 refers exclusively to the combined carve-out financial results of the Retained Businesses.

The discussion and analysis of statements of earnings, statements of cash flows and the balance sheet must also take the following facts into consideration:

- In the combined carve-out balance sheet as March 31, 2007, the net assets of the Retained Businesses are presented as equity invested by the former GL&V, and the debt is largely comprised of advances from companies of GL&V. This presentation makes the comparison with the new company's actual consolidated balance sheet as at March 31, 2008 difficult.

- The combined carve-out statements of earnings and statements of cash flows for the period extending from April 1, 2007 to August 8, 2007, as well as for the entire fiscal year 2007, are derived from GL&V's accounting records using the historical cost basis of assets and liabilities and the historical results of the Retained Businesses of GLV. In addition to the expenses and direct costs exclusively attributable to the operations of the Water Treatment Group, the Pulp and Paper Group and the Manufacturing Unit, they include a portion of GL&V's corporate office expenses. These expenses are allocated between the Retained Businesses and the operations related to the Process Group (now belonging to FLS) as set forth hereinafter, as well as in note 2 accompanying the consolidated and combined carve-out financial statements for GLV's fiscal year ended March 31, 2008. Management would like to point out that, although the assumptions underlying the historical combined carve-out financial statements are in its opinion reasonable, they do not necessarily reflect GLV's operating results, financial position and cash flows for upcoming periods, nor what the operating results, financial position and cash flows would have been if the Retained Businesses had been a stand-alone entity during the reporting periods.

General Corporate Office Expenses Allocated to the Retained Businesses, Bonus Expenses, Stock Options and Other Stock-Based Compensation Plans for the Periods Extending from April 1 to August 8, 2007, and from April 1, 2006 to March 31, 2007.

For the periods prior to the carve-out transaction, specifically those extending from April 1 to August 8, 2007 and, for the previous year, the three-month and 12-month periods ended March 31, 2007, GL&V has allocated most of the corporate office expenses (included in the *"administrative expenses"* account of the combined carve-out statements of earnings) to the Retained Businesses of GLV on the basis of the percentage of revenues generated. Allocated costs relate to human resources, legal, treasury, insurance, finance, taxation, accounting, marketing, strategic development, investor relations and public affairs. The costs allocated are not necessarily indicative of the costs that would have been incurred if the Retained Businesses had performed the functions as a stand-alone entity during the reporting periods.

For the same periods, bonus expenses related to GL&V's corporate office employees, as well as the stock option expenses and other stock-based compensation expenses formerly in effect at GL&V, have been allocated on the basis of earnings before amortization, financial expenses and income taxes of each combined entity. These expenses are not necessarily indicative of what they would have been if the Retained Businesses had been a stand-alone entity during the reporting periods.

Description and Financial Impact of Carve-Out Transactions (August 8, 2007)

On August 8, 2007, the principal carve-out transactions effected to complete the Arrangement consisted in the transfer, from GL&V to GLV, of all the shares of the subsidiaries operating within the Water Treatment Group and the Pulp and Paper Group, of all the assets (including intangible assets) and liabilities of the divisions included in these groups, and of all the assets and liabilities of the Manufacturing Unit and head office. The shares and net assets transferred to GLV, which are described in further detail in note 1 accompanying the consolidated and combined carve-out financial statements for GLV's fiscal year ended March 31, 2008, were acquired for the following consideration:

- the issue of 22,837,075 Class A subordinate voting shares equal to a legal stated capital amount of $201.4 M and 2,551,805 Class B multiple voting shares equal to a legal stated capital amount of $22.5 M; and

- a cash payment of $62.9 M, obtained from GLV's new credit facilities, representing the assumption of the net debt related to the Retained Businesses, the other compensation owed to employees and the balance of the inter-company debts not yet repaid at the carve-out date.

Because the carve-out transaction was between companies under common control, it was recorded at book value of $163.5 M in GLV's consolidated balance sheet.

Concurrently with the carve-out transaction, almost all the advances made to the Retained Businesses by companies of GL&V were capitalized. In the following months, subsequent to fiscal 2008 year-end, the balance of the advances due to GL&V were repaid through the transfer to FLS of certain net operational assets related to the Process Group.

In April 2008, the finalization of GLV's opening balance sheet conducted subsequent to the closing of the Arrangement, pursuant to the terms thereof, resulted in the receipt by GLV of an amount of $1.8 M representing an adjustment of the net debt assumed by GLV, net of the amounts receivable or payable between GLV and the Process Group companies acquired by FLS. The receivable of $1.8 M, as of August 8, 2007, combined with the transfer to FLS of the final assets of the Process Group, completed the financial component of the carve-out transaction relating to the net assets of GLV's Water Treatment Group and Pulp and Paper Group.

Finally, fiscal 2008 results include costs of $6.5 M that would not have been incurred by GLV were it not for the Arrangement. These costs consist in a $4.8 M charge related to other compensation, a $0.8 M charge in professional fees related to the Arrangement and $0.9 M in other carve-out expenses. Pursuant to the Arrangement, the payment related to other compensation was partially supported by GL&V.

SIGNIFICANT EVENTS OF THE LAST FISCAL YEAR (As of August 8, 2007)

Financing

On August 8, 2007, GLV obtained credit facilities from financial institutions for an aggregate value of $175 M, consisting of two non-reducing revolving credits. Of this amount, $125 M is available to finance business acquisitions, meet day-to-day financing requirements and issue letters of credit. The remaining $50 M may be used to issue letters of credit guaranteed by Export and Development Canada (EDC). GLV used part of the $125 M credit facility to finance the cash consideration of the carve-out transaction effective August 8, 2007. *(See note 17(a) accompanying the consolidated and combined carve-out financial statements for fiscal 2008.)* No capital repayment on the long-term debt is required before it comes due in August 2012.

In April 2008, subsequent to the end of the last fiscal year, GLV arranged financing by way of non-secured debentures totalling $25 M with the Solidarity Fund QFL, in addition to a private placement of Class A subordinate voting shares for a consideration of $15 M. (These transactions are described in the *"Event Subsequent to Fiscal Year-End"* section of this Management's Report.)

Acquisitions

On March 7, 2008, GLV acquired, for its **Water Treatment Group**, all the outstanding shares of AJM Environmental Services Pty Ltd. ("AJM"). Located in Sydney (Australia), AJM specializes in integrated technological solutions for industrial wastewater treatment and recycling, primarily for the food and beverage production and processing industry. The acquisition transaction was settled for a cash consideration of $16.7 M, financed using GLV's credit facilities and the assumption of a $1.8 M debt relating entirely to the building where AJM's Sydney-based headquarters are located. AJM was founded in 1999 and has some 40 employees. Having achieved a 50% average annual revenue growth over the past three years, AJM recorded sales of approximately $16.0 M in its last fiscal year. As one of the leading Australian providers of water treatment solutions for the food and beverage processing industry, AJM serves numerous national, multi-factory, companies. AJM is also involved in certain other industries targeted by GLV's Water Treatment Group, including the energy sector. The key advantages of this acquisition are as follows:

- It meets the Water Treatment Group's objective of further balancing its revenues between the municipal and industrial markets.

- It enhances GLV's offering and know-how in the provision of wastewater recycling and re-use solutions.

- It enables the Company to integrate technologies that are complementary to those of the Water Treatment Group, but specifically tailored to the needs of the food and beverage processing industry, one of the industrial segments with the world's greatest and fastest growing demand for wastewater treatment and re-use technologies.

- It provides the Water Treatment Group with a broader operational base in Australia, a particularly promising region for water treatment solutions providers given its strong economy and lack of water resources.

GLV has undertaken to develop certain technological and commercial synergies between AJM and the Water Treatment Group's other units in order to provide its customers with even more comprehensive solutions and to further penetrate some key geographic markets.

The analysis of the Water Treatment Group's results for fiscal 2008 must also account for the contribution of two acquisitions made during the previous year, specifically:

- The June 30, 2006 acquisition of all the outstanding shares of Enviroquip, Inc. ("Enviroquip", a Texas (USA) producer of drinking water and wastewater treatment equipment, mainly for municipalities. In addition to its own technologies, it uses, under licence, a submerged membrane bioreactor (MBR) technology for the U.S. municipal market. Enviroquip contributed to fiscal 2008 results for the entire 12-month period, compared with nine months in 2007.

- The October 16, 2006 acquisition of all the shares of two companies specializing in wastewater treatment solutions: COPA Limited, in the United Kingdom, and COPA Water Pty Ltd, in Australia ("Copa"). Besides an extensive product line, COPA Limited holds the exclusive licence for the submerged membrane bioreactors (MBR) for the municipal, commercial and industrial wastewater treatment markets in the United Kingdom and Ireland. Toward the end of GL&V's fiscal 2007 and on October 3, 2007, at the beginning of the third quarter of GLV's fiscal 2008, two non-strategic and non-significant Australian divisions that were part of the Copa acquisition were sold.

The **Pulp and Paper Group** also completed an acquisition during fiscal 2008, specifically the September 13, 2007 purchase of the principal assets of a U.K. company specializing in the design and manufacture of doctor blade systems for paper machines and high-turnover replacement parts ("consumables"). Although it did not have a material financial impact, this acquisition enabled the Pulp and Paper Group to expand its portfolio in this niche of the pulp and paper industry while providing it with an additional revenue stream in the aftermarket.

The Pulp and Paper Group's results for fiscal 2008 benefited from the contribution of four acquisitions made during the previous year, i.e. GL&V's fiscal 2007. The most important was the December 29, 2006 purchase of the principal assets, namely the proprietary rights, patents, know-how, trademarks and part of the manufacturing machinery, relating to certain cutting-edge pulp washing, oxygen delignification and pulp bleaching technologies, including the Compact Press™ wash press technology and the SuperBatch™ cooking technology. Subsequent to the acquisition, the Pulp and Paper Group set up a chemical pulping technology centre in Karlstad, Sweden. This acquisition contributed to position the Pulp and Paper Group among the world's top providers of stock preparation equipment and to book several large-scale contracts, including an order worth approximately $60 M in Portugal.

(The acquisitions made by the Water Treatment Group and Pulp and Paper Group during GL&V's fiscal 2007 are described in detail in GLV's Annual Information Form dated June 12, 2008.)

Worldwide Reorganization of the Water Treatment Group and Restructuring of one of its Divisions in the United States

In November 2007, GLV announced its intent to take advantage of the transition period required by the carve-out operation in North America to proceed with a reassessment and a restructuring of the Water Treatment Group's Salt Lake City, Utah Division in order to improve its market position and profitability. This plan was drawn up over the next few months and fully implemented at the end of fiscal 2008 and beginning of fiscal 2009. It mainly involved three areas:

- the implementation of a more selective strategy in terms of targeted contracts, consistent with GLV's profitability and positioning criteria;

- an improvement in the cost structure; and

- further integration of the Salt Lake City business with the Enviroquip Division in order to create synergies and optimize market development efforts by leveraging the complete technological portfolio offered to North American customers.

The restructuring plan entailed a reduction in the Water Treatment Group's Salt Lake City staff of approximately 15%, which resulted into non-recurring restructuring costs of $1.4 M (consisting of severance pay) in GLV's results for the fourth quarter of 2008. The Company also reviewed contracts in progress and recorded losses on contracts, allowances for doubtful accounts and warranty provisions. Including severance pay and provisions, the Salt Lake City Division incurred a normalized operating loss of $3.6 M for the full fiscal year ended March 31, 2008.

Besides consolidating the transition of the Water Treatment Group's North American operations, this restructuring also took place within the broader framework of the worldwide implementation, following the numerous acquisitions of the past years, of a more decentralized and entrepreneurial organizational model throughout the Water Treatment Group, to provide it with a more flexible and profitable structure and further align the organization with its market objectives. The new operational model set up worldwide provides the various regional teams with more autonomy and responsibility so as to enable them to develop, with the support of technology centres, water treatment solutions drawing on the full spectrum of GLV's technologies, but specifically adapted to each customer's needs. Furthermore, the new structure is simpler in terms of levels of responsibility and more flexible, and hence more conducive to profitability.

SELECTED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED MARCH 31, 2008

The following tables present selected consolidated and combined carve-out financial information relating to the Retained Businesses of the new company GLV for the period extending from April 1 to August 8, 2007, and to GLV's actual results for the period between August 9, 2007 and March 31, 2008, following the carve-out transaction. These data are compared with similar data related to the combined carve-out results of the Retained Businesses for the 12-month periods ended March 31, 2007 and 2006.

The selected data include some segmented information concerning the two major operating groups: the Water Treatment Group and the Pulp and Paper Group. The information relating to the Manufacturing Unit and corporate office is included in the item *"Other and Eliminations"*, since this unit does not meet the quantitative criteria stipulated in the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1701 for reportable segments. This information should be read in conjunction with (i) this Management's Report; and (ii) the consolidated and combined carve-out financial statements and accompanying notes for fiscal 2008.

Operating Results

(in thousands of $, except per-share data)	Fiscal Years Ended March 31,				
	Twelve months			Variance 2008 vs 2007	
	2008	**2007**	2006	$	%
Revenues:					
Water Treatment	258,456	205,358	112,501	53,098	25.9%
Pulp and Paper	257,505	217,674	218,028	39,831	18.3%
Other and eliminations	10,432	11,222	11,852	(790)	(7.0%)
Total	**526,393**	434,254	342,381	92,139	21.2%
Operating margin	**108,979**	95,308	73,411	13,671	14.3%
EBITDA	**10,125**	23,701	15,887	(13,576)	(57.3%)
Arrangement-related costs and restructuring expenses:					
Water Treatment	1,010	-	-	1,010	-
Pulp and Paper	536	-	-	536	-
Other and eliminations	6,314	-	-	6,314	-
Total	**7,860**	**-**	-	7,860	-
Normalized EBITDA:					
Water Treatment	10,722	13,089	5,418	(2,367)	(18.1%)
Pulp and Paper	15,587	15,215	17,354	372	2.4%
Other and eliminations	(8,341)	(6,443)	(5,639)	(1,898)	29.5%
Total	**17,968**	21,861	17,133	(3,893)	(17.8%)
Amortization:					
Water Treatment	5,205	4,397	521	808	18.4%
Pulp and Paper	2,998	2,771	2,302	227	8.2%
Other and eliminations	2,869	2,413	2,233	456	18.9%
Total	**11,072**	9,581	5,056	1,491	15.6%
Normalized EBIT:					
Water Treatment	5,517	8,692	4,897	(3,175)	(36.5%)
Pulp and Paper	12,589	12,444	15,052	145	1.2%
Other and eliminations	(11,210)	(8,856)	(7,872)	(2,354)	26.6%
Total	**6,896**	12,280	12,077	(5,384)	(43.8%)
Financial expenses	**5,094**	2,902	1,943	2,192	75.5%
Income taxes	**(2,431)**	5,749	2,934	(8,180)	(142.3%)
Net earnings (loss)	**(3,610)**	5,469	5,954	(9,079)	(166.0%)
• per share (basic and diluted)[(1)]	**(0.14)**	0.22	0.23	(0.36)	(163.6%)
Normalized net earnings (loss)	**1,488**	4,429	5,954	(2,941)	(66.4%)
• per share (basic and diluted)[(1)]	**0.06**	0.17	0.23	(0.11)	(64.7%)

(1) Net earnings (loss) per share and normalized net earnings (loss) per share were calculated using the participating shares outstanding immediately after the completion of the Arrangement.

Free Cash Flow

(in thousand of $, except per share data)	Fiscal Years ended March 31,			Variation 2008 vs 2007	
	2008	2007	2006	$	%
Cash flows from (used in) operating activities	**19,757**	(22,837)	15,429	42,594	(186.5%)
Less:					
Net change in non-cash balances related to operations (net of the effect of business aquisitions)	**6,084**	(36,248)	5,094	42,332	(116.8%)
Acquisition net of disposal of property, plant and equipment	**7,519**	4,040	1,943	3,479	86.1%
Free Cash Flow	**6,154**	9,371	8,392	(3,217)	(34.3%)
Per share (basic and diluted)	**0.24**	0.37	0.33	(0.13)	(35.1%)

Summary Consolidated Balance Sheet as at March 31, 2008
and Combined Carve-Out Balance Sheet as at March 31, 2007 and 2006

(in thousands of $)	**March 31, 2008**	March 31, 2007	March 31, 2006
Total assets	**383,004**	371,816	217,673
Shareholders' /invested equity	**158,249**	116,418	94,498
Available short-term cash (1)	**18,724**	18,057	18,579
Long-term liabilities (2)	**87,064**	117,567	41,773
Total net debt (3)	**62,322**	92,879	17,288

(1) Includes cash and cash equivalents
(2) Includes long-term debt, pension plan liabilities and advances from companies of GL&V.
(3) Consists of long-term debt and advances from companies of GL&V, less available cash.

Information Regarding Non Canadian GAAP Measures

	Three months ended March 31, 2008				Three months ended March 31, 2007			
	Water Treatment Group	Pulp and Paper Group	Others and Elimination	Total	Water Treatment Group	Pulp and Paper Group	Others and Elimination	Total
Segmented EBIT:								
Earnings (loss) before financial expenses and income taxes (EBIT)	$ (1,406)	$ 3,637	$ (4,668)	$ (2,437)	$ 4,882	$ 4,685	$ (1,973)	$ 7,594
Costs related to the Arrangement	-	-	217	217	-	-	-	-
Restructuring expenses	409	-	440	849	-	-	-	-
(Gain) loss on disposal of property, plant and equipment and other assets	(80)	(6)	(99)	(185)	(11)	(91)	37	(65)
Normalized earnings (loss) before financial expenses and income taxes (normalized EBIT)	$ (1,077)	$ 3,631	$ (4,110)	$ (1,556)	$ 4,871	$ 4,594	$ (1,936)	$ 7,529
Segmented EBITDA:								
Earnings (loss) before financial expenses and income taxes (EBIT)	$ (1,406)	$ 3,637	$ (4,668)	$ (2,437)	$ 4,882	$ 4,685	$ (1,973)	$ 7,594
Amortization	1,150	745	742	2,637	2,519	866	612	3,997
Earnings (loss) before amortization, financial expenses and income taxes (EBITDA)	(256)	4,382	(3,926)	200	7,401	5,551	(1,361)	11,591
Costs related to the Arrangement	-	-	217	217	-	-	-	-
Restructuring expenses	409	-	440	849	-	-	-	-
(Gain) loss on disposal of property, plant and equipment and other assets	(80)	(6)	(99)	(185)	(11)	(91)	37	(65)
Normalized earnings (loss) before amortization, financial expenses and income taxes (normalized EBITDA)	$ 73	$ 4,376	$ (3,368)	$ 1,081	$ 7,390	$ 5,460	$ (1,324)	$ 11,526
Net Earnings:								
Net earnings (loss)				$ (1,902)				$ 1,673
Costs related to the Arrangement (net of related taxes)				329				-
Restructuring expenses (net of related taxes)				552				-
(Gain) loss on disposal of property, plant and equipment and other assets (net of related taxes)				(148)				331
Normalized earnings				$ (1,169)				$ 2,004

	Fiscal Year Ended March 31, 2008				Fiscal Year Ended March 31, 2007			
	Water Treatment Group	Pulp and Paper Group	Others and Elimination	Total	Water Treatment Group	Pulp and Paper Group	Others and Elimination	Total
Segmented EBIT:								
Earnings (loss) before financial expenses and income taxes (EBIT)	$ 4,391	$ 12,089	$ (17,427)	$ (947)	$ 8,828	$ 14,185	$ (8,893)	$ 14,120
Costs related to the Arrangement	173	536	5,800	6,509	-	-	-	-
Restructuring expenses	837	-	514	1,351	-	-	-	-
(Gain) loss on disposal of property, plant and equipment and other assets	116	(36)	(97)	(17)	(136)	(1,741)	37	(1,840)
Normalized earnings (loss) before financial expenses and income taxes (normalized EBIT)	$ 5,517	$ 12,589	$ (11,210)	$ 6,896	$ 8,692	$ 12,444	$ (8,856)	$ 12,280
Segmented EBITDA:								
Earnings (loss) before financial expenses and income taxes (EBIT)	$ 4,391	$ 12,089	$ (17,427)	$ (947)	$ 8,828	$ 14,185	$ (8,893)	$ 14,120
Amortization	5,205	2,998	2,869	11,072	4,397	2,771	2,413	9,581
Earnings (loss) before amortization, financial expenses and income taxes (EBITDA)	9,596	15,087	(14,558)	10,125	13,225	16,956	(6,480)	23,701
Costs related to the Arrangement	173	536	5,800	6,509	-	-	-	-
Restructuring expenses	837	-	514	1,351	-	-	-	-
(Gain) loss on disposal of property, plant and equipment and other assets	116	(36)	(97)	(17)	(136)	(1,741)	37	(1,840)
Normalized earnings (loss) before amortization, financial expenses and income taxes (normalized EBITDA)	$ 10,722	$ 15,587	$ (8,341)	$ 17,968	$ 13,089	$ 15,215	$ (6,443)	$ 21,861
Net Earnings:								
Net earnings (loss)				$ (3,610)				$ 5,469
Costs related to the Arrangement (net of related taxes)				4,231				-
Restructuring expenses (net of related taxes)				878				-
Gain on disposal of property, plant and equipment and other assets (net of related taxes)				(11)				(1,040)
Normalized earnings				$ 1,488				$ 4,429

ANALYSIS OF CONSOLIDATED AND COMBINED CARVE-OUT OPERATING RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2008

Currency Fluctuations

As GLV's operations are conducted in some 30 countries, its results are exposed to currency fluctuations in relation to the Canadian dollar, primarily the U.S. dollar, the pound Sterling and the Swedish krona. The following table summarizes the impact of currency fluctuations on the principal statement of earnings items for the three-month and 12-month periods ended March 31, 2008, compared with the exchange rates effective during the same periods the previous year.

Favourable (Unfavourable) Impact of Currency Fluctuations
(in thousands of $)

	4th Quarter Ended March 31, 2008	Fiscal Year Ended March 31, 2008
Revenues:		
Water Treatment	(10,047)	(18,951)
Pulp and Paper	(6,644)	(14,354)
Other and eliminations	(93)	(152)
Total	**(16,784)**	**(33,457)**
Gross margin:	**(3,521)**	**(7,069)**
EBITDA:		
Water Treatment	135	(424)
Pulp and Paper	(607)	(1,619)
Other and eliminations	15	160
Total	**(457)**	**(1,883)**
EBIT:		
Water Treatment	304	(111)
Pulp and Paper	(544)	(1,474)
Other and eliminations	29	107
Total	**(211)**	**(1,478)**

Exchange rate fluctuations had an unfavourable impact on the consolidated results and segmented performance of GLV's two groups during the reporting periods, especially:

- the increase in Canadian dollar in relation to the U.S. dollar (unfavourable impact of $29 M on consolidated revenues for fiscal 2008); and

- the increase in the Canadian dollar in relation to the pound Sterling (unfavourable impact of $7 M on the fiscal year's consolidated revenues).

Consolidated and Segmented Revenues
(in thousands of $, except percentages)

Fiscal Years Ended March 31,	2008	2007	Variance	
			$	%
Revenues:				
Water Treatment	258,456	205,358	53 098	25.9%
Pulp and Paper	257,505	217,674	39 831	18.3%
Other and eliminations	10,432	11,222	(790)	(7.0%)
Total	**526,393**	434,254	92 139	21.2%
Revenue mix:				
New equipment	364,665	270,892	93 773	34.6%
Aftermarket	161,728	163,362	(1 634)	(1.0%)
Total	**526,393**	434,254	92 139	21.2%

Consolidated and Combined Carve-Out Revenues

The $92.1 M or 21.2% growth in consolidated revenues (28.9% growth excluding the impact of currency fluctuations) for fiscal 2008 is attributable to:

- the additional contribution of close to $60 M from the businesses acquired during fiscal 2007 and 2008 (net of business disposals); and

- a 15.1% organic growth (at constant exchange rates), to which both groups contributed.

Some 69.3% of fiscal 2008 consolidated revenues were generated by the sale of new equipment (compared with 62.4% in 2007), whereas the aftermarket accounted for 30.7% (37.6% in 2007):

- Revenues from the sale of new equipment grew by 34.6% as a result of the Pulp and Paper Group’s booking of large-scale contracts and the Water Treatment Group’s growth.

- Aftermarket revenues decreased slightly due to the impact of currency fluctuations, especially in the United States, where the Company currently records most of its aftermarket sales.

Geographically, GLV achieved 94% of its revenues outside Canada (compared with 92% in 2007) and 55% outside North America (47% in 2007). The revenue growth was particularly strong (close to 50%) in Europe, due to the acquisition of Copa and of pulp processing technologies during fiscal 2007, and to the Pulp and Paper Group’s booking of a major contract in Portugal. Europe thus accounted for 36% of total revenues, up from 28% in 2007. Revenues from India, China and the Asia-Pacific region increased by approximately 46%, while their contribution to total revenues rose from 11% to 13%.

Segmented Revenues - Water Treatment Group (Eimco Water Technologies)

The \$53.1 M or 25.9% growth (35.1% at constant exchange rates) in this group's revenues is attributable to:

- the additional contribution of close to \$32 M attributable to the businesses acquired in the two fiscal years, specifically: Enviroquip (12-month contribution in 2008 compared with nine months in 2007), Copa (12-month contribution in 2008 compared with five and a half months in 2007) and AJM (three-week contribution in 2008), less the revenues of the non-strategic operations of Copa sold in 2007; and

- a 19.7% organic growth (at constant exchange rates), largely attributable to the Enviroquip Division which achieved a solid performance in the U.S. municipal market for both its submerged membrane bioreactor (MBR) technology and its other technologies.

Some 90% of this group's revenues were generated by the sale of new equipment, versus 10% in the aftermarket. There was little variation in this breakdown compared with the previous year. GLV aims to raise the aftermarket's contribution to the water treatment segment to approximately 20% within five years.

In terms of market segments, the group recorded 71% of its revenues in the municipal market, mainly in North America, Europe and the Asia-Pacific region. Industrial wastewater treatment and recycling, and water intake screening applications accounted for 29% of its revenues, especially in Europe and more particularly in the United Kingdom. GLV's aims to further balance its revenues from the municipal and industrial segments, with the objective that the industrial segment generates over half of its revenues within five to seven years.

The geographic breakdown of the Water Treatment Group's revenues was as follows:

- Its revenue growth was particularly strong in Europe (close to 37%), as a result of Copa's contribution for an additional six and a half months and the organic growth. European sales accounted for 46% of the group's annual revenues, up from 43% in 2007.

- Revenues recorded in North America grew by more than 18%, due mainly to Enviroquip's organic growth and its contribution for an additional four months over fiscal 2007. Conversely, the proportion of North American revenues in the group's total revenues decreased from 47% in 2007 to 43% in 2008. This relative decline can be explained by Europe's increased contribution and the negative impact of currency fluctuations.

- Revenues from other regions worldwide, primarily the Asia-Pacific region and the Middle East, grew by close to 40% to account for 11% of the group's revenues, up from 10% in 2007.

Segmented Revenues - Pulp and Paper Group

The $39.8 M or 18.3% growth (24.9% at constant exchange rates) in this group's revenues is attributable to:

- the contribution, for an additional nine months over fiscal 2007, of the cutting-edge fibre processing and pulp preparation technologies acquired in December 2006, combined with the other smaller-scale acquisitions made during the last two years. Acquisitions brought a total additional contribution of approximately $28 M to the group's revenues; and

- a 12.0% organic growth (at constant exchange rates), largely attributable to the new chemical pulping technology centre in Karlstad, Sweden, set up subsequent to the December 2006 acquisition. The Pulp and Paper Group has booked several major contracts in the chemical pulp preparation segment through this centre, including one worth more than $60 M that is currently in progress. The group also maintained a solid business volume in the disc filter, sheet formation and paper finishing segments.

Some 50% of this group's revenues were generated by the sale of new equipment (compared with 41% in 2007), and 50% in the aftermarket (59% in 2007). This variation can be explained by the booking of large-scale contracts at the end of fiscal 2007 and during fiscal 2008. The group nevertheless increased its aftermarket revenues (at constant exchange rates), not only in North America, but also in Europe, South America and Asia, due partly to the growing contribution of the Karlstad centre to this market segment.

The trend in this group's revenues, formerly mostly concentrated in North America, attests to its growing geographic diversification in recent years. The geographic breakdown of its revenues in the last fiscal year was as follows:

- Revenues grew by more than 70% in Europe and Russia, due primarily to the contribution of the new Karlstad centre and the booking of the $60 M contract in Portugal. This market thereby accounted for 29% of the group's annual revenues, up from 20% in 2007.

- North America nevertheless remains the group's largest market, having accounted for 46% of its revenues in fiscal 2008 (compared with 58% in fiscal 2007). Currency fluctuations brought the Pulp and Paper Group's North American revenues down by 6%.

- Revenues from Asia and the Asia-Pacific region increased by close to 41% to account for 20% of revenues, up from 17% in 2007. It should be noted that China has become the Pulp and Paper Group's third largest market after North America and Europe.

- Revenues from Latin America, Africa and the Middle East grew by approximately 22%. Their proportion of the overall revenue mix remained unchanged at 5%.

Operating Margin and Normalized EBITDA
(in thousands of $, except percentages)

Fiscal Years Ended March 31,	**2008**	2007	**Variance**	
			$	%
Operating margin	**108,979**	95,308	13 671	14.3%
As a % of revenues	*20.7%*	*21.9%*		
Operating expenses [(1)]	90,994	71,607	19 387	27.1%
As a % of revenues	*17.3%*	*16.5%*		
Normalized EBITDA:				
Water Treatment	10,722	13,089	(2 367)	(18.1%)
Pulp and Paper	15,587	15,215	372	2.4%
Other and eliminations	(8,341)	(6,443)	(1 898)	29.5%
Total	**17,968**	21,861	(3 893)	(17.8%)
As a % of revenues	*3.4%*	*5.0%*		

(1) Excluding costs directly related to the Arrangement and restructuring expenses

Consolidated and Combined Carve-Out Gross Margin

Excluding the impact of currency fluctuations, the gross margin would have increased by 21.8% as a result of the revenue growth.

Besides the unfavourable impact of currency fluctuations, the decline in the gross margin as a percentage of revenues (20.7% in 2008 versus 21.9% in 2007) can be explained by:

- the fact that the Water Treatment Group's profitability was temporarily affected by the Salt Lake City (Utah) Division, which has recently been restructured, and by the major changes implemented throughout the group's global organization to make its units more autonomous and further focused on their markets; and

- the Pulp and Paper Group's execution of large-scale contracts for which the profit margins are lower than its historic average margins.

Consolidated and Combined Carve-Out EBITDA

The increase in operating expenses (excluding restructuring costs and costs directly related to the Arrangement) is primarily attributable to the growth in the Company's business, notably through acquisitions. Expressed as a percentage of revenues, operating expenses increased slightly, while remaining within the range deemed acceptable by management.

In 2008, GLV recorded non-recurring costs of $6.5 M directly related to the Arrangement closed on August 10, 2007, as well as restructuring costs totaling $1.4 M. The net amount of gains and losses on disposals was immaterial, whereas during the previous year, the Company had realized a $1.8 M gain related primarily to the Pulp and Paper Group's disposal of non-strategic operations.

Consolidated and combined carve-out normalized EBITDA (excluding costs directly related to the Arrangement, restructuring costs as well as non-recurring gains and losses on the disposal of property, plant and equipment and other assets for both comparative fiscal years) decreased by 17.8% (9.2% decrease at constant exchange rates). It should be pointed out that the combined carve-out administration expenses for the 12-month period ended March 31, 2007 are not necessarily representative of the costs that would have been incurred if the Retained Businesses had been a part of a stand-alone entity. This makes the comparison with results and profit margins for the two reporting periods more or less accurate.

Segmented Normalized EBITDA - Water Treatment Group (Eimco Water Technologies)

This group's normalized EBITDA decreased by 18.1% (14.8% decrease at constant exchange rates).

Its normalized EBITDA margin as a percentage of revenues stood at 4.1% compared with 6.4% the previous year. The decline in this group's profitability is largely due to the Salt Lake City Division, which incurred a normalized loss of $3.6 M in 2008, including $2.9 M in the fourth quarter. In addition to being affected by non-profitable contracts (a problem that GLV is currently addressing), this division's operations were particularly disrupted by the carve-out initiatives. Management is of the opinion that the restructuring carried out at year-end will contribute to restore this division's profitability as of the next fiscal year. In addition, the Water Treatment Group's operating profitability was temporarily affected by the major changes effected throughout its global organization to increase its operational units' accountability and focus in their respective markets. This undertaking proved relatively complex as the operational and financial management systems of certain units overlapped, especially in Europe. The new operational model set up worldwide provides the various regional teams with more autonomy and responsibility so as to enable them to develop, with the support of technology centres, water treatment solutions drawing on the full spectrum of GLV's technologies, but specifically designed or adapted to each customer's needs. Furthermore, the new structure is simpler in terms of levels of responsibility and more flexible, and hence more conducive to profitability.

Apart from these elements, the group's key performance factors were as follows:

- Enviroquip achieved and continues to achieve a solid performance in North America.
- The integration of the European operations undertaken subsequent to prior-year acquisitions, and completed in 2008, will have a positive impact on their profitability.
- Although it only contributed to annual results for the last three weeks of the fiscal year, the acquisition of AJM in Australia represents a favourable element in light of this new unit's value-added product line and competitive cost structure.

Segmented Normalized EBITDA - Pulp and Paper Group

This group's normalized EBITDA increased by 2.4% (13.1% growth at constant exchange rates).

Its normalized EBITDA margin as a percentage of revenues stood at 6.1% compared with 7.0% the previous year. Besides the unfavourable impact of currency fluctuations, this decline can be explained by the fact that the profit margins on certain large-scale contracts are weaker than those traditionally posted by the group because of the more aggressive global positioning strategy it recently adopted to increase its presence and visibility in growing technology segments and regions.

It should also be noted that the technology centre in Karlstad, Sweden, which was in start-up mode during the first half of fiscal 2008, is now fully operational and is contributing significantly to the group's profitability and international visibility in the pulp preparation equipment segment.

Segmented Normalized EBITDA - Corporate

Management considers the comparison of this item between the two fiscal years is more or less meaningful, since the combined carve-out expenses for the 12-month period ended March 31, 2007 and the period extending from April 1 2007 to August 8, 2008 are not necessarily representative of the costs that would have been incurred if the Retained Businesses had been part of a stand-alone entity.

Consolidated and Segmented Normalized EBIT
(in thousands of $, except percentages)

Fiscal Years Ended March 31,	**2008**	2007	**Variance**	
			$	%
Normalized EBITDA	**17,968**	21,861	(3 893)	(17.8%)
Less amortization:				
Water Treatment	5,205	4,397	808	18.4%
Pulp and Paper	2,998	2,771	227	8.2%
Other and eliminations	2,869	2,413	456	18.9%
Total	**11,072**	9,581	1 491	15.6%
Normalized EBIT	**6,896**	12,280	(5 384)	(43.8%)
As a % of revenues	*1.3%*	*2.8%*		
Segmented normalized EBIT:				
Water Treatment	5,517	8,692	(3 175)	(36.5%)
Pulp and Paper	12,589	12,444	145	1.2%
Other and eliminations	(11,210)	(8,856)	(2 354)	26.6%
Total	**6,896**	12,280	(5 384)	(43.8%)

Amortization

The increase in amortization expenses can be explained by the following:

- increased amortization of the Water Treatment Group's and the Pulp and Paper Group's property, plant and equipment and intangible assets (mostly order backlog, technologies, trademarks and customer relations) stemming from the acquisitions of Enviroquip, Copa and the technologies marketed by the Karlstad technology centre;

- the purchase of new machinery by the Manufacturing Unit to produce certain parts related to the contracts booked by the Pulp and Paper Group's technology centre.

Normalized EBIT

The decline in the consolidated and combined carve-out normalized EBIT margin is attributable to the aforementioned decrease in the consolidated and combined carve-out normalized EBITDA margin, coupled with increased amortization. On a segmented basis:

- The **Water Treatment Group**'s normalized EBIT decreased by 35.3% at constant exchange rates. Its margin stood at 2.1% compared with 4.2% in 2007.

- The **Pulp and Paper Group**'s normalized EBIT increased by 13.0% at constant exchange rates. Its margin stood at 4.9% compared with 5.7% in 2007.

Earnings Before Income Taxes
(in thousands of $, except percentages)

Fiscal Years Ended March 31,	**2008**	2007	**Variance**	
			$	%
EBIT	(947)	14,120	(15 067)	(106.7%)
Financial expenses	5,094	2,902	2 192	75.5%
EBT	**(6,041)**	11,218	(17 259)	(153.9%)
Normalized EBT	**1,802**	9,378	(7 576)	(80.8%)
As a % of revenues	*0.3%*	*2.2%*		

Financial Expenses

The increase in financial expenses can be explained by the following:

- a $1.1 M increase in total interest on long-term debt (after the carve-out transaction) and interest on advances from companies of GL&V (prior to the carve-out transaction), compared with the interest on advances from companies of GL&V in 2007; and

- an unfavourable variation of $2.3 M resulting from the recognition of a $0.9 M unrealized loss on derivative financial instruments in 2008, as opposed to a $1.4 M unrealized gain the previous year. This can be explained by the fact that GLV does not apply hedge accounting, but rather recognizes its derivative financial instruments at their fair market value at the end of each quarter, which occasionally produces unrealized gains or losses. This loss was offset by a $0.8 M gain on foreign exchange.

Net Earnings and Earnings Per Share
(in thousands of $, except per-share amounts and percentages)

Fiscal Years Ended March 31,	**2008**	2007	**Variance**	
			$	%
EBT	(6,041)	11,218	(17,259)	(153.9%)
Income Taxes	(2,431)	5,749	(8,180)	(142.3%)
Effective tax rate	*40.2%*	*51.2%*		
Net earnings (loss)	**(3,610)**	5,469	(9,079)	(166.0%)
• per share, basic and diluted	**(0.14)**	0.22	(0.36)	(163.6%)
Normalized net earnings (loss)	**1,488**	4,429	(2,941)	(66.4%)
• per share, basic and diluted	**0.06**	0.17	(0.11)	(64.7%)
As a % of revenues	***0.3%***	*1.0%*		
Weighted average number of shares outstanding (in thousands)				
• basic and diluted	**25,389**	25,389		

Normalized Net Earnings

Considering the 2008 tax recovery compared with the 2007 tax expense (which, as aforementioned, are not truly comparable due to the carve-out transaction), and excluding gains or losses on disposal of property, plant and equipment and other assets, non-recurring costs directly related to the Arrangement and restructuring costs (less related taxes), GLV's normalized net earnings decreased by 66.4% from the previous year.

For information purposes, the $2.3 M variation in unrealized gains and losses on derivative financial instruments had an unfavourable impact of $1.4 M (net of related taxes) on normalized net earnings for fiscal 2008, or $0.06 per share. In addition, the Salt Lake City Division had an unfavourable impact of $2.3 M or $0.09 per share on normalized net earnings.

Consolidated and Combined Carve-Out Comprehensive Income

(in thousands of $)

	2008	2007
Net earnings (loss)	**(3,610)**	5,469
Other comprehensive income (loss) items, net of related taxes:		
Unrealized losses on translating financial statements of self-sustaining foreign operations	**(2,795)**	(1,347)
Comprehensive income (loss)	**(6,405)**	4,122

CICA Handbook Section 1530 introduces the concept of comprehensive income, which is calculated by adding other comprehensive income to net earnings (net loss). For the Retained Businesses of the new company GLV, other comprehensive income for the three and 12-month periods ended March 31, 2008 and 2007 pertains exclusively to translation adjustments related to self-sustaining foreign operations. *(For further information, the reader is referred to note 3(a) accompanying the consolidated and combined carve-out financial statements for fiscal 2008.)*

Selected Financial Information for the Past Eight Quarters (Unaudited)

(in thousands of $, except per-share amounts)

Fiscal Year Ended March 31, 2008	First Quarter	Second Quarter	Third Quarter	**Fourth Quarter**
Revenues	115,268	125,887	137,690	**147,548**
EBITDA	3,719	(96)	6,302	**200**
Normalized EBITDA	4,561	4,839	7,487	**1,081**
EBIT	855	(2,867)	3,502	**(2,437)**
Normalized EBIT	1,697	2,068	4,687	**(1,556)**
Net earnings (loss)	(578)	(2,155)	1,025	**(1,902)**
• per share, basic and diluted	(0.02)	(0.09)	0.04	**(0.07)**
Normalized net earnings (loss)	326	440	1,891	**(1,169)**
• per share, basic and diluted	0.01	0.02	0.08	**(0.05)**

Fiscal Year Ended March 31, 2007				
Revenues	86,385	92,066	111,792	144,011
EBITDA	4,396	3,999	3,715	11,591
Normalized EBITDA	4,098	4,009	2,228	11,526
EBIT	3,008	2,455	1,063	7,594
Normalized EBIT	2,710	2,465	(424)	7,529
Net earnings	2,428	745	623	1,673
• per share, basic and diluted	0.10	0.03	0.02	0.07
Normalized net earnings (loss)	2,211	751	(537)	2,004
• per share, basic and diluted	0.08	0.03	(0.02)	0.08

SUMMARY ANALYSIS OF CONSOLIDATED OPERATING RESULTS FOR THE FOURTH QUARTER ENDED MARCH 31, 2008

Operating Results

(in thousands of $, except per-share data)	Periods Ended March 31,			
	Three Months		Variance	
	2008	2007	$	%
Revenues:				
Water Treatment	69,840	77,744	(7,904)	(10.2%)
Pulp and Paper	74,859	63,150	11,709	18.5%
Other and eliminations	2,849	3,117	(268)	(8.6%)
Total	**147,548**	144,011	3,537	2.5%
Operating margin	**29,063**	33,348	(4,285)	(12.8%)
EBITDA	**200**	11,591	(11,391)	(98.3%)
Arrangement-related costs and restructuring expenses:				
Water Treatment	409	-	409	-
Other and eliminations	657	-	657	-
Total	**1,066**	-	1,066	-
Normalized EBITDA:				
Water Treatment	73	7,390	(7,317)	(99.0%)
Pulp and Paper	4,376	5,460	(1,084)	(19.9%)
Other and eliminations	(3,368)	(1,324)	(2,044)	154.4%
Total	**1,081**	11,526	(10,445)	(90.6%)
Amortization:				
Water Treatment	1,150	2,519	(1,369)	(54.3%)
Pulp and Paper	745	866	(121)	(14.0%)
Other and eliminations	742	612	130	21.2%
Total	**2,637**	3,997	(1,360)	(34.0%)
Normalized EBIT:				
Water Treatment	(1,077)	4,871	(5,948)	(122.1%)
Pulp and Paper	3,631	4,594	(963)	(21.0%)
Other and eliminations	(4,110)	(1,936)	(2,174)	112.3%
Total	**(1,556)**	7,529	(9,085)	(120.7%)
Financial expenses	**386**	1,553	(1,167)	(75.1%)
Income taxes	**(921)**	4,368	(5,289)	(121.1%)
Net earnings (loss)	**(1,902)**	1,673	(3,575)	(213.7%)
• per share (basic and diluted)	**(0.07)**	0.07	(0.14)	(200.0%)
Normalized net earnings (loss)	**(1,169)**	2,004	(3,173)	(158.3%)
• per share (basic and diluted)	**(0.05)**	0.08	(0.13)	(162.5%)

Revenues

The increase in fourth-quarter consolidated revenues is due primarily to a 15.7% organic growth at constant exchange rates:

- The **Water Treatment Group**’s quarterly revenues increased by 2.8% at constant exchange rates, due to a 5.2% organic growth (at constant exchange rates). It should be noted that AJM’s contribution for the last three weeks of the quarter was largely cancelled out by the sale of some of Copa’s non-strategic assets in the fourth quarter of 2007. The group’s relatively moderate revenue growth compared with previous quarters can be explained by the execution, during the fourth quarter of 2007, of a large-scale contract in Qatar.

- The **Pulp and Paper Group**’s revenues posted an increase of 29.1% at constant exchange rates, due exclusively to organic growth. This performance can be explained by the execution in progress of large-scale contracts, including the $60 M order in Portugal. Furthermore, notwithstanding the unfavourable impact of currency fluctuations, this group increased its aftermarket revenues.

Consolidated Gross Margin

The consolidated gross margin decreased by 2.3% at constant exchange rates. Besides the unfavourable impact of currency fluctuations, the reduction in the gross margin as a percentage of revenues is partly attributable to the Salt Lake City Division, in the Water Treatment Group, and to the Pulp and Paper Group’s execution of large-scale contracts with weaker margins than its average historic margins. It should also be pointed out that considering the impact of the restructuring of the Water Treatment Group’s operations in the United States as well as of its worldwide reorganization, results for the fourth quarter of fiscal 2008 are not necessarily indicative of the Company’s current and future performance.

Normalized EBITDA

GLV recorded non-recurring costs of $0.2 M directly related to the Arrangement, restructuring costs totalling $0.8 M, and gains of $0.2 M on the disposal of property, plant and equipment.

At constant exchange rates, consolidated normalized EBITDA declined by $10.0 M or 87%. The normalized EBITDA margin as a percentage of consolidated revenues stood at 0.7% compared with 8.0% the previous year. Segmented results were as follows:

- The **Water Treatment Group**’s normalized EBITDA decreased by $7.5M or 100.8% at constant exchange rates, partly due to the fourth-quarter normalized loss of $2.9 M incurred by the Salt Lake City Division and certain effects attributable to the restructuring of this Division and to the group’s worldwide reorganization.

- The **Pulp and Paper Group**’s EBITDA decreased by $0.5 M or 8.7% at constant exchange rates. This variation can be explained by the contract execution schedule and the weaker margins on certain large-scale orders.

Amortization

The decrease in amortization expenses, primarily in the Water Treatment Group, can be explained by the recognition of an amortization adjustment on intangible assets during the fourth quarter of fiscal 2007, subsequent to the finalization of the purchase price allocations for acquisitions made in previous quarters.

Financial Expenses

The decrease in financial expenses is due mainly to the $0.6 M increase in the exchange gain over the fourth quarter of 2007, and a $0.4 M decline in interest on long-term debt.

Normalized Net Earnings

Considering the tax recovery compared with the tax expense in the fourth quarter of 2007 (which are not truly comparable because of the carve-out transaction), and excluding various non-recurring items (net of related taxes), GLV closed the quarter with a normalized net loss of $1.2 M or $0.05 per share (basic and diluted), compared with normalized net earnings of $2.0 M or $0.08 per share (basic and diluted) the previous year.

FINANCIAL POSITION

Summary Cash Flows

(in thousands of $)

Years Ended March 31	**2008**	2007
Operating activities:		
Net earnings (loss)	(3,610)	5,469
Non-cash items in earnings (loss)	17,283	7,942
Net change in non cash balances related to operations	6,084	(36,248)
Total	**19,757**	(22,837)
Financing activities	**2,947**	78,669
Investing activities	**(19,681)**	(56,015)
Impact of exchange rate fluctuations on cash and cash equivalents	(2,356)	(339)
Net increase (decrease) in cash and cash equivalents	**667**	(522)
Cash and cash equivalents, end of period	**18,724**	18,057

Before net change in non cash balances related to operations, **operating activities** provided cash flows of $13.7 M, compared with $13.4 M a year earlier. After deducting purchases of property, plant and equipment, net of disposals, GLV generated free cash flows of $6.2 M, compared with $9.4 M in 2007.

Excluding the impact of business acquisitions, net change in non cash balances related to operations provided cash flows of $6.1 M during fiscal 2008, compared to cash flows of $36.2 M the previous year. It should be pointed out that considering the size of certain contracts executed by the Water Treatment and Pulp and Paper groups, normal course funding requirements can vary significantly from year to year, and even from one quarter to another. Consequently, operating activities provided total cash flows of $19.8 M during fiscal 2008, whereas net cash flows of $22.8 M were required during the previous year.

Financing activities, which provided net cash flows of $2.9 M, mainly reflect the August 8, 2007 carve-out transaction, specifically the use of $63.0 M of GLV's credit facilities to finance the cash payment required as part of the carve-out transaction as well as the net amount of transactions with another GL&V group, representing a net cash outflow of $72.6 M. In addition, GLV used its credit facility to finance the March 2008 acquisition of AJM.

Investing activities used cash flows of $19.7 M. A total of $12.0 M was used in the year's two business acquisitions: the acquisition of all shares of AJM for a cash consideration of $11.4 M on March 7, 2008 and the acquisition of certain assets of a U.K. company specializing in the design and manufacture of doctor blade systems for paper machines and related equipment for a cash consideration of $0.6 M on September 13, 2007. The Company also invested $7.5 M in the purchase of new property, plant and equipment (net of the proceeds from asset disposals). Investments during fiscal 2007 related primarily to the acquisition of Enviroquip on June 30, 2006 and Copa on October 16, 2006. During fiscal 2008, GLV divested a non-strategic component of Copa's operations in Australia, for proceeds of $0.4 M and received the balance of the 2007 sale price adjustment of $0.7 M.

After accounting for the year's cash inflows and outflows and the $2.4 M unfavourable impact of exchange rate fluctuations on cash and cash equivalents, cash and cash equivalents increased from $18.1 M as at March 31, 2007 to $18.7 M as at March 31, 2008.

Summary Consolidated Balance Sheet as at March 31, 2008 and Combined Carve-Out Balance Sheet as at March 31, 2007

(in thousands of $)

As of March 31,	**2008**	2007
Current assets	251,760	247,454
Long-term assets	131,244	124,362
Total	**383,004**	371,816
Current liabilities	130,106	123,637
Long-term liabilities	94,649	131,761
Shareholders'/invested equity	158,249	116,418
Total	**383,004**	371,816

The principal changes between the combined carve-out balance sheet as at March 31, 2007 and the consolidated balance sheet as at March 31, 2008 relate to changes in long-term liabilities and shareholders'/invested equity, and reflect the carve-out transaction as at August 8, 2007. At that date, almost all of the advances from companies of GL&V were either converted into share capital of GLV, or repaid by cash as part of the carve-out transaction. This transaction was completed through the issuance to GL&V's shareholders of 22,837,075 Class A subordinate voting shares and 2,551,805 Class B multiple voting shares for an aggregate book value of $163.5 M, and by a cash payment of $62.9 M obtained from GLV's new credit facilities.

The change in long-term assets and liabilities also reflects the March 8, 2008 acquisition of AJM and its financing by way of GLV's credit facilities. However, the debt used to finance this acquisition was repaid in April with the $15 M proceeds from a private placement (see the *"Event Subsequent to Fiscal Year-End"* section of this Management's Report).

For its part, the change in current assets and liabilities mainly reflects the organic growth of the Company's business, the respective end-of-period situation of contracts in progress and progress billings and the repayment of long-term debt.

Changes in Current Balance Sheet Items

(in thousand of $, except ratio)

As at March 31,	**2008**	2007
Current assets:		
Cash and cash equivalents	18,724	18,057
Accounts receivable	141,744	126,445
Inventories	31,419	27,942
Contracts in progress (less progress billings)	47,808	63,980
Prepaid expenses, income taxes receivable and future income tax assets	12,065	11,030
Total	**251,760**	247,454
Current liabilities:		
Accounts payable and accrued liabilities	130,106	122,518
Income taxes payable and future income tax liabilities	-	1,119
Total	**130,106**	123,637
Working capital	**121,654**	123,817
Current ratio	*1.94 :1*	*2.00 :1*

The slight decline in working capital is due primarily to the respective end-of-period situation of contracts in progress and progress billings.

Indebtedness

(in thousand of $, except ratio)

As at March 31,	**2008**	2007
Total net debt:		
Long-term debt and advances from companies of GL&V	81,046	110,936
Less cash and cash equivalents	(18,724)	(18,057)
Total debt net of cash	**62,322**	92,879
Total net debt to invested capital ratio:		
Invested capital:		
Shareholders'/invested equity	158,249	116,418
Total net debt	62,322	92,879
Total	**220,571**	209,297
Total net debt/invested capital ratio	***28.3%***	*44.4%*

On August 8, 2007, all the advances from companies of GL&V, except for a $1.0 M balance, were either converted into share capital of GLV or reimbursed through a cash payment as part of the carve-out transaction. Consequently, and also considering the financing of the AJM acquisition by way of GLV's credit facilities and the repayment of part of the long-term debt since the carve-out transaction, **total net debt** decreased by $30.6 M or 32.9% between March 31, 2007 and 2008, whereas **shareholders'/invested equity** increased by $41.8 M or 35.9%, due primarily to the previously described carve-out transactions and a reduction in accumulated other comprehensive income. (*The carve-out transaction is described in note 1 accompanying the consolidated and combined carve-out financial statements for fiscal 2008.)* As at March 31, 2008, GLV thus had a total net debt/invested capital ratio of 28.3%, compared with 44.4% as at March 31, 2007.

Following the repayment of debt using the $15 M proceeds from the share issue completed in April 2008, a few days after the fiscal year closed (see the next section titled *"Event Subsequent to Fiscal Year-End"*), GLV's net bank indebtedness amounted to approximately $41 M at the date hereof, positioning the Company in excellent financial health to pursue its development.

Available financing sources

(in thousand of $)

As at March 31,	**2008**
Credit facilities:	
Authorized	175,000
Borrowed	(76,875)
Letter of credit issued	(42,990)
Unused credit	**55,135**
Cash and cash equivalents	**18,724**
Total	**73,859**

In addition, as at March 31, 2008, GLV benefited from credit facilities totalling $175 M, consisting of a $125 M revolving credit that may be used to finance business acquisitions, meet day-to-day funding requirements and issue letters of credit, and another $50 M revolving credit that may be used to issue letters of credit guaranteed by Export and Development Canada (*EDC*). In April 2008, GLV obtained an additional credit facility of up to $25 M from an investment fund (see the next section titled *"Event Subsequent to Fiscal Year-End"*).

As at March 31, 2008, the first revolving credit facility was used for an amount of $76.9 M ($64.5 M at the date hereof), and its credit facility for the issue of letters of credit was used for an amount of $43.0 M ($44 M at the date hereof). Taking into account the financing used and issued letters of credit, the balance of the unused credit facilities amounted to approximately $55.1 M as at March 31, 2008 ($91.5 M at the date hereof). No capital repayment on the $175 M credit facilities arranged in August 2007 is required before they come due in August 2012.

EVENT SUBSEQUENT TO FISCAL YEAR-END

In April 2008, at the beginning of the new fiscal year, the Company arranged a new financing and a private placement of Class A subordinate voting shares in order to pursue its growth projects:

- On April 3, 2008, the Solidarity Fund QFL made available to GLV, for a six-month period renewable every three months, a financing by way of unsecured debentures of up to $25 M. These debentures will be issued as the Company's expansion projects progressively materialize and will be repayable seven years after the issue thereof.

- On April 11, 2008, the Solidarity Fund QFL acquired 1,153,846 Class A subordinate voting shares of GLV at a price of $13.00 per share for net proceeds of $15 M. The Fund thereby acquired approximately 4.8% of GLV's shares of this class and approximately 4.3% of its total share capital.

Management believes that these new sources of financing provide GLV with a flexible means to reinforce the Company's positioning on the acquisitions market, while maintaining a solid balance sheet.

OUTLOOK

Order Backlogs[1]

(in thousands of $)

	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Water Treatment Group	185,639	164,644	174,408	178,205	162,574
Pulp and paper Group	152,454	129,933	151,081	143,276	79,494
Manufacturing Unit	9,903	6,016	5,750	3,768	4,969
Total	**347,996**	300,593	331,239	325,249	247,037

(1) During fiscal 2008, the Company changed the presentation of the order backlog. Thus, instead of presenting combined segmented eliminations as it was done formerly, these eliminations are now deducted directly from the order backlogs of the respective groups. The presentation of order backlogs for previous quarters has been adjusted accordingly. Although this presentation does not change the total order backlog, management believes that it offers a more accurate picture of the different groups' end-of-period order backlogs.

GLV's order backlog, as well as those of both groups, reached a record high as at March 31, 2008. At constant exchange rates, the total backlog was up by 48.3% over March 31, 2007, and up by 8.5% over December 31, 2007.

Based on the order backlog, current conditions in the Company's various markets and its recent acquisition of AJM, management expects that consolidated revenues will range between $570 M and $600 M in fiscal 2009. GLV's overall objectives are:

- to achieve sustained growth through the acquisition and efficient integration of businesses, international development and the focus on value-added operations and products; and

- to optimize its profitability by controlling expenses and maintaining a profitable and flexible cost structure, partly through outsourcing.

Segmented Order Backlog and Outlook - Water Treatment Group

At constant exchange rates, the Water Treatment Group's order backlog as at March 31, 2008 was up by 26.2 % and 8.0% over March 31 and December 31, 2007 respectively. This growth is attributable to the following main items:

- the acquisition of AJM in Australia;

- the solid organic growth of the group's business, especially that of the Enviroquip Division, which currently benefits from strong demand for MBR bioreactors and its other products in the U.S. municipal market; and

- the recent booking of a contract worth close to $10 M for the City of Barcelona.

Considering the size of its order backlog, the acquisition of AJM and the level of activity in the Water Treatment Group’s various markets, GLV’s management is confident that this group will continue to build its business base and market share in upcoming quarters. The Water Treatment Group’s key market objectives are as follows:

- while continuing to grow its business in the municipal segment, to broaden its customer base in the industrial segment in order to better balance its revenues;

- to build its aftermarket business; and

- to increase its presence in the most dynamic regions.

To that end, in 2008 the group implemented a new organizational model worldwide in order, notably, to meet the specific needs of each of its targeted customer bases (which evolve differently depending on whether they operate on a global or regional basis).

In the municipal market, which is mostly regional, the main target territories are the following:

- North America and Western Europe, especially the United Kingdom, Spain and Portugal, which have major systems upgrading needs;

- Russia, and Eastern European countries, which will have to invest massively in their infrastructures within the next few years; and

- certain Southeast Asian regions.

In the industrial market, the main targeted customer bases are the following:

- nuclear and thermal power producers (to which GLV notably offers cooling water intake and seawater desalination solutions);

- the food and beverage processing industry (the recent acquisition of AJM in Australia positions the Company to serve this market niche with an excellent product line);

- the pulp and paper industry;

- the petrochemicals industry and certain other sectors such as marine and defense, which have specific needs for the treatment of drinking water and wastewater.

The energy, petrochemicals and pulp and paper sectors are globally consolidated industries that the Water Treatment Group targets on an international basis through its engineering and sales network serving North America, Western and Eastern Europe, the Middle East, Southeast Asia, Australia and India. As for the food and beverage processing industry, it is mostly regional. The acquisition of AJM established GLV's presence in this niche in Australia, and the Company intends to market some of AJM's technologies through its distribution network in Europe and North America.

Furthermore, the group has set up teams dedicated to the aftermarket in North America and Europe, with a mandate to increase revenues from the sale of spare parts, upgrading and repair services, and inspection and maintenance contracts.

In 2009, in addition to seeking acquisition opportunities and pursuing the aforementioned market objectives, the Water Treatment Group will focus on optimizing its new organizational model and on efficiently executing its Salt Lake City Division's restructuring plan, with the medium-term goal of achieving an operating profit margin of 10%.

Over the longer term, the Water Treatment Group's outlook is promising given the strong potential growth in global water treatment infrastructure investments within the next 20 years. Its objective is to position itself as a provider of comprehensive value-added and high-performance solutions, primarily for the treatment and recycling of municipal and industrial wastewater and process water. This group, which already benefits from an extensive portfolio of recognized high-performance technologies, will seek to integrate other cutting-edge technologies into its product selection.

<u>Segmented Order Backlog and Outlook - Pulp and Paper Group</u>

At constant exchange rates, the Pulp and Paper Group's order backlog as at March 31, 2008 was up by 90.1% and 6.7% over March 31 and December 31, 2007 respectively, due exclusively to organic growth. The strongest growth in this group's order backlog relates to chemical pulping technologies and filters, two niches in which several of its products are global leaders. In addition, its order backlog is well diversified geographically, attesting to the success of the international development strategy adopted in recent years. In the aftermarket, the Pulp and Paper Group maintains solid activity in North America and is gradually expanding its presence in Europe as well as in emerging markets in South America and Asia.

The Pulp and Paper Group is in a sound position to carry on its development, given the international growth in demand for pulp and paper and the significant progress it has made over the last two to three years to adapt its technological portfolio to the evolving needs of the global pulp and paper industry and to establish its presence in the most dynamic geographic markets.

The Pulp and Paper Group's main objectives and challenges in upcoming quarters will be to continue improving its operating profitability, lowering its operating costs, and optimizing its outsourcing networks.

SHARE CAPITAL INFORMATION

Share Capital

On August 8, 2007, as part of the carve-out transaction provided for by the Arrangement, the Company issued 22,837,075 Class A subordinate voting shares for a legal stated capital amount of $201.4 M and 2,551,805 Class B multiple voting shares for a legal stated capital amount of $22.5 M. Since the carve-out transaction was carried out between companies under common control, it is accounted for at the book value of $163.5 M in the consolidated balance sheet.

Since the August 8, 2007 carve-out transaction, 4,000 Class B shares have been converted into an equivalent number of Class A subordinate shares. Consequently, as at March 31, 2008, GLV's share capital consisted of:

- 22,841,075 Class A subordinate shares; and
- 2,547,805 Class B shares.

On April 11, 2008, as described in the *"Event Subsequent to Fiscal Year-End"* section of this Management's Report, GLV issued 1,153,846 Class A subordinate shares at a price of $13.00 per share to the Solidarity Fund QFL, for net proceeds of $15 M.

Thus, as at June 5, 2008, GLV's share capital consisted of 23,994,921 Class A subordinate shares and 2,547,805 Class B shares, for a total of 26,542,726 voting and participating shares issued and outstanding.

Stock Option Plan

Under the stock option plan put in place by GLV for senior executives, management and directors, a maximum of 2,538,888 Class A subordinate voting shares of the share capital of the Company may be issued. Under the plan, the exercise price of each option cannot be less than the weighted average price of the shares negotiated at the Toronto Stock Exchange for the five days immediately preceding the grant date of the stock options. The number of stock options that may be issued to non-managing directors is limited to 1% of the number of shares of the Company in circulation. Stock options vest over five years at the rate of 20% per year and upon the achievement of a fixed quoted market price of the Class A subordinate voting shares determined by the Board of Directors of the Company or, in certain cases, the options vest on the date of grant. In addition, these options have a maximum term that may not exceed 10 years from the grant date. As of March 31, 2008, a total of 1,380,000 stock options had been granted.

The stock option plans that existed before the Arrangement were cancelled by GL&V before the closing of the Arrangement and the holders of these options received a cash amount equal to the difference between $33.00 and the grant price of an option and one Class A subordinate voting share of GLV for every option held.

(For further information, the reader is referred to note 20(a) accompanying the consolidated and combined carve-out financial statements for fiscal 2008.)

Other Stock-Based Compensation

GLV also offers stock appreciation rights to certain senior executives. On September 6, 2007, the Company issued 500,000 units of stock appreciation rights at the exercise price of $10.82 of the Company's Class A subordinate voting shares. The stock appreciation rights become vested five years after the date of grant upon achievement of fixed quoted market prices of the Class A subordinate voting shares determined by the Company's Board of Directors on the date of grant. *(For further information, the reader is referred to note 20(b) accompanying the consolidated and combined carve-out financial statements for fiscal 2008.)*

RISK MANAGEMENT

GLV's management makes every effort to ensure that the Company and its subsidiaries benefit from effective risk management. For instance, the Company has formed a Risk Management Committee comprised of certain officers responsible for finance, operations, legal affairs, human resources and information technologies, thereby covering all of 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 the necessary risk management monitoring provisions, among others, by developing and recommending to the Board of Directors or its Audit Committee the various policies and procedures serving to support GLV's subsidiaries in developing and implementing effective strategies in regard to internal and external control, aimed at improving and reducing the impact of business and operating risk factors.

The 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

As a holding company, GLV Inc., in order to meet its financial obligations, is primarily dependent upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries. All of GLV Inc.'s business activities are operated by its subsidiaries. These various subsidiaries are distinct legal entities and have no obligation, contingent or otherwise, to make funds available to GLV Inc. whether by dividends, loans, advances or other payments. In addition, the payment of dividends and the making of loans, advances and other payments to GLV Inc. 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 new market's evolving needs and increasing its presence in the most dynamic markets.

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. Strict quality control procedures are in place in order to monitor suppliers' performances.

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 may use exchange contracts when deemed appropriate.

Hedging Investments

Hedging investments are arranged with recognized financial institutions. 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 Market Value

GLV does not apply hedge accounting for its derivative financial instruments; rather, it recognizes them at their fair value market 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.

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 this risk, management 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 Change

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 new company 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.

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. The difficulty in procuring this raw material in sufficient quantities and on a timely basis, as well as an 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

Manufacturing is not part of the Company's core business. Management estimates that GLV's operations do not involve any major environmental risk, which could have an impact on the Company's operations and financial position.

OTHER

Contractual Commitments

In addition to the debts appearing in the consolidated balance sheet as at March 31, 2008, the Company has operating leases for premises and equipment expiring at various dates until 2015, and representing total minimum lease payments of $24.3 M as at March 31, 2008 ($22.6 M as at March 31, 2007). 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 $)	
2009	5,598
2010	4,745
2011	4,322
2012	3,827
2013	2,990
2014 and thereafter	2,840
Total	**24,322**

GLV is also committed under letters of credit and corporate guarantees for the achievement of contracts, for an amount that totalled $112.0 M as at March 31, 2008 ($91.0 M as at March 31, 2007).

Under the terms of the Carve-out Agreement between GL&V and FLS, the Company will have to indemnify GL&V and each of its subsidiaries for any taxes arising out of or connected with the carve-out transactions in excess of $13.0 M. As at March 31, 2008, management did not expect that GLV will be required to indemnify GL&V or its subsidiaries as it estimated that the taxes arising out of or connected with the carve-out transactions will be below $13.0 M.

Financial Instruments

Derivative Financial Instruments

To reduce the risks related to currency fluctuations, GLV uses derivative financial instruments such as forward exchange contracts. GLV does not hold or issue any derivative financial instruments for speculative purposes. The derivative financial instruments are subject to normal credit terms and conditions, financial controls and risk monitoring procedures. 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 financial institutions. Forward exchange contracts will be recorded at their fair value. *(For further information, the reader is referred to note 3(b) accompanying the consolidated and combined carve-out financial statements for fiscal 2008.)*

Fair Value

As described in the consolidated and combined carve-out financial statements, the carrying amounts of cash and cash equivalents, accounts receivable, restricted cash and accounts payable and accrued liabilities approximate their fair value, as these items will be realized or paid within one year.

Forward exchange contracts are recognized at their positive fair value of $0.4 M as at March 31, 2008 (positive fair value of $1.2 M as at March 31, 2007).

The fair values of financial liabilities are mainly estimated based on discounted cash flows using year-end market yields or market values of similar instruments having the same maturity. The fair values of derivative financial instruments are estimated using year-end market rates, and reflect the amount GLV would receive or pay if the instruments were closed out at those dates.

The fair value of long-term debt is equivalent to the carrying amount since it bears interest at a rate that varies with the market rate.

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. The critical accounting estimates identified by management according to this definition are described in detail in the Annual Information Form available on SEDAR and on GLV's website.

Changes in Accounting Policies

Effective April 1, 2007, GL&V adopted three new accounting standards released in April 2005 by the Canadian Institute of Chartered Accountants ("CICA"), specifically Handbook Section 1530, *Comprehensive Income*, Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3865, *Hedges.* These changes are described in note 3 accompanying the consolidated and combined carve-out financial statements for fiscal 2008. Briefly:

- A comprehensive income statement is henceforth presented, which is the subject of a section in this Management's Report titled *"Comprehensive Income"*. This new policy is also described in detail in note 3(a) accompanying the consolidated and combined carve-out financial statements for fiscal 2008.

- According to Section 3855, all financial assets and liabilities are carried at fair value in the consolidated and combined carve-out balance sheet, except for loans and receivables and other financial liabilities, which are recognized at amortized cost using the effective interest method *(see note 3(b) accompanying the consolidated and combined carve-out financial statements for fiscal 2008).* The adoption of this standard had no significant impact on the combined carve-out balance sheet and combined carve-out statement of owner's net equity for the periods between April 1 and August 8, 2007, nor on the consolidated balance sheet and consolidated statement of shareholders'/invested equity as at March 31, 2008.

Recent Accounting Developments in Canada

In June 2007, the Canadian Institute of Chartered Accountants ("CICA") issued a new accounting standard for Handbook Section 3031, *Inventories*, which replaces the existing standard for Inventories, Section 3030. The main features of the new standard are as follows:

- measurement of inventories at the lower of cost and net realizable value;
- consistent use of either the first-in, first-out or the weighted average cost formula to measure costs; and
- reversal of previous write-downs of net realizable value when there is a subsequent increase in the value of inventories.

These new standards have been effective for GLV since April 1 2008. The Company is currently assessing the impact on its consolidated financial statements.

In December 2006, the CICA issued three new accounting standards: Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*.

Section 1535 requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objective, policies and processes for managing capital.

Section 3862 and Section 3863 will replace Section 3861, *Financial Instruments – Disclosure and Presentation* once adopted. These new Sections revise and enhance the disclosure requirements in Section 3861 and carry forward unchanged its presentation requirements.

These new standards have been effective for GLV since April 1 2008. The Company is currently assessing the impact on its consolidated financial statements.

In January 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and results in the withdrawal of Section 3450, *Research and Development Costs,* and Emerging Issues Committee Abstract 27, Revenues and Expenditures during the Pre-operating Period, and amendments to Accounting Guideline No. 11, Enterprises in the Development Stage. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed.
This new standard will be effective for GLV for the year beginning on April 1, 2009. The Company is currently evaluating the effect of adopting this standard.

In 2005, the Accounting Standards Board of Canada announced that accounting standards in Canada are to converge with International Financial Reporting Standards (“IFRS”). In May 2007, the CICA published an updated version of its “Implementation Plan for Incorporating International Financial Reporting Standards into Canadian GAAP”. This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian generally accepted accounting standards with IFRS. In February 2008, the CICA confirmed the change over date from current Canadian Generally Accepted Accounting Principles (“GAAP”) to IFRS to be January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company has not yet assessed the future impact of these new standards on its consolidated financial statements.

Supplementary Information

Supplementary information about GLV is available on SEDAR‘s website (www.sedar.com) and GLV’s website (www.glv.com).

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

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

June 5, 2008