Ovivo Inc.

(Formerly GLV Inc.)

Management's Discussion and Analysis

Fiscal year ended March 31, 2015

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June 4, 2015

Unless otherwise indicated, all amounts are in Canadian dollars.

1. PRELIMINARY COMMENTS TO MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared under the responsibility of the management of Ovivo Inc. (formerly GLV Inc.) and approved by its Board of Directors as of June 4, 2015. The information appearing herein accounts for all significant events that occurred up to that date. The MD&A presents the Corporation's position and business context as they were, to management's best knowledge, upon its approval by the Board of Directors.

This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the fiscal years ended March 31, 2015 and 2014.

The financial information presented in this MD&A, including tabular amounts, is prepared in accordance with the International Financial Reporting Standards ("IFRS") unless otherwise indicated.

In this MD&A, "Ovivo" or "the Corporation" designates, as the case may be, Ovivo Inc. and its subsidiaries and divisions, or Ovivo Inc. or one of its subsidiaries or divisions. The fiscal year ended March 31, 2015 and the fiscal years ended March 31 of prior years are sometimes designated by the terms "fiscal 2015," "fiscal 2014" and so forth. The "fourth quarter of fiscal 2015" and the "fourth quarter of fiscal 2014" refer to the three-month periods ended March 31, 2015 and 2014, respectively. Unless otherwise indicated, the comparative analysis of operating results and cash flows for the three-month and twelve-month periods ended March 31, 2015 is performed in relation to the equivalent periods ended March 31, 2014 restated for discontinued operations, whereas the comparative analysis of the financial situation as at March 31, 2015 is performed in relation to data as at March 31, 2014 non-restated for discontinued operations, as required under IFRS.

This MD&A also uses non-IFRS financial measures. Please refer to Section 14, "Reconciliation of non-IFRS financial measures" of this report for more information.

Supplementary information about the Corporation, including the Annual Information Form of Ovivo Inc. dated June 4, 2015, the management proxy circular dated October 15, 2014, and the MD&A for the year ended March 31, 2015 and press releases are available on the websites of SEDAR (www.sedar.com) and the Corporation (www.ovivowater.com). Certain other documents, including presentations to investors, are also available on the Corporation's website.

2. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

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

Factors of uncertainty and risk that might result in such differences include contracts with clients regarding equipment and services, operations and turnkey projects, market risk, competition and innovation, concentration risk, liquidity risk, access to financing, dependence on key personnel, information system risk, credit risk, reputation, regulatory and legal risk, foreign exchange rate and foreign exchange contract risk, risks related to acquisitions, supply chain, asset impairment, interest rates, and the Corporation's structure. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. In addition, unless otherwise indicated, the forward-looking statements included in this MD&A were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of Ovivo Inc. assumes no obligation to update or revise forward-looking statements as a result of new information, future events or other changes. Forward-looking statements are designed to provide the reader with a description of management's expectations regarding the Corporation's future financial performance and may not be appropriate for other purposes.

Additional information about the risk factors to which Ovivo Inc. is exposed is provided in Section 12, "Risks and uncertainties" of the MD&A of Ovivo Inc. for the year ended March 31, 2015.

3. PROFILE OF THE CORPORATION

Description of business

Ovivo Inc. is a global pure-play water and wastewater treatment company. It offers comprehensive technological solutions, as well as services and equipment tailored to specific client needs.

Ovivo designs and markets equipment and integrated solutions for the filtration, clarification, treatment and purification of water that will be used or reused in various industrial and municipal processes, returned into the environment or used for domestic purposes. Ovivo's offering further includes rebuilding, upgrading and optimization services for existing equipment, the sale of spare parts as well as maintenance services. To maintain its position in this competitive market, Ovivo places know-how and innovation at the core of its business strategy. With its advanced technologies, Ovivo stands out from the competition by putting the needs of its clients at the heart of its business strategy.

Ovivo's business units operate in more than 15 countries with approximately 800 employees as at March 31, 2015. Ovivo is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols OVI.A and OVI.B.

During fiscal 2015, the Corporation restructured its operations to focus exclusively on water treatment. As a result, the Corporation has divested its Pulp and Paper and Van der Molen divisions and its United Kingdom Municipal division. It also continued its efforts to divest its other non-core businesses, a process it expects to complete in fiscal 2016.

Strategic approach

We have always been committed to creating long-term shareholder value and ensuring sustained growth through our business model, which consists in:

- Acquiring technologies, know-how and innovative businesses;
- Generating organic growth through innovation and by focusing on recurring revenues; while
- Respecting the local cultures of countries in which Ovivo subsidiaries are based.

We generate growth using the following five strategies:

- ***Focus on developing the Parts and Services market, which includes the sale of spare parts and the provision of maintenance and support services.*** With this strategy, we aim to generate recurrent revenues, which will provide greater stability and reduce the impact of economic cycles. The Parts and Services market also ensures organic growth in our key businesses. This market also provides the opportunity to leverage our excellent client service and stand out from the competition by offering a comprehensive range of services.

- ***Make innovation a key positioning factor in our target markets.*** As we operate in highly competitive markets, we must continuously introduce innovative products and services for optimizing processes or for reducing clients' energy consumption. This innovation culture, which has been one of the factors driving our success over the last three decades, is emphasized in the management of our subsidiaries.

- ***Continuously improve the Corporation's profitability.*** We maintain strict control over fixed costs across the organization by using human resources efficiently, effectively integrating and restructuring acquired businesses, continuously improving operational effectiveness of subsidiaries and maintaining an entrepreneurial culture. Also, under our business model, we make significant use of an international network of manufacturing subcontractors, reducing our fixed costs and giving us the flexibility we need to accommodate the ebb and flow of demand. With all these measures, a flexible and optimal cost structure can be maintained.

- ***Focus primarily on geographic markets in which our subsidiaries are already operating.*** Certain markets, such as Southeast Asia and the Middle East, are expected to experience sustained growth in the coming years. Meanwhile, the North America and Europe markets continue to offer attractive business opportunities owing to the vast portfolio of equipment in operation.

- ***Maintain our business acquisition strategy.*** We will keep seeking opportunities to broaden our technology portfolio, know-how and business unit trademarks. We will continue to apply the same acquisition model of focusing on intellectual property and the Parts and Services market.

4. HIGHLIGHTS

Divestitures

Fiscal 2015 was a significant year for Ovivo with several strategic divestment transactions taking place during the year to transition into a pure-play water treatment company.

- On November 28, 2014, we completed the sale of the Pulp and Paper division to a company owned by the outgoing President and Chief Executive Officer of GLV Inc. and the Executive Chairman of the Board of Ovivo Inc. (formerly GLV Inc.). This sale was approved by the shareholders of Ovivo at its Special Meeting on November 14, 2014.

- On December 19, 2014, we sold the Van der Molen division, located in Germany, to a group of investors.

- On February 27, 2015, we sold the United Kingdom Municipal division under a local management buyout.

We are currently taking actions to divest our other non-core businesses. As of March 31, 2015, letters of intent or protocols of understanding have already been signed with certain parties, and we are confident of entering into definitive agreements over the coming months.

For more information, see the "Discontinued operations" section of this MD&A.

Change of name

On December 18, 2014, GLV Inc. announced the change in its name to Ovivo Inc. as approved by its shareholders at its Special Meeting held on November 14, 2014. The change in name, effective as of December 18, 2014, was subsequent to the closing of the sale of the Pulp and Paper division and emphasizes our refocusing on water treatment products and solutions.

Fourth quarter

- ➢ Revenues of $80.2 million, down 4% compared with the same quarter of the previous fiscal year; sharp increase in Parts and Services revenues offset by a decline in new equipment revenues.

- ➢ Adjusted EBITDA(1) of $4.2 million, up $5.6 million compared with the same quarter of the previous fiscal year, driven mainly by the improvement in the Corporation's operating profit.

- ➢ Net loss from continuing operations attributable to shareholders of Ovivo Inc. of $0.7 million, owing primarily to financial expenses including $1.1 million in relation to the unfavourable remeasurement of the total return swap which is based on our share price.

- ➢ Backlog of $254.8 million as at March 31, 2015, up more than 10% or $23.5 million from December 31, 2014.

- ➢ Total net indebtedness of $24.1 million as at March 31, 2015, marking a slight increase of $1.9 million compared with December 31, 2014.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

Fiscal 2015

- Revenues of $318.7 million, relatively unchanged from the previous fiscal year, including a sharp increase in Parts and Services offset by a decline in the new equipment market.

- Adjusted EBITDA(1) of $12.1 million, up $7.3 million from the previous fiscal year, of which $3.0 million emanated from operating profit and $4.3 million from cost reductions at head office.

- Goodwill and intangible asset impairment charge of $16.9 million related to the Energy market.

- Net loss from continuing operations attributable to shareholders of Ovivo Inc. of $33.5 million, owing primarily to goodwill and intangible asset impairment charge and the unfavourable remeasurement of the total return swap which is based on our share price.

- Net loss from discontinued operations of $11.8 million.

- Backlog of $254.8 million as at March 31, 2015, down $7.1 million from March 31, 2014.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

5. SELECTED ANNUAL FINANCIAL INFORMATION

	Years ended March 31		
(In thousands of $, except per share amounts and percentages)	**2015**	2014	2013
Revenues	**318,669**	320,162	272,041
Adjusted EBITDA(1)	**12,050**	4,775	6,005
Adjusted EBITDA margin(1)	***3.8%***	*1.5%*	2.2%
Net earnings (loss) attributable to shareholders of Ovivo Inc.			
from continuing operations	**(33,533)**	(26,837)	(18,614)
from discontinued operations	**(10,145)**	4,491	5,740
Total	**(43,678)**	(22,346)	(12,874)
Cash flows generated (used)(1)	**(48,734)**	27,163	(3,683)
Net earnings (loss) per share (basic and diluted) attributable to shareholders of Ovivo Inc.			
Net loss from continuing operations	**(0.76)**	(0.61)	(0.42)
Net earnings (loss) from discontinued operations	**(0.23)**	0.10	0.13
Net loss	**(0.99)**	(0.51)	(0.29)
Cash flows generated (used) per share (basic and diluted)(1)	**(1.11)**	0.62	(0.08)

	As at March 31		
(In thousands of $, except for financial ratios in % and in units)	**2015**	2014	2013
Total assets	**332,597**	488,055	474,862
Cash and cash equivalents	**13,266**	22,306	13,294
Long-term debt (including the current portion)	**(37,391)**	(47,975)	(53,708)
Other non-current financial liabilities	**(4,697)**	(3,472)	(5,519)
Cash dividends per share (Class A and B shares)	**-**	-	-
Financial ratios			
Total net debt to invested capital ratio	**16.7%**	12.8%	25.0%
Working capital ratio (excluding the current portion of long-term debt)	**1.75**	1.46	1.51

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

6. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

Consolidated results

	Quarters ended March 31		Fiscal years ended March 31	
(In thousands of $, except per share amounts and percentages)	**2015**	2014	**2015**	2014
Revenues	**80,154**	83,869	**318,669**	320,162
Costs of contracts and goods sold	**60,790**	68,315	**246,832**	254,260
Gross margin	**19,364**	15,554	**71,837**	65,902
Selling and administrative expenses	**15,152**	16,991	**59,787**	61,127
Adjusted EBITDA[(1)]	**4,212**	(1,437)	**12,050**	4,775
Adjusted EBITDA margin[(1)]	***5.3%***	*(1.7%)*	***3.8%***	*1.5%*
Restructuring costs	**-**	(333)	**1,635**	1,300
Amortization	**2,058**	2,227	**8,506**	8,941
Asset impairment	**-**	-	**16,873**	18,157
Net financial expenses	**1,489**	1,663	**4,595**	5,964
Foreign exchange loss (gain)	**(670)**	1,630	**4,352**	2,705
Loss (gain) related to derivative financial instruments	**1,723**	(1,527)	**4,686**	(8,541)
Loss before income taxes related to continuing operations	**(388)**	(5,097)	**(28,597)**	(23,751)
Income taxes	**314**	1,111	**4,912**	2,984
Net loss from continuing operations	**(702)**	(6,208)	**(33,509)**	(26,735)
Net earnings (loss) from discontinued operations	**223**	8,013	**(11,818)**	4,628
Net earnings (loss)	**(479)**	1,805	**(45,327)**	(22,107)
Net earnings (loss) attributable to shareholders of Ovivo Inc.	**(657)**	1,678	**(43,678)**	(22,346)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(692)**	(6,335)	**(33,533)**	(26,837)
Net earnings (loss) per share attributable to shareholders of Ovivo Inc. (basic and diluted)				
Continuing operations	**(0.02)**	(0.14)	**(0.76)**	(0.61)
Discontinued operations	**0.01**	0.18	**(0.23)**	0.10
	(0.01)	0.04	**(0.99)**	(0.51)

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

Discontinued operations

In fiscal 2015, we endeavoured to restructure our operations to focus solely on water treatment equipment and services provided exclusively by our core businesses.

On November 28, 2014, we announced that we had completed the sale of the Pulp and Paper division to a company owned by related parties of the Corporation. This sale was approved by the Corporation's shareholders at its Special Meeting on November 14, 2014. It constituted the entire "Pulp and Paper" operating segment in our consolidated financial statements. As a result of the sale of the Pulp and Paper division, the Corporation recorded a net gain of $9.6 million for fiscal 2015 which reflects post-close adjustments finalized in the fourth quarter.

On December 19, 2014, we sold the Van der Molen division to a group of third-party investors. The financial position and operating results of the Van der Molen division constituted a component of the "Other" segment in the Corporation's consolidated financial statements.

On February 27, 2015, we sold the United Kingdom Municipal division under a local management buyout. The Corporation is currently taking further steps to divest its other non-core businesses which were components of the "Ovivo" segment in the Corporation's consolidated financial statements. As of March 31, 2015, letters of intent or protocols of understanding have already been signed with certain parties and subsequently, in April 2015, a conditional sale agreement hinging on specific commercial criteria was entered into for one of said businesses. The Corporation is confident it will enter into definitive agreements in the coming months.

The results for the current fiscal year of non-core businesses and comparative figures have been restated to take into account the presentation of various related items under discontinued operations. In fiscal 2015, the Corporation reported a $10.4 million after-tax loss, including $2.1 million and $3.7 million goodwill and intangible asset impairment charges, respectively.

As part of our ongoing actions to divest other non-core businesses, we continue to assess and adjust the costs under contracts in progress entered into by those businesses whose completion remains our responsibility.

The following table shows the results of discontinued operations:

	Quarters ended March 31		**Fiscal years ended March 31**	
(In thousands of $)	**2015**	2014	**2015**	2014
Revenues	**7,740**	98,193	**202,773**	314,963
Expenses	**9,172**	89,326	**214,138**	307,420
Earnings (loss) before income taxes related to discontinued operations	**(1,432)**	8,867	**(11,365)**	7,543
Income taxes related to discontinued operations	**(798)**	854	**(2,751)**	2,915
Earnings (loss) after income taxes related to discontinued operations	**(634)**	8,013	**(8,614)**	4,628
Dispute settlement	**-**	-	**(2,397)**	-
Net earnings (loss) related to business disposals and impairment losses on assets held for sale	**857**	-	**(807)**	-
Net earnings (loss) from discontinued operations	**223**	8,013	**(11,818)**	4,628

Revenues

(In thousands of $)	Quarters ended March 31 2015	2014	Change %	Organic change[(1)] %	Fiscal years ended March 31 2015	2014	Change %	Organic change[(1)] %
TOTAL	**80,154**	83,869	(4.4)%	(11.0)%	**318,669**	320,162	(0.5)%	(5.0)%
Ovivo	**80,154**	83,869	(4.4)%	(11.0)%	**318,669**	313,859	1.5%	(5.0)%
New equipment	**57,299**	66,237	(13.5)%	(20.3)%	**235,135**	246,741	(4.7)%	(11.2)%
Sale of parts and provision of services	**22,855**	17,632	29.6%	23.5%	**83,534**	67,118	24.5%	17.7%
Other[(2)]	**-**	-	- %	- %	**-**	6,303	(100,0)%	- %

Revenue continuity

(In thousands of $)	Three-month period Ovivo	Other[(2)]	Total
Quarter ended March 31, 2014	**83,869**	**-**	**83,869**
Foreign exchange impact	5,558	-	**5,558**
Business disposals	-	-	**-**
Organic change	(9,273)	-	**(9,273)**
Total change	**(3,715)**	-	**(3,715)**
Quarter ended March 31, 2015	**80,154**	**-**	**80,154**

(In thousands of $)	Twelve-month period Ovivo	Other[(2)]	Total
Fiscal year ended March 31, 2014	**313,859**	**6,303**	**320,162**
Foreign exchange impact	20,443	-	**20,443**
Business disposals	-	(6,303)	**(6,303)**
Organic change	(15,633)	-	**(15,633)**
Total change	**4,810**	**(6,303)**	**(1,493)**
Fiscal year ended March 31, 2015	**318,669**	**-**	**318,669**

(Revenues from the Pulp and Paper, Van der Molen and United Kingdom Municipal divisions as well as from the other non-core businesses are excluded from the table above as they are reported as discontinued operations.)

(1) See Section 14, "Reconciliation of non-IFRS financial measures."
(2) Consists of revenues from GL&V Fabrication prior to its November 2013 disposal.

For the fourth quarter of fiscal 2015, revenues amounted to $80.2 million, down $3.7 million from the same period of the previous fiscal year, owing primarily to a decline in new equipment sales in the Electronics market in North America. Fourth-quarter revenues for the previous year were particularly high in that market, given that significant contracts were entered into in early fiscal 2014. The decline also stemmed from lower new equipment revenues from Australia. The decrease was partly offset by growth in the Municipal North America market, driven by an increase in backlog over the past fiscal year. Fluctuations in foreign currencies had a favourable impact of $5.6 million, arising mainly from the weakening of Canada's currency against the U.S. dollar, the pound sterling and the euro.

Compared with the same period of the previous fiscal year, the Corporation recorded organic growth of 24% in the sale of parts and provision of services, which accounted for over 28% of Ovivo's total revenues for the fourth quarter of fiscal 2015. This increase was driven by continuous investments and efforts in this market as part of the refocusing plan.

Revenues for the fiscal year ended March 31, 2015 rose $4.8 million from previous fiscal year. This increase originated mainly from a $20.4 million favourable foreign exchange effect triggered by the weakening of the Canadian dollar against the U.S. dollar, the pound sterling and the euro. It was partially offset by a decline in new equipment sales in the Electronics market for the reasons set out above. Other than the favourable foreign exchange, the increase also stemmed from the Municipal North America and Parts and Services markets for the same reasons discussed above.

Revenues by geographic segment based on destination address

	Fiscal years ended March 31	
	2015	2014
	(as % of consolidated revenues)	
North America	**59.6%**	55.3%
Europe	**14.5%**	18.9%
Other	**25.9%**	25.8%

The geographic breakdown of revenues by destination address for the twelve-month period ended March 31, 2015, compared with the previous fiscal year, showed an increase in the percentage of revenues from North America. This larger share of revenues was generated by the Municipal market, which saw significant contract wins.

Revenues by geographic segment based on location of subsidiaries

	Quarters ended March 31		**Change**	**Organic change(1)**	**Fiscal years ended March 31**		**Change**	**Organic change(1)**
(In thousands of $)	**2015**	2014	%	%	**2015**	2014	%	%
TOTAL	**80,154**	83,869	(4.4)%	(11.0)%	**318,669**	320,162	(0.5)%	(5.0)%
North America	**48,994**	51,724			**194,169**	176,552		
Europe	**18,315**	23,898			**82,392**	90,831		
Other	**12,845**	8,247			**42,108**	52,779		

Revenues from subsidiaries in North America for the fiscal year ended March 31, 2015 were up, driven by the performance of the Municipal North America segment. However, revenues were down in Europe and the Other segments, resulting mainly from the decline in order taking in the Energy market in the first nine months of fiscal 2015.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

Gross margin (excluding amortization)

	Quarters ended March 31		Change	Organic change[1]	Fiscal years ended March 31		Change	Organic change[1]
	2015	2014	%	%	**2015**	2014	%	%
In thousands of $	**19,364**	15,554	24.5%	15.2%	**71,837**	65,902	9.0%	3.4%
As % of revenues	**24.2%**	18.5%			**22.5%**	20.6%		

The Corporation recorded increases in gross margin in dollars and as a percentage for the three-month and twelve-month periods ended March 31, 2015 compared with the same periods of the previous fiscal year. They were driven primarily by sales growth in the Parts and Services market, which generates higher operating margins, and the completion of a negative-margin project in the Energy market in Europe that had an unfavourable impact on the fourth quarter of the previous fiscal year.

Selling and administrative expenses (excluding amortization)

	Quarters ended March 31		Change	Organic change[1]	Fiscal years ended March 31		Change	Organic change[1]
	2015	2014	%	%	**2015**	2014	%	%
In thousands of $	**15,152**	16,991	(10.8)%	(14.5)%	**59,787**	61,127	(2.2)%	(5.8)%
As % of revenues	**18.9%**	20.3%			**18.8%**	19.1%		

Selling and administrative expenses for the three-month period ended March 31, 2015 were down from the corresponding period of fiscal 2014, owing to savings from restructuring in the Energy segment in Europe and North America and at Ovivo head office, as well as to a decrease in stock-based compensation expense. This decrease was partially offset by investments in resources and innovation made during the quarter in line with the rollout of Ovivo's strategic plan. Despite the decrease in revenues, selling and administration expenses as a percentage of revenues were also down as a result of the aforementioned restructuring.

Selling and administrative expenses in dollars and as a percentage of revenues for the twelve-month period ended March 31, 2015 were down from the same periods of the previous fiscal year. Savings from restructuring and the decrease in stock-based compensation expense were partially offset by investments to roll out our strategic plan. Investments in innovation for fiscal 2015 amounted to $1.6 million, up over 160% from $0.6 million for fiscal 2014.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

Adjusted EBITDA[1]

	Quarters ended March 31		Change	Organic change[1]	Fiscal years ended March 31		Change	Organic change[1]
	2015	2014	%	%	**2015**	2014	%	%
In thousands of $	**4,212**	(1,437)	n.a.	n.a.	**12,050**	4,775	152.4%	117.8%
As % of revenues	**5.3%**	(1.7)%			**3.8%**	1.5%		

The Corporation's adjusted EBITDA[1] for the three-month and twelve-month periods ended March 31, 2015 was up from the same periods of the previous fiscal year. The increases stemmed partly from operating performance in the Municipal North America market, higher revenues from the sale of parts and provision of services, which generate higher margins, and savings from restructuring in the Energy market and at the Corporation's head office. In addition, a negative-margin project entered into in the Energy market in Europe, which is now completed, had an unfavourable impact on the fourth quarter of the previous fiscal year.

Restructuring costs

Restructuring costs for the year ended March 31, 2015 totalled $1.6 million. These costs consist primarily of termination benefits arising from restructuring in the Energy market as well as at the Corporation's head office resulting from the disposal of the Pulp and Paper group. No restructuring costs were recognized in the fourth quarter of fiscal 2015.

Restructuring costs for the year ended March 31, 2014 totalled $1.3 million. These costs, which comprise termination benefits and relocation costs, are primarily related to restructuring of Ovivo subsidiaries in Germany and the U.K.

Asset impairment

Goodwill is tested for impairment annually (as at March 31), or more frequently, if events or changes in circumstances indicate that the asset might be impaired. For its impairment test, the Corporation uses the higher of fair value less costs to sell and value in use. The main assumptions used in determining the recoverable amounts of the different cash generating units ("CGUs") are disclosed the annual consolidated financial statements for the year ended March 31, 2015.

During the third quarter of fiscal 2015, the Corporation tested the goodwill of the Energy CGU for impairment prompted by the slowdown in business and the decline in backlog. As a result, an $8.6 million goodwill impairment charge was recognized during the third quarter of fiscal 2015. An $8.3 million impairment charge on other intangible assets was also recognized. No additional impairment was recorded during the fourth quarter following the annual impairment test performed by the Corporation as at March 31, 2015.

During the third quarter of fiscal 2014, the Corporation tested the goodwill of the Energy, and Desalination and Municipal Europe/Middle East/Africa CGUs for impairment as a result of restructuring underway and the decline in operating results for these two CGUs. On completion of testing, management recognized a $14.6 million goodwill impairment charge as well as a $3.6 million impairment charge on intangible other assets. No additional impairment was recorded during the fourth quarter following the annual impairment test performed by the Corporation as at March 31, 2014.

For further information, see note 12 to the audited consolidated financial statements for the year ended March 31, 2015.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

Amortization

	Quarters ended March 31		Change	Organic change(1)	Fiscal years ended March 31		Change	Organic change(1)
(In thousands of $)	**2015**	2014	%	%	**2015**	2014	%	%
Total	**2,058**	2,227	(7.6)%	(5.2)%	**8,506**	8,941	(4.9)%	(4.0)%
Property, plant and equipment	**666**	681	(2.2)%		**2,900**	2,883	0.6%	
Intangible assets	**1,392**	1,546	(10.0)%		**5,606**	6,058	(7.5)%	

Amortization expense for the three-month and twelve-month periods ended March 31, 2015 is down from the same periods of the previous fiscal year, owing primarily to the asset impairment recorded in the third quarter of fiscal 2015. It was partially offset by the investments made during the year.

Net financial expenses

	Quarters ended March 31		Change	Fiscal years ended March 31		Change
(In thousands of $)	**2015**	2014	%	**2015**	2014	%
Total	**1,489**	1,663	(10.5)%	**4,595**	5,964	(23.0)%
Interest on long-term debt	**699**	955	(26.8)%	**3,198**	4,492	(28.8)%
Retirement benefit interest expense	**1,635**	1,474	10.9%	**1,635**	1,474	10.9%
Interest income	**55**	(147)	(137.4)%	**(120)**	(368)	(67.4)%
Expected return on retirement benefit plan assets	**(1,127)**	(996)	10.9%	**(1,127)**	(996)	13.2%
Other	**227**	377	(39.8)%	**1,009**	1,362	(25.9)%

Net financing costs for the three-month and twelve-month periods ended March 31, 2015 were down from the same periods of the previous fiscal year. This decrease stemmed from lower interest on long-term debt resulting primarily from the downward revision of the interest rate on the unsecured debenture with the Fonds de solidarité FTQ during fiscal 2015.

Foreign exchange loss (gain) and loss (gain) related to derivative financial instruments

	Quarters ended March 31		Change	Fiscal years ended March 31		Change
(In thousands of $)	**2015**	2014	$	**2015**	2014	$
Foreign exchange loss (gain)	**(670)**	1,630	(2,300)	**4,352**	2,705	1,647
Loss (gain) related to derivative financial instruments	**1,723**	(1,527)	3,250	**4,686**	(8,541)	13,227

The foreign exchange loss (gain) is triggered on translation of monetary items recognized in currencies other than the functional currencies of subsidiaries. The principal functional currencies, other than the Canadian dollar, are the U.S. dollar, the pound sterling and the euro.

The loss related to derivative financial instruments for the fourth quarter of fiscal 2015 and twelve-month period ended March 31, 2015 stemmed from the unfavourable remeasurement of the total return swap, which is based on the market price of Class A subordinate voting shares, and losses on foreign exchange contracts outstanding as at March 31, 2015.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

The gain related to derivative financial instruments for the fourth quarter of fiscal 2014 was attributable to realized gains on foreign exchange contracts outstanding as at March 31, 2014. Those gains were offset by the unfavourable remeasurement of the total return swap which is based on the price of Class A subordinate voting shares. The gain related to financial instruments for the year ended March 31, 2014 stemmed from the realized and unrealized net gains on foreign exchange contracts and the favourable remeasurement of the total return swap.

Income taxes

The difference between the effective tax rate and the Canadian statutory rate for the three-month and twelve-month periods ended March 31, 2015 and 2014 resulted primarily from the fact that the Corporation reported a loss before income taxes, from a higher statutory tax rate in the U.S., from valuation allowances for deferred tax assets of other subsidiaries, and from the write-down of deferred tax assets recognized during the third quarter which had a significant impact on the effective tax rate. The business disposals had no material impact on the income tax expense.

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

	Quarters ended March 31		Fiscal years ended March 31	
	2015	2014	**2015**	2014
(In thousands of $)				
Net earnings (loss) attributable to shareholders of Ovivo Inc.	**(657)**	1,678	**(43,678)**	(22,346)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(692)**	(6,335)	**(33,533)**	(26,837)
Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.[1]	**(692)**	(6,668)	**(16,429)**	(7,380)
(In $ per share, basic and diluted)				
Net earnings (loss) attributable to shareholders of Ovivo Inc.	**(0.01)**	0.04	**(0.99)**	(0.51)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(0.02)**	(0.14)	**(0.76)**	(0.61)
Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(0.02)**	(0.15)	**(0.37)**	(0.17)
Weighted average number of participating shares outstanding (in thousands)				
Basic	**44,095**	44,092	**44,095**	44,092
Diluted	**44,095**	44,092	**44,095**	44,092

For the fourth quarter of fiscal 2015, the Corporation reported a net loss from continuing operations attributable to shareholders of Ovivo Inc. of $0.7 million or $0.02 per share, basic and diluted, compared with a net loss of $6.3 million or $0.14 per share, basic and diluted, for the same period of the previous fiscal year. Improved operating profitability in the fourth quarter was partly offset by a loss related to derivative financial instruments.

For the fiscal year ended March 31, 2015, the Corporation reported a net loss from continuing operations attributable to shareholders of Ovivo Inc. of $33.5 million or $0.76 per share, basic and diluted, compared with a net loss of $26.8 million or $0.61 per share, basic and diluted, for the previous fiscal year. The higher loss compared with the previous fiscal year resulted mainly from the recognition of a loss related to derivative financial instruments compared with gains in the previous fiscal year, as well as a higher income tax expense in fiscal 2015 than in fiscal 2014.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

7. SUMMARY OF QUARTERLY PERFORMANCE

	Quarters ended							
	Fiscal 2015				**Fiscal 2014**			
(In thousands of $, except per share amounts)	**March 31, 2015**	**Dec. 31, 2014**	**Sept. 30, 2014**	**June 30, 2014**	**March 31, 2014**	**Dec. 31, 2013**	**Sept. 30, 2013**	**June 30, 2013**
Revenues	80,154	76,064	79,091	83,360	83,869	86,472	79,393	70,428
Adjusted EBITDA[1]	4,212	2,957	3,630	1,251	(1,437)	1,785	2,313	2,114
Net earnings (loss) from continuing operations attributable to shareholders of Ovivo Inc.	(692)	(24,606)	(3,285)	(4,950)	(6,335)	(19,813)	517	(1,206)
Per share (basic and diluted)	(0.02)	(0.56)	(0.07)	(0.11)	(0.13)	(0.45)	0.01	(0.03)
Net earnings (loss) from discontinued operations attributable to shareholders of Ovivo Inc.	35	(12,339)	356	1,803	8,013	(6,909)	892	2,495
Per share (basic and diluted)	0.01	(0.28)	0.01	0.04	0.17	(0.16)	0.02	0.06
Net earnings (loss) attributable to shareholders of Ovivo Inc.	(657)	(36,945)	(2,929)	(3,147)	1,678	(26,722)	1,409	1,289
Per share (basic and diluted)	(0.01)	(0.84)	(0.07)	(0.07)	0.04	(0.61)	0.03	0.03

(The previous quarters have been restated for the discontinued operations)

The Corporation's quarterly results are exposed to economic conditions and are not necessarily comparable from quarter to quarter. Results were impacted by the following factors:

- In the first quarter of fiscal 2014, ended June 30, 2013, the positive impact of Ovivo's business volumes in the Electronics market was offset by work performed on certain projects with lower-than-expected margins in the Energy segment in Europe as well as investments in resources required to develop the Parts and Services market.

- In the second and third quarters of fiscal 2014, ended September 30, 2013 and December 31, 2013, growth in the Electronics market and the Municipal North America market was offset by a slowdown in the Energy market. Results for the third quarter of fiscal 2014 were adversely affected by an $18.2 million asset impairment charge.

- The decline reported by Ovivo in the fourth quarter of fiscal 2014, ended March 31, 2014, originated primarily in the Energy market due to a negative-margin project. This decline was partly offset by higher profitability in the Electronics market.

- The decline in profitability at Ovivo in the first quarter of fiscal 2015, ended June 30, 2014, was attributable to the initial investments under its three-year strategic plan.

- The decline in profitability at Ovivo in the second quarter of fiscal 2015, ended September 30, 2014, was primarily attributable to investments under its strategic plan and to downward pressure on margins on certain Energy market contracts. These decreases were partly offset by higher revenues from the sale of parts and provision of services and a decline in stock-based compensation expense resulting from a lower share price.

- Results for the third quarter of fiscal 2015, ended December 31, 2014, were significantly affected by the $14.0 million loss from discontinued operations and a $16.9 million asset impairment charge.

- Higher profitability in the fourth quarter of fiscal 2015, ended March 31, 2015, stemmed in part from increased revenues from the sale of parts and provision of services which generate higher margins, and the Municipal North America market's performance that benefited from a stronger backlog since the beginning of the fiscal year.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

8. FINANCIAL POSITION AND CASH FLOWS

Including net additions to property, plant and equipment, cash flows used in the fourth quarter of fiscal 2015 amounted to $6.9 million compared with cash flows generated totalling $3.1 million for the same quarter in fiscal 2014. For the year ended March 31, 2015, cash flows used totalled $50.8 million compared with cash flows generated amounting to $8.4 million for the previous fiscal year.

	Quarters ended March 31		Fiscal years ended March 31	
(In thousands of $, except per share amounts)	**2015**	2014	**2015**	2014
Cash flows provided by (used in) operating activities of continuing operations before net change in non-cash operating items	**2,939**	(3,778)	**(5,241)**	(1,934)
Net change in non-cash operating items	**(10,230)**	997	**(44,766)**	13,450
Additions to property, plant and equipment, net of disposals	**406**	(343)	**(828)**	(3,125)
Cash flows generated from (used in)[(1)] continuing operations	**(6,885)**	(3,124)	**(50,835)**	8,391
Per share (basic and diluted)	**(0.15)**	(0.07)	**(1.15)**	0.19

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

Impact of net change in non-cash operating items

(In thousands of $)	Quarter ended March 31, 2015	Fiscal year ended March 31, 2015
Trade and other receivables	**(8,979)**	**(10,754)**
Inventories	**(1,452)**	**(2,219)**
Contracts in progress	**3,318**	**5,269**
Prepaid expenses	**1,032**	**311**
Accounts payable and accrued liabilities, provisions and other liabilities	**(2,077)**	**(7,805)**
Deferred revenues	**549**	**(25,704)**
Income taxes receivable/payable	**(2,621)**	**(3,864)**
	(10,230)	**(44,766)**

The $10.2 million adverse impact on cash flows for the fourth quarter of fiscal 2015 resulting from the change in non-cash operating items stemmed from the increase in trade and other receivables in North America, primarily. This impact was partly offset by the decrease in contracts in progress net of deferred revenues.

The $44.8 million adverse impact on cash flows for the fiscal year ended March 31, 2015 stemmed from the increase in contracts in progress net of deferred revenues, which vary according to project percentage of completion and billing terms. As a result of advantageous payment terms for certain contracts entered into at the previous fiscal year-end, significant amounts were received under those projects. We noted an anticipated increase in working capital over fiscal 2015 related these projects percentage of completion.

The increase in trade and other receivables included a receivable of $8.9 million, while the increase in accounts payable and accrued liabilities, provisions and other liabilities included a payable of $1.9 million related to the balances payable over the next two quarters primarily in relation to working capital in connection with the sale of the Pulp and Paper division.

As at March 31, 2015, the Corporation had a net working capital position of $108.3 million, representing a ratio of 1.75 as at that date, compared with $110.1 million and a ratio of 1.46 as at March 31, 2014. Excluding the effect of working capital related to non-core businesses, including the balances receivable in respect of those disposals, the ratio stood instead at 1.59 as at March 31, 2015. The Corporation's total assets amounted to $332.6 million as at March 31, 2015, compared with $488.1 million as at March 31, 2014, a decrease arising primarily from the business disposals. Management generally seeks to maintain a working capital ratio of around 1.25 given the Corporation's operating business model. The Corporation continues to focus on optimizing management of its working capital to maximize cash flows and reduce its indebtedness and financial expenses.

The net effect of exchange rate movements on cash flows used was a $0.7 million increase in cash and cash equivalents in the fourth quarter of fiscal 2015 and a $9.0 million decline for the fiscal year ended March 31, 2015.

Investing activities

Investing activities related to continuing operations for the fourth quarter and fiscal year ended March 31, 2015 generated net cash flows of $4.1 million and $62.5 million, respectively, compared with cash flows generated of $0.1 million and cash flows used of $1.4 million for the respective periods of fiscal 2014. Cash flows generated consisted primarily of proceeds of $63.8 million from business disposals, partly offset by additions to property, plant and equipment and intangible assets.

Additional comments on financial position

	As at March 31, 2015	As at March 31, 2014
(In thousands of $, except ratio)		
Long-term debt	**37,391**	47,975
Cash and cash equivalents	**(13,266)**	(22,306)
Total net debt	**24,125**	25,669
Equity	**120,428**	174,199
Invested capital	**144,553**	199,868
Total net debt to invested capital ratio	**16.7%**	12.8%

As at March 31, 2015, the Corporation's total debt amounted to $37.4 million, down $10.6 million from $48.0 million as at March 31, 2014. Net of cash and cash equivalents, total net debt as at March 31, 2015 amounted to $24.1 million for a total net debt to invested capital ratio of 16.7% compared with total net debt of $25.7 million and a 12.8% ratio as at March 31, 2014. The Corporation's total net debt decreased $1.5 million. The receipt of part of the $64 million proceeds from the sale of the Pulp and Paper division was offset by the increase in working capital since March 31, 2014. This was the result of the timing of receipts and payments on certain contracts as well as the balance receivable relating to the sale of the Pulp and Paper division. Moreover, as at March 31, 2015, we had approximately $40.0 million invested in assets related to discontinued operations. We expect to monetize this amount in the next three years, of which at least $15.0 million should be received in fiscal 2016.

At the closing of the sale of the Pulp and Paper division on November 28, 2014, the Corporation signed a new syndicated credit agreement valid up to November 28, 2017. This facility consists primarily of a $60.0 million revolving credit facility to meet the Corporation's day-to-day operations, issue letters of credit and finance business acquisitions. As at March 31, 2015, drawdowns under this facility totalled $12.7 million. In addition, the Corporation has an $80.0 million credit facility to issue letters of credit guaranteed by Export Development Canada ("EDC"). As at March 31, 2015, drawdowns under this second facility totalled $53.6 million.

In April 2014, the Corporation amended its $25.0 million unsecured debenture in favour of the Fonds de solidarité FTQ (the "Fund"), reducing the interest rate to 5.4% and withdrawing the Corporation's early redemption right through to maturity on November 20, 2016. In connection with the sale of its Pulp and Paper division on November 28, 2014, the Corporation signed a new agreement with the Fund, increasing the debenture's interest rate to 6.0% and extending its maturity to November 20, 2018.

The Corporation also has a credit facility of €25.0 million ($34.3 million) in Austria for issuing letters of credit. This facility matured in May 2015 and is currently being renewed. As at March 31, 2015, drawdowns under the facility totalled €14.9 million ($20.5 million).

As at March 31, 2015, the cash position and bank credit facilities were sufficient to fund the Corporation's operations. Moreover, the Corporation met all of the financial ratios set out in the current credit agreements with banking institutions. Where there are special or non-recurring items, the terms of these credit agreements require an adjustment to EBITDA to determine financial ratios. Accordingly, as at March 31, 2015, financial ratios were calculated using adjusted EBITDA as defined in the agreements, which includes, in particular, the operating income (loss) of the fiscal year ended March 31, 2015 of the entities whose shares were acquired and excludes the operating income (loss) of the fiscal year ended March 31, 2015 of shuttered entities or entities with discontinued operations or whose shares or certain assets were sold, as well as restructuring costs and other special items.

Share capital information and stock-based compensation

	Authorized	Number of shares issued and outstanding as at March 31, 2015 and June 4, 2015
Class A subordinate voting shares	Unlimited	41,917,913
Class B multiple voting shares	Unlimited	2,179,305
Preferred shares	Unlimited	–
		44,097,218

During the fiscal year ended March 31, 2015, 1,105,000 options to acquire Class A subordinate voting shares were granted under the Corporation's stock option plan. During the same period, 5,319 options to acquire Class A subordinate voting shares were exercised, while 1,210,109 options were cancelled, resulting in outstanding stock options totalling 2,001,412 (2,111,840 as at March 31, 2014) of which 795,412 (1,677,840 as at March 31, 2014) were exercisable based on the time requirement, notwithstanding achievement of target prices when the requirement applies.

During the year fiscal ended March 31, 2015, the Corporation granted 990,000 (nil as at March 31, 2014) stock appreciation rights ("SARs") linked to Class A subordinate voting shares of the Corporation's capital. The SARs vest over a five-year period (in equal tranches of 20% each year) starting on the first anniversary of the grant date, becoming fully vested on their fifth anniversary.

On March 2, 2015, the Board of Directors of the Corporation approved the implementation of a new virtual share rights plan for directors, officers and key employees. In accordance with director compensation guidance, 25,674 virtual share rights were granted to non-officer directors (the "2015 Director VSRs"). The 2015 Director VSRs vest and are payable when directors cease to be Board members.

For further information, see notes 20 and 21 to the audited consolidated financial statements for the year ended March 31, 2015.

9. CONTRACTUAL COMMITMENTS, FINANCIAL INSTRUMENTS AND RELATED PARTY TRANSACTIONS

Contractual commitments

Management believes that the Corporation's cash and cash equivalents, capital resources and net cash flows from operations will suffice to finance its working capital requirements, interest payments, and principal repayments on long-term debt in the foreseeable future, capital expenditures and the Corporation's pension plan obligations.

As at March 31, 2015, in addition to the debt appearing in the consolidated statement of financial position, the Corporation had operating leases for premises and equipment expiring at various dates through April 2025, representing total minimum current lease payments of $13.6 million.

The following table presents a summary of the minimum annual payments and principal contractual commitments as at March 31, 2015:

	Total	**Next 12 months**	**2 to 5 years**	**Over 5 years**
(In thousands of $)				
Accounts payable and accrued liabilities	**104,052**	104,052	–	–
Derivative financial instruments	**5,110**	832	4,278	–
Long-term debt	**46,343**	2,224	44,119	–
Pension plan liabilities	**19,534**	1,621	7,255	10,658
Leases	**13,566**	3,764	6,008	3,794
Total	**188,605**	112,493	61,660	14,452

The Corporation is also committed under letters of credit, corporate guarantees and insurance surety bonds for the performance of its contracts. As at March 31, 2015, the Corporation had commitments totalling $208.3 million ($256.7 million as at March 31, 2014).

Financial instruments

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

- Cash and cash equivalents, restricted cash, trade and other receivables, and accounts payables and accrued liabilities: fair values approximate their carrying amounts largely due to their short-term maturities and high liquidity. Their carrying amount is therefore largely equivalent to their fair value.

- Long-term debt and revolving credit facilities: the fair value of variable-rate debt approximates its carrying amount because these debt instruments bear interest at rates that fluctuate with market rates. The fair value of fixed-rate debt is determined using the discounted cash flow method. The discount rates used reflect the prevailing market rates available to the Corporation for loans on similar terms and conditions.

Derivative financial instruments

Derivative financial instruments are used to manage the Corporation's exposure to interest rate risk, foreign exchange risk and equity price risk in connection with stock-based compensation. The Corporation does not hold or issue derivative financial instruments for speculative purposes. The Corporation does not use hedge accounting.

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

- Foreign exchange contracts: estimated using period-end market rates, and reflect the amount the Corporation would receive or pay if the instruments were closed out at those dates.

- Total return swap: estimated using the underlying shares' period-end market price.

- Interest rate swap: estimated by discounting expected future cash flows using period-end interest-rate yield curves. This interest rate swap matured on March 28, 2015 and was not renewed.

The fair values of the Corporation's derivative financial instruments are determined based on quoted market prices received from counterparties and adjusted for credit risk, as applicable. The Corporation is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but does not expect any counterparties to fail to meet their obligations. The Corporation is exposed to credit risk when a derivative financial instrument's fair value is positive at a reporting date. The maximum exposure in the event of counterparty default on derivative financial instruments with positive fair values as at March 31, 2015 amounted to $0.9 million ($1.6 million as at March 31, 2014).

Derivative financial instruments are subject to normal credit conditions, financial controls and management and risk monitoring procedures. In the Corporation's opinion, none of the parties to the existing financial instruments are expected to default on their obligations since they are large multinational financial institutions.

The Corporation does not apply hedge accounting to its foreign exchange contracts, total return swap, interest rate swap or cross currency interest rate swap; it instead recognizes these agreements at fair value. This practice occasionally gives rise to unrealized gains and losses that can cause some volatility in the Corporation's financial results from quarter to quarter.

For further information, see notes 7 and 30 to the audited consolidated financial statements for the year ended March 31, 2015.

Related party transactions

The consolidated financial statements of Ovivo include the accounts of the Corporation and its Canadian and foreign subsidiaries. The principal consolidated subsidiaries are listed in note 2 to the audited consolidated financial statements for the year ended March 31, 2015. The Corporation consolidates the entities over which it has control. Control exists when the Corporation is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions and balances are eliminated on consolidation.

On November 28, 2014, the Corporation announced that it had completed the sale of its Pulp and Paper division to a corporation owned by the outgoing President and Chief Executive Officer of GLV Inc. and the Executive Chairman of the Board of Ovivo Inc., both being related parties to the Corporation, for $67 million, including a $3 million balance of sale bearing interest at rates ranging from 5% to 8% and payable by the purchaser within 42 months following the transaction closing date. This sale was approved by the Corporation's shareholders at its special meeting on November 14, 2014.

10. BACKLOG

	Quarter ended March 31	Quarter ended December 31	**Change**	**Organic change**	Quarter ended March 31	**Change**	**Organic change**
(In thousands of $)	**2015**	2014	**%**	**%**	2014	**%**	**%**
Total	**254,835**	**231,293**	**10.2%**	**4.3%**	261,913	**(2.7)%**	**(9.2)%**

(The backlogs of Non-core Businesses are excluded from the table above as they are reported as discontinued operations.)

Ovivo reported a backlog as at March 31, 2015 of $254.8 million, up from $231.3 million as at December 31, 2014. This growth in backlog was driven primarily by the Energy market in Europe and North America which, after a slowdown in the first three quarters of fiscal 2015, experienced a good level of order taking in the fourth quarter. The increase was also driven by the Municipal North America market, which maintained a high pace of order taking.

Backlog was down, however, from $261.9 million as at March 31, 2014. The decline originated from the Electronics market which, after major contract wins in early fiscal 2014, recorded a decrease in backlog owing to the percentage of completion of projects. This decrease was offset by the increase backlog in the Parts and Services market, up 56% from March 31, 2014, and by the aforementioned growth in the Energy and Municipal North America markets.

11. OUTLOOK AND OBJECTIVES

Ovivo underwent a major transformation during the fiscal year ended March 31, 2015 and is now a simplified company exclusively focused to water treatment.

The objectives we set for the quarter ended March 31, 2015 have largely been met:

1. Step up the pace of disposals of non-core businesses: We completed the sale of our United Kingdom Municipal division in late February as well as the sale of certain trademarks and client references in the desalination turnkey project market in the Middle East. Given the significant progress achieved, we expect to complete the sale of the remaining non-core businesses in the coming months;

2. Adjust to more challenging conditions in the Energy market: We completed the rightsizing of our operating structure with the layoffs announced in the third quarter and experienced solid order taking over the quarter, both for new equipment, and parts and services, by focusing our efforts on the most promising projects;

3. Complete the reorganization of our head office team: This was completed as of March 31, 2015.

With our transformation nearly completed, all efforts can now be focused on driving business growth.

We are very well positioned in the Municipal North America segment, an expanding market supported by growing infrastructure replacement and modernization needs, the real estate recovery, the challenges faced in water-stressed regions and increasingly stringent legislation governing wastewater disposal. These conditions are also conducive to the use of modern and advanced technologies to treat wastewater, such as Membrane Bio-Reactor ("MBR") systems. What's more, Ovivo holds a dominant position in the growth market of MBR systems in North America.

(1) See Section 14, "Reconciliation of non-IFRS financial measures."

We have also developed globally recognized water treatment expertise in the Electronics sector. The fabrication of semiconductor devices requires large volumes of ultra-pure water. To meet stringent industry requirements, we offer a range of state-of-the-art technology solutions. Ovivo is part of a select group of companies that are collaboratively developing the next generation of silicon wafers: the Facility 450 Consortium (F450C). With our expertise and global platform, we are poised to seize on growth opportunities in this market. Over the past two fiscal years, revenues from North America have been significant, but we anticipate a certain shift in demand toward Asia for fiscal 2016.

While the oil shock did affect us over the past fiscal year, we are currently seeing a turnaround in the Energy market, as evidenced by the level of order taking in the fourth quarter of fiscal 2015. Whether for power stations or the oil and gas markets, our water treatment systems meet the highest international standards. In addition, our international platform makes supporting clients possible anywhere in the world, regardless of where their projects are based. We see a positive outlook for business volumes in the coming months across all our geographic regions.

Given the impressive pool of Ovivo equipment in operation, opportunities are also on the rise in the Upgrading, Parts and Services sector. This market segment is a key development focus, given its perfect fit with our line of technology solutions. Driven by our development initiatives in recent years, sales in this industry are up sharply, currently accounting for a quarter of overall sales. As a result, we will pursue further in this market this year, leveraging our products' Total Life Cycle approach and Ovivo brand recognition. We will step up efforts in the Middle East and Southeast Asia to better capitalize on opportunities arising from our sizeable pool of equipment in operation in those markets.

Lastly, we will pick up the pace of innovation investment to add to our line of state-of-the-art products and services in order to better differentiate Ovivo and generate recurring revenue streams.

Based on our current outlook and backlog, assuming exchange rates remain stable at current levels, revenues from continuing operations should range from $300 million to $325 million for the fiscal year ending March 31, 2016. The quality of our backlog arising from strategic decisions following Ovivo's strategic refocusing and the growth of our Upgrading, Parts and Services segment are expected to favourably impact our operating performance for the fiscal year ending March 31, 2016. Given the slower order taking in the Energy segment in the first nine months of fiscal 2015 and to a lesser extent in the Electronics segment, we expect more modest operating performance in the first and second quarters, with business picking up in the second half of fiscal 2016.

Our objectives for the coming quarters are as follows:

- (i) Grow our Electronics and Energy backlogs;
- (ii) Improve our operating performance;
- (iii) Complete the divestment of our non-core businesses;
- (iv) Continue growing revenues in the Upgrading, Parts and Services segment; and
- (v) Reduce our net debt level

12. RISKS AND UNCERTAINTIES

In the course of business, the Corporation is subject to a certain number of risks that management assesses on an ongoing basis. The nature of these risks and the controls to manage them across the organization and its subsidiaries are continuously reviewed. In particular, the Corporation's Management Committee, comprising representatives from each division, as well as from finance, legal affairs, human resources and information technology, is responsible for identifying, implementing and monitoring measures to manage risks that can have a significant impact on the Corporation's operations and financial position, given the implemented business strategies, in accordance with the governance structure set forth. The Corporation's Management Committee is also responsible for implementing the necessary risk management oversight mechanisms. This includes drawing up and applying various policies and procedures to support the Corporation's subsidiaries in developing and implementing strategies aimed at monitoring business, operational and financial risk factors.

It should be noted that additional risks and uncertainties of which management currently has no knowledge or which it deems immaterial could have a notable adverse impact on its financial position, operating results, cash flows or operations. These risks and uncertainties are described below in order of importance.

Contracts covering equipment, services, operations and turnkey projects

For the most part, contracts for the provision of services or equipment are awarded at set prices. As a result, the Corporation is exposed to the risk of increases in labour and material costs and inherent project management risks. The Ovivo refocusing strategy of no longer accepting projects with a civil construction component, except in specific cases, has limited the number of turnkey projects. In such cases, the Corporation either shares joint and several liability with the strategic partners in charge of construction or assumes full liability for the project and subcontracts the construction portion to third parties. In the event a strategic partner or a subcontractor is unable to discharge its obligations, or if its obligations toward the Corporation are less onerous than those of the Corporation toward its clients, additional financial obligations could arise for the Corporation, thereby creating upward pressure on costs. The Corporation adopts risk management practices that notably include initial and ongoing technical and commercial risk assessments of business opportunities, reviews of contractual legal clauses, working capital situation, cost management and project scheduling, revisiting forecasts with regard to project completion and other provisions also designed to manage and mitigate risk exposures. In addition, the Corporation typically elects to assume certain types of potential risks through self-insurance practices.

Market risk

For Ovivo, global economic conditions and the political environment may significantly affect backlog, particularly during economic slowdowns. While any reduction in backlog will impact the Corporation's future revenues, this risk is mitigated by Ovivo's move to streamline and refocus operations on recognized, profitable markets and its accelerated development plan for the Parts and Services market. Underperforming significantly in one of these markets could adversely impact its operations, forward-looking financial position and operating results.

Competition and innovation

The Corporation competes in industries with companies of various sizes offering substantially similar technologies. In addition, some large-scale competitors have significantly greater resources than the Corporation. Historically, the Corporation has developed its target markets by building on the expertise and know-how of its employees to offer clients tailored solutions that provide economic and operational advantages.

Developing new procedures and technologies and access to cutting-edge technologies, to which the Corporation owns the rights, are key to its strategy for maintaining and expanding market share and to remaining competitive. With this in mind, the Corporation encourages innovation and makes every effort to protect intellectual property, its technologies and its products, and the rights to use third-party technologies. The risk of insufficient innovation could reduce the Corporation's competitive positioning in its various markets. Despite the steps taken by Corporation to cover its entire portfolio of technologies, a dispute could potentially arise with a third party regarding the rights to a technology or product, resulting in costs for the Corporation and potentially curbing its ability to capitalize on the technology.

Concentration risk

Concentration risk arises when a significant portion of revenues is generated from a single client, product, industry or region of the world. If the client were to fail to meet its financial obligations, the product to be overshadowed by a competitor's or the region or industry to experience a major slowdown, the Corporation's financial strength could be affected.

Concentration risk arises at specific points in time and depends on the significance of contracts awarded and the timing of contract performance. Those contacts can originate from different clients from period to period.

Following completion of non-core business disposals, concentration risk increased. For the twelve-month periods ended March 31, 2015 and 2014, one client's business accounted for 20.5% and 20.9%, respectively, of the Corporation's consolidated revenues. Although the Corporation was exposed to higher concentration risk, credit risk did not increase due to the favourable payment terms with this large client.

Liquidity risk

Given the large size of the contracts it is awarded and their execution based on progress billing, the Corporation may be required to incur a significant percentage of the costs before billing the client. If several large-scale contracts were to be executed simultaneously, such a situation could put temporary pressure on the Corporation's liquidity. Historically, the Corporation has been able to limit this risk due to the geographic and sector diversification of its contract wins and staggered contract completion timelines.

Availability of financing

To pursue its growth strategy and day-to-day operations, the Corporation could from time to time require funding sources other than the credit facilities already in place. For instance, additional financing could be needed to complete a business acquisition or to meet a one-time working capital requirement. This could consist of loans from financial institutions or the issuance of securities (bonds, term notes, debentures, shares, etc.) in capital markets. The terms of such financing may vary according to market conditions. As a result, there can be no assurance that the Corporation will secure financing under favourable conditions, which could limit its ability to pursue its business plan.

Dependence on key personnel

The Corporation relies on the expertise and know-how of its personnel to conduct its operations. Its success is primarily dependent on its ability to recruit and retain qualified employees with the requisite skills and knowledge to execute the contracts awarded by its clients. The water treatment sector represents a special challenge, given that expanding operating volume sparks greater competition to recruit qualified personnel. To be able to recruit the talent it needs, the Corporation strives to offer competitive employment conditions, a wide variety of career opportunities and a stimulating working environment. However, other factors may come into play, and there can be no assurance that the conditions offered by the Corporation will be sufficient to retain key professionals.

Information systems risk

The Corporation regularly uses and develops information tools and systems to better serve clients or improve the effectiveness of its resources. Operational interruptions or delays could result if those tools were to cease to function or if the Corporation was unable to upgrade or develop them. To mitigate that risk, the Corporation has set up a committee tasked with monitoring information systems performance and prioritizing projects for optimal use of the Corporation's resources.

Credit risk

The Corporation's business consists primarily of contracts setting out the clients' obligations, particularly the terms of payment based on the nature, scope and calendar of the work to be carried out. Most of the time, payments are made in more than one instalment based on an established schedule and the percentage of completion. For the Corporation, credit risk is primarily the risk of loss due to certain clients' inability to meet their contractual obligations. Any default or delay in payment by clients may impact contract profitability as well as the Corporation's cash flows and financial position.

To mitigate its credit risk, the Corporation closely monitors its accounts receivable and collection times. Furthermore, it evaluates its clients' creditworthiness on entering into contracts and the credit limits granted to them. Despite the measures in place, a rapid deterioration in market conditions combined with other factors could materially affect a client, potentially rendering it unable to fulfill its obligations.

As at March 31, 2015, no given customer represented more than 10% of the Corporation's total consolidated trade accounts receivable and the Corporation's ten largest clients accounted for 30.7% of total consolidated trade accounts receivable.

Reputation, regulatory and legal risk

Given the nature of its international operations, the Corporation is required to comply with a large range of local, national and international laws enforced by governments or other regulatory authorities. Non-compliance with these laws and regulations on the part of employees, agents, subcontractors, suppliers and partners could have an adverse impact on the Corporation's results and reputation.

The Corporation develops and maintains client relationships in the normal course of business in accordance with high ethical standards as set out in its policies. The risk of non-performance of a contract under the terms agreed including the possibility of a default or a significant incident could adversely impact its reputation and influence its future capacity to win projects.

Foreign exchange risk and foreign exchange contracts

Given that it carries on a large proportion of its business in foreign countries, the Corporation is exposed to risks arising from currency fluctuations which can also impact its competitiveness. Moreover, any strengthening in the value of the Canadian dollar relative to one of these currencies would have a negative impact on the Corporation's financial position and operating results, which could be significant on consolidation of the subsidiaries' accounts.

The Corporation can make use of foreign exchange contracts to manage the foreign exchange risk related to certain large-scale contracts won by its subsidiaries. However, foreign exchange contracts also include the risk of a potential default by a counterparty on its obligations. To reduce this risk, the Corporation arranges foreign exchange forward contracts with sound financial institutions that have good credit ratings from recognized credit agencies.

Acquisition risk

The Corporation's growth strategy relies in particular on business acquisitions to broaden its portfolio of technologies and trademarks and strengthen its expertise in targeted markets, such as Parts and Services. While the Corporation's management has solid experience in integrating businesses, any new acquisition can entail new challenges that may hamper the integration process or reduce its economic or operational advantages.

Supply chain risk

Under its business model, the Corporation makes significant use of an international network of manufacturing subcontractors, reducing fixed costs and giving it the flexibility it needs to accommodate the ebb and flow of demand. Although subcontractor obligations are clearly set out in the contracts entered into with the Corporation or its subsidiaries, a subcontractor could fail to meet the delivery schedule or the specifications of deliverables due to factors beyond the Corporation's control, which could adversely impact the Corporation's results.

Asset impairment risk

A significant portion of the Corporation's assets is attributable to goodwill, intangible assets and other assets. In particular, intangible assets primarily refer to the value assigned to technologies, trademarks and customer relations, whereas other assets relate to development costs. Although the Corporation has devoted specific resources and initiatives to continuous improvement of customer relations, upgrading and expanding its portfolio of technologies and expertise and protecting its trademarks, other factors related to market and economic conditions could influence the value of its assets. Annually or when there is evidence of impairment, the Corporation conducts an impairment test of its goodwill and intangible assets to track changes in their value and reports its findings in its MD&A and consolidated financial statements.

Interest rate risk

The Corporation's profitability and financial position may be directly affected by changes in interest rates. Based on the potential effects of interest rate movements, the Corporation may use interest rate swaps when it deems appropriate.

Corporate structure

The Corporation carries on business through its subsidiaries. As a result, the Corporation's ability to meet its financial obligations is primarily contingent on receipt from its subsidiaries of interest and principal payments on intercompany advances, management fees, cash dividends and other cash payments. However, for a number of reasons, the subsidiaries may be unable to pay to the Corporation the amounts it needs to discharge its obligations.

As distinct legal entities, the subsidiaries of the Corporation have no obligation, contingent or otherwise, to make funds available to the Corporation, whether by way of dividends, interest payments, loans, advances or other payments. In addition, the payment of dividends and the granting of loans, advances and other payments to the Corporation by its subsidiaries are subject to statutory or contractual restrictions and are contingent on the earnings of such entities and various business and other considerations. These subsidiaries are parties to other agreements, including loan agreements that restrict their capacity to pay cash dividends or to make advances or other payments.

13. ACCOUNTING POLICIES

a) Critical accounting policies and estimates

The preparation of the Corporation's consolidated financial statements in accordance with IFRS requires management to exercise judgment in developing estimates and making forward-looking assumptions that affect the amounts reported in the consolidated financial statements. Actual earnings (loss) could differ due to significant adjustments to the reported amounts of assets, liabilities and earnings (loss) in subsequent periods.

The Corporation's most significant estimates and judgments consist of the following:

Revenue recognition

Revenues and margins from the sale of new equipment are recognized using the percentage-of-completion method of accounting. The calculation of expected costs in respect of new equipment sales contracts requires the use of estimates, such as total revenues expected from a given contract, as well as the assessment of total costs to be incurred to complete the contract. As a result, the percentage of completion of contract work is determined by dividing total costs incurred to date by total expected costs. Estimated revenues at completion are adjusted for changes in contract scope and claims. If it is probable that additional revenues will be realized, they are included in total estimated revenues. These total estimated revenues, which are assessed periodically, could be affected by various factors such as changes in maturities, material costs or labour costs. These costs are affected by the nature and complexity of the work to be performed, as well as potential delays in delivery. If it is probable that additional costs will be realized, they are included in estimated costs on completion. In such a case, project margins could be directly affected.

Management performs periodic follow-ups on its largest contracts to review the reasonableness of its estimates, particularly in establishing total expected costs and the amount of revenues recognized based on the percentage of work completed.

Revenues are recognized to the extent it is probable that the economic benefits will accrue to the Corporation and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration receivable, excluding discounts, rebates and sales taxes.

The Corporation's revenues are derived primarily from new equipment sales contracts, and the sale of parts and provision of services. These various types of revenue are accounted for using different methods. The following specific recognition criteria must also be met before revenues are recognized:

New equipment contracts
As soon as the amount of a new equipment contract can be reliably estimated, contract revenues and expenses are recognized in the consolidated statement of income (loss) based on the percentage of completion of the contract. The percentage of completion is usually assessed by comparing costs incurred to date with total expected costs according to the Corporation's estimates.

The entire amount of an expected loss on a contract is recognized immediately in the consolidated statement of loss.

Contracts in progress
Contracts in progress include direct labour, materials and overhead costs plus any estimated margin on such costs. General and administrative expenses are recognized as incurred. Contracts in progress relate to revenues recognized by the Corporation as the work progresses, according to the revenue recognition method applied, in excess of client billings, and are recorded at their estimated net realizable value.

Deferred revenues
Deferred revenues refer to client billings, in excess of revenues recognized by the Corporation according to the revenue recognition method applied.

Sale of parts
Revenues from the sale of parts (or spare parts) are recognized when the risks and rewards of ownership of the goods have passed on to the buyer, usually on delivery of goods.

Provision of services
Revenues from after-sales services, aftermarket and upgrades are recognized when the service is performed.

Contractual arrangements with multiple revenue categories
The Corporation may enter into contractual arrangements with a client whereby, for a single project, deliverables from several revenue categories—construction and manufacture of new equipment, technical services, maintenance and parts—may be included. When entering into such arrangements, the Corporation assesses each activity based on its fair value or the best estimate of the selling price. Accordingly, when entering into such arrangements for a single project, the value of each revenue category is based on the relative fair value of the related deliverable and recognized according to the respective revenue recognition methods described above.

Combining and segmenting new equipment sales contracts
When a contract covers numerous pieces of equipment, the sale of a piece of equipment is treated as a separate contract when separate proposals have been submitted for each piece of equipment, each piece of equipment item has been subject to separate negotiation, and the costs and revenues of each piece of equipment item can be identified. A group of contracts, whether with a single customer or with several customers, is treated as a single contract when the group of contracts is negotiated as a single package, the contracts are part of a single project with an overall profit margin, and the contracts are performed concurrently or in a continuous sequence.

Provision for doubtful accounts

The measurement of the provision for doubtful accounts is based on certain assumptions and assessments as to clients' ability to pay their outstanding balances. These estimates are based primarily on overall client payment history or a specific analysis of clients' ability to meet their obligations to the Corporation in special cases.

Goodwill and long-lived assets

To determine the recoverable amount, goodwill and other long-lived assets that cannot be valued on their own are grouped into CGUs, defined as the smallest group of assets generating cash inflows that are largely independent. An impairment loss, representing the difference between the carrying amount of a CGU or an asset and its recoverable amount, is recognized where the carrying amount of the CGU or the asset exceeds its recoverable amount. The recoverable amount of a CGU is the greater of value in use and fair value less costs to sell. The Corporation determined the recoverable amount using value in use for some CGUs and fair value less costs to sell for other CGUs. The method used to determine the recoverable amount varies based on available data and each CGU's different business environments. A CGU's value in use is determined using valuation models based on normalized estimated discounted future cash flows. Future cash flows are based on the Corporation's projections over a three- to four-year period. Beyond this period, projections are extrapolated using a constant growth rate.

Fair value less costs to sell is determined using valuation multiples on expected earnings before amortization, interest and income taxes.

The Corporation applies valuation multiples on expected operating income before amortization, interest and income taxes. In this regard, management established projections for the year ending March 31, 2016, which were approved by the Board of Directors. The projections were prepared based on both historical data and future trends anticipated by the Corporation. A valuation multiple was then applied to the projections to determine the recoverable amount. Valuation multiples are determined based on comparable market data, each CGU's specific risk exposures, the CGU's historical data and future trends as anticipated by the Corporation.

Income taxes and measurement of deferred tax assets

The Corporation follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect in the various tax jurisdictions for the year in which those temporary differences are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings (loss) in the period in which the rates are enacted or substantively enacted.

Deferred tax assets are recognized only when their realization is deemed probable. Such method requires the exercise of significant judgment in determining whether or not the Corporation's future income tax assets are "more likely than not" to be recovered from future taxable income and, therefore, can be recognized in the Corporation's consolidated financial statements. Also, estimates are required to determine the realization and settlement dates for income tax assets and income tax liabilities, respectively, as well as the enacted or substantially enacted tax rates effective at such time.

b) Changes in accounting policies

IFRIC 21, *Levies*
The standard clarifies the timing of accounting for a liability for outflow of resources that is imposed by governments in accordance with legislation, based on the activity that triggers the payment.

This standard was applied by the Corporation on April 1, 2014 and had no material impact on the Corporation's financial performance.

c) Future changes in accounting policies

IFRS 9, *Financial Instruments*
In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9, *Financial Instruments*, addresses the classification and measurement of financial assets and liabilities, a forward-looking expected loss impairment model and a substantially reformed model of hedge accounting. To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in the consolidated statement of comprehensive income (loss) instead of in the consolidated statement of earnings (loss). IFRS 9 also sets out an expected loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized, and to recognize lifetime credit losses earlier. Last, IFRS 9 introduces a new hedge accounting model together with the corresponding disclosures on risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. IFRS 9 will be effective for the Corporation as of the fiscal year beginning on April 1, 2018 but earlier adoption is permitted. The Corporation has not yet assessed the impacts of adopting this standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*
In May 2014, IASB issued IFRS 15, *Revenue from Contracts with Customers*, which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods and services. IFRS 15 will require enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (particularly, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for the Corporation's fiscal year beginning on April 1, 2018 with earlier adoption permitted. However, at its April 2015 meeting, IASB decided to issue an exposure draft proposing a one-year deferral of the effective date of

January 1, 2018. Accordingly, IFRS 15 will apply to the Corporation as of the fiscal year beginning on April 1, 2019. The Corporation has not yet assessed the impacts of adopting this standard on its consolidated financial statements.

IAS 19, *Employee Benefits*
In November 2013, IASB amended IAS 19, *Employee Benefits*, to simplify the accounting for contributions of defined benefit plans that are independent of the number of years of employee service. This amendment will be effective for the Corporation's fiscal year beginning on April 1, 2015 with earlier adoption permitted. This standard will not have a significant impact on the financial statements.

14. RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

In addition to providing IFRS measures, this MD&A includes additional measures and the following non-IFRS measures that are also used by management and the Corporation's Board of Directors to monitor and evaluate the performance of the Corporation and its operating sectors.

- **Adjusted EBITDA:** Earnings (loss) before restructuring costs, amortization, asset impairment, net financial expenses, foreign exchange loss (gain), loss (gain) related to derivative financial instruments, discontinued operations, and income taxes. The adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenues;
- **Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.:** Net loss from continuing operations before items outside the normal course of business, including restructuring costs and the asset impairment charge;
- **Cash flows generated (used):** Cash flows provided by (used in) operating activities, less additions to property, plant and equipment (net of disposals);
- **Cash flows generated (used) per share:** Cash flows generated from (used in) divided by the weighted average number of participating shares outstanding during the reporting period.

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

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

The Corporation's backlog consists of firm orders supported, as the case may be, by a signed contract, a purchase order or an advance receipt on a contract. Under certain circumstances, management may decide to include a contract in the backlog even though the contract has not been signed if the stages to be completed are administrative in nature or deemed not to be significant. Management may also decide to defer recognition of a contract in the backlog if, for instance, there are risks that the order could be cancelled or delayed, or that the collection of the selling price is exposed to risks. In that case, the order in question will normally be added to the backlog only upon collection of part of the selling price in the form of advance receipts on a contract, or when management has a reasonable degree of comfort thereof. Management may also decide to record a general reserve accounting for its assessment of the various risks related to the orders recognized in the backlog.

The following table reconciles IFRS financial measures reported in the Corporation's consolidated statements of loss and adjusted EBITDA:

(In thousands of $)	**Consolidated results**
Quarter ended March 31, 2015	
Operating income from continuing operations	**2,154**
Asset impairment	**-**
Amortization	**2,058**
EBITDA	**4,212**
Restructuring costs	**-**
Adjusted EBITDA	**4,212**
Fiscal year ended March 31, 2015	
Operating loss from continuing operations	**(14,964)**
Asset impairment	**16,873**
Amortization	**8,506**
EBITDA	**10,415**
Restructuring costs	**1,635**
Adjusted EBITDA	**12,050**
Quarter ended March 31, 2014	
Operating loss from continuing operations	(3,331)
Asset impairment	-
Amortization	2,227
Negative EBITDA	(1,104)
Restructuring costs	(333)
Adjusted negative EBITDA	(1,437)
Fiscal year ended March 31, 2014	
Operating loss from continuing operations	(23,623)
Asset impairment	18,157
Amortization	8,941
EBITDA	3,475
Restructuring costs	1,300
Adjusted EBITDA	4,775

The following table reconciles IFRS measures reported in the Corporation's consolidated statements of loss and adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.:

	Quarters ended March 31		**Fiscal years ended March 31**	
(In thousands of $)	**2015**	2014	**2015**	2014
Net earnings (loss) attributable to shareholders of Ovivo Inc.	**(657)**	1,678	**(43,678)**	(22,346)
Net earnings (loss) from discontinued operations attributable to shareholders of Ovivo Inc.	**35**	8,013	**(10,145)**	4,491
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(692)**	(6,335)	**(33,533)**	(26,837)
Asset impairment (net of taxes)	**-**	-	**15,577**	18,157
Restructuring costs (net of taxes)	**-**	(333)	**1,527**	1,300
Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(692)**	(6,668)	**(16,429)**	(7,380)

The following table reconciles IFRS measures reported in the Corporation's consolidated statements of loss and adjusted net loss from continuing operations per share attributable to shareholders of Ovivo Inc.:

	Quarters ended March 31		**Fiscal years ended March 31**	
(in $)	**2015**	2014	**2015**	2014
Net loss from continuing operations per share attributable to shareholders of Ovivo Inc.	**(0.02)**	(0.14)	**(0.76)**	(0.61)
Asset impairment (net of taxes) per share	**-**	-	**0.36**	0.41
Restructuring costs (net of taxes) per share	**-**	(0.01)	**0.03**	0.03
Adjusted net loss from continuing operations per share attributable to shareholders of Ovivo Inc.	**(0.02)**	(0.15)	**(0.37)**	(0.17)

The following table reconciles IFRS measures reported in the Corporation's consolidated statements of cash flows and cash flows generated (used):

	Quarters ended March 31		**Fiscal years ended March 31**	
(In thousands of $)	2014	**2015**	2014	**2015**
Cash flows provided by (used in) continuing operating activities	**(7,291)**	(2,781)	**(50,007)**	11,516
Additions to property, plant and equipment	**-**	(377)	**(1,408)**	(3,182)
Proceeds from sale of property, plant and equipment	**406**	34	**580**	57
Cash flows generated (used)	**(6,885)**	(3,124)	**(50,835)**	8,391

15. CONTROLS AND PROCEDURES

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

Disclosure controls and procedures

- The President and Chief Executive Officer and the Vice-President, Finance have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that: material information relating to the Corporation has been made known to them; and

- Information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Under the supervision of the President and Chief Executive Officer and the Vice-President, Finance, an evaluation of the effectiveness of the Corporation's disclosure controls and procedures was carried out as of March 31, 2015. Based on this evaluation, the President and Chief Executive Officer and the Vice-President, Finance concluded that the disclosure controls and procedures are effective.

Internal control over financial reporting

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

Under the supervision of the President and Chief Executive Officer and the Vice-President, Finance, an evaluation of the design and effectiveness of the Corporation's internal controls over financial reporting was carried out as of March 31, 2015. Based on this evaluation, the President and Chief Executive Officer and the Vice-President, Finance concluded that the internal controls over financial reporting are effective, using the criteria set forth in the *Internal Control – Integrated Framework* of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013 Framework).

Changes in internal control over financial reporting

There were no changes to the Corporation's internal control over financial reporting during the fourth quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

(SIGNED)
Marc Barbeau
President and Chief Executive Officer

(SIGNED)
France De Blois
Vice-President, Finance

June 4, 2015