Ovivo Inc.

(Formerly GLV Inc.)

Management's Discussion and Analysis

Third quarter of fiscal 2015

Three-month and nine-month periods ended December 31, 2014

Table of Contents

February 12, 2015

Unless otherwise indicated, all amounts are in Canadian dollars.

1. PRELIMINARY COMMENTS TO INTERIM 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 February 12, 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 interim MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes for the three-month and nine-month periods ended December 31, 2014 and 2013, as well as with the audited consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2014. The Corporation's interim condensed consolidated financial statements for the three-month and nine-month periods ended December 31, 2014 and 2013 have not been reviewed or audited by the Corporation's external auditors.

The financial information presented in this interim MD&A, including tabular amounts, is prepared in accordance with IAS 34, *Interim Financial Reporting*, which is part of International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"), 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 ending 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 "third quarter of fiscal 2015" and the "third quarter of fiscal 2014" refer to the three-month periods ended December 31, 2014 and 2013, respectively. Unless otherwise indicated, the comparative analysis of operating results and cash flows for the three-month and nine-month periods ended December 31, 2014 is performed in relation to the equivalent periods ended December 31, 2013, whereas the comparative analysis of the financial situation as at December 31, 2014 is performed in relation to data recorded as at March 31, 2014.

This interim MD&A also uses non-IFRS financial measures. Please refer to Section 12, "Reconciliation of non-IFRS financial measures" of this interim MD&A for more information.

Supplementary information about the Corporation, including the Annual Information Form of Ovivo Inc. (formerly GLV Inc.) dated June 5, 2014, the management proxy circular dated October 15, 2014, and the MD&A for the year ended March 31, 2014 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 holding company structure. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. In addition, unless otherwise indicated, the forward-looking statements included in this MD&A were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of 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 11, "Risks and uncertainties" of the MD&A of Ovivo Inc. (formerly GLV Inc.) for the year ended March 31, 2014.

3. PROFILE OF THE CORPORATION

Description of business

Ovivo Inc. is a global company dedicated to water and wastewater treatment. 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 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 900 employees as at December 31, 2014. Ovivo is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols OVI.A and OVI.B.

Starting in early fiscal 2015, and more specifically during the three-month period ended December 31, 2014, 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 has also continued its efforts to divest of its Non-core Businesses.

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 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 needs 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 new 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. QUARTERLY HIGHLIGHTS

Divestitures

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.

We are currently taking other actions to divest ourselves of our other non-core businesses. These assets are being actively commercialized and a unique and coordinated plan has been established by Ovivo management. As of December 31, 2014, 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 17, 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.

Highlights of the quarter ended December 31, 2014 are as follows:

- Revenues of $76.1 million, down 12% compared with the same quarter of the previous fiscal year.
- Adjusted EBITDA(1) of $3.0 million, up $1.2 million compared with the same quarter of the previous fiscal year.
- Goodwill and intangible asset impairment charge of $16.9 million related to the Energy market.
- Net loss from discontinued operations of $14.0 million.
- Net loss from continuing operations of $24.6 million, resulting primarily from the goodwill and intangible asset impairment change, as well as from foreign exchange losses and the loss on derivative financial instruments.
- Backlog of $231.3 million as at December 31, 2014, down $18.2 million from September 30, 2014.
- Total net indebtedness of $22.2 million as at December 31, 2014, down $37.6 million from September 30, 2014.

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

5. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

Consolidated results

	Quarters ended December 31		Nine-month periods ended December 31	
(In thousands of $, except per share amounts and percentages)	**2014**	2013	**2014**	2013
Revenues	**76,064**	86,472	**238,515**	236,293
Costs of contracts and goods sold	**58,933**	69,346	**186,042**	185,945
Gross margin	**17,131**	17,126	**52,473**	50,348
Selling and administrative expenses	**14,174**	15,341	**44,635**	44,136
Adjusted EBITDA[1]	**2,957**	1,785	**7,838**	6,212
Adjusted EBITDA margin[1]	***3.9%***	*2.1%*	***3.3%***	*2.6 %*
Restructuring costs	**1,575**	629	**1,635**	1,633
Amortization	**2,161**	2,337	**6,448**	6,714
Asset impairment	**16,873**	18,157	**16,873**	18,157
Net financial expenses	**1,014**	1,388	**3,106**	4,300
Foreign exchange loss	**1,962**	883	**5,022**	1,076
Loss (gain) related to derivative financial instruments	**1,573**	(3,386)	**2,963**	(7,014)
Loss before income taxes related to continuing operations	**(22,201)**	(18,223)	**(28,209)**	(18,654)
Income taxes	**2,409**	1,592	**4,598**	1,873
Net loss from continuing operations	**(24,610)**	(19,815)	**(32,807)**	(20,527)
Net loss from discontinued operations	**(14,018)**	(6,772)	**(12,041)**	(3,385)
Net loss	**(38,628)**	(26,587)	**(44,848)**	(23,912)
Net loss attributable to shareholders of Ovivo Inc.	**(36,945)**	(26,722)	**(43,021)**	(24,024)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(24,606)**	(19,813)	**(32,841)**	(20,502)
Net loss per share attributable to shareholders of Ovivo Inc. (basic and diluted)				
Continuing operations	**(0.56)**	(0.45)	**(0.74)**	(0.46)
Discontinued operations	**(0.28)**	(0.16)	**(0.24)**	(0.08)
	(0.84)	(0.61)	**(0.98)**	(0.54)

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

Discontinued operations

As of early fiscal 2015, we have been restructuring our operations to dedicate ourselves to 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. Subsequent to the sale of the Pulp and Paper division, we recorded a net gain of $9.5 million in the three-month period ended December 31, 2014. The final calculation of the gain is subject to the usual post-close working capital adjustments.

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.

We are currently taking other actions to divest ourselves of our other non-core businesses. These assets are being actively commercialized and a coordinated plan has been established by Ovivo management, who has also engaged financial advisors as part of the process to source potential buyers. As of December 31, 2014, 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. As a result, the net assets comprising the non-core businesses are presented at net realizable value under non-current assets and liabilities held for sale in Ovivo's statement of financial position as at December 31, 2014. The financial position and operating results of the above-mentioned non-core businesses constituted a component of the "Ovivo" segment in our consolidated financial statements. During the three-month period ended December 31, 2014, we recorded a net loss of $11.2 million related to the sales transaction including an amount of $2.1 million related to a goodwill impairment charge.

Accordingly, the results for the current fiscal year and comparative figures for the Pulp and Paper and Van der Molen divisions, and the non-core businesses have been adjusted to take into account the presentation of various related items under discontinued operations. In addition to the net loss on business disposals and impairment of assets held for sale amounting to $1.7 million, we reclassified to discontinued operations, losses after income taxes of $12.4 million and $10.4 million for the three- and nine-month periods ended December 31, 2014 respectively, including a project cost re-measurement charge on certain contracts entered into by the Corporation's non-core businesses. As part of our ongoing actions to divest of non-core businesses, we continue to assess and adjust the costs under the remaining contracts entered into by those businesses whose completion remains our responsibility.

The following table shows the results of discontinued operations:

	Quarters ended December 31		**Nine-month periods ended December 31**	
(In thousands of $)	**2014**	2013	**2014**	2013
Revenues	**45,212**	72,104	**195,032**	216,770
Expenses	**58,496**	78,416	**207,362**	218,094
Loss before income taxes related to discontinued operations	**(13,284)**	(6,312)	**(12,330)**	(1,324)
Income taxes related to discontinued operations	**(930)**	460	**(1,953)**	2,061
Loss after income taxes related to discontinued operations	**(12,354)**	(6,772)	**(10,377)**	(3,385)
Net loss on business disposals and impairment of assets held for sale	**(1,664)**	–	**(1,664)**	–
Income taxes related to business disposals	**–**	–	**–**	–
Net loss from discontinued operations	**(14,018)**	(6,772)	**(12,041)**	(3,385)

Revenues

	Quarters ended December 31		Change	Organic change[1]	Nine-month periods ended December 31		Change	Organic change[1]
(In thousands of $)	**2014**	2013	%	%	**2014**	2013	%	%
TOTAL	**76,064**	86,472	(12.0)%	(15.9)%	**238,515**	236,293	0.9%	(2.8)%
Ovivo	**76,064**	85,081	(10.6)%	(15.9)%	**238,515**	229,989	3.7%	(2.8)%
New equipment	**56,560**	67,892	(16.7)%	(22.0)%	**177,836**	180,504	(1.5)%	(7.8)%
Sale of parts and provision of services	**19,504**	17,189	13.5%	8.1%	**60,679**	49,485	22.6%	15.6%
Other	**-**	1,391	(100.0)%	-%	**-**	6,304	(100.0)%	-%

Revenue continuity

	Three-month period		
(In thousands of $)	**Ovivo**	**Other**	**Total**
Quarter ended December 31, 2013	**85,081**	**1,391**	**86,472**
Foreign exchange impact	4,524	-	**4,524**
Business disposals	-	(1,391)	**(1,391)**
Organic change	(13,541)	-	**(13,541)**
Total change	**(9,017)**	**(1,391)**	**(10,408)**
Quarter ended December 31, 2014	**76,064**	**-**	**76,064**

	Nine-month period		
(In thousands of $)	**Ovivo**	**Other**	**Total**
Nine-month period ended December 31, 2013	**229,989**	**6,304**	**236,293**
Foreign exchange impact	14,885	-	**14,885**
Business disposals	-	(6,304)	**(6,304)**
Organic change	(6,359)	-	**(6,359)**
Total change	**8,526**	**(6,304)**	**2,222**
Nine-month period ended December 31, 2014	**238,515**	**-**	**238,515**

(Revenues from the Pulp and Paper and Van der Molen divisions as well as from the Non-core Businesses are excluded from the table above as they are reported as discontinued operations.)

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

Revenues at Ovivo for the third quarter of fiscal 2015 amounted to $76.1 million, down $9.0 million from the same period of the previous fiscal year, owing primarily to a decline in new equipment sales in the Electronics market. Third-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 in revenues was partly offset by growth in the Municipal North America market, which has been underpinned by a high backlog since the end of the third quarter of fiscal 2014. Sales of parts and provision of services were up 14% from the same period of the previous fiscal year, accounting for over 25% of Ovivo's total revenues for the third quarter of fiscal 2015. This increase was driven by continuous investments and efforts in this market as part of the group's refocusing plan. Foreign currency fluctuations had a favourable impact of $4.5 million, arising mainly from the weakening of Canada's currency against the U.S. dollar, the pound sterling and the euro.

Ovivo revenues for the nine-month period ended December 31, 2014 rose $8.5 million from the same period of fiscal 2014. This increase originated mainly from a $14.9 million favourable foreign exchange effect triggered by the weakening of the Canadian dollar against the U.S. dollar, the pound sterling and the euro. This increase also stemmed from the Municipal North America and Parts and Services markets for the same reasons discussed above. This increase was partially offset by a decline in new equipment sales in the Electronics market for the reasons set out above.

Other

Revenues for the three-month and nine-month periods ended December 31, 2014 from the Other group were down $1.4 million and $6.3 million, respectively, compared with the same periods of the previous fiscal year, owing to the disposal of the business operations and a portion of the assets of GL&V Fabrication midway through the third quarter of fiscal 2014.

Revenues by geographic segment based on destination address

		Ovivo
	Twelve-month periods ended December 31	
	2014	2013
	(as % of consolidated revenues)	
North America	**60.0%**	51.1%
Europe and Russia	**14.9%**	18.3%
Asia and Asia-Pacific	**21.6%**	21.2%
Middle East and Africa	**2.9%**	8.6%
Latin America	**0.6%**	0.8%

The geographic breakdown of revenues by destination address for the twelve-month period ended December 31, 2014, compared with the same period of the previous year, showed a significant increase in the percentage of revenues from North America. This larger share of revenues was generated by the Electronics and Municipal markets, which saw significant contract wins.

In addition, there were declines in Europe, the Middle East and Africa resulting from actions taken by the Corporation to divest of its non-core businesses, combined and presented under discontinued operations.

Gross margin (excluding amortization)

	Quarters ended December 31		Change	Organic Change(1)	Nine-month periods ended December 31		Change	Organic Change(1)
	2014	2013	%	%	**2014**	2013	%	%
In thousands of $	**17,131**	17,126	0.0%	(3.6)%	**52,473**	50,348	4.2%	(0.3)%
As % of revenues	**22.5%**	19.8%			**22.0%**	21.3%		

For the three-month period ended December 31, 2014, excluding the foreign exchange effect, gross margin in dollars was relatively unchanged from the same period of the previous fiscal year. However, there was an increase in gross margin as a percentage of revenues, fuelled in part from sales growth in the Parts and Services market, which generates higher operating margins.

For the nine-month period ended December 31, 2014, excluding the foreign exchange effect and impact of business disposals, gross margin in dollars was relatively unchanged from the same period a year earlier. The increase as a percentage of revenues resulted from sales growth in the Parts and Services market, which generates higher operating margins and accounted for a higher percentage of Ovivo's revenues in fiscal 2015 than in the same period of fiscal 2014.

Selling and administrative expenses (excluding amortization)

	Quarters ended December 31		Change	Organic Change(1)	Nine-month periods ended December 31		Change	Organic Change(1)
	2014	2013	%	%	**2014**	2013	%	%
In thousands of $	**14,174**	15,341	(7.6)%	(10.6)%	**44,635**	44,136	1.1%	(1.9)%
As % of revenues	**18.6%**	17.7%			**18.7%**	18.7%		

Excluding the foreign exchange effect, selling and administrative expenses for the three-month period ended December 31, 2014 were down slightly from the corresponding period of fiscal 2014, due to savings attributable to restructuring and the 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. Investments in innovation in the third quarter of fiscal 2015 amounted to approximately $0.4 million compared with $0.1 million for the corresponding quarter of the previous fiscal year. Investments in innovation for the first nine months of fiscal 2015 totalled $1.0 million compared with $0.4 million for the same period of the previous fiscal year. Selling and administrative expenses as a percentage of revenues are up slightly due to a decline in business in the current quarter, year over year.

Selling and administrative expenses in dollars and as a percentage of revenues for the nine-month period ended December 31, 2014 were relatively unchanged from the same period of the previous fiscal year. Investments prompted by the rollout of our strategic plan were partially offset by savings arising from restructuring and the decrease in stock-based compensation expense.

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

Adjusted EBITDA[1]

	Quarters ended December 31		Change	Organic change[1]	Nine-month periods ended December 31		Change	Organic change[1]
(In thousands of $)	**2014**	2013	%	%	**2014**	2013	%	%
In thousands of $	**2,957**	1,785	65.7%	129.3%	**7,838**	6,212	26.2%	31.1%
As % of revenues	**3.9%**	2.1%			**3.3%**	2.6%		

The Corporation's adjusted EBITDA[1] for the three-month and nine-month periods ended December 31, 2014 was up from the same periods of the previous fiscal year. These increases resulted primarily from the decline in stock-based compensation expense. The increases in adjusted EBITDA[1] were also supported by savings arising from restructuring and the increase in revenues from the sale of parts and provision of services, which generate higher margins. However, they were partially offset by the investments made under our strategic plan and margin compression on certain Energy market contracts.

Adjusted EBITDA[1] margin for the three-month and nine-month periods ended December 31, 2014 was up from the same periods of the previous fiscal year, but remains below management's expectations.

Restructuring costs

Restructuring costs for the three-month and nine-month periods ended December 31, 2014 amounted to $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 stemming from the sale of the Pulp and Paper group.

The Corporation reported $0.6 million and $1.6 million in restructuring costs for the three-month and nine-month periods ended December 31, 2013, respectively, to account primarily for termination benefits and relocation costs related to reorganizations at Ovivo subsidiaries in Europe and in the Asia and Asia-Pacific region.

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 CGUs are disclosed the annual consolidated financial statements for the year ended March 31, 2014.

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.

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 other intangible assets.

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

Amortization

	Quarters ended December 31		Change	Organic Change(1)	Nine-month periods ended December 31		Change	Organic Change(1)
(In thousands of $)	**2014**	2013	%	%	**2014**	2013	%	%
Total	**2,161**	2,337	(7.5)%	(5.8)%	**6,448**	6,714	(4.0)%	(2.4)%
Property, plant and equipment	**625**	773	(19.1)%		**1,876**	2,202	(14.8)%	
Intangible assets	**1,536**	1,564	(1.8)%		**4,572**	4,512	1.3%	

Amortization expense for the three-month and nine-month periods ended December 31, 2014 is down from the same periods of the previous fiscal year, owing primarily to a favourable foreign exchange effect. In addition, the prior fiscal year included amortization expense related to the assets of GL&V Fabrication that were disposed of in November 2013.

Net financial expenses

	Quarters ended December 31		Change	Nine-month periods ended December 31		Change
(In thousands of $)	**2014**	2013	%	**2014**	2013	%
Total	**1,014**	1,388	(26.9)%	**3,106**	4,300	(27.8)%
Interest on long-term debt	**756**	1,035	(27.0)%	**2,499**	3,537	(29.3)%
Interest income	**(86)**	(28)	207.1%	**(175)**	(221)	(20.8)%
Other	**344**	381	(9.7)%	**782**	984	(20.5)%

Net financing costs for the three-month and nine-month periods ended December 31, 2014 were down from the same period of the previous fiscal year due to 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 in April 2014, as well as from lower average indebtedness in the first quarter of fiscal 2015 than in the first quarter of fiscal 2014.

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

	Quarters ended December 31		Change	Nine-month periods ended December 31		Change
(In thousands of $)	**2014**	2013	$	**2014**	2013	$
Foreign exchange loss	**1,962**	883	1,079	**5,022**	1,076	3,946
Loss (gain) related to derivative financial instruments	**1,573**	(3,386)	4,959	**2,963**	(7,014)	9,977

The foreign exchange loss was triggered on translation of monetary items recognized in currencies other than the functional currencies of subsidiaries.

For the three-month and nine-month periods ended December 31, 2014, the foreign exchange loss resulted from the weakening of the Canadian dollar against the U.S. currency. In addition, for the nine-month period ended December 31, 2014, the euro weakened against the Canadian dollar.

In the third quarter of the previous fiscal year, the foreign exchange loss resulted from the Canadian dollar's weakening against the U.S. dollar, the euro and the pound sterling. For the nine-month period ended December 31, 2013, the depreciation of Canada's currency against the U.S. dollar also generated a foreign exchange loss.

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

The loss related to derivative financial instruments for the third quarter of fiscal 2015 and the nine-month period ended December 31, 2014 stemmed from the favourable re-measurement of the total return swap based on the market price of Class A subordinate voting shares and the loss on foreign exchange contracts outstanding as at December 31, 2014. The gain related to derivative financial instruments for the third quarter of fiscal 2014 was attributable to gains on foreign exchange contracts outstanding as at December 31, 2013 and the favourable re-measurement of the total return swap.

Income taxes

The difference between the effective tax rate and the Canadian statutory rate for the three-month and nine-month periods ended December 31, 2014 and 2013 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 loss attributable to shareholders of Ovivo Inc.

	Quarters ended December 31		**Nine-month periods ended December 31**	
	2014	2013	**2014**	2013
(In thousands of $)				
Net loss attributable to shareholders of Ovivo Inc.	**(36,945)**	(26,722)	**(43,021)**	(24,024)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(24,606)**	(19,813)	**(32,841)**	(20,502)
Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.[1]	**(7,502)**	(1,027)	**(15,677)**	(772)
(In $ per share, basic and diluted)				
Net loss attributable to shareholders of Ovivo Inc.	**(0.84)**	(0.61)	**(0.98)**	(0.54)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(0.56)**	(0.45)	**(0.74)**	(0.46)
Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(0.17)**	(0.02)	**(0.36)**	(0.02)
Weighted average number of participating shares outstanding (in thousands)				
Basic	**44,097**	44,092	**44,097**	44,092
Diluted	**44,097**	44,092	**44,097**	44,092

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

For the third quarter of fiscal 2015, the Corporation reported a net loss from continuing operations attributable to shareholders of Ovivo Inc. of $24.6 million or $0.56 per share, basic and diluted, compared with a net loss of $19.8 million or $0.45 per share, basic and diluted, for the same period of the previous fiscal year. Those net losses resulted from the impairment charges recognized in each of the two past fiscal years. The year-over-year decline in profitability stemmed primarily from losses from discontinued operations and the recognition of unrealized losses related to derivative financial instruments compared with gains in the quarter of the previous fiscal year, as well as higher income tax expense resulting mainly from the increase in taxable earnings in the United States.

For the nine-month period ended December 31, 2014, the Corporation reported a net loss from continuing operations attributable to shareholders of Ovivo Inc. of $32.8 million or $0.74 per share, basic and diluted, compared with a net loss of $20.5 million or $0.46 per share, basic and diluted, for the same period of the previous fiscal year. The deterioration, year over year, resulted mainly from the recognition of a higher foreign exchange loss as well as a loss related to derivative financial instruments compared with gains for the corresponding period of the previous fiscal year, and from higher income tax expense in fiscal 2015.

6. SUMMARY OF QUARTERLY PERFORMANCE

	Quarters ended							
	Fiscal 2015			Fiscal 2014				Fiscal 2013
(In thousands of $, except per share amounts)	**Dec. 31, 2014**	**Sept. 30, 2014**	**June 30, 2014**	**March 31, 2014**	**Dec. 31, 2013**	**Sept. 30, 2013**	**June 30, 2013**	**March 31, 2013**
Revenues	76,064	79,091	83,360	83,869	86,472	79,393	70,428	82,800
Adjusted EBITDA(1)	2,957	3,630	1,251	(1,437)	1,785	2,313	2,114	5,872
Net earnings (loss) from continuing operations attributable to shareholders of Ovivo Inc.	(24,606)	(3,285)	(4,950)	(5,950)	(19,813)	517	(1,206)	(317)
Per share (basic and diluted)	(0.56)	(0.07)	(0.11)	(0.13)	(0.45)	0.01	(0.03)	(0.01)
Net earnings (loss) from discontinued operations attributable to shareholders of Ovivo Inc.	(12,339)	356	1,803	7,628	(6,909)	892	2,495	678
Per share (basic and diluted)	(0.28)	0.01	0.04	0.17	(0.16)	0.02	0.06	0.02
Net earnings (loss) attributable to shareholders of Ovivo Inc.	(36,945)	(2,929)	(3,147)	1,678	(26,722)	1,409	1,289	361
Per share (basic and diluted)	(0.84)	(0.07)	(0.07)	0.04	(0.61)	0.03	0.03	0.01

(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:

- The refocusing of Ovivo's operations on target markets in the fourth quarter of fiscal 2013 translated into a improvement in profitability.

- In the first quarter of fiscal 2014, 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.

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

- Even higher growth for Ovivo in the second and third quarters of fiscal 2014 was driven by growth in the Electronics market and the Municipal North America market, offset by the slowdown in the Energy market. Third-quarter earnings were adversely affected by a one-time $26.9 million asset impairment charge.

- Ovivo's decline in the fourth quarter of fiscal 2014 resulted primarily from the Energy market. This decline was partly offset by higher profitability in the Electronics market.

- Decline in profitability at Ovivo in the first quarter of fiscal 2015 was attributable to investments made under its strategic plan.

- Decline in profitability at Ovivo in the second quarter of fiscal 2015 was primarily attributable to investments made under its strategic plan and to downward pressure on margins on certain Energy market contracts. These declines were partly offset by higher revenues from sales of parts and provisions of services at Ovivo and the lower stock-based compensation expense resulting from the fall in Ovivo Inc. stock price.

- In the third quarter of fiscal 2015, Ovivo reported an increase in profitability driven by higher revenues from sales of parts and provisions of services and the lower stock-based compensation expense resulting from the fall in Ovivo Inc. stock price. Third-quarter earnings were adversely affected by a one-time $16.9 million asset impairment charge as well as losses from discontinued operations in the amount of $14.0 million.

7. FINANCIAL POSITION AND CASH FLOWS

Including net additions to property, plant and equipment, cash flows used in the third quarter of fiscal 2015 amounted to $15.2 million compared with cash flows used of $11.8 million for the same quarter in fiscal 2014. For the nine-month period ended December 31, 2014, cash flows used totalled $44.1 million compared with cash flows generated of $11.5 million for the corresponding period of last year.

	Quarters ended December 31		**Nine-month periods ended December 31**	
(In thousands of $, except per share amounts)	**2014**	2013	**2014**	2013
Cash flows provided by (used in) operating activities of continuing operations before net change in non-cash operating items	**(2,283)**	1,636	**(8,282)**	1,846
Net change in non-cash operating items	**(12,511)**	(12,672)	**(34,537)**	12,453
Additions to property, plant and equipment, net of disposals	**(358)**	(808)	**(1,234)**	(2,781)
Cash flows generated from (used in)[(1)] continuing operations	**(15,152)**	(11,844)	**(44,053)**	11,518
Per share (basic and diluted)	**(0.34)**	(0.27)	**(1.00)**	0.26

(1) See Section 12, "Reconciliation of non-IFRS financial measures."

Impact of net change in non-cash operating items

(In thousands of $)	**Quarter ended December 31, 2014**	**Nine-month period ended December 31, 2014**
Trade and other receivables	**(16,578)**	**(1,777)**
Inventories	**1,227**	**(766)**
Contracts in progress	**971**	**(8,168)**
Prepaid expenses	**(6)**	**(721)**
Accounts payable and accrued liabilities, provisions and other liabilities	**10,722**	**4,391**
Deferred revenues	**(4,820)**	**(26,253)**
Income taxes receivable/payable	**(4,027)**	**(1,243)**
	(12,511)	**(34,537)**

The increase in trade and other receivables include a receivable of $8.5 million and the increase in accounts payable and accrued liabilities, provisions and other liabilities include a payable of $1.9 million related to the closing adjustments mainly for working capital in connection with the sale of the Pulp and Paper division.

In addition to above-mentioned effect, the adverse impact on cash flows for the third quarter of fiscal 2015 resulting from the change in non-cash operating items was mainly attributable to the increase in trade and other receivables, which vary according to billing arrangements of projects. This effect was partly offset by an increase in accounts payable and accrued liabilities, provisions and other liabilities due to supplier payment schedules and to the percentage of completion on projects. For the nine-month period ended December 31, 2014, the $34.5 million adverse impact on cash flows resulted from the increase in contracts in progress and the decrease in deferred revenues on contracts in progress which vary according to percentage of completion and billing arrangements of projects.

The net working capital position stood at $90.2 million as at December 31, 2014, representing a ratio of 1.60 as at that date, compared with $110.1 million and a ratio of 1.46 as at March 31, 2014. The Corporation's total assets amounted to $334.6 million as at December 31, 2014, compared with $488.1 million as at March 31, 2014, a decrease attributable mainly to the business disposals made in the third quarter of fiscal 2015. 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 changes in cash flows used was a decrease in cash and cash equivalents of $4.8 million for the third quarter of fiscal 2015 and a $9.7 million decrease for the nine-month period ended December 31, 2014. Note that during the third quarter, cash and cash equivalents in the amount of $1.6 million were reclassified to assets held for sale.

Investing activities

Investing activities related to continuing operations for the third quarter of fiscal 2015 and the nine-month period ended December 31, 2014 generated net cash flows of $60.5 million and $58.4 million, respectively, compared with cash flows generated of $1.0 million and cash flows used of $1.4 million, respectively, for the corresponding periods of fiscal 2014. Cash flows generated comprised primarily of proceeds of $61.2 million from business disposals, partly offset by additions to property, plant and equipment and intangible assets.

Additional comments on financial position

	As at December 31, 2014	As at March 31, 2014
(In thousands of $, except ratio)		
Long-term debt	**33,144**	47,975
Cash and cash equivalents	**(10,954)**	(22,306)
Total net debt	**22,190**	25,669
Equity	**123,366**	174,199
Invested capital	**145,556**	199,868
Total net debt to invested capital ratio	**15.2%**	12.8%

As at December 31, 2014, the Corporation's total debt amounted to $33.1 million, down $14.9 million from $48.0 million as at March 31, 2014. Net of cash and cash equivalents, total net debt as at December 31, 2014 amounted to $22.2 million for a total net debt to invested capital ratio of 15.2% 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 has decreased by $3.5 million. The receipt of part of the proceeds from the sale of the Pulp and Paper division of $64 million 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 post-closing adjustments for the sale of the Pulp and Paper division. As of December 31, 2014 we had approximately $40.0 million invested into net working capital or other assets related to the discontinued operations. We forecast to monetize this amount in the next three years, of which at least $15.0 million should be cashed in Fiscal 2016. We estimate that the net debt position at the end of Fiscal 2015 should stay relatively stable as compared to December 31, 2014.

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 December 31, 2014, drawdowns under the facility totalled $7.1 million. In addition, the Corporation has a second $80.0 million credit facility to issue letters of credit guaranteed by Export Development Canada ("EDC"). As at December 31, 2014, drawdowns under this second facility totalled $56.0 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 interest rate to 6.0% and extending the maturity to November 20, 2018.

The Corporation also has a credit facility of €25.0 million ($35.4 million) in Austria for issuing letters of credit. This facility matures in May 2015. As at December 31, 2014, drawdowns under the facility totalled €14.5 million ($20.5 million).

As at December 31, 2014, the cash position and bank credit facilities were sufficient to fund the Corporation's operations. Moreover, all financial ratios met the requirements under 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 December 31, 2014, financial ratios were calculated using adjusted EBITDA as defined in the agreements, which includes, in particular, the operating income (loss) of the past twelve months ended December 31, 2014 of the entities whose shares were acquired, and excludes the operating income (loss) of the past twelve months ended December 31, 2014 of private 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 December 31, 2014 and February 11, 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 quarter ended December 31, 2014, no Class A subordinate voting shares were issued or options were exercised under the stock option plan. For the nine-month period ended December 31, 2014, 5,319 Class A subordinate voting shares were issued under the stock option plan and the same number of options were exercised during the period.

During the nine-month period ended December 31, 2014, 661,109 stock options were cancelled, bringing the number of outstanding stock options as at this date to 1,445,412 (2,111,840 as at December 31, 2013) of which 1,339,412 (1,677,840 as at December 31, 2013) were exercisable based on the time requirement, notwithstanding achievement of target prices when the condition applies.

For further information, refer to note 7 to the unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended December 31, 2014.

8. BACKLOG

	Quarter ended December 31	Quarter ended September 30	**Change**	**Organic change**	Quarter ended March 31	**Change**	**Organic change**
(In thousands of $)	**2014**	2014	**%**	**%**	2014	**%**	**%**
Total	**231,293**	249,461	**(7.3)%**	**(9.9)%**	261,913	**(11.7)%**	**(13.7)%**

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

Ovivo's backlog as at December 31, 2014 amounted to $231.3 million, down from $249.5 million as at September 30, 2014 and $261.9 million as at March 31, 2014. The decline stemmed primarily from slower order taking in the Energy market over the past quarters.

The decline in the backlog was also due to the Electronics market which, after major contract wins in early fiscal 2014, recorded a decline in backlog owing to the percentage of completion of projects. However, as order taking in the segment remains satisfactory, the targets set by management for this market should be achieved.

The backlog of the Municipal North America market was maintained at a level comparable with September 30, 2014 when it reached a historical level. The Parts and Services market backlog also remains comparable with the past quarter's level and should continue to generate a favourable volume of business in the coming quarters.

9. OUTLOOK

Under our strategic plan, we are focusing on three core markets, namely Municipal North America, Electronics and Energy, while giving high priority to developing the Parts, Services and Upgrading segment within these three markets.

Considering the economic recovery in the U.S., municipal infrastructure upgrading needs and investment projects in the Electronics segment, we can expect a favourable level of order taking in the coming months. Despite the current slowdown in investments in the Energy segment caused by the decline in oil prices, we remain confident that economic growth in the U.S. will prompt businesses to implement investment projects related to electricity generation and petrochemicals, two of our key markets where we offer technological solutions.

The fall in oil prices has a significant impact on investment projects in the Energy segment, including in the Middle East and for oil platforms, two traditionally large markets for us. As a result, during the third quarter, we reorganized our teams to adjust our cost structure and we had to recognize an impairment of our intangible assets. Our strategy in the coming quarters is to intensify our business development activities in regions where clients are more likely to launch investment projects to capitalize on current oil prices. In addition, we will accelerate the development of the Parts, Services and Upgrading segment in a more globally coordinated manner by investing more resources and by focusing on regions where we have a large pool of operating equipment.

Given the weak economy in Europe, our teams in this region are focused on supporting market development in North America as well as in Southeast Asia where the outlook for our three markets is the more attractive.

Based on current outlook and our backlog, assuming exchange rates remain stable at current levels, revenues from continuing operations should range from $300 million to $325 million for the year ending March 31, 2015. Our profitability is expected to increase steadily, driven by organic growth, improvement in our gross margin as well as control of our selling and administrative expenses.

Under our strategic plan, management priorities for the period up to March 31, 2015 are to: (i) accelerate the divestment of non-core businesses; (ii) continue to track trends in the Energy market and adapt our business development strategies as well as our cost structure; and (iii) complete the reorganization of our head office team to achieve a structure of services and costs that is appropriate for our size.

10. 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. Risks and uncertainties as well as risk management practices are discussed in Section 11, "Risks and Uncertainties," of the MD&A for the fiscal year ended March 31, 2014.

Since the beginning of the fiscal 2015, a change in the concentration risk was observed following the business disposals:

- Concentration risk related to a large client increased. The sales volume for a client represented 22.1% and 18.5% of the Corporation's revenues for the nine-month periods ended December 31, 2014 and 2013, respectively. Although the Corporation is exposed to a greater concentration risk, credit risk has not increased due to the favourable payment terms of this large client.

Except for the changes mentioned above, management has observed no material changes regarding risks and uncertainties and has made no changes to its risk management practices.

11. ACCOUNTING POLICIES

(a) Critical accounting policies and estimates

The unaudited interim condensed consolidated financial statements of the Corporation for the three-month and nine-month periods ended December 31, 2014 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, which forms part of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The accounting policies used in the unaudited interim condensed consolidated financial statements are the same as and are applied consistently with those presented in note 2 to the annual consolidated financial statements as at March 31, 2014 with the exception of the accounting policies described below.

The preparation of the Corporation's unaudited interim condensed 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 results could give rise to significant adjustments to the reported amounts of assets, liabilities and earnings (loss) in subsequent periods. The Corporation's most significant estimates and assumptions for the three-month and nine-month periods ended December 31, 2014 are the same as those presented in note 2(u) to the annual consolidated financial statements as at March 31, 2014.

(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 our 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, 2017 with earlier adoption permitted. 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. The Corporation is currently assessing the impacts of adopting these amendments on its consolidated financial statements.

12. 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, 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 recorded 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 December 31, 2014	
Operating loss related to continuing operations	**(17,652)**
Asset impairment	**16,873**
Amortization	**2,161**
EBITDA	**1,382**
Restructuring costs	**1,575**
Adjusted EBITDA	**2,957**
Nine-month period ended December 31, 2014	
Operating loss related to continuing operations	**(17,118)**
Asset impairment	**16,873**
Amortization	**6,448**
EBITDA	**6,203**
Restructuring costs	**1,635**
Adjusted EBITDA	**7,838**
Quarter ended December 31, 2013	
Operating loss related to continuing operations	(19,338)
Asset impairment	18,157
Amortization	2,337
EBITDA	1,156
Restructuring costs	629
Adjusted EBITDA	1,785
Nine-month period ended December 31, 2013	
Operating loss related to continuing operations	(20,292)
Asset impairment	18,157
Amortization	6,714
EBITDA	4,579
Restructuring costs	1,633
Adjusted EBITDA	6,212

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 December 31		Nine-month periods ended December 31	
(In thousands of $)	**2014**	2013	**2014**	2013
Net loss attributable to shareholders of Ovivo Inc.	**(36,945)**	(26,722)	**(43,021)**	(24,024)
Net loss from discontinued operations	**(12,339)**	(6,909)	**(10,180)**	(3,522)
Net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(24,606)**	(19,813)	**(32,841)**	(20,502)
Asset impairment (net of taxes)	**15,577**	18,157	**15,577**	18,157
Restructuring costs (net of taxes)	**1,527**	629	**1,587**	1,573
Adjusted net loss from continuing operations attributable to shareholders of Ovivo Inc.	**(7,502)**	(1,027)	**(15,677)**	(772)

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 December 31		Nine-month periods ended December 31	
(In $)	**2014**	2013	**2014**	2013
Net loss from continuing operations per share attributable to shareholders of Ovivo Inc.	**(0.56)**	(0.45)	**(0.74)**	(0.46)
Asset impairment (net of taxes) per share	**0.35**	0.41	**0.35**	0.41
Restructuring costs (net of taxes) per share	**0.04**	0.02	**0.03**	0.03
Adjusted net loss from continuing operations per share attributable to shareholders of Ovivo Inc.	**(0.17)**	(0.02)	**(0.36)**	(0.02)

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

	Quarters ended December 31		Nine-month periods ended December 31	
(In thousands of $)	**2014**	2013	**2014**	2013
Cash flows provided by (used in) continuing operating activities	**(14,794)**	(11,036)	**(42,819)**	14,299
Additions to property, plant and equipment	**(455)**	(816)	**(1,459)**	(2,805)
Proceeds from sale of property, plant and equipment	**97**	8	**225**	24
Cash flows generated (used)	**(15,152)**	(11,844)	**(44,053)**	11,518

13. 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 Chief Financial Officer that, among others, attest to the design of the disclosure controls and procedures and the design of internal control over financial reporting.

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

During the three-month period ended December 31, 2014, there have been no changes in internal control over financial reporting that have materially affected, or would reasonably be expected to materially affect Ovivo's internal control over financial reporting.

(SIGNED)
Marc Barbeau
President and Chief Executive Officer

(SIGNED)
François Dufresne
Chief Financial Officer

February 12, 2015