Management's Discussion & Analysis

First Quarter of Fiscal 2014
Three-month period ended June 30, 2013

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August 8, 2013

Unless otherwise indicated, all amounts are in Canadian dollars.

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

This interim Management's Discussion & Analysis ("MD&A") was prepared under the responsibility of GLV Inc.'s management and approved by its Board of Directors as of August 8, 2013. The information appearing herein accounts for all significant events that occurred prior to that date. The MD&A presents the Corporation's position and business context as they were, to management's best knowledge, upon its approval by the Board of Directors.

This interim MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes for the three-month periods ended June 30, 2013 and 2012, as well as with the audited consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2013. The interim condensed consolidated financial statements for the three-month periods ended June 30, 2013 and 2012 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 interim MD&A, "GLV Group" or "the Corporation" designates, as the case may be, GLV Inc. and its subsidiaries and divisions, or GLV Inc. or one of its subsidiaries or divisions, and the information contained is mainly structured by group, specifically Ovivo (water treatment), GL&V Pulp and Paper and the Other group. The fiscal year ended March 31, 2014 and the fiscal years ended March 31 of prior years are sometimes designated by the terms "fiscal 2014," "fiscal 2013" and so forth. The "first quarter of fiscal 2014" and the "first quarter of fiscal 2013" refer to the three-month periods ended June 30, 2013 and 2012, respectively. Unless otherwise indicated, the comparative analysis of operating results and cash flows for the three-month period ended June 30, 2013 is performed in relation to the equivalent periods ended June 30, 2012, whereas the comparative analysis of the financial situation as at June 30, 2013 is performed in relation to data recorded as at March 31, 2013.

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

Supplementary information about the Corporation, including the Annual Information Form dated June 6, 2013, the MD&A for the year ended March 31, 2013 and press releases are available on the websites of SEDAR (www.sedar.com) and the Corporation (www.glv.com). Certain other documents, including presentations to investors, are also available on the Corporation's website.

2. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain information and statements in this MD&A and other public communications regarding management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements concern analyses and other information based on forecasted future results and 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 GLV 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 GLV Group 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, concentration and liquidity risk, access to financing, dependence on key personnel, information system risk, credit risk, intellectual property rights, 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 interim MD&A were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of GLV 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 financial performance during fiscal 2014 and may not be appropriate for other purposes.

Additional information about the risk factors to which GLV Inc. is exposed is provided in Section 10, "Risks and uncertainties" of the MD&A for the year ended March 31, 2013.

3. PROFILE OF THE CORPORATION

Description of business

GLV Group is made up of international companies operating primarily in the water treatment (Ovivo) and pulp and paper (GL&V Pulp and Paper) industries that offer comprehensive technological solutions as well as services and equipment tailored to specific client needs. GLV Group's business units operate in more than 25 countries and have approximately 2,100 employees as at June 30, 2013. GLV Inc. is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols GLV.A and GLV.B.

- 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 heart 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. Since April 1, 2013, the operations of Ramivo, previously reported under the Other group, are fully integrated within Ovivo. Ramivo is a manufacturing unit located in Tamàsi, Hungary. Comparative data have been reclassified to take this change into account.

- GL&V Pulp and Paper designs and globally markets equipment used in various stages from pulp preparation to paper production. It is also recognized worldwide for its rebuilding, upgrading and optimization services for existing equipment as well as for the sale of spare parts. By focusing on innovation, it ensures that its portfolio contains products and technologies that bring customers added value, such as lower energy consumption.

- GLV Group also has activities other than those associated with water treatment and pulp and paper. It owns a manufacturing unit, namely GL&V Fabrication, located in Trois-Rivières in Québec, Canada which specializes in the production of custom-made parts from specifications provided by GL&V Pulp and Paper or external clients.

  The Van der Molen division specializes in process solutions for the design and marketing of equipment for dissolving, dosing and mixing in beverage production.

Strategic approach

GLV Group has always been committed to creating long-term shareholder value and ensuring sustained growth through its 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 GLV Group subsidiaries are based.

Thus, GLV Group will 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, GLV Group aims 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 the key businesses of GLV Group subsidiaries. This market also provides the opportunity to leverage GLV Group's excellent client service and stand out from the competition by offering a comprehensive range of services.
- ***Make innovation a key positioning factor in GLV Group's target markets*.** As GLV Group operates in highly competitive industries, it 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 GLV Group's success in the last three decades, is emphasized in the management of subsidiaries.
- ***Continuously improve profitability.*** GLV Inc.'s management maintains 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 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. With all these measures, a flexible and optimal cost structure can be maintained.
- ***Focus primarily on geographic markets in which GLV Group subsidiaries are already operating*.** Certain markets such as China, India, Southeast Asia, Middle East, Brazil and Russia as well as North Africa and South Africa are expected to grow in the coming years. Meanwhile, more mature markets, namely North America, Europe and the United Kingdom, continue to offer attractive business opportunities for GLV Group businesses.
- ***Maintain the business acquisition strategy. GLV Group will keep seeking opportunities to broaden its technology portfolio, know-how and business unit trademarks.*** It will continue to apply the same acquisition model of focusing on intellectual property and the Parts and Services market.

4. HIGHLIGHTS

GLV Group achieved profitability for the second consecutive quarter with net earnings of $1.3 million or $0.03 per share, basic and diluted, compared with a net loss of $5.5 million or $0.13 per share, basic and diluted, for the same quarter of the previous fiscal year. Among other factors, profitability stemmed from the reduction in financial expenses, due to gains related to changes in exchange rates and derivative financial instruments.

GLV Group's consolidated revenues for the quarter ended June 30, 2013 were down slightly from the same period of the previous fiscal year, owing primarily to GL&V Pulp and Paper, partly offset by higher revenues at the Van der Molen division. Although its revenues were comparable to results in the same quarter of fiscal 2013, Ovivo reported organic growth of over 15% in its four target markets (Municipal, Electronics and Metals, Energy, and Parts and Services). Note that at both Ovivo and GL&V Pulp and Paper, the Parts and Services market increased its revenues compared with the last quarter of the previous fiscal year.

Operating results at the two core operating groups, namely Ovivo and GL&V Pulp and Paper, were down compared with the first quarter of the previous fiscal year. At Ovivo, the performance of the Electronics and Metals segment improved over the previous year, following a significant increase in the backlog as at March 31, 2013 compared with its level a year earlier. Results in the Municipal North America market were comparable to the previous fiscal year owing to the backlog level and efficient contract performance. However, these results were impacted by performance in the Energy market and Municipal segments in Europe, Middle East and Africa (EMEA) resulting from work performed on certain projects with lower-than-expected margins and investments in resources to develop the Parts and Services market.

Operating results at GL&V Pulp & Paper were down from the same quarter of the previous year, owing to a lower backlog at the beginning of the current fiscal year compared with last year, a reflection of the persistence of the economic slowdown in Europe, which is mainly affecting the new equipment market.

GLV Group's improvement in net earnings for the first quarter of fiscal 2014 compared with the corresponding quarter of the previous fiscal year arose primarily from favourable changes related to exchange rates and derivative instruments and the decrease in income tax expense, partly offset by the lower consolidated operating results.

Backlog and outlook

GLV Group's backlog increased to $395.3 million as at June 30, 2013 from $380.0 million as at March 31, 2013. Ovivo accounted for most of this increase with order-taking for two large contracts totalling $34.0 million in the Electronics and Metals market and in the Energy market during the first quarter. In addition, as announced in the press release issued last week, Ovivo is the only water treatment company to be invited to join a consortium of global microelectronics leaders to participate in its research program—an acknowledgement of GLV Group's technological skills in that area. Backlogs in all of Ovivo's target markets were up as at June 30, 2013 except for the Municipal EMEA market, which declined slightly from the previous quarter. This segment is currently experiencing a slowdown resulting, in particular, from the approaching end of the five-year AMP5[1] relating to infrastructure investments in the U.K.

The higher backlog also resulted from an increase noted in the Parts and Services market as at June 30, 2013, which is at a record level, reflecting the investments in resources made to develop this important market in Ovivo's business strategy. The implementation of initiatives launched during fiscal 2013 should continue to have a gradual improve on this market's performance in the coming quarters.

[1] Asset Management Program 5

At GL&V Pulp and Paper, the backlog is relatively unchanged from the previous quarter, owing mainly to order-taking in the Parts and Services market. Since the beginning of the current fiscal year, GL&V Pulp and Paper has been deploying a five-year action plan based on three strategic pillars underlying its business strategy:

- Expanding the international supply network and low-cost manufacturing capabilities;
- Continuing implementation of an aftermarket services structure in Europe;
- Developing products via a structured approach and an innovation program to support investments.

Lastly, the Van der Molen division's backlog as at June 30, 2013 remained at satisfactory levels per management's expectations.

As announced at the end of the previous fiscal year, fiscal 2014 will be a year of investments for GLV Group, which is expected to translate into a gradual and sustained improvement in profitability. For fiscal 2014 as a whole, assuming exchange rates remain stable at current levels and in light of the outlook in the segments serviced by all groups, the Corporation expects consolidated revenues to range from $600 million to $625 million.

5. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

Selected information

	Quarters ended June 30	
(In thousands of $, except per share amounts and percentages)	**2013**	2012
Revenues	**144,705**	146,744
Ovivo	**84,621**	85,142
GL&V Pulp and Paper	**50,533**	54,177
Other	**9,551**	7,425
Adjusted EBITDA	**4,634**	6,573
Ovivo	**3,808**	4,786
GL&V Pulp and Paper	**3,351**	4,230
Other	**(2,525)**	(2,443)
Normalized adjusted EBITDA	**4,943**	6,573
Ovivo	**3,968**	4,786
GL&V Pulp and Paper	**3,500**	4,230
Other	**(2,525)**	(2,443)
Normalized adjusted EBITDA margin (as % of revenues)	**3.4%**	4.5%
Ovivo	**4.7%**	5.6%
GL&V Pulp and Paper	**6.9%**	7.8%
Other	**n/a**	n/a
Net earnings (loss) attributable to shareholders of GLV Inc.		
from continuing operations	**1,289**	(3,837)
from discontinued operations	**–**	(1,703)
Net earnings (loss)		
attributable to shareholders of GLV Inc.	**1,289**	(5,540)
attributable to non-controlling interests	**(19)**	–
Total	**1,270**	(5,540)
Cash flows generated from (used in) continuing operations	**1,580**	(14,597)
Net earnings (loss) per share (basic and diluted)		
Net earnings (loss) from continuing operations	**0.03**	(0.09)
Net loss from discontinued operations	**–**	(0.04)
Net earnings (loss)	**0.03**	(0.13)
Cash flows per share (basic and diluted) generated from (used in) continuing operations	**0.04**	(0.33)
Financial ratios	**June 30, 2013**	March 31, 2013
Total net debt to invested capital ratio	**23.5%**	25.0%
Working capital ratio (excluding current portion of long-term debt as at March 31, 2013)	**1.51**	1.51

Revenues

	Quarters ended June 30		Change	Organic change[1]
(In thousands of $)	**2013**	2012	%	%
TOTAL	**144,705**	146,744	(1.4)%	0.0%
Ovivo	**84,621**	85,142	(0.6)%	3.3%
New equipment	**66,810**	69,726	(4.2)%	
Sale of parts and provision of services	**17,811**	15,416	15.5%	
GL&V Pulp and Paper	**50,533**	54,177	(6.7)%	(8.8)%
New equipment	**14,090**	21,187	(33.5)%	
Sale of parts and provision of services	**36,443**	32,990	10.5%	
Other	**9,551**	7,425	28.6%	28.0%

(1) *Organic change is described in Section 11, "Reconciliation of non-IFRS financial measures," in this MD&A*.

Revenue continuity

	Quarter			
(In thousands of $)	**Ovivo**	**GL&V Pulp and Paper**	**Other**	**Total**
Quarter ended June 30, 2012	**85,142**	**54,177**	**7,425**	**146,744**
Foreign exchange impact	13	1,103	45	**1,161**
Disposals	(3,252)	–	–	**(3,252)**
Organic change	2,718	(4,747)	2,081	**52**
Total change	**(521)**	**(3,644)**	**2,126**	**(2,039)**
Quarter ended June 30, 2013	**84,621**	**50,533**	**9,551**	**144,705**

Consolidated revenues for the first quarter of fiscal 2014 were down $2.0 million compared with the same period of the previous fiscal year, resulting in large part from a $4.7 million unfavourable organic change for GL&V Pulp and Paper owing to lower new equipment sales, offset by positive organic growth for Ovivo and the Van der Molen division in the Other group. For Ovivo, the disposal of a subsidiary at the beginning of the third quarter of fiscal 2013 had an adverse impact totalling $3.3 million. The change in quarterly average exchange rates compared with the same period of the previous fiscal year had a $1.2 million favourable aggregate effect on revenues.

Ovivo

For the first quarter of fiscal 2014, Ovivo reported a total decline in revenues of $0.5 million compared with the same quarter of the previous fiscal year, resulting from the $3.3 million adverse impact of the disposal of an Ovivo subsidiary at the beginning of the third quarter of fiscal 2013, partly offset by organic growth amounting to $2.7 million. The Electronics and Metals market saw favourable growth compared with the same quarter of the previous fiscal year, as work is underway on new projects announced in April 2013, whereas the backlog for the same period of the previous fiscal year was relatively low. Municipal segment revenues in North America were also up, reflecting a certain recovery in that market. Sales of parts and provision of services for the three-month period ended June 30, 2013 were up compared with the same period of the previous fiscal year, in line with management's expectations following Ovivo's operational refocusing plan.

GL&V Pulp and Paper

GL&V Pulp and Paper reported a $3.6 million decline in revenues for the first quarter of fiscal 2014 compared with the same period of the previous fiscal year due to lower new equipment sales. This decrease resulted from a slowdown in all markets, particularly in Europe. Given the backlog as at March 31, 2012, contract performance generated higher revenues for the first quarter of the previous fiscal year. The decline in revenues was partly offset by growth in sales of parts and provision of services and the favourable foreign exchange impact, more specifically with regard to the Swedish krona and the U.S. dollar.

Other

The Other group's revenues for the three-month period ended June 30, 2013 increased by $2.1 million compared with the same period of the previous fiscal year. Given the backlog as at March 31, 2013, the Van der Molen division reported a favourable business volume, which drove organic growth, partially offset by slightly lower revenues from the manufacturing division.

Revenues by geographic segment based on destination address

	Total		Ovivo		GL&V Pulp and Paper	
	Twelve-month periods ended June 30					
	2013	2012	**2013**	2012	**2013**	2012
	(as % of consolidated revenues)		*(as % of Group revenues)*			
North America	**44.3%**	40.8%	**34.0%**	28.7%	**65.8%**	63.1%
Europe and Russia	**26.3%**	26.9%	**31.4%**	30.0%	**16.3%**	18.2%
Asia and Asia-Pacific	**14.8%**	17.6%	**18.1%**	22.5%	**9.8%**	11.7%
Middle East and Africa	**11.6%**	11.0%	**15.5%**	16.4%	**1.0%**	0.7%
Latin America	**3.0%**	3.7%	**1.0%**	2.4%	**7.1%**	6.3%

The geographic breakdown of revenues by destination address for the twelve-month period ended June 30, 2013, compared with the same period a year earlier, showed an increase in the percentage of revenues from North America for both core operating groups, whereas a downward revenue trend was noted for Asia and Asia-Pacific. For Ovivo, these changes reflect its operational refocusing in its target markets including the Electronics and Metals market which saw a number of significant contract wins. For the other geographic areas, the percentage of revenues held relatively steady for Ovivo and GL&V Pulp and Paper, save for a decline for GL&V Pulp and Paper in Europe and Russia following a slowdown in the European market.

Gross margin (excluding amortization)

	Quarters ended June 30		Change	Organic change
	2013	2012	%	%
In thousands of $	**33,708**	35,379	(4.7)%	(4.4)%
As % of revenues	**23.3%**	24.1%		

The decline in gross margin in dollar and percentage terms for the three-month period ended June 30, 2013, year over year, stemmed primarily from Ovivo, due in part to the disposal of an Ovivo subsidiary early in the third quarter of fiscal 2013, and work performed on certain projects with lower-than-expected margins in Europe. To a lesser extent, GL&V Pulp and Paper reported a narrowing in gross margin in dollar terms, resulting from the aforementioned decline in business volume.

Selling and administrative expenses (excluding amortization)

	Quarters ended June 30		Change	Organic change
	2013	2012	%	%
In thousands of $	**28,765**	28,806	(0.1)%	(0.1)%
As % of revenues	**19.9%**	19.6%		

Selling and administrative expenses for the first quarter of fiscal 2014 are comparable to their levels for the same period of fiscal 2013. The savings arising from the restructuring announced in fiscal 2013 were offset by investments in resources made primarily to develop Ovivo's Parts and Services market.

The higher expense as a percentage of revenues is attributable to the lower level of revenues compared with the first quarter of fiscal 2013, as explained previously.

Adjusted EBITDA and normalized adjusted EBITDA

	Quarters ended June 30		Change	Organic change
	2013	2012	%	%
(In thousands of $)				
Adjusted EBITDA	**4,634**	6,573	(29.5)%	(28.3)%
Ovivo	**3,808**	4,786	(20.4)%	(18.7)%
GL&V Pulp and Paper	**3,351**	4,230	(20.8)%	(20.5)%
Other	**(2,525)**	(2,443)	(3.4)%	(3.2)%
Normalized items	**309**	–	n/a	n/a
Ovivo	**160**	–	n/a	n/a
GL&V Pulp and Paper	**149**	–	n/a	n/a
Other	–	–	n/a	n/a
Normalized adjusted EBITDA	**4,943**	6,573	(24.8)%	(23.5)%
Ovivo	**3,968**	4,786	(17.1)%	(15.2)%
GL&V Pulp and Paper	**3,500**	4,230	(17.3)%	(17.0)%
Other	**(2,525)**	(2,443)	(3.4)%	(3.2)%
(As % of revenues)				
Normalized adjusted EBITDA margin	**3.4%**	4.5%		
Ovivo	**4.7%**	5.6%		
GL&V Pulp and Paper	**6.9%**	7.8%		
Other	**n/a**	n/a		

Ovivo

Ovivo reported a decline in normalized adjusted EBITDA for the first quarter of fiscal 2014 compared with the same period of 2013. Profitability improved in the Electronics and Metals market compared with the same quarter of the previous fiscal year, driven by the business generated, among other things, by the new projects announced in April 2013. This improvement was offset by work performed on certain projects with lower-than-expected margins in the Energy segment in Europe and the Municipal EMEA market, and by investments in resources made under initiatives deployed to develop the Parts and Services market.

GL&V Pulp and Paper

GL&V Pulp and Paper reported a decline in normalized adjusted EBITDA for the first quarter of fiscal 2014 compared with the same period a year earlier, owing to the slower pace of business, particularly in Europe, and lower new equipment sales. This difference was accentuated by a greater backlog as at March 31, 2012, which consequently generated higher revenues and profitability.

Other

Normalized adjusted EBITDA for the first quarter of fiscal 2014 eased slightly lower from the same period a year ago. Organic growth logged by the Van der Molen division gave normalized adjusted EBITDA a boost, which was offset, however, by slower business in the manufacturing division. Lastly, head office costs were comparable to the levels recorded in the same period of the previous fiscal year.

Changes in normalized adjusted EBITDA and normalized adjusted EBITDA margin

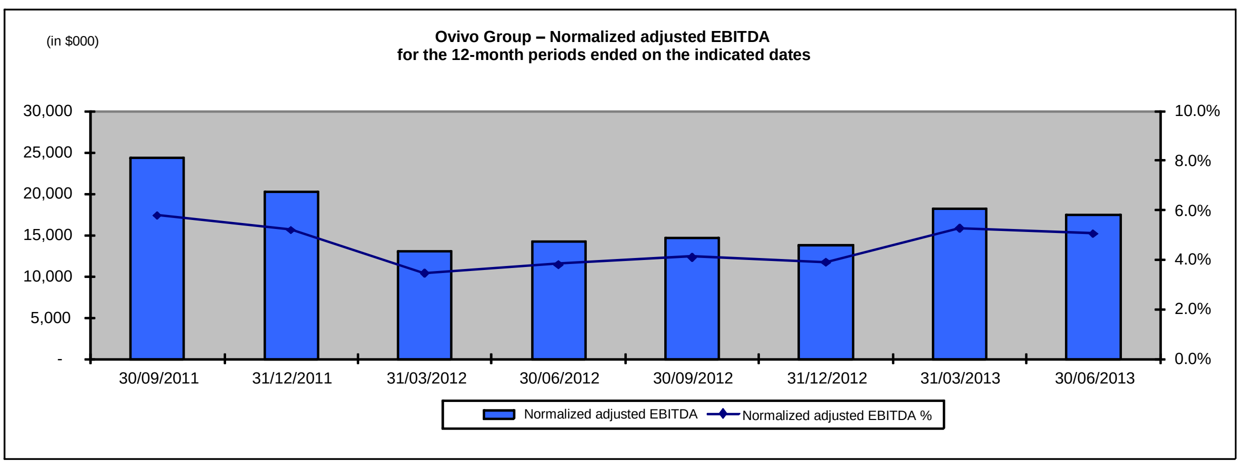
The graphs below show the changes in normalized adjusted EBITDA and normalized adjusted EBITDA margin for Ovivo and GL&V Pulp and Paper for the twelve-month periods ended on the indicated dates.

Ovivo

The lower profitability for the twelve-month periods ended December 31, 2011 and March 31, 2012 and to a lesser extent the period ended June 30, 2012 stemmed mainly from significantly negative results at a subsidiary in Asia and Asia-Pacific and the Canadian subsidiary operating in the Municipal and Industrial segment, which mostly impacted the fourth quarter of fiscal 2012. The Electronics and Metals market also slowed with backlog at a record low in the first half of fiscal 2013, which has staged a sharp increase since then. This slowdown continued to affect normalized adjusted EBITDA at Ovivo for the twelve-month periods ended September 30, 2012 and December 31, 2012.

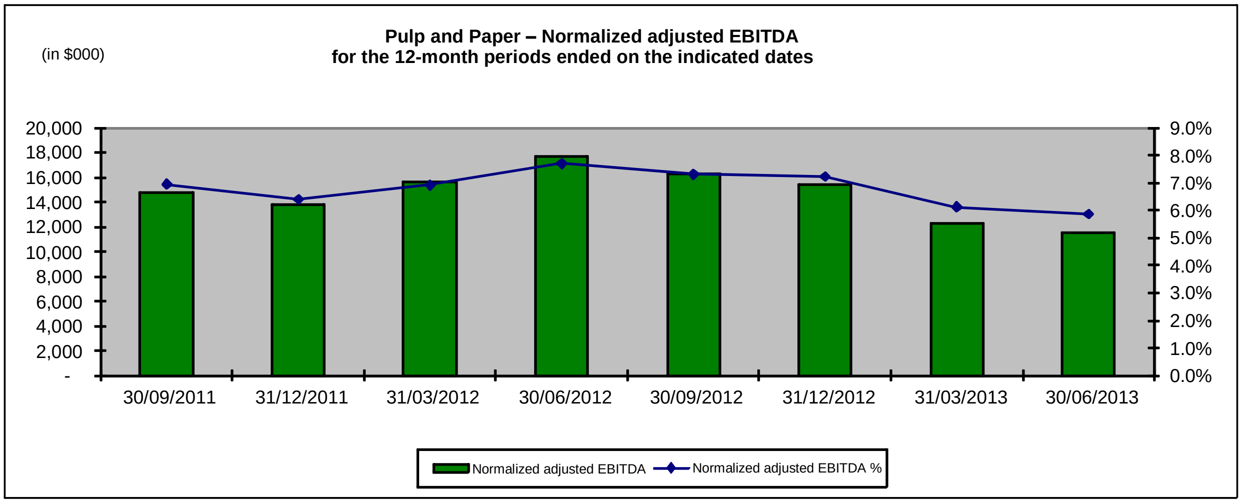
The recovery for the twelve-month period ended March 31, 2013 reflected the effect of Ovivo's operational refocusing on the gradual improvement in profitability. The period saw the favourable impact of the near-completion of desalination contracts with negative margins, resulting from the acquisition of Christ Water Technology AG ("CWT"), coupled with the reduction in under-performing projects in the Food and Beverage Processing market that had a greater adverse impact on normalized adjusted EBITDA in the fourth quarter of fiscal 2012.

For the twelve-month period ended June 30, 2013, Ovivo's refocusing plan had a positive impact, partly offset in the first quarter of fiscal 2014 by work performed on certain projects with lower-than-expected margins for the Energy segment in Europe and the Municipal EMEA markets, as well as investments in resources required to develop the Parts and Services market.



GL&V Pulp and Paper

For GL&V Pulp and Paper, the graph highlights the favourable performance in the second and fourth quarters of fiscal 2012, with continued growth in the first quarter of fiscal 2013. In the second and third quarters of fiscal 2013, performance of contracts in progress slowed, curbing normalized adjusted EBITDA for the twelve-month periods ended September 30, 2012 and December 31, 2012. The sharper decline for the year ended March 31, 2013 resulted from the fourth-quarter slowdown in the North American market, while the effect was felt in the European and Asian markets during the last nine months of fiscal 2013. Business levels remained low in Europe, particularly for the new equipment market, which prompted a slight decline in normalized adjusted EBITDA for the twelve-month period ended June 30, 2013.



Restructuring costs

Restructuring costs at Ovivo and GL&V Pulp and Paper for the first quarter of fiscal 2014, incurred in particular to finalize the restructuring announced in the previous fiscal year, amounted to $0.2 million and $0.1 million, respectively. These amounts primarily consist of severance benefits and relocation costs.

Amortization

	Quarters ended June 30		**Change**	**Organic change**
(In thousands of $)	**2013**	2012	%	%
Total	**2,912**	3,131	(7.0)%	(6.5)%
Property, plant and equipment	**1,266**	1,295	(2.2)%	
Intangible assets	**1,646**	1,836	(10.3)%	

Amortization expense for the three-month period ended June 30, 2013 was down, primarily as a result of intangible assets that were completely amortized as at March 31, 2013, thereby reducing amortization expense for the first quarter of fiscal 2014, compared with the same period a year earlier. The disposal of a subsidiary in Finland in the third quarter of fiscal 2013 also reduced amortization expense in the first quarter of the current fiscal year.

Net financial expenses

	Quarters ended June 30		Change
(In thousands of $)	**2013**	2012	%
Total	**1,720**	1,830	(6.0)%
Interest on long-term debt	**1,428**	1,378	3.6 %
Interest income	**(193)**	(194)	(0.5)%
Other	**485**	646	(24.9)%

For the three-month period ended June 30, 2013, the Corporation recognized slightly lower net financial expenses as a result of sound management of its credit facilities.

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

	Quarters ended June 30		Change
(In thousands of $)	**2013**	2012	$
Foreign exchange loss (gain)	**(598)**	1,009	(1,607)
Loss (gain) related to derivative financial instruments	**(2,238)**	1,901	(4,139)

Foreign exchange losses or gains are triggered on translation of monetary items recognized in currencies other than the functional currencies of subsidiaries.

The foreign exchange gain for the first quarter of fiscal 2014 resulted mostly from the strengthening of the euro and U.S. dollar against Canada's currency, and the euro's appreciation against the Swedish krona. In the same quarter of the previous fiscal year, the euro's weakening against the Corporation's principal currencies contributed to the foreign exchange loss.

The gain related to derivative financial instruments recognized in the first quarter of fiscal 2014 stemmed from realized and unrealized gains on foreign exchange contracts outstanding as at June 30, 2013 and the favourable remeasurement of the total return swap based on the market price of Class A subordinate voting shares.

Income taxes

	Quarters ended June 30		Change
(In thousands of $, except percentages)	**2013**	2012	$
Earnings (loss) before income taxes – continuing operations	**2,838**	(1,298)	
Loss before income taxes – discontinued operations	**–**	(1,794)	
Earnings (loss) before income taxes	**2,838**	(3,092)	5,930
Income tax expense – continuing operations	**1,568**	2,539	
Income tax recovery – discontinued operations	**–**	(91)	
Income tax expense	**1,568**	2,448	(880)
Effective tax rate (%)	**55.3%**	(79.2)%	
Canadian statutory rate (%)	**26.9%**	26.9%	

The difference in both periods between the effective tax rate and the Canadian statutory rate resulted primarily from current income tax expense in the U.S. in light of profits and certain other items related to their tax position. In addition, in the first quarter of 2013, certain specific adjustments were recognized.

Discontinued operations

In December 2012, operations of the Waste to Energy cash-generating unit ("CGU") were discontinued since they no longer reflected Ovivo's and the Corporation's business model. On December 31, 2012, the Corporation entered into an agreement to sell its interest in its joint venture Ovivo GW&E for a consideration of $1. The disposal was carried out as part of the reorganization of Ovivo's operations, specifically the discontinuation of the Waste to Energy industrial operations, which also included some of the operations of an Ovivo subsidiary. Accordingly, the comparative figures have been adjusted to take into account the presentation of various items under discontinued operations.

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

	Quarters ended June 30	
	2013	2012
(In thousands of $)		
Net earnings (loss) attributable to shareholders of GLV Inc.	**1,289**	(5,540)
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**1,289**	(3,837)
Normalized net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**1,598**	(3,837)
(In $ per share, basic and diluted)		
Net earnings (loss) attributable to shareholders of GLV Inc.	**0.03**	(0.13)
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**0.03**	(0.09)
Normalized net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**0.04**	(0.09)
Weighted average number of participating shares outstanding (in thousands):		
Basic	**44,092**	44,092
Diluted	**44,105**	44,092

For the first quarter of fiscal 2014, the Corporation reported net earnings of $1.3 million or $0.03 per share, basic and diluted, compared with a net loss from continuing operations of $3.8 million or $0.09 per share, basic and diluted, for the first quarter of 2013. The improvement in net earnings for the first quarter of 2014 compared with the corresponding quarter of the previous fiscal year arose primarily from favourable changes related to exchange rates and derivative instruments and the decrease in income tax expense, partly offset by lower consolidated operating results.

6. SUMMARY OF QUARTERLY PERFORMANCE

	Quarters ended							
	Fiscal 2014	**Fiscal 2013**				**Fiscal 2012**		
(In thousands of $, except per share amounts)	**June 30, 2013**	**March 31, 2013**	**Dec. 31, 2012**	**Sept. 30, 2012**	**June 30, 2012**	**March 31, 2012**	**Dec. 31, 2011**	**Sept. 30, 2011**
Revenues	**144,705**	152,392	145,529	140,575	146,744	168,519	157,781	166,638
Adjusted EBITDA	**4,634**	5,300	3,295	3,627	6,573	(1,242)	6,227	6,076
Normalized adjusted EBITDA	**4,943**	7,828	4,614	5,198	6,573	3,698	6,603	6,858
Operating income (loss)	**1,722**	2,327	694	(707)	3,442	(45,545)	2,787	2,987
Normalized operating income	**2,031**	4,855	1,558	1,969	3,442	317	3,163	3,769
Net earnings (loss) attributable to shareholders of GLV Inc.:								
From continuing operations	**1,289**	909	3,063	(5,973)	(3,837)	(51,397)	(1,734)	3,763
Per share (basic and diluted)	**0.03**	0.02	0.07	(0.13)	(0.09)	(1.17)	(0.04)	0.09
From normalized continuing operations	**1,598**	3,437	3,927	(3,297)	(3,837)	(5,535)	(1,358)	4,545
Per share (basic and diluted)	**0.04**	0.08	0.09	(0.07)	(0.09)	(0.13)	(0.03)	0.10
From discontinued operations	**-**	(548)	(4,501)	(281)	(1,703)	(1,496)	164	596
Per share (basic and diluted)	**-**	(0.01)	(0.10)	(0.01)	(0.04)	(0.03)	-	0.01
Total	**1,289**	361	(1,438)	(6,254)	(5,540)	(52,893)	(1,570)	4,359
Per share (basic and diluted)	**0.03**	0.01	(0.03)	(0.14)	(0.13)	(1.20)	(0.04)	0.10
Net earnings (loss) attributable to non-controlling interests	**(19)**	9	(1)	(11)	-	76	10	(36)
Net earnings (loss)	**1,270**	370	(1,439)	(6,265)	(5,540)	(52,817)	(1,560)	4,323

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:

- Additional costs required to complete some CWT-originated desalination contracts that were recognized in the second and fourth quarters of fiscal 2012; an impairment charge on goodwill and certain intangible assets in the fourth quarter of fiscal 2012.

- A return to positive normalized adjusted EBITDA and normalized operating income for Ovivo in the first quarter of fiscal 2013, despite lower revenues, resulting from efficient performance of contracts in progress and tight cost control.

- Discontinuation of Waste to Energy's industrial operations at Ovivo in the third quarter of fiscal 2013 representing a loss of $4.5 million; comparative figures for the previous quarters reported in this interim MD&A have been restated to take into account the effects of these operations on earnings (loss).

- The refocusing of Ovivo's operations on target markets translated into a gradual improvement in profitability in the fourth quarter of fiscal 2013, partly offset by GL&V Pulp and Paper given the market slowdowns, particularly in Europe.

- In the first quarter of 2014, slowing markets for GL&V Pulp and Paper in Europe in particular, and for Ovivo the positive impact of business volumes in the Electronics and Metals market offset by work performed on certain projects with lower-than-expected margins in the Energy segment in Europe and the Municipal EMEA market, as well as investments in resources required to develop the Parts and Services market.

7. FINANCIAL POSITION AND CASH FLOWS

Excluding net acquisitions of property, plant and equipment, cash flows generated in the first quarter of fiscal 2014 amounted to $1.6 million ($0.04 per share, basic and diluted) compared with $14.6 million ($0.33 per share, basic and diluted) in cash flows used in the same quarter of fiscal 2013.

	Quarters ended June 30	
(In thousands of $, except per share amounts)	**2013**	2012
Cash flows provided by operating activities of continuing operations before net change in non-cash items	**3,851**	3,405
Net change in non-cash items related to continuing operating activities	**(372)**	(19,335)
Additions to property, plant and equipment, net of disposals	**(1,899)**	1,333
Cash flows generated from (used in) continuing operations	**1,580**	(14,597)
Per share (basic and diluted)	**0.04**	(0.33)

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

(In thousands of $)	**Quarter ended June 30, 2013**
Trade and other receivables	**347**
Inventories	**(1,865)**
Contracts in progress	**(8,026)**
Prepaid expenses	**(3,100)**
Accounts payable and accrued liabilities, provisions and other liabilities	**(6,330)**
Deferred revenues	**21,194**
Income taxes receivable/payable	**(2,592)**
	(372)

The $0.4 million adverse impact on cash flows for the first quarter of fiscal 2014 resulting from changes in non-cash items related to operations was mainly attributable to the increase in deferred revenues over contracts in progress, which vary according to the percentage of completion, and on which the new contracts announced in April 2013 had a positive cash impact during the quarter given their favourable payment terms. These impacts were offset by a decrease in accounts payable and accrued liabilities, provisions and other liabilities resulting from the timing of payments to suppliers, an increase in prepaid expenses and in income taxes receivable/payable.

The net working capital position stood at $116.2 million as at June 30, 2013, representing a ratio of 1.51 as at that date, compared with $107.1 million and a ratio of 1.51 as at March 31, 2013. The Corporation's total assets amounted to $503.7 million as at June 30, 2013, compared with $474.9 million as at March 31, 2013, an increase attributable mainly to higher cash and cash equivalents and contracts in progress. Management generally seeks to maintain its working capital ratio at about 1.25 given the Corporation's operating business model. The Corporation continues to focus on optimizing management of working capital to maximize cash flows and reduce financial expenses.

Exchange rate fluctuations during the first quarter of fiscal 2014 resulted in a favourable change in the remeasurement of cash and cash equivalents totalling $0.5 million.

The net change in cash flows used in the first quarter of fiscal 2014 resulted in a $4.9 million increase in cash and cash equivalents.

Investing activities

Investing activities used net cash flows of $1.5 million for the first quarter of fiscal 2014 while cash flows amounting to $0.5 million were generated in the corresponding quarter of the previous fiscal year. During the first quarter of 2013, the Corporation sold a building held for sale for a consideration of $2.2 million.

Additional comments on financial position

	As at June 30, 2013	As at March 31, 2013
(in thousands of $, except ratio)		
Long-term debt, including current portion	**72,874**	70,023
Cash and cash equivalents	**(18,146)**	(13,294)
Total net debt	**54,728**	56,729
Equity	**177,829**	169,772
Invested capital	**232,557**	226,501
Total net debt to invested capital ratio	**23.5%**	25.0%

As at June 30, 2013, the Corporation's total debt amounted to $72.9 million compared with $70.0 million as at March 31, 2013. Net of cash and cash equivalents, total net debt as at June 30, 2013 amounted to $54.7 million for a total net debt to invested capital ratio of 23.5% compared with total net debt of $56.7 million and a 25.0% ratio as at March 31, 2013. Non-convertible European debentures were repaid in April 2013, while they were presented as short-term liabilities in the consolidated financial statements as at March 31, 2013.

As at June 30, 2013, the cash position and bank credit facilities were sufficient to fund operations. Moreover, all financial ratios met the requirements under current credit agreements with GLV Inc.'s banking institutions. Where there are unusual or non-recurring items, the terms of those credit agreements require the use of normalized adjusted EBITDA to determine financial ratios. Accordingly, as at June 30, 2013, financial ratios were calculated using normalized adjusted EBITDA as defined in the agreements, which includes, in particular, the operating results of the past twelve months ended June 30, 2013 of the entities whose shares were acquired, and excludes the operating results of the past twelve months ended June 30, 2013 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.

In December 2011, the Corporation renewed its main financing agreement for a five-year term for a total amount of $200 million. This financing consists of a $100 million revolving credit facility to meet the Corporation's day-to-day operations, issue letters of credit and finance business acquisitions, and a second $100 million revolving credit facility to issue letters of credit guaranteed by Export Development Canada. The financing agreement also includes an uncommitted accordion feature providing access to an additional $50 million.

In the first quarter of fiscal 2014, the Corporation amended certain provisions related to its credit facility in Austria for issuing letters of credit, reducing the maximum amount to €30,000 ($40,923). This facility matures in May 2015, while its terms are renegotiable in March of each year. As at June 30, 2013, drawdowns under the facility totalled €18.7 million ($25.5 million).

Share capital information and stock-based compensation

	Authorized	**Number of shares issued and outstanding as at June 30, 2013 and August 8, 2013**
Class A subordinate voting shares	Unlimited	**41,912,594**
Class B multiple voting shares	Unlimited	**2,179,305**
Preferred shares	Unlimited	–
		44,091,899

As at June 30, 2013, outstanding stock options on Class A subordinate voting shares issued under the Corporation's stock option plan numbered 2,113,822 (2,113,822 as at March 31, 2013) of which 1,556,822 (1,497,822 as at March 31, 2013) were exercisable based on the time requirement, notwithstanding achievement of target prices when the requirement applies.

For further information, refer to note 6 to the interim consolidated financial statements accompanying this MD&A.

On July 15, 2013, the Corporation's Board of Directors approved implementation of a new performance share unit ("PSU") plan as a long-term incentive plan for certain senior executives and/or key position holders. Under this plan, PSU grants may be awarded annually and will vest after three years based on achievement of certain performance criteria. The first grant, dated July 15, 2013, set the base price of the PSUs issued at $3.71, which is the weighted average price of the Class A subordinate voting shares for the five trading days immediately preceding the grant date of the PSUs, and will be the basis for determining the number of PSUs issued. The grant expiry date is July 15, 2016.

8. BACKLOG AND OUTLOOK

	Quarter ended June 30	Quarter ended March 31	**Change**	**Organic change**	Quarter ended June 30	Change	Organic change
(in thousands of $)	**2013**	2013	**%**	**%**	2012	%	%
Total	**395,318**	380,019	**4.0%**	**1.5%**	336,070	**17.6%**	**15.7%**
Ovivo	**319,588**	303,082	**5.4%**	**2.5%**	270,411	**18.2%**	**16.5%**
GL&V Pulp and Paper	**61,862**	62,664	**(1.3)%**	**(1.6)%**	56,787	**8.9%**	**6.5%**
Other	**13,868**	14,273	**(2.8)%**	**(5.7)%**	8,872	**56.3%**	**50.7%**

Ovivo

Ovivo's backlog as at June 30, 2013 amounted to $319.6 million, reaching a six-quarter high, compared with $303.1 million as at March 31, 2013 and $270.4 million as at June 30, 2012. Growth in Ovivo's backlog since March 31, 2013 was driven, among other things, by two contract wins totalling $34.0 million in the Electronics and Metals segment and the Energy market recognized during the first quarter.

Growth is noteworthy in the Electronics and Metals market, where backlog increased fivefold compared with levels as at June 30, 2012. Ovivo's presence on the member list of F450C, which will drive the development of next-generation of silicon wafers, reflects the recognition of the world's leading microelectronics companies for Ovivo's expertise and experience in water and wastewater treatment for the semiconductor industry.

In the Municipal North America market, the backlog is also up compared with March 31, 2013, a sign of recovery in this segment, which is expected to boost upcoming quarter results.

The backlog for the Energy market is also higher compared with March 31, 2013, but lower in comparison with the three previous quarters. Tendering activity remains good and we should see the effects over upcoming quarters, as reflected by the significant contract win during the quarter as mentioned above.

The increase in backlog was partly offset by the slowdown in the Municipal EMEA markets resulting, in particular, from the approaching end of the five-year AMP5 program relating to infrastructure investments in the U.K. Given the level of contracts in progress combined with current initiatives in the Parts and Services market and improvements in certain products, management expects to maintain a reasonable business volume in the coming quarters, which will nonetheless be influenced by persistently volatile global economic conditions.

The higher backlog is also supported by the Parts and Services market backlog as at June 30, 2013, which is at a record level, reflecting the measures taken to develop this important market in Ovivo's business strategy. The implementation of initiatives launched during fiscal 2013 and at the beginning of 2014 should continue to have a gradual improve on the Parts and Services market over the coming quarters.

The Parts and Services market comprises sales of spare parts and chemicals, as well as maintenance and equipment optimization services. This market, which generates recurring revenues, is one of Ovivo's development priorities.

GL&V Pulp and Paper

As at June 30, 2013, the GL&V Pulp and Paper's backlog was relatively unchanged from March 31, 2013, and was up from June 30, 2012. The economic slowdown experienced mainly in Europe in fiscal 2013 continued into the first quarter of fiscal 2014, translating into a decline in backlog for new equipment, offset however by the Parts and Services market, which remains strong for GL&V Pulp and Paper.

Management continues its development efforts in Europe to boost this group's operating volume over the coming quarters. For fiscal 2014 as a whole, current and anticipated backlog is expected to generate a business volume comparable to fiscal 2013.

Since the beginning of the current fiscal year, GL&V Pulp and Paper has been deploying a five-year action plan based on three strategic pillars underpinning its business strategy. The effects of this plan should have a gradual impact on the results of GL&V Pulp and Paper.

Other

For the Van der Molen division, results for the first quarter of fiscal 2014 met profitability targets set by management due to a strong backlog volume as at March 31, 2013 despite a more challenging business environment sparked by economic uncertainty. Management is confident of reaching performance objectives set for fiscal 2014.

As regards our manufacturing unit, GL&V Fabrication, while the backlog has risen compared with March 31, 2013, the objective for fiscal 2014 is to increase its revenue share from external clients to reach an acceptable level of profitability, in spite of current economic conditions. Discussions are underway between GLV Group and members of local management regarding an eventual transaction that could lead to the sale of the division.

Lastly, head office costs are projected to remain comparable to fiscal 2013 levels.

Overall outlook

Fiscal 2014 will be a year of investments to support the growth of GLV Group as a whole. Several initiatives are already underway and will continue over the next few quarters to develop the Parts and Services market, and build on our positioning in our other core business segments. Despite increased order-taking at Ovivo in the last two quarters and a rise in backlog, management remains conservative in its forecasts of operating volume for the next quarters and will continue monitoring global economic conditions closely to ensure the Corporation maintains sufficient flexibility to adapt to any changes in demand and business outlook.

For fiscal 2014 as a whole, assuming exchange rates remain stable at current levels and in light of the outlook in the markets serviced by each group, and in particular the refocusing of Ovivo's operations, the Corporation expects consolidated revenues to total between $600 million and $625 million.

GLV Group remains focused on its objective of long-term value creation for shareholders. To do so, it will rely primarily on Ovivo's refocusing on four core markets, namely Electronics and Metals, Energy, Municipal and Parts and Services. The water treatment industry has strong organic growth potential driven by expanding global demand for water and as well as growth from acquisition opportunities due to the highly fragmented nature of the industry. Given its overall financial performance and flexibility to adjust to economic conditions, GL&V Pulp and Paper continues to be a major component of our corporate strategy. Finally, GLV Group enjoys a favourable financial position and an adequate capital structure to support current operations and pursue development projects.

9. 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 10, "Risks and Uncertainties," of the MD&A for the fiscal year ended March 31, 2013.

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

10. ACCOUNTING POLICIES

(a) Critical accounting policies and estimates

The unaudited interim condensed consolidated financial statements of the Corporation for the three-month period ended June 30, 2013 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, 2013 with the exception of the accounting methods 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 period ended June 30, 2013 are the same as those presented in note 2(c) to the annual consolidated financial statements as at March 31, 2013.

(b) Changes in accounting policies

The following standards and interpretations were applied by the Corporation on April 1, 2013 and, unless otherwise indicated, have no impact on the Corporation's financial performance and may give rise to additional disclosures:

IFRS 10, *Consolidated Financial Statements*
IFRS 10 replaces the guidance provided in IAS 27, *Separate Financial Statements*, and SIC 12, *Consolidation-Special Purpose Entities*. The objective of this standard is to establish principles for the presentation and preparation of consolidated financial statements, and more specifically, to define the principle of control and determine when financial statements are to be consolidated.

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

IAS 27, *Separate Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* were amended subsequent to the release of IFRS 10 and IFRS 11.

IFRS 12, *Disclosure of Interests in Other Entities*
On May 12, 2011, the IASB released IFRS 12, *Disclosure of Interests in Other Entities*, which contains all of the disclosure requirements for interests in other entities, including subsidiaries, associates, joint ventures and structured entities. The objective of this standard is to require an entity to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 therefore imposes supplementary disclosure requirements.

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

IAS 19, *Employee Benefits*
The amendments to IAS 19 affecting the Corporation's accounting policies introduce a net interest cost approach which replaces expected return on plan assets and interest expense related to the defined benefit obligation by a single net interest cost component computed by multiplying the net defined benefit asset or liability recognized by the discount rate used to determine the defined benefit obligation. In addition, total past service costs will now be recognized through earnings (loss) when the plan is amended with deferral to future service periods no longer permitted. In accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the amendments have been applied retrospectively.

Adoption of these amendments as at April 1, 2013 had no impact on net earnings (loss) and comprehensive income (loss) for the three-month periods ended June 30, 2013 and 2012, and had no material effect on net loss and comprehensive loss for the years ended March 31, 2013 and 2012, as indicated in the following table:

Years ended March 31 – (in thousands)	**2013** **$**	2012 $
Increase of net loss	**35**	47
Retirement benefits – Actuarial losses	**(25)**	(48)
Increase (decrease) of comprehensive loss	**10**	(1)

Given the insignificant impact of the adoption of these amendments on the statement of financial position, these interim condensed consolidated financial statements do not include the statement of financial position as at April 1, 2011, but the following table indicates the nature and amounts, of the adjustments:

Impact on financial position – (in thousands)	**March 31, 2013** **$**	March 31, 2012 $	April 1, 2011 $
Decrease in the obligation related to retirement benefits	**241**	251	250
Decrease in accumulated deficit	**241**	251	250

(c) Future changes in accounting policies

The following changes will be effective for the Corporation as of the fiscal year beginning on April 1, 2015 for IFRS 9 and as of the fiscal year beginning on April 1, 2014 for amended IAS 32 and IAS 36:

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

IAS 32, *Financial Instruments: Presentation*
In December 2011, the IASB amended this standard for consistency in the application of certain financial asset and financial liability offsetting criteria.

IAS 36, *Impairment of Assets*
In May 2013, the IASB amended this standard, arising from the drafting of IFRS 13, to impose a disclosure requirement regarding the recoverable amount of impaired assets in cases where the recoverable amount is based on fair value less costs of disposal.

The Corporation is currently assessing the impacts of adopting these new or amended standards.

11. RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

The financial information presented in this MD&A, including tabular amounts, is prepared in accordance with IFRS. The information contained in the MD&A also includes some figures regarding earnings (loss) and cash flows that are non-IFRS financial measures, specifically:

- **Adjusted EBITDA**: Earnings before amortization, net financial expenses, foreign exchange loss (gain), loss (gain) related to derivative financial instruments and income taxes;
- **Normalized adjusted EBITDA**: Adjusted EBITDA before items recorded outside the normal course of business, including restructuring costs;
- **Normalized net earnings (loss)**: Earnings (loss) before items recorded outside the normal course of business, including restructuring costs;
- **Cash flows generated from (used in)**: Cash flows provided by (used in) operating activities, less additions to property, plant and equipment (net of disposals);
- **Cash flows generated from (used in) 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 non-IFRS financial measures from the Corporation's consolidated statement of earnings (loss).

(In thousands of $)	**Ovivo**	**GL&V Pulp and Paper**	**Other**	**Consolidated earnings**
As presented on the financial statements:				
Quarter ended June 30, 2013				
Operating income (loss) from continuing operations	**2,171**	**2,796**	**(3,245)**	**1,722**
Amortization	**1,637**	**555**	**720**	**2,912**
Earnings (loss) before amortization, net financial expenses, foreign exchange loss (gain), loss (gain) related to derivative financial instruments and income taxes related to continuing operations	**3,808**	**3,351**	**(2,525)**	**4,634**
Normalized items	**160**	**149**	**–**	**309**
Normalized adjusted EBITDA	**3,968**	**3,500**	**(2,525)**	**4,943**
Quarter ended June 30, 2012				
Operating income (loss) from continuing operations	3,143	3,674	(3,375)	3,442
Amortization	1,643	556	932	3,131
Earnings (loss) before amortization, net financial expenses, foreign exchange loss (gain), loss (gain) related to derivative financial instruments and income taxes related to continuing operations	4,786	4,230	(2,443)	6,573
Normalized items	–	–	–	–
Normalized adjusted EBITDA	4,786	4,230	(2,443)	6,573

12. CONTROLS AND PROCEDURES

As required by National Instrument 52-109 of the Canadian Securities Administrators ("NI 52-109"), GLV has filed certificates signed by the 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.

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

During the three-month period ended June 30, 2013, there have been no changes in internal control over financial reporting that have materially affected, or would reasonably be expected to materially affect GLV's internal control over financial reporting.

(SIGNED)
Richard Verreault
President and Chief Executive Officer

(SIGNED)
France De Blois, CPA, CA
Chief Financial Officer

August 8, 2013