Management's Discussion & Analysis

Second quarter of fiscal 2015
Three-month and six-month periods ended September 30, 2014

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November 11, 2014

Unless otherwise indicated, all amounts are in Canadian dollars.

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

This 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 November 11, 2014. 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 six-month periods ended September 30, 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 six-month periods ended September 30, 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, "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 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 "second quarter of fiscal 2015" and the "second quarter of fiscal 2014" refer to the three-month periods ended September 30, 2014 and 2013, respectively. Unless otherwise indicated, the comparative analysis of operating results and cash flows for the three-month and six-month periods ended September 30, 2014 is performed in relation to the equivalent periods ended September 30, 2013, whereas the comparative analysis of the financial situation as at September 30, 2014 is performed in relation to data recorded as at March 31, 2014.

This 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 dated June 5, 2014, 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.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 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 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 future financial performance and may not be appropriate for other purposes.

Additional information about the risk factors to which GLV Inc. is exposed is provided in Section 11, "Risks and uncertainties" of the MD&A for the year ended March 31, 2014.

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 1,680 employees as at September 30, 2014. 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 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. In addition, Ovivo includes the operations of Ramivo, a manufacturing unit located in Tamàsi, Hungary.

- 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. The Van der Molen division specializes in process solutions for the design and marketing of equipment for dissolving, dosing and mixing in beverage production. GLV Group also owned a manufacturing unit, GL&V Fabrication, located in Trois-Rivières, Québec, Canada, up to November 16, 2013, at which date the Corporation disposed of the business operations and a portion of assets of this unit.

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 generates 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 the Corporation's 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 Southeast Asia and the Middle East, are expected to experience sustained growth in the coming years. Meanwhile, the North American, Europe and UK markets 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. QUARTERLY HIGHLIGHTS

- Revenues of $151.0 million, relatively unchanged from the same quarter last year.
- Adjusted EBITDA [(1)] of $5.3 million, down $0.6 million or 10% from the second quarter of the previous fiscal year. The Corporation's non-core businesses reduced adjusted EBITDA [(1)] by $1.9 million during the quarter.
- Net loss from continuing operations attributable to shareholders of GLV Inc. of $2.5 million, stemming mainly from costs related to the ongoing Sale Transaction, the negative impact of Ovivo's non-core businesses on operating margin, a foreign exchange loss and unrealized losses related to derivative financial instruments.
- Backlog of $359.0 million as at September 30, 2014, in line with the level as at June 30, 2014.
- Total net debt of $59.8 million as at September 30, 2014, up $12.8 million from the level as at June 30, 2014.
- On September 24, 2014, the Corporation announced that it has executed a definitive agreement for the sale of its Pulp and Paper Division (the "Sale Transaction"). On November 9, 2014, following the end of the go-shop process, the purchase price payable under the proposed Sale transaction has been increased from $65.0 million to $67.0 million. For more information, see the "Ongoing Sale Transaction of the Pulp and Paper Division" section of this MD&A.

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

5. ANALYSIS OF CONSOLIDATED OPERATING RESULTS

Consolidated earnings (loss)

	Quarters ended September 30		Six-month periods ended September 30	
(In thousands of $, except per share amounts and percentages)	**2014**	2013	**2014**	2013
Revenues	**151,024**	149,782	**312,271**	294,487
Costs of contracts and goods sold	**116,375**	115,092	**241,892**	226,089
Gross margin	**34,649**	34,690	**70,379**	68,398
Selling and administrative expenses	**29,367**	28,820	**59,516**	57,585
Adjusted EBITDA[1]	**5,282**	5,870	**10,863**	10,813
Adjusted EBITDA margin[1]	***3.5%***	*3.9%*	***3.5%***	*3.7%*
Restructuring costs	**–**	1,075	**1,741**	1,384
Costs related to ongoing sale transaction	**1,207**	–	**1,207**	–
Amortization	**2,917**	3,010	**5,978**	5,922
Net financial expenses	**1,280**	1,310	**2,370**	3,030
Foreign exchange loss (gain)	**496**	177	**2,693**	(421)
Loss (gain) related to derivative financial instruments	**1,263**	(1,418)	**1,485**	(3,656)
Earnings (loss) before income taxes from continuing operations	**(1,881)**	1,716	**(4,611)**	4,554
Income taxes	**709**	311	**1,166**	1,879
Net earnings (loss) from continuing operations	**(2,590)**	1,405	**(5,777)**	2,675
Net loss from discontinued operations	**(443)**	–	**(443)**	–
Net earnings (loss)	**(3,033)**	1,405	**(6,220)**	2,675
Net earnings (loss) attributable to shareholders of GLV Inc.	**(2,929)**	1,409	**(6,076)**	2,698
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**(2,486)**	1,409	**(5,633)**	2,698
Net earnings (loss) per share (basic and diluted)				
Continuing operations	**(0.06)**	0.03	**(0.13)**	0.06
Discontinued operations	**(0.01)**	–	**(0.01)**	–
	(0.07)	0.03	**(0.14)**	0.06

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

Revenues

	Quarters ended September 30		Change	Organic change[1]	Six-month periods ended September 30		Change	Organic change[1]
(In thousands of $)	**2014**	2013	%	%	**2014**	2013	%	%
TOTAL	**151,024**	149,782	0.8%	(2.2)%	**312,271**	294,487	6.0%	1.7%
Ovivo	**92,951**	94,988	(2.1)%	(7.4)%	**189,565**	179,609	5.5%	(1.6)%
New equipment	**69,632**	77,155	(9.8)%	(14.5)%	**143,422**	143,965	(0.4)%	(7.1)%
Sale of parts and provision of services	**23,319**	17,833	30.8%	23.1%	**46,143**	35,644	29.5%	20.6%
GL&V Pulp and Paper	**51,143**	45,775	11.7%	8.6%	**107,446**	96,308	11.6%	7.7%
New equipment	**14,957**	11,444	30.7%	27.2%	**32,980**	25,534	29.2%	24.8%
Sale of parts and provision of services	**36,186**	34,331	5.4%	2.4%	**74,466**	70,774	5.2%	1.5%
Other	**6,930**	9,019	(23.2)%	(1.6)%	**15,260**	18,570	(17.8)%	3.4%

Revenue continuity

	Three-month period			
(In thousands of $)	**Ovivo**	**GL&V Pulp and Paper**	**Other**	**Total**
Quarter ended September 30, 2013	**94,988**	**45,775**	**9,019**	**149,782**
Foreign exchange impact	4,990	1,445	262	**6,697**
Business disposals	–	–	(2,242)	**(2,242)**
Organic change	(7,027)	3,923	(109)	**(3,213)**
Total change	**(2,037)**	**5,368**	**(2,089)**	**1,242**
Quarter ended September 30, 2014	**92,951**	**51,143**	**6,930**	**151,024**

	Six-month period			
(In thousands of $)	**Ovivo**	**GL&V Pulp and Paper**	**Other**	**Total**
Six-month period ended September 30, 2013	**179,609**	**96,308**	**18,570**	**294,487**
Foreign exchange impact	12,810	3,757	1,135	**17,702**
Business disposals	–	–	(4,912)	**(4,912)**
Organic change	(2,854)	7,381	467	**4,994**
Total change	**9,956**	**11,138**	**(3,310)**	**17,784**
Six-month period ended September 30, 2014	**189,565**	**107,446**	**15,260**	**312,271**

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

Consolidated revenues for the second quarter of fiscal 2015 were up $1.2 million compared with the same period of the previous fiscal year, owing primarily to a $6.7 million favourable foreign exchange effect sparked by a weakening of Canada's currency against the U.S. dollar, the pound sterling and the euro. This growth was also driven by organic growth in our GL&V Pulp and Paper segment, offset by a decline at constant exchange rates in Ovivo's revenues. The disposal of the business operations and a portion of the assets of GL&V Fabrication resulted in a $2.2 million reduction in consolidated revenues for the quarter.

Consolidated revenues for first half of fiscal 2015 were up $17.8 million from the same period of the previous year. This growth emanated from a $17.7 million favourable foreign exchange effect triggered by a weakening in the Canadian dollar against its U.S. counterpart, as well as the pound sterling and the euro. For the six-month period ended September 30, 2014, GL&V Pulp and Paper reported $7.4 million in organic growth, which was partially offset by negative organic growth amounting to $2.9 million at Ovivo. Lastly, the sale of the business operations and a portion of the assets of GL&V Fabrication during the third quarter of fiscal 2014 resulted in a $4.9 million decline in consolidated revenues for the six-month period ended September 30, 2014.

Ovivo

Revenues at Ovivo for the second quarter of fiscal 2015 amounted to $93.0 million, down $2.0 million from the same period of the previous fiscal year, largely due to a decline in sales at constant exchange rates of $7.0 million or 7.4%. This decrease resulted in part from new equipment sales in the second quarter of fiscal 2014 which included revenues related to markets that are no longer targeted by Ovivo as well as certain projects that would have not met the selection criteria currently in effect subsequent to Ovivo's business refocusing plan. These projects had a positive impact on revenues in fiscal 2014, whereas they had a negative impact on operating margin. This decline in new equipment sales was partially offset by growth in the Municipal North America market which has been underpinned by a high backlog since the third quarter of fiscal 2014. Sales of parts and provision of services were up 31% from the same period of the previous fiscal year, accounting for 25% of Ovivo's total revenues for the second quarter of fiscal 2015. This growth was spurred by investments and ongoing efforts in this market subsequent to Ovivo's business refocusing plan. Foreign currency fluctuations had a favourable impact of $5.0 million, owing mainly to the weakening of Canada's currency against the U.S. dollar, the pound sterling and the euro.

Ovivo revenues for the six-month period ended September 30, 2014 rose $10.0 million from the first half of fiscal 2014. This increase originated mainly from a $12.8 million favourable foreign exchange effect owing to the weakening of the Canadian dollar against the U.S. dollar, the pound sterling and the euro. It was partially offset by a $2.9 million decline at constant exchange rates in Ovivo revenues for the same reasons outlined for the second quarter of fiscal 2015. However, sales growth in the Electronics market in the first quarter of fiscal 2015 tempered the decline at constant exchange rate in Ovivo revenues for the first half of fiscal 2015.

Excluding the results of the non-core businesses, Ovivo's revenues increased by 11% for the six-month period ended September 30, 2014 (organic growth at constant exchange rates).

GL&V Pulp and Paper

GL&V Pulp and Paper reported revenue growth for the quarter and six-month period ended September 30, 2014 of approximately $5.4 million and $11.1 million, respectively compared with the corresponding periods of the previous fiscal year. This increase stemmed primarily from new equipment sales in North America given the late stage of the equipment lifecycle in the region. Foreign currency fluctuations had a favourable impact of $1.4 million and $3.8 million for the two respective periods, arising primarily from the weakening of the Canadian dollar against its U.S. counterpart.

Other

The Other group's revenues for the three-month period ended September 30, 2014 were down $2.1 million from the same period 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. Meanwhile, revenues at the Van der Molen division were relatively unchanged.

During the first half of fiscal 2015, the revenues of the Other group reported $0.5 million in organic growth driven by increased business in the Van der Molen division in the first quarter of fiscal 2015. Foreign currency fluctuations had a favourable impact on revenues, owing mainly to the weakening of the Canadian dollar against the euro. Lastly, the disposal of business operations and a portion of the assets of GL&V Fabrication reduced revenues by approximately $4.9 million.

Revenues by geographic segment based on destination address

	Total		Ovivo		GL&V Pulp and Paper	
	Twelve-month periods ended September 30					
	2014	2013	**2014**	2013	**2014**	2013
	(as % of consolidated revenues)		*(as % of Group revenues)*			
North America	**53.6%**	46.0%	**49.3%**	38.1%	**69.0%**	65.0%
Europe and Russia	**20.0%**	25.5%	**21.7%**	29.0%	**14.9%**	17.2%
Asia and Asia-Pacific	**13.2%**	14.9%	**16.6%**	18.5%	**6.3%**	9.4%
Middle East and Africa	**9.8%**	10.8%	**12.0%**	13.8%	**0.7%**	1.2%
Latin America	**3.4%**	2.8%	**0.4%**	0.6%	**9.1%**	7.2%

The geographic breakdown of revenues by destination address for the twelve-month period ended September 30, 2014, compared with the same period of the previous year, showed a significant increase in the percentage of Ovivo revenues from North America. This larger share of revenues was generated by the Electronics and Municipal markets, which saw significant contract wins. For GL&V Pulp and Paper, the share of revenues from North America was higher, as described previously, while Europe and Russia had lower proportionate shares, reflecting the slowdown in this geographic segment.

Gross margin (excluding amortization)

	Quarters ended September 30		Change	Organic Change[(1)]	Six-month periods ended September 30		Change	Organic Change[(1)]
	2014	2013	%	%	**2014**	2013	%	%
In thousands of $	**34,649**	34,690	(0.1)%	(4.4)%	**70,379**	68,398	2.9%	(2.0)%
As % of revenues	**22.9%**	23.2%			**22.5%**	23.2%		

Excluding the foreign exchange effect, gross margin for the three-month and six-month periods ended September 30, 2014 was down from the corresponding periods of fiscal 2014, due in part to the negative impact of Ovivo's non-core businesses on operating margin and a slight margin compression effect on GL&V Pulp and Paper and certain Ovivo contracts in the Energy market. For the three-month and six-month periods ended September 30, 2014, the impact on gross margin as a percentage of revenues was minimal, however, prompting only a slight easing from the corresponding periods of the previous fiscal year.

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

Selling and administrative expenses (excluding amortization)

	Quarters ended September 30		Change	Organic Change[1]	Six-month periods ended September 30		Change	Organic Change[1]
	2014	2013	%	%	**2014**	2013	%	%
In thousands of $	**29,367**	28,820	1.9%	(1.0)%	**59,516**	57,585	3.4%	(0.8)%
As % of revenues	**19.4%**	19.2%			**19.1%**	19.6%		

Excluding foreign exchange effect, selling and administrative expenses for the three-month and six-month periods ended September 30, 2014 were down slightly from the corresponding periods of fiscal 2014, due to savings attributable to the reorganizations and the decrease in stock-based compensation expense at head office linked to the decline in value of the shares of GLV Inc. This drop in expenses was partially offset by investments in resources made during the quarter in line with Ovivo's strategic plan. Investments in innovation in the second quarter of fiscal 2015 amounted to approximately $0.5 million compared with $0.3 million for the corresponding quarter of the previous fiscal year. Investments in innovation for the first half of fiscal 2015 amounted to $1.1 million compared with $0.5 million for the same period of the previous fiscal year.

For the second quarter of fiscal 2015, selling and administration expenses as a percentage of revenues were relatively unchanged from the same period of fiscal 2014. The lower percentage of revenues for the six-month period ended September 30, 2014 resulted from a rise in revenues, whereas selling and administrative expenses at constant exchange rates were down slightly from the same period of the previous fiscal year.

Adjusted EBITDA [1]

	Quarters ended September 30		Change	Organic change[1]	Six-month periods ended September 30		Change	Organic change[1]
(In thousands of $)	**2014**	2013	%	%	**2014**	2013	%	%
Adjusted EBITDA[1]	**5,282**	5,870	(10.0)%	(20.0)%	**10,863**	10,813	0.5%	(6.6)%
Ovivo	**4,064**	5,854	(30.6)%	(35.1)%	**7,096**	9,822	(27.8)%	(31.6)%
GL&V Pulp and Paper	**2,984**	2,992	(0.3)%	(2.9)%	**7,487**	6,492	15.3%	12.4%
Other	**(1,766)**	(2,976)	40.7%	34.1%	**(3,720)**	(5,501)	32.4%	29.6%
(As % of revenues) **Adjusted EBITDA margin[1]**	**3.5%**	3.9%			**3.5%**	3.7%		
Ovivo	**4.4%**	6.2%			**3.7%**	5.5%		
GL&V Pulp and Paper	**5.8%**	6.5%			**7.0%**	6.7%		
Other	**n/a**	n/a			**n/a**	n/a		

Ovivo

Ovivo's adjusted EBITDA[1] for the three-month and six-month periods ended September 30, 2014 was down from the corresponding periods of fiscal 2014, owing primarily to investments made under Ovivo's strategic plan and a slight margin compression on certain Energy market contracts. These declines were partially offset by savings arising from reorganizations and the increase in revenues from the sale of parts and provision of services which generate higher margins. During the three-month and six-month periods ended September 30, 2014, Ovivo's non-core businesses had a dampening effect on adjusted EBITDA[1] of $1.9 million and $3.7 million, respectively.

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

GL&V Pulp and Paper

GL&V Pulp and Paper's adjusted EBITDA[1] for the second quarter of fiscal 2015 is relatively unchanged from the same quarter of the previous fiscal year, despite the overall increase in revenues, as new equipment sales, which yield slimmer margins, accounted for a higher share of revenues this quarter than in the same period a year earlier. In addition, second quarter margins on new equipment sales were narrower in fiscal 2015 than last year. This decline in adjusted EBITDA margin[1] was partially offset by lower indirect costs.

Adjusted EBITDA[1] for the six-month period ended September 30, 2014 climbed $1.0 million compared with the first half of the previous fiscal year, due mainly to higher new equipment sales revenues and lower indirect costs, partially offset by thinner margins.

Other

Adjusted EBITDA[1] for the second quarter of fiscal 2015 and six-month period ended September 30, 2014 was up from the same periods of fiscal 2014 owing principally to the reduction in head office stock-based compensation expense linked to the lower stock price of GLV Inc. The rise in Other group's adjusted EBITDA[1] also resulted from the sale of business operations and a portion of the assets of GL&V Fabrication which reported negative margins in the first half of fiscal 2014. Lastly, the Van der Molen division's reported a $0.2 million improvement in operating margin for the second quarter of fiscal 2015 compared from the same quarter of fiscal 2014.

Restructuring costs

No restructuring costs were accounted for during the second quarter of fiscal 2015. Restructuring costs at Ovivo and GL&V Pulp and Paper for the six-month period ended September 30, 2014 amounted to $1.3 million and $0.4 million, respectively. For Ovivo, these costs consisted mainly of severance benefits and other costs related to restructurings in Europe, as well as costs related to the closure of a Municipal market entity also in Europe. Restructuring costs for GL&V Pulp and Paper consisted of severance benefits related to the closure of an entity in Asia.

For the three-month period ended September 30, 2013, restructuring costs at Ovivo and GL&V Pulp and Paper incurred, in particular, to finalize the restructuring announced during the previous fiscal year as well as at an Ovivo subsidiary in Europe, amounted to $0.9 million and $0.2 million, respectively. These amounts primarily consisted of severance benefits and relocation costs. Restructuring costs at Ovivo and GL&V Pulp and Paper for the six-month period ended September 30, 2013, which were of the same type as in the second quarter, amounted to $1.0 million and $0.4 million, respectively.

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

Ongoing Sale Transaction of the Pulp and Paper Division

On September 24, 2014, the Corporation announced that it has executed a definitive agreement for the sale of its Pulp and Paper Division (the "P&P Division") for $65.0 million on a debt-free basis to a corporation owned by Richard Verreault, the President and Chief Executive Officer of GLV Inc. and Laurent Verreault, the Executive Chairman of the Board of GLV Inc. (the "Purchaser"), both of whom are related parties of the Corporation. Under the terms of the agreement, upon closing, the Corporation will receive $59.8 million in cash, transfer a debt of $2.2 million to the Purchaser, and a balance of sale of $3.0 million will be payable by the Purchaser over 42 months after closing. The transaction price will be subject to usual post-closing adjustments related to working capital.

A committee of independent administrators was established upon receipt of the Purchaser offer. The independent committee retained KPMG LLP ("KPMG") to conduct an independent valuation of the P&P Division and to provide a fairness opinion to all shareholders other than the Purchaser (the "Disinterested Shareholders"). On September 24, 2014, KPMG delivered its valuation and fairness opinion, to the effect that, as of that date and based upon and subject to the assumptions, limitations and qualifications contained therein, the range of values representing fair market value of the P&P Division was between $63.0 million and $71.0 million. KPMG concluded that, as at September 24, 2014, the consideration to be received by the Corporation for the P&P Division in connection with the Sale Transaction was fair, from a financial point of view, to the Disinterested Shareholders.

A 45-day go-shop period from September 24 to November 7, 2014 took place, during which time National Bank Financial Inc, serving as financial advisor to GLV Inc., surveyed third-party interest in making a proposal to outbid the Purchaser for the P&P Division. No higher offers were received during this go-shop period. However, at the request of the independent committee of the board of directors of GLV, the Purchaser accepted to increase the purchase price payable under the proposed Sale transaction from $65 million to $67 million. An amendment to the share purchase agreement was executed on November 9, 2014 for this purpose. Under the new terms of the agreement, GLV Inc. will receive $61.8 million in cash, transfer a debt of $2.2 million to the Purchaser, and a balance of sale of $3.0 million will be payable by the Purchaser over 42 months after closing.

The completion of the Sale Transaction is subject to the approval of 66 2/3% of the votes cast by Class A subordinate voting and Class B multiple voting shareholders present in person or by proxy at a special meeting of shareholders of the Corporation voting as a class and by a majority (more than 50%) of the Corporation's Disinterested Shareholders, in accordance with applicable rules governing related party transactions. To this end, a special meeting of the Corporation's shareholders was called for November 14, 2014. The Sale Transaction is also subject to customary closing conditions and, if approved by the Corporation's shareholders, is expected to close in the third quarter of fiscal 2015. There can be no assurance as to the outcome of the Sale Transaction.

The Corporation received a commitment from National Bank of Canada for a new credit facility to be implemented at the close of the transaction. A $60.0 million credit facility would be available for the Corporation's day-to-day operations and $80.0 million would be available to issue letters of credit guaranteed by Export Development Canada.

All costs related to this transaction are presented separately under "Costs related to ongoing sale transaction" and amounted to $1.2 million as at September 30, 2014. Most of the costs related to the Sale Transaction comprise professional fees and financial advisory expenses.

Had the Sale Transaction been completed pursuant to agreement terms, it would have had the following impact on the Corporation's unaudited interim condensed consolidated statement of financial position as at September 30, 2014: consolidated net assets would have increased by approximately $9.5 million, considering total estimated Sale Transaction costs of $3.5 million.

Amortization

	Quarters ended September 30		Change	Organic Change[(1)]	Six-month periods ended September 30		Change	Organic Change[(1)]
(In thousands of $)	**2014**	2013	%	%	**2014**	2013	%	%
Total	**2,917**	3,010	(3.1)%	(1.8)%	**5,978**	5,922	0.9%	0.7%
Property, plant and equipment	**1,276**	1,344	(5.1)%		**2,662**	2,610	2.0%	
Intangible assets	**1,641**	1,666	(1.5)%		**3,316**	3,312	0.1%	

Amortization expense for the three-month period ended September 30, 2014 is down slightly from the same period of the previous fiscal year, owing primarily to a favourable foreign exchange effect.

Amortization expense for the six-month period ended September 30, 2014 was slightly higher than in first half of the previous fiscal year, due to additions to property, plant and equipment during the first quarter of fiscal 2015.

Net financial expenses

	Quarters ended September 30		Change	Six-month periods ended September 30		Change
(In thousands of $)	**2014**	2013	%	**2014**	2013	%
Total	**1,280**	1,310	(2.3)%	**2,370**	3,030	(21.8)%
Interest on long-term debt	**1,060**	1,084	(2.2)%	**1,784**	2,512	(29.0)%
Interest income	**(86)**	(28)	207.1%	**(175)**	(221)	(20.8)%
Other	**306**	254	20.5%	**761**	739	3.0%

Net financing costs for the three-month and six-month periods ended September 30, 2014 were down from the same periods of the previous fiscal year. This decrease stemmed from lower interest on long-term debt resulting primarily from the downward revision of the interest rate on the unsecured debenture with the Fonds de solidarité FTQ in April 2014 and from a lower average debt levels in the first quarter of fiscal 2015 compared with the first quarter of fiscal 2014.

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

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

	Quarters ended September 30		Change	Six-month periods ended September 30		Change
(In thousands of $)	**2014**	2013	$	**2014**	2013	$
Foreign exchange loss (gain)	**496**	177	319	**2,693**	(421)	3,114
Loss (gain) related to derivative financial instruments	**1,263**	(1,418)	2,681	**1,485**	(3,656)	5,141

The foreign exchange loss was triggered on translation of monetary items recognized in currencies other than the functional currencies of subsidiaries. The foreign exchange loss for the second quarter of fiscal 2015 resulted primarily from the depreciation of the euro versus the Canadian dollar, the depreciation of the Swiss franc against the U.S. dollar and the appreciation of the Swiss franc relative to the euro compared with June 30, 2014. The foreign exchange loss for the six-month period ended September 30, 2014 stemmed mostly from the depreciation of the euro versus the Canadian dollar and the depreciation of the Swiss franc against the U.S. dollar compared with March 31, 2014. The foreign exchange loss for the same quarter of the previous fiscal year emanated from the appreciation of the euro and the pound sterling against the U.S. dollar, offset in large part by the strengthening of Canada's currency against the U.S. dollar. The foreign exchange gain for the six-month period ended September 30, 2013, was triggered mostly by a weakening of the Canadian dollar against the Corporation's main currencies.

The loss related to derivative financial instruments for the second quarter of fiscal 2015 and the six-month period ended September 30, 2014 was mainly attributable to the unfavourable remeasurement of the total return swap which is based on the Class A subordinate voting share price and the unrealized loss on foreign exchange contracts outstanding as at September 30, 2014. The gain related to derivative financial instruments for the three-month period ended September 30, 2013 was linked to the unrealized net gain on foreign exchange contracts offset by the realized net loss on the aforementioned contracts and by the unfavourable remeasurement of the total return swap. The gain related to financial instruments for the six-month period ended September 30, 2013 resulted from the favourable remeasurement of the total return swap and the realized and unrealized net gains on foreign exchange contracts.

Income taxes

	Quarters ended September 30		Change	Six-month periods ended September 30		Change
(In thousands of $, except percentages)	**2014**	2013	$	**2014**	2013	$
Earnings (loss) before income taxes – continuing operations	**(1,881)**	1,716	(3,597)	**(4,611)**	4,554	(9,165)
Loss before income taxes – discontinued operations	**(443)**	–	(443)	**(443)**	–	(443)
Earnings (loss) before income taxes	**(2,324)**	1,716	(4,040)	**(5,054)**	4,554	(9,608)
Income tax expense – continuing operations	**709**	311	398	**1,166**	1,879	(713)
Income tax expense – discontinued operations	**–**	–	–	**–**	–	–
Income tax expense	**709**	311	398	**1,166**	1,879	(713)
Effective tax rate (%)	**(37.7)%**	18.1%		**(25.3)%**	41.3%	
Canadian statutory rate (%)	**26.9%**	26.9%		**26.9%**	26.9%	

The difference between the effective tax rate and Canadian statutory rate resulted primarily from the fact that the Corporation reported a loss before income taxes for the three-month and six-month periods ended September 30, 2014, from a higher statutory tax rate in the U.S. and from valuation allowances for deferred tax assets of certain subsidiaries.

The higher effective tax rate than the Canadian statutory rate in the six-months period ended September 30, 2013 resulted primarily from a higher statutory tax rate in the U.S. and an additional tax withholding in respect of a dividend distribution made by a U.S. subsidiary to the Corporation.

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

	Quarters ended September 30		Six-month periods ended September 30	
	2014	2013	**2014**	2013
(In thousands of $)				
Net earnings (loss) attributable to shareholders of GLV Inc.	**(2,929)**	1,409	**(6,076)**	2,698
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**(2,486)**	1,409	**(5,633)**	2,698
Adjusted net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.[(1)]	**(1,310)**	2,484	**(2,851)**	4,082
(In $ per share, basic and diluted)				
Net earnings (loss) attributable to shareholders of GLV Inc.	**(0.07)**	0.03	**(0.14)**	0.06
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**(0.06)**	0.03	**(0.13)**	0.06
Adjusted net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**(0.03)**	0.06	**(0.06)**	0.09
Weighted average number of participating shares outstanding (in thousands)				
Basic	**44,093**	44,092	**44,092**	44,092
Diluted	**44,093**	44,110	**44,092**	44,107

The Corporation reported a net loss from continuing operations attributable to shareholders of GLV Inc. for the second quarter of fiscal 2015 of $2.5 million or $0.06 per share, basic and diluted, compared with net earnings of $1.4 million or $0.03 per share, basic and diluted, for the same quarter of the previous fiscal year. This deterioration in net earnings, year over year, stemmed primarily from 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 U.S..

For the six-month period ended September 30, 2014, the Corporation reported a net loss from continuing operations attributable to shareholders of GLV Inc. of $5.6 million or $0.13 per share, basic and diluted, compared with net earnings of $2.7 million or $0.06 per share, basic and diluted, for the same period of the previous fiscal year. This decrease in net earnings, year over year, is mainly attributable to the recognition of a 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 to the $1.2 million in costs related to the Sale Transaction. This decline is partly offset by decreases in net financial expense and income tax expense compared with the first six months of fiscal 2014.

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

6. SUMMARY OF QUARTERLY PERFORMANCE

	Quarters ended							
	Fiscal 2015		**Fiscal 2014**				**Fiscal 2013**	
(In thousands of $, except per share amounts)	**Sept. 30, 2014**	**June 30, 2014**	**March 31, 2014**	**Dec. 31, 2013**	**Sept. 30, 2013**	**June 30, 2013**	**March 31, 2013**	**Dec. 31, 2012**
Revenues	151,024	161,247	182,062	158,576	149,782	144,705	152,392	145,530
Adjusted EBITDA[(1)]	5,282	5,581	9,294	5,138	5,870	4,943	7,828	4,615
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	(2,486)	(3,147)	1,678	(26,722)	1,409	1,289	909	3,065
Per share (basic and diluted)	(0.06)	(0.07)	0.04	(0.61)	0.03	0.03	0.02	0.07
Net earnings (loss) attributable to shareholders of GLV Inc.	(2,929)	(3,147)	1,678	(26,722)	1,409	1,289	361	(1,438)
Per share (basic and diluted)	(0.07)	(0.07)	0.04	(0.61)	0.03	0.03	0.01	(0.03)

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:

- Discontinuation of Waste to Energy's industrial operations at Ovivo in the third quarter of fiscal 2013, representing a loss of $4.5 million.
- 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.
- The positive impact of Ovivo's business volumes in the Electronics 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, while markets were slowing down for GL&V Pulp and Paper in the first quarter of fiscal 2014.
- Even higher growth for Ovivo in the second and third quarters of fiscal 2014, driven by growth in the Electronics market and the Municipal North America market, offset by the slowdown in the Municipal EMEA and Energy markets. Third-quarter earnings were adversely affected by a one-time $26.9 million asset impairment charge.
- A rise in profitability at GL&V Pulp and Paper in the fourth quarter of fiscal 2014, compared with a decline at Ovivo, owing primarily to a downturn in the Energy market. This decline is partly offset by higher profitability in the Electronics market.
- Higher revenues from new equipment sales at GL&V Pulp and Paper bolstering the group's profitability in the first quarter of fiscal 2015, while Ovivo experienced a decline in profitability related to the investments made under its strategic plan.
- Decline in profitability at Ovivo in the second quarter of 2015, primarily attributable to investments made under its strategic plan and to a slight 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 decrease of stock-based compensation expense at head office resulting from the lower stock price of GLV Inc..

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

7. FINANCIAL POSITION AND CASH FLOWS

Including net additions to property, plant and equipment, cash flows used in the second quarter of fiscal 2015 amounted to $12.3 million compared with cash flows generated totalling $19.4 million for the same quarter of fiscal 2014. For the six-month period ended September 30, 2014, cash flows used totalled $34.0 million compared with cash flows generated of $20.9 million for the corresponding period of last year.

	Quarters ended September 30		Six-month periods ended September 30	
(In thousands of $, except per share amounts)	**2014**	2013	**2014**	2013
Cash flows provided by (used in) continuing operating activities before net change in non-cash items	**(1,034)**	2,237	**(1,916)**	6,088
Net change in non-cash operating items	**(10,809)**	18,853	**(30,525)**	18,481
Additions to property, plant and equipment, net of disposals	**(408)**	(1,740)	**(1,563)**	(3,639)
Cash flows generated from (used in)[(1)] continuing operations	**(12,251)**	19,350	**(34,004)**	20,930
Per share (basic and diluted)	**(0.28)**	0.44	**(0.77)**	0.47

Impact of net change in non-cash operating items

(In thousands of $)	**Quarter ended September 30**	**Six-month period ended September 30**
Trade and other receivables	**1,874**	**11,045**
Inventories	**(714)**	**(1,238)**
Contracts in progress	**(8,059)**	**(10,396)**
Prepaid expenses	**(685)**	**(388)**
Accounts payable and accrued liabilities, provisions and other liabilities	**985**	**(14,892)**
Deferred revenues	**(6,902)**	**(18,014)**
Income taxes receivable/payable	**2,692**	**3,358**
	(10,809)	**(30,525)**

The $10.8 million adverse impact on cash flows for the second quarter of fiscal 2015 resulting from the change in non-cash operating items was mainly attributable to the increase in contracts in progress and the decrease in deferred revenues from contracts in progress, which vary according to percentage of completion and billing arrangement of projects. The $30.5 million adverse impact on cash flows for the six-month period ending September 30, 2014 resulted from the same factors as those mentioned for the quarter as well as lower accounts payable and accrued liabilities, provisions and other liabilities, due to supplier payment schedules and the percentage of completion on certain projects. This impact was partly offset by lower trade and other receivables, owing primarily to stronger and proactive trade account collections management during the period.

The net working capital position stood at $132.7 million as at September 30, 2014, representing a ratio of 1.66 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 $467.8 million as at September 30, 2014, compared with $488.1 million as at March 31, 2014, a decrease attributable mainly to lower trade and other receivables. 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.

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

Note that changes in exchange rates for the second quarter of 2015 and the six-month period ended September 30, 2014 resulted in favourable changes on remeasurement of cash items and cash equivalents totalling $1.4 million and $2.2 million, respectively.

The net effect of changes in cash flows used was an increase in cash and cash equivalents of $0.3 million and a decrease of $4.9 million, respectively, for the second quarter of fiscal 2015 and the six-month period ended September 30, 2014.

Investing activities

Investing activities for the second quarter of fiscal 2015 and the six-month period ended September 30, 2014 used cash flows totalling $1.9 million and $3.5 million, respectively, compared with $2.2 million and $3.7 million of cash flows used, respectively, for the corresponding periods a year earlier. Cash flows were primarily used for additions to property, plant and equipment and intangible assets, partly offset by a $1.8 million decrease in restricted cash.

Additional comments on financial position

	As at September 30, 2014	As at March 31, 2014
(In thousands of $, except ratio)		
Long-term debt	**77,186**	47,975
Cash and cash equivalents	**(17,423)**	(22,306)
Total net debt	**59,763**	25,669
Equity	**163,024**	174,199
Invested capital	**222,787**	199,868
Total net debt to invested capital ratio	**26.8%**	12.8%

As at September 30, 2014, the Corporation's total debt amounted to $77.2 million compared with $48.0 million as at March 31, 2014, an increase of $29.2 million. Net of cash and cash equivalents, total net debt as at September 30, 2014 amounted to $59.8 million for a total net debt to invested capital ratio of 26.8% compared with total net debt of $25.7 million and a 12.8% ratio as at March 31, 2014. Total net debt rose by $34.0 million since March 31, 2014, primarily as the Corporation was working, and therefore incurred costs, on certain contracts for which cash inflows have already been received previously under favourable payment terms negotiated by the Corporation.

During the first quarter of 2015, the Corporation obtained a credit facility of US$2.0 million from Export Development Canada in order to finance the purchase of equipment for its production unit in India. The facility, which matures in June 2019, bears interest at a variable rate based on LIBOR plus a margin of 3.25%. This facility provides for four equal repayments of US$0.5 million every six months from the 42nd to the 60th month.

In April 2014, the Corporation amended its $25.0 million unsecured debenture in favour of the Fonds de solidarité FTQ, reducing the interest rate to 5.4% and withdrawing GLV Inc.'s early redemption right through to maturity on November 20, 2016.

In December 2011, the Corporation renewed its main financing agreement for a five-year term for a total amount of $200.0 million. This facility consists primarily of a $100.0 million revolving credit facility for the Corporation's day-to-day operations, to issue letters of credit and finance business acquisitions. As at September 30, 2014, drawdowns under this credit facility totalled $48.7 million. In addition, the Corporation has a second $100.0 million revolving credit facility to issue letters of credit guaranteed by Export Development Canada. As at September 30, 2014, drawdowns under this second facility amounted to $68.0 million. The financing agreement also includes an uncommitted accordion feature providing access to an additional $50.0 million.

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, while its terms are renegotiable every year at the least. As at September 30, 2014, drawdowns under the facility totalled €14.4 million ($20.4 million).

As at September 30, 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 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 September 30, 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 September 30, 2014 of the entities whose shares were acquired and excludes the operating income (loss) of the past twelve months ended September 30, 2014 of closed 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 September 30, 2014 and November 10, 2014
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 September 30, 2014, 5,319 Class A subordinate voting shares were issued under the stock option plan and the same number of options was exercised during the quarter. During the six-month period ended September 30, 2014, 18,109 stock options were cancelled, bringing the number of outstanding stock options as at this date to 2,088,412 (2,111,840 as at March 31, 2014) of which 1,713,412 (1,677,840 as at March 31, 2014) were exercisable based on the time requirement, notwithstanding achievement of target prices when the condition applies.

For further information, see note 7 to the unaudited interim condensed consolidated financial statements for the three-month and six-month periods ended September 30, 2014.

8. BACKLOG

	Quarter ended September 30	Quarter ended June 30	**Change**	**Organic change**	Quarter ended March 31	**Change**	**Organic change**
(In thousands of $)	**2014**	2014	**%**	**%**	2014	**%**	**%**
Total	**358,956**	359,074	**–%**	**(1.3)%**	382,739	**(6.2)%**	**(4.6)%**
Ovivo	**281,634**	287,520	**(2.0)%**	**(3.6)%**	311,050	**(9.5)%**	**(8.4)%**
GL&V Pulp and Paper	**68,530**	61,074	**12.2%**	**11.5%**	61,994	**10.5%**	**14.3%**
Other	**8,792**	10,480	**(16.1)%**	**(13.9)%**	9,695	**(9.3)%**	**(3.1)%**

Ovivo

Ovivo's backlog as at September 30, 2014 amounted to $281.6 million, down from $287.5 million as at June 30, 2014 and $311.0 million as at March 31, 2014. This decline stemmed primarily from 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. This decline was partly offset by improved backlog in the Parts and Services market, reflecting the measures implemented to develop this key strategic niche for Ovivo, as well as in the Municipal North America market. Last, the Energy market saw an increase in its backlog from its June 30, 2014 level.

GL&V Pulp and Paper

As at September 30, 2014, the GL&V Pulp and Paper backlog amounted to $68.5 million, up from the March 31, 2014 and June 30, 2014 levels, resulting primarily from order taking for new equipment contracts while order taking in the Parts and Services market was stable.

Other

The backlog at the Van der Molen division was down as at September 30, 2014 compared with June 30, 2014 and March 31, 2014 levels, owing mainly to a decrease in order taking for new equipment.

9. OUTLOOK

To ensure future growth, the Corporation is focusing on Ovivo's three core markets: Municipal, Electronics, and Energy, while giving high priority to developing its Upgrading, Parts and Services segment. The Electronics and Municipal North America markets are already doing very well while the Energy market has been experiencing a slowdown in order taking in recent months. However, this market has high potential as demand for energy is growing in many regions across the world and as Ovivo is creating more and more opportunities in the Upgrading, Parts and Services segment with its impressive pool of operating equipment. The Corporation intends to leverage opportunities in this market by continuing to optimize its approach with clients.

According to its strategic plan, between now and March 31, 2015, management's priorities are: (i) carry out the ongoing Sale Transaction; (ii) complete the streamlining initiatives at Ovivo by divesting non-core businesses; and (iii) restructure the corporate functions.

Furthermore, the Corporation will continue to review opportunities for acquisitions that could complement Ovivo's products offering or could further develop its market penetration. The Corporation is confident that, once the streamlining process is completed, the investments made during the past two years will start to pay off in terms of higher profitability and increased shareholder value.

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

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.

The Sale Transaction, described under "*Ongoing Sale Transaction of the Pulp and Paper Division*" remains subject to closing conditions, particularly approval by at least 66 2/3% of shareholders and by over 50% of Disinterested Shareholders. There can be no assurance as to the completion of the Sale Transaction. Financial markets could react negatively to the Corporation's decision to become a company entirely focused on water treatment and the Sale Transaction could also impair the Corporation's capacity to obtain additional financing. If the Corporation is unable to obtain additional capital in a timely manner or cannot generate sufficient cash flow, its financial position, operating results or capacity to achieve its commercial objectives could be adversely affected. Last, share value could be adversely affected if the Corporation is unable to realize the benefits expected from the completion of the Sale Transaction.

Except for the risks related to the Sale Transaction described previously, management has observed no material changes regarding risks and uncertainties and has made no changes to its risk management practices since the beginning of fiscal 2015.

11. ACCOUNTING POLICIES

(a) Critical accounting policies and estimates

The unaudited interim condensed consolidated financial statements of the Corporation for the three-month and six-month periods ended September 30, 2014 have been prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of 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 six-month periods ended September 30, 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 and loss, will be presented in the consolidated statement of comprehensive income (loss) instead of in the consolidated statement of income (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 amortization, asset impairment, net financial expenses, foreign exchange loss (gain), loss (gain) related to derivative financial instruments, restructuring costs, costs related to ongoing Sale Transaction, discontinued operations, and other special items, and income taxes. The adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenues;
- **Adjusted net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.**: Net earnings (loss) from continuing operations before items recorded outside the normal course of business, including restructuring costs, costs related to ongoing Sale Transaction 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 $)	**Ovivo**	**GL&V Pulp and Paper**	**Other**	**Consolidated earnings (loss)**
Quarter ended September 30, 2014				
Operating income (loss) related to continuing operations	**2,449**	**2,331**	**(3,622)**	**1,158**
Amortization	**1,615**	**653**	**649**	**2,917**
EBITDA	**4,064**	**2,984**	**(2,973)**	**4,075**
Restructuring costs	–	–	–	–
Costs related to ongoing sale transaction	–	–	**1,207**	**1,207**
Adjusted EBITDA	**4,064**	**2,984**	**(1,766)**	**5,282**
Six-month period ended September 30, 2014				
Operating income (loss) related to continuing operations	**2,431**	**5,734**	**(6,228)**	**1,937**
Amortization	**3,362**	**1,315**	**1,301**	**5,978**
EBITDA	**5,793**	**7,049**	**(4,927)**	**7,915**
Restructuring costs	**1,303**	**438**	–	**1,741**
Costs related to ongoing sale transaction	–	–	**1,207**	**1,207**
Adjusted EBITDA	**7,096**	**7,487**	**(3,720)**	**10,863**
Quarter ended September 30, 2013				
Operating income (loss)	3,340	2,200	(3,755)	1,785
Amortization	1,670	566	774	3,010
EBITDA	5,010	2,766	(2,981)	4,795
Restructuring costs	844	226	5	1,075
Adjusted EBITDA	5,854	2,992	(2,976)	5,870
Six-month period ended September 30, 2013				
Operating income (loss)	5,511	4,996	(7,000)	3,507
Amortization	3,307	1,121	1,494	5,922
EBITDA	8,818	6,117	(5,506)	9,429
Restructuring costs	1,004	375	5	1,384
Adjusted EBITDA	9,822	6,492	(5,501)	10,813

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

	Quarters ended September 30		**Six-month periods ended September 30,**	
(In thousands of $)	**2014**	2013	**2014**	2013
Net earnings (loss) attributable to shareholders of GLV Inc.	**(2,929)**	1,409	**(6,076)**	2,698
Net loss from discontinued operations	**(443)**	–	**(443)**	–
Net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**(2,486)**	1,409	**(5,633)**	2,698
Restructuring costs and costs related to ongoing sale transaction (net of taxes)	**1,176**	1,075	**2,782**	1,384
Adjusted net earnings (loss) from continuing operations attributable to shareholders of GLV Inc.	**(1,310)**	2,484	**(2,851)**	4,082

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

	Quarters ended September 30		**Six-month periods ended September 30,**	
(in $)	**2014**	2013	**2014**	2013
Net earnings (loss) from continuing operations per share attributable to shareholders of GLV Inc.	**(0.06)**	0.03	**(0.13)**	0.06
Restructuring costs and costs related to ongoing sale transaction per share (net of taxes)	**0.03**	0.03	**0.07**	0.03
Adjusted net earnings (loss) from continuing operations per share attributable to shareholders of GLV Inc.	**(0.03)**	0.06	**(0.06)**	0.09

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

	Quarters ended September 30		**Six-month periods ended September 30**	
(In thousands of $)	**2014**	2013	**2014**	2013
Cash flows provided by (used in) continuing operating activities	**(11,843)**	21,090	**(32,441)**	24,569
Additions to property, plant and equipment	**(456)**	(1,768)	**(1,818)**	(3,690)
Proceeds from sale of property, plant and equipment	**48**	28	**255**	51
Cash flows generated from (used in) continuing operations	**(12,251)**	19,350	**(34,004)**	20,930

13. CONTROLS AND PROCEDURES

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

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

During the three-month period ended September 30, 2014, 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.

President and Chief Executive Officer

(SIGNED)
Richard Verreault

Chief Financial Officer

(SIGNED)
François Dufresne

November 11, 2014