

PREMIER TECH REPORT

2012

THE POWER OF ONE



Our Company	03
Message from the Leadership Team	08
Annual Review	16
Leadership Team	29
Board of Directors	31
Scientific Board	32
Financial Review	33

Table of CONTENTS

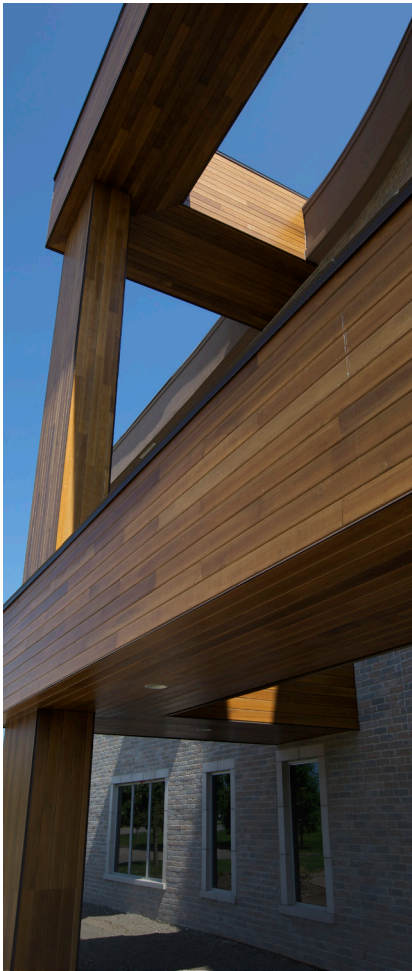
Our PORTRAIT

GROWING PASSION FOR 90 YEARS

At Premier Tech, we strongly believe in our teams' driving force and that we can move forward through their talents and passion, joining forces to promote and implement creative ideas. Since 1923, Premier Tech has built its know-how and reputation on the skills and synergy of its three groups: Horticulture and Agriculture, Industrial Equipment, and Environmental Technologies.

From America to Europe to Asia, our multidisciplinary team capitalizes on the expertise and creativity of 2 300 individuals who work as one to grow the technological and commercial leadership that secures our long-term growth.

Our STRUCTURE



PREMIER TECH

HORTICULTURE AND AGRICULTURE GROUP

- Premier Tech Horticulture
- Premier Tech Home & Garden
- Premier Tech Biotechnologies

INDUSTRIAL EQUIPMENT GROUP

- Premier Tech Chronos
- Premier Tech Systems
- Premier Tech Industrial
- Chronos BTH

ENVIRONMENTAL TECHNOLOGIES GROUP

- Premier Tech Aqua
- Premier Tech Aqua Purflo
- Tropicoir Lanka

Our HIGHLIGHTS

446 Million Dollars in Sales

2300 Team Members

3 Major Industries

18 Countries

Founded in 1923

100 Patents

200 Team Members in
Innovation, Research and Development

24 Manufacturing Facilities

Financial HIGHLIGHTS

PREMIER TECH REPORT FOR THE FISCAL
YEAR ENDED MARCH 3, 2012

*“... sales amounting to \$446.4 million.
It must be clearly understood that
this document is closely linked to
Premier Tech’s day-to-day operations...
and, as such, presents the company at that
precise moment in time.”*

The purpose of the Premier Tech Report is to provide information about the highlights and major events that took place in fiscal year 2012, during which the company posted sales amounting to \$446.4 million. It must be clearly understood that this document is closely linked to Premier Tech’s day-to-day operations, business processes and long-term strategies and, as such, presents the company at that precise moment in time.

Since its very beginnings, Premier Tech has been using a decentralized management approach in each of its Business Units, structured around three strategic activity groups: the Horticulture and Agriculture Group (GHA), the Industrial Equipment Group (IEG), and the Environmental Technologies Group (ETG).

The Premier Tech Report was put together to help readers understand the company’s operations, performance and financial position as at March 3, 2012. It compares some information concerning the operating results and financial position for the current fiscal year with corresponding data for the four previous years.

All figures are in Canadian dollars.

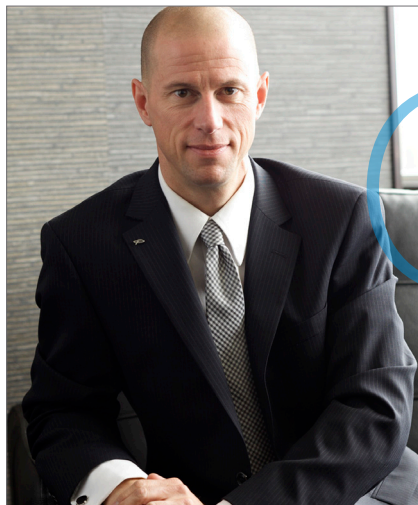
Financial HIGHLIGHTS

¹To fully understand the restatements made to fiscal years 2009 and 2010 and then to the financial information extracted from them and presented in this Premier Tech Report, please refer to the 2011 Premier Tech Report section on "Changes in Accounting Policies."

²Some of the financial information from fiscal year 2008 has not been restated because the information required to do so was not available or would have been available at too high a cost in relation to the usefulness of the information.

FOR THE TWELVE-MONTH PERIODS ENDED AT THE END OF FEBRUARY (in thousands of dollars, except for the working capital ratio)			TOTALLY RESTATE ¹		PARTIALLY RESTATE ²
	2012	2011	2010	2009	2008
OPERATIONS	\$	\$	\$	\$	\$
Sales	446 373	408 126	262 521	261 749	249 624
Earnings before interest, tax, depreciation and amortization	34 321	49 267	38 921	16 373	27 144
FINANCIAL POSITION					
Total assets	426 679	456 136	309 307	284 471	217 999 ²
Working capital	94 887	68 385	56 848	44 566	36 304
Guaranteed interest-bearing debt (net of cash and deferred financing costs) ¹	125 923	137 249	68 746	83 363	93 959
Interest-bearing unsecured debentures	39 539	40 825	30 383	15 000	–
RATIO					
Working capital	1.85	1.42	1.83	1.52	1.37

MESSAGE from the Leadership Team



Interview with Jean Bélanger, President and Chief Operating Officer, Premier Tech

WHAT CONCLUSIONS CAN YOU DRAW FROM THE RESULTS OF PREMIER TECH'S LAST FISCAL YEAR?

“Our teams worked relentlessly this year. Their tenacity, combined to our adaptability, has allowed Premier Tech to continue deploying its strategic plan in spite of multiple challenges.”

The first thing that comes to mind is the severe economic instability in the majority of countries where we do business, as well as the intense competition we had to face. But although this has not been an easy year, our team remained strongly focused on its short-, medium- and long-term goals.

But this context is nothing new. As a matter of fact, for the last ten years – since the spring of 2003, the majority of Canadian enterprises have been facing a “perfect storm”!

The Canadian dollar increasing continuously, commodity prices on the rise, an unprecedented surge in the price of oil and its derivatives... add to that the recession of the fall of 2008 and the

resulting ongoing financial crisis – and you have an extremely rough business environment. This situation has required levels of intensity and execution from our various teams, unprecedented since we began diversifying our activities some 30 years ago from our origin in horticulture.

This very demanding context forces our managers to constantly challenge themselves and make difficult but imperative decisions to balance short-term financial goals while maintaining our long-term strategic direction.



NOW, LET'S TALK ABOUT THIS YEAR'S ACQUISITIONS.
WHAT WERE YOUR OBJECTIVES?

This year, Premier Tech invested \$10 million for three acquisitions.

The acquisition of Malpec in Eastern Canada was fundamentally designed to increase our reserve of sphagnum peat moss. It was done keeping in mind the evolution of our reserve of professional sphagnum peat moss in Rivière-du-Loup that has been depleting for the last 15 years. This situation has to be managed in a proactive manner given the human and technical challenges involved, as it means opening a new plant in New Brunswick and identifying new markets and products for our operation team members in Rivière-du-Loup.

With Tropicoir, the goal was to integrate our supply chain as well as the production of our coconut chip based biological filter for the ETG line of wastewater

treatment products destined to the European and North American markets.

As for the acquisition of Spécialités Robert Legault (SRL), it enabled Premier Tech Home & Garden to work directly with one of its main clients, which had been previously serviced by SRL. This allowed us to increase efficiency and quality of service offered to our retail partners thanks to closer, more consistent interaction.

These acquisitions therefore helped us consolidate our strategic position in order to better support our current customer base.



WHEN THE POSSIBILITY OF MAKING AN ACQUISITION COMES ALONG, HOW DOES PREMIER TECH DEFINE ITS INTERESTS?

We follow our selection system that takes into account five criteria.

We first ask ourselves an essential question; are we looking at a *winner* – profitable, well positioned in its market and with a dynamic and competitive business culture? If the answer is yes, we go on to the next step. If not, we simply skip the acquisition. These qualities are fundamental to us.

Our analysis then revolves around three additional crucial criteria. 1. Does this acquisition allow us to integrate a technological platform, that is, products, knowledge or skills we do not already possess, or

accelerate their development cycle? 2. Does this potential acquisition lead us to enter a new territory or country, or a new market segment? 3. Can Premier Tech consolidate a market sector by eliminating a competitor through this acquisition?

If the project fulfills at least one of these three criteria, it is worth looking into. Obviously, the more positive answers to these questions, the greater the interest in the acquisition!

Finally, the acquisition project must also offer a positive answer to the following question: if things don't turn out as planned, would we be able to control the situation without putting Premier Tech's overall operations at risk? Obviously this is an imperative issue in our analysis before any due diligence process.

This approach is consistent with Premier Tech's Culture and Values as well as its long-term Vision. This is how Premier Tech has successfully completed some ten acquisitions during the past two years, while deciding not to move forward with more than double that amount.



LET'S TALK ABOUT LAST YEAR'S CHALLENGES.

Premier Tech is a diversified company with activities in three major industries: Horticulture and Agriculture, Industrial Equipment, and Environmental Technologies. Our diversity is both industrial and territorial. We currently have a commercial presence in some 50 international markets; we have offices in 18 countries and plants in nine of these. Such a reach allows us to reduce our exposure to business risks as well as to individual economical cycles in the countries and industries in which we are present.

As mentioned earlier, this diversification cannot totally isolate Premier Tech from the large-scale macro-economic events and disruptions of the last years; however, it does allow us to navigate

through them, thanks to our diversity and the various tools and processes at our disposal.

In this regard, Premier Tech was faced with an event that had major repercussions on its performance last year: the weather. Spring and summer of 2011 were marked by bad weather. Consequently, North American consumers did less gardening. In addition, the sphagnum peat moss harvest of 2011 was the worst in 25 years in Eastern Canada. These factors greatly impacted our sales in the Horticulture and Agriculture Group and, therefore, the global financial results of the company.

We also had to face Mother Nature's wrath in Thailand. Both our clients and our chain of supply were strongly disrupted by the exceptional floods experienced in the fall of 2011. We had to cease the assembly of our products and interrupt shipping during almost two months!



HOW DOES THE COMPANY OVERCOME MAJOR CHALLENGES?

“We need to show flexibility and think outside the box. Refusing paradigms, being open to challenge, and working as a team have allowed us not only to face the many challenges of the last few years, but also overcome them.”

Three words spontaneously come to mind:
Team members, Culture and Values.

Our team members around the world know they can depend on Premier Tech’s Culture and Values, as well as on our shareholders’ long-term commitment. They know that they have the right to move ahead with the actions and measures required to enable them to maximize business opportunities and act proactively in situations with possible negative impacts.

An enterprise evolves and flourishes thanks to its people: their common goals and actions, and their capacity to adapt and reinvent themselves. At Premier Tech, this is very real and a day-to-day fact of life.



GIVEN ALL THESE CHALLENGES, ARE YOU SATISFIED
WITH THIS YEAR'S FINANCIAL RESULTS?

“Premier Tech is a winning company that continues to inspire all those it touches, including me. Thanks to its teams and their resilience, Premier Tech will improve its financial performance in the next few years.”

If we are talking strictly in terms of financial results, I must say no, I am really not satisfied. This being said, given the economic context and the volatility of many of our markets and territories, we must step back and put things into perspective. International competition has become incredibly intense in the last few years and, since a large part of our sales still come from the U.S., we must realize that the high value of the Canadian dollar against the American currency has a definite impact on us.

So when I see our team members being so dynamic and engaged in spite of this environment, I can find some degree of satisfaction, as temporary as it may be.



WHAT IS PREMIER TECH'S STRATEGY TO ENSURE ITS GROWTH AND PERFORMANCE?

Our strategy focuses on four main drivers:

Investing in our team members.

At Premier Tech, we invest some \$4 million per year worldwide to train and develop our team members' skills. This area is now under an integrated program called LEAP – Leadership, Excellence, Accountability and Passion – which we launched during the fourth quarter of 2012 and that we intend to implement gradually over the next fiscal year.

Investing in our manufacturing tools and business processes.

Every year, we invest between \$8 million and \$10 million to improve our efficiency and competitive edge. This translates into investment for the continuous improvement of our activities, in our manufacturing capacity and state-of-the art information technology tools, to ensure the sustainability of our company.

Investing in Innovation.

This area of focus is fundamental to us. Every year, we invest some \$15 million to surprise our clients with new products and services that not only meet but anticipate their needs. Our goal is as much to make our current offer evolve as it is to develop innovative products and services based on our technological platforms.

The objective behind all this effort is to enable our clients to be competitive in their own market and generate a better financial performance.

Investing in outside growth.

One of our historical levers has been the strategic alliances we make to accelerate our outreach and help maximize our investments in Innovation. Obviously, when we talk about outside growth, we talk about acquiring enterprises that are complementary to Premier Tech. This area of focus will obviously continue to contribute to our strategic development during years to come.



HOW DOES PREMIER TECH ENSURE IT HAS THE
FINANCIAL FOOTING NEEDED TO SUPPORT ITS GROWTH?

In 2013, Premier Tech will celebrate its 90th anniversary. Even with this much history, we are still a very young company, and we definitely intend to be around for the next 90 years! This is why we want to ensure the stability of our financial structure by establishing long-term relationships with our financial partners – most of them have been working with us for over ten years. This approach allows us to support our growth and plan our long-term investments accordingly. As a matter of fact, this year, we renegotiated all our long-term financial agreements to secure them for the next twelve years. It is very rare for any company to obtain such long-term financing.

This is proof of the trust we inspire our partners: they know that Premier Tech has a clear Vision of its future and a well-defined plan to reach its goals.

This being said, nothing can change the fact that our financial performance needs to improve, as compared to last year.

ANNUAL Review



The power of COLLABORATION

IN AUGUST 2011, A MAJOR FIRE BROKE OUT AT PREMIER TECH HORTICULTURE'S (PTH) PLANT IN BAIE-COMEAU. WITHOUT ANY DELAYS, TEAM MEMBERS FROM SEVERAL OF PREMIER TECH'S BUSINESS UNITS CAME TOGETHER SO THAT PTH COULD CONTINUE SERVING ITS CUSTOMERS AND REBUILD A NEW PLANT.



JOB NUMBER ONE: SUPPORT OUR CUSTOMERS

Unfortunately, the fire completely destroyed the plant; only a few packaging equipment could be recovered. A multidisciplinary team was quickly put together, comprised of production, logistics, accounting, and finance team members. This immediate and focused approach enabled the company to develop an action plan ensuring its ability to meet customer needs.

PTH's engineering team gathered unused equipment from various production sites in Québec and New Brunswick, and set it up in a temporary building dedicated to screening. With this and the help of the Baie-Comeau team members, PTH was

able to complete its seasonal production cycle. "These efforts enabled PTH to minimize the fire's impact. We were able to serve our customers in both Canada and the United States," says Guy Gagnon, Technical Director, Special projects.

At the same time, with the cooperation of the Industrial Equipment Group, work had begun to design and build a new modern plant engineered for today's market needs. This new facility will open at the beginning of summer 2012 – just in time for the upcoming harvest season.



GREAT TEAMWORK ACROSS THE BOARD

Throughout the entire process, Premier Tech's diversified teams greatly contributed to reducing the financial impact of the fire, securing jobs, and, most importantly, keeping on servicing our customers.



PARTNERING FOR GROWTH

Premier Tech Home & Garden is proud to have signed a strategic partnership with RONA, the largest hardware, gardening and renovation distributor and retailer in Canada. The Business Unit is now the main partner for Vitalium®, RONA's gardening products private brand. Some eleven new products were put on the market for the summer of 2011.

→ Discover the Vitalium® products

KEEPING IN TOUCH WITH OUR MARKETS

Markets and customers' needs evolve constantly. Always proactive and agile, Premier Tech Horticulture's teams completely repositioned the Pro-Mix® brand portfolio. Two new product lines were created: Excellence and Performance, integrating some ten new products.

→ Visit PTHORTICULTURE.COM

NATURAL FUNGI TO GROW POTATOES

Focused in growing its presence in the agricultural market, Premier Tech Biotechnologies launched MYKE® PRO in liquid form, specifically designed for the potato growing industry. This product based on endomycorrhizae, a natural active ingredient, has been adapted for the North American agricultural methods and practices. Natural and ecological, MYKE® PRO significantly increases crop's yield.

▶ View the excerpt from *La Semaine Verte* (available in French only)

THIS IS HOW WE CARE

AT THE END OF SUMMER 2011, A GENERALIZED POWER OUTAGE, FOLLOWING A SHORT CIRCUIT, OCCURRED AT ONE OF OUR CUSTOMERS' SITES. THE INCIDENT CAUSED A COMPLETE PRODUCTION SHUTDOWN AND TRIGGERED IMMEDIATE ATTENTION WITHIN OUR INDUSTRIAL EQUIPMENT GROUP (IEG). IEG'S CUSTOMER CARE TEAM THEN TOOK CONTROL OF THE SITUATION AND SUPPORTED ITS CLIENT UNTIL THE PROBLEM WAS FULLY RESOLVED.



A SIMPLE SHORT CIRCUIT?

If only it had been a simple short circuit, the damage would have been minimal. Unfortunately, a series of events unfolded: the equipment of the four production lines completely shut down and a fire broke out in one of the baggers. The entire production was halted at this plant.

PREMIER TECH TO THE RESCUE

Customer care team member David Lemaire was tasked to lead IEG's effort to correct the situation. First, he had to clearly identify the problem and therefore, without any delay, sent two service technicians onsite. The work required precision and communication. "The IEG team had to quickly determine which components had been damaged in order to put together an action plan leveraging our North American strategic inventory of components as well as the ones available through our supply chain. We also needed to jumpstart the production of parts manufactured



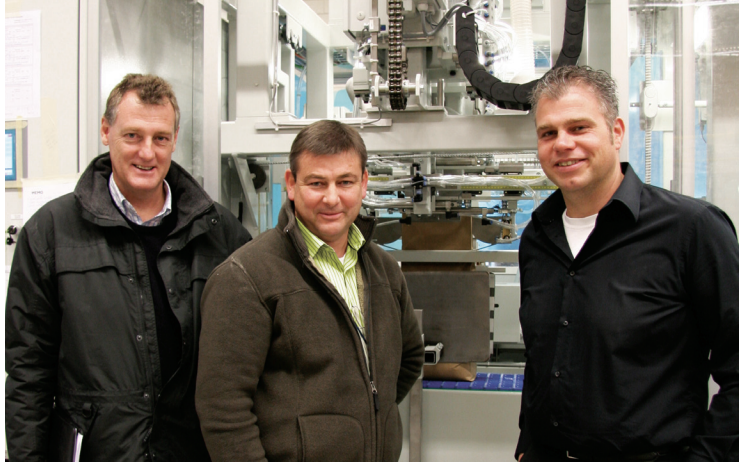
within the various Premier Tech plants," explained David Lemaire.

A COLLABORATIVE EFFORT

Since many of the components needing to be replaced were manufactured by various suppliers, David worked in close collaboration with the supply chain team and tightly followed the situation at every level. "Each hour gained meant the plant could be reopened a few days earlier," said David Lévesque, Commercial Strategies Supervisor. "Less than two weeks after the incident, two production lines were already up and running," he added.

MISSION ACCOMPLISHED!

David Lemaire and his team of two service technicians, David Haggard and Wallace Spencer, met the challenge of successfully and expeditiously bringing back the plant up and running. David confided that this experience has allowed him to hone his skills in project management and crisis management. This is a perfect example of how "WE CARE" for our clients!



ALWAYS MOVING FORWARD

Known for its expertise in flexible industrial packaging, the Industrial Equipment Group (IEG), via its Business Unit Premier Tech Systems, developed new robotic technologies to enter the rigid packaging market. By launching palletizing and de-palletizing systems as well as a robotized packer that allows handling of goods in rigid boxes and containers, Premier Tech has once again proven its ability to meet its customers' expectations in a competitive and efficient manner.

→ [Learn more about these products](#)

WHEN CHALLENGES BECOME INNOVATIONS

Bagging powdery products such as flour can be challenging, namely because of dust emissions and aeration requirements. Listening to one of its Australian customers and partner, the Business Unit Chronos BTH adapted and evolved its CHRONO-BAG™ technological platform to meet the requirements of this challenging application. A major breakthrough in the industry, this cooperation also resulted in a new technology for bag closing, which is airtight while easy to open for the end user.

[▶ View a video of the CHRONO-BAG™](#)

“WE CARE”

Under this worldwide banner, IEG is reaffirming its commitment towards its customers. The goal is to improve after-sale service to help our customers reach their business goals. Thanks to its 24/7 tech support service, strategic inventory of spare parts in every continent, customized training, and preventive maintenance programs, IEG has increased customer satisfaction considerably in 2011, most notably with a very strong performance from the team in Germany.

→ [Read the press release](#)

Towards A COMMON GOAL

PREMIER TECH'S GLOBAL VISION COMES TO REALITY EVERY DAY THROUGH THE COMMITMENT OF ITS TEAM MEMBERS. WITH THEIR HARD WORK AND BY LEVERAGING THEIR INTERNATIONAL FOOTPRINT, THE ENVIRONMENTAL TECHNOLOGIES GROUP'S TEAM MEMBERS HAVE MET DAUNTING CHALLENGES TO SECURE THE LONG-TERM MANUFACTURING OF ONSITE WASTEWATER TREATMENT SYSTEMS.



A NEW STRATEGIC PARTNER

In 2010, Premier Tech made the important acquisition of its strategic partner, French company Purflo Group, known today as Premier Tech Aqua Purflo (PTAP). The goal was to combine PTAP's exhaustive know-how in the development and manufacturing of tanks with Premier Tech Aqua's (PTA) technological expertise in wastewater treatment.

Combining the know-how of these two companies accelerated their respective positioning in the market of ready-to-use compact biofilters, which, as a result, led to a huge success in the North American and Europeans markets in the spring of 2011. This important increase in sales, however, put great pressure on the company's manufacturing plants and its supply chain for several components.

AN IMMEDIATE RESPONSE

The PTAP team took immediate action to define a plan that would optimize its manufacturing process. "Our reaction had to be quick and effective," said



Yvon Calvez, Operations Manager. "We had to restructure production and plants as well as recruit, train and motivate team members to successfully handle this extraordinary situation."

As for the PTA team, they demonstrated agility and strategic expertise in meeting the challenge of long-term supply for coconut fiber. As such, Premier Tech acquired a majority interest in Tropicoir Lanka Ltd., a strategic partner and supplier of coconut fiber for over ten years. "Our team members also had to work in constant synergy and close collaboration for several months in order to find additional sources of coconut fibers in Asia," said Rémy Simoneau, Operations Supervisor.

A REWARDING TEAM EFFORT

Bringing together the strengths of our team members worldwide proved highly successful. The results were concrete and impressive. Today, sales continue to grow steadily, which means both our plants and worldwide supply chain are capable of supporting this growth on both sides of the Atlantic. This success is the fruit of productive synergies among the PTA, PTAP and Tropicoir Lanka teams.



ECOFLO[®], THE NEW GENERATION

The new Ecoflo[®] Polyéthylène ready-to-use by Premier Tech Aqua (PTA) has been a great success with North American consumers. This long-awaited product was designed by PTA and Premier Tech Aqua Purflo (PTAP) to address the needs of installers who wanted a pre-assembled septic system. Discreet and durable, the Ecoflo[®] technology treats wastewater in 55 000 homes in Europe and North America!

→ Consult the Ecoflo[®] brochure

UNDISPUTED KNOW-HOW

The success of many projects, with Ecoprocess[™] MBR, a membrane bioreactor, has provided irrefutable proof of PTA's expertise to private consultants and Québec's Ministry of Sustainable development, Parks and Environment alike. To build on this momentum, new mobile products were developed to address the growing need for temporary wastewater treatment systems.

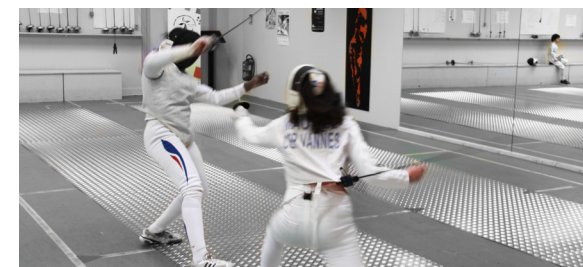
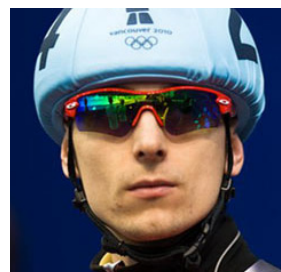
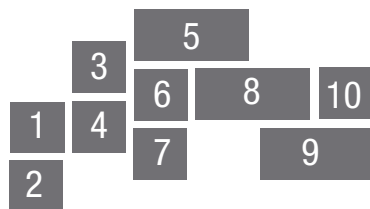
→ Visit PREMIERTECHAQUA.COM

INNOVATION: AT THE HEART OF OUR BUSINESS

The Environmental Technologies Group's (ETG) culture of innovation was recognized at the Gala Honoris Innova 2011: PTA won the prize for Best Sustainable Development – Life Cycle product for its new Ecoflo[®] Polyéthylène ready-to-use. ETG was also honored in France at the *Crisalide Éco-activités 2012* competition, for its impressive development on an international scale. What better ways to acknowledge the successful alliance of skill and know-how of PTA's and PTAP's team members!

→ Learn more about the *Crisalide 2012* contest (available in French only)

GROWING PASSION



- 1. Collecting non perishable food at PTHG
- 2. Manuel Pizarro – 2011 Premier Tech Everest Expedition
- 3. Trimaran boat of *Défi Cancale 2011*

- 4. Guillaume Bastille, short track speed skater
- 5. Yoan Gauthier, short track speed skater
- 6. Cycling team – Team Chalonnes

- 7. Cycling team – Chronos BTH
- 8. Maëva Mauviel, fencing athlete
- 9. Day care center
- 10. Excellence and involvement grants of Université Laval's FSAA

GROWING PASSION (continued)

PREMIER TECH HAS ALWAYS SUPPORTED THE COMMUNITIES WHERE IT HAS A PRESENCE. ITS COMMITMENT IS CENTERED ON THREE CORE AREAS: HEALTH, EDUCATION, AND SPORTS.

OUR PEOPLE ON THE FRONTLINE

We trust our team members to suggest and organize community events they have at heart, with our support, in order to give our social commitment a lasting impact. Last November, for instance, team members of our Business Unit Premier Tech Home & Garden organized a challenge between their different locations, to raise the most non perishable food donations to help needy families during the Holiday season.

ENCOURAGING SELF-TRANSCENDENCE

Passion, determination and team work – values that are essential to overcome major challenges – are rooted in Premier Tech’s Culture. This is why the company is proud to encourage self-transcendence. This is exactly what drove a team of mountaineers to reach the summit of Mount Everest on May 26, 2011, as part of the 2011 Premier Tech Everest Expedition. In the same spirit, Premier Tech supported a team of participants at the *Défi Cancale 2011*, a transatlantic trimaran boat race.

We are also involved in elite amateur sports. Namely, Premier Tech has, for over ten years, been supporting Guillaume Bastille, short track speed skating Gold medalist at the Vancouver 2010

GROWING PASSION (continued)

Olympics. We also sponsor another short track speed skater, Yoan Gauthier, who has been invited with the National Training Group in Montreal for the 2012-2013 season, following his outstanding performance last year.

In addition, we support a cycling team in France, Team Chalonnes, as well as our very own Chronos BTH team in the Netherlands, that competes in several categories (youth, novice, junior, and elite) and also provides training camps and development programs for young cyclists.

Finally, this year, Premier Tech also started endorsing the young fencing athlete Maëva Mauviel, daughter of a Premier Tech team member, who has been active in the French national fencing circuit, in the *Minimes* and *Cadettes Fleuret* categories.

PAVING THE WAY FOR OUR FUTURE RECRUITS

Always attentive to our team members' needs and ideas, Premier Tech financially supported the opening of a second day care center, *La passerelle des p'tits mousses*, in January 2012. This innovative project regroups two day care centers under the same roof – using shared installations. This demonstrates our commitment to help team members balance their professional and personal lives.

Core to Premier Tech's social commitment is to be supportive of our youth and its education. This is why every year it offers several grants for excellence and involvement. In 2012, the company gave out close to \$35 000 to high-school, college

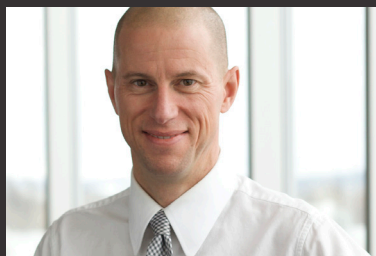
and university students who will one day join Quebec enterprises, if not become Premier Tech team members. Our commitment to education includes as well supporting scientists and their work in fundamental and applied research by financing several research chairs in various higher education institutions.

LEADERSHIP Team

Bernard Bélanger
Chairman of the Board
Chief Executive Officer



Yves Goudreau
Vice-President
Corporate Development



Jean Bélanger
President
Chief Operating Officer



Jean-Pierre Bérubé
Vice-President
Technology & Infrastructure



Michel E. Guay
President
Horticulture and Agriculture Group



Line C. Lamarre
Vice-President
Organizational Development

LEADERSHIP Team

Martin Noël
Senior Vice-President
Chief Financial Officer



Germain Ouellet
Senior Vice-President
Human Resources
Corporate Secretary



Martin Pelletier
Vice-President
Horticulture and Agriculture Group



Pierre Talbot
Vice-President
Innovation



René Modugno
Vice-President
Business Development



André Noreau
President
Industrial Equipment Group



Henri Ouellet
President
Environmental Technologies Group

Board of DIRECTORS

Bernard Bélanger ▲*■
 La Pocatière, Québec
 Chairman of the Board
 Chief Executive Officer
 Premier Tech
Chairman, Acquisitions Committee



Robin D'Anjou ■
 Bic, Québec
 Corporate Director



Gilles Laurin •
 Outremont, Québec
 Corporate Director



Germain Ouellet
 Saint-Hubert-de-Rivière-du-Loup, Québec
 Senior Vice-President
 Human Resources
 Premier Tech
Corporate Secretary



Jean Bélanger ■
 Notre-Dame-du-Portage, Québec
 President
 Chief Operating Officer
 Premier Tech



Marc-Yvan Côté •▲*■
 Baie-Saint-Paul, Québec
 President
 TUPP Canada
*Vice-Chairman, Board of Directors
 Chairman, Audit, Human Resources
 and Corporate Governance
 and Innovation committees*



Jean-Yves Leblanc •*■
 Montréal, Québec
 Corporate Director



Roger Samson ▲*
 Sainte-Catherine-de-Hatley, Québec
 Corporate Director

- Audit Committee member
- ▲ Human Resources and Corporate Governance Committee member
- * Acquisitions Committee member
- Innovation Committee member

SCIENTIFIC Board

PERMANENT MEMBERS

Dr Alain Bélanger

St-Aubert, Québec
Professor
CHUL Research Center
Faculty of Medicine
Université Laval
Vice-Chairman, Scientific Board

Dr Joël de la Noüe

Saint-Antoine-de-Tilly, Québec
Emeritus Professor
Department of Animal Science
Faculty of Food and Agriculture Science
Université Laval
Chairman, Scientific Board

SECTOR-BASED MEMBERS

HORTICULTURE AND AGRICULTURE GROUP

PREMIER TECH HORTICULTURE

Dr Hani Antoun

Sainte-Foy, Québec
Director
Department of Soils and Agrifood Engineering
Faculty of Food and Agriculture Science
Université Laval

PREMIER TECH BIOTECHNOLOGIES

Dr J. André Fortin

Québec, Québec
President
J.A. Fortin Biologiste Conseil inc.

Dr Jacques Goulet

L'Île-d'Orléans, Québec
Professor
Department of Food Science and Nutrition
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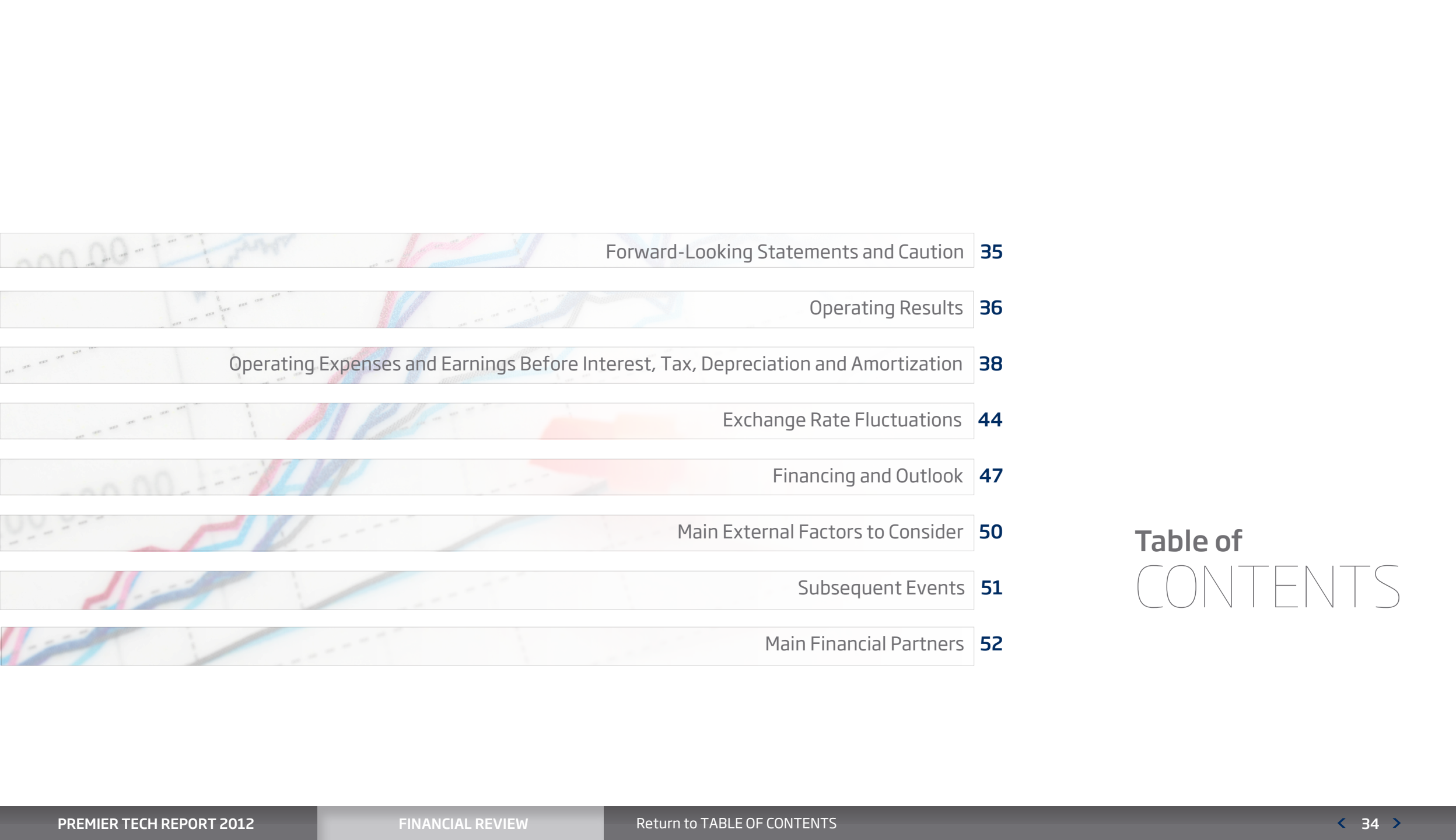
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FINANCIAL Review





Forward-Looking Statements and Caution	35
Operating Results	36
Operating Expenses and Earnings Before Interest, Tax, Depreciation and Amortization	38
Exchange Rate Fluctuations	44
Financing and Outlook	47
Main External Factors to Consider	50
Subsequent Events	51
Main Financial Partners	52

Table of CONTENTS

OPERATING results

“The company’s sales reported an increase of 69% for the Environmental Technologies Group...”

Consolidated sales for the fiscal year ended March 3, 2012, reached \$446.4 million, which represents an increase of \$38.3 million or 9.4% of sales when compared with the \$408.1 million reported for the preceding twelve-month period.

The company’s sales reported an increase of 69% for the Environmental Technologies Group (ETG) and 4% for the Industrial Equipment Group (IEG), while sales figure for the Horticulture and Agriculture Group (GHA) remained stable.

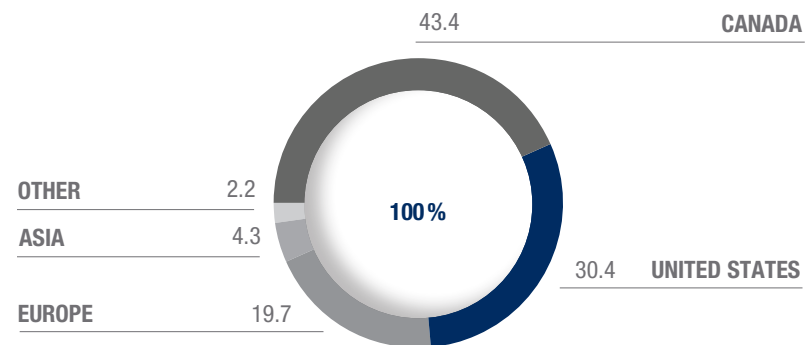
The APC-Calona Purflo acquisition made during the preceding year contributed an additional \$25.7 million to ETG’s sales figure, while the Tropicoir Lanka acquisition made during fiscal year 2012 contributed another \$4.7 million.

OPERATING results (continued)

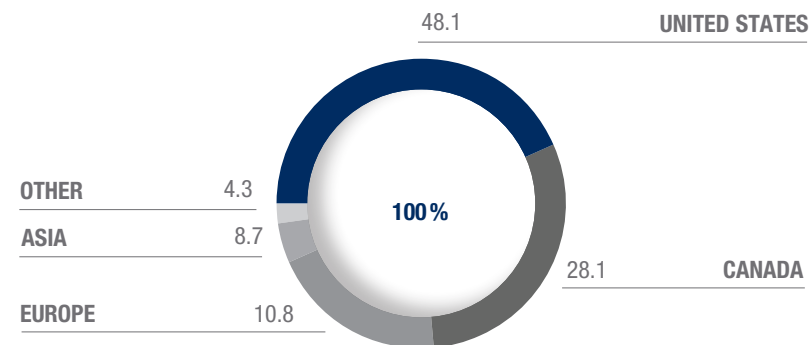
GEOGRAPHIC DISTRIBUTION OF SALES

The table below provides the geographic distribution of sales for fiscal year 2012, compared with fiscal year 2008.

2012



2008



OPERATING EXPENSES AND EARNINGS

before interest, tax, depreciation and amortization

“... the company posted an extraordinary gain of \$3 million related to the involuntary disposal of its plant in Baie-Comeau, Québec, following a fire. This positively impacted the EBITDA...”

In 2012, operating expenses, net of other income but excluding the impact of exceptional items, represented 93% of sales, compared with 91.3% in 2011 and 90.1% in 2010.

At the same time, earnings before interest, tax, depreciation and amortization (EBITDA) decreased significantly to \$34.3 million as at March 3, 2012, compared with \$49.3 million for the preceding fiscal period, and \$38.9 million in the fiscal year ended in 2010.

During fiscal year 2012, the company posted an extraordinary gain of \$3 million related to the involuntary disposal of its plant in Baie-Comeau, Québec, following a fire. This positively impacted the EBITDA by \$3 million.

Among the other factors that contributed to the EBITDA, in 2011 the company generated an increase of \$13.9 million owing to the rise in the market value of the company's participation in Sun Gro Horticulture Inc. Moreover, it should be noted that, during its fiscal year 2010, the company continued its efforts to increase the value of its assets and therefore posted a gain of \$1.9 million from the sale of non-strategic assets. As well, the increase in the market value of the company's investment in Sun Gro Horticulture Inc. contributed \$11.1 million to the EBITDA.

OPERATING EXPENSES AND EARNINGS before interest, tax, depreciation and amortization (continued)

“In the Eastern part of the country, the sphagnum peat moss harvest for the summer of 2011 was the lowest in 25 years...”

Were it not for these items, the EBITDA would have amounted to \$31.3 million in 2012, \$35.3 million in 2011 and \$25.9 million in 2010. As a result, the company’s operating EBITDA dropped by \$4 million, that is, 11.4% of its EBITDA, while its sales increased by 9.4%.

In addition, the company had to deal with numerous changes that impacted the activities of its groups during the fiscal year. GHA was again faced with fluctuating transportation costs related to volatile fuel prices and variations in the exchange rate between U.S. and Canadian currencies. Approximately 37% of GHA’s sales (35% in 2011) are realized in U.S. dollars, while only 16% of its sales (15% in 2011) are spent in the American currency, resulting in a net exposure of its sales to currency fluctuations of approximately 21% (20% in 2011). This risk is managed through

hedging operations, which means entering into future exchange contracts and currency option contracts to mitigate, over an 18-month period, the impact of short-term exchange rate fluctuations between the Canadian dollar and the U.S. greenback.

In the Eastern part of the country, the sphagnum peat moss harvest for the summer of 2011 was the lowest in 25 years, but only slightly higher than average in the West. As a result, the company’s unit production cost for sphagnum peat moss rose significantly, an increase that was only partially offset by higher targeted prices.

OPERATING EXPENSES AND EARNINGS

before interest, tax, depreciation and amortization (continued)

“The economic slowdown experienced in the U.S. and Canadian marketplace also negatively impacted the company’s business groups as a whole.”

In the same way, IEG, whose North American sales amount to approximately 60%, also had to contend with exchange rate variations between the U.S. dollar and its Canadian counterpart during the fiscal year, since a little less than 45% of its U.S. dollar revenues (50% in 2011) are spent in the same currency.

The economic slowdown experienced in the U.S. and Canadian marketplace also negatively impacted the company’s business groups as a whole. For example, ETG was again affected significantly by the reduction in new construction starts both in Canada and the U.S. ETG nevertheless managed to slightly increase its North American sales volume thanks to its efforts to penetrate new geographical and applications markets and by ensuring its ongoing presence and support in its main markets, that is, Québec and Ontario. As such, the acquisition of

Tropicoir Lanka and an entire year’s contribution (seven more months) from the APC Calona-Purflo Group represent a large part of ETG’s sales growth between 2011 and 2012.

Finally, since more than 48% of Premier Tech’s Canadian production (45% in 2011) is exported to foreign markets, the appreciation of the Canadian dollar against its U.S. counterpart negatively affected the results of the company’s Business Units for the fiscal year.

OPERATING EXPENSES AND EARNINGS

before interest, tax, depreciation and amortization (continued)

CHANGES IN THE EBITDA
FOR THE TWELVE-MONTH PERIODS ENDED AT THE END OF FEBRUARY
(in thousands of dollars)

	2012	2011	2010	2009	2008
	\$	\$	\$	\$	\$
EBITDA	34 321	49 267	38 921	16 373	27 144
As a percentage of sales	7.7%	12.1%	14.8%	6.3%	10.9%
EXCEPTIONAL ITEMS					
Net gain related to the involuntary disposal due to a fire	(3 030)	–	–	–	–
Decrease (increase) in the value of a market investment net of incurred costs	–	(13 945)	(11 118)	11 743	325
Gain from sales of non-strategic assets	–	–	(1 900)	–	–
Gain from partnerships and technology transfers	–	–	–	–	(1 425)
Severance pay and other costs related to involuntary employment terminations	–	–	–	–	503
TOTAL EXCEPTIONAL ITEMS	(3 030)	(13 945)	(13 018)	11 743	(597)
EBITDA EXCLUDING THE IMPACT OF EXCEPTIONAL ITEMS	31 291	35 322	25 903	28 116	26 547
As a percentage of sales	7.0%	8.7%	9.9%	10.7%	10.6%

OPERATING EXPENSES AND EARNINGS

before interest, tax, depreciation and amortization (continued)

EXCEPTIONAL ITEMS

During its fiscal year 2012, one of the company's plants was destroyed by fire; its equipment and building were a total loss. As a result, and considering the terms of the company's insurance coverage, the company posted an exceptional gain of \$3 million, which corresponds to the difference between the net accounting value of the fixed assets destroyed by fire and their replacement value, minus the deductible, to be assumed by the company, and the additional operating costs from this loss until the new plant is up and running. As at March 3, 2012, there was concern that the additional operating costs related to the loss might lead to a significant adjustment in the exceptional gain posted in the results.

During its fiscal year 2011, the company benefited from the appreciation in the value of the investment it held in Sun Gro Horticulture Inc., which amounted to \$13.9 million (\$11.1 million in 2010). This appreciation in value, net of costs incurred, followed the reductions in value recorded in 2009 (\$11.7 million) and 2008 (\$0.3 million).

As well, during fiscal year 2010, the company sold some non-strategic assets that generated a non-recurring gain of \$1.9 million.

OPERATING EXPENSES AND EARNINGS

before interest, tax, depreciation and amortization (continued)

During fiscal year 2009, other than the variation in the value of its market investment, the company did not experience any exceptional items. Readers can consult the 2008 and 2007 Premier Tech Reports, which present the four exceptional items that occurred in 2008 and 2007. These documents are available on the company's Web site at PREMIERTECH.COM.

CHANGES IN THE EBITDA EXCLUDING THE IMPACT OF EXCEPTIONAL ITEMS

Note that the exceptional items presented in the preceding table are restated in the graphic representation below, which provides, in thousands of dollars, the changes in EBITDA, excluding the impact of exceptional items:



Exchange rate

FLUCTUATIONS

“... foreign currency fluctuations against the Canadian dollar had a negative impact of \$2.5 million on sales...”

The analysis of foreign currency fluctuations against the Canadian dollar consists, on the one hand, of an estimate of their impact on the company’s sales and earnings and, on the other hand, of gains and losses on foreign exchange contracts and on the translation of monetary assets and liabilities accounted for in the consolidated financial statements, in accordance with ASPE.

In fiscal year 2012, foreign currency fluctuations against the Canadian dollar had a negative impact of \$2.5 million on sales, compared with the figure posted for fiscal year 2011, when the positive impact from foreign currency fluctuations amounted to \$19.2 million in comparison with the twelve-month period ended in 2010. During fiscal year 2012, these same foreign currency fluctuations against the Canadian dollar had a negative impact of \$2 million on the EBITDA, compared with the

EBITDA posted in 2011, which itself was negatively affected by foreign currency fluctuations in the amount of \$4.5 million, compared to the EBITDA of 2010.

As shown in the following table, this impact is mainly due to exchange rate fluctuations between the Canadian dollar and the U.S. currency.

Exchange rate FLUCTUATIONS (continued)

COMPARATIVE ANALYSIS OF THE IMPACT OF FOREIGN CURRENCY FLUCTUATIONS
(in thousands of dollars)

	2012 compared with 2011		2011 compared with 2010	
	U.S. dollar	All currencies	U.S. dollar	All currencies
TOTAL IMPACT OF CANADIAN DOLLAR FLUCTUATIONS AGAINST FOREIGN CURRENCIES ON				
Sales	(3.8)	(2.5)	(12.9)	(19.2)
Earnings before interest, tax, depreciation and amortization	(2.1)	(2.0)	(4.4)	(4.5)

Exchange rate FLUCTUATIONS (continued)

“Between February 28, 2009... and March 3, 2012, the Canadian dollar appreciated 28.5%, that is, an average appreciation of some 9.5% per year over three years.”

During fiscal year 2012, the Canadian dollar depreciated 1% against its U.S. counterpart since it was trading at US\$1.0217/C\$ at the beginning of the fiscal year and closed at US\$1.0115/C\$, while it appreciated by 7.5% between 2010 and 2011 and 20.7% between 2009 and 2010. Between February 28, 2009, when it traded at US\$0.7870/C\$, and March 3, 2012, the Canadian dollar appreciated 28.5%, that is, an average appreciation of some 9.5% per year over three years.

However, as at March 3, 2012, although the average rate on foreign exchange contracts on hand was 4.7% higher than the rate at which the Canadian dollar was currently trading, it was still 1% lower than the foreign exchange contracts on hand at the end of February 2011. This will have a negative impact of \$0.3 million on fiscal year 2013 results compared with those of 2012.

Financing and OUTLOOK

“As at March 3, 2012, the company met all the ratios then applicable by virtue of its financing agreements.”

During fiscal year 2012, the company’s financial performance was in line with the expectations of its shareholders and financial partners, given the prevailing economic context. As at March 3, 2012, the company met all the ratios then applicable by virtue of its financing agreements. Management expects that it will continue to meet these and the other obligations related to its financing agreements throughout the next fiscal year ending March 2, 2013. Management also believes that the company’s existing and future sources of financing will allow it to pursue its operations, investments, and IR&D activities according to its business plan.

During fiscal year 2012, the average use of the operating lines of credit stood at \$25 million (\$39.3 million in 2011 and \$19.2 million in 2010). Most of this decrease, compared to 2011, results

from the disposal of the company’s investment in Sun Gro Horticulture Inc. in March 2011, and the proceeds collected on its hereafter discussed term loan.

As at March 3, 2012, the company had at its disposal an authorized operating line of credit totaling \$60 million, agreed upon with the Canadian Imperial Bank of Commerce (CIBC). Following the close of the company’s fiscal year, this operating line of credit was increased to \$105 million.

Given that CIBC agreed to increase the company’s main operating line of credit, as at January 21, 2012, the company proceeded with the advance repayment of the \$45 million operating line of credit it had borrowed from Wells Fargo Capital Finance.

Financing and OUTLOOK (continued)

“This operating line of credit is sufficient to cover its financial needs in pursuing its operating and investment activities.”

Since March 19, 2012, the company has at its disposal an authorized operating line of credit that varies between \$85 million and \$105 million, depending on the season. This operating line of credit is sufficient to cover its financial needs in pursuing its operating and investment activities.

With no plans to finance any acquisitions of companies using its line of credit, the company foresees that the average use of its operating line of credit will amount to less than \$20 million in fiscal year 2013. The net availability from the company’s operating line of credit, an average of \$50 million for fiscal year 2013, provides the company with a great deal of maneuvering room

with which it will be in a position to meet the seasonal needs of its various Business Units and avail itself of the financial resources needed to take advantage of any business opportunities that may come its way.

On July 22, 2011, in setting up the financing to reimburse the remainder of the purchase price related to the Sure-Gro Inc. acquisition, thereafter operating under the name Premier Tech Home & Garden (PTHG), the company finalized a ten-year financing agreement with *Investissement Québec* for a secured term loan totaling \$15 million.

Financing and OUTLOOK (continued)

“On September 21, 2011, the company took advantage of the credit facility established by its term lenders on December 22, 2010, and collected \$42.2 million...”

On September 21, 2011, the company took advantage of the credit facility established by its term lenders on December 22, 2010, and collected \$42.2 million, bringing the total commitment of those lenders towards the company to \$90 million. \$20 million of these loans are committed to a four-year moratorium on capital reimbursement and will then be reimbursed annually according to the excess cash flow generated by the company, with any balance on this \$20 million being due on the

12th anniversary of the pay out. The balance of this loan, \$70 million, will be reimbursed on a monthly basis in equal capital payments over a twelve-year period. As at March 3, 2012, the balance due on the loan amounted to \$87.6 million.

MAIN EXTERNAL FACTORS to consider

“... the company must not only be forward-looking and proactive, but also adapt to the various conditions...”

Since Premier Tech operates in several different business sectors, it is subjected to many external factors that must be taken into consideration to ensure that the company will continue to grow and generate a satisfactory financial performance. As such, the company must not only be forward-looking and proactive, but also adapt to the various conditions – whether economic, climatic, operational or competitive – of the markets it services.

These external factors include credit risk management, exchange rates, interest rates, weather conditions, general economic factors, the competition, and various other operational and financial risks.

SUBSEQUENT events

FISCAL YEAR 2012

FINANCING

On March 19, 2012, the company finalized an agreement for a \$105 million line of credit with CIBC, its long-standing financial partner. This line of credit will become due in March 2017.

On April 26, 2012, the company signed a eight-year interest-free term financing agreement with the Government of Quebec for an amount totaling up to \$11.2 million.

ACQUISITION

On March 5, 2012, the company acquired the totality of the shares of the limited partnership *Nouvelles Technologies*, which owns a building the company has been renting for approximately ten years.

FISCAL YEAR 2011

DISPOSAL OF INVESTMENT

On March 3, 2011, the company disposed of its temporary investment for \$36 million and the proceeds were immediately applied to reduce

bank borrowings, thereby increasing the net availability on those bank borrowings.

Main

FINANCIAL PARTNERS



BANCA POPOLARE DELL' EMILLIA ROMAGNA
BANGKOK BANK PLC
BMO BANK OF MONTRÉAL
BUSINESS DEVELOPMENT BANK OF CANADA
CANADA ECONOMIC DEVELOPMENT
CANADIAN IMPERIAL BANK OF COMMERCE (CIBC)
COMERICA
COMMERZBANK
EXPORT DEVELOPMENT CANADA
FARM CREDIT CANADA
FONDS DE SOLIDARITÉ FTQ

GE CAPITAL SOLUTIONS
GOVERNMENT OF MANITOBA
GOVERNMENT OF NEW BRUNSWICK
HSBC BANK
INDUSTRIAL TECHNOLOGIES OFFICE
INVESTISSEMENT QUÉBEC
JOHN DEERE CREDIT
LAURENTIAN BANK
ROYAL BANK OF SCOTLAND
ROYNAT INC.
WELLS FARGO CAPITAL FINANCE

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