PREMIER TECH

PREMIER TECH REPORT 2011

WE MAKE IT

HAPPEN

For over 85 years, Premier Tech has been building its know-how and reputation on the expertise and synergy of its three groups — Horticulture and Agriculture, Industrial Equipment and Environmental Technologies — divided in Business Units. They have the mission to become technological and commercial leaders in their respective industries. Driven by a multidisciplinary team of over 2 000 people located in the Americas, Europe and Asia, Premier Tech focuses on the development of its team members, on Innovation, and on the introduction of value-added products and services to support its long-term growth.

ORGANIZATIONAL STRUCTURE

HORTICULTURE AND AGRICULTURE GROUP
GHA

- **Premier Tech Horticulture** — PTH (Canada)
- **Premier Tech Home & Garden** — PTHG (Canada)
- **Premier Tech Biotechnologies** — PTB (Canada)

ENVIRONMENTAL TECHNOLOGIES GROUP
ETG

- **Premier Tech Aqua** — PTA (Canada)
- **Premier Tech Aqua Purflo** — PTAP (France)

INDUSTRIAL EQUIPMENT GROUP
IEG

- **Premier Tech Chronos** — PTCA (Canada)
- **Premier Tech Systems** — PTSA (Canada)
- **Premier Tech Industrial** — PTIA (Canada)
- **Premier Tech Chronos** — PTCT (Thailand)
- **PremierTech Chronos** — PTCC (China)
- **Chronos BTH** — CBHI (Italy)
- **Chronos BTH** — CBHN (Netherlands)

LEGEND: BUSINESS UNIT ACRONYM (Location of the Business Unit's corporate office)

PREMIER TECH REPORT FOR THE FISCAL YEAR ENDED FEBRUARY 26, 2011

The purpose of the Premier Tech Report is to provide information about the highlights and major events that took place in fiscal year 2011, during which the company posted sales amounting to $408.1 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 February 26, 2011. 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

For the twelve-month periods ended at the end of February *(in thousands of dollars, except for the working capital ratio)*		Totally restated[1]		Partially restated[2]	
	2011	2010	2009	2008	2007
	$	$	$	$	$
OPERATIONS					
Sales	**408 126**	262 521	261 749	249 624	267 362
Earnings before interest, tax, depreciation and amortization[1]	**49 267**	38 921	16 373	27 144	23 676
FINANCIAL POSITION					
Total assets[1]	**456 136**	309 307	284 471	217 999[2]	211 594[2]
Working capital	**68 385**	56 848	44 566	36 304	32 620
Guaranteed interest-bearing debt (net of cash and deferred financing costs)[1]	**137 249**	68 746	83 363	93 959	97 125
Interest-bearing unsecured debentures	**40 825**	30 383	15 000	—	—
RATIO					
Working capital	**1.42**	1.83	1.52	1.37	1.32

[1] To 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 this report's section on "Changes in Accounting Policies."

[2] Some of the financial information from fiscal years 2008 and 2009 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.

LEADERSHIP

TEAM ANNUAL MESSAGE

For almost 90 years, Premier Tech has deployed its Culture and VALUES with coherence and consistency. One of the elements that characterize the company is its international profile: it is in perfect harmony with the company's origins, deeply rooted in the various communities where it is present. Today, Premier Tech has team members in some 15 countries, with a total of 24 manufacturing facilities in eight of them, and it is active in seven Canadian provinces.

Our company benefits from the richness generated by its worldwide presence as well as by the diversity of its people and of the industries in which it is active. Premier Tech is regional, pan-Canadian, international and global at once. All of these elements unite to distinguish the commercial offer and business experience proposed to our partners and customers. Those elements also support our ability to attract and retain talented human resources dedicated to the success of our customers. Fiscal year 2011 perfectly mirrors that reality: it strengthens our confidence in the future and enabled the Premier Tech team to see farther, create without paradigms and continuously improve itself.

STRATEGIC EXPANSION

SURE-GRO

"Premier Tech's Business Units have long had a well-defined mandate: to become a technological and commercial leader in their various markets."

The acquisition, in March 2010, of Canadian company Sure-Gro, renamed Premier Tech Home & Garden (PTHG), is yet another step in that direction. With this transaction, Premier Tech adds to its line-up a key player in Canada's consumer gardening industry. Premier Tech thus becomes a leader in this booming North American market and will benefit from the experience, knowledge and skills honed by PTHG's 225 team members.

APC AND CALONA-PURFLO

"This project is a great illustration of how our strategic Initiative in terms of alliances and acquisitions with partners is a fundamental tool for Premier Tech's development and growth."

The acquisition of the Purflo Group (APC and Calona-Purflo), Premier Tech Aqua's strategic partner in France since 2007, is definitely one of the highlights of fiscal year 2011's last two quarters. The integration of that company allows Premier Tech to add talent and depth to its hollow tank design and manufacturing skills while strengthening ETG's competence in the field of rotomoulding. The Purflo Group team, whose mandate now encompasses all of Europe, is now known as Premier Tech Aqua Purflo.

This transaction is at the heart of our strategic plan and is very much in line with our environmental vision, which drives us to innovate and develop sustainable and versatile technologies.

GROWTH, GLOBALIZATION AND INNOVATION

"With the growth of last year, the Premier Tech team is now nearly 2 000 people, including about 300 on the European continent. More than ever before, Europe and Asia are going to play a major role for Premier Tech."

The business environment of the last three fiscal years has had its share of challenges and pressures coming from several angles on our various market segments. The company had approached that period with a well-defined plan and the clear intention of seizing the external growth opportunities such a situation could give birth to. Indeed, over the last 25 months, Premier Tech closed nine acquisitions, both in Europe and North America.

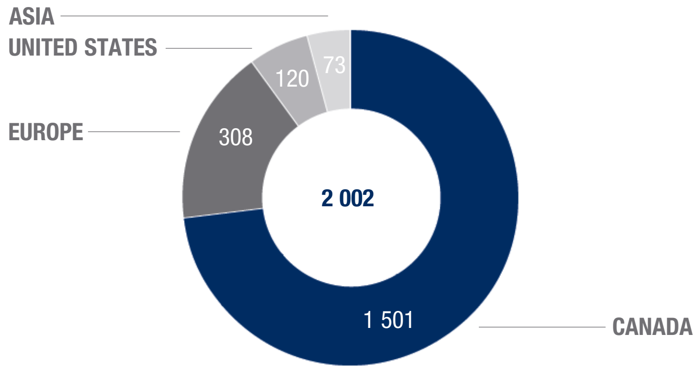
To these business integration actions must be added the organic growth efforts deployed daily by our teams all over the world. One of the main elements which fuels Premier Tech's progress is undoubtedly Innovation, Research and Development (IR&D). Premier Tech's approach regarding IR&D is inspired by the best practices and models used by Fortune 100 companies worldwide. This has been an integral part of the company's Culture for more than 30 years, and today, some 200 people are fully dedicated to it.

Throughout fiscal year 2011, we continued with the process begun in 2010, which aimed at planning the next IR&D phase. The elaboration of IPSO (Innovation-Products/Processes-Services-Offers) was completed and it was approved by the Board of Directors. IPSO will represent an investment amounting to nearly $100 million over the next six years. It should be launched towards the end of summer 2011, once its financing has been structured with our long-time external partners.

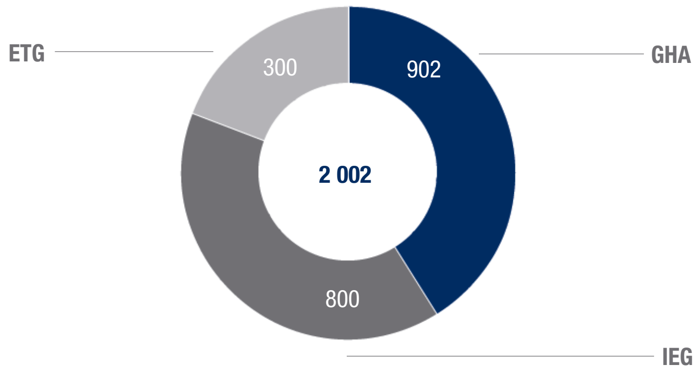
IPSO will take over for the ESSOR program, which comes to an end in the summer of 2011. This program represented investments of nearly $75 million and made it possible to launch 120 new products and create 112 jobs in 72 months.

These various actions, strategies and programs tie in with the company's daily activities to ensure the growth and development of its Business Units. Major planning efforts are thus devoted to the elaboration and long-term deployment of these strategic elements. The opening of a first Business Unit in China in 2010 and our positioning actions in emerging countries such as India and Turkey are solid examples. All these actions work together to guarantee Premier Tech's continuous success and sustainability.

TEAM MEMBERS BY TERRITORY



TEAM MEMBERS BY GROUP



FINANCIAL ENGINEERING

"The renewal of our long-term financing, along with the monetization of our participation in Sun Gro, allows us to present a sound balance sheet."

During fiscal year 2011, Premier Tech refinanced its long-term loans with its long-standing partners: Roynat, the Business Development Bank of Canada and Farm Credit Canada. The $60-million, 12-year agreement signed in March 2009 was renewed at the end of fiscal year 2011. It comprises an additional amount of $30 million available in the course of fiscal year 2012 to support our growth. Such a structure unquestionably provides the company with the flexibility and financial tools to benefit from investment opportunities and thus support the development of its three groups.

SUN GRO: SALE OF PARTICIPATION

"Sun Gro was a long-term investment, and Premier Tech unwillingly had to sell its shares through a forced process."

Since the summer of 2007, Premier Tech was a unitholder in Sun Gro Horticulture Inc., one of its main competitors in the horticultural market. By summer 2010, Premier Tech was the largest shareholder, with 24.5%.

However, in September 2010, Sun Gro Horticulture Inc.'s Board of Directors decided to explore various possibilities regarding a better valuation of the company's shares. This was carried out by a special committee which concluded that selling the company was the most profitable option for all shareholders. Consequently, the company was acquired by a company affiliated to IKO Enterprises, a leader in the manufacturing and supply of roofing products, on March 3, 2011. Throughout the process, Premier Tech remained attentive and analyzed the situation from a strategic standpoint. Following this reflection exercise, Premier Tech chose to tender its shares.

FINANCIAL RESULTS

“The growth and financial result of fiscal year 2011 is the product of our team members’ passion for our customers, and this, within a context characterized by several challenges imposed by the current economic situation.”

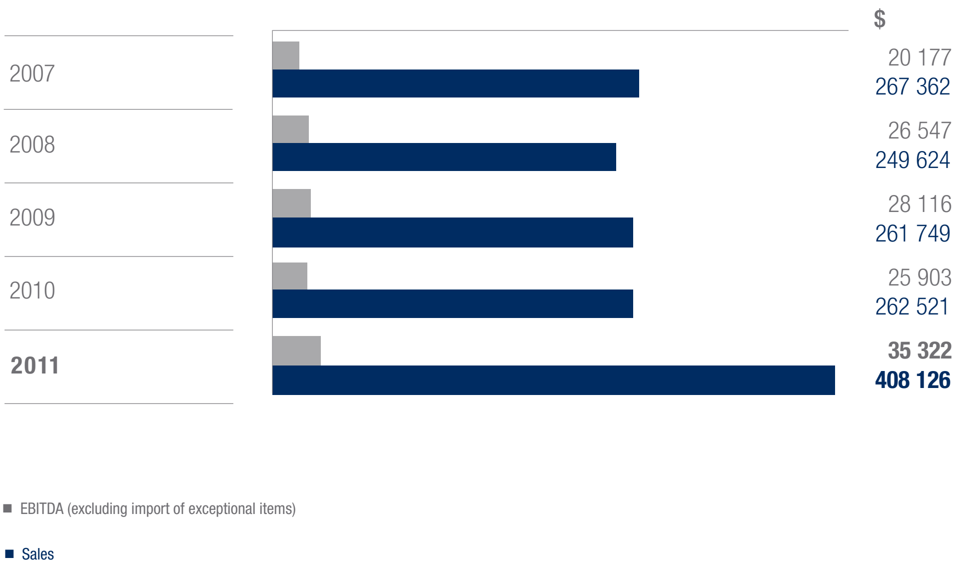
The 2011 financial results are very satisfying, with $145.6 million more in sales compared to the previous year. This 55.5% increase enables us to confidently affirm that the efforts of our team members, their agility in maintaining a steady course throughout the economic crisis and the vision of our managers have all borne fruit. Our consolidated sales for the fiscal year that ended on February 26, 2011, have reached $408.1 million.

This strong growth was driven by the actions and strategies deployed by our three groups. More specifically, it translates into an increase of 31% for the Environmental Technologies Group, 81% for the Horticulture and Agriculture Group, and 31% for the Industrial Equipment Group.

These results are all the more interesting since fiscal year 2011, despite the recovery, was one of the most difficult over the last years in terms of competitive context. The global economic situation is still fragile, and markets are still considerably affected on the international scale. Our Business Units are facing constant and sustained challenges: the currency fluctuations (euro and American dollar), the strength of the Canadian dollar and the increase in the cost of raw materials in several categories.

In short, these figures are the positive outcome of the rigor and discipline each of Premier Tech’s teams was able to work with over the course of the year.

(in thousand of dollars)



A VERY PROMISING BACKGROUND

Throughout 2011, Premier Tech reaffirmed its proactive personality and leadership in its three core industries: horticulture and agriculture for consumer and professional growers, environmental technologies for wastewater treatment and industrial equipment for flexible packaging and material handling.

Finally, Premier Tech's Leadership Team looks forward to the next years with realism and optimism. The way we analyze and look at the world's major socio-economic and demographic trends support that the company is well positioned to take up the international challenges to come.

ANNUAL
REVIEW

LEADERSHIP IN MOTION

By taking Premier Tech Home & Garden under its wing, Premier Tech expands its reach in the consumer marketplace with a unique channel to better serve its clientele.

BUILDING THE CUSTOMER'S EXPERIENCE

Launched in the spring of 2010, CIL Golfgreen™ Lawn Thickener has helped weekend gardeners across Canada save time and get a greener lawn.

EVERYDAY SUSTAINABLE ENVIRONMENT

Because environment sustainability is lived throughout its sphagnum peat moss operations, Premier Tech obtained the VeriFlora® Certified Peatland Products certification for its responsible management of peatlands.

INNOVATION THAT MATTERS

The *Association pour le développement de la recherche et de l'innovation du Québec* awarded Premier Tech with its *Prix Innovation – Procédé* for the environmental consciousness of its team members and the innovative technologies they launched.

THE POWER OF ONE

By joining forces with Premier Tech Aqua Purflo, we added critical competencies to support our technological leadership and increase our reach in the European wastewater market.

MAKING LIFE EASY

Premier Tech introduced, in the fall of 2010, its new, ready-to-use Ecoflo® biofilter, which provides a faster and easier installation at its customers' residence.

GOING GLOBAL BY BEING LOCAL

By leveraging its existing joint venture in India, Premier Tech can better support local needs through qualified and trained Indian personnel.

WORKING TOGETHER

Being awarded the prestigious *Prix d'excellence en affaires Québec-France 2010* clearly recognizes our business model built on strategic partnerships and embracing diversity.

BRING THEM ON

A record number of projects were signed in fiscal year 2011, including Premier Tech's biggest European deal ever, a contract worth $6 million with Finnish horticultural company Kekkilä Oy.

BUILDING THE EUROPEAN PRESENCE

Premier Tech made two important acquisitions, Forberg and BTH-UK, to strengthen its presence and offer increased support to its customers.

WE DESIGN EFFICIENT SOLUTIONS FOR YOUR BENEFIT

This year, our team members spent more than 1.5 million hours making sure that we would deliver on our promises.

ANDY IS BORN

By relentlessly pushing their creative thinking, Premier Tech's engineers gave birth to ANDY and its bag handling prowess.

A BIGGER FOOTPRINT

With the opening of its first assembly plant in Changshu, China, Premier Tech enters a highly promising market with a strong commitment.

WE MAKE IT

HAPPEN WITH

PASSION


WE
ARE
PT

LEADERSHIP
TEAM

1 Bernard Bélanger
2 Jean Bélanger
3 Jean-Pierre Bérubé
4 Yves Goudreau
5 Line C. Lamarre
6 René Modugno
7 Martin Noël
8 André Noreau
9 Germain Ouellet
10 Henri Ouellet
11 Martin Pelletier
12 Pierre Talbot

Bernard Bélanger
Chairman of the Board
Chief Executive Officer

Jean Bélanger
President
Chief Operating Officer

Jean-Pierre Bérubé
Vice-President
Technology and Infrastructure

Yves Goudreau
Vice-President
Business Development

Line C. Lamarre
Vice-President
Organizational Development

René Modugno
President
Premier Tech Home & Garden

Martin Noël
Senior Vice-President
Chief Financial Officer

André Noreau
President
Industrial Equipment Group

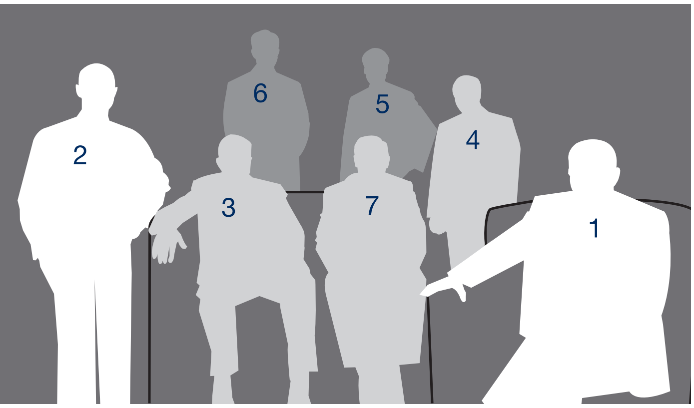
Germain Ouellet
Senior Vice-President
Human Resources
Corporate Secretary

Henri Ouellet
President
Environmental Technologies Group

Martin Pelletier
Vice-President
Horticulture and Agriculture Group

Pierre Talbot
Vice-President
Innovation

BOARD OF DIRECTORS



1 Bernard Bélanger
2 Jean Bélanger
3 Marc-Yvan Côté
4 Robin D’Anjou
5 Gilles Laurin
6 Jean-Yves Leblanc
7 Germain Ouellet

Absent: Roger Samson

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

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

Robin D'Anjou ■
Bic, Québec
Corporate Director

Gilles Laurin ●
Outremont, Québec
Corporate Director

Jean-Yves Leblanc ● ✻ ■
Montréal, Québec
Corporate Director

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

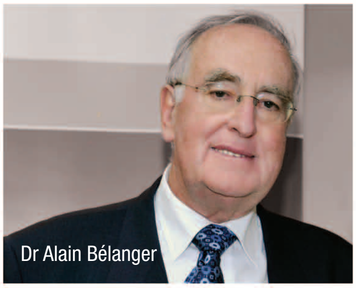
Roger Samson ▲ ✻
Sainte-Catherine-de-Hatley, Québec
Corporate Director

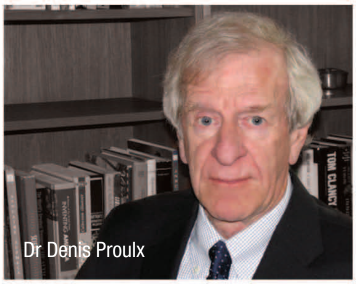
● Audit Committee member

✻ Acquisitions Committee member

▲ Human Resources and Corporate Governance 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
Faculty of Food and Agriculture Science
Université Laval

ENVIRONMENTAL TECHNOLOGIES GROUP

Dr Guy Mercier
Québec, Québec
Professor
INRS - Centre Eau Terre Environnement

Dr Jean-Pierre Dautais
Basse Goulaine, France
Technology Advisor

INDUSTRIAL EQUIPMENT GROUP

Dr Denis Proulx
Lennoxville, Québec
Associate Professor
Department of Mechanical Engineering
Faculty of Engineering
Université de Sherbrooke

FINANCIAL
REVIEW

FORWARD-LOOKING STATEMENTS AND CAUTION

The Premier Tech Report includes forward-looking statements regarding the objectives, projections, estimates, expectations and forecasts of the company or management. These statements are indicated by positive or negative verbs such as *believe, plan, estimate, assess,* or *related expressions*. The company cautions that, by their very nature, forward-looking statements involve major risks and uncertainties, which means that the company's activities or results could differ substantially from those indicated, whether explicitly or implicitly, in such statements.

Earnings before depreciation and amortization, interest on the long-term debt, interest and bank charges and income taxes on earnings (earnings before interest, tax, depreciation and amortization: EBITDA) is a measurement that has no standardized definition under Canadian Generally Accepted Accounting Principles (GAAP). It is therefore not considered to be in accordance with GAAP. As such, this measurement may not be comparable to similar measurements reported by other companies. It is described in this report to provide readers with additional information about the results of the company's operations.

CHANGES IN ACCOUNTING POLICIES

During fiscal year 2010, Premier Tech's Board of Directors chose to use the Canadian Accounting Standards for Private Enterprises (ASPE) rather than the International Financial Reporting Standards (IFRS). The ASPE's provisional rules allow the company to apply them in its fiscal year 2012 or to early adopt in its fiscal year 2011, in which case, the comparative information presented for fiscal year 2010 would then have to be restated, including the opening balance of retained earnings. During fiscal year 2011, Premier Tech's Board of Directors decided to early adopt the ASPE and, as such, restate fiscal year 2010's financial statements, as well as the balances of the opening balance sheet and the retained earnings at the beginning of fiscal year 2010 (hence, those at the end of fiscal year 2009).

The main consequences of the company's choice to early adopt the ASPE are as follows:

- The investment in Sun Gro Horticulture Inc. must be assessed at its market value as at the fiscal year end date rather than at its acquisition cost, even when it was reported as a long-term investment. It should be noted that, during its fiscal year 2008, the company's investment in Sun Gro Horticulture Inc. was already reported at its market value since, at that time, it was considered a temporary investment. At the end of its fiscal year 2007, the company did not invest in any public company.

- Some of the property, plants and peat bogs held by the company were reassessed as at March 1, 2009, the date the Company started using the ASPE. As a result of this reassessment, depreciation and amortization expenses for fiscal years 2010 and 2011 were revised upwards. Since the assessment was done on March 1, 2009, the corresponding information (the value of these assets and the total assets, as well as the related depreciation and amortization expenses) for the years ended in 2008 and 2007 could not be restated. However, it should be noted that this assessment does not in any way affect the calculation of the EBITDA for these two fiscal years and this information is therefore comparable for the five years presented.

- Deferred financing costs must now be reported against the debt balance rather than the assets. This reclassification does not, in any way, affect the company's annual results; it simply reduces the total assets and liabilities in the company's balance sheet.

The changes presented here do not in any way affect sales, working capital or unsecured debentures since this information remains unchanged with respect to that presented in Premier Tech Reports for previous years.

EARLY APPLICATION OF THE ASPE

The impact of early application of the ASPE on the company's total assets can be summarized as follows:

(In thousands of dollars)	**2010**	2009	2008	2007
	$	$	$	$
TOTAL ASSETS AT FISCAL YEAR END AS ORIGINALLY PRESENTED	**245 876**	230 457	218 470	212 413
Reassessment of property, plants and peat bogs	**61 890**	64 150	—[1]	—[1]
Reassessment of investment in Sun Gro Horticulture Inc.	**2 361**	(9 360)	—	—
Reclassification of deferred financing costs	**(820)**	(776)	(471)	(819)
TOTAL ASSETS AS ORIGINALLY PRESENTED	**309 307**	284 471	217 999	211 594

[1] The financial information regarding the reassessment of land, buildings and peat bogs was not restated for fiscal years 2008 and 2007 because the cost to do so would have been too high in relation to the usefulness of the information.

OPERATING RESULTS

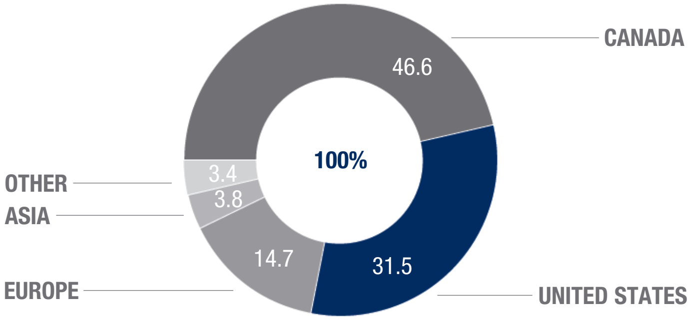
Consolidated sales for the fiscal year ended February 26, 2011, reached $408.1 million which represents an increase of $145.6 million or 55.5% of sales when compared with the $262.5 million reported for the preceding twelve-month period.

The Company's sales reported strong growth in each of its business groups, that is, 31% for the Environmental Technologies Group (ETG), 81% for the Horticulture and Agriculture Group (GHA) and 31% for the Industrial Equipment Group (IEG). The STONEPAK and BTH acquisitions during the preceding year contributed an additional $27 million to IEG's sales figure, while ETG and GHA benefited from contributions of $10 million and $123 million, respectively, from the APC Calona-Purflo Group and Sure-Gro acquisitions made during fiscal year 2011.

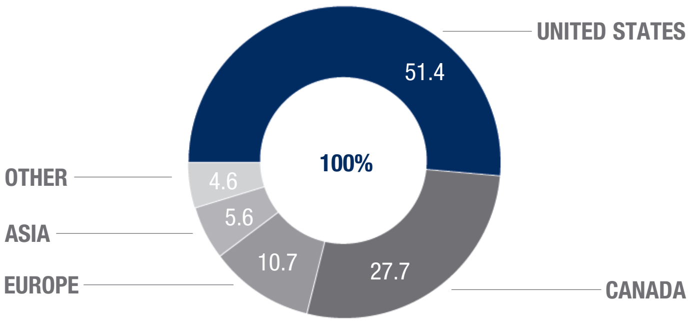
GEOGRAPHIC DISTRIBUTION OF SALES

The table below provides the geographic distribution of sales for the fiscal year ended February 26, 2011, compared with fiscal year 2007.

2011



2007



OPERATING EXPENSES AND EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION

In 2011, operating expenses, net of other income but excluding the impact of the variation in the value of the stock market investment, represented 91.3% of sales, compared with 90.1% in 2010 and 89.3% in 2009.

At the same time, earnings before interest, tax, depreciation and amortization (EBITDA) increased significantly to reach $49.3 million as at February 26, 2011, compared with $38.9 million for the preceding fiscal period, and $16.4 million in the fiscal year ended in 2009.

Among the factors that contributed to the EBITDA in 2011, it should be noted that 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 with its efforts to materialize the value of its assets and 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. During fiscal year 2009, the variation in the market value of this investment had a negative effect of $11.7 million on the EBITDA. Were it not for these elements, the EBITDA would have amounted to $35.3 million in 2011, $25.9 million in 2010 and $28.1 million in 2009.

In addition, the company had to deal with numerous changes that impacted the activities of its groups. 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 35% of GHA's sales (65% in 2010) are realized in U.S. dollars, while only 15% of its sales (30% in 2010) are spent in the American currency, resulting in a net exposure of its sales to currency fluctuations of approximately 20% (35% in 2010). This risk is managed through hedging operations, which means entering into futures 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 same way, IEG, whose North American sales in U.S. dollars amount to more than 50%, also had to contend with the exchange rate variations between the U.S. dollar and its Canadian counterpart since a little less than 50% of its U.S. dollar revenues (40% in 2010) are spent in the same currency.

The economic slowdown experienced in the U.S. marketplace, among others, 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 in the U.S. during 2010. ETG nevertheless managed to maintain its North American sales volume thanks to its efforts to penetrate new geographical markets, namely in Western Canada, and by ensuring its ongoing presence and support in its main markets, that is, Québec and Ontario. The acquisition of the APC Calona-Purflo Group constitutes a large part of ETG's sales growth between 2010 and 2011.

Finally, since more than 45% of Premier Tech's Canadian production (70% in 2010) is exported to foreign markets, the appreciation of the Canadian dollar against its U.S. counterpart negatively affected the results of Premier Tech's Business Units.

CHANGES IN THE EBITDA

For the twelve-month periods ended at the end of February *(in thousands of dollars)*	**2011**	2010	2009	2008	2007
	$	$	$	$	$
EBITDA	**49 267**	38 921	16 373	27 144	23 676
As a percentage of sales	***12.1 %***	*14.8%*	*6.3 %*	*10.9 %*	*8.9 %*
EXCEPTIONAL ITEMS					
Decrease (increase) in value of a stock market investment net of costs incurred	**(13 945)**	(11 118)	11 743	325	—
Gain from sales of non-strategic assets	**—**	(1 900)	—	—	—
Gain from partnerships and technology transfers	**—**	—	—	(1 425)	(4 149)
Severance pay and other costs related to involuntary employment terminations	**—**	—	—	503	650
TOTAL EXCEPTIONAL ITEMS	**(13 945)**	(13 018)	11 743	(597)	(3 499)
EBITDA EXCLUDING IMPACT OF EXCEPTIONAL ITEMS	**35 322**	25 903	28 116	26 547	20 177
As a percentage of sales	***8.7 %***	*9.9 %*	*10.7 %*	*10.6 %*	*7.5 %*

EXCEPTIONAL ITEMS

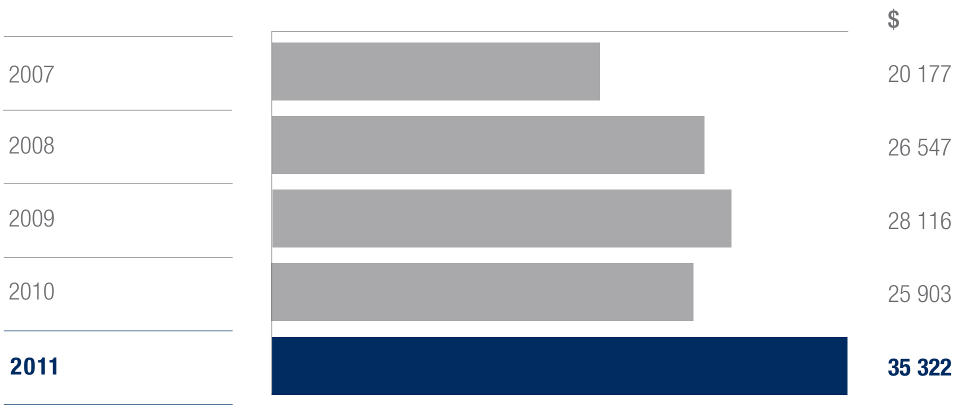
During its fiscal year 2011, the company benefited from the appreciation in the value of the investment it held in Sun Gro Horticulture Inc., which amounted to $13.9 million ($11.1 million in 2010). This appreciation in value, net of costs incurred, followed the reduction in value recorded in 2009 ($11.7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

As well, during fiscal year 2010, the company compiled an inventory of its assets that are not being fully used in current operations and that are not essential to its short-, medium- and long-term development. As part of this initiative, during its fiscal year 2010, the company sold some non-strategic assets that generated a non-recurring gain of $1.9 million. Discussions regarding other non-strategic assets held by the company are currently underway and, during fiscal year 2012, transactions might be realized in this regard.

During fiscal year 2009, other than the variation in the value of its stock 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 www.premiertech.com.

CHANGES IN THE EBITDA

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



EXCHANGE RATE FLUCTUATIONS

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 GAAP.

In fiscal year 2011, foreign currency fluctuations against the Canadian dollar had a negative impact of $19.3 million on sales, compared with the figure posted for fiscal year 2010, when the positive impact from foreign currency fluctuations amounted to $2.4 million in comparison with the twelve-month period ended in 2009. During fiscal year 2011, these same foreign currency fluctuations against the Canadian dollar had a negative impact of $4.5 million on the EBITDA, compared with the EBITDA posted in 2010, which itself benefited from foreign currency fluctuations of $2.5 million, compared to the EBITDA of 2009. As shown in the table below, this impact is mainly due to exchange rate fluctuations between the Canadian dollar and the U.S. currency.

COMPARATIVE ANALYSIS OF THE IMPACT OF FOREIGN CURRENCY FLUCTUATIONS

(in thousands of dollars)	**2011** compared with **2010**		2010 compared with 2009	
TOTAL IMPACT OF CANADIAN DOLLAR FLUCTUATIONS AGAINST FOREIGN CURRENCIES ON	U.S. dollar	All currencies	U.S. dollar	All currencies
Sales	**(12.9)**	**(19.3)**	3.2	2.4
Earnings before interest, tax, depreciation and amortization	**(4.4)**	**(4.5)**	2.5	2.5

During fiscal year 2009, the Canadian dollar appreciated 7.5% against its U.S. counterpart since it was trading at US$0.9501/C$ at the beginning of the fiscal year and closed at US$1.0217/C$.

During fiscal year 2010, the Canadian dollar appreciated significantly against its U.S. counterpart. While the Canadian dollar traded at US$0.7870/C$ on February 28, 2009, it climbed rapidly in April and May to close at US$0.9160/C$ on May 31, 2009, an increase of some 16.4% in only three months. During the last nine months of fiscal year 2010, the Canadian dollar traded between US$0.8649/C$ and US$0.9771/C$ and closed at US$0.9501/C$, which represents a 3.7% appreciation in value against its American counterpart during this same nine-month period, that is, a 20.7% increase in the Canadian dollar over a single year. Since the exchange rates on the company's foreign exchange contracts were favorable at the beginning of fiscal year 2010, the company was able to mitigate the impact of the sharp rise in the Canadian dollar.

However, on February 26, 2011, although the average rate on foreign exchange contracts on hand was 8% higher than the rate at which the Canadian dollar was currently trading, it was still 9.2% lower than the foreign exchange contracts on hand at the end of February 2010. This will have a negative impact of $4.9 million on the fiscal year 2012 results compared with those of 2011.

FINANCING AND OUTLOOK

During fiscal year 2011, the company's financial performance was in line with the expectations of its shareholders and financial partners, given the prevailing economic context. As at February 26, 2011, 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 3, 2012. 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.

As at February 26, 2011, the company had at its disposal two authorized operating lines of credit totaling $69.4 million. One of these, an agreement reached with CIBC Assets Based Lending, amounted to $40.3 million and can be increased to $60 million, if the company so chooses, provided the available borrowing base is sufficient. The other, agreed upon with Wells Fargo Capital Finance, amounted to $29.1 million on a authorized loan totaling $45 million in high season.

On April 7, 2010, as part of the acquisition of the Sure-Gro operations, thereafter operating under the name Premier Tech Home & Garden (PTHG), the company concluded a 10-year financing agreement with the *Fonds de solidarité FTQ*, for an unsecured debenture totaling $10 million. This adds to the $30-million unsecured debentures provided to the company on February 25, 2009, bringing the *Fonds de solidarité FTQ*'s total participation to $40 million over the past three fiscal years.

On December 22, 2010, the company and its main term lenders reached a financing agreement whereby the company was granted an additional loan, bringing the commitment of those lenders towards the company to $90 million. The exact amount of the additional loan will depend on the balance of the loans from its lenders when the company requests a first payout. $20 million of these loans will be committed to a four-year moratorium on capital reimbursement and then 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 12-year period. As at February 26, 2011, this credit facility allowed the company to borrow an additional $39.9 million that will progressively increase to $42.6 million by October 31, 2011. The company can take advantage, in whole or in part, of this credit facility by requesting a payout from its term lenders by October 31, 2011.

During fiscal year 2011, the average use of the operating lines of credit stood at $39.3 million ($19.2 million in 2010 and $46.7 million in 2009). The major portion of this increase results from the acquisition of Sure-Gro, whose average use of its line of credit amounted to $13.2 million. The balance of the increase, $6.9 million, results from the fact that the company temporarily financed part of the Sure-Gro and APC Calona-Purflo Group acquisition prices from its operating line of credit with CIBC Assets Based Lending. With the proceeds of disposal of its investment in Sun Gro Horticulture Inc. collected, the company foresees that the average use of its operating lines of credits will amount to less than $20 million in fiscal year 2012.

The net availabilities from the company's operating lines of credit, an average of $40 million for fiscal year 2012, 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.

PTHG has at its disposal an operating line of credit with an authorized limit that varies between $25 and $45 million, depending on the season and whose average net availability is taken into account in the preceding comment. This operating line of credit is sufficient for PTHG to meet its financial needs in carrying out its operating and investment activities.

MAIN EXTERNAL FACTORS TO CONSIDER

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 2011

Disposal of Investment

On March 3, 2011, the company disposed of its temporary investment for $36,035,000 and the proceeds were immediately applied to reduce bank borrowings, thereby increasing the net availability on those bank borrowings.

FISCAL YEAR 2010

Business Acquisition

On March 1, 2010, the company acquired the activities of Sure-Gro, whose head office is located in Brantford, Ontario. This company manufactures and markets consumer lawn and garden products throughout Canada. This acquisition was accounted for using the acquisition method and the business' results were presented with those of GHA as of the date of its acquisition by the company.

Long-Term Financing

As part of the aforementioned Sure-Gro acquisition, the company concluded an agreement with *Fonds de solidarité FTQ* by virtue of which it was extended an additional 10-year loan consisting of a $10-million unsecured debenture.

INTERNATIONAL CORPORATE OFFICE

1, avenue Premier
Campus Premier Tech
Rivière-du-Loup (Québec)
G5R 6C1 CANADA

INTERNET

We invite you to consult the electronic version of this report, which is available in various languages at **www.premiertech.com.**

You may also discover the complete line of Premier Tech products, supported by technical data sheets, links and various tips.

ELECTRONIC MAIL

If you wish to obtain further information about the company and its Business Units, please send a request to the following address: **info@premiertech.com.**

AUDITORS

Ernst & Young LLP
Québec (Québec)
CANADA

MAIN FINANCIAL PARTNERS

BANCA POPOLARE DELL' EMILLIA ROMAGNA
BANGKOK BANK PLC
BANK OF IRELAND
BMO BANK OF MONTRÉAL
BUSINESS DEVELOPMENT BANK OF CANADA
CANADA ECONOMIC DEVELOPMENT
CIBC ASSETS BASED LENDING INC.
COMERICA
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FARM CREDIT CANADA
FONDS DE SOLIDARITÉ FTQ
GE CAPITAL SOLUTIONS
GOVERNMENT OF MANITOBA
GOVERNMENT OF NEW BRUNSWICK
HSBC BANK
INDUSTRIAL TECHNOLOGIES OFFICE
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PREMIER TECH

1, avenue Premier
Campus Premier Tech
Rivière-du-Loup (Québec)
G5R 6C1 CANADA

418 867-8883
418 862-6642
PREMIERTECH.COM