Annual
Shareholders' Meeting
Tuesday, June 3, 1997 at 11 : 00 a.m.
Complexe Desjardins Hotel
"Salon Alfred Rouleau," Basilaire 1
4 Complexe Desjardins
Montreal, Quebec

PROFILE / POSITION

Lassonde Industries Inc. is a leading manufacturer of pure fruit juices and fruit drinks in Canada, and the largest manufacturer and distributor of apple juice in Eastern Canada. Through its subsidiaries, Lassonde is active in the processing, packaging and marketing of food products such as pure fruit juices, fruit and citrus drinks, the canning of corn on the cob for foreign markets as well as dipping sauces, fondue bouillon and baked beans. The Company also markets its know-how in Canada and abroad.

PRODUCTS

Products are sold under more than 10 brand names, including ***Rougemont, Oasis, Premium Collection, Health Break, Fruité, Mont-Rouge, Rougevalley, Martin, Bright's, La Maison des Fondues, Canton, Madeleine, Graves*** *and* ***Orange Maison****. Some of the Company's pure fruit juices and fruit drinks are also retailed under private labels by most major food wholesalers.*

MARKETS

Lassonde sells its products in Quebec, other Canadian provinces, the United States, Europe and Asia. Most of its sales are made to food wholesalers, while restaurants, hospitals, hotels and schools account for the remainder.

SUBSIDIARIES

The Company has three wholly-owned subsidiaries: A. Lassonde Inc., Effex Marketing Inc. and Lassonde International Inc. A. Lassonde Inc. directly owns Greatvalley Juices Inc., Orange Maison Inc. and Lassonde Juices Inc.

HUMAN RESOURCES

The Company currently has over 550 employees contributing to its continued growth.

STOCK LISTING

The Company's shares have been listed on The Montreal Exchange since 1987 (ticker symbol LAS.A).

S'IL-VOUS-PLAÎT, VEUILLEZ VOUS RÉFÉRER AU VERSO DU RAPPORT POUR LA VERSION FRANÇAISE

Stock Market Information (LAS.A)
as at December 31, 1996

Number of shares outstanding:	6,709,430
Public float:	1,233,990
High/low/close (fiscal 1996):	$17.00 / $13.50 / $16.60
Price/earnings:	14.3x
Price/cash flow:	7.2x
Price/book value:	1.8x
Dividend:	$0.28
Dividend yield:	1.7%

Financial Highlights

(in thousands of dollars except per share amounts)

	1996	1995	1994
Operations			
Sales	**$160,002**	$ 151,388	$ 136,472
Net earnings	**7,759**	7,332	6,973
Cash flow	**15,505**	14,003	13,139
Financial Position			
Total assets	**$113,268**	$ 98,525	$ 82,477
Working capital	**26,882**	19,776	21,096
Acquisition of fixed assets	**15,359**	11,018	5,195
Long-term debt	**18,663**	9,127	9,781
Shareholders' equity	**60,532**	55,023	49,442
Per share amounts			
Earnings	**$ 1.16**	$ 1.10	$ 1.04
Cash flow from operations	**2.32**	2.10	1.96
Book value	**9.06**	8.25	7.41

1996 WINNER AT THE CANADIAN GRAND PRIX NEW PRODUCT AWARDS™

Recognized as the Oscars of the Canadian food industry, the Canadian Grand Prix New Product Awards™ recognize innovation in recently created and marketed products that offer consumers the greatest advantages. The 15-member jury includes representatives from across Canada and reflects the viewpoints of consumers, journalists and industry leaders.

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Lassonde won the 1996 award in the Beverage category for its OASIS PREMIUM COLLECTION line of pure juices.

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Message to Shareholders

Fiscal 1996 was a good year for Lassonde, marked by balanced growth in sales and earnings, expansion in Quebec and a strategic acquisition in Ontario, where it now owns its first production subsidiary. The Company continued to show a healthy and solid financial position with a satisfactory return on equity, while paying increased dividends to its shareholders.

1996 was also another year of innovation during which Lassonde developed and launched new products. Its differentiation strategy and excellent price-quality ratio led to its being chosen as the winner in the Beverage category for its OASIS PREMIUM COLLECTION line of pure fruit juices at the 1996 CANADIAN GRAND PRIX NEW PRODUCT AWARDS™.

In 1996, with the contribution of all its subsidiaries and divisions, Lassonde continued to enhance its core value and reinforce its positioning with its suppliers as well as on the Canadian and export markets.

Increase in Sales and Earnings, Productivity Improvements and a Solid Balance Sheet

While the pressure on the price of raw materials was generally less intense in 1996 than in the previous year, it remained significant for some materials. Moreover, the third quarter, which includes the period from July to September inclusively, reflected lower juice and ready-to-drink beverage consumption than forecasted due to poor weather conditions early in the summer of 1996. The growing popularity of refrigerated products, however (including OASIS PREMIUM COLLECTION juices) and various lines of juices and drinks, combined with marked improvements in productivity, minimized the effects of uncontrollable factors such as weather conditions and higher prices for certain categories of raw materials. As a result, sales totaled $160 million as at December 31, 1996, up nearly 6% over 1995. Most of the subsidiaries, divisions and geographic markets contributed to this growth. The operating margin increased from 12.0% to 12.9% due to productivity gains resulting from the installation of sophisticated equipment in recent years as well as effective control of operating costs and the dynamic marketing of new products. Net earnings reached $7.8 million or $1.16 per share, up nearly 6%.

At the end of fiscal 1996, liquidity and capital resources stood at very satisfactory levels. Cash flow increased by approximately 11%, reaching $15.5 million or $2.32 per share. Working capital grew by some 36%, rising to $26.9 million. In the second half of 1996, the Company took advantage of credit facilities to finance new capital expenditures. Long-term debt rose to $18.7 million, up from $9.1 million one year earlier. Shareholders' equity climbed to $60.5 million, up 10% over 1995, for a book value of $9.06 per share. The long-term debt/equity ratio stood at 0.31:1. In 1996, the Company paid a dividend of $0.28 per share to its shareholders.

In markets where competition is fierce and conditions fluctuate with the climate and the price of raw materials, Lassonde's steady development and growth result from a combination of lasting strengths. These include the quality of its assets, the know-how of its employees, a flexible yet effective management, a commitment to continuous innovation, a profitable differentiation strategy, knowledge of markets that enables it to adjust both its products and its reliable, practical and attractive packaging to consumer needs and trends, aggressive development of its domestic and export markets, quality relations with local, national and international suppliers, and its strategic alliances.

Expansion in Quebec

The growth in demand, backed by active business development and the marketing of new product lines, also entailed increasing the storage capacity for raw materials and finished products. Lassonde acquired two warehouses in Quebec, increasing its capacity by 290,000 square feet. In June 1996, the Company purchased a 250,000 square-foot warehouse in Saint-Damase through the Entreposage Supervision division. This offers the possibility of expanding the storage capacity of the Lassonde Group as a whole. In January 1997, the Company also acquired another 40,000 square-foot warehouse for the storage of apples in a controlled atmosphere, thereby creating a new division: Entrepôt A.C. L'Ange-Gardien.

Strategic Acquisition in Ontario

During the second half of fiscal 1996, Lassonde completed a strategic acquisition in Ontario, its second largest market which it has served for several years and where several of its suppliers are located. Moreover, the Rougemont brand is one of the top-selling apple juice brands in Ontario. With the acquisition of certain of the assets of Mar-Brite Foods Co-operative Inc., a company located in southwestern Ontario and producer of the Martin and Bright's brands, Lassonde now has its first production facility in Ontario. This acquisition, which required an investment of some $5 million, should contribute annual sales of approximately $10 million to Lassonde's revenues. Production will initially focus on apple juice and tomato juice. Over the medium term, the organization offers sound product diversification potential, which Lassonde plans to exploit by way of various investments. Moreover, this well-established presence in the market brings Lassonde closer to its Ontario customers, enabling it to serve them better with its own brands as well as their private labels.

Lassonde Juices Inc., the subsidiary resulting from the acquisition, has a good receiving, pressing, canning and warehousing capacity totalling 168,000 square-feet. The facilities of Lassonde Juices Inc. are in excellent condition and located near the United States, another key market. Given that these

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assets were acquired in the second half of 1996, the first tangible impact will be on 1997 results.

Continuous Innovation— New products with Fresh Fruit and Broadening Lines of Ready-to-drink Fruit Juices and Fruit Drinks

Lassonde continues to strengthen its leadership positioning with regard to differentiation in the ready-to-drink fruit juice and fruit drink sector. In 1996, it broadened its OASIS PREMIUM COLLECTION line by launching two fruit-juice blends: Ruby Red grapefruit and orange; apple, cranberry and raspberry. In the fall of 1996, the Company extended the market for this successful line from Quebec to the Atlantic Provinces. It also introduced RED DELICIOUS apple juice, which it sells in two-litre containers under the ROUGEMONT brand name. FRUITÉ, the top-selling line of fruit drinks in Canada, continued its market growth with highly attractive new packaging and three new flavours: cherry, green apple and peach-apricot. In addition, Lassonde created an entirely new line under the ROUGEVALLEY brand consisting of fresh cranberry juice cocktails. Currently including four products— cranberry, cranberry-apple, cranberry-raspberry and cranberry-blueberry — this line offers cranberry lovers a superior product, in a lightweight, practical, see-through container, for an excellent price-quality ratio. The OASIS HEALTH BREAK line of juices meets consumers' expectations and will be further developed in 1997 with various adjustments and the addition of new products. Lassonde constantly improves its selection to anticipate trends and promptly respond to consumers' changing needs.

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Moreover, the Company continues to package products under the private labels of several food wholesalers.

Development in Asia

The investments with a Thai partner and Chinese companies continue their positive evolution. Demand is on the rise and three more products were added to the three already in the line, for a total of six products currently being sold on the Chinese market. Given the growing popularity of these products with consumers, Lassonde plans to further expand this market during 1997.

Human Resources Commited to Continuous Improvement

In 1996, Lassonde continued its work re-engineering program through employee accountability and participation. This continuous improvement process is being implemented progressively in all the Group's facilities. Combined with the installation of leading-edge equipment in recent years, continuous improvement in all aspects of work has had a tangible impact on quality, productivity and the quality of life in the workplace.

With regard to training, the Company continues to invest in retraining and professional development for its employees. Over 2% of its total payroll was earmarked for this front-line activity in 1996.

Share Redemption

The Board of Directors has also authorized the Company to redeem up to 10% of the float of its Class A subordinate voting shares, representing a maximum of 115,219 of such shares.

These shares may be redeemed until January 30, 1998, on the floor of The Montreal Exchange. Shareholders may obtain a copy of the Notice of Intent from the Company secretary at no cost.

Outlook

Fiscal 1997 is viewed with confidence considering the Company's solid position, market development and industrial contract opportunities, benefits from new products and the level of productivity. In 1997, the Company will further improve its product mix and consolidate the developments made over the past two years.

It also remains on the lookout for expansion opportunities that may arise, provided they meet its growth and profitability objectives.

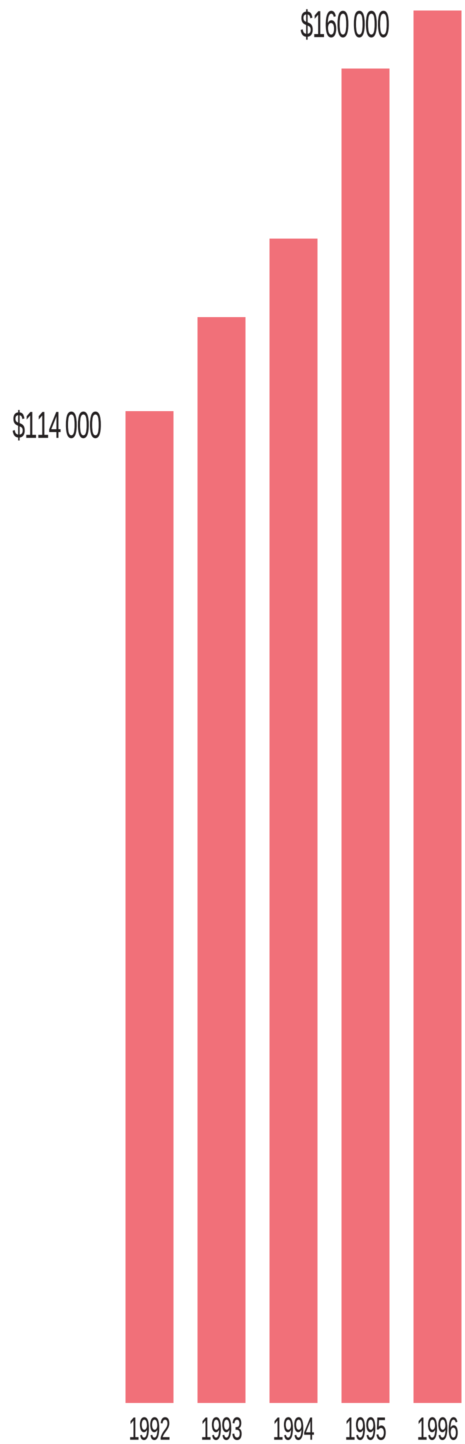
The current fiscal year should foster steady growth in sales and profits as well as a healthy return on equity.

We would like to acknowledge our employees' professionalism, dynamism and the quality of their contributions. We also thank our suppliers and customers for their cooperation and loyalty. Finally, we wish to thank our shareholders for their continued trust in the future of Lassonde Industries Inc., and renew our commitment to optimizing their return on investment.

Jean-Paul Barré
President and Chief Executive Officer

Pierre-Paul Lassonde
Chairman of the Board

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION



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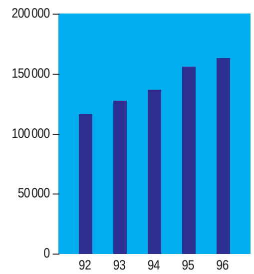
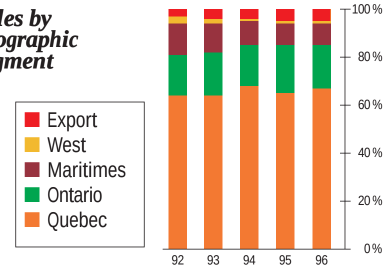
Sales

(in thousands of $)

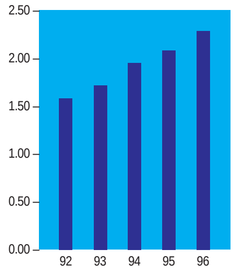


Sales by geographic segment



Cash flow from operations

per share ($)

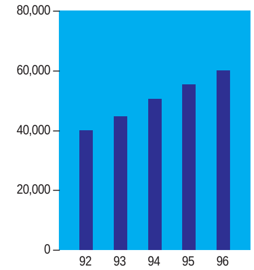


Long-term debt

(in thousands of $)

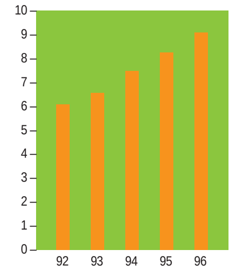
Shareholders' equity

(in thousands of $)



Book value

per share ($)



Results

*The Group's **total sales** reached $160 million, compared with $151.4 million for fiscal 1995, an increase of approximately 6%. Weather conditions early in the summer of 1996 reduced the consumption of ready-to-drink juices and drinks, slowing down growth during the third quarter, which is normally a buoyant period. All the subsidiaries and divisions participated in the increase in sales. The various geographic markets contributed to the increase, with stronger growth in Quebec compared with 1995. Refrigerated products continued to win consumer approval and increased their contribution to total sales. The OASIS PREMIUM COLLECTION line performed well in Quebec and was launched in the Atlantic Provinces during the fall of 1996.*

*The **operating margin** rose to 12.9%, up from 12.0% in 1995. Upward pressure on the price of various raw materials was slightly less marked in 1996. In addition, productivity gains and maintening a rational cost structure contributed to the improvement in the operating margin. **Operating income** increased by 14.4%, rising to $20.7 million, compared with $18.1 million during fiscal 1995.*

***Earnings before income taxes** were up 6%, climbing to $11.7 million, compared with $11.1 million in 1995. Financial expenses grew by $293,333 due to the increase in total debt during the second half of 1996. Depreciation and amortization expenses rose from $5.9 million to $8.3 million after various technologies were replaced by more efficient ones. Moreover, the share in the results of the company subject to significant influence, located in Asia, went from a loss of $226,604 in 1995 to a gain of $298,568 during fiscal 1996.*

***Net earnings** totalled $7.8 million or $1.16 per share, compared with $7.3 million or $1.10 per share for the previous year. This increase of nearly 6% reflected higher total sales and productivity gains throughout the organization.*

Financial Position

In 1996, the Company maintained an excellent financial position and continued to generate substantial cash flow from operations, ensuring an excellent level of liquidity and capital resources for pursuing its development under ideal conditions and to take advantage of future expansion opportunities conducive to further growth.

Liquidity and Capital Resources

(in thousands of dollars except ratios)	***1996***	*1995*
Cash flow (*)	***$15,505***	*$ 14,003*
Working capital	***26,882***	*19,776*
Current ratio	***1.99:1***	*1.72:1*
Total assets	***113,268***	*98,525*
Long-term debt	***18,663***	*9,127*
Total debt	***28,254***	*22,092*
Shareholders' equity	***60,532***	*55,023*
Long-term debt/equity ratio	***0.31:1***	*0.17:1*

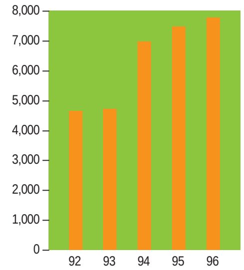
(*) Excluding changes in non-cash operating working capital items.

***Cash flow** before changes in non-cash operating working capital items grew by 10.7%, climbing to $15.5 million or $2.32 per share, compared with $14 million or $2.10 per share in 1995. This change resulted from the increase in net earnings and a $1.1 million increase in items not affecting cash.*

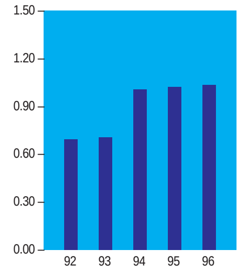
*The main changes in **financing activities** are related to an increase in long-term debt of $9.4 million due to the fact that the Company took advantage of a credit facility to partially finance the acquisitions and capital expenditures made mainly in the second half of 1996. Dividends rose from $0.26 per share in 1995 to $0.28 per share in 1996, leading to a $142,359 increase in total dividends paid for fiscal 1996 compared with 1995. Moreover, the Company redeemed Class A shares for a consideration of $285,000. A total of 62,900 stock options were exercised for a total of $378,113 during the year, as part of a stock option plan covering 300,000 Class A subordinate voting shares exercisable until 2002 and 50,000 Class B multiple voting shares exercisable until 2001.*

*The main changes in **investing activities** related to the acquisition of certain assets from the Ontario company, Mar-Brite Foods Co-operative Inc., for a consideration of approximately $5 million. The Company also acquired various fixed*

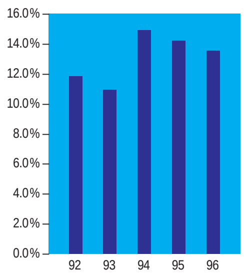
Net Earnings
(in thousands of $)



Earnings
per share ($)



Return on average equity



Dividend
per share ($)

Management's Discussion and Analysis of Operating Results and Financial Position

Fiscal 1996 was a year of expansion through acquisitions, continued innovation and sound results, with balanced growth in sales and earnings. The financial position remained solid, enabling the Company to continue expanding and materializing development projects consistent with its mission and objectives.

assets, including a 250,000 square-foot warehouse in Saint-Damase, and production and computer equipment to meet the Company's growth requirements.

***Accounts receivable** totalled to $14.1 million, compared with $12.1 million as at December 31, 1995, an increase of 16.3%. This variation reflects higher sales mainly in December 1996.*

***Inventories** grew by 13.5%, rising from $34.7 million to $39.4 million, mainly due to the production at the new Ontario subsidiary at the end of 1996.*

***Total assets** climbed from $98.5 million to $113.3 million as at December 31, 1996, up 15%.*

*As at December 31, 1996, the Company's total debt consisted of a **bank loan** of $8.2 million, **long-term debt** of $18.7 million, and the **current portion of long-term debt** of $1.4 million, for a total of $28.3 million. At year-end, total indebtedness was up by $6.2 million compared with the same period of the previous year. As mentioned previously, to finance its acquisitions and other capital expenditures, the Company used credit facilities offering attractive, flexible conditions, while enabling it to maintain a solid liquidity level and financial structure in order to be in a position to take advantage of development and expansion opportunities that may arise during the year.*

***Shareholders'** equity rose to $60.5 million or $9.06 per share, up from $55 million or $8.25 per share as at December 31, 1995, an increase of 10%. For fiscal 1996, **the return on average equity** was 13.4%, holding relatively steady at the previous year's satisfactory level.*

Investment Plans and Funding Requirements

In 1997, the Company will consolidate the gains achieved over the past two years. No major investments are therefore planned for the near future. It will invest approximately $5 million to purchase equipment for its facilities, financing such acquisitions directly out of its cash flow from operations.

Risks and Uncertainties

Major risk factors remain weather conditions, which can affect the yields of fruit and vegetable harvests, the price of raw materials and consumption levels. Considering the substantial amounts of paper, cardboard, resins and plastics used in packaging its products, the Company is also subject to price fluctuations for these materials, which are also among its raw materials. However, Lassonde has consistently demonstrated an excellent capacity in dealing with these variables. It has also succeeded in securing appropriate sources under forward supply agreements with local, national and international suppliers with whom it maintains good and trusting relations.

Outlook

Lassonde continues to aggressively expand in all its markets, including the export market, namely the United States, Europe and Asia. Lassonde Juices Inc., the Ontario subsidiary, should enable the Company to better serve the apple juice and tomato juice niches. Moreover, it plans to diversify its production with the Bright's brand and private labels that will initially be sold primarily in Eastern Canada. In 1997, Lassonde Juices Inc. will contribute to the Group's performance for the entire year. Fiscal 1997 should show further growth for all Lassonde subsidiaries and divisions.

Corporate Governance

The Board of Directors and officers of Lassonde Industries Inc. believe that quality corporate governance is essential to ensuring effective management of the Company. Lassonde's corporate governance policy is consistent with the guidelines set out in the report of the Corporate Governance Committee of The Montreal Exchange.

Shareholders will find the corporate governance policy set out in detail in the Notice of Annual Meeting of Shareholders.

Samson Belair Deloitte & Touche

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Auditors' report

To the Shareholders of
Lassonde Industries Inc.

We have audited the consolidated balance sheet of Lassonde Industries Inc. as at December 31, 1996 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Samson Bélair Deloitte & Touche

Chartered Accountants
Montreal, Canada
February 28, 1997

Deloitte Touche Tohmatsu International

Consolidated statement of earnings

year ended December 31, 1996

	1996	1995
Sales	**$ 160,001,524**	$ 151,387,808
Cost of goods sold and operating expenses	**139,297,030**	133,281,717
Operating income	**20,704,494**	18,106,091
Other items		
Financial expenses (Note 10)	**1,321,950**	1,028,617
Depreciation and amortization (Note 11)	**8,271,529**	5,947,791
Gain on disposal of fixed assets	**(280,780)**	(167,017)
Share in the results in a company subject to significant influence	**(298,568)**	226,604
Earnings before income taxes	**11,690,363**	11,070,096
Income taxes (Note 12)	**3,931,044**	3,737,653
Net earnings	**$ 7,759,319**	$ 7,332,443
Earnings per share	**$ 1.16**	$ 1.10

Consolidated statement of retained earnings

year ended December 31, 1996

	1996	1995
Balance, beginning of year	**$ 36,309,608**	$ 30,708,603
Net earnings	**7,759,319**	7,332,443
	44,068,927	38,041,046
Dividends	**2,343,457**	1,731,438
Balance, end of year	**$ 41,725,470**	$ 36,309,608

Consolidated statement of contributed surplus

year ended December 31, 1996

Balance, beginning of year	**$ 2,149,860**	$ 2,301,689
Excess of redemption cost of Class A shares over stated capital	**151,729**	151,829
Balance, end of year	**$ 1,998,131**	$ 2,149,860

Consolidated statement of changes in financial position

year ended December 31, 1996

	1996	1995
Operating activities		
Net earnings	***$ 7,759,319***	*$ 7,332,443*
Items not affecting cash	***7,745,533***	*6,670,736*
	15,504,852	*14,003,179*
Changes in non-cash operating working capital items	***(4,201,472)***	*(10,155,694)*
	11,303,380	*3,847,485*
Financing activities		
Increase of long-term debt	***18,986,060***	*–*
Repayment of long-term debt	***(9,604,450)***	*(1,391,141)*
Dividends paid	***(1,873,797)***	*(1,731,438)*
Issuance of capital stock	***378,113***	*275,063*
Redemption of Class A shares	***(285,000)***	*(295,300)*
	7,600,926	*(3,142,816)*
Investing activities		
Business acquisition (Note 2)	***(4,973,600)***	*–*
Acquisition of fixed assets	***(10,384,924)***	*(11,017,563)*
Disposal of fixed assets	***910,127***	*324,687*
Increase in deferred charges	***(1,236,261)***	*(2,224,007)*
	(15,684,658)	*(12,916,883)*
Net cash inflow (outflow)	***3,219,648***	*(12,212,214)*
(Bank indebtedness) cash, beginning of year	***(11,454,867)***	*757,347*
Bank indebtedness, end of year	***$ (8,235,219)***	*$ (11,454,867)*

Consolidated balance sheet

year ended December 31, 1996

	1996	1995
Assets		
Current		
Accounts receivable	**$ 14,058,320**	$ 12,084,480
Inventories (Note 3)	**39,414,873**	34,740,389
Prepaid expenses	**658,387**	341,875
Income taxes	**–**	214,107
	54,131,580	47,380,851
Investments (Note 4)	**1,172,098**	873,530
Fixed assets (Note 5)	**55,966,009**	47,714,831
Other assets		
Trademarks	**763,009**	818,069
Deferred charges	**977,045**	1,455,176
Consolidated goodwill	**258,718**	282,796
	1,998,772	2,556,041
	$ 113,268,459	$ 98,525,253

Approved by the Board

Director

Director

	1996	1995
Liabilities		
Current		
Bank indebtedness (Note 6)	**$ 8,235,219**	$ 11,454,867
Accounts payable and accrued liabilities	**16,953,837**	14,639,228
Dividends payable	**469,660**	–
Income taxes	**234,648**	–
Current portion of long-term debt (Note 7)	**1,356,041**	1,510,425
	27,249,405	27,604,520
Long-term debt (Note 7)	**18,662,943**	9,126,949
Deferred income taxes	**6,823,920**	6,770,568
Shareholders' equity		
Capital stock (Note 8)	**16,808,590**	16,563,748
Contributed surplus	**1,998,131**	2,149,860
Retained earnings	**41,725,470**	36,309,608
	60,532,191	55,023,216
	$ 113,268,459	$ 98,525,253

Notes to the consolidated financial statements year ended December 31, 1996

1. Accounting policies

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Financial statements
The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries.

Inventories
Raw materials are valued at the lower of cost and replacement cost. Finished goods are valued at the lower of cost and net realizable value. Cost is determined under the first in, first out method.

Investments
The investment in the company subject to significant influence is accounted for at equity. The other investment is accounted for at cost.

Fixed assets
Fixed assets are recorded at cost, net of government grants and the investment tax credit. Depreciation is calculated under the following methods and annual rates:

Buildings	declining balance	3%
Machinery and equipment	declining balance	5 - 10 - 20 - 25%
	and straight-line	10 - 20 - 33 1/3%
Furniture and fixtures	declining balance	10 - 20 - 25%
Laboratory equipment	declining balance	10%
Automotive equipment	declining balance	15 - 30%
Computer	declining balance	20 - 30%

Trademarks
Trademarks are recorded at acquisition cost and are being amortized over a twenty-year period under the straight-line method.

Deferred charges
Deferred charges, recorded at cost, are related to the development and marketing of new products, to start-up costs of subsidiaries and to long-term debt financing costs.

These charges are amortized under the straight-line method over the following periods:

Development and marketing of new products	maximum of 2 years
Start-up costs of subsidiaries	10 years
Long-term debt financing costs	term of the related debt

Consolidated goodwill
Consolidated goodwill, which represents the excess of the acquisition cost of the shares of the subsidiaries over the stated value of the net assets acquired, is being amortized under the straight-line method over a twenty-year period.

Income taxes
The Company follows the tax allocation method in providing for income taxes. Deferred income taxes result from timing differences between depreciation of fixed assets, amortization of trademarks and deferred charges and capital cost allowance claimed for income tax purposes, and from the recording of tax benefits related to a loss carried forward.

Foreign currency translation

Foreign currencies have been translated into Canadian dollars using the exchange rate in effect at year-end for monetary assets and liabilities and the exchange rate at the transaction date for the earnings. Any gain or loss resulting from these translations is included in the statement of earnings.

Research tax credit
The research tax credit is deducted from the expenses to which it relates.

Earnings per share
Earnings per share are calculated using the weighted average number of shares outstanding during the year. In 1996 and 1995, the average number of shares outstanding were 6,684,906 and 6,662,199 respectively.

2. Business acquisition

On July 29, 1996, Lassonde Juices Inc. acquired certain assets from a business for a cash consideration of $4,973,600 corresponding to the fair market value of the fixed assets acquired.

3. Inventories

	1996	1995
Raw materials and supplies	**$ 17,179,457**	$ 15,303,036
Finished goods	**22,235,416**	19,437,353
	$ 39,414,873	$ 34,740,389

4. Investments

	1996	1995
Tipco Foods Co., Ltd. Shares, ownership of 10%	**$ 713,120**	$ 713,120
Seanoble Investment Ltd. Shares, ownership of 47%	**458,978**	160,410
	$ 1,172,098	$ 873,530

5. Fixed assets

	1996			1995
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Land	**$1,546,230**	**$ –**	**$ 1,546,230**	$ 1,256,001
Buildings	**19,183,713**	**4,703,221**	**14,480,492**	12,499,904
Machinery and equipment	**66,119,796**	**30,304,829**	**35,814,967**	30,029,649
Furniture and fixtures	**1,389,430**	**949,282**	**440,148**	385,173
Laboratory equipment	**365,261**	**139,544**	**225,717**	236,706
Automotive equipment	**2,674,674**	**1,507,803**	**1,166,871**	1,034,678
Computer	**4,004,391**	**2,272,119**	**1,732,272**	1,651,262
Under capital leases	**746,496**	**187,184**	**559,312**	621,458
	$96,029,991	**$40,063,982**	**$ 55,966,009**	$ 47,714,831

6. Bank indebtedness

Accounts receivable and inventories have been assigned as security for the bank loans.

7. Long-term debt

	1996	1995
Loan, 8.53%, secured by an immovable hypothec on some buildings and equipment, payable to 2012 in a first instalment of $63,030 in July 1997 and monthly instalments of $77,000 starting in August 1997	**$ 13,846,030**	$ –
Loan, 8.20%, reimbursed during the year	**–**	8,846,030
Loan, prime rate, secured by a movable hypothec on machinery and equipment with a net book value of $5,472,000, payable to 1997	**627,619**	1,255,238
Loan, 6.55%, secured by an immovable hypothec on land and a building, payable to 2003 in a first instalment of $59,500 in November 1997 and monthly instalments of $55,500 starting in December 1997	**4,000,000**	–
Loan, non-interest bearing, payable to 2001 in five equal and consecutive annual instalments until 2005	**994,475**	–
Loan, non-interest bearing, payable starting in October 1997 in monthly instalments of $2,606	**156,363**	156,363
Loan, non-interest bearing, payable starting in October 1997 in monthly instalments of $2,022	**145,555**	–
Obligation under a capital lease, US $196,000, 7%, maturing in 1998	**248,942**	379,743
	20,018,984	10,637,374
Current portion	**1,356,041**	1,510,425
	$ 18,662,943	$ 9,126,949

7. Long-term debt (continued)

Future minimum payments under the capital lease total $268,657, including interest of $19,715. Minimum payments due in each of the forthcoming years are as follows:

1997	**$ 156,260**
1998	**112,397**

Capital payments due within each of the next five years on other long-term debt are as follows:

1997	**$ 1,204,532**
1998	**1,645,531**
1999	**1,645,531**
2000	**1,645,531**
2001	**1,844,426**

The present value of long-term debt discounted at current market rates is not materially different from book value.

8. Capital stock

Authorized

An unlimited number of first and second preferred shares, non-voting, issuable in one or several series, the features of which will be determined by the directors before their issuance. First preferred shares rank prior to second preferred shares with respect to the payment of dividends and reimbursement of capital, without par value

An unlimited number of Class A subordinate voting shares, without par value

An unlimited number of Class B multiple voting shares, without par value

Issued and paid		**1996**	1995
1,233,990	Class A subordinate voting shares (1,241,090 in 1995)	**$ 8,232,390**	$ 8,235,048
5,475,440	Class B multiple voting shares (5,425,440 in 1995)	**8,576,200**	8,328,700
		$ 16,808,590	$ 16,563,748

During the year, the Company:

a) issued 12,900 Class A subordinate voting shares and 50,000 Class B multiple voting shares for cash considerations of $130,613 and $247,500 respectively.

b) redeemed 20,000 Class A subordinate voting shares on the market for a cash consideration of $285,000. The excess redemption price of $151,729 represents the changes in contributed surplus.

The Company established a stock option plan pursuant to which the Company may grant stock options for up to 600,000 Class A subordinate voting shares and 50,000 Class B multiple voting shares to its employees and those of its subsidiaries.

The Company granted 300,000 Class A subordinate voting share options, exercisable at a price varying from $10.12 to $14.38 per share until 2002 and 50,000 Class B multiple voting share options, exercisable at $4.95 per share until 2001. During the year, 62,900 stock options were exercised for a consideration of $378,113.

9. Defined benefit pension plan

On November 1, 1990, the Company established a non-contributory defined benefit final pay pension plan which covers some officers.

As at December 31, 1996, the present value of the accrued pension benefits is estimated at $780,000 and the market value of the net assets available to provide for these benefits is estimated at $1,070,000.

10. Financial expenses

	1996	1995
Interest on long-term debt	**$ 1,159,925**	$ 933,827
Interest on bank indebtedness	**203,582**	95,965
Bank charges	**71,867**	75,836
Other interest	**4,814**	109,480
Interest income	**(44,112)**	(171,293)
Foreign exchange gain	**(74,126)**	(15,198)
	$ 1,321,950	$ 1,028,617

11. Depreciation and amortization

	1996	1995
Depreciation of fixed assets	**$ 4,623,824**	$ 3,813,753
Write-down of fixed assets	**1,854,175**	112,564
Amortization of trademarks	**55,060**	55,060
Amortization of deferred charges	**1,714,392**	1,942,344
Amortization of consolidated goodwill	**24,078**	24,070

12. Income taxes

Reconciliation of the statutory income tax rate and the effective income tax rate is as follows:

	1996	1995
Combined basic federal and provincial income tax rate	**38.0%**	38.0%
i) Reduction of federal taxes applicable to manufacturing profits	**(6.3)**	(6.9)
ii) Tax on large corporations - net	**0.4**	0.4
iii) Other items	**1.5**	2.3
Effective income tax rate	**33.6%**	33.8%

13. Contingency and commitments

i) At the time of acquisition of a wholly-owned subsidiary, the parties took advantage of the tax treatment whereby the Company assumed the liability for income taxes related to a taxable capital gain. Income taxes of approximately $3,560,000 may arise in the event of the disposal of the subsidiary.

ii) At year-end, foreign exchange contracts to hedge against fluctuations in foreign currencies with respect to future purchases are in effect for an amount of $9,567,000.

iii) The Company issued a letter of garantee in the amount of $525,000 ensuring compliance with certain environmental clauses.

14. Related party transactions

During the year, the Company entered into the following transactions, measured at exchange value:

	1996	1995
Company subject to a significant influence		
Sale of inventories	**$ 825,507**	$ 251,080

At year-end, the amount receivable from a company subject to a significant influence is $1,080,305 ($220,116 in 1995).

15. Comparative figures

Some figures of the preceeding year have been reclassified to conform with the current year presentation.

Lassonde Industries Inc.

Head Office
170 5th Avenue
Rougemont, Quebec
J0L 1M0

Subsidiaries of Lassonde Industries Inc.

A. Lassonde Inc.
170 5th Avenue
Rougemont, Quebec
J0L 1M0

Effex Marketing Inc.
4495 des Grandes Prairies Blvd.
Montreal, Quebec
H1R 1A5

Lassonde International Inc.
170 5th Avenue
Rougemont, Quebec
J0L 1M0

Subsidiaries of A. Lassonde Inc.

Greatvalley Juices Inc.
2900 Lovett Road
Coldbrook, Nova Scotia
B4R 1B6

Orange Maison Inc.
2323 Aubry St.
Montreal, Quebec
H1L 4G8

Lassonde Juices Inc.
2356 HWY # 3
Ruthven, Ontario
N0P 2G0

Divisions of A. Lassonde Inc.

Mont-Rouge Foods
170 5th Avenue
Rougemont, Quebec
J0L 1M0

Produits Ronald
200 St.Joseph St.
St-Damase, Quebec
J0H 1J0

Lassonde Technology
170 5th Avenue
Rougemont, Quebec
J0L 1M0

Entrepôt Frigo Farnham
250 St.Grégoire St. West
Farnham, Quebec
J2N 1R1

Lassonde Services
170 5th Avenue
Rougemont, Quebec
J0L 1M0

Entreposage Supervision
209 Principale St.
St-Damase, Quebec
J0E 1E0

Entrepôt A.C. L'Ange-Gardien
135 St.Hubert St.
L'Ange-Gardien, Quebec
J0H 1J0

Jean Messier

[PHOTO OMITTED]

[PHOTO OMITTED]

Jean Gattuso, Yvan Charbonneau and Martine Girand

[PHOTO OMITTED]

Eric Barre

[PHOTO OMITTED]

Michel Simard, Christine Barre and Jean Tessier

Auditors
Samson Bélair/Deloitte & Touche
1 Place Ville-Marie, Suite 3000
Montreal, Quebec H3B 4T9

Registrar, Transfer Agent and Warrants Agent
R-M Trust Company
2001 University St., 16th floor
Montreal, Quebec H3A 2A6

Legal Counsel
Lapointe Rosenstein
1250 René-Lévesque Blvd. West
Suite 1400
Montreal, Quebec H3B 5E9

Stock Exchange Listing
Lassonde Industries Inc. Class A subordinate voting shares are listed on The Montreal Exchange under the symbol «LAS.A»

[PHOTO OMITTED]

Gilles Guerten

[PHOTO OMITTED]

Jean-Paul Barre and Pierre-Paul Lassonde

[PHOTO OMITTED]

Paul C. Murray, Pierre L'Heureux and Normand Mallette

Officers of the Company

Martine Girard
Vice-President
Quality Assurance and Control
(Lassonde Industries Inc.)

Christine Barré
Corporate Secretary
(Lassonde Industries Inc.)

Michel Simard
Vice-President
Human Resources
(Lassonde Industries Inc.)

Normand Mallette
Vice-President, Sales
(Lassonde Industries Inc.)

Jean Gattuso
General Manager
(A. Lassonde Inc.)
General Manager
(Greatvalley Juices Inc.)

Pierre L'Heureux
Vice-President, Marketing
(A. Lassonde Inc.)

Yvan Charbonneau
Vice-President, Production
(A. Lassonde Inc.)

Paul C. Murray
Vice-President
(A. Lassonde Inc. - Ontario)

Gilles Guertin
Vice-President, Engineering
(Lassonde Industries Inc.)

Éric Barré
General Manager
(Orange Maison Inc.)

Jean Messier
General Manager
(Produits Ronald,
a division of A. Lassonde Inc.)

Board of Directors
of Lassonde Industries Inc.

Pierre-Paul Lassonde (1-3-4)
Chairman of the Board and Director
(Lassonde Industries Inc.)

Jean-Paul Barré (1-3-4)
President and Chief Executive Officer
and Director
(Lassonde Industries Inc.)

Jean Tessier (1)
Vice-President, Finance,
Treasurer and Director
(Lassonde Industries Inc.)

Yves Dumont (1)
Vice-President
Research and Development
and Director
(Lassonde Industries Inc.)
General Manager
(Lassonde International Inc.)

Pierre Brault
Vice-President, MIS and Director
(Lassonde Industries Inc.)
Vice-President, Administration
(Effex Marketing Inc.)

Pierre L. Lapointe (2-3-4)
Director
(Partner, Lapointe Rosenstein,
law firm)

Yves Hudon
Director
(Director of Companies)

Michel Côté (2-3-4)
Director
(Vice-Chairman of Nesbitt Burns Inc.,
investment dealers, brokers)

Yvon Pelletier (2-3-4)
Director
(President, Pelma Inc., consultants)

(1) Member of the Executive Commitee
(2) Member of the Audit Commitee
(3) Member of the Human Resources Commitee
(4) Member of the Corporate Governance Commitee

The Corporation's Products

Lassonde Industries Inc. and its subsidiaries market products under several trademarks. All of these trademarks are the property of the Corporation.

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[PHOTO OMITTED]

Lassonde: turning more than apples into fresh ideas

Rougevalley

A. Lassonde Inc., the largest subsidiary of the Group, relies primarily on Quebec growers to supply it with the cranberries used in its line of cranberry cocktails. The cranberry juice in these products is ***not made*** *from concentrate.*

Bright's

Along with the other products it processes at its Ruthven, Ontario, plant, Lassonde Juices Inc. – the newest subsidiary of A. Lassonde Inc. – turns a considerable quantity of tomatoes into juice marketed under the Bright's trademark.

Madeleine

Produits Ronald, a division of A. Lassonde Inc., cans (sweet) corn on the cob in Saint-Damase, a town located some fifty kilometers southeast of Montreal. The corn is marketed under various trademarks, including Madeleine, and is largely exported, chiefly to the European market.

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