



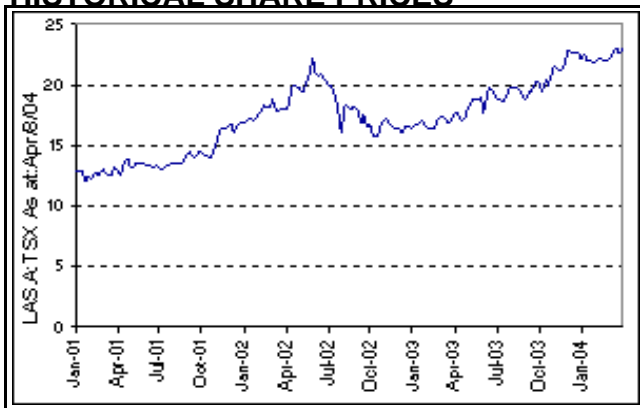
THE COMPANY

Lassonde Industries Incorporated is one of the largest pure juice and fruit drink producers and distributors in Canada. The Company owns or has licensed several well-known brands, such as Allen's, Fruité, Oasis and Rougemont, that are marketed in Eastern Canada, the New England States, Europe, Asia and Tunisia. Various subsidiaries process, package and market other food products, which include canned corn, baked beans, sauces and marinades. Food wholesalers constitute the largest proportion of approximately \$250 million in annual sales, while restaurants, hospitals, hotels and schools account for the balance.

FINANCIAL DATA

	2000	2001	2002
Earnings per Share (\$)	1.30	1.45	1.66
Price to Earnings (times)	14.4	12.9	11.3
Dividend (\$)	0.28	0.32	0.36
Dividend Yield (%)	1.49	1.71	1.92
Book Value (\$)	12.26	13.48	12.62
Price to Book (times)	1.53	1.39	1.49

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT LASSONDE

Like many small capitalization companies, Lassonde Industries has a fascinating corporate history. Aristide Lassonde founded the Company in 1918 as a canning facility in Rougemont, Quebec. By the time the second generation of the Lassonde family, led by Willie Lassonde, began running the business in 1944, the little company was well established in Quebec. It was Willie who had the vision to expand operations to include the production of apple juice in the late-1950s. Through a series of acquisitions of smaller companies and individual assets, Lassonde Industries grew in size and scope. In 1987 Lassonde became a public entity with a listing on the Montreal Stock Exchange (although the Company now trades on the TSE under the symbol LAS.A). Lassonde has continued to evolve through licensing and partnership agreements and international expansion, under the leadership of Pierre-Paul Lassonde, the current CEO and Chairman of the Board.

Due to the nature of staple consumer goods, Lassonde's business is relatively stable and predictable. Essentially, strong brand name recognition generates sales irrespective of the direction of the general economy. The Company's labels include Rougemont, Oasis, Allen's, Fruité, Mitchell's, Brights, Nature's Best, Sunkist, Tetley, Orange Maison, Graves, Canton and La Maison des Fondues. Lassonde also produces certain private label brands that are sold by major food retailers. Innovative packaging, such as octagonal-shaped containers, and new product development, such as nutrient and calcium enhanced fruit juice cocktails, should allow consumers to easily distinguish Lassonde from its competitors.

The Company's geographically diversified operations also provide a certain competitive advantage. With facilities in Ontario, Quebec and Nova Scotia, there is ready access to some of the best fruit growing regions in Eastern Canada. Further, having facilities in close proximity to the Company's main target markets streamlines the distribution channel and reduces shipping time and cost. As of today, Lassonde is entrenched in the Quebec market and is well established in the Maritimes. Lassonde has successfully penetrated the Ontario market and is beginning to make progress in the New England States. Asia, Europe and North Africa offer new markets and interesting possibilities to take the next step in the evolution of the Company.

The soundness of Lassonde's operations was apparent from the recently released fiscal 2001 results. Revenue for the year totaled \$262.2 million, an 11% increase from sales of \$236.2 million in 2000. This implies a compounded annual growth rate of 13.3% since fiscal year ended December 1997. Earnings per share totaled \$1.41 in fiscal 2001 compared to \$1.30 per share in 2000. Cash flow from operations (before changes in non-cash working capital items) remained stable from 2000 to 2001 at approximately \$20.5 million or just over \$3.00 per share. Despite this performance, Lassonde is currently trading at only 1.3 times book value of \$13.48 and 12.8 times last years' earnings, which are multiples well below that of many of its peers.

As fundamental analysts, we place great importance on the visibility of sales, earnings and cash flow growth. Because staple consumer products are subject to much smaller fluctuations in demand than discretionary items, we are quite comfortable with the outlook for the Company. Growth is expected to continue as new products are launched and new markets are exploited. As consumers look for healthier alternative beverages, Lassonde's "Health Break" brand of nutrient and calcium enhanced fruit juice is expected to gain consumer acceptance and market share. Further, the Company is just starting to significantly penetrate the Ontario market and is improving its overseas operations, which will soon be reflected in the financial results. Notwithstanding Lassonde's excellent competitive position, strong brand recognition and conservative balance sheet, the majority of individuals have overlooked this company. We believe this creates opportunity for diligent and patient investors.

UPDATES

Lassonde Industries has reported financial results for the first six months of 2002 that demonstrated the steady nature of the Company's operations. Lassonde grew revenue by 7.5% in the first half of 2002 to reach \$134.8 million, which reflected a 10.9% increase in sales in Canada. Net earnings totaled \$2.5 million or \$0.37 per share compared to \$3.4 million or \$0.50 per share for the first six months of 2001. The decline in earnings could be attributed to a restructuring charge related to operations in China. With a better distribution system now in place, this large and relatively untapped market is expected to return to profitability by early next year. Lassonde has several avenues available for future growth, which include the introduction of new and innovative packaging, the realization of the benefits from the license agreement with Sunkist Growers and the marketing of a new line of OASIS products.

ABC Funds
August 16, 2002

On October 31, 2002 Lassonde Industries reported sales of \$67.5 million for the third quarter compared to \$68.8 million last year, a decline of 2%. Net earnings deteriorated to \$0.13 from \$0.46 per share last year, inline with the Company's pre-announcement on September 6. As anticipated, the shortfall was entirely attributable to Beijing Seanoble, the Company's Chinese subsidiary. However, these operations represent just 19% of the Company's consolidated assets and only 7.8% of consolidated sales. Although the earnings decline was disappointing, at least Lassonde remained profitable in the quarter. Importantly, weakness in China was partially offset by growth across all regions of North America.

In spite of the tough quarter, Lassonde purchased the assets of two companies for \$10.5 million. The Company acquired the BideHang Group, a Chinese distributor, as part of its restructuring efforts in China. The Company also bought certain assets of Golden Town Apple Products Limited, an Ontario apple-processing company, based in Georgian Bay, with approximately \$10 million in annual sales. Lassonde then spent some capital on manufacturing and packaging equipment to diversify Golden Town's product offering. We like the fact that management is continually looking at opportunities to improve and grow the business.

Fortunately, the Company's operations generated cash and although Lassonde made two minor acquisitions, the balance sheet remained stable. During the first nine months of the year, Lassonde's cash increased from \$14.9 million to \$20.4 million and the Company repaid a total of \$4.4 million in debt. With long-term debt of \$22.2 million and shareholders' equity of \$90.4 million, the debt to equity ratio is only 0.25:1. Further, Lassonde announced a quarterly dividend of \$0.09 per share, which yields just over 2% at current price levels.

Although China has experienced some operating difficulties, the sheer size of the market offers great potential. Management has stated that they are "examining all options and actions to be taken in light of current circumstances". To that effect, Lassonde International has hired an investment bank to "identify potential solutions for its subsidiary in this developing market". We will wait patiently and report back with any new developments.

ABC Funds
November 8, 2002

Since our last update, Lassonde Industries has quietly recorded steady results in North America. Unfortunately, the Company's investment in China has performed poorly despite management's efforts to improve the situation. With the release of the Company's year-end financial results Lassonde announced the decision to write off its entire investment in China. The Company is actively soliciting buyers although no further details have been disclosed at this time.

Shortly after the problems in China surfaced, Lassonde's stock declined to a low of \$15 on October 10, 2002. The financial results have since stabilized and the shares have rebounded 25%. Currently trading at approximately 1.5 times 2002 year-end book value of \$12.62 and just over 11 times 2002 earnings, the valuation still appears attractive. Although the setback in China was disappointing, management's decisiveness should positively impact the Company's results going forward.

For fiscal 2002, Lassonde reported net sales of \$229.1 million, an increase of 10% from net sales of \$208.1 million in 2001. North American operations earned \$11.1 million while Chinese operations lost \$9.3 million. Including the write-down of the Chinese subsidiary of \$3.7 million, the Company reported an operating loss of \$1.9 million for the year. On a per share basis, net earnings from continuing operations were \$1.66 per share, an increase of 14.5% from the \$1.45 per share earned in 2001.

Lassonde subsequently released first quarter results that were in line with expectations. Net sales for the quarter were \$53.6 million compared to \$52.3 million in the comparable quarter last year, an increase of 2.5%. Earnings from operations were essentially flat on a year over year basis at \$2.5 million. Similarly, earnings per share from continuing operations were \$0.37 in Q1 2003 compared to \$0.38 in Q1 2002. As expected, Lassonde's Board of Directors approved a \$0.09 quarterly dividend

UPDATES (cont'd)

payment, which yields approximately 2% at current price levels.

As China becomes less of a distraction, we expect that management will refocus on the Company's North American operations. Lassonde expects to launch a new Oasis Plus product line and several Fruite Calcium products in the coming year. In keeping with the Company's health-conscious image, Lassonde plans to sponsor such events as the Montreal Marathon. These initiatives should allow the Company to continue to build its brand image and dominate the pure juice, fruit drink and calcium and nutrient-enhanced markets.

ABC Funds
May 23, 2003

As we suggested in our previous comment, Lassonde has reported improving financial results now that the Chinese subsidiary is no longer on the books. For the third quarter of fiscal 2003, revenue increased 10.8% to \$61.7 million. Year to date, revenue increased 9.5% to reach a total of \$180.0 million. Earnings from continuing operations per share increased to \$0.47 from \$0.44 in the third quarter of last year. If we include the results of the Chinese subsidiary for comparison purposes, earnings increased to \$0.51 from \$0.13 per share. For the first 9 months of fiscal 2003, earnings from continuing operations per share increased to \$1.29 from \$1.19 in 2002. Again, if we include the poor results from the Chinese division the earnings improvement is quite apparent as EPS increased to \$1.33 from \$0.50, on a nine-month basis.

Lassonde's balance sheet is in solid shape with just over \$4 million in cash, no short-term bank debt and only \$17.9 million in long-term debt. Working capital, or current assets less current liabilities, totaled \$40.8 million, which implies a sound 2 to 1 working capital ratio. Debt to equity is a healthy 19.8% and book value now totals \$13.46 per share.

Lassonde's stock price appreciated nicely over the course of 2003, moving from \$16.35 to \$22.00, or an increase of 35%. Further, Lassonde pays a \$0.36 dividend, which yields approximately 1.64% at currently price levels and adds to the total return. Due to the lack of analyst coverage and the generally stable nature of the business, Lassonde flies under the radar screen for many investors. However, we believe that this conservative investment will continue to perform well in the coming year.

ABC Funds
January 30, 2004

We have just sold another one of our illiquid Value Favourites, Lassonde Industries. This stock has performed well for us ever since management decided to write off its under-performing division in China at the end of fiscal 2002. Without this segment's drag on earnings, Lassonde began to report small but steady improvements in its financial results. Consequently, Lassonde's stock appreciated from a 52 week low of \$17 to reach \$23 per share, a gain of 35%. This return was augmented by the Company's \$0.36 per share dividend, which yields 2.2% at current price levels. However, we believe that at 1.7 times book value, Lassonde no longer represents "deep value". Because we are seeing more attractive opportunities elsewhere, we have decided to realize our gains.

ABC Funds
April 8, 2004