Lassonde Industries inc.

INTERIM REPORT

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First quarter
ended March 29, 2008

Message to Shareholders

Dear Shareholders:

As Chairman of the Board and Chief Executive Officer of Lassonde Industries Inc., I am pleased to report that the Company is progressing well towards achieving its 2008 business objectives as reflected by the first-quarter solid growth.

Thanks to the addition of net sales from our two recent acquisitions and to sustained growth in our main product lines, net sales totalled $118.5 million, up $31.3 million over net sales of $87.2 million in the first quarter of 2007. In addition, the Company reported operating income of $9.5 million, up $4.9 million over operating income of $4.6 million reported in the first quarter of 2007, and net earnings of $5.8 million representing a $3.1 million increase over the $2.7 million reported at the end of the first quarter of 2007.

These first-quarter results are slightly better than our expectations and reflect our growing market shares across our various sales territories and the impact of our business acquisitions.

As at March 29, 2008, the Company's assets totalled $284.8 million. When compared to the 2007 year-end balances, no significant changes other than normal variations attributable to seasonal factors were noted.

Current liabilities totalled $71.2 million as at March 29, 2008 compared to $78.8 million at the end of 2007. This change is mainly attributable to a decrease in bank indebtedness, partly offset by an increase in bank overdraft.

The Lassonde Industries Inc. team is resolutely dedicated to maintaining the long-standing tradition of excellence for which the Company is known. The talent of the team is focused on achieving the Company's growth, profitability and value-creation objectives for the shareholders. These efforts are supported by quality products, brand reputation, innovation and a solid balance sheet.

We remain confident that 2008 will be a solid year for Lassonde Industries Inc.,

Message to Shareholders (continued)

in spite of increased volatility in the price of certain raw materials. The Company's sound cost-control practices and ability to adapt to a rapidly changing competitive landscape supports our optimistic outlook, with respect to our ability to grow our net sales across most of our geographic markets in 2008.

While maintaining and growing existing activities is our main focus, we will pay particular attention in 2008 to the integration of our two recent business acquisitions.

Finally, the Company will continue to build on the quality of its products, the reputation of its trademarks such as Oasis, Fairlee and Canton, its propensity for innovation, and its solid balance sheet in the pursuit of its objectives for growth, profitability and value creation.

Pierre-Paul Lassonde
Chairman of the Board and
Chief Executive Officer

Lassonde Industries inc.

755 Principale Street, Rougemont, Quebec J0L 1M0

Consolidated statements of earnings

	First quarters ended	
	March 29, 2008	**March 31, 2007**
	(unaudited) (in thousands, except amounts per share)	
NET SALES	**$ 118,515**	$ 87,191
COST OF GOODS SOLD AND OPERATING EXPENSES	**105,994**	80,224
AMORTIZATION (Note 6)	**2,974**	2,396
	108,968	82,620
OPERATING INCOME	**9,547**	4,571
FINANCIAL EXPENSES (Note 8)	**998**	530
EARNINGS BEFORE INCOME TAXES	**8,549**	4,041
INCOME TAXES	**2,763**	1,319
NET EARNINGS	**$ 5,786**	$ 2,722
BASIC AND DILUTED EARNINGS PER SHARE	**$ 0.87**	$ 0.41
DIVIDENDS DECLARED PER SHARE	**$ 0.125**	$ 0.155
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**6,668**	6,715

Consolidated statements of comprehensive income

	First quarters ended	
	March 29, 2008	March 31, 2007
	(unaudited) (in thousands of dollars)	
Net earnings	**$ 5,786**	$ 2,722
Other comprehensive income (loss):		
Gains and losses on derivatives designated as cash flow hedges, net of income taxes of $804,000 ($34,000 in 2007)	**1,683**	(70)
Gains and losses on derivatives designated as cash flow hedges transferred to net earnings, net of income taxes of $121,000 ($31,000 in 2007)	**257**	(63)
	1,940	(133)
Comprehensive income	**$ 7,726**	$ 2,589

Consolidated statements of retained earnings

	First quarters ended	
	March 29, 2008	March 31, 2007
	(unaudited) (in thousands of dollars)	
Balance, beginning		
As previously reported	**$ 121,855**	$ 103,859
Adjustment related to the adoption of new accounting policies (Note 2)	**(255)**	—
Restated	**121,600**	103,859
Net earnings	**5,786**	2,722
	127,386	106,581
Excess of redemption cost of Class A shares over stated capital (Note 4)	**—**	(441)
Dividends	**(833)**	(1,041)
Balance, end	**$ 126,553**	$ 105,099

Consolidated balance sheets

	As at March 29, 2008	As at Dec. 31, 2007
	(unaudited)	(audited)
	(in thousands of dollars)	
ASSETS		
Current assets		
Accounts receivable	**$ 43,683**	$ 42,932
Inventories	**86,761**	90,122
Prepaid expenses	**1,645**	1,387
Fixed assets for resale	**—**	1,000
Future income taxes	**—**	244
Derivative instruments	**2,432**	830
	134,521	136,515
Fixed assets	**125,048**	122,658
Goodwill	**5,157**	5,157
Intangible assets and other assets	**16,166**	17,042
Net accrued benefit asset	**3,954**	4,112
	$ 284,846	$ 285,484
LIABILITIES		
Current liabilities		
Bank overdraft	**$ 5,500**	$ 2,078
Bank indebtedness	**2,200**	13,340
Accounts payable and accrued liabilities	**58,918**	53,982
Income taxes	**3,131**	6,818
Future income taxes	**359**	—
Derivative instruments	**200**	1,624
Current portion of long-term debt	**925**	925
	71,233	78,767
Long-term debt (Note 3)	**52,431**	52,388
Future income taxes	**12,616**	12,401
	136,280	143,556
SHAREHOLDERS' EQUITY		
Capital stock (Note 4)	**19,118**	19,118
Contributed surplus	**1,397**	1,397
Retained earnings	**126,553**	121,855
Accumulated other comprehensive income (loss) (Note 5)	**1,498**	(442)
	128,051	121,413
	148,566	141,928
	$ 284,846	$ 285,484

Consolidated statements of cash flows

	First quarters ended March 29, 2008	March 31, 2007
	(unaudited) (in thousands of dollars)	
OPERATING ACTIVITIES		
Net earnings	**$ 5,786**	$ 2,722
Adjustments		
Amortization	**2,974**	2,396
Amortization of deferred charges	**1,198**	913
Future income taxes	**10**	185
Change in net accrued benefit asset	**158**	90
Gain on disposal of fixed assets	**(7)**	(2)
Non-cash interest expense	**61**	62
Change in derivative instruments	**—**	393
	10,180	6,759
Changes in non-cash operating working capital items	**5,789**	13,087
	15,969	19,846
FINANCING ACTIVITIES		
Change in bank indebtedness	**(11,140)**	(5,740)
Repayment of long-term debt	**(18)**	(1,494)
Dividends paid	**(833)**	(1,041)
Redemption of Class A shares	**—**	(504)
	(11,991)	(8,779)
INVESTING ACTIVITIES		
Acquisition of fixed assets	**(6,641)**	(4,372)
Acquisition of intangible assets and other assets	**(769)**	(925)
Disposal of fixed assets	**10**	2
	(7,400)	(5,295)
(Decrease) increase in cash and cash equivalents	**(3,422)**	5,772
Cash and cash equivalents, beginning	**(2,078)**	455
Cash and cash equivalents, end	**$ (5,500)**	$ 6,227

Cash and cash equivalents are comprised of cash, short-term investments and bank overdraft.

Interest paid	**$ 830**	$ 427
Income taxes paid	**6,440**	5,129

During the first quarter ended March 29, 2008, the Company acquired fixed assets of which $2,018,000 was unpaid as at March 29, 2008 ($3,739,000 as at December 31, 2007).

1. Accounting policies

These interim consolidated financial statements are unaudited and must be read in conjunction with the audited financial statements as of December 31, 2007. These consolidated interim financial statements do not include all the information and notes required by the Canadian generally accepted accounting principles ("GAAP") for complete financial statements. In addition, these unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent audited financial statements except for the new accounting policies described in Note 2. The operating results for the interim periods covered do not necessarily reflect the results that will be achieved for the entire year.

2. New accounting policies

a) Financial instruments – Disclosures

The Canadian Institute of Chartered Accountants ("CICA") issued the CICA Handbook Section 3862, "Financial Instruments – Disclosures." This Section applies to fiscal years beginning on or after October 1, 2007. It describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Section 3855, "Financial Instruments – Recognition and Measurement", 3863, "Financial Instruments – Presentation" and 3865, "Hedges".

b) Financial instruments – Presentation

The CICA issued the CICA Handbook Section 3863, "Financial Instruments – Presentation". This Section applies to fiscal years beginning on or after October 1, 2007. It establishes standards for presentation of financial instruments and non-financial derivatives. It complements the standards of Section 3862, "Financial Instruments – Disclosures".

Information about the application of these new standards is provided in Note 9 in these financial statements.

c) Capital disclosures

The CICA issued the CICA Handbook Section 1535, "Capital Disclosures". This Section applies to fiscal years beginning on or after October 1, 2007. It establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.

Capital disclosures are provided in the "Capital management" section of Note 4 in these financial statements.

(Tabular amounts are in thousands)

2. New accounting policies (continued)

d) Inventories

The CICA issued the CICA Handbook Section 3031, "Inventories," which establishes inventory valuation standards and inventory costing methods. These recommendations apply to fiscal years beginning on or after January 1, 2008.

As at January 1, 2008, the effect of this accounting change was a $372,000 decrease in inventories, a $117,000 increase in short-term future income tax assets, and a $255,000 decrease in retained earnings. The decrease in inventories is related to a reclassification of storage expenses, which will now be charged directly to earnings.

3. Long-term debt

Principal payments due within the 12 month periods ending in March are as follows:

2009	$	925
2010		3,514
2011		4,021
2012		4,146
2013		5,354

4. Capital stock

There was no share repurchase in the first quarter of 2008. During the first quarter ended March 31, 2007, the Company repurchased for cancellation in the normal course of business 13,500 Class A subordinate voting shares for a cash consideration of $504,000, including a $61,000 reduction to capital stock, a $441,000 reduction to retained earnings, and a $2,000 reduction to contributed surplus.

Since the end of the first quarter of 2008 and until May 2, 2008, the Company has not carried out any share repurchases.

Capital management

The Company's capital is defined as shareholders' equity as presented in the financial statements plus debt as defined below.

The Company's main objectives for managing capital are as follows:

- Manage capital in order not to exceed, all other factors being equal, a percentage of debt to the total of combined debt and shareholders' equity (debt-to-total-capital ratio) of 55% while keeping the business's capital cost competitive with its peers;
- Maintain financial flexibility so that opportunities may be seized when they arise;
- Support business growth while maintaining a dividend of approximately 25% of previous year net earnings before certain unusual items, subject to approval by the Company's Board of Directors.

(Tabular amounts are in thousands)

4. Capital stock (continued)

Capital management (continued)

The Company manages its capital structure and can adjust it in light of changes in economic conditions and the risk characteristics of the underlying assets. The share repurchase plan and usage of long-term debt are the main tools that the Company uses to adjust its capital level and the relationship between shareholders' equity and debt levels.

The Company monitors its capital using the debt-to-total-capital ratio. To calculate this ratio, debt is defined as long-term debt, the current portion of long-term debt, and bank indebtedness.

As at March 29, 2008, the debt-to-total-capital ratio was 27.2%. As at December 31, 2007, the debt-to-total-capital ratio was 31.9%. The positive change in this ratio stems mainly from the repayment of bank indebtedness. The objectives, policies and procedures for managing capital have not changed since the previous period.

During the first quarter of 2008, the Company paid a quarterly dividend, which when annualized, represents approximately 25% of the 2006 net earnings, as the 2007 results were released only after the declaration date for the first dividend of this year. The June 2008 dividend will be based on the net earnings of 2007 released on March 27, 2008.

5. Accumulated other comprehensive income (loss)

	First quarters ended	
	March 29, 2008	**March 31, 2007**
Balance, beginning	**$ (442)**	$ 38
Other comprehensive income (loss)	**1,940**	(133)
Balance, end	**$ 1,498**	$ (95)

The accumulated other comprehensive income (loss) is comprised of unrealized gains and losses on cash flow hedges, net of income taxes. This amount will be transferred to net earnings during the next nine months.

6. Amortization

	First quarters ended	
	March 29, 2008	**March 31, 2007**
Fixed assets	**$ 2,527**	$ 2,180
Technologies and software	**96**	58
Trademarks	**76**	68
Client relationships	**205**	90
Certifications	**70**	—
	$ 2,974	$ 2,396

(Tabular amounts are in thousands)

7. Employee future benefits

The Company offers defined benefit pension plans and defined contribution pension plans, which guarantee the payment of a pension to most of its employees upon retirement. The pension costs relating to these pension plans are as follows:

	First quarters ended March 29, 2008	March 31, 2007
Defined contribution pension plans	**$ 529**	$ 446
Defined benefit pension plans	**352**	430
	$ 881	$ 876

8. Financial expenses

	First quarters ended March 29, 2008	March 31, 2007
Interest on long-term debt	**$ 806**	$ 485
Interest - other	**209**	129
Interest - income	**(72)**	(84)
Exchange loss	**55**	—
	$ 998	$ 530

9. Financial instruments

The Company is exposed to various risks with respect to its financial assets and liabilities. The following analysis provides a measure of the risks as at the balance sheet date of March 29, 2008.

Credit risk

The Company's credit risk is primarily attributable to its accounts receivables. The risk arises from client's potential inability to meet their obligations as agreed. The accounts receivable are presented on the balance sheet net of the provision for bad debts, which is estimated by Company's management based on past experience and its assessment of current economic conditions.

The Company may also be exposed to credit risk when it has important discounts receivable from certain suppliers.

Although the Company has a geographically diverse client list, 52.5% of the Company's net sales in the first quarter of 2008 were carried out with three clients compared with 56.2% for the same quarter of 2007.

9. Financial instruments (continued)

Credit risk (continued)

The Company analyzes and reviews the financial position of its current clients on an ongoing basis and applies rigorous procedures to assess the credit worthiness of new clients. It sets a specific credit limit per client and regularly reviews this limit. The Company manages its credit risk as follows:

- Credit limits are established and analyzed by internal credit specialists based on information collected from relevant sources and on the Company's own experience with its clients.
- The Company takes out credit insurance on sales made outside of Canada.
- The terms of credit may vary according to the client's credit risk.

As at March 29, 2008, more than 94% of trade accounts receivable were aged less than 60 days. The table below shows the Company's accounts receivable aging net of the provision for bad debts:

(in thousands of dollars)

	0 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
Trade accounts receivable	$ 31,893	$ 3,420	$ 850	$ 1,240	$ 37,403
Other receivables					
Sales tax					2,254
Discounts					1,808
Miscellaneous					2,218
Total accounts receivable					$ 43,683

The Company recognizes a provision for bad debts when management believes that the expected recoverable amount is lower than the actual receivable amount. The Company records a bad debt expense when the recovery of accounts receivable is not reasonably assured. The Company generally considers trade accounts receivable to be past due when they have gone unpaid for more than 45 to 60 days according to the client's terms of credit. As at March 29, 2008, the provision for bad debts was not material.

Liquidity risk

Liquidity risk refers to the possibility of the Company not being able to meet its financial obligations when they become due. The Company has contractual and fiscal obligations as well as financial liabilities and therefore is exposed to liquidity risk.

The Company manages this risk by maintaining detailed financial forecasts as well as long-term operating and strategic plans. Managing consolidated liquidity requires constant monitoring of projected cash inflows and outflows using forecasts of the Company's consolidated financial position for purposes of ensuring adequate and efficient use of cash resources. The adequate liquidity level is established based on historical volatility and seasonal requirements as well as on planned investments and the debt maturity profile.

The Company has credit facilities that are renewed annually in order to make sure that sufficient funds are available to meet its financial needs. The Company has various authorized credit facilities at its disposal, the amount of which may at no time exceed $80,150,000.

9. Financial instruments (continued)

Market risk

Interest rate risk

The Company is exposed to interest rate risk arising from its variable rate interest-bearing financial obligations. A negative impact on cash flows could occur if there were an increase in the reference rates such as the rate of bankers' acceptances (CDOR) and prime rate. A decrease in these same rates would have a positive impact of similar magnitude.

The Company maintains a combination of fixed rate and variable rate debts. Fixed rate debt is used mainly in relation to the business's long-term obligations arising from acquisitions of long-term assets and business acquisitions. Bank indebtedness is used to finance the Company's working capital and fluctuates according to seasonal factors specific to the Company. As at March 29, 2008, the Company's long-term debt is at fixed rates and bank indebtedness bears interest at variable rates and stands as the Company's main source of interest rate risk.

All other factors being equal, a 1.0% increase in the interest rate applied to the daily balances of the Company's bank indebtedness for the period from January 1, 2008 to March 29, 2008 would not have had a major unfavourable impact on the quarterly net earnings.

Foreign exchange risk

The Company concludes sales in the United States for which the amounts are denominated in U.S. dollars. The Company also purchases raw materials (concentrates, fruit juices and packaging) as well as equipment in U.S. dollars and euros. Consequently, it is exposed to the risk of exchange rate fluctuations both with respect to the foreign exchange contracts used to manage this risk and with respect to the receivable and payable balances denominated in U.S. dollars.

The Company employs various strategies to mitigate this risk, including the use of derivative financial instruments and natural hedge management techniques. Under the foreign exchange policy, the Company must identify any actual or potential foreign exchange exposure arising from its operations. A central treasury is providing the strategy to cover these risks. Foreign exchange risks are managed in accordance with the Company's foreign exchange risk management policy. The objective of the foreign exchange policy is to mitigate the impact of foreign exchange rate fluctuations on the Company's consolidated financial statements. The policy also prohibits speculative foreign exchange transactions.

As at March 29, 2008, the Company was party to forward exchange contracts for the purchase of US$66,000,000 (US$73,800,000 as at December 31, 2007) and of 520,000 euros (1,040,000 euros as at December 31, 2007). The foreign exchange contracts for U.S. dollars mature between 1 and 9 months at rates varying between 0.9437 and 1.1041. The foreign exchange contract for euros matures in two months at a rate of 1.6055. The hedging relationships were effective and in line with the foreign exchange risk management strategy and objective during the first quarter of 2008.

9. Financial instruments (continued)

Market risk (continued)

Foreign exchange risk (continued)

As at March 29, 2008, all other factors being equal, a 0.05 U.S. dollar rise per Canadian dollar would have had an unfavourable impact of $14,500 on net earnings and a favourable impact of $2,014,000 on other comprehensive income. A 0.05 U.S. dollar drop per Canadian dollar would have had the opposite effect on net earnings and other comprehensive income. As for financial instruments denominated in euros, a 0.05 rise or drop in the euro per Canadian dollar would have had a negligible impact on net earnings and other comprehensive income.

10. Commitments

The Company is committed under various contracts to purchase fixed assets to be delivered in 2008. The total amount payable is $1,449,000.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.