

SunOpta Inc.
Form 10-Q
November 12, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10 Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended **October 2, 2010**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____.

Commission file number: **001 34198**

SUNOPTA INC.

(Exact name of registrant as specified in its charter)

CANADA

*(State or other jurisdiction of incorporation or
organization)*

Not Applicable

(I.R.S. Employer Identification No.)

2838 Bovaird Drive West

Brampton, Ontario L7A 0H2, Canada

(Address of principal executive offices)

(905) 455 1990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the registrant's common stock outstanding as of November 1, 2010 was 65,299,048.

SUNOPTA INC.
FORM 10 Q
For the quarterly period ended October 2, 2010
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All financial information is expressed in United States Dollars. The closing rate of exchange on November 1, 2010 was CDN \$1 = U.S. \$0.9842.

Forward Looking Statements

This quarterly report of SunOpta Inc. (the "Company") for the quarterly period ended October 2, 2010 contains forward looking statements which are based on our current expectations and assumptions and involve a number of risks and uncertainties. Generally, forward looking statements do not relate strictly to historical or current facts and are typically accompanied by words such as anticipate, estimate, intend, project, potential, continue, believe, could, would, should, might, plan, will, may, the negatives of such terms, and words and phrases of similar meaning. These forward looking statements include, but are not limited to references to possible operational consolidation, reduction of non-core assets and operations, business strategies, plant and production capacities, revenue generation potential and anticipated construction costs, competitive strengths, goals, capital expenditure plans, business and operational growth and expansion plans, anticipated operating margins and operating income increases, gains or losses associated with business transactions, cost reductions, rationalization and improved efficiency initiatives, proposed new product offerings, and references to the future growth of the business and global markets for the Company's products. These forward looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on certain assumptions and analyses we make in light of our experience and our interpretation of current conditions, historical trends and expected future developments as well as other factors that we believe are appropriate in the circumstance.

Whether actual results and developments will agree with our expectations and predictions is subject to many risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from our expectations and predictions. We believe these factors include, but are not limited to, the following:

- disruption in the overall economy and financial markets;
- restrictions in our credit agreement about how we may operate our business;
- our ability or inability to refinance our term debt when it becomes due;
- we may require additional capital to maintain current operations, which may not be available on favourable terms or at all;
- consumer preferences for natural and organic food products are difficult to predict and may change;
- we operate in a highly competitive industry;
- an interruption at one of our manufacturing facilities;
- the loss of service of our key management;
- the management of our supply chain;
- volatility in the prices of raw materials and energy;
- climate change legislation;
- impairment charges in goodwill or other long lived assets;
- technological innovation by our competitors;
- our ability to protect our intellectual property and proprietary rights;
- substantial environmental regulation and policies to which we are subject;
- significant food and health regulations to which SunOpta Foods is subject;
- agricultural policies that influence our operations;
- product liability suits that may be brought against our Company;
- loss of a key customer;
- fluctuations in exchange rates, interest rates and certain commodities;
- our ability to effectively manage our growth and integrate acquired companies;
- adverse weather conditions;
- the volatility of our operating results and share price;
- the achievement of business forecasts;
- construction or installation delays of new equipment;
- labour issues; and
- we have continuing indemnification obligations relating to our recent depositions.

Consequently all forward looking statements made herein are qualified by these cautionary statements and there can be no assurance that our actual results or the developments we anticipate will be realized. The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our Annual Report on Form 10 K for the fiscal year ended December 31, 2009. For a more detailed discussion of the principal factors that could cause actual results to be materially different, you should read our risk factors in Item 1A, Risk Factors, in our Annual Report on Form 10 K for the fiscal year ended December 31, 2009.

PART I FINANCIAL INFORMATION

Item 1 Financial Statements

Consolidated Financial Statements

SunOpta Inc.

For the quarter and three quarters ended October 2, 2010 and September 30, 2009

(Unaudited)

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SunOpta Inc.

Consolidated Statements of Operations

For the quarter ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Quarter ended October 2, 2010	Quarter ended September 30, 2009
Revenues	\$ 217,905	\$ 212,488
Cost of goods sold	184,698	183,949
Gross profit	33,207	28,539
Warehousing and distribution expenses	702	1,036
Selling, general and administrative expenses	21,412	21,747
Intangible asset amortization	1,155	1,300
Other expense (income), net (note 12)	7,453	(270)
Goodwill impairment (note 4)	1,654	8,341
Foreign exchange gain	(58)	(639)
Earnings (loss) from continuing operations before the following	889	(2,976)
Interest expense, net	2,036	3,883
Loss from continuing operations before income taxes	(1,147)	(6,859)
Recovery of income taxes	(1,258)	(145)
Earnings (loss) from continuing operations	111	(6,714)
Discontinued operations (note 2)		
Loss from discontinued operations, net of taxes	(15,415)	(150)
Gain on sale of discontinued operations, net of taxes	49,867	
Earnings (loss) from discontinued operations, net of taxes	34,452	(150)
Earnings (loss)	34,563	(6,864)
Earnings (loss) attributable to non controlling interests	496	(2,192)
Earnings (loss) attributable to SunOpta Inc.	\$ 34,067	\$ (4,672)
(Loss) earnings per share basic (note 6)		
from continuing operations	\$ (0.01)	\$ (0.07)
from discontinued operations	0.53	
	\$ 0.52	\$ (0.07)

(Loss) earnings per share diluted (note 6)			
from continuing operations	\$	\$	(0.07)
from discontinued operations		0.52	
	\$	0.52	\$ (0.07)

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Consolidated Statements of Operations

For the three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three quarters ended October 2, 2010	Three quarters ended September 30, 2009
Revenues	\$ 668,539	\$ 619,772
Cost of goods sold	560,721	538,859
Gross profit	107,818	80,913
Warehousing and distribution expenses	2,894	3,034
Selling, general and administrative expenses	71,432	64,833
Intangible asset amortization	3,474	3,577
Other expense (income), net (note 12)	8,812	(342)
Goodwill impairment (note 4)	1,654	8,341
Foreign exchange gain	(1,494)	(156)
Earnings from continuing operations before the following	21,046	1,626
Interest expense, net	7,625	10,159
Earnings (loss) from continuing operations before income taxes	13,421	(8,533)
Provision for (recovery of) income taxes	2,672	(1,207)
Earnings (loss) from continuing operations	10,749	(7,326)
Discontinued operations (note 2)		
(Loss) earnings from discontinued operations, net of taxes	(14,569)	29
Gain on sale of discontinued operations, net of taxes	63,676	
Earnings from discontinued operations, net of taxes	49,107	29
Earnings (loss)	59,856	(7,297)
Earnings (loss) attributable to non controlling interests	710	(2,748)
Earnings (loss) attributable to SunOpta Inc.	\$ 59,146	\$ (4,549)
Earnings (loss) per share basic (note 6)		
from continuing operations	\$ 0.16	\$ (0.07)
from discontinued operations	0.75	
	\$ 0.91	\$ (0.07)

Earnings (loss) per share diluted (note 6)			
from continuing operations	\$	0.15	\$ (0.07)
from discontinued operations		0.75	
	\$	0.90	\$ (0.07)

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Consolidated Statements of Comprehensive Earnings (Loss)

For the quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Quarter ended October 2, 2010	Quarter ended September 30, 2009
Earnings (loss) from continuing operations	\$ 111	\$ (6,714)
Earnings (loss) from discontinued operations, net of taxes	34,452	(150)
	34,563	(6,864)
Currency translation adjustment	3,313	7,090
Change in fair value of interest rate swap, net of taxes	63	14
Other comprehensive earnings, net of taxes	3,376	7,104
Comprehensive earnings	37,939	240
Comprehensive earnings (loss) attributable to non controlling interests	724	(2,120)
Comprehensive earnings attributable to SunOpta Inc.	\$ 37,215	\$ 2,360

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Consolidated Statements of Comprehensive Earnings (Loss)

For the three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three quarters ended October 2, 2010	Three quarters ended September 30, 2009
Earnings (loss) from continuing operations	\$ 10,749	\$ (7,326)
Earnings from discontinued operations, net of taxes	49,107	29
	59,856	(7,297)
Currency translation adjustment	(852)	9,500
Change in fair value of interest rate swap, net of taxes	203	334
Other comprehensive (loss) earnings, net of taxes	(649)	9,834
Comprehensive earnings	59,207	2,537
Comprehensive earnings (loss) attributable to non controlling interests	267	(2,690)
Comprehensive earnings attributable to SunOpta Inc.	\$ 58,940	\$ 5,227

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Consolidated Balance Sheets

As at October 2, 2010 and December 31, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	October 2, 2010	December 31, 2009
Assets		(see note 2)
Current assets		
Cash and cash equivalents (note 13)	\$ 21,067	\$ 1,752
Accounts receivable	94,618	78,483
Inventories (note 3)	158,049	157,541
Prepaid expenses and other current assets	13,573	10,001
Current income taxes recoverable		442
Deferred income taxes	5,173	5,457
Current assets held for sale (note 2)		56,140
	292,480	309,816
Investments (note 2)	33,345	
Property, plant and equipment	100,266	103,561
Goodwill (note 4)	30,134	31,431
Intangible assets	48,424	55,229
Deferred income taxes	10,680	15,257
Other assets	2,037	2,876
Non current assets held for sale (note 2)		33,120
	\$ 517,366	\$ 551,290
Liabilities		
Current liabilities		
Bank indebtedness (note 7)	\$ 23,690	\$ 63,481
Accounts payable and accrued liabilities	100,167	87,519
Customer and other deposits	963	1,064
Income taxes payable	1,612	
Other current liabilities	1,187	1,566
Current portion of long term debt (note 8)	53,842	52,455
Current portion of long term liabilities	373	683
Current liabilities held for sale (note 2)		19,135
	181,834	225,903
Long term debt (note 8)	17,183	34,734
Long term liabilities	2,595	2,760
Deferred income taxes	13,126	12,708
Non current liabilities held for sale (note 2)		487
	214,738	276,592

Preferred shares of a subsidiary company held for sale (note 2)		28,187
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Equity

SunOpta Inc. shareholders' equity

Capital Stock (note 5)	179,587	178,694
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65,299,048 common shares (December 31, 2009 64,982,968)		
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Additional paid in capital (note 5)	11,480	7,934
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Retained earnings	93,292	34,146
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Accumulated other comprehensive income	4,101	12,079
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	288,460	232,853
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Non controlling interest	14,168	13,658
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Total equity	302,628	246,511
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	\$ 517,366	\$ 551,290
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Commitments and contingencies (note 10)**Subsequent events** (note 15)

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Consolidated Statements of Shareholders' Equity

As at and for the three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Capital stock	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Non controlling interest	Total
Balance at December 31, 2009	178,694	7,934	34,146	12,079	13,658	246,511
Employee share purchase plan and compensation grants	596					596
Exercise of options (note 5)	297	(43)				254
Issuance of warrants (note 5)		2,163				2,163
Stock based compensation		1,426				1,426
Earnings from continuing operations			10,039		710	10,749
Earnings from discontinued operations, net of income taxes			49,107	(7,772)		41,335
Currency translation adjustment				(341)	(511)	(852)
Non controlling interest contributions					243	243
Change in fair value of interest rate swap, net of income taxes				135	68	203
Balance at October 2, 2010	179,587	11,480	93,292	4,101	14,168	302,628
	Capital stock	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Non controlling interest	Total
Balance at December 31, 2008	177,858	6,778	40,909	1,266	15,102	241,913
Employee share purchase plan and compensation grants	627					627
Stock based compensation		1,061				1,061
Loss from continuing operations			(4,578)		(2,748)	(7,326)
Earnings from discontinued operations, net of income taxes			29			29
Currency translation adjustment				9,554	(54)	9,500

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Non controlling interest contributions					110	110
Change in fair value of interest rate swap, net of income taxes				222	112	334

Balance at September 30, 2009	178,485	7,839	36,360	11,042	12,522	246,248
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(See accompanying notes to consolidated financial statements)

SUNOPTA INC.

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SunOpta Inc.

Consolidated Statements of Cash Flows

For the quarter ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Quarter ended October 2, 2010	Quarter ended September 30, 2009
Cash provided by (used in)		
Operating activities		
Earnings (loss)	\$ 34,563	\$ (6,864)
Earnings (loss) from discontinued operations	34,452	(150)
Earnings (loss) from continuing operations	111	(6,714)
Items not affecting cash		
Amortization	4,110	4,187
Unrealized loss (gain) on foreign exchange	829	(169)
Deferred income taxes	(1,909)	(1,459)
Goodwill impairment (note 4)	1,654	8,341
Impairment of long lived assets (note 12)	7,505	
Other	21	2,254
Changes in non cash working capital (note 9)	8,371	13,683
Net cash flows from operations continuing operations	20,692	20,123
Net cash flows from operations discontinued operations	(5,362)	(857)
	15,330	19,266
Investing activities		
Purchases of property, plant and equipment, net	(4,714)	(1,871)
Purchases of patents, trademarks and other intangible assets	(37)	(77)
Other	116	2,041
Cash from investing activities continuing operations	(4,635)	93
Cash from investing activities discontinued operations	(12,485)	1,120
	(17,120)	1,213
Financing activities		
Decrease in line of credit facilities	(4,359)	(18,996)
Proceeds from the issuance of common shares	338	215
Repayment of long term debt	(12,158)	(3,141)
Other	(44)	(1)
Cash flows from financing activities continuing operations	(16,223)	(21,923)
Cash flows from financing activities discontinued operations		
	(16,223)	(21,923)
Foreign exchange gain on cash held in a foreign currency	725	573
Decrease in cash and cash equivalents during the period	(17,288)	(871)
Discontinued operations cash activity included above:		
Add: Balance included at beginning of period	17,974	19,136
Less: Balance included at end of period		(19,400)
Cash and cash equivalents beginning of the period	20,381	2,456

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Cash and cash equivalents	end of the period	21,067	1,321
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Supplemental cash flow information (notes 9 and 13)

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Consolidated Statements of Cash Flows

For the three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three quarters ended October 2, 2010	Three quarters ended September 30, 2009
Cash provided by (used in)		
Operating activities		
Earnings (loss)	\$ 59,856	\$ (7,297)
Earnings from discontinued operations	49,107	29
Earnings (loss) from continuing operations	10,749	(7,326)
Items not affecting cash		
Amortization	12,350	12,806
Unrealized gain on foreign exchange	(589)	(403)
Deferred income taxes	(784)	(354)
Goodwill impairment (note 4)	1,654	8,341
Impairment of long lived assets (note 12)	7,895	
Other	1,603	337
Changes in non cash working capital (note 9)	(10,434)	14,628
Net cash flows from operations continuing operations	22,444	28,029
Net cash flows from operations discontinued operations	(5,439)	(1,808)
	17,005	26,221
Investing activities		
Purchases of property, plant and equipment, net	(13,545)	(9,490)
Payment of deferred purchase consideration	(721)	(1,500)
Purchases of patents, trademarks and other intangible assets	(400)	(214)
Other	281	(191)
Cash from investing activities continuing operations	(14,385)	(11,395)
Cash from investing activities discontinued operations	52,298	(1,669)
	37,913	(13,064)
Financing activities		
Decrease in line of credit facilities	(39,155)	(9,750)
Borrowings under long term debt	247	716
Proceeds from the issuance of common shares	850	627
Repayment of long term debt	(16,327)	(9,670)
Other	(287)	60
Cash flows from financing activities continuing operations	(54,672)	(18,017)
Cash flows from financing activities discontinued operations		
	(54,672)	(18,017)
Foreign exchange gain on cash held in a foreign currency	98	826
Increase (decrease) in cash and cash equivalents during the period	344	(4,034)

Discontinued operations cash activity included above:

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Add: Balance included at beginning of period	18,971	22,877
Less: Balance included at end of period		(19,400)
Cash and cash equivalents beginning of the period	1,752	1,878
Cash and cash equivalents end of the period	\$ 21,067	\$ 1,321

Supplemental cash flow information (notes 9 and 13)

(See accompanying notes to consolidated financial statements)

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SunOpta Inc.

Notes to Consolidated Financial Statements

For the quarter and three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

1. Basis of presentation, fiscal year end and new accounting pronouncements

Basis of presentation

The interim consolidated financial statements of SunOpta Inc. (the Company) have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended, and in accordance with accounting principles generally accepted in the United States of America. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included and all such adjustments are of a normal, recurring nature. Operating results for the quarter and three quarters ended October 2, 2010 are not necessarily indicative of the results that may be expected for the full year ending January 1, 2011 or for any other period. For further information, see the Company's consolidated financial statements, and notes thereto, included in the Annual Report on Form 10-K for the year ended December 31, 2009.

The interim consolidated financial statements include the accounts of the Company and its subsidiaries, and have been prepared on a basis consistent with the financial statements for the year ended December 31, 2009, except for the effects of the sales of the Canadian Food Distribution business and SunOpta BioProcess Inc., as outlined in note 2. Intercompany accounts and transactions have been eliminated on consolidation.

Fiscal year end

On March 9, 2010, the Board of Directors of the Company approved a change to the Company's fiscal year period from a fiscal year ending on December 31 to a floating year end on the Saturday closest to December 31, based on a 52 week calendar, wherein every fiscal quarter (except for the first quarter which included two additional days) is comprised of 13 weeks or 91 days. This change is effective for fiscal 2010, resulting in a year end of January 1, 2011 and the quarterly periods for fiscal 2010 ending on April 3, July 3 and October 2. The fiscal year of Opta Minerals Inc. (Opta Minerals), which is 66.4% owned by the Company, ends on December 31, 2010, and its quarterly periods for fiscal 2010 end on March 31, June 30 and September 30. The consolidated statements of operations, cash flows and balance sheets for the Company in the current quarter include the results of Opta Minerals through September 30, 2010.

New accounting pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 810 (formerly Statement of Financial Accounting Standard (SFAS) No. 167, Amendments to FASB Interpretation No. 46(R)). This accounting standard is a revision to a previous FASB Interpretation and changes how a reporting entity evaluates whether an entity is a variable interest entity (VIE) and which entity is considered the primary beneficiary of a VIE and is therefore required to consolidate the VIE. This accounting standard will also require continuous reassessments of which party within the VIE is considered the primary beneficiary. ASC 810 became effective January 1, 2010. As a result of adopting this standard, the Company reassessed its investments and did not change its position as the primary beneficiary of its VIEs.

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In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010 06, Improving Disclosures about Fair Value Measurements, which amends ASC Topic 820, Fair Value Measures and Disclosures. ASU No. 2010 06 amends the ASC to require disclosure of transfers into and out of Level 1 and Level 2 fair value measurements, and also requires more detailed disclosure about the activity within Level 3 fair value measurements. The Company adopted the guidance in ASU No. 2010 06 on January 1, 2010, except for the requirements related to Level 3 disclosures, which will be effective for annual and interim reporting periods beginning after December 15, 2010 (January 1, 2011 for the Company). This guidance requires expanded disclosures only, and did not have any impact on the Company s consolidated financial statements.

SUNOPTA INC.

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SunOpta Inc.

Notes to Consolidated Financial Statements

For the quarter and three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)

2. Discontinued operations**(a) Divestiture of Canadian Food Distribution Business**

On May 10, 2010, the Company entered into an agreement to sell its Canadian Food Distribution assets (CFD or the CFD Transaction) to UNFI Canada Inc., a wholly owned subsidiary of United Natural Foods Inc. The CFD Transaction closed on June 11, 2010 for cash consideration of Cdn \$68,000 (U.S. \$65,809). The net proceeds are subject to post closing adjustments, in accordance with the asset purchase agreement, which are expected to be finalized by June 2011.

The following is a summary of the CFD Transaction:

Cash consideration	\$	65,809
Transaction and related costs		(4,937)
Net proceeds		60,872
Net assets sold		(51,655)
Accumulated other comprehensive income related to assets sold		7,772
Pre tax gain on sale		16,989
Provision for income taxes		(3,180)
Gain on sale of discontinued operations	\$	13,809

The gain on sale of discontinued operations has been recorded in discontinued operations on the consolidated statements of operations.

The operating results of the CFD business are included within (loss) earnings from discontinued operations, net of income tax, on the consolidated statement of operations. The operating results for the three quarters ended October 2, 2010 reflect the operating results from January 1, 2010 through to the date of the sale, June 11, 2010. The summary comparative financial results of discontinued operations related to the CFD business were as follows:

	October 2, 2010	Quarter ended September 30, 2009	October 2, 2010	Three quarters ended September 30, 2009	
Revenues	\$	\$	41,324	\$ 82,859	\$ 123,707
Earnings before taxes from discontinued operations up to the date of sale		1,076	2,168	3,681	
Costs allocated to discontinued operations as a result of sale			(1,289)		
Earnings from discontinued operations before taxes		1,076	879	3,681	

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Provision for income taxes		342		265		1,171		
	\$		\$	734	\$	614	\$	2,510

The assets sold in the CFD Transaction were part of the former Distribution Group segment.

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SunOpta Inc.

Notes to Consolidated Financial Statements

For the quarter and three quarters ended October 2, 2010 and September 30, 2009

Unaudited

(Expressed in thousands of U.S. dollars, except per share amounts)