

SunOpta Inc.  
Form 10-Q  
August 07, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 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 **June 30, 2009**  
Commission File No. 0-9989

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

**SUNOPTA INC.**

(Exact name of registrant as specified in its charter)

CANADA

(Jurisdiction of Incorporation)

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 (§ 232.405 of this chapter) 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, or a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [ X ]  
Non-accelerated filer [ ] Smaller reporting company [ ]  
(Do not check if a 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 [ X ]

At July 28, 2009 registrant had 64,846,560 common shares outstanding, the only class of registrant's common stock outstanding. There were no other classes of stock outstanding and the aggregate market value of voting stock held by non-affiliates at such date was \$141,651,559. The Company's common shares are traded on the NASDAQ National Market tier of the NASDAQ Stock Market under the symbol STKL and on the Toronto Stock Exchange under the symbol SOY.

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**SUNOPTA INC.**  
**FORM 10-Q**  
**For the quarter ended June 30, 2009**

**PART I - FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2009 and 2008.

Condensed Consolidated Statements of Comprehensive Earnings for the three and six months ended June 30, 2009 and 2008.

Consolidated Balance Sheets as at June 30, 2009 and December 31, 2008.

Condensed Consolidated Statements of Shareholders' Equity for the six months ended June 30, 2009 and 2008.

Condensed Consolidated Statements of Cash Flow for the three and six months ended June 30, 2009 and 2008.

Notes to Condensed Consolidated Financial Statements.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Item 3. Quantitative and Qualitative Disclosure about Market Risk**

**Item 4. Disclosure Controls and Procedures**

**Item 4T. Controls and Procedures**

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

**Item 1A. Risk Factors**

**Item 6. Exhibits**

All financial information is expressed in United States Dollars. The closing rate of exchange on July 28, 2009 was CDN \$1 = U.S. \$0.9233.

**Forward-Looking Statements**

This report contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and include words or phrases such as "management anticipates," "we believe," "we anticipate," "we expect," "we plan," "we will," and phrases of similar impact and include, but are not limited to references to business strategies, competitive strengths, goals, capital expenditure plans, business and operational growth plans and references to the future growth of the business. 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 made by the Company in light of its experience and its interpretation of current conditions, historical trends and expected future developments as well as other factors that the Company believes are appropriate in the circumstance.

Whether actual results and developments will agree with expectations and predictions of the Company is subject to many risks and uncertainties including, but not limited to, general economic, business, weather or market risk conditions; the achievement of business forecasts; the outcome of any pending litigation; competitive actions by other companies; changes in laws or regulations or policies of local governments, provinces and states as well as the governments of the United States and Canada, many of which are beyond the control of the Company. Consequently all forward-looking statements made herein are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized. Please refer to the Company's most recent Annual Report on Form 10-K as well as item 1A in this report for a fuller discussion of the risks facing the Company and its operations.

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**PART I - FINANCIAL INFORMATION**

**Item 1 -**

**Condensed Consolidated Financial Statements**

**SunOpta Inc.**

**For the Three and Six Months Ended June 30, 2009**

**(Unaudited)**

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**SunOpta Inc.**

Condensed Consolidated Statements of Operations

For the three months ended June 30, 2009 and 2008

Unaudited

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

	<b>June 30, 2009</b>	June 30, 2008
	\$	\$
<b>Revenues</b>	<b>257,725</b>	291,945
<b>Cost of goods sold</b>	<b>219,644</b>	246,077
<b>Gross profit</b>	<b>38,081</b>	45,868
Warehousing and distribution expenses	4,494	5,448
Selling, general and administrative expenses (note 14)	27,279	34,700
Intangible asset amortization	1,332	1,508
Other expense, net	109	-
Foreign exchange gain	(982)	(1,279)
<b>Earnings before the following</b>	<b>5,849</b>	5,491
Interest expense, net	3,470	3,601
<b>Earnings before income taxes</b>	<b>2,379</b>	1,890
<b>Provision for income taxes</b>	<b>833</b>	473
<b>Earnings for the period</b>	<b>1,546</b>	1,417
(Loss) earnings for the period attributable to non-controlling interests	(234)	698
<b>Earnings for the period attributable to SunOpta Inc.</b>	<b>1,780</b>	719
<b>Earnings per share for the period (note 5)</b>		
<b>Basic</b>	<b>0.03</b>	0.01
<b>Diluted</b>	<b>0.03</b>	0.01

(See accompanying notes to condensed consolidated financial statements)

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**SunOpta Inc.**

Condensed Consolidated Statements of Operations

For the six months ended June 30, 2009 and 2008

Unaudited

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

	<b>June 30, 2009</b>	June 30, 2008
	\$	\$
<b>Revenues</b>	<b>489,799</b>	522,389
<b>Cost of goods sold</b>	<b>418,071</b>	436,320
<b>Gross profit</b>	<b>71,728</b>	86,069
Warehousing and distribution expenses	<b>8,955</b>	10,894
Selling, general and administrative expenses (note 14)	<b>54,131</b>	62,511
Intangible asset amortization	<b>2,763</b>	2,766
Other income, net	<b>(77)</b>	-
Foreign exchange loss (gain)	<b>281</b>	(991)
<b>Earnings before the following</b>	<b>5,675</b>	10,889
Interest expense, net	<b>6,341</b>	6,501
<b>(Loss) earnings before income taxes</b>	<b>(666)</b>	4,388
<b>(Recovery of) provision for income taxes</b>	<b>(233)</b>	1,122
<b>(Loss) earnings for the period</b>	<b>(433)</b>	3,266
(Loss) earnings for the period attributable to non-controlling interests	<b>(556)</b>	1,061
<b>Earnings for the period attributable to SunOpta Inc.</b>	<b>123</b>	2,205
<b>Earnings per share for the period (note 5)</b>		
<b>Basic</b>	<b>0.00</b>	0.03
<b>Diluted</b>	<b>0.00</b>	0.03

(See accompanying notes to condensed consolidated financial statements)

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**SunOpta Inc.**

Condensed Consolidated Statements of Comprehensive Earnings

For the three months ended June 30, 2009 and 2008

Unaudited

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

	<b>June 30, 2009</b>	June 30, 2008
	\$	\$
<b>Earnings for the period</b>	<b>1,546</b>	1,417
Currency translation adjustment	<b>6,946</b>	1,717
Change in fair value of interest rate swap, net of tax	<b>271</b>	163
<b>Other comprehensive income for the period, net of tax</b>	<b>7,217</b>	1,880
<b>Comprehensive earnings for the period</b>	<b>8,763</b>	3,297
Comprehensive earnings for the period attributable to non-controlling interest	<b>51</b>	698
<b>Comprehensive earnings for the period attributable to SunOpta Inc.</b>	<b>8,712</b>	2,599

(See accompanying notes to condensed consolidated financial statements)

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**SunOpta Inc.**

Condensed Consolidated Statements of Comprehensive Earnings

For the six months ended June 30, 2009 and 2008

Unaudited

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

	<b>June 30, 2009</b>	June 30, 2008
	\$	\$
<b>(Loss) earnings for the period</b>	<b>(433)</b>	3,266
Currency translation adjustment	<b>2,410</b>	695
Change in fair value of interest rate swap, net of tax	<b>320</b>	(224)
<b>Other comprehensive income for the period, net of tax</b>	<b>2,730</b>	471
<b>Comprehensive earnings for the period</b>	<b>2,297</b>	3,737
Comprehensive (loss) earnings for the period attributable to non- controlling interest	<b>(570)</b>	1,061
<b>Comprehensive earnings for the period attributable to SunOpta Inc.</b>	<b>2,867</b>	2,676

(See accompanying notes to condensed consolidated financial statements)

**SUNOPTA INC.**

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June 30, 2009 10-Q

**SunOpta Inc.**

Consolidated Balance Sheets

As at June 30, 2009 and December 31, 2008

Unaudited

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

	<b>June 30, 2009</b>	December 31, 2008
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 11)	21,592	24,755
Short-term investments (note 12)	1,500	-
Accounts receivable	106,014	95,129
Inventories (note 3)	194,933	200,689
Prepaid expenses and other current assets	20,631	14,448
Current income taxes recoverable	1,293	595
Deferred income taxes	5,209	493
	<b>351,172</b>	<b>336,109</b>
<b>Property, plant and equipment</b>	<b>112,999</b>	<b>110,641</b>
<b>Goodwill</b>	<b>55,121</b>	<b>54,022</b>
<b>Intangible assets</b>	<b>61,860</b>	<b>63,161</b>
<b>Deferred income taxes</b>	<b>11,931</b>	<b>16,160</b>
<b>Other assets</b>	<b>925</b>	<b>954</b>
	<b>594,008</b>	<b>581,047</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 6)	78,087	67,164
Accounts payable and accrued liabilities	112,075	106,989
Customer and other deposits	725	1,228
Other current liabilities	4,197	4,437
Current portion of long-term debt (note 7)	28,459	12,174
Current portion of long-term liabilities	-	1,362
	<b>223,543</b>	<b>193,354</b>
<b>Long-term debt (note 7)</b>	<b>78,928</b>	<b>99,353</b>
<b>Long-term liabilities</b>	<b>4,784</b>	<b>5,017</b>
<b>Deferred income taxes</b>	<b>13,359</b>	<b>13,614</b>
	<b>320,614</b>	<b>311,338</b>
<b>Preferred shares of a subsidiary company</b>	<b>27,991</b>	<b>27,796</b>
<b>Equity</b>		
SunOpta Inc. shareholders' equity		

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<b>Capital stock</b> (note 4)	<b>178,270</b>	177,858
64,846,560 common shares (December 31, 2008 64,493,320)		
<b>Additional paid in capital</b> (note 4)	<b>7,463</b>	6,778
<b>Retained earnings</b>	<b>41,032</b>	40,909
<b>Accumulated other comprehensive income</b>	<b>4,010</b>	1,266
	<b>230,775</b>	226,811
<b>Non-controlling interest</b> (note 1)	<b>14,628</b>	15,102
<b>Total equity</b>	<b>245,403</b>	241,913
	<b>594,008</b>	581,047
<b>Commitments and contingencies</b> (note 9)		
(See accompanying notes to condensed consolidated financial statements)		