

SUNOPTA INC
Form 10-Q
May 05, 2006

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 **March 31, 2006**
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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act)

Large accelerated filer - No Accelerated filer - Yes Non-accelerated filer - No

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

Yes No

At April 27, 2006 registrant had 56,914,439 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 \$489,115,055. 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.

There are 28 pages in the March 31, 2006 10-Q and the index follows the cover page.

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March 31, 2006

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Earnings for the three months ended March 31, 2006 and 2005.

Condensed Consolidated Balance Sheets as at March 31, 2006 and December 31, 2005.

Condensed Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2006 and 2005.

Condensed Consolidated Statements of Cash Flow for the three months ended March 31, 2006 and 2005.

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

PART II - OTHER INFORMATION

All financial information is expressed in United States Dollars. The closing rate of exchange on April 27, 2006 was CDN \$1 = U.S. \$0.8904

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PART I - FINANCIAL INFORMATION

Item 1 -

Condensed Consolidated Financial Statements

SunOpta Inc.

For the Three Months Ended March 31, 2006

(Unaudited)

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SunOpta Inc.

Condensed Consolidated Statements of Earnings

For the three months ended March 31, 2006 and 2005

Unaudited

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

	March 31, 2006 \$	March 31, 2005 \$
Revenues	133,312	86,223
Cost of goods sold	109,684	70,587
Gross profit	23,628	15,636
Warehousing and distribution expenses	3,429	2,604
Selling, general and administrative expenses	13,960	9,787
Earnings before the following	6,239	3,245
Interest expense, net	(1,399)	(302)
Other income (expense) (note 6)	(85)	4,035
Foreign exchange	(208)	35
	(1,692)	3,768
Earnings before income taxes	4,547	7,013
Provision for income taxes	1,403	235
Net earnings before minority interest	3,144	6,778
Minority interest	132	173
Net earnings for the period	3,012	6,605
Change in foreign currency translation adjustment	(113)	(165)
Comprehensive income	2,899	6,440
Net earnings per share for the period (note 5)		
Basic	0.05	0.12

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Diluted

0.05

0.12

(See accompanying notes to condensed consolidated financial statements)

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SunOpta Inc.

Condensed Consolidated Balance Sheets

As at March 31, 2006 and December 31, 2005

Unaudited

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

	March 31, 2006 \$	December 31, 2005 \$
Assets		
Current assets		
Cash and cash equivalents	5,068	5,455
Accounts receivable	64,043	57,608
Inventories	90,325	88,340
Prepaid expenses and other current assets	6,059	4,194
Current income taxes recoverable	759	1,847
Deferred income taxes	691	691
	166,945	158,135
Property, plant and equipment	82,214	77,257
Goodwill and intangibles (note 3)	76,960	58,262
Deferred income taxes	5,543	4,473
Other assets (note 8(a))	3,307	3,355
	334,969	301,482
Liabilities		
Current liabilities		
Bank indebtedness	34,424	20,799
Accounts payable and accrued liabilities	48,733	50,688
Customer and other deposits	1,538	544
Current portion of long-term debt (note 3)	6,185	3,518
Current portion of long-term payables	697	723
	91,577	76,272
Long-term debt (note 3)	60,479	55,538
Long-term payables	303	472
Deferred income taxes	9,432	
	161,791	132,282
Minority interest	9,259	9,116
Shareholders Equity		

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Capital stock (note 4)	107,539	106,678
Contributed surplus (note 2)	3,310	3,235
Retained earnings	43,391	40,379
Cumulative other comprehensive income	9,679	9,792
	<hr/>	<hr/>
	163,919	160,084
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	334,969	301,482
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Commitments and contingencies (note 8)

(See accompanying notes to condensed consolidated financial statements)

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SunOpta Inc.

Condensed Consolidated Statements of Shareholders' Equity

As at March 31, 2006 and December 31, 2005

Unaudited

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

	Capital stock \$	Contributed surplus \$	Retained earnings \$	Cumulative other comprehensive income \$	Total \$
Balance at December 31, 2005	106,678	3,235	40,379	9,792	160,084
Warrants exercised	60				60
Options exercised	673				673
Employee stock purchase plan	128				128
Stock based compensation		75			75
Net earnings for the period			3,012		3,012
Currency translation adjustment				(113)	(113)
Balance at March 31, 2006	107,539	3,310	43,391	9,679	163,919

	Capital stock \$	Contributed surplus \$	Retained earnings \$	Cumulative other comprehensive income \$	Total \$
Balance at December 31, 2004	105,794	3,330			