SunOpta Inc.
Form 10-K
March 04, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **January 3, 2015**

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

For the transition period from to

Commission File No. 001-34198

SUNOPTA INC.
(Exact Name of Registrant as Specified in Its Charter)

CANADA	**Not Applicable**
(Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

2838 Bovaird Drive West
Brampton, Ontario L7A 0H2, Canada
(Address of Principle Executive Offices)
(905) 455-1990
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, no par value	**The NASDAQ Stock Market, Toronto Stock Exchange**

Securities registered pursuant Section to 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [_] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [_] No [X]

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 [X] 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 [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [X]	Accelerated filer [_]	Non-accelerated filer [_]	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]

Aggregate market value of the common equity held by non-affiliates of the registrant, computed using the closing price as reported on the NASDAQ Global Select Market for the registrant s common shares on July 5, 2014, the last business day of the registrant s most recently completed second fiscal quarter, was $837,963,641. The registrant s common shares trade on the NASDAQ Global Select Market under the symbol STKL and on the Toronto Stock Exchange under the symbol SOY.

The number of shares of the registrant s common stock outstanding as of February 26, 2015 was 67,459,521.

Documents Incorporated by Reference: Portions of the SunOpta Inc. Definitive Proxy Statement for the 2015 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

SUNOPTA INC.
FORM 10-K
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Basis of Presentation

Except where the context otherwise requires, all references in this Annual Report on Form 10-K for the fiscal year ended January 3, 2015 (Form 10-K) to the Company , we , us , our or similar words and phrases are to SunOpta I its subsidiaries, taken together.

In this report, all currency amounts are expressed in thousands of United States (U.S.) dollars ($), except per share data, unless otherwise stated. Amounts expressed in Canadian dollars are expressed in thousands of Canadian dollars and preceded by the symbol Cdn $. Amounts expressed in euros are expressed in thousands of euros and preceded by the symbol € . The following table sets forth, for the periods indicated, the rate of exchange for the Canadian dollar and euro, expressed in U.S dollars, based on Bank of Canada exchange rates. These rates are provided solely for convenience, and do not necessarily reflect the rates used by us in the preparation of our financial statements.

	Canadian Dollar		Euro	
Year	**Closing**	**Average**	**Closing**	**Average**
2014	0.8502	0.9044	1.2004	1.3263
2013	0.9342	0.9706	1.3740	1.3282
2012	1.0035	1.0000	1.3216	1.2856

Forward-Looking Statements

This Form 10-K 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 , proje potential , continue , believe , expect , could , would , should , might , plan , will , may , predict , and words and phrases of similar impact and 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, anticipated construction costs, competitive strengths, goals, capital expenditure plans, business and operational growth and expansion plans, anticipated operating margins and operating income targets, 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:

- our ability to renew our North American syndicated credit facilities when they become due on July 27, 2016;
- restrictions in our syndicated credit agreement on how we may operate our business;
- our ability to meet the covenants of our credit facilities;
- our European syndicated credit facilities are due on demand with no set maturity date;
- our potential additional capital needs in order to maintain current growth rates, which may not be available favorable terms or at all;

our customers ability to choose not to buy products from us;

loss of a key customer;

changes in and difficulty in predicting consumer preferences for natural and organic food products;

the highly competitive industry in which we operate;

- an interruption at one or more of our manufacturing facilities;
- the loss of service of our key management;
- the effective management of our supply chain;
- volatility in the prices of raw materials and energy;
- enactment of climate change legislation;
- unfavorable growing conditions due to adverse weather conditions;
- dilution in the value of our common shares through the exercise of stock options, participation in our employee stock purchase plan and issuance of additional securities;
- impairment charges in goodwill or other intangible 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, recalls and threatened market withdrawals that may be brought against us;
- litigation and regulatory enforcement concerning marketing and labeling of food products;
- our ability to realize the value of our investment in Opta Minerals Inc.;
- we do not currently intend to pay any cash dividends on our common shares in the foreseeable future;
- fluctuations in exchange rates, interest rates and certain commodities;
- our ability to effectively manage our growth and integrate acquired companies; and
- the volatility of our operating results and share price.

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. 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, included elsewhere in this report.

PART I

Item 1. Business

INTRODUCTION

SunOpta, a corporation organized under the laws of Canada in 1973, is a leading global company operating businesses focused on a healthy products portfolio that promotes sustainable well-being. With expertise in field-to-table integration, we specialize in the sourcing, processing and packaging of natural, organic and specialty food products. Our core natural and organic food operations focus on value-added grain-, seed-, fruit- and vegetable-based product offerings, supported by a global sourcing and supply infrastructure. Using our integrated business models, we source organic and non-genetically modified (non-GMO) crops from growers and suppliers; we process these inputs into raw materials; we convert raw materials into food ingredients; and we process food ingredients into consumer-packaged products. As a general principle, we do not own or operate our own farms, retail stores, or extensively market our own consumer brands. Our assets, operations and employees are principally located in North America and Europe. We also hold an approximate 66% ownership position in Opta Minerals Inc. and its subsidiaries (Opta Minerals), a producer, distributor and recycler of industrial minerals, silica-free abrasives and specialty sands. Opta Minerals is a non-core holding.

Business Objectives, Goals and Strategies

Our vision is to be a recognized global leader in natural and organic food products that drive sustainable well-being. The objective of our business strategy is to maximize stakeholder value through:

- Maximizing our customer centricity through key account management and a strong commitment to innovation.

- Leveraging our global, integrated field-to-table supply chain capabilities and sustainability framework.

- Cultivating engaged, accountable and talented employees who make effective decisions every day with a One SunOpta mindset.

To reach our objective, we have established the following goals, among others:

- 70% of sales mix to comprise core multi-touch products, utilizing our field-to-table production expertise for example, internally sourced organic soybeans are processed and converted into liquid concentrated soy base for blending and packaging as aseptic soymilk.

- 60% of strategic capital spending allocated to core product categories.

- 10% internal revenue growth annually.

- 8% operating income as a percentage of revenues.

- 15% return on net assets.

In order to deliver on these goals we have developed the following core strategies:

- To focus our natural and organic foods company on areas we can gain or further entrench our competitive advantage. This includes (i) focusing resources on our core products; (ii) focusing resources on key market categories and geographies; and (iii) identifying and pursuing strategically-aligned acquisitions.

To accelerate our growth by delivering more value to our customers. This includes (i) identifying key product categories, customers and competitors; (ii) enhancing innovation through shared research and development capabilities; and (iii) instituting key account management to better service customers.

To leverage the integrated platform we have built. This includes (i) standardizing and sharing expertise across operations to improve safety, quality, delivery and cost per unit; (ii) optimizing our field-to-table supply chain capabilities to deliver an outstanding customer experience; and (iii) improving performance on our five sustainability platforms.

To engage all employees for maximum mutual benefit. This includes ensuring that the tools, training, communication and expectations of all employees are in place to support the achievement of our goals.

In summary, our intention is to continue to invest in and expand our natural and organic foods business, growing the business through multiple touches from raw materials through consumer-packaged products, and leveraging our asset base to produce our products effectively to increase profit margins.

Segment Information

We divide our operations into two industry segments:

SunOpta Foods, which accounted for approximately 89% of our fiscal 2014 consolidated revenues; and

Opta Minerals, which represented approximately 11% of our fiscal 2014 consolidated revenues.

In the fourth quarter of 2014, following the sale of our fiber and starch business (the Fiber Business), we implemented changes to our organizational structure to align and focus the operations of SunOpta Foods on two key go-to-market categories: ingredient sourcing and supply; and consumer-packaged products. Consequently, we realigned the operating segments of SunOpta Foods to reflect the resulting changes in management reporting and accountability to our Chief Executive Officer. We believe this new operational structure aligns well with SunOpta Foods integrated field-to-table business model and product portfolio. The Opta Minerals operating segment remained unchanged.

Effective with the realignment, we operate in the following three reportable segments:

Global Ingredients aggregates the Company s North American-based Raw Material Sourcing and Supply and European-based International Sourcing and Supply operating segments focused on the procurement and sale of specialty and organic grains and seeds, raw material ingredients, value-added grain- and cocoa-based ingredients, and organic commodities.

Consumer Products manufactures and supplies branded and private label aseptic beverages; re-sealable pouch products; individually quick frozen (IQF) fruits and vegetables; fruit bases and toppings; premium juices; shelf stable juices and waters; and fruit- and grain-based snacks.

Opta Minerals processes, distributes and recycles industrial minerals, silica-free abrasives, and specialty sands for use in the steel, foundry, loose abrasive cleaning, and municipal water filtration industries.

In addition, Corporate Services provides a variety of managerial, financial, operational, business development, information technology, human resource and administrative services to each of the operating segments from our headquarters in Brampton, Ontario, and our U.S. administrative office in Edina, Minnesota.

Financial information for each reportable segment describing revenues from external customers, a measure of profit or loss, and total assets for the last three fiscal years, as well as financial information about geographic areas for the last three fiscal years, is presented in note 20 of the Consolidated Financial Statements, and has been restated to reflect the realigned operating segments of SunOpta Foods.

Business Development

We have invested in a number of internal growth projects and selective acquisitions to diversify our sources of supply, as well as to add capacity, improve profitability, and expand our value-added processing capabilities at a number of our facilities, as follows:

On March 2, 2015, we acquired Citrusource, LLC (Citrusource), a producer of premium not-from-concentrate private label organic and conventional orange juice and citrus products in the U.S., with annual revenues of approximately $30,000. We paid approximately $13,300 in cash at closing, subject to certain post-closing adjustments, and may pay additional consideration contingent on the achievement of specified performance targets. This acquisition aligns with our strategy of growing our value-added consumer products portfolio and leveraging our integrated operating platform. Citrusource will be included in the Consumer Products operating segment.

In December 2014, we announced a significant expansion project at our Allentown, Pennsylvania facility to meet continued customer demand for aseptically processed healthy beverages. The expansion will add aseptic beverage processing and filling capabilities to our Allentown facility, which currently produces re-sealable pouch products, creating a dual purpose consumer products facility that further leverages existing infrastructure while at the same time increasing our footprint to better serve North American and international customers. The new aseptic capabilities are expected to be in production in the fourth quarter of 2015, at an estimated initial cost of approximately $25 million, with room for further expansion at the facility as demand grows.

In the first quarter of 2014, we initiated a further expansion to our aseptic processing and packaging operations in Modesto, California, in order to meet committed customer demand and enable new growth opportunities. In connection with this expansion, we have added a third processor at the Modesto facility, which is expected to be commissioned in the first quarter of 2015, as well as two additional multi-serve (liter/quart) fillers. The first of these new fillers commenced production in February 2015, with the second expected to be commissioned early in the second quarter of 2015. This expansion was necessary in order to meet increased product demand from new and existing customers across a broad array of categories including non-dairy, nutritional beverages and dairy.

In the second half of 2013, we expanded our aseptic processing and packaging operations at Modesto and in Alexandria, Minnesota with the installation of an additional multi-serve filler (liter/quart) at each operation, as well as two single-serve (200/250ml) fillers at the Modesto operation. The addition of further processing and packaging capabilities was in response to continued growth in the non-dairy and alternative beverage categories that we currently serve, as well as adjacent categories such as organic dairy and nutritional beverages. The new fillers also provide unique capabilities and have provided opportunities to bring new and innovative products in a new aseptic package format to the market, further enhancing the profitability of these operations.

In the third quarter of 2013, we completed the construction of our cocoa processing facility in Middenmeer, the Netherlands, which specializes in the processing of organic and fair trade certified cocoa beans into derivatives, such as organic cocoa powder, butter, and liquor. Operating as Crown of Holland , the facility provides capacity to accommodate our organic and specialty cocoa business that was previously processed by third parties. All cocoa beans processed at this facility are sourced internally through our international sourcing and supply operations. The facility has annual processing capacity of approximately 9,000 metric tons of raw cocoa.

Also in the third quarter of 2013, we completed the commissioning of the third and fourth flexible re-sealable pouch filling lines at our Allentown facility. We installed these two additional lines to create additional capacity to meet anticipated demand. We entered the flexible, re-sealable pouch business in 2011 with the installation of two pouch filling lines at a third-party production facility in California. The flexible re-sealable pouch is applicable to a wide range of product categories including natural and organic fruit and vegetable snacks, apple sauces, tomato products, baby food, yogurts, toppings, and a variety of beverages.

On December 31, 2012, we acquired a grains handling and processing facility located in Silistra, Bulgaria and operated as the Organic Land Corporation OOD (OLC), for cash consideration of $3,898. The facility is located near a protected and chemical-free agricultural area, which produces organic products including sunflower, flax seed, corn, barley and soybeans. We had been sourcing non-GMO sunflower kernel from OLC since late 2011. This acquisition diversified our non-GMO and organic sunflower processing operations and should allow us to expand our capabilities into the other organic products grown in the region. OLC s operations are included in the Global Ingredients reportable segment.

We have also taken the following strategic actions in relation to certain non-core assets in order to focus our platform on our core natural and organic foods business:

In December 2014, we completed the sale of the Fiber Business for $37.5 million, subject to certain closing adjustments. The Fiber Business included five facilities located in Louisville, Kentucky, Cedar Rapids, Iowa, Cambridge, Minnesota, Fosston, Minnesota, and Galesburg, Illinois, and accounted for approximately four percent of SunOpta Foods total revenues in fiscal years 2014, 2013 and 2012. The Fiber Business was formerly part of the former Value Added Ingredient operating segment. The sale of the Fiber Business aligns with our stated strategies and enhances our focus on the faster growing areas of our business that fit our vertically integrated business model, leveraging our global sourcing, supply and ingredient capabilities.

On October 31, 2014, Enchi Corporation (Enchi) (formerly Mascoma Corporation) completed the sale of its yeast business in exchange for cash and certain royalty rights based on future sales of the yeast products by the purchaser. Following completion of this transaction by Enchi, we continue to hold a non-controlling interest in the remaining assets of Enchi, including the royalty rights for the yeast business.

On June 19, 2014, we announced that the Board of Directors of Opta Minerals Inc. (Opta Minerals) had established a special committee of independent directors (the Special Committee) to conduct a review of strategic alternatives available to Opta Minerals with a view to enhancing value for all shareholders. The Special Committee will review and evaluate all proposals received as part of the strategic review process, and will make recommendations to the Board thereon. There is no defined timeline for the strategic alternatives review and there can be no assurance that the review of strategic alternatives will result in any specific action. We currently own approximately 66% of Opta Minerals on a non-dilutive basis.

For more information regarding acquisitions and divestitures, see notes 2 and 3 of the Consolidated Financial Statements.

Other Developments

Retirement of Director

Effective December 31, 2014, Vic Hepburn retired from the Board of Directors of SunOpta. Mr. Hepburn had been a member of the Board of Directors since September 2008 and was previously serving as both Chair of the Audit Committee and a member of the Compensation Committee.

Appointment of New Director

On October 28, 2014, we announced the appointment of Margaret Shan Atkins to the Board of Directors of SunOpta. Ms. Atkins joins the board as an independent director and brings more than three decades of broad business experience to SunOpta, as well as extensive experience as a director of other publicly traded companies in both the U.S. and Canada. Ms. Atkins succeeded Mr. Hepburn as Chair of the Audit Committee.

Chair of the Board of Directors

On July 24, 2014, we announced the appointment of Alan Murray as Chair of the Board of Directors of SunOpta. Mr. Murray replaced Jeremy Kendall who retired after serving as Chair of the Board for 31 years. Mr. Kendall will remain active on the Board as a Director and Past Chair. Mr. Kendall also served as Chief Executive Officer until February 2007. Mr. Murray was appointed a director of SunOpta in July 2010, Vice Chair in March 2011, and served as Chair of the Compensation Committee and as a member of the Corporate Governance and Audit Committees at various times.

Corporate Social Responsibility Report

On June 23, 2014, we released our 2013 Corporate Social Responsibility Report, which provides an update on progress towards our sustainability goals covering social, environmental and economic objectives, and further reinforces our commitment to becoming an increasingly sustainable organization. This report covers the operations of SunOpta, including wholly-owned subsidiaries and joint venture operations, excluding Opta Minerals, and is available on our website.

The Corporate Social Responsibility Progress Report and the other information included on our website is not included in, or incorporated by reference into, this Form 10-K.

SUNOPTA FOODS

Introduction

SunOpta Foods has been built through business acquisitions and significant internal growth. The following is a summary listing of acquisitions that we have acquired and retained since the inception of SunOpta Foods. This summary does not include acquisitions that were subsequently divested.

Date of Acquisition	Business Operations Acquired	Reportable Segment
August 3, 1999	Sunrich Inc.	Global Ingredients
August 15, 2000	Certain assets of Hoffman Aseptic	Consumer Products
September 18, 2000	Northern Food and Dairy, Inc.	Consumer Products and Global Ingredients
March 14, 2001	First Light Foods Inc.	Consumer Products
May 8, 2003	Kettle Valley Dried Fruit Ltd.	Consumer Products
November 1, 2003	SIGCO Sun Products, Inc.	Global Ingredients
December 1, 2003	Sonne Labs, Inc.	Global Ingredients
September 13, 2004	51% of the outstanding shares of Organic Ingredients, Inc. (The remaining 49% of the outstanding shares were acquired on April 5, 2005)	Consumer Products
June 2, 2005	Earthwise Processors, LLC	Global Ingredients
June 20, 2005	Cleugh s Frozen Foods, Inc.	Consumer Products
July 13, 2005	Pacific Fruit Processors, Inc.	Consumer Products
November 7, 2006	Hess Food Group LLC	Consumer Products
August 7, 2007	Operating assets of a soymilk manufacturing facility in Heuvelton, New York	Consumer Products
April 2, 2008	The Organic Corporation	Global Ingredients
November 8, 2010	Dahlgren & Company, Inc.	Global Ingredients
December 14, 2010	Assets of Edner of Nevada, Inc.	Consumer Products
August 5, 2011	Assets of Lorton s Fresh Squeezed Juices, Inc.	Consumer Products
December 31, 2012	Organic Land Corporation OOD	Global Ingredients

SunOpta Foods long-term strategy is to leverage the platform that has been developed via implementation of continuous improvement principles, new product development and a focus on value-added components of the business, and to continue to pursue selective acquisitions that align with the value-added components of our integrated business models. We believe that the natural, organic and specialty foods markets offer solid long-term growth opportunities as consumers focus on health and wellness and see diet as a key part of a healthy lifestyle. We also believe these markets remain fragmented with numerous players in North America and internationally.

Specific strategies of SunOpta Foods in the last several years have included the following:

Invest in value-added processing assets, including expanded aseptic beverage and re-sealable pouch processing and packaging capabilities and capacities, which add further value to sourced raw materials and processed food ingredients.

Invest in healthy convenience and nutritious portable (on-the-go) foods via both internal growth opportunities and acquisitions, driven by our belief that these categories will continue to be a strong area of growth for natural and organic food products.

Expand the number of customer private label natural and organic programs including alternative beverages, frozen fruit, fruit beverages, re-sealable pouch and healthy convenience food categories.

Develop value-added natural and organic food ingredient solutions to meet the demands of food manufacturers wanting to improve the healthfulness of their products or expand into the natural and organic markets.

Diversify the range of organic and non-GMO grain-, seed-, fruit- and vegetable-based products that we market, including via the acquisition of businesses that integrate into our value-added platform.

Expand our ability to source and supply natural and organic food products worldwide.

Develop and expand our operations outside of North America via acquisitions or by entering into partnerships and strategic alliances with food producers internationally.

Global Ingredients

Operations and Product offerings Global Ingredients

Global Ingredients aggregates our North American and international raw material sourcing and supply operating segments focused on the procurement, processing and sale of specialty and organic grains, seeds, fruits, grain- and cocoa-based ingredients, and other commodities, which are used primarily in applications serving the natural and organic food industry. Its operations are centered in Edina, Minnesota, Santa Cruz, California and Amsterdam, the Netherlands.

Global Ingredients sources products from approximately 65 countries around the world, which include:

- Identity preserved (IP), non-GMO and organic seeds and grains including soy, corn and sunflower for food applications, with control maintained at every stage of production, from seed selection and growing through storage, processing and transportation.
- Seed- and grain-based animal feed and pet food products that originate from select organic and non-GMO soy, corn, sunflower and other commodities.
- Organic fruit- and vegetable-based raw materials and ingredients, sweeteners, cocoa, coffees, ancient grains, nuts, seeds and pulses and other organic food products.

Global Ingredients also engages in processing and contract manufacturing services that include:

- Seed and grain conditioning services for soy, corn and sunflower.
- Grain milling for corn, with various granulations and batch sizing.
- Coffee and sesame seed processing.
- Dry and oil roasting and packaging, including in-shell sunflower and sunflower kernels, corn and soy snacks.
- Liquid (concentrates and oil) and dried format seed-, grain- and cocoa-based ingredients utilizing non-GMO and organic soy, corn, sunflower, rice, and cocoa.
- Specialty organic functional ingredients, including maltodextrins, tack blends, flavor enhancing products, including snack coatings, cheese powders and flavor systems.

Competition Global Ingredients

Food ingredients are considered unique niche items often sourced, developed or processed for specific customers or industry segments. Global Ingredients competes with large seed, grain, raw material and specialty ingredient suppliers for customers and competes with other companies active on the international commercial seed, grain and raw material procurement market for supply. Its non-GMO and organic specialty products compete in the smaller niche commercial non-GMO and organic seed, grain and raw material markets. Key to competing in these markets is access to transportation, supply and relationships with producers. Competitors include major food companies with food ingredient divisions, other food ingredient and sourcing companies, and consumer food companies that also engage in the development and sale of food ingredients. Many of these competitors have financial and technical resources, as well as production and marketing capabilities that are greater than our own.

The international organic food industry is very competitive due primarily to the limited worldwide supply of organic raw materials. Global Ingredients competes with worldwide brokers, traders and food processors for the limited supply of organic raw material ingredients. In many cases, it will enter into exclusive arrangements with growers and/or processors of key strategic commodities to control the reliability of its supply chain.

Distribution, Marketing, and Sales   Global Ingredients

As a leading provider of IP, non-GMO and organic, grains, seeds, grain- and cocoa-based ingredients, and other raw materials, Global Ingredients has well established sales and marketing capabilities, including technically oriented sales teams strategically located close to specific geographic sourcing and/or sales regions. Its specialty grains, seeds and other raw materials and ingredients are sold to food manufacturers and producers worldwide, including some of the largest U.S. consumer-packaged food companies, with approximately 50% of the customer base being international. In addition, in our estimation, it maintains one of the largest organic raw material ingredient sourcing and supply networks in the world, working closely to develop and manage global organic supply and link these supplies with diverse customer needs. It also provides procurement and ingredient processing support to the Consumer Products operating segment.

Suppliers   Global Ingredients

Global Ingredients has an extensive established IP, organic soy, corn and sunflower grower network in North America, with many relationships existing for over 25 years. It also has a network of growers in Europe, South America, Africa and Asia. Because weather conditions and other factors can limit the availability of raw materials in a specific geography, it continues to focus on expanding production and sourcing capabilities to other parts of the world to ensure supply in years when local production is below normal levels. By diversifying supply, it also has the ability to divert available product based on market demand and customer requirements in order to maximize return.

Organic raw material ingredient suppliers include growers, processors and traders of non-GMO and organic fruit and vegetable based ingredients, sweeteners and other food products. The diversity of our supplier base helps to ensure continual supply by providing contra-seasonal solutions to mitigate crop and quality risks. Organic food suppliers are required to meet stringent organic certification requirements equivalent to the U.S. Department of Agriculture (USDA   ) National Organic Program, European Union (EU   ) standards, or others.

Consumer Products

Operations and Product Offerings   Consumer Products

Consumer Products provides natural and organic food products that are primarily consumer-packaged to major global food manufacturers, food service distributors and retailers with a variety of branded and private label products.

Consumer Products   packaged food products include:

Aseptic beverages including soy, almond, rice, coconut, sunflower and other non-dairy and alternative beverages, as well as adjacent categories such as organic dairy and nutritional beverages, including milk, broths and teas. Specializing in aseptic product offerings, Consumer Products produces a variety of pack sizes, including multi- serve and single-serve formats, all shelf stable with long shelf lives.

Organic and conventional re-sealable pouch products, in a variety of pack sizes and shapes, containing a variety of products including baby food, puddings, sauces, healthy fruit, vegetable and protein based snacks serving the adult nutrition category.

Organic and conventional beverage products, including shelf stable and refrigerated juices; specialty beverages; vitamin and electrolyte waters; and energy drinks. Consumer Products partners with third-party fillers to provide extended shelf life refrigerated packaging formats to its customers.

Nutritious snacks including natural and organic fruit-based snacks in bar, twist, rope and bite size shapes, with the ability to add a variety of ingredients; and baked and extruded nutrition (protein, energy and meal replacement) bars using a wide variety of ingredients including grains, proteins and other ingredients.

IQF natural and organic frozen fruits and vegetables, including strawberries, blueberries, raspberries, peppers, broccoli and many other items.

Specialty fruit toppings and bases, which are custom formulated to provide unique flavor and texture profiles for a wide range of specialized applications. Applications include fruit bases for yogurts, ice creams, cheeses, smoothies, shakes, frozen desserts, bakery fillings, health bars, various beverages, dressings, marinades, dips and sauces, and fruit toppings for food service applications.

Competition Consumer Products

Consumer Products faces competition when securing seed, grain, fruit, vegetable and dairy raw materials; however, due to the location of its processing facilities, it is able to source these raw materials from a number of growing regions and suppliers. It sources from a number of domestic and worldwide growers, processors and traders, including Global Ingredients, which provides a number of core raw materials for further processing.

Consumer Products aseptic and refrigerated beverages, pouch and snack products compete with the offerings of major food manufacturing companies, as well as a number of other regional manufacturers. Its frozen fruit and vegetable and fruit ingredient products compete with processors primarily in the Western U.S. and Mexico, and frozen fruit imports from Mexico, South America, Europe and Asia. In many cases, Mexican, South American, European and Asian competitors are able to achieve greater cost efficiencies due to lower relative costs of living and costs of supply in these regions.

Distribution, Marketing and Sales Consumer Products

Consumer Products supplies the private-label retail market, including large retailers and club stores, branded food companies, food manufacturers, food service distributors, quick service and casual dining restaurants located principally in North America. In addition, it markets branded food products under SunOpta-controlled brands, including Sunrich® Naturals, Pure Nature and Nature s Finest .

Suppliers Consumer Products

Consumer Products raw materials are subject to the availability of seed, grain, fruit, vegetable and dairy supply, which is based on conditions that are beyond our control. Seeds and grains are sourced through Global Ingredient s established grower network. Frozen fruits, berries, and vegetables are sourced directly from a large number of suppliers throughout the U.S., Mexico and globally, or through Global Ingredients. Organic dairy ingredients are sourced from independent distributors.

Regulation SunOpta Foods

SunOpta Foods is subject to a wide range of governmental regulations and policies in various countries and regions where we operate, including the U.S., Canada, the Netherlands, throughout the rest of the EU, China and Ethiopia. These laws, regulations and policies are implemented, as applicable in each jurisdiction, on the national, federal, state, provincial and local levels. For example, SunOpta Foods is affected by laws and regulations related to: seed, fertilizer and pesticides; the purchasing, harvesting, transportation and warehousing of grain and other products; the processing, packaging and sale of food, including wholesale operations; and product labelling and marketing, food safety and food defense. SunOpta Foods is also affected by government-sponsored price supports, acreage set aside programs and a number of environmental regulations.

U.S. Regulations

SunOpta Foods is required to comply with the regulations and policies promulgated by the Environmental Protection Agency (EPA) and corresponding state agencies, as well as the USDA, the Grain Inspection, Packers and Stockyard Administration, the Food and Drug Administration (FDA), the Federal Trade Commission (FTC), Occupational Safety and Health Administration (OSHA) and the Commodities and Futures Trading Commission.

USDA National Organic Program and Similar Regulations

SunOpta Foods is involved in the sourcing, manufacturing, supplying, processing, marketing, selling and distribution of organic seed and food products and, as such, is subject to certain organic quality assurance standards. In 1990, Congress passed the *Organic Foods Production Act* mandating that the USDA develop national standards for organically produced agricultural products to assure consumers that those products marketed as organic meet consistent, uniform standards. The *Organic Foods Production Act* established the National Organic Program, a marketing program housed within the Agricultural Marketing Service of the USDA.

In December 2000, after considering recommendations from the National Organic Standards Board, as well as private, state, and foreign organic certification programs, USDA adopted regulations with respect to a national organic production, handling, labeling and certification program contained within 7 CFR 205. The regulations became fully effective in October 2002. These regulations, among other things, set forth the minimum standards producers must meet, and have reviewed by an accredited USDA-certifying agent, in order to label their products 100% organic , organic , or made with organic ingredients and display the USDA organic seal. The regulations impose strict standards on the production of organic food products and limit the use of non-organic or synthetic materials in the production of organic foods. Generally, organic food products are produced using:

- agricultural management practices intended to promote and enhance ecosystem health;
- no genetically engineered seeds or crops, sewage sludge, long-lasting pesticides, herbicides or fungicides; and
- food processing practices intended to protect the integrity of the organic product and disallow irradiation, genetically modified organisms or synthetic preservatives.

After becoming certified, organic operations must retain records concerning the production, harvesting, and handling of agricultural products that are to be sold as organic for a period of five years. Any organic operation found to be in violation of the USDA organic regulations is subject to enforcement actions, which can include financial penalties or suspension or revocation of their organic certificate.

Additionally, our organic products may be subject to various state regulations. Many states have adopted their own organic programs making the state agency responsible for enforcing USDA regulations for organic operations. However, state organic programs may also add more restrictive requirements due to specific environmental conditions or the necessity of production and handling practices in the state. Applicable regulatory agencies in the U.S. include the USDA, which monitors and ensures the integrity of both the organic process and agricultural grain business, and the FDA and Department of Homeland Security (DHS), which oversee the safety, security and efficacy of the food supply in the U.S.

We currently manufacture and distribute a number of organic products that are subject to the standards set forth in the *Organic Foods Production Act* and the regulations adopted thereunder by the National Organic Standards Board. We believe that we are in material compliance with the organic regulations applicable to our business.

Food-Related Regulations

As a manufacturer and distributor of food products, SunOpta Foods is also subject to a number of federal, state and local food-related regulations, including, but not limited to, the *Federal Food, Drug and Cosmetic Act of 1938* (the FDCA) and regulations promulgated thereunder by the FDA. This comprehensive regulatory framework governs the manufacture (including composition and ingredients), labeling, packaging and safety of food in the U.S. The FDA:

- regulates manufacturing practices for foods through its current good manufacturing practices regulations;
- specifies the standards of identity for certain foods, including many of the products we sell; and
- prescribes the format and content of certain information required to appear on food product labels.

Some of the key food safety and food labeling regulations in the U.S. include, but are not limited to, the following:

1. <u>Food Safety Regulations</u>

In 2011, the Food Safety Modernization Act (the FSMA) became effective, significantly expanding the authority of the FDA and imposing new regulation of food production, sales and imports. The goal of FSMA is to shift the focus of the current food safety scheme away from one that is reactive to one that is preventative. Although there remains uncertainty concerning how FSMA will be implemented in light of budgetary concerns, the FDA has taken initial steps to assert its new authority. For instance, the FDA has begun using its authority to administratively detain food products that it has reason to believe are adulterated or misbranded for up to 30 days. In addition, the agency has issued interim final rules on criteria for administrative detention and on prior notice of imported food.

The FDA has proposed several new rules for public comment, including: (1) Standards for Produce Safety; (2) Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Food; (3) Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Food for

Animals; (4) Foreign Supplier Verification Programs (FSVP) for Importers of Food for Humans and Animals; (5) Accreditation of Third-Party Auditors/Certification Bodies to Conduct Food Safety Audits and to Issue Certifications; (6) Focused Mitigation Strategies to Protect Food Against Intentional Adulteration; and (7) Sanitary Transportation of Human and Animal Food. Many of the FDA s proposed rules are not expected to become final until sometime in 2015-16. Once finalized, we will need to develop regulatory compliance programs related to these new regulations.

The proposed rules on preventive controls relating to human food for human consumption would apply to SunOpta Foods as we manufacture, process, pack and hold food for human consumption. The rule proposes a requirement that firms have written plans in place to identify potential hazards, put in place steps to address them, verify that the steps are working, and outline how to correct any problems that arise. The rule also proposes a requirement that each covered facility prepare and implement a written food safety plan, which would include the following: hazard analysis; risk based preventive controls; monitoring procedures; corrective actions; verification; and recordkeeping. Many of the FDA s proposed rules are not expected to become final until sometime in 2015. If adopted, we will need to develop regulatory compliance programs related to these new regulations.

In addition, we are subject to the Public Health Security and *Bioterrorism Preparedness and Response Act of 2002* (the Bioterrorism Act) and regulations issued thereunder. The Bioterrorism Act authorizes the FDA to take the regulatory action necessary to protect the nation s food supply against the threat of intentional or accidental contamination. The major components of the Bioterrorism Act include registration of food facilities with the FDA; prior notice of virtually all imported food shipments under FDA authority; recordkeeping requirements for food facilities; FDA authority to administratively detain food; FDA authority to institute debarment of food importers for various violations related to food importation; and creation of a clear way to re-import previously refused foods if certain criteria are met.

Lastly, we are subject to numerous other federal, state and local regulations involving such matters as the licensing and registration of manufacturing facilities, enforcement by government health agencies of standards for our products, inspection of our facilities and regulation of our trade practices in connection with the sale of food products.

2. Food Labeling Regulations

SunOpta Foods is subject to certain requirements relating to food labeling under the FDCA and corresponding FDA regulations as well as the *Fair Packaging and Labeling Act* enacted in 1967 and corresponding FTC regulations. Although the FTC, FDA, and USDA share jurisdiction over claims made by manufacturers of food products, the FDA retains primary jurisdiction over the labeling of food products whereas the FTC regulates advertising.

The FDA and FTC require that all food products be labeled to disclose the net contents, the identity of commodity, nutrition information, and the name and place of business of the product s manufacturer, packer, or distributor in order to prevent consumer deception. Both agencies also require that any claim on the product be truthful and not misleading.

Other state and local statutes and regulations may impose additional food labeling requirements. For instance, the *California Safe Drinking Water and Toxic Enforcement Act of 1986* (commonly referred to as Proposition 65) requires, with a few exceptions, that a specific warning appear on any consumer product sold in California that contains a substance, above certain levels, listed by that state as having been found to cause cancer or birth defects. This law exposes all food and beverage producers to the possibility of having to provide warnings on their products.

FDA Generally Regarded as Safe Regulations

Food ingredients can be classified into four groups including: food additives; color additives; prior sanctioned substances, and Generally Regarded as Safe (GRAS) substances. In particular, a food additive is a substance, the intended use of which results or may reasonably be expected to result, directly or indirectly, either in their becoming a component of food or otherwise affecting the characteristics of food . Food additives require premarket approval under the 1958 Food Additive Amendments to the FDCA as administered by FDA. However, in enacting those amendments, Congress recognized that many substances intentionally used in a manner whereby they are added to food would not require a formal premarket review by FDA to assure their safety, either because their safety had been established by a long history of use in food or by virtue of the nature of the substances, their customary or projected conditions of use, and the information generally available to scientists about the substances. Congress thus excluded from the definition of food additive substances that are generally recognized, among qualified experts, as having been adequately shown through scientific procedures to be safe under the conditions of their intended use, or GRAS.

Companies may establish GRAS status through self-affirmation whereby the producer determines on its own that the ingredient is GRAS, normally with the assistance of a panel of qualified experts. The producer may also voluntarily submit a GRAS Notification to the FDA that includes the products description, conditions of use, and the basis for GRAS determination, among other information. The FDA response to a GRAS notice, typically issued within 180 days, is not an approval and the product may be marketed while the FDA is reviewing the information.

A food ingredient is eligible for GRAS classification based on the views of experts qualified by scientific training and experience to evaluate the safety of the product. The expert s views are either based on scientific procedures or through experience based on common use of the material prior to 1958. If based on scientific procedures they must use the same quantity and quality of scientific evidence as would be required for the FDA to issue a premarket approval of the sale of a food additive. If a food ingredient is not entitled to GRAS status, premarket approval must be sought through the filing of a Food Additive Petition.

A number of SunOpta Food s products are being marketed pursuant to GRAS self-affirmation. We believe that a majority of products for which we have commercial rights are GRAS. However, such status cannot be determined until actual formulations and uses are finalized. Thereafter, we decide whether self-affirmation procedures and a GRAS notification will be appropriate. For those components that do not qualify for GRAS, we may be required to file a Food Additive Petition. In the event that a petition is required, we may elect to sell or license its rights to manufacture, market, and distribute the component to another party.

Environmental Regulations

SunOpta Foods is also subject to various U.S. federal, state and local environmental regulations. Some of the key environmental regulations in the U.S. include, but are not limited to, the following.

Air quality regulations air quality is regulated by the EPA and certain city/state air pollution control groups. Emission reports are filed annually.

Waste treatment/disposal regulations solid waste is either disposed of by a third-party or, in some cases, we have a permit to haul and apply the sludge to land. Agreements exist with local city sewer districts to treat waste at specified levels of Biological Oxygen Demand (BOD), Total Suspended Solids (TSS) and other constituents. This can require weekly/monthly reporting as well as annual inspection.

Sewer regulations we have agreements with the local city sewer districts to treat waste at specified limits of BOD and TSS. This requires weekly/monthly reporting as well as annual inspection.

Hazardous chemicals regulations Various reports are filed with local city/state emergency response agencies to identify potential hazardous chemicals being used in our facilities.

Storm water all facilities are inspected annually and must comply with an approved storm water plan to protect water supplies.

Employee Safety Regulations

We are subject to certain safety regulations, including OHSA regulations. These regulations require us to comply with certain manufacturing safety standards to protect our employees from accidents. We believe that we are in material compliance with all employee safety regulations applicable to our business.

Canadian and Other Non-U.S. Regulations

Outside of the U.S., regulations concerning the sale or characterization of food ingredients vary substantially from country to country, and we take appropriate steps to comply with such regulations.

In Canada, the sale of food is regulated under various federal and provincial laws, principally the federal *Food and Drugs Act* (FADA), *Canada Agricultural Products Act* (CAPA), and the *Canadian Environmental Protection Act, 1999* (CEPA), along with their supporting regulations. Some of the key Canadian regulatory instruments include but are not limited to the following:

Food and Drug Regulations (under the FADA) food and drugs are subject to specific regulatory requirements, including composition (such as food additives, fortification, and food standards), packaging, labelling, advertising and marketing, and licensing requirements.

Organic Products Regulations, 2009 (OPR) (under the CAPA) the OPR require mandatory certification to the revised national organic standard for agricultural products that are to be represented as organic in international and inter- provincial trade, or that bear the federal organic agricultural product legend (or federal logo). Except for certain exceptions and conditions, a U.S.-Canada Organic Equivalence Arrangement is currently in place whereby agricultural products produced and processed in conformity with the U.S. *Organic Foods Production Act* and the Canadian OPR are deemed to have been produced and processed in accordance with the OPR and may be sold, labelled or represented in Canada as organic.

Canada Consumer Product Safety Act (CCPSA) the CCPSA provides oversight and regulation of consumer products with respect to manufacturers, importers, and retailers. It includes, without limitation, the ability to require product recalls, mandatory incident reporting, document retention requirements, increased fines and penalties, and packaging and labeling requirements. While the CCPSA does not apply to food, it does apply to its packaging with respect to safety. It is possible that there will be amendments introduced to the FADA, to capture the essence of the regulatory oversight found in the CCPSA. We have no way of anticipating if and when that may occur.

We are subject to Dutch and European Commission (EC) regulations and policies. Our European subsidiary, TOC, is involved in the sourcing, supplying, processing, marketing, selling and distribution of organic food products and, as such, is subject to standards for production, labeling and inspection of organic products contained in EC Regulation 2092/91 (and its subsequent amendments). TOC is certified by Skal, the inspection body for the production of organic products in the Netherlands. Products certified as organic by an EU-recognized inspection body, such as Skal, can be marketed within the entire EU. In addition, under the terms of an equivalency arrangement between the U.S. and the EU, organic operations certified to the USDA organic or EU organic standards may be labeled and sold as organic in both the U.S. and EU.

TOC is also affected by general food legislation both at EU and Dutch level relating to product safety and hygiene, among others. TOC is Hazard Analysis and Critical Control Point certified in the Netherlands and manages a fully computerized system that manages the traceability of each product. In addition, TOC also considers and abides by EU and local legislation with regard to packaging and packaging waste. TOC is also subject to the regulations and policies of the countries outside of the EU in which it operates, including China and Ethiopia.

Research and Development SunOpta Foods

Research and development and new product and process innovation are key priorities of SunOpta Foods and initiatives are focused on continuous improvement of our existing product portfolios and continuing efforts to improve production process to reduce costs and improve efficiencies, as well as the development of innovative new products. Innovation is a key pillar for us and a necessity in the natural and organic foods categories.

SunOpta Food s extensive applications and research and development expertise is organized around the following product categories:

- integrated consumer product applications focused on healthy beverage and healthy snack options;

- value-added food ingredients focused on seed-, grain-, fruit, and vegetable-based applications; and

- raw material applications including seeds, grains, fruits, vegetables, sweeteners, and others for use in consumer products.

Our product development team includes highly trained and experienced food scientists and technologists that are dedicated to both the development of unique new product offerings plus addressing product development opportunities for our customers including new and custom formulations, innovations in packaging formats, and new production processes and applications. Applications and technical support provided to our customers include all aspects of product development from concept to commercial launch, as well as ongoing manufacturing and processing support.

SunOpta Foods continues to develop new products to maximize the capabilities of our aseptic packaging facilities in Modesto, California and Alexandria, Minnesota, and our facility in-development in Allentown, Pennsylvania, including the development of non-dairy based beverages that address the growing consumer demand for beverages that satisfy allergy concerns and provide a unique nutritional profile, as well as teas, organic dairy and nutritional beverages. The expanding interest to incorporate grain-based foods in consumers diets also creates numerous opportunities to develop ingredients that can be incorporated into food developers menu items.

In addition, SunOpta Foods continues to expand its product portfolio via the addition of new ingredient offerings that can be used to improve the nutritional content and functionality of a variety of foods. Many of our ingredient solutions can be used in products in order to qualify for a whole grain claim.

SunOpta Foods also continues to develop new fruit-based beverages, fruit- and grain-based snacks, nutrition bars and fruit based re-sealable pouch products, as well as innovative fruit ingredient systems for the dairy, food service and beverage industries. We are continually looking to develop new value-added products for our customers that leverage our global sourcing and supply capabilities.

Intellectual Property SunOpta Foods

The nature of a number of SunOpta Food s products and processes requires that we create and maintain patents, trade secrets and trademarks. Our policy is to protect our technology, brands and trade names by, among other things, filing patent applications for technology relating to the development of our business in the U.S. and in selected foreign jurisdictions, registering trademarks in the U.S., Canada and selected foreign jurisdictions where we sell products, and maintenance of confidentiality agreements with outside parties and employees.

SunOpta Food s success will depend, in part, on our ability to protect our products, trade names and technology under U.S. and international patent laws and other intellectual property laws. We believe that we own or have sufficient rights to use all of the proprietary technology, information and trademarks necessary to manufacture and market our products; however, there is always a risk that patent applications relating to our products or technologies will not result in patents being issued, or, if issued, will be later challenged by a third party, or that current or additional patents will not afford protection against competitors with similar technology.

We also rely on trade secrets and proprietary know-how and confidentiality agreements to protect certain technologies and processes. Even with these steps taken, our outside partners and contract manufacturers could gain access to our proprietary technology and confidential information. All employees are required to adhere to internal policies which are intended to further protect our technologies, processes and trade secrets.

Properties SunOpta Foods

As at January 3, 2015, SunOpta Foods operated 22 processing facilities in 8 U.S. states, as well as China, Ethiopia, Bulgaria and the Netherlands. SunOpta Foods also owns and leases a number of office and distribution locations in the U.S., Canada, the Netherlands, Ethiopia and China, and leases and utilizes public warehouses to satisfy its storage needs. For more details see Item 2. Properties, elsewhere in this report.

OPTA MINERALS

Introduction

Opta Minerals, a majority-owned subsidiary, is a vertically integrated provider of custom process solutions and industrial minerals products. We acquired Opta Minerals (formerly known as Barnes Environmental and Industrial) in 1995. Since then, Opta Minerals has grown steadily through a combination of internal growth and strategic acquisitions in Canada, the U.S., and Europe. In February 2005, we sold approximately 29% of the outstanding common shares of Opta Minerals as part of an initial public offering. As at January 3, 2015, our ownership position in Opta Minerals was approximately 66%. The common shares of Opta Minerals are traded on the Toronto Stock Exchange (TSX), under the symbol OPM .

Business Development

Opta Minerals has completed the following acquisitions over the last three fiscal years:

In August 2012, Opta Minerals acquired approximately 94% of the outstanding common shares of WGI Heavy Metals, Incorporated (WGI). In November 2012, Opta Minerals completed the acquisition of the remaining outstanding common shares of WGI. Opta Minerals paid total cash consideration of $14,968. WGI s principal business is the processing and sale of industrial abrasive minerals, and the sourcing, assembly and sale of ultra-high pressure waterjet cutting machine replacement parts and components. This acquisition complemented Opta Minerals existing product portfolio and expanded product line offerings to new and existing customers.

In February 2012, Opta Minerals acquired all of the outstanding common shares of Babco Industrial Corp. (Babco) located in Regina, Saskatchewan for cash at closing of $17,530, subject to customary post-closing purchase price adjustments, plus contingent consideration based on the achievement of certain earnings targets over the next five years. Babco is an industrial processor and supplier of petroleum coke, synthetic slag, ladle sand and crushed graphite. This acquisition complemented Opta Minerals existing product portfolio and provided for additional product line offerings to new and existing customers in the region.

Operations and Product Offerings Opta Minerals

Opta Minerals competes primarily in the industrial minerals and silica-free abrasives markets, focusing to date on select markets in North America and in Europe. Opta Minerals currently has offices and production and distribution facilities in Ontario, Quebec, Saskatchewan, Florida, Idaho, Indiana, Louisiana, Maryland, Michigan, New York, Ohio, South Carolina, Texas, Virginia and production locations in Europe in Kosice, Slovakia; Romans, France; and Ermsleben and Rodermark, Germany. Opta Minerals integration of its business acquisitions into its existing operations and financial management systems has created synergies and it has invested in improving plant equipment and infrastructure and has been able to reduce costs while growing production capabilities.

Opta Minerals produces, manufactures, distributes and recycles industrial minerals, silica-free abrasives and specialty sands and other products and services to the foundry, steel, loose abrasive cleaning, roofing granule, marine/bridge cleaning, waterjet cutting, and municipal, recreational and industrial water filtration industries. Its principal product lines include: (i) blends of industrial minerals used primarily in heavy industrial applications; (ii) silica-free abrasives; and (iii) specialty sands, filtration media and other products and services.

Industrial Minerals

Opta Minerals sells industrial mineral products primarily to the foundry and steel industries. Significant industrial minerals products produced by Opta Minerals include chromites, magnesium blends, lime, nozzle sands, clays, coated sands, petroleum coke, crushed graphite, pre-cast refractory shapes, injection lances, and a wide range of foundry pre-mixes.

Silica-Free Abrasives

Opta Minerals abrasive products are primarily sold into shipbuilding, ship repair, bridge cleaning, waterjet cutting and roofing granule markets. The abrasives produced are free of silica, making them a clean, efficient and recyclable alternative to traditional abrasives. Recycling operations are conducted at Waterdown, Ontario, Norfolk, Virginia and Ermsleben, Germany. This is an important service that Opta Minerals provides to its customers which results in the reuse of materials that would otherwise be sent directly to landfills. Significant silica-free abrasive products produced by Opta Minerals include BlackBlast, Ultra Blast, EconoBlast, EbonyGrit, Powerblast, Galaxy Garnet, Emerald Creek Garnet, Bengal Bay Garnet and other specialty abrasives.

Specialty Sands and Other Products and Services

Opta Minerals also generates revenues from the sale of specialty sands, filtration media and other products and technical services. The silica sands are not sold for use as an abrasive material. Significant specialty sands and other products and services of Opta Minerals include filtration and industrial sands, garnets for filtration and waterjet cutting, construction sands, golf bunker sand, silica (not sold for loose abrasive applications), colored sand, waterjet cutting replacement parts and components, and technical services.

Properties Opta Minerals

Opta Minerals operations in the U.S. and Canada service much of North America. Opta Minerals has built or acquired facilities at locations along the east and southern coasts of the U.S. where steel making, shipbuilding, ship repair, bridge cleaning and roofing shingle production activities are concentrated. Multiple facilities allow for fast and economic service and have enabled Opta Minerals to broaden its product lines to supply wider markets and applications from these facilities.

Opta Minerals operations in Europe service major integrated steel mill customers, as well as a variety of other industries in Europe and represents a platform for continued growth in European markets.

For more details, see Item 2. Properties, elsewhere in this report.

Competition Opta Minerals

In both industrial minerals and abrasive markets, Opta Minerals competes through a combination of product quality and customer service combined with competitive pricing.

Industrial Minerals

The industrial minerals industry is characterized by a number of large public and private companies that service the bulk of requirements for both the foundry and steel industry. These companies include Vesuvius Group S.A./N.V., Stollberg Group, SKW Mettalurgie Gmbh, Magnesium Elektron and Prince Minerals which tend to have broad product offerings that service a range of customer requirements. The remaining market requirements are fulfilled by small regionally based companies with limited product lines that generally focus on local markets.

Silica-Free Abrasives

The silica-free abrasives industry is characterized by a number of regionally-based operators with product lines tending to focus on geographically adjacent markets. Their competition varies by product line, customer classification and geographic market. Opta Minerals conducts business throughout North America with a focus on key regions including the Quebec-Detroit corridor, New York, Maryland, Virginia, Georgia, Florida, Louisiana and Texas, all of which are areas of high volume ship repairs and bridge cleaning activities.

Specialty Sands and Other Products and Services

Competition within the specialty sand and other niche markets serviced by Opta Minerals is characterized by a number of small, regionally-based competitors. Competition varies by product line, customer classification and geographic market.

Distribution, Marketing and Sales Opta Minerals

Opta Minerals has an active program to develop and acquire new products and services that expand their target markets while leveraging their existing infrastructure and expertise. Opta Minerals offers one of the broadest ranges of industrial minerals and abrasives in the industry and can provide customer product configuration solutions for almost every type of application. Opta Minerals conducts business globally with a focus on North America and key areas of Europe, via a direct sales force supported by strong technical and operational resources, with a focus on high volume industrial mineral consumption regions. Opta Minerals facilities are strategically located near customers or raw material supplies to economically and efficiently distribute products.

Suppliers Opta Minerals

As is customary in the industry, Opta Minerals generally does not have long-term contracts with its major suppliers. Although we believe that Opta Minerals have access to similar products from competing suppliers, any disruption in the source of supply, particularly of the most commonly used or exclusively sourced items, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect on our results of operations and financial condition.

Opta Minerals obtains key raw materials such as magnesium, lime, coal slag, copper slag, nickel slag, petroleum coke and garnet from a wide variety of global sources. Copper slag is supplied by both domestic and foreign mining and refining companies. Coal slag is supplied on an exclusive basis from U.S. power plants and other suppliers. Petroleum coke is supplied primarily by a Canadian petroleum refiner. Opta Minerals produces industrial garnet derived from a waste mining stream at its Keeseville, New York facility, and from company-operated garnet processing operations in Idaho. In addition, it has agreements with multiple mines in China and suppliers in India to market their garnet in

North America, South America and Europe. Opta Minerals also purchases significant quantities of magnesium for its mill and foundry services operations from manufacturers located primarily in China, Eastern Europe and the Middle East.

Regulation Opta Minerals

Opta Minerals business primarily involves the handling of inorganic and mineral-based materials. These types of materials are generally benign and are not expected to give rise to environmental issues. Almost all of their environmental regulation is standard to the industry with the exception of certain permits required in Ontario and Virginia to recycle various types of solid waste, and in Idaho for the protection of wetlands and reclamation of land. The Ontario Ministry of Environment has the right to inspect the Waterdown, Ontario site and review the results of third party monitoring and perform its own testing. Similar rights of inspection by the EPA and state regulators exist at the facility in Norfolk, Virginia. At both locations, they are subject to monthly reporting and periodic audits as well as having a financial bond in place with the respective governments should there be a contamination.

Since we acquired Opta Minerals in 1995, we believe it has been in material compliance with all applicable environmental legislation and has not been subject to any significant actions by regulatory authorities. Based on known existing conditions, all facilities are currently in material compliance with all environmental permitting requirements of the local authorities and are reviewed on an annual basis. These permits generally cover air and ground water at those facilities where applicable. Absent any currently unforeseen changes to applicable legislation, we anticipate that future costs relating to environmental compliance will not have a material adverse effect on our financial position.

CORPORATE SERVICES GROUP

The corporate office of SunOpta is located in Brampton, Ontario. In addition, centralized information technology, human resources, operations, research and development, and financial shared services groups are located in Edina, Minnesota. Employees of the Corporate Services Group provide support services across the organization including management, finance, operations, business development, information technology, human resources and administrative functions.

ENVIRONMENTAL HAZARDS

We believe that, with respect to both our operations and real property, we are in material compliance with environmental laws at all of our locations.

EMPLOYEES

As of January 3, 2015, we had a total of 1,754 (December 28, 2013 1,828) employees as follows:

Segment	**Employees**
SunOpta Foods	1,287
Opta Minerals	338
Corporate Services	129
Total	**1,754**

We believe that our relations with both union and non-union employees are good.

AVAILABLE INFORMATION

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the *Securities Exchange Act of 1934* (the Exchange Act), are available free of charge on our website at *www.sunopta.com* as soon as reasonably practicable after we file such information electronically with, or furnish it to, the U.S. Securities and Exchange Commission (the SEC) and applicable Canadian Securities Administrators (the CSA).

Item 1A. Risk Factors

Our business, operations and financial condition are subject to various risks and uncertainties, including those described below and elsewhere in this report. We believe the most significant of these risks and uncertainties are described below, any of which could adversely affect our business, financial condition and results of operations and could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment. There may be additional risks and uncertainties not presently known to us or that we currently consider immaterial. Consequently, you should not consider the following to be a complete discussion of all possible risks or uncertainties applicable to our business. These risk factors should be read in conjunction with the other information in this report and in the other documents that we file from time to time with the SEC and the CSA.

Our business may be materially and adversely affected if we are unable to renew our North American syndicated credit facilities when they become due on July 27, 2016

Our North American syndicated credit facilities mature on July 27, 2016. We may not be able to renew these facilities to the same level, or on terms as favorable as in previous years. A reduced facility may impact our ability to finance our business, requiring us to scale back our operations and our use of working capital. Alternatively, obtaining credit on less favorable terms would have a direct impact on our profitability and operating flexibility.

Our credit agreements restrict how we may operate our business, and our business may be materially and adversely affected if these restrictions prevent us from implementing our business plan

We have a number of credit agreements providing for various credit facilities including a primary facility with a syndicate of lenders. Our credit agreements contain covenants that limit the discretion of our management with respect to certain business matters. These covenants place restrictions on, among other things, our ability to incur additional indebtedness, to create other liens, to complete a merger, amalgamation or consolidation, to make certain distributions or make certain payments, investments and guarantees and to sell or otherwise dispose of certain assets. These restrictions may hinder our ability to execute on our growth strategy or prevent us from implementing parts of our business plan.

Our business could be materially and adversely affected if we are unable to meet the covenants of our credit facilities

We are currently in compliance with the financial covenants under our credit agreements. Our ability to comply with these financial covenants in the future will depend on the success of our businesses, our operating results, and our ability to achieve our financial forecasts. Various risks uncertainties and events beyond our control could affect our ability to comply with the financial covenants and terms of our various credit agreements. Failure to comply with our financial covenants and other terms could result in an event of default and the acceleration of amounts owing under the credit agreements, unless we were able to negotiate a waiver. The lenders could condition any such waiver on an amendment to the credit agreements on terms that may be unfavorable to us. If we are unable to negotiate a covenant waiver or replace or refinance our credit agreements on favorable terms or at all, our business will be adversely impacted.

Our European syndicated credit facilities are due on demand with no set maturity date and our business may be adversely affected if we cannot maintain these facilities on an ongoing basis

Our European syndicated credit facilities are due on demand with no set maturity date. We may not be able to replace these facilities in timely manner should the syndicate decide to not provide credit. If we were unable to replace the current facilities, this would impact our ability to finance our European-based operations, requiring us to scale back these operations and use of working capital. Alternatively, replacing the facilities on less favorable terms would have a direct impact on our profitability and operating flexibility.

We may require additional capital to maintain current growth rates, which may not be available on favorable terms or at all

We have grown via a combination of internal growth and acquisitions requiring available financial resources. Our ability to raise capital, through equity or debt financing, is directly related to our ability to both continue to grow and improve returns from our operations. Debt or equity financing may not be available to us on favorable terms or at all. In addition, an equity financing would dilute our current shareholders and may result in a decrease in our share price if we are unable to realize returns equal to or above our current rate of return. We will not be able to maintain our growth rate and acquire complimentary businesses within the natural and organic food industries without continued access to capital resources.

Our customers generally are not obligated to continue purchasing products from us

Many of our customers buy from us under purchase orders, and we generally do not have long-term agreements with or commitments from these customers for the purchase of products. We cannot provide assurance that our customers will maintain or increase their sales volumes or orders for the products supplied by us or that we will be able to maintain or add to our existing customer base. Decreases in our customers sales volumes or orders for products supplied by us may have a material adverse effect on our business, financial condition or results of operations.

Loss of a key customer could materially reduce revenues and earnings

Although we had no customers that represented over 10% of revenues for the year ended January 3, 2015, the loss or cancellation of business with any of our larger customers could materially and adversely affect our business, financial condition or results of operations.

Consumer preferences for natural and organic food products are difficult to predict and may change

Approximately 89% of our fiscal 2014 revenues were derived from SunOpta Foods. Our success depends, in part, on our ability and our customers' ability to offer products that anticipate the tastes and dietary habits of consumers and appeal to their preferences on a timely and affordable basis. A significant shift in consumer demand away from our products or products that utilize our integrated foods platform, or our failure to maintain our current market position, could reduce our sales and harm our business. Consumer trends change based on a number of possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is a growing focus among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, which could result in a decrease in the demand for food products and ingredients that we import from other countries or transport from remote processing locations or growing regions. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on our business.

We operate in a highly competitive industry

We operate businesses in highly competitive product and geographic markets in the U.S., Canada, Europe and various international markets. SunOpta Foods competes with various U.S. and international commercial grain procurement marketers, major companies with food ingredient divisions, other food ingredient companies, trading companies, and consumer-packaged food companies that also engage in the development and sale of food ingredients and other food companies involved in natural and organic foods. These competitors may have financial resources and staff larger than ours and may be able to benefit from economies of scale, pricing advantages and greater resources to launch new products that compete with our offerings. We have little control over and cannot otherwise affect these competitive factors. If we are unable to effectively respond to these competitive factors or if the competition in any of our product markets results in price reductions or decreased demand for our products, our business, results of operations and financial condition may be materially impacted.

An interruption at one or more of our manufacturing facilities could negatively affect our business

We own or lease, manage and operate a number of manufacturing, processing, packaging, storage and office facilities (see Item 2. Properties, elsewhere in this report). An interruption in or the loss of operations at one or more of these facilities, or the failure to maintain our labor force at one or more of these facilities, could delay or postpone production of our products or our ability to deliver such products, which could have a material adverse effect on our business, results of operations and financial condition until we secure an alternate source of supply.

If we lose the services of our key management, our business could suffer

Our prospects depend to a significant extent on the continued service of our key executives, and our continued growth depends on our ability to identify, recruit and retain key management personnel. We are also dependent on our ability to continue to attract, retain and motivate our personnel. We do not carry key person life insurance on any of our executive officers, with the exception of Opta Minerals, which carries key person life insurance on their President and Chief Executive Officer. If we lose the services of our key management or fail to identify, recruit and retain key personnel, our business, results of operations and financial condition may be materially and adversely impacted.

If we do not manage our supply chain effectively, our operating results may be adversely affected

Our supply chain is complex. We rely on suppliers for our raw materials and for the manufacturing, processing, packaging and distribution of many of our products. The inability of any of these suppliers to deliver or perform for us in a timely or cost-effective manner could cause our operating costs to rise and our margins to fall. Many of our products are perishable and require timely processing and transportation to our customers. Many of our products can only be stored for a limited amount of time before they spoil and cannot be sold. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet consumer demand as well as having too much inventory that may reach its expiration date. If we are unable to manage our supply chain efficiently and ensure that our products are available to meet consumer demand, our operating costs could increase and our margins could fall.

Volatility in the prices of raw materials and energy could increase our cost of sales and reduce our gross margins

Raw materials used by SunOpta Foods and Opta Minerals represent a significant portion of our cost of sales. Our cost to purchase services and materials, such as grains, fruits and other commodities, processing aids, industrial minerals and natural gas, can fluctuate depending on many factors, including weather patterns, economic and political conditions and pricing volatility. In addition, we must compete for limited supplies of these raw materials and services with competitors having greater resources than us. If our cost of materials and services increases due to any of the above factors, we may not be able to pass along the increased costs to our customers.

SunOpta Foods enters into a number of exchange-traded commodity futures and options contracts to partially hedge its exposure to price fluctuations on transactions to the extent considered practicable for minimizing risk from market price fluctuations. Futures contracts used for hedging purposes are purchased and sold through regulated commodity exchanges. Inventories, however, may not be completely hedged, due in part to our assessment of exposure from expected price fluctuations and an inability to hedge a number of raw materials.

Exchange purchase and sales contracts may expose us to risks that a counterparty to a transaction is unable to fulfill its contractual obligation. We may be unable to hedge 100% of the price risk of each transaction due to timing and availability of hedge contracts and third party credit risk. In addition, we have a risk of loss from hedge activity if a grower does not deliver the commodity as scheduled. We also monitor the prices of natural gas and will from time to time lock in a percentage of our natural gas needs based on current prices and expected trends.

An increase in our cost of sales resulting from an increase in the price of raw materials and energy would have an adverse impact on our financial condition and results of operations.

Climate change legislation could have an impact on our financial condition and consolidated results of operations

Legislative and regulatory authorities in the U.S., Canada and internationally will likely continue to consider numerous measures related to climate change and greenhouse gas emissions. In order to produce, manufacture and distribute our products, we and our suppliers, use fuels, electricity and various other inputs that result in the release of greenhouse gas emissions. Concerns about the environmental impacts of greenhouse gas emissions and global climate change may result in environmental taxes, charges, regulatory schemes, assessments or penalties, which could restrict or negatively impact our operations, as well as our suppliers, who would likely pass all or a portion of their costs along to us. We may not be able to pass any resulting cost increases along to our customers. Any enactment of laws or passage of regulations regarding greenhouse gas emissions or other climate change legislation by the U.S., Canada or any other international jurisdiction where we conduct business could adversely affect our financial condition and results of operations.

Adverse weather conditions could impose costs on our business

Our various food products, from seeds and grains to ingredients, fruits, vegetables and other inputs, are vulnerable to adverse weather conditions, including windstorms, floods, droughts, fires and temperature extremes, which are quite common but difficult to predict. Additionally, severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change. Unfavorable growing conditions can reduce both crop size and crop quality. In extreme cases, entire harvests may be lost in some geographic areas. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

The exercise of stock-based awards, participation in our employee stock purchase plan and issuance of additional securities could dilute the value of our common shares

The exercise of stock-based awards, participation in our employee stock purchase plan, and issuance of additional securities could result in dilution in the value of our common shares and the voting power represented thereby. Furthermore, to the extent common shares are issued pursuant to the exercise of stock-based awards, participation in our employee stock purchase plan and issuance of additional securities, our share price may decrease due to the additional amount of common shares available in the market. The subsequent sales of these shares could encourage short sales by our shareholders and others, which could place further downward pressure on our share price. Moreover, the holders of our stock options may hedge their positions in our common shares by short selling our common shares, which could further adversely affect our stock price.

Impairment charges in goodwill or other intangible assets could adversely impact our financial condition and consolidated results of operations

As a result of our acquisitions, a portion of our total assets is comprised of intangible assets and goodwill. We are required to perform impairment tests of our goodwill and other intangible assets annually, or at any time when events occur that could affect the value of our intangible assets and/or goodwill. We have previously recorded impairment charges to our consolidated statements of operations. We expect to engage in additional acquisitions, which may result in our recognition of additional intangible assets and goodwill. A determination that impairment has occurred would require us to write-off the impaired portion of our goodwill or other intangible assets, resulting in a charge to our earnings. Such a write-off could adversely impact our financial condition and results of operations.

Technological innovation by our competitors could make our food products less competitive

Our competitors include major food ingredient and consumer-packaged food companies that also engage in the development and sale of food and food ingredients. Many of these companies are engaged in the development of food ingredients and other packaged food products and frequently introduce new products into the market. Existing products or products under development by our competitors could prove to be more effective or less costly than our products.

We rely on protection of our intellectual property and proprietary rights

The success of SunOpta Foods depends in part on our ability to protect our intellectual property rights. We rely primarily on patent, copyright, trademark and trade secret laws to protect our proprietary technologies. Our policy is to protect our technology by, among other things, filing patent applications for technology relating to the development of our business in the U.S. and in selected foreign jurisdictions.

Our trademarks and brand names are registered in the U.S., Canada and other jurisdictions. We intend to keep these filings current and seek protection for new trademarks to the extent consistent with business needs. We also rely on trade secrets and proprietary know-how and confidentiality agreements to protect certain of the technologies and processes used by SunOpta Foods.

The failure of any patents, trademarks, trade secrets or other intellectual property rights to provide protection to our technologies would make it easier for our competitors to offer similar products, which could result in lower sales or gross margins.

We are subject to substantial environmental regulation and policies

We are, and expect to continue to be, subject to substantial federal, state, provincial and local environmental regulation. Some of the key environmental regulations to which we are subject include air quality regulations of the EPA and certain city/state air pollution control groups, waste treatment/disposal regulations, including but not limited to specific regulations of the Ontario Ministry of Environment and Energy and the Commonwealth of Virginia, Department of Environmental Quality, sewer regulations under agreements with local city sewer districts, regulations governing hazardous substances, storm water regulations and bioterrorism regulations. For a more detailed summary of the environmental regulations and policies to which we are subject, see Business Regulation SunOpta Foods and Business Regulation Opta Minerals in Item 1 of this report. Our business also requires that we have certain permits from various state, provincial and local authorities related to air quality, storm water discharge, solid waste, land spreading and hazardous waste.

In the event that our safety procedures for handling and disposing of potentially hazardous materials in certain of our businesses were to fail, we could be held liable for any damages that result and any such liability could exceed our resources. We may be required to incur significant costs to comply with environmental laws and regulations in the future. In addition, changes to environmental regulations may require us to modify our existing plant and processing facilities and could significantly increase the cost of those operations.

The foregoing environmental regulations, as well as others common to the industries in which we participate, can present delays and costs that can adversely affect business development and growth. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, results of operations and financial condition. In addition, any changes to current regulations may impact the development, manufacturing and marketing of our products, and may have a negative impact on our future results.

SunOpta Foods is subject to significant food and health regulations

SunOpta Foods is affected by a wide range of governmental regulations in Canada, the U.S., and several countries in Europe, among others. These laws and regulations are implemented at the national level (including, among others, federal laws and regulation in Canada and the U.S.) and by local subdivisions (including, among others, state laws in the U.S. and provincial laws in Canada). We are also subject to regulations of the EU and the regulatory authority of regulatory agencies in several different countries. Examples of regulatory agencies influencing our operations include: the USDA, the FDA, the DHS, the EPA, the CFIA, and Skal, among others.

Examples of laws and regulations that affect SunOpta Foods include laws and regulations applicable to:

- the use of seed, fertilizer and pesticides;
- the purchasing, harvesting, transportation and warehousing of seeds, grain and other products;
- the processing and sale of food, including wholesale operations; and
- the product labeling and marketing of food and food products, food safety and food defense.

These laws and regulations affect various aspects of our business. For example, as described in more detail under Business Regulation SunOpta Foods in Item 1 of this report, certain food ingredient products manufactured by SunOpta Foods are regulated under the 1958 Food Additive Amendments of FDCA, as administered by the FDA. Under the FDCA, pre-marketing approval by the FDA is required for the sale of a food ingredient which is a food additive unless the substance is generally regarded as safe, or GRAS, under the conditions of its intended use by qualified experts in food safety. We believe that most products and ingredients for which we have commercial rights are GRAS. However, such status cannot be determined until actual formulations and uses are finalized. As a result, we may be adversely impacted if the FDA determines that our food ingredient products do not meet the criteria for GRAS. In addition, certain USDA regulations set forth the minimum standards producers must meet in order to have their products labeled as certified organic and we currently manufacture a number of organic products that are covered by these regulations. While we believe our products and our supply chain are in compliance with these regulations, changes to food regulations may increase our costs to remain in compliance. We could lose our organic certification if a facility becomes contaminated with non-organic materials or if we do not use raw materials that are certified organic. The loss of our organic certifications could materially harm our business, results of operations and financial condition.

Changes in any government laws and regulations applicable to our operations could increase our compliance costs, negatively affect our ability to sell certain products or otherwise adversely affect our results of operations. In addition, while we believe SunOpta Foods is in material compliance with all laws and regulations applicable to our operations, we cannot assure you that we have been, or will at all times be, in compliance with all food production and health requirements, or that we will not incur material costs or liabilities in connection with these requirements. Our failure to comply with any laws, regulations or policies applicable to our business could result in fines, lawsuits, enforcement actions, penalties or loss in the ability to sell certain products, any of which could adversely affect our business, results of operations and financial condition.

Our operations are influenced by agricultural policies

SunOpta Foods is affected by governmental agricultural policies such as price supports and acreage set aside programs and these types of policies may affect our business. The production levels, markets and prices of the grains and other raw products that we use in our business are materially affected by government programs, which include acreage control and price support programs of the USDA. Revisions in these programs, in the U.S. and elsewhere, could have an adverse effect on the results of our operations.

Product liability suits, recalls and threatened market withdrawals, could have a material adverse effect on our business

The sale of food products for human consumption involves the risk of injury or illness to consumers. Such injuries may result from inadvertent mislabeling, tampering by unauthorized third parties, faulty packaging materials, product contamination, or spoilage. Under certain circumstances, we or our customers may be required to recall or withdraw products, which may lead to a material adverse effect on our business. A product recall or withdrawal could result in significant losses due to the costs of the recall, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time. Even if a situation does not necessitate a recall or market withdrawal, product liability claims might be asserted against us. While we are subject to governmental inspection and regulations and believe our facilities and those of our co-packers comply in all material respects with all applicable laws and regulations, if the consumption of any of our products causes, or is alleged to have caused, a health-related illness in the future we may become subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or physical harm could adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance in an amount that we believe to be adequate. However, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. A product liability judgment against us or a product recall could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

Litigation and regulatory enforcement concerning marketing and labeling of food products

The marketing and labeling of any food product in recent years has brought increased risk that consumers will bring putative class action lawsuits and that the FTC and/or state attorneys general will bring legal action concerning the truth and accuracy of the marketing and labeling of the product. Examples of causes of action that may be asserted in a putative consumer class action lawsuit include fraud, unfair trade practices, recession, and breach of state consumer protection statutes (such as Proposition 65 in California). FTC and/or state attorneys general may bring legal action that seeks removal of a product from the marketplace, fines and penalties. Even when not merited, putative class claims, action by the FTC or state attorneys general enforcement actions can be expensive to defend and adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image.

The value of our ownership position in Opta Minerals is dependent on the ability of Opta Minerals management to enhance shareholder value within Opta Minerals

We have identified our investment in Opta Minerals as a non-core holding. The value of our ownership position in Opta Minerals is dependent on the ability of Opta Minerals management to enhance shareholder value within Opta Minerals by executing on growth opportunities that may be identified and pursued, including the effective integration of acquisitions, if any, in order to capitalize on synergy opportunities. Our ability to realize the value of our investment in Opta Minerals is dependent on our ability to identify and act on strategic alternatives, including a possible sale of Opta Minerals or our majority ownership interest in Opta Minerals in the future. However, available strategic alternatives, if any, will depend on market conditions from time to time, and there can be no assurance that any viable strategic alternatives will be identified or pursued.

The Company does not currently intend to pay any cash dividends on its common shares in the foreseeable future; therefore, the Company s shareholders may not be able to receive a return on their common shares until the shares are sold

The Company has never paid or declared any cash dividends on its common shares. The Company does not anticipate paying any cash dividends on its common shares in the foreseeable future because, among other reasons, the Company currently intends to retain any future earnings to finance the growth of its business. The future payment of dividends will be dependent on factors such as cash on hand and achieving profitability, the financial requirements to fund growth, the Company s general financial condition and other factors the board of directors of the Company may consider appropriate in the circumstances. Until the Company pays dividends, which it may never do, its shareholders will not receive a return on their common shares until the shares are sold.

Fluctuations in exchange rates, interest rates and certain commodities could adversely affect our results of operations, financial condition and liquidity

We are exposed to foreign exchange rate fluctuations as our non-U.S.-based operations are translated into U.S. dollars for financial reporting purposes. We are exposed to changes in interest rates as a significant portion of our debt bears interest at variable rates. We are exposed to price fluctuations on a number of commodities as we hold inventory and enter into transactions to buy and sell products in a number of markets. Additional qualitative and quantitative disclosures about these risks can be found in Item 7A of this report. As a result of these exposures, fluctuations in exchange rates, interest rates and certain commodities could adversely affect our liquidity, financial condition and results of operations.

We may not be able to effectively manage our growth and integrate acquired companies

From time to time we may pursue acquisition opportunities that are consistent with our overall growth strategy. Our ability to effectively integrate acquisitions, including our ability to realize potentially available marketing opportunities and cost savings in a timely and efficient manner will have a direct impact on our future results. We may encounter problems in connection with the integration of any new businesses, such as challenges relating to the following:

- integration of an acquired company s products into our product mix;
- the amount of cost savings that may be realized as a result of our integration of an acquired product or business;
- unanticipated quality and production issues with acquired products;
- adverse effects on business relationships with suppliers and customers;
- diversion of management attention;
- difficulty with personnel and loss of key employees;
- implementation of an integrated enterprise-wide accounting and information system and consolidation of back office accounting;
- compatibility of financial control and information systems;
- exchange rate risk with respect to acquisitions outside the U.S.;
- potential for patent and trademark claims or other litigation against or involving the acquired company; and
- in the case of foreign acquisitions, uncertainty regarding foreign laws and regulations and difficulty integrating operations and systems as a result of cultural, systems and operational differences.

Our operating results and share price are subject to significant volatility

Our net sales and operating results may vary significantly from period to period due to:

- changes in our customers and/or their demand;
- changes in our operating expenses;
- management s ability to execute our business strategies focused on improved operating earnings;
- organizational and personnel changes;
- interruption in operations at our facilities;
- product recalls or market withdrawals;
- legal and administrative cases (whether civil, such as environmental or product related, or criminal), settlements, judgments and investigations;

- foreign currency fluctuations;
- supply shortages or commodity price fluctuations; and
- general economic conditions.

In addition, our share price may be highly volatile compared to larger public companies. Certain announcements could have a significant effect on our share price, including announcements regarding:

- fluctuations in financial performance from period to period;
- mergers, acquisitions and/or divestitures, either by the Company or key competitors;
- changes in key personnel;
- strategic partnerships or arrangements;
- litigation and governmental inquiries;
- changes in governmental regulation and policy;
- patents or proprietary rights;
- changes in consumer preferences and demand;
- new financings; and
- general market conditions.

Higher volatility increases the chance of larger than normal price swings which reduces predictability in the share value of our stock and could impair investment decisions. In addition, price and volume trading volatility in the stock markets can have a substantial effect on our share price, frequently for reasons other than our operating performance. These broad market fluctuations could adversely affect the market price of our common shares.

A substantial portion of our assets and certain of our executive officers and directors are located outside of the U.S.; it may be difficult to effect service of process and enforce legal judgments upon us and certain of our executive officers and directors

A substantial portion of our assets and certain of our executive officers and directors are located outside of the U.S. As a result, it may be difficult to effect service of process within the U.S. and enforce judgment of a U.S. court obtained against us or our executive officers and directors. Particularly, our stockholders may not be able to:

- effect service of process within the U.S. on us or certain of our executive officers and directors;
- enforce judgments obtained in U.S. courts against us or certain of our executive officers and directors based upon the civil liability provisions of the U.S. federal securities laws;
- enforce, in a court outside of the U.S., judgments of U.S. courts based on the civil liability provisions of the U.S. federal securities laws; or
- bring an original action in a court outside of the U.S. to enforce liabilities against us or any of our executive officers and directors based upon the U.S. federal securities laws.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our primary facilities in each of our segments are as follows:

SunOpta Foods

SunOpta Foods operates from the following locations, which are owned unless otherwise noted.

Location	State/Province/ Country	Reportable Segment	Facility Description
Brampton	Ontario	Corporate Services	Corporate head office
Edina (Lease)(1)	Minnesota	Corporate Services	Corporate, information technology, human resources, operations, research and development, finance shared services and Consumer Products head office
Hope	Minnesota	Global Ingredients	Grain processing and Raw Material Sourcing and Supply head office
Breckenridge	Minnesota	Global Ingredients	Grain processing and distribution
Breckenridge (Lease)(2)	Minnesota	Global Ingredients	Grain sales office
Moorhead	Minnesota	Global Ingredients	Grain processing and distribution
Crookston	Minnesota	Global Ingredients	Grain processing, warehouse and distribution
Grace City	North Dakota	Global Ingredients	Grain processing, warehouse and distribution
Ipswich (Lease)(3)	South Dakota	Global Ingredients	Grain storage
Wahpeton	North Dakota	Global Ingredients	Grain processing, warehouse and distribution
Wahpeton	North Dakota	Global Ingredients	Grain storage
Blooming Prairie	Minnesota	Global Ingredients	Grain storage
Ellendale	Minnesota	Global Ingredients	Grain storage
Santa Cruz (Lease)(4)	California	Global Ingredients / Consumer Products	Sales and administrative office
Amsterdam (Lease)(5)	The Netherlands	Global Ingredients	Sales and International Sourcing and Supply head office
Dalian (Lease)(6)	China	Global Ingredients	Grain processing
Dalian (Lease)(7)	China	Global Ingredients	Sales office
Addis Ababa (8)	Ethiopia	Global Ingredients	Coffee processing and warehouse
Humera (Lease)(9)	Ethiopia	Global Ingredients	Grain processing, warehouse and

			storage
Middenmeer (Lease)(10)	The Netherlands	Global Ingredients	Cocoa processing
Silistra	Bulgaria	Global Ingredients	Grain processing
Sofia (Lease)(11)	Bulgaria	Global Ingredients	Sales and administrative office
Heuvelton	New York	Global Ingredients	Ingredient processing
Cresco	Iowa	Global Ingredients	Grain milling
South Gate (Lease)(12)	California	Consumer Products	Fruit ingredient processing, warehouse and distribution
Alexandria	Minnesota	Consumer Products	Aseptic packaging
Alexandria	Minnesota	Consumer Products	Ingredient processing
Alexandria	Minnesota	Consumer Products	Storage
Modesto (Lease)(13)	California	Consumer Products	Aseptic processing and packaging
San Bernardino (Lease)(14)	California	Consumer Products	Beverage processing, warehouse and distribution
Allentown (Lease)(15)	Pennsylvania	Consumer Products	Flexible re-sealable pouch processing and distribution
Omak (Lease)(16)	Washington	Consumer Products	Fruit snack processing, warehouse and distribution
Carson City (Lease)(17)	Nevada	Consumer Products	Nutrition bar processing, warehouse and distribution
Summerland (Lease)(18)	British Columbia	Consumer Products	Administrative office
Buena Park (Lease)(19)	California	Consumer Products	Frozen fruit processing, warehouse and distribution
Cerritos (lease)(20)	California	Consumer Products	Sales and administration office

(1) Lease has an expiry date of September 2022.

(2) Lease has an expiry date of October 2017.

(3) Lease has an expiry date of October 2015.

(4) Lease has an expiry date of December 2015.

(5) Lease has an expiry date of October 2022.

(6) Lease has an expiry date of December 2015.

(7) Lease has an expiry date of December 2015.

(8) Lease has an expiry date of June 2015.

(9) Lease has an expiry date of June 2015.

(10) Lease has an expiry date of December 2017.

(11) Lease has an expiry date of March 2016.

(12) Lease has an expiry date of June 2020.

(13) Lease has an expiry date of May 2019.

(14) Lease has an expiry date of February 2020.

(15) Lease has an expiry date of April 2027.

(16) Lease has an expiry date of May 2017.

(17) Lease has an expiry date of December 2020.

(18) Lease has an expiry date of September 2016.

(19) Lease has an expiry date of May 2020.

(20) Lease has an expiry date of August 2015.

Opta Minerals

Opta Minerals operates from the following major locations, which are owned unless otherwise noted.

Location	State/Province/ Country	Reportable Segment	Facility Description
Waterdown	Ontario	Opta Minerals	Group head office, processing and distribution
Brantford (Lease)(1)	Ontario	Opta Minerals	Distribution and packing center
Bruno de Guigues	Quebec	Opta Minerals	Specialty sands processing
New Orleans (Lease)(2)	Louisiana	Opta Minerals	Abrasives processing and distribution
Norfolk	Virginia	Opta Minerals	Abrasives processing and distribution
Keeseville	New York	Opta Minerals	Garnet processing and distribution
Baltimore (Lease)(3)	Maryland	Opta Minerals	Abrasives processing
Hardeeville	South Carolina	Opta Minerals	Abrasives processing
Laval (Lease)(4)	Quebec	Opta Minerals	Minerals processing
Walkerton	Indiana	Opta Minerals	Minerals processing
Kosice (Lease)(5)	Slovakia	Opta Minerals	Minerals processing
Milan	Michigan	Opta Minerals	Minerals processing
Freeport (Lease)(6)	Texas	Opta Minerals	Abrasives processing
Tampa (Lease)(7)	Florida	Opta Minerals	Abrasives processing
Romans-sur-Isere	France	Opta Minerals	Minerals processing
Elyria (Monthly)	Ohio	Opta Minerals	Minerals processing
Regina	Saskatchewan	Opta Minerals	Minerals processing
Fernwood	Idaho	Opta Minerals	Mining and abrasives processing
Coeur d Alene (Lease)(8)	Idaho	Opta Minerals	Manufacturing, assembly, distribution and offices
Ermsleben	Germany	Opta Minerals	Abrasives processing

(1) Lease has an expiry date of April 2015.

(2) Lease has an expiry date of May 2018.

(3) Lease has an expiry date of December 2015.

(4) Lease has an expiry date of February 2017.

(5) Lease has an expiry date of September 2018.

(6) Lease has an expiry date of February 2019.

(7) Lease has an expiry date of January 2019.

(8) Lease has an expiry date of September 2018.

Executive Offices

Our executive head office is located at 2838 Bovaird Drive West, Brampton, Ontario, a property we own.

Item 3. Legal Proceedings

Plum Dispute

Plum, PBC, a Delaware public benefit corporation (Plum), and SunOpta Global Organic Ingredients, Inc., a wholly-owned subsidiary of the Company (SGOI), are parties to a manufacturing and packaging agreement dated September 21, 2011 (the Plum Manufacturing Agreement). Pursuant to the Plum Manufacturing Agreement, SGOI agreed to manufacture and package certain food items for Plum at SGOI s Allentown, Pennsylvania facility in accordance with Plum s specifications regarding, among other things, product ingredients and packaging, manufacturing process, and quality control standards. On November 8, 2013, Plum initiated a voluntary recall of certain products manufactured by SGOI at its Allentown facility. On February 3, 2015, Plum filed a complaint in the Lehigh County Court of Common Pleas in Allentown, Pennsylvania. In the complaint, Plum alleges it initiated the recall in response to consumer complaints of spoiled packaging of certain products, which could lead to gastrointestinal symptoms and discomfort if consumed. Plum alleges in its complaint that the spoilage of its products resulted from a post-processing issue at SGOI s Allentown facility. Plum is seeking unspecified damages equal to the direct costs of the recall and handling of undistributed product, incidental and consequential damages, lost profits and attorneys fees. The Company disputes the allegations made by Plum in its complaint and intends to vigorously defend itself against these claims; however, the Company cannot reasonably predict the outcome of this claim, nor can it estimate the amount of loss, or range of loss, if any, that may result from this claim.

From time to time, we are involved in litigation incident to the ordinary conduct of our business. For a discussion of certain legal proceedings, see note 19 of the Consolidated Financial Statements included elsewhere in this report.

Item 4. Mine Safety Disclosures

None.

Executive Officers of the Registrant

The following is information concerning our executive officers and other significant officers as of the date of this report:

Name	Position with Company
Steven Bromley	Director and Chief Executive Officer
Robert McKeracher	Vice President and Chief Financial Officer
Hendrik Jacobs	President and Chief Operating Officer
John Ruelle	Chief Administrative Officer and Senior Vice President, Raw Material Sourcing and Supply
Gerard Versteegh	President, International Sourcing and Supply

Steven Bromley (Age 55) serves as Chief Executive Officer and a Director of the Company. Mr. Bromley joined the Company in June 2001, was appointed President in January 2005, and subsequently Chief Executive Officer in February 2007. Mr. Bromley was appointed to the Board of Directors of SunOpta on January 26, 2007. From June 2001 through September 2003, Mr. Bromley served as the Company s Executive Vice President and Chief Financial Officer. Mr. Bromley was subsequently appointed as Chief Operating Officer and held this role until his appointment as Chief Executive Officer. In August 2012, Mr. Bromley relinquished the Presidency to Hendrik Jacobs, who joined SunOpta as President and Chief Operating Officer. Prior to joining the Company, Mr. Bromley spent over 13 years in the Canadian dairy industry in a wide range of financial and operational roles with both Natrel Inc. and Ault Foods Limited. From 1997 to 1999 he served on the Board of Directors of Natrel Inc. Mr. Bromley is a Chartered Professional Accountant, Certified General Accountant, is a Director of most of the Company s subsidiaries, and since July 2004 has served on the Board of Directors of Opta Minerals which is approximately 66% owned by SunOpta.

Robert McKeracher (Age 38) serves as Vice President and Chief Financial Officer of the Company overseeing all financial reporting, compliance and corporate treasury activities. He previously served as Vice President of Financial Reporting for SunOpta from June 2008 until October 2011, and as Director of Financial Reporting from August 2007 to June 2008. Prior to joining the Company, Mr. McKeracher was the Manager of Business Planning and Treasury at Magna Entertainment Corp. from May 2003 to August 2007, after spending four years in public accounting in the assurance and business advisory practice at PricewaterhouseCoopers LLP. Mr. McKeracher is a Chartered Professional Accountant, Chartered Accountant and holds a Bachelor of Commerce degree from the University of Toronto. In the past five years, Mr. McKeracher has not served on any reporting issuer s Board of Directors.

Hendrik Jacobs (Age 54) joined the Company in August 2012 as President and Chief Operating Officer. Mr. Jacobs brings over 20 years of international sales, marketing, innovation, strategic development and general management experience to this role. Over the previous 11 years Mr. Jacobs held a number of progressively responsible positions with Tetra Pak, the world s leading supplier of equipment and materials for the processing and packaging of liquid food products, with revenues of approximately $12 billion in 165 markets worldwide. In his last position with Tetra Pak, Mr. Jacobs served as Cluster Vice President for North Europe with responsibility for the United Kingdom, Ireland, Scandinavia and the Baltic States. Prior to this role, he served as Managing Director Benelux with responsibility for the Netherlands, Belgium and Luxemburg, as Vice President of Strategy and Planning with responsibility for setting long term technology and product development strategies, and as Vice President of Sales for TetraPak USA. Prior to joining Tetra Pak Mr. Jacobs held a number of international sales, marketing and general management positions with PepsiCo, Royal Dutch Ahold and the Coca-Cola Company. Mr. Jacobs holds a Masters of Business Administration degree from the American Graduate School of International Management and a Bachelor of Business Administration from Oregon State University. In the past five years, Mr. Jacobs has not served on any reporting issuer s Board of Directors.

John Ruelle (Age 45) was appointed to the position of Chief Administrative Officer and Senior Vice President of Raw Material Sourcing and Supply in January 2015, after serving as Chief Administrative Officer and Senior Vice President of Corporate Development and Secretary from January 2013. From October 2011 to January 2013, Mr. Ruelle served as Vice President and Chief Administrative Officer. Mr. Ruelle joined SunOpta in November 2007 as Vice President of Finance and Administration and Chief Financial Officer of the SunOpta Grains and Foods Group, the largest operating division of SunOpta at the time. Mr. Ruelle brought over 15 years of progressive food industry senior leadership experience to SunOpta with a focus on building foundational structures to achieve aggressive revenue and profitably growth through driving talent management, business processes and strategy linkage. Prior to joining SunOpta, Mr. Ruelle was Vice President of Finance and Administration, Chief Financial Officer, Treasurer and Corporate Secretary for Restaurant Technologies, Inc. where he was co-founder and managed over 30 Greenfield start-ups. Earlier in his career he held various financial and operational roles with LaserMaster Technologies and was a Certified Public Accountant with Larson Allen, LLP. Mr. Ruelle has a Bachelor of Science degree from St. John s University. In the past five years, Mr. Ruelle has not served on any reporting issuer s Board of Directors.

Gerard Versteegh (Age 53) serves as President of International Sourcing and Supply. Mr. Versteegh joined SunOpta in April 2008 as President and co-founder of Tradin Organic Agriculture. Mr. Versteegh has over 30 years of expertise in the global sourcing, processing and distribution of organic raw materials in a broad range of categories. In the past five years, Mr. Versteegh has not served on any reporting issuer s Board of Directors.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases Equity Securities

Our common shares trade in U.S. dollars on The NASDAQ Global Select Market under the symbol STKL , and in Canadian dollars on the TSX under the symbol SOY .

The following table indicates the high and low sales prices for our common shares for each quarterly period during the past two fiscal years on the NASDAQ and TSX. The prices shown are representative inter-dealer prices, do not include retail mark-ups, markdowns or commissions and do not necessarily reflect actual transactions.

	NASDAQ		TSX	
	High $	Low $	High Cdn $	Low Cdn $
Fiscal 2014				
First quarter	12.24	8.04	13.49	8.88
Second quarter	14.20	10.77	15.16	11.69
Third quarter	14.09	11.78	15.20	13.17
Fourth quarter	14.25	10.69	16.22	12.11
Fiscal 2013				
First quarter	7.57	5.58	7.57	5.57
Second quarter	8.25	6.90	8.53	6.99
Third quarter	10.40	7.62	10.67	7.99
Fourth quarter	11.19	8.27	11.73	8.82

As of January 3, 2015, we had approximately 480 shareholders of record. We have never paid cash dividends on our common stock and do not anticipate paying dividends in the foreseeable future. Our future dividend policy will depend on our earnings, capital requirements and financial condition, requirements of the financial agreements to which we are then a party and other factors considered relevant by our Board of Directors. Additionally, the terms of our existing credit facilities restrict our ability to pay dividends to shareholders. The receipt of cash dividends by U.S. shareholders from a Canadian corporation, such as we are, may be subject to Canadian withholding tax.

Equity Compensation Plan Information

The following table provides information as of January 3, 2015 with respect to our common shares that may be issued under existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders:			

Stock incentive plans	3,624,648	$ 6.61	2,088,813
Employee share purchase plan	N/A	N/A	1,311,825
Warrants	850,000	4.56	-
Total	4,474,648	$ 6.22	3,400,638

Shareholder Return Performance Graph

This performance graph shall not be deemed filed for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of SunOpta under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph compares the five-year cumulative shareholder return on our common shares to the cumulative total return of the S&P/TSX Composite and the NASDAQ Industrial Indices for the period which commenced December 31, 2009.

	2009	**2010**	**2011**	**2012**	**2013**	**2014**
SunOpta Inc.	100.00	232.74	143.45	167.56	297.92	352.68
Nasdaq Industrial Index	100.00	124.98	124.07	148.52	212.60	216.83
S&P/TSX Composite Index	100.00	114.45	101.78	105.85	115.97	124.57

Assumes that $100.00 was invested in our common shares and in each index on December 31, 2009.

Item 6. Selected Financial Data

We have completed a number of acquisitions and divestitures over the five fiscal periods presented below. For a listing of the acquisitions completed by SunOpta Foods and Opta Minerals, refer to Part I, Item 1 of this report entitled Business . In addition, for more information regarding acquisitions and divestitures completed in fiscal years 2014, 2013 and 2012, see notes 2 and 3 of the Consolidated Financial Statements contained in Item 8 of this report.

The following information for fiscal years 2014, 2013 and 2012 has been summarized from the Consolidated Financial Statements. The information set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the Consolidated Financial Statements and related notes to fully understand the factors that may affect the comparability of the information presented below.

	2014(1) $	**2013(1), (2)** $	**2012(1), (3)** $	**2011(1), (4)** $	**2010(1), (5)** $
Revenues	1,242,600	1,140,095	1,043,543	963,515	763,314
Earnings (loss) from continuing operations attributable to SunOpta Inc.	11,347(6)	(8,696)(7)	20,722	12,572(8)	7,892(9)
Basic earnings (loss) per share from continuing operations	0.17	(0.13)	0.31	0.19	0.12
Diluted earnings (loss) per share from continuing operations	0.17	(0.13)	0.31	0.19	0.12
Total assets	640,950	705,935	707,310	631,503	609,300
Bank indebtedness	91,410	141,853	131,061	109,718	75,910
Long-term debt (including current portion)	39,855	49,008	58,198	52,264	64,732
Long-term liabilities (including current portion)	2,212	4,106	7,015	6,581	7,089
Exchange rates(10)					
Closing	0.8502	0.9342	1.0035	0.9833	1.0054
Average	0.9044	0.9706	1.0000	1.0101	0.9709

(1) Reflects the reclassification of the revenues and expenses of the Company s fiber and starch business (sold December 22, 2014) to discontinued operations.

(2) Includes the results of operations of Organic Land Corporation OOD (acquired December 31, 2012) from the date of acquisition.

(3) Includes the results of operations of WGI Heavy Metals, Incorporated (acquired August 29, 2012) and Babco Industrial Corp. (acquired February 10, 2012) from the respective dates of acquisition.

(4) Includes the results of operations of Inland RC, LLC (acquired November 10, 2011) and Lorton s Fresh Squeezed Juices, Inc. (acquired August 5, 2011) from the respective dates of acquisition.

(5) Includes the results of operations of Edner of Nevada, Inc. (acquired December 14, 2010) and Dahlgren & Company, Inc. (acquired November 8, 2010) from the respective dates of acquisition.

(6) Includes charges for the impairment of goodwill of $10,975, long-lived assets of $3,770 and investment of $8,441, as well as a gain on disposal on assets of $1,282.

(7) Includes charges for the impairments of goodwill of $3,552, long-lived assets of $310 and investment of $21,495.

(8) Includes a charge for the impairment of long-lived assets of $358 and a gain on sale of assets of $2,872.

(9) Includes a charge for the impairment of long-lived assets of $7,549.

(10) Represents the rate of exchange for the Canadian dollar, expressed in U.S. dollars, based on the Bank of Canada exchange rates.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Financial Information

This Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section provides analysis of our operations and financial position for the fiscal year ended January 3, 2015 and includes information available to March 3, 2015, unless otherwise indicated herein. It is supplementary information and should be read in conjunction with the Consolidated Financial Statements included elsewhere in this report.

Certain statements contained in this MD&A may constitute forward-looking statements as defined under securities laws. Forward-looking statements may relate to our future outlook and anticipated events or results and may include statements regarding our future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives. In some cases, forward-looking statements can be identified by terms such as anticipate , estimate , intend , project , potential , continue , believe , expect should , might , plan , will , may , predict , or other similar expressions concerning matters that are not historical the extent any forward-looking statements contain future-oriented financial information or financial outlooks, such information is being provided to enable a reader to assess our financial condition, material changes in our financial condition, our results of operations, and our liquidity and capital resources. Readers are cautioned that this information may not be appropriate for any other purpose, including investment decisions.

Forward-looking statements contained in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. While we consider these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Forward-looking statements are also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what we currently expect. These factors are more fully described in the Risk Factors section at Item 1A of this Form 10-K.

Forward-looking statements contained in this commentary are based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. Other than as required under securities laws, we do not undertake to update any forward-looking information at any particular time.

Unless otherwise noted herein, all dollar amounts in this MD&A are expressed in thousands of U.S. dollars, except per share amounts.

Overview

We operate in two industry segments:

SunOpta Foods, which accounted for approximately 89% of fiscal 2014 revenues, sources, processes, packages and markets a wide range of natural, organic and specialty ingredients and packaged food products; and

Opta Minerals, which accounted for approximately 11% of fiscal 2014 revenues, produces, distributes and recycles industrial minerals, silica-free abrasives and specialty sands.

For a more detailed description of our operating groups and their businesses, please see the Business section at Item 1 of this Form 10-K.

Calendar Year

We operate on a fiscal calendar that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to December 31. Fiscal year 2014 was a 53-week period ending on January 3, 2015, whereas fiscal years 2013 and 2012 were 52-week periods ending on December 28, 2013 and December 29, 2012, respectively. Except as otherwise noted in this MD&A, the impact of the additional week on our results of operations for fiscal year 2014 was insignificant relative to the fiscal years 2013 or 2012.

Operational Realignment

In the fourth quarter of 2014, following the sale of our fiber and starch business (the Fiber Business) (as described below under Business Development), we implemented changes to our organizational structure to align and focus the operations of SunOpta Foods on two key go-to-market categories: ingredient sourcing and supply; and consumer-packaged products. Consequently, we realigned the operating segments of SunOpta Foods to reflect the resulting changes in management reporting and accountability to our Chief Executive Officer. We believe this new operational structure aligns well with SunOpta Foods integrated field-to-table business model and product portfolio. Effective with the realignment, the Value Added Ingredients operating segment ceased to exist and SunOpta Foods operates in the following two reportable segments: Global Ingredients, which includes the grain-based ingredients business of the former Value Added Ingredients operating segment; and Consumer Products, which includes the fruit-based ingredient business of the former Value Added Ingredients operating segment. The Opta Minerals operating segment remained unchanged. The segmented operations information provided in the Consolidated Financial Statements and this MD&A for the current and comparative periods has been restated to reflect these realigned reportable segments.

Business Development

Acquisition of Citrusource LLC

On March 2, 2015, we acquired Citrusource, LLC (Citrusource), a producer of premium not-from-concentrate private label organic and conventional orange juice and citrus products in the U.S., with annual revenues of approximately $30,000. We paid approximately $13,300 in cash at closing, subject to certain post-closing adjustments, and may pay additional consideration contingent on the achievement of specified performance targets. This acquisition aligns with our strategy of growing our value-added consumer products portfolio and leveraging our integrated operating platform. Citrusource will be included in the Consumer Products operating segment.

Sale of Fiber and Starch Business

On December 22, 2014, we completed the sale of the Fiber Business for $37,500, subject to certain closing adjustments. The Fiber Business included five facilities located in Louisville, Kentucky, Cedar Rapids, Iowa, Cambridge, Minnesota, Fosston, Minnesota, and Galesburg, Illinois, and was formerly part of the former Value Added Ingredients operating segment. The Fiber Business accounted for approximately four percent of SunOpta Foods total revenues in fiscal years 2014, 2013 and 2012. We continue to operate both our integrated grain- and fruit-based ingredient businesses, which were not part of the sale, and which previously formed the remainder of the former Value Added Ingredients operating segment. We intend to use the borrowing availability generated by the sale of the Fiber Business to make strategic investments that enhance our core vertically-integrated product portfolio and provide greater growth and margin opportunities, such as the acquisition of Citrusource and expansion of our aseptic processing and packaging operations (as described below), as well as for general corporate purposes.

Expansion of Aseptic Processing and Packaging Operations

In the fourth quarter of 2014, we announced a significant expansion project at our existing Allentown, Pennsylvania, facility to meet continued customer demand for aseptically-processed healthy beverages. This expansion will add aseptic beverage processing and filling capabilities to our Allentown facility, which currently produces resealable pouch products, and will also add strategically important U.S. east coast capabilities. These new aseptic capabilities are expected to be in production in the fourth quarter of 2015.

In the first quarter of 2014, we initiated a further expansion to our aseptic processing and packaging operations in Modesto, California, in order to meet committed customer demand and enable new growth opportunities. In connection with this expansion, we have added a third processor at the Modesto facility, which is expected to be commissioned in the first quarter of 2015, as well as two additional multi-serve (liter/quart) fillers. The first of these new fillers commenced production in February 2015, with the second expected to be commissioned early in the second quarter of 2015. Previously, in the second half of 2013, we expanded our aseptic processing and packaging operations in both Modesto and Alexandria, Minnesota, with the installation of an additional multi-serve filler (liter/quart) at each operation, as well as two single-serve (200/250ml) fillers at the Modesto operation. These fillers provide unique capabilities and opportunities to bring new and innovative products in a new aseptic package format to the market, which we expect will further enhance the profitability of these operations.

The expansion of our aseptic processing and packaging operations was necessary in order to meet increased product demand from new and existing customers across a broad array of categories including non-dairy, nutritional beverages and dairy.

Cocoa Processing Facility

In the third quarter of 2013, we completed the construction of our cocoa processing facility in Middenmeer, the Netherlands, which specializes in the processing of organic and fair trade certified cocoa beans into derivatives, such as organic cocoa powder, butter, and liquor. Operating as Crown of Holland , the facility provides needed capacity to accommodate our organic and specialty cocoa business that was previously processed by third parties. All cocoa beans processed at this facility are expected to be sourced internally through our international sourcing and supply operations. The facility has an annual processing capacity of approximately 9,000 metric tons of raw cocoa.

Pouch Filling Operation

In the third quarter of 2013, we completed the commissioning of the third and fourth flexible re-sealable pouch filling lines at our Allentown facility. We installed these two additional lines to create additional capacity to meet continued growth of this format. The flexible re-sealable pouch is applicable to a wide range of product categories including natural and organic fruit and vegetable snacks, apple sauces, tomato products, baby food, yogurts, toppings, and a variety of beverages.

Bulgarian Processing Operation

On December 31, 2012, we acquired a grains handling and processing facility located in Silistra, Bulgaria and operated as the Organic Land Corporation OOD (OLC), for cash consideration of $3,898. The facility is located near a protected and chemical-free agricultural area, which produces organic products including sunflower, flax seed, corn, barley and soybeans. We had been sourcing non-genetically modified (non-GMO) sunflower kernel from OLC since late 2011. This acquisition diversified our non-GMO and organic sunflower processing operations and should allow us to expand our capabilities into the other organic products grown in the region. OLC s operations are included in the Global Ingredients reportable segment.

WGI Heavy Minerals, Incorporated

In August 2012, Opta Minerals paid $14,098 in cash to acquire approximately 94% of the outstanding common shares of WGI Heavy Metals, Incorporated (WGI). In November 2012, Opta Minerals completed the acquisition of the remaining outstanding common shares of WGI for cash consideration of $870. WGI s principal business is the processing and sale of industrial abrasive minerals, and the sourcing, assembly and sale of ultra-high pressure water jet cutting machine replacement parts and components. This acquisition complemented Opta Minerals existing product portfolio and expanded its product line offerings to new and existing customers.

Babco Industrial Corp.

In February 2012, Opta Minerals acquired all of the outstanding common shares of Babco Industrial Corp. (Babco) located in Regina, Saskatchewan for cash at closing of $17,530 plus contingent consideration based on the achievement of certain earnings targets over the next five years. Babco is an industrial processor of petroleum coke. This acquisition complemented Opta Minerals existing product portfolio and provided for additional product line offerings to new and existing customers in the region.

Purity Life Natural Health Products

On June 5, 2012, we completed the sale of Purity Life Natural Health Products (Purity), our Canadian natural health products distribution business, for consideration of $13,443 (Cdn $14,000) in cash at closing. The divestiture of Purity completed our exit from all non-core distribution businesses.

Goodwill Impairment

In June 2014, we announced that the Board of Directors of Opta Minerals Inc. (Opta Minerals) had established a special committee of independent directors to conduct a review of strategic alternatives available to Opta Minerals with a view to enhancing value for all shareholders. We currently own approximately 66% of Opta Minerals on a non-dilutive basis. We have identified Opta Minerals as a non-core holding.

On the basis of the proposals received as part of this strategic review process, the Company determined that external market conditions suggested that the carrying value of Opta Minerals goodwill may be impaired. These market conditions reflect increased competition and reduced demand for silica-free abrasives, resulting in lower sales volumes, reduced market share, price concessions causing lower gross margins, and under-utilization of plant capacity, as well as cyclicality and customer concentrations in the steel industry. As a result, the Company determined the remaining carrying value of Opta Minerals goodwill was fully impaired (none of which was deductible for tax purposes), and recorded a non-cash impairment charge of $10,975 in the fourth quarter of 2014. Previously, in the third quarter of 2013, Opta Minerals recognized a non-cash goodwill impairment loss of $3,552 (which was fully deductible for tax purposes), reflecting lower-than-expected operating profits and cash flows for industrial minerals.

Impairment Loss on Investment

On October 31, 2014, Enchi Corporation (Enchi) (formerly Mascoma Corporation) a developer of advanced bioconversion products for the renewable fuels industry completed the sale of its yeast business in exchange for cash and certain royalty rights based on future sales of the yeast products by the purchaser. As a consequence of this sale, we estimated that the remaining carrying value of our investment in equity securities of Enchi was fully impaired and that the impairment was other-than-temporary. As a result, we recorded a non-cash impairment loss on investment of $11,850 on the statement of operations in the third quarter of 2014, to write off the carrying value of our equity investment (previously, in the second quarter of 2013, we wrote down the carrying value of equity investment from $33,345 to $11,850). We also estimated that the fair value of our $1,371 investment in convertible subordinated notes of Enchi was $4,780, including the value ascribed to the accelerated payment features embedded in the notes. As a result, we recognized a gain on our investment in debt securities of Enchi of $3,409 in the third quarter of 2014, which was recorded as a net amount against the impairment loss on investment on the statement of operations. We have identified our investment in equity and debt securities of Enchi as a non-core holding.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, related revenues and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. The estimates and assumptions made require us to exercise our judgment and are based on historical experience and various other factors that we believe to be reasonable under the circumstances. We continually evaluate the information that forms the basis of our estimates and assumptions as our business and the business environment generally changes. The use of estimates is pervasive throughout our financial statements. The following are the accounting estimates which we believe to be most important to our business.

Revenue Recognition

We recognize revenue at the time of delivery of the product and when all of the following have occurred: a sales agreement is in place; price is fixed or determinable; and collection is reasonably assured. Consideration given to customers such as value incentives, rebates, early payment discounts and other discounts are recorded as reductions to revenues at the time of sale.

Accounts Receivable

Our accounts receivable primarily includes amounts due from our customers. The carrying value of each account is carefully monitored with a view to assessing the likelihood of collection. An allowance for doubtful accounts is provided for as an estimate of losses that could result from customers defaulting on their obligation to us. In assessing the amount of reserve required, a number of factors are considered including the age of the account, the credit-worthiness of the customer, payment terms, the customer s historical payment history and general economic conditions. Because the amount of the reserve is an estimate, the actual amount collected could differ from the carrying value of the amount receivable. Note 5 of the Consolidated Financial Statements provides an analysis of the changes in the allowance for doubtful accounts.

Inventory

Inventory is our largest current asset and consists primarily of raw materials and finished goods held for sale. Inventories are valued at the lower of cost, measured on a weighted-average cost basis, or estimated net realizable value except for certain grain inventories that are carried at market value. In order to determine the value of inventory at the balance sheet date, we evaluate a number of factors to determine the adequacy of provisions for inventory. These factors include the age of inventory, the amount of inventory held by type, future demand for products, and the expected future selling price we expect to realize by selling the inventory. Our estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from our estimated value of inventory. We perform a review of our inventory by reporting unit and product line on a quarterly basis. Note 6 of the Consolidated Financial Statements provides an analysis of the movements in the inventory reserve.

Grower Advances

Prepaid and other current assets include advances to growers required to secure future delivery of product. An allowance against realizing these advances is recorded when it is determined that we will not recover the advances, due to default on scheduled repayment terms, or general economic and market conditions. Advances to growers are typically made at the start of the growing season. We monitor these advances for adherence to agreed upon terms, assess the status of the crops being grown, and evaluate general economic and market conditions in order to determine if the collection of the advance is at risk.

Investment

We account for our equity investment in Enchi using the cost method. Our investment in convertible subordinated notes of Enchi comprises a host debt instrument accounted for at amortized cost, and an embedded derivative accounted for at fair value. Due to a lack of observable market quotes for our investments in equity and debt securities of Enchi, we use a discounted cash flow analysis (income approach) to estimate the fair value of our investment based on unobservable inputs. The significant unobservable inputs used in this analysis included: (i) the amount and timing of cash flows related to certain royalty rights received by Enchi in exchange for the sale of its yeast products business, which are expected to be the primary source of funds available to Enchi to settle the notes and provide a return to stockholders; and (ii) the discount rates used to reflect the relative risk profiles of each of the yeast products. Significant decreases in the cash flows from the royalty rights or significant increases in the discount rates applied to the royalties would result in a significantly lower fair value measurement. Factors that may impact these inputs include: (i) the regulatory requirements, technological risks, economic viability and future earnings prospects related to the development and commercialization of each of the products; and (ii) the competitive landscape, regulatory environment and economic conditions in the renewable fuels industry (including, but not limited to, the relative cost of petroleum). We assess for changes in the fair value of our investment in Enchi based on the performance of actual cash flows derived from the royalty rights relative to the latest financial forecasts used in the valuation analysis.

Intangible Assets

We evaluate amortizable intangible assets acquired through business combinations for impairment annually, and more frequently if events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. Our evaluation is based on an assessment of potential indicators of impairment, such as an adverse change in the business climate that could affect the value of an asset, such as the loss of a significant customer; current or forecasted operating or cash flow losses that demonstrate continuing losses associated with the use of an asset, such as the introduction of a competing product that results in a significant loss of market share; and a current expectation that, more likely than not, an intangible asset will be disposed of before the end of its previously estimated useful life, such as a plan to exit a product line or business in the near term.

Impairment exists when the carrying amount of an amortizable intangible asset is not recoverable through undiscounted future cash flows and its carrying value exceeds its estimated fair value. A discounted cash flow analysis is typically used to determine fair value using estimates and assumptions that market participants would apply. Some of the estimates and assumptions inherent in a discounted cash flow model include the amount and timing of the projected future cash flows, and the discount rate used to reflect the risks inherent in the future cash flows. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on our results of operations. In addition, an intangible asset's expected useful life can increase estimation risk, as longer-lived assets necessarily require longer-term cash flow forecasts, which for some of our intangible assets can be in excess of 20 years. In connection with an impairment evaluation, we also reassess the remaining useful life of the intangible asset and modify it, as appropriate.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested at least annually for impairment at the reporting unit level. Reporting units are operating segments or components of operating segments for which discrete financial information is available. To evaluate goodwill, the fair value of each reporting unit is compared to its carrying value. Where the carrying value is greater than the fair value, the implied fair value of the reporting unit goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit with any remainder being allocated to goodwill.

The implied fair value of the reporting unit goodwill is then compared to the carrying value of that goodwill to determine whether an impairment loss exists. Any impairment loss is recognized in earnings.

We typically measure the fair value of each reporting unit using a discounted cash flow analysis (income approach). Because the business is assumed to continue in perpetuity, the discounted cash flows include a terminal value. Cash flows to perpetuity are forecasted based on projected revenue growth and our planned business strategies in future periods. Examples of planned strategies would include a plant or line expansion at an existing facility; a reduction of working capital at a specific location; and price increases or cost reductions within a reporting unit. The discount rate is based on a reporting unit s targeted weighted-average cost of capital, which is not necessarily the same as our weighted-average cost of capital. These assumptions are subject to change and are impacted by our ability to achieve our forecasts and by economic conditions that may impact future results and result in projections not being attained. Each year we re-evaluate the assumptions used to reflect changes in the business environment.

We perform our annual quantitative test for goodwill impairment related to the reporting units of SunOpta Foods in the fourth quarter of each fiscal year. Based on the quantitative testing performed during 2014, 2013 and 2012, we determined that none of the goodwill associated with the SunOpta Foods reporting units was impaired in any of those years. In addition, a hypothetical 10% decrease in the fair value of each reporting unit would not have triggered additional impairment testing.

As described above under Goodwill Impairment , we recorded a non-cash impairment charge of $10,975 in the fourth quarter of 2014, to write off the remaining carrying value of Opta Minerals goodwill. For purposes of completing the test for goodwill impairment, a market approach was used to determine fair value, based on proposals received as part of the Opta Minerals strategic review process. Previously, in the third quarter of 2013, Opta Minerals recorded a goodwill impairment loss of $3,552 related to one of its reporting units. The fair value of the reporting unit was estimated based on the expected present value of future cash flows, which included the following assumptions: (i) an estimated cumulative average operating income growth rate from 2014 to 2017 of 25.7%; (ii) a projected long-term annual operating income growth rate of 2.5%; and (iii) a risk-adjusted discount rate of 14.0% . There was no indication of impairment associated with Opta Minerals goodwill based on the testing done in 2012.

Acquisitions

Business acquisitions are accounted for by the acquisition method of accounting. Under this method, the purchase price is allocated to the assets acquired and the liabilities assumed based on the fair value at the time of the acquisition. Any excess purchase price over the fair value of identifiable assets acquired and liabilities assumed is recorded as goodwill. The assumptions and estimates with respect to determining the fair value of intangible assets acquired generally requires the most judgment, and include estimates of future profitability, and/or customer and supplier based attrition, income tax rates and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of the acquired assets and liabilities assumed could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Future net earnings can be affected as a result of changes in these estimates resulting in an asset or goodwill impairment. In addition, amortization periods are subjective based on expected useful lives and chosen rates. We determine the useful lives of intangible assets based on a number of factors, such as legal, regulatory, or contractual provisions that may limit useful life, and we consider the effects of obsolescence, anticipated demand, existence or absence of competition, and other economic factors on useful life. Note 2 of the Consolidated Financial Statements provide information with respect to businesses acquired and note 9 outlines annual amortization expense relating to these intangibles.

Some acquisitions involve contingent consideration to be potentially paid based on the achievement of specified future financial targets by the acquiree. Acquisition-related contingent consideration is initially recognized as a liability at estimated fair value and re-measured each reporting period with changes in the estimated fair value recognized in earnings. These estimates of fair value involve uncertainties as they include assumptions about the likelihood of achieving the specified financial targets, projections of future financial performance, and assumed discount rates. A change in any of these assumptions could produce a different fair value, which could impact the amounts assigned to assets and liabilities in the purchase price allocation, or the amounts recognized in earnings to reflect subsequent changes in the carrying value of the liability. Note 4 of the Consolidated Financial Statements includes disclosures regarding the estimated fair value of contingent consideration.

Contingencies

We make estimates for payments that are contingent on the outcome of uncertain future events. These contingencies include accrued but unpaid bonuses; tax-related matters; and claims or litigation. In establishing our estimates, we consider historical experience with similar contingencies and the progress of each contingency, as well as the recommendations of internal and external advisors and legal counsel. We re-evaluate all contingencies as additional information becomes available; however, given the inherent uncertainties, the ultimate amount paid could differ from our estimates.

Income Taxes

We are liable for income taxes in the U.S., Canada, and other jurisdictions where we operate. Our effective tax rate differs from the statutory tax rate and will vary from year to year primarily as a result of numerous permanent differences, investment and other tax credits, the provision for income taxes at different rates in foreign and other provincial jurisdictions, enacted statutory tax rate increases or reductions in the year, the benefit of cross-jurisdictional financing structures, changes due to foreign exchange, changes in valuation allowance based on our recoverability assessments of deferred tax assets, and favorable or unfavorable resolution of various tax examinations.

In making an estimate of our income tax liability, we first assess which items of income and expense are taxable in a particular jurisdiction. This process involves a determination of the amount of taxes currently payable as well as the assessment of the effect of temporary timing differences resulting from different treatment of items for accounting and tax purposes. These differences in the timing of the recognition of income or the deductibility of expenses result in deferred income tax balances that are recorded as assets or liabilities as the case may be on our balance sheet. We also estimate the amount of valuation allowance to maintain relating to loss carry forwards and other balances that can be used to reduce future taxes payable. This judgment is based on forecasted results in the jurisdiction and certain tax planning strategies and as a result actual results may differ from forecasts. We assess the likelihood of the ultimate realization of these tax assets by looking at the relative size of the tax assets in relation to the profitability of the businesses and the jurisdiction to which they can be applied, the number of years based on management s estimate it will take to use the tax assets and any other special circumstances. If different judgments had been used, our income tax liability could have been different from the amount recorded. In addition, the taxing authorities of those jurisdictions upon audit may not agree with our assessment. Note 14 of the Consolidated Financial Statements provides an analysis of the changes in the valuation allowance and the components of our deferred tax assets.

While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could differ from our accrued position. Accordingly, additional provisions on federal, provincial, state and foreign tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

Stock-Based Compensation

We maintain a stock incentive plan under which stock options and other stock-based awards may be granted to selected employees and directors. For grants of stock options, we are required to estimate a number of inputs at each grant date, such as the estimated life of the option, future stock price volatility, and the forfeiture rate used in the Black-Scholes option-pricing model to determine a fair value for the options granted to employees or non-employee directors. Commencing in 2012, expected life of a stock option was determined using the simplified method, as we changed the term of our stock option grants from six years to 10 years and, as a result, our historical exercise data no longer provided a reasonable basis upon which to estimate expected life. Future stock price volatility is based on historical volatility of our common shares over the expected life of the stock option. Once determined at the grant date, the fair value of the stock option award is recorded over the vesting period of the options granted. Refer to note 12 of the Consolidated Financial Statements for disclosure of the inputs used to determine the fair value of stock-based compensation.

Consolidated Results of Operations for Fiscal Years 2014 and 2013

	January 3, 2015 $	December 28, 2013 $	Change $	Change %
Revenues				
SunOpta Foods	1,102,745	998,660	104,085	10.4%
Opta Minerals	139,855	141,435	(1,580)	-1.1%
Total revenues	1,242,600	1,140,095	102,505	9.0%
Gross profit				
SunOpta Foods	122,105	101,798	20,307	19.9%
Opta Minerals	21,189	23,804	(2,615)	-11.0%
Total gross profit	143,294	125,602	17,692	14.1%
Segment operating income (loss)[1]				
SunOpta Foods	54,146	40,464	13,682	33.8%
Opta Minerals	3,511	6,731	(3,220)	-47.8%
Corporate Services	(12,449)	(9,458)	(2,991)	-31.6%
Total segment operating income	45,208	37,737	7,471	19.8%
Other expense, net	2,494	6,577	(4,083)	-62.1%
Goodwill impairment	10,975	3,552	7,423	n/m
Earnings from continuing operations before the following	31,739	27,608	4,131	15.0%
Interest expense, net	7,764	7,860	(96)	-1.2%
Impairment loss on investment	8,441	21,495	(13,054)	n/m
Provision for income taxes	8,903	7,439	1,464	19.7%
Earnings (loss) from continuing operations	6,631	(9,186)	15,817	172.2%
Loss attributable to non-controlling interests	(4,716)	(490)	(4,226)	-862.4%
Earnings (loss) from discontinued operations, net of taxes	(144)	172	(316)	-183.7%
Gain on sale of discontinued operations, net of taxes	1,898	-	1,898	n/m
Earnings (loss) attributable to SunOpta Inc.[2]	13,101	(8,524)	21,625	253.7%

(1) When assessing the financial performance of our operating segments, we use an internal measure of operating income that excludes other income/expense items and goodwill impairment losses determined in accordance with U.S. GAAP. This measure is the basis on which management, including the Chief Executive Officer, assesses the underlying performance of our operating segments. We believe that disclosing this non-GAAP measure assists investors in comparing financial performance across reporting periods on a consistent basis by excluding items that are not indicative of our core operating performance. However, the non-GAAP measure of operating income should not be considered in isolation or as a substitute for performance measures calculated in accordance with U.S. GAAP. The following table presents a reconciliation of segment operating income (loss) to earnings from continuing operations before the following , which we consider to be the most directly comparable U.S. GAAP financial measure.

	Global Ingredients $	Consumer Products $	SunOpta Foods $	Opta Minerals $	Corporate Services $	Consol-idated $
January 3, 2015						
Segment operating income (loss)	26,274	27,872	54,146	3,511	(12,449)	45,208
Other income (expense), net	1,052	1,294	2,346	(4,673)	(167)	(2,494)
Goodwill impairment	-	-	-	(10,975)	-	(10,975)
Earnings (loss) from continuing operations before the following	27,326	29,166	56,492	(12,137)	(12,616)	31,739

December 28, 2013						
Segment operating income (loss)	10,882	29,582	40,464	6,731	(9,458)	37,737
Other expense, net	(281)	(5,164)	(5,445)	(1,122)	(10)	(6,577)
Goodwill impairment	-	-	-	(3,552)	-	(3,552)
Earnings (loss) from continuing operations before the following	10,601	24,418	35,019	2,057	(9,468)	27,608

We believe that investors understanding of our financial performance is enhanced by disclosing the specific items that we exclude from segment operating income. However, any measure of operating income excluding any or all of these items is not, and should not be viewed as, a substitute for operating income prepared under U.S. GAAP. These items are presented solely to allow investors to more fully understand how we assess financial performance.

(2) When assessing our financial performance, we use an internal measure that excludes discontinued operations, other income/expense items and any impairment losses from earnings/loss attributable to SunOpta Inc. determined in accordance with U.S. GAAP. We believe that the identification of these items enhances an analysis of our financial performance when comparing our operating results between periods, as we do not consider these items to be reflective of normal business operations. The following table presents a reconciliation of adjusted earnings from earnings/loss attributable to SunOpta Inc. , which we consider to be the most directly comparable U.S. GAAP financial measure.

		Per Diluted Share
	$	$
January 3, 2015		
Earnings attributable to SunOpta Inc.	13,101	0.19
Loss from discontinued operations, net of income taxes	(144)	-
Gain on sale of discontinued operations, net of income taxes	1,898	0.03
Loss from continuing operations attributable to SunOpta Inc.	11,347	0.17
Adjusted for:		
Impairment loss on investment (net of taxes of $nil)	8,441	0.12
Goodwill impairment (net of non-controlling interest of $3,731)	7,244	0.11
Other expense, net (net of taxes and non-controlling interest of $1,817)	677	0.01
Benefits of tax losses and credits not previously recognized (net of non-controlling interest of $292)	(2,058)	(0.03)
Adjusted earnings	25,651	0.38
December 28, 2013		
Earnings attributable to SunOpta Inc.	(8,524)	(0.13)
Earnings from discontinued operations, net of income taxes	172	-
Loss from continuing operations attributable to SunOpta Inc.	(8,696)	(0.13)
Adjusted for:		
Impairment loss on investment (net of taxes of $nil)	21,495	0.32
Goodwill impairment (net of taxes and non-controlling interest of $2,032)	1,520	0.02
Other expense, net (net of taxes and non-controlling interest of $2,726)	3,851	0.06
Adjusted earnings	18,170	0.27

We believe that investors understanding of our financial performance is enhanced by disclosing the specific items that we exclude from earnings/loss attributable to SunOpta Inc. to compute adjusted earnings. However, adjusted earnings is not, and should not be viewed as, a substitute for earnings prepared under U.S. GAAP. Adjusted earnings is presented solely to allow investors to more fully understand how we assess our financial performance.

Revenues for the year ended January 3, 2015 increased by 9.0% to $1,242,600 from $1,140,095 for the year ended December 28, 2013. Revenues in SunOpta Foods increased by 10.4% to $1,102,745 and revenues in Opta Minerals decreased by 1.1% to $139,855. Excluding the impact of changes including foreign exchange rates and commodity-related pricing, as well as the impact of the additional week of sales in fiscal 2014, revenues increased 10.3% on a consolidated basis and 11.8% within SunOpta Foods. Contributing to the increase in revenues within SunOpta Foods was stronger demand for organic ingredients in the U.S. and Europe; growth in consumer-packaged categories including aseptic beverage products, retail frozen foods; and fruit bases and toppings. These positive factors within SunOpta Foods were partially offset by lower volumes and pricing for non-GMO corn. At Opta Minerals, the decrease in revenues reflected lower volumes and pricing for industrial mineral products and weather-related slowdowns in North America in the first quarter of 2014, partially offset by higher volumes of steel products.

Gross profit increased $17,692, or 14.1%, to $143,294 for the year ended January 3, 2015, compared with $125,602 for the year ended December 28, 2013. As a percentage of revenues, gross profit for the year ended January 3, 2015 was 11.5% compared to 11.0% for the year ended December 28, 2013, an increase of 0.5% . Within SunOpta Foods, the gross profit percentage was 11.1% in 2014, compared with 10.2% in 2013, which reflected the effect of higher margins on organic ingredient sales in the U.S. and Europe; improved performance in our sunflower operations; and an increased contribution from higher margin aseptic beverage products. These positive factors were offset by higher operating costs related to the expansion of our aseptic operations, and production inefficiencies experienced in the second half of 2014, due to downtime for equipment maintenance and training of new personnel. Also negatively impacting the gross profit percentage within SunOpta Foods was increased competitive pressures in the re-sealable pouch market; lower plant utilization in our premium juice operation during the retrofit of this facility; and higher operating costs in the first quarter of 2014, due in part to adverse weather conditions in North America. The gross profit percentage at Opta Minerals declined to 15.2% in 2014, compared with 16.8% in 2013, primarily due to pricing pressures on certain steel and industrial mineral products, as well as weather-related higher operating costs in the first quarter of 2014, partially offset by the favorable impact of plant cost rationalizations.

Total segment operating income for the year ended January 3, 2015 increased by $7,471, or 19.8%, to $45,208, compared with $37,737 for the year ended December 28, 2013. As a percentage of revenue, segment operating income was 3.6% for the year ended January 3, 2015, compared with 3.3% for the year ended December 28, 2013. The increase in segment operating income reflected higher overall gross profit as described above, partially offset by a $9,847 increase in selling, general and administrative (SG&A) expenses, primarily due to increased headcount to support the growth of our international sourcing and supply operations; higher short-term incentive accruals reflecting the improved year-over-year operating performance within SunOpta Foods; and the addition of a number of senior leadership resources in the second half of 2013 in connection with the operational realignment within SunOpta Foods. A foreign exchange gain of $777 was recorded for the year ended January 3, 2015, mainly related to the positive impact of a strengthening of the U.S. dollar relative to the euro on open foreign exchange contracts within our international sourcing and supply operations, partially offset by the negative impact of the same exchange rate movement on intercompany and third-party loan balances at Opta Minerals. For the year ended December 28, 2013, we recorded a foreign exchange gain of $1,606, which mainly reflected the positive impact on Opta Minerals loan balances of a strengthening of the euro in that period relative to the U.S. dollar.

Further details on revenue, gross margin and segment operating income variances are provided below under Segmented Operations Information .

Other expense for the year ended January 3, 2015 of $2,494 included an asset impairment charge of $3,770 and plant closure costs of $459 at Opta Minerals, mainly related to the under-performance of certain of its abrasives operations. These costs were partially offset by a gain on sale of assets of $1,018, related to the disposal of certain sunflower production and storage facilities in order to reduce the cost structure and improve the production capacity utilization within our North American sunflower operations (partially offset by severance costs for employees affected by the closure and sale of these facilities), and a gain of $1,373 on the settlement of the earn-out related to the acquisition of Edner of Nevada, Inc. in December 2010. Other expense for the year ended December 28, 2013 of $6,577 included a provision for expected costs associated with a voluntary recall of re-sealable pouch products initiated by a customer in November 2013; and employee severance and other costs in connection with the operational realignment within SunOpta Foods and the rationalization and integration of acquired businesses by Opta Minerals.

In the fourth quarter of 2014 and third quarter of 2013, we recognized non-cash goodwill impairment losses of $10,975 and $3,552, respectively, related to Opta Minerals (as described above under Goodwill Impairment).

The decrease in interest expense of $96 to $7,764 for the year ended January 3, 2015, compared with $7,860 for the year ended December 28, 2013, primarily reflected lower overall borrowings within SunOpta Foods, partially offset by higher applicable interest rates under Opta Minerals credit facilities.

In the third quarter of 2014 and second quarter of 2013, we recognized impairment losses of $8,441 and $21,495, respectively, on our non-core investment in Enchi (as described above under Impairment Loss on Investment).

The provision for income tax for the year ended January 3, 2015 was $8,903 or 25.5% of earnings before taxes, compared with $7,439, or 37.7% of earnings before taxes, for the year ended December 28, 2013 (excluding the non-deductible goodwill impairment loss in 2014; and the impairment losses on investment in both years, for which the related deferred tax asset is considered more likely than not to be unrealized). The decrease in the effective tax rate reflected a change in the jurisdictional mix of earnings, as a result of growth in the profitability of our international sourcing and supply operations; and the application of available tax losses and credits.

A loss of $4,716 was attributable to non-controlling interests for the year ended January 3, 2015, compared with a loss of $490 for the year ended December 28, 2013, which reflected lower net earnings at Opta Minerals (including the relative impacts of the goodwill impairment losses), partially offset by an improved contribution from the specialty coffee operations of a less-than-wholly-owned subsidiary.

Earnings from continuing operations attributable to SunOpta Inc. for the year ended January 3, 2015 were $11,347 (inclusive of the $10,975 goodwill impairment loss, net of non-controlling interest, and $8,441 impairment loss on investment), compared with a loss of $8,696 for the year ended December 28, 2013 (inclusive of the $3,552 goodwill impairment loss, net of non-controlling interest, and $21,495 impairment loss on investment), an increase in earnings of $20,043. Diluted earnings per share from continuing operations were $0.17 for the year ended January 3, 2015, compared with a diluted loss per share from continuing operations of $0.13 for the year ended December 28, 2013.

Loss from discontinued operations of $144 for the year ended January 3, 2015 reflected the results of the Fiber Business up to the disposal date of December 22, 2014, including $430 of stock-based compensation related to the accelerated vesting of equity awards held by former employees of the Fiber Business. Earnings from discontinued operations of $172 for the year ended December 28, 2013 reflected the results of the Fiber Business, partially offset by legal fees and interest costs in connection with arbitration proceedings related to Colorado Sun Oil Processing LLC (CSOP), which were settled in June 2013. We disposed of our interest in CSOP in August 2011.

We recognized a gain on the sale of the Fiber Business, net of taxes, of $1,898 in the fourth quarter of 2014.

On a consolidated basis, we realized earnings of $13,101 (diluted earnings per share of $0.19) for the year ended January 3, 2015, compared with a loss of $8,524 (diluted loss per share of $0.13) for the year ended December 28, 2013.

Adjusting for the impairment loss on investment, goodwill impairment, other income/expense, net, and the benefits of tax losses and credits not previously recognized, adjusted earnings were $25,651 or $0.38 per diluted share for the year ended January 3, 2015, compared with $18,170 or $0.27 per diluted share for the year ended December 28, 2013. Adjusted earnings is a non-GAAP financial measure. See footnote (2) to the table above for a reconciliation of adjusted earnings from earnings/loss attributable to SunOpta Inc. , which we consider to be the most directly comparable U.S. GAAP financial measure.

Segmented Operations Information

SunOpta Foods

For the year ended	**January 3, 2015**	**December 28, 2013**	**Change**	**% Change**
Revenue	1,102,745	998,660	104,085	10.4%
Gross Margin	122,105	101,798	20,307	19.9%
Gross Margin %	11.1%	10.2%		0.9%
Operating Income	54,146	40,464	13,682	33.8%
Operating Income %	4.9%	4.1%		0.8%

SunOpta Foods contributed $1,102,745 or 88.7% of consolidated revenue for the year ended January 3, 2015, compared with $998,660 or 87.6% of consolidated revenues for the year ended December 28, 2013, an increase of $104,085 or 10.4% . The table below explains the increase in revenue by segment for SunOpta Foods:

SunOpta Foods Revenue Changes	
Revenue for the year ended December 28, 2013	$998,660
Increase in Global Ingredients	47,719
Increase in Consumer Products	56,366
Revenue for the year ended January 3, 2015	**$1,102,745**

Gross margin in SunOpta Foods increased by $20,307 for the year ended January 3, 2015 to $122,105, or 11.1% of revenues, compared to $101,798, or 10.2% of revenues for the year ended December 28, 2013. The table below explains the increase in gross margin by segment:

SunOpta Foods Gross Margin Changes	
Gross Margin for the year ended December 28, 2013	$101,798
Increase in Global Ingredients	19,112
Increase in Consumer Products	1,195
Gross Margin for the year ended January 3, 2015	**$122,105**

Operating income in SunOpta Foods increased by $13,682 for the year ended January 3, 2015 to $54,146 or 4.9% of revenues, compared to $40,464 or 4.1% of revenues for the year ended December 28, 2013. The table below explains the increase in operating income:

SunOpta Foods Operating Income Changes	
Operating Income for the year ended December 28, 2013	$40,464
Increase in gross margin, as noted above	20,307
Increase in foreign exchange gains	1,901
Increase in corporate cost allocations due in part to a centralization of services	(6,827)
Increase in SG&A costs, offset in part by the centralization of services to corporate	(1,699)
Operating Income for the year ended January 3, 2015	**$54,146**

Further details on revenue, gross margin and operating income variances within SunOpta Foods are provided in the segmented operations information that follows.

Global Ingredients	**January 3, 2015**	**December 28, 2013**	**Change**	**% Change**
Revenue	619,066	571,347	47,719	8.4%
Gross Margin	63,591	44,479	19,112	43.0%
Gross Margin %	10.3%	7.8%		2.5%
Operating Income	26,274	10,882	15,392	141.4%
Operating Income %	4.2%	1.9%		2.3%

Global Ingredients contributed $619,066 in revenues for the year ended January 3, 2015, compared to $571,347 for the year ended December 28, 2013, an increase of $47,719 or 8.4% . Excluding the impact of changes including foreign exchange rates, commodity-related pricing and the additional week of sales in the first quarter of 2014, Global Ingredients revenues increased approximately 11.4% . The table below explains the increase in revenue:

Global Ingredients Revenue Changes	
Revenues for the year ended December 28, 2013	$571,347
Higher volumes of organic raw materials including alternative sweeteners, chia, quinoa, agave, fruits, vegetables and feed products	103,883
Reduced pricing for organic food ingredients including sunflower, coffee beans, cane sugar, orange juice as well as organic feed products	(21,337)
Lower volumes of non-GMO corn and soy	(19,203)
Reduced pricing for non-GMO corn and soy	(11,593)
Lower in-shell sunflower sales due to reduced exports, and lower by-product values, partially offset by higher volumes of planting seeds and agronomy products	(3,738)
Unfavorable impact on euro denominated sales due to the stronger U.S. dollar relative to the euro	(293)
Revenues for the year ended January 3, 2015	**$619,066**

Gross margin in Global Ingredients increased by $19,112 to $63,591 for the year ended January 3, 2015 compared to $44,479 for the year ended December 28, 2013, and the gross margin percentage increased by 2.5% to 10.3% . The increase in gross margin as a percentage of revenue was primarily due to favorable sales mix of organic raw materials and improved sunflower processing yields, partially offset by lower pricing spreads on non-GMO and specialty soy and corn. The table below explains the increase in gross margin:

Global Ingredients Gross Margin Changes	
Gross margin for the year ended December 28, 2013	$44,479
Margin impact of increased volumes and favorable product mix of organic raw ingredients including coffee, nuts, seeds, ancient grains and alternative sweeteners	15,365
Improved sunflower processing yields and operating efficiencies, offset by lower contribution from planting seeds	5,347
Decreased losses on commodity futures contracts for cocoa and other commodities	1,520
Lower volumes and pricing spread on non-GMO corn products, partially offset by improved pricing spread on specialty soy products	(3,120)

Gross margin for the year ended January 3, 2015	**$63,591**

Operating income in Global Ingredients increased by $15,392, or 141.4%, to $26,274 for the year ended January 3, 2015, compared to $10,882 for the year ended December 28, 2013. The table below explains the increase in operating income:

Global Ingredients Operating Income Changes	
Operating income for the year ended December 28, 2013	$10,882
Increase in gross margin, as explained above	19,112
Increased foreign exchange gains on forward contracts	1,901
Increase in corporate cost allocations due in part to a centralization of services	(3,404)
Increased SG&A, due primarily to higher compensation costs from increased headcount and short-term incentives, as well as increased professional fees, bad debts, travel, and general office spending, offset in part by the centralization of services to corporate	(2,217)
Operating income for the year ended January 3, 2015	**$26,274**

Looking forward, we believe Global Ingredients is well positioned in growing natural and organic food categories. We intend to focus our efforts on (i) growing our identity preserved, non-GMO and organic sourcing and supply capabilities; (ii) leveraging our international sourcing and supply capabilities internally, and forward and backward integrating where opportunities exist; (iii) expanding our processing expertise and increasing our value-added capabilities; and (iv) expanding our international sales base via strategic relationships for procurement of product to drive incremental sales volume. Our long-term target for Global Ingredients is to achieve a segment operating margin of 6% to 8%, which assumes we are able to secure a consistent quantity and quality of natural and organic raw materials, improve product mix, and control costs. The statements in this paragraph are forward-looking statements. See Forward-Looking Statements above. Increased supply pressure in the commodity-based markets in which we operate, increased competition, volume decreases or loss of customers, unexpected delays in our expansion plans, or our inability to secure quality inputs or achieve our product mix or cost reduction goals, along with the other factors described above under Forward-Looking Statements , could adversely impact our ability to meet these forward-looking expectations.

Consumer Products	January 3, 2015	December 28, 2013	Change	% Change
Revenue	483,679	427,313	56,366	13.2%
Gross Margin	58,514	57,319	1,195	2.1%
Gross Margin %	12.1%	13.4%		-1.3%
Operating Income	27,872	29,582	(1,710)	-5.8%
Operating Income %	5.8%	6.9%		-1.1%

Consumer Products contributed $483,679 in revenues for the year ended January 3, 2015, compared to $427,313 for the year ended December 28, 2013, an increase of $56,366 or 13.2% . Excluding the additional week of sales in the first quarter of 2014, revenues increased approximately 12.2% in Consumer Products. The table below explains the increase in revenue:

Consumer Products Revenue Changes	
Revenues for the year ended December 28, 2013	$427,313
Increased volume of aseptically packaged beverages, in particular almond beverage, private label and foodservice soymilk, dairy, as well as teas and broths	35,391
Higher volumes of private label retail frozen food offerings and private label beverages	10,625
Increased volume of fruit bases and toppings	8,263
Increased sales of re-sealable pouch products	3,504
Lower sales of fruit and protein snack products	(1,417)
Revenues for the year ended January 3, 2015	**$483,679**

Gross margin in Consumer Products increased by $1,195 to $58,514 for the year ended January 3, 2015 compared to $57,319 for the year ended December 28, 2013, and the gross margin percentage decreased by 1.3% to 12.1% . The decrease in gross margin as a percentage of revenue was due to additional plant and operating costs associated with the significant growth and expansion of our aseptic business, increased operating costs and lower production volumes in our re-sealable pouch facility, as well as increased costs associated with the retrofit of our premium juice facility. The table below explains the increase in gross margin:

Consumer Products Gross Margin Changes	
Gross margin for the year ended December 28, 2013	$57,319
Higher volume of aseptically packaged beverages and protein snacks as a result of new product lines partially offset by costs from plant expansions and lower volumes and pricing in fruit snacks	3,625
Increased volumes and production efficiencies of fruit bases and toppings, partially offset by decreased IQF fruit and private label beverage margins	649
Margin impact of outsourcing extraction activities and low production volume during the retrofit of our premium juice facility	(1,921)
Increased operating costs and decreased contribution from re-sealable pouch products	(1,158)
Gross margin for the year ended January 3, 2015	**$58,514**

Operating income in Consumer Products decreased by $1,710, or 5.8%, to $27,872 for the year ended January 3, 2015, compared to $29,582 for the year ended December 28, 2013. The table below explains the decrease in operating income:

Consumer Products Operating Income Changes	
Operating income for the year ended December 28, 2013	$29,582
Increase in gross margin, as explained above	1,195
Increase in corporate cost allocations due in part to a centralization of services	(3,423)
Lower SG&A due in part to the centralization of services to corporate, partially offset by higher compensation costs from increased headcount and short-term incentives	518
Operating income for the year ended January 3, 2015	**$27,872**

Looking forward, we expect improvements in margins and operating income from Consumer Products through the growth of our aseptic and non-aseptic beverage, pouch, snack and frozen food offerings. We remain customer focused and continue to explore new ways to bring new value-added packaged products and processes to market, leveraging our global raw material sourcing and supply capabilities. We expect the expansions at our Alexandria, Minnesota and Modesto, California facilities will further enhance our ability to serve the non-dairy alternative beverage category with both new and innovative packaging formats and a number of new product offerings beyond non-dairy beverages including organic dairy and nutritional beverages. In addition, we expect the expansion of our aseptic processing capabilities at our Allentown, Pennsylvania, facility in the fourth quarter of 2015 will further expand our ability to address fast growing markets. Continued new product development, innovation in healthy snacks and the expansion of our integrated juice operations, combined with increasing demand for portable nutritious fruit offerings are expected to drive growth in this business. Long term we are targeting 11% to 13% operating margins from Consumer Products. The statements in this paragraph are forward-looking statements. See Forward-Looking Statements above. Unfavorable shifts in consumer preferences, increased competition, volume decreases or loss of customers, unexpected delays in our expansion plans, inefficiencies in our manufacturing processes, lack of consumer product acceptance, or our inability to successfully implement the particular goals and strategies indicated above, along with the other factors described above under Forward-Looking Statements , could have an adverse impact on these forward-looking expectations.

Opta Minerals	January 3, 2015	December 28, 2013	Change	% Change
Revenue	139,855	141,435	(1,580)	-1.1%
Gross Margin	21,189	23,804	(2,615)	-11.0%
Gross Margin %	15.2%	16.8%		-1.6%
Operating Income	3,511	6,731	(3,220)	-47.8%
Operating Income %	2.5%	4.8%		-2.3%

Opta Minerals contributed $139,855 in revenues for the year ended January 3, 2015, compared to $141,435 for the year ended December 28, 2013, a decrease of $1,580 or 1.1% . The table below explains the decrease in revenue:

Opta Minerals Revenue Changes	
Revenues for the year ended December 28, 2013	$141,435
Decreased volumes of abrasive and industrial mineral products	(8,984)
Higher volumes, partially offset by reduced pricing for steel and magnesium products	7,404
Revenues for the year ended January 3, 2015	**$139,855**

Gross margin for Opta Minerals decreased by $2,615 to $21,189 for the year ended January 3, 2015 compared to $23,804 for the year ended December 28, 2013, and the gross margin percentage decreased by 1.6% to 15.2% . The decrease in gross margin as a percentage of revenue was due primarily to unfavorable changes in product mix, increased raw material costs and select pricing reductions within the steel and magnesium market. The table below explains the decrease in gross margin:

Opta Minerals Gross Margin Changes	
Gross margin for the year ended December 28, 2013	$23,804
Margin impact of lower volumes and reduced pricing of abrasive and industrial mineral products, as well as increased raw material costs and decreased plant utilization	(2,077)
Select pricing reductions for steel and magnesium products, partially offset by margin impact of increased volumes	(538)
Gross margin for the year ended January 3, 2015	**$21,189**

Operating income for Opta Minerals decreased by $3,220, or 47.8%, to $3,511 for the year ended January 3, 2015, compared to $6,731 for the year ended December 28, 2013. The table below explains the decrease in operating income:

Opta Minerals Operating Income Changes	
Operating income for the year ended December 28, 2013	$6,731
Decrease in gross margin, as explained above	(2,615)
Increase in foreign exchange losses	(2,402)
Decrease in SG&A, primarily due to lower compensation costs through the rationalization and integration of acquired businesses	1,797
Operating income for the year ended January 3, 2015	**$3,511**

We have identified Opta Minerals as a non-core holding. As described above under Business Development , Opta Minerals is reviewing strategic alternatives. Opta Minerals is focused on leveraging its global platform to drive expansion of existing product offerings to a wider customer base and new geographies. In addition, it continues to focus on maximizing operating efficiencies and introducing new and innovative products to the markets it serves. We own approximately 66% of Opta Minerals and segment operating income is presented prior to non-controlling interest expense. The statements in this paragraph are forward-looking statements. See Forward-Looking Statements above. An extended period of softness in the steel and foundry industries, slowdowns in the economy, or delays in bringing new products and operations completely online, along with the other factors described above under Forward-Looking Statements, could have an adverse impact on these forward-looking expectations.

Corporate Services	**January 3, 2015**	**December 28, 2013**	**Change**	**% Change**
Operating Loss	(12,449)	(9,458)	(2,991)	-31.6%

Operating loss at Corporate Services increased by $2,991 to $12,449 for the year ended January 3, 2015, from a loss of $9,458 for the year ended December 28, 2013. The table below explains the increase in operating loss:

Corporate Services Operating Loss Changes	
Operating loss for the year ended December 28, 2013	($9,458)
Higher compensation-related costs due to increased headcount, short-term incentives, stock-based compensation and health benefits	(7,790)
Increased information technology consulting, professional fees and other general office spending, including rent, utilities, supplies and travel	(1,711)
Decrease in foreign exchange gains	(317)
Increase in corporate management fees that are allocated to SunOpta operating groups due in part to the centralization of services	6,827
Operating loss for the year ended January 3, 2015	**($12,449)**

Consolidated Results of Operations for Fiscal Years 2013 and 2012

	December 28, 2013 $	December 29, 2012 $	Change $	Change %
Revenues				
SunOpta Foods	998,660	916,892	81,768	8.9%
Opta Minerals	141,435	126,651	14,784	11.7%
Total revenues	1,140,095	1,043,543	96,552	9.3%
Gross profit				
SunOpta Foods	101,798	97,898	3,900	4.0%
Opta Minerals	23,804	26,705	(2,901)	-10.9%
Total gross profit	125,602	124,603	999	0.8%
Segment operating income (loss)[(1)]				
SunOpta Foods	40,464	40,209	255	0.6%
Opta Minerals	6,731	10,062	(3,331)	-33.1%
Corporate Services	(9,458)	(7,229)	(2,229)	-30.8%
Total segment operating income	37,737	43,042	(5,305)	-12.3%
Other expense, net	6,577	1,946	4,631	238.0%
Goodwill impairment	3,552	-	3,552	n/m
Earnings from continuing operations before the following	27,608	41,096	(13,488)	-32.8%
Interest expense, net	7,860	9,333	(1,473)	-15.8%
Impairment loss on investment	21,495	-	21,495	n/m
Provision for income taxes	7,439	9,498	(2,059)	-21.7%
Earnings (loss) from continuing operations	(9,186)	22,265	(31,451)	-141.3%
Earnings (loss) attributable to non-controlling interests	(490)	1,543	(2,033)	-131.8%
Earnings from discontinued operations, net of taxes	172	2,694	(2,522)	-93.6%
Gain on sale of discontinued operations, net of taxes	-	808	(808)	n/m
Earnings (loss) attributable to SunOpta Inc.[(2)]	(8,524)	24,224	(32,748)	-135.2%

(1) The following table presents a reconciliation of segment operating income (loss) to earnings (loss) from continuing operations before the following , which we consider to be the most directly comparable U.S. GAAP financial measure (refer to footnote (1) to the Consolidated Results of Operations for Fiscal Years 2014 and 2013 table regarding the use of non-GAAP measures).

	Global Ingredients $	Consumer Products $	SunOpta Foods $	Opta Minerals $	Corporate Services $	Consol-idated $
December 28, 2013						
Segment operating income (loss)	10,882	29,582	40,464	6,731	(9,458)	37,737
Other expense, net	(281)	(5,164)	(5,445)	(1,122)	(10)	(6,577)
Goodwill impairment	-	-	-	(3,552)	-	(3,552)
	10,601	24,418	35,019	2,057	(9,468)	27,608

Earnings (loss) from continuing operations before the following						
December 29, 2012						
Segment operating income (loss)	18,649	21,560	40,209	10,062	(7,229)	43,042
Other income (expense), net	(79)	296	217	(1,175)	(988)	(1,946)
Earnings (loss) from continuing operations before the following	18,570	21,856	40,426	8,887	(8,217)	41,096

(2) The following table presents a reconciliation of adjusted earnings from earnings/loss attributable to SunOpta Inc. , which we consider to be the most directly comparable U.S. GAAP financial measure (refer to footnote (2) to the Consolidated Results of Operations for Fiscal Years 2014 and 2013 table regarding the use of non-GAAP measures).

		Per Diluted Share
For the year ended	$	$
December 28, 2013		
Loss attributable to SunOpta Inc.	(8,524)	(0.13)
Earnings from discontinued operations, net of income taxes	172	-
Loss from continuing operations attributable to SunOpta Inc.	(8,696)	(0.13)
Adjusted for:		
Impairment loss on investment (net of taxes of $nil)	21,495	0.32
Goodwill impairment (net of taxes and non-controlling interest of $2,032)	1,520	0.02
Other expense, net (net of taxes and non-controlling interest of $2,726)	3,851	0.06
Adjusted earnings	18,170	0.27
December 29, 2012		
Earnings attributable to SunOpta Inc.	24,224	0.36
Earnings from discontinued operations, net of income taxes	3,502	0.05
Earnings from continuing operations attributable to SunOpta Inc.	20,722	0.31
Adjusted for:		
Other expense, net (net of taxes and non-controlling interest of $881)	1,065	0.02
Adjusted earnings	21,787	0.33

Revenues for the year ended December 28, 2013 increased by 9.3% to $1,140,095 from $1,043,543 for the year ended December 29, 2012. Revenues in SunOpta Foods increased by 8.9% to $998,660 and revenues in Opta Minerals increased by 11.7% to $141,435. Excluding the impact of changes including foreign exchange rates, commodity-related pricing, acquisitions and rationalized product lines, revenues increased 8.0% on a consolidated basis and 9.8% within SunOpta Foods. Contributing to the increase in revenues within SunOpta Foods was strong demand and pricing for organic feed in the first half of 2013; higher sales volumes of aseptic beverage and re-sealable pouch products; strong sales of organic ingredients in the U.S. and Europe; and higher volumes and improved pricing for value-added fruit bases and toppings, and retail frozen foods. These factors were partially offset by declines in volumes and pricing for roasted sunflower and related by-product sales. At Opta Minerals, the increase in revenues reflected incremental revenues from WGI (acquired August 2012), partially offset by lower base sales of steel and magnesium products due to cyclical slowdowns in the steel and infrastructure sectors.

Gross profit increased $999, or 0.8%, to $125,602 for the year ended December 28, 2013, compared with $124,603 for the year ended December 29, 2012. As a percentage of revenues, gross profit for the year ended December 28, 2013 was 11.0% compared to 11.9% for the year ended December 29, 2012, a decrease of 0.9% . The decrease in gross profit percentage primarily reflected reduced sunflower roasting volumes and pricing, as well as lower processing efficiencies and yields; startup costs related to our cocoa processing facility in the Netherlands, as well as commodity hedging losses related to cocoa futures; expansion and retrofit costs at our premium juice facility; and costs related to the rationalization of certain consumer-packaged product lines. In addition, as a result of a voluntary recall of re-sealable pouch products initiated by a customer in November 2013, we experienced down time and delays in shipments of finished product at our Allentown facility in the fourth quarter of 2013. All of these factors were partially offset by the strong growth in higher margin consumer-packaged aseptic beverage and re-sealable pouch products (notwithstanding the negative impact of the customer s voluntary recall); higher pricing and production volumes for value-added fruit bases and toppings, and retail frozen foods; and favorable margins on organic feed sales mainly in the first half of 2013. The decline in gross profit percentage at Opta Minerals reflected an unfavorable product mix due to lower sales volumes of higher margin steel and magnesium products.

Total segment operating income for the year ended December 28, 2013 decreased by $5,305, or 12.3%, to $37,737, compared with $43,042 for the year ended December 29, 2012. As a percentage of revenue, segment operating income was 3.3% for the year ended December 28, 2013, compared with 4.1% for the year ended December 29, 2012. The decrease in segment operating income reflected lower overall gross profit as described above, as well as a $7,054 increase in SG&A expenses, primarily related to higher compensation and other costs related to increased headcount to support growth in our international sourcing and supply operations, and in connection with the acquisition of WGI by Opta Minerals, as well as costs related to segment realignment efforts within SunOpta Foods. These factors were partially offset by the favorable impact of foreign exchange movements for the U.S. dollar relative to the euro and Canadian dollar.

Further details on revenue, gross margin and segment operating income variances are provided below under Segmented Operations Information .

Other expense for the year ended December 28, 2013 of $6,577 included a provision for expected costs associated with the customer s voluntary recall of re-sealable pouch products; severance and other costs incurred by Opta Minerals in connection with rationalization and integration efforts at WGI; employee severance and other costs in connection with the idling of one of our sunflower production and storage facilities; an impairment charge to write down certain intangible assets of Opta Minerals; and transaction costs in connection with the acquisition of OLC. Other expense of $1,946 for the year ended December 29, 2012 included accrued severance payable to a former executive officer and employee severance and other costs in connection with the rationalization of a number of operations and functions within SunOpta Foods in an effort to streamline operations, as well as transaction costs incurred by Opta Minerals related to the acquisitions of WGI and Babco.

In the third quarter of 2013, we recognized a non-cash goodwill impairment loss of $3,552 related to Opta Minerals (as described above under Goodwill Impairment).

The decrease in interest expense of $1,473 to $7,860 for the year ended December 28, 2013, compared with $9,333 for the year ended December 29, 2012, reflected lower borrowing costs associated with the renewal of our syndicated credit facilities in July 2012, partially offset by higher borrowings at Opta Minerals to fund working capital and the acquisition of WGI.

In the second quarter of 2013, we recognized an impairment loss of $21,495 on our equity investment in Enchi (as described above under Impairment Loss on Investment).

The provision for income tax for the year ended December 28, 2013 was $7,439, or 37.7% of earnings before taxes (excluding the impairment loss on investment, for which the related deferred income tax asset is considered more likely than not to be unrealized), compared with $9,498, or 29.9% of earnings before taxes, for the year ended December 29, 2012, which reflected an increase in the effective tax rate in 2013 related to pre-tax losses in jurisdictions where a full valuation allowance is recorded against tax loss carryforwards, and a decrease in the effective tax rate in 2012 related to the impacts of changes in enacted tax rates and realizability of non-capital loss carryforwards.

A loss of $490 was attributable to non-controlling interests for the year ended December 28, 2013, compared with earnings of $1,543 for the year ended December 29, 2012, which reflected lower earnings at Opta Minerals, including the impact of the goodwill impairment loss.

Loss from continuing operations attributable to SunOpta Inc. for the year ended December 28, 2013 was $8,696, inclusive of the $3,552 goodwill impairment loss, net of non-controlling interest, and $21,495 impairment loss on investment, as compared to earnings of $20,722 for the year ended December 29, 2012, a decrease in earnings of $29,418. Diluted loss per share from continuing operations was $0.13 for the year ended December 28, 2013, compared with diluted earnings per share from continuing operations of $0.31 for the year ended December 29, 2012.

Earnings from discontinued operations, net of income taxes, of $172 for the year ended December 28, 2013, reflected the results of the Fiber Business, partially offset by legal fees and interest costs in connection with the arbitration proceeding related to CSOP. Earnings from discontinued operations of $2,694 for the year ended December 29, 2012 reflected the results of the Fiber Business and Purity, as well as proceeds received on the settlement of the CSOP bankruptcy proceedings, partially offset by legal fees and interest costs related to the CSOP arbitration proceedings. In addition, we recognized a gain on the sale of Purity, net of taxes, of $808 in 2012.

On a consolidated basis, we recorded a loss of $8,524 (diluted loss per share of $0.13) for the year ended December 28, 2013, compared with earnings of $24,224 (diluted earnings per share of $0.36) for the year ended December 29, 2012.

Adjusting for the impairment loss on investment, goodwill impairment and other income/expense, net, adjusted earnings were $18,170 or $0.27 per diluted share for the year ended December 28, 2013, compared with $21,787 or $0.33 per diluted share for the year ended December 29, 2012. Adjusted earnings is a non-GAAP financial measure. See footnote (2) to the table above for a reconciliation of adjusted earnings from earnings/loss attributable to SunOpta Inc. , which we consider to be the most directly comparable U.S. GAAP financial measure.

Segmented Operations Information

SunOpta Foods **For the year ended**	**December 28, 2013**	**December 29, 2012**	**Change**	**% Change**
Revenue	998,660	916,892	81,768	8.9%
Gross Margin	101,798	97,898	3,900	4.0%
Gross Margin %	10.2%	10.7%		-0.5%
Operating Income	40,464	40,209	255	0.6%
Operating Income %	4.1%	4.4%		-0.3%

SunOpta Foods contributed $998,660 or 87.6% of consolidated revenue for the year ended December 28, 2013 compared to $916,892 or 87.9% of consolidated revenues for the year ended December 29, 2012, an increase of $81,768 or 8.9% . The table below explains the increase in revenue by segment for SunOpta Foods:

SunOpta Foods Revenue Changes	
Revenue for the year ended December 29, 2012	$916,892
Increase in Global Ingredients	30,886
Increase in Consumer Products	50,882
Revenue for the year ended December 28, 2013	**$998,660**

Gross margin in SunOpta Foods increased by $3,900 for the year ended December 28, 2013 to $101,798, or 10.2% of revenues, compared to $97,898, or 10.7% of revenues for the year ended December 29, 2012. The table below explains the increase in gross margin by segment:

SunOpta Foods Gross Margin Changes	
Gross Margin for the year ended December 29, 2012	$97,898
Decrease in Global Ingredients	(5,237)
Increase in Consumer Products	9,137
Gross Margin for the year ended December 28, 2013	**$101,798**

Operating income in SunOpta Foods increased by $255 for the year ended December 28, 2013 to $40,464 or 4.1% of revenues, compared to $40,209 or 4.4% of revenues for the year ended December 29, 2012. The table below explains the increase in operating income:

SunOpta Foods Operating Income Changes	
Operating Income for the year ended December 29, 2012	$40,209
Increase in gross margin, as noted above	3,900
Decrease in foreign exchanges losses	239
Increase in SG&A costs, partially offset by a centralization of services to corporate	(2,087)
Increase in corporate cost allocations due in part to the centralization of services	(1,797)
Operating Income for the year ended December 28, 2013	**$40,464**

Further details on revenue, gross margin and operating income variances within SunOpta Foods are provided in the segmented operations information that follows.

Global Ingredients	December 28, 2013	December 29, 2012	Change	% Change
Revenue	571,347	540,461	30,886	5.7%
Gross Margin	44,479	49,716	(5,237)	-10.5%
Gross Margin %	7.8%	9.2%		-1.4%
Operating Income	10,882	18,649	(7,767)	-41.6%
Operating Income %	1.9%	3.5%		-1.6%

Global Ingredients contributed $571,347 in revenues for the year ended December 28, 2013, compared to $540,461 for the year ended December 29, 2012, a $30,886 or 5.7% increase. The table below explains the increase in revenue:

Global Ingredients Revenue Changes	
Revenue for the year ended December 29, 2012	$540,461
Increased volumes in the North American market for feed ingredients, seeds, nuts and fruits	24,555
Increased prices for organic commodities including feed ingredients, sweeteners, fruits, nuts and seeds, partially offset by lower coffee prices	8,066
Improved pricing for commodity corn and commodity soy, and higher grain-based ingredient sales	4,707
Favorable impact on revenues in our European operations due to the stronger euro relative to the U.S. dollar	3,403
Increased volumes of fruits, feed ingredients and other organic commodities in our European operations	3,171
Lower volumes of commodity corn and commodity soy	(7,527)
Lower agronomy sales domestically, due in part to a poor planting season, and internationally	(3,521)
Lower domestic roasted sunflower sales partially offset by increased raw sunflower sales in our European operations	(1,968)
Revenue for the year ended December 28, 2013	**$571,347**

Gross margin in Global Ingredients decreased by $5,237 to $44,479 for the year ended December 28, 2013, compared to $49,716 for the year ended December 29, 2012, and the gross margin percentage decreased by 1.4% to 7.8% . The decrease in gross margin as a percentage of revenue was due to lower sunflower processing yields and decreased by-product values, due in part to smaller and lighter weight seeds; start-up costs related to our new cocoa processing facility, including mark-to-market losses recorded on commodity cocoa futures contracts; unfavorable margins realized on specialty coffee due to a decline in market prices; and pricing pressures and higher input costs for grain-based ingredients. The table below explains the decrease in gross margin:

Global Ingredients Gross Margin Changes	
Gross Margin for the year ended December 29, 2012	$49,716
Lower sunflower volumes combined with unfavorable processing yields and reduced by-product recovery values	(5,383)
Start-up and product testing costs related to our cocoa processing facility and loss on commodity futures contracts for cocoa	(2,380)
Lower pricing and higher input costs for grain-based ingredients	(964)
Increased volume and favorable product mix for organic fruit, nuts and seeds, partially offset by losses on coffee due to declining market prices	2,662
Margin impact on improved pricing on commodity corn and soy, partially offset by lower volumes	599
Favorable impact on gross margin in our European operations due to the stronger euro relative to the U.S. dollar	229
Gross Margin for the year ended December 28, 2013	**$44,479**

Operating income in Global Ingredients decreased by $7,767 or 41.6% to $10,882 for the year ended December 28, 2013, compared to $18,649 for the year ended December 29, 2012. The table below explains the decrease in operating income:

Global Ingredients Operating Income Changes	
Operating Income for the year ended December 29, 2012	$18,649
Decrease in gross margin, as explained above	(5,237)
Higher compensation expenses primarily due to expansion in our European operations	(1,457)
Increase in corporate cost allocations due in part to a centralization of services	(659)
Increased professional fees, information technology, travel, marketing, rent and other office expenses	(416)
Unfavorable impact on euro-borne SG&A spending in our European operations due to the stronger euro relative to the U.S. dollar	(237)
Decrease in foreign exchange losses	239
Operating Income for the year ended December 28, 2013	**$10,882**

Consumer Products	December 28, 2013	December 29, 2012	Change	% Change
Revenue	427,313	376,431	50,882	13.5%
Gross Margin	57,319	48,182	9,137	19.0%
Gross Margin %	13.4%	12.8%		0.6%
Operating Income	29,582	21,560	8,022	37.2%
Operating Income %	6.9%	5.7%		1.2%

Consumer Products contributed $427,313 in revenues for the year ended December 28, 2013, compared to $376,431 for the year ended December 29, 2012, a $50,882 or 13.5% increase. The table below explains the increase in revenue:

Consumer Products Revenue Changes	
Revenue for the year ended December 29, 2012	$376,431
Increased volume and pricing on aseptically packaged beverages	22,155
Increased sales of re-sealable pouch products	16,362
Higher volumes and improved pricing for fruit bases and toppings	12,841
Higher private label retail frozen foods volumes	8,116
Decreased sales of industrial frozen foods due to exiting the category	(3,748)
Decrease in brokerage sales as certain revenues were reported on a gross basis rather than net in the same period in the prior year	(3,090)
Lower private label retail beverage volume	(1,400)
Lower sales of healthy fruit and nutritional snacks due to increased competitive pressures	(354)
Revenue for the year ended December 28, 2013	**$427,313**

Gross margins in Consumer Products increased by $9,137 to $57,319 for the year ended December 28, 2013, compared to $48,182 for the year ended December 29, 2012, and the gross margin percentage increased by 0.6% to 13.4% . Gross margin as a percentage of revenue was favorably impacted by improved pricing and product mix in our aseptic beverage and frozen foods categories; and favorable pricing and improved plant efficiencies for fruit bases and toppings, due in part to higher production levels. These factors were partially offset by costs associated with re-positioned and rationalized product lines at healthy snacks; costs associated with the expansion and retrofit of our premium juice facility; and production downtime due to the voluntary recall of re-sealable pouch products by a customer. The table below explains the increase in gross margin:

Consumer Products Gross Margin Changes	
Gross Margin for the year ended December 29, 2012	$48,182
Higher volume and improved pricing on aseptically packaged beverages	4,816
Higher contribution from improved pricing and production volumes for fruit bases and toppings	3,948
Higher margin realized on retail format frozen food sales and decreased storage costs as a result of lower inventory levels, partially offset by inventory write-downs related to discontinued product lines	1,016
Margin impact on increased volume of re-sealable pouch products, partially offset by the product recall in the fourth quarter of 2013 leading to production down time and extra costs	381
Lower margins realized on reduced sales and production volumes of healthy snacks, as well as rationalized product lines	(545)
Decreased margin due to lower private label retail beverage volume and higher costs due the expansion and retrofit of our premium juice facility	(479)
Gross Margin for the year ended December 28, 2013	**$57,319**

Operating income in Consumer Products increased by $8,022, or 37.2%, to $29,582 for the year ended December 28, 2013, compared to $21,560 for the year ended December 29, 2012. The table below explains the increase in operating income:

Consumer Products Operating Income Changes	
Operating Income for the year ended December 29, 2012	21,560
Increase in gross margin, as explained above	9,137
Lower professional fees and bad debt	280
Increase in corporate cost allocations due in part to a centralization of services	(1,138)
Increased compensation costs related to short-term incentives	(257)
Operating Income for the year ended December 28, 2013	**29,582**

Opta Minerals	December 28, 2013	December 29, 2012	Change	% Change
Revenue	141,435	126,651	14,784	11.7%
Gross Margin	23,804	26,705	(2,901)	-10.9%
Gross Margin %	16.8%	21.1%		-4.3%
Operating Income	6,731	10,062	(3,331)	-33.1%
Operating Income %	4.8%	7.9%		-3.1%

Opta Minerals contributed $141,435 in revenues for the year ended December 28, 2013, compared to $126,651 for the year ended December 29, 2012, a $14,784 or 11.7% increase. The table below explains the increase in revenue:

Opta Minerals Revenue Changes	
Revenue for the year ended December 29, 2012	$126,651
Incremental revenue due to the acquisition of WGI on August 29, 2012	21,385
Decreased volumes of steel and magnesium products due to a slowdown in the steel industry	(3,647)
Decreased volumes of abrasive and industrial mineral products due to a slowdown in the construction and infrastructure sectors	(2,954)
Revenue for the year ended December 28, 2013	**$141,435**

Gross margin for Opta Minerals decreased by $2,901 to $23,804 for the year ended December 28, 2013 compared to $26,705 for the year ended December 29, 2012, and the gross margin percentage decreased by 4.3% to 16.8% . The decrease in gross margin as a percentage of revenue was driven by reduced pricing, higher plant costs and a shift in product mix. The table below explains the decrease in gross margin:

Opta Minerals Gross Margin Changes	
Gross Margin for the year ended December 29, 2012	$26,705
Lower volumes, higher plant costs and unfavorable pricing of abrasive and industrial mineral products	(2,724)
Lower volumes of steel and magnesium products, combined with lower margins due to changes in product and customer mix	(2,708)
Incremental gross margin due to the acquisition of WGI	2,531
Gross Margin for the year ended December 28, 2013	**$23,804**

Operating income for Opta Minerals decreased by $3,331, or 33.1%, to $6,731 for the year ended December 28, 2013, compared to $10,062 for the year ended December 29, 2012. The table below explains the decrease in operating income:

Opta Minerals Operating Income Changes	
Operating Income for the year ended December 29, 2012	$10,062
Decrease in gross margin, as explained above	(2,901)
Incremental SG&A due to the acquisition of WGI	(2,483)
Lower compensation including short-term incentives and stock compensation	794
Lower bad debt expense due mainly to the bankruptcy of a customer in the prior year	785
Increase in foreign exchange gains	474
Operating Income for the year ended December 28, 2013	**$6,731**

Corporate Services	**December 28, 2013**	**December 29, 2012**	**Change**	**% Change**
Operating Loss	(9,458)	(7,229)	(2,229)	-30.8%

Operating loss at Corporate Services increased by $2,229 to $9,458 for the year ended December 28, 2013, from a loss of $7,229 for the year ended December 29, 2012. The table below explains the increase in operating loss:

Corporate Services Operating Loss Changes	
Operating Loss for the year ended December 29, 2012	($7,229)
Increased professional fees, consulting costs and higher spending on information technology system support	(1,545)
Increase in compensation costs due to incremental headcount as part of the internal realignment and higher recruitment and relocation costs, partially offset by lower short- term incentives and reduced benefits costs	(1,162)
Higher general office spending on investor relations, travel and lease costs	(1,099)
Decrease in foreign exchange gains	(626)
Increase in corporate management fees that are allocated to SunOpta operating groups due in part to a centralization of services	1,797
Decrease in SG&A costs due to the weakened Canadian dollar causing Canadian borne expenses to be less costly when translated into U.S. dollars	406
Operating Loss for the year ended December 28, 2013	**($9,458)**

Management fees mainly consist of salaries of corporate personnel who perform back office functions for divisions, as well as costs related to the enterprise resource management system used within several of the divisions. These expenses are allocated to the groups based on (1) specific identification of allocable costs that represent a service provided to each division and (2) a proportionate distribution of costs based on a weighting of factors such as revenue contribution and number of people employed within each division.

Liquidity and Capital Resources

We have the following sources from which we can fund our operating cash requirements:

- existing cash and cash equivalents;
- available operating lines of credit;
- cash flows generated from operating activities;
- cash flows generated from the exercise, if any, of stock options or warrants during the year;
- potential additional long-term financing, including the offer and sale of debt and/or equity securities; and
- potential sales of non-core divisions, or assets.

On October 14, 2014, The Organic Corporation (TOC) and certain of our other subsidiaries entered into a multipurpose facilities agreement with a syndicate of lenders (collectively, the Lenders), which provides for a total of €92,500 in financing via four main facilities: (i) an €80,000 revolving credit facility covering working capital needs; (ii) a €5,000 facility covering commodity hedging requirements; (iii) a €5,000 facility designated for letters of credit; and (iv) a €2,500 pre-settlement facility covering currency hedging requirements (collectively, the Club Facility). The €80,000 revolving credit facility replaces the previous €45,000 revolving credit facility of TOC and certain of its subsidiaries. The increased facility size will be used to support growth within our international sourcing and supply operations. There is no set maturity to the Club Facility and the Club Facility s credit limit can be extended or adjusted based on the needs of the business and upon approval of the Lenders.

On May 8, 2014, Opta Minerals amended and extended its credit agreement dated May 18, 2012, which provides for a Cdn $20,000 revolving term credit facility and a Cdn $52,500 non-revolving term credit facility. The revolving term credit facility now matures on August 14, 2015, with the outstanding principal amount repayable in full on the maturity date. The principal amount of the non-revolving term credit facility is repayable in equal quarterly installments of approximately Cdn $1,312. Opta Minerals may be required to make additional repayments on the non-revolving term credit facility if certain financial covenants are not met. The non-revolving term credit facility matures on May 18, 2017, with the remaining outstanding principal amount repayable in full on the maturity date. These credit facilities are specific to the operations of Opta Minerals; are standalone and separate from facilities used to finance our core food operations; and are without recourse to SunOpta Inc.

Also on May 8, 2014, certain financial covenants under the Opta Minerals credit agreement were amended for the quarterly periods ending June 30, 2014 through September 30, 2015. Opta Minerals was in compliance with all its financial covenants as at December 31, 2014.

On July 27, 2012, we entered into an amended and restated credit agreement with a syndicate of lenders. The amended agreement provides secured revolving credit facilities of Cdn $10,000 and $165,000, as well as an additional $50,000 in availability upon the exercise of an uncommitted accordion feature. These facilities mature on July 27, 2016, with the outstanding principal amount repayable in full on the maturity date. These facilities support our core North American food operations.

On February 27, 2015, our Board of Directors approved a share repurchase program, pursuant to which we may make purchases, from time to time, of up to $30,000 of our common shares. This program will terminate after one year or at such time as we complete our purchases. The amount of common shares to be purchased and the timing of purchases may be subject to various factors, including the market price of the common shares, general market conditions, our capital requirements, alternate investment opportunities, and restrictions under our credit agreements and applicable law. In no event will we acquire shares representing in excess of 5% of our issued and outstanding shares unless all necessary regulatory approvals have been obtained. The common shares to be repurchased will be funded using existing resources; however, there is no assurance that any shares will be repurchased and we may elect to suspend or discontinue the program at any time.

We have an effective registration statement on file with the U.S. Securities and Exchange Commission, pursuant to which we may offer up to $200,000 of debt, equity and other securities. We also have a prospectus on file with Canadian securities regulators covering the offer and sale of up to $200,000 of debt, equity and other securities. While the U.S. registration statement and the Canadian prospectus could be used by us for a public offering of debt, equity or other securities to raise additional capital, our ability to conduct any such future offerings will be subject to market conditions.

In order to finance significant acquisitions that may arise in the future, we may need additional sources of cash that we could attempt to obtain through a combination of additional bank or subordinated financing, a private or public offering of debt or equity securities, or the issuance of common stock as consideration in an acquisition. There can be no assurance that these types of financing would be available or, if so, on terms that are acceptable to us.

In the event that we require additional liquidity due to market conditions, unexpected actions by our lenders, changes to our growth strategy, or other factors, our ability to obtain any additional financing on favorable terms, if at all, could be limited.

Our preference is to maintain a total debt to equity ratio of 0.60 -0.80 to 1.00. As at January 3, 2015, our total debt to equity ratio was 0.36 to 1.00 (December 28, 2013   0.59 to 1.00), which reflected the use of proceeds from the sale of the Fiber Business to repay a portion of our North American credit facilities. We expect that our borrowings will return to levels consistent with our historical borrowings as we make strategic investments and use cash for general corporate purposes.

Cash Flows

Fiscal 2014 Compared to Fiscal 2013

Net cash and cash equivalents increased $1,401 to $9,938 as at January 3, 2015, compared with $8,537 at December 28, 2013, which primarily reflected the following sources of cash:

- net proceeds from the sale of the Fiber Business of $36,863;
- cash provided by continuing operating activities of $25,017;
- cash proceeds on the disposal of assets of $5,966; and
- cash proceeds on the exercise of employee stock options of $3,058.

These sources of cash were mostly offset by the following uses of cash:

- net repayments under our line of credit facilities of $42,873;
- capital expenditures of $19,925, primarily related to expansion of our premium juice and aseptic production facilities, expansion of storage capacity at our Bulgarian grains handling and processing facility and completion of our cocoa processing facility in the Netherlands; and
- net repayments of long-term debt of $5,701.

Cash provided by operating activities of continuing operations was $25,017 for the year ended January 3, 2015, compared with $32,580 for the year ended December 28, 2013, a decrease of $7,563, reflecting increased working capital requirements to support the operating growth within SunOpta Foods, partially offset by the improved year-over-year operating performance within SunOpta Foods. In addition, we have reduced our inventories of commodity grains in favor of lower-volume, higher-margin non-GMO varieties, and we are carrying lower inventories of seeds following the rationalization of our sunflower operations. Cash flows used in operating activities of discontinued operations of $202 and $2,528 in 2014 and 2013, respectively, reflected the operations of the Fiber Business, as well as $4,360 of cash paid in 2013 in connection with the CSOP arbitration settlement.

Cash used in investing activities of continuing operations declined by $15,950 to $14,970 for the year ended January 3, 2015, compared with $30,920 for the year ended December 28, 2013, mainly due to a decrease in capital expenditures of $12,108, reflecting higher spending in 2013 related to an expansion of our aseptic processing and packaging operations, construction of our cocoa processing facility, expansion of production capabilities at OLC and expansion of our grains milling and roasting capacity. In addition, we generated proceeds of $5,966 on the disposal of assets in 2014, mainly related to the sale of the sunflower facilities. Also contributing to the year-over-year decline in cash used in investing activities was net cash paid of $3,828 to acquire OLC in 2013, offset by a decrease in restricted cash of $6,495, which was applied to the repayment of a credit facility used to pre-finance construction of equipment for our Dutch cocoa facility. Cash provided by investing activities of discontinued operations of $37,058, primarily reflected the net proceeds from the sale of the Fiber Business of $36,863. Cash used in investing activities of discontinued operations of $2,081 in 2013, primarily reflected capital expenditures related to the Fiber Business.

Cash used in financing activities of continuing operations was $45,661 for the year ended January 3, 2015, compared with cash provided of $4,495 for the year ended December 28, 2013, an increase in cash used of $50,156, which mainly reflected net repayments under our line of credit facilities of $42,873 in 2014, compared with net borrowings under these facilities of $9,151 in 2013, reflecting proceeds from the sales of the Fiber Business and sunflower facilities, as well as reduced capital and business acquisition spending in 2014, compared with 2013.

Cash Flows

Fiscal 2013 Compared to Fiscal 2012

Net cash and cash equivalents increased $1,697 to $8,537 as at December 28, 2013, compared with $6,840 at December 29, 2012, which primarily reflected the following sources of cash:

- cash provided by continuing operating activities of $32,580;
- net borrowings under our credit facilities of $9,151; and
- restricted cash of $6,495 applied to the repayment of the credit facility used to pre-finance construction of cocoa processing equipment at our facility in the Netherlands.

These sources of cash were mostly offset by the following uses of cash:

- capital expenditures of $32,033, related to the expansion of our aseptic beverage processing and packaging capacity; installation of new filling and extraction equipment at our San Bernardino juice production facility; construction of our cocoa processing facility; expansion of production capabilities and storage capacity at OLC; and additions to our grains milling and roasting capacity;
- net repayments of long-term debt of $6,842;
- cash component of the CSOP arbitration settlement of $4,360; and
- cash consideration paid to acquire OLC of $3,828, net of cash acquired.

Despite a decline in year-over-year earnings from continuing operations in 2013, compared with 2012, cash provided by operating activities increased by $3,134 to $32,580 for the year ended December 28, 2013, compared with $29,446 for the year ended December 29, 2012, which mainly reflected lower inventories of grains and seeds due to a late North American harvest in 2013 that has pushed deliveries into the first quarter of 2014. This factor was partially offset by higher working capital levels to support our expanded aseptic beverage and re-sealable pouch operations, as well as our European organic cocoa and sunflower processing operations. Cash used in operating activities of discontinued operations of $2,528 in 2013, reflected the $4,360 of cash paid in connection with the CSOP arbitration settlement, partially offset by the operations of the Fiber Business. Cash provided by operating activities of discontinued operations of $1,531 in 2012, primarily reflected the operations of the Fiber Business and Purity.

Cash used in investing activities of continuing operations decreased by $29,372 to $30,920 for the year ended December 28, 2013, compared with $60,292 for the year ended December 29, 2012, reflecting net cash paid to acquire OLC of $3,828 in 2013, compared with $30,044 of net cash paid by Opta Minerals to acquire WGI and Babco in 2012; and the use of the restricted cash of $6,495 to repay the cocoa equipment pre-finance facility in 2013, which was deposited in 2012. These factors were partially offset by an increase in capital expenditures of $9,243 in 2013. Cash used in investing activities of discontinued operations of $2,081 in 2013, primarily reflected capital expenditures related to the Fiber Business. Cash provided by investing activities of discontinued operations of $10,545 in 2012, primarily reflected the net proceeds from the sale of Purity of $12,189.

Cash provided by financing activities of continuing operations decreased by $18,672 to $4,495 for the year ended December 28, 2013, compared with $23,167 for the year ended December 29, 2012, reflecting net borrowings of $2,309 and proceeds from the exercise of stock options of $2,562 in 2013; compared with net borrowings of $25,025 in 2012, mainly related to the WGI and Babco acquisitions by Opta Minerals, partially offset by financing fees of $2,564 paid in connection with the amendments to our credit facilities completed in 2012.

Business and Financial Outlook

The purpose of this Business and Financial Outlook section is to provide shareholders, prospective investors and other readers of the Form 10-K with information regarding management's current plans and expectations including expectations regarding future revenues and earnings. This Outlook has been prepared for this purpose only and readers are cautioned that it may not be appropriate for any other purpose. Readers are also cautioned that this Outlook is subject to the assumptions, risks and uncertainties discussed below and elsewhere in the Form 10-K, that actual results may vary from those presented and therefore they should not place undue reliance on it. This Outlook reflects our current expectations and judgments based on circumstances existing as of March 3, 2015. We disclaim any intention or obligation to update or revise this Business and Financial Outlook, whether as a result of new information, future events or otherwise, except as required by law. The statements in this Outlook are forward-looking statements. See Forward-Looking Statements .

Management believes that consumer demand for high quality natural, organic and specialty foods has grown rapidly over the past decade as global awareness of the benefits of healthy eating continues to proliferate. We believe long-term trends for growth remain in place and it is reasonable to expect growth of approximately 10% in the markets where we participate. While a large number of companies compete within specific segments of the market, we believe there are relatively few companies positioned like SunOpta to take advantage of this growing market. We believe that our integrated field-to-table business model built over the past 15 years has positioned SunOpta as a global leader in the natural and organic food market.

During 2014, we realigned the operating segments of SunOpta Foods to focus on two key go-to-market categories: ingredient sourcing and supply; and consumer-packaged products. We believe this new operational structure better aligns with our integrated product portfolio and positions SunOpta to become a much more customer centric organization focused on strategically supplying our entire portfolio to retailers, food service and food manufacturers. In addition, we believe this new structure better supports our strategy of growing our value-added packaged foods and ingredients portfolios, and leveraging our sourcing and supply capabilities and production capacity.

For 2015, we believe we will realize revenue and unit growth compared to 2014, resulting from new and expanding customer relationships and contracts that utilize additional capacity added during 2015 and 2014, new product offerings in aseptic beverages, growth in flexible re-sealable pouches, new innovative nutritious snack and other on-the-go offerings delivered in portable convenient consumer packaging, incremental sales of value-added grain and fruit based ingredients, and continued growth in demand for natural and organic raw materials. We believe that consumer demand for natural, organic and specialty foods will continue to grow as consumers continue to elect to make healthy lifestyle changes and as concerns over disease, obesity and well-being remain center of mind. We feel we are well positioned to meet the needs of these growing markets.

We believe that our net earnings for 2015 should improve versus 2014 as a result of improved volumes, pricing and product mix; increased capacity utilization, cost reduction and streamlining initiatives; and lower rationalization costs. Our primary focus for 2015 remains the improvement of operating margins and returns on assets employed towards our established goals of 8% operating income as a percentage of revenues and 15% return on net assets. As a matter of policy, we generally do not provide specific revenue or earning guidance for future periods.

We have a well-defined strategic framework from which key initiatives and near-term action plans are developed, helping to create focus and a high degree of accountability for our businesses and employees. The framework is as follows:

To focus our natural and organic foods company on areas we can gain or further entrench our competitive advantage. This includes (i) focusing resources on our core products; (ii) focusing resources on key market categories and geographies; and (iii) identifying and pursuing strategically-aligned acquisitions.

To accelerate our growth by delivering more value to our customers. This includes (i) identifying key product categories, customers and competitors; (ii) enhancing innovation through shared research and development capabilities; and (iii) instituting key account management to better service customers.

To leverage the integrated platform we have built. This includes (i) standardizing and sharing expertise across operations to improve safety, quality, delivery and cost per unit; (ii) optimizing our field-to-table supply chain capabilities to deliver an outstanding customer experience; and (iii) improving performance on our five sustainability platforms.

To engage all employees for maximum mutual benefit. This includes ensuring that the tools, training, communication and expectations of all employees are in place to support the achievement of our goals.

Maintaining liquidity and having available sources of cash will be imperative to continue our growth. As at January 3, 2015, we had $9,938 in cash, of which $2,170 may only be used by the operations of Opta Minerals. We also had approximately $100,000 in unused bank lines available. Our remaining cash and unused lines plus cash generated from operations are expected to be sufficient to finance 2015 capital spending estimated to be $40,000 to $45,000. We believe additional sources of cash could be obtained through a combination of additional bank or subordinated financing, a private or public offering, the issuance of shares or through a divestiture. However, there can be no assurance that such financing or transactions would be available or, if so, on terms that are acceptable to us.

Off Balance Sheet Arrangements

There are currently no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition.

Contractual Obligations

The table below sets out our contractual obligations as at January 3, 2015:

	Payments due by Period				
	Total $	2015 $	2016-2017 $	2018-2019 $	Thereafter $
Bank indebtedness	91,410	91,410	-	-	-
Long-term debt	39,855	5,927	11,103	10,807	12,018
Interest on bank indebtedness and long-term debt[(1)]	8,514	4,606	3,379	529	-
Purchase commitments	232,506	232,506	-	-	-
Operating leases	90,549	19,262	34,458	28,119	8,710
Long-term liabilities	2,212	250	1,962	-	-
Commodity and foreign exchange contracts	2,015	1,925	90	-	-
Interest rate swaps	285	285	-	-	-
	467,346	356,171	50,992	39,455	20,728

(1) Interest is calculated based on scheduled repayments over the periods as indicated, using existing interest rates at January 3, 2015, as disclosed in note 11 to the Consolidated Financial Statements.

The preceding table does not include certain contingent consideration related to acquisitions completed prior to December 31, 2008 that may become payable if predetermined financial targets are achieved. The estimated fair value of contingent consideration liabilities related to acquisitions completed after January 1, 2009 is reflected in long-term liabilities in the table above. In addition, this table excludes a liability for uncertain tax benefits totaling $2,575, as we cannot currently make a reliable estimate of the period in which the liability will be payable, if ever.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All financial numbers presented in this Item 7A. Quantitative and Qualitative Disclosures about Market Risk are expressed in thousands of U.S. dollars, unless otherwise noted.

Interest rate risk

Variable and fixed rate borrowings carry different types of interest rate risk. Variable rate debt gives less predictability to earnings and cash flows as interest rates change, while the fair value of fixed rate debt is affected by changes in interest rates. As at January 3, 2015, we had $126,043 and $5,222 principal amount of variable and fixed rate debt, respectively, with weighted-average interest rates of 3.5% and 6.1%, respectively. Opta Minerals utilizes interest rate swaps to manage its exposure to changes in interest rates on a portion of its variable rate debt. As at January 3, 2015, Opta Minerals held interest rate swaps with a notional amount of Cdn $37,025 to fix its effective interest rate on this amount at 1.85% to 2.02% plus a margin based on certain financial ratios, until February 2017. A 100 basis-point change in interest rates would have an after-tax effect of $615 on our earnings and cash flows, based on current outstanding borrowings and effective interest rates on our variable rate debt, taking into account interest rate hedging activities. A 100 basis-point change in interest rates would not have material effect on the fair value of our fixed rate debt, based on the amount currently borrowed.

Foreign currency risk

All of our U.S. subsidiaries use the U.S. dollar as their functional currency, and the U.S. dollar is also our reporting currency. In addition, the functional currency of the Canadian corporate office is the U.S. dollar. The functional currency of our operations located in Europe is principally the euro. For these operations, gains (losses) on translation of net assets to U.S. dollars on consolidation are recorded in accumulated other comprehensive income within shareholders equity. We are exposed to foreign exchange rate fluctuations as the financial results of our European subsidiaries are translated into U.S. dollars on consolidation. A 10% change in the exchange rates for the euro would affect the fair value of our net assets by $3,457, with a corresponding impact to accumulated other comprehensive income.

The reporting currency of Opta Minerals is the U.S. dollar. Opta Minerals operates on an international basis. The functional currencies of its Canadian and European subsidiaries are the Canadian dollar and euro, respectively. For these operations, all transaction gains or losses in relation to the U.S. dollar are recorded as foreign exchange gain (loss) in the consolidated statements of operations, while gains (losses) on translation of net assets to U.S. dollars on consolidation are recorded in accumulated other comprehensive income within shareholders equity. A 10% movement in foreign currency exchange rates would affect the fair value of our net assets by $1,934, with a corresponding impact to accumulated other comprehensive income.

The euro depreciated against the U.S. dollar during 2014, with closing rates moving from $1.3740 at December 28, 2013 to $1.2004 at January 3, 2015. The Canadian dollar depreciated relative to the U.S. dollar in 2014, with closing rates moving from $0.9342 at December 28, 2013 to $0.8502 at January 3, 2015 for each U.S. dollar.

SunOpta Foods operations based in the U.S. have limited exposure to other currencies since almost all sales and purchases are made in U.S. dollars. The European operations are exposed to various currencies as they purchase product from a wide variety of countries in several currencies and primarily sell into the European market. It is our intention to hold excess funds in the currency in which the funds are likely to be used, which will from time to time potentially expose us to exchange rate fluctuations when converted into U.S. dollars. In addition, we enter into forward foreign exchange contracts to reduce exposure to fluctuations in foreign currency exchange rates. Open forward foreign exchange contracts were marked-to-market at January 3, 2015, resulting in a gain of $1,397 (December 28, 2013 - loss of $44), which is included in foreign exchange on the consolidated statements of operations. We attempt to reduce exposure to foreign currency exchange rates by entering into forward foreign exchange contracts. The net effect of all exchange based transactions including realized foreign exchange contracts, unrealized open contracts and all other foreign exchange transactions are recorded in foreign exchange on our consolidated statements of operations. For the year ended January 3, 2015, we recorded a gain of $777 (December 28, 2013 - gain of $1,606).

Commodity risk

SunOpta Foods enters into exchange-traded commodity futures and options contracts to hedge its exposure to price fluctuations on grain and certain other commodity transactions to the extent considered practicable for minimizing risk from market price fluctuations. Futures contracts used for hedging purposes are purchased and sold through regulated commodity exchanges. Inventories, however, may not be completely hedged, due in part to our assessment of our exposure from expected price fluctuations. Exchange purchase and sales contracts may expose us to risk in the event that the counterparty to a transaction is unable to fulfill its contractual obligation. We manage our risk by entering into purchase contracts with pre-approved growers.

We have a risk of loss from hedging activities if a grower does not deliver as scheduled. Sales contracts are entered into with organizations of acceptable creditworthiness, as internally evaluated. All futures transactions are marked to market. Gains and losses on futures transactions related to grain inventories are included in cost of goods sold. As at January 3, 2015, we owned 278,821 (December 28, 2013 - 212,026) bushels of corn with a weighted-average price of $3.86 (December 28, 2013 - $4.33) and 401,082 (December 28, 2013 - 623,739) bushels of soy beans with a weighted-average price of $10.97 (December 28, 2013 - $15.57) . As at January 3, 2015, we had a net long position on corn of 14,965 (December 28, 2013 - long position of 1,447) bushels and a net long position on soybeans of 2,539 (December 28, 2013 - short position of 16,729). An increase or decrease in commodity prices of either soy or corn of 10% would result in an increase or decrease in the carrying value of these commodities by $9 (December 28, 2013 - $25).

In addition, we enter into forward contracts to hedge our cocoa and coffee positions in an effort to minimize price fluctuations. As at January 3, 2015, we had net open forward contracts to sell 67 lots of cocoa (December 28, 2013 - 168 lots) and 39 lots of coffee (December 28, 2013 - nil). A 10% change in the commodity price of cocoa and coffee would impact the fair value of these derivative instruments by $197 (December 28, 2013 - $468) and $235 (December 28, 2013 - nil), respectively.

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements required by this item are set forth immediately following the signature page to this Form 10-K beginning on page F1 and are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has established disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act) is recorded, processed, summarized and reported within time periods specified in the Securities and Exchange Commission s rules and forms. Such disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures (as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act) as of the end of the period covered by this annual report. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of January 3, 2015.

Management s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act.

Our internal control framework and processes are designed to provide reasonable assurance to management and our Board of Directors regarding the reliability of financial reporting and the preparation of our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of January 3, 2015. In making this assessment, management used the criteria set forth by the Committee on Sponsoring Organizations of the Treadway Commission in Internal Control Integrated Framework (2013).

Based on its assessment, our management concluded that, as of January 3, 2015, our internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of January 3, 2015 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm that also audited the Company s Consolidated Financial Statements for the year ended January 3, 2015, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended January 3, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of SunOpta Inc.:

We have audited the internal control over financial reporting of SunOpta Inc. and subsidiaries (the Company) as of January 3, 2015, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Annual Report on Internal Control Over Financial Reporting . Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 3, 2015, based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Financial Statements as of and for the year ended January 3, 2015 of the Company and our report dated March 3, 2015 expressed an unqualified opinion on those financial statements.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 3, 2015

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to our Definitive Proxy Statement for the Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission not later than 120 days after January 3, 2015 (the 2015 Proxy Statement). See also the information regarding executive officers of the registrant set forth in Part I under the caption "Executive Officers of the Registrant" in reliance on General Instruction G to Form 10-K.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference from the 2015 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference from the 2015 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is incorporated herein by reference from the 2015 Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required under this item is incorporated herein by reference from the 2015 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are being filed as part of this annual report.

1. Financial Statements. See Index to Consolidated Financial Statements set forth on page F1.

2. Financial Statement Schedules. All schedules for which provision is made in the applicable accounting requirements of the Securities and Exchange Commission are not required or the required information has been included within the financial statements or the notes thereto.

3. Exhibits. The list of exhibits in the Exhibit Index included in this annual report is incorporated herein by reference.

EXHIBIT INDEX

Exhibits	Description
2.1+	Share Purchase Agreement, dated as of August 31, 2010, among SunOpta Inc., SunOpta BioProcess Inc., the Vendors (as defined therein), Mascoma Corporation, and Mascoma Canada, Inc. (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K filed on September 7, 2010).
2.2+	Asset Purchase Agreement, dated as of May 24, 2012, between SunOpta Inc. and Purity Life Health Products LP. (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K filed on May 30, 2012).

2.3+	Asset Purchase Agreement, dated December 15, 2014, among Canadian Harvest LP, as Purchaser, J. Rettenmaier & Sohne GmbH & Co KG, as Guarantor, SunOpta Grains and Foods Inc., as the Seller, and SunOpta Inc. as Parent to the Seller (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K filed on December 16, 2014).

Exhibits	**Description**
3.1	Amalgamation of Stake Technology Ltd. and 3754481 Canada Ltd. (formerly George F. Pettinos (Canada) Limited) (incorporated by reference to Exhibit 3.1 to the Company s Annual Report on Form 10-KSB for the year ended December 31, 2000).
3.2	Certificate of Amendment, dated October 31, 2003, to change the Company s name from Stake Technology Ltd. to SunOpta Inc. (incorporated by reference to Exhibit 3i(b) to the Company s Annual Report on Form 10-K for the year ended December 31, 2003).
3.3	Articles of Amalgamation of SunOpta Inc. and Sunrich Valley Inc., Integrated Drying Systems Inc., Kettle Valley Dried Fruits Ltd., Pro Organics Marketing Inc., Pro Organics Marketing (East) Inc., 4157648 Canada Inc. and 4198000 Canada Ltd., dated January 1, 2004 (incorporated by reference to Exhibit 3i(c) to the Company s Annual Report on Form 10-K for the year ended December 31, 2003).
3.4	Articles of Amalgamation of SunOpta Inc. and 6319734 Canada Inc., 4157656 Canada Inc. Kofman-Barenholtz Foods Limited, dated January 1, 2005 (incorporated by reference to Exhibit 3i(d) to the Company s Annual Report on Form 10-K for the year ended December 31, 2004).
3.5	Articles of Amalgamation of SunOpta Inc. and 4307623 Canada Inc., dated January 1, 2006 (incorporated by reference to Exhibit 3i(e) to the Company s Annual Report on Form 10-K for the year ended December 31, 2005).
3.6	Articles of Amalgamation of SunOpta Inc., 4208862 SunOpta Food Ingredients Canada Ltd., 4406150 Canada Inc. and 4406168 Canada Inc., dated January 1, 2007 (incorporated by reference to Exhibit 3i(f) to the Company s Annual Report on Form 10-K for the year ended December 31, 2007).
3.7	Articles of Amalgamation of SunOpta Inc. and 4460596 Canada Inc., dated January 1, 2008 (incorporated by reference to Exhibit 3i(g) to the Company s Annual Report on Form 10-K for the year ended December 31, 2007).
3.8	Amended and Restated By-law No. 14, dated May 27, 2010 (incorporated by reference to Exhibit 4 to the Company s Registration Statement on Form S-3 filed on July 3, 2014).
3.9	Certificate of Amendment, dated July 10, 2013, to authorize the directors to fix the number of directors to be elected by the shareholders and to appoint one or more directors (incorporated by reference to Exhibit 4.3 to the Company s Registration Statement on Form S-3 filed on July 3, 2014).
4.1	Form of Certificate representing Common Shares, no par value (incorporated by reference to Exhibit 4.9 to the Company s Registration Statement on Form 5-8 filed on September 2, 2011).
10.1	Employee Stock Purchase Plan amended March 4, 2013 (incorporated by reference to Exhibit 10.1 to the Company s Annual Report on Form 10-K for the year ended December 29, 2012).
10.2	Retiring Allowance Agreement, dated March 8, 2011, between the Company and Jeremy Kendall which terminates and supercedes the Employment Agreement dated October 1, 2001 between the Company and Mr. Jeremy Kendall, as amended (incorporated by reference to Exhibit 10.3 to the Company s Annual Report on Form 10-K for the year ended December 31, 2010).

Exhibits	Description
10.3	Employment Agreement, dated February 1, 2007, between the Company and Mr. Steven Bromley (incorporated by reference to Exhibit 10.5 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007).
10.4	SunOpta Inc. 2002 Stock Option Plan, Amended and Restated May 2011 (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on May 24, 2011).
10.5	Letter Agreement, dated October 10, 2011, by and between SunOpta Inc. and Robert McKeracher (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended October 1, 2011).
10.6	Amendment to Employment Agreement, dated May 6, 2012, between SunOpta Inc. and Steven R. Bromley (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on May 11, 2012).
10.7	Letter Agreement, dated June 30, 2012, by and between SunOpta Inc. and Hendrik (Rik) Jacobs (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on July 6, 2012).
10.8	Seventh Amended and Restated Credit Agreement, dated as of July 27, 2012, among SunOpta, Inc. and SunOpta Foods Inc., as Borrowers, and Each of the Financial Institutions and Other Entities from Time to Time Parties Thereto, as Lenders, and Certain Affiliates of the Borrowers, as Obligors, and Bank of Montreal, as Agent (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on August 1, 2012).
10.9	Letter Agreement, dated January 10, 2013, by and between SunOpta Inc. and John Dietrich (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on January 15, 2013).
10.10	Retirement and Consulting Agreement, dated January 10, 2014, between SunOpta Grains and Foods, Inc. and Allan G. Routh (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on January 13, 2014).
10.11	Stock Deferral Plan for Non-Employee Directors dated August 12, 2014 (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended July 5, 2014).
10.12	Amendment and Restatement Agreement, dated October 14, 2014, relating to a €92,500,000 Multipurpose Facilities Agreement, originally dated September 25, 2012, among The Organic Corporation B.V., Tradin Organic Agriculture B.V., SunOpta Foods Europe B.V., Tradin Organics USA Inc. and Trabocca B.V., as Borrowers, and ING Bank N.V., Cooperative Centrale Raiffeissen-Boerenleenbank B.A and Deutsche Bank AG, Amsterdam Branch, as Lenders (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on October 20, 2014).
10.13 *	Letter Agreement re Terms of Employment, dated October 10, 2011, by and between SunOpta Inc. and John Ruelle.

Exhibits	Description
10.14 *	Letter Agreement re Amendment of Terms of Employment, dated April 5, 2013, by and between SunOpta Inc. and John Ruelle.
10.15 *	Letter Agreement re Amendment of Terms of Employment, dated December 30, 2014, by and between SunOpta Inc. and John Ruelle.
10.16 *	Employment Agreement, dated April 2012, by and between The Organic Corporation B.V. and G.J.M. Versteegh.
21*	List of subsidiaries.
23.1*	Consent of Deloitte LLP, Independent Registered Public Accounting Firm.
31.1*	Certification by Steven Bromley, Chief Executive Officer, pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification by Robert McKeracher, Vice President and Chief Financial Officer, pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, as amended.
32*	Certifications by Steven Bromley, Chief Executive Officer, and Robert McKeracher, Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

+ Exhibits and schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. SunOpta will furnish copies of the omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

Indicates management contract or compensatory plan or arrangement.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNOPTA INC.

/s/ Robert McKeracher
Robert McKeracher
Vice President and Chief Financial Officer

Date: March 3, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Steven R. Bromley Steven R. Bromley	Chief Executive Officer and Director (Principal Executive Officer)	March 3, 2015
/s/ Robert McKeracher Robert McKeracher	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 3, 2015
/s/ Alan Murray Alan Murray	Chair of the Board and Director	March 3, 2015
/s/ Jay Amato Jay Amato	Director	March 3, 2015
/s/ Margaret Shan Atkins Margaret Shan Atkins	Director	March 3, 2015
/s/ Michael Detlefsen Michael Detlefsen	Director	March 3, 2015
/s/ Peter Fraser Peter Fraser	Director	March 3, 2015
/s/ Douglas Greene Douglas Greene	Director	March 3, 2015
/s/ Katrina Houde Katrina Houde	Director	March 3, 2015
/s/ Jeremy Kendall Jeremy Kendall	Director	March 3, 2015
/s/ Allan Routh Allan Routh	Director	March 3, 2015

SunOpta Inc.

Index to Consolidated Financial Statements

(expressed in thousands of U.S. dollars, unless otherwise noted)

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of SunOpta Inc.:

We have audited the accompanying consolidated balance sheets of SunOpta Inc. and subsidiaries (the Company) as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive earnings, shareholders equity, and cash flows for each of the three years in the period ended January 3, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of SunOpta Inc. and subsidiaries as of January 3, 2015 and December 28, 2013, and the results of their operations and their cash flows for each of the three years in the period ended January 3, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of January 3, 2015, based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2015 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
Toronto, Canada
March 3, 2015

SunOpta Inc.
Consolidated Statements of Operations
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

	January 3, 2015 $	December 28, 2013 $ (note 1)	December 29, 2012 $ (note 1)
Revenues	1,242,600	1,140,095	1,043,543
Cost of goods sold	1,099,306	1,014,493	918,940
Gross profit	143,294	125,602	124,603
Selling, general and administrative expenses	94,609	84,762	77,708
Intangible asset amortization	4,254	4,709	4,900
Other expense, net (note 13)	2,494	6,577	1,946
Goodwill impairment (note 9)	10,975	3,552	-
Foreign exchange gain	(777)	(1,606)	(1,047)
Earnings from continuing operations before the following	31,739	27,608	41,096
Interest expense, net (note 11)	7,764	7,860	9,333
Impairment loss on investment (note 7)	8,441	21,495	-
Earnings (loss) from continuing operations before income taxes	15,534	(1,747)	31,763
Provision for income taxes (note 14)	8,903	7,439	9,498
Earnings (loss) from continuing operations	6,631	(9,186)	22,265
Discontinued operations (note 3)			
Earnings (loss) from discontinued operations, net of income taxes	(144)	172	2,694
Gain on sale of discontinued operations, net of income taxes	1,898	-	808
Earnings from discontinued operations, net of income taxes	1,754	172	3,502
Earnings (loss)	8,385	(9,014)	25,767
Earnings (loss) attributable to non-controlling interests	(4,716)	(490)	1,543
Earnings (loss) attributable to SunOpta Inc.	13,101	(8,524)	24,224
Earnings (loss) per share basic (note 15)			
-from continuing operations	0.17	(0.13)	0.31
-from discontinued operations	0.03	-	0.05
	0.20	(0.13)	0.37
Earnings (loss) per share diluted (note 15)			
-from continuing operations	0.17	(0.13)	0.31
-from discontinued operations	0.03	-	0.05
	0.19	(0.13)	0.36

(See accompanying notes to consolidated financial statements)

SunOpta Inc.
Consolidated Statements of Comprehensive Earnings
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

	January 3, 2015 $	December 28, 2013 $ (note 1)	December 29, 2012 $ (note 1)
Earnings (loss) from continuing operations	6,631	(9,186)	22,265
Earnings from discontinued operations, net of income taxes	1,754	172	3,502
Earnings (loss)	8,385	(9,014)	25,767
Currency translation adjustment	(5,148)	2,209	741
Change in fair value of interest rate swaps, net of income taxes (note 4)	20	65	(87)
Other comprehensive earnings (loss), net of income taxes	(5,128)	2,274	654
Comprehensive earnings (loss)	3,257	(6,740)	26,421
Comprehensive earnings (loss) attributable to non-controlling interests	(4,669)	(76)	1,683
Comprehensive earnings (loss) attributable to SunOpta Inc.	7,926	(6,664)	24,738

(See accompanying notes to consolidated financial statements)

SunOpta Inc.
Consolidated Balance Sheets
As at January 3, 2015 and December 28, 2013
(Expressed in thousands of U.S. dollars, except per share amounts)

	January 3, 2015 $	December 28, 2013 $ (note 1)
ASSETS		
Current assets		
Cash and cash equivalents (note 16)	9,938	8,537
Accounts receivable (note 5)	125,896	104,904
Inventories (note 6)	264,256	268,037
Prepaid expenses and other current assets (note 4)	18,935	15,754
Current income taxes recoverable	2,233	6,116
Deferred income taxes (note 14)	8,107	4,806
Current assets held for sale (note 1)	-	11,575
	429,365	419,729
Investment (note 7)	3,645	12,350
Property, plant and equipment (note 8)	134,920	143,155
Goodwill (note 9)	29,082	41,643
Intangible assets (note 9)	40,640	47,955
Deferred income taxes (note 14)	2,061	12,565
Other assets (note 4)	1,237	1,554
Non-current assets held for sale (note 1)	-	26,984
	640,950	705,935
LIABILITIES		
Current liabilities		
Bank indebtedness (note 11)	91,410	141,853
Accounts payable and accrued liabilities (note 10)	128,437	127,453
Customer and other deposits	4,127	3,620
Income taxes payable	3,090	2,564
Other current liabilities (note 4)	3,087	2,114
Current portion of long-term debt (note 11)	5,927	6,354
Current portion of long-term liabilities	250	1,034
Current liabilities held for sale (note 1)	-	2,164
	236,328	287,156
Long-term debt (note 11)	33,928	42,654
Long-term liabilities (note 4)	1,962	3,072
Deferred income taxes (note 14)	15,404	30,441
	287,622	363,323
EQUITY		
SunOpta Inc. shareholders equity		
Common shares, no par value, unlimited shares authorized, 67,073,944 shares issued (December 28, 2013 - 66,527,691) (note 12)	190,668	186,376

Additional paid-in capital (note 12)	22,490	19,323
Retained earnings	129,309	116,208
Accumulated other comprehensive income (loss)	(1,778)	3,397
	340,689	325,304
Non-controlling interests	12,639	17,308
Total equity	353,328	342,612
	640,950	705,935
Commitments and contingencies (note 19)		

(See accompanying notes to consolidated financial statements)

SunOpta Inc.
Consolidated Statements of Shareholders Equity
As at and for the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

	000s	Common shares $	Additional paid-in capital $	Retained earnings $	Accumulated other comprehensive income (loss) $	Non-controlling interests $	Total $
Balance at January 1, 2012	65,796	182,108	14,134	100,508	2,382	15,816	314,948
Employee share purchase plan	111	546	-	-	-	-	546
Exercise of options	100	373	(132)	-	-	-	241
Stock-based compensation	-	-	2,853	-	-	-	2,853
Earnings from continuing operations	-	-	-	20,722	-	1,543	22,265
Loss from discontinued operations net of income taxes	-	-	-	3,502	(1,359)	-	2,143
Currency translation adjustment	-	-	-	-	572	169	741
Change in fair value of interest rate swap, net of income taxes (note 4)	-	-	-	-	(58)	(29)	(87)
Payment to non-controlling interests	-	-	-	-	-	(115)	(115)
Balance at December 29, 2012	66,007	183,027	16,855	124,732	1,537	17,384	343,535
Employee share purchase plan	80	549	-	-	-	-	549
Exercise of options	441	2,800	(787)	-	-	-	2,013
Stock-based compensation	-	-	3,255	-	-	-	3,255
	-	-	-	(8,696)	-	(490)	(9,186)

Loss from continuing operations							
Loss from discontinued operations, net of income taxes	-	-	-	172	-	-	172
Currency translation adjustment	-	-	-	-	1,817	392	2,209
Change in fair value of interest rate swaps, net of income taxes (note 4)	-	-	-	-	43	22	65
Balance at December 28, 2013	66,528	186,376	19,323	116,208	3,397	17,308	342,612
Employee share purchase plan	52	627	-	-	-	-	627
Exercise of options	494	3,665	(1,234)	-	-	-	2,431
Stock-based compensation	-	-	4,401	-	-	-	4,401
Earnings from continuing operations	-	-	-	11,347	-	(4,716)	6,631
Earnings from discontinued operations, net of income taxes	-	-	-	1,754	-	-	1,754
Currency translation adjustment	-	-	-	-	(5,188)	40	(5,148)
Change in fair value of interest rate swaps, net of income taxes (note 4)	-	-	-	-	13	7	20
Balance at January 3, 2015	67,074	190,668	22,490	129,309	(1,778)	12,639	353,328

(See accompanying notes to consolidated financial statements)

SunOpta Inc.
Consolidated Statements of Cash Flows
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

	January 3, 2015 $	December 28, 2013 $ (note 1)	December 29, 2012 $ (note 1)
CASH PROVIDED BY (USED IN)			
Operating activities			
Earnings (loss)	8,385	(9,014)	25,767
Earnings from discontinued operations	1,754	172	3,502
Earnings (loss) from continuing operations	6,631	(9,186)	22,265
Items not affecting cash:			
Depreciation and amortization	21,850	20,530	18,393
Deferred income taxes	(7,545)	1,164	1,981
Stock-based compensation (note 12)	4,401	3,255	2,753
Unrealized loss (gain) on derivative instruments (note 4)	176	1,976	(695)
Impairment loss on investment (note 7)	8,441	21,495	-
Impairment of long-lived assets (note 13)	3,770	310	-
Goodwill impairment (note 9)	10,975	3,552	-
Loss (gain) on disposal of assets (note 13)	(1,282)	223	51
Fair value of contingent consideration (note 13)	(1,373)	-	-
Other	699	(632)	1,046
Changes in non-cash working capital, net of businesses acquired (note 16)	(21,726)	(10,107)	(16,348)
Net cash flows from operating activities - continuing operations	25,017	32,580	29,446
Net cash flows from operating activities - discontinued operations	(202)	(2,528)	1,531
	24,815	30,052	30,977
Investing activities			
Purchases of property, plant and equipment	(19,925)	(32,033)	(22,790)
Payment of contingent consideration (note 4)	(1,199)	(1,267)	(477)
Acquisitions of businesses, net of cash acquired (note 2)	-	(3,828)	(30,044)
Proceeds on the disposal of assets (note 13)	5,966	129	50
Decrease in long-term investment, net (note 7)	264	-	-
Decrease (increase) in restricted cash	-	6,495	(6,595)
Other	(76)	(416)	(436)
Net cash flows from investing activities - continuing operations	(14,970)	(30,920)	(60,292)
Net cash flows from investing activities - discontinued operations	37,058	(2,081)	10,545
	22,088	(33,001)	(49,747)
Financing activities			
	(42,873)	9,151	20,517

Increase (decrease) under line of credit facilities (note 11)			
Repayment of long-term debt (note 11)	(5,996)	(7,328)	(55,484)
Borrowings of long-term debt (note 11)	295	486	59,992
Proceeds from the issuance of common shares	3,058	2,562	787
Financing costs	(34)	(36)	(2,564)
Other	(111)	(340)	(81)
Net cash flows from financing activities - continuing operations	(45,661)	4,495	23,167
Foreign exchange gain on cash held in a foreign currency	159	151	65
Increase in cash and cash equivalents during the year	1,401	1,697	4,462
Cash and cash equivalents - beginning of the year	8,537	6,840	2,378
Cash and cash equivalents - end of the year	9,938	8,537	6,840
Supplemental cash flow information (notes 16)			

(See accompanying notes to consolidated financial statements)

SunOpta Inc.
Notes to Consolidated Financial Statements
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

1. Description of Business and Significant Accounting Policies

SunOpta Inc. (the Company or SunOpta) was incorporated under the laws of Canada on November 13, 1973. The Company operates businesses focused on a healthy products portfolio that promotes sustainable well-being. The Company operates in two industry segments, the largest being SunOpta Foods, which consists of two reportable segments, Global Ingredients and Consumer Products, that operate in the natural, organic and specialty food sectors and utilize an integrated business model to bring cost-effective and quality products to market. In addition to SunOpta Foods, the Company owned approximately 66% of Opta Minerals Inc. (Opta Minerals) as at January 3, 2015 and December 28, 2013, on a non-dilutive basis. Opta Minerals produces, distributes and recycles industrial minerals, silica-free abrasives and specialty sands.

Basis of Presentation

These consolidated financial statements have been prepared by the Company in United States (U.S.) dollars and in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The consolidated financial statements include the accounts of the Company and those of its wholly-owned and majority-owned subsidiaries, including Opta Minerals. In addition, the accounts of any variable interest entities (VIEs) for which the Company has been determined to be the primary beneficiary are included in these consolidated financial statements. All intercompany accounts and transactions have been eliminated on consolidation.

Comparative Balances

On December 22, 2014, the Company completed the sale of its fiber and starch business (the Fiber Business), which has been presented as a discontinued operation in the consolidated financial statements for the current fiscal year and comparative periods. Accordingly, the operating results and cash flows of the Fiber Business for the years ended December 28, 2013 and December 29, 2012 have been reclassified to discontinued operations (see note 3). In addition, the net assets and liabilities of the Fiber Business have been reclassified and reported as held for sale on the consolidated balance sheet as at December 28, 2013.

Fiscal Year-End

The fiscal year of the Company consists of a 52- or 53-week period ending on the Saturday closest to December 31. Fiscal year 2014 was a 53-week period ending on January 3, 2015, while fiscal years 2013 and 2012 were each 52-week periods ending on December 28, 2013 and December 29, 2012, respectively. Fiscal year 2015 will be a 52-week period ending on January 2, 2016, with quarterly periods ending on April 4, July 4 and October 3, 2015.

The fiscal year of Opta Minerals ends on December 31, with its quarterly periods ending on March 31, June 30 and September 30.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Areas involving significant estimates and assumptions include: inventory valuation reserves; income tax liabilities and assets, and related valuation allowances; provisions for loss contingencies related to claims and litigation; allocation of the purchase price of acquired businesses; fair value of contingent consideration liabilities; useful lives of property, plant and equipment and intangible assets; expected future cash flows used in evaluating intangible assets for impairment; fair value of investments; and reporting unit fair values in testing goodwill for impairment. The estimates and assumptions made require judgment on the part of management and are based on the Company s historical experience and various other factors that are believed to be reasonable in the circumstances. Management continually evaluates the information that forms the basis of its estimates and assumptions as the business of the Company and the general business environment changes.

SunOpta Inc.
Notes to Consolidated Financial Statements
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

Business Acquisitions

Acquired businesses are accounted for using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at fair value, with limited exceptions. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. Acquisition-related transaction costs are accounted for as an expense in the period in which the costs are incurred. Contingent consideration is measured at fair value and recognized as part of the consideration transferred in exchange for the acquired businesses. Contingent consideration liabilities are remeasured to fair value at each reporting date with the changes in fair value recognized in other expense/income on the consolidated statements of operations.

Variable Interest Entities

The Company consolidates the financial results of VIEs in which it holds a controlling financial interest. The Company performs a qualitative analysis to determine whether it holds a controlling financial interest (i.e., is the primary beneficiary) in the VIE. The analysis identifies the primary beneficiary of a VIE as the entity that has both the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE.

Financial Instruments

The Company s financial instruments recognized in the consolidated balance sheets and included in working capital consist of cash and cash equivalents, accounts receivable, derivative instruments, accounts payable and accrued liabilities, and customer and other deposits. Cash and cash equivalents, inventories carried at market and derivative instruments are measured at fair value each reporting period. The fair values of the remaining financial instruments approximate their carrying values due to their short-term maturities. The fair values of long-term debt and long-term liabilities as at January 3, 2015 are considered not to be materially different from the carrying amounts.

The Company s financial instruments exposed to credit risk include cash equivalents and accounts receivable. The Company places its cash and cash equivalents with institutions of high creditworthiness. The Company s trade accounts receivable are not subject to a high concentration of credit risk. The Company routinely assesses the financial strength of its customers and believes that its accounts receivable credit risk exposure is limited. The Company maintains an allowance for losses based on the expected collectibility of the accounts receivable.

Fair Value Measurements

The Company has various financial assets and liabilities that are measured at fair value on a recurring basis, including certain inventories and derivatives, as well as contingent consideration. The Company also applies the provisions of fair value measurement to various non-recurring measurements for financial and non-financial assets and liabilities measured at fair value on a non-recurring basis.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurements are estimated based on inputs categorized as follows:

Level 1 inputs include quoted prices (unadjusted) for identical assets or liabilities in active markets that are observable.

Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 includes unobservable inputs that reflect the Company s own assumptions about what factors market participants would use in pricing the asset or liability.

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When measuring fair value, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Foreign Currency Translation

The assets and liabilities of the Company s operations having a functional currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date, and at the average rate for the reporting period for revenue and expense items. The cumulative currency translation adjustment is recorded as a component of accumulated other comprehensive income in shareholders equity. Exchange gains and losses arising from foreign currency transactions are included in earnings.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term deposits with an original maturity of 90 days or less. Certain cash and cash equivalents can only be used by subsidiaries and are consolidated for financial reporting purposes due to the Company s ownership (see note 16).

Accounts Receivable

Accounts receivable comprise trade receivables that are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is an estimate of the amount of probable credit losses in existing accounts receivable. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. As at January 3, 2015 and December 28, 2013, no customer s balance represented 10% or more of the Company s consolidated trade receivables balance.

Inventories

Inventories (excluding commodity grains) are valued at the lower of cost and market. Cost is principally determined on a weighted-average cost basis. Shipping and handling costs are included in cost of goods sold on the consolidated statements of operations.

Inventories of commodity grains, which include amounts acquired under deferred pricing contracts traded on the Chicago Board of Trade (CBoT), are valued at market. Grain inventory quantities at year-end are multiplied by the quoted price on the CBoT to reflect the market value of the inventory. This market value is then adjusted for a basis factor that represents differences in local markets, and broker and dealer quotes to arrive at market. Changes in CBoT prices or the basis factor are included in cost of goods sold on the consolidated statements of operations and comprehensive earnings.

SunOpta Foods economically hedges its commodity grain positions to protect gains and minimize losses due to market fluctuations. Futures contracts and purchase and sale contracts are adjusted to market price and resulting gains and losses from these transactions are included in cost of goods sold. As the Company has a risk of loss from hedge activity if the grower does not deliver the grain as scheduled, these transactions do not qualify as hedges under U.S. GAAP and, therefore, changes in market value are recorded in cost of goods sold on the consolidated statements of operations.

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Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line basis at rates reflecting the estimated useful lives of the assets.

Buildings	20 - 40 years
Machinery and equipment	10 - 20 years
Enterprise software	5 years
Office furniture and equipment	3 - 7 years
Vehicles	5 years

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the identifiable net assets acquired. Goodwill is not amortized but is instead tested for impairment at least annually, or whenever events or circumstances change between the annual impairment tests that would indicate the carrying amount of goodwill may be impaired. The Company performs its annual test for goodwill impairment related to the reporting units of SunOpta Foods in the fourth quarter of each fiscal year. Goodwill related to the reporting units of Opta Minerals is also tested in the fourth quarter. The Company performs a quantitative test for goodwill impairment by comparing the carrying amount of each reporting unit to its estimated fair value. If the carrying amount exceeds the reporting unit s fair value, there is a potential impairment in goodwill. Any impairment in goodwill is measured by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and comparing the notional goodwill from the fair value allocation to the carrying value of the goodwill.

Intangible Assets

The Company s finite-lived intangible assets consist of customer and other relationships, patents and trademarks, and other intangible assets. These intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Customer and other relationships	7 - 25 years
Patents and trademarks	15 years
Other	15 years

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable through undiscounted future cash flows. If impairment exists based on expected future undiscounted cash flows, a loss is recognized in income. The amount of the impairment loss is the excess of the carrying amount of the impaired asset over the fair value of the asset, typically based on discounted future cash flows.

Other Assets

Costs incurred in connection with obtaining financing are deferred and amortized over the term of the financing agreement, using the effective interest method.

Derivative Instruments

The Company is exposed to fluctuations in interest rates, commodities and foreign currency exchange. The Company utilizes certain derivative financial instruments to enhance its ability to manage these risks, including interest rate swaps, exchange-traded commodity futures, commodity forward purchase and sale contracts and forward foreign exchange contracts. Derivative instruments are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into contracts for speculative purposes.

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All derivative instruments are recognized on the consolidated balance sheets at fair value. Changes in the fair value of derivative instruments are recorded in earnings or other comprehensive earnings, based on whether the instrument is designated as part of a hedge transaction. Gains or losses on derivative instruments reported in accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in earnings in the current period. As at January 3, 2015, the Company utilized the following derivative instruments to manage interest rate, commodity and foreign currency risks:

(a) Interest rate swaps
Opta Minerals utilizes interest rate swaps to manage its exposure to interest rate risks. The fair value of the interest rate swaps is included in accounts payable and accrued liabilities, with changes in the fair value included in accumulated other comprehensive income to the extent that the cash flow hedge continues to be effective. The amounts included in accumulated other comprehensive income are allocated to earnings in the same period in which the hedged item affects earnings. To the extent that the cash flow hedge is not considered to be effective by completely offsetting the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded immediately in earnings and is classified as interest expense on the consolidated statements of operations.

(b) Exchange-traded commodity futures and forward contracts
SunOpta Foods enters into exchange-traded commodity futures contracts to economically hedge its exposure to price fluctuations on grain and cocoa transactions to the extent considered practicable for minimizing risk from market price fluctuations. Futures contracts used for economical hedging purposes are purchased and sold through regulated commodity exchanges in the U.S. However, inventories may not be completely hedged, due in part to the Company s assessment of its exposure from expected price fluctuations. Forward purchase and sale contracts may expose the Company to risk in the event that a counterparty to a transaction is unable to fulfill its contractual obligation or if a grower does not deliver grain as scheduled. The Company manages its risk by entering into purchase contracts with pre-approved growers and sale contracts are entered into with organizations of acceptable creditworthiness, as internally evaluated. All futures and forward purchase and sale contracts are marked-to-market. Gains and losses on these transactions are included in cost of goods sold on the consolidated statements of operations.

(c) Forward foreign exchange contracts
The Company enters into forward foreign exchange contracts to minimize exchange rate fluctuations relating to foreign currency denominated purchase and sale contracts and accounts payable and receivable. Forward foreign exchange contracts designated as hedges are marked-to-market with the effective portion of the gain or loss recognized in other comprehensive earnings and subsequently recognized in earnings in the same period the hedged item affects earnings. Gains and losses on forward exchange contracts not specifically designated as hedging instruments are included in foreign exchange (gain) loss on the consolidated statements of operations.

Customer and Other Deposits

Customer and other deposits include prepayments by customers for merchandise inventory to be purchased at a future date.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes whereby deferred income tax assets are recognized for deductible temporary differences and operating loss carry-forwards, and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes.

Deferred income tax assets are recognized only to the extent that management determines that it is more likely than not that the deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The income tax expense or benefit is the income tax payable or recoverable for the year plus or minus the change in deferred income tax assets and liabilities during the year.

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The Company is subject to ongoing tax exposures, examinations and assessments in various jurisdictions. Accordingly, the Company may incur additional income tax expense based upon the outcomes of such matters. In addition, when applicable, the Company adjusts income tax expense to reflect the Company s ongoing assessments of such matters, which requires judgment and can materially increase or decrease its effective rate as well as impact operating results. The evaluation of tax positions taken or expected to be taken in a tax return is a two-step process, whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position, and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the related tax authority.

Defined Benefit Pension Plan

The Company has a defined benefit pension plan covering certain of its European employees. The specified pension benefits are provided by an insurance entity in the Netherlands, in exchange for a fixed premium paid by the Company. The premium payments determine the periodic pension cost, which is included in selling, general and administrative expenses on the consolidated statements of operations.

Stock Incentive Plan

The Company maintains a stock incentive plan under which stock options and other stock-based awards may be granted to selected employees and directors. The Company recognizes stock-based compensation at fair value. Compensation expense is recognized on a straight-line basis over vesting period of the entire stock-based award based on the estimated number of awards that are expected to vest. When exercised, stock-based awards are settled through the issuance of shares and are therefore treated as equity awards.

Revenue Recognition

The Company recognizes revenue at the time of delivery of the product and when all of the following have occurred: a sales agreement is in place, the price is fixed or determinable, and collection is reasonably assured, as follows:

(a) SunOpta Foods
Grain revenues are recorded when title and possession of the product is transferred to the customer. Possession is transferred to the customer at the time of shipment from the Company s facility or at the time of delivery to a specified destination depending on the terms of the sale. All other SunOpta Foods revenues are recognized when title is transferred upon the shipment of product to the customer. Consideration given to customers such as value incentives, rebates, early payment discounts and other discounts are recorded as reductions to revenues at the time of sale.

(b) Opta Minerals
Revenues from the sale of silica-free loose abrasives, industrial minerals, specialty sands and related products are recognized on transfer of title upon delivery of goods to the customer or when goods are picked up by the customer. Revenue is measured net of returns, discounts and allowances.

Earnings Per Share

Basic earnings per share is computed by dividing the earnings available for common shareholders by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is computed using the treasury stock method whereby the weighted-average number of common shares used in the basic earnings per share calculation is increased to include the number of additional common shares that would have been outstanding if the potential dilutive common shares had been issued at the beginning of the year.

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Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as accrued but unpaid bonuses; tax-related matters; and claims or litigation. Accruals for loss contingencies are recorded when the Company determines that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the estimate of the amount of the loss is a range and some amount within the range appears to be a better estimate than any other amount within the range, that amount is accrued as a liability. If no amount within the range is a better estimate than any other amount, the minimum amount of the range is accrued as a liability.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers , which will supersede existing revenue recognition guidance under U.S. GAAP. Under the new standard, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The guidance is effective for annual and interim periods beginning on or after December 15, 2016, and is to be applied on either a full retrospective or modified retrospective basis. Early adoption is not permitted. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity , which raises the threshold for disposals to qualify as discontinued operations by focusing on strategic shift that have or will have a major effect on a company s operations and financial results. The guidance allows companies to have significant continuing involvement and continuing cash flows with the disposed component. The guidance is effective for annual and interim periods beginning on or after December 15, 2014, and is to be applied on a prospective basis. The Company will apply the new standard to any divestitures occurring after January 3, 2015.

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2. Business Acquisitions

Bulgarian Processing Operation

On December 31, 2012, the Company acquired a grains handling and processing facility located in Silistra, Bulgaria and operated as the Organic Land Corporation OOD (OLC). The facility is located near a protected and chemical-free agricultural area, which produces organic products including sunflower, flax seed, corn, barley and soybeans. This acquisition diversified the Company s organic sunflower processing operations and should allow it to expand its capabilities into the other organic products grown in the region following the expansion of production capabilities. The Company had been sourcing non-genetically modified sunflower kernel from OLC from late 2011 through to the date of acquisition. Since the acquisition date, the results of operations of OLC have been included in the Global Ingredients reportable segment.

This transaction has been accounted for as a business combination under the acquisition method of accounting. The following table summarizes the fair values of the assets acquired and liabilities assumed, as well as the total consideration transferred to effect the acquisition of OLC as of the acquisition date.

	$
Cash and cash equivalents	70
Accounts receivables	378
Inventories	55
Other current assets	21
Property, plant and equipment	4,067
Accounts payable and accrued liabilities	(228)
Long-term debt[1]	(465)
Total cash consideration	3,898

(1) Subsequent to the acquisition date, the Company fully repaid OLC s existing bank loans.

The revenue and earnings of OLC from the date of acquisition to January 3, 2015 were not material to the Company s consolidated results of operations. In addition, assuming the acquisition had occurred as of January 1, 2012, the results of operations of OLC would not have had a material pro forma effect on the Company s revenues, earnings and earnings per share for the year ended December 28, 2013.

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WGI Heavy Metals, Incorporated

On August 29, 2012, Opta Minerals paid $14,098 in cash to acquire approximately 94% of the outstanding common shares of WGI Heavy Metals, Incorporated (WGI), pursuant to an offer by Opta Minerals to acquire all of the outstanding common shares of WGI for Cdn $0.60 cash per share. The fair value of the remaining outstanding common shares of WGI amounted to $870 based on the terms of the offer. The fair value of the remaining outstanding common shares was included in accrued liabilities at the acquisition date, as Opta Minerals had commenced a compulsory acquisition of the outstanding common shares of WGI not tendered to the offer. The compulsory acquisition was completed on November 8, 2012, following which Opta Minerals owned 100% of WGI. WGI s principal business is the processing and sale of industrial abrasive minerals, and the sourcing, assembly and sale of ultra-high pressure water jet cutting machine replacement parts and components. This acquisition complemented Opta Minerals existing product portfolio and expanded product line offerings to new and existing customers.

The acquisition of WGI has been accounted for as a business combination under the acquisition method of accounting. The following table summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date.

	$
Cash and cash equivalents	2,454
Accounts and other receivables[1]	4,922
Inventories	7,329
Other current assets	111
Property, plant and equipment	5,386
Goodwill[2]	623
Deferred income tax	383
Accounts payable and accrued liabilities	(5,462)
Bank indebtedness and long-term debt	(551)
Other long-term liabilities	(227)
Total consideration	14,968

(1) Includes trade accounts receivable with a fair value of $4,365. The gross contractual amount of trade accounts receivable was $5,097, of which $732 was expected to be uncollectible.

(2) Goodwill is calculated as the difference between the acquisition-date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. None of the goodwill is expected to be deductible for tax purposes. The goodwill recorded represents (i) synergies and economies of scale expected to result from combining the operations of Opta Minerals and WGI, (ii) the value of the going-concern element of WGI s existing business (that is, the higher rate of return on the assembled net assets versus if Opta Minerals had acquired all of the net assets separately), and (iii) the value of WGI s assembled workforce that does not qualify for separate recognition as an intangible asset.

The acquired assets, assumed liabilities and results of operations of WGI have been included in the Opta Minerals operating segment since the date of acquisition.

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Babco Industrial Corp.

On February 10, 2012, Opta Minerals acquired all of the outstanding common shares of Babco Industrial Corp. (Babco), located in Regina, Saskatchewan. Babco is an industrial processor of petroleum coke. This acquisition complemented Opta Minerals existing product portfolio and provided for additional product line offerings to new and existing customers in the region.

This transaction has been accounted for as a business combination under the acquisition method of accounting. The following table summarizes the fair values of the assets acquired and liabilities assumed, as well as the consideration transferred to effect the acquisition of Babco as of the acquisition date.

	$
Net assets acquired:	
Accounts receivable(1)	467
Inventories	372
Other current assets	20
Property, plant and equipment	4,909
Goodwill(2)	7,675
Intangible assets(3)	9,347
Accounts payable and accrued liabilities	(692)
Deferred income taxes	(2,808)
Long-term debt(4)	(1,145)
	18,145
Consideration:	
Cash consideration	17,530
Contingent consideration(5)	615
	18,145

(1) The fair value of accounts receivable acquired is equal to the gross contractual amount receivable.

(2) Goodwill is calculated as the difference between the acquisition-date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. None of the goodwill is expected to be deductible for tax purposes. The goodwill recorded represents (i) synergies and economies of scale expected to result from combining the operations of Opta Minerals and Babco, (ii) the value of the going-concern element of Babco s existing business (that is, the higher rate of return on the assembled net assets versus if Opta Minerals had acquired all of the net assets separately), and (iii) the value of Babco s assembled workforce that does not qualify for separate recognition as an intangible asset.

(3) Intangible assets consist of acquired customer relationships, which are being amortized over their estimated useful lives of approximately 15 years.

(4) In conjunction with the acquisition, Opta Minerals fully repaid Babco s existing banking facilities.

(5) Represents the fair value of contingent consideration payments of up to approximately $1,300 if Babco achieves certain earnings before interest, taxes, depreciation and amortization (EBITDA) targets over the next five years. The fair value of the contingent consideration was measured at the acquisition date using a discounted cash flow analysis based on level 3 inputs, which included a forecasted EBITDA growth rate of 2.5% and a risk- adjusted discount rate of 18.0%.

In addition to the recognition of the fair values of the assets acquired and liabilities assumed at the acquisition date, Opta Minerals determined that in connection with its subsequent amalgamation with Babco, it was more likely than not that the combined company would be able to realize a portion of Opta Minerals pre-existing non-capital loss carryforwards. As a result, Opta Minerals released $990 of a valuation allowance against its deferred tax assets, resulting in a corresponding deferred tax benefit (before non-controlling interest) recognized in the provision for income taxes for the year ended December 29, 2012.

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The acquired assets (including goodwill), assumed liabilities and results of operations of Babco have been included in the Opta Minerals operating segment since the date of acquisition.

3. Discontinued Operations

Fiber and Starch Business

On December 22, 2014, the Company completed the sale of the Fiber Business for $37,500, subject to certain closing adjustments. The Fiber Business included five facilities located in Louisville, Kentucky, Cedar Rapids, Iowa, Cambridge, Minnesota, Fosston, Minnesota, and Galesburg, Illinois. The Fiber Business was formerly part of the former Value Added Ingredients operating segment. The Company continues to operate both its integrated grain- and fruit-based ingredient businesses, which were not part of the sale, and which previously formed the remainder of the former Value Added Ingredients operating segment.

For the year ended January 3, 2015, the Company recognized the following gain on sale of the Fiber Business in discontinued operations:

	$
Cash consideration	37,500
Transaction and related costs	(637)
Net proceeds	36,863
Current assets	12,139
Property, plant and equipment	13,045
Goodwill	12,030
Current liabilities	(3,239)
Net assets sold	33,975
Pre-tax gain on sale	2,888
Provision for income taxes	(990)
)Gain on sale of discontinued operations, net of income taxes	1,898

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Purity Life Natural Health Products

On June 5, 2012, the Company completed the sale of Purity Life Natural Health Products (Purity), its Canadian natural health products distribution business, for cash consideration of $13,443 (Cdn $14,000) at closing, plus up to $672 (Cdn $700) of contingent consideration if Purity achieved certain earnings targets during the one-year period following the closing date. The earnings targets were not met and, therefore, no contingent consideration was recognized.

For the year ended December 29, 2012, the Company recognized the following gain on sale of Purity in discontinued operations:

	$
Cash consideration	13,443
Transaction and related costs	(1,254)
Net proceeds	12,189
Net assets sold	12,939
Accumulated currency translation adjustment related to net assets sold	(1,359)
Net assets sold after accumulated currency translation adjustment	11,580
Pre-tax gain on sale	609
Recovery of income taxes[1]	199
Gain on sale of discontinued operations, net of income taxes	808

(1) The divestiture resulted in a pre-tax accounting loss on sale of $750 (before giving effect to the accumulated currency translation adjustment). The Company recognized a recovery of income taxes for the associated loss for Canadian tax purposes.

Colorado Sun Oil Processing LLC

On August 12, 2011, the Company disposed of its interest in the Colorado Sun Oil Processing LLC (CSOP) joint venture to Colorado Mills, LLC (Colorado Mills) pursuant to the outcome of related bankruptcy proceedings. CSOP operated a vegetable oil refinery adjacent to Colorado Mills sunflower crush plant. The operating results of CSOP were reclassified to discontinued operations, which included a pre-tax charge of $5,246 recorded in the year ended December 31, 2011, which was related to a separate arbitration ruling in favor of Colorado Mills in respect of the joint venture agreement. On June 18, 2013, the Company reached an agreement with Colorado Mills to settle the arbitration proceeding. In connection with the settlement, the Company paid Colorado Mills $5,884, consisting of cash and equipment in use at the CSOP refinery. The expenses of CSOP included in discontinued operations for the years ended December 28, 2013 and December 29, 2012, related to legal fees and period interest costs the Company incurred in connection with the arbitration proceeding.

Operating Results Reported in Discontinued Operations

The following table presents the aggregate operating results of the Fiber Business, Purity and CSOP reported in earnings (loss) from discontinued operations:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$

Revenues	40,938	41,834	74,435
Earnings before income taxes	6	303	4,210
Provision for income taxes	(150)	(131)	(1,516)
Earnings (loss) from discontinued operations, net of income taxes	(144)	172	2,694

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4. Derivative Financial Instruments and Fair Value Measurements

The following table presents for each of the fair value hierarchies, the assets and liabilities that are measured at fair value on a recurring basis as of January 3, 2015 and December 28, 2013:

				January 3, 2015
	Fair value asset (liability) $	Level 1 $	Level 2 $	Level 3 $
(a) Commodity futures and forward contracts[1]				
Unrealized short-term derivative asset	2,450	44	2,406	-
Unrealized long-term derivative asset	50	-	50	-
Unrealized short-term derivative liability	(2,951)	-	(2,951)	-
Unrealized long-term derivative liability	(90)	-	(90)	-
(b) Inventories carried at market[2]	7,713	-	7,713	-
(c) Interest rate swaps[3]	(285)	-	(285)	-
(d) Forward foreign currency contracts[4]	1,026	-	1,026	-
(e) Contingent consideration[5]	(396)	-	-	(396)
(f) Embedded derivative[6]	3,409	-	-	3,409

				December 28, 2013
	Fair value asset (liability) $	Level 1 $	Level 2 $	Level 3 $
(a) Commodity futures and forward contracts[1]				
Unrealized short-term derivative asset	1,459	284	1,175	-
Unrealized long-term derivative asset	29	-	29	-
Unrealized short-term derivative liability	(1,841)	-	(1,841)	-
Unrealized long-term derivative liability	(12)	-	(12)	-
(b) Inventories carried at market[2]	11,836	-	11,836	-
(c) Interest rate swaps[3]	(311)	-	(311)	-
(d) Forward foreign currency contracts[4]	(371)	-	(371)	-
(e) Contingent consideration[5]	(2,671)	-	-	(2,671)

(1) Unrealized short-term derivative asset is included in prepaid expenses and other current assets, unrealized long-term derivative asset is included in other assets, unrealized short-term derivative liability is included in other current liabilities and unrealized long-term derivative liability is included in long-term liabilities on the consolidated balance sheets.
(2) Inventories carried at market are included in inventories on the consolidated balance sheets.
(3) The interest rate swaps are included in long-term liabilities on the consolidated balance sheets.
(4) The forward foreign currency contracts are included in accounts receivable on the consolidated balance sheets.
(5) Contingent consideration obligations are included in long-term liabilities (including the current portion thereof) on the consolidated balance sheets.
(6) The embedded derivative is included in investment on the consolidated balance sheets.

(a) Commodity futures and forward contracts

The Company s derivative contracts that are measured at fair value include exchange-traded commodity futures and forward commodity purchase and sale contracts. Exchange-traded futures are valued based on unadjusted quotes for identical assets priced in active markets and are classified as level 1. Fair value for forward commodity purchase and sale contracts is estimated based on exchange-quoted prices adjusted for differences in local markets. Local market adjustments use observable inputs or market transactions for similar assets or liabilities, and, as a result, are classified as level 2. Based on historical experience with the Company s suppliers and customers, the Company s own credit risk, and the Company s knowledge of current market conditions, the Company does not view non-performance risk to be a significant input to fair value for the majority of its forward commodity purchase and sale contracts.

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These exchange-traded commodity futures and forward commodity purchase and sale contracts are used as part of the Company s risk management strategy, and represent economic hedges to limit risk related to fluctuations in the price of certain commodity grains, as well as the prices of cocoa and coffee. These derivative instruments are not designated as hedges for accounting purposes. Gains and losses on changes in fair value of these derivative instruments are included in cost of goods sold on the consolidated statement of operations. For the year ended January 3, 2015, the Company recognized a loss of $176 (December 28, 2013 loss of $1,976; December 29, 2012 gain of $695) related to changes in the fair value of these derivatives.

As at January 3, 2015, the notional amounts of open commodity futures and forward purchase and sale contracts were as follows (in thousands of bushels):

	Number of bushels purchased (sold)	
	Corn	Soybeans
Forward commodity purchase contracts	1,232	1,639
Forward commodity sale contracts	(1,171)	(1,808)
Commodity futures contracts	(325)	(230)

In addition, as at January 3, 2015, the Company had open forward contracts to sell 67 lots of cocoa and 39 lots of coffee.

(b) Inventories carried at market
Grains inventory carried at fair value is determined using quoted market prices from the CBoT. Estimated fair market values for grains inventory quantities at period end are valued using the quoted price on the CBoT adjusted for differences in local markets, and broker or dealer quotes. These assets are placed in level 2 of the fair value hierarchy, as there are observable quoted prices for similar assets in active markets. Gains and losses on commodity grains inventory are included in cost of goods sold on the consolidated statements of operations. As at January 3, 2015, the Company had 278,821 bushels of commodity corn and 401,082 bushels of commodity soybeans in inventories carried at market.

(c) Interest rate swaps
As at January 3, 2015, Opta Minerals held interest rate swaps with a notional value of Cdn $37,025 to pay fixed rates of 1.85% to 2.02%, plus a margin of 2.0% to 3.5% based on certain financial ratios of Opta Minerals, and receive a variable rate based on various reference rates including prime, bankers acceptances or LIBOR, plus the same margin, until May 2017. The net notional value decreases in accordance with the quarterly principal repayments on Opta Minerals non-revolving term credit facility (see note 11).

At each period end, the Company calculates the marked-to-market fair value of the interest rate swaps using a valuation technique using quoted observable prices for similar instruments as the primary input. Based on this valuation, the previously recorded fair value is adjusted to the current marked-to-market position. The marked-to-market gain or loss is placed in level 2 of the fair value hierarchy. As the interest rate swaps are designated as a cash flow hedge for accounting purposes, gains and losses on changes in the fair value of these derivative instruments are included on the consolidated statements of comprehensive earnings. For the year ended January 3, 2015, a gain of $26 (December 28, 2013 gain of $85; December 29, 2012 loss of $140), net of income tax expense of $6 (December 28, 2013 income tax expense of $20; December 29, 2012 income tax benefit of $53) related to changes in the fair value of these derivatives.

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(d) Foreign forward currency contracts
As part of its risk management strategy, the Company enters into forward foreign exchange contracts to reduce its exposure to fluctuations in foreign currency exchange rates. For any open forward foreign exchange contracts at period end, the contract rate is compared to the forward rate, and a gain or loss is recorded. These contracts are placed in level 2 of the fair value hierarchy, as the inputs used in making the fair value determination are derived from and are corroborated by observable market data. While these forward foreign exchange contracts typically represent economic hedges that are not designated as hedging instruments, certain of these contracts may be designated as hedges. As at January 3, 2015 the Company had open forward foreign exchange contracts with a notional value of €13,191 ($15,834). Gains and losses on changes in the fair value of these derivative instruments are included in foreign exchange loss or gain on the consolidated statement of operations. For the year ended January 3, 2015, the Company recognized a gain of $1,397 (December 28, 2013 loss of $44; December 29, 2012 loss of $327) related to changes in the fair value of these derivatives.

(e) Contingent consideration
The fair value measurement of contingent consideration arising from business acquisitions is determined using unobservable (level 3) inputs. These inputs include: (i) the estimated amount and timing of the projected cash flows on which the contingency is based; and (ii) the risk-adjusted discount rate used to present value those cash flows. For the year ended January 3, 2015, the change in the fair value of the contingent consideration liability mainly reflected a payment of $800 and a fair value adjustment of $1,373 (see note 13) in connection with the settlement of remaining earn-out related to the acquisition Edner of Nevada, Inc. (Edner) on December 14, 2010.

(f) Embedded derivative
As described in note 7, the Company invested $1,371 in the aggregate in convertible subordinated notes of Enchi Corporation (Enchi) (formerly Mascoma Corporation), a developer of advanced bioconversion products for the renewable fuels industry. These notes included an embedded accelerated payment option that may result in a maximum payout to the Company of approximately $5,100 in the aggregate plus accrued interest thereon. In the third quarter of 2014, the Company recorded a gain of $3,409 on the consolidated statement of operations (net against the impairment loss on its equity investment in Enchi) to recognize the estimated fair value of the embedded derivative. As at January 3, 2015, the Company determined that the fair value of the embedded derivative had not changed, resulting in no further gain or loss being recorded in the fourth quarter of 2014. Due to a lack of level 1 or level 2 observable market quotes for the notes, the Company used a discounted cash flow analysis (income approach) to estimate the fair value of the embedded derivative based on unobservable level 3 inputs. The significant unobservable inputs used in this analysis included: (i) the amount and timing of cash flows related to certain royalty rights received by Enchi in exchange for the sale of its yeast products business, which are expected to be the primary source of funds available to Enchi to settle the embedded derivative; and (ii) the discount rates used to reflect the relative risk profiles of each of the yeast products, which ranged from 18% to 50% (weighted average of 32%). Significant decreases in the cash flows from the royalty rights or significant increases in the discount rates applied to the royalties would result in a significantly lower fair value measurement. Factors that may impact these inputs include: (i) the regulatory requirements, technological risks, economic viability and future earnings prospects related to the development and commercialization of each of the products; and (ii) the competitive landscape, regulatory environment and economic conditions in the renewable fuels industry (including, but not limited to, the relative cost of petroleum). The Company assesses changes in the fair value of the embedded derivative based on the performance of actual cash flows derived from the royalty rights relative to the latest financial forecasts used in the valuation analysis.

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5. Accounts Receivable

	January 3, 2015	December 28, 2013
	$	$
Trade receivables	128,465	106,580
Allowance for doubtful accounts	(2,569)	(1,676)
	125,896	104,904

The change in the allowance for doubtful accounts provision for the years ended January 3, 2015 and December 28, 2013 is comprised as follows:

	January 3, 2015	December 28, 2013
	$	$
Balance, beginning of year	1,676	2,423
Net additions to provision	1,958	1,247
Accounts receivable written off, net of recoveries	(1,052)	(1,996)
Effects of foreign exchange rate differences	(13)	2
Balance, end of year	2,569	1,676

6. Inventories

	January 3, 2015	December 28, 2013
	$	$
Raw materials and work-in-process	189,192	176,206
Finished goods	66,142	72,781
Company-owned grain	15,066	23,773
Inventory reserve	(6,144)	(4,723)
	264,256	268,037

The change in the inventory reserve for the years ended January 3, 2015 and December 28, 2013 is comprised as follows:

	January 3, 2015	December 28, 2013
	$	$
Balance, beginning of year	4,723	4,448
Additions to reserve during the year	11,461	2,824
Reserves applied and inventories written off during the year	(9,953)	(2,555)
Effect of foreign exchange rate differences	(87)	6
Balance, end of year	6,144	4,723

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7. Investment

On August 31, 2010, the Company sold 100% of its ownership interest in SunOpta BioProcess Inc. to Enchi in exchange for an equity ownership position in Enchi, consisting of preferred stock, common stock and warrants to purchase common stock of Enchi. The fair value of the non-cash consideration received was estimated to be $33,345 as of the date of sale, and the Company recognized a non-cash gain on sale in discontinued operations in the third quarter of 2010. The Company accounts for its equity investment in Enchi using the cost method, as it does not have the ability to exercise significant influence over the operating and financial policies of Enchi. The Company has identified its investment in Enchi as a non-core holding.

On August 5, 2011 and August 29, 2014, the Company invested $500 and $871, respectively, in convertible subordinated notes issued by Enchi.

As at June 29, 2013, the Company concluded that the original $33,345 carrying value of its investment in equity securities of Enchi was impaired and that the impairment was other-than-temporary. As a result, the Company recorded an other-than-temporary impairment loss of $21,495 in the second quarter of 2013, to write down the carrying value of its equity investment from $33,345 to $11,850.

On October 31, 2014, Enchi completed the sale of its yeast business in exchange for cash and certain royalty rights based on future sales of the yeast products by the purchaser. As a consequence of this sale, the Company estimated that its investment in equity securities of Enchi was fully impaired and that the impairment was other-than-temporary. As a result, the Company recorded an impairment loss on investment of $11,850 on the statement of operations in the third quarter of 2014, to write off the remaining carrying value of its equity investment. The Company also estimated that the fair value of its $1,371 investment in convertible subordinated notes of Enchi was $4,780, including the value ascribed to the accelerated payment option embedded in the notes (see note 4). As a result, the Company recognized a gain on its investment in debt securities of Enchi of $3,409 in the third quarter of 2014, which was recorded as a net amount against the impairment loss on investment on the statement of operations.

On November 21, 2014, the Company received a repayment of principal on the convertible subordinated notes of $1,135.

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8. Property, Plant and Equipment

			January 3, 2015
	Cost	Accumulated depreciation	Net book value
	$	$	$
Land	6,562	-	6,562
Buildings	64,381	18,851	45,530
Machinery and equipment	149,044	75,165	73,879
Enterprise software	8,857	6,057	2,800
Office furniture and equipment	10,664	6,789	3,875
Vehicles	7,102	4,828	2,274
	246,610	111,690	134,920

			December 28, 2013
	Cost	Accumulated depreciation	Net book value
	$	$	$
Land	7,476	-	7,476
Buildings	62,194	16,497	45,697
Machinery and equipment	149,789	67,244	82,545
Enterprise software	6,837	5,523	1,314
Office furniture and equipment	9,805	5,892	3,913
Vehicles	6,705	4,495	2,210
	242,806	99,651	143,155

Included in machinery and equipment as at January 3, 2015 was $9,759 (December 28, 2013 $8,177) representing construction in process assets which were not being depreciated as they had not yet reached the stage of commercial viability. Also included in machinery and equipment as at January 3, 2015 was equipment under capital leases with a cost of $6,683 (December 28, 2013 $7,807) and a net book value of $5,837 (December 28, 2013 $7,517). In addition, machinery and equipment includes $3,640 as at January 3, 2015 (December 28, 2013 $3,170) of spare parts inventory.

Total depreciation expense included in cost of goods sold and selling, general and administrative expense on the consolidated statements of operations related to property, plant and equipment for the year ended January 3, 2015 was $17,596 (December 28, 2013 $15,820; December 29, 2012 $13,493).

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9. Goodwill and Intangible Assets

	January 3, 2015	December 28, 2013
	$	$
Goodwill	29,082	41,643
Intangible assets with a finite life at cost, less accumulated amortization of $29,787 (December 28, 2013 - $28,033)	40,640	47,955

The following is a summary of changes in goodwill:

	$
Balance at December 29, 2012	45,384
Goodwill impairment	(3,552)
Impact of foreign exchange and other	(189)
Balance at December 28, 2013	41,643
Goodwill impairment	(10,975)
Impact of foreign exchange and other	(1,586)
Balance at January 3, 2015	29,082

For the years ended January 3, 2015, December 28, 2013 and December 29, 2012, the Company performed its annual test for goodwill impairment related to the reporting units of SunOpta Foods in the fourth quarter of each fiscal year. Based on the results of the quantitative tests performed, the Company determined that none of the goodwill associated with the SunOpta Foods reporting units was impaired in any of those fiscal years.

In June 2014, the Company announced that the Board of Directors of Opta Minerals had established a special committee of independent directors to conduct a review of strategic alternatives available to Opta Minerals with a view to enhancing value for all shareholders. On the basis of the proposals received as part of this strategic review process, the Company determined that external market conditions suggested that the carrying value of Opta Minerals goodwill may be impaired. These market conditions reflect increased competition and reduced demand for silica-free abrasives, resulting in lower sales volumes, reduced market share, price concessions causing lower gross margins, and under-utilization of plant capacity, as well as cyclicality and customer concentrations in the steel industry. As a result of completing the test for goodwill impairment using a market approach, the Company determined the carrying value of Opta Minerals goodwill was fully impaired, and recorded a non-cash impairment charge of $10,975 in the fourth quarter of 2014. None of the impaired goodwill was deductible for tax purposes.

For the year ended December 28, 2013, Opta Minerals recognized a non-cash goodwill impairment loss of $3,552 related to one of its reporting units, reflecting lower-than-expected operating profits and cash flows for industrial minerals. The fair value of the reporting unit was estimated using an income approach based on the expected present value of future cash flows using unobservable (level 3) inputs, which included the following assumptions: (i) an estimated cumulative average operating income growth rate from 2014 to 2017 of 25.7%; (ii) a projected long-term annual operating income growth rate of 2.5%; and (iii) a risk-adjusted discount rate of 14.0% . The goodwill associated with the reporting unit was fully deductible for tax purposes.

There was no indication of goodwill impairment related to the other reporting units of Opta Minerals based on the testing done for the year ended December 29, 2012.

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The following is a summary of changes in intangible assets:

	Customer and other relationships	Patents and trademarks	Other	Total
	$	$	$	$
Balance at December 29, 2012	50,848	386	1,592	52,826
Additions	-	12	170	182
Impairment (see note 13)	(310)	-	-	(310)
Amortization	(4,206)	(68)	(436)	(4,710)
Impact of foreign exchange	246	-	(279)	(33)
Balance at December 28, 2013	46,578	330	1,047	47,955
Additions	-	-	-	-
Impairment (see note 13)	(196)	-	-	(196)
Amortization	(3,925)	(69)	(260)	(4,254)
Impact of foreign exchange	(2,600)	-	(265)	(2,865)
Balance at January 3, 2015	39,857	261	522	40,640

The Company estimates that the aggregate future amortization expense associated with finite-life intangible assets in each of the next five fiscal years and thereafter will be as follows:

	$
2015	4,293
2016	4,182
2017	4,144
2018	4,116
2019	3,893
Thereafter	20,012
	40,640

10. Accounts Payable and Accrued Liabilities

	January 3, 2015	December 28, 2013
	$	$
Accounts payable	89,922	89,996
Payroll and commissions	14,411	9,340
Accrued grain liabilities	13,899	16,902
Other accruals	10,205	11,215
	128,437	127,453

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11. Bank Indebtedness and Long-Term Debt

	January 3, 2015 $	December 28, 2013 $
Bank indebtedness:		
North American credit facilities[1]	6,263	64,382
European credit facilities[2]	72,191	61,892
Opta Minerals revolving term credit facility[3]	12,956	15,579
	91,410	141,853
Long-term debt:		
Opta Minerals non-revolving term credit facility[3]	34,633	42,253
Lease obligations[4]	4,965	6,444
Other	257	311
	39,855	49,008
Less: current portion	5,927	6,354
	33,928	42,654

(1) North American credit facilities
The syndicated North American credit facilities support the core North American food operations of the Company.

On July 27, 2012, the Company entered into an amended and restated credit agreement with a syndicate of lenders. The amended agreement provides secured revolving credit facilities of Cdn $10,000 (or the equivalent U.S. dollar amount) and $165,000, as well as an additional $50,000 in availability upon the exercise of an uncommitted accordion feature. These facilities mature on July 27, 2016, with the outstanding principal amount repayable in full on the maturity date.

Interest on borrowings under the facilities accrues based on various reference rates including LIBOR, plus an applicable margin of 1.75% to 2.50%, which is set quarterly based on average borrowing availability. As at January 3, 2015, the weighted-average interest rate on the facilities was 2.01% .

The facilities are collateralized by substantially all of the assets of the Company and its subsidiaries, excluding The Organic Corporation (TOC) and Opta Minerals.

(2) European credit facilities
The European credit facilities support the international sourcing and supply operations of the Global Ingredients reportable segment.

On October 14, 2014, TOC and certain of the Company s other subsidiaries (collectively, the Borrowers) entered into a multipurpose facilities agreement with a syndicate of lenders (collectively, the Lenders), which provides for a total of €92,500 in financing via four main facilities: (i) an €80,000 revolving credit facility covering working capital needs; (ii) a €5,000 facility covering commodity hedging requirements; (iii) a €5,000 facility designated for letters of credit; and (iv) a €2,500 pre-settlement facility covering currency hedging requirements (collectively, the Club Facility).

The €80,000 revolving credit facility is secured by the working capital of the Borrowers and replaced the former €45,000 revolving credit facility of TOC and certain of its subsidiaries dated September 25, 2012. The Club Facility is due on demand with no set maturity date. Interest costs under the Club Facility accrue based on the aggregate of: (i) a fixed loan margin of 1.75%; and (ii) a variable rate based on LIBOR or EURIBOR plus an applicable spread as set by the Lenders on a periodic basis. As at January 3, 2015, €58,205 ($69,869) of the Club Facility had been utilized and, as of December 28, 2013, €42,661 ($58,616) of the former revolving credit facility had been utilized.

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On April 29, 2014, a subsidiary of TOC amended its revolving credit facility agreement dated May 22, 2013, to provide up to €4,500 to cover the working capital needs of TOC s Bulgarian operations. The facility is secured by the accounts receivable and inventories of the Bulgarian operations and is fully guaranteed by TOC. Interest accrues under the facility based on EURIBOR plus a margin of 2.75%, and borrowings under the facility are repayable in full on April 30, 2015. As at January 3, 2015 and December 28, 2013, €1,934 ($2,322) and €2,385 ($3,276), respectively, was borrowed under this facility.

(3) Opta Minerals credit facilities
These credit facilities are specific to the operations of Opta Minerals.

On May 8, 2014, Opta Minerals amended and extended its credit agreement dated May 18, 2012, which provides for a Cdn $20,000 revolving term credit facility and a Cdn $52,500 non-revolving term credit facility. The revolving term credit facility now matures on August 14, 2015, with the outstanding principal amount repayable in full on the maturity date. The principal amount of the non-revolving term credit facility is repayable in equal quarterly installments of approximately Cdn $1,312. Opta Minerals may be required to make additional repayments on the non-revolving term credit facility if certain financial covenants are not met. The non-revolving term credit facility matures on May 18, 2017, with the remaining outstanding principal amount repayable in full on the maturity date.

Interest on the borrowings under these facilities accrues at the borrower s option based on various reference rates including LIBOR, plus an applicable margin of 2.00% to 5.50% based on certain financial ratios of Opta Minerals. Opta Minerals utilizes interest rate swaps to hedge the interest payments on a portion of the borrowings under the non-revolving term credit facility (see note 4). As at December 31, 2014, the weighted-average interest rate on the credit facilities was 6.46%, after taking into account the related interest rate hedging activities.

The credit facilities are collateralized by a first priority security interest on substantially all of the assets of Opta Minerals, and are without recourse to SunOpta Inc.

On May 8, 2014, certain financial covenants under the Opta Minerals credit agreement were amended for the quarterly periods ending June 30, 2014 through September 30, 2015. Opta Minerals was in compliance with all its financial covenants as at December 31, 2014.

(4) Lease obligations
On October 1, 2012, TOC entered into a €4,990 lease facility to provide for long-term financing on equipment for the cocoa processing facility in the Netherlands. Interest on this facility accrues at an effective rate of 5.90% and the facility matures on October 1, 2019. Principal and accrued interest is repayable in equal monthly installments of €73. As at January 3, 2015 and December 28, 2013, €3,603 ($4,325) and €4,242 ($5,829), respectively, remained outstanding under this facility.

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Principal repayments of long-term debt are as follows:

	$
2015	5,927
2016	5,623
2017	5,480
2018	5,414
2019	5,393
Thereafter	12,018
	39,855

Interest expense (including standby fees and the amortization of deferred financing costs) and interest income are as follows:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$
Interest expense	7,913	8,046	9,602
Interest income	(149)	(186)	(269)
Interest expense, net	7,764	7,860	9,333

12. Capital Stock

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value (of which none are outstanding).

Stock Incentive Plans

On May 28, 2013, the Company s shareholders approved the 2013 Stock Incentive Plan (the 2013 Plan), which permits the grant of a variety of stock-based awards, including stock options, restricted stock units (RSUs) and performance share units (PSUs) to selected employees and directors of the Company. As at January 3, 2015, 2,088,813 securities remained available for issuance under the 2013 Plan.

Stock Options

Stock options granted in the years ended January 3, 2015 and December 28, 2013, vest ratably on each of the first through fifth anniversaries of the grant date and expire on the tenth anniversary of the grant date. Options granted prior to January 1, 2012 generally vest ratably on each of the first through fifth anniversaries from the date of grant and expire on the sixth anniversary of the grant date. Stock options granted by the Company contain an exercise price that is equal to the closing market price of the shares on the day prior to the grant date. Any consideration paid by employees or directors on exercise of stock options or purchase of stock is credited to capital stock.

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Details of stock option activity for the year ended January 3, 2015 are as follows:

	Options	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Outstanding at beginning of year	4,024,060	$ 4.80		
Granted	436,278	11.70		
Exercised	(485,810)	2.01		
Forfeited or expired	(349,880)	6.32		
Outstanding at end of year	3,624,648	$ 6.61	6.6	$ 16,747
Exercisable at end of year	1,534,532	$ 5.42	4.7	$ 5,839

The weighted-average grant-date fair values of all stock options granted in the years ended January 3, 2015, December 28, 2013 and December 29, 2012 were $6.93, $4.44 and $3.41, respectively. The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of the options granted in those years were as follows:

	January 3, 2015	December 28, 2013	December 29, 2012
Dividend yield(1)	0%	0%	0%
Expected volatility(2)	61.3%	63.1%	65.8%
Risk-free interest rate(3)	2.2%	1.3%	1.2%
Expected life of options (years)(4)	6.5	6.5	6.5

(1) Determined based on expected annual dividend yield at the time of grant.
(2) Determined based on historical volatility of the Company s common shares over the expected life of the option.
(3) Determined based on the yield on U.S. Treasury zero-coupon issues with maturity dates equal to the expected life of the option.
(4) Determined using simplified method, as the Company changed the term of its stock option grants from six years to 10 years commencing in 2012 and, as a result, historical exercise data may no longer provide a reasonable basis upon which to estimate expected life.

The fair value of the options is based on estimates of the number of options that management expects to vest, which is estimated to be 85% of the granted amounts.

Details of stock options outstanding as at January 3, 2015 are as follows:

Expiry date	Exercise price range Low	Exercise price range High	Vested outstanding options	Weighted-average price (vested)	Total outstanding options	Weighted-average price (total)
2015	$ 0.91	$ 1.92	272,920	$ 1.62	272,920	$ 1.62
2016	4.45	5.62	236,600	4.51	307,000	4.51
2017	4.99	7.72	390,550	7.14	601,450	7.08
2022	5.14	5.73	421,900	5.58	1,114,600	5.56
2023	7.09	8.23	193,950	7.47	908,150	7.47

2024	9.70	13.86	18,612		11.30	420,528		11.60
			1,534,532	$	5.42	3,624,648	$	6.61

Earnings from continuing operations for the year ended January 3, 2015 included $4,401 (December 28, 2013 $3,255; December 29, 2012 $2,753) of stock compensation expense related to the Company s stock-based compensation arrangements, including $361 (December 28, 2013 $485; December 29, 2012 $501) in stock-based compensation for the options issued by Opta Minerals to its employees. In addition, the Company realized a cash tax benefit of $258 (December 28, 2013 $170; December 29, 2012 $12) relating to options granted in prior years and exercised in the current year. Total compensation costs related to non-vested stock option awards not yet recognized as an expense was $7,573 as at January 3, 2015, which will be amortized over a weighted-average remaining vesting period of 2.2 years.

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Restricted Stock Units and Performance Share Units

For the year ended January 3, 2015, the Company granted 72,173 RSUs and 102,167 PSUs to certain employees and directors of the Company. Each vested RSU and PSU will be settled through the issuance of common shares of the Company and are therefore treated as equity awards.

Time-based RSUs vest ratably on each of the first through third anniversaries of the grant date. The fair value of each RSU granted was estimated to be $11.30 based on the fair market value of a share of the Company s common stock on the date of grant. The grant-date fair value is recognized on a straight-line basis over the three-year vesting period based on the number of RSUs expected to vest.

Performance-based PSUs vest three years following the grant date. The number of PSUs that ultimately vest (up to a specified maximum) will be determined based on performance relative to predetermined performance measures of the Company. If the Company s performance is below a specified performance level, no PSUs will vest. The fair value of each PSU granted was estimated to be $11.30 based on the fair market value of a share of the Company s common stock on the date of grant. Each reporting period, the number of PSUs that are expected to vest is re-determined and the grant-date fair value of these PSUs is amortized on a straight-line basis over the remaining vesting period less amounts previously recognized.

Total compensation costs related to non-vested RSU and PSU awards not yet recognized as an expense was $692 and $880, respectively, as at January 3, 2015, which will be amortized over weighted-average remaining vesting periods of 2.4 years and 2.0 years, respectively.

Employee Share Purchase Plan

The Company maintains an employee share purchase plan whereby employees can purchase common shares through payroll deductions. In the year ended January 3, 2015, the Company s employees purchased 51,946 common shares (December 28, 2013 80,215; December 29, 2012 111,078) for total proceeds of $549 (December 28, 2013 $549; December 29, 2012 $546). As at January 3, 2015, 1,311,825 common shares are remaining to be granted under this plan.

Warrants

On February 5, 2010, the Company issued warrants exercisable for up to 250,000 common shares at an exercise price of $3.25 per share as partial payment for general investment banking financial advisory services. On June 11, 2010, the Company issued warrants exercisable for up to 600,000 common shares at an exercise price of $5.11 per share as partial payment for advisory services in connection with the sale of the Canadian Food Distribution assets. A fair value of $2,163 in the aggregate was assigned to these warrants, determined using the Black-Scholes option pricing model. The fair value of the warrants was expensed in full as of the dates of issuance, with the offset recorded as an increase to additional paid-in capital. The warrants expire on the fifth anniversary of the respective dates of issuance. As at January 3, 2015, none of the warrants had been exercised. On January 29, 2015, the 250,000 warrants issued February 5, 2010 were exercised.

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13. Other Expense, Net
The components of other expense (income) are as follows:

	January 3, 2015 $	December 28, 2013 $	December 29, 2012 $
Impairment of long-lived assets[1]	3,770	310	-
Business development costs[2]	539	181	671
Plant closure costs[3]	459	-	-
Severance and rationalization costs[4]	343	946	1,457
Fair value of contingent consideration[5]	(1,373)	-	-
Loss (gain) on disposal of assets[6]	(1,282)	117	(376)
Product recall[7]	-	5,214	-
Other	38	(191)	194
	2,494	6,577	1,946

(1) Impairment of long-lived assets
For the year ended January 3, 2015, Opta Minerals wrote down the carrying value of certain property, plant and equipment and intangible assets, mainly related to increased competition and reduced demand for silica-free abrasives. For the year ended December 28, 2013, Opta Minerals wrote off the carrying amounts of certain intangible assets related to long-term licensing agreements that were determined not to be recoverable, due to a decline in the cash flows generated under these agreements.

(2) Business development costs
For the year ended January 3, 2015, business development costs represent external professional and consulting fees incurred in connection with the review of strategic opportunities to acquire or divest of businesses or assets.

For the years ended December 28, 2013 and December 29, 2012, business development costs comprise acquisition-related transaction costs in connection with the acquisitions of OLC, WGI and Babco (see note 2).

(3) Plant closure costs
For the year ended January 3, 2015, Opta Minerals incurred direct costs in connection with the closure or relocation of certain of its abrasives plants.

(4) Severance and other rationalization costs
For the year ended January 3, 2015, employee severance and other costs included costs incurred by the Company in connection with the closure and sale of certain of its sunflower facilities (see (6) below).

For the year ended December 28, 2013, Opta Minerals incurred severance and other costs in connection with the rationalization and integration of WGI. In addition, the Company recorded employee severance and other costs in connection with the idling of its Fargo, North Dakota sunflower facility.

For the year ended December 29, 2012, the Company recorded employee severance and other costs in connection with the rationalization of a number of operations and functions within SunOpta Foods in an effort to streamline operations, which included a reduction in its salaried workforce, as well as severance payable to a former executive officer. In addition, Opta Minerals incurred severance costs in connection with the acquisition of WGI.

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(5) Fair value of contingent consideration
For the year ended January 3, 2015, the Company recorded a gain of $1,373 in connection with the settlement of the remaining earn-out related to the acquisition of Edner.

(6) Gain on disposal of assets
During the year ended January 3, 2015, the Company completed the sales of its Fargo, North Dakota, Goodland, Kansas and Edson, Kansas, sunflower production and storage facilities as part of a rationalization of its North American sunflower operations. These rationalization efforts are intended to lower the overall cost structure of the sunflower operations and improve production capacity utilization. The Company received total cash consideration of $5,688 and recognized a gain on sale of these facilities of $1,018 in the aggregate. These facilities were included in the Global Ingredients reportable segment. In addition, for the year ended January 3, 2015, the Company recognized an insurance recovery of $264 that was in excess of the carrying amount of the insured assets.

(7) Product recall
For the year ended December 28, 2013, the Company recorded a provision for the expected loss associated with a voluntary product recall initiated by a customer in November 2013, which related to certain pouch products processed and packaged at the Company s Allentown, Pennsylvania facility. As at January 3, 2015 and December 28, 2013, no amount of this provision had been utilized.

14. Income Taxes

The provision for income taxes from continuing operations differs from the amount that would have resulted by applying the combined Canadian federal and provincial statutory income tax rate to earnings before income taxes due to the following:

	January 3, 2015 $	December 28, 2013 $	December 29, 2012 $
Income tax provision (recovery) at combined statutory rate	3,743	(464)	8,416
Income (decrease) by the effects of:			
Foreign tax rate differential	3,752	2,426	2,360
Change in valuation allowance	3,691	3,434	(1,354)
Goodwill impairment	2,908	-	-
Impairment loss on investment	1,122	2,799	-
Benefits of losses and credits not previously recognized	(2,350)	-	-
U.S. domestic manufacturing deduction	(1,334)	-	-
Benefits of intercompany financing structures	(1,066)	(626)	(210)
Impact of changes in enacted tax rates	(532)	29	(406)
Change in unrecognized tax benefits	(335)	153	180
Impact of foreign exchange	(245)	(224)	18
Other	(451)	(88)	494
Provision for income taxes	8,903	7,439	9,498

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The components of earnings (loss) from continuing operations before income taxes are shown below:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$
Canada	(7,617)	(15,945)	9,070
U.S.	19,418	12,589	11,734
Other	3,733	1,609	10,959
	15,534	(1,747)	31,763

The components of the provision for (recovery of) income taxes are shown below:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$
Current income tax provision (recovery):			
Canada	(29)	402	250
U.S.	15,875	4,967	1,130
Other	1,743	806	3,041
	17,589	6,175	4,421
Deferred income tax provision (recovery):			
Canada	2,434	1,766	889
U.S.	(10,878)	(602)	4,205
Other	(242)	100	(17)
	(8,686)	1,264	5,077
Provision for income taxes	8,903	7,439	9,498

Deferred income taxes of the Company are comprised of the following:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$
Differences in property, plant and equipment and intangible assets	(23,017)	(32,654)	(33,476)
Capital and non-capital losses	17,553	14,822	16,076
Tax benefit of scientific research expenditures	2,283	4,974	5,086
Tax benefit of costs incurred during share issuances	-	354	368
Inventory basis differences	4,774	2,106	1,944
Other accrued reserves	3,359	3,863	1,241
	4,952	(6,535)	(8,761)
Less: valuation allowance	10,188	6,535	3,145
Net deferred income tax liability	(5,236)	(13,070)	(11,906)

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The components of the deferred income tax asset (liability) are shown below:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$
Canada	3,486	6,053	7,848
U.S.	(5,737)	(15,475)	(16,721)
Other	(2,985)	(3,648)	(3,033)
	(5,236)	(13,070)	(11,906)

The components of the deferred income tax valuation allowance are as follows:

	January 3, 2015	December 28, 2013	December 29, 2012
	$	$	$
Balance, beginning of year	6,535	3,145	4,547
Increase (decrease) in valuation allowance	3,691	3,434	(1,354)
Adjustments to valuation allowance as a result of acquisitions and foreign exchange	(38)	(44)	(48)
Balance, end of year	10,188	6,535	3,145

The Company has approximately $4,497 (December 28, 2013 - $10,098) in Canadian scientific expenditures, which can be carried forward indefinitely to reduce future years taxable income. The Company also has approximately $685 and $342 (December 28, 2013 $953 and $71) in Canadian and U.S. scientific research investment tax credits and $727 (December 28, 2013 - $166) in Massachusetts research and development tax credits, which will expire in varying amounts up to 2029.

The Company has Canadian and U.S. federal non-capital loss carry-forwards of approximately $21,329 and $9,211, respectively, as at January 3, 2015 (December 28, 2013 - $21,581 and $5,108, respectively). The Company also has state loss carry-forwards of approximately $8,109 as at January 3, 2015 (December 28, 2013 - $6,576). The amounts are available to reduce future federal and provincial/state income taxes. Non-capital loss carry-forwards attributable to Canada and the U.S. expire in varying amounts over the next 20 years.

The Company has Canadian capital losses of approximately $7,114 as at January 3, 2015 (December 28, 2013 - $394) for which a full valuation allowance exists. These amounts are available to reduce future capital gains and do not expire.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In making such determinations, the Company considers all available positive and negative evidence, including future reversals of existing temporary differences, projected future taxable income, tax planning strategies and recent financial operations. Based on this evaluation, a valuation allowance of $10,188 (December 28, 2013 - $6,535) has been recorded against certain assets to reduce the net benefit recorded in the consolidated financial statements.

The Company has not provided Canadian deferred taxes on cumulative earnings of non-Canadian affiliates and associated companies that have been reinvested indefinitely. Deferred taxes are provided for earnings of non-Canadian affiliates and associated companies when the Company determines that such earnings are no longer indefinitely reinvested.

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The Company believes it has adequately examined its tax positions taken or expected to be taken in a tax return; however, amounts asserted by taxing authorities could differ from the Company s positions. Accordingly, additional provisions on federal, provincial, state and foreign tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved. A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) is presented below.

	January 3, 2015	December 28, 2013
	$	$
Balance, beginning of year	2,910	2,757
Reductions in tax positions of prior years	(553)	-
Additions in tax positions related to the current year	218	153
Balance, end of year	2,575	2,910

The Company s unrecognized tax benefits largely include a possible reduction to prior year losses for U.S. exposures relating to the deductibility of certain interest amount accrued. The Company believes that it is reasonably possible that a decrease in unrecognized tax benefits related to tax exposures in the U.S. may be necessary as statute limitations lapse beginning in 2015.

Consistent with its historical financial reporting, the Company has classified interest and penalties related to income tax liabilities, when applicable, as part of interest expense in its consolidated statements of operations, and with the related liability on the consolidated balance sheets. All of the unrecognized tax benefits could impact the Company s effective tax rate if recognized.

The number of years with open tax audits varies depending on the tax jurisdiction. The Company s major taxing jurisdictions include Canada (including Ontario) the U.S. (including multiple states), and the Netherlands. The Company s 2007 through 2013 tax years (and any tax year for which available non-capital loss carry-forwards were generated up to the amount of non-capital loss carry-forward) remain subject to examination by the Internal Revenue Service for U.S. federal tax purposes, and the 2007 through 2013 tax years remain subject to examination by the appropriate governmental agencies for Canadian federal tax purposes. There are other ongoing audits in various other jurisdictions that are not considered material to the Company s consolidated financial statements.

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15. Earnings (Loss) Per Share

Earnings (loss) per share were calculated as follows:

		January 3, 2015		December 28, 2013		December 29, 2012
Earnings (loss) from continuing operations attributable to SunOpta Inc.	$	11,347	$	(8,696)	$	20,722
Earnings from discontinued operations, net of taxes		1,754		172		3,502
Earnings (loss) attributable to SunOpta Inc.	$	13,101	$	(8,524)	$	24,224
Basic weighted-average number of shares outstanding		66,835,201		66,288,147		65,897,969
Dilutive potential of the following:						
Employee/director stock options		1,007,596		1,165,133		551,723
Warrants		527,850		378,845		161,705
Diluted weighted-average number of shares outstanding		68,370,647		67,832,125		66,611,397
Earnings (loss) per share - basic:						
- from continuing operations	$	0.17	$	(0.13)	$	0.31
- from discontinued operations		0.03		-		0.05
	$	0.20	$	(0.13)	$	0.37
Earnings (loss) per share - diluted:						
- from continuing operations	$	0.17	$	(0.13)	$	0.31
- from discontinued operations		0.03		-		0.05
	$	0.19	$	(0.13)	$	0.36

For the years ended January 3, 2015, December 28, 2013 and December 29, 2012, options to purchase 63,000, nil and 2,045,200 common shares, respectively, have been excluded from the calculation of potential dilutive common shares due to their anti-dilutive effect.

For the year ended December 28, 2013, all potential dilutive common shares were excluded from the calculation of diluted loss per share due to their anti-dilutive effect of reducing the loss per share.

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16. Supplemental Cash Flow Information

	January 3, 2015 $	December 28, 2013 $	December 29, 2012 $
Changes in non-cash working capital, net of businesses acquired:			
Accounts receivable	(22,986)	3,626	(19,381)
Inventories	(5,222)	(17,158)	(20,806)
Income tax recoverable	3,419	(5,693)	2,395
Prepaid expenses and other current assets	(2,798)	2,911	2,379
Accounts payable and accrued liabilities	5,364	7,423	15,055
Customer and other deposits	497	(1,216)	4,010
	(21,726)	(10,107)	(16,348)
Cash paid for:			
Interest	7,316	7,125	8,541
Income taxes	13,041	10,715	6,304

As at January 3, 2015, cash and cash equivalents included $2,170 (December 28, 2013 $4,084) that is specific to Opta Minerals and cannot be utilized by the Company for general corporate purposes.

17. Related Party Transactions and Balance

The following table summarizes related party transactions and balance not disclosed elsewhere in these consolidated financial statements:

	January 3, 2015 $	December 28, 2013 $	December 29, 2012 $
Transactions:			
Sales of agronomy products(1)	276	412	537
Purchases of grains and seeds(1)	1,106	4,447	1,486
Sales of coffee beans(2)	1,274	879	871
Rent paid(3)	396	475	498
Payments under consulting contract(4)	275	-	-
Interest paid on promissory notes(5)	-	-	112
Balance:			
Amount due under retiring allowance agreement(6)	114	163	215

(1) Represents sales of agronomy products to employees and directors at market prices and purchases of grains and seeds at market prices from employees and directors, which are included in revenues and cost of goods sold, respectively, on the consolidated statements of operations.

(2) Represents the sale of coffee beans at market prices from TOC to a company that is owned by the non-controlling shareholder of Trabocca B.V., a less-than-wholly-owned subsidiary of TOC. These sales are included in revenues on the consolidated statement of operations.

(3) Represents rental payments at market rates for the lease of production, warehouse and/or office facilities from former owners or shareholders of acquired businesses who remain employed by the Company. These payments are included in cost of goods sold or selling, general and administrative expenses on the consolidated statements of operations.

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(4) Represents amount paid to a former executive officer of the Company, who remains a member of the Board of Directors, under a three-year consulting contract, commencing in 2014.. This contract provides for total yearly compensation of up to $300 in year one; $150 in year two; and $50 in year three. These payments are included in selling, general and administrative expenses on the consolidated statements of operations.

(5) Represents interest payments on promissory notes issued to former shareholders of TOC, who remained in senior management positions with TOC. These payments are included in interest expense, net on the consolidated statements of operations.

(6) Represents the amount owed under a retiring allowance agreement with the Company s former Chief Executive Officer (CEO), who remains a member of the Board of Directors. This agreement provides for annual consulting fees to be paid until 2020, regardless of whether the former CEO continues to provide services to the Company. The remaining amount due is included in long-term liabilities on the consolidated balance sheets.

18. Variable Interest Entity

TOC holds an investment in a joint venture in Ethiopia related to hulling of organic sesame seeds. TOC purchases all of the output from the joint venture, and sells the product through its existing sales and marketing channels. TOC holds 35% of the voting common shares and consolidates its variable interest in the joint venture, as it has been determined to be the primary beneficiary.

The liabilities of the VIE consolidated by the Company represent claims against the specific assets of the VIE, and not additional claims on the Company s general assets. There is no recourse available to the creditors of the VIE against the Company. The impact of consolidating the investment in the joint venture on the consolidated balance sheet is as follows:

	January 3, 2015	December 28, 2013
	$	$
Current assets	772	1,780
Property, plant and equipment	953	1,163
Current liabilities	(441)	(462)
Long-term debt	(257)	(311)
Long-term liabilities	(174)	(223)
Non-controlling interest	363	429
Net investment by the Company	1,216	2,376

19. Commitments and contingencies

Plum Dispute

Plum, PBC, a Delaware public benefit corporation (Plum), and SunOpta Global Organic Ingredients, Inc., a wholly-owned subsidiary of the Company (SGOI), are parties to a manufacturing and packaging agreement dated September 21, 2011 (the Plum Manufacturing Agreement). Pursuant to the Plum Manufacturing Agreement, SGOI agreed to manufacture and package certain food items for Plum at SGOI s Allentown, Pennsylvania facility in accordance with Plum s specifications regarding, among other things, product ingredients and packaging, manufacturing process, and quality control standards. On November 8, 2013, Plum initiated a voluntary recall of certain products manufactured by SGOI at its Allentown facility. On February 3, 2015, Plum filed a complaint in the Lehigh County Court of Common Pleas in Allentown, Pennsylvania. In the complaint, Plum alleges it initiated the recall in response to consumer complaints of spoiled packaging of certain products, which could lead to gastrointestinal symptoms and discomfort if consumed. Plum alleges in its complaint that the spoilage of its products resulted from a post-processing issue at SGOI s Allentown facility. Plum is seeking unspecified damages equal to the direct costs of the recall and handling of undistributed product, incidental and consequential damages, lost profits and attorneys fees. The Company disputes the allegations made by Plum in its complaint and intends to vigorously defend itself against these claims; however, the Company cannot reasonably predict the outcome of this claim, nor can it estimate the amount of loss, or range of loss, if any, that may result from this claim.

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Other Claims

In addition, various claims and potential claims arising in the normal course of business are pending against the Company. It is the opinion of management that these claims or potential claims are without merit and the amount of potential liability, if any, to the Company is not determinable. Management believes the final determination of these claims or potential claims will not materially affect the financial position or results of the Company.

Environmental Laws

The Company believes that, with respect to both its operations and real property, it is in material compliance with current environmental laws. Based on known existing conditions and the Company s experience in complying with emerging environmental issues, the Company is of the view that future costs relating to environmental compliance will not have a material adverse effect on its consolidated financial position, but there can be no assurance that unforeseen changes in the laws or enforcement policies of relevant governmental bodies, the discovery of changed conditions on the Company s real property or in its operations, or changes in the use of such properties and any related site restoration requirements, will not result in the incurrence of significant costs.

Grain Held for Others

As at January 3, 2015, the Company held grain for the benefit of others in the amount of $1,936 (December 28, 2013 $3,112). The Company is liable for any deficiencies of grade or shortage of quantity that may arise in connection with such grain.

Letters of Credit

The Company has outstanding letters of credit at January 3, 2015 totaling $4,453 (December 28, 2013 $3,944).

Real Property Lease Commitments

The Company has entered into various leasing arrangements, which have fixed monthly rents that are adjusted annually each year for inflation.

Minimum commitments under operating leases, principally for processing facilities, warehouse and distribution facilities, and equipment for the next five fiscal years and thereafter are as follows:

	$
2015	19,262
2016	17,910
2017	16,548
2018	15,474
2019	12,645
Thereafter	8,710
	90,549

In the years ended January 3, 2015, December 28, 2013 and December 29, 2012, net minimum rents, including contingent rents and sublease rental income, were $15,283, $12,091 and $10,704, respectively.

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20. Segmented Information

In the fourth quarter of 2014, following the sale of the Fiber Business (see note 3), the Company implemented changes to its organizational structure to align and focus the operations of SunOpta Foods on two key go-to-market categories: ingredient sourcing and supply; and consumer-packaged products. Consequently, the Company realigned the operating segments of SunOpta Foods to reflect the resulting changes in management reporting and accountability to the Company s Chief Executive Officer. The segment information presented below for fiscal 2014 and comparative periods has been restated to reflect the realigned operating segments of SunOpta Foods. The Opta Minerals operating segment remained unchanged.

Effective with the realignment, the Company operates in the following three reportable segments:

Global Ingredients aggregates the Company s North American-based Raw Material Sourcing and Supply and European-based International Sourcing and Supply operating segments focused on the procurement and sale of specialty and organic grains and seeds, raw material ingredients, value-added grain- and cocoa-based ingredients, and organic commodities.

Consumer Products manufactures and supplies branded and private label aseptic beverages; re-sealable pouch products; individually quick frozen (IQF) fruits and vegetables; fruit bases and toppings; premium juices; shelf stable juices and waters; and fruit- and grain-based snacks.

Opta Minerals produces, distributes and recycles industrial minerals, silica-free abrasives, and specialty sands for use in the steel, foundry, loose abrasive cleaning, and municipal water filtration industries.

In addition, Corporate Services provides a variety of management, financial, information technology, treasury and administration services to each of the operating segments from the Company s head office in Brampton, Ontario, and information technology and shared services from its administrative office in Edina, Minnesota.

When reviewing the operating results of the Company s operating segments, management uses segment revenues from external customers and segment operating income to assess performance and allocate resources. Segment operating income excludes other income/expense items and goodwill impairment losses. In addition, interest expense and income amounts, and provisions for income taxes are not allocated to the operating segments.

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Segment Revenues and Operating Income

Reportable segment operating results for the years ended January 3, 2015, December 28, 2013 and December 29, 2012 were as follows:

					January 3, 2015
	Global Ingredients $	Consumer Products $	SunOpta Foods $	Opta Minerals $	Consol-idated $
Segment revenues from external customers	619,066	483,679	1,102,745	139,855	1,242,600
Segment operating income	26,274	27,872	54,146	3,511	57,657
Corporate Services					(12,449)
Other expense, net(1)					(2,494)
Goodwill impairment(2)					(10,975)
Interest expense, net					(7,764)
Impairment loss on investment					(8,441)
Earnings from continuing operations before income taxes					15,534

					December 28, 2013
	Global Ingredients $	Consumer Products $	SunOpta Foods $	Opta Minerals $	Consol-idated $
Segment revenues from external customers	571,347	427,313	998,660	141,435	1,140,095
Segment operating income	10,882	29,582	40,464	6,731	47,195
Corporate Services					(9,458)
Other expense, net(1)					(6,577)
Goodwill impairment(2)					(3,552)
Interest expense, net					(7,860)
Impairment loss on investment					(21,495)
Loss from continuing operations before income taxes					(1,747)

					December 29, 2012
	Global Ingredients $	Consumer Products $	SunOpta Foods $	Opta Minerals $	Consol-idated $
Segment revenues from external customers	540,461	376,431	916,892	126,651	1,043,543
Segment operating income	18,649	21,560	40,209	10,062	50,271
Corporate Services					(7,229)
Other expense, net					(1,946)
Interest expense, net					(9,333)

Earnings from continuing operations before income taxes	31,763

(1) Other expense, net for the years ended January 3, 2015 and December 28, 2013 include impairments of long-lived assets at Opta Minerals of $3,770 and $310, respectively (see note 13).
(2) Goodwill impairment losses of $10,975 and $3,552 for the years ended January 3, 2015 and December 28, 2013, respectively, relate to Opta Minerals (see note 9).

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Segment Assets

Total assets and goodwill by reportable segment as at January 3, 2015 and December 28, 2013 were as follows:

	January 3, 2015 $	December 28, 2013 $
Segment assets:		
Global Ingredients	306,519	312,894
Consumer Products	199,466	185,818
SunOpta Foods	505,985	498,712
Opta Minerals	112,111	137,106
Total segment assets	618,096	635,818
Corporate Services	22,854	31,558
Total assets	640,950	667,376
Segment goodwill:		
Global Ingredients	26,720	27,822
Consumer Products	2,362	2,362
SunOpta Foods	29,082	30,184
Opta Minerals	-	11,459
Total segment goodwill	29,082	41,643

Sgment Capital Expenditures, Depreciation and Amortization

Capital expenditures, depreciation and amortization by reportable segment for the years ended January 3, 2015, December 28, 2013 and December 29, 2012 were as follows:

	January 3, 2015 $	December 28, 2013 $	December 29, 2012 $
Segment capital expenditures:			
Global Ingredients	5,993	13,363	10,227
Consumer Products	8,012	12,877	9,400
SunOpta Foods	14,005	26,240	19,627
Opta Minerals	2,254	3,100	2,504
Total segment capital expenditures	16,259	29,340	22,131
Corporate Services	3,242	574	812
Total capital expenditures	19,501	29,914	22,943
Segment depreciation and amortization:			
Global Ingredients	6,668	6,091	5,115
Consumer Products	7,562	7,381	6,729
SunOpta Foods	14,230	13,472	11,844
Opta Minerals	6,209	6,257	5,731
Total segment depreciation and amortization	20,439	19,729	17,575
Corporate Services	1,411	801	818

Total depreciation and amortization	21,850	20,530	18,393

SunOpta Inc.
Notes to Consolidated Financial Statements
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012
(Expressed in thousands of U.S. dollars, except per share amounts)

Geographic Information

The Company s assets, operations and employees are principally located in the U.S., Canada, Europe, China and Ethiopia. Revenues from external customers are attributed to countries based on the location of the customer. Revenues from external customers by geographic area for the years ended January 3, 2015, December 28, 2013 and December 29, 2012 were as follows:

	January 3, 2015 $	December 28, 2013 $	December 29, 2012 $
Revenues from external customers:			
U.S.	937,129	869,829	812,019
Canada	58,299	56,571	54,288
Europe and other	247,172	213,695	177,236
Total revenues from external customers	1,242,600	1,140,095	1,043,543

Long-lived assets consist of property, plant and equipment, net of accumulated depreciation, which are attributed to countries based on the physical location of the assets. Long-lived assets by geographic area as at January 3, 2015 and December 28, 2013 were as follows:

	January 3, 2015 $	December 28, 2013 $
Long-lived assets:		
U.S.	98,881	106,165
Canada	14,493	11,896
Europe and other	21,546	25,094
Total long-lived assets	134,920	143,155

Major Customers

For the years ended January 3, 2015, December 28, 2013 and December 29, 2012, the Company did not have any customers that exceeded 10% of total revenues.

21. Subsequent Event

On March 2, 2015, the Company acquired 100% of the issued and outstanding units of Citrusource, LLC (Citrusource), a producer of premium not-from-concentrate private label orange juice and other citrus products in the U.S., for cash at closing of approximately $13,300, subject to certain post-closing adjustments, as well as additional consideration contingent on the achievement of specified performance targets.

This transaction will be accounted for as a business combination under the acquisition method of accounting. The acquired assets of Citrusource consist primarily of customer relationship intangible assets and goodwill. Due to the limited time since the closing of the transaction, the valuation efforts and related acquisition accounting are incomplete at the time of filing of these consolidated financial statements. As a result, the Company is unable to provide amounts recognized as of the acquisition date for the major classes of assets acquired and liabilities assumed, including any resulting goodwill.

Supplemental financial information (unaudited)

Summarized below is the Consolidated Statement of Operations for the quarters ended January 3, 2015, October 4, 2014, July 5, 2014 and April 5, 2014, as well as the fiscal 2013 quarterly comparatives.

		Quarter ended
	January 3, 2015[1]	December 28, 2013
	$	$
Revenues	284,759	274,675
Cost of goods sold	256,618	247,370
Gross profit	28,141	27,305
Selling, general and administrative expenses	23,272	21,609
Intangible asset amortization	1,020	1,100
Other expense, net[2]	3,487	5,250
Goodwill impairment[2]	10,975	-
Foreign exchange gain	(400)	(455)
Loss from continuing operations before the following	(10,213)	(199)
Interest expense, net	1,636	1,975
Loss from continuing operations before income taxes	(11,849)	(2,174)
Recovery of income taxes	(3,387)	(882)
Loss from continuing operations	(8,462)	(1,292)
Discontinued operations		
Earnings (loss) from discontinued operations, net of income taxes	(441)	133
Gain on sale of discontinued operations, net of income taxes[3]	1,898	-
Earnings from discontinued operations, net of income taxes	1,457	133
Loss	(7,005)	(1,159)
Earnings (loss) attributable to non-controlling interests	(5,142)	122
Loss attributable to SunOpta Inc.	(1,863)	(1,281)
Earnings (loss) per share - basic		
-from continuing operations	(0.05)	(0.02)
-from discontinued operations	0.02	-
	(0.03)	(0.02)
Earnings (loss) per share - diluted		
-from continuing operations	(0.05)	(0.02)
-from discontinued operations	0.02	-
	(0.03)	(0.02)

(1) Reflects the reclassification of the revenues and expenses of the Fiber Business to discontinued operations (see note 3 to the Consolidated Financial Statements).
(2) Fourth quarter of 2014 reflects impairments of long-lived assets and goodwill of Opta Minerals (see notes 13 and 9 to the Consolidated Financial Statements).
(3) Fourth quarter of 2014 reflects the gain on the sale of the Fiber Business.

Supplemental financial information (unaudited) continued

		Quarter ended
	October 4, 2014(1)	September 28, 2013
	$	$
Revenues	307,887	291,914
Cost of goods sold	271,774	261,625
Gross profit	36,113	30,289
Selling, general and administrative expenses	23,461	19,727
Intangible asset amortization	1,023	1,174
Other expense, net	11	595
Goodwill impairment(2)	-	3,552
Foreign exchange gain	(600)	(211)
Earnings from continuing operations before the following	12,218	5,452
Interest expense, net	1,970	1,957
Impairment loss on investment(3)	8,441	-
Earnings from continuing operations before income taxes	1,807	3,495
Provision for income taxes	2,267	1,325
Earnings (loss) from continuing operations	(460)	2,170
Earnings from discontinued operations, net of taxes	233	27
Earnings (loss)	(227)	2,197
Earnings (loss) attributable to non-controlling interests	157	(716)
Earnings (loss) attributable to SunOpta Inc.	(384)	2,913
Earnings (loss) per share - basic		
-from continuing operations	(0.01)	0.04
-from discontinued operations	-	-
	(0.01)	0.04
Earnings (loss) per share - diluted		
-from continuing operations	(0.01)	0.04
-from discontinued operations	-	-
	(0.01)	0.04

(1) Reflects the reclassification of the revenues and expenses of the Fiber Business to discontinued operations (see note 3 to the Consolidated Financial Statements).

(2) Third quarter of 2013 reflects impairment of goodwill of Opta Minerals (see note 9 to the Consolidated Financial Statements).

(3) Third quarter of 2014 reflects impairment loss on investment in the equity securities of Enchi (see note 7 to the Consolidated Financial Statements).

Supplemental financial information (unaudited) continued

		Quarter ended
	July 5, 2014[1]	June 29, 2013
	$	$
Revenues	327,575	301,418
Cost of goods sold	284,757	265,635
Gross profit	42,818	35,783
Selling, general and administrative expenses	24,477	21,934
Intangible asset amortization	1,088	1,194
Other expense, net	137	494
Foreign exchange loss (gain)	546	(355)
Earnings from continuing operations before the following	16,570	12,516
Interest expense, net	2,010	2,238
Impairment loss on investment[2]	-	21,495
Earnings from continuing operations before income taxes	14,560	(11,217)
Provision for income taxes	5,590	3,905
Earnings from continuing operations	8,970	(15,122)
Earnings (loss) from discontinued operations, net of taxes	27	(218)
Earnings	8,997	(15,340)
Earnings (loss) attributable to non-controlling interests	289	(59)
Earnings attributable to SunOpta Inc.	8,708	(15,281)
Earnings per share - basic		
-from continuing operations	0.13	(0.23)
-from discontinued operations	-	-
	0.13	(0.23)
Earnings per share - diluted		
-from continuing operations	0.13	(0.22)
-from discontinued operations	-	-
	0.13	(0.23)

(1) Reflects the reclassification of the revenues and expenses of the Fiber Business to discontinued operations (see note 3 to the Consolidated Financial Statements).

(2) Second quarter of 2013 reflects impairment of investment in Enchi (see note 7 to the Consolidated Financial Statements).

Supplemental financial information (unaudited) continued

	Quarter ended	
	April 5, 2014[(1)]	March 30, 2013
	$	$
Revenues	322,379	272,088
Cost of goods sold	286,157	239,863
Gross profit	36,222	32,225
Selling, general and administrative expenses	23,399	21,492
Intangible asset amortization	1,123	1,241
Other expense (income), net	(1,141)	238
Foreign exchange (gain)	(323)	(585)
Earnings from continuing operations before the following	13,164	9,839
Interest expense, net	2,148	1,690
Earnings from continuing operations before income taxes	11,016	8,149
Provision for income taxes	4,433	3,091
Earnings from continuing operations	6,583	5,058
Earnings from discontinued operations, net of taxes	37	230
Earnings	6,620	5,288
Earnings (loss) attributable to non-controlling interests	(20)	163
Earnings attributable to SunOpta Inc.	6,640	5,125
Earnings per share - basic		
-from continuing operations	0.10	0.07
-from discontinued operations	-	-
	0.10	0.08
Earnings per share - diluted		
-from continuing operations	0.10	0.07
-from discontinued operations	-	-
	0.10	0.08

(1) Reflects the reclassification of the revenues and expenses of the Fiber Business to discontinued operations (see note 3 to the Consolidated Financial Statements).