

SUNOPTA INC.

**Moderator: Steve Bromley
August 11, 2008
9:00 a.m. CT**

Operator: Good day and welcome to SunOpta Inc. Q2 earnings conference call. Today's conference is being recorded.

At this time, I would like to turn the conference over to Steve Bromley, President and CEO.

Please go ahead, sir.

Steve Bromley: Thank you very much. Good morning, ladies and gentlemen, and welcome to the second quarter 2008 shareholder conference call for SunOpta Inc.

I'm joined in this call today by Jeremy Kendall, Chairman of Board of Directors and John Dietrich, Vice President and Chief Financial Officer. Ben Chhiba, the Company's Vice President General Counsel and Secretary is not able to join us today.

Before I begin, I would like to remind listeners that except for historical information, the matters discussed during this conference call, may include forward-looking statements, including statements relating to our operating results, that may involve a number of risks and uncertainties that could cause actual results, to differ materially from those anticipated in the forward-looking statements.

These risk factors are detailed, in SunOpta's filings with the Securities and Exchange Commission. Please note that our financial results are reported in U.S. dollars and in accordance with U.S. GAAP. We plan to file our 10Q for the quarterly period ended June 30th, 2008, by the close of business today August 11th, 2008.

It is with great pleasure that we announce our second quarter 2008 financial results. During the three months ended June 30th, 2008, the company achieved its highest ever quarterly revenues, realizing its forty third consecutive quarter of increased revenue growth versus the same quarter in the previous year.

Revenues in the second quarter of 2008, increased by 41.5 percent to \$291.9 million, as compared to \$206.4 million in the second quarter of 2007. Second quarter of 2008 revenues in the SunOpta's Food Group increased 41.9 percent to \$266.2 million versus \$187.7 million in Q2, 2007, driven by internal growth, of 20.5 percent and the impact of the acquisition of The Organic Corporation B.V. (referred to as Tradin Organics) in April 2008, which contributed revenues in the second quarter, of approximately \$37 million.

Revenues in Opta Minerals increased 37.3 percent to \$25.3 million for the quarter and revenues in the SunOpta Bioprocess Group increased to \$471,000 versus \$319,000 In the second quarter of 2007. Consolidated internal revenue growth for the quarter, was a very strong 20.8 percent.

For the six months ended June 30th, 2008, the company has realized revenues of \$522.4 million, versus \$389.9 million in the first six months of 2007, an increase of 34 percent. Consolidated internal growth, the first six months of 2008, was 20.8 percent.

Based on these results, we continue to expect internal growth in core operations, we can reconfirm our 2008, revenue guidance of annualized revenues in excess of \$1 billion.

Earnings for the second quarter were \$719,000 or one cent per diluted common share, as compared to 2007 second quarter earnings of \$3,405,000 or five cents per diluted common share. Second quarter 2008 results include professional and related fees and severance costs, of \$6,352,000, related to the company's investigation into the write-down in SunOpta Fruit Group Berry Operations in 2007.

Without these costs, adjusted earnings for the quarter would have increased from earnings in Q2, 2007, by approximately 49 percent to \$5,070,000, or eight cents per diluted common share.

Further, removing these costs, plus the segment operating loss of \$1,077,000, incurred within the SunOpta Fruit Group Berry Operations, our second quarter 2008, adjusted earnings would have increased approximately 29 percent versus Q2 2007, to \$5,727,000, or nine cents per diluted common share, versus 2007 second quarter adjusted earnings of \$4,427,000 or seven cents per diluted common share.

Earnings for the six months ended June 30th, 2008, were \$2,205,000, or three cents per diluted common share, versus \$4,459,000 or seven cents per diluted common share, in the comparable 2007 period.

These results are after professional and related fees and severance cost, of \$7,720,000 related to the company's investigation and related activities into the write-down in the SunOpta's Fruit Group Berry Operations.

Again, after removing these costs, adjusted earnings for the six months of 2008 would have increased approximately 68 percent versus 2007, to \$7,493,000, or 12 cents per diluted common share. And further, after removing these costs as well as our segment operating loss of \$5,109,000, incurred within the SunOpta's Fruit Group Berry Operations, 2008, adjusted earnings would have increased approximately 43 percent versus 2007, to \$10,609,000, or 16 cents per

diluted common share, versus adjusted earnings of \$7,398,000 in 2007, or 11 cents per diluted common share.

Operating income for the quarter was \$5.5 million as compared to \$6.8 million in Q2 2007.

Segment operating income within the SunOpta Fruit Group increased 23.7 percent to \$9.1 million, and segment operating income in Opta Minerals Inc. increased 62.6 percent.

Offsetting these increases the combined BioProcess and Corporate segment, variously driven by an increase in cost in that segment of \$4.3 million, which includes the impact of incremental professional fees and related cost of \$6.4 million, as previously noted, offset by increased corporate cost allocations to the operating groups, favorable foreign exchange and general spending reductions.

Excluding the professional fees and related costs adjusted operating income in Q2 2008, would have increased from Q2 2007 results by approximately 74 percent reflecting strong results in the company's operations.

We believe that the professional fees and related costs associated with the previously discussed internal investigations should decrease significantly in the coming periods.

Please note that the results of SunOpta BioProcess are combined with Corporate office costs for segmented financial reporting purposes. It should also be noted that the interest income attributable to cash and short term investments applicable to the SunOpta BioProcess Group is also not segregated and thus is reported on a consolidated basis.

The SunOpta Food Group reported segment operating income of \$9.1 million versus \$7.3 in Q2 2007 an increase of 23.7 percent -- note that these results include the impact of \$910,000 in increased corporate cost allocations in the 2008 period.

The improved segment operating income was driven by the SunOpta Grains and Foods Group which realized a 10.9 percent increase in segment and operating income comparing Q2 of 2008 to Q2 of 2007 to the strong sales and margins of non-GMO and organic grains based ingredients and continued growth in packaged soymilk products, offset by increased input costs that were not entirely passed along to customers during the quarter and start up costs associated with the installation and commissioning of newly aseptic filling equipment in Alexandria and Minnesota which commenced production in July 2008.

The SunOpta Distribution Group realized an increase in segment operating income of 64.1 percent due primarily to continued strong demand for natural and organic grocery and natural health products.

The SunOpta Fruit Group realized improved segment operating results in Q2 2008 versus Q2 2007 realizing a net segment operating loss of \$281,000 versus a loss of approximately \$1.1 million in Q2 2007.

Included within the SunOpta Food Group results the Berry Operations realized a 72.9 percent improvement in operating results versus the loss of \$4 million that was realized in the first quarter of 2008, realized as inventories that were written down in 2007 to net realizable value are sold through and improved pricing and reduced storage costs are realized, in hand with expected benefits of the new management team.

Segment operating income in the SunOpta Ingredients Group decreased when comparing Q2 2007 to Q2 2008 by \$902,000 as a result of a rapid increase in input and processing cost in advance of customer pricing and approximately \$350,000 in costs related to the temporally shut down of two fiber facilities as a result of the recent flooding in Iowa.

We expect to recover this cost in the future via business interruption insurance and both of the facilities have now returned to service.

Opta Minerals realized segment operating income in the second quarter of 2008 of \$3.4 million as compared to \$2.1 million in Q2 2007, an increase of 62.6 percent driven by strong sales of abrasive products in the U.S. combined with increased sales of magnesium desulphurization products and the acquisition of the companies industrial minerals operations located in Slovakia, in July 2007. Opta Minerals continues to pursue strength strategic transactions and new product development to compliment its existing product portfolio, and on July 10th, 2008 announced the acquisition of 67 percent of MCP Mg-Serbian SAS of France referred to as MCP. MCP sells ground magnesium product to a variety of industries in Europe and further expands Opta Mineral's European and operating platform.

At June 30th, 2008 the company's balance sheet reflects the current working capital ratio of 1.63-to-1, long term to debt equity ratio of 4.5-to-1 and total debt to equity ratio of 0.89-to-1. The company has total assets of \$676.9 million and a net book value of \$4.03 per outstanding share.

We continue to execute on a number of activities focused on our strategy of continuing to build our company as a major participant in the natural, organic and specialty foods and natural health products sectors.

Recent activities have included the establishment of a joint venture to build and operate an organic and natural vegetable oil refining facility, scheduled for start up in early 2009, expansion of our aseptic processing and filling facility in Alexandria and Minnesota which has now been completed, expansion of our soy concentrate processing facility in Heuvelton, New York which also has now been completed, our intention to build a new aseptic filling operation in Modesto, California, scheduled to start production late in the second quarter of 2009 and the expansion and

consolidation of a number of Canadian based distribution warehouses to increase capacities and improve efficiencies which has largely been completed as well.

Along with this we completed the acquisition of Tradin Organics of Amsterdam in early 2008. Tradin is a global supplier of the wide variety of globally sourced organic food ingredients including frozen fruits and vegetables, dried fruits, coffee, cocoa, cereals, rice, soy, seeds nuts oils and more.

We believe the control of organic supply is very important and this has been a key area of strategic focus for SunOpta. Tradin certainly brings wide range of expertise in this regard and we are most pleased to have the management and staff of Tradin as part of SunOpta team.

We believe these are very strategic initiatives and we continue to pursue similar opportunities in support of our long terms strategic objectives.

We have also announced, recently announced, a number of the key additions to our senior management team, all of whom we believe are exceptionally well qualified individuals and who should bring a great deal of experience to SunOpta as we move forward in support of our company's long term objectives.

During the most recent first quarter conference call, I provided specifics regarding ongoing activities in each of the operating groups. I do not propose to cover all of these again today but we will take this opportunity and to provide a brief summary of the second quarter results as well as a brief update on each of the operating groups.

As SunOpta Grains and Foods Group posted a solid second quarter realizing revenues of \$86.5 million, a 32.7 percent increase versus the second quarter of 2007.

This increase was driven by a combination of increased commodity pricing and increased sales of organic and nonGMO grains, grains based ingredients and aseptic and refrigerated soy milk products. Segment operating earnings increased 10.9 percent to \$5.6 million compared to Q2 of 2007.

The group has realized year to date revenues of \$159 million versus \$118.2 million in the first six months of 2007 an increase of 34.5 percent and achieved operating earnings of \$11.1 million, an increase of 38.9 percent versus the same period in 2007.

Operating earnings for the second quarter reflects strong results from the Group's Grains and Sunflower operations. Demands for packaged organic soy milk beverages remains strong, although results in the Group's soy milk operations were impacted in the second quarter by increased raw materials input and processing costs which were incurred in the period.

We plan to pass this cost on via increased customer pricing during the third quarter. Results for the soy milk operations were also impacted by incremental processing costs as the group commissioned new packaging equipment in Alexandria and in Minnesota, and upgraded process equipment in Heuvelton, New York. These initiatives are now essentially complete and this cost should not reoccur.

It should be noted that even with this incremental costs in the quarter, results for the second quarter for the Grains and Foods Group were still the highest in the group's history. The group is targeting to open a soy milk processing and filling facility in the Modesto, California by mid 2009.

The California facility will be commissioned in phases, but when complete will approximately double our packaging capacity to between 250 and 300 million quarts to move us into other organic package products such as organic soups and other alternative organic beverages which are aseptically processed and packaged.

Work continues on this project with the target remaining to commence production at the facility late in the second quarter of 2009. Based on current demand customer discussions, we expect this operation will open to very strong demand.

We've had a good early season harvest of sunflower, from the Texas growing region, and our traditional Midwest sunflower crop, appears to be in good condition thus far. For soy and corn, crops are a few weeks behind, but the quality to date is good and August is a key month for these crops and the final yields which will be realized.

The SunOpta Ingredients Group contributes revenues of \$16.8 million in the second quarter, a slight decrease versus Q2, 2007. Fiber sales increased to approximately \$1.8 million versus Q2, 2007, but this was off set by a decline in dairy blend revenues, mainly due to a decline in raw materials cost which resulted in a subsequent decline in the finished products' selling price.

Year to date, the Ingredients Group has realized revenues of \$33.8 million versus revenues of \$34.2 million in the first six months of 2007, including increased fiber revenues of \$2.8 million which have been primarily offset by the previously mentioned decline in dairy blend input costs, and thus revenues.

Segment operating income for the second quarter was \$586,000 versus \$1.488,000 in the second quarter of 2007. In Mid June, the Group's fiber processing facility operations in Cedar Rapids, Iowa and Louisville, Kentucky had to be shut down, and these had a negative impact on results for the quarter of approximately \$350,000 as incremental costs were incurred and fixed overheads were not absorbed.

Similar costs have been incurred in July 2008 and we are working with our insurance carrier to quantify costs that we expect to be covered by our business interruption insurance. The Cedar

Rapids plant returned to service us the week of July 14th and the Louisville plant returned to service on August 3rd.

Throughout this period, we were able to meet all customer orders from existing inventories. The Group was also significantly impacted in the quarter by rapid increases in processing costs especially energy, transportation and processing chemicals.

Of all our food businesses, the fiber operations are very process intensive and thus susceptible to rapid cost increases. Customer pricing is in the process of being increased effective August 2008, and the group is also working on new lower cost processes and supplies to help alleviate cost increases going forward.

The Group continues to make progress on expanding new applications into meat and dairy products, and has recently launched three new internally produced fiber products offering unique functionality verses current offerings.

These new fibers are unique to the food industry and provides specific functional characteristics in cracker applications, whole grain bread applications, some snack food applications, such as increasing total dietary fiber while at the same time providing crunchiness, texture or breakage reduction.

The SunOpta Fruit Group contributed revenues in the second quarter of \$94 million, an increase of 76.4 percent over the comparable 2007 period. Internal growth was 9.6 percent in the quarter reflecting a change in philosophy in this unit, especially within theBerry Operations where efforts are focused on rationalizing certain customers where margins are not acceptable.

The acquisition of Tradin Organics contributed approximately \$37 million of the revenue increase in this quarter.

Quarterly segment operating loss versus the second quarter of 2007 improved by \$856,000 to a loss of \$281,000 versus \$1,137 million in the second quarter of 2007. The improvement in the segment of operating loss was driven primarily by the acquisition of Tradin Organics and improvement in the Berry operations.

We're really pleased with the results of Tradin since acquisition and look forward to leverage these operations as synergies and new business opportunities are pursued.

Year to date the Fruit Group has realized revenues of \$143.9 million versus \$94.8 million in the first half of 2007 and has incurred a segment operating loss of \$4.1 million versus \$3.8 million in the first half of 2007.

The Group's Berry Operations remains focused on addressing the issues arising from the inventory write downs which occurred in 2007. Results in the Berry Operations for the second quarter of 2008, include an operating loss of approximately \$1.1 million versus a loss of \$1.7 million in the second quarter of 2007.

These results are showing improvements but reflect the impact of selling through higher cost inventory from the 2007 season, higher storage costs plus incremental costs associated with the efforts to improve numerous internal processes in efforts to reposition the group for future profitability.

Specific to the Berry Operations the Group remains focused on implementing new processes and internal controls and has made solid progress in this regard.

The Group is also dedicating significant resources to customer and grower relations with an eye to improving these relationships and developing win-win relationships as we attempt to position for profitability.

We believe that we can return the Berry Operations to acceptable profitable levels over time but expect 2008 to be a year of transition with improved results expected in the back half of the year.

Within the SunOpta Fruit Group Operations the Global Sourcing Group is working hard to integrate the recent acquisition of partner organics we have transition teams working together to integrate the businesses and execute on a wide range of synergies including leveraging supply capabilities, sales of products to new markets, further development of private label offerings and new markets and more. We're really pleased with the progress to date.

As demand for organic ingredients and organic private label products continues to grow we feel we're well positioned to meet these need. The Fruit Group's Healthy Fruit Snacks Operations continue to progress with the installation and commissioning of new innovative fruit snack equipment and technology.

We believe this is one of a kind technology, in the processing of natural and organic fruits, snacks, and has positioned the business to provide unique, and innovative all natural and organic fruit snack products such as twist, ropes shapes and others.

A number of consumer package good companies have launched some of these new products, and we look forward to bringing further innovations to the market. Year-over-year, revenues from the first half of 2008 have increased over 100 percent, demonstrating strong demand for healthy snack foods and we are working very hard to continually improve returns which have to meet their expectation as this complex technology is implemented.

The SunOpta Distribution Group had an excellent quarter as well, realizing revenues of \$68.9 million versus \$51.9 million in the second quarter of 2007 an increase of 32.6 percent. Internal growth for the period was 30.7 percent. The increase in revenue was driven by continued strong demand for natural and organic grocery products, combined with an increase in product lines and new customer listings.

The natural health products sector also realized strong growth due to new product lines, new customer listings, and increased distribution capabilities, in Western Canada. Segment operating income increased 64.1 percent in the second quarter to \$3.1 million 2008 versus \$1.9 million in the second quarter of 2007.

Year to date the Group has realized revenues of \$138.4 million versus \$106.8 million in the first half of 2007, an increase of 29.5 percent, and segment operating earnings of \$6.7 million versus \$4.8 million 2007 an increase of 40.2 percent.

Distribution Group continues to focus on driving efficiencies across its national platform and leveraging their position as a national distributor, to obtain new product listings and new customers.

In hand with this, the Group continues to integrate the operations of Neo-Nutritionals, which were acquired in late 2007, and recently have expanded efforts to sell a number of internally produced natural health products into the Far East.

Opta Minerals Inc. in which we own 66.6 percent realized \$25.5 million in revenues in the second quarter of 2008 a 37.2 percent increase versus the comparable 2007 period, representing approximately 8.7 percent of SunOpta's consolidated revenues.

The increase in revenue was driven by the July 2007 acquisition of the business in Slovakia, the build out of a new production facilities in Laval, Quebec, increased revenues of magnesium based products and a net increase in the sales of mill, foundry and abrasive products.

Quarterly segment operating income increased 62.6 percent to \$3.4 million versus \$2.1 million in Q2 of 2007, reflecting the increased gross margin on increased sales, offset by increased SG&A and related cost to support business operations.

Year to date Opta Minerals has realized revenues of \$46.6 million versus \$34.9 million in the first half of 2007, an increase of 33.5 percent and segment operating earnings have increased to 50.7 percent to \$5.4 million. We are pleased with these results given the tough economic climate in North America. As previously noted European operations are ...

Male: Five-point-four million....

We are pleased with these results given the tough economic climate in North America. As previously noted, European operations are doing well and Opta continues to expand in this market. In addition, the company continues to launch a number of new products to the Northern American and European markets, that have been well received.

We believe that the July 2008 acquisition of MCP will add to Opta's European platform, and drive a number of interesting growth opportunities. SunOpta Bio Process continues to focus on the development and implementation of it's technology in the production of cellulosic ethanol.

Male: The group is working on a number of supply projects and hopes to bring a number of these to close in this fiscal year. The group has been active over the last few weeks for the installation and commissioning of the equipment supplied to our cellulose ethanol facility located in Jennings,

Louisiana. This process is ongoing and should be completed over the next month, as installation issues are identified and addressed.

In addition the group continues to expand it's technological base through the addition of new patents, and it's also heavily involved in the feasibility phase of their joint venture to build a 10 million gallon cellulosic ethanol plant with Central Minnesota Ethanol Co-op.

Male: This project is nearing the completion of the first phase of the feasibility schedule. Based on the results of the first half, we are pleased to re confirm our earnings guidance for fiscal 2008, of 25 and 30 cents per share, before the impact of professional fees and severance costs related to the independent investigation and related recommendations, and costs attributable to the defense of class action law suits in Canada and the United States.

In closing, we want to once again express our pleasure, at the completion of the 2007 year end audit, and the filing of both our first and second quarter results.

Male: We are fully committed to continuing our efforts to build a strong and vibrant company, and are most fortunate to have a wonderful company, with exceptional growth opportunities and strong balance sheet, supported by a wonderful management team in the support of over 2,200 employees.

With that we would like to open the call to questions but we want to remind you that we will not be commenting on the events leading to the re- statement or the Audit Committee's investigation. The events surrounding the re- statement, are the subject matter of litigation before the courts in Canada and the United States, and therefore it is not appropriate to comment further at this time.

Thank you.

Operator: Ladies and gentlemen, if you would like to ask a question, press star one on your touch tone phone; to withdraw your question, press the pound sign. If you use speakerphone, with your hands are different on request. Please standby for your first question.

Your first question comes from Ed Aaron ABC Capital markets, please go on.

Ed Aaron: Hi. Thanks. Good morning guys?

Male: Hi Ed.

Ed Aaron: Hey – I wanted to ask a little bit on ((inaudible)) business the margin press issues out there, you mentioned that you had some impact from higher input cost, but then with that higher input cost for sometime and I'm just curious to know why this is the code where it shows up more other numbers?

Male: There were two things Ed, the first is a lot of impact cost from all process in relation with natural gas and all sort of things, second in the first quarter our hedges – we were really well hedged in the second quarter due to demand and you know some of our growers pricing, pricing to the market at that time, based on our purchasing relationships, you know we were impacted a little bit more during this quarter.

Ed Aaron: OK, and then on the minerals business, you know it's kind of finding the results there so it's going to be what is supposed to be in most satirical business, when you look in the context of the broader economy and it's a little bit hard to reconcile with someone, if you can just give us more priority on it.

Male: Its a couple of things, one is this group sell a lot in the U.S. steel industry, and the U.S. steel industry has done very, very well even though the economy has turned down very, very well, because the price of higher price imports with the U.S. dollar being as well as it was for importers of steel, they had to deal with the higher Euro et cetera and so interesting enough to U.S. steel industry has done very, very well.

The European operations have done very well and there's a number of infrastructure projects in the United States which has also required a braises et cetera which has done really well. So the results of the postings the European operations continue to done well as well so.

Male: OK and then in the last question Mark ((inaudible)) midpoint of the Third Quarter and just curiosity have you seen any change any of the trans relative to what you've said in the Second Quarter?

Male: Not really, demand still seems good seen lots of new natural organic products come to the market, so not a lot no.

Male: Had the mix of your business by customers change mind to sympathize on the category growth from most of us here still pretty solid but the numbers from ((inaudible)) we can just the mix of your business on the customer's, is there any difference?

Male: We have not had any material shift on that mix, no.

Male: OK thanks guys.

Operator: Thank you. Your next question comes from Chris Krueger, Northland Securities; please go ahead.

Chris Krueger: Sir good morning. I've got several questions to your first ((inaudible)) group just one of your fruit group?

Male: Yes it is currently.

Chris Krueger: In that business is there ((inaudible)).

Male: Yes there a little bit.

Chris Krueger: A little bit like what would that be then?

Male: They have some coffee businesses that they get a little stronger, in Q2 I believe and there's not a lot.

Male: The top line wouldn't buff around more than two or three percentage points?

Male: OK nothing too dramatic on that.

Chris Krueger: And margins within that business were – would that business if you broke it out was it profitable in the second quarter?

Male: Chris when we acquired the business you know honestly we had indicated in our press releases (fraunt) is an important acquisition for us and we felt that by the time amortization and the interest cost et cetera via acquisition are laid down we be sort of neutral for this year until we realize synergies.

And facts on the first quarter that we're on the business, they did well and we were profitable, overall and there was a credit to our earnings so we're really pleased with how that has gone that's far and I forgot the second part of the question.

Male: It had a good margin with that business.

Male: I wanted to talk about margin, this business has much more orientation to trading – sourcing and trading rather than value added processing, they do some value added processing and do it well but it's so small a percentage of their business, then it would be on our business, and that was one of the areas that we saw a real opportunity.

So their gross margins were in the 10, 10.5 percent range in the quarter which is exactly where we expected them to be using lots of opportunity to grow those margins but overall that had a waiting on the company's overall gross margins of about 0.8 percent.

So we understand that mix and it's strategically something that we want to do we will be increasing those significantly over time.

Chris Krueger: OK, back on the I think last question, they touched on the margin pressure maybe from the commodity input, looking at the grain and the foods group during the month of June as far as the traditional ((inaudible)) pricing increased dramatically when the Ireland flooding and all that occurred would you – did you feel an impact in that last few weeks on that quarter and if so, had you noticed it going in the other directions since things have really declined since then?

Male: Yes, clearly there was some huge spike in the markets when the flooding was underway and people did not really get a good feel for exactly the expense of the damage that is reversed itself substantially the commodity market has fallen off.

With the commodity markets the organic markets kind of fall and there the preserved markets kind of follow along but we did see some real spice late in the second quarter.

Male: The file of the professional fees in the ((inaudible)) that you had about six million, I think 6.4 million in the second quarter is there a little or more that the third quarter to be expected?

Male: There will be a little Chris but it will be dramatically lower.

Chris Krueger: OK and in order to debt balance is going to a little bit higher year today can you give us some insight of that in the overall there?

Male: Sure, the issue there is that (traunic, Trudeau) has their own banking program in place they have an asset back program which allows them to leverage much more against that business.

The cost of that business is was really not that much of a change.

Male: Of course, we have a debt paying for the second half of (Trauden) in a couple of years.

Chris Krueger: OK. Last question, I think last week (Velunium) which is ((inaudible)) announced a pre-significant strategic relationship with (BT) any additional insight into that and whether or not SunOpta could benefit from them?

Male: Well, we hope we could benefit and you know our relationship for any of (Solar) and we are working with a nation we are in a process of working with them as their operation earnings comes on line and we don't have any further specific but we certainly are very hopeful that could be very positive for us.

Male: Two other things, Chris, clearly strengthen the financial position of (Vallaenium) which is also good for us and secondly they are obviously not investing in this or doing one demonstration plan. The plan is obviously it's to roll out additional facilities in the future once this facility is up and running. So, I think that is certainly good for us to.

Chris Krueger: All right, Thanks.

Operator: Thank you. Your next question comes from Bob Gibson Octagon Capital. Please go ahead.

Bob Gibson: Good morning everybody?

Male: Hey Bobby.

Bob Gibson: I would like to get a little color on the fruit group excluding berry, (ex berry) on that figure you made something like 800,000 this quarter and little over 500,000 last year which added with (trauden) and stuff over 41 million box to the top line. So if you kind of give us a color on how the rest of the fruit group is doing ex berry I would appreciate it.

Male: Sure, (ex berry) I guess the first group that we talk about is the global ((inaudible)) which was cabbed aside they were pretty good year over year, revenues grew – and operating earnings were pretty much flat year over year and total value.

Revenues grew and operating earnings were pretty much flat year over year, (Tedle valley) as I indicated their top line continues to grow we are continuing to incur some costs as we go through the installation and commissioning and the refining the equipments.

So they were down year over year and I guess that is for (traders below) and then (trotum) which did very well.

So global sourcing was about flat and there was a decline in the earnings within the fridge snack operations and great news on the fridge snack operations is that demand remain strong and we are getting through the technical installation of the equipment, but it has taken a little bit longer and it has been a little extensive than we had thought.

Bob Gibson: OK great thanks and I hate to put this one you but ...

Male: Am used to it.

Bob Gibson: OK sorry – Severance, for – I hate to say this for you will that be in Q4 or next year?

Male: It's already been accrued in Q2.

Bob Gibson: Oh this was in this quarter?

Male: Yes.

Bob Gibson: And for John Dietrich?

Male: And for John Dietrich OK.

Male: That's already written off.

Bob Gibson: All right sir that's it for me.

Male: Great thanks Bob.

Operator: Thank you. Your next question comes from Keith Howlett of Desjardins Securities; please go ahead.

Keith Howlett: Yes. Just a question is the (Hess) group in global sourcing or is that (Tedle valley) or does that fit into the food groups?

Male: (Hess) group falls in to a ((inaudible)).

Keith Howlett: And is it when you were saying how people did was that part of global sourcing or?

Male: No it's part of Berry Ops.

Keith Howlett: Oh it is part of the Berry Ops? So they remain profitable I presume?

Male: Yes.

Keith Howlett: I need to go back to this topic but inventory; inventory seems to be up quite sharply year over year?

Male: I will let John comment on that a little bit but you know obviously if you take a look (Tridel) carries a significant amount of the inventory ...

Male: (Tridel) took a lot I mean, minerals actually was up a little bit in the quarter because this source from China and want to get a lot of staff out of there before the Olympics started and unknown to both. So they went up both to eight million. (Tridel) picks up about 24 million I think, I think more than that. Oh sorry 37 million for (Tridel) and probably 24 in Euros.

And the rest as I expected the Berry Ops is in seasons and berries again they have gone up with the new berries are processed.

So they have been up a little bit as well in organic ingredients are global, sorry global has also gone up as I thought fact their juice program basically for the year.

Actually is not up high as I would have expected we've done a good job moving through a lot of the older inventories and its ingredients is down as they've had a couple of facilities closed and distribution is down, as they are through pass over.

Keith Howlett: And then I don't know in terms of berry division is there, – are we sought of like three quarters the way through the 2007 mark down inventory or how far long we I guess?

Male: Yes somewhere between 60 percent and three quarters we've actually, – we've done a very good job in July as well in moving through interesting with the relatively lower volumes that we've processed this year we are not really trying to push as hard and get into through over everything because there is, – we going to need a lot of that volume throughout the back half of the year and prices are also looking to go up as the price through that to be more.

Male: So, I guess the summary of that key is we're certainly getting there, and we expect to be gone here in the back half.

Keith Howlett: In terms of the varying prices, are there any chance you get a lift on the marked down inventory or is it having a difference.

Male: We are trying I mean the market have suddenly bounced back but it hasn't hurt our position. We were trying to get more for some of that marked down inventory but sort of goes all over the place.

Keith Howlett: And then just in terms of the forecast for the 25 cents to 30 cents. Am I correct in assuming the position after – on the part of basis of calculation or at 12 cents?

Male: Yes, we're at 12 cents on average yes.

Keith Howlett: And then, just on the ingredients situation, it was very helpful that you broke off the dairy branch of the fiber. Do you think that the fiber, soy and oat are maintaining sort of fiber share or is there any pressure?

Male: I think they are maintaining share, we've had some – you recalled that in a matter of fact growing in some areas, you recall that we launched organic soy fiber, which was the ((inaudible)) by product brought and its really starting to move now into the food industry.

After a couple of years working to move it from feed into food so that – I think that they are picking share up in those areas, and then, sort of the rest of the fiber business, I think we are holding our own.

Male: Yes, I think we are actually pushing hard to move a lot of the soy fiber into oat fiber particularly because the costs of producing soy fiber are higher than producing oat fiber. So, we are certainly seeing that I think.

Keith Howlett: And just in terms of the fruit part division, I think that may be at the end of 2007, the though was that the fruit part division might just by recollection made at two million year-over-year, I'm just wondering how, I know there's been some teething promise here. How does that look at this point?

Male: I think two million will be at the top of what we will achieve, and sort of how things go here in the next couple of months in getting the equipment. What we've have realized Keith is that boy, this is very technical equipment.

We are producing all natural and organic fruit snacks without the benefits, these are I don't want to call them pure but they are pure. We are doing that and learning how to make chips and twists and ropes peels and all of those sort of things.

With this technology, we don't think anybody else in the world is actually doing it on the natural or organic side, and to be quite honest, it's just been a little bit longer and more difficult process than we had anticipated. We are meeting our customer demands and orders and more that's all been very good and as I mentioned the number of consumer package good companies have launched products.

But, we just haven't been able to get quite the efficiency that we need and the difference between being really good and not getting what you want is the difference of five or six percentage points on your yields. And so, we've made great progress but we are not quite really sure. So I – we are going to spend a lot more time here in the third quarter on this one, I don't know that we will make the two millions, but it will be certainly be improved over last year.

Male: I think there is the two issues. There is complexity of the equipment coupled with the necessity of training people to operate this equipment so that the training itself is not something to just takes time where we got large number of employees now in this operation.

And that's improving every month as measured in the efficiency output so, but those are the two factors that ...

Male: Training itself is something that just takes time where we've got a large number of employees now in this operation – and so that improving every month as measured in efficiency but those are the two factors that we have to focus on.

Keith Howlett: And then, on the new Alexandria septic line, I forgot is that a cord, line or ...

Male: It's a line that can actually be converted so it can do both that's why we are running ((inaudible)). right now.

Keith Howlett: Are you sort of ramping up or is it where you want it at this point?

Male: Its pretty much there, I think on the last call, we'd produced 240,000 cases of finished products. So it's come up to speed well and really first. And sure because we know how to run that sort of equipment, that's what we do.

Keith Howlett: Just on some, house keeping question, I know you were asked this a couple of weeks ago, but is the class action fee still an insignificant sort of number, and outside of the designated professional fees and severance category?

Male: Our class action's been very small.

Keith Howlett: And it is not incorporated in your number though?

Male: Yes it is in that number but ...

Keith Howlett: So it is in the number?

Male: Yes but very small.

Keith Howlett: OK. Great. And just on a couple of things, do you have the share outstanding at the quarter end and waited diluted and basic by any chance?

Male: Yes. I do, the first I will give you the outstanding. The outstanding common shares are, 64 million, four hundred and ((inaudible)) thousand, 373 and the diluted ...

Keith Howlett: Sixty four, or 373?

Male: Sixty four two one four.

Keith Howlett: Two one four?

Male: Two one four, three seven three.

Keith Howlett: I see. Right thanks.

Male: Jeremy is ((inaudible)) you got that number ...

Male: Diluted is 64, eight eight five.

Male: It's basic. Sorry, that's diluted average.

Keith Howlett: Yes great thanks. Great thanks. Just one last question in your general meeting you said date for that ...

Male: September 25.

Keith Howlett: September 25?

Male: Yes.

Keith Howlett: When ...

Male: We will be announcing that shortly.

Keith Howlett: Thank you.

Male: Thank you.

Operator: Thank you. Your next question comes from William Dittl from Gato Group. Please go ahead.

William Dittl: Gentlemen good morning.

Male: Good morning William.

William Dittl: In terms of subject of ((inaudible)) equipment. Are you guys gonna automatically putting that in ((inaudible)) plan?

Male: Ooh that's the same equipment that goes into ((inaudible)).

William Dittl: OK. That's good. And then as you guys know the ((inaudible)) is about sixty investors with one percent of the company stock. And I got a couple of questions about the Bio-process group. You guys talked about being in contact with three oil companies, on a previous call.

One of them you mentioned was in China, just out of curiosity, can you guys give us a little bit of color on that in terms of, some of these companies in the U.S. or in the U.K.

Male: I think the answer is, one is in U.S. one is in South America and one is in China.

William Dittl: OK. That's helpful, and in term of Chris's question ((inaudible)) obviously that's a really big endorsement, for your technology because you guys supply ((inaudible)) there.

Just want to see a radical scenario if somebody was to source equipment for pre-treatment for somewhere else but still use in continuous ((inaudible)) explosion will fall under licensing and royalty through you guys, is that correct?

William Dittl: Somewhere else but still use continued explosion still fall under licensing and royalty through you guys is that current?

Male: Is it specific (teranium)?

William Dittl: Any company actually but if they're using that particular pre treatment they would then fall under IP is that correct?

Male: Yes they would fall under IP yes.

William Dittl: OK that's what I thought. OK but it is certainly a big endorsement for your technology with the president of BP bio fuels saying that they now had access to most advanced technology. It is really interesting.

And just in terms of the ongoing relationships there do you guys talk about several 30 million gallon facilities again will that fall under revenues recurring revenues and such?

Male: I think as we said earlier William, we really hope that we'll be participating in these projects and the fact that BP is now entered in to their company. I think is really similar towards – they're not doing just to have a single plan, so they are obviously looking at the technology which they could acquire worldwide. So sure its really exciting development for us.

William Dittl: That's great thanks very much for the answers.

Male: Thank you bye-bye.

Operator: Thank you. Your next question comes from Aaron Pinson Reuven Enterprises; please go ahead.

Aaron Pinson: Hi guys. Congratulation on finishing up with the this, I guess, headache a lot this quarter. I wanted to ask a quick question with regards to the CEO search. I 'm sure you guys know on Friday United nitro foods announced the retirement of great Antony that's just a coincidence or maybe that's on search committee, maybe that had to do something with that?

Male: No it had nothing to do with it. It was a coincidence.

Aaron Pinson: Is he a candidate now being?

Male: No he is not at this point. Not that he could be but he is certainly not a candidate.

Aaron Pinson: In New York the overall I guess the CEO search there for someone that you're looking for someone that's going to be making decisions here and a couple of years as far as the overall of strategic direction of the company.

Say mostly regards to is been offset and investors these others are non co businesses, are you looking for a CEO that's going to right away fall into this the board I haven't seen the board in the last couple of years or I my looking for a CEO that might just take over and be maybe a fresh new outlook on that how is going forward?

Male: Certainly we're looking for someone with wide experience somebody that focus in the food business because as you said we maybe reviewing our strategic direction here in regard to our non co businesses and we're looking for very and likely that person we're going to search it will be so, but definitely someone who is focused and experienced in the food business.

Aaron Pinson: But I guess the question is, do you necessarily need someone that wold automatically into guys where the direction that you guys are looking as the and actually before you hire someone?

Male: I would hope that person is committed to the organic sector the natural food sector because that's we are all about I hope that person would reflect the values which I think are critical in this company. But I think the experience is going to be him or her the key here.

Aaron Pinson: OK.

Male: ... and so I think, those things are important, but I think it's the experience its going to be the key here.

Male: OK and lastly, ((inaudible)) minerals obviously this has been you know, something that you are talking about, spinning off for a while already, but fortunately you haven't, from the best ((inaudible)), I guess in the last year or so. What's the plan going forward with that, any update on I guess any plans of spinning it off, or what are you working on at this point?

Male: As I said, I think we will be undertaking a strategic review of a non core businesses, clearly all the minerals are doing extremely well, and with the prospects that they have that the new acquisition in place it looks like it's going to be very incremental.

And then when we take a look at the option which we on the second company in the Europe which we've only mentioned in the press release, that opportunity which will be exercised in the next 18 months, that probably earlier is very, very interesting.

So for keeping that, it looks like all the minerals has tremendous growth and turnovers, if we are selling out, then the buyer should be very entrust with the additional opportunity.

Aaron Pinson: As far as capital, you will be good enough to continue you know, doing this acquisitions in the past strategically, without maybe selling out the minerals?

Male: I think that as we have indicated we've slowed up our acquisition activity for a period of time, but there are always opportunities that are let's say small opportunities that can be folded in. As you can see we are focusing a lot on the extension of our existing businesses, you know with the new (medestral) plans, (corrolado) facility, the extensions in Minnesota and in New York, we are doing extension and warehouse extensions in the distribution business.

So at the moment, our available capital is more focused on internal extensions, which of course are lower risk, and sit perfectly within our interesting business.

Male: So, sure we are contending to look at the acquisitions, and I think we will give up our acquisition program, and you know, initially the small opportunities but as our cash flow improves and we get past all this one time cost, and then we are going to have more capital available just for internal operation to invest.

Aaron Pinson: ... well, thanks for your time, and congratulations again on the updating filings.

Male: Thanks a lot.

Operator: Thank you. Your next question comes from Keith Howlett; please go ahead.

Keith Howlett: Yes I just want to return for a second on the green and food diffusion on the margin squeeze, and I just want to make – there was one aspect that was natural gas, which I guess relates to the processing business, like sour milk and other things, and the other side I just want to make sure I understood that related to something to do with the farmers and the position they want to take on hedging I guess.

Male: Well, there are three things Keith, you know obviously input cost went up, that's you know energy and all those types of cost. Second, when we were commissioning the new line, it's one of those fields when you are tying in a line (ridden) in life processing, so there is you know number of inefficiencies that are created when you are doing that.

And that occurred both in Alexandra, and at the Huntington New York plan where we you know we were doing a lot of work during the quarter, then the third was just in the rising cost where we may not be totally hedged towards some of the hedges, we bought two hedged materials et cetera and we are moving into higher price, rising cost where we may not be totally hedged or some of the hedges we have worked through hedged materials et cetera and we are moving to a higher price to higher price inputs especially (soy) and leading capacity of customer.

We have the ability to pass those costs thorough you know there are inevitable until you work with the customer to put the new pricing in place. It is really a combination of those three.

Keith Howlett: And the last one is more on the processing side on the and trading to Japan and else where it is pretty much that pass through.

Male: Yes right I know, but there is more on the finished product.

Keith Howlett: Great thank you.

Operator: Thank you. Ladies and gentlemen, if there is any additional questions, please press star one at this time. Your next question comes from James Gash Private Investor; please go ahead.

James Gash: Gentlemen,

Male: Hey.

James Gash: Am looking at the marked inventory seventh packages and try to balance those two things is it possible to perhaps pay off a portion of the seven packages in strawberry.

Male: I don't think so sir we are talking here about seven packages that go to you know to people that are leaving in the company and so I don't know what they would do with the strawberry now I don't think that is possible sir.

Male: It is worth to try?

Male: It is a good suggestion I could certainly talk to them but I kind a doubt it so.

James Gash: Maybe we could adjust the next seven packages for the incoming candidates with performance as a factor.

Male: Yes, there is certainly will be performance bonuses and some of the related to his or her compensation.

James Gash: OK am just trying to get make the point that shareholders sometimes get tired of paying what seems like fairly liquitive of our several tax for things what seems like rather poor performance on occasion.

Male: Actually, sir, I can't tell you that you know the compensation at the executive level of the SunOpta has traditionally been very, very reasonable particularly of course in past where the Canadian dollar was lower when we were paying in Canadian dollar you actually ended up you know a much lower cost when converted in to U.S. dollars for they occur and you know that the dollar has fallen again so cost generally in Canada are lower than in the U.S. and of course in translation even more economic. And so, we have not traditionally paid merge salaries here.

James Gash: OK well something needs to be weak. Thank you, (Gaimo).

Male: You are most welcome thank you.

Operator: Thank you. There are no further questions at this time; I will turn the conference back to Mr. Bromley.

Steve Bromley: Thank you very much; it has been nice to speak to everyone as always please feel free to call if you have any questions or anything you would like to discuss we will do our best get back to all of our share holders in a timely manner and if you would like to visit any of our facilities as well the opportunity is there for you to do so if you contact us.

So once again, we want to thank you we are very pleased now to be totally current with our filings and look forward to speaking with you at the end of the third quarter, thank you.

Operator: Ladies and gentlemen, this just concludes the conference call for today; you may now disconnect and have a great day.

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