



FOR IMMEDIATE RELEASE

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First Quarter 2004 Report to Shareholders

Three months ended March 26, 2004

**DOMINION CITRUS LIMITED ANNOUNCES RECORD FIRST
QUARTER NET EARNINGS: UP 22.3%**

First Quarter Highlights

- Revenue of \$30,037,000 was up \$1,806,000, 6.4%, over last year.
- Operating income was 48.1% above last year.
- Net earnings of \$827,000 were 22.3% higher than last year.
- Fully diluted earnings per share of \$0.038 were 2.7% higher than last year, despite the impact of average shares outstanding being 15.9% above last year.
- On February 24, 2004, the Company acquired a 100% interest in the business of Distribution Bo-Fruits Inc., a Quebec City based distributor of fresh produce.
- The Company paid a semi-annual dividend of \$0.025 per common share.

TORONTO, May 5, 2004: Dominion Citrus Limited (TSE:DMN) announced record first quarter earnings of \$827,000, up 22.3% from the same period last year. Fully diluted earnings of \$0.038 per share were up 2.7% from the \$0.037 recorded in the first quarter last year, despite the impact of average shares outstanding being 15.9% above last year. These results were achieved in an increasingly competitive market.

"The first quarter results provide an excellent start to the year," said Jacques Lavergne, President and CEO.

"The acquisition of Bo-Fruits advances Dominion Citrus's strategy of growing its business and provides geographic and customer base diversification in the very large Quebec marketplace."

"Our outlook for the balance of 2004 is positive and we expect to increase revenue and earnings over the record year achieved in 2003."

Management Discussion and Analysis

In the first quarter, Dominion Citrus Limited ("Dominion", the "Company") acquired a 100% interest in Distribution Bo-Fruits Inc ("Bo-Fruits"). The results for the first quarter include the operations of Bo-Fruits from February 24, 2004. Also, since Dominion Fine Foods Inc. ("Catanti") and Delta Foods International Ltd. ("Delta") were either not started or acquired until May of 2003, the comparative results for the first quarter of 2003 do not include Catanti and Delta. Delta continues to be accretive to earnings, while Catanti continues to incur small losses. Bo-Fruits was accretive to earnings.

Summary Annual Statistics

	2003	2002	2001
Revenue (\$ 000's)	120,491	106,510	106,813
Net earnings (\$ 000's)	2,687	2,206	1,872
Basic earnings per share	\$0.143	\$0.135	\$0.115
Fully diluted earnings per share	\$0.131	\$0.123	\$0.113
Cash dividends per common share	\$0.05	\$0.04	\$0.02
Total assets (\$ 000's)	38,379	31,934	21,102
Long-term liabilities (\$ 000's)	4,842	1,648	2,382

Summary Quarterly Statistics

	2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (\$ 000's)	29,659	29,934	32,667	28,231	30,159	25,614	25,496	25,241
Net earnings (\$ 000's)	659	611	741	676	628	500	603	475
Basic earnings	\$ 0.028	\$ 0.033	\$ 0.041	\$ 0.041	\$ 0.038	\$ 0.031	\$ 0.037	\$ 0.029
Fully diluted earnings	\$ 0.028	\$ 0.030	\$ 0.036	\$ 0.037	\$ 0.035	\$ 0.028	\$ 0.033	\$ 0.027

Revenue

Revenue for the first quarter of fiscal 2004 was \$30,037,000, up 6.4% from \$28,231,000 reported for the same period last year.

Revenue in the *produce wholesaling and processing* business segment ("Produce") was down 11.4% from last year excluding the revenue of \$660,000 from Bo-Fruits. This reflects generally soft volumes and lower commodity selling prices compared to the first quarter of last year.

In the *other food* business segment, revenue at The Apple Valley Juice Corporation ("Apple Valley") was up 5.6% over the first quarter of fiscal 2003. This was largely due to increasing Fruit Fix volumes. In addition, the Catanti and Delta acquisitions contributed \$4,073,000 in revenue to this segment.

Gross Margin

Gross margin for the first quarter of \$5,905,000 increased by \$1,048,000 over the \$4,857,000 reported in the prior year and improved to 19.7% of revenue from 17.2% in 2003.

Margins in the *produce* segment increased to 18.0% of revenue from 16.1% of revenue in 2003, excluding Bo-Fruits. All divisions contributed to this improvement, which was mostly driven by lower commodity costs. Bo-Fruits contributed \$110,000 of gross margin.

In the *other food* business segment, gross margin at Apple Valley improved to 38.1% of revenue from 33.7%, excluding the favourable impact of a \$150,000 insurance recovery. This is the result of lower ingredient and labour costs offset by rising packaging costs. Catanti and Delta contributed \$724,000 to the margin improvement of this segment.

Expenses

Total expenses for the first quarter of 2004 increased by \$628,000 to \$4,612,000 in the first quarter of 2004. Bo-Fruits, Catanti and Delta accounted for \$461,000 of the increase.

Warehouse and delivery expenses of \$2,796,000 increased by \$356,000 over last year with acquisitions accounting for \$267,000 of the increase. The balance of the increase is attributed to higher insurance and fleet expenses and increased quality assurance costs associated with a patulin testing and certification program at Apple Valley, partially offset by reduced outside storage costs.

Selling expenses overall for the first quarter of 2004 increased \$52,000 over the \$561,000 reported in 2003. A small decline in the existing businesses resulting mainly from a lower bad debt provision partially offset the \$67,000 related to the acquisitions.

General and administrative expenses of \$1,203,000 increased by \$220,000 over the first quarter of 2003 with \$127,000 of the increase due to acquisitions. The balance of the increase reflects higher systems related expenses, directors' fees and a small amount related to a benefits assessment.

Other Income (Expense)

The volatility of the Canadian dollar experienced in the first quarter of 2004 provided many trading opportunities and resulted in gains of \$227,000. In 2003, the rapid one-directional ascent of the Canadian dollar and its impact on our foreign exchange hedging contracts coupled with reduced trading opportunities resulted in a loss of \$64,000.

The increase in net interest expense for the first quarter of 2004 to \$219,000 from \$132,000 is mainly due to the higher debt associated with the Delta and Bo-Fruits acquisitions and higher working capital levels for Delta and Catanti.

Net investment income declined to \$2,000 in the first quarter of 2004 from \$303,000 in 2003 and reflects the sale of most of the portfolio after the first quarter of 2003 to fund the Delta acquisition.

Fully Diluted Net Earnings

Net earnings for the first quarter of 2004 were \$827,000, a 22.3% increase from the \$676,000 earned in 2003. Earnings per share ("EPS") of \$0.038 were 2.7% higher than the \$0.037 reported in 2003. EPS growth was less than the absolute earnings growth due to a 15.9% increase in the number of common shares outstanding relating to the private placement of July 18, 2003.

Liquidity and Capital Resources

The Company had cash of \$216,000 as at March 26, 2004, an increase of \$1,424,000 from the overdraft of \$1,208,000 at year-end, despite the cash expenditure of \$1,100,000 for Bo-Fruits. Cash flow from operating activities improved to \$3,300,000 in the quarter because of cash generated by operations of \$1,104,000 and net improvements in working capital of \$2,196,000.

Financing Activities

During the quarter, the Company paid a dividend of \$0.025 per common share, or \$494,000.

Investing Activities

On February 24, 2004, the Company completed the purchase of a 100% interest in Distribution Bo-Fruits Inc. for \$1,100,000 in cash plus the issuance of \$350,000 in common shares. The cash portion of this transaction was financed from the proceeds of the private placement completed in 2003.

Capital expenditures totaled \$194,000 during the quarter and major items included the completion of the new carrot storage room, information technology hardware and various processing equipment purchases.

Debt

Dominion's total debt as at March 26, 2004 was \$9,687,000. This is comprised of a current portion of long-term liabilities of \$908,000, \$4,706,000 in convertible debenture financing, \$3,800,000 in a non-revolving term credit facility and \$273,000 of mortgages and capital leases.

The Company's bankers have agreed to eliminate the annual excess cash flow payment requirement pertaining to the non-revolving term credit facility. In 2004, this will reduce the debt repayments by \$564,000.

Forward-Looking Statements

The Company and its representatives periodically make written and oral statements, including those contained in the Annual Report, which may pertain to the Company or the environment in which Dominion Citrus operates. By their nature, forward-looking statements are subject to risks and uncertainties, which could result in actual performance or conditions being materially different from anticipated results.

Readers should not place undue reliance on these forward-looking statements when making decisions, and should consider the date onto which the statements were made. Except as required by applicable security law, management disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Fiscal 2004 Outlook

Management is focused on managing its core business while implementing its growth strategy as it seeks accretive opportunities such as Bo-Fruits. The *produce wholesaling and processing* segment continues to be extremely competitive and as such revenue growth in 2004 is expected to be generated by the annualized impact of the Catanti, Delta and Bo-Fruits acquisitions. Competitive pressures are continuing as a result of the ongoing consolidation in the retail grocery and foodservice sectors. The Company continues its search for consolidation and growth opportunities by pursuing accretive acquisitions in both the *produce* and *other food* segments of its business.

DOMINION CITRUS LIMITED
CONSOLIDATED STATEMENT OF EARNINGS
THREE MONTHS ENDED MARCH 26, 2004 AND MARCH 28, 2003
(Unaudited)

	<u>2004</u>	<u>2003</u>
REVENUE	\$ 30,037,000	\$ 28,231,000
COST OF GOODS SOLD	24,132,000	23,374,000
GROSS MARGIN	<u>5,905,000</u>	<u>4,857,000</u>
EXPENSES		
Warehouse and delivery	2,796,000	2,440,000
Selling	613,000	561,000
General and administrative	1,203,000	983,000
	<u>4,612,000</u>	<u>3,984,000</u>
OPERATING INCOME	<u>1,293,000</u>	<u>873,000</u>
OTHER INCOME (EXPENSE)		
Foreign exchange	227,000	(64,000)
Interest expense (Note 1)	(226,000)	(155,000)
Interest income	7,000	23,000
Investment dividends	2,000	97,000
Realized investment income	-	206,000
	<u>10,000</u>	<u>107,000</u>
EARNINGS BEFORE INCOME TAXES	1,303,000	980,000
INCOME TAXES	<u>476,000</u>	<u>304,000</u>
NET EARNINGS FOR THE QUARTER	<u>\$ 827,000</u>	<u>\$ 676,000</u>
PER SHARE: (Note 3)		
Basic	<u>\$0.042</u>	<u>\$0.041</u>
Fully diluted	<u>\$0.038</u>	<u>\$0.037</u>

DOMINION CITRUS LIMITED
CONSOLIDATED BALANCE SHEET
(Unaudited)

As at:

ASSETS	<u>Mar.26/04</u>	<u>Dec.31/03</u>
CURRENT ASSETS		
Cash	\$ 216,000	\$ -
Accounts receivable	10,808,000	11,953,000
Inventories	9,524,000	11,774,000
Prepaid expenses	251,000	226,000
Income taxes receivable	38,000	60,000
	20,837,000	24,013,000
PORTFOLIO INVESTMENTS		
(Market value - \$2,722,000; 2003-\$2,636,000)	3,913,000	3,913,000
PROPERTY, PLANT AND EQUIPMENT	6,698,000	6,465,000
OTHER ASSETS	5,268,000	3,988,000
	\$ 36,716,000	\$ 38,379,000
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	\$ -	\$ 1,208,000
Cheques in transit	2,729,000	1,018,000
Accounts payable and accrued liabilities	10,649,000	13,663,000
Current portion of long-term liabilities	908,000	1,443,000
	14,286,000	17,332,000
CONVERTIBLE DEBENTURE	4,706,000	4,691,000
LONG-TERM PAYABLES	381,000	373,000
LONG-TERM LIABILITIES	4,073,000	3,399,000
FUTURE INCOME TAXES	186,000	185,000
	23,632,000	25,980,000
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	8,678,000	8,328,000
CONTRIBUTED SURPLUS	4,000	2,000
EQUITY COMPONENT OF DEBENTURE	425,000	425,000
RETAINED EARNINGS	3,977,000	3,644,000
	13,084,000	12,399,000
	\$ 36,716,000	\$ 38,379,000

DOMINION CITRUS LIMITED
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
THREE MONTHS ENDED MARCH 26, 2004 AND MARCH 28, 2003
(Unaudited)

	<u>2004</u>	<u>2003</u>
RETAINED EARNINGS - BEGINNING OF QUARTER	\$3,644,000	\$ 3,851,000
Net earnings for the quarter	827,000	676,000
Dividends paid – common shares	(494,000)	(411,000)
Dividend in kind – preference shares	<u> </u>	<u>(1,847,000)</u>
RETAINED EARNINGS - END OF QUARTER	<u>\$3,977,000</u>	<u>\$ 2,269,000</u>

DOMINION CITRUS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 26, 2004 AND MARCH 28, 2003
(Unaudited)

	<u>2004</u>	<u>2003</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the quarter	\$ 827,000	\$ 676,000
Items not involving current cash flows -		
Amortization of property, plant and equipment	228,000	199,000
Amortization of deferred financing costs	32,000	9,000
Amortization of debenture discount	15,000	15,000
Stock option expense	2,000	-
Realized investment gain	-	(206,000)
	<u>1,104,000</u>	<u>693,000</u>
Net change in non-cash working capital -		
Accounts receivable	1,682,000	1,630,000
Inventories	2,307,000	648,000
Prepaid expenses	-	43,000
Cheques in transit	1,711,000	380,000
Accounts payable and accrued liabilities	(3,482,000)	(3,759,000)
Income taxes	(22,000)	(107,000)
	<u>3,300,000</u>	<u>(472,000)</u>
FINANCING ACTIVITIES		
Other assets	(6,000)	-
Repayment of long-term liabilities	(12,000)	(8,000)
Dividends paid	(494,000)	(412,000)
	<u>(512,000)</u>	<u>(420,000)</u>
INVESTING ACTIVITIES		
Purchase of portfolio investments	-	(2,922,000)
Proceeds on disposal of portfolio investments	-	4,677,000
Acquisition of property, plant and equipment	(194,000)	(79,000)
Acquisition of Bo-Fruits, net of cash required (Note 2)	(1,168,000)	-
Investment in Catanti	(2,000)	(313,000)
Proceeds on disposal of property, plant and equipment	-	24,000
	<u>(1,364,000)</u>	<u>1,387,000</u>
CHANGE IN CASH	1,424,000	495,000
CASH (INDEBTEDNESS) - BEGINNING OF QUARTER	<u>(1,208,000)</u>	<u>4,906,000</u>
CASH - END OF QUARTER	<u>\$ 216,000</u>	<u>\$ 5,401,000</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 184,000</u>	<u>\$ 150,000</u>
Income taxes paid	<u>\$ 509,000</u>	<u>\$ 411,000</u>

DOMINION CITRUS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 26, 2004 AND MARCH 28, 2003
(Unaudited)

The consolidated interim financial statements should be read in conjunction with the company's most recent annual consolidated financial statements, as they do not conform in all respects with the requirements of Canadian GAAP as pertaining to audited annual financial statements. The interim statements follow the same accounting policies and procedures as the most recent audited statements; and while reviewed by the Audit Committee of the Board of Directors' for overall compliance, have not been subjected to the same degree of testing and verification as the audited annual financial statements.

Comparative Figures

Certain 2003 figures in the accompanying Consolidated Financial Statements have been reclassified to conform to the 2004 presentation.

1. Interest Expense

Interest expense for the quarter includes a non-cash expense of \$15,000 associated with the amortization of \$0.425 million ascribed to the equity component of the \$5,000,000 debenture.

2. Distribution Bo-Fruits Inc. ("Bo-Fruits") Acquisition

On February 24, 2004, the Company acquired 100% of the outstanding common shares of Bo-Fruits. The purchase price was funded by the issuance of 187,668 common shares of the Company, valued at \$1.865 per common share, and a cash payment of \$1,100,000. The purchase price is subject to post-closing adjustments. A performance payment of up to a maximum of \$175,000 is payable based on actual Bo-Fruits results for the twelve-month period following closing. The fair value of net assets acquired is as follows:

Assets (including cash of \$12,000)	\$ 899,000
Liabilities	<u>673,000</u>
Net identifiable assets acquired	226,000
Goodwill	<u>1,304,000</u>
Total consideration and acquisition costs	1,530,000
Less: Cash acquired	<u>12,000</u>
Net Consideration	<u>\$1,518,000</u>

3. Earnings Per Share

Earnings per common share is calculated by dividing net income applicable to common shareholders by the weighted average number of common shares outstanding.

Diluted earnings per share using the treasury stock method is calculated using an adjusted weighted average number of common shares outstanding which reflects the exercise of stock options and debenture conversion.

	March 26, 2004	March 28, 2003
Basic earnings per share computation		
Earnings available to common shares	\$ 827,000	\$ 676,000
Weighted average common shares outstanding	19,657,419	16,420,450
Basic earnings per common share	\$0.042	\$0.041
Diluted earnings per share computation		
Earnings available to common shares	\$ 827,000	\$ 676,000
Dilutive effect of:		
After-tax income from convertible debentures	78,000	81,000
Earnings available to common shareholders, assuming dilution	\$ 905,000	\$ 757,000
Weighted average common shares outstanding	19,657,419	16,420,450
Dilutive effect of:		
Employee Stock Options	517,907	494,409
Convertible Debentures	3,571,429	3,571,429
Adjusted fully diluted weighted average common shares outstanding	23,746,755	20,486,288
Diluted earnings per common share	\$0.038	\$0.037

4. Contractual Obligations

Payments Due by Period

<i>Contractual Obligations</i>	<i>Total</i>	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>4-5 years</i>	<i>After 5 years</i>
Long Term Debt	\$ 5,090,000	895,000	3,995,000	32,000	168,000
Capital Lease Obligations	11,000	10,000	1,000	-	-
Operating Leases	<u>2,888,000</u>	<u>773,000</u>	<u>1,209,000</u>	<u>586,000</u>	<u>320,000</u>
Total Contractual Obligations	<u>\$ 7,989,000</u>	<u>1,678,000</u>	<u>5,205,000</u>	<u>618,000</u>	<u>488,000</u>

5. Segmented Information

The Company is organized into eight operating divisions to assist management in making operating decisions and assessing performance. Five of the divisions share similar characteristics and have been aggregated as produce wholesaling and processing.

2004

2003

(a) Produce Wholesaling and Processing

Revenues	\$24,128,000	\$26,493,000
Operating income	744,000	873,000
Amortization of property, plant and equipment	126,000	144,000
Amortization of deferred financing costs	32,000	9,000
Property, plant and equipment expenditures	140,000	79,000
Segment assets	19,740,000	24,584,000

(b) Other Food

Revenues	\$ 5,909,000	\$ 1,738,000
Operating income	549,000	-
Amortization of property, plant and equipment	102,000	55,000
Amortization of deferred financing costs	-	-
Property, plant and equipment expenditures	54,000	-
Segment assets	16,976,000	4,103,000

(c) Total

Revenues	\$30,037,000	\$28,231,000
Operating income	1,293,000	873,000
Amortization of property, plant and equipment	228,000	199,000
Amortization of deferred financing costs	32,000	9,000
Property, plant and equipment expenditures	194,000	79,000
Assets	36,716,000	28,687,000