Dominion Citrus

Third Quarter 2001 Report to Shareholders
Three months ended September 30, 2001

DOMINION CITRUS LIMITED ANNOUNCES ANOTHER CONSECUTIVE RECORD QUARTER OF REVENUE, EARNINGS AND OPERATING CASHFLOW.

3rd QUARTER HIGHLIGHTS

* **Operating Income of $0.696 million is 19% higher than the $0.584 million generated in Fiscal 2000.**

* **The Gross Margin rate improved to 16.9% versus 16.6% last year.**

* **The company generated $2.612 million in Cash from Operations during the quarter, a $3.925 million improvement from the $1.313 million used in Fiscal 2000.**

* **Cash & Cash Equivalents was $5.433 million at September 30, 2001, up from $3.542 million at June 29, 2001, and a bank indebtedness position at December 31, 2000.**

* **Net Earnings of $0.486 million or $0.03 Earnings Per Share (EPS), are 7% higher than the $0.454 million earned in Fiscal 2000.**

* **The company declared and paid a $0.02 dividend on September 28, 2001.**

* **Subsequent to the quarter end, the company appointed Mr. Bruce Marcovich as President of The Apple Valley Juice Corporation, effective October 29, 2001. Mr. John Denbok has resigned to pursue other career opportunities.**

NINE MONTHS HIGHLIGHTS

* **Operating Income of $2.381 million year-to-date is 68% higher than the $1.417 million earned in Fiscal 2000.**

* **Cash flow provided by Operations of $6.705 million is $7.326 million better than the $0.621 million used during the first nine months of Fiscal 2000.**

* **Net Earnings (excluding restructuring) of $0.10 EPS, are 56% higher than the $0.07 EPS generated in the corresponding period last year.**

* **Gross Margin performance continues to improve, with a 16.4% rate, up 50 basis points versus Fiscal 2000 YTD results.**

* **Total Revenue is up 10% to $81.121 million versus $73.443 million last year.**

TORONTO, November 8, 2001: Dominion Citrus Limited **(TSE:DMN)** announced another record revenue, earnings and operating cash flow performance for the third quarter and first nine months of Fiscal 2001.

Third quarter Operating Income of $0.696 million is 19% better than the $0.584 million generated in the corresponding quarter last year. On an after tax basis, the company's Net Earnings of $0.486 million or $0.03 EPS, increased 7% year over year.

For the nine months ended September 30, 2001, the company's Operating Income of $2.381 million is 68% higher than last year, while the Fiscal 2001 YTD EPS (before 1st quarter restructuring charge) of $0.10, is a 56% improvement to the $0.07 EPS through nine months in Fiscal 2000.

"Our good financial performance continued in the 3rd quarter and we are well positioned for a solid year end", said Gary Dephoure, Dominion Citrus Limited VP Finance & CFO. "While the third quarter is traditionally our slowest operating period of the year, owing to increased consumption of locally grown produce, and the negative impact of summer vacations on retail grocery and produce consumption, we delivered a 19% year over year improvement in our quarterly operating income."

"These quarterly results are in fact stronger than they appear, when considering the re-alignment of our Fiscal 2001 corporate calendar reduced the 3rd quarter to 13 weeks of operation, versus 14 weeks in Fiscal 2000. The 3rd quarter reporting period adjustment shortened our opportunity to generate revenue, earnings and cash flow by over 7% versus the previous fiscal year, " added Dephoure.

Additionally, included in the Fiscal 2001 3rd quarter results, is a $0.275 million gross margin provision or ($0.01) EPS, covering the destruction of substandard finished product at The Apple Valley Juice Corporation. Management has claimed these losses against insurance coverage; however, the amount of recovery, if any, is undeterminable at this time.

While the 3rd quarter is a slow period operationally, the company's senior management was strategically active on several fronts. First, the implementation of the company's new financial and operating system is proceeding ahead of schedule. This new system will not only generate cost savings through the centralization of key financial functions, but will provide management with timely, standardized and enhanced reporting across all businesses. Additionally, the Navision platform was selected for its reliability and scaling simplicity, and lays the foundation for future growth initiatives.

Secondly, Mr. Bruce Marcovich has joined the company in the capacity of President, The Apple Valley Juice Corporation. Mr. Marcovich brings a strong multi-national engineering and operations background to the position, and will be instrumental in improving production efficiencies at the Collingwood facility, as well as expanding Apple Valley's product offerings.

Management's Discussion & Analysis

Revenue

Dominion Citrus Limited's revenue for the quarter ended September 30, 2001 was $25.618 million, a decrease of $0.815 million or 3.1% versus the same period a year ago. On a pro-forma basis, revenue was up over 4%, after factoring the 13-week versus 14-week quarter in FY 2001 & 2000 respectively.

The decrease in revenue resulted primarily from lower case volume shipments at the Ontario Food Terminal division. The weakness was acute in grapes, where unit volumes were off 28% during the quarter compared to Fiscal 2001. This was partially offset by strong unit volume in oranges, tangerines and tomatoes throughout the quarter, and an early fall market for beans.

Revenue at the Country Fresh, Apple Valley and Meschino Banana divisions was higher this quarter than last year, without consideration for the shorter fiscal period.

Gross Margins

Dominion Citrus Limited's consolidated Gross Margin for the quarter totaled $4.328 million or 16.9%, which is up 30 basis points to the 16.6% achieved in the Fiscal 2000 3rd quarter.

Stronger Gross Margin rates were achieved at the Ontario Food Terminal, Country Fresh and Dominion Farms divisions, where improved pricing conditions across many commodities, better leverage from the international import programs and higher volume processing efficiencies were the key factors. Mitigating these positive results was a poorer quality grape throughout the summer, which resulted in a rare negative margin performance for this key commodity.

The Apple Valley Juice Corporation continued to experience the negative effects of the higher raw apple costs resulting from the poor growing season in 2000. Fortunately, the combination of a better 2001 apple crop and aggressive early season purchasing has provided Apple Valley with an approximate 15% improvement in its raw apple costs, which will reflect in improved 4th quarter Fiscal 2001 and Fiscal 2002 results.

Additionally, the Apple Valley experienced a production problem with its manufacturing equipment, since rectified, where some substandard product had to be destroyed. The company provided $0.275 million during the 3rd quarter, which equates to a $0.01 EPS impact. A significant portion will be claimed against insurance policies in effect at the time of the incident.

Expenses

Operating expenses for the quarter of $3.632 million represent 14.2% of revenue, a 20 basis point improvement versus 3rd quarter Fiscal 2000. Lower net interest expenses, General & Administrative costs and flat selling expenses year over year, fully offset higher than anticipated Warehouse & Delivery expenses.

The decline in interest rates throughout the year, coupled with a more proactive approach to working capital and current account management has resulted in a 38% reduction in net borrowing costs year to date. The company has incurred $0.088 million in net interest expense through the 3rd quarter in Fiscal 2001, compared to $.142 million last year.

Warehouse & Delivery expenses were 9.4% of revenue, a deterioration of 90 basis points from last year, due to the unexpected decline in revenue during the last few weeks of September related to the September 11th event. This led to lower than planned productivity at the Ontario Food Terminal. Higher costs for utilities, gas and waste disposal at several divisions also contributed to this larger than expected increase in warehousing expenses.

Other Income (Expense)

Foreign exchange gains for the three months ended September 30, 2001 were $0.100 million, which is down $0.049 million from the same period a year ago. On a year to date basis, the company has earned $0.325 million on its foreign exchange trading, which is equal to its performance during the similar period in Fiscal 2000.

Net Earnings

Net Earnings of $0.486 million or $0.03 EPS is reported for the three months ended September 30, 2001. This represents a 7% improvement to the $0.454 million Net Earnings or $0.03 EPS reported for the 3rd quarter 2000.

Year to Date, the company has earned $1.529 million or $0.09 EPS, a 44% increase over the $0.07 EPS last year. Excluding the 1st quarter restructuring charge, the company earned $0.10 EPS, versus $0.07 EPS in Fiscal 2000.

Liquidity and Capital Resources

Cash flow from operating activities was $6.706 million for the nine months ended September 30, 2001, resulting from net earnings of $1.529 million, adjusted for non-cash items of $0.636 million. Improvements in the use of cash relating to working capital generated an additional $4.541 million in cash flow.

The company's financing activities were highlighted by a $0.324 million dividend paid on September 28, 2001. Investing activities of $0.618 million YTD are related to the company's planned asset replacement and new equipment programs.

The company's cash position is continually improving, with $5.433 million in Cash and Cash Equivalents on hand as at September 30, 2001, up from $3.542 million as at June 29, 2001, and a bank indebtedness position at December 31, 2000.

Capital Expenditures

Capital Expenditures of $0.389 million during the quarter were planned and in line with the company's annual capital appropriation program.

Debt

Dominion Citrus' Long-Term Debt as at September 30, 2001 totaled $2.398 million, including the current portion of $0.394 million. The short-term revolving bank lines of credit of $3.000 million were unused, and remain available to the company. The majority of the company's long-term debt obligations is floating and tied to the Canadian Prime Interest Rate.

Outlook

Management believes the Company is experiencing the somewhat difficult economic conditions affecting many sectors of the North American economy, which became exacerbated after September 11th. While the long-term impact on consumer retail produce spending is difficult to judge, the Company has noted that its traditional 4th quarter weekly revenue ramp up after the Canadian Thanksgiving holiday is somewhat slower this year.

However, the company is in a favourable position of mitigating this revenue slowness, by a strong 4th quarter offshore import program commencing in early November, increased packaging business associated with recent capital expenditures at Country Fresh, and improved contribution margin from Apple Valley associated with the latest apple harvest.

The events of September 11, 2001 directly resulted in a couple of days of disruption at the border for in-bound transport. While it appears that the traditional logistics processes for importing commodities will not change, a more restrictive trucking clearance system at the Canadian/US border could result in additional costs for all companies in the industry.

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENTS OF EARNINGS

THREE & NINE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

	FY 2001 3 MTHS	FY 2000 3 MTHS	FY 2001 9 MTHS	FY 2000 9 MTHS
REVENUE	$ 25,618,000	$ 26,433,000	$81,121,000	$73,443,000
COST OF GOODS SOLD	21,290,000	22,039,000	67,831,000	61,786,000
GROSS MARGIN	4,328,000	4,394,000	13,290,000	11,657,000
%	16.9%	16.6%	16.4%	15.9%
EXPENSES				
Warehouse and Delivery	2,398,000	2,242,000	7,061,000	6,366,000
Selling	467,000	453,000	1,392,000	1,391,000
General and Administrative	747,000	1,063,000	2,368,000	2,341,000
Interest Expense (Net)	20,000	52,000	88,000	142,000
	3,632,000	3,810,000	10,909,000	10,240,000
OPERATING INCOME	696,000	584,000	2,381,000	1,417,000
%	2.7%	2.2%	2.9%	1.9%
OTHER INCOME (EXPENSE)				
Restructuring Charge	-	-	(200,000)	-
Foreign Exchange	100,000	149,000	325,000	326,000
EARNINGS BEFORE TAXES	796,000	733,000	2,506,000	1,743,000
INCOME TAXES	310,000	279,000	977,000	683,000
NET EARNINGS FOR THE PERIOD	$ 486,000	$ 454,000	$1,529,000	$1,060,000
PER SHARE:				
EPS – incl. Restructuring Charge	$0.03	$0.03	$0.09	$0.07
EPS – excl. Restructuring Charge	$0.03	$0.03	$0.10	$0.07
EPS – fully diluted; excl. restructuring	$0.03	$0.03	$0.09	$0.07
Avg. # of Common Shares Outstanding	16,200,000	16,200,000	16,200,000	16,200,000
Fully Diluted # Shares Outstanding*	17,645,000	16,200,000	17,645,000	16,200,000

* 1,345,000 share options outstanding @ $0.80 strike price; expire December 2005
100,000 share options outstanding @ $0.80 strike price; expire March 2006

DOMINION CITRUS LIMITED

CONSOLIDATED BALANCE SHEET

(Unaudited)

	As at:	
	September 30/01	**Dec. 31/00**
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	$ 5,433,000	$ -
Accounts Receivable	5,177,000	9,543,000
Inventories	2,142,000	3,118,000
Prepaid Expenses	366,000	111,000
Income Taxes Receivable	-	19,000
TOTAL CURRENT ASSETS	13,118,000	12,791,000
CAPITAL ASSETS	4,530,000	4,491,000
OTHER ASSETS	663,000	714,000
TOTAL ASSETS	**$ 18,311,000**	**$ 17,996,000**
LIABILITIES		
CURRENT LIABILITIES		
Bank Indebtedness	$ -	$ 296,000
Outstanding Cheques	5,185,000	2,138,000
Accounts Payable and Accrued Liabilities	6,352,000	10,158,000
Income Taxes Payable	226,000	-
Long Term Debt – Current	394,000	62,000
Due to Algonquin Mercantile Corporation	-	62,000
TOTAL CURRENT LIABILITIES	12,157,000	12,716,000
LONG-TERM PAYABLES	326,000	297,000
FUTURE INCOME TAXES	186,000	168,000
LONG-TERM LIABILITIES	2,004,000	2,382,000
TOTAL LIABILITIES	14,673,000	15,563,000
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	1,685,000	1,685,000
RETAINED EARNINGS	1,953,000	748,000
TOTAL EQUITY	3,638,000	2,433,000
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**$ 18,311,000**	**$ 17,996,000**

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

NINE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

	2001	2000
RETAINED EARNINGS - BEGINNING OF YEAR	$ 748,000	$ 343,000
Net earnings for the Period	1,529,000	1,060,000
Dividends Paid	(324,000)	1,000,000)
RETAINED EARNINGS - END OF QUARTER	$ 1,953,000	$ 403,000

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

THREE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

	2001	2000
CASH PROVIDED BY (USED IN)		
OPERATIONS:		
Net Earnings for the Quarter	$ 486,000	$ 454,000
Items not involving current cash flows -		
Depreciation	206,000	165,000
Loss/(Gain) on Disposal of Capital Assets	(4,000)	(1,000)
Deferred Income Taxes	-	-
	688,000	618,000
Net change in non-cash working capital -		
Accounts Receivable	2,223,000	696,000
Inventories	997,000	(585,000)
Prepaid Expenses	(154,000)	(129,000)
Outstanding Cheques	(509,000)	(1,624,000)
Accounts Payable and Accrued Liabilities	(695,000)	157,000
Income Taxes Payable	62,000	(446,000)
TOTAL CASH FROM OPERATIONS	**2,612,000**	**(1,313,000)**
FINANCING ACTIVITIES:		
Bank Indebtedness	-	977,000
Repayment of Long-Term Liabilities	(12,000)	-
Dividends	(324,000)	-
TOTAL CASH FROM FINANCING	**(336,000)**	**977,000**
INVESTING ACTIVITIES:		
Purchase of Capital and Other Assets	(389,000)	(104,000)
Proceeds on Disposal of Capital Assets	4,000	515,000
Due from Algonquin Mercantile Corporation	-	(75,000)
TOTAL CASH FROM INVESTING	**(385,000)**	**336,000**
CHANGE IN CASH DURING QUARTER	**1,891,000**	**0**
CASH – BEGINNING OF QUARTER	3,542,000	0
CASH - END OF QUARTER	**$ 5,433,000**	**$ 0**

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

	2001	2000
CASH PROVIDED BY (USED IN)		
OPERATIONS:		
Net Earnings for the Nine Months	$ 1,529,000	$ 1,060,000
Items not involving current cash flows -		
Depreciation & Amortization	629,000	580,000
Loss/(Gain) on Disposal of Capital Assets	(11,000)	(83,000)
Deferred Income Taxes	18,000	-
	2,165,000	1,557,000
Net change in non-cash working capital -		
Accounts Receivable	4,366,000	2,967,000
Inventories	976,000	259,000
Prepaid Expenses	(255,000)	(37,000)
Due to Algonquin Mercantile Corporation	(62,000)	-
Outstanding Cheques	3,047,000	(1,022,000)
Accounts Payable and Accrued Liabilities	(3,777,000)	(4,289,000)
Income Taxes Payable	245,000	(56,000)
TOTAL CASH FROM OPERATIONS	**6,705,000**	**(621,000)**
FINANCING ACTIVITIES:		
Bank Indebtedness	(296,000)	1,644,000
Repayment of Long-Term Liabilities	(46,000)	(13,000)
Dividends Paid	(324,000)	(1,000,000)
TOTAL CASH FROM FINANCING	**(666,000)**	**631,000**
INVESTING ACTIVITIES:		
Purchase of Capital and Other Assets	(618,000)	(645,000)
Proceeds on Disposal of Capital Assets	12,000	515,000
Due from Algonquin Mercantile Corporation	-	120,000
TOTAL CASH FROM INVESTING	**(606,000)**	**(10,000)**
CHANGE IN CASH DURING THE PERIOD	**5,433,000**	**0**
CASH – BEGINNING OF YEAR	0	0
CASH - END OF QUARTER	**$ 5,433,000**	**$ 0**

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

THREE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

SUPPLEMENTAL INFORMATION	2001	2000
Interest paid	$ 45,000	$ 52,000
Income taxes paid	$ 250,000	$ 552,000

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

SUPPLEMENTAL INFORMATION	2001	2000
Interest paid	$ 119,000	$ 142,000
Income taxes paid	$ 714,000	$ 739,000

DOMINION CITRUS LIMITED

SEGMENTED INFORMATION

THREE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

		2001		2000
Produce Wholesaling & Processing				
Revenue	$	24,216,000	$	25,057,000
Earnings from Operations		1,033,000		810,000
Depreciation & Amortization		128,000		106,000
Capital Expenditures		380,000		44,000
Segment Assets		14,193,000		16,042,000
Juice Processing				
Revenue	$	1,402,000	$	1,376,000
Earnings from Operations		(317,000)		61,000
Depreciation & Amortization		78,000		59,000
Capital Expenditures		9,000		62,000
Segment Assets		4,118,000		4,281,000
Consolidated				
Revenue	$	25,618,000	$	26,433,000
Earnings from Operations		716,000		871,000
Depreciation & Amortization		206,000		165,000
Capital Expenditures		389,000		106,000
Total Assets		18,311,000		20,323,000

DOMINION CITRUS LIMITED

SEGMENTED INFORMATION

NINE MONTHS ENDED SEPTEMBER 30, 2001 AND SEPTEMBER 22, 2000

(Unaudited)

	2001	2000
Produce Wholesaling & Processing		
Revenue	$ 76,322,000	$ 68,994,000
Earnings from Operations	2,736,000	1,512,000
Depreciation & Amortization	405,000	413,000
Capital Expenditures	497,000	119,000
Segment Assets	14,193,000	16,042,000
Juice Processing		
Revenue	$ 4,799,000	$ 4,449,000
Earnings from Operations	(267,000)	283,000
Depreciation & Amortization	224,000	167,000
Capital Expenditures	121,000	526,000
Segment Assets	4,118,000	4,281,000
Consolidated		
Revenue	$ 81,121,000	$ 73,443,000
Earnings from Operations	2,469,000	1,795,000
Depreciation & Amortization	629,000	580,000
Capital Expenditures	618,000	645,000
Total Assets	18,311,000	20,323,000

DOMINION CITRUS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED SEPTEMBER 30, 2001

(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.

Subsequent Event

The company appointed Mr. Bruce Marcovich as President of The Apple Valley Juice Corporation, effective October 29, 2001, and entered into a three-year employment contract expiring October 28, 2004. The contract provides for a payment in the event of termination without cause.

Mr. John Denbok resigned as President of The Apple Valley Juice Corporation, effective October 28, 2001.