

Limoneira CO
Form 10-Q
June 08, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2011

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-34755

Limoneira Company
(Exact name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

77-0260692
(I.R.S. Employer
Identification No.)

1141 Cummings Road, Santa Paula, CA
(Address of Principal Executive Offices)

93060
(Zip Code)

Registrant's telephone number, including area code: (805) 525-5541

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 31, 2011, there were 11,200,814 shares outstanding of the registrant’s common stock.

LIMONEIRA COMPANY

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Cautionary Note on Forward-Looking Statements.

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements. Forward-looking statements in this 10-Q are subject to a number of risks and uncertainties, some of which are beyond the Company's control. The potential risks and uncertainties that could cause our actual financial condition, results of operations and future performance to differ materially from those expressed or implied include:

- changes in laws, regulations, rules, quotas, tariffs, and import laws;
- weather conditions, including freezes that affect the production, transportation, storage, import and export of fresh produce;
 - market responses to industry volume pressures;
 - increased pressure from disease, insects and other pests;
 - disruption of water supplies or changes in water allocations;
 - product and raw materials supplies and pricing;
 - energy supply and pricing;
 - changes in interest and current exchange rates;
 - availability of financing for land development activities;
 - political changes and economic crises;
 - international conflict;
 - acts of terrorism;
 - labor disruptions, strikes or work stoppages;
 - loss of important intellectual property rights; and
- other factors disclosed in our public filings with the Securities and Exchange Commission.

The Company's actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which the Company is not currently aware or which the Company currently deems immaterial could also cause the Company's actual results to differ, including those discussed in the section entitled "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

The terms the “Company,” “we,” “our” and “us” as used throughout this Quarterly Report on Form 10-Q refer to Limoneira Company and its consolidated subsidiaries, unless otherwise indicated.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Limoneira Company and Subsidiaries

Consolidated Balance Sheets (unaudited)

	April 30, 2011	October 31, 2010
Assets		
Current assets:		
Cash	\$ 11,000	\$ 262,000
Accounts receivable, net	5,021,000	3,393,000
Notes receivable – related parties	-	33,000
Notes receivable	-	161,000
Cultural costs	550,000	1,059,000
Prepaid expenses and other current assets	2,078,000	1,244,000
Income taxes receivable	2,400,000	1,241,000
Total current assets	10,060,000	7,393,000
Property, plant, and equipment, net	51,445,000	53,283,000
Real estate development	69,947,000	68,412,000
Equity in investments	8,867,000	9,057,000
Investment in Calavo Growers, Inc.	13,965,000	14,564,000
Notes receivable – related parties	91,000	60,000
Notes receivable	2,335,000	2,154,000
Other assets	4,640,000	4,515,000
Total assets	\$ 161,350,000	\$ 159,438,000
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,469,000	\$ 2,031,000
Growers payable	2,486,000	871,000
Accrued liabilities	2,417,000	2,810,000
Current portion of long-term debt	638,000	626,000
Total current liabilities	8,010,000	6,338,000
Long-term liabilities:		
Long-term debt, less current portion	91,075,000	85,312,000
Deferred income taxes	8,501,000	8,444,000
Other long-term liabilities	6,279,000	7,248,000
Total long-term liabilities	105,855,000	101,004,000
Commitments and contingencies		
Stockholders' equity:		
Series B Convertible Preferred Stock – \$100.00 par value (50,000 shares authorized: 30,000 shares issued and outstanding at April 30, 2011 and October 31, 2010) (8.75% coupon rate)		
	3,000,000	3,000,000
Series A Junior Participating Preferred Stock – \$.01 par value (50,000 shares authorized: 0 issued or outstanding at April 30, 2011 and October 31, 2010)		
	-	-
Common Stock – \$.01 par value (19,900,000 shares authorized:		

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11,200,814 and 11,194,460 shares issued and outstanding at April 30, 2011 and October 31, 2010, respectively)

	112,000	112,000
Additional paid-in capital	34,464,000	34,735,000
Retained earnings	10,622,000	15,044,000
Accumulated other comprehensive loss	(713,000)	(795,000)
Total stockholders' equity	47,485,000	52,096,000
Total liabilities and stockholders' equity	\$ 161,350,000	\$ 159,438,000

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Limoneira Company and Subsidiaries

Consolidated Statements of Operations (unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2011	2010	2011	2010
Revenues:				
Agribusiness	\$11,463,000	\$12,202,000	\$16,338,000	\$17,474,000
Rental	996,000	962,000	1,966,000	1,917,000
Real estate development	51,000	45,000	107,000	180,000
Total revenues	12,510,000	13,209,000	18,411,000	19,571,000
Costs and expenses:				
Agribusiness	9,740,000	8,737,000	17,378,000	15,562,000
Rental	532,000	584,000	1,092,000	1,091,000
Real estate development	367,000	396,000	657,000	723,000
Impairments of real estate development assets	1,196,000	-	1,196,000	-
Selling, general and administrative	2,220,000	2,467,000	5,170,000	5,951,000
Total costs and expenses	14,055,000	12,184,000	25,493,000	23,327,000
Operating (loss) income	(1,545,000)	1,025,000	(7,082,000)	(3,756,000)
Other income (expense):				
Interest expense	(268,000)	(391,000)	(622,000)	(819,000)
Interest income (expense) from derivative instruments	38,000	(564,000)	515,000	(564,000)
Gain on sale of Rancho Refugio/Caldwell Ranch	1,351,000	-	1,351,000	-
Interest income	27,000	29,000	56,000	58,000
Other (expense) income, net	(34,000)	(3,000)	303,000	352,000
Total other income (expense)	1,114,000	(929,000)	1,603,000	(973,000)
(Loss) income before income tax benefit (provision) and equity in (losses) earnings of investments	(431,000)	96,000	(5,479,000)	(4,729,000)
Income tax benefit (provision)	197,000	(48,000)	1,909,000	1,661,000
Equity in (losses) earnings of investments	(30,000)	64,000	(21,000)	48,000
Net (loss) income	(264,000)	112,000	(3,591,000)	(3,020,000)
Preferred dividends	(65,000)	(65,000)	(131,000)	(131,000)
Net (loss) income applicable to common stock	\$(329,000)	\$47,000	\$(3,722,000)	\$(3,151,000)
Basic net (loss) income per common share	\$(0.03)	\$0.00	\$(0.33)	\$(0.28)
Diluted net (loss) income per common share	\$(0.03)	\$0.00	\$(0.33)	\$(0.28)
Dividends per common share	\$0.03	\$0.03	\$0.06	\$0.06
Weighted-average common shares outstanding-basic	11,217,000	11,194,000	11,205,000	11,194,000
Weighted-average common shares outstanding-diluted	11,217,000	11,194,000	11,205,000	11,194,000

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Limoneira Company and Subsidiaries

Consolidated Statements of Comprehensive (Loss) Income (unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2011	2010	2011	2010
Net (loss) income	\$(264,000)	\$112,000	\$(3,591,000)	\$(3,020,000)
Other comprehensive (loss) income, net of tax:				
Minimum pension liability adjustment	135,000	87,000	270,000	188,000
Unrealized holding (losses) gains on available-for-sale securities	(833,000)	265,000	(362,000)	(204,000)
Unrealized gains on derivative instruments	81,000	108,000	174,000	94,000
Total other comprehensive (loss) income, net of tax	(617,000)	460,000	82,000	78,000
Comprehensive (loss) income	\$(881,000)	\$572,000	\$(3,509,000)	\$(2,942,000)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Limoneira Company and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

	Six months ended April 30,	
	2011	2010
Operating activities		
Net loss	\$ (3,591,000)	\$ (3,020,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,100,000	1,158,000
Gain on sale of Rancho Refugio/Caldwell Ranch	(1,351,000)	-
Impairments of real estate development assets	1,196,000	-
Stock compensation expense	503,000	242,000
Expense related to officers' notes receivable forgiveness	-	687,000
Equity in losses (earnings) of investments	21,000	(48,000)
Amortization of deferred financing costs	10,000	14,000
Non-cash interest (income) expense on derivative instruments	(515,000)	564,000
Accrued interest on notes receivable	(46,000)	(46,000)
Changes in operating assets and liabilities:		
Accounts and notes receivable	(2,400,000)	(2,725,000)
Cultural costs	509,000	329,000
Prepaid expenses and other current assets	(734,000)	(590,000)
Income taxes receivable	(1,159,000)	(1,669,000)
Other assets	(113,000)	(5,000)
Accounts payable and growers payable	1,858,000	1,741,000
Accrued liabilities	(461,000)	(703,000)
Other long-term liabilities	330,000	(4,000)
Net cash used in operating activities	(4,843,000)	(4,075,000)
Investing activities		
Capital expenditures	(3,157,000)	(2,857,000)
Acquisition of Rancho Refugio/Caldwell Ranch	(6,510,000)	-
Net proceeds from sale of Rancho Refugio/Caldwell Ranch	9,297,000	-
Cash distributions from equity investments	257,000	72,000
Equity investment contributions	(88,000)	(17,000)
Investments in water companies	(128,000)	(105,000)
Other	19,000	6,000
Net cash used in investing activities	(310,000)	(2,901,000)
Financing activities		
Borrowings of long-term debt	17,156,000	15,710,000
Repayments of long-term debt	(11,381,000)	(8,494,000)
Dividends paid – Common	(700,000)	(702,000)
Dividends paid – Preferred	(131,000)	(131,000)
Repurchase of common stock	(42,000)	-
Net cash provided by financing activities	4,902,000	6,383,000
Net decrease in cash	(251,000)	(593,000)
Cash at beginning of period	262,000	607,000

Cash at end of period	\$	11,000	\$	14,000
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The accompanying notes are an integral part of these unaudited consolidated financial statements.

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Limoneira Company and Subsidiaries

Consolidated Statements of Cash Flows (unaudited) (continued)

	Six months ended April 30,	
	2011	2010
Supplemental disclosures of cash flow information		
Cash paid during the period for interest	\$ 1,900,000	\$ 1,910,000
Cash paid during the period for income taxes, net of (refunds) received	\$ (750,000)	\$ 93,000
Non-cash investing and financing transactions:		
Unrealized holding loss on investment in Calavo Growers, Inc.	\$ 599,000	\$ 339,000
Exchange of stock on officers' notes receivable forgiveness	\$ -	\$ 1,228,000
Capital expenditures accrued but not paid at period-end	\$ 117,000	\$ -
Accrued interest on note receivable	\$ 46,000	\$ 46,000

On November 15, 2009, the Company and Windfall, LLC ("Windfall") entered into an agreement whereby Windfall irrevocably assigned to the Company its entire 85% interest in Windfall Investors, LLC ("Windfall Investors"). In conjunction with obtaining Windfall's 85% interest in Windfall Investors, the Company agreed to release Windfall and its individual members from any and all liabilities including any losses with respect to Windfall's previous interest in Windfall Investors and any secured and unsecured financing for Windfall Investors.

The fair value of non-cash assets acquired and liabilities assumed at the date of the acquisition is summarized in Note 3.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Limoneira Company and Subsidiaries

Consolidated Financial Statements (unaudited)

Preface

The preparation of the unaudited interim consolidated financial statements requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and certain financial statement disclosures. Actual results may differ from these estimates.

The unaudited interim consolidated financial statements for the three and six months ended April 30, 2011 and 2010 and balance sheet as of April 30, 2011 included herein have not been audited by an independent registered public accounting firm, but in management's opinion, all adjustments (consisting of normal recurring adjustments) necessary to make a fair statement of the financial position at April 30, 2011 and the results of operations and the cash flows for the periods presented herein have been made. The results of operations for the three and six months ended April 30, 2011 are not necessarily indicative of the operating results expected for the full fiscal year.

The consolidated balance sheet at October 31, 2010 included herein has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The unaudited interim consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission, or the SEC. Although we believe the disclosures made are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules or regulations. These unaudited interim consolidated financial statements should be read in conjunction with the October 31, 2010 consolidated financial statements and notes thereto included in the Company's Form 10-K.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

1. Business

Limoneira Company, a Delaware Company (the “Company”), engages primarily in growing citrus and avocados, picking and hauling citrus, packing lemons, and housing rentals and other leasing operations. The Company is also engaged in real estate development.

Prior to November 1, 2010, most of the Company’s citrus production had been marketed and sold under the Sunkist brand primarily through Sunkist Growers, Inc. (“Sunkist”), an agricultural marketing cooperative of which the Company is a member. As an agricultural cooperative, Sunkist coordinated the sales and marketing of the Company’s citrus products which are processed through the Company’s and other third-party packinghouses. Commencing November 1, 2010 the Company began marketing and selling its lemons directly to its foodservice, wholesale and retail customers throughout North America, Asia and other international markets. The Company continues to sell certain of its other citrus products to Sunkist.

The Company sells all of its avocado production to Calavo Growers, Inc. (“Calavo”), a packing and marketing company listed on NASDAQ under the symbol CVGW. Calavo’s customers include many of the largest retail and food service companies in the United States and Canada. The Company’s avocados are packed by Calavo, sold and distributed under Calavo brands to its customers primarily in the United States and Canada.

The unaudited interim consolidated financial statements include the accounts of the Company and the accounts of all the subsidiaries and investments in which a controlling interest is held by the Company. The unaudited interim condensed financial statements represent the consolidated balance sheets, consolidated statement of operations, consolidated statement of comprehensive loss and consolidated statement of cash flows of Limoneira Company and its wholly-owned subsidiaries. The Company’s subsidiaries include: Limoneira Land Company, Limoneira Company International Division, LLC, Limoneira Mercantile, LLC, Windfall Investors, LLC and Templeton Santa Barbara, LLC. All significant intercompany balances and transactions have been eliminated in consolidation. The Company considers the criteria established under FASB ASC 810, Consolidations, in its consolidation process.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

Financial Accounting Standards Board - Accounting Standards Update (“FASB ASU”) 2009-17, Consolidations (Topic 810).

This ASU replaces the quantitative-based risks and rewards calculation for determining which enterprise, if any, is the primary beneficiary and is required to consolidate a Variable Interest Entity (“VIE”) with a qualitative approach focused on identifying which enterprise has both the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits that could be significant to the entity. In addition, ASU 2009-17 requires continuous assessments of whether an enterprise is the primary beneficiary of a VIE and requires enhanced disclosures about an enterprise’s involvement with a VIE. ASU 2009-17 was effective for the Company’s fiscal year beginning November 1, 2010 and as a result, the Company analyzed its variable interest in H.M. East Ridge, LLC (“East Ridge”). The Company determined that East Ridge is a VIE, but because the Company is not the primary beneficiary it is not required to consolidate East Ridge in its financial statements.

Recent Accounting Pronouncements

Financial Accounting Standards Board - Accounting Standards Update (“FASB ASU”) 2010-20, Receivables (Topic 310).

This ASU is intended to provide additional information to assist financial statement users in assessing an entity’s credit risk exposure and evaluating the adequacy of its allowance for credit losses. The ASU requires an entity to provide disclosures that facilitate financial statement users’ evaluation of the nature of credit risk inherent in an entity’s portfolio of receivables, how the risk is analyzed in arriving at an allowance for credit losses and the changes and reasons for those changes in the allowance for credit losses. The ASU was issued July 2010 and is effective for interim and annual reporting periods on or after June 15, 2011, as amended by ASU 2011-01. The Company does not expect the adoption of these provisions to have a significant effect on its consolidated financial statements.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

2. Summary of Significant Accounting Policies (continued)

Financial Accounting Standards Board - Accounting Standards Update (“FASB ASU”) 2011-04, Fair Value Measurement (Topic 820).

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which amends ASC 820, Fair Value Measurement. The amended guidance changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, the amendments clarify the FASB’s intent about the application of existing fair value measurement requirements. The guidance provided in ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The provisions are effective for the Company’s first quarter of fiscal year ending January 31, 2012. The Company does not expect the adoption of these provisions to have a significant effect on its consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year’s consolidated financial statements to conform to the 2011 presentation. The significant reclassifications to the consolidated balance sheet as of October 31, 2010 were comprised of \$161,000 of current assets of discontinued operations to notes receivable and \$253,000 of non-current assets of discontinued operations to deferred income taxes. Reclassifications to the consolidated statements of operations of agribusiness costs to selling, general and administrative expenses for the three and six months ended April 30, 2010 were \$54,000 and \$122,000, respectively.

3. Business Combination

In September 2005, the Company, along with Windfall, LLC (“Windfall”), formed a partnership, Windfall Investors, LLC (“Windfall Investors”). Windfall Investors purchased a 724-acre ranch in Creston, California (“Windfall Farms”) for \$12,000,000 with the proceeds from loans provided by Farm Credit West (“FCW”). The Company and Windfall each made initial capital contributions to Windfall Investors of \$300 (15% ownership interest) and \$1,700 (85% ownership interest), respectively.

Prior to November 15, 2009, the Company had a variable interest in Windfall Investors (which was deemed to be a VIE). However, the Company was not required to consolidate Windfall Investors since the Company was not the primary beneficiary of Windfall Investors due to the Company not being required to absorb a majority of Windfall Investor’s expected losses or receive a majority of Windfall Investor’s expected residual returns. The Company accounted for its 15% ownership interest in Windfall Investors as an equity method investment since the Company had significant influence, but less than a controlling interest in Windfall Investors. The Company was also required to record a negative equity method investment balance (which was subsequently reclassified to other-long term liabilities) for Windfall Investors since the Company had previously guaranteed Windfall Investor’s outstanding indebtedness under its Term Loan and Revolving Line of Credit.

On November 15, 2009, the Company and Windfall entered into an agreement whereby Windfall irrevocably assigned to the Company its entire 85% interest in Windfall Investors. In conjunction with obtaining Windfall’s 85% interest in Windfall Investors, the Company agreed to release Windfall and its individual members from any and all liabilities including any losses with respect to Windfall’s previous interest in Windfall Investors and any secured and unsecured

financing for Windfall Investors. The Company has accounted for its acquisition of Windfall's 85% interest in Windfall Investors as a business combination under FASB ASC 805, Business Combinations.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

3. Business Combination (continued)

The following table summarizes the fair value of the assets acquired and liabilities assumed at the date of the acquisition. The Company obtained third-party valuations for the long-term assets acquired:

At November 15, 2009	
Current assets	\$ 218,000
Property, plant and equipment	262,000
Real estate development	16,842,000
Deferred income taxes	345,000
Other assets	32,000
Total assets acquired	17,699,000
Current liabilities	(152,000)
Current portion of long-term debt	(10,141,000)
Long-term debt, less current portion	(9,148,000)
Net liabilities assumed	\$ (1,742,000)

The Company re-measured its previously held non-controlling equity interest in Windfall Investors to fair value on the November 15, 2009 acquisition date of Windfall Investors. The Company calculated that its acquisition date fair value of its previous equity interest in Windfall Investors was approximately \$1,700,000. The Company did not recognize any gain or loss as a result of re-measuring the fair value equity interest held in Windfall Investors just prior to the business combination as the fair value approximated the carrying value of the non-controlling interest previously accounted for under the equity method of accounting.

4. Fair Value Measurements

Under the FASB ASC 820, Fair Value Measurement and Disclosures, a fair value measurement is determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

4. Fair Value Measurements (continued)

The following table sets forth the Company's financial assets and liabilities as of April 30, 2011, that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Available- for -sale securities	\$ 13,965,000	\$ –	\$ –	\$ 13,965,000
Liabilities at fair value:				
Derivatives	\$ –	\$ 2,646,000	\$ –	\$ 2,646,000

Available-for-sale securities consist of marketable securities in Calavo common stock. The Company currently owns approximately 4.5% of Calavo's outstanding common stock. These securities are measured at fair value by quoted market prices. Calavo's stock price at April 30, 2011 and October 31, 2010 was \$21.00 per share and \$21.90 per share, respectively.

Derivatives consist of an interest rate swap, the fair value of which is estimated using industry-standard valuation models. Such models project future cash flows and discount the future amounts to a present value using market-based observable inputs.

5. Accounts Receivable

The Company grants credit in the course of its operations to customers, cooperatives, companies and lessees of the Company's facilities. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company provides allowances on its receivables, as required, based on accounts receivable aging and certain other factors. As of April 30, 2011 and October 31, 2010 the allowances totaled \$145,000 and \$122,000, respectively.

The Company has no significant concentrations of credit risk at April 30, 2011. The Company sells all of its avocado production to Calavo.

6. Real Estate Development Assets

Real estate development assets consist of the following:

	April 30, 2011	October 31, 2010
East Areas 1 and 2	\$ 42,399,000	\$ 40,401,000
Templeton Santa Barbara, LLC	9,325,000	10,318,000
Windfall Investors, LLC	18,223,000	17,693,000
Total included in real estate development assets	\$ 69,947,000	\$ 68,412,000

East Areas 1 and 2

In fiscal year 2005, the Company began capitalizing the costs of two real estate development projects east of Santa Paula, California, for the development of 550 acres of land into residential units, commercial buildings, and civic facilities. During the three months ended April 30, 2011 and 2010, the Company capitalized \$1,323,000 and \$822,000, respectively, of costs related to these projects. During the six months ended April 30, 2011 and 2010, the Company capitalized \$1,998,000 and \$1,332,000, respectively, of costs related to these projects. Additionally, in relation to these projects, the Company has incurred net expenses of \$41,000 and \$16,000 in the three months ended April 30, 2011 and 2010, respectively, and \$56,000 and \$25,000 in the six months ended April 30, 2011 and 2010, respectively.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

6. Real Estate Development Assets (continued)

Templeton Santa Barbara, LLC

The four real estate development parcels within the Templeton Santa Barbara, LLC project (“Templeton Project”) are described as Centennial Square (“Centennial”), The Terraces at Pacific Crest (“Pacific Crest”), Sevilla and East Ridge. The carrying value of Centennial at April 30, 2011 was \$2,433,000, net of a second quarter 2011 impairment charge of \$261,000. The carrying value of Pacific Crest at April 30, 2011 was \$2,800,000, net of a second quarter 2011 impairment charge of \$336,000. The carrying value of Sevilla at April 30, 2011 was \$4,092,000, net of a second quarter 2011 impairment charge of \$396,000. The fiscal year 2011 impairment charges were based on results from independent appraisals which indicated that the fair values of the projects were less than the carrying values at April 30, 2011.

During the three months ended April 30, 2011 and 2010, the Company capitalized zero and \$51,000, respectively, of costs related to these real estate development projects. During the six months ended April 30, 2011 and 2010, the Company capitalized zero and \$208,000, respectively, of costs related to these real estate development projects. Additionally, in relation to these projects, the Company has incurred net expenses of \$83,000 and \$79,000 in the three months ended April 30, 2011 and 2010, respectively, and \$117,000 in each of the six months ended April 30, 2011 and 2010.

In February 2010, the Company and HM Manager, LLC formed a limited liability company, HM East Ridge, LLC (“East Ridge”), for the purpose of developing the East Ridge parcel. The Company’s initial capital contribution into East Ridge was the land parcel with a net carrying value of \$7,207,000. The Company has made \$88,000 of cash contributions to East Ridge during the six months ended April 30, 2011 for property taxes. Since the Company has significant influence on, but less than a controlling interest in, East Ridge, the Company is accounting for its investment in East Ridge using the equity method of accounting and the investment is included in equity in investments in the Company’s April 30, 2011 and October 31, 2010 consolidated balance sheets.

Windfall Investors, LLC

On November 15, 2009, the Company acquired Windfall Investors as described in Note 3, which included \$16,842,000 of real estate development assets. During the three months ended April 30, 2011 and 2010, the Company capitalized \$245,000 and \$162,000, respectively, of costs related to this real estate development project. During the six months ended April 30, 2011 and 2010, the Company capitalized \$530,000 and \$231,000, respectively, of costs related to this real estate development project. Additionally, in relation to this project, the Company has incurred net expenses of \$195,000 and \$249,000, in the three months ended April 30, 2011 and 2010, respectively, and \$352,000 and \$396,000 in the six months ended April 30, 2011 and 2010, respectively.

Arizona Development Projects

In fiscal year 2007, the Company and Bellagio Builders, LLC, an Arizona limited liability company, formed a limited liability company, 6037 East Donna Circle, LLC (“Donna Circle”), with the sole purpose of constructing and marketing an approximately 7,500 square foot luxury home in Paradise Valley, Arizona. In fiscal year 2009, Donna Circle was completed, and the Company executed a two-year lease agreement for the property with a third party. This lease agreement expired in March 2011, and the property was being refurbished and prepared for sale at April 30, 2011.

In May 2011, the Company sold the Donna Circle property for \$2,275,000 cash, realizing net cash of \$2,080,000 after selling and other transaction costs. The carrying value of the property at April 30, 2011 was \$2,080,000, net of a second quarter 2011 impairment charge of \$203,000. The impairment charge was the result of a decrease in the selling price which indicated that the fair value of the Donna Circle property was less than its carrying value at April 30, 2011. The property is classified as property, plant and equipment at April 30, 2011 and October 31, 2010.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

7. Investment in Calavo Growers, Inc.

In June 2005, the Company entered into a stock purchase agreement with Calavo. Pursuant to this agreement, the Company purchased 1,000,000 shares, or approximately 6.9%, of Calavo's common stock for \$10,000,000 and Calavo purchased 172,857 shares, or approximately 15.1%, of the Company's common stock for \$23,450,000. Under the terms of the agreement, the Company received net cash consideration of \$13,450,000. In fiscal year 2009, the Company sold 335,000 shares of Calavo stock for a total of \$6,079,000, recognizing a gain of \$2,729,000. The Company has classified its marketable securities investment as available-for-sale.

The changes in the fair value of the available-for-sale securities result in unrealized holding gains or losses for the remaining shares held by the Company. In the three and six months ended April 30, 2011, the Company recorded total unrealized holding losses of \$1,383,000 and \$599,000, respectively, due to the change in the market value of the Company's remaining 665,000 shares of Calavo common stock at April 30, 2011. In the three and six months ended April 30, 2010, the Company recorded total unrealized holding gains (losses) of \$386,000 and (\$339,000), respectively, due to the change in the market value of the Company's remaining 665,000 shares of Calavo common stock at April 30, 2010.

8. Notes Receivable – Related Parties

In connection with the Company's stock grant program, the Company has recorded total notes receivable and accrued interest from related parties of \$91,000 and \$93,000 at April 30, 2011 and October 31, 2010, respectively. Interest income on notes receivable from related parties was not significant during the three and six month periods ended April 30, 2011 and 2010.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

9. Long-Term Debt

Long-term debt is comprised of the following:

	April 30, 2011	October 31, 2010
Rabobank revolving credit facility secured by property with a net book value of \$12,260,000 at April 30, 2011 and October 31, 2010. The interest rate is variable based on the one-month London Interbank Offered Rate (LIBOR), which was 0.24% at April 30, 2011 plus 1.50%. Interest is payable monthly and the principal is due in full in June 2013.	62,328 \$,000	\$56,952,000
Farm Credit West term loan secured by property with a net book value of \$11,644,000 at April 30, 2010 and \$11,650,000 at October 31, 2010. The interest rate is variable and was 3.25% at April 30, 2011. The loan is payable in quarterly installments through November 2022.	6,435,000	6,658,000
Farm Credit West term loan secured by property with a net book value of \$11,644,000 at April 30, 2011 and \$11,650,000 at October 31, 2010. The interest rate is variable and was 3.25% at April 30, 2011. The loan is payable in monthly installments through May 2032.	907,000	922,000
Farm Credit West non-revolving line of credit secured by property with a net book value of \$3,826,000 at April 30, 2011 and \$3,814,000 at October 31, 2010. The interest rate is variable and was 3.50% at April 30, 2011. Interest is payable monthly and the principal is due in full in May 2013.	12,966,000	12,257,000
Farm Credit West term loan secured by property with a net book value of \$18,223,000 at April 30, 2011 and \$17,693,000 at October 31, 2010. The interest rate is fixed at 6.73% until November 2011, becoming variable for the remainder of the loan. The loan is payable in monthly installments through October 2035.	9,077,000	9,149,000
Subtotal	91,713,000	85,938,000
Less current portion	638,000	626,000
Total long-term debt, less current portion	\$91,075,000	\$85,312,000

In November 2009, the Company assumed the long-term debt of Windfall Investors, LLC with the acquisition of the business (see Note 3). The debt is held by Farm Credit West and consists of a secured long-term loan with an original principal balance of \$9,750,000 and a revolving line of credit of \$10,500,000. At the time of the acquisition, there was a total of \$19,289,000 outstanding under the term loan and the revolving line of credit. The due date for the revolving line of credit was originally November 2009 and was extended until June 2010. In May 2010, the Company refinanced the outstanding line of credit balance of \$10,500,000 plus accrued interest on a long-term basis through the establishment of a \$13,000,000 non-revolving line of credit with Farm Credit West that expires in May 2013. The Company incurred \$21,000 of costs with Farm Credit West for this refinancing. Such costs were capitalized and are being amortized using the straight-line method over the term of the credit agreement.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

10. Derivative Instruments and Hedging Activities

The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. Derivative financial instruments are as follows:

	Notional Amount		Fair Value Net Liability	
	April 30, 2011	October 31, 2010	April 30, 2011	October 31, 2010
Pay fixed-rate, receive floating-rate interest rate swap, maturing June 2013	\$42,000,000	\$42,000,000	\$2,646,000	\$3,450,000

In April 2010, the Company cancelled two interest rate swaps with notional amounts of \$10,000,000 each and amended the remaining interest rate swap from a notional amount of \$22,000,000 to a notional amount of \$42,000,000. This remaining interest rate swap was also amended to a pay-fixed rate of 3.63%, which is 62 basis points lower than the original pay-fixed rate. The receive floating-rate and maturity date of the amended interest rate swap remain unchanged. The Company did not incur any out-of-pocket fees related to the cancellation or amendment of these interest rate swaps.

These interest rate swaps previously qualified as cash flow hedges and were accounted for as hedges under the short-cut method. On the amendment date of the swap agreements, the fair value liability and the related accumulated other comprehensive loss balance was \$2,015,000. The accumulated other comprehensive loss balance is being amortized and included in interest income (expense) from derivative instruments over the remaining period of the original swap agreements. Amortization for the three and six month periods ended April 30, 2011 was \$135,000 and \$289,000, respectively. The remaining accumulated other comprehensive loss balance is \$1,174,000, net of amortization of \$841,000 at April 30, 2011.

As a result of the re-negotiated terms of the derivatives above, the remaining interest rate swap with a notional amount of \$42,000,000 no longer qualified for hedge accounting as of April 30, 2010. Therefore, mark to market adjustments to the underlying fair value liability is being recorded in interest income (expense) from derivative instruments and the net liability balance continues to be recorded in other long-term liabilities in the Company's consolidated balance sheets. The mark to market adjustments recognized by the Company during the three and six month periods ended April 30, 2011 resulted in non-cash interest income of \$173,000 and \$804,000, respectively. The mark to market adjustments recognized by the Company during the three and six month periods ended April 30, 2010 resulted in non-cash interest expense of \$564,000.

11. Basic and Diluted Net Loss per Share

Basic net loss per common share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of stock-based compensation. Diluted net loss per common share is calculated using the weighted-average number of common shares outstanding plus the dilutive effect of stock-based compensation calculated using the treasury stock method. The Series B convertible preferred shares are anti-dilutive.

12. Related-Party Transactions

The Company rents certain of its residential housing assets to employees. The Company recorded \$141,000 and \$145,000 of rental income from employees in the three months ended April 30, 2011 and 2010, respectively. The Company recorded \$262,000 and \$267,000 of rental income from employees in the six months ended April 30, 2011 and 2010, respectively. There were no rental payments due from employees at April 30, 2011 and October 31, 2010.

The Company's has representation on the Boards of Directors of the mutual water companies in which the Company has investments. The Company purchased water and water delivery services from the mutual water companies, in aggregate, of \$84,000 and \$48,000 in the three months ended April 30, 2011 and 2010, respectively. The Company purchased water and water delivery services from the mutual water companies, in aggregate, of \$400,000 and \$315,000 in the six months ended April 30, 2011 and 2010, respectively. Such amounts are included in agribusiness expense in the Company's consolidated statements of operations. Water payments due to the mutual water companies were, in aggregate, \$15,000 and \$49,000 at April 30, 2011 and October 31, 2010, respectively, and are included in accounts payable in the Company's consolidated balance sheets.

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

12. Related-Party Transactions (continued)

The Company has a presence on the Board of Directors of a non-profit cooperative association that provides pest control services for the agricultural industry. The Company purchased services and supplies of \$114,000 and \$127,000 from the association in the three months ended April 30, 2011 and 2010, respectively. The Company purchased services and supplies of \$477,000 from the association in each of the six months ended April 30, 2011 and 2010. Such amounts are included in agribusiness expense in the Company's consolidated statements of operations. Payments due to the association were \$23,000 and \$69,000 at April 30, 2011 and October 31, 2010, respectively, and are included in accounts payable in the Company's consolidated balance sheets.

The Company has invested \$300,000 in the career of Charlie Kimball, an IndyCar Series race car driver, who is related to a member of the Company's Board of Directors. The Company exercised repayment options in fiscal year 2010, whereby \$200,000 of the total \$300,000 of investment is to be repaid no later than August 2011 and is included in prepaid expenses and other current assets at April 30, 2011 and October 31, 2010. Included in other assets in the Company's consolidated balance sheets is the long-term investment of \$100,000 at October 31, 2010. The Company exercised its repayment option in January 2011 whereby the remaining \$100,000 of the investment is to be repaid no later than January 2012. This balance is included in the prepaid expense and other current assets at April 30, 2011.

The Company has periodically enlisted the services of a general contractor who is related to a member of management. The general contractor provided services of zero and \$68,000 during the three months ended April 30, 2011 and 2010, respectively. The general contractor provided services of zero and \$183,000 during the six months ended April 30, 2011 and 2010, respectively. Payments due to the general contractor were zero and \$62,000 at April 30, 2011 and October 31, 2010, respectively, and are included in accounts payable in the Company's consolidated balance sheets.

In the six months ended April 30, 2011 and 2010, the Company recorded dividend income of \$366,000 and \$333,000, respectively, on its investment in Calavo; which is included in other (expense) income, net in the Company's consolidated statements of operations. The Company sold avocados to Calavo totaling \$369,000 and \$2,654,000 for the three months ended April 30, 2011 and 2010, respectively, and \$375,000 and \$2,879,000 for the six months ended April 30, 2011 and 2010, respectively. Such amounts are included in agribusiness revenues in the Company's consolidated statements of operations. There was \$107,000 receivable by the Company from Calavo at April 30, 2011 and no amounts were receivable at October 31, 2010. Additionally, the Company leases office space to Calavo and received rental income of \$62,000 and \$57,000 in the three month periods ended April 30, 2011 and 2010, respectively. The Company received rental income from Calavo of \$122,000 and \$114,000 in the six month periods ended April 30, 2011 and 2010, respectively. Such amounts are included in rental revenues in the Company's consolidated statements of operations.

13. Income Taxes

The Company's projected annual effective tax rate for fiscal year 2011 is approximately 34.7%. As such, a 42.7% effective tax rate, after certain discrete items, was utilized by the Company for the second quarter of fiscal year 2011 to calculate its income tax provision.

There has been no material change to the Company's uncertain tax position for the three and six month periods ended April 30, 2011. The Company does not expect its unrecognized tax benefits to change significantly over the next 12

months.

The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. The Company has not accrued any interest and penalties associated with uncertain tax positions as of April 30, 2011 and October 31, 2010.

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Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

14. Retirement Plans

Effective December 31, 1991, the Company merged the Limoneira Hourly and Piece Rated Pension Plan and its salaried plan, into the Sunkist Retirement Plan, Plan L (the "Plan"). All participants became members of the Plan at that time, and all assets became part of the Sunkist Retirement Plan L Trust. The Plan is administered by City National Bank and Mercer Human Resource Consulting.

The Plan is a noncontributory, defined benefit, single employer pension plan, which provides retirement benefits for all eligible employees of the Company. Since Limoneira Company's Defined Benefit Pension Plan is a single employer plan within the Sunkist Master Trust, its liability was not commingled with that of the other plans holding assets in the Master Trust. Limoneira Company has an undivided interest in its assets. Benefits paid by the Plan are calculated based on years of service, highest five-year average earnings, primary Social Security benefit, and retirement age.

The Plan is funded consistent with the funding requirements of federal law and regulations. There were funding contributions of \$121,000 and \$300,000 during each of the six month periods ended April 30, 2011 and 2010.

The following tables set forth the Plan's net periodic cost, changes in benefit obligation and Plan assets, funded status, amounts recognized in the Company's consolidated balance sheets, additional year-end information and assumptions used in determining the benefit obligations and periodic benefit cost.

The net periodic pension costs for the Company's Defined Benefit Pension Plan for the three months ended April 30 were as follows:

	2011	2010
Service cost	\$ 37,000	\$ 37,000
Interest cost	213,000	210,000
Expected return on plan assets	(248,000)	(255,000)
Recognized actuarial loss	224,000	156,000
Net periodic pension cost	\$ 226,000	\$ 148,000

The net periodic pension costs for the Company's Defined Benefit Pension Plan for the six months ended April 30 were as follows:

	2011	2010
Service cost	\$ 74,000	\$ 74,000
Interest cost	425,000	420,000
Expected return on plan assets	(497,000)	(509,000)
Recognized actuarial loss	449,000	313,000
Net periodic pension cost	\$ 451,000	\$ 298,000

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

15. Stock-based Compensation

As of April 30, 2011, there are 15,310 shares of common stock issued to employees in connection with a discontinued stock option plan. Such shares are subject to repurchase by the Company with an estimated repurchase price value of \$28,000 at April 30, 2011. The Company has determined that the terms of the shares outstanding subject to repurchase constitute a liability due to the repurchase right. In March 2011, the Company repurchased 36,120 shares for approximately \$42,000 in accordance with this repurchase obligation. Additionally, reductions of stock-based compensation of approximately \$4,000 and \$82,000 were recorded in the six month periods ended April 30, 2011 and 2010, respectively, to reflect the fair value of the repurchase obligation. The repurchase obligation of \$28,000 and \$74,000 is included in other long-term liabilities in the Company's consolidated balance sheets at April 30, 2011 and October 31, 2010, respectively.

In connection with the Company's stock-based compensation plans, \$1,519,000 of notes receivable from three officers of the Company were included in "current notes receivable – related parties" in the Company's consolidated balance sheet at October 31, 2009. In December 2009, the officers' notes receivable and accrued interest were reduced by \$1,020,000 through the exchange of 6,756 shares of Company stock with a fair market value of \$150.98 per share (at the date of the exchange) that were held by the officers of the Company. The remaining officers' notes receivable and accrued interest of \$687,000 was forgiven by the Company resulting in compensation expense recorded in the six months ended April 30, 2010. The Company also recognized compensation expense of \$603,000 during the six months ended April 30, 2010 representing additional compensation paid by the Company to the officers relating to the officers' payroll taxes on the notes receivable forgiveness.

In December 2009, the Company issued new notes to the officers totaling \$208,000 in connection with payments made by the Company on behalf of the officers for payroll taxes associated with the vesting of shares under the Company's stock-based compensation plans. The \$208,000 note receivable balance was subsequently reduced to zero through the exchange of 1,400 shares of Company stock with a fair market value of approximately \$149.00 per share (at the date of the exchange) that were held by the officers of the Company.

In December 2010, members of management exchanged 17,709 shares of Company stock with a fair market value of \$27.76 per share (at the date of the exchange) for the payment of payroll taxes associated with the vesting of shares under the Company's stock-based compensation plans.

In January 2011, 62,287 shares of common stock were issued to management under the Company's stock-based compensation plans for fiscal year 2010 financial performance. This resulted in total compensation expense of approximately \$1,773,000, with \$591,000 recognized in the year-ended October 31, 2010 and the balance to be recognized equally over the next two years as the shares vest. The Company recognized \$101,000 and \$117,000 of stock-based compensation to management during the three months ended April 30, 2011 and 2010, respectively. The Company recognized \$327,000 and \$234,000 of stock-based compensation to management during the six months ended April 30, 2011 and 2010, respectively.

In January 2011, management exchanged 9,871 shares with a fair market value of \$28.40 per share (at the date of the exchange) for the payment of payroll taxes associated with the January 2011 stock issuance. In February 2011, management exchanged 217 shares with a fair market value of \$22.56 per share (at the date of the exchange) for the payment of payroll taxes in connection with the January 2011 stock issuance.

In January 2011, 7,983 shares of common stock were granted to the Company's non-employee directors under the Company's stock-based compensation plans for fiscal year 2011 compensation. The Company recognized zero and \$45,000 of stock-based compensation to non-employee directors during the three months ended April 30, 2011 and 2010, respectively. The Company recognized \$180,000 and \$90,000 of stock-based compensation to non-employee directors during the six months ended April 31, 2011 and 2010, respectively.

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Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

16. Segment Information

The Company operates in three reportable operating segments: agribusiness, rental operations, and real estate development. The reportable operating segments of the Company are strategic business units with different products and services, distribution processes and customer bases. The agribusiness segment includes farming and lemon packing operations. The rental operations segment includes residential and commercial rental operations, leased land, and organic recycling. The real estate development segment includes real estate development operations. The Company measures operating performance, including revenues and earnings, of its operating segments and allocates resources based on its evaluation. The Company does not allocate selling, general and administrative expense, other income (expense), interest expense, income tax expense and assets or liabilities, or specifically identify them to its operating segments.

Segment information for the three months ended April 30, 2011:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	\$ 11,463,000	\$ 996,000	\$ 51,000	\$ –	\$ 12,510,000
Costs and expenses	9,740,000	532,000	367,000	2,220,000	12,859,000
Impairment of real estate assets	–	–	1,196,000	–	1,196,000
Operating income (loss)	\$ 1,723,000	\$ 464,000	\$ (1,512,000)	\$ (2,220,000)	\$ (1,545,000)

Segment information for the three months ended April 30, 2010:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	\$ 12,202,000	\$ 962,000	\$ 45,000	\$ –	\$ 13,209,000
Costs and expenses	8,737,000	584,000	396,000	2,467,000	12,184,000
Operating income (loss)	\$ 3,465,000	\$ 378,000	\$ (351,000)	\$ (2,467,000)	\$ 1,025,000

The following table sets forth revenues by category, by segment for the three months ended:

	April 30, 2011	April 30, 2010
Agribusiness:		
Lemons	\$ 8,817,000	\$ 7,875,000
Avocados	369,000	2,654,000
Navel and Valencia oranges	849,000	845,000
Specialty citrus and other crops	1,428,000	828,000
Agribusiness revenues	11,463,000	12,202,000
Rental operations:		
Residential and commercial	565,000	541,000

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Leased land	386,000	370,000
Organic recycling	45,000	51,000
Rental operations revenues	996,000	962,000
Real estate development revenues	51,000	45,000
Total revenues	\$ 12,510,000	\$ 13,209,000

Limoneira Company and Subsidiaries

Notes to Consolidated Financial Statements (unaudited) (continued)

16. Segment Information (continued)

Segment information for the six months ended April 30, 2011:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	\$ 16,338,000	\$ 1,966,000	\$ 107,000	\$ –	\$ 18,411,000
Costs and expenses	17,378,000	1,092,000	657,000	5,170,000	24,297,000
Impairment of real estate assets	–	–	1,196,000	–	1,196,000
Operating income (loss)	\$ (1,040,000)	\$ 874,000	\$ (1,746,000)	\$ (5,170,000)	\$ (7,082,000)

Segment information for the six months ended April 30, 2010:

Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
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