



March 7, 2011

**TRADING SYMBOL: The Toronto Stock Exchange:  
Village Farms International, Inc. – VFF**

## Village Farms International Announces Full Year and Fourth Quarter 2010 Results

**Vancouver, B.C., March 7, 2011** – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the year ended and quarter ended December 31, 2010.

### **Full Year 2010 Operating Results Summary**

- Revenues increased 10.9% to US\$144.8 million for calendar year 2010 compared to \$130.5 million for calendar year 2009;
- Earnings per share of US\$0.14 in 2010 versus US\$0.17 per share in 2009;
- Net income after tax of US\$5.6 million in 2010 versus US\$6.7 million in 2009;
- Cash flow from operations increased 158% to US\$13.4 million in 2010 versus US\$5.2 million in 2009;
- EBITDA increased 66% to US\$15.1 million for 2010 compared to US\$9.1 million in 2009.

Michael DeGiglio, Chief Executive Officer of the Company, stated, "Overall we had a much stronger year in 2010 as compared to 2009, measured by increased revenues, operating profit and cash flow. These increases were primarily driven by improved pricing in 2010 over 2009, as well as a continued focus by the Company on increasing and improving its direct to retail customer base. That said, after completing the first three strong quarters of 2010, the market lost momentum in the fourth quarter of 2010 with weaker pricing as compared to 2009 levels, as well as a production setback at one of the Company’s four Texas greenhouses.

DeGiglio added, “We expect 2011 financial performance to be in line with 2010, although the timing of our results is expected to differ with stronger results in the third and fourth quarters of 2011, as compared with the comparable periods during 2010, due to the higher costs of goods during the first half of 2011 versus 2010. Current pricing has improved significantly over poor January pricing, as compared to January 2010, due to the significant impact of record low temperatures on the Mexican crops. The Company is in the final stages of site selection to

expand based on our new greenhouse technology (GATES) and intends to announce its plans in May 2011.”

**Operational Summary for the Year:**

*(in thousands of US dollars)*

Revenue

Revenue for the year ended December 31, 2010, increased \$14,244, or 10.9%, to \$144,768 from \$130,524 for the year ended December 31, 2009. The increase in revenue is primarily due to higher pricing throughout most of 2010 versus 2009. The comparable period pricing for the Company’s tomato products was 14% higher in 2010 versus 2009.

Gross Profit

Gross profit for the year ended December 31, 2010, increased \$6,371, or 43.1%, to \$21,136 from \$14,765 for the year ended December 31, 2009. The increase in gross profit is directly due to higher pricing. Cost of goods for the Company’s own facility production was 6.3% higher in 2010 than the Company’s 2009 production cost of goods, mostly due to increases in logistic costs and labour costs, as well as a higher cost per pound from the Company’s Texas greenhouses.

Selling, General and Administrative

Selling, general and administrative expenses for the year ended December 31, 2010, increased \$1,071, or 8.9% to \$13,164 from \$12,093 for the year ended December 31, 2009. The increase is primarily due to higher personnel costs.

Interest Expense, Net

Net interest expense, for the year ended December 31, 2010, decreased (\$384) to \$2,775 from \$3,159 for the year ended December 31, 2009. The decrease is due to the continued reduction in debt levels throughout 2010.

Other Income

Other income for the year ended December 31, 2010, decreased (\$190) to \$686 from \$876 for the year ended December 31, 2009. The decrease was primarily due to a loss on derivatives of (\$247) (2009 - gain of \$709), an asset write-off of (\$339) (2009 - gain on disposal of asset of \$34), offset by other incidental income of \$217 and a \$1,055 payment from the AgriStability program in 2010.

Net Income

Net income for the year ended December 31, 2010, decreased (\$1,071) to \$5,598 from net income of \$6,669 for the year ended December 31, 2009. Decreased net income is due to a higher tax provision of \$285 in 2010 versus tax recovery income of \$6,280 in 2009 or a \$6,565

increase in 2010 taxes versus 2009. Excluding taxes, the Company's 2010 earnings before tax was \$5,883 versus \$389 in 2009, an increase of \$5,494.

#### EBITDA

EBITDA for the year ended December 31, 2010, increased to \$15,135 from \$9,122 for the year ended December 31, 2009, primarily due to a higher gross profit as a result of higher product pricing.

#### **Fourth Quarter 2010 Operating Results Summary:**

- Revenues of US\$31.7 million versus fourth quarter 2009 revenue of US\$ 33.6 million;
- EBITDA of US\$0.6 million versus US\$5.7 million in the fourth quarter 2009;
- Net income of US\$0.6 million versus US\$9.2 million in the fourth quarter 2009.

#### **Operational Summary for the Quarter:**

*(in thousands of US dollars)*

#### Revenue

Revenue for the quarter ended December 31, 2010 decreased (\$1,894), or (5.6%), to \$31,703 from \$33,597 for the quarter ended December 31, 2009. The decrease in revenue was due to weaker pricing in the fourth quarter of 2010 versus 2009 of 11% and a reduction in product volume over the same time period of 9% primarily due to the production setback at one of the Company's Texas greenhouses, as well as lower production from the Company's Canadian facilities in the fourth quarter of 2010 versus the fourth quarter of 2009.

#### Gross Profit

Gross profit for the quarter ended December 31, 2010 decreased (\$4,753), or (64.2%), to \$2,653 from \$7,406 for the quarter ended December 31, 2009. The decrease in gross profit is directly due to a lower average selling price of tomatoes and lower volumes of Company-owned product, offset slightly by an increase in third party produce. Cost of goods increased 11% due to an increase in costs related to the production setback at one of the Company's Texas greenhouses, increased volume of packing and packaging of value added products, a change from the Company's traditional standard corrugate boxes to RPC boxes, which are more expensive, as well as an increase in the Company's purchases of third party produce.

#### Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended December 31, 2010 decreased (\$20), or (0.6%), to \$3,584 from \$3,604 for the quarter ended December 31, 2009. The decrease was primarily due to lower personnel costs in the fourth quarter of 2010 as compared to the same period in 2009.

#### Interest expense, net

Net interest expense, for the quarter ended December 31, 2010, decreased (\$43) to \$697 from \$740 for the quarter ended December 31, 2009. The decrease was due to the continued reduction in debt levels throughout 2010 and 2009.

#### Other Income

Other income for the quarter ended December 31, 2010, decreased (\$361) to \$296 from \$657 for the quarter ended December 31, 2009. The decrease was primarily due to a foreign exchange loss of (\$12) in 2010 versus a foreign exchange gain of \$347 during the same period in 2009.

#### Net Income

Net income for the quarter ended December 31, 2010, decreased (\$8,555) to \$624 from \$9,179 for the quarter ended December 31, 2009. The decrease was due to a lower gross profit and an income tax recovery of \$1,956 in 2010 versus \$5,460 in 2009.

#### EBITDA

EDITDA for the quarter ended December 31, 2009 decreased (\$5,136), or (89.7%), to \$587 from an adjusted figure of \$5,723 for the quarter ended December 31, 2009, as a result of lower product pricing and higher production costs.

#### Non-GAAP Measures

EBITDA is not a recognized measure and does not have standardized meaning under Canadian generally accepted accounting principles. Accordingly, this measure may not be comparable to similar measures presented by other issuers. Please refer to the Company's Management's Discussion and Analysis for the year ended December 31, 2010, which will be available at [www.sedar.com](http://www.sedar.com), for additional information concerning EBITDA and a reconciliation of EBITDA to net earnings and operating cash flows, for the periods presented.

#### About Village Farms

Village Farms is one of the largest producers, marketers and distributors of premium-quality, greenhouse-grown tomatoes, bell peppers and cucumbers in North America. This premium product as well as premium product produced under exclusive arrangements with other greenhouse producers is grown in sophisticated, highly efficient and intensive agricultural greenhouse facilities located in British Columbia and Texas. Product is marketed and distributed under the Village Farms® brand primarily to retail grocers and dedicated fresh food distributors throughout the United States and Canada. Village Farms currently operates distribution centers located in key markets in the United States and Canada. Since its inception, Village Farms has been guided by sustainable agricultural principles which integrate four main goals; environmental health, economic profitability, and social & economic equality.

#### Forward Looking Statements

This press release contains certain "forward looking statements". These statements relate to future events or future performance and reflect our expectations regarding our growth, results of operations, performance, business prospects, opportunities or industry performance and trends. These forward looking statements reflect our current internal projections, expectations or beliefs and are based on information currently available to us. In some cases, forward looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict" , "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, you should specifically consider various factors, including, but not limited to, such risks and uncertainties as availability of resource, competitive pressures and changes in market activity, risks associated with U.S. and international sales and foreign exchange, regulatory requirements and all of the other "Risk Factors" set out in the Company's current annual information form and management's discussion and analysis for the year ended December 31, 2010, which will be available electronically at [www.sedar.com](http://www.sedar.com). Actual results may differ materially from any forward looking statement. Although we believe that the forward looking statements contained in this press release are based upon reasonable assumptions, you cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this press release, and other than as specifically required by applicable law, we assume no obligation to update or revise them to reflect new events or circumstances.

**For further information**

Stephen C. Ruffini, Senior Vice President and Chief Financial Officer, Village Farms International, Inc., (732) 676-3008.

**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Balance Sheets**  
**(In thousands of United States dollars)**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$9,734	\$2,611
Accounts receivable	8,131	9,594
Other receivables	510	592
Inventories	12,810	11,948
Assets held for sale	407	-
Income taxes receivable	775	-
Prepays and deposits	801	909
	<u>33,168</u>	<u>25,654</u>
Property, plant and equipment	62,972	66,599
Future income tax asset	2,967	4,549
Intangible assets	1,301	1,404
Other assets	1,125	877
Total assets	<u><u>\$101,533</u></u>	<u><u>\$99,083</u></u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$9,774	\$9,564
Current maturities of long-term debt	3,260	3,260
Current portion of obligations under capital leases	264	283
Total current liabilities	<u>13,298</u>	<u>13,107</u>
Long-term debt	48,208	51,472
Derivatives	2,340	2,092
Obligations under capital leases	14	262
Future income taxes	3,474	3,589
Total liabilities	<u>67,334</u>	<u>70,522</u>
<b>Shareholders' equity:</b>		
Share capital	24,850	24,850
Contributed surplus	40	-
Retained earnings	9,254	3,656
Accumulated other comprehensive income	55	55
Total shareholders' equity	<u>34,199</u>	<u>28,561</u>
Total liabilities and shareholders' equity	<u><u>\$101,533</u></u>	<u><u>\$99,083</u></u>

**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Statements of Earnings**

**For the Years Ended and Three Months Ended**

**(In thousands of United States dollars, except for share/units outstanding and per share/unit amounts)**

	<b>Full Year Ended December 31,</b>		<b>Three Months Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Net sales	\$144,768	\$130,524	\$31,703	\$33,597
Cost of sales	123,632	115,759	29,050	26,191
Gross profit	<u>21,136</u>	<u>14,765</u>	<u>2,653</u>	<u>7,406</u>
Selling, general and administrative expenses	13,164	12,093	3,584	3,604
Operating Income	<u>7,972</u>	<u>2,672</u>	<u>(931)</u>	<u>3,802</u>
Interest expense, net	2,775	3,159	697	740
Foreign exchange loss (gain)	57	62	12	(347)
Amortization of intangible assets	103	103	25	25
Loss (gain) on derivatives	247	(709)	(289)	(274)
Other (income), net	(1,432)	(298)	(53)	(65)
Loss (gain) on sale of asset	339	(34)	9	4
Earnings before income taxes	<u>5,883</u>	<u>389</u>	<u>(1,332)</u>	<u>3,719</u>
Provision for income taxes	<u>285</u>	<u>(6,280)</u>	<u>(1,956)</u>	<u>(5,460)</u>
Net earnings (loss)	<u>5,598</u>	<u>6,669</u>	<u>624</u>	<u>9,179</u>
Net income per Unit/share-basic	<u>\$0.14</u>	<u>\$0.17</u>	<u>\$0.02</u>	<u>\$0.24</u>
Weighted average number of units/shares outstanding-basic	<u>38,707,345</u>	<u>38,707,345</u>	<u>38,707,345</u>	<u>38,707,345</u>
Net income per Unit/share-diluted	<u>\$0.14</u>	<u>\$0.17</u>	<u>\$0.02</u>	<u>\$0.24</u>
Weighted average number of units/shares outstanding-diluted	<u>39,042,960</u>	<u>38,707,345</u>	<u>39,057,344</u>	<u>38,707,345</u>

**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended and Three Months Ended**  
**(In thousands of United States dollars)**

	<b>Full Year Ended December 31,</b>	<b>2009</b>	<b>Three Months Ended December 31,</b>	<b>2009</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Cash flows from operating activities:</b>				
Net earnings (loss)	\$5,598	\$6,669	\$624	\$9,179
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,793	5,770	1,479	1,437
(Gain) loss on sale of property	339	(34)	9	7
(Gain) loss on derivatives	247	(709)	(289)	(273)
Foreign exchange (gain) loss	(91)	79	(136)	2
Share based compensation	40	-	10	-
Future income taxes	1,469	(5,841)	515	(6,146)
Changes in non-cash working capital	(8)	(734)	(2,834)	(1,356)
Net cash provided by operating activities	<u>13,387</u>	<u>5,200</u>	<u>(622)</u>	<u>2,850</u>
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment	(2,809)	(1,890)	(946)	(467)
Proceeds from sale of property, plant and equipment	234	266	-	44
Net cash used in investing activities	<u>(2,575)</u>	<u>(1,624)</u>	<u>(946)</u>	<u>(423)</u>
<b>Cash flows from financing activities:</b>				
Payments on operating line of credit	-	-	-	(1,691)
Payments on long-term debt	(3,264)	(3,227)	(815)	(806)
Payments on obligations under capital leases	(267)	(154)	(65)	(57)
Dividend payments to Unitholders and PPS holders	-	(1,550)	-	-
Other	(249)	(56)	(190)	15
Net cash used in financing activities	<u>(3,780)</u>	<u>(4,987)</u>	<u>(1,070)</u>	<u>(2,539)</u>
Foreign exchange loss (gain)	<u>91</u>	<u>(79)</u>	<u>136</u>	<u>(2)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,123</b>	<b>(1,490)</b>	<b>(2,502)</b>	<b>(114)</b>
<b>Cash and cash equivalents beginning of year</b>	<b>2,611</b>	<b>4,101</b>	<b>12,236</b>	<b>2,725</b>
<b>Cash and cash equivalents end of year</b>	<b><u>\$9,734</u></b>	<b><u>\$2,611</u></b>	<b><u>\$9,734</u></b>	<b><u>\$2,611</u></b>
<b>Supplemental cash flow information:</b>				
Interest paid	<u>\$2,820</u>	<u>\$3,159</u>	<u>\$1,010</u>	<u>\$797</u>
Income taxes paid	<u>\$288</u>	<u>\$100</u>	<u>\$15</u>	<u>\$76</u>