



May 10, 2010

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

## Village Farms International Announces Strong First Quarter 2010 Results

**Vancouver, B.C., May 10, 2010** – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the quarter ended March 31, 2010.

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

*(Note amounts in U.S. dollars)*

- Revenues increased 45% to \$31.1 million for the first quarter of 2010 compared to \$21.4 million for the first quarter of 2009;
- Earnings per share of \$0.11 for the first quarter of 2010 versus \$0.02 for the first quarter of 2009;
- Net income increased to \$4.2 million in the first quarter of 2010 versus \$0.6 million in the first quarter of 2009;
- EBITDA increased by nearly 150% to \$8.9 million in the first quarter of 2010 compared to \$3.6 million in the first quarter of 2009.

Michael DeGiglio, Chief Executive Officer, stated “We are pleased to report the second straight quarter of rebounding results after sluggish quarters early last year. Solid performance in both production and pricing, across all of our product lines, combined with operating efficiencies led to one of our best quarters ever, even as we maintained our investments in R&D, new business development and marketing. Our first quarter results reflected more normalized pricing as opposed to the first quarter of 2009. We believe pricing across our product lines demonstrates that consumer consumption for fresh fruits and vegetables is returning to pre-recession levels coupled with our retail customers supporting the ongoing communication of the Company’s branded, industry leading, sustainable growing practices and culture.”

“While market demand was stagnate for most of 2009, the Company continued its commitment to R&D, through further technological advancement of its GATES growing systems and its focus on variety innovation and on water and energy sustainability. We continue to concentrate on expanding our retail customer base with some of the largest grocery retail organizations in North America, as well as our unparalleled quality and delivery services. Moving forward, we will focus on increasing our capacity

through new greenhouse developments and by adding partner growers to increase our market share to position us for success in 2010 and beyond.”

“We expect continuing growth in consumer demand in 2010 as compared with 2009 levels and are working hard to sustain improved results and growth for the remainder of 2010 and beyond.”

“As we enter our third decade of service to the industry, our strong results are a function of Village Farms having the best talent and the highest quality of products and services. Our team continues to push our business strategy while maintaining our commitment to community, the environment and our customers. We are very proud of the entire Village Farms family”.

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

*(in thousands of US dollars)*

#### Revenue

Revenue for the quarter ended March 31, 2010, increased \$9,659, or 45%, to \$31,102 from \$21,443 for the quarter ended March 31, 2009. The increase in revenue is due to a 36% increase in the average selling price of tomatoes, an increase of 24% in Village Farms grown product, as well as an increase in supply partner revenues of 8.4% over the same period in 2009.

#### Gross Profit

Gross profit for the quarter ended March 31, 2010, increased \$5,365, or 110%, to \$10,236 from \$4,871 for the quarter ended March 31, 2009. The increase in gross profit is directly due to higher volumes of produce and higher pricing, as compared to 2009.

#### Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended March 31, 2010, increased \$7 to \$2,978 from \$2,971 for the quarter ended March 31, 2009. Essentially, our overhead costs are constant with our 2009 expenses, as they are not tied to production yield or revenues.

#### Interest, Net

Net Interest expense, for the quarter ended March 31, 2010, decreased \$107 to \$709 from \$816 for the quarter ended March 31, 2009. The decrease is due to the continued reduction in debt levels throughout 2010 and 2009.

#### Other Income (Costs)

Other income (costs) for the quarter ended March 31, 2010, decreased \$816 to costs of (\$570) from other income of \$246 for the quarter ended March 31, 2009. The decrease was due to a loss on derivatives of (\$317), in 2010, versus income of \$83 on derivatives for the first quarter of 2009. As well as a loss of (\$329) on asset disposals in 2010, as compared to a \$156 gain on the sales of assets during the first quarter of 2009. Neither the derivative loss or asset disposal loss in 2010 were cash losses.

## Net Income

Net income for the quarter ended March 31, 2010, increased \$3,559 to \$4,199 from \$640 for the quarter ended March 31, 2009. The increase was due to higher gross profits of \$5,365 partially offset by other costs and a higher income tax provision due to higher operating income in 2010.

## EBITDA

EBITDA for the quarter ended March 31, 2010, increased \$5,282, or 148%, to \$8,855 from an adjusted figure of \$3,573 for the quarter ended March 31, 2009, as a result of higher product pricing and higher production in 2010 over 2009. The Company's trailing twelve month EBITDA is \$14,404, as of March 31, 2010.

## 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 quarter ended March 31, 2010, which is 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 The Company

The Company 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<sup>®</sup> brand primarily to retail grocers and dedicated fresh food distributors throughout the United States, Canada and Japan. The Company currently operates distribution centres located in key markets in the United States and Canada. Since its inception, the Company has been guided by sustainable agricultural principles which integrate three 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 quarter ended March 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**

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

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$4,756	\$2,611
Accounts receivable	10,053	9,594
Other receivables	850	592
Inventories	15,779	11,948
Prepays and deposits	584	909
	<u>32,022</u>	<u>25,654</u>
Property, plant and equipment	65,243	66,599
Deferred tax assets	4,722	4,549
Intangible assets	1,378	1,404
Other assets	933	877
Total assets	<u>\$104,298</u>	<u>\$99,083</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$11,429	\$9,564
Current maturities of long-term debt	3,260	3,260
Current obligations under capital leases	300	283
Total current liabilities	<u>14,989</u>	<u>13,107</u>
Long-term debt	50,654	51,472
Derivatives	2,409	2,092
Obligations under capital leases	194	262
Future income taxes	3,283	3,589
Total liabilities	<u>71,529</u>	<u>70,522</u>
<b>Shareholders' equity:</b>		
Share capital	24,850	24,850
Contributed surplus	9	-
Retained earnings	7,855	3,656
Accumulated other comprehensive income	55	55
Total shareholders' equity	<u>32,769</u>	<u>28,561</u>
Total liabilities and shareholders' equity	<u>\$104,298</u>	<u>\$99,083</u>

**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Statements of Earnings and Comprehensive Earnings**  
**For the Three Months Ended**

**n thousands of United States dollars, except for shares and units outstanding and per unit/share amounts, unaudited**

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Net sales	\$31,102	\$21,443
Cost of sales	<u>20,866</u>	<u>16,572</u>
Gross profit	10,236	4,871
Selling, general and administrative expenses	<u>2,978</u>	<u>2,971</u>
Income from Operations	7,258	1,900
Interest expense, net	709	816
Foreign exchange loss (gain)	87	132
Amortization of intangible assets	26	26
(Gain) loss on derivatives	317	(83)
Other (income), net	(189)	(165)
Loss (gain) on asset disposal/sale	<u>329</u>	<u>(156)</u>
Earnings before income taxes	5,979	1,330
Provision for income taxes	<u>1,780</u>	<u>690</u>
Net earnings and comprehensive earnings	<u>4,199</u>	<u>640</u>
Net income per share/unit-basic	<u>\$0.11</u>	<u>\$0.02</u>
Weighted average number of shares/units outstanding-basic	<u>38,707,345</u>	<u>38,707,345</u>
Net income per share/unit-diluted	<u>\$0.11</u>	<u>\$0.02</u>
Weighted average number of shares/units outstanding-diluted	<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 Three Months Ended**  
**(In thousands of United States dollars, unaudited)**

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
<b>Cash flows from operating activities:</b>		
Net earnings	\$4,199	\$640
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,424	1,378
Loss (gain) on sale of property	329	(156)
Loss (gain) on derivatives	317	(83)
Foreign exchange loss (gain)	87	-
Share based compensation	9	-
Future income taxes	(479)	345
Changes in non-cash working capital	(2,363)	(6,146)
Net cash provided by operating activities	3,523	(4,022)
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(372)	(772)
Proceeds from sale of property, plant and equipment	6	50
Net cash provided by (used in) investing activities	(366)	(722)
<b>Cash flows from financing activities:</b>		
Proceeds from operating line of credit	-	4,259
Payments on long-term debt	(818)	(807)
Payments on obligations under capital leases	(51)	(78)
Dividend payments to Unitholders and PPS holders	-	(987)
Other	(56)	(41)
Net cash provided by (used in) financing activities	(925)	2,346
Foreign exchange loss (gain)	(87)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	2,145	(2,398)
<b>Cash and cash equivalents beginning of year</b>	2,611	4,101
<b>Cash and cash equivalents end of year</b>	\$4,756	\$1,703
<b>Supplemental cash flow information:</b>		
Interest paid	\$694	\$839
Income taxes paid	\$8	\$0