



May 14, 2013

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

Village Farms International Announces First Quarter 2013 Results

Vancouver, B.C., May 14, 2013 – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the first quarter ended March 31, 2013.

Conference Call

The Company will hold a teleconference to discuss its full quarter results and recent developments on Wednesday, May 15, 2013 beginning at 10:30 a.m. Pacific Standard Time, (1:30 p.m. Eastern Standard Time).

To participate in the teleconference, please dial into the call a few minutes before the start time:

1-888-390-0605 or 416-764-8609

First Quarter 2013 Operating Results Summary:

(Note amounts in U.S. Dollars)

- Net Sales decreased (10%) to \$25.4 million for the quarter ended March 31, 2013 compared to \$28.2 million for the quarter ended March 31, 2012;
- Earnings (loss) per share of \$0.07 for the quarter ended March 31, 2013 versus a loss of (\$0.02) for the quarter ended March 31, 2012;
- Net income increased \$3.3 million for the quarter ended March 31, 2013 to \$2.6 million from a net loss of (\$0.7) million for the quarter ended March 31, 2012;
- EBITDA increased 116% to \$6.4 million for the quarter ended March 31, 2013 compared to \$3.0 million for the quarter ended March 31, 2012.

Michael DeGiglio, Chief Executive Officer, stated “I am pleased to report that our first quarter of 2013 is in line with expectations. Pricing continues at customary levels and is substantially improved when compared to the same period in 2012. Our results would have been much stronger if not for the missing production capacity in the first quarter of this year, as a result of the remaining unrepaired portion of the Marfa, Texas facilities. The repaired portion of the Marfa facilities performed well, equating to roughly half of the damaged acres sustained in the hail storm in May 2012. While visiting our new Monahans,

Texas facility last week, I am pleased to report the crop is in the best condition it has been since start up over one year ago. We have solved the local labour supply issue with company-owned housing coupled with a stronger employee pool from El Paso, Texas. These advancements along with our increased management experience with our GATES® technology are enabling improved efficiencies, higher yields and lower production costs that further drive our expectations for significant improvements in our results as the year progresses.”

Mr. DeGiglio continued “As we forge ahead approaching the one year anniversary of the devastating hail storm we endured, we continue to be disappointed by the ongoing delays and the handling of our pending insurance claim by our prior carrier – Travelers Insurance. Our proposal to settle the entire claim would have allowed us to move forward with our goal to repair at least 20 acres of the remaining damaged 40 acres at the Marfa facility to make it operable in time for next year. Unfortunately, due to the delays, at this stage, it appears this goal is uncertain. Consequently, we are moving forward with an alternative tactic in dealing with the insurance claim. To date, the launch of our exclusive new varieties has received strong retailer response, which has facilitated our desire to seek additional opportunities for increasing our greenhouse capacity to meet this ever increasing demand for these new products, as well as our full line of core products, and mounting retailer interest in new items that we are currently looking to offer.”

Operational Summary for the Quarter:

(In thousands of U.S. Dollars)

Net Sales

Net sales for the quarter ended March 31, 2013, decreased \$2,807, or (10%), to \$25,385 from \$28,192 for the quarter ended March 31, 2012. The decrease in net sales is primarily due to a 17% decrease in tomato pounds sold from Village Farms facilities, due to the year on year loss of greenhouse acreage as a result of the hail storm in May 2012. One of the Company’s most productive greenhouses is still not operational and awaits insurance proceeds to repair it. Additionally, third party revenues are down 25% for the quarter ended March 31, 2013 versus the first quarter ended March 31, 2012. Offsetting the lower volume was an increase of 25% in the selling price of tomatoes, an increase of 33% in the price of cucumbers and a decrease of 7% in the price of peppers for the quarter ended March 31, 2013 versus the first quarter of 2012.

For the quarter ended March 31, 2013, total tomato pounds sold decreased 33% over the comparable period in 2012; pepper pounds sold decreased 36% and cucumber pieces sold for quarter ended March 31, 2013 increased 20% over the comparable period in 2012.

Cost of Sales

Cost of sales for the quarter ended March 31, 2013 decreased \$659 or 3% to \$23,025 from \$23,684 for the quarter ended March 31, 2012. The decrease is due to lower volumes from the Company’s greenhouse facilities, as well as lower purchases of supply partner product, lower transportation costs related to reduced pounds shipped, offset by higher costs at Village Farms owned greenhouses from increased input costs relating to the additional production acreage of specialty tomatoes and cucumbers,

and the Monahans facility having a higher cost of production than the Marfa greenhouse facility that was not in production in 2013.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the quarter ended March 31, 2013 decreased \$466 or 13% to \$3,119 from \$3,585 for the quarter ended March 31, 2012. The decrease is due to lower personnel costs and other related expenses such as travel and office costs, partially offset by higher banking fees of \$157 due to increased fees charged by one of the Company's financial institutions.

Change in Biological Asset

The net change in fair value of biological asset for the quarter ended March 31, 2013, increased \$1,512, to \$298 from (\$1,214) for the quarter ended March 31, 2012. The fair value of the biological asset at March 31, 2013 is \$7,648 which is higher than the value of \$6,677 at March 31, 2012 due to the increase in the average price of tomatoes on the vine and the higher mix of specialty tomatoes, being partially offset by lower volumes in the early part of the second quarter of 2013 compared to the early part of the second quarter of 2012. The lower volume is directly attributable to the loss of greenhouse acreage as a result of the hail storm in May 2012, as all of the Company's U.S. facilities have not yet been repaired.

Income from Operations

Income from operations for the quarter ended March 31, 2013, increased \$5,094, to \$4,803 from an operating loss of (\$291) for the quarter ended March 31, 2012. The increase was the result of net business interruption insurance proceeds of \$5,264, an increase in the change in biological asset of \$1,512, lower overhead costs, partially offset by a lower gross profit due to a higher mix of specialty tomatoes and cucumbers in the first quarter of 2013 versus the first quarter of 2012 in part due to the loss of U.S. greenhouse capacity.

Interest Expense, net

Interest expense, net for the quarter ended March 31, 2013 increased \$258 to \$1,216 from \$958 for the quarter ended March 31, 2012. The increase is due to an increase of the Company's borrowing rate on its term and operating loans versus the quarter ended March 31, 2012 due to the amended 2011 facility terms. The Company's average borrowing rate will decrease for the balance of the 2013 calendar year with the completion of the Company's new term debt facility on March 28, 2013.

Other Income

Other income for the quarter ended March 31, 2013, decreased \$175 to \$139 from \$314 for the quarter ended March 31, 2012. The decrease was due to a lower gain on derivatives in 2013 versus 2012 of \$117 and lower other income of \$78 as compared to the same period last year.

Income Taxes

Income tax expense for the quarter ended March 31, 2013 was \$1,118 compared to an income tax recovery of (\$243) for the quarter ended March 31, 2012, due to a profit before tax in 2013 versus a loss before taxes in the same period in 2012.

Net Income

Net income for the quarter ended March 31, 2013 increased \$3,300 to \$2,608 from a net loss of (\$692) for the quarter ended March 31, 2012. The increase was due to an increase in income from operations partially offset by increased interest expense and income tax expense.

EBITDA

EBITDA for the quarter ended March 31, 2013 increased \$3,439, or 116%, to \$6,412 from \$2,973 for the quarter ended March 31, 2012, as a result of the receipt of insurance proceeds, offset by a lower gross profit. See the EBITDA calculation in “Reconciliation of Net Income to EBITDA”, in the Company’s Management, Discussion and Analysis for the three months ended March 31, 2013.

Hail Damage and Insurance Proceeds

On May 31, 2012, the Company suffered a hail storm that closed three of its Texas facilities, for which it was insured. Since the inception of the claim through March 31, 2013, the Company received \$38,015 for property and business interruption coverage with \$1,521 of fees incurred associated with this recovery. For the first quarter ended March 31, 2013 the Company received business interruption advances totaling \$2,216, less fees of \$89 associated with the recovery. In early May 2013, the Company received an additional advance totaling \$3,267 less fees of \$131 associated with the recovery. The May 2013 advance has been recorded as a receivable on March 31, 2013, as the advance relates to lost profits for periods ending before January 31, 2013. Both the March and May 2013 receipts are included in the cumulative recovery figure above. Insurance proceeds net of fees paid are included in income from operations pursuant to International Accounting Standard (“IAS”) 16, Property, Plant and Equipment.

The Company has made good faith efforts to settle the claim but the prior carrier’s continued delays are creating operational issues for the Company in being able to service all of its customer needs. The Company is looking into alternative strategies to get its settlement offer addressed.

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. These premium products 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 centres located in key markets in the United States and Canada. Since its inception, Village Farms has been guided by sustainable agricultural principles which integrate three main goals: environmental health, economic profitability, and social and economic equality.

Forward Looking Statements

This press release contains certain "forward looking statements". These statements relate to future events or future performance and reflect the Company's expectations regarding its growth, results of operations, performance, business prospects, opportunities or industry performance and trends. These forward looking statements reflect the Company's current internal projections, expectations or beliefs and are based on information currently available to the Company. 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 Canadian 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, 2013, which is available electronically at www.sedar.com. Actual results may differ materially from any forward looking statement. Although the Company believes 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, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

For further information

Stephen C. Ruffini, Executive Vice President and Chief Financial Officer, Village Farms International, Inc., (407) 936-1190 ext 340.

Village Farms International, Inc.
Condensed Consolidated Interim Statements of Financial Position
(In thousands of United States dollars)

| | March 31, 2013 (Unaudited) | December 31, 2012 (Audited) |
|---|-------------------------------|--------------------------------|
| ASSETS | | |
| <i>Current assets</i> | | |
| Cash and cash equivalents | \$ 2,712 | \$ 2,801 |
| Trade receivables | 8,707 | 7,377 |
| Other receivables | 3,753 | 552 |
| Inventories | 12,737 | 11,970 |
| Income taxes receivable | 308 | 503 |
| Prepaid expenses and deposits | 932 | 246 |
| Biological asset | 7,648 | 4,757 |
| Total current assets | <u>36,797</u> | <u>28,206</u> |
| <i>Non-current assets</i> | | |
| Property, plant and equipment | 97,988 | 99,372 |
| Intangible assets | 1,068 | 1,094 |
| Other assets | 2,019 | 1,462 |
| Total assets | <u>\$ 137,872</u> | <u>\$ 130,134</u> |
| LIABILITIES | | |
| <i>Current liabilities</i> | | |
| Trade payables | \$ 10,404 | \$ 10,011 |
| Accrued liabilities | 3,529 | 2,609 |
| Income taxes payable | - | 7 |
| Operating loan | 3,028 | - |
| Current maturities of long-term debt | 4,143 | 3,413 |
| Current maturities of capital lease obligations | 24 | 23 |
| Current portion of derivative | - | 106 |
| Total current liabilities | <u>21,128</u> | <u>16,169</u> |
| <i>Non-current liabilities</i> | | |
| Long-term debt | 53,857 | 54,897 |
| Long-term maturities of capital lease obligations | 80 | 86 |
| Deferred tax liability | 9,156 | 8,041 |
| Deferred compensation | 544 | 490 |
| Total liabilities | <u>84,765</u> | <u>79,683</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 24,850 | 24,850 |
| Contributed surplus | 636 | 588 |
| Accumulated other comprehensive income | 55 | 55 |
| Retained earnings | 27,566 | 24,958 |
| Total shareholders' equity | <u>53,107</u> | <u>50,451</u> |
| Total liabilities and shareholders' equity | <u>\$ 137,872</u> | <u>\$ 130,134</u> |

Village Farms International, Inc.
Condensed Consolidated Interim Statements of Income and Comprehensive Income
For the Three Months Ended
(In thousands of United States dollars, except per share data, unaudited)

| | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|---|-----------------------|-----------------------|
| Net sales | \$ 25,385 | \$ 28,192 |
| Cost of sales | (23,025) | (23,684) |
| Insurance proceeds, net | 5,264 | - |
| Change in biological asset | 298 | (1,214) |
| Selling, general and administrative expenses | <u>(3,119)</u> | <u>(3,585)</u> |
| Income from operations | 4,803 | (291) |
| Interest expense | 1,217 | 960 |
| Interest income | (1) | (2) |
| Foreign exchange (gain)/loss | (7) | 7 |
| Amortization of intangible assets | 26 | 26 |
| Gain on derivatives | (106) | (223) |
| Other income, net | (46) | (124) |
| Gain on sale of assets | <u>(6)</u> | <u>-</u> |
| Income before income taxes | 3,726 | (935) |
| Provision for (Recovery of) income taxes | <u>1,118</u> | <u>(243)</u> |
| Net income (loss) and comprehensive income (loss) | <u>\$ 2,608</u> | <u>\$ (692)</u> |
| Basic and diluted earnings (loss) per share | <u>\$ 0.07</u> | <u>\$ (0.02)</u> |

Village Farms International, Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended
(In thousands of United States dollars, unaudited)

| | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|--|------------------------|-----------------------|
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 2,608 | \$ (692) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 1,838 | 1,893 |
| Gain on sale of assets | (6) | - |
| Gain on derivative | (106) | (223) |
| Foreign exchange gain | (7) | - |
| Net interest expense | 1,216 | 958 |
| Share-based compensation | 48 | 59 |
| Deferred income taxes | 1,115 | (270) |
| Change in biological asset | (298) | 1,214 |
| Changes in non-cash working capital items | (7,076) | (5,281) |
| Net cash used in operating activities | <u>(668)</u> | <u>(2,342)</u> |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (428) | (6,108) |
| Proceeds from sale of property, plant, and equipment, net | 6 | - |
| Other | 26 | 183 |
| Net cash used in investing activities | <u>(396)</u> | <u>(5,925)</u> |
| Cash flows from financing activities: | | |
| Proceeds from operating loan, net | 3,028 | 2,878 |
| Proceeds from (payments on) long-term debt, net | (310) | 4,318 |
| Interest paid on long-term debt | (1,217) | (960) |
| Interest received | 1 | 2 |
| Payments on capital lease obligation | (5) | - |
| Other | (529) | - |
| Net cash provided by financing activities | <u>968</u> | <u>6,238</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>7</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | (89) | (2,029) |
| Cash and cash equivalents, beginning of period | 2,801 | 2,865 |
| Cash and cash equivalents, end of period | \$ <u>2,712</u> | \$ <u>836</u> |
| Supplemental cash flow information: | | |
| Income taxes paid | <u>\$ 1</u> | <u>\$ 27</u> |