



May 15, 2012

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

Village Farms International Announces First Quarter 2012 Results

Vancouver, B.C., May 15, 2012 – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the quarter ended March 31, 2012.

First Quarter 2012 Operating Results Summary:

(Note amounts in U.S. dollars)

- Revenues decreased 13% to \$28.2 million for the first quarter of 2012 compared to \$32.3 million for the first quarter of 2011;
- Earnings (loss) per share of (\$0.02) for the first quarter of 2012 versus \$0.12 for the first quarter of 2011;
- Net income (loss) decreased to (\$0.7) million in the first quarter of 2012 versus \$4.5 million in the first quarter of 2011;
- EBITDA decreased 39% to \$3.0 million in the first quarter of 2012 compared to \$4.9 million in the first quarter of 2011.

Michael DeGiglio, Chief Executive Officer, stated “Pricing in our core tomato varieties continues to remain challenging and since mid-March is substantially below our budget and prior year. This is directly due to continued oversupply from Mexico coupled with flat demand in both the USA and Canada. The flooding of the market by growers and importers, at pricing at or below cost of production, borders on, in my opinion, “dumping” and is negatively affecting the entire industry. We continue to aggressively implement our strategy to combat this pricing pressure. This includes internal changes in variety assortment, customer collaboration and working directly with Federal and State Governments to combat imported imposter products, mislabelled as greenhouse grown.

Mr. DeGiglio added “We remain pleased with the performance of our new GATES® technology in Monahans although labor availability remains a challenge. However, the Company is making progress with both short and long term solutions.”

Operational Summary for the Quarter:

(in thousands of US dollars)

Revenue

Revenue for the quarter ended March 31, 2012, decreased \$4,149, or 13%, to \$28,192 from \$32,341 for the quarter ended March 31, 2011. The decrease in revenue is primarily due to a 17% decrease in the average selling price of tomatoes as compared to 2011 and a 2% decrease in the Company's production offset by a supply partner production increase of 3%. The year on year decrease in the Company's production would have been 6% if its new Monahans facility was excluded; the decrease of 6% is due to an increase in the growing area of lower yielding specialty tomatoes. The area of specialty tomatoes increase to 31% of the growing area in west Texas for the three months ended March 31, 2012 from 19% in the same period in 2011.

Cost of Sales

Cost of sales for the quarter ended March 31, 2012, decreased \$1,917, or 7%, to \$23,684 from \$25,601 for the quarter ended March 31, 2011. The decrease was a result of a 13% decrease in supply partner payments due to the decreased selling price and an 8% decrease in costs from our Texas operations, which had experienced a production issue at one of our facility in the first quarter of 2011.

Change in fair value of biological asset, net

The net change in fair value of biological asset for the quarter ended March 31, 2012, decreased \$4,192 to (\$1,214) from \$2,978 for the quarter ended March 31, 2011. The decrease is due to lower pricing in April 2012 versus April 2011. The fair value of the biological asset at March 31, 2012 is \$6,667 and was \$10,508 at March 31, 2011 due to lower sales expectations in April 2012 versus April 2011 of the fruit on the vine at the respective reporting dates.

Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended March 31, 2012, increased \$77 to \$3,585 from \$3,508 for the quarter ended March 31, 2011. The increase is due to slightly higher marketing costs incurred within selling, general, and administrative expenses.

Income from Operations

Income from operations for the quarter ended March 31, 2012, decreased by \$6,501, to (\$291) from \$6,210 for the quarter ended March 31, 2011. The decrease was the result of lower average price in 2012 versus 2011 and a decrease of \$4,192 in the change in biological asset, offset partially by a decrease in cost of sales.

Interest Expense

Interest expense, for the quarter ended March 31, 2012, increased \$232 to \$960 from \$728 for the quarter ended March 31, 2011. The increase is due to the Company's increased borrowing related to the new Monahans facility.

Other Income (Costs)

Other income (costs) for the quarter ended March 31, 2012, decreased \$201 to income of \$314 from \$515 for the quarter ended March 31, 2011. The decrease was due to a decrease in other income of \$59, a foreign exchange decrease of \$69 and \$59 less on gain on derivative in 2012.

Net Income

Net income for the quarter ended March 31, 2012, decreased (\$5,204), to (\$692) from \$4,512 for the quarter ended March 31, 2011. The decrease was due to lower product pricing, a decrease in the change in fair value of biological asset partially offset by a lower cost of sales and a decrease in the provision for income taxes.

EBITDA

EBITDA for the quarter ended March 31, 2012, decreased \$1,879, or 39%, to \$2,973 from \$4,852 for the quarter ended March 31, 2011, as a result of lower income from operations due to lower 2012 product pricing versus strong 2011 pricing. The Company's trailing twelve month EBITDA is \$13,777, as of March 31, 2012. For more information about the Company's presentation of EBITDA, a non-IFRS measure, see the Company's Management, Discussion and Analysis for the three months ended March, 31, 2012.

British Columbia Carbon Tax Relief

On April 3, 2012, the British Columbia Ministry of Agriculture announced that "B.C.'s high-tech greenhouse vegetable and floriculture growers will receive \$7.6 million from the Province in carbon tax relief ...". The Company estimates its refund to be CA\$1.0 million. The funds are being distributed by the B.C Greenhouse Growers Association and are going to be distributed in July.

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 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 year ended December 31, 2011, 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., (732) 676-3008.

Village Farms International, Inc.
Consolidated Statement of Financial Position
(In thousands of United States dollars, unaudited)

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 836	\$ 2,865
Trade receivables	8,415	8,579
Other receivables	419	512
Inventories	15,766	11,624
Assets held for sale	407	407
Prepays and deposits	1,039	590
Biological asset	6,677	5,572
Total current assets	<u>33,559</u>	<u>30,149</u>
<i>Non-current assets</i>		
Property, plant and equipment	101,841	97,601
Deferred tax asset	689	689
Intangible assets	1,172	1,198
Other assets	1,487	1,381
Total assets	<u>\$ 138,748</u>	<u>\$ 131,018</u>
LIABILITIES		
<i>Current liabilities</i>		
Trade payables	\$ 11,890	\$ 10,440
Accrued liabilities	3,146	3,211
Income taxes payable	8	22
Line of Credit	2,878	-
Current maturities of long-term debt	4,312	4,312
Current portion of derivatives	1,063	1,235
Total current liabilities	<u>23,297</u>	<u>19,220</u>
<i>Non-current liabilities</i>		
Long-term debt	69,861	65,543
Derivatives	-	51
Deferred tax liability	3,661	3,931
Other liabilities	289	-
Total liabilities	<u>97,108</u>	<u>88,745</u>
SHAREHOLDERS' EQUITY		
Share capital	24,850	24,850
Contributed surplus	371	312
Accumulated other comprehensive income	55	55
Retained earnings	16,364	17,056
Total shareholders' equity	<u>41,640</u>	<u>42,273</u>
Total liabilities and shareholders' equity	<u>\$ 138,748</u>	<u>\$ 131,018</u>

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

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Net sales	\$ 28,192	\$ 32,341
Cost of sales	(23,684)	(25,601)
Change in biological asset	(1,214)	2,978
Selling, general and administrative expenses	<u>(3,585)</u>	<u>(3,508)</u>
Income (loss) from operations	(291)	6,210
Interest expense	960	728
Interest income	(2)	(12)
Foreign exchange (gain) loss	7	(62)
Amortization of intangible assets	26	26
(Gain) loss on derivatives	(223)	(282)
Other income, net	(124)	(183)
(Gain) loss on disposal/sale of assets	<u>-</u>	<u>(14)</u>
Income before income taxes	(935)	6,009
(Recovery of) provision for income taxes	<u>(243)</u>	<u>1,497</u>
Net income (loss) and comprehensive income (loss)	<u>(692)</u>	<u>4,512</u>
Basic (loss) earnings per share	<u>\$ (0.02)</u>	<u>\$ 0.12</u>
Diluted (loss) earnings per share	<u>\$ (0.02)</u>	<u>\$ 0.12</u>

Village Farms International, Inc.
Consolidated Statement of Cash Flow
For the Three Months Ended
(In thousands of United States dollars, unaudited)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Cash flows from operating activities:		
Net income	(\$692)	\$4,512
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,893	1,453
Gain (loss) on sale of assets	-	(14)
Gain (loss) on derivatives	(223)	(282)
Foreign exchange (gain) loss	-	(62)
Net interest expense	958	716
Share based compensation	59	10
Deferred income taxes	(270)	1,457
Change in biological asset	1,214	(2,978)
Changes in non-cash working capital items	(5,281)	(7,722)
Net cash (used in) provided by operating activities	<u>(2,342)</u>	<u>(2,910)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(6,108)	(388)
Proceeds from sale of property, plant and equipment	-	37
Other	183	(155)
Net cash used in investing activities	<u>(5,925)</u>	<u>(506)</u>
Cash flows from financing activities:		
Proceeds from line of credit	2,878	-
Proceeds from (payments on) long-term debt	4,318	(815)
Interest paid on debt	(960)	(728)
Interest income	2	12
Payments on obligations under capital leases	-	(161)
Net cash used in financing activities	<u>6,238</u>	<u>(1,692)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>-</u>	<u>62</u>
Net (decrease) increase in cash and cash equivalents	(2,029)	(5,046)
Cash and cash equivalents beginning of period	2,865	9,734
Cash and cash equivalents end of period	<u>\$836</u>	<u>\$4,688</u>
Supplemental cash flow information:		
Income taxes paid	<u>\$27</u>	<u>\$33</u>