



March 10, 2010

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

## Village Farms International Announces Full Year and Fourth Quarter 2009 Results

**Vancouver, B.C., March 10, 2010** – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the year ended and quarter ended December 31, 2009.

### **Full Year 2009 Operating Results Summary**

- Revenues of US\$130.5 million versus 2008 revenues of US\$133.1 million;
- Earnings per share of US\$0.17 per share versus US\$0.12 per share in 2008;
- Net income after tax of US\$6.7 million versus US\$4.5 million in 2008;
- EBITDA of US\$9.1 million versus US\$21.2 million in 2008;
- On December 31, 2009, the Company completed the conversion from an income trust structure to a corporation.

Michael DeGiglio, Chief Executive Officer of the Company, stated, "While the recession year of 2009 proved to be a challenging year for pricing, we saw improved pricing over 2008 levels throughout the fourth quarter of 2009. We have also experienced a return to normal first quarter pricing through the first two months of 2010, which is well above 2009 pricing and we believe that the market challenge of decreased consumer consumption of fresh produce is behind us. While the poor weather in Florida has helped tomato pricing, we predominately sell to retailers who prefer hydroponic produce. As such, we believe the primary driver of improved pricing is increased consumption rather than poor weather conditions for field growers."

DeGiglio added, "We expect the 2010 financial performance to be stronger than 2009 as a result of improved production from our Texas facilities during the first quarter of 2010 and better overall pricing for most of our products. Additionally, we are experiencing increased interest in our new greenhouse technology (GATES) and are working towards announcing some new business developments in this growth area later in 2010."

### **Operational Summary for the Year:**

*(in thousands of US dollars)*

## Revenue

Revenue for the year ended December 31, 2009, decreased \$2,575, or 1.9%, to \$130,524 from \$133,099 for the year ended December 31, 2008. The decrease in revenue is primarily due to lower pricing throughout most of 2009 versus 2008. The comparable period pricing for the Company's tomato products was 7.5% lower in 2009 versus 2008.

## Gross Profit

Gross profit for the year ended December 31, 2009, decreased \$11,995, or 45%, to \$14,765 from \$26,760 for the year ended December 31, 2008. The decrease in gross profit is directly due to lower pricing and higher volume of supply partner produce, which generates a lower margin than Company-grown produce. Cost of goods for the Company's own facility production was 2% lower than the Company's 2008 production cost of goods, mostly due to lower transportation costs.

## Selling, General and Administrative

Selling, general and administrative expenses for the year ended December 31, 2009, decreased \$2,241, or 15.6% to \$12,093 from \$14,334 for the year ended December 31, 2008. The decrease is primarily due to lower personnel and share-based compensation costs, partially offset by costs of our conversion from an income trust during 2009.

## Interest, Net

Net Interest expense, for the year ended December 31, 2009, decreased \$458 to \$3,159 from \$3,617 for the year ended December 31, 2008. The decrease is due to the continued reduction in debt levels throughout 2009.

## Other Income (Costs)

Other income for the year ended December 31, 2009, increased \$2,751 to \$876 from other costs of (\$1,875) for the year ended December 31, 2008. The increase was due to a gain on derivatives of \$709 in 2009 versus a loss on derivatives of (\$2,801) in 2008 plus lower 2009 amortization of intangible assets of \$1,070 due to the expiry of certain energy contracts in the fourth quarter of 2008, which were offset by insurance settlement gain income in 2009 of \$2,189.

## Net Income

Net income for the year ended December 31, 2009, increased \$2,128 to \$6,669 from net income of \$4,541 for the year ended December 31, 2008. Our increased net income was solely due to the recognition of a Canadian tax asset that previously could not be realized under our prior Canadian income trust structure. In 2009, we recognized a net tax recovery of \$6,280 versus an income tax expense of (\$2,393) for the full year ended 2008. Our net income before taxes

decreased by (\$6,545) in 2009 to \$389 from \$6,934 in 2008 primarily due to lower pricing in 2009 versus 2008.

#### EBITDA

EDITDA for the year ended December 31, 2009, decreased to \$9,122 from \$21,247 for the year ended December 31, 2008, primarily due to a lower gross profit as a result of lower product pricing and internal production issues during the first quarter of 2009.

#### **Fourth Quarter 2009 Operating Results Summary:**

- Revenues of US \$33.6 million versus fourth quarter 2008 revenue of US\$ 30.4 million;
- EBITDA of US\$5.7 million versus US\$6.1 million in the fourth quarter 2008;
- Net income of US\$9.2 million versus a net loss of US(\$1.1) million in the fourth quarter 2008.

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

*(in thousands of US dollars)*

#### Revenue

Revenue for the quarter ended December 31, 2009 increased \$3,175, or 10.4%, to \$33,597 from \$30,422 for the quarter ended December 31, 2008. The increase in revenue is due to an increase in supply partner produce of \$2,986 over the same period in 2008. Revenues from our own production were up \$189 for the comparable period in 2008 due to higher pricing in 2009 versus 2008, offset by a decrease in production of 4% from 2008.

#### Gross Profit

Gross profit for the quarter ended December 31, 2009 increased \$546, or 8%, to \$7,406 from \$6,860 for the quarter ended December 31, 2008. The increase in gross profit is directly due to higher volumes of third party produce and higher pricing. Cost of goods for the Company's production was 2% lower than the Company's 2008 production cost of goods.

#### Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended December 31, 2009, decreased \$145, or 3.9%, to \$3,604 from \$3,749 for the quarter ended December 31, 2008. The decrease is primarily due to lower personnel costs in the fourth quarter of 2009 as compared to the same period in 2008, which were offset by costs of our conversion from an income trust during the fourth quarter of 2009 of approximately \$500.

#### Interest, Net

Net Interest expense, for the quarter ended December 31, 2009, decreased \$105 to \$740 from \$845 for the quarter ended December 31, 2008. The decrease is due to the continued reduction in debt levels throughout 2009 and 2008.

#### Other Income (Costs)

Other income for the quarter ended December 31, 2009, increased \$2,768 to \$657 from other costs of (\$2,109) for the quarter ended December 31, 2008. The increase was due to a gain on derivatives of \$274 as compared to a loss on derivatives of (\$3,228) for the fourth quarter of 2008, which was partially offset by realizing a smaller gain on sale of assets in 2009 of \$65 versus other income of \$1,428 mostly related to a vendor settlement in the fourth quarter of 2008.

#### Net Income

Net income for the quarter ended December 31, 2009, increased \$10,269 to \$9,179 from a net loss of (\$1,090) for the quarter ended December 31, 2008. The increase was due to higher operating income of \$691, higher other income of \$2,767 and the recording of the Canadian tax asset in the fourth quarter due to the successful completion of our conversion from an income trust.

#### EBITDA

EBITDA for the quarter ended December 31, 2009 increased \$746, or 15%, to \$5,723 from an adjusted figure of \$4,977 for the quarter ended December 31, 2008, as a result of higher product pricing and lower administrative costs. EBITDA for the fourth quarter ended December 31, 2008 was reported as \$6,077, but included a one-time legal settlement of approximately \$1,100, excluding this settlement from the fourth quarter 2008 results in an adjusted EBITDA of \$4,977.

#### 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, 2009, 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<sup>®</sup> brand primarily to retail grocers and dedicated fresh food distributors throughout the United States, Canada and Japan. 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 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 year ended December 31, 2009, 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)**

<b>Assets</b>	<b><u>December 31, 2009</u></b> (audited)	<b><u>December 31, 2008</u></b> (audited)
Current assets:		
Cash and cash equivalents	\$2,611	\$4,101
Accounts receivable	9,594	9,357
Other receivables	592	567
Inventories	11,948	11,438
Assets held for sale	-	344
Prepays and deposits	909	544
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	25,654	26,351
Property, plant and equipment	66,599	70,489
Deferred tax assets	4,549	-
Intangible assets	1,404	1,508
Other assets	877	821
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Total assets	<u>\$99,083</u>	<u>\$99,169</u>
 <b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$9,564	\$9,388
Distributions payable	-	317
Current maturities of long-term debt	3,260	3,227
Current obligations under capital leases	283	227
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Total current liabilities	13,107	13,159
Long-term debt	51,472	54,732
Derivatives	2,092	2,801
Obligations under capital leases	262	472
Future income taxes	3,589	4,881
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Total liabilities	70,522	76,045
 <b>Shareholders' equity:</b>		
Share capital	24,850	-
Trust units	-	24,850
Retained earnings	3,656	(1,781)
Accumulated other comprehensive income	55	55
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Total shareholders' equity	28,561	23,124
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Total liabilities and shareholders' equity	<u>\$99,083</u>	<u>\$99,169</u>

**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Statements of Earnings**  
**For the Years 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>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	(audited)	(audited)	(unaudited)	(unaudited)
Net sales	\$130,524	\$133,099	\$33,597	\$30,422
Cost of sales	<u>115,759</u>	<u>106,339</u>	<u>26,191</u>	<u>23,562</u>
Gross profit	14,765	26,760	7,406	6,860
Selling, general and administrative expenses	<u>12,093</u>	<u>14,334</u>	<u>3,604</u>	<u>3,749</u>
Operating Income	2,672	12,426	3,802	3,111
Interest expense, net	3,159	3,617	740	845
Foreign exchange loss (gain)	62	388	(347)	183
Amortization of intangible assets	103	1,173	25	126
Loss on derivatives	(709)	2,801	(274)	3,228
Other (income), net	(298)	(2,487)	(65)	(1,428)
(Gain) on sale of asset	<u>(34)</u>	<u>-</u>	<u>4</u>	<u>-</u>
Earnings before income taxes	389	6,934	3,719	157
Provision for income taxes	<u>(6,280)</u>	<u>2,393</u>	<u>(5,460)</u>	<u>1,247</u>
Net earnings (loss)	<u>6,669</u>	<u>4,541</u>	<u>9,179</u>	<u>(1,090)</u>
Net income per Unit/share-basic	<u>\$0.17</u>	<u>\$0.12</u>	<u>\$0.24</u>	<u>(\$0.03)</u>
Weighted average number of units/shares outstanding-basic	<u>38,707,345</u>	<u>36,368,633</u>	<u>38,707,345</u>	<u>36,368,633</u>
Net income per Unit/share-diluted	<u>\$0.17</u>	<u>\$0.12</u>	<u>\$0.24</u>	<u>(\$0.03)</u>
Weighted average number of units/shares outstanding-diluted	<u>38,707,345</u>	<u>38,707,345</u>	<u>38,707,345</u>	<u>38,707,345</u>

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

	<b>Full Year Ended December 31,</b>		<b>Three Months Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Cash flows from operating activities:</b>				
Net earnings (loss)	\$6,669	\$4,541	\$9,179	(\$1,090)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,770	6,456	1,437	1,426
(Gain) loss on sale of property	(34)	-	7	-
(Gain) loss on derivatives	(709)	2,801	(273)	3,228
Foreign exchange loss	79	35	2	35
Share based compensation	-	1,050	-	237
Future income taxes	(5,841)	2,153	(6,146)	1,989
Changes in non-cash working capital	(734)	855	(1,356)	(1,901)
Net cash provided by operating activities	<u>5,200</u>	<u>17,891</u>	<u>2,850</u>	<u>3,924</u>
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment	(1,890)	(3,994)	(467)	(1,288)
Proceeds from sale of property, plant and equipment	266	50	44	-
Net cash used in investing activities	<u>(1,624)</u>	<u>(3,944)</u>	<u>(423)</u>	<u>(1,288)</u>
<b>Cash flows from financing activities:</b>				
Payments on operating line of credit	-	(3,313)	(1,691)	-
Payments on long-term debt	(3,227)	(3,152)	(806)	(794)
Payments on obligations under capital leases	(154)	(427)	(57)	(166)
Dividend payments to Unitholders and PPS holders	(1,550)	(4,137)	-	(916)
Other	(56)	(402)	15	127
Net cash used in financing activities	<u>(4,987)</u>	<u>(11,431)</u>	<u>(2,539)</u>	<u>(1,749)</u>
Foreign exchange gain	<u>(79)</u>	<u>(35)</u>	<u>(2)</u>	<u>(35)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,490)	2,481	(114)	852
<b>Cash and cash equivalents beginning of period</b>	<u>4,101</u>	<u>1,620</u>	<u>2,725</u>	<u>3,249</u>
<b>Cash and cash equivalents end of period</b>	<u><u>\$2,611</u></u>	<u><u>\$4,101</u></u>	<u><u>\$2,611</u></u>	<u><u>\$4,101</u></u>
<b>Supplemental cash flow information:</b>				
Interest paid	<u>\$3,159</u>	<u>\$3,937</u>	<u>\$797</u>	<u>\$887</u>
Income taxes paid	<u>\$100</u>	<u>\$1,929</u>	<u>\$76</u>	<u>\$0</u>