



May 18, 2011

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

Village Farms International Announces First Quarter 2011 Results

Vancouver, B.C., May 18, 2011 – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the quarter ended March 31, 2011.

First Quarter 2011 Operating Results Summary:

(Note amounts in U.S. dollars)

- Revenues increased 4% to \$32.3 million for the first quarter of 2011 compared to \$31.1 million for the first quarter of 2010;
- Earnings per share of \$0.12 for the first quarter of 2011 versus \$0.12 for the first quarter of 2010;
- Net income decreased to \$4.5 million in the first quarter of 2011 versus \$4.8 million in the first quarter of 2010;
- EBITDA decreased 45% to \$4.9 million in the first quarter of 2011 compared to \$8.9 million in the first quarter of 2010.

Michael DeGiglio, Chief Executive Officer, stated “After a sluggish start to the quarter, we saw improved pricing as the quarter progressed, although it must be remembered that pricing was exceptionally strong in January 2010 as a result of the devastating impact of a freeze on the Florida field crop. Current pricing is in line with our forecast and prior year pricing. We overcame the fourth quarter production set back at one of our Texas greenhouses, by delivering almost the exact amount of pounds in the first quarter of 2011, as we did in the first quarter of 2010, but our costs of goods was still negatively impacted, as this crop is still being harvested. We are focused on improving our cost of goods as we plant the new Texas crops in the second and third quarter. Our current Canadian crop is performing well.”

DeGiglio added “We are concluding final details on a development project and are confident that we will have an announcement with the project details shortly.”

Operational Summary for the Quarter:

(in thousands of US dollars)

Revenue

Revenue for the quarter ended March 31, 2011, increased \$1,239, or 4%, to \$32,341 from \$31,102 for the quarter ended March 31, 2010. The increase in revenue is primarily due to a 60% increase in supply partner production and a 2% increase in the Company's production, offset by a reduction of 14% in the average sale price of tomatoes as compared to 2010.

Cost of Sales

Cost of sales for the quarter ended March 31, 2011, increased \$4,735, or 23%, to \$25,601 from \$20,866 for the quarter ended March 31, 2010. The increase was a result of a 52% increase in supply partner payments due to the increased supply, 9% increase in our costs from our Texas operations primarily driven by the incremental costs incurred due to our production issue and an increase in freight costs of \$820 over prior years due to higher supply partner production and higher fuel surcharges.

Change in fair value of biological asset, net

The net change in fair value of biological asset for the quarter ended March 31, 2011, increased \$2,495 to \$2,978 from \$483 for the quarter ended March 31, 2010. The increase is due to a lower opening value at January 1, 2011 versus 2010. The fair value of the biological asset at March 31, 2011 is \$10,508 and was \$10,130 at March 31, 2010 due to higher sales expectations in April 2011 versus April 2010 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, 2011, increased \$523 to \$3,508 from \$2,985 for the quarter ended March 31, 2010. The increase is primarily due to increased personnel costs in 2011 over 2010 and timing of some operational costs between the years.

Income from Operations

Income from Operations for the quarter ended March 31, 2011, decreased by \$1,524, or 20%, to \$6,210 from \$7,734 for the quarter ended March 31, 2010. The decrease was the result of lower average pricing in 2011 versus 2010, higher cost of sales and higher overhead costs.

Interest Expense

Interest expense, for the quarter ended March 31, 2011, increased \$14 to \$728 from \$714 for the quarter ended March 31, 2010. The increase is due to an increase in the Company's borrowing rate on its Canadian term loan offset by the continued reduction in debt levels throughout 2011 and 2010.

Other Income (Costs)

Other income (costs) for the quarter ended March 31, 2011, increased \$1,092 to income of \$527 from other costs of (\$565) for the quarter ended March 31, 2010. The increase was due to a gain on

derivatives of \$282 in 2011, versus a loss of (\$317) on derivatives for the first quarter of 2010. As well as a gain of \$14 on sale of assets in 2011, as compared to a loss of (\$329) on the disposal of assets during the first quarter of 2010.

Net Income

Net income for the quarter ended March 31, 2011, decreased (\$239), or 5%, to \$4,512 from \$4,751 for the quarter ended March 31, 2010. The decrease was due to lower product pricing, higher cost of sales and higher overhead costs in 2011 versus 2010 being almost totally offset by a higher gain from the change in fair value of biological asset and other income.

EBITDA

EBITDA for the quarter ended March 31, 2011, decreased \$4,002, or 45%, to \$4,852 from \$8,854 for the quarter ended March 31, 2010, as a result of lower income from operations due to lower 2011 product pricing versus strong 2010 pricing, as well as higher cost of sales and overhead costs. The Company's trailing twelve month EBITDA is \$11,136, as of March 31, 2011.

Non-IFRS Measures

EBITDA is not a recognized measure and does not have standardized meaning under International Financial Reporting Standards. 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, 2011, which will be available at www.sedar.com, for additional information concerning EBITDA and a reconciliation of EBITDA to net income 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 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 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, 2011, which will be available electronically at 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.
Consolidated Statement of Financial Position
(In thousands of United States dollars, unaudited)

| | <u>March 31, 2011</u> | <u>December 31, 2010</u> | <u>January 1, 2010</u> |
|---|-----------------------|--------------------------|------------------------|
| ASSETS | | | |
| <i>Current assets</i> | | | |
| Cash and cash equivalents | \$ 4,688 | \$ 9,734 | \$ 2,611 |
| Trade receivable | 12,041 | 8,131 | 9,594 |
| Other receivables | 205 | 510 | 592 |
| Inventories | 11,838 | 10,714 | 9,753 |
| Assets held for sale | 407 | 407 | - |
| Income taxes receivable | 213 | 775 | - |
| Prepays and deposits | 785 | 801 | 909 |
| Biological asset | 10,508 | 5,223 | 7,340 |
| Total current assets | <u>40,685</u> | <u>36,295</u> | <u>30,799</u> |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 61,910 | 62,972 | 66,599 |
| Future income tax asset | 2,224 | 2,967 | 4,549 |
| Intangible assets | 1,275 | 1,301 | 1,404 |
| Other assets | 1,280 | 1,125 | 877 |
| Total assets | <u>\$ 107,374</u> | <u>\$ 104,660</u> | <u>\$ 104,228</u> |
| LIABILITIES | | | |
| <i>Current liabilities</i> | | | |
| Trade payable | 4,400 | 6,280 | 4,643 |
| Accrued liabilities | 4,102 | 3,470 | 4,906 |
| Income taxes payable | 8 | 24 | 15 |
| Current maturities of long-term debt | 3,260 | 3,260 | 3,260 |
| Current portion of obligations under capital leases | 117 | 264 | 283 |
| Total current liabilities | <u>11,887</u> | <u>13,298</u> | <u>13,107</u> |
| <i>Non-current liabilities</i> | | | |
| Long-term debt | 47,393 | 48,208 | 51,472 |
| Derivatives | 2,058 | 2,340 | 2,092 |
| Obligations under capital leases | - | 14 | 262 |
| Future income tax liability | 5,283 | 4,569 | 5,390 |
| Total liabilities | <u>66,621</u> | <u>68,429</u> | <u>72,323</u> |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 24,850 | 24,850 | 24,850 |
| Contributed surplus | 85 | 75 | - |
| Retained earnings | 15,763 | 11,251 | 7,000 |
| Accumulated other comprehensive income | 55 | 55 | 55 |
| Total shareholders' equity | <u>40,753</u> | <u>36,231</u> | <u>31,905</u> |
| Total liabilities and shareholders' equity | <u>\$ 107,374</u> | <u>\$ 104,660</u> | <u>\$ 104,228</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, 2011</u> | <u>March 31, 2010</u> |
|--|-----------------------|-----------------------|
| Net sales | \$ 32,341 | \$ 31,102 |
| Cost of sales | (25,601) | (20,866) |
| Change in biological asset | 2,978 | 483 |
| Selling, general and administrative expenses | <u>(3,508)</u> | <u>(2,985)</u> |
| Income from Operations | 6,210 | 7,734 |
| Interest expense | 728 | 714 |
| Interest income | (12) | (5) |
| Foreign exchange loss (gain) | (62) | 87 |
| Amortization of intangible assets | 26 | 26 |
| (Gain) loss on derivatives | (282) | 317 |
| Other income, net | (183) | (189) |
| (Gain) loss on disposal/sale of asset | <u>(14)</u> | <u>329</u> |
| Income before income taxes | 6,009 | 6,455 |
| Provision for income taxes | <u>1,497</u> | <u>1,704</u> |
| Net income and comprehensive income | <u>4,512</u> | <u>4,751</u> |
| Basic earnings per share | <u>\$ 0.12</u> | <u>\$ 0.12</u> |
| Diluted earnings per share | <u>\$ 0.12</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, 2011</u> | <u>March 31, 2010</u> |
|---|-----------------------|-----------------------|
| Cash flows from operating activities: | | |
| Net income | \$4,512 | \$4,751 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,453 | 1,424 |
| Loss (gain) on sale of asset | (14) | 329 |
| Loss (gain) on derivatives | (282) | 317 |
| Foreign exchange (gain) loss | (62) | 87 |
| Share based compensation | 10 | 16 |
| Future income taxes | 1,457 | (555) |
| Change in biological asset | (2,978) | (483) |
| Changes in non-cash working capital | (7,722) | (2,363) |
| Net cash (used in) provided by operating activities | <u>(3,626)</u> | <u>3,523</u> |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (388) | (372) |
| Proceeds from sale of property, plant and equipment | 37 | 6 |
| Other | (155) | (56) |
| Net cash used in investing activities | <u>(506)</u> | <u>(422)</u> |
| Cash flows from financing activities: | | |
| Payments on long-term debt | (815) | (818) |
| Payments on obligations under capital leases | (161) | (51) |
| Net cash used in by financing activities | <u>(976)</u> | <u>(869)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 62 | (87) |
| Net increase (decrease) in cash and cash equivalents | (5,046) | 2,145 |
| Cash and cash equivalents beginning of period | <u>9,734</u> | <u>2,611</u> |
| Cash and cash equivalents end of period | <u><u>\$4,688</u></u> | <u><u>\$4,756</u></u> |
| Supplemental cash flow information: | | |
| Interest paid | <u>\$676</u> | <u>\$694</u> |
| Income taxes paid | <u>\$33</u> | <u>\$8</u> |