



August 13, 2008 - For Immediate Release

**TRADING SYMBOL: The Toronto Stock Exchange:
Village Farms Income Fund – VFF.UN**

Village Farms Income Fund Announces Record Second Quarter Revenues and Net Income

Village Farms Income Fund will host a conference call on Tuesday, August 19, 2008 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time), to review the second quarter results. To participate in the conference call, please dial 416-644-3417 or toll free 800-732-0232. To ensure your participation, please call approximately five minutes prior to the scheduled start of the call.

Vancouver, B.C., August 13, 2008/CNW/ – Village Farms Income Fund (the “Fund”) (TSX: VFF.UN) announced its results for the second quarter ended June 30, 2008.

(Note: amounts in U.S. dollars unless otherwise noted).

Financial Highlights for the Three Months Ended June 30, 2008:

- Revenues increased 34%, to \$44.1 million for the second quarter of 2008, compared to \$32.9 million in the second quarter of 2007;
- Net earnings increased \$5.9 million to \$4.0 million for the second quarter of 2008, from a loss of \$1.9 million for the second quarter of 2007;
- EBITDA increased \$4.2 million to \$4.5 million, from \$0.3 million in the prior year; and
- Working capital as of June 30, 2008 was \$13.1 million.

"We are proud to report strong financial results and a record second quarter for both revenue and earnings in Village Farms' history. We delivered this performance throughout all divisions of our Company," said Michael A. DeGiglio, Chief Executive Officer. "Revenues grew nearly 34% quarter over quarter."

DeGiglio added, "We were able to accomplish this level of internal improvement despite the softness in the U.S. economy and the sharp rise in commodity prices, which is testament to the effectiveness of our bottom-up operational strategies and the stability of the produce industry in general. During the quarter we also saw greater demand for our greenhouse-grown produce due to recent food safety concerns regarding certain domestic and imported tomatoes."

DeGiglio concluded, "We believe our strong brand and high-quality, safe produce combined with our ability to market and distribute our fresh produce on time and 365 days per year, gives us a unique ability to continue delivering growth and value to our unitholders. Our revenue performance in the quarter resulted in a more than \$4 million increase in EBITDA, resulting in a trailing twelve month EBITDA of \$22.2 million."

Operational Summary for the Second Quarter and Year to Date:

Results of Operations for the Three Months Ended June 30, 2008 Compared to the Three Months Ended June 30, 2007

Revenue

Revenue for the three month period ended June 30, 2008 increased \$11,170 or 34% to \$44,053 from \$32,883 for the three month period ended June 30, 2007. The increase in revenue is primarily due to strong selling prices for tomatoes due to favorable market conditions and improved customer mix, an increase in Village Farms' production yields and an increase in revenues related to product sold on behalf of our exclusive partners.

Gross Profit

Gross profit for the three month period ended June 30, 2008 increased \$4,026 or 281% to \$5,461 from \$1,435 for the three month period ended June 30, 2007, due to the reasons outlined above. Gross profit margins rose 8% to 12% for the three months ended June 30, 2008 from 4% for the three months ended June 30, 2007.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three month period ended June 30, 2008 increased \$459 or 17% to \$3,204 from \$2,745 for the three month period ended June 30, 2007. The increase is primarily due to increased personnel costs which include additional personnel in the sales and marketing areas.

Interest, Net

Interest, net for the three month period ended June 30, 2008 decreased \$627 or 41% to \$918 from \$1,545 for the three month period ended June 30, 2007. The decrease is due to lower debt balances and lower borrowing costs.

Other Income

Other income for the three month period ended June 30, 2008 increased \$647 to \$883 from \$236 for the three month period ended June 30, 2007. The increase was primarily due to a gain realized on the sale of natural gas resulting from excess gas inventory as a result of decreased gas usage from improved energy management.

Net Income

Net income for the three month period ended June 30, 2008 increased \$5,946 to \$4,062 from a loss of \$1,884 for the three month period ended June 30, 2007. The increase was primarily due to an increase in gross profit, decrease in interest expense and gains in other income and derivatives, partially offset by increases in selling, general and administrative expenses and income tax expense.

EBITDA

EBITDA for the three month period ended June 30, 2008 increased \$4,180 to \$4,459 from \$279 for the three month period ended June 30, 2007, primarily due to an increase in gross profit and other income, partially offset by an increase in selling, general and administrative expenses. See the EBITDA calculation in “Reconciliation of Net Earnings to EBITDA” in the Fund’s Management’s Discussion and Analysis for the three months ended June 30, 2008.

Results of Operations for the Six Months Ended June 30, 2008 Compared to the Six Months Ended June 30, 2007

Revenue

Revenue for the six month period ended June 30, 2008 increased \$15,248 or 27% to \$72,571 from \$57,323 for the six month period ended June 30, 2007. The increase in revenue is primarily due to strong selling prices for tomatoes due to favorable market conditions and improved customer mix, an increase in Village Farms’ production yields and an increase in revenues related to product sold on behalf of our exclusive partners.

Gross Profit

Gross profit for the six month period ended June 30, 2008 increased \$8,241 or 92% to \$17,177 from \$8,936 for the six month period ended June 30, 2007, due to the reasons outlined above. Gross profit margins rose 8% to 24% for the six months ended June 30, 2008 from 16% for the six months ended June 30, 2007.

Selling, General and Administrative

Selling, general and administrative expenses for the six month period ended June 30, 2008 increased \$923 or 17% to \$6,406 from \$5,483 for the six month period ended June 30, 2007. The increase is primarily due to increased personnel costs which include additional personnel in the sales and marketing areas.

Interest, Net

Interest, net for the six month period ended June 30, 2008 decreased \$1,271 or 40% to \$1,878 from \$3,149 for the six month period ended June 30, 2007. The decrease is due to lower debt balances and lower borrowing costs.

Other Income

Other income for the six month period ended June 30, 2008 increased \$591 to \$1,057 from \$466 for the six month period ended June 30, 2007. The increase was primarily due to a gain realized on the sale of natural gas resulting from excess gas inventory as a result of decreased gas usage from improved energy management.

Net Income

Net income for the six month period ended June 30, 2008 increased \$6,899 or 669% to \$7,930 from \$1,031 for the six month period ended June 30, 2007. The increase was primarily due to an increase in gross profit, a decrease in interest, net, offset by an increase in selling, general and administrative expenses and the reduction of the gain on foreign exchange from the prior year.

EBITDA

EBITDA for the six month period ended June 30, 2008 increased \$7,945 or 121% to \$14,493 from \$6,548 for the six month period ended June 30, 2007, primarily due to the increase in gross profit, partially offset by an increase in selling, general and administrative expenses. See the EBITDA calculation in “Reconciliation of Net Earnings to EBITDA” in the Fund’s Management’s Discussion and Analysis for the six months ended June 30, 2008.

Distributions to Unitholders

The Fund's policy is to distribute annually to Unitholders available cash provided by operations after cash required for capital expenditures, working capital reserves, growth capital reserves and other reserves considered advisable by the Trustees of the Fund. The policy allows the Fund to make stable monthly distributions to its Unitholders based on the Fund's estimate of distributable cash for the year. The Fund pays cash distributions on the last business day of each month to Unitholders of record on the last business day of the previous month.

About Village Farms

Village Farms is the largest producer, marketer and distributor of premium-quality, greenhouse grown tomatoes, bell peppers and cucumbers in North America. This premium product as well as product produced under exclusive arrangements with other greenhouse producers is grown in sophisticated, highly intensive agricultural greenhouse facilities located in British Columbia, Texas and Pennsylvania and is marketed and distributed under its Village Farms® brand name, primarily to retail supermarkets and dedicated fresh food distribution companies. Village Farms markets and distributes throughout the United States, Canada, Mexico and Japan, and currently operates seven distribution centres located across the United States and Canada. Since its inception, Village Farms has been guided by a sustainable agriculture policy which integrates three main goals – environmental health, economic profitability and social and economic equality.

Restriction on Non-Resident Ownership

The Declaration of Trust of the Fund contains provisions which prohibit non-residents of Canada from owning more than 49.9% of the Units of the Fund on a fully-diluted basis and give the Trustees of the Fund certain powers, including the power to require non-residents to sell their Units if this limitation is exceeded and the right to refuse to register transfers of units to non-residents if such a situation is imminent. The Fund estimates that in excess of 40% of its Units, on a fully-diluted basis, are held by non-residents. Should non-residents acquire additional Units of the Fund, it may be necessary for the Trustees to exercise their powers to require non-resident Unitholders to sell their Units and/or to refuse Unit transfers to non-residents. Accordingly, non-residents may determine that it is not appropriate to acquire directly or indirectly Units of the Fund.

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 Fund's current annual information form and Management's Discussion and Analysis for the fiscal year ended December 31, 2007, which are 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.

Non-GAAP Measures

EBITDA and distributable cash are not recognized measures and do not have standardized meanings under the Canadian generally accepted accounting principles. Accordingly, these measures may not be comparable to similar measures presented by other issuers. Please refer to the Fund's Management's Discussion and Analysis for the six months ended June 30, 2008, which is available at www.sedar.com, for additional information concerning these measures and a reconciliation of these measures to net earnings and operating cash flows, respectively, for the periods presented.

For further information

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