



November 9, 2010

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

## Village Farms International Announces Results for the Three and Nine Months Ended September 30, 2010

**Vancouver, B.C., November 9, 2010** – Village Farms International, Inc. (the “Company”) (TSX: VFF) announced today results for the three and nine months ended September 30, 2010.

### **Nine months Ended September 30, 2010 Operating Results Summary:**

- Revenues increased 17% to US\$113.1 million compared to revenues of US\$96.9 million for the nine months ended September 30, 2009;
- Earnings per share of US\$0.13 versus US(\$0.06) per share for the nine months ended September 30, 2009;
- Net income after tax of US\$5.0 million versus a net loss of US(\$2.5) million for the nine months ended September 30, 2009;
- Net cash provided by operating activities of US\$14.0 million versus US\$2.4 million for the nine months ended September 30, 2009;
- EBITDA of US\$14.5 million versus US\$3.4 million for the nine months ended September 30, 2009.

Michael A DeGiglio, the Company’s Chief Executive Officer said “We are satisfied with the results of our third quarter as compared to last year. While demand has not returned to pre-recession levels we are encouraged with our continuous growing customer demand. Yet we remain cautious due to overall economic uncertainties. We remain focused on exceeding customer requirements, developing internal growth and increasing shareholder value.”

### **Operational Summary for the Nine Months Ended September 30, 2010:**

*(in thousands of US dollars)*

#### Revenue

Revenue for the nine months ended September 30, 2010 increased \$16,138, or 16.6%, to \$113,065 from \$96,927 for the nine months ended September 30, 2009. The increase in revenue

was primarily due to higher pricing during the first nine months of 2010 versus the first nine months of 2009. Pricing for the Company's tomato products was 19% higher in 2010 versus 2009.

#### Gross Profit

Gross profit for the nine months ended September 30, 2010 increased \$11,124, or 151%, to \$18,483 from \$7,359 for the nine months ended September 30, 2009. The increase in gross profit was directly due to higher pricing. Cost of sales for the Company's own facility production was 4% higher during the first nine months of 2010 than in the corresponding 2009 period, mostly due to cost increases in the packhouse as the Company is experiencing increased demand for value added packaging and a move by retailers to more reusable shipping cases which have a higher cost.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses for the nine months ended September 30, 2010 increased \$1,091, or 12.9%, to \$9,580 from \$8,489 for the nine months ended September 30, 2009. The increase was primarily due to increased personnel costs.

#### Interest Expense, net

Net interest expense, for the nine months ended September 30, 2010, decreased \$341, or 14.1%, to \$2,078 from \$2,419 for the nine months ended September 30, 2009. The decrease was due to the continued reduction in debt levels throughout 2010 and 2009.

#### Other Income, net

Other income for the nine months ended September 30, 2010 increased \$171 resulting in net other income of \$390 compared to net other income of \$219 for the nine months ended September 30, 2009.

#### Net Earnings and Comprehensive Earnings

Net earnings and comprehensive earnings for the nine months ended September 30, 2010 increased \$7,484 to \$4,974 from a net loss and comprehensive loss of (\$2,510) for the nine months ended September 30, 2009. The increase in net earnings and comprehensive earnings was due to higher gross profits resulting from increased pricing, partially offset by increased administrative costs and income taxes.

#### EBITDA

EBITDA for the nine months ended September 30, 2010 increased to \$14,548 from \$3,359 for the nine months ended September 30, 2009, primarily due to a higher gross profit as a result of higher product pricing. The Company's trailing twelve month EBITDA was \$20,271 as of September 30, 2010.

### **Third Quarter 2010 Operating Results Summary:**

- Revenues increased 8.5% to US \$35.5 million compared to third quarter 2009 revenue of US\$32.7 million;
- Loss per share of US(\$0.01) versus a loss per share of US(\$0.07) during the third quarter of 2009;
- Net loss after tax of US(\$0.6) million versus a net loss of US(\$2.8) million during the third quarter of 2009; and
- EBITDA of US\$1.1 million versus US(\$0.3) million during the third quarter of 2009.

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

*(in thousands of US dollars)*

#### Revenue

Revenue for the quarter ended September 30, 2010 increased \$2,776, or 8.5%, to \$35,487 from \$32,711 for the quarter ended September 30, 2009. The increase in revenue was due to price increases of 13% for tomatoes, 38% for peppers and 27% for cucumbers as compared to the same period in 2009. Revenues from the Company's production were up \$1,399 from the comparable period in 2009 due to higher pricing during the third quarter of 2010 versus the comparable 2009 period.

#### Gross Profit

Gross profit for the quarter ended September 30, 2010 increased \$1,060, or 113%, to \$1,995 from \$935 for the quarter ended September 30, 2009. The increase in gross profit was directly due to higher pricing. Cost of sales for the Company's production was 5% higher than the Company's cost of sales during the third quarter of 2009 primarily due to a higher volume of value added packaging and the higher cost of shipping supplies.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses for the quarter ended September 30, 2010 increased \$734, or 27.4%, to \$3,409 from \$2,675 for the quarter ended September 30, 2009. The increase was primarily due to higher 2010 personnel costs as well as the quarter ended September 30, 2009 benefiting from the reversal of a bad debt expense of \$216 from a prior period. On a like for like basis the increase was \$518, or 18%.

#### Interest expense, net

Net interest expense, for the quarter ended September 30, 2010, decreased \$118 to \$699 from \$817 for the quarter ended September 30, 2009. The decrease was due to the continued reduction in debt levels throughout 2010 and 2009.

## Other Income (Cost)

Other income for the quarter ended September 30, 2010 increased \$2,315 resulting in net other income of \$1,027 as compared to net other costs of (\$1,288) for the quarter ended September 30, 2009. The increase in other income was primarily due to the receipt of a Canadian government subsidy of \$1,030 during the three months ended September 30, 2010 versus a loss on derivatives related to interest rate swaps of \$485 and a loss on foreign exchange of \$829 for the three months ended September 30, 2009.

## Net Loss and Comprehensive Loss

Net loss and comprehensive loss for the quarter ended September 30, 2010 improved \$2,225 to (\$552) from a net loss and comprehensive loss of (\$2,777) for the quarter ended September 30, 2009. The net loss decrease was due to an increase in gross profit as a result of higher prices and the receipt of a Canadian government subsidy.

## EBITDA

EBITDA for the quarter ended September 30, 2010 increased \$1,390 to \$1,098 from (\$292) for the quarter ended September 30, 2009.

## 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 three and nine months ended September 30, 2010, 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 for the periods presented.

## About the Company

The Company 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. 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 and Canada. The Company owns greenhouses located in Texas and British Columbia and operates distribution centres located in key markets in the United States and Canada. Since its inception, the Company 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 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 three and nine months ended September 30, 2010, which will be available electronically at [www.sedar.com](http://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**

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**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Balance Sheets**  
**(In thousands of United States dollars)**

<b>Assets</b>	<b><u>September 30, 2010</u></b> (unaudited)	<b><u>December 31, 2009</u></b>
<b>Current assets:</b>		
Cash and cash equivalents	\$12,236	\$2,611
Accounts receivable	9,956	9,594
Other receivables	558	592
Inventories	11,382	11,948
Prepays and deposits	705	909
Assets held for sale	407	-
Total current assets	35,244	25,654
Property, plant and equipment	63,488	66,599
Future income tax asset	3,216	4,549
Intangible assets	1,327	1,404
Other assets	936	877
Total assets	\$104,211	\$99,083
 <b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$12,182	\$9,564
Current maturities of long-term debt	3,260	3,260
Current portion of obligations under capital leases	301	283
Total current liabilities	15,743	13,107
Long-term debt	49,023	51,472
Derivatives	2,628	2,092
Obligations under capital leases	42	262
Future income taxes	3,210	3,589
Total liabilities	70,646	70,522
 <b>Shareholders' equity</b>		
Share capital	24,850	24,850
Contributed surplus	30	-
Retained earnings	8,630	3,656
Accumulated other comprehensive income	55	55
Total shareholders' equity	33,565	28,561
Total liabilities and shareholders' equity	\$104,211	\$99,083

**Village Farms International, Inc.**  
**(formerly Village Farms Income Fund)**  
**Consolidated Statements of Earnings and Comprehensive Earnings**  
**For the Three Months and Nine Months Ended**

(In thousands of United States dollars, except for shares and units outstanding and per share/unit amounts, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010 (unaudited)	2009 (unaudited)	2010 (unaudited)	2009 (unaudited)
Net sales	\$35,487	\$32,711	\$113,065	\$96,927
Cost of sales	33,492	31,776	94,582	89,568
Gross profit	1,995	935	18,483	7,359
Selling, general and administrative expenses	3,409	2,675	9,580	8,489
Income (loss) from operations	(1,414)	(1,740)	8,903	(1,130)
Interest expense, net	699	817	2,078	2,419
Foreign exchange loss (gain)	(100)	829	45	409
Amortization of intangible assets	26	26	78	78
Loss (gain) on derivatives	117	485	536	(435)
Other (income), net	(1,070)	(52)	(1,379)	(234)
Loss (gain) on sale of assets	-	-	330	(37)
Earnings before income taxes	(1,086)	(3,845)	7,215	(3,330)
Provision for (recovery of) income taxes	(534)	(1,068)	2,241	(820)
Net earnings (loss) and comprehensive earnings (loss)	(552)	(2,777)	4,974	(2,510)
Net income (loss) per share/unit-basic	(\$0.01)	(\$0.07)	\$0.13	(\$0.06)
Weighted average number of shares/units outstanding-basic	38,707,345	38,707,345	38,707,345	38,707,345
Net income (loss) per share/unit-diluted	(\$0.01)	(\$0.07)	\$0.13	(\$0.06)
Weighted average number of shares/units outstanding-diluted	39,057,344	38,707,345	39,041,959	38,707,345

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Cash flows from operating activities:</b>				
Net (loss) earnings	(\$552)	(\$2,777)	\$4,974	(\$2,510)
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	1,457	1,422	4,314	4,333
Loss (gain) on sale of assets	-	-	330	(42)
Loss (gain) on derivatives	117	485	536	(435)
Foreign exchange loss (gain)	(100)	44	45	77
Share based compensation	11	-	30	-
Future income taxes	504	(139)	954	305
Changes in non-cash working capital	2,251	5,216	2,826	622
Net cash provided by operating activities	<u>3,688</u>	<u>4,251</u>	<u>14,009</u>	<u>2,350</u>
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment	(516)	(410)	(1,863)	(1,423)
Proceeds from sale of assets	146	140	234	222
Net cash used in investing activities	<u>(370)</u>	<u>(270)</u>	<u>(1,629)</u>	<u>(1,201)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from operating line of credit	-	(3,865)	-	1,691
Payments on long-term debt	(815)	(807)	(2,449)	(2,421)
Payments on obligations under capital leases	(60)	(13)	(202)	(97)
Dividend payments to Unitholders and PPS holders	-	-	-	(1,550)
Other	2	53	(59)	(71)
Net cash used in financing activities	<u>(873)</u>	<u>(4,632)</u>	<u>(2,710)</u>	<u>(2,448)</u>
Foreign exchange loss (gain)	<u>100</u>	<u>(44)</u>	<u>(45)</u>	<u>(77)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,545	(695)	9,625	(1,376)
<b>Cash and cash equivalents beginning of period</b>	9,691	3,420	2,611	4,101
<b>Cash and cash equivalents end of period</b>	<u>\$12,236</u>	<u>\$2,725</u>	<u>\$12,236</u>	<u>\$2,725</u>
Supplemental cash flow information:				
Interest paid	<u>\$717</u>	<u>\$831</u>	<u>\$1,810</u>	<u>\$2,363</u>
Income taxes paid	<u>\$12</u>	<u>\$1</u>	<u>\$360</u>	<u>\$24</u>