Village Farms International, Inc.

Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended
September 30, 2015 and 2014
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Village Farms International, Inc.
Condensed Consolidated Interim Statements of Financial Position
(In thousands of United States dollars)

	September 30, 2015	December 31, 2014
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,147	$ 6,337
Trade receivables	10,197	9,168
Other receivables	406	939
Inventories (note 4)	9,978	14,424
Prepaid expenses and deposits	433	229
Biological asset (note 5)	7,016	4,698
Total current assets	33,177	35,795
Non-current assets		
Property, plant and equipment (note 6)	96,172	101,430
Other assets (note 7)	1,481	1,664
Total assets	$ 130,830	$ 138,889
LIABILITIES		
Current liabilities		
Trade payables	$ 8,551	$ 11,795
Accrued liabilities	4,787	3,651
Income taxes payable	-	426
Current maturities of long-term debt (note 8)	4,392	4,418
Current maturities of capital lease obligations	27	26
Total current liabilities	17,757	20,316
Non-current liabilities		
Long-term debt (note 8)	45,534	48,947
Long-term maturities of capital lease obligations	14	35
Deferred tax liability	6,257	7,774
Deferred compensation	844	817
Total liabilities	70,406	77,889
SHAREHOLDERS' EQUITY		
Share capital	24,850	24,850
Contributed surplus	1,158	1,021
Accumulated other comprehensive loss	(531)	(210)
Retained earnings	34,947	35,339
Total shareholders' equity	60,424	61,000
Total liabilities and shareholders' equity	$ 130,830	$ 138,889

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Village Farms International, Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the Nine Months Ended September 30, 2015 and 2014

(In thousands of United States dollars, except for shares outstanding, unaudited)

	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Total Shareholders' Equity
Balance at January 1, 2014	38,707,345	$ 24,850	$ 749	$ 55	$ 35,446	$ 61,100
Share-based compensation (note 16)	-	-	209	-	-	209
Cumulative translation adjustment	-	-	-	(157)	-	(157)
Net loss and comprehensive loss	-	-	-	-	(2,427)	(2,427)
Balance at September 30, 2014	38,707,345	24,850	958	(102)	33,019	58,725
Balance at January 1, 2015	38,707,345	24,850	1,021	(210)	35,339	61,000
Share-based compensation (note 16)	-	-	137	-	-	137
Cumulative translation adjustment	-	-	-	(321)	-	(321)
Net loss and comprehensive loss	-	-	-	-	(392)	(392)
Balance at September 30, 2015	38,707,345	$ 24,850	$ 1,158	$ (531)	$ 34,947	$ 60,424

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Village Farms International, Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

For the Three and Nine Months Ended September 30, 2015 and 2014

(In thousands of United States dollars, except per share data, unaudited)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net sales (note 13)	$ 37,855	$ 36,578	$ 106,813	$ 101,849
Cost of sales (note 10)	(35,348)	(35,010)	(98,293)	(93,526)
Change in biological asset (note 5)	511	556	1,181	499
Selling, general and administrative expenses (note 10)	(2,802)	(3,580)	(8,669)	(10,035)
Income/(loss) from operations	216	(1,456)	1,032	(1,213)
Interest expense, net	570	581	1,716	1,905
Foreign exchange (gain)/loss	(20)	72	106	67
Amortization of intangible assets	-	26	-	78
Other expense/(income), net	7	(1)	(17)	(24)
Loss on sale of assets	-	227	-	228
Loss before income taxes	(341)	(2,361)	(773)	(3,467)
Recovery of income taxes	(23)	(708)	(381)	(1,040)
Net loss for the period	$ (318)	$ (1,653)	$ (392)	$ (2,427)
Basic loss per share (note 14)	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.06)
Diluted loss per share (note 14)	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.06)
Other comprehensive loss:				
Foreign currency translation adjustment	(174)	(157)	(321)	(157)
Comprehensive loss for the period	$ (492)	$ (1,810)	$ (713)	$ (2,584)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Village Farms International, Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the Three and Nine Months Ended September 30, 2015 and 2014

(In thousands of United States dollars, unaudited)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash flows from operating activities:				
Net loss for the period	$ (318)	$ (1,653)	$ (392)	$ (2,427)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	2,046	2,027	6,226	5,763
Loss on sale of assets	-	227	-	228
Foreign exchange (gain)/loss	(20)	72	106	67
Net Interest paid	570	583	1,727	1,983
Share-based compensation	37	70	137	209
Deferred income taxes	(783)	(782)	(1,517)	(1,852)
Change in biological asset	(511)	(556)	(1,181)	(499)
Changes in non-cash working capital items (note 12)	3,285	6,878	75	(1,673)
Net cash provided by operating activities	4,306	6,866	5,181	1,799
Cash flows from investing activities:				
Purchases of property, plant and equipment, net	(590)	(1,183)	(1,537)	(7,300)
Property, plant and equipment acquired in business combination	-	(4,150)	-	(4,150)
Other assets acquired in business combination	-	(265)	-	(265)
Proceeds from sale of property, plant, and equipment, net	-	3	-	4
Other non-current assets and liabilities, net	26	(97)	317	(10)
Net cash used in investing activities	(564)	(5,692)	(1,220)	(11,721)
Cash flows from financing activities:				
Proceeds from borrowings	2,000	2,689	7,000	6,689
Repayments on borrowings	(3,098)	(4,042)	(10,298)	(6,126)
Interest paid on long-term debt, net	(570)	(583)	(1,727)	(1,983)
Payments on capital lease obligations	(7)	(6)	(20)	(19)
Net cash used in financing activities	(1,675)	(1,942)	(5,045)	(1,439)
Effect of exchange rate changes on cash and cash equivalents	20	(72)	(106)	(67)
Net increase/(decrease) in cash and cash equivalents	2,087	(840)	(1,190)	(11,428)
Cash and cash equivalents, beginning of period	3,060	8,080	6,337	18,668
Cash and cash equivalents, end of period	$ 5,147	$ 7,240	$ 5,147	$ 7,240
Supplemental cash flow information:				
Income taxes paid/(recovered)	$ 220	$ (68)	$ 885	$ 1,396

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1 NATURE OF OPERATIONS

Village Farms International, Inc. ("VFF" the parent company and, together with its subsidiaries, the "Company") is incorporated under the *Canada Business Corporation Act*. VFF's principal operating subsidiaries as at September 30, 2015 are Village Farms Canada Limited Partnership ("VFCLP"), Village Farms, L.P. ("VFLP"), and VF Clean Energy, Inc ("VFCE"). The address of the registered office of VFF is 4700 80th Street, Delta, British Columbia, Canada, V4K 3N3.

The Company's shares are listed on the Toronto Stock Exchange under the symbol VFF and are also traded in the United States on the OTCQX® Best Market under the symbol VFFIF.

The Company, through its subsidiaries VFCLP and VFLP, owns and operates sophisticated, highly intensive agricultural greenhouse facilities in British Columbia and Texas, where it produces, markets and sells premium-quality tomatoes, bell peppers, and cucumbers. The Company also markets and sells third party produce through its subsidiaries. The Company, through its subsidiary VFCE, owns and operates a 7.5 MW power plant that generates electricity. On October 3, 2014, the Company sold ownership of Village Farms DR, SLR to an unrelated third party in exchange for a waiver of termination fees on a remaining lease obligation.

2 BASIS OF PRESENTATION

Statement of Compliance

The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statement disclosures, and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2014, which were prepared in accordance with IFRS.

Basis of Presentation

The condensed consolidated interim financial statements are prepared on a going concern basis. The accounting policies have been applied consistently in all material respects. These condensed consolidated interim financial statements have been prepared by applying the same accounting policies, assessments of estimates and judgments, and methods of computation as compared with the most recent annual consolidated financial statements.

Basis of Measurement

The condensed consolidated interim financial statements ("interim financial statements") have been prepared on the historical cost basis except for the following material items in the condensed consolidated interim statements of financial position ("interim statements of financial position") and in the condensed consolidated interim statements of operations and comprehensive loss ("interim statements of operations"):

- Derivative financial instruments are measured at fair value;
- Available-for-sale financial assets are measured at fair value; and
- Biological assets are measured at fair value less costs to sell.

Functional and Presentation Currency

These interim financial statements are presented in United States dollars ("U.S. dollars"), which is the Company's primary functional currency. VFCE's functional currency is Canadian dollars and conversion to U.S. dollars is performed in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. All financial information presented in U.S. dollars has been rounded to the nearest thousand, except per share amounts.

3 CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, along with any consequential amendments as at January 1, 2015. These changes were made in accordance with the applicable transitional provisions.

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

- The Company assessed its consolidation conclusion and determined that the adoption of IFRS 10, *Consolidated Financial Statements*, did not result in any changes in the consolidation status of any of its subsidiaries.

Accounting Standards Issued and Not Applied

IFRS 9, *Financial Instruments,* addresses classification and measurement of financial assets and financial liabilities, and replaces the multiple category and measurement models in IAS 39, *Financial Instruments-Recognition and Measurement*. The required adoption date for IFRS 9 has been extended to annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the consolidated financial statements of the Company.

IFRS 15, *Revenue from Contracts with Customers*, replaces IAS 18, *Revenue*, and IAS 11, *Construction Contracts*, and the related Interpretations on revenue recognition. IFRS 15, issued in May 2014, establishes the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts, and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently evaluating the impact of IFRS 15.

The IASB issued *Disclosure Initiative, Amendments to IAS 1*, in December 2014. The Amendments clarify materiality and disclosures within the financial statements and footnotes. These Amendments are effective for annual periods beginning on or after January 2016, with early adoption permitted. The Amendments to IAS 1 are not expected to have a material impact on the Company's consolidated financial statements.

Further details of new accounting standards and potential impact on the Company can be found in the Company's Consolidated Financial Statements for the year ended December 31, 2014.

4 INVENTORIES

	September 30, 2015	December 31, 2014
Deferred crop costs	$13,912	$17,033
Purchased produce inventory	349	487
Biological asset adjustment (note 5)	(4,326)	(3,189)
Spare parts inventory	43	93
	$9,978	$14,424

The cost of inventories recognized as expense and included in cost of sales amounted to $29,545 for the three months ended September 30, 2015 (2014 - $28,759) and $83,225 for the nine months ended September 30, 2015 (2014 - $77,929). The biological asset adjustment reclassifies actual costs incurred for the biological asset from inventories to biological asset on the interim statements of financial position.

5 BIOLOGICAL ASSET

Information about the biological asset presented on the interim statements of financial position and in the interim statements of operations is as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Estimated sales value - biological asset	$13,600	$8,207	$12,697
Less			
Estimated remaining costs to complete	5,805	2,987	5,329
Estimated selling costs	779	522	737
Fair value of biological asset less costs to sell	7,016	4,698	6,631
Less actual costs (note 4)	4,326	3,189	4,498
Increase in fair value of biological asset over cost	2,690	1,509	2,133
Fair value over cost of harvested and sold biological asset - beginning of year	1,509	1,634	1,634
Change in biological asset	$1,181	($125)	$499

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

	September 30, 2015	December 31, 2014	September 30, 2014
Change in biological asset six months ended June 30,	$670	$-	($57)
Change in biological asset three months ended September 30,	$511	$-	$556

6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Land	Leasehold and land improve-ments	Buildings	Machinery and Equipment	Construction in process	Total
At December 31, 2014						
Cost	$5,027	$3,460	$82,352	$62,238	$626	$153,703
Accumulated depreciation	-	(1,851)	(25,387)	(25,035)	-	(52,273)
Net book value	$5,027	$1,609	$56,965	$37,203	$626	$101,430
Nine months ended September 30, 2015						
Opening net book value	$5,027	$1,609	$56,965	$37,203	$626	$101,430
Additions	-	-	-	-	1,537	1,537
Placed in service	-	-	75	1,419	(1,494)	-
Depreciation expense	-	(109)	(2,797)	(3,320)	-	(6,226)
Foreign currency translation adjustment	-	-	(66)	(503)	-	(569)
Closing net book value	$5,027	$1,500	$54,177	$34,799	$669	$96,172
At September 30, 2015						
Cost	$5,027	$3,460	$82,356	$63,120	$669	$154,632
Accumulated depreciation	-	(1,960)	(28,179)	(28,321)	-	(58,460)
Net book value	$5,027	$1,500	$54,177	$34,799	$669	$96,172

Depreciation related to the greenhouse facilities and equipment is expensed in cost of sales.

7 OTHER ASSETS

The following table summarizes the components of other assets:

	September 30, 2015	December 31, 2014
Patronage stock	$437	$437
Note receivable	109	314
Security deposits	103	107
Cash surrender value - insurance	792	765
Other	40	41
Total	$1,481	$1,664

8 DEBT

	September 30, 2015	December 31, 2014
Long-term debt:		
Opening balance	$53,981	$55,569
Proceeds from Credit Facilities	-	2,689
Repayment of debt	(3,298)	(4,168)
Foreign Currency Translation	(333)	(109)
Closing balance	$50,350	$53,981

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

	September 30, 2015	December 31, 2014
Current portion	$ 4,392	$ 4,418
Non-current portion	45,958	49,563
Less: Unamortized deferred transaction costs	(424)	(616)
	$49,926	$53,365

Credit Facilities

The Company has a Term Loan financing agreement with a Canadian creditor ("FCC Loan"). The non-revolving variable rate term loan has a maturity date of April 1, 2018 and a balance of $48,275 as at September 30, 2015. The outstanding balance is repayable by way of monthly installments of principal and interest based on an amortization period of 14 years, with the balance and any accrued interest to be paid in full on April 1, 2018. Monthly principal payments are $347. As at September 30, 2015, borrowings under the FCC Loan agreement are subject to an interest rate of 3.8083% (December 31, 2014 - 3.739%). The Company's interest rate on the FCC Loan is determined based on the Company's Debt to EBITDA ratio and the applicable LIBOR rate.

On September 26, 2014, the Company's subsidiary VFCE entered into a new loan agreement with a Canadian Chartered Bank. The non-revolving fixed rate loan of CA$3.0 million has a maturity date of June 2023, fixed interest rate of 4.98%, and monthly payments of CA$36 beginning January 2015. As at September 30, 2015, the balance was US$2,075 (December 31, 2014 - $2,580). VFCE has outstanding letters of credit totaling CA$338.

The Company has a line of credit agreement with a Canadian Chartered Bank ("Operating Loan"). The revolving Operating Loan of up to CA$10,000 is at variable interest rates with a maturity date of August 30, 2016, and is subject to margin requirements stipulated by the bank. As at September 30, 2015, no amounts were outstanding on this facility (December 31, 2014 - $nil), which is available to a maximum of CA$10,000, less outstanding letters of credit totaling $433 and CA$38.

The Company's borrowings ("Credit Facilities") are subject to certain positive and negative covenants. As at September 30, 2015, the Company was in compliance with all covenants on its Credit Facilities.

Accrued interest payable on the credit facilities and loans as at September 30, 2015 was $148 (December 31, 2014 - $159) and these amounts are included in accrued liabilities in the interim statements of financial position.

As security for the FCC Loan, the Company has provided promissory notes, a first mortgage on the greenhouse properties, and general security agreements over its assets. In addition, the Company has provided full recourse guarantees and has granted security therein. The carrying value of the assets and securities pledged as collateral as at September 30, 2015 was $126,702 (December 31, 2014 - $133,449).

Transaction costs incurred in connection with these financing activities are deferred and amortized over the terms of the related financing agreement. Total deferred financing costs, net of accumulated amortization, are netted against long-term debt on the interim statements of financial position, and total $424 as at September 30, 2015 (December 31, 2014 - $616).

The aggregate annual maturities of long-term debt as at September 30, 2015 are as follows:

Remaining 2015	$ 1,097
2016	4,395
2017	4,407
2018	39,150
2019	264
Thereafter	1,037
	$50,350

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

9 FINANCIAL INSTRUMENTS

The following table summarizes the carrying and fair value of the Company's financial instruments:

	September 30, 2015	December 31, 2014
Cash and cash equivalents	$5,147	$6,337
Trade receivables	$10,197	$9,168
Other receivables	$952	$1,690
Other financial liabilities	$64,149	$70,115

Interest income, expense, and gains and losses from loans, receivables and other financial liabilities are recognized in the interim statements of operations. The following table summarizes interest income and expense:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Interest income earned on cash/cash equivalents	$-	$-	$3	$1
Interest expense from other financial liabilities	$570	$581	$1,719	$1,906

The Company classifies financial assets and liabilities that are recognized on the interim statements of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Management of Financial Risks

The Company, through its financial assets and liabilities, is exposed to various risks. The following provides a measurement of some of these risks as at September 30, 2015:

i) Credit risk

Credit risk is the risk that the Company will incur a loss due to the failure by its customers or other parties to meet their contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, trade receivables and other receivables.

The Company limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality financial institutions.

The Company had one customer that represented more than 10% of the balance of trade receivables, representing 12.6% as at September 30, 2015 (2014 - three customers, 13.2%, 10.7%, and 10.0%). The Company believes that its trade receivables risk is limited due to the high credit quality of its customers and the protection afforded to the Company by the *Perishable Agricultural Commodities Act* (the "PACA") for its sales in the United States, which represent approximately 80% of the Company's annual sales. The PACA protection gives a claim filed under the PACA first lien on all PACA assets (which include cash and trade receivables). The PACA fosters trading practices in the marketing of fresh and frozen fruits and vegetables in interstate and foreign commerce. It prohibits unfair and fraudulent practices and provides a means of enforcing contracts. Historical write-offs have represented less than one-half of one percent of sales. The maximum amount of credit risk exposure is limited to the carrying amount of the balances on the interim financial statements.

Trade receivables for each customer were evaluated for collectability and an allowance for doubtful accounts has been estimated. At September 30, 2015, the allowance for doubtful accounts balance was $50 (December 31, 2014 - $50). The Company has not recorded a bad debt expense during the three and nine months ended September 30, 2015 (2014 - $nil).

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

At September 30, 2015, 93.3% (December 31, 2014 - 90.2%) of trade receivables were outstanding less than 30 days, 5.9% (December 31, 2014 - 9.0%) were outstanding for between 30 and 90 days and the remaining 0.8% (December 31, 2014 - 0.8%) were outstanding for more than 90 days. Trade receivables are considered past due based on the contract terms agreed to with a customer. Aged receivables that are past due are not considered impaired unless customer specific information indicates otherwise.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its long-term debt, for which the interest rates charged fluctuate based on the 90-day LIBOR rate. If interest rates had been 50 basis points higher, the net loss during the nine months ended September 30, 2015 would have been higher by $249. This represents $249 in increased interest expense (2014 - $270).

iii) Foreign exchange risk

At September 30, 2015, the Canadian/U.S. foreign exchange rate was CA$1.00 = US$0.7456 (December 31, 2014 – US$0.8599). Assuming that all other variables remain constant, an increase of $0.10 in the Canadian dollar would have the following impact on the ending balances of certain interim statements of financial position items at September 30, 2015 and December 31, 2014 with the net foreign exchange gain or loss directly impacting net income for the period.

	September 30, 2015	December 31, 2014
Financial assets		
Cash and cash equivalents	$80	$243
Trade receivables	322	214
Financial liabilities		
Trade payables and accrued liabilities	(293)	(236)
Loan payable	(278)	(300)
Net foreign exchange loss	($169)	($79)

iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities as at September 30, 2015:

Financial liabilities	**Total**	**1 year**	**2-3 years**	**4-5 years**	**More than 5 years**
Long-term debt, net of fees	$49,926	$4,392	$44,219	$536	$779
Trade payables	8,551	8,551	-	-	-
Accrued liabilities and taxes	4,787	4,787	-	-	-
Obligations under capital lease	41	27	14	-	-
Other liabilities	844	-	844	-	-
Total	$64,149	$17,757	$45,077	$536	$779

It is the Company's intention to meet these obligations through the collection of current accounts receivable and cash from sales. If the current resources and cash generated from operations are insufficient to satisfy its obligations, the Company may seek to issue additional equity or to arrange debt or other financing. In addition, the Company has available an operating loan of up to CA$10,000, less outstanding letters of credit totaling $433 and CA$38.

v) Fair values

The carrying amount of short-term financial instruments, less provisions for impairment if applicable, is consistent with the fair value of such instruments. The Company's debt bears a variable interest rate and therefore its carrying value approximates its fair value. There were no derivatives held at September 30, 2015 (December 31, 2014 - $nil).

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

10 EXPENSES BY NATURE

The following tables outline the Company's significant expenses by nature:

Cost of sales	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Purchased produce	$6,385	$5,766	$18,462	$19,258
Raw materials and consumables used	12,750	12,629	34,977	29,822
Depreciation and amortization	2,001	1,953	6,085	5,528
Transportation and storage	4,842	5,288	12,783	13,986
Employee compensation and benefits	9,370	9,374	25,986	24,932
	$35,348	$35,010	$98,293	$93,526

Selling, general and administrative	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Employee compensation and benefits	$1,804	$1,917	$5,449	$5,741
Marketing	103	90	364	287
Professional services	197	824	846	1,620
Office expenses	380	459	1,105	1,432
Other	318	290	905	955
	$2,802	$3,580	$8,669	$10,035

Employee compensation and benefits	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Salaries and other employee benefits	$11,137	$11,221	$31,298	$30,464
Share-based payments	37	70	137	209
	$11,174	$11,291	$31,435	$30,673

11 DEFERRED INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rate used for the nine months ended September 30, 2015 was 30%, excluding the change in biological asset as reported on the interim statements of operations, and 30% for the nine months ended September 30, 2014.

12 CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Trade receivables	$2,371	$4,033	($1,029)	($1,790)
Inventories	371	(852)	4,446	(42)
Inventories reclassified to biological asset	1,214	1,810	(1,137)	(2,400)
Other receivables	283	(404)	533	(688)
Prepaid expenses and deposits	166	190	(204)	(300)
Trade payables	(2,220)	1,344	(3,244)	3,174
Accrued liabilities and taxes	1,100	757	710	373
	$3,285	$6,878	$75	($1,673)

13 SEGMENT AND GEOGRAPHIC INFORMATION

On July 17, 2014, the Company acquired VFCE, which added a second reporting segment to the Company's business. The Company's two reporting segments include the Produce business and the Energy business. The Produce business produces, markets, and sells the product group which consists of premium-quality tomatoes, bell peppers and cucumbers. The Energy business produces power that it sells per a long-term contract to its one customer.

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

The Company's primary operations are in the United States and Canada. Net sales by the countries in which its customers are located are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net Sales				
Produce - U.S.	$31,089	$29,075	$89,407	$84,627
Produce - Canada	6,491	6,987	16,121	16,690
Produce - Other	-	-	-	16
Energy - Canada	275	516	1,285	516
	$37,855	$36,578	$106,813	$101,849

The Company's property, plant and equipment, net of accumulated depreciation, are located as follows:

	September 30,2015	December 31,2014
United States	$ 56,539	$ 60,155
Canada	35,787	37,104
Energy - Canada	3,846	4,171
	$ 96,172	$ 101,430

Depreciation and amortization charges in the Produce business for the three and nine months ended September 30, 2015 were $1,931 (2014 - $1,965) and $5,899 (2014 - $5,701), respectively. Depreciation and amortization charges in the Energy business for the three and nine months ended September 30, 2015 were $115 (2014 - $62) and $327 (2014 - $62), respectively.

14 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net income/(loss) attributable to owners of the Company by the weighted average number of common shares in issue during the period excluding common shares purchased by the Company and held as treasury shares.

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net loss attributable to owners of the Company	($318)	($1,653)	($392)	($2,427)
Weighted average number of common shares outstanding (thousands)	38,707	38,707	38,707	38,707
Basic loss per share	($0.01)	($0.04)	($0.01)	($0.06)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net loss attributable to owners of the Company	($318)	($1,653)	($392)	($2,427)
Weighted average number of common shares outstanding (thousands)	38,707	38,707	38,707	38,707
Adjustment for:				
Share options (thousands)	78	211	93	352
Weighted average number of common shares outstanding for diluted earnings per share (thousands)	38,785	38,918	38,800	39,059
Diluted loss per share	($0.01)	($0.04)	($0.01)	($0.06)

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

15 CAPITAL DISCLOSURES

The Company's capital comprises net debt and equity:

	September 30, 2015	December 31, 2014
Total bank debt	$50,350	$53,981
Less cash and cash equivalents	(5,147)	(6,337)
Net debt	45,203	47,644
Total equity	60,424	61,000
	$105,627	$108,644

It is the Company's intention to meet its obligations through the collection of current accounts receivable and cash. As at September 30, 2015, the Company had $nil outstanding on the operating loan and availability on the operating loan up to CA$10,000, less outstanding letters of credit totaling $433 and CA$38 (as at December 31, 2014, $nil was outstanding on the operating loan, and $845 and CA$338 outstanding on the letters of credit). As at September 30, 2015, the operating loan borrowing base was CA$9,626 based on a percentage of the Company's outstanding accounts receivables. If the current resources and cash generated from operations are insufficient to satisfy its obligations, the Company may seek to issue additional equity or to arrange debt or other financing.

16 SHARE-BASED COMPENSATION PLAN

The Company has a share-based compensation plan. The maximum number of common shares that can be issued upon the exercise of options granted is equal to 10% of the aggregate number of common shares issued and outstanding from time to time. The term during which an option may be exercised is 10 years from the date of the grant. Options vest at a rate of 33% per year, beginning one year following the grant date of the options. Share-based compensation expense for the three months ended September 30, 2015 of $37 (2014 - $70) and for the nine months ended September 30, 2015 of $137 (2014 - $209) was recorded in selling, general and administrative expenses and the corresponding amount credited to contributed surplus.

The following table presents the assumptions used to establish the fair value assigned to the options issued using the Black-Scholes valuation model:

	March 2015	March 2014	September 2013	March 2013
Expected volatility	59.6%	57.0%	56.4%	46.4%
Dividend	$nil	$nil	$nil	$nil
Risk-free interest rate	1.47%	1.52%	1.52%	2.04%
Expected life	6.5 years	6.5 years	6.5 years	6.5 years
Fair value	$0.539	$0.822	$0.606	$0.410

Expected volatility was based on three years of historical data.

The following table summarizes stock options granted during the period. There were 25,000 stock option forfeitures and 10,000 stock options expired for the nine months ended September 30, 2015.

	Nine months Ended September 30,			
	2015		2014	
	Stock options	Weighted average exercise price	Stock options	Weighted average exercise price
Beginning of period	1,839,999	CA$1.15	1,454,999	CA$1.06
Granted	100,000	CA$0.94	410,000	CA$1.48
Forfeitures/expirations	(35,000)	CA$1.24	(25,000)	CA$1.48
End of period	1,904,999	CA$1.14	1,839,999	CA$1.15

(In thousands of United States dollars, except per share amounts and unless otherwise noted)

The following table summarizes stock options granted and outstanding as at September 30, 2015:

Exercise price	Number outstanding	Remaining contractual life (years)	Number of exercisable options
CA$0.70	349,999	4.3	349,999
CA$1.24	590,000	5.6	590,000
CA$1.27	150,000	6.5	150,000
CA$0.85	100,000	7.5	66,667
CA$1.10	240,000	8.0	160,000
CA$1.48	375,000	8.5	128,333
CA$0.94	100,000	9.5	Nil
	1,904,999		

No options were exercised in the nine months ended September 30, 2015 and 2014. Share options outstanding as at September 30, 2015 have the following expiry dates and exercise prices:

	Exercise price in CA$ per share	September 30, 2015	December 31, 2014
Expiry date - January 13, 2020	0.70	349,999	349,999
Expiry date - May 20, 2021	1.24	590,000	615,000
Expiry date - March 13, 2022	1.27	150,000	150,000
Expiry date - March 13, 2023	0.85	100,000	100,000
Expiry date - September 26, 2023	1.10	240,000	240,000
Expiry date - March 18, 2024	1.48	375,000	385,000
Expiry date - March 19, 2025	0.94	100,000	-
		1,904,999	1,839,999