

NEWS RELEASE

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FOR IMMEDIATE RELEASE

RIDLEY ANNOUNCES FOURTH QUARTER AND FISCAL 2003 RESULTS

Mankato, Minnesota / Winnipeg, Manitoba, August 25, 2003 – Ridley Inc., (www.ridleyinc.com) one of the largest commercial animal nutrition companies in North America, today reported results for its fiscal 2003 fourth quarter and year ended June 30, 2003. All currency figures are stated in Canadian dollars.

The following summary data is presented to assist in reading the explanations of results that follow:

(Millions of dollars, except for EPS)	Three Months Ended 30 June 03	Three Months Ended 30 June 02	Twelve Months Ended 30 June 03	Twelve Months Ended 30 June 02
Sales	137.9	150.4	664.6	663.5
EBITDA (from continuing operations)	5.9	11.2	53.8	57.4
Net earnings from continuing operations	1.7	7.0	23.3	27.4
Discontinued operations	(8.5)	(2.5)	(13.0)	(12.3)
Net earnings (loss)	(6.7)	4.5	10.4	15.0
Basic EPS	(0.50)	0.33	0.77	1.12
Diluted EPS	(0.49)	0.33	0.75	1.10

Fourth Quarter Results

Ridley reported a loss of \$6.7 million in the fourth quarter of fiscal 2003 (\$0.49 loss per diluted share) on sales of \$137.9 million, compared with net earnings of \$4.5 million (diluted earnings per share of \$0.33) on sales of \$150.4 million in fiscal 2002.

Net earnings from continuing operations were \$1.7 million in the 2003 fourth quarter compared with \$7.0 million in the corresponding 2002 period. In the fourth quarter of fiscal 2003, Ridley recorded a provision of \$4.0 million (\$2.4 million after tax) for impaired receivables. The corresponding quarter in fiscal 2002 reflects a claim settlement with suppliers, resulting in a gain of \$3.0 million (\$1.9 million after tax). The fiscal 2003 fourth quarter was negatively impacted by approximately \$1 million due to a weaker U.S. exchange rate when compared to last year. Current year results for block products fell sharply in the latter part of fiscal 2003 as it became evident that strong sales in the second quarter included a large volume of product that was stockpiled in order for customers to maximize government support programs.

The 2003 quarterly results include an after-tax loss of \$8.5 million on the discontinued operations of Ridley's swine genetics business, Cotswold Swine Genetics (CSG). This includes an after tax operating loss of \$2.7 million, recognition of a \$9.2 million after tax impairment on the assets, and a \$3.4 million tax benefit on amalgamation. Refer to the Cotswold Division – Discontinued Operations section for additional discussion. Results in the fourth quarter of fiscal 2002 included a loss of \$2.5 million by the discontinued Cotswold operations in North America and Europe. The results of these operations comprise the discontinued operations as reflected in the financial statements.

Earnings before interest, income taxes, depreciation and goodwill amortization (EBITDA) were \$5.9 million in the fiscal 2003 fourth quarter, compared with \$11.2 million for the previous year.

Ridley's lower levels of bank debt resulted in reduced interest expense in the fourth quarter of fiscal 2003 to \$1.4 million from \$1.8 million in the fourth quarter of fiscal 2002.

Twelve-Month Results

Revenues increased by \$1.0 million in fiscal 2003 to \$664.5 million from \$663.5 million in fiscal 2002. Feed sales volumes increased in 2003 by 7% overall, with the U.S. Division reporting increased volumes as a result of the USDA drought assistance program. Sales volumes declined in the Canadian division where there was no corresponding government drought assistance.

The increased sales volume is not reflected in our reported sales dollars for two reasons: feed ingredient costs were lower in the U.S., where there were record corn and soybean crops, and the U.S. – Canada exchange rate also was lower, affecting the conversion of U.S. revenues to Canadian equivalent. As has been noted in the past, sales on a dollar basis are not an accurate measurement of Ridley's business as they are affected by fluctuating commodity prices and seasonality.

Cost of sales decreased by \$3.8 million to \$530.0 million compared with \$533.8 million the previous year. Gross profit for 2003 of \$134.6 million was \$4.8 million higher than the 2002 total of \$129.7 million. As a percentage of revenue, gross profit increased from 19.6% in 2002 to 20.2% in 2003.

Total operating expenses, including selling, general and administrative expenses, impaired receivables, depreciation, amortization, and research and development, were \$91.9 million for the year, or \$8.8 million higher than the 2002 total of \$83.2 million. Ridley's operating income of \$42.6 million was \$3.9 million lower than the \$46.6 million recorded in 2002.

Net earnings for 2003 were \$10.4 million (diluted earnings per share of \$0.75), compared with \$15.0 million (diluted earnings per share of \$1.10) in 2002. Reported net earnings in 2003 include a \$13.0 million loss on the discontinued operations of Cotswold. Fiscal 2003 also includes a write-off of \$0.7 million for an impaired limited partnership and a provision of \$4.0 million for impaired receivables. Results were also negatively impacted by approximately \$0.8 million due to the weakening of the U.S. dollar against the Canadian dollar compared to the prior year. Reported net earnings in 2002 included a \$12.3 million loss on the discontinued Cotswold operations and a loss of \$1.0 million for an impaired research and development investment. These losses were partially offset by a claims settlement received in the amount of \$3.0 million.

EBITDA were \$53.8 million in fiscal 2003, compared with \$57.4 million for the previous year. In fiscal 2003, Ridley reduced its bank debt from \$98.3 million to \$75.9 million. Lower bank debt, combined with more favorable interest rates, reduced interest expense by \$2.5 million to \$6.6 million from \$9.1 million in fiscal 2002.

Segment Results

The U.S. Feed Operations had a solid year despite the challenging environment in which they were operating due to poor livestock production economics. Feed sales volumes increased in 2003, driven by good sales results that reflected a renewed focus by the sales team on generating new business, and by the prolonged drought in the central and mid-western United States. The drought triggered the introduction of a USDA drought assistance program that was in place during the late fall and winter months and that significantly increased feed sales in key western states.

Ridley Block Operations also benefited from the drought assistance program, increasing earnings over the prior year and recording record sales volumes with the continuing good beef economics. The McCauley equine operations continue to add new customers and meet expectations since the acquisition in 2002.

Operating income for the U.S. Division decreased to \$37.0 million from \$39.9 million in 2002, due to the \$4.0 million provision for impaired receivables and to a weakening of the U.S. dollar against the Canadian dollar in 2003 compared with the prior year.

Operating income of the Canadian Division decreased by \$0.4 million to \$10.5 million in 2003 from \$10.9 million in 2002. The decrease was due to a combination of the drought-driven lower sales volumes and increased expenses. These costs were partially offset by increased margin per tonne and the contribution to earnings of the Shamrock acquisition. The BSE case in Canada that closed the U.S. border for Canadian beef had an impact on volume late in the fiscal year. Subsequent to year-end the U.S. government has announced a partial re-opening of the border for certain beef products.

Cotswold Division – Discontinued Operations

The continuing significant losses faced by CSG, which at the start of fiscal 2003 consisted of swine genetics production in the U.S. and Canada, led Ridley to announce on July 16, 2003 that it had reached the difficult decision to divest the business. Ridley is in the process of selling significant portions of its North American swine genetics operations.

An after-tax loss of \$9.2 million was recorded in 2003 to reflect impairment on the CSG assets. Cotswold reported operating losses of \$6.5 million net of tax benefits in the current year, and additional expenses of \$0.7 million were incurred in fiscal 2003 related to residual assets and liabilities remaining in the U.K. This was offset by a \$3.4 million tax benefit upon the amalgamation of Ridley and the CSG Canada subsidiary on June 30, 2003.

The 2002 prior year results include a \$4.3 million operating loss by Cotswold Europe and a \$5.9 million loss on disposal of the European swine genetics operations in May 2002 (total loss of \$10.2 million), and the CSG loss of \$2.1 million for the year.

Outlook

“Ridley’s core animal nutrition businesses continued to make progress, with satisfactory results in fiscal 2003 despite poor economic conditions for meat, milk and egg production in North America,” said Bob Gallaway, President and Chief Executive Officer. “Calendar year 2002, covering the first half of our fiscal year 2003, was one of the worst years ever for milk, meat and egg production in North America. In the U.S., farm gate receipts for this sector were down more than US\$11 billion, to their lowest level in 27 years. Prices continued to be poor in virtually every production segment as we continued into calendar year 2003.”

“In Canada, conditions were similarly weak, with the exception being the dairy and poultry sectors that operate under a supply management system. Pork production was impacted by low market prices for hogs and high feed costs, while beef production was hampered by the prolonged drought. The discovery in May of a single case of bovine spongiform encephalopathy (BSE) in a cow in Alberta has had a devastating effect on the Canadian beef industry.”

“Fortunately, as we enter the new fiscal year, there are signs of improving economics for livestock production, and reason for optimism,” said Mr Gallaway.

“The economic forces impacting our industry, however, are significant and fiscal 2004 will be challenging as we deal with a combination of fragile production economics, higher operating costs, and a tighter regulatory environment. In light of this tougher economic and operating environment, we are aggressively managing costs while continuing to invest in the segments of our industry that exhibit growth potential.

“Overall, we believe we have built a solid foundation for our business, and we expect steady improvement as we continue to focus on those elements that will make the business stronger,” Mr. Gallaway said.

Ridley Inc., headquartered in Mankato, Minnesota and Winnipeg, Manitoba, is one of North America’s leading livestock feed manufacturers. The company manufactures a full line of livestock feed and markets its products under a series of brand names.

Ridley's common shares are listed on The Toronto Stock Exchange (Trading symbol: RCL).

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Ridley Inc.
Consolidated Balance Sheets

(expressed in thousands of dollars)

	Year Ended June 30	
	2003 (\$'000)	2002 (\$'000)
Assets		
Current Assets		
Cash and short-term deposits	873	1,600
Accounts receivable	36,289	43,908
Inventories	42,226	45,108
Income taxes recoverable	3,354	1,171
Prepays and other current assets	1,821	2,072
Current portion of loans receivable	6,073	7,263
Current assets of discontinued operations	6,574	12,529
	97,210	113,651
Loans receivable, less current portion	12,023	18,397
Investments	414	1,307
Assets held for sale	1,820	2,032
Capital assets	112,912	121,749
Other assets	2,423	3,522
Goodwill	57,057	60,187
Non-current assets of discontinued operations	1,157	8,829
	285,016	329,674
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	44,118	58,457
Current portion of long-term debt	15,818	17,569
Current liabilities of discontinued operations	1,638	3,095
	61,574	79,121
Long-term debt, less current portion	60,075	80,743
Future income taxes	26,674	31,434
Pensions and post-retirement benefits	4,569	5,489
	152,892	196,787
Shareholders' Equity		
Share capital	83,912	82,098
Minority interest	372	308
Cumulative foreign currency translation adjustment	(10,803)	2,188
Retained earnings	58,643	48,293
	132,124	132,887
	285,016	329,674

Ridley Inc.
Consolidated Statements of Earnings and Retained Earnings

(expressed in thousands of dollars)

	Year Ended June 30	
	2003	2002
	(\$000)	(\$000)
Revenue	664,560	663,543
Cost of sales	530,000	533,802
Gross profit	134,560	129,741
Operating expenses		
Selling, general and administrative	75,651	71,511
Impaired loan	4,039	-
Depreciation	10,158	10,010
Research and development	1,059	818
Amortization	1,041	841
	91,948	83,180
Operating income	42,612	46,561
Interest expense	6,662	9,150
Claim settlement	-	(3,000)
Loss on sale of investment	684	999
Other expense (income)	(1,873)	(3,587)
Earnings before income taxes and goodwill amortization	37,139	42,999
Provision for income tax	13,692	14,540
Minority share of net income	105	68
Earnings before goodwill amortization	23,342	28,391
Goodwill amortization net of income taxes	-	1,016
Net earnings from continuing operations	23,342	27,375
Attributed to discontinued operations		
Loss from discontinued operations	(12,992)	(6,442)
Loss on disposal of discontinued operations	-	(5,886)
	(12,992)	(12,328)
Net earnings	10,350	15,047
Retained earnings, beginning of period	48,293	33,246
Retained earnings, end of period	58,643	48,293
Earnings per share from continuing operations		
- basic	1.73	2.04
- diluted	1.69	2.00
Net earnings per share		
- basic	0.77	1.12
- diluted	0.75	1.10

Ridley Inc.
Consolidated Statements of Cash Flows

(expressed in thousands of dollars)

	Year Ended June 30	
	2003	2002
	(\$000)	(\$000)
Cash from (utilized for)		
Operating Activities		
Net earnings for the period	10,350	15,047
Items not affecting cash	22,714	25,752
	33,064	40,799
Net change in non-cash working capital balances related to operations:		
Accounts receivable	8,125	(6,780)
Inventories	(939)	5,149
Prepaid expenses	34	181
Accounts payable, accruals and other liabilities	(16,794)	1,500
Income taxes recoverable	(2,147)	4,063
Net cash from operating activities	21,343	44,912
Investing Activities		
Proceeds on disposal of capital assets	618	2,534
Proceeds on disposal of subsidiary	-	351
Business acquisition	(3,133)	(1,466)
Purchase of capital assets	(9,872)	(7,338)
Decrease in loans receivable	4,408	4,324
Net cash utilized for investing activities	(7,979)	(1,595)
Financing Activities		
Repayment of long-term debt	(43,235)	(61,262)
Proceeds of long-term debt	27,158	18,930
Payment of finance costs	-	(3,369)
Issuance of share capital	1,814	469
Net cash utilized for financing activities	(14,263)	(45,232)
Effect of exchange rate changes on cash	125	(85)
Decrease in cash and short-term deposits	(1,024)	(2,000)
Net cash and short-term deposits- beginning	1,950	3,950
Net cash and short-term deposits- end	926	1,950
Cash of discontinued operations	(53)	(350)
Net cash and short-term deposits	873	1,600