

NEWS RELEASE

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

RIDLEY REPORTS FINANCIAL RESULTS FOR FIRST QUARTER OF FISCAL 2008

Mankato, Minnesota / Winnipeg, Manitoba, November 2, 2007 — Ridley Inc. (TSX: RCL) today reported its financial results for its fiscal 2008 first quarter ended September 30, 2007. All currency amounts are stated in U.S. dollars.

For the first three months of fiscal 2008, Ridley earned \$2.6 million after income taxes or 19 cents per share compared to \$1.8 million or 13 cents per share last year. Earnings before interest, taxes and amortization (EBITA*) for the first quarter of fiscal 2008 was \$6.8 million compared to \$5.6 million last year.

“We are pleased that Ridley has generated an earnings increase in the first quarter of fiscal 2008 compared to last year,” announced Steve VanRoekel, President and CEO of Ridley Inc.

“Excluding a one-time gain of \$0.8 million from the sale of redundant assets in our Canadian operations, our EBITA grew by 7.2%. Our U.S. feed operations and feed ingredients reporting segment each accomplished solid earnings as a result of strong sales growth and good cost controls. However, our Canadian feed operations remain challenged in the face of a difficult red meat farm economy on the Prairies,” added VanRoekel.

“Our feed supplement block business posted marginally lower results this quarter compared to last year, reflecting a slower start to the feeding season this year. We are also coping this year with weather conditions in the southern U.S. states that have moderated demand for feed supplement blocks,” commented VanRoekel.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis as of November 2, 2007 is based on the accompanying financial statements prepared using Canadian Generally Accepted Accounting Principles (“GAAP”). All amounts are in U.S. dollars unless otherwise stated.

Forward-Looking Information

This report contains “forward-looking” information. The forward-looking information includes statements concerning the Company’s outlook for the future, as well as other statements of beliefs, plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. Forward-looking information and statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, contemplated or implied by, such statements. These risks and uncertainties include the ability to make effective

acquisitions and successfully integrate newly acquired businesses into existing operations, the availability and prices of raw materials and supplies, livestock disease, product pricing, the competitive environment and related market conditions, operating efficiencies, access to capital, the cost of compliance with environmental and health standards and other regulatory requirements affecting the Company's business, adverse results from ongoing litigation and actions of domestic and foreign governments. Other risks are outlined in the Risk Management section of the MD&A included in the Company's Annual Report. Unless otherwise required by applicable securities law, the Company disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions readers not to place undue reliance upon forward-looking statements.

First Quarter Results

The following summary data is presented to assist in understanding the fiscal 2008 first quarter results:

(Millions of U.S. dollars except for EPS)	3 Months Ended 30 September 2007	3 Months Ended 30 September 2006
Revenue	\$139.8	\$124.4
Net earnings	2.6	1.8
Diluted earnings per share (EPS)	0.19	0.13
EBITA*	6.8	5.6

*EBITA – Operating income before amortization. EBITA does not have a standardized meaning prescribed by Canadian GAAP and therefore is not readily comparable to similar measures presented by other companies. However, management believes that this measure provides investors with useful supplemental information.

Consolidated Financial Results

Revenue in the first quarter of fiscal 2008 increased by 12.4% to \$139.8 million compared with \$124.4 million in the prior year. Generally, a comparison of revenue on a dollar basis is not necessarily indicative of the strength of Ridley's business since fluctuating commodity prices may influence revenue. The revenue increase in the first quarter of 2008 is due mainly to higher commodity prices and the effect of currency exchange rates on Canadian revenues.

Overall tonnage sales volumes in the first quarter of the current year declined by 6.3% relative to last year. Feed demand was softer in both Canadian and U.S. feed operations in the first quarter while a general trend continued in the shift from lower-margin complete feed products to higher-margin premixes and supplements. Demand was also soft for feed supplement blocks in advance of the normally more active winter feeding season and as a result of unfavourable beef pasture conditions in the southern U.S. states.

Gross profit was \$21.0 million in the first quarter of fiscal 2008 compared with \$21.1 million in the same period last year. Strong revenue growth and good manufacturing expense controls in U.S. feed operations and the company's vitamin and trace mineral premix business offset lower gross profits in Canadian feed operations and block supplements.

Selling, general and administrative expenses of \$14.8 million were lower in the first quarter of fiscal 2008 by \$0.5 million compared to the prior year.

Operating income before interest and taxes in the first quarter was \$4.8 million compared to \$3.4 million last year. The \$1.4 million increase in operating income reflects lower selling, general and administrative expenses and a one-time gain of \$0.8 million on the sale of a premix facility and a fabrication/repair shop both located in Winnipeg, Manitoba.

First quarter income tax provisions were \$1.7 million compared to \$1.2 million in the previous year. Tax expense as a percentage of earnings in the first quarter was 39.2% compared to 39.8% in the prior year.

Net earnings for the fiscal 2008 first quarter were \$2.6 million (diluted earnings per share of \$0.19) compared with \$1.8 million (diluted earnings per share of \$0.13) in fiscal 2007. EBITA was \$6.8 million in the first quarter of fiscal 2008 and \$5.6 million for the same period in 2007.

As noted in its interim financial statements, the Company has adopted new guidelines of the Canadian Institute of Chartered Accountants (CICA) including the reporting of comprehensive income and its components. Comprehensive income is the change in the Company's net assets that result from transactions, events and circumstances from sources other than investments by and/or distributions to the Company's shareholders. The Company's comprehensive income in the first quarter of fiscal 2008 was \$4.8 million comprised of \$2.6 million in net earnings as reported above, and \$2.2 million of unrealized gains on translation to U.S. currency of financial statements of related entities with foreign functional currency. Comprehensive income in the first quarter of the prior year was \$1.8 million and was not materially affected by other comprehensive income. Other changes in accounting policies noted in the Company's interim financial statements had no material effect on its financial condition.

Segment Results

Starting in this interim report, the Company is reporting the results of its Ridley Feed Ingredients (RFI) business unit as a separate reporting segment. The prior year's segment results have been reclassified to conform to the current year reporting. RFI accounts for about 9% of Ridley's net revenues and about 10% of total assets. In prior financial reports, the results of RFI were included with the results of the Ridley Feeds Operations (RFO) reporting segment.

The Ridley Feed Operations (RFO) segment consists of full-line feed production facilities operating in the United States and Canada, producing and marketing products for the core animal nutrition market. RFO net revenues increased in the first quarter of fiscal 2008 over the prior year by 13.2% as a result of higher unit prices for manufactured feed products that followed from higher input costs of feed commodities. With about one-third of RFO revenues originating in Canada, RFO's reported net revenues were also higher due to the appreciation of the Canadian dollar against the U.S. dollar by approximately 6% between the first quarter of fiscal 2008 and 2007. Overall sales volumes of the RFO segment were lower by 6.1% in the first quarter of fiscal 2008 compared to last year.

Sales volumes of the U.S. operations of RFO were lower by 7.3% in the first quarter of fiscal 2008 as a result of lower seasonal volumes for young calves and declining swine feed sales. For the same period, RFO's sales revenues increased in the U.S. by 12.3% reflecting higher commodity prices and the continuing shift to higher-margin, lower-inclusion feed products such as premixes. Canadian feed sales volumes were lower by 3.7% in the first quarter as a result of competitive pressures, closure of a feed production plant in Alberta in January 2007 and reduction in the resale of low-margin feed ingredients. The strong Canadian dollar, lower producers' receipts and uncertainty over Canadian pork processing capacity continue to affect Canadian farm economics.

RFO reported lower gross profits by 3.9% in the first quarter of fiscal 2008 compared to the prior year. Continued growth in gross profit margins in the U.S. operations of RFO in the first quarter of fiscal 2008 were more than offset by a 28% decrease in the company's gross profits at its Canadian operations which experienced lower premix volumes resulting from sales force issues arising last year. For the first quarter of fiscal 2008, RFO reported operating income of \$3.5 million, compared with \$2.4 million in the same period of fiscal 2007. Most of this increase was accounted for by a one-time gain of \$0.8 million resulting from the disposal of redundant assets including a fabrication shop and a premix facility in Canada whose production has been consolidated into an existing plant.

Ridley Nutrition Solutions (RNS) includes the feed supplement block operations and equine nutrition business. Sales volumes of RNS in the first quarter of fiscal 2008 (including inter-segment sales) were 7.1% lower than the first quarter of last year when the volume of feed supplement blocks manufactured by RNS reflected an early gain on the marketing season. In the current year, sales of feed supplement blocks, which are substantially dependent upon the beef cattle sector, were negatively impacted by continuing drought in the south-eastern region of the U.S. causing some liquidation of cattle herds in the region. At the same time, an abundance of grass following an unusually wet season in Texas has softened demand for supplemental feeding products in that key beef trade state. Gross profits in RNS decreased by 11.6% in the first quarter of 2008 due to reduced sales volumes and lower unit margins. The equine business unit within RNS reported moderately increased volume and gross profits.

The Ridley Feed Ingredients (RFI) segment consists of Ridley vitamin and trace mineral premixes, small packaged specialty products, medicated and non-medicated feed additives and micro feed ingredients produced and distributed through RFI's facility located in Illinois. RFI's net revenues in the first quarter of fiscal 2008 increased over the previous year by 18.9%, partly due to higher ingredient prices as well as increased volume of toll manufacturing for other ingredient suppliers. RFI generated a solid increase in gross profit on higher revenues over the same period last year reflecting an improved product-margin mix. Higher raw materials prices resulted in an increase in the value of RFI's inventories by \$3.4 million from the first quarter of fiscal 2007 to the same period of the current year.

Corporate expenses were \$1.2 million in the first quarter of fiscal 2008 compared to \$1.6 million in the same period of fiscal 2007. Corporate expenses were higher in the prior year as a result of expenditures on potential expansion plans.

Liquidity/Capital Resources/Cash Flow

The Company's debt to equity position is summarized below:

Balances as of:	Sep 30-07 (\$000)	Jun-30-07 (\$000)	Sep 30-06 (\$000)
Debt*	28,622	24,963	26,954
Equity	150,673	145,863	137,981
Debt to equity	19%	17%	20%

*Debt is defined as bank obligations and capital leases.

In the three months ended September 30, 2007, total debt increased by \$3.7 million to \$28.6 million. The increase is due to higher levels of working capital reflecting higher commodity prices as well as a normal transition into a more active season. Working capital as at September 30, 2007 was \$50.4 million, or \$12.7 million higher than the same time last year.

In the first quarter of fiscal 2008, cash flow of \$3.9 million from earnings and items not affecting cash was offset by \$14.3 million of cash used to finance increased working capital requirements, resulting in the net use of \$10.4 million in cash for operating activities. By comparison, for the same period in the prior year, cash flow from earnings was \$4.0 million while \$12.8 million was used to finance working capital needs, resulting in \$8.8 million in net cash used for operating activities.

Excluding exchange rate effects, increased accounts receivable balances accounted for \$6.6 million of the increased working capital while higher inventory levels accounted for \$1.3 million. Lower accounts payable balances and reduced advances from customers increased working capital requirements by a further \$6.6 million.

Capital Expenditures

Fiscal 2008 expenditures on capital assets were \$2.6 million compared with \$2.2 million a year ago. Year-to-date expenditures include \$0.8 million for implementation of new management information systems. The balance of capital expenditures was made on a variety of smaller projects for the maintenance or replacement of production, packaging and storage equipment at various facilities.

Selected Quarterly Financial Information

The following is a summary of unaudited quarterly financial information (in millions of U.S. dollars except per share information):

	Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	2008	139.8	-	-	-
	2007	124.4	144.0	136.9	126.3
	2006	120.5	138.3	131.1	115.7
Net earnings from continuing operations (before asset impairment charges net of income tax)	2008	2.6	-	-	-
	2007	1.8	4.3	3.0	1.2
	2006	2.5	4.8	3.9	2.1
Net earnings	2008	2.6	-	-	-
	2007	1.8	2.8	3.1	1.3
	2006	2.5	4.8	3.9	2.1
Diluted EPS	2008	0.19	-	-	-
	2007	0.13	0.20	0.22	0.10
	2006	0.18	0.34	0.29	0.15

Outstanding Share Data

The Company's share capital consists of an unlimited number of common shares, with no par value. The number of shares outstanding as at September 30, 2007 and as at November 2, 2007 was 13,859,300.

Business Acquisitions

There have been no business acquisitions for the year to date in fiscal 2008. Instalments related to an acquisition in fiscal 2006 were paid in the first quarter of fiscal 2008 and 2007.

Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have signed form 52-109F2 – *Certification of Interim Filings* and filed it with the appropriate securities regulators in Canada in compliance with Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* issued by the Canadian Securities Administrators. There has been no change in Ridley's internal controls over financial reporting or disclosure controls and procedures that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, Ridley's internal control over financial reporting.

Litigation/Contingency

The actions by proposed representative plaintiffs continue against the Government of Canada and Ridley Inc. They seek to certify class actions in Alberta, Saskatchewan, Ontario and Quebec to include all Canadian cattle farmers who allegedly suffered damage as a result of international bans on trade in Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta. The Ontario action seeks a national class to include affected cattle farmers residing in the six remaining Canadian provinces.

The proposed representative plaintiffs seek general, special, aggravated and punitive damages on behalf of themselves and each of the proposed Canadian cattle farmer class members. Full particulars of the claims are yet to be provided.

In a decision released on June 15, 2007, the Superior Court of Quebec authorized the plaintiff to institute the action as a class action in Quebec. A notice to class members in Quebec was approved by the Court and published in September. A trial date in Quebec has yet to be scheduled. None of the remaining actions have been certified to proceed to trial as a class action in any other province. In Ontario, the Court of Appeal for Ontario dismissed each of the appeals by the parties against the decision to strike the claims in a decision released June 22, 2007. A hearing of the plaintiff's motion to certify the Ontario action as a class action has yet to be scheduled.

In September 2007, Ridley Inc. and the Government of Canada filed applications with the Supreme Court of Canada seeking leave to appeal from the decision of the Court of Appeal for Ontario denying the motions of Ridley and the Government of Canada to strike the claims of the Ontario plaintiff. The Court's decision on the leave applications is expected in calendar year 2008.

The actions in Saskatchewan and Alberta are in abeyance. There has been no decision made on the merits of the actions in any province. The lawsuits have been struck out or discontinued against Ridley Inc.'s majority shareholder, Ridley Corporation Limited, in all provinces.

At this time, the Company cannot determine what impact, if any, these lawsuits may have on it, or its future earnings, and no accruals have been made in respect of the actions. The Company believes that there is little prospect of any of its insurers responding favourably, and it will continue to fund the cost of the lawsuits from operating cash flow.

Outlook

Economic conditions in most segments of our U.S. markets are generally favourable for our livestock producer customers. The U.S. dairy herd continues to expand along with milk production while a tight world dairy market and high feed costs are maintaining producer prices. Broiler producers are also enjoying good returns despite high feed costs. Live cattle prices are higher over last year and are expected by industry sources to remain at relatively high levels going into 2008 although feedlot operators are likely to struggle with lower margins. Hog prices are lower as a result of continued growth in pork production and will likely remain at these lower levels through 2008. Overall, these conditions should provide support for continuation of moderate growth in our U.S. RFO operations into the new year. Similarly, we expect the RFI feed ingredients segment to maintain consistent results in the next quarter. Forecasts of another mild winter in the U.S. southern states may impede growth in our RNS feed supplement blocks segment.

Our operations in Western Canada remain challenged by the relatively weaker red meat farm economy and the disruption caused by the loss of customers in a single business unit last year as previously reported. Canadian beef producers and hog producers are suffering poor returns from the combination of a weakened U.S. currency which reduces the value of Canadian exports and exceptionally high feed costs driven by the surge in demand for ethanol production. The Canadian swine herd is expected to contract in 2008 while growing numbers of hogs will be shipped to the U.S. Corn Belt for finish feeding and slaughter. Management is focused on improving cost structures in our Canadian operations while rebuilding customer volume.

Ridley Inc. (www.ridleyinc.com), headquartered in Mankato, Minnesota and Winnipeg, Manitoba, is one of North America's leading commercial animal nutrition companies. Ridley employs more than 1,000 people in the United States and Canada in the manufacture and distribution of a full range of animal nutrition products under highly regarded trade names.

Ridley's common shares are listed on The Toronto Stock Exchange (Trading symbol: RCL). Additional information, including our Annual Information Form (AIF), is available on SEDAR at www.sedar.com.

###

For more information:

Steve VanRoekel
President and CEO
(507) 388-9412

Mike Mitchell
Chief Financial Officer
(507) 388-9410

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. dollars)

RIDLEY Inc.

Three months ended September 30, 2007 and 2006

RIDLEY Inc.**Consolidated Balance Sheets***(Unaudited, expressed in thousands of U.S. dollars)*

	September 30 2007	June 30 2007	September 30 2006
ASSETS			
Current assets			
Cash and short-term deposits	1,757	2,315	1,051
Accounts receivable	38,263	30,733	32,075
Inventories	52,831	50,702	41,957
Income taxes recoverable	-	402	-
Prepays and other current assets	2,888	1,452	2,853
Current portion of loans receivable	2,138	1,755	2,835
Future income tax benefit	974	1,623	2,094
Total current assets	98,851	88,982	82,865
Non-current assets			
Loans receivable, less current portion	1,460	1,872	1,813
Property, plant and equipment	93,565	93,113	96,081
Other assets	3,105	3,182	3,475
Other intangibles	3,835	3,856	3,920
Goodwill	50,881	50,062	49,502
Total non-current assets	152,846	152,085	154,791
TOTAL ASSETS	251,697	241,067	237,656
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities			
Outstanding cheques in excess of bank balance	7,771	272	6,545
Short-term debt	2,471	3,711	2,228
Accounts payable and accrued liabilities	34,161	38,633	30,463
Advances from customers	1,393	3,116	4,790
Income taxes payable	2,610	1,329	1,039
Current portion of long-term debt	52	49	99
Total current liabilities	48,458	47,110	45,164
Long-term liabilities			
Long-term debt, less current portion	26,099	21,203	24,627
Future income tax liability	22,272	22,959	25,903
Other accrued liabilities	4,195	3,932	3,981
Total long-term liabilities	52,566	48,094	54,511
Total liabilities	101,024	95,204	99,675
Shareholders' equity			
Share capital	57,604	57,604	57,604
Retained earnings	79,196	76,602	69,418
Accumulated other comprehensive income <i>(note 4)</i>	13,873	11,657	10,959
Total shareholders' equity	150,673	145,863	137,981
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	251,697	241,067	237,656

RIDLEY Inc.**Consolidated Statements of Earnings and Retained Earnings***(Unaudited, expressed in thousands of U.S. dollars)*

	Three Months Ended September 30	
	2007	2006
Revenue	139,810	124,436
Cost of sales	118,824	103,353
Gross profit	20,986	21,083
Operating (income) expenses		
Selling, general and administrative	14,756	15,270
Amortization of property, plant and equipment	1,991	2,141
Gain on sale of facilities <i>(Note 8)</i>	(807)	-
Research and development	190	180
Other amortization	21	89
Net operating expenses	16,151	17,680
Operating income	4,835	3,403
Finance costs	(708)	(563)
Interest income	140	150
Earnings before income taxes	4,267	2,990
Provision for income taxes	1,673	1,189
Net earnings	2,594	1,801
Retained earnings, beginning of period	76,602	67,617
Current year earnings	2,594	1,801
Retained earnings, end of period	79,196	69,418
Net earnings per share		
- basic	0.19	0.13
- diluted	0.19	0.13

Consolidated Statements of Comprehensive Income*(Unaudited, expressed in thousands of U.S. dollars)*

	Three Months Ended September 30	
	2007	2006
Net earnings	2,594	1,801
Unrealized gains (losses) on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency	2,216	(16)
Other comprehensive income/(loss)	2,216	(16)
Comprehensive income	4,810	1,785

RIDLEY Inc.**Consolidated Statements of Cash Flows***(Unaudited, expressed in thousands of U.S. dollars)***Three Months Ended
September 30****2007 2006**

Cash flow from operating activities		
Net earnings for the period	2,594	1,801
Add (deduct) items not affecting cash:		
Amortization of property, plant and equipment	1,991	2,141
Future income taxes	(31)	(179)
(Gain) loss on sale of property, plant and equipment	(9)	60
Gain on sale of facilities	(807)	-
Other amortization	21	89
Other items not affecting cash	91	117
	3,850	4,029
Net change in non-cash working capital balances related to operations:		
Accounts receivable	(6,642)	(3,837)
Inventories	(1,277)	(1,231)
Prepays and other current assets	(1,370)	(1,679)
Accounts payable and accrued liabilities	(4,847)	(5,509)
Advances from customers	(1,723)	(1,854)
Income taxes payable and recoverable	1,594	1,276
	(10,415)	(8,805)
Cash flow from investing activities		
Proceeds on disposal of facilities, property, plant and equipment	2,686	39
Purchase of property, plant and equipment and investments	(2,590)	(2,176)
Decrease (increase) in loans receivable, net	73	(736)
Business acquisitions	(138)	(138)
	31	(3,011)
Cash flow from financing activities		
Repayment of short- and long-term debt	(7,159)	(3,854)
Proceeds from short- and long-term debt	9,606	7,529
Payment of finance costs	-	(181)
Issuance of share capital	-	169
	2,447	3,663
Effect of exchange rate changes on cash	(120)	(17)
Decrease in cash and cash equivalents	(8,057)	(8,170)
Cash and cash equivalents - beginning of period	2,043	2,676
Cash and cash equivalents - end of period	(6,014)	(5,494)
Cash and Cash Equivalents		
Cash and short-term deposits	1,757	1,051
Outstanding cheques in excess of bank balance	(7,771)	(6,545)
	(6,014)	(5,494)

1. Significant accounting policies and basis of presentation

These interim unaudited consolidated financial statements are based on accounting principles and practices consistent with those used in preparation of the annual audited financial statements, with the exception of the changes in accounting policies as outlined in Note 2. These interim consolidated financial statements do not include all the disclosures normally included in the Company's annual consolidated financial statements. They should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2007, as set out in the 2007 Annual Report. All amounts are in U.S. dollars unless otherwise stated.

2. Changes in accounting policies

The Company has adopted the following Canadian Institute of Chartered Accountants (CICA) guidelines effective for the commencement of its 2008 fiscal year:

CICA 3855 Financial instruments – recognition and measurement

This pronouncement establishes standards for recognizing and measuring financial assets and liabilities and non-financial derivatives. It requires that: a) all financial assets and liabilities be measured initially at fair value, b) all financial assets be subsequently measured at either amortized cost or fair value depending on the type of instrument and any optional designations by the Company, c) all financial liabilities be subsequently measured at amortized cost or at fair value if they are classified as held for trading purposes, and d) all derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. All changes in fair value are recorded in earnings unless cash flow hedge accounting is used in which case changes in fair value are recorded in other comprehensive income.

The Company has selected July 1, 2002 as its transition date to apply fair value accounting for all embedded derivatives. An embedded derivative is a component of a financial instrument or another contract of which the characteristics are similar to a derivative. The Company has determined that all of its embedded derivatives are exempt from fair value accounting.

CICA 3861 Financial instruments – disclosure and presentation

This pronouncement replaces handbook section 3860. It establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed.

CICA 1530 Comprehensive income

This pronouncement establishes reporting and disclosure of comprehensive income and its components. Comprehensive income is the change in a Company's net assets that result from transactions, events, and circumstances from sources other than investments by and/or distributions to the Company's shareholders. It includes items that would not normally be included in net earnings, such as: a) changes in the cumulative currency translation adjustments account relating to self-sustaining foreign operations, b) unrealized gains or losses on available-for-sale investments, and c) gains or losses on the effective portion of derivatives designated as cash flow hedges.

CICA 3251 Equity

This pronouncement replaces handbook section 3250 – Surplus with handbook section 3251 – Equity. It requires consistency of disclosure and presentation of equity components with the new requirements of section 1530 – Comprehensive Income.

CICA 3865 Hedges

This pronouncement establishes when and how hedge accounting may be applied. The standard replaces and expands upon Accounting Guideline 13 – Hedging Relationships, and requires hedges be designated as either fair value hedges, cash flow hedges or hedges of a net investment in a self-sustaining foreign operation. For a fair value hedge, the gain or loss on the hedging item is recognized in earnings in the period of change together with the offsetting change attributable to the hedged risk. For a

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(unaudited)

cash flow hedge, as well as a hedge of a net investment in a self-sustaining foreign operation, the effective portion of the gain or loss on the hedging item is initially reported in other comprehensive income and subsequently recognized in earnings when the hedged item affects earnings.

As a result of the adoption of these standards, these additional items are now reported in the consolidated financial statements: a) comprehensive income and its components and b) accumulated comprehensive income and its components (Note 4). The comparative interim consolidated financial statements have not been restated, except for the retroactive restatement of the cumulative foreign currency translation adjustment account. All other sections have been applied prospectively in accordance with the transitional provisions.

The following table presents the carrying amount and the fair value of the Company's financial instruments. Amortized cost is calculated using the effective interest rate method. Fair value is based on quoted market prices when available. However, when financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors for instruments with similar characteristics and risk profiles. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgement.

As of September 30, 2007	Assets (Liabilities) Carried at Cost/Amortized Cost		Assets (Liabilities) Carried at Fair Value
	Carrying Value	Fair Value	Carrying value
Cash and short-term deposits	1,757	1,757	-
Accounts receivable	38,263	38,263	-
Loans receivable	3,598	3,598	-
Financial derivative instruments	-	-	253
Outstanding cheques in excess of bank balance	(7,771)	(7,771)	-
Accounts payable and accrued liabilities	(34,161)	(34,161)	-
Advances from customers	(1,393)	(1,393)	-
Short-term and Long-term debt	(28,622)	(28,622)	-
Other accrued liabilities	(379)	(379)	-

In the first quarter of fiscal 2008, the Company recorded a credit of \$87,000 to cost of goods sold and a charge of \$37,000 to finance costs associated with market valuations of derivatives.

Risk management

The Company manages risk and risk exposures through a combination of insurance, derivative financial instruments, a system of internal and disclosure controls and sound business practices. The Company may use certain derivative financial instruments to manage risks of fluctuation in commodity prices, interest rates and foreign exchange rates. The Company mitigates its exposure to commodity price risk through several methods, including inventory management, purchase contracts, back-to-back buying and selling, and to a lesser extent hedging on regulated futures and options markets. The Company uses interest rate swap agreements to limit exposure to increases in interest rates and fix interest rates on certain portions of long-term debt. The Company may enter into foreign currency forward and option (floor and cap) contracts to limit exposure on certain anticipated future U.S. dollar cash flows in Canadian dollar functional currency companies. The Company is exposed to credit risk from its customers primarily in relation to accounts receivable. This risk is minimized by the Company's diverse customer base. The Company regularly performs credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(unaudited)

3. Seasonality and commodity variability

The Company experiences seasonal variations in revenue. Historically, revenue is strongest in the second and third quarters, when the usually cold October through March weather creates increased demand for beef feed, low moisture supplement blocks and, to a lesser degree, dairy feed. Other product lines are only marginally affected by seasonal conditions.

Commodity-based agricultural raw materials constitute a significant component of the Company's complete feed production. Fluctuating commodity prices can influence revenues and associated cost of sales as selling prices and product costs move in relation to changes in commodity prices.

4. Accumulated other comprehensive income

	Three Months Ended	
	September 30	
	2007	2006
	(\$000)	(\$000)
Balance, beginning of period as previously reported	-	-
Unrealized gain on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency	11,657	10,975
Restated balance, beginning of period	11,657	10,975
Other comprehensive income (loss)	2,216	(16)
Balance, end of period	13,873	10,959

The accumulated balances of other comprehensive income, are comprised entirely of the unrealized gain on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency.

5. Business acquisitions

There were no business acquisitions for the year to date in fiscal 2008 or 2007. Installments related to a fiscal 2006 acquisition have been paid in the first quarter of fiscal 2008 and 2007.

6. Statement of cash flow disclosures

The following amounts were paid on account of interest and taxes:

	Three Months Ended	
	September 30	
	2007	2006
	(\$000)	(\$000)
Interest	438	648
Income taxes, net of refund	71	70

7. Post retirement and pension expense

The Company's recorded estimated costs related to its non-contributory pension plans, post-retirement medical plan, and defined contribution plans are as follows:

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(unaudited)

	Three Months Ended September 30	
	2007	2006
	(\$000)	(\$000)
Non-contributory pension plan	345	319
Defined contribution plan	365	333

8. Gain on sale of facilities

Operating results of the Ridley Feed Operations segment in the first quarter of fiscal 2008 include pre-tax gains of \$807,000 related to the sale of a premix facility and a fabrication shop, both of which are located in Winnipeg, Manitoba. Net proceeds on these sales are \$2,441,000.

9. Litigation/Contingency

The actions by proposed representative plaintiffs continue against the Government of Canada and Ridley Inc. They seek to certify class actions in Alberta, Saskatchewan, Ontario and Quebec to include all Canadian cattle farmers who allegedly suffered damage as a result of international bans on trade in Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta. The Ontario action seeks a national class to include affected cattle farmers residing in the six remaining Canadian provinces.

The proposed representative plaintiffs seek general, special, aggravated and punitive damages on behalf of themselves and each of the proposed Canadian cattle farmer class members. Full particulars of the claims are yet to be provided.

In a decision released on June 15, 2007, the Superior Court of Quebec authorized the plaintiff to institute the action as a class action in Quebec. A notice to class members in Quebec was approved by the Court and published in September. A trial date in Quebec has yet to be scheduled. None of the remaining actions have been certified to proceed to trial as a class action in any other province. In Ontario, the Court of Appeal for Ontario dismissed each of the appeals by the parties against the decision to strike the claims in a decision released June 22, 2007. A hearing of the plaintiff's motion to certify the Ontario action as a class action has yet to be scheduled.

In September 2007, Ridley Inc. and the Government of Canada filed applications with the Supreme Court of Canada seeking leave to appeal from the decision of the Court of Appeal for Ontario denying the motions of Ridley and the Government of Canada to strike the claims of the Ontario plaintiff. The Court's decision on the leave applications is expected in 2008.

The actions in Saskatchewan and Alberta are in abeyance. There has been no decision made on the merits of the actions in any province. The lawsuits have been struck out or discontinued against Ridley Inc.'s majority shareholder, Ridley Corporation Limited, in all provinces.

At this time, the Company cannot determine what impact, if any, these lawsuits may have on it, or its future earnings, and no accruals have been made in respect of the actions. The Company believes that there is little prospect of any of its insurers responding favourably, and it will continue to fund the cost of the lawsuits from operating cash flow.

10. Segment information

The Company's operations are conducted in four reportable segments as: Ridley Feed Operations, Ridley Feed Ingredients, Ridley Nutrition Solutions, and Corporate. The Company reports information about its

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(unaudited)

operating segments based on the way management organizes and reports the segments within the organization for making operating decisions and evaluating performance. Starting in this interim report, the Company is reporting the results of its Ridley Feed Ingredients (RFI) business unit as a separate reporting segment reflecting changes in how the Company evaluates its operations. Previously, RFI was included as part of Ridley Feed Operations. The prior year's segment results have been reclassified to conform to the current year reporting.

Ridley Feed Operations, which consists of both the U.S. and Canadian feed operations, manufactures and distributes livestock feed to customers primarily in the prairie region of Canada and the U.S. Midwest. The products include a full range of complete feeds and supplements and are marketed through a dealership network as well as directly to agricultural producers.

Ridley Feed Ingredients manufactures and distributes vitamin and trace mineral premixes, small packaged specialty products, medicated and non-medicated feed additives and micro feed ingredients.

Ridley Nutrition Solutions, which consists of the low moisture block operations, specialty products, Sweetlix feed supplements and the equine nutrition business, manufactures and distributes low moisture blocks, specialty products, feed supplements and premium quality equine feeds.

Corporate contains no substantial revenue and is comprised of corporate costs and other activities not specific to reportable segments and is shown separately.

The Company evaluates performance based on operating income. Operating income is defined as earnings before finance costs, interest income, and income taxes.

An analysis of segment information is as follows:

RIDLEY Inc.										
Segment Information	Ridley Feed Operations		Ridley Feed Ingredients		Ridley Nutrition Solutions		Corporate and Eliminations		Ridley Inc. Consolidated	
Three months ended September 30	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenue										
Revenue from										
unaffiliated customers	111,240	98,237	12,759	10,728	15,811	15,471	-	-	139,810	124,436
Intersegment revenues	810	873	11,281	10,143	6,520	7,391	(18,611)	(18,407)	-	-
Total revenue	112,050	99,110	24,040	20,871	22,331	22,862	(18,611)	(18,407)	139,810	124,436
Cost of sales	97,888	84,371	22,000	19,937	17,547	17,452	(18,611)	(18,407)	118,824	103,353
Gross profit	14,162	14,739	2,040	934	4,784	5,410	-	-	20,986	21,083
Net operating expenses	10,648	12,329	739	614	3,550	3,177	1,214	1,560	16,151	17,680
Operating income/(expense)	3,514	2,410	1,301	320	1,234	2,233	(1,214)	(1,560)	4,835	3,403
Total assets	161,481	152,668	24,196	18,867	62,878	61,450	3,142	4,671	251,697	237,656
Property, plant and equipment	67,314	69,360	2,980	2,860	23,267	23,855	4	6	93,565	96,081
Goodwill	25,192	23,813	4,327	4,327	21,362	21,362	-	-	50,881	49,502

RIDLEY Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2007

(unaudited)

	Three Months Ended September 30	
<i>(Expressed in thousands of U.S. dollars)</i>	2007	2006
Revenue from unaffiliated customers		
U.S.	106,095	93,866
Canada	33,715	30,570
	<hr/> 139,810	<hr/> 124,436
Property, plant and equipment		
U.S.	67,140	67,078
Canada	26,425	29,003
	<hr/> 93,565	<hr/> 96,081
Goodwill		
U.S.	37,983	37,982
Canada	12,898	11,520
	<hr/> 50,881	<hr/> 49,502

11. Comparative Amounts

The comparative amounts have been reclassified to conform to the current period presentation.