

NEWS RELEASE

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

RIDLEY'S STRONG PERFORMANCE CONTINUES IN FISCAL 2003 SECOND QUARTER

- Fiscal 2003 Q2 net earnings of \$8.5 million compared with \$7.9 million in fiscal 2002 Q2
- Net earnings in fiscal 2003 first half of \$13.0 million compared with \$11.2 million in fiscal 2002
- Strong cash flows lead to debt reduction and lower interest expense

Mankato, Minnesota / Winnipeg, Manitoba, February 24, 2003 — Ridley Inc., one of the largest commercial animal nutrition companies in North America, today reported record net earnings results for its fiscal second quarter ended December 31, 2002. All currency figures are stated in Canadian dollars.

"Ridley's strong operating results continued in this year's fiscal second quarter," said Robert B. Gallaway, Ridley Inc. President and Chief Executive Officer. "Our animal nutrition businesses continue to perform at a high level, tempered somewhat by the results of our Cotswold Swine Genetics division which has been hurt by poor market prices for pigs."

The following summary data is presented to assist in reading the explanation of results that follows.

(Millions of dollars except for EPS)	3 Months Ended 31-Dec-02	3 Months Ended 31-Dec-01	6 Months Ended 31-Dec-02	6 Months Ended 31-Dec-01
Sales	\$201.8	\$187.9	\$373.9	\$355.5
EBITDA	19.5	18.4	31.6	31.2
Net earnings	8.5	7.9	13.0	11.2
Net earnings from continuing operations	8.6	9.0	13.1	13.6
EPS – diluted	0.62	0.59	0.95	0.83
Interest expense	1.8	2.3	3.6	5.2
Income taxes	6.0	5.2	9.3	7.7

Second Quarter Results

Sales increased by 7.4% to \$201.8 million in the second quarter of fiscal 2003 compared with \$187.9 million in the year-earlier period. Fiscal 2003 results include the operations of McCauley Bros., Inc. and Shamrock Feeds Ltd., which were acquired in April 2002 and August 2002, respectively. Sales on a dollar basis are not necessarily indicative of the strength of Ridley's business as they are affected by fluctuating commodities prices and seasonality.

Feed sales volumes in the U.S. continue to be significantly stronger as the extended drought in the Midwestern and Western U.S. persisted through the fiscal second quarter, leading to greater demand for feed necessary to support grazing livestock. The higher volumes and improved capacity utilizations generated an increase in gross profit of \$4.0 million, to \$41.3 million from \$37.3 million.

Results include a \$0.7 million write-down of an investment in a limited partnership that was involved in commercial swine production. Depressed swine market prices resulted in the operation incurring substantial losses and, under the terms of the reorganization plan for the limited partnership, Ridley's investment position was substantially diluted.

Strong cash flow generated from operations allowed Ridley to further reduce bank debt and interest expense in the fiscal 2003 second quarter.

Net earnings for the second quarter of fiscal 2003 were \$8.5 million compared with \$7.9 million in fiscal 2002. Diluted earnings per share for the second quarter were \$0.62 compared with \$0.59 per share in fiscal 2002. EBITDA (earnings before interest, taxes, depreciation and amortization) were \$19.5 million in the second quarter of fiscal 2003 compared with \$18.4 million in fiscal 2002, a 5.9% increase.

The fiscal second and third quarters are historically Ridley's strongest periods when the usually cold October through March weather creates increased demand for livestock feed and low-moisture feed supplement blocks.

Six Months Results

Sales for the year to date were \$373.9 million, an increase of 5.2 % over fiscal 2002, reflecting factors similar to those described for the second quarter. Gross profit for the first half of fiscal 2003 was \$72.9 million, an increase of \$4.1 million over the year-earlier period.

Operating expenses were higher in the first half of fiscal 2003 for a number of reasons which include: consolidating the results of two acquisitions in calendar 2002, increased costs of insurance and security subsequent to the events of September 11, 2001, and increased costs of administration to support the Company's ongoing growth.

Bank debt has been reduced by \$13.8 million since the June 30, 2002 year-end, and by \$34.5 million from a year ago. The lower level of bank debt, combined with continuing favorable interest rates, enabled Ridley to reduce interest expense in the first half of fiscal 2003 by \$1.6 million compared with the same period of fiscal 2002.

Fiscal 2003 operating results include the write-down of an investment in a limited partnership that was involved in commercial swine production. Fiscal 2002 operating results include a loss of \$2.5 million attributed to the discontinued operations of Cotswold Europe and the \$1.0 million write-off of an impaired research and development project.

Net earnings for the first half were \$13.0 million (diluted earnings per share of \$0.95) compared with \$11.2 million (diluted earnings per share of \$0.83) in the first half of fiscal 2002. EBITDA were \$31.6 million in fiscal 2003 compared with \$31.2 million in fiscal 2002. Effective income tax rates in fiscal 2003 are higher due to losses incurred by a wholly owned Canadian subsidiary for which no tax benefit has been recorded.

Segment Results

The U.S. Division generated significantly higher feed sales volumes in the second quarter and for the fiscal 2003 year to date, resulting in operating income increasing by \$3.5 million for the second quarter and \$5.5 million for the year to date. The increased sales volumes were largely due to the ongoing drought conditions in the U.S., early cold weather (particularly in October) and shipments to new customers. A drought relief program for livestock producers that was introduced by the USDA continued throughout the second quarter, helping to generate additional feed volumes. Higher capacity utilizations in the plants and reduced production costs per ton contributed to the solid performance for the first half. Good cattle prices and dry weather conditions in the U.S. Midwest have been the main drivers for the increased sales volumes of Ridley Block Operations.

Overall feed sales volumes for the Canadian Feed Operations were down slightly for the quarter and year to date as drought in western Canada and the consequent grain shortage reduced the number of cattle on feed. In addition, low prices for market hogs and higher feed costs have caused some producers to transfer more pigs to the U.S. for finishing. An aggressive marketing campaign has won us several new customers in the second quarter.

Cotswold Swine Genetics recorded significant losses in the quarter as a result of depressed market prices that reduced revenues from by-product sales and, as a consequence of low market prices, producers continued to delay their decisions to purchase replacement breeding stock. Higher feed costs in the first half exacerbated the operating losses.

Outlook

“Our U.S. animal nutrition businesses, Hubbard Feeds and Ridley Block Operations, have shown considerable strength for the first half of fiscal 2003 and the Canadian Feed Operations have responded well in a difficult market. In addition, the futures market for hogs indicates a price recovery in the first six months of calendar 2003. We have a positive outlook for our operating performance for the balance of this fiscal year,” Mr. Gallaway said. “We expect our second half results to be good, but we will not benefit as much from the USDA drought relief program which has now ended. Our continued focus on maximizing the productivity and profitability of our operations, and the organizational changes we announced in January, will continue to drive the company forward.”

Ridley Inc., headquartered in Mankato, Minnesota and Winnipeg, Manitoba, is one of North America’s leading commercial animal nutrition companies. Ridley manufactures and/or distributes a full range of animal nutrition products under a number of highly regarded trade names. The company also operates Cotswold Swine Genetics, a leader in the swine genetics industry, marketing its genetically advanced Cotswold swine breeding stock and services in North America.

Ridley’s common shares are listed on The Toronto Stock Exchange under the trading symbol: RCL.

For more information:

Bob Gallaway
President and Chief Executive Officer
(507) 388-9617

Mike Mitchell
Chief Financial Officer
(507) 388-9410

Ridley Inc.**Consolidated Balance Sheet (Unaudited)**

(Cdn \$ in thousands)

	31 December 2002	30 June 2002	31 December 2001
Assets			
Cash and short-term deposits.....	1,741	1,639	2,205
Accounts receivable.....	60,329	50,716	52,170
Inventories.....	51,342	49,495	53,513
Income taxes recoverable.....	-	1,171	-
Prepays and other current assets.....	3,640	2,088	2,484
Current portion of loans receivable.....	7,269	7,263	7,143
Current assets of discontinued operations.....	1,421	1,279	6,128
Total current assets.....	<u>125,742</u>	<u>113,651</u>	<u>123,643</u>
Loans receivable, less current portion.....	16,320	18,787	22,995
Breeding stock.....	2,571	2,865	3,159
Investments.....	522	1,310	1,380
Capital assets.....	131,580	127,696	133,158
Other assets.....	3,180	3,810	4,207
Goodwill.....	65,233	60,534	63,347
Non-current assets of discontinued operations.....	1,126	1,021	5,911
Total non-current assets.....	<u>220,532</u>	<u>216,023</u>	<u>234,157</u>
Total assets.....	<u>346,274</u>	<u>329,674</u>	<u>357,800</u>
Liabilities and Shareholders' Equity			
Accounts payable and accrued liabilities.....	65,252	60,211	60,668
Income taxes payable.....	2,793	-	1,968
Current portion of long-term debt.....	17,600	17,569	8,687
Current liabilities of discontinued operations.....	1,000	1,341	3,555
Total current liabilities.....	<u>86,645</u>	<u>79,121</u>	<u>74,878</u>
Long-term debt, less current portion.....	70,449	80,743	113,217
Future income taxes.....	33,782	31,434	30,543
Pension and post-retirement benefits.....	4,883	5,489	4,955
Total long-term liabilities.....	<u>109,114</u>	<u>117,666</u>	<u>148,715</u>
Shareholders' Equity			
Share capital.....	82,505	82,098	81,668
Minority interest.....	316	308	-
Cumulative foreign currency translation adjustments.....	6,388	2,188	8,117
Retained earnings.....	61,306	48,293	44,422
Total shareholders' equity.....	<u>150,515</u>	<u>132,887</u>	<u>134,207</u>
Total liabilities and shareholders' equity.....	<u>346,274</u>	<u>329,674</u>	<u>357,800</u>

Ridley Inc.

Consolidated Statement of Earnings (Unaudited) (Cdn \$ in thousands)	Three Months Ended 31 Dec 02	Three Months Ended 31 Dec 01	Six Months Ended 31 Dec 02	Six Months Ended 31 Dec 01
Revenue	201,761	187,898	373,864	355,536
Cost of sales	160,485	150,639	300,930	286,705
Gross profit	41,276	37,259	72,934	68,831
Operating expenses				
Selling, G & A expense.....	21,490	18,326	40,753	36,826
Depreciation.....	2,820	2,627	5,517	5,163
Research & development.....	280	520	579	787
Amortization.....	309	309	622	412
Total operating expenses.....	24,899	21,782	47,471	43,188
Operating income	16,377	15,477	25,463	25,643
Interest expense.....	1,810	2,310	3,609	5,222
Loss on investments, net.....	684	-	684	1,028
Other income, net	(702)	(1,301)	(1,303)	(2,489)
Earnings before income taxes and goodwill amortization	14,585	14,468	22,473	21,882
Provision for income taxes	6,025	5,162	9,339	7,735
Minority share of net income (loss)	(45)	-	10	-
Earnings before goodwill amortization	8,605	9,306	13,124	14,147
Goodwill amortization net of income taxes.....	-	258	-	513
Net earnings from continuing operations.....	8,605	9,048	13,124	13,634
Loss attributed to discontinued operations.....	(111)	(1,161)	(111)	(2,458)
Net earnings	8,494	7,887	13,013	11,176
Earnings per share from continuing operations				
- basic	0.63	0.68	0.97	1.02
- diluted	0.62	0.67	0.95	1.01
Net earnings per share - basic	0.63	0.59	0.97	.84
- diluted	0.62	0.59	0.95	.83
Retained earnings, beginning of period.....			48,293	33,246
Current year earnings			13,013	11,176
Retained earnings, end of period.....			61,306	44,422

Ridley Inc.

Consolidated Statement of Cash Flows (Unaudited) (Cdn \$ in thousands)	Three Months Ended 31 Dec 02	Three Months Ended 31 Dec 01	Six Months Ended 31 Dec 02	Six Months Ended 31 Dec 01
Operating activities				
Net earnings for the period.....	8,494	7,887	13,013	11,176
Add (deduct) items not affecting cash:				
Amortization of goodwill.....	-	845	-	1,268
Depreciation of capital assets	2,820	2,810	5,517	5,525
Future income taxes	1,310	1,661	1,310	1,661
Diminution in value of breeding stock.....	147	1	294	156
Loss (gain) on sale of fixed assets	(22)	(36)	(43)	(334)
Loss (gain) on investments, net.....	684	-	684	1,028
Other amortization	309	309	622	412
Other items not affecting cash.....	323	(497)	323	(412)
Cash flow from earnings	14,065	12,980	21,720	20,480
Net change in non-cash working capital balances related to operations:				
Accounts receivable.....	(7,636)	(11,459)	(8,226)	(9,248)
Inventories	(479)	899	(84)	2,184
Prepaid expenses	525	1,178	(1,470)	(268)
Accounts payable, accruals and other liabilities	9,263	4,302	1,871	1,907
Income taxes payable.....	1,173	5,123	4,038	6,965
Net cash from (used for) operating activities	16,911	13,023	17,849	22,020
Investing activities				
Proceeds on disposal of capital assets and investments	158	1,674	241	2,068
Purchase of capital assets.....	(2,286)	(1,957)	(4,610)	(3,443)
Decrease in loans receivable.....	2,255	6,044	3,475	2,763
Business acquisition	(203)	-	(3,556)	-
Net cash from (utilized for) investing activities	(76)	5,761	(4,450)	1,388
Financing activities				
Increase in (repayment of) long-term debt.....	(17,440)	(14,530)	(13,768)	(21,659)
Payment of finance costs	-	(2,951)	-	(3,266)
Issuance of share capital	368	39	407	39
Net cash utilized for financing activities.....	(17,072)	(17,442)	(13,361)	(24,886)
Effect of exchange rate changes on cash.....	(13)	62	93	163
Increase (decrease) in cash and short-term deposits	(250)	1,404	131	(1,315)
Net cash and short-term deposits – beginning	2,331	1,231	1,950	3,950
Net cash and short-term deposits – end	2,081	2,635	2,081	2,635
Cash of discontinued operations	(340)	(430)	(340)	(430)
Net cash and short-term deposits	1,741	2,205	1,741	2,205

Ridley Inc.

Segment Information (Unaudited) (Cdn \$ in thousands)	Three Months Ended 31 Dec 02	Three Months Ended 31 Dec 01	Six Months Ended 31 Dec 02	Six Months Ended 31 Dec 01
Revenue				
Canadian Division.....	49,178	49,503	94,044	95,076
US Division.....	147,661	131,476	269,072	246,109
Cotswold Division.....	4,922	6,919	10,748	14,351
Total revenue.....	201,761	187,898	373,864	355,536
Cost of sales				
Canadian Division.....	40,711	41,061	78,612	79,138
US Division.....	113,758	103,708	210,176	196,193
Cotswold Division.....	6,016	5,870	12,142	11,374
Total cost of sales.....	160,485	150,639	300,930	286,705
Gross profit	41,276	37,259	72,934	68,831
Operating expenses				
Canadian Division.....	5,324	4,956	10,405	9,674
US Division.....	17,247	14,579	32,579	29,130
Cotswold Division.....	1,017	1,296	1,953	2,515
Unallocated.....	1,311	951	2,534	1,869
Total operating expenses.....	24,899	21,782	47,471	43,188
Operating Income				
Canadian Division.....	3,143	3,486	5,027	6,264
US Division.....	16,656	13,189	26,317	20,786
Cotswold Division.....	(2,111)	(247)	(3,347)	462
Unallocated.....	(1,311)	(951)	(2,534)	(1,869)
Total operating income.....	16,377	15,477	25,463	25,643

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies and basis of presentation

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada. These interim consolidated financial statements are unaudited and are based on accounting principles and practices consistent with those used in the preparation of the annual audited financial statements except for those standards changed subsequent to June 30, 2002 as detailed below. 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, 2002, as set out in the 2002 Annual Report.

Reclassifications

Prior period amounts have been reclassified to conform with current year presentation. The reclassifications had no impact on net earnings or shareholders' equity as previously reported.

Accounting standards change

In the first quarter of fiscal 2003, the Company changed its accounting policies and adopted the new Canadian Institute of Chartered Accountants Standard Section 3062 - Goodwill and Other Intangible Assets. The new standard eliminates the amortization of goodwill and indefinite lived intangible assets. It requires the carrying value of goodwill and intangible assets with an indefinite life to be periodically tested for impairment, rather than being systematically amortized. The frequency of the impairment testing generally will be dependent on the stability of the relevant events and circumstances, but intangible assets with indefinite lives must be tested at least annually. Retroactive application of these new principles is prohibited. The Company has performed an assessment of the fair value of goodwill and other indefinite lived assets and compared the results to the carrying value of the assets as of July 1, 2002. This initial test indicates a potential impairment of goodwill in the amount of \$0.4 million. An additional test will be completed by the end of the fiscal year and any impairment recognized accordingly.

Foreign operations

The accounts of self-sustaining foreign subsidiary companies are translated into Canadian dollars on the following basis:

- assets and liabilities at the exchange rate prevailing at the balance sheet date; and
- revenue and expenses at weighted average exchange rates for the year.

Adjustments arising from this translation are deferred and recorded as a separate item under shareholders' equity and are included in income only when a reduction in the net investment in these foreign operations is realized. Gains or losses on foreign currency balances and transactions that are designated as hedges of a net investment in self-sustaining foreign operations are offset against exchange losses or gains included in the separate item under shareholders' equity.