

NEWS RELEASE

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

RIDLEY REPORTS RESULTS FOR FISCAL 2003 THIRD QUARTER

- **Earnings from continuing operations were \$4.1 million in the fiscal 2003 third quarter compared with \$6.5 million in fiscal 2002, reflecting the impact of the ending of the USDA drought assistance program and continued depressed swine and dairy production economics**
- **Net earnings were \$4.0 million in the fiscal 2003 third quarter compared with a net loss of \$0.6 million in fiscal 2002**
- **Year to date net earnings for the nine months of fiscal 2003 were \$17.1 million compared with \$10.6 million in fiscal 2002**

Mankato, Minnesota / Winnipeg, Manitoba, May 15, 2003 — Ridley Inc., one of the largest commercial animal nutrition companies in North America, today reported results for its fiscal third quarter ended March 31, 2003. All currency figures are stated in Canadian dollars.

“Ridley has produced satisfactory results for the third quarter of fiscal 2003 in spite of continuing poor producer economics and lower sales volumes immediately following the ending of the USDA drought assistance program,” said Bob Gallaway, Ridley Inc. President and Chief Executive Officer.

“For the nine months to date, our animal nutrition businesses are out-performing last year, but Cotswold Swine Genetics continues to struggle with poor market prices for pigs and a consequent reduction in genetic sales,” Mr. Gallaway said.

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

(Millions of dollars except for EPS)	3 Months Ended 31-March-03	3 Months Ended 31-March-02	9 Months Ended 31-March-03	9 Months Ended 31-March-02
Sales	\$168.5	\$178.4	\$542.4	\$533.9
EBITDA	11.7	15.2	43.3	46.4
Net earnings from continuing operations	4.1	6.5	17.2	20.1
Net earnings (loss)	4.0	(0.6)	17.1	10.6
EPS - diluted	0.29	(0.06)	1.24	0.77
Interest expense	1.6	2.1	5.2	7.3
Income taxes	3.3	4.2	12.6	12.0

Third Quarter Results

Earnings from continuing operations were \$4.1 million for the fiscal 2003 third quarter compared with \$6.5 million in 2002. EBITDA (earnings from continuing operations before interest, income taxes, depreciation and amortization) were \$11.7 million in the third quarter of fiscal 2003 compared with \$15.2 million for the same period in 2002. Net earnings for the third quarter were \$4.0 million (diluted earnings per share of \$0.29) compared with a loss of \$0.6 million (\$0.06 loss per diluted share) in 2002. Ridley sold its European swine genetics business in May 2002 and the third quarter fiscal 2002 results are net of a \$5.9 million provision for loss on disposal as well as the \$1.2 million loss attributed to the discontinued operations for that quarter.

Total sales were \$168.5 million in the third quarter of fiscal 2003 compared with \$178.4 million in the year-earlier period. Sales on a dollar basis are not necessarily indicative of the strength of Ridley's business as they are affected by fluctuating commodity prices and seasonality.

Persistent drought conditions in Ridley's main trading areas, including the central, west central and western U.S. and the western prairie region of Canada, continue to have a significant effect on our operating results. The drought assistance program for livestock producers introduced by the USDA helped to generate additional feed sales volumes this fiscal year for our U.S. Division, until the program ended in mid-January. Sales volumes declined quite abruptly at the conclusion of the program and it became apparent that producers had stockpiled feed to take maximum advantage of the program.

Sales volumes in the Canadian Division have been trending modestly downward in comparison with fiscal 2002. The ongoing drought in western Canada and consequent grain shortage has led to a reduction in the number of cattle on feed. There have been no drought-related government assistance programs in Canada. Also, low market prices for pigs combined with the higher cost of feed ingredients has resulted in an increasing number of pigs being moved to the U.S. for finishing, further reducing feed demand in Canada.

Ridley's gross margins were down very slightly for the third quarter of fiscal 2003, reflecting the difficulties the Cotswold Division has experienced in generating genetic sales. The animal nutrition businesses have retained their margins in comparison with last year. Consolidated gross profit was \$32.4 million in the 2003 third quarter compared with \$35.4 million in fiscal 2002.

Nine Months Results

Net earnings for the year to date were \$17.1 million (diluted earnings per share of \$1.24) on sales of \$542.4 million, compared with net earnings of \$10.6 million (diluted earnings per share of \$0.77) on sales of \$533.9 million for the same period of fiscal 2002. EBITDA for the nine months was \$43.3 million compared with \$46.4 million in fiscal 2002.

Fiscal 2002 results are net of the \$5.9 million provision for loss on disposal of Cotswold Europe and \$3.7 million of losses attributed to the discontinued operations. Earnings from continuing operations are \$17.2 million for fiscal 2003 compared with \$20.1 million in 2002.

Operating expenses are higher in fiscal 2003 primarily because of consolidating the results of two acquisitions (McCauley Bros., Inc. acquired in April 2002 and Shamrock Feeds Ltd. in August 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 \$20.3 million since the June 30, 2002 year-end, and by \$29.9 million from a year ago. The lower level of bank debt, combined with continuing favorable interest rates, has enabled Ridley to reduce interest expense in fiscal 2003 by \$2.1 million compared with the same period of fiscal 2002.

Other income is lower in fiscal 2003 because of less interest income being generated on receivables, and because the fiscal 2002 results included gains on disposal of redundant production assets. 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's feed sales volumes were up for the nine months, however, third quarter results reflect a decline from last year. The USDA drought assistance program that had helped to generate additional sales volumes for the first half of fiscal 2003 ended in mid-January, and late third quarter sales slowed appreciably due to an inventory build-up by livestock producers during the assistance program. Also, approximately \$0.5 million of the decline in third quarter operating income is as a result of a lower exchange rate for the U.S. dollar. For the year to date, the U.S. Division is reporting an increase of \$3.5 million in operating income, from \$31.8 million in fiscal 2002 to \$35.3 million in fiscal 2003.

The Canadian Division's operating income was down \$0.2 million for the third quarter and \$1.4 million for the year to date. Overall sales volumes are down slightly during the quarter and year to date as the ongoing drought in western Canada and higher feed costs have caused appreciable numbers of livestock to be moved from the region. The Canadian Division has also been affected by higher fuel, utility and insurance costs.

Operating results for the Cotswold Division continue to reflect depressed market prices, lower by-product sales revenues and reduced genetic sales opportunities. The poor economics of swine production over the past year has resulted in many producers deferring their decisions to purchase replacement breeding stock.

Outlook

"Ridley has performed well in a difficult market," Mr. Gallaway said. "The economics of livestock production are demanding and the ongoing drought conditions may perpetuate the situation in our animal nutrition businesses. We believe we can continue to leverage our strengths to maintain our market presence in this challenging environment. However, the immediate outlook for Cotswold Swine Genetics, due to continuing poor swine economics, is for continued losses."

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 March 2003	30 June 2002	31 March 2002
Assets			
Cash and short-term deposits.....	853	1,639	3,632
Accounts receivable.....	42,421	50,716	47,913
Inventories.....	51,489	49,495	50,360
Income taxes recoverable.....	1,558	1,171	-
Prepays and other current assets.....	2,362	2,088	1,611
Current portion of loans receivable.....	8,066	7,263	6,312
Current assets of discontinued operations.....	989	1,279	4,940
Total current assets.....	107,738	113,651	114,768
Loans receivable, less current portion.....	18,322	18,787	22,596
Breeding stock.....	2,425	2,865	3,012
Investments.....	482	1,310	1,367
Capital assets.....	125,813	127,696	131,909
Other assets.....	2,764	3,810	3,989
Goodwill.....	61,206	60,534	62,838
Non-current assets of discontinued operations.....	1,027	1,021	2,266
Total non-current assets.....	212,039	216,023	227,977
Total assets.....	319,777	329,674	342,745
Liabilities and Shareholders' Equity			
Accounts payable and accrued liabilities.....	56,966	60,211	58,373
Income taxes payable.....	-	-	4,084
Current portion of long-term debt.....	19,080	17,569	12,719
Current liabilities of discontinued operations.....	658	1,341	1,159
Total current liabilities.....	76,704	79,121	76,335
Long-term debt, less current portion.....	57,880	80,743	98,022
Future income taxes.....	32,517	31,434	30,381
Pension and post-retirement benefits.....	4,630	5,489	4,370
Total long-term liabilities.....	95,027	117,666	132,773
Shareholders' Equity			
Share capital.....	83,584	82,098	81,898
Minority interest.....	306	308	-
Cumulative foreign currency translation adjustments.....	(1,191)	2,188	7,928
Retained earnings.....	65,347	48,293	43,811
Total shareholders' equity.....	148,046	132,887	133,637
Total liabilities and shareholders' equity.....	319,777	329,674	342,745

Ridley Inc.

Consolidated Statement of Earnings (Unaudited) (Cdn \$ in thousands)	Three Months Ended 31 Mar 03	Three Months Ended 31 Mar 02	Nine Months Ended 31 Mar 03	Nine Months Ended 31 Mar 02
Revenue	168,543	178,397	542,407	533,933
Cost of sales	136,114	143,008	437,044	429,713
Gross profit	32,429	35,389	105,363	104,220
Operating expenses				
Selling, G & A expense	20,488	19,882	61,241	56,708
Depreciation	2,679	2,738	8,196	7,901
Research & development	290	331	869	1,118
Amortization	296	307	918	719
Total operating expenses	23,753	23,258	71,224	66,446
Operating income	8,676	12,131	34,139	37,774
Interest expense	1,623	2,108	5,232	7,330
Loss on investments, net	-	-	684	1,028
Other income, net	(354)	(968)	(1,657)	(3,457)
Earnings before income taxes and goodwill amortization	7,407	10,991	29,880	32,873
Provision for income taxes	3,275	4,248	12,614	11,983
Minority share of net income	35	-	45	-
Earnings before goodwill amortization	4,097	6,743	17,221	20,890
Goodwill amortization net of income taxes	-	257	-	770
Net earnings from continuing operations	4,097	6,486	17,221	20,120
Loss attributed to discontinued operations	(56)	(7,097)	(167)	(9,555)
Net earnings	4,041	(611)	17,054	10,565
Earnings per share from continuing operations				
- basic	0.31	0.48	1.28	1.50
- diluted	0.30	0.47	1.25	1.48
Net earnings per share - basic	0.30	(0.05)	1.27	0.79
- diluted	0.29	(0.06)	1.24	0.77
Retained earnings, beginning of period			48,293	33,246
Current year earnings			17,054	10,565
Retained earnings, end of period			65,347	43,811

Ridley Inc.

Consolidated Statement of Cash Flows (Unaudited) (Cdn \$ in thousands)	Three Months Ended 31 Mar 03	Three Months Ended 31 Mar 02	Nine Months Ended 31 Mar 03	Nine Months Ended 31 Mar 02
Operating activities				
Net earnings for the period.....	4,041	(611)	17,054	10,565
Add (deduct) items not affecting cash:				
Amortization of goodwill.....	-	437	-	1,292
Depreciation of capital assets	2,679	2,941	8,196	8,466
Future income taxes	413	(131)	1,723	1,530
Diminution in value of breeding stock.....	146	369	440	525
Loss (gain) on sale of fixed assets	156	(105)	113	(439)
Loss on investments, net.....	-	-	684	1,028
Provision for loss on sale of subsidiary.....	-	5,900	-	5,900
Other amortization	296	307	918	719
Other items not affecting cash.....	(5)	(78)	318	(77)
Cash flow from earnings	7,726	9,029	29,446	29,509
Net change in non-cash working capital balances related to operations:				
Accounts receivable.....	16,257	6,683	8,031	(2,565)
Inventories	(2,426)	3,279	(2,510)	5,463
Prepaid expenses	1,119	975	(351)	707
Accounts payable, accruals and other liabilities	(7,325)	(7,352)	(5,454)	(5,445)
Income taxes payable.....	(4,133)	2,130	(95)	9,095
Net cash from operating activities.....	11,218	14,744	29,067	36,764
Investing activities				
Proceeds on disposal of capital assets and investments	18	257	259	2,325
Purchase of capital assets.....	(2,499)	(1,666)	(7,109)	(5,109)
Decrease (increase) in loans receivable.....	(4,314)	(816)	(839)	1,947
Business acquisition	52	-	(3,504)	-
Net cash used by investing activities.....	(6,743)	(2,225)	(11,193)	(837)
Financing activities				
Increase in (repayment of) long-term debt.....	(6,545)	(11,051)	(20,313)	(32,710)
Payment of finance costs	-	(103)	-	(3,369)
Issuance of share capital	1,079	230	1,486	269
Net cash used by financing activities	(5,466)	(10,924)	(18,827)	(35,810)
Effect of exchange rate changes on cash.....	(81)	24	12	187
Increase (decrease) in cash and short-term deposits	(1,072)	1,619	(941)	304
Net cash and short-term deposits– beginning	2,081	2,635	1,950	3,950
Net cash and short-term deposits– end.....	1,009	4,254	1,009	4,254
Cash of discontinued operations	(156)	(622)	(156)	(622)
Net cash and short-term deposits	853	3,632	853	3,632

Ridley Inc.

Segment Information (Unaudited) (Cdn \$ in thousands)	Three Months Ended 31 Mar 03	Three Months Ended 31 Mar 02	Nine Months Ended 31 Mar 03	Nine Months Ended 31 Mar 02
Revenue				
Canadian Division.....	46,189	47,045	140,233	142,121
US Division.....	117,400	124,916	386,472	371,025
Cotswold Division.....	4,954	6,436	15,702	20,787
Total revenue.....	168,543	178,397	542,407	533,933
Cost of sales				
Canadian Division.....	38,413	39,343	117,025	118,481
US Division.....	92,055	97,935	302,231	294,128
Cotswold Division.....	5,646	5,730	17,788	17,104
Total cost of sales.....	136,114	143,008	437,044	429,713
Gross profit	32,429	35,389	105,363	104,220
Operating expenses				
Canadian Division.....	5,174	4,942	15,579	14,616
US Division.....	16,320	15,992	48,899	45,122
Cotswold Division.....	1,019	1,318	2,972	3,833
Unallocated.....	1,240	1,006	3,774	2,875
Total operating expenses.....	23,753	23,258	71,224	66,446
Operating Income				
Canadian Division.....	2,602	2,760	7,629	9,024
US Division.....	9,025	10,989	35,342	31,775
Cotswold Division.....	(1,711)	(612)	(5,058)	(150)
Unallocated.....	(1,240)	(1,006)	(3,774)	(2,875)
Total operating income.....	8,676	12,131	34,139	37,774

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.