

FISCAL 2003 was a challenging but successful year for Ridley Feed Operations (RFO), as organizational changes were made during 2003 to bring the Canadian and U.S. feed divisions under common management. A key element of the strategy was to leverage their combined resources and improve accessibility to technical expertise for all of Ridley's livestock-producing customers.

RIDLEY FEED OPERATIONS

Organizational changes were made during 2003 to bring the Canadian and U.S. feed divisions under common management,

FISCAL 2003 RESULTS

FEED sales volumes were up by 5% for the U.S. plants, driven by good overall sales efforts that reflected a renewed focus by the sales team on generating new business, and by the prolonged drought in the central and midwestern United States. The length and severity of the drought triggered the introduction of a drought assistance program by the United States Department of Agriculture (USDA) that significantly increased feed sales in key western states.

THE Canadian plants experienced a reduction in feed sales volumes of 7% in fiscal 2003. As with the U.S. plants, they also were impacted by drought conditions and the consequent grain shortage that led to a reduction in the number of cattle on feed. However, there were no drought-related government assistance programs in Canada. The Canadian plants also contended with low market prices for pigs, combined with the higher cost of feed ingredients, resulting in an increasing number of pigs being moved to the U.S. for finishing, further reducing feed demand in Canada.

OPERATING income for the U.S. plants declined in comparison with the previous year. The decrease was due primarily to a \$3.4 million provision for impaired loans receivable, a weakening of the U.S. – Canada exchange rate, and increased costs for insurance, utilities and employee health care premiums.



THE Canadian plants reported slightly lower operating income as well, primarily reflecting lower sales volumes. They also experienced higher insurance and utilities costs, and recorded a higher provision for credit losses because of poor pork and beef production economics.

PRODUCTION ECONOMICS

CALENDAR year 2002, covering the first half of fiscal 2003, was one of the worst years ever for meat, milk and egg production in North America. In the U.S., farm gate receipts were down more than U.S.\$11 billion, their lowest level in 27 years. Prices continued to be poor in virtually every production segment as we moved into calendar year 2003. In Canada, conditions were similarly weak, except for the dairy and poultry sectors that operate under a supply management system.

PORK production prices were disappointing throughout most of the fiscal year. The pork industry recorded the longest streak of consecutive months of below break-even prices in North American history, ending in late spring. Although prices didn't drop to the crisis levels of 1998 thanks to surprisingly strong consumer demand, the pork production industry is in weak condition.

THROUGHOUT fiscal 2003, U.S. milk prices remained at levels that were below break-even due to an oversupply of milk brought on by producer consolidation in the industry. The dairy industry is following the recent experience of the pork production industry, with small producers leaving the business and large producers rapidly expanding their herds.

IN the beef industry, feedlot producers had a difficult time for most of the fiscal year, while the returns to cow-calf producers were very good.

The impact of the prolonged drought in the western United States and Canada will be described later in this report. The discovery of a single case of bovine spongiform encephalopathy (BSE) in a cow in Alberta has had a dramatic effect on the dynamics of the beef industries on both sides of the Canada – U.S. border.

EGG production economics in the U.S. were good for most of fiscal 2003, the first decent year in some time. Virtually all egg production in the U.S. is supplied by large integrated operations that manufacture their own complete feed. Ridley Feed Ingredients supplies much of the low inclusion premixes used by these producers in manufacturing their feed.

U.S. livestock producers were the beneficiaries of low feed prices throughout fiscal 2003, as another year of record U.S. corn and soybean crops helped to keep down the cost of manufactured feed. In a period of low market prices for their output, producers welcomed the relief. In Canada, the ongoing drought led to poor crops, and forced feed manufacturers to import feed grains, pushing up the cost of manufactured feed.

DROUGHT

AMONG the factors impacting RFO in fiscal 2003, none was more significant than the prolonged and severe drought in the western half of North America. Aside from its effect of reducing the size and quality of agricultural crops, the drought also reduced the viability of grazing lands for forage and dried up water sources for cattle. Unable to provide for their cattle, many ranchers were forced to liquidate their herds.

1. Steven J. VanRoekel, Vice-President, Ridley Inc. and President, Ridley Feed Operations.

2. Ridley's trailer fleet is being retrofitted with pop-up safety rails as part of a program to improve fall protection for its employees.

3. Ridley Feed Ingredients supplies micro feed ingredients – the vitamins, minerals, medications and other materials normally required in a diet – to some of the largest egg and poultry producers in the U.S.

THE United States Department of Agriculture (USDA) responded by announcing a US\$150 million drought assistance program initially focused on the most drought-stricken areas of Nebraska, South Dakota, Wyoming and Colorado, and later expanded to additional states. The program called for the use of USDA surplus stocks of non-fat dry milk as a protein source in feed rations, and required that livestock producers, feed manufacturers and feed dealers sign up to qualify for the program.

RFO plants serving the affected areas were ideally located to take advantage of the drought assistance program. RFO formed a multi-disciplinary team of sales personnel, nutritionists and species specialists to capitalize on the opportunity. The team reviewed the requirements to qualify for the program, registered RFO plants for the program, assisted customers and feed dealers in the qualification process, and reformulated feeds to include the non-fat dry milk.

THE entire operation was very well executed by the RFO team members. They did an excellent job of marketing the drought assistance program to customers, gaining a significant volume of new sales from August until expiry of the program in January.

SALES volumes also received a boost from an early spell of cold weather in October and November. Afterward, winter weather conditions were mild in both the western U.S. and Canada, resulting in lower sales volumes in the latter months of the fiscal year.

BOVINE SPONGIFORM ENCEPHALOPATHY (BSE)

ON May 20, a single cow in Alberta was confirmed to have bovine spongiform encephalopathy (BSE), throwing the Canadian beef industry into crisis.

ANNOUNCEMENT of the discovery led many countries, including the U.S., to close their borders to Canadian beef. Since most Canadian beef is exported, primarily on the hoof to the U.S., the Canadian beef industry was left with no market for most of its animals. The industry has been devastated by the incident. At the time this report was written, the U.S. government has since announced a partial re-opening of the border for some beef products.

RIDLEY SPECIALTY PRODUCTS

RIDLEY Specialty Products is a new business formed in 2003 to participate in the substantial growth occurring in the companion animal feed market in North America. Companion animals include rabbits, guinea pigs, horses, game birds, wild and domestic birds, and specialized livestock operations. Ridley Specialty Products is targeting rural mass merchants and specialty product manufacturers as the primary channels through which it will market its companion animal feeds.

RIDLEY Specialty Products will combine existing Ridley resources with strategic investments to secure a share of this growth oriented niche market segment. It will leverage Ridley's expertise in feed manufacturing, animal nutrition, purchasing and logistics to provide value-added service to customers in its target markets. The goal of

THE BSE impact has been much less noticeable in the U.S. Beef consumption was strong prior to the report of BSE in Canada, and has been unchanged afterward. Since about 4% of U.S. beef is imported from Canada, and that source has been closed off, cattle prices have strengthened in response to the shortage of supply.

TO determine the cause of the reported incident, the Canadian Food Inspection Agency (CFIA) launched a massive investigation that included the St. Paul feed mill. The St. Paul facility, consistent with all of Ridley's feed mills, is registered to the ISO 9001 quality standard and has implemented HACCP (Hazard Analysis and Critical Control Points). HACCP is a systematic approach to identifying and preventing contamination of food and food products during the manufacturing process.

RIDLEY'S crisis management response team worked with the CFIA investigators, spending hundreds of hours and reviewing thousands of documents dating back to 1996. In the end, the CFIA investigation demonstrated conclusively that the Company's practices are state-of-the-art, and that no prohibited animal protein products had been used by the St. Paul plant.

RIDLEY is very proud of its record for food safety, and of the work done by its crisis management team in the investigation. Ridley's commitment to the safety of its products and its ISO 9001 and HACCP systems were thoroughly tested, and the significant investment made in food safety was completely justified by this single but very serious incident.

COOL – COUNTRY OF ORIGIN LABELING

ONE of the most significant factors impacting the feed industry recently is the 2002 U.S. Farm Bill. It provides a U.S.\$80 billion subsidy to U.S. farmers and has been viewed very positively in the U.S. as a needed infusion to its farm economy. However, the bill is a contentious issue in Canada and internationally, because of its perceived impact on the competitive balance for agricultural products.

ONE provision of the Farm Bill has caused great concern for livestock producers and processors in both Canada and the U.S. It is a requirement that retailers provide Country Of Origin Labeling (COOL) for a variety of specified commodities, including beef, pork and lamb. Chicken is not one of the specified commodities. Country of origin labeling is currently voluntary but is slated to become mandatory in September 2004.

MANY organizations have issued forecasts of the impact of COOL, with some being in favor of the provision and some opposed. Producers and processors of beef and pork, on both sides of the Canada – U.S. border, are largely opposed because of the added costs and uncertainties that it implies. The cost of record keeping to track livestock from birth to retail shelf will ultimately be reflected in the price of the product, and is expected to affect producers' and processors' ability to export products outside of North America.

Ridley Specialty Products is to provide its customers with a strategic competitive advantage by focusing on:

- **PRIVATE** label retail programs
- **CUSTOMIZED** manufacturing services
- **ACCOUNT** representatives who specialize in retail merchandising
- **CUSTOMER** specific in-store marketing support
- **LOGISTICS** advantages

ALTHOUGH still in the early stages of this new venture, Ridley Specialty Products was able in fiscal 2003 to secure business with companies that are key participants in this growing market segment, and expects to build on this early success in fiscal 2004.

1. The companion animal feed market is being targeted by Ridley because of its substantial growth potential.



THE Canadian and U.S. beef and pork industries are highly interdependent, with large numbers of animals crossing the border at some stage of their life cycle, sometimes more than once. A high proportion of this movement takes place between the Canadian Prairie Provinces and the U.S. upper Midwest.

THE response of beef and pork producers and processors to COOL is not yet fully known, but implementation of COOL will certainly disrupt the dynamics of both industries.

THERE could be a significant impact for the feed industry, which relies heavily on the existing industries as they are currently structured. Feed production capacities have been configured over time to meet the feed requirements of these industries as they evolved. A dramatic shift in either or both of the beef and pork industries is likely to create imbalances in the feed industry's capacity to supply their nutritional needs.

ACCOMPLISHMENTS IN 2003

CREATION OF RIDLEY FEED OPERATIONS

ONE of the most strategically important changes made in fiscal 2003 was to reorganize the U.S. and Canadian feed divisions in North America under the name Ridley Feed Operations. RFO will be better able to leverage the resources of Ridley's business units in Canada and the U.S., to maximize the benefits of close co-ordination between our operations and to improve accessibility to technical expertise for livestock-producing customers. The change emphasizes Ridley's commitment to customer service and reflects the increasingly multinational character of our North American markets.

UNDER the restructuring, Ridley reorganized the executive and senior management team in North America, making five appointments. They are: Steven J. VanRoekel, appointed President, Ridley Feed Operations with responsibility for overall leadership and strategic direction; Calvin E. Martin, appointed Chief Operating Officer, Ridley Feed Operations, to assume responsibility for all sales, marketing and plant operations; George "Eddie" Wells, appointed Vice-President and Assistant Chief Operating Officer of Ridley Feed Operations, to assist in the implementation of strategic projects and operating improvements within the sales, marketing and production functions; Gordon Hildebrand, appointed Director, Finance and Administration for Ridley Inc. with responsibility for all divisional accounting, human resources and information systems for Ridley in North America; and A. Bruce Johnson, Ph.D., appointed Vice-President, Research and Nutrition Services for Ridley Feed Operations, with overall responsibility for the nutritional research, technical services, formulation, regulatory and quality assurance functions.



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EACH of these appointments, and others that have been implemented, will help in the process of integrating all of the functional areas of Ridley's dry feed operations in North America.

1. Calvin E. Martin, Vice-President, Ridley Inc. and Chief Operating Officer, Ridley Feed Operations.

2. The Ridley Feed Ingredients plant in Mendota has specialized production equipment to manufacture its micro feed ingredients, and holds numerous NADAs (new animal drug applications) with the FDA.

3. George "Eddie" Wells, Vice-President and Assistant Chief Operating Officer, Ridley Feed Operations.

RATIONALIZATION OF PRODUCTION CAPACITY

A major issue facing the North American feed industry is that it is a mature industry and faces chronic over-capacity. During the year, Ridley continued to address this issue by matching plant capabilities to the requirements of their markets:

- **SHAMROCK** Feeds was acquired in August 2002, and during fiscal 2003 was integrated with the Feed-Rite Saskatoon plant. The Feed-Rite operations were moved to the nearby Shamrock facility, and the sales, production and office functions were integrated. Subsequent to the integration, the Feed-Rite Saskatoon plant was sold, to be used for non-manufacturing purposes. A capital expansion of Shamrock gave Ridley more production flexibility, greater purchasing synergies and increased market share.
- A retail store and small production facility in Chambersburg, Pennsylvania was closed, and the existing volume was transferred to the Lancaster plant with little loss of business. Chambersburg will be converted to a McCauley Bros. equine facility, opening up the Mid-Atlantic thoroughbred and standardbred market area for McCauley's equine feeds and specialty products.
- **MAJOR** upgrades were made to the Iowa City plant over the last several years, creating additional capacity, allowing RFO to transfer production from the nearby Gringer Feed and Grain plant and terminate the lease on the Gringer plant.



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MAJOR INVESTMENTS

- **SEVERAL** improvements were made to the Sioux City, Iowa plant to provide a full-line texturized feed mixing system. The improvements enable RFO to consolidate its texturized feed manufacturing from several western plants into Sioux City. This will free up capacity at other plants, allow for better product quality and consistency, and create the necessary focus to increase texturized feed sales. The Sioux City plant will also serve as the western hub for Ridley Specialty Products.
- **THE** rapidly growing Ridley Feed Ingredients division operates a plant in Mendota, Illinois, and its increased volumes required several capital improvements. New trace mineral bulk bins were installed, improving manufacturing efficiency and lowering raw material costs. A robotic palletizer and automated shrink-wrapping capability were introduced, improving labor efficiency and providing worker safety benefits. In addition, a sophisticated new batching system was developed, and as is required by our emphasis on feed safety, it continues to provide for full lot traceability.

THE Brandon, Manitoba facility has attained significant volume growth in recent years, and an expansion was completed in 2003 to meet the increased demand. Brandon now has two parallel pellet mill systems, improving manufacturing flexibility and increasing production capacity by about 15%.

SUBSEQUENT to year-end, Ridley acquired the assets and business of Heartland, Inc. in Bismarck, North Dakota. The acquisition enables RFO to realize a number of synergies by integrating the business with RFO's existing operations, more fully addressing nutrition needs of livestock producers in North Dakota, Montana and South Dakota. Ridley Specialty Products will be able to incorporate Bismarck's new packing line and its line of specialty feed products – particularly birdseed – to expand its companion animal business and extend its access to new specialty markets and distribution channels.

FOOD SAFETY

RFO has been a leader in feed integrity for a long time. Ridley is the first and only livestock feed manufacturer in North America to be registered to the ISO 9001 quality standard. Food safety initiatives in 2003 included:

- **IN** early 2003 the RFO U.S. plants received HACCP certification, and with the Canadian plants having been HACCP certified in 2002, Ridley Feed Operations has further strengthened its leading-edge quality commitment. These registrations acknowledge that Ridley's manufacturing processes are transparent, verifiable and in step with the rest of the food industry.
- **THE** American Feed Industry Association (AFIA) recognized Ridley Feed Operations with its inaugural Food Safety Innovation Award. The award recognizes firms and organizations that are on the cutting edge of food safety technology and that are responsible for pioneering new food safety methods.
- **RFO** launched a new magazine called *Food Sentry*. More than 60,000 copies of the magazine were distributed to producers, dealers, employees and consumers. Each issue focuses on RFO innovations in food safety and includes food safety articles that offer the perspective of producers and consumers.

RIDLEY FEED INGREDIENTS

RIDLEY Feed Ingredients (RFI) specializes in thoroughly researched, competitively priced micro feed ingredients, vitamin and trace mineral premixes, and feed additives. Its customers include regional feed manufacturers, distributors, wholesalers and large livestock and poultry producers in North America. The business provides customer-specific premixes and feed ingredients to the feed industry, and supports its products with a strong team of customer service and account representatives, a premier quality assurance program, and nutrition technology experts.

RFI has been a part of the Ridley organization since April 2000, when it came to Ridley as part of the Wayne Feeds acquisition. Its direction quickly shifted from primarily being an in-house supplier of micro premixes, feed ingredients and feed additives to becoming a major supplier of these products for the feed industry. With a growth-oriented culture driven by technology, automation and supply



1. Amy Krueger, Quality Assurance Specialist with Ridley Feed Ingredients, displays RFI's ISO 9001 and Facility Certification Institute (FCI) registrations. RFI also meets or exceeds rigid FDA and EPA standards.

RIDLEY'S Food Safety Committee met regularly to examine those issues that may affect the quality of its products, including issues of bio-security, BSE, foot and mouth disease, antibiotic resistance and bio-terrorism. It is an oversight committee charged with responsibility for ensuring that all of the necessary procedures are in place to support the policies established with respect to Ridley's food safety initiatives.

RIDLEY has demonstrated its commitment to food safety by its actions. In the future, Ridley will continue to raise the bar on food safety and bio-security, implementing further enhancements to its safety practices and procedures.

RISK MANAGEMENT

- **RIDLEY** has taken aggressive steps in risk management, devoting a significant amount of time and capital resources to identify the major potential risks facing the business and develop effective plans and processes to manage the risk. Ridley takes a very serious approach to the issue, believing that an effective risk management program will deliver a genuine competitive advantage to the Company.
- **IN** addition to the commitment to quality evidenced by the ISO 9001, HACCP and FCI registrations, Ridley's plants have been through a complete program of risk assessments by its insurance underwriter, focused on loss prevention and quality assurance.
- **ALL** RFO plants have been through an internal risk profiling process, a risk analysis tool whereby RFO staff identify the most significant potential loss exposures and develop plans and programs to eliminate or manage the potential risk.



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1. Mendota's new robotic palletizer and automated shrink wrapping capability provide labor efficiency and improved employee safety benefits.

chain management, RFI has consistently generated increased sales volume and earnings by implementing several strategic initiatives:

- **ESTABLISHING** and maintaining global supplier alliances
- **BROADENING** its external customer base
- **PROVIDING** customized low inclusion products to the large integrated egg and poultry industry
- **USING** its specialized manufacturing capabilities, automated production processes and an industry leading quality assurance program to provide consistent quality products that optimize performance
- **TAKING** advantage of Ridley's expertise in purchasing, logistics, food safety and animal nutrition

THE management of Ridley Feed Ingredients continues to position the business to meet the changing needs of the North American feed and livestock industry, as demonstrated by the successful installation of automation tools at the Mendota, Illinois production facility, ISO 9001 and HACCP certification, offering web-based poultry nutrition tools (see www.ridleyfeedingredients.com) to customers and expanding its product distribution into new territories.



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2. Michael J. Hudspeth, General Manager, Ridley Feed Ingredients.

OTHER INITIATIVES

RFO made significant progress in 2003 on a number of other operational initiatives across the company:

- **A** leading authority on sales management conducted an advanced sales training program for the RFO sales force. The program was designed to help the sales team focus on innovative, cutting-edge selling processes and strategies, and identify RFO's competitive marketplace advantages.
- **THE** training program was coupled with a reenergized customer service program and a new sales compensation program with a better incentive scheme focused on key products.
- **AN** updated formulation program was introduced, allowing RFO nutritionists to develop formulated feeds more efficiently. It offers a superior formulation process, giving nutritionists the ability to make changes to products while increasing the stability, security and correctness of the feed formulation process.



With the enthusiasm of our sales force we are winning new business from our competitors and gaining market share.

- **A** new and improved product pricing model was developed and installed in the Canadian plants in fiscal 2003, with plans to roll it out in the U.S. plants in fiscal 2004.
- **EFFICIENCY** gains were achieved across the organization, with improvements being realized in several key performance indicators (KPIs).
- **RIDLEY'S** Worthington, Minnesota dry feed plant was recognized with runner-up honors in the Feed Mill of the Year contest sponsored by the *AFIA* and *Feed Management* magazine. This continues a long tradition of RFO's plants receiving recognition in the competition.
- **RFO** is committed to investing in the appearance of its facilities. This initiative is the CAPS (Clean, Attractive, Professional and Safe) program of investing in infrastructure. Under CAPS, RFO will devote a significant portion of its capital budget towards a five-year plan to improve the cleanliness and attractiveness of all facilities to provide a professional appearance and safe working conditions.

OUTLOOK FOR FISCAL 2004

FISCAL 2004 will be extremely challenging for Ridley Feed Operations. Across North America we are faced with a fragile economy, difficult livestock production fundamentals and a tightening regulatory environment.

HAVING said that, there are signs of moderate improvement on the horizon. Hog inventories are down, which should translate into better prices and an improved outlook in the future. Milk producers are still struggling in the U.S., but indicators point to higher prices later in calendar 2003. Beef production economics are very good in the U.S., although very poor in Canada.

CONTINUED low feed prices can be expected if current conditions translate into good crops in both Canada and the U.S. However, two major factors are clouding the outlook, being the potential effect of COOL regulations in the U.S. and the fallout from the BSE crisis in Canada, both of which were described earlier.

IN light of a difficult operating environment, RFO will be aggressive in pursuing cost reductions, particularly in the static or non-core segments of the business. At the same time, we will continue to invest in those segments that are perceived to have growth potential.

AFTER a year of strong performance in fiscal 2003, RFO has developed a lot of momentum as an organization. With the enthusiasm of our sales force we are winning new business from our competitors and gaining market share.

LOOKING ahead, a number of issues have been identified as being critical to the future success of Ridley Feed Operations. These critical success factors are:

- **EFFECTIVELY** managing the impact of poor meat, milk and egg production economics, including minimizing credit risk and overcoming accelerated producer consolidation.
- **EFFECTIVELY** managing manpower costs, including rising health care costs in the U.S., while realizing the maximum productivity out of our sales and technical positions and redeploying manpower to our growth segments.

- **EFFECTIVELY** implementing the U.S. – Canada integration plan for Ridley Feed Operations, implementing the critical elements envisioned in the integration plan, and building a strategic plan for all of North America.
- **ACHIEVING** our targeted sales and production key performance goals related to operating efficiency improvements, sales targets and risk management.
- **AGGRESSIVELY** reducing operating costs in fiscal 2004 while still investing in our growth initiatives.
- **ACHIEVING** our earnings targets in critical geographic areas and key markets.

ENTERING fiscal 2004, our employees are engaged, energized and focused on moving Ridley Feed Operations forward. The integration of the U.S. and Canadian feed businesses has forged strong and supportive working relationships, allowing us to direct attention now to addressing our critical success factors.

ALTHOUGH the external environment will be demanding again in fiscal 2004, we remain committed to continuous improvement in all aspects of our business, and to taking actions that will drive solid financial performance.



1. Ridley's new magazine, Food Sentry, focuses on issues related to food safety and Ridley's commitment to the integrity of its feed products.

2. RFO's Sioux City plant was upgraded and will now be able to supply texturized feeds to several western plants in RFO, providing better product quality and consistency.

RIDLEY INC. RESEARCH AND NUTRITION SERVICES

RIDLEY maintained its commitment to providing customers with the most scientifically advanced animal feed products and nutrition programs in 2003. Ridley's reputation and market success are built on an extensive program of research and development designed to offer the most advanced livestock diets and promote maximum performance, health and profits.

FISCAL 2003 was a year that featured change and new definition in the Research and Nutrition Services group. A. Bruce Johnson, Ph.D., was appointed Vice-President, Research and Nutrition Services for Ridley Feed Operations, with overall responsibility for the nutritional research, technical services, formulation, regulatory and quality assurance functions across North America. The addition of Dr. Johnson and the consolidation of the Hubbard and Feed-Rite technical groups initiated an overall organizational change that is still ongoing.

RIDLEY Feed Operations currently has 29 Nutritionists, a Formulations Manager and a Research & Development Manager, all holding advanced degrees; a statistician; 9 people in the Quality Assurance and Regulatory Compliance group; 7 feed formulators and numerous support staff. This impressive Nutrition Services group enables Ridley to provide product support and technical advice that is unsurpassed in the feed industry. Its diversity drives a research program that asks the leading questions to which producers need immediate answers, and long-term vision for developing new, innovative programs and products.

RESEARCH SUCCESSES AND HIGHLIGHTS

DAIRY research focused on improving nutrition in the transition cow (late pregnancy / early lactation) stage and in early calf-hood. Ridley is a member of a consortium with the University of Wisconsin that is doing research on transition cow dietary needs. An agreement was reached with the University of Minnesota's Southern Research and Outreach Center, enabling them to construct two new calf-rearing facilities for an early calf-hood nutrition research program. This multiple year research agreement and partnership gives Ridley immediate access to nutrition findings and also will allow Ridley to continue to improve and develop new milk-replacer programs, study immunity programs designed to reduce calf disease, develop management guidelines and feeding programs for improving growth and development during this critical period, and begin to study nutrition programming effects on the environment. A new heifer-growing unit is uniquely positioned as a parallel facility at the Center. It will allow program expansion into heifer developmental projects and offer the possibility of increasing knowledge on how early calf-hood nutrition subsequently affects the future cow's nutritional status, production and longevity.

BEEF cattle research was centered on incorporating corn distilling co-products into beef cattle diets. A growing ethanol industry and increasing availability of these co-products drives Ridley to become the leader in this area. Dairy beef trials aimed at improving feed conversion and carcass traits through innovative feeding programs were nearing completion at the end of this fiscal year.

SWINE research yielded several new products for the year. Most visible is the launch of a new family of products called NutriCare™ Product Packages. These nutritional supplements are water-soluble stress management products. Water consumption continues during times of stress even though the baby or weaned pig may reduce feed intake. NutriCare™ Product Packages were developed in research trials to provide vitamin E, selenium, inulin, citric acid, trace minerals, enzymes and electrolytes in a water-soluble base. For pennies a day, producers now have four new research-based options to help guard young pigs against the effects of stress on feed intake, feed conversion, and the delicate balance of the digestive system.

ADDITIONAL swine nursery research focused on upgrading our current programs with natural sources of antibodies. Research confirmed that these food-based sources enhanced our current programs by giving a higher level and broader-based antibody content to our products. Nursery pigs realize this benefit through increased growth and higher health parameters.

STUDIES on co-product utilization from the corn distilling industry again indicated an economically dependent positive place for these co-products in swine diets. Alternative technologies to antibiotics received increased focus later in the year and will occupy a much more prominent position in the research program in the future.

POULTRY research was concentrated on improving the prediction equations of the web-based Ridley Poultry Model (RPM). This layer model gives our nutritionists, poultry specialists and customers the unique advantage of developing research-based decisions in nutrition, management and production-based economics.

QUALITY Assurance and Regulatory Compliance excelled in their efforts this year. ISO 9001 registration and HACCP certification is now in place for all of North America. A new customer complaint tracking and response system was implemented and received enthusiastically. Product registration, tagging and labeling, and internal and external auditing continued at record pace during the year, ensuring that we continue to offer superior product safety. Ridley QA began development of a new testing program for incoming ingredients using statistical evaluation and predictions. The purpose is to better monitor our incoming ingredients to improve both our price position and our product quality.

RIDLEY Research and Nutrition Services strives to be the leader in research-based nutrition products and advice. Continued investigation of new technologies drives several ongoing discussions with new research partners for developing mutual areas of interest. These public and private partners in universities and industry have unique capabilities that, when developed or captured by Ridley, enhance our ability to remain a leader in nutritional discovery and application.



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1. Dr. A. Bruce Johnson, Vice-President, Research and Nutrition Services for Ridley Feed Operations.



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2. Mike Stott, Compliance and Formulations Manager, holds the inaugural American Feed Industry Association Food Safety Innovation Award, presented to Ridley in fiscal 2003.