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RIDLEY ANNOUNCES IMPROVED FISCAL 2005 RESULTS

Mankato, Minnesota / Winnipeg, Manitoba, August 22, 2005 – Ridley Inc., (www.ridleyinc.com) one of the leading animal nutrition companies in North America, today reported results for its fiscal 2005 fourth quarter and year ended June 30, 2005. All currency figures are stated in U.S. dollars.

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

| (Millions of dollars, except for EPS) | Three Months Ended 30 June 05 | Three Months Ended 30 June 04 | Twelve Months Ended 30 June 05 | Twelve Months Ended 30 June 04 |
|---|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Sales | 109.1 | 113.5 | 478.5 | 474.6 |
| Net earnings from continuing operations | 1.2 | 1.1 | 11.1 | 9.3 |
| Discontinued operations | (0.2) | 0.3 | (0.4) | (1.2) |
| Net earnings | 1.0 | 1.4 | 10.7 | 8.1 |
| Diluted EPS | 0.07 | 0.10 | 0.77 | 0.59 |
| EBITDA* | 3.7 | 3.6 | 28.3 | 25.4 |

*EBITDA – operating income before amortization and asset impairment loss. EBITDA 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.

“Ridley reported net earnings from continuing operations of \$1.2 million for the fiscal 2005 fourth quarter, compared with \$1.1 million for the comparable 2004 period,” said Steve VanRoekel, Ridley Inc. President and Chief Executive Officer. “After taking into account the discontinued operations, net earnings were \$1.0 million compared with earnings of \$1.4 million for the same period in fiscal 2004.”

“The economics for livestock production have been quite favorable throughout fiscal 2005 and continued to be a positive factor in the fourth quarter, but health care, energy, and transportation costs have been rising steeply, and combined with very good pasture conditions this spring, Ridley was unable to take full advantage of the strong economic climate,” said VanRoekel.

Fourth Quarter Results

Sales revenues decreased 3.9% to \$109.1 million compared with \$113.5 million in the fourth quarter of fiscal 2004. Generally, a comparison of revenue on a dollar basis is not necessarily indicative of the strength of Ridley's business because revenue can be influenced by fluctuating commodities prices. In fiscal 2005, selling prices per ton were lower, associated with lower input prices. Ingredient prices dropped precipitously in the fiscal 2005 first quarter, and then gradually strengthened during the year, although not getting back to the same levels as at the end of fiscal 2004. Reported revenue in fiscal 2005 includes the sales volumes generated by the Company's Sweetlix feed supplement business, which was acquired in July 2004. With the Sweetlix contribution included, overall sales volumes were up by about 2.0%, although the existing businesses reported lower volumes for the quarter.

Consolidated gross profit was \$18.8 million in the fiscal 2005 fourth quarter compared with \$17.5 million in fiscal 2004 as a result of the slightly higher feed sales volumes in the fiscal 2005 period, as well as better product mix and increased focus on margin management. After the unusual volatility in feed ingredient prices that was experienced in the 2005 first quarter, with a significant negative impact on first quarter margins, Ridley's margins through the balance of the year returned to normal levels.

Fiscal 2005 fourth quarter operating expenses increased by \$1.5 million, to \$17.1 million in 2005 from \$15.6 million in 2004, with most of the increase being attributable to the addition of the Sweetlix operations. Other contributors to higher operating expenses include health care and utilities, and legal fees related to the Canadian lawsuits, offset somewhat by savings from the cost reduction program that was initiated in October and continued throughout the year.

Operating income for the quarter was \$1.7 million compared with \$1.9 million in the fourth quarter of fiscal 2004. Overall debt service costs were lower in the fiscal 2005 fourth quarter, resulting in a \$0.2 million reduction in interest expense, from \$0.8 million to \$0.6 million.

The provision for income taxes in the fourth quarter of fiscal 2005 reflects favorable adjustments made to current year estimates.

Net earnings from continuing operations were \$1.2 million for the fiscal 2005 fourth quarter compared with \$1.1 million in 2004. The Company incurred losses from discontinued operations in the fourth quarter that are related to funding of pension obligations in the United Kingdom. In fiscal 2004, the discontinued operations reported a small profit, taking advantage of very strong market hog prices for the period.

The Company's net earnings of \$1.0 million in the fourth quarter of fiscal 2005 (\$0.07 per diluted share) compares to net earnings of \$1.4 million (\$0.10 per diluted share) in fiscal 2004. EBITDA were \$3.7 million in the fiscal 2005 fourth quarter, compared with \$3.6 million for the previous year.

Twelve Month Results

On a consolidated basis, sales revenue from continuing operations for 2005 increased by \$3.9 million, or 0.8%, to \$478.5 million compared with \$474.6 million in 2004. Feed sales volumes increased in fiscal 2005 by 1.4%, but the increase is entirely attributable to the acquired Sweetlix business. Sales volumes in the existing businesses declined as a mild winter with little or no snow cover and good pasture conditions in the autumn and again in the spring hampered beef feed sales for blocks and feed.

Cost of sales increased by \$3.2 million, to \$391.1 million compared with \$387.9 million in the previous year. Gross profit for 2005 of \$87.4 million was \$0.6 million or 0.8% higher than the 2004 total of \$86.8 million. As a percentage of revenue, the gross profit in both years was 18.3%.

The Company introduced a cost reduction plan in October 2004 in response to the demanding operating environment. All areas of the business were examined and stringent cost controls were implemented that targeted manpower reductions and discretionary spending areas. The program was very successful and yielded a net benefit after severance costs of \$5.5 million in total operating expenses. In 2005 loan impairments were \$0.9 million, a reduction of \$3.8 million from fiscal 2004. A claim settlement of \$2.5 million was also received from a U.S. supplier in 2005 reducing operating expenses.

The savings in operating expenses were partially offset by \$3.7 million attributable to the Sweetlix operations acquired early in fiscal 2005, an increase of \$1.0 million in health care costs in the U.S., and higher costs for utilities, professional fees, and inflationary increases throughout the company. Operating expenses in 2005 also include a write-down of \$1.2 million for the St. Paul feed mill that was closed in October. The total operating expenses, including selling, general and administrative expenses, amortization, and research and development were \$68.3 million for the year, or \$0.8 million lower than the 2004 total of \$69.1 million.

Ridley's operating income of \$19.1 million was \$1.5 million higher than the \$17.6 million recorded in 2004. Interest expense net of interest income was \$2.4 million in 2005 compared with \$2.9 million the previous year. The loss attributed to the discontinued Cotswold operations was \$0.4 million in 2005 and \$1.2 million in 2004.

Net earnings in fiscal 2005 were \$10.7 million (\$0.77 per diluted share), compared with net earnings of \$8.1 million in 2004 (\$0.59 per diluted share). EBITDA were \$28.3 million in fiscal 2005, compared with \$25.4 million for the previous year.

Segment Results

Revenue in Ridley Feed Operations (RFO) decreased by \$26.4 million or 6.2%, from \$426.4 million in 2004 to \$400.0 million in 2005. This is the result of a sales volume decline of 4.7% from the prior year and a rapid decline in feed ingredient prices experienced in the first quarter of fiscal 2005. The lower sales volume was entirely in the Canadian plants, as the U.S. plants generated a modest 1% volume increase.

The Canadian plants were affected throughout the year by cross-border issues affecting the ability of beef and swine producers to ship their product to the United States. The reported cases of BSE in Alberta produced dramatic repercussions for the North American beef industry, and resulted in a closing of the U.S./Canada border for shipments of live Canadian cattle. Canadian pork producers had experienced a significant degree of producer liquidation and consolidation in the two years prior to fiscal 2005, reducing complete feed sales to this sector. In addition, a proposed countervailing duty on Canadian hogs entering the U.S. created enough uncertainty to cause a halt to any planned growth or expansion in the Canadian industry, hampering feed sales. A planned transition to more sales of low inclusion products such as premixes and supplements and less reliance on sales of complete feeds in Canada was another factor in the reduced volumes.

Operating income for RFO was \$14.8 million in fiscal 2005 compared with \$13.9 million in the previous year, as lower sales volumes and gross profit was offset by lower operating expenses, primarily due to the cost reduction program introduced in October, lower loan impairment charges and the \$2.5 million claim settlement.

Ridley Nutrition Solutions (RNS) revenues increased by \$30.4 million, or 63.0%, to \$78.6 million in 2005 from \$48.2 million in 2004. All of the increase in fiscal 2005 revenues is attributable to the Sweetlix business, which was acquired early in fiscal 2005, on July 30, 2004. Exclusive of the Sweetlix operations, the low moisture block and equine nutrition businesses recorded sales volumes that were 2.8% lower than last year.

Product sales for RNS were hampered early in fiscal 2005 by plentiful moisture, producing good forage for cattle, and by a lack of winter snow cover until well into the winter season. Good moisture conditions prevailed again in the spring. Tight molasses supplies created production scheduling problems for the block plants, causing production to be shifted between plants to meet customers' needs, with consequent higher transportation costs. RNS was also impacted by the uncertainties created by the BSE situation and the resulting market instability. RNS implemented an aggressive campaign of promotional activity, combined with better sales and profitability performance in the equine business, to offset the effects of benign weather conditions and generate satisfactory operating results. Sweetlix volumes recovered well after a slow first quarter when hurricanes in the southeastern U.S. significantly disrupted business activity.

Operating income for Ridley Nutrition Solutions increased by \$1.6 million, or 23.0%, to \$8.4 million from \$6.8 million in 2004. The increase is attributable the acquired Sweetlix business as the rest of the RNS segment reported slightly lower operating income, in line with the reduction in sales volumes.

Forward Looking

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.

Outlook

Net earnings for fiscal 2005 ended the year with a 32% increase over fiscal 2004, but it was a challenging year as described earlier in this report. Livestock production economics for the animal nutrition business were generally favorable in fiscal 2005 and can best be described as stable as we enter the new fiscal year. The outlook for swine producers, dairy producers and U.S. beef producers is for continued profitability while the Canadian beef sector and U.S. layer industry will be under pressure. Ridley is diversified in all the sectors and with normal weather patterns we are looking forward to improved results for the company in fiscal 2006.

Ridley Feed Operations (RFO) and Ridley Nutrition Solutions (RNS) are looking for improvement in F’06. RFO is anticipating volume increases due to new distribution and the assumption of a normal winter feeding season. Increased volumes along with the continued cost containment program implemented in fiscal 2005 will be a major focus for the division. Challenges entering the new year for RFO will be rising health care and energy costs. RNS is also anticipating increased volume through new distribution and assuming normal winter weather conditions. A strong cattle economy and a breeding herd expansion should provide for a good year for Ridley Block Operations. The second full year of the Sweetlix acquisition will provide for strategic synergies and improved profitability. The new Chambersburg plant will provide growth opportunities in the equine market along with continued growth of the McCauley label, and new products recently introduced. The major challenge for RNS relates to molasses supplies and prices in a tight market.

Ridley Inc., as a company, began a Safety First initiative in fiscal 2005 in the belief that all accidents can be prevented. The company and all divisions are committed to the initiative and objectives are being set for fiscal 2006.

A challenge facing the Company is the ongoing Canadian lawsuits that were filed against the Government of Canada and Ridley Inc. At this time the Company cannot determine what

impact, if any, these proposed lawsuits may have on future earnings. The company will continue to strengthen its balance sheet by improved earnings, effectively managing working capital, and investment in capital projects that will not only add efficiency to any plants but provide a safe work environment.

Stock Option Amendment

The board of directors of Ridley Inc. approved an amendment to Ridley Inc.'s stock option plan to provide option holders with a cash settlement alternative when exercising stock options. Under the amendment to the stock option plan, employees exercising options before the close of business on November 30, 2005 can elect to receive cash from the Company rather than acquiring shares and selling them into the open market. The Company believes that allowing employees to receive cash is a straightforward method of dealing with the lack of liquidity in Ridley's shares.

As a result of the amendment, the Company expects to record a maximum after-tax compensation expense of approximately \$550,000 in fiscal 2006, based on the total number of in-the-money options and the current stock price of \$10.25. This projected expense includes all remaining options that are currently outstanding. The company introduced a long-term incentive plan in July 2003 with the intent that it would replace the stock option plan. As such, further grants of stock options have not and will not be made, and Ridley expects that the amendment approved today will facilitate the winding up of the stock option plan.

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

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

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