

NEWS RELEASE

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

RIDLEY REPORTS RESULTS FOR FIRST QUARTER OF FISCAL 2007

Mankato, Minnesota / Winnipeg, Manitoba, November 3, 2006 — Ridley Inc., (www.ridleyinc.com) one of the leading animal nutrition companies in North America, today reported earnings results for its fiscal 2007 first quarter ended September 30, 2006.

First Quarter Results

“Ridley Inc. is reporting net earnings for its fiscal 2007 first quarter of \$1.8 million compared with \$2.5 million in earnings reported last year,” said Steve VanRoekel, Ridley Inc. President and Chief Executive Officer.

“Our animal nutrition businesses generally performed quite well, with Ridley Nutrition Solutions (RNS) in particular rebounding strongly from last year,” said VanRoekel. “Our blocks business reported a very strong turn around, but it was largely offset by very slow starts to the year by the Canadian plants and by Ridley Feed Ingredients (RFI), within Ridley Feed Operations (RFO)” said VanRoekel. “Results of the U.S. portion of RFO were largely flat with last year.”

“The Canadian plants struggled in the first quarter with lower sales volumes resulting from unusually warm late fall weather and the effects of a stronger Canadian dollar, and RFI was impacted by an unfavorable product mix and increased pricing pressure in the quarter.”

“Ridley’s reported operating expenses were higher in the first quarter, as detailed later in this report, due to a handful of unusual items and continued strength in the Canadian dollar, but we’re satisfied with our controllable operating expenses in the first period.”

“The slow start to the year for the Canadian operations and RFI is disappointing. At the same time, we are encouraged by the very strong performance of our blocks business,

which demonstrates the advantages of Ridley's product and species diversity, and believe that the blocks business can continue to build on their early success for the balance of fiscal 2007."

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis as of November 3, 2006 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.

The following summary data is presented to assist in understanding the fiscal 2007 first quarter results:

(Millions of U.S. dollars except for EPS)	Three Months Ended 30 September 2006	Three Months Ended 30 September 2005
Revenues	\$124.4	\$120.5
Net earnings (loss)	1.8	2.5
Diluted EPS	0.13	0.18
EBITDA*	5.6	6.5

*EBITDA – Operating Income before amortization. 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.

Consolidated Financial Results

Revenues increased to \$124.4 million compared with \$120.5 million in the same period last year, as a result of a small increase in overall sales volumes, higher input costs and a higher exchange rate in converting Canadian dollar sales to U.S. dollar equivalent. Generally, a comparison of revenues on a dollar basis is not necessarily indicative of the strength of Ridley's business because revenues can be influenced by fluctuating commodity prices. Ridley's first quarter sales and operating results are traditionally not as strong as the colder second and third fiscal quarters from October through March, when cattle have higher energy requirements and snow cover reduces their ability to graze.

Gross profit in the first quarter of fiscal 2007 increased by \$0.3 million to \$21.1 million compared with \$20.8 million in the fiscal 2006 first quarter. Although gross margins in the quarter were slightly below expectations, gross profit in dollar terms was higher, reflecting slightly higher sales volumes and the stronger Canadian dollar.

Overall operating expenses in the first quarter increased by \$1.3 million from the

previous year, to \$17.7 million from \$16.4 million in fiscal 2006. Approximately \$0.3 million of the increase is due to the higher exchange rate in converting Canadian dollar denominated expenses to the U.S. dollar reporting currency. The stock option amendment announced in August 2006, whereby stock options could be settled for cash, cost the Company \$0.1 million in the quarter. Increased operating expenses were incurred in a number of areas, including \$0.2 million in additional legal costs related to the Canadian lawsuits, higher costs for sales promotion and sales travel, and increases in sales and administrative salaries and benefits in line with inflation. In addition, expansion plans were explored but not implemented, and \$0.2 million in associated development and planning costs were expensed.

Operating income before interest and taxes is \$3.4 million in the quarter, compared with \$4.4 million in the same period of fiscal 2006. Interest expense net of interest income was \$0.4 million in both years, and the provision for income taxes was \$1.2 million in the fiscal 2007 first quarter, compared with \$1.5 million in the previous year.

Net earnings for the first quarter are \$1.8 million (diluted earnings per share of \$0.13) compared with \$2.5 million in the fiscal 2006 first quarter (diluted earnings per share of \$0.18). EBITDA (operating income before amortization) were \$5.6 million in the fiscal 2007 first quarter, compared with \$6.5 million for the previous year.

Segment Results

Overall sales volumes for RFO decreased by 1.2% in the first quarter of fiscal 2007. The U.S. plants produced sales volume and margins comparable to the previous year's first quarter, but the Canadian operations saw lower sales volumes and tighter margins. The Canadian plants have found it increasingly difficult to ship feed into the United States because of the strength of the Canadian dollar, and sales volumes and margins were reduced as a consequence. Domestic feed volumes have been impacted as an increasing number of Canadian swine producers are moving their livestock to the U.S. for finishing, further eroding sales potential. In addition, the late summer heat reduced demand for feed in the Canadian plants' domestic markets.

Sales volume in the RFI business was up slightly, but product mix in the quarter was unfavorable and increased pricing pressure for some micro ingredient commodities reduced overall margins.

For the quarter, RFO reported operating income of \$2.7 million, compared with operating income of \$4.2 million in the fiscal 2006 first quarter, with the Canadian operations and RFI accounting for the decline.

RNS, which includes the low moisture block operations, Sweetlix feed supplements and the equine nutrition business, McCauley Bros., Inc., recorded higher sales volumes and improved profitability.

The low moisture block and equine operations both reported solid increases in sales volume for the fiscal 2007 first quarter. Distribution of low moisture blocks was very strong early in the quarter, and then moderated in September when the unseasonably warm weather and good moisture conditions impacted product movement. The Sweetlix operations have not had to cope with the same severe weather disruptions experienced

last year, when three hurricanes devastated the south-eastern United States, and are reporting an increase of 2.5% in sales volumes for the fiscal 2007 first quarter.

Overall, RNS produced a 12.0% increase in sales volumes this year, and with good margins and level operating expenses, RNS reported a significant improvement in operating income for the first quarter of fiscal 2007, to \$2.2 million compared with \$1.3 million in the same period of fiscal 2006.

Liquidity/Capital Resources/Cash Flow

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

Balances in \$000's as of:			
	30-Sep-06	30-Jun-06	30-Sep-05
Debt*	26,954	23,272	41,835
Equity	137,981	136,027	122,680
Debt to equity	20%	17%	34%

*Debt is defined as bank obligations and capital leases

The increase in debt from June 30, 2006 to September 30, 2006 is due primarily to normal working capital requirements as a result of higher levels of activity as the Company enters its busy season.

In the 2007 first quarter, cash flow from earnings and non-cash items was \$4.0 million, and working capital needs increased by \$12.9 million, attributable to higher levels of activity, resulting in \$8.9 million in cash being utilized for operating activities. Cash flow from earnings and non-cash items was \$3.8 million in the 2006 first quarter, offset by \$2.8 million used to finance working capital needs, resulting in \$1.0 million in cash generated from operating activities.

Capital Expenditures

Expenditures on capital assets of \$2.2 million in the first quarter compare with \$1.0 million in capital expenditures a year ago. The expenditures are being made on a number of small projects, with the objective of improving production efficiency and flexibility at several plants.

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 the imposition of international bans on the export of 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.

The actions in Ontario and Quebec are still at an early stage, and the actions in Saskatchewan and Alberta are in abeyance. There has been no decision made on the merits of the actions in any province, and the actions have not yet been certified or authorized to proceed to trial in any province.

The lawsuits have been struck out or discontinued against Ridley Inc.'s majority shareholder, Ridley Corporation Limited, in all provinces.

In Ontario, appeals against different aspects of the decision refusing to strike out the claims against Ridley Inc. and the Government of Canada are expected to be heard in the latter part of calendar 2006 or early 2007. In Quebec, the authorization hearing to determine if the action should go to a merits trial as a class action was heard in October 2006 and a decision has not yet been reached.

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 favorably, and it will continue to fund the cost of the lawsuits from operating cash flow.

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

Ridley's second and third quarters encompass the colder winter months from October to March, when cattle have higher energy requirements and snow cover reduces their ability to graze. These conditions historically produce enhanced demand for animal feed and Ridley expects to see its heaviest volume of the year in the coming months, but there is always a degree of uncertainty as to the contribution that colder weather will bring.

The production and operating economic environment is, on balance, still reasonably good, although it has deteriorated somewhat from last year, and profits for livestock producers are lower. Ridley anticipates that the less favorable environment and great uncertainty in the grain markets will result in increased volatility throughout fiscal 2007.

Looking forward, the Canadian operations and RFI will be challenged to make up their first quarter shortfall over the balance of the year. We expect general operating stability in most of our businesses going forward, and are optimistic that the recovery in the blocks business will continue.

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.

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

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For more information:

Steve VanRoekel
President and CEO
(507) 388-9412

Mike Mitchell
Chief Financial Officer
(507) 388-9410

Ridley Inc.**Consolidated Balance Sheet**

(Unaudited)

(U.S.\$ in thousands)

September 30, 2006

June 30, 2006

September 30, 2005

Assets**Current assets**

Cash and short-term deposits	1,051	2,676	1,764
Accounts receivable	32,075	28,237	30,408
Inventories	41,957	40,728	39,132
Income taxes recoverable	-	1,176	-
Prepays and other current assets	2,853	1,118	2,720
Current portion of loans receivable	2,835	2,051	2,420
Future income tax benefit	2,094	2,341	2,630
Total current assets	82,865	78,327	79,074

Loans receivable, less current portion	1,813	1,866	3,277
Property, plant and equipment	96,081	96,149	96,487
Other assets	3,475	3,471	3,290
Other intangibles	3,920	3,941	4,004
Goodwill	49,502	49,503	49,124
Total non-current assets	154,791	154,930	156,182

Total assets	237,656	233,257	235,256
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Liabilities and Shareholders' Equity**Current liabilities**

Outstanding cheques in excess of bank balance	6,545	-	6,730
Short-term debt	2,228	3,242	4,129
Accounts payable and accrued liabilities	30,463	35,898	31,349
Advances from customers	4,790	6,645	2,465
Income taxes payable	1,039	940	1,222
Current portion of long-term debt	99	174	3,299
Total current liabilities	45,164	46,899	49,194

Long-term debt, less current portion	24,627	19,856	34,407
Future income tax liability	25,903	26,329	24,800
Other accrued liabilities	3,981	4,146	4,175
Total long-term liabilities	54,511	50,331	63,382

Shareholders' Equity

Share capital	57,604	57,435	57,191
Cumulative foreign currency translation adjustment	10,959	10,975	8,628
Retained earnings	69,418	67,617	56,861
Total shareholders' equity	137,981	136,027	122,680

Total liabilities and shareholders' equity	237,656	233,257	235,256
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Ridley Inc.

Consolidated Statement of Earnings and Retained Earnings (Unaudited) (U.S. \$ in thousands)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Revenue	124,436	120,470
Cost of sales	103,353	99,715
Gross profit	21,083	20,755
Operating expenses:		
Selling, general and administrative	15,270	14,095
Amortization of property, plant and equipment	2,141	1,997
Research and development	180	184
Other amortization	89	105
Total operating expenses	17,680	16,381
Operating income	3,403	4,374
Interest expense	563	596
Interest income	(150)	(182)
Earnings before income taxes	2,990	3,960
Provision for income taxes	1,189	1,502
Net earnings for the period	1,801	2,458
Retained earnings, beginning of period	67,617	54,403
Net earnings for the period	1,801	2,458
Retained earnings, end of period	69,418	56,861
Net earnings per share		
- basic	0.13	0.18
- diluted	0.13	0.18

Ridley Inc.

Consolidated Statement of Cash Flows (Unaudited) (U.S. \$ in thousands)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Operating activities		
Net earnings for the period.....	1,801	2,458
Add (deduct) items not affecting cash:		
Amortization of property, plant and equipment.....	2,141	1,997
Future income taxes.....	(179)	(814)
Loss on sale of property, plant and equipment.....	60	60
Other amortization.....	89	105
Other items not affecting cash.....	117	4
	<hr/>	<hr/>
	4,029	3,810
Net change in non-cash working capital balances related to operations:		
Accounts receivable.....	(3,837)	(3,423)
Inventories.....	(1,231)	(1,359)
Prepays and other current assets.....	(1,679)	(1,555)
Accounts payable and accrued liabilities.....	(5,647)	1,285
Advances from customers.....	(1,854)	68
Income taxes payable.....	1,276	2,195
Net cash from (utilized for) operating activities.....	<hr/>	<hr/>
	(8,943)	1,021
Investing activities		
Proceeds on disposal of property, plant and equipment.....	39	29
Purchase of property, plant and equipment.....	(2,176)	(1,014)
Decrease in loans receivable.....	(736)	(43)
Business acquisitions (Note 3).....	-	(1,132)
Other investing activities.....	-	(276)
Net cash utilized for investing activities.....	<hr/>	<hr/>
	(2,873)	(2,436)
Financing activities		
Repayment of short- and long-term debt.....	(3,854)	(7,326)
Proceeds from short- and long-term debt.....	7,529	7,979
Payment of finance costs.....	(181)	-
Issuance of share capital.....	169	-
Net cash from financing activities.....	<hr/>	<hr/>
	3,663	653
Effect of exchange rate changes on cash.....	<hr/>	<hr/>
	(17)	39
Decrease in cash and cash equivalents.....	(8,170)	(723)
Cash and cash equivalents – beginning of period.....	2,676	(4,243)
Cash and cash equivalents – end of period.....	<hr/>	<hr/>
	(5,494)	(4,966)
Cash and cash equivalents		
Cash and short-term deposits.....	1,051	1,764
Outstanding cheques in excess of bank balance.....	(6,545)	(6,730)
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	(5,494)	(4,966)

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. 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, 2006, as set out in the 2006 Annual Report. All amounts are in U.S. dollars unless otherwise stated.

2. Seasonality and commodity variability

The Company experiences seasonal variations in revenue, with revenue historically being 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 as selling prices move in relation to changes in commodity prices.

3. Business acquisitions

There were no acquisitions in the first quarter of fiscal 2007.

In the first quarter of fiscal 2006, the Company purchased the remaining 49% share in McCauley Bros., Inc. (MBI) for an aggregate consideration of \$1,545,000. Consideration included an initial cash payment of \$1,132,000 and deferred payments totaling \$413,000 payable in annual installments equally over a three-year period with accrued interest at 3.66% on the balance outstanding. MBI is located in Versailles, Kentucky and manufactures premium quality feeds and nutritional supplements for the equine market. This operation forms part of the Ridley Nutrition Solutions segment.

4. Statement of cash flow disclosures

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

	Three Months Ended September 30, 2006 (\$000)	Three Months Ended September 30, 2005 (\$000)
Interest	648	630
Income taxes, net of refund	70	123

5. Post retirement and pension expense

The Company has recorded estimated costs related to its non-contributory pension plans, post-retirement medical plan, and defined contribution plans, for the period ending September 30, 2006 and 2005, as follows:

	Three Months Ended September 30, 2006 (\$000)	Three Months Ended September 30, 2005 (\$000)
Non-contributory pension plan	319	333
Post-retirement medical costs	-	194
Defined contribution plan	333	341

6. 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 the imposition of international bans on the export of 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.

The actions in Ontario and Quebec are still at an early stage, and the actions in Saskatchewan and Alberta are in abeyance. There has been no decision made on the merits of the actions in any province, and the actions have not yet been certified or authorized to proceed to trial in any province.

The lawsuits have been struck out or discontinued against Ridley Inc.'s majority shareholder, Ridley Corporation Limited, in all provinces.

In Ontario, appeals against different aspects of the decision refusing to strike out the claims against Ridley Inc. and the Government of Canada are expected to be heard in the latter part of calendar 2006 or early 2007. In Quebec, the authorization hearing to determine if the action should go to a merits trial as a class action was heard in October 2006 and a decision has not yet been reached.

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 favorably, and it will continue to fund the cost of the lawsuits from operating cash flow.

7. Segment information

The Company's operations are conducted in three reportable segments as: Ridley Feed Operations, Ridley Nutrition Solutions, and Corporate. The Company reports information about its operating segments based on the way management organizes and reports the segments within the organization for making operating decisions and evaluating performance.

Ridley Feed Operations consists of full-line production facilities in the U.S. and Canada, producing and distributing products for the core animal nutrition market and Ridley Feed Ingredients, a micro feed additive and pre-mix facility. This segment derives most of its business by manufacturing and marketing a broad range of complete feeds, supplements, and premixes to customers primarily in the upper midwestern U.S. and the prairie region of Canada.

Ridley Nutrition Solutions consists of the low moisture block operations, Sweetlix feed supplements and the equine nutrition business. This segment manufactures and distributes low moisture blocks and feed supplements primarily for the beef and dairy markets, and premium equality 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 interest expense, interest income, and income taxes.

An analysis of segment information is as follows:

Ridley Inc.

Segment Information (Unaudited) (U.S.\$ in thousands)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Revenue		
Ridley Feed Operations	101,741	101,011
Ridley Nutrition Solutions	22,695	19,459
Total revenue	<u>124,436</u>	<u>120,470</u>
Cost of sales		
Ridley Feed Operations	86,068	84,730
Ridley Nutrition Solutions	17,285	14,985
Total cost of sales	<u>103,353</u>	<u>99,715</u>
Gross profit	<u>21,083</u>	<u>20,755</u>
Operating expenses		
Ridley Feed Operations	12,943	12,102
Ridley Nutrition Solutions	3,177	3,139
Corporate	1,560	1,140
Total operating expenses	<u>17,680</u>	<u>16,381</u>
Operating income		
Ridley Feed Operations	2,730	4,179
Ridley Nutrition Solutions	2,233	1,335
Corporate	(1,560)	(1,140)
Total operating income	<u>3,403</u>	<u>4,374</u>

Revenue and operating income by country:

Revenue		
U.S.	93,866	90,468
Canada	30,570	30,002
Total revenue	<u>124,436</u>	<u>120,470</u>
Operating Income		
U.S.	4,125	3,752
Canada	838	1,762
Corporate	(1,560)	(1,140)
Total operating income	<u>3,403</u>	<u>4,374</u>

8. Comparative amounts

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