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RIDLEY'S RESULTS CONTINUE TO IMPROVE IN FISCAL 2005 THIRD QUARTER

Mankato, Minnesota / Winnipeg, Manitoba, May 10, 2005 — Ridley Inc., (www.ridleyinc.com) one of the largest commercial animal nutrition companies in North America, today reported results for its fiscal 2005 third quarter ended March 31, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis as of May 10, 2005 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.

Third Quarter Results

The following summary data is presented to assist in understanding the fiscal 2005 third quarter results:

| (Millions of U.S. dollars except for EPS) | 3 Months Ended Mar-31-05 | 3 Months Ended Mar-31-04 | 9 Months Ended Mar-31-05 | 9 Months Ended Mar-31-04 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Revenue | \$121.7 | \$121.8 | \$369.4 | \$361.1 |
| Net earnings from continuing operations | 5.7 | 1.0 | 9.9 | 8.2 |
| Discontinued operations | - | (0.6) | (0.2) | (1.4) |
| Net earnings | 5.7 | 0.4 | 9.7 | 6.8 |
| Diluted EPS | 0.41 | 0.03 | 0.70 | 0.49 |
| EBITDA* | 12.1 | 4.5 | 24.6 | 21.8 |

*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.

Third Quarter Results

Revenue decreased slightly to \$121.7 million compared with \$121.8 million in the third quarter of 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, reported revenue includes the sales volumes generated by the Company's Sweetlix feed supplement business, which was acquired in July 2004, offset by lower volumes in the existing businesses and lower selling prices per ton associated with lower input prices.

Gross profit was \$24.8 million compared with \$23.1 million in the third quarter of fiscal 2004. Fiscal 2005 margins have improved over the comparative fiscal 2004 period, reflecting better product mix and increased focus on margin management. After experiencing unusual volatility in feed ingredient prices in the fiscal 2005 first quarter, resulting in losses on inventory and existing purchasing positions, Ridley's margins have returned to more normal levels in the second and third quarters.

Overall operating expenses in the third quarter were \$14.6 million, a reduction of \$6.0 million from the previous year. Three major factors contributed to lower operating expenses. In fiscal 2004, Ridley recorded an impairment reserve of \$3.8 million in the third quarter to fully provide for a loan made to a significant swine customer in early 2000. In the fiscal 2005 third quarter, Ridley received a claim settlement of \$2.5 million from a U.S. supplier, and also benefited from a cost reduction program implemented early in fiscal 2005, with targeted headcount reductions and stringent cost containment initiatives. The cost reduction program has resulted in savings of approximately \$2.0 million in the third quarter and about \$3.5 million since the program's inception in October 2004. These savings were partially offset by higher medical costs, professional fees associated with a potential corporate tax restructuring in fiscal 2005, and additional costs resulting from the Sweetlix acquisition.

Operating income for the quarter was \$10.2 million compared with \$2.4 million in the third quarter of fiscal 2004. Overall debt service costs are lower in the fiscal 2005 third quarter, resulting in a \$0.3 million reduction in interest expense, from \$0.9 million to \$0.6 million.

Earnings from continuing operations were \$5.7 million for the fiscal 2005 third quarter compared with \$1.0 million in 2004. The winding up of the Company's discontinued Cotswold Swine Genetics business was completed in the first quarter of fiscal 2005. In fiscal 2004, the discontinued operations reported a loss on operations of \$0.6 million in the third quarter.

Net earnings for the fiscal 2005 third quarter were \$5.7 million (diluted earnings per share of \$0.41) compared with \$0.4 million (diluted earnings per share of \$0.03) in 2004. EBITDA were \$12.1 million in the third quarter of fiscal 2005, compared with \$4.5 million for the same period in 2004.

Nine Months Results

Revenue for the year to date increased by 2.3% to \$369.4 million, compared with \$361.1 million in fiscal 2004. The increase in revenue is entirely attributable to the acquired Sweetlix business. Sales volume in the existing businesses declined as a mild winter with little or no snow cover hampered beef feed sales for blocks and feed.

Year to date gross profit in fiscal 2005 was \$68.6 million, compared with \$69.3 million in the year-earlier period. Although margins have recovered to historical levels in the 2005 second and third quarters, the unusual volatility in feed ingredient prices that occurred in the 2005 first quarter has

impacted the year to date results. A rapid and unexpected drop in price for soybean meal and canola meal that took place early in fiscal 2005 resulted in losses on inventory and existing purchasing positions, reducing gross profit by approximately \$1.5 million.

Overall operating expenses in fiscal 2005 were \$51.3 million, a reduction of \$2.3 million from the previous year. The reduction in 2005 is primarily due to \$3.5 million in savings generated by the cost reduction plan, a reduction of \$5.3 million in loan impairments and bad debts expense, and the claim settlement of \$2.5 million received from a U.S. supplier. Operating expenses in 2005 include a \$1.3 million impairment loss related to the closing of the St. Paul, Alberta feed mill in October, severance costs in connection with the Company's cost reduction program, overhead costs related to Sweetlix, and increases in medical costs and professional fees.

Lower debt service costs in fiscal 2005 resulted in a \$0.5 million reduction in interest expense, from \$3.0 million in fiscal 2004 to \$2.5 million this year. Although total bank debt at March 2005 is comparable to the level of the year-earlier period, strong cash flow in 2005 has allowed Ridley to pay off the additional \$18.6 million of debt incurred in acquiring the assets and feed businesses of Sweetlix and Farmway Co-op.

Income tax expense in fiscal 2005 is calculated at an overall rate of 35.2%, slightly lower than the 38.7% rate used in fiscal 2004, due primarily to favourable adjustments made in the 2005 second quarter to prior year estimates.

Earnings from continuing operations are \$9.9 million in fiscal 2005 compared with \$8.2 million in 2004. The loss attributed to discontinued operations was \$0.2 million for fiscal 2005 compared with a loss of \$1.4 million in the same period of fiscal 2004.

Net earnings for the year to date are \$9.7 million (diluted earnings per share of \$0.70) compared with \$6.8 million (diluted earnings per share of \$0.49) in fiscal 2004. Year to date EBITDA were \$24.6 million in fiscal 2005 compared with \$21.8 million in fiscal 2004.

Segment Results

Sales results for Ridley Feed Operations (RFO) in the fiscal 2005 third quarter and for the year to date continue to be impacted by the same factors that were reported in the first two quarters. Sales volumes in the U.S. are about level with fiscal 2004, but continue to be well down in Canada. Overall volumes declined by 3% in the third quarter of fiscal 2005 and by 5% year to date, with virtually all of the reduction being in the Canadian plants.

The Canadian plants continue to be affected by cross-border issues affecting the ability of beef producers to ship their product to the United States. The reported cases of BSE in Alberta, which closed the U.S./Canada border for live cattle movements, have produced dramatic repercussions for the North American beef industry. In addition, Canadian pork producers have experienced a significant degree of producer liquidation and consolidation in the past two years. Consequently, the Canadian plants have lost feed volumes in the swine and beef sectors.

In the third quarter, RFO reported operating income of \$7.8 million compared with \$0.8 million in the same period of fiscal 2004. The improvement in operating results was produced by a return to normal margins, savings generated by the cost reduction program, lower bad debts expense and the claim settlement received from a U.S. supplier, all of which are described earlier in this report.

Ridley Nutrition Solutions (RNS) includes the low moisture block operations, specialty products, Sweetlix feed supplements and the equine nutrition business, McCauley Bros., Inc. Exclusive of the Sweetlix operations that were acquired early in fiscal 2005, RNS recorded third quarter sales volumes that were 4% higher than last year, but still 2% lower than 2004 on a year to date basis. Year to date RNS sales volumes are up 68% when Sweetlix sales volume is included.

Product sales for Ridley Nutrition Solutions were hampered early in fiscal 2005 by weather conditions that produced good forage for cattle, and by a lack of winter snow cover. An aggressive campaign of promotional activity by the block operations, combined with better sales and profitability performance in the equine business, produced improved operating results by the existing RNS operations. Sweetlix operating results have recovered well after a slow first quarter when hurricanes in the southeastern U.S. significantly disrupted business activity. Sweetlix is now contributing very satisfactorily, helping Ridley Nutrition Solutions to report operating income of \$3.6 million for the 2005 third quarter, compared with \$2.3 million in the same period of fiscal 2004.

Liquidity/Capital Resources/Cash Flow

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

| Balances as of: | Mar-31-05 (\$000) | Jun-30-04 (\$000) | Mar-31-04 (\$000) |
|-----------------|----------------------|----------------------|----------------------|
| Debt* | 45,193 | 41,341 | 44,490 |
| Equity | 117,953 | 105,576 | 105,407 |
| Debt to equity | 38% | 39% | 42% |

*Debt is defined as bank obligations and capital leases

Bank debt increased from \$41.3 million at June 30, 2004 to \$60.4 million at September 30, largely due to financing the Sweetlix acquisition, but strong cash flow in the second quarter allowed Ridley to reduce debt to \$45.6 million by December 31, 2004. In the third quarter, much of the cash flow was used to reduce trade payables and accrued liabilities, and to purchase plant equipment, resulting in bank debt being reduced to \$45.2 million.

Cash flow from earnings was \$8.4 million in the 2005 third quarter, offset by \$9.4 million used to finance working capital needs, resulting in \$1.0 million in net cash used for operating activities. In the 2004 third quarter, cash flow from earnings was \$4.8 million, and working capital needs were reduced by \$0.3 million, resulting in \$5.1 million in cash generated from operating activities. For the 2005 fiscal year to date, cash generated from operating activities is \$18.5 million compared with \$18.2 million in 2004.

Capital Expenditures

Expenditures on capital assets are \$1.9 million in the third quarter, the same amount as in the 2004 third quarter. The expenditures are being made on a number of small projects, with the objective of improving production efficiency and flexibility at several plants.

Business Acquisitions

On July 30, 2004 the Company acquired the assets of the livestock feed supplement business of Sweetlix for \$17.6 million. The Sweetlix acquisition included three manufacturing facilities located in Montgomery, Alabama; Syracuse, Indiana; and Fort Worth, Texas. The Company now has the capability to manufacture low-moisture blocks, pressed blocks, poured blocks and bagged minerals for beef, dairy, equine, bison, wildlife, sheep and goats. Included in the acquisition are products with EPA and FDA approvals that will enhance the product line of the Ridley Nutrition Solutions business segment.

On November 1, 2004 the Company acquired the accounts receivable, inventory and specified transportation equipment of The Farmway Co-op, Inc.'s (Farmway) feed business located in Beloit, Kansas for \$1.0 million. As part of the agreement, the Company will lease the facility and production equipment for a period of five years with an option to renew the lease on a month-to-month basis. The total lease obligation over the initial five year period is \$611,000, payable in equal monthly installments.

Litigation/Contingency

Class action proceedings filed in Alberta, Saskatchewan, Quebec and Ontario against the Canadian federal government also name Ridley Inc. and Ridley Corporation Limited as co-defendants.

The proposed representative plaintiffs are seeking to certify class actions to include all Canadian commercial farmers of cattle who allegedly suffered damages as a result of the international ban on the importation of Canadian beef and cattle following the May 2003 identification of a BSE affected cow in Alberta, Canada. The Ontario action seeks a national class to include any potential claimants residing in the six remaining Canadian provinces.

The proposed representative plaintiffs claim general damages and aggravated damages on behalf of each Canadian cattle farmer. Punitive damages of \$100,000,000 are claimed against Ridley Inc. and Ridley Corporation Limited in Ontario and Saskatchewan, and in an unspecified amount in Alberta.

The allegations against Ridley Inc. are that it should have unilaterally discontinued using ruminant meat and bone meal in its cattle feed even prior to the enactment of uniform Canadian and U.S. regulations banning their use in August 1997. The plaintiffs also allege Ridley Inc. was the supplier of feed to the affected Alberta cow early in its life before the 1997 ban was in effect. Nothing in the filings directly connects Ridley Inc. with any complainants.

The Canadian Food Inspection Agency ("CFIA") found no wrong doing on the part of Ridley Inc. in its May 2003 BSE investigation. Ridley Inc. discontinued the use of ruminant meat and bone meal in its cattle feed formula prior to the 1997 CFIA ban and at all times has been in full compliance with CFIA standards relevant to the May 2003 BSE case.

At this time Ridley Inc. cannot determine what impact, if any, these proposed class actions may have on future earnings and no accruals have been made in respect of these allegations.

Financial Reporting Changes

Effective July 1, 2004, the Company adopted the U.S. dollar as its reporting currency. The Company decided to effect the change to U.S. dollar reporting since a significant portion of the business is conducted in U.S. dollars, thereby reducing the volatility of reported financial results due to fluctuation in the rate of exchange between the U.S. and Canadian currencies. In accordance with GAAP, all opening balances of assets, liabilities and shareholders' equity were translated into U.S. dollars using the exchange rate in effect on that date. Comparative financial information for all periods since July 1, 2000 has been restated in U.S. dollars as though the U.S. dollar had always been the reporting currency.

For periods subsequent to July 1, 2000, assets and liabilities of self-sustaining subsidiaries denominated in Canadian dollars are translated into U.S. dollars at the period-end exchange rate. Revenue and expenses are translated at the weighted average exchange rate for the period. Unrealized gains and losses on the net investment in self-sustaining subsidiaries are deferred and included in cumulative foreign currency translation adjustments in shareholders' equity.

Effective July 1, 2004, the Company changed the basis on which to report segments from a geographic basis to an operational basis due to a change in the management structure and a recent acquisition in one of the segments. This change was applied on a retroactive basis with restatement of the comparative amounts. A segment called "Ridley Nutrition Solutions" consisting of the block operations, equine, and specialty products is reported separately due to the scope of the operations and the way the businesses are managed. The other segment of the Company is Ridley Feed Operations, consisting of both the U.S. and Canadian feed operations that are now managed as one business segment.

Effective July 1, 2004, the Company adopted CICA 1100, Generally Accepted Accounting Principles. CICA 1100 establishes standards for financial reporting in accordance with Canadian GAAP. It describes what constitutes Canadian GAAP and its sources. The new standard eliminates industry practices as a possible source to consult. The Company's implementation of this new standard resulted in reclassification of shipping and handling costs. The Company's prior practice of netting the shipping and handling revenues and expenses on the grounds of industry practice is no longer acceptable. This standard did not have any other material effect on the consolidated financial statements.

Interest Rate Risk

The Company finances a portion of its business through the use of several long-term variable rate credit facilities, which exposes the Company to some risk of loss as a result of interest rate movement. The Company has implemented a strategy to hedge interest rates on a significant portion of the total bank debt outstanding at any time. This strategy may utilize several hedging instruments, but primarily involves the use of interest rate swaps. The Company entered into additional swap agreements during fiscal 2005 to extend coverage into future years.

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 2004 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

After a poor start to fiscal 2005, Ridley’s animal nutrition businesses have improved and recorded steadily increasing results throughout the second and third quarters. Sales volumes have stabilized, margins have shown improvement, and expenses have responded to the cost reduction efforts implemented early in the year.

At the end of the first quarter, Ridley projected that 2005 net earnings would exceed the U.S.\$8.1 million recorded in fiscal 2004 by 40-50%. Although the second and third quarter earnings showed steady improvement, market conditions resulted in volumes in Canada and margins in the U.S. that improved more slowly than expected.

In light of the anticipated legal costs related to the class action lawsuits and professional fees associated with a potential corporate tax restructuring, management now expects net earnings for fiscal 2005 to approximate a 40% improvement over fiscal 2004.

We remain optimistic that the combination of a generally favourable production economic environment in meat, milk, and egg production in North America, considerable forward momentum in sales activities, and a continuing focus on cost containment will yield further improvements and ensure our competitiveness in a changing marketplace.

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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