

NEWS RELEASE

RIDLEY Inc.

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

Ridley Inc. Reports Financial Results for Fiscal 2008 Fourth Quarter and Year-end

MANKATO, MINNESOTA and WINNIPEG, MANITOBA – (August 25, 2008) — Ridley Inc. (TSX: RCL) today reported its financial results for the fourth quarter and year ended June 30, 2008. All currency amounts are stated in U.S. dollars.

For the full twelve months of fiscal 2008, Ridley's earnings before interest, taxes and amortization (EBITA(i)) and before deduction of the CAD \$6 million BSE claim settlement announced earlier in the year were \$29.5 million compared to \$26.5 million last year. Net earnings after tax were \$6.0 million or 43 cents per share compared to \$9.0 million or 65 cents per share last year.

"We are pleased to report an 11.3% increase in Ridley's annual EBITA for fiscal 2008. All of our divisions in the U.S. and Canada reported strong winter demand, particularly in the third quarter of the year, which contributed to good profit margins and net income, notwithstanding the claim settlement," said Steve VanRoekel, President and CEO of Ridley Inc.

Ridley realized net earnings after tax of \$1.2 million for the fourth quarter of fiscal 2008, compared to \$1.3 million in the same period last year. EBITA for the fourth quarter was \$3.9 million; equivalent to EBITA in the same period last year. The fourth quarter includes expenses of approximately \$0.8 million in advisory fees related to the Company's strategic review process previously announced in May 2008.

High commodity prices, which continue to pressure meat, milk and egg producers, are likely to have some negative impact on sales volumes of complete feed and supplement products in Ridley's traditional livestock markets. However, a more favourable product mix emphasizing higher value added products, including micro ingredients, resulted in improved unit margins for Ridley in the fourth quarter of 2008.

SUMMARY OF RESULTS

The following summary data is presented to assist in understanding the fiscal 2008 fourth quarter results:

(Millions of U.S. dollars except for EPS)	3 Months Ended June 30 2008	3 Months Ended June 30 2007	12 Months Ended June 30 2008	12 Months Ended June 30 2007
Revenue	\$159.4	\$126.3	\$633.5	\$531.6
Net earnings from continuing operations before exceptions	0.9	1.2	11.6	10.3
Exceptions, net of income tax (noted below (ii))	0.3	-	(5.6)	(2.1)
Net earnings from continuing operations	1.2	1.2	6.0	8.2
Net earnings from discontinued operations	-	0.1	-	0.7
Net earnings	1.2	1.3	6.0	9.0
Diluted earnings per share (EPS)	0.08	0.10	0.43	0.65
EBITA (i)	3.9	3.9	29.5	26.5

(i) EBITA – Operating income before amortization, BSE claim settlement, gain on sale of facilities and asset impairment loss. EBITA 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.

(ii) Exceptions – In the preceding summary data, net earnings from continuing operations were reported before exceptions. Those exceptions, which are mainly unusual or non-recurring items, are summarized below, net of income tax:

(Millions of U.S. dollars) (net of income tax)	3 Months Ended June 30 2008	3 Months Ended June 30 2007	12 Months Ended June 30 2008	12 Months Ended June 30 2007
Gain on sale of facilities	0.5	-	1.1	-
Asset impairment loss	(0.2)	-	(0.9)	(2.1)
Claim settlement	-	-	(4.4)	-
Valuation reserve on tax loss carryforwards	-	-	(1.4)	-
Total exceptions	0.3	-	(5.6)	(2.1)

Consolidated Fourth Quarter Results

Revenue in the fourth quarter of 2008 increased by 26.2% to \$159.4 million compared with \$126.3 million in the fourth quarter of 2007. 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 commodity prices. -The revenue increase in the fourth quarter of 2008 is mainly attributable to commodity price inflation and the long-term shift in product mix from lower-margin complete feeds towards higher value added supplements and lower inclusion premixes. About \$3.0 million of the revenue increase of \$33.0 million is attributable to the increased Canadian dollar exchange rate relative to the U.S. dollar.

In the fiscal 2008 fourth quarter, feed sales volumes measured in tons were essentially flat compared to the prior year period. A 2.1% decline in volumes in the Ridley core operations based on traditional feed markets was largely offset by tonnage growth in business units targeted at specialty markets for feed supplement blocks, feed ingredients and equine feeds.

Gross profit in the fourth quarter of fiscal 2008 was \$21.4 million compared with \$18.5 million in the same period of fiscal 2007. Gross profits were improved across all business units in the fourth quarter of 2008 reflecting a continuation for much of this year of a favourable product mix and strong unit margins from the gradual shift to lower inclusion feed supplements and premixes, as well as growth in specialty products. Gross profits were negatively impacted in the fourth quarter by increased employment expenses, feed delivery expenses, and fuel costs.

Overall operating expenses in the fourth quarter of fiscal 2008 were \$19.3 million compared to \$16.8 million in the same period of the previous year. The principal component of the \$2.5 million increase in operating expenses is related to the strategic review process that the Company initiated in the fourth quarter of the year and is mainly comprised of expenses for legal and financial advisory services. Operating expenses also include business restructuring expenses in Canadian operations, an additional asset impairment loss for the closure of a block manufacturing facility in Syracuse, Indiana, and the gain on the sale of a previously closed facility in Lethbridge, Alberta.

Operating income before interest and taxes in the fourth quarter of fiscal 2008 was \$2.2 million compared to \$1.7 million last year. Interest expense net of interest income of \$0.3 million was slightly higher than the previous year.

Fourth quarter income tax expense of \$0.6 million in fiscal 2008 and \$0.3 million in fiscal 2007 reflect effective income tax rates of 34% and 19%, respectively. Ridley's effective income tax rate is impacted by the geographic distribution of income and losses between Canada and the United States. Ridley's U.S. entities generated taxable income which is taxed at a higher rate than income tax benefits recorded on Canadian entities pre-tax losses. In the fourth quarter of fiscal 2008, Ridley recorded a net income tax benefit of \$0.3 million associated with liabilities for uncertain tax positions.

Earnings from discontinued operations in the fourth quarter of fiscal 2007 of \$0.1 million were the result of the wind-up of the U.K. swine genetics business. Discontinued operations had no effect upon fourth quarter earnings in 2008.

Net earnings for the fourth quarter of fiscal 2008 were \$1.2 million (diluted earnings per share of \$0.08) compared with \$1.3 million (diluted earnings per share of \$0.10) in fiscal 2007. EBITA of \$3.9 million in the fourth quarter of fiscal 2008, unchanged from the prior year, includes operating income before amortization and certain unusual or non-recurring items (comprised of a \$0.7 million gain on sale of facilities partly offset by a \$0.3 million asset impairment loss in the fourth quarter of fiscal 2008).

Ridley has adopted new guidelines of the Canadian Institute of Chartered Accountants (CICA) including the reporting of comprehensive income and its components. Comprehensive income (or loss) is the change in Ridley's net assets that result from transactions, events and circumstances from sources other than investments by and/or distributions to Ridley's shareholders. Ridley's comprehensive income in the fourth quarter of fiscal 2008 was \$1.4 million comprised of net earnings of \$1.2 million as reported above, and \$0.2 million of unrealized gains on translation to U.S. currency of financial statements of related entities with foreign functional currency. Comprehensive income in the fourth quarter of the prior year was \$4.0 million comprised of \$1.3 million in net earnings as reported above, and \$2.7 million of unrealized gains on translation to U.S. currency of financial statements of related entities with foreign functional currency. Other changes in accounting policies noted in Ridley's interim financial statements had no material effect on its financial condition.

Twelve Months Results

Revenue for the full 12 months of fiscal 2008 increased by 19.2% to \$633.5 million compared with \$531.6 million in fiscal 2007. Most of the increase of \$101.9 million in revenue is attributable to higher selling prices per ton, reflecting the higher costs of feed ingredients and the gradual shift in volume to higher value added products. Approximately \$16 million of the increase in revenue is due to the higher exchange rate for Canadian dollars relative to last year.

For fiscal 2008, overall sales volumes, as measured in tons sold of feed and ingredient products, declined by 2.2% compared to the prior year. Much of the reduced volume relates to softening demand this year in Ridley Feed Operations which is based on core, traditional markets of swine, beef, dairy, and poultry producers. These markets were impacted by a variety of factors including slower demand for beef products and difficult economic conditions for Canadian livestock producers, particularly swine producers, resulting from the decline in the dollar exchange value of their exports to the U.S. The closure of the Lacombe, Alberta feed production facility in January 2007 accounted for a significant portion of the lower tonnage in Canada. The Company recorded improved volumes in fiscal 2008 in its specialty markets for high value added feed ingredients, feed supplement blocks and equine feeds.

Gross profit for the full year of fiscal 2008 was \$94.9 million, compared with \$87.0 million in fiscal 2007. The \$7.9 million increase in gross profit was due to strong unit margins from a favourable product mix across each of the U.S. based operations, combined with increased tonnage volumes in specialty markets. Despite increased delivery expenses in U.S. operations, manufacturing costs remain well controlled for the year, helped by lower insurance costs.

Operating expenses were \$79.4 million in fiscal 2008 compared to \$72.5 million in the previous year. Included in operating expenses are certain unusual or non-recurring items, the most significant of which is the \$6 million expense recognized in the second quarter of fiscal 2008 for the anticipated settlement of the BSE class action lawsuits. Operating expenses also include asset impairment losses for closed facilities of \$1.3 million in fiscal 2008 compared to \$3.1 million for fiscal 2007. Fiscal 2008 also included a gain of \$1.6 million on the sale of the Winnipeg, Manitoba premix facility and the Lethbridge, Alberta warehouse and industrial mall facility. Additionally, operating expenses in fiscal 2008 included \$0.7 million for restructuring costs in Canadian operations. The remaining increase in operating expenses related to the rise in the Canadian currency exchange rate as well as increased employment costs and professional fees, which included \$1.0 million in legal fees and expenses related to the BSE lawsuits and \$0.8 million in advisory fees related to the strategic review process initiated by the Company in the fourth quarter of fiscal 2008.

Provision for income taxes in fiscal 2008 of \$7.7 million is \$2.7 million greater than the prior year, but on similar levels of pre-tax income. This is due to several reasons. In fiscal 2008, Ridley established valuation allowances in respect to income tax loss carry-forwards that are set to expire by 2010. Key factors in establishing this allowance were material losses in the Canadian tax entity due to the claim settlement, restructuring costs and uncertainty surrounding the short-term outlook for Canadian operations. This valuation allowance increases income tax expense by \$1.4 million. As previously discussed, the effective income tax rate is impacted by the geographic distribution of income and losses between the United States and Canada. The impact of higher U.S. tax rates net of foreign tax deductions is \$1.1 million and \$0.6 million in fiscal 2008 and 2007 respectively. The Canadian taxable entity incurred taxable losses in fiscal 2008 to which the tax benefit is recorded at rates applicable to the year the losses are expected to be utilized. Since future years' rates are lower in comparison to the current year rate, an unfavourable effect of \$0.6 million is reflected in the provision for income taxes. Substantively enacted income tax rate reductions in Canada in December 2007 do not significantly impact income tax provisions as future tax assets approximate future tax liabilities within Canadian entities.

Net earnings from discontinued operations recorded in fiscal 2007 relate to the settlement of legal issues arising from the sale in 2002 of Ridley's swine genetics business in the United Kingdom and recognizing future tax benefits associated with liquidating the remaining U.K. structure. These transactions and associated professional fees yielded net income from discontinued operations of \$0.7 million.

Net earnings for the twelve months of fiscal 2008 were \$6.0 million (diluted earnings per share of \$0.43) compared with earnings of \$9.0 million (diluted earnings per share of \$0.65) in fiscal 2007. EBITA from continuing operations for the full year was \$29.5 million in fiscal 2008 compared with \$26.5 million in fiscal 2007.

Ridley's comprehensive income in the twelve months of fiscal 2008 was \$7.6 million comprised of net earnings of \$6.0 million as reported above, and \$1.6 million of unrealized gains on translation to U.S. currency of financial statements of related entities with foreign functional currency. Comprehensive income in the twelve months of the prior year was \$9.7 million comprised of \$9.0 million in net earnings as reported above, and \$0.7 million of unrealized gains on translation to U.S. currency of financial statements of related entities with foreign functional currency.

SEGMENT RESULTS

Starting in fiscal 2008, the Company is reporting the results of its Ridley Feed Ingredients (RFI) business unit as a separate reporting segment. The prior year's segment results have been reclassified to conform to the current year reporting. RFI accounts for about 10% of Ridley's external revenues and about 12% of total assets. In prior year financial reports, the results of RFI were included with the results of the Ridley Feeds Operations (RFO) reporting segment.

Ridley Feed Operations (RFO)

The Ridley Feed Operations (RFO) segment consists of full-line feed production facilities operating in the United States and Canada, producing and marketing products for the core animal nutrition market. Overall sales volumes for RFO were lower by 2.1% in the fourth quarter of fiscal 2008 and are 3.3% lower for the 12 months of fiscal 2008 compared to last year. Sales volumes amongst the U.S. operations of RFO were lower by 1.7% in the fourth quarter of fiscal 2008 reflecting a drop in sales of lower margin ingredients and complete feeds, while swine feeds improved over the same period last year. Canadian sales volumes were lower by 2.8% in the fourth quarter and by 5.0% on a full year basis reflecting the continuation of a difficult economic environment for Canadian beef and swine producers.

While RFO volumes were moderately lower in fiscal 2008, sales revenues increased 23.2% in the fourth quarter and 18.8% for the full twelve months over last year. These revenue increases were largely a manifestation of dramatically higher raw material costs that have impacted the entire feed industry this year.

RFO recorded a strong improvement in gross profit margins in the fourth quarter of fiscal 2008, increasing by 14.0% over last year reflecting a good product mix sustained throughout the year, mainly in U.S. business units. For the year, gross profit margins in the RFO division increased by 3.8% aided by good unit margins in U.S. based operations against lower tonnage volume.

For the fourth quarter of fiscal 2008, RFO reported operating income of \$3.2 million, compared with \$1.6 million in the same period of fiscal 2007. For the full year of fiscal 2008, RFO operating income was \$13.9 million compared with \$9.1 million in the prior year. RFO has completed a restructuring of its Canadian operations that was initiated in the fall of 2007 and has achieved the results as expected in the second half of fiscal 2008. The full year operating income of RFO includes restructuring charges in Canadian operations of \$1.4 million recorded in the second quarter.

Ridley Feed Ingredients (RFI)

The Ridley Feed Ingredients (RFI) segment consists of vitamin and trace mineral premixes, small packaged specialty products, medicated and non-medicated feed additives and micro feed ingredients produced and distributed through RFI's facility in Illinois. RFI's revenues in the fourth quarter of fiscal 2008, including intersegment sales, increased over the previous year by 42.1%, mainly due to higher unit selling prices driven by higher ingredient costs, as well as a 11.4% increase in tonnage volume. For the full year, RFI revenues increased by 25.8% on volume growth of 8.1%. Favourable product margins and good cost controls on expanded volumes yielded an increase in RFI operating income to \$2.2 million in the fourth quarter of fiscal 2008 from \$1.7 million in the prior year. For the full year, RFI operating income increased to \$7.6 million in fiscal 2008 from \$3.8 million in fiscal 2007.

Ridley Nutrition Solutions (RNS)

Ridley Nutrition Solutions (RNS) includes the feed supplement block operations and equine nutrition business. Sales volumes in the fourth quarter were improved 10.8% over last year, while sales volumes for the full year of fiscal 2008 were improved by 3.6% from last year. Severe drought conditions in the southeast U.S. negatively impacted RNS block volumes earlier in the year although the segment generally benefited from more normal conditions in other regions during the important winter season. Sales tonnage of equine feeds grew by 15.3% in fiscal 2008.

Gross profits in RNS increased 12.3% in the fourth quarter of 2008 as result of the contribution from improved unit margins and expanded sales volume. On a year-over-year basis, RNS gross profits increased by 6.3%. RNS sales volumes are seasonal and normally reach a low each year in the months of spring usually resulting in a net operating loss for the Division's fourth quarter. The RNS net operating loss recorded in the fourth quarter of \$0.8 million includes an asset impairment loss of \$0.3 million for closure of the Syracuse block facility.

Corporate

Corporate expenses, which include certain head office staff, board of directors' and other public company expenses, as well as legal expenses related to the BSE class action lawsuits, were \$2.4 million in the fourth quarter of 2008 compared to \$1.3 million in the same period of 2007. The increase of \$1.1 million in corporate expenses in the fourth quarter includes financial and legal advisory expenses incurred in connection with the Company's strategic review process. Corporate expenses for the full year of fiscal 2008 were \$12.2 million compared to \$5.5 million in fiscal 2007. The increase of \$6.7 million over last year includes the \$6.0 million class action settlement expense recorded in the second quarter of fiscal 2008 as well as higher professional fees attributed to the strategic review process, partially offset by lower legal expenses incurred for the BSE class action lawsuits in fiscal 2008.

Forward-Looking Information

This report contains "forward-looking" information. The forward-looking information includes statements concerning Ridley'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 Ridley's business, adverse results from ongoing litigation, actions of domestic and foreign governments, and the outcome of the Company's strategic review process. Other risks are

outlined in the Risk Management section of the MD&A included in Ridley's Annual Report. Unless otherwise required by applicable securities law, Ridley disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. Ridley cautions readers not to place undue reliance upon forward-looking statements.

OUTLOOK

High feed costs remain a dominant concern for producers of meat, milk and eggs in North America and will continue to pressure producer profit margins and working capital requirements. Many sectors will likely see little or no expansion and probably contraction in the months ahead. As these conditions affect Ridley's livestock producing customers, in turn they will have the effect of pressuring Ridley's volumes and product margins.

Most hog producers in the U.S. and especially Canada have operated at a loss for much of the past twelve months. The Canadian swine breeding herd, where the weaker U.S. dollar has hurt returns from exported pork, was down approximately 4.6% in April from a year ago. Industry analysts believe that further contraction will be necessary to restore profitability, which will continue to pressure earnings results in Ridley's Canadian operations.

The steady increase in commodity prices throughout fiscal 2008 had a positive impact on Ridley's margins as raw materials were formulated into finished products and sold at prices reflecting higher market replacement costs. Commodity prices are likely to remain high in the coming year, but the Company does not foresee price increases of the magnitude experienced in the past year. Consequently, the Company does not expect product margins in fiscal 2009 to benefit as greatly from the positive impact of rising raw material prices.

Maintaining a balanced presence amongst the diverse sectors of meat, milk and egg producers will remain an important factor in Ridley's ability to sustain steady performance. Ridley's earnings are widely diversified across geographies and livestock species, with no single market segment representing more than 30% of sales volumes and no single customer representing more than 2% of revenues. As Ridley's product mix has evolved to lower inclusion supplements and premixes or specialty products, sales volumes have been less impacted by fluctuations in cereal grain and protein meal markets and producer usage. In the longer term, the continuing growth in global demand for farm commodities, combined with the productive efficiency of the North American livestock and poultry industries, remain the most positive drivers for Ridley and the commercial feed industry.

Strategic Review Process

Ridley Inc. previously announced on May 6, 2008 that its Board of Directors has initiated a strategic review process as a result of its 68.8% controlling shareholder, Ridley Corporation Limited, advising the Company of its desire to sell its investment in the Company subject to receiving satisfactory offers. As a result, the Company has initiated a process to explore potential sale alternatives for Ridley Corporation Limited and other shareholders.

The Company has retained CIBC World Markets Inc. as its financial advisor and Davies Ward Phillips & Vineberg LLP as its legal advisor in connection with this process. The Company continues to be engaged in this process. However, investors are cautioned that there can be no assurance that any transaction will be pursued, announced, entered into, or consummated by the Company in connection with the strategic review process.

BSE Class Action Lawsuits

The actions by proposed representative plaintiffs continue against the Government of Canada and Ridley Inc. In claims filed in April 2005, the plaintiffs 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 international bans on trade in Canadian beef and cattle following the May

2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta. 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.

On February 5, 2008, Ridley announced that it had reached a settlement agreement with the representative plaintiffs in the BSE class action lawsuits. Under the settlement agreement, Ridley will pay CAD \$6 million into a plaintiffs' settlement trust fund and will effectively cap its exposure to the claims made by the plaintiffs to that amount. However, Ridley will remain a participant in the ongoing litigation as plaintiffs continue their claim against the Government of Canada. In agreeing to the settlement, Ridley made no admission of liability or wrongdoing in the matter, and will continue to contest any allegation it was responsible for the plaintiffs' damages.

The settlement agreement will be finalized and Ridley will pay the settlement funds provided the Ontario and Quebec courts both approve the settlement and the number of class member opt-outs is below an agreed threshold. The financial results for Ridley's twelve months of fiscal 2008 reflect a provision of \$6.0 million for this contingent liability. Ridley will continue to incur legal expenses as a result of the settlement approval process and its continuing involvement in the actions. No accruals have been made in respect of ongoing legal expenses related to the actions.

Motions were heard in the Ontario Superior Court in June 2008 for certification of the Ontario lawsuit as a class action and approval of the settlement agreement, but no decision has been rendered yet by the Court on those motions. The lawsuit in Quebec has been authorized as a class action and the settlement agreement between Ridley and the plaintiffs has been approved by the Superior Court of Quebec.

On July 17, 2008 the Supreme Court of Canada denied the application of Ridley Inc. and the Government of Canada for leave to appeal the June 21, 2007 decision of the Court of Appeal of Ontario that refused early dismissal of the proposed BSE class action lawsuit filed against Ridley Inc. and the Government of Canada by an Ontario dairy farmer. The Supreme Court's ruling has no bearing on the settlement agreement which Ridley entered into with the representative plaintiffs.

Ridley Inc. (www.ridleyinc.com), headquartered in Mankato, Minnesota and Winnipeg, Manitoba, is one of North America's leading commercial animal nutrition companies. Ridley employs more than 1,000 people in the United States and Canada in the manufacture and distribution of a full range of animal nutrition products under highly regarded trade names.

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

Additional information, including Ridley's Annual Information Form (AIF), is available SEDAR at www.sedar.com.

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CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. dollars)

RIDLEY Inc.

Three and twelve months ended June 30, 2008 and 2007

RIDLEY Inc.**Consolidated Balance Sheets***(Unaudited, expressed in thousands of U.S. dollars)*

	June 30 2008	June 30 2007
ASSETS		
Current assets		
Cash and short-term deposits	3,510	2,315
Accounts receivable	35,793	30,733
Inventories	69,901	50,702
Income taxes recoverable	468	402
Prepays and other current assets	1,453	1,452
Current portion of loans receivable	1,543	1,755
Future income tax benefit	2,934	1,623
Total current assets	115,602	88,982
Non-current assets		
Loans receivable, less current portion	677	1,872
Assets held-for-sale <i>(Note 5)</i>	730	-
Property, plant and equipment	94,100	93,113
Other assets	2,410	3,182
Other intangibles	4,553	3,856
Goodwill	50,595	50,062
Total non-current assets	153,065	152,085
TOTAL ASSETS	268,667	241,067
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities		
Outstanding cheques in excess of bank balance	-	272
Short-term debt	900	3,711
Accounts payable and accrued liabilities	58,308	38,633
Advances from customers	2,271	3,116
Claim settlement provision <i>(Note 11)</i>	5,891	-
Income taxes payable	-	1,329
Current portion of long-term debt	89	49
Total current liabilities	67,459	47,110
Long-term liabilities		
Long-term debt, less current portion	18,466	21,203
Future income tax liability	24,715	22,959
Other accrued liabilities	4,524	3,932
Total long-term liabilities	47,705	48,094
Total liabilities	115,164	95,204
Shareholders' equity		
Share capital	57,604	57,604
Retained earnings	82,594	76,602
Accumulated other comprehensive income <i>(Note 4)</i>	13,305	11,657
Total shareholders' equity	153,503	145,863
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	268,667	241,067

RIDLEY Inc.**Consolidated Statements of Earnings and Retained Earnings***(Unaudited, expressed in thousands of U.S. dollars)*

	Three Months Ended June 30		Year Ended June 30	
	2008	2007	2008	2007
Revenue	159,366	126,322	633,457	531,588
Cost of sales	137,926	107,809	538,518	444,609
Gross profit	21,440	18,513	94,939	86,979
Operating (income) expenses				
Selling, general and administrative	17,163	14,276	64,330	59,474
Amortization of property, plant and equipment	2,094	2,052	8,131	8,447
Gain on sale of facilities <i>(Note 10)</i>	(730)	-	(1,559)	-
Research and development	404	364	1,151	1,046
Other amortization	44	93	115	368
Asset impairment loss <i>(Note 5)</i>	308	-	1,254	3,130
Claim settlement <i>(Note 11)</i>	-	-	6,000	-
Net operating expenses	19,283	16,785	79,422	72,465
Operating income	2,157	1,728	15,517	14,514
Finance costs	(443)	(401)	(2,516)	(1,977)
Interest income	105	155	694	749
Earnings before income taxes	1,819	1,482	13,695	13,286
Provision for income taxes <i>(Note 12)</i>	623	278	7,703	5,037
Net earnings from continuing operations	1,196	1,204	5,992	8,249
Net earnings from discontinued operations <i>(Note 6)</i>	-	105	-	736
Net earnings	1,196	1,309	5,992	8,985
Retained earnings, beginning of period	81,398	75,293	76,602	67,617
Current year earnings	1,196	1,309	5,992	8,985
Retained earnings, end of period	82,594	76,602	82,594	76,602
Earnings per share from continuing operations, basic and diluted	0.08	0.09	0.43	0.60
Net earnings per share, basic and diluted	0.08	0.10	0.43	0.65

Consolidated Statements of Comprehensive Income*(Unaudited, expressed in thousands of U.S. dollars)*

	Three Months Ended June 30		Year Ended June 30	
	2008	2007	2008	2007
Net earnings	1,196	1,309	5,992	8,985
Unrealized gains on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency	229	2,681	1,648	682
Other comprehensive income	229	2,681	1,648	682
Comprehensive income	1,425	3,990	7,640	9,667

RIDLEY Inc.**Consolidated Statements of Cash Flows***(Unaudited, expressed in thousands of U.S. dollars)*

	Three Months Ended June 30		Year Ended June 30	
	2008	2007	2008	2007
Cash flow from operating activities				
Net earnings for the period	1,196	1,309	5,992	8,985
Add (deduct) items not affecting cash:				
Amortization of property, plant and equipment	2,094	2,052	8,131	8,447
Future income taxes	63	(137)	416	(2,585)
Foreign currency translation gain <i>(Note 6)</i>	-	47	-	(813)
Asset impairment loss <i>(Note 5)</i>	308	-	1,254	3,130
Claim settlement <i>(Note 11)</i>	-	-	6,000	-
Loss on sale of property, plant and equipment	200	46	176	277
Gain on sale of facilities	(730)	-	(1,559)	-
Other amortization	44	93	115	368
Other items not affecting cash	50	(16)	219	191
	3,225	3,394	20,744	18,000
Net change in non-cash working capital balances related to operations:				
Accounts receivable	3,722	755	(3,515)	(1,928)
Inventories	(10,650)	(2,864)	(17,841)	(9,417)
Prepays and other current assets	487	(21)	61	(344)
Accounts payable and accrued liabilities	21,357	7,392	18,664	1,946
Advances from customers	(2,419)	(3,307)	(845)	(3,528)
Income taxes payable and recoverable	(1,310)	(1,223)	(1,453)	1,098
	14,412	4,126	15,815	5,827
Cash flow from investing activities				
Proceeds on disposal of facilities, property, plant and equipment	1,490	72	4,369	401
Purchase of property, plant and equipment and investments	(3,041)	(2,428)	(10,521)	(8,031)
Decrease in loans receivable, net	815	758	1,437	322
Business acquisitions <i>(Note 7)</i>	(23)	-	(1,249)	(138)
	(759)	(1,598)	(5,964)	(7,446)
Cash flow from financing activities				
Repayment of short- and long-term debt	(10,148)	(2,278)	(41,953)	(28,016)
Proceeds from short- and long-term debt	4,508	7,706	33,579	29,022
Payment of finance costs	-	-	-	(181)
Issuance of share capital	-	-	-	169
	(5,640)	5,428	(8,374)	994
Effect of exchange rate changes on cash				
	(54)	(33)	(10)	(8)
Increase (decrease) in cash and cash equivalents	7,959	7,923	1,467	(633)
Cash and cash equivalents - beginning of period	(4,449)	(5,880)	2,043	2,676
Cash and cash equivalents - end of period	3,510	2,043	3,510	2,043
Cash and cash equivalents				
Cash and short-term deposits	3,510	2,315	3,510	2,315
Outstanding cheques in excess of bank balance	-	(272)	-	(272)
	3,510	2,043	3,510	2,043

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, with the exception of the changes in accounting policies as outlined in Note 2. 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, 2007, as set out in the 2007 Annual Report. All amounts are in U.S. dollars unless otherwise stated.

2. Changes in accounting policies

The Company has adopted the following Canadian Institute of Chartered Accountants (CICA) guidelines effective for the commencement of its 2008 fiscal year:

CICA 3855 Financial instruments – recognition and measurement

This pronouncement establishes standards for recognizing and measuring financial assets and liabilities and non-financial derivatives. It requires that: a) all financial assets and liabilities be measured initially at fair value, b) all financial assets be subsequently measured at either amortized cost or fair value depending on the type of instrument and any optional designations by the Company, c) all financial liabilities be subsequently measured at amortized cost or at fair value if they are classified as held for trading purposes, and d) all derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. All changes in fair value are recorded in earnings unless cash flow hedge accounting is used in which case changes in fair value are recorded in other comprehensive income.

The Company has selected July 1, 2002 as its transition date to apply fair value accounting for all embedded derivatives. An embedded derivative is a component of a financial instrument or another contract of which the characteristics are similar to a derivative. The Company has determined that all of its embedded derivatives are exempt from fair value accounting.

CICA 3861 Financial instruments – disclosure and presentation

This pronouncement replaces handbook section 3860. It establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed.

CICA 1530 Comprehensive income

This pronouncement establishes reporting and disclosure of comprehensive income and its components. Comprehensive income is the change in a Company's net assets that result from transactions, events, and circumstances from sources other than investments by and/or distributions to the Company's shareholders. It includes items that would not normally be included in net earnings, such as: a) changes in the cumulative currency translation adjustments account relating to self-sustaining foreign operations, b) unrealized gains or losses on available-for-sale investments, and c) gains or losses on the effective portion of derivatives designated as cash flow hedges.

CICA 3251 Equity

This pronouncement replaces handbook section 3250 – Surplus with handbook section 3251 – Equity. It requires consistency of disclosure and presentation of equity components with the new requirements of section 1530 – Comprehensive Income.

CICA 3865 Hedges

This pronouncement establishes when and how hedge accounting may be applied. The standard replaces and expands upon Accounting Guideline 13 – Hedging Relationships, and requires hedges be designated as either fair value hedges, cash flow hedges or hedges of a net investment in a self-sustaining foreign operation. For a fair value hedge, the gain or loss on the hedging item is recognized in earnings in the period of change together with the offsetting change attributable to the hedged risk. For a

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cash flow hedge, as well as a hedge of a net investment in a self-sustaining foreign operation, the effective portion of the gain or loss on the hedging item is initially reported in other comprehensive income and subsequently recognized in earnings when the hedged item affects earnings.

As a result of the adoption of these standards, these additional items are now reported in the consolidated financial statements: a) comprehensive income and its components and b) accumulated comprehensive income and its components (Note 4). The comparative interim consolidated financial statements have not been restated, except for the retroactive restatement of the cumulative foreign currency translation adjustment account. All other sections have been applied retroactively, without restatement in accordance with the transitional provisions.

The following table presents the carrying amount and the fair value of the Company's financial instruments. Amortized cost is calculated using the effective interest rate method. Fair value is based on quoted market prices when available. However, when financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors for instruments with similar characteristics and risk profiles. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgement.

As of June 30, 2008	Assets (Liabilities) Carried at Cost/Amortized Cost		Assets (Liabilities) Carried at Fair Value
	Carrying Value	Fair Value	Carrying value
Cash and short-term deposits	3,510	3,510	-
Accounts receivable	35,793	35,793	-
Loans receivable	2,220	2,220	-
Financial derivative instruments	-	-	351
Accounts payable and accrued liabilities	(58,308)	(58,308)	-
Advances from customers	(2,271)	(2,271)	-
Claim settlement provision	(5,891)	(5,891)	-
Short-term and Long-term debt	(19,455)	(19,455)	-
Other accrued liabilities	(623)	(623)	-

In the three and twelve months ended June 30, 2008, the Company recorded a credit of \$456,000 and \$851,000 to cost of goods sold associated with market valuations of derivatives, respectively. In the three and twelve months ended June 30, 2008, the Company recorded a credit of \$58,000 and a charge of \$197,000 to finance costs associated with market valuations of derivatives, respectively.

The Company elected to earlier adopt the following CICA guidelines which have been adopted and reflected in the Company's financial statements effective as of June 30, 2008. The Company was not required to adopt these new standards until the first quarter commencing July 1, 2008.

CICA 3862 Financial instruments - disclosures

This pronouncement establishes standards for disclosure of: a) the significance of financial instruments for an entity's financial position and performance, b) the nature and extent of risks arising from financial instruments to which an entity is exposed during the period and at the balance sheet date and how the entity manages these risks.

CICA 3863 Financial instruments - presentation

This pronouncement establishes standards for presentation of financial instruments and non-financial derivatives.

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The presentation requirements of CICA 3863 are substantially similar to the previous presentation requirements adopted by the Company and, therefore, the adoption of this standard did not impact the Company's financial statements.

CICA 1535 Capital disclosures

The disclosure requirements of CICA 1535 relate to information about an entity's capital and how it is managed.

The Company's objective in managing capital is to enhance shareholder value by maintaining a structure to take advantage of growth and development opportunities, maintain existing assets, and meet financial obligations.

Capital includes shareholders' equity, long-term debt, including current portion, capital leases, and short term debt. The Company's key financial metric is debt to equity ratio. The debt to equity ratio does not have a standardized meaning prescribed by Canadian GAAP and therefore is not readily comparable to similar measures presented by other companies. The debt to equity ratio at June 30, 2008 of 13% compared to 17% last year reflects strong cash flow from operations during fiscal 2008. The debt to equity ratio is acceptable to the Company's Board of Directors. Capital management objectives are reviewed on an annual basis. The capital management objectives are substantially unchanged in fiscal 2008.

Debt is impacted by working capital requirements and routine capital outlays for plant and equipment. This type of funding is required to maintain the Company's current level of business activity. The Company utilizes its debt facility to fund investment opportunities such as business acquisitions, new product development and profit improvements. These potential opportunities are evaluated based on various criteria including projected rate of return that meet or exceed the Company's target rate of return. Sensitivity analysis and risk assessments are performed to assist in these evaluations.

3. Seasonality and commodity variability

The Company experiences seasonal variations in revenue. Historically, revenue is strongest in the second and third fiscal 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 and associated cost of sales as selling prices and product costs move in relation to changes in commodity prices.

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4. Accumulated other comprehensive income

	Three Months Ended		Twelve Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
	(\$000)	(\$000)	(\$000)	(\$000)
Balance, beginning of period as previously reported	13,076	8,976	-	-
Unrealized gain on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency (note 2)	-	-	11,657	10,975
Restated balance, beginning of period	13,076	8,976	11,657	10,975
Other comprehensive income	229	2,681	1,648	682
Balance, end of period	13,305	11,657	13,305	11,657

The accumulated balances of other comprehensive income are comprised entirely of the unrealized gain on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency.

5. Asset impairment loss and restructuring costs

Long lived assets are tested for recoverability whenever changes in circumstances indicate that their carrying amount may exceed their fair value. Fair value is determined based on the net realizable value that could be obtained for assets, less costs of disposal or sale.

In fiscal 2008, the Company recorded impairment charges on equipment and buildings in the Company's Syracuse, Indiana plant of \$542,000 (\$328,000 after tax); of this, \$308,000 (\$186,000 after tax) was recorded in the fiscal fourth quarter. The production from this facility was transferred to the newly purchased plant in Flemingsburg, Kentucky (note 7). This cost is recorded within the Ridley Nutrition Solutions segment. A portion of the associated land, buildings and equipment is expected to be sold in the future and is classified as assets held-for-sale. The estimated fair value of the held-for-sale assets exceeds its carrying value of \$730,000.

In the second quarter of fiscal 2008 the Company recorded a \$712,000 (\$491,000 after tax) impairment charge from the closure of a plant in Lethbridge, Alberta. The loss of customers and sales volume at the plant led to the consolidation with another western Canadian plant. This cost is recorded within the Ridley Feed Operations segment. A portion of the associated land and buildings were sold in the fourth quarter of 2008 for a gain of \$730,000 (note 10).

The Ridley Feed Operations segment incurred and paid restructuring costs of \$1,449,000 in the second quarter of fiscal 2008 related to a reduction in its Canadian workforce in response to lower sales volumes due to difficult market conditions and increased costs in Canada. These costs consist of inventory obsolescence of \$532,000 and severance of \$200,000 recorded in cost of sales, and severance of \$600,000 and other expenses of \$117,000 recorded in selling, general and administrative expense.

In the second quarter of fiscal 2007 the Company recorded a \$3,130,000 (\$2,050,000 after tax) impairment loss related to the closure of a feed plant in Lacombe, Alberta. This cost is recorded within the Ridley Feed Operations segment.

6. Discontinued operations

In fiscal 2002, the Company sold its European swine breeding business. Subsequent to the sale, the purchaser initiated legal proceedings regarding warranty and indemnification claims. In the second quarter of fiscal 2007, the Company settled these legal claims and recorded a \$528,000 charge. In the

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same period, the Company initiated activity to formally liquidate its remaining U.K. structure and a future tax benefit was recorded at that time.

In the third quarter of fiscal 2007, the Company fully funded the pension obligation and substantially liquidated the U.K. entity. As a result of this substantial liquidation, the Company recognized a gain related to the cumulative foreign currency translation adjustment (CTA) associated with the U.K. structure.

The following summarizes the components of net income from discontinued operations as reported in the consolidated statements of earnings and retained earnings:

	Three Months Ended		Twelve Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
	(\$000)	(\$000)	(\$000)	(\$000)
Gain on recognition of CTA	-	(47)	-	813
Former employees pension obligation	-	-	-	(553)
Settlement with purchaser	-	-	-	(528)
Legal and professional fees	-	(11)	-	(223)
Pre tax income (loss)	-	(58)	-	(491)
Future tax benefit (liability)	-	163	-	1,227
Net earnings from discontinued operations	-	105	-	736

7. Business acquisitions

On March 10, 2008, the Company acquired substantially all of the assets and assumed the outstanding debt of 4 Seasons Marketing, LLC ("4 Seasons") and its affiliate, Ultralyx, Inc. for cash consideration of \$1,111,000 and deferred consideration of \$375,000. The deferred consideration is payable at varying amounts over a five-year period. The purchase price is allocated to assets and liabilities based on their estimated fair value at the closing date. The acquired business is a manufacturer and distributor of feed supplement blocks operating a single plant in Flemingsburg, Kentucky. This operation is recorded under the Ridley Nutrition Solutions segment.

This acquisition is accounted for using the purchase method of accounting, and the results of its operation are included in the consolidated financial statements from the date of acquisition. Details of the acquired assets and liabilities are as follows:

Assets	(\$000)
Accounts receivable	1,005
Inventories	780
Property, plant and equipment	2,414
Other intangibles	790
	<u>4,989</u>
Liabilities	
Accounts payable and accrued liabilities	1,618
Long-term debt	1,885
	<u>3,503</u>
Net assets acquired	<u><u>1,486</u></u>
Cash consideration	1,111
Deferred consideration	375
Total consideration	<u><u>1,486</u></u>

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Other intangibles acquired include non-compete agreements valued at \$225,000 and intellectual property consisting of principally unpatented technology and license agreements valued at \$565,000 with amortization periods of five years and fifteen years, respectively. The valuation of this acquisition was finalized as of June 30, 2008.

There were no business acquisitions for the year to date in fiscal 2007, however, installments related to a fiscal 2006 acquisition have been paid in the first quarters of fiscal 2008 and 2007.

8. Statement of cash flow disclosures

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

	Three Months Ended		Twelve Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
	(\$000)	(\$000)	(\$000)	(\$000)
Interest	414	415	2,248	2,158
Income taxes, net of refund	1,900	1,455	8,727	5,255

9. Post retirement and pension expense

The Company's recorded estimated costs related to its non-contributory pension plans and defined contribution plans are as follows:

	Three Months Ended		Twelve Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
	(\$000)	(\$000)	(\$000)	(\$000)
Non-contributory pension plan	346	328	1,380	1,285
Defined contribution plan	351	369	1,405	1,364

10. Gain on sale of facilities

Operating results in fiscal 2008 of the Ridley Feed Operations segment include pre-tax gains of \$829,000 related to the sale of a premix facility and a fabrication shop, both of which are located in Winnipeg, Manitoba, as well as \$730,000 from the sale of land and buildings after the closure of a plant in Lethbridge, Alberta (note 5). Net proceeds on these sales were \$3,867,000.

11. Litigation

The actions by proposed representative plaintiffs continue against the Government of Canada and the Company. In claims filed in April 2005, the plaintiffs 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 international bans on trade in Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta. 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.

On February 5, 2008, the Company announced that it had reached a settlement agreement with the representative plaintiffs in the BSE class action lawsuits. Under the settlement agreement, the Company will pay CAD \$6,000,000 into a plaintiffs' settlement trust fund and will effectively cap its exposure to the

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claims made by the plaintiffs to that amount. However, the Company will remain a participant in the ongoing litigation as plaintiffs continue their claim against the Government of Canada. In agreeing to the settlement, the Company made no admission of liability or wrongdoing in the matter, and will continue to contest any allegation it was responsible for the plaintiffs' damages.

The settlement agreement will be finalized and the Company will pay the settlement funds provided the Ontario and Quebec courts both approve the settlement and the number of class member opt-outs is below an agreed threshold. The financial results for the Company's twelve months of fiscal 2008 reflect a provision of \$6,000,000 for this contingent liability. The Company will continue to incur legal expenses as a result of the settlement approval process and its continuing involvement in the actions. No accruals have been made in respect of ongoing legal expenses related to the actions.

Motions were heard in the Ontario Superior Court in June 2008 for certification of the Ontario lawsuit as a class action and approval of the settlement agreement, but no decision has been rendered yet by the Court on those motions. The lawsuit in Quebec has been authorized as a class action and the settlement agreement between the Company and the plaintiffs has been approved by the Superior Court of Quebec.

On July 17, 2008 the Supreme Court of Canada denied the application of the Company and the Government of Canada for leave to appeal the June 21, 2007 decision of the Court of Appeal of Ontario that refused early dismissal of the proposed BSE class action lawsuit filed against the Company and the Government of Canada by an Ontario dairy farmer. The Supreme Court's ruling has no bearing on the settlement agreement which the Company entered into with the representative plaintiffs.

12. Income taxes

Income tax provisions in fiscal 2008 include valuation reserves of \$1,440,000 in respect to non-capital tax loss carry-forwards that are set to expire by 2010. Key factors in establishing these reserves are material losses in the Canadian tax entity due to the claim settlement, restructuring costs and uncertainty surrounding the short term outlook for Canadian operations. The Canadian taxable entities incurred taxable losses in fiscal 2008 to which the tax benefit is recorded at rates applicable to the year the losses are expected to be utilized. Since future years' rates are lower in comparison to the current year rate, an unfavourable effect of \$605,000 is reflected in the provision for income taxes. Substantively enacted income tax rate reductions in Canada in December 2007 do not significantly impact income tax provisions as future tax assets approximate future tax liabilities within Canadian entities. In the normal course of business, the Company may take positions on its tax returns that taxing authorities could possibly challenge. Although the Company believes it has support for positions taken on its tax returns, the Company has recorded a liability of its best estimate of probable loss on certain transactions. During the fourth quarter of fiscal 2008, the Company recorded a net recovery of \$298,000 associated with uncertain tax positions.

13. Segment information

The Company's operations are conducted in four reportable segments as: Ridley Feed Operations, Ridley Feed Ingredients, 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. Beginning in fiscal 2008, the Company is reporting the results of its Ridley Feed Ingredients (RFI) business unit as a separate reporting segment reflecting changes in how the Company evaluates its operations. In previous fiscal years, RFI was included as part of Ridley Feed Operations. The prior year's segment results have been reclassified to conform to the current year reporting.

Ridley Feed Operations, which consists of both the U.S. and Canadian feed operations, manufactures and distributes livestock feed products to customers primarily in the prairie region of Canada and the U.S. Midwest. RFO products include a full range of complete feeds and supplements that are marketed through a dealership network as well as directly to livestock producers.

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Ridley Feed Ingredients manufactures and distributes vitamin and trace mineral premixes, small packaged specialty products, medicated and non-medicated feed additives and micro feed ingredients.

Ridley Nutrition Solutions (RNS) includes the feed supplement block operations and equine nutrition business. RNS produces a range of block supplements including low moisture, pressed, compressed, composite and poured blocks. The RNS equine nutrition business operates dedicated equine feed production facilities.

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 finance costs, interest income, and income taxes.

An analysis of segment information is as follows:

RIDLEY Inc.										
Segment Information	Ridley Feed Operations		Ridley Feed Ingredients		Ridley Nutrition Solutions		Corporate and Eliminations		Ridley Inc. Consolidated	
Three months ended	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
June 30	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenue										
Revenue from										
unaffiliated customers	127,080	103,760	18,209	11,905	14,077	10,657	-	-	159,366	126,322
Intersegment revenues	1,643	753	13,455	10,372	7,158	5,528	(22,256)	(16,653)	-	-
Revenue	128,723	104,513	31,664	22,277	21,235	16,185	(22,256)	(16,653)	159,366	126,322
Cost of sales	113,946	91,550	28,582	19,917	17,654	12,995	(22,256)	(16,653)	137,926	107,809
Gross profit	14,777	12,963	3,082	2,360	3,581	3,190	-	-	21,440	18,513
Net operating expenses	11,587	11,365	879	674	4,377	3,451	2,440	1,295	19,283	16,785
Operating income (loss)	3,190	1,598	2,203	1,686	(796)	(261)	(2,440)	(1,295)	2,157	1,728
Twelve months ended										
	Ridley Feed Operations		Ridley Feed Ingredients		Ridley Nutrition Solutions		Corporate and Eliminations		Ridley Inc. Consolidated	
June 30	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenue										
Revenue from										
unaffiliated customers	503,011	424,085	62,906	48,100	67,540	59,403	-	-	633,457	531,588
Intersegment revenues	5,721	4,029	49,902	41,565	34,767	30,786	(90,390)	(76,380)	-	-
Revenue	508,732	428,114	112,808	89,665	102,307	90,189	(90,390)	(76,380)	633,457	531,588
Cost of sales	446,591	368,229	101,964	83,216	80,353	69,544	(90,390)	(76,380)	538,518	444,609
Gross profit	62,141	59,885	10,844	6,449	21,954	20,645	-	-	94,939	86,979
Net operating expenses	48,253	50,761	3,236	2,625	15,753	13,581	12,180	5,498	79,422	72,465
Operating income (loss)	13,888	9,124	7,608	3,824	6,201	7,064	(12,180)	(5,498)	15,517	14,514
Assets										
	Ridley Feed Operations		Ridley Feed Ingredients		Ridley Nutrition Solutions		Corporate and Eliminations		Ridley Inc. Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total assets	162,299	152,374	31,417	22,337	67,786	61,625	7,165	4,731	268,667	241,067
Property, plant and equipment	67,400	66,754	2,864	3,040	23,833	23,315	3	4	94,100	93,113
Goodwill	24,906	24,373	4,327	4,327	21,362	21,362	-	-	50,595	50,062

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<i>(Expressed in thousands of U.S. dollars)</i>	Three Months Ended June 30		Twelve Months Ended June 30	
	2008	2007	2008	2007
Revenue from unaffiliated customers				
U.S.	117,442	92,406	476,551	399,470
Canada	41,924	33,916	156,906	132,118
Total	159,366	126,322	633,457	531,588

<i>(Expressed in thousands of U.S. dollars)</i>	June 30 2008	June 30 2007
Property, plant and equipment		
U.S.	70,080	66,710
Canada	24,020	26,403
	94,100	93,113
Goodwill		
U.S.	37,982	37,982
Canada	12,613	12,080
	50,595	50,062

14. Financial risk management

The Company is subject to a number of risk factors including ingredient prices, interest rates, foreign currency translation rates, liquidity and customer credit performance. The Company manages risk and risk exposures through a combination of insurance, derivative financial instruments, a system of internal and disclosure controls, adherence to approved policies and sound business practices. The Company may use certain derivative financial instruments to manage risks of fluctuation in commodity prices, interest rates and foreign exchange rates. The Company does not purchase any derivative financial instruments for speculative purposes.

The Company's Executive Management Committee, which is comprised of the senior officers of the Company, establishes and reviews strategic and operational plans and policies, considers key business issues and makes determinations on their future direction. The Committee identifies risks, takes corrective actions, and encourages a proactive approach in risk management. In addition, these risks and related controls are reviewed with the Company's Board of Directors.

Ingredient prices

The Company is subject to price movement in the raw materials used in the manufacturing of animal feeds. A significant component of the Company's complete feed production consists of grain and protein meal (commodities). Complete feed is sold through either spot orders, or to a lesser extent, through longer-term, fixed-price sales contracts. In order to meet short-term production requirements, the Company maintains inventories of commodities to meet production requirements. The Company is subject to this risk during the time that commodities are purchased and the time they are sold as part of a feed product. The Company also manufactures and distributes premixes which consist of significant components of vitamins and trace minerals. Vitamin and trace mineral prices are subject to volatility created by world demand and tight supplies; moreover, they require long lead times for delivery and large minimum order sizes. The Company mitigates its price risk exposure to the extent practicable through several methods, including inventory management, the use of long-term purchase contracts, back-to-back buying and selling and, to a lesser extent, hedging on regulated futures and options markets.

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Interest rates

The Company finances a portion of its business through the use of long-term variable rate credit facilities, thus exposing 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 has fixed its variable rate long-term borrowing obligations with the following outstanding interest rate swap agreement.

Notional amount	Interest rate	Term of agreement	Repricing period
C\$10,000,000	4.69%	January 18, 2008 – July 31, 2009	3 months

The unrealized loss on this instrument is \$197,000. The amount is included in income for the period and a corresponding increase in accrued liabilities.

Regarding the June 30, 2008 long-term debt balances of \$18,555,000, a 1% increase or decrease in floating interest rates would increase or decrease earnings before income tax by \$80,000.

Foreign currency translation rate

The Company operates in Canada and the U.S. and its operations are subject to volatility in foreign currency exchange ("FX") differences between currencies of these countries.

The Company's Canadian entities are considered to be self-sustaining and use the Canadian dollar as their functional currency. These entities enter into some purchase contracts and sales contracts denominated in U.S. dollars. The Company manages the risk associated with holding U.S. currency by monitoring its net position and entering into forward exchange contracts when warranted for material net positions. The Company at times maintains inter-company loans between U.S. and Canadian entities. In these situations, forward exchange contracts are utilized to hedge fluctuations in foreign currency translation rates. Any gains or losses realized on FX differences on U.S. dollar denominated transactions are recorded in selling, general and administrative expense.

The Company's U.S. operations have no material transactions denominated in currencies other than U.S. dollars. Consequently, no hedging tools are employed in the U.S.

Translation of Canadian dollar denominated revenues and expenses into U.S. dollars are subject to FX at the time the transaction occurs. When the U.S. dollar changes relative to the Canadian dollar, income reported in U.S. dollars will change. The impact of a strengthening Canadian dollar relative to the U.S. dollar reduces U.S. net income as the Canadian entities recorded a loss during fiscal 2008. A one-cent strengthening or weakening of the FX rate from Canadian dollars to U.S. dollars on the average FX rate during fiscal 2008 would have decreased or increased net income by \$81,000 for the year ending June 30, 2008.

Translation of Canadian dollar denominated financial instruments into U.S. dollars is subject to FX rates at a specific point in time. A one-cent strengthening or weakening of the FX rate from Canadian dollars to U.S. dollars on the June 30, 2008 balance of financial instruments results in a \$250,000 increase or decrease to other comprehensive income and comprehensive income.

Liquidity

Liquidity risk is the ability to access sufficient funds to meet operational and investing requirements. The Company has a borrowing capacity equivalent to \$92.5 million under a loan agreement with a consortium of international banks. Subsequent to June 30, 2008, the terms of the agreement were extended to July 30, 2010. The Company is well positioned to fund acquisitions and capital investments through this loan

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agreement. The Company also has borrowing capability up to \$8.9 million with various banks used in its daily cash management program.

Customer credit performance

Credit risk is the potential that customers fail to meet their obligations to the Company. The Company's financial assets exposed to credit risk consist primarily of trade accounts receivable and loans receivable. Trade accounts receivable are primarily short-term receivables from customers that arise in the normal course of business. As discussed in note 8, the Company has entered into certain loans and collateral agreements with customers. Generally, the acquired security is subordinate to a primary commercial lender. The Company's exposure to these types of loans and collateral agreements has been reduced in recent years.

The Company reduces its exposures to credit risk by a number of factors. The Company deals with a large customer base consisting of both individuals and corporations, with no single customer representing more than 2% of the Company's total gross sales. The Company's customer base is geographically dispersed and comprised of livestock producers representing several different livestock species. This tends to minimize the risk posed to the Company by economic downturns that are either species or regionally based. The Company performs regular credit evaluations on all of its customers and the regular review of their credit limits and timely collection or follow-up of customer balances. Pursuant to their respective terms, trade accounts receivable and other receivables before allowances for doubtful accounts are aged as follows at June 30, 2008:

	(\$000)
Current	31,360
Under 30 days past due	2,931
30-60 days past due	1,018
61-90 days past due	1,044
Over 90 days past due	719
	<u>37,072</u>

The carrying amount of trade accounts receivable are reduced by the use of an allowance for doubtful accounts. The amount of loss is recognized in the statement of earnings within the selling, general and administrative expenses. When trade receivable balances are considered uncollectible, they are written off against the allowance for doubtful accounts. Any recoveries or previously written off accounts are credited against the selling, general and administrative expenses. Activity in the allowance for doubtful accounts is summarized as follows:

	(\$000)
Balance at beginning of year	871
Bad debt expense	602
Accounts written off during year	(214)
Foreign currency translation	20
Balance at end of year	<u>1,279</u>

15. Future accounting standards**Inventories**

Section 3031 issued in June 2007 establishes new standards on the determination of cost and requires inventories to be measured at the lower of cost and net realizable value. The cost of inventories include the cost to purchase and other costs incurred in bringing the inventories to their present location. The new standard also requires additional disclosures regarding the accounting policies used in measuring the inventories, the carrying value of the inventories, amounts recognized as an expense during the period, write-downs and the amount of any reversal of write-downs recognized in the period. The

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standard is effective for fiscal periods beginning on or after October 1, 2007. The Company is evaluating the impact of this new standard on the consolidated financial statements and will adopt the standard commencing in fiscal 2009.

Goodwill and intangible assets

Section 3064 issued in February 2008 provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than initial recognition of goodwill and intangible assets acquired in a business combination. The standard is effective for fiscal periods beginning on or after October 1, 2008, and requires retroactive application to prior period financial statements. The Company is currently reviewing the impact of this standard and will adopt the standard commencing in fiscal 2010.

International Financial Reporting Standards

The Canadian Accounting Standards Board requires all public companies to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company's first quarter of fiscal 2012. The adoption of IFRS will impact the financial statements of the Company. The Company is assessing the impact of implementing IFRS and is developing plans to facilitate a timely conversion.

16. Comparative amounts

The comparative amounts have been reclassified to conform to the current period presentation.

17. Strategic review process

The Company has undertaken a strategic review process as a result of its 68.8% controlling shareholder, Ridley Corporation Limited, advising the Company of its desire to sell its investment in the Company subject to receiving satisfactory offers. As a result, the Company has initiated a process to explore potential sale alternatives for Ridley Corporation Limited and other shareholders.

The Company has retained CIBC World Markets Inc. as its financial advisor and Davies Ward Phillips & Vineberg LLP as its legal advisor in connection with this process. The Company continues to be engaged in this process. However, investors are cautioned that there can be no assurance that any transaction will be pursued, announced, entered into, or consummated by the Company in connection with the strategic review process.