

NEWS RELEASE

RIDLEY Inc.

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

Ridley Inc. Reports Financial Results for Fiscal 2009 Third Quarter

MANKATO, MINNESOTA and WINNIPEG, MANITOBA – (May 12, 2009) — Ridley Inc. (TSX: RCL) today reported its financial results for its third quarter ended March 31, 2009. All currency amounts are stated in U.S. dollars unless otherwise noted.

For the three months ended March 31, 2009, Ridley's net income after taxes was \$3.5 million or 25 cents per share compared to \$5.0 million or 37 cents per share in the same period last year. Earnings before interest, taxes and amortization (EBITA (i)) were \$7.7 million compared to \$11.0 million last year. For the nine months of the current fiscal year to-date Ridley reported net income after taxes of \$7.1 million or 51 cents per share compared to \$4.8 million or 35 cents per share last year. EBITA for the nine months of fiscal 2009 was \$22.1 million compared to \$27.0 million for the same period last year.

The key driver of Ridley's performance in the third quarter of fiscal 2009 was the pressure on gross profits from lower sales volumes across all of Ridley's reporting segments reflecting an industry-wide downturn in demand for animal nutrition products. Livestock and poultry producers in Canada and the U.S. have cut the size of herds and flocks in response to reduced profitability in their own operations following weaker consumer demand and lower meat, milk and egg prices. Ridley's overall net sales volumes for the third quarter of fiscal 2009 were 10.8% lower than the same period last year. Volumes were lower in all divisions, including Ridley Feed Operations (RFO) which addresses traditional core livestock feed markets. However, a sales mix of higher margin products enabled the more specialized Ridley Nutrition Solutions (RNS) and Ridley Feed Ingredient (RFI) divisions to partly mitigate the pressure on profit contribution. All reporting segments benefited from cost reduction measures taken in the last several months.

Overall, gross profits in the third quarter were lower by \$5.4 million or 19.8% compared to the prior year while operating expenses were lower by \$2.3 million or 12.5%. Lower commodity prices, which reduced the cost of inventories, enabled a reduction in total debt to \$17.5 million as at March 31, 2009 compared to \$24.9 million last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis as of May 11, 2009 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 2009 third quarter results:

(\$ million except for EPS)	3 Months Ended Mar. 31 2009	3 Months Ended Mar. 31 2008	9 Months Ended Mar. 31 2009	9 Months Ended Mar. 31 2008
Revenue	\$140.7	\$167.3	\$473.6	\$474.1
Net earnings before exceptions	3.5	5.2	9.2	11.6
Exceptions, net of income taxes (noted below (ii))	-	(0.2)	(2.1)	6.8
Net earnings	3.5	5.0	7.1	4.8
Diluted earnings per share (EPS)	\$0.25	\$0.37	\$0.51	\$0.35
EBITA (i)	7.7	11.0	22.1	27.0

(i) EBITA – Operating income before amortization and exceptions. 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 taxes:

Exceptions (net of income taxes) (\$ million)	3 Months Ended Mar. 31 2009	3 Months Ended Mar. 31 2008	9 Months Ended Mar. 31 2009	9 Months Ended Mar. 31 2008
Gain on sale of facilities	-	-	0.2	0.6
Asset impairment loss	-	(0.2)	(0.9)	(0.7)
Claim settlement	-	-	-	(4.4)
Valuation reserve on tax loss carryforwards	-	-	-	(1.4)
Restructuring charges	-	-	(1.5)	(1.0)
Total exceptions	-	(0.2)	(2.1)	(6.8)

Consolidated Financial Results

Revenue in the third quarter of fiscal 2009 declined by 15.9% to \$140.7 million compared to \$167.3 million in the third quarter of 2008. 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 decline in the third quarter of 2009 was due to lower volumes as measured in tons of feed products sold and lower raw material prices.

In the third quarter of fiscal 2009, total sales volumes were 10.8% lower than the prior year period. All divisions of the Company saw volume declines in the third quarter. Softer demand for livestock and poultry feed, supplements and ingredients resulted from market uncertainty, lower farm gate prices to livestock and poultry producers, exceptionally high feed ingredient prices in 2008 and reduced cattle and swine herds and poultry flocks.

Gross profit in the third quarter of fiscal 2009 was \$21.8 million compared to \$27.2 million in the same period of fiscal 2008. As in the second quarter of this year, the decline in gross profits in the third quarter was concentrated in the RFO division. Slightly more than half of the shortfall in gross profit from the prior year was due to lower unit margins while the remainder was due to lower sales volumes. RFI gross profit in the third quarter was flat over last year despite lower volumes. RNS

gross profit declined on balance as improved unit margins were offset by lower volumes. The acquisition of 4 Seasons Marketing in March 2008 contributed to RNS gross profits in fiscal 2009.

Operating expenses, which include selling, general and administrative expenses, and amortization of property, plant and equipment were \$16.2 million in the third quarter of fiscal 2009 (2008 - \$18.5 million). Lower operating costs in the third quarter reflect reduced expenses following restructuring initiatives and reduced discretionary spending.

Operating income before interest and taxes in the third quarter of fiscal 2009 was \$5.6 million compared to \$8.7 million last year.

Third quarter income tax expense of \$1.7 million in fiscal 2009 reflects an effective income tax rate of 33.4%. Ridley's effective income tax rate is impacted by the geographic distribution of income between Canada and the United States.

Net earnings for the third quarter of fiscal 2009 were \$3.5 million (diluted earnings per share of \$0.25) compared with \$5.0 million (earnings per share of \$0.37) in the third quarter of fiscal 2008.

EBITA (comprised of operating income before amortization, gain on sale of facilities, asset impairment loss, restructuring charges and claim settlement expense) decreased to \$7.7 million in the third quarter of fiscal 2009 from \$11.0 million in the prior year.

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. Other comprehensive income (OCI) is comprised entirely of unrealized gains and losses on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency. Ridley's comprehensive income in the third quarter of fiscal 2009 was \$2.8 million comprised of net earnings of \$3.5 million as reported above, less \$0.6 million of unrealized losses on translation to U.S. currency of financial statements of related entities with foreign functional currency. In the third quarter of the prior year Ridley recorded a loss of \$1.1 million on the translation to U.S. currency. Since the start of fiscal 2009, the Canadian dollar has weakened significantly in relation to the U.S. dollar, thus significant unrealized translation losses are reflected in OCI. During the same period of fiscal 2008, unrealized translation gains were reflected in OCI as the Canadian dollar strengthened in relation to the U.S. dollar. Other changes in accounting policies noted in Ridley's interim financial statements had no material effect on its financial condition.

Nine Months Results

Revenues for the year to date fiscal 2009 were \$473.6 million, essentially flat over last year (2008 – \$474.1 million). Sales volume as measured in tons for feed sold was lower by 11.3% for the year to-date. Through the first six months of the current year, revenues were well ahead of last year, mainly on the strength of higher raw material prices. However, net revenues in the RFO segment fell 21.0% in the third quarter from the combined effect of lower sales volumes and to a lesser degree reduced selling prices that have followed the trend in generally lower commodity prices since the start of the fiscal year.

Gross profit for the nine months of fiscal 2009 was \$67.0 million (2008 - \$73.5 million) or 8.8% lower than in the same period last year. The reduction in overall gross profit was due to lower tonnage volumes in the RFO segment. Each of RFI and RNS recorded improved gross profits over last year as a result of good inventory positions, a favourable product mix and the contribution of the 4 Seasons Marketing feed supplement block manufacturing business acquired in the third quarter of 2008. Direct production and manufacturing overhead expenses included in gross profits were lower in fiscal 2009 as a result of lower volumes in the RFO segment and cost reduction initiatives.

Net operating expenses in the nine months to-date of fiscal 2009 were \$54.4 million, compared to \$60.1 million in the previous year. Operating expenses in fiscal 2009 included restructuring costs of \$2.1 million, an asset impairment loss of \$1.4 million, and a gain of \$0.3 million recorded on the sale of property at the closed Lacombe, Alberta feed manufacturing facility. Operating expenses in fiscal 2009 also included \$0.8 million related to legal and financial advisory services incurred in the strategic review process that the Company initiated in May 2008 and completed in the first quarter of fiscal 2009. In the prior year, operating expenses included restructuring charges of \$0.7 million, asset impairment losses of \$0.9 million for closed facilities, a gain on the sale of a redundant facility of \$0.8 million and a claim settlement expense of \$6.0 million for the BSE lawsuits. Excluding these unusual items, operating expenses in the nine months to-date fiscal 2009 would have been \$51.2 million compared to \$53.3 million in the previous year. Lower operating costs for the year to-date reflected restructuring initiatives and reduced discretionary expenses.

Operating income before interest and taxes in the nine months of fiscal 2009 was \$12.6 million compared to \$13.4 million last year. Excluding the restructuring costs, asset impairment losses, gain on sale of facilities, the claim settlement expense and the expense of the strategic review process, operating income in the first nine months of this year would have been \$16.6 million compared to \$20.9 million last year.

The provision for income taxes in the first nine months of fiscal 2009 was \$3.9 million, compared with \$7.1 million recorded in the same period of fiscal 2008. The Company's effective income tax rate is a combination of tax rates applied to the results of operation reported by the U.S. and 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 fiscal 2009, the Company recorded a net recovery of \$0.2 million associated with uncertain tax positions. In fiscal 2008, the Company established a valuation allowance on tax loss carry-forwards which are set to expire by 2010. This increased income tax expense by \$1.4 million. Key factors in establishing this allowance are material losses in the Canadian tax entity due to the claim settlement and restructuring costs as well as uncertainty surrounding the short-term outlook for Canadian operations.

Net earnings for the nine months of fiscal 2009 were \$7.1 million (diluted earnings per share of \$0.51) compared with \$4.8 million (diluted loss per share of \$0.35) in fiscal 2008. Earnings in fiscal 2008 reflect the \$6.0 million settlement expense in the BSE class action lawsuit. Year to date EBITA, which excludes the class action settlement expense and other unusual items, was \$22.1 million in fiscal 2009 compared with \$27.0 million for the same period in fiscal 2008.

The Company's comprehensive income in the first nine months of fiscal 2009 was \$2.1 million comprised of a net earnings of \$7.1 million as reported above, and \$4.9 million of unrealized losses on translation to U.S. currency of financial statements of related entities with foreign functional currency. Comprehensive income in the same period of the prior year was \$6.2 million comprised of net earnings of \$4.8 million in net earnings as reported above and \$1.4 million of unrealized gains on translation to U.S. currency of financial statements of related entities with foreign functional currency. The unrealized losses arising from currency translation on Canadian assets reflects the approximately 19.0% devaluation of the Canadian dollar relative to the U.S. dollar in the last nine months.

Reconciliation of Non-GAAP Financial Measures

The Company reports its financial results according to Canadian GAAP. However, included in this management discussion and analysis are certain non-GAAP financial measures and ratios which the Company's management believes provide useful information in measuring the financial performance and financial condition of the Company. These measures and ratios do not have a standardized meaning prescribed by Canadian GAAP and, therefore, may not be comparable to

similar measures presented by other public companies, nor should they be construed as an alternative to other financial measures described by Canadian GAAP. Operating income is defined as net earnings before finance costs, interest income and provision for income taxes. Earnings before interest, taxes and amortization (EBITA) is defined as operating income before gain on sale of facilities, restructuring charges, asset impairment loss and claim settlement expense plus amortization.

The following is a reconciliation of earnings before interest, taxes and amortization, a non-GAAP measure, to net earnings, its most closely comparable GAAP measure:

	3 Months Ended Mar. 31 2009	3 Months Ended Mar. 31 2008	9 Months Ended Mar. 31 2009	9 Months Ended Mar. 31 2008
Earnings before interest, taxes and amortization (EBITA) (\$ million)				
Net earnings	3.5	5.0	7.1	4.8
Provision for income taxes	1.7	3.2	3.9	7.1
Interest income	(0.1)	(0.2)	(0.4)	(0.6)
Finance costs	0.5	0.7	2.0	2.1
Operating income	5.6	8.7	12.6	13.4
Amortization of property, plant and equipment	2.1	2.0	6.2	6.0
Other amortization	-	-	0.1	0.1
Gain on sale of facilities	-	-	(0.3)	(0.8)
Asset impairment loss	-	0.2	1.4	0.9
Claim settlement	-	-	-	6.0
Restructuring charges	-	-	2.1	1.4
Earnings before interest, taxes and amortization (EBITA)	7.7	11.0	22.1	27.0

SEGMENT RESULTS

The following is a summary of operating income (loss) of the Company's divisions.

	3 Months Ended Mar. 31 2009	3 Months Ended Mar. 31 2008	9 Months Ended Mar. 31 2009	9 Months Ended Mar. 31 2008
Operating Income (Loss) (\$ million)				
Ridley Feed Operations (RFO)	1.1	4.7	0.3	10.7
Ridley Feed Ingredients (RFI)	2.4	2.3	7.3	5.4
Ridley Nutrition Solutions (RNS)	2.7	2.9	8.8	7.0
Corporate	(0.7)	(1.2)	(3.9)	(9.7)
Consolidated Operating Income	5.6	8.7	12.6	13.4

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 13.7% in the third quarter of fiscal 2009 compared to last year. For the nine months year to-date, RFO volumes were lower by 12.4% compared to the same period last year. The downturn in RFO volumes is reflective of continuing difficult economic conditions for livestock and poultry producers.

As a result of lower sales volumes and reduced selling prices responding to lower ingredient costs, RFO's sales revenues decreased by 21.0% in the third quarter. Overall selling prices on a per ton basis decreased by 4.9% as a result of lower raw material costs compared to last year.

RFO gross profit of \$12.0 million in the third quarter was 30.2% lower than the same period last year (2008 – \$17.2 million). Reduced gross profit in the third quarter was the result of a 19.2% reduction in unit margins combined with a 13.7% decline in sales volumes. For the nine months year to date, RFO gross profits of \$37.1 million were 21.8% lower than the prior year gross profits of \$47.4 million.

RFO reported operating expenses of \$10.9 million in the third quarter of fiscal 2009 (2008 - \$12.4 million). For the nine months this year-to-date, RFO operating expenses were \$36.7 million – essentially unchanged from the same period last year.

As a result of lower sales volumes and reduced margins, RFO reported an operating income of \$1.1 million in the first quarter of fiscal 2009, compared with operating income of \$4.7 million in the same period of the prior year. For similar reasons, RFO reported a decline in operating income to \$0.3 million for the nine months this year-to-date compared to an operating profit of \$10.7 million last year.

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 a specialized facility in Illinois. RFI's revenues in the third quarter of fiscal 2009, including intersegment sales, declined by 3.8% to \$27.9 million (2008 - \$29.0 million) mainly as a result of lower sales volumes. Continuing improvements in unit margins resulting from favourable inventory positions and good product mix enabled RFI to report a 2.8% improvement in gross profit to \$3.2 million in the third quarter. Slightly lower operating expenses in the quarter resulted in operating income of \$2.4 million compared to \$2.3 million in the prior year.

For the first nine months of fiscal 2009, RFI recorded revenues of \$95.5 million that were 17.7% ahead of last year (2008 - \$81.1 million). Although RFI sales volume for the nine months year-to-date were lower this year, the increase in revenue is reflective of higher ingredient prices over last year. Unit margins, which remain strong for the RFI segment contributed to a 23.1% improvement in gross profits for the year to-date. Operating expenses for this year to-date were essentially flat from last year. As a result, RFI reported for the nine months year to date operating income of \$7.3 million compared to \$5.4 million last year.

Ridley Nutrition Solutions (RNS)

Ridley Nutrition Solutions (RNS) includes the feed supplement block operations and equine nutrition business. Sales volumes in the third quarter of fiscal 2009 were lower by 13.1% from a year ago. Demand was soft for feed supplement blocks as a result of difficult economic conditions for cattle producers. Sales volumes of specialty equine feeds grew by 7.7% in the third quarter 2009. For the year to date, RNS volumes were 8.1% lower than the previous year.

Despite lower volumes, RNS sales revenues in the third quarter of fiscal 2009 increased 3.0% over last year to \$31.3 million (2008 – \$30.4 million) as a result of higher selling prices reflecting improved product mix and higher raw material costs. RNS gross profits in the third quarter were \$6.6 million, a 4.2% decline from last year (2008 – \$6.9 million) as a result of lower volumes offsetting improved unit margins. For the first nine months of fiscal 2009, RNS gross profits were \$20.4 million, an increase of 11.2% over last year (2008 – \$18.4 million); the result of a stronger performance in the first quarter of the current year when RNS benefited from good ingredient positions and a more favourable product mix than the prior year. RNS reported operating income of \$2.7 million in the third quarter of fiscal 2009 compared to \$2.9 million in the prior year. For the nine months of fiscal 2009, RNS reported operating income of \$8.8 million (2008 – \$7.0 million). The acquisition of the block manufacturing business of 4 Seasons Marketing in March 2008 contributed to the increase in RNS earnings in fiscal 2009.

Corporate

Corporate expenses, which include certain corporate management, board of directors' and other public company expenses, as well as legal expenses related to the BSE class action lawsuits, in the third quarter of fiscal 2009 were \$0.7 million (2008 - \$1.2 million). Reduced employment expenses and travel also contributed to lower corporate overhead this year. In the first nine months of fiscal 2009, corporate expenses were \$3.9 million (2008 - \$9.7 million). Corporate expenses in the same period last year included a \$6 million claim settlement in the BSE class action lawsuits. Corporate expenses in 2009 also included financial and legal advisory costs associated with the Company's now completed strategic review process.

Liquidity/Capital Resources/Cash Flow

Ridley's working capital and debt to equity positions are summarized below:

	March 31 2009	December 31 2008	September 30 2008	June 30 2008	March 31 2008
Balances (\$000) as of:					
Working capital (i)	\$ 54,450	\$ 55,043	\$ 59,501	\$ 48,143	\$ 48,012
Debt (ii)	17,534	24,107	36,216	19,455	24,908
Equity	155,461	152,775	155,418	153,503	152,078
Debt to equity ratio	11.3%	15.8%	23.3%	12.7%	16.4%

(i) Working capital is defined as current assets less current liabilities, including claim settlement provisions.

(ii) Debt is defined as bank obligations and capital leases.

The following is a summary of the increase or decrease in cash available for investing purposes or required from financing sources as generated or utilized by operations.

	3 Months Ended Mar. 31 2009	3 Months Ended Mar. 31 2008	9 Months Ended Mar. 31 2009	9 Months Ended Mar. 31 2008
Summary of Change in Cash Available (\$ million)				
Cash flow from operating activities	\$ 7.2	\$ 8.5	\$ 14.8	\$ 17.5
Net increase in working capital balances	(3.8)	(19.7)	(13.2)	(16.1)
Decrease in loans receivable, net	0.1	0.4	0.1	0.6
Proceeds on disposal of property, plant and equipment	0.1	0.1	0.6	2.9
Capital expenditures, excluding business acquisitions	(1.6)	(1.9)	(6.2)	(7.5)
Increase/(decrease) in cash available	2.0	(12.6)	(3.9)	(2.6)

For the three months of the third quarter of fiscal 2009, the Company's operations generated \$2.0 million in cash flows net of capital expenditures compared to a net cash outflow of \$12.6 million from operations in the same three month period last year. Cash flows in the third quarter of fiscal 2009 were reduced by the payment of \$4.9 million (C\$6.0 million) into a settlement trust fund managed by the representative plaintiffs in the BSE class action lawsuits. Cash flows in the third quarter were also negatively affected by a cyclical reduction of accounts payable to suppliers. Inventories of raw ingredients and finished product decreased in the third quarter, mainly the result of lower feed ingredient costs. Accounts receivable also were lower in the third quarter due to lower sales revenues. For the nine months of fiscal 2009, the Company's operations utilized cash flows of \$3.9 million net of capital investments compared to cash utilized of \$2.6 million in the same period last year. The significant factor in reducing cash flows over the nine month period was a 47% reduction in accounts payable to suppliers from June 30, 2008. In the prior year, cash flows

were negatively affected by increased accounts receivable and inventories reflecting the dramatic increase in feed ingredient costs in 2008, partly offset by increases in accounts payable.

Financing Activities

On November 20, 2008, Ridley Inc. and its subsidiaries entered into a credit facilities agreement with the Bank of Nova Scotia that has a term expiring on October 31, 2011. The agreement provides a revolving term facility of up to C\$30,000,000 available in Bankers Acceptances based advances or U.S. dollar equivalent as London Inter-Bank Offer Rate (LIBOR) based advances and a revolving term facility of up to US\$20,000,000 available in LIBOR based advances. All facilities are collaterally secured by a first-ranking general security agreement covering all of the Company's property. The credit agreement includes covenants specifying maximum funded debt, minimum interest coverage and minimum tangible net worth. Interest rates are based on Bankers Acceptances rates plus a margin or LIBOR rates plus a margin. The Company also pays a standby fee on the unutilized portion of the facilities. Margins and fees are based on the funded debt ratio. The credit agreement retains the existing C\$5,000,000 secured overdraft line of credit, payable on demand. The Company's unsecured open lines of credit and other loans are unaffected by the new credit agreement.

Capital Expenditures

Expenditures on plant and equipment in the third quarter of fiscal 2009 were \$1.6 million compared to \$1.9 million in the same period a year ago. Capital expenditures for the current year-to-date were \$6.2 million, including \$0.8 million for implementation of new management information systems and \$0.9 million for new production equipment in the Flemingsburg, KY block facility acquired last year. Capital expenditures last year included \$2.4 million for implementation of new management information systems and \$1.0 million for the buyout of the lease on Ridley's feed manufacturing plant in Beloit, Kansas. The balance of capital expenditures was made on a variety of smaller projects for the maintenance or replacement of production, packaging and storage equipment at various facilities.

Business Acquisitions

There were no business acquisitions during the first nine months of fiscal 2009 or fiscal 2008. The first quarters of fiscal 2009 and 2008 include instalment payments related to a fiscal 2006 acquisition.

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, 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.

Selected Quarterly Financial Information

The following is a summary of unaudited quarterly financial information (in millions of U.S. dollars except per share information):

	Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	2009	169.3	163.6	140.7	-
	2008	139.8	167.0	167.3	159.4
	2007	124.4	144.0	136.9	126.3
Net earnings (before claim settlement, asset impairment loss, restructuring charges, and gain on sale of facilities, net of income taxes).	2009	2.7	3.0	3.5	-
	2008	2.0	4.5	5.2	0.9
	2007	1.8	4.3	3.0	1.2
Net earnings (loss)	2009	2.9	0.7	3.5	-
	2008	2.6	(2.8)	5.0	1.2
	2007	1.8	2.8	3.1	1.3
Net earnings (loss) per share (EPS)	2009	0.21	0.05	0.25	-
	2008	0.19	(0.21)	0.37	0.08
	2007	0.13	0.20	0.22	0.10

Outstanding Share Data

Ridley's share capital consists of an unlimited number of common shares, with no par value. On December 11, 2008 the Company received approval from the Toronto Stock Exchange (the "TSX") to initiate a normal course issuer bid for the Company's shares through the facilities of the TSX. The share repurchase program will permit the Company to purchase for cancellation up to 692,965 common shares of the Company over the following twelve month period which commenced December 15, 2008. As at March 31, 2009, the Company had repurchased for cancellation 37,400 shares under the normal course issuer bid at an average purchase cost excluding commissions of C\$6.77 per share. The number of shares outstanding as at March 31, 2009 and as at May 11, 2009 was 13,821,900.

Change in Controlling Shareholder

On November 4, 2008, Ridley Corporation Limited of Sydney, Australia ("Ridley Australia") completed the sale of its controlling block of 9,533,430 shares of Ridley Inc. to Fairfax Financial Holdings Limited of Toronto, Ontario ("Fairfax") at a price of C\$8.50 per share. The transaction between Ridley Australia and Fairfax was a private sale agreement to which the Company was not a party. On November 17, 2008, Fairfax announced that it had acquired, through its subsidiaries, an additional 466,900 common shares of Ridley Inc., bringing its total holdings in the Company to 10,000,330 shares or approximately 72.18% of the total common shares outstanding as at March 31, 2009 and as at May 11, 2009.

Internal Control Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have signed form 52-109F2 – *Certification of Interim Filings* and filed it with the appropriate securities regulators in Canada in compliance with Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* issued by the Canadian Securities Administrators. There has been no change in Ridley's internal controls over financial reporting or disclosure controls and procedures that occurred during the

most recent interim period that has materially affected, or is reasonably likely to materially affect, Ridley's internal control over financial reporting.

Litigation/Contingency

In claims filed in April 2005, plaintiffs initiated class action proceedings against Ridley and the Government of Canada 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.

A settlement agreement between Ridley and the representative plaintiffs was finalized on January 30, 2009 when Ridley made payment of C\$6.0 million into a trust fund for the benefit of the plaintiffs in continuation of their case. Although Ridley will remain a participant in the ongoing litigation against the Government of Canada, the settlement payment effectively caps Ridley's exposure to the claims made by the plaintiffs. 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.

Ridley recorded a reserve for the C\$6 million settlement expense last year in its financial statements for the nine months ended March 31, 2008. Ridley will continue to incur legal expenses as a result of its continuing involvement in the actions. No accruals have been made in respect of ongoing legal expenses related to the actions.

The lawsuit in Quebec was authorized as a class action and the settlement agreement between Ridley and the plaintiffs was approved by the Superior Court of Quebec. The Ontario Superior Court approved the settlement agreement and certified the Ontario lawsuit as a class action for purposes of the settlement. Notice of the court approval and settlement and the right to opt out of the settlement were issued to the settlement class of cattle farmers in all provinces of Canada in accordance with the notice plan approved by the Ontario and Quebec courts.

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, and actions of domestic and foreign governments. 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

USDA projections indicate that 2009 will be a difficult year for livestock and poultry producers. Total cash receipts to producers of meat, milk and eggs are forecast by the USDA to be lower in 2009 by 7.1% from 2008. Demand for commercial feed correlates to the level of profitability in livestock and poultry operations, and the current economic environment has weakened demand for

animal feed. This environment is likely to result in a continuation of softer feed volumes and lower sales revenues for the remainder of Ridley's fiscal year.

Prices for feed ingredients have trended lower and are less volatile since the end of the last fiscal year, which, if continued, should allow for stabilization of unit margins and working capital balances for the remainder of the current year. The impact of reduced volumes will be somewhat mitigated by actions the Company took in the last several months to reduce overheads and reduce production capacity.

Ridley will continue its program to repurchase its shares through the TSX under the normal course issuer bid. The Company's available credit facilities are sufficient to meet these cash obligations.

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 at www.sedar.com. Visit our website at: www.ridleyinc.com.

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

RIDLEY Inc.

Three and nine months ended March 31, 2009 and 2008

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

	March 31	June 30	March 31
	2009	2008	2008
ASSETS			
Current assets			
Cash and short-term deposits	1,287	3,510	1,147
Accounts receivable	32,648	35,793	39,406
Inventories	49,667	69,901	59,172
Income taxes recoverable	504	468	-
Prepays and other current assets	1,573	1,453	1,936
Current portion of loans receivable	1,047	1,543	2,255
Assets held-for-sale (Note 5)	-	-	713
Future income tax benefit	1,642	2,934	1,127
Total current assets	88,368	115,602	105,756
Non-current assets			
Loans receivable, less current portion	924	677	773
Assets held-for-sale (Note 5)	817	730	-
Property, plant and equipment	87,784	94,100	94,198
Other assets	3,834	2,410	2,648
Other intangibles	4,422	4,553	4,526
Goodwill	48,192	50,595	50,484
Total non-current assets	145,973	153,065	152,629
TOTAL ASSETS	234,341	268,667	258,385
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities			
Outstanding cheques in excess of bank balance	-	-	5,596
Short-term debt (Note 12)	-	900	3,517
Accounts payable and accrued liabilities	30,858	58,308	37,167
Advances from customers	3,008	2,271	4,690
Claim settlement provision (Note 14)	-	5,891	5,839
Income taxes payable	-	-	830
Current portion of long-term debt (Note 12)	52	89	105
Total current liabilities	33,918	67,459	57,744
Long-term liabilities			
Long-term debt, less current portion	17,482	18,466	21,286
Future income tax liability	23,492	24,715	22,846
Other accrued liabilities	3,988	4,524	4,431
Total long-term liabilities	44,962	47,705	48,563
Total liabilities	78,880	115,164	106,307
Shareholders' equity			
Share capital (Note 13)	57,448	57,604	57,604
Retained earnings	89,654	82,594	81,398
Accumulated other comprehensive income (Note 4)	8,359	13,305	13,076
Total shareholders' equity	155,461	153,503	152,078
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	234,341	268,667	258,385

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

	Three Months Ended		Nine Months Ended	
	March 31		March 31	
	2009	2008	2009	2008
Revenue	140,743	167,311	473,609	474,091
Cost of sales	118,954	140,126	406,582	400,592
Gross profit	21,789	27,185	67,027	73,499
Operating (income) expenses				
Selling, general and administrative	13,857	15,822	46,338	47,167
Amortization of property, plant and equipment	2,059	2,047	6,175	6,037
Gain on sale of facilities <i>(Note 10)</i>	-	-	(316)	(829)
Research and development	196	322	682	747
Other amortization	43	29	130	71
Asset impairment loss <i>(Note 7)</i>	-	234	1,407	946
Claim settlement <i>(Note 14)</i>	-	-	-	6,000
Net operating expenses	16,155	18,454	54,416	60,139
Operating income	5,634	8,731	12,611	13,360
Finance costs	(545)	(659)	(1,995)	(2,073)
Interest income	126	214	388	589
Earnings before income taxes	5,215	8,286	11,004	11,876
Provision for income taxes <i>(Note 15)</i>	1,741	3,246	3,925	7,080
Net earnings for the period	3,474	5,040	7,079	4,796
Retained earnings, beginning of period	86,199	76,358	82,594	76,602
Net earnings for the period	3,474	5,040	7,079	4,796
Excess over stated value of shares purchased for cancellation	(19)	-	(19)	-
Retained earnings, end of period	89,654	81,398	89,654	81,398
Net earnings per share, basic and diluted	0.25	0.37	0.51	0.35

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

	Three Months Ended		Nine Months Ended	
	March 31		March 31	
	2009	2008	2009	2008
Net earnings	3,474	5,040	7,079	4,796
Unrealized gains on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency	(629)	(1,096)	(4,946)	1,419
Other comprehensive income	(629)	(1,096)	(4,946)	1,419
Comprehensive income	2,845	3,944	2,133	6,215

RIDLEY Inc.

Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of U.S. dollars)

	Three Months Ended		Nine Months Ended	
	March 31		March 31	
	2009	2008	2009	2008
Cash flow from operating activities				
Net earnings for the period	3,474	5,040	7,079	4,796
Add (deduct) items not affecting cash:				
Amortization of property, plant and equipment	2,059	2,047	6,175	6,037
Future income taxes	1,434	1,129	(34)	353
Asset impairment loss (Note 7)	-	234	1,407	946
Claim settlement (Note 14)	-	-	-	6,000
(Gain) loss on sale of property, plant and equipment	30	1	79	(24)
Gain on sale of facilities (Note 10)	-	-	(316)	(829)
Other amortization	43	29	130	71
Other items not affecting cash	116	62	264	169
	7,156	8,542	14,784	17,519
Net change in non-cash working capital balances related to operations:				
Accounts receivable	6,853	324	315	(7,237)
Inventories	8,517	(3,971)	17,437	(7,191)
Prepays and other current assets	127	678	(234)	(426)
Accounts payable and accrued liabilities	(14,065)	(11,121)	(26,606)	(2,693)
Claim settlement (Note 14)	(4,877)	-	(4,877)	-
Advances from customers	(1,326)	(3,959)	799	1,574
Income taxes payable and recoverable	1,013	(1,648)	(35)	(143)
Net cash from (utilized for) operating activities	3,398	(11,155)	1,583	1,403
Cash flow from investing activities				
Proceeds on disposal of facilities, property, plant and equipment	71	52	597	2,879
Purchase of property, plant and equipment and investments	(1,613)	(1,922)	(6,245)	(7,480)
Decrease in loans receivable, net	143	382	143	622
Business acquisitions (Note 6)	-	(1,088)	(137)	(1,226)
Net cash utilized for investing activities	(1,399)	(2,576)	(5,642)	(5,205)
Cash flow from financing activities				
Repayment of short- and long-term debt	(10,911)	(8,845)	(37,186)	(31,805)
Proceeds from short- and long-term debt	4,872	12,076	39,356	29,071
Payment of finance costs	(416)	-	(416)	-
Purchases of share capital for cancellation (Note 13)	(198)	-	(201)	-
Net cash from (utilized for) financing activities	(6,653)	3,231	1,553	(2,734)
Effect of exchange rate changes on cash	262	62	283	44
Decrease in cash and cash equivalents	(4,392)	(10,438)	(2,223)	(6,492)
Cash and cash equivalents - beginning of period	5,679	5,989	3,510	2,043
Cash and cash equivalents - end of period	1,287	(4,449)	1,287	(4,449)
Cash and cash equivalents				
Cash and short-term deposits	1,287	1,147	1,287	1,147
Outstanding cheques in excess of bank balance	-	(5,596)	-	(5,596)
	1,287	(4,449)	1,287	(4,449)

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, 2008, as set out in the 2008 Annual Report. All amounts are in U.S. dollars unless otherwise stated.

2. Changes in accounting policies

Current changes

Inventories

Effective July 1, 2008, the Company adopted the new accounting standard issued by the Canadian Institute of Chartered Accountants (CICA), Section 3031 - Inventories. This standard provides guidance on the determination of cost and requires inventories to be measured at the lower of cost and net realizable value. The cost of inventories includes the costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. 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 Company values inventories at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis. Costs include the purchase costs net of supplier allowances, transportation expenses incurred to bring inventories to their present location and an allocation of production costs incurred in converting raw materials into finished goods. Storage costs, out bound delivery expense, administrative overheads and selling expenses related to inventories are expensed in the period the costs are incurred. The amount of inventories recognized as an expense within cost of goods sold is \$392,757,000 and \$385,336,000 in the first nine months of fiscal 2009 and fiscal 2008, respectively; and \$114,994,000 and \$135,041,000 in the third quarters of fiscal 2009 and fiscal 2008, respectively. Inventories are written down to net realizable value when the cost of inventories is estimated to be greater than the anticipated selling price. Materials held for further use in the production of finished inventory are written down to the extent the material cost and estimated cost to complete exceeds net realizable value. When circumstances that previously required inventories to be written down below cost no longer exist, the amount of the write-down is reversed. The adoption of this standard resulted in an immaterial increase in the opening inventory balance. As a result, the Company has recorded the entire adjustment in the current period earnings.

Assessing Going Concerns

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400 - General Standards of Financial Statement Presentation, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Company adopted the new standard effective July 1, 2008. The adoption of this section did not impact the interim unaudited consolidated financial statements for the three and nine months ended March 31, 2009.

Future changes

Business Combinations

The CICA issued Handbook Section 1582 - Business Combinations which replaces Section 1581 – Business Combinations; and Sections 1601 - Consolidated Financial Statements and 1602 - Non-Controlling Interests together replace Section 1600 – Consolidated Financial Statements effective January 1, 2011. Under Section 1582, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of exchange. Furthermore, virtually all acquisition costs will be expensed which currently are capitalized as part of the purchase price.

Contingent liabilities are to be recognized at fair value at the acquisition date and remeasured at fair

RIDLEY Inc.

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value through earnings for each period until settled. Currently, only the contingent liabilities that are resolved and payable are included in the cost to acquire the business. In addition, negative goodwill will be recognized immediately in earnings, unlike the current requirement to eliminate it by deducting it from assets in the purchase price allocation. Sections 1601 and 1602 revise and enhance the standards for the preparation of consolidated financial statements subsequent to a business combination.

International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) 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 impact of the adoption of IFRS on the consolidated financial statements of the Company may be significant and, as such, the Company has begun developing its convergence plan to transition its financial statement reporting, presentation and disclosure for IFRS to meet its first quarter fiscal 2012 deadline. The Company continues to evaluate the potential impact of IFRS on its consolidated financial statements. The process will be on going as new standards and recommendations are issued by the International Accounting Standards Board and AcSB.

Goodwill and Intangible Assets

CICA Handbook Section 3064 – Goodwill and Intangibles will be effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. Management anticipates that there will be no significant impact of adopting this policy.

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, 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.

4. Accumulated other comprehensive income

	Three Months Ended		Nine Months Ended	
	March 31		March 31	
	2009	2008	2009	2008
	(\$000)	(\$000)	(\$000)	(\$000)
Balance, beginning of period	8,988	14,172	13,305	11,657
Other comprehensive income (loss)	(629)	(1,096)	(4,946)	1,419
Balance, end of period	8,359	13,076	8,359	13,076

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.

RIDLEY Inc.

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March 31, 2009

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5. Assets held-for-sale

Assets held-for-sale as of March 31, 2009 consists of land, buildings and equipment of closed production facilities in Syracuse, Indiana and Selma, North Carolina. The estimated fair value of these assets at March 31, 2009 approximates their carrying value of \$817,000.

Assets held-for-sale as of March 31, 2008 consists of land and buildings of the closed plant in Lethbridge, Alberta. The estimated fair value of these assets at March 31, 2008 exceeded their carrying value of \$713,000 and were sold in the fourth quarter of fiscal 2008.

6. Business acquisitions

There were no business acquisitions in fiscal 2009, however, an installment related to a fiscal 2006 acquisition was paid in the first quarter of fiscal 2009 as well as in the first quarter of fiscal 2008.

In the third quarter of fiscal 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 \$1,088,000 and deferred consideration of \$375,000. The deferred consideration is payable at varying amounts over a five-year period. The purchase price was allocated to assets and liabilities based on their estimated fair value at the closing date. The acquired business was a manufacturer and distributor of feed supplement blocks operating a single plant in Flemingsburg, Kentucky. This operation was 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	<u>(\$000)</u>
Accounts receivable	1,018
Inventories	780
Property, plant and equipment	2,414
Other intangibles	750
	<u>4,962</u>
Liabilities	
Accounts payable and accrued liabilities	1,614
Long-term debt	1,885
	<u>3,499</u>
Net assets acquired	<u><u>1,463</u></u>
Cash consideration	1,088
Deferred consideration	375
Total consideration	<u><u>1,463</u></u>

Other intangibles acquired include non-compete agreements valued at \$225,000 and intellectual property consisting of principally unpatented technology and license agreements valued at \$525,000 with amortization periods of five years and fifteen years, respectively.

The purchase price and allocation of the assets purchased were finalized in the fourth quarter of fiscal 2008.

RIDLEY Inc.

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7. Asset impairment loss and restructuring costs

Operating results of the Ridley Feed Operations segment in the first nine months of fiscal 2009 included a \$1,407,000 impairment charge from the closure of a plant in Selma, North Carolina. In the same period, this segment recorded restructuring costs of \$2,090,000 as part of a cost reduction plan. These costs consist of: retail store inventory obsolescence of \$231,000 and plant closure expenses of \$107,000 recorded in cost of sales and severance of \$1,752,000 recorded in selling, general and administrative expense.

Operating results of the Ridley Feed Operations segment in the first nine months of fiscal 2008 include a \$712,000 impairment charge from the closure of a plant in Lethbridge, Alberta. In the same period, the segment recorded restructuring costs of \$1,449,000 related to a reduction in Canadian work force and the plant closure in Lethbridge, Alberta. These actions were taken 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.

Operating results of the Ridley Nutrition Solutions segment in the first nine months of fiscal 2008 include a \$234,000 impairment charge on equipment in the Company's Syracuse, Indiana plant. The production from this facility was transferred to the newly purchased plant in Flemingsburg, Kentucky (note 6).

Fair value was determined based on the net realizable value that could be obtained for assets, less costs of disposal or sale.

8. Statement of cash flow disclosures

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

	Three Months Ended March 31		Nine Months Ended March 31	
	2009 (\$000)	2008 (\$000)	2009 (\$000)	2008 (\$000)
Interest	123	600	1,384	1,834
Income taxes, net of (refund)	(719)	3,769	3,925	6,827

9. 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 March 31		Nine Months Ended March 31	
	2009 (\$000)	2008 (\$000)	2009 (\$000)	2008 (\$000)
Non-contributory pension plan	427	345	874	1,034
Defined contribution plan	460	355	1,144	1,054

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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10. Gain on sale of facilities

Operating results of the Ridley Feed Operations segment in the first nine months of fiscal 2009 include pre-tax gains of \$316,000 related to the sale of land in Lacombe, Alberta. Net proceeds on this sale were \$377,000.

Operating results of the Ridley Feed Operations segment in the first nine months of fiscal 2008 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. Net proceeds on these sales were \$2,441,000.

11. Financial instruments

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 judgment.

	Assets (Liabilities)		Assets (Liabilities)
	Carried at Cost/Amortized Cost	Fair Value	Carried at Fair Value
	Carrying Value	Fair Value	Carrying value
As of March 31, 2009	(\$000)	(\$000)	(\$000)
Cash and short-term deposits	1,287	1,287	-
Accounts receivable	32,648	32,648	-
Loans receivable	1,971	1,971	-
Financial derivative instruments	-	-	2
Accounts payable and accrued liabilities	(30,858)	(30,858)	-
Advances from customers	(3,008)	(3,008)	-
Short-term and Long-term debt	(17,534)	(17,534)	-
Other accrued liabilities	(416)	(416)	-

In the three and nine months ended March 31, 2009, the Company recorded a charge of \$17,000 and \$672,000 (2008 – credit of \$110,000 and \$395,000) to cost of goods sold associated with market valuations of derivatives, respectively. In the three and nine months ended March 31, 2009, the Company recorded a charge of \$277,000 and \$340,000 (2008 - \$156,000 and 255,000), to finance costs associated with market valuations of derivatives, respectively.

12. Debt facilities

As a result of the change in the Company's majority shareholder, the Company terminated its North American loan facility which was subordinated and bound to the general loan facility held by its former parent. It was replaced by a new credit facility agreement on November 20, 2008 with The Bank of Nova Scotia that has a term expiring on October 31, 2011. The new credit facility agreement provides a revolving term facility up to C\$30,000,000 available in Bankers Acceptances based advances or U.S. dollar equivalent as London Inter-Bank Offer Rate (LIBOR) based advances and a revolving term facility of US\$20,000,000 available in LIBOR based advances. All facilities are collaterally secured by a first-ranking general security agreement covering all of the Company's property. The credit agreement includes covenants specifying maximum funded debt, minimum interest coverage and minimum tangible

RIDLEY Inc.

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net worth. Interest rates are based on Bankers Acceptances rates plus a margin or LIBOR rates plus a margin. The Company also pays a standby fee. Margins and fees are based on the funded debt ratio. Interest rates including margin on borrowing from the new facility ranged from 2.0% to 3.5% from November 20, 2008 through March 31, 2009. The credit agreement retains the existing C\$5,000,000 secured overdraft line of credit, payable on demand. The Company's unsecured open lines of credit and economic development loan are unaffected by the new credit agreement.

13. Normal course issuer bid

On December 11, 2008 the Company received approval from the Toronto Stock Exchange to initiate a normal course issuer bid ("Bid"). The Bid permits the Company to purchase for cancellation up to 692,965 common shares of the Company. This represents 5% of the Company's issued and outstanding shares as at November 28, 2008. Daily purchases will be limited to 3,645 common shares until March 31, 2009 and thereafter 1,822 common shares, other than block purchases. The Bid terminates on December 14, 2009 or earlier date as the Company may complete its purchases or otherwise terminate the Bid. The Company will pay market price at the time any shares are acquired under the Bid.

	Three Months Ended March 31		Nine Months Ended March 31	
	2009 (\$000)	2008 (\$000)	2009 (\$000)	2008 (\$000)
Share capital				
Common stock beginning of period	57,601	57,604	57,604	57,604
Purchases for cancellation	(153)	-	(156)	-
Common stock end of period	57,448	57,604	57,448	57,604

	Three Months Ended March 31		Nine Months Ended March 31	
	2009	2008	2009	2008
Shares outstanding				
Common stock beginning of period	13,858,700	13,859,300	13,859,300	13,859,300
Purchases for cancellation	(36,800)	-	(37,400)	-
Common stock end of period	13,821,900	13,859,300	13,821,900	13,859,300

14. Litigation

In claims filed in April 2005, plaintiffs initiated class action proceedings against the Company and the Government of Canada 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.

A settlement agreement between the Company and the representative plaintiffs was finalized on January 30, 2009 when the Company made payment of C\$6.0 million into a trust fund for the benefit of the plaintiffs in continuation of their case. Although the Company will remain a participant in the ongoing litigation against the Government of Canada, the settlement payment effectively caps the Company's exposure to the claims made by the plaintiffs. 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 Company recorded a reserve for the C\$6 million settlement expense last year in its financial statements for the nine months ended March 31, 2008. The Company will continue to incur legal

RIDLEY Inc.

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expenses as a result of its continuing involvement in the actions. No accruals have been made in respect of ongoing legal expenses related to the actions.

The lawsuit in Quebec was authorized as a class action and the settlement agreement between the Company and the plaintiffs was approved by the Superior Court of Quebec. The Ontario Superior Court approved the settlement agreement and certified the Ontario lawsuit as a class action for purposes of the settlement. Notice of the court approval and settlement and the right to opt out of the settlement were issued to the settlement class of cattle farmers in all provinces of Canada in accordance with the notice plan approved by the Ontario and Quebec courts.

15. Income taxes

In the first nine months of fiscal 2009, the Company recorded a \$294,000 favorable adjustment to the prior year income tax estimate; a \$7,000 unfavorable adjustment was recorded in the same period of fiscal 2008.

In the first nine months of fiscal 2008, the Company established a valuation allowance on tax loss carry-forwards which are set to expire by 2010. This increased income tax expense by \$1,400,000. Key factors in establishing this allowance were material losses in the Canadian tax entity due to the claim settlement (note 14) and restructuring costs (note 7) as well as uncertainty surrounding the short-term outlook for Canadian operations.

The Company's income tax expense is also impacted by the geographic distribution of income and losses. U.S. entities generated taxable income which is taxed at a higher rate than the Canadian statutory tax rate. The Canadian entity reported pre-tax losses to which an income tax benefit is recorded, but at a lower rate than taxes on U.S. income.

16. 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.

Ridley Feed Operations (RFO), 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.

Ridley Feed Ingredients (RFI) 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.

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(unaudited)

	RFO	RFI	RNS	Corporate & Eliminations	Consolidated
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Three months ended March 31, 2009					
Revenue					
Revenue from unaffiliated customers	104,453	15,687	20,603	-	140,743
Intersegment revenues	1,451	12,248	10,736	(24,435)	-
Revenue	105,904	27,935	31,339	(24,435)	140,743
Cost of sales	93,915	24,721	24,753	(24,435)	118,954
Gross profit	11,989	3,214	6,586	-	21,789
Net operating expenses	10,852	783	3,838	682	16,155
Operating income (loss)	1,137	2,431	2,748	(682)	5,634

Three months ended March 31, 2008					
Revenue					
Revenue from unaffiliated customers	132,032	16,467	18,812	-	167,311
Intersegment revenues	1,950	12,582	11,609	(26,141)	-
Revenue	133,982	29,049	30,421	(26,141)	167,311
Cost of sales	116,800	25,922	23,545	(26,141)	140,126
Gross profit	17,182	3,127	6,876	-	27,185
Net operating expenses	12,436	855	3,943	1,220	18,454
Operating income (loss)	4,746	2,272	2,933	(1,220)	8,731

	RFO	RFI	RNS	Corporate & Eliminations	Consolidated
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Nine months ended March 31, 2009					
Revenue					
Revenue from unaffiliated customers	353,833	54,239	65,537	-	473,609
Intersegment revenues	4,750	41,274	27,505	(73,529)	-
Revenue	358,583	95,513	93,042	(73,529)	473,609
Cost of sales	321,533	85,961	72,617	(73,529)	406,582
Gross profit	37,050	9,552	20,425	-	67,027
Net operating expenses	36,708	2,238	11,618	3,852	54,416
Operating income (loss)	342	7,314	8,807	(3,852)	12,611

Nine months ended March 31, 2008					
Revenue					
Revenue from unaffiliated customers	375,931	44,697	53,463	-	474,091
Intersegment revenues	4,078	36,447	27,609	(68,134)	-
Revenue	380,009	81,144	81,072	(68,134)	474,091
Cost of sales	332,645	73,382	62,699	(68,134)	400,592
Gross profit	47,364	7,762	18,373	-	73,499
Net operating expenses	36,666	2,357	11,376	9,740	60,139
Operating income (loss)	10,698	5,405	6,997	(9,740)	13,360

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(unaudited)

Balances as of:

March 31, 2009	RFO	RFI	RNS	Corporate	Consolidated
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total assets	142,971	21,114	66,434	3,822	234,341
Property, plant & equipment	60,517	2,890	24,357	20	87,784
Goodwill	22,503	4,327	21,362	-	48,192

Balances as of:

March 31, 2008	RFO	RFI	RNS	Corporate	Consolidated
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total assets	162,032	26,500	66,529	3,324	258,385
Property, plant & equipment	67,000	2,898	24,297	3	94,198
Goodwill	24,795	4,327	21,362	-	50,484

	Three Months Ended March 31		Nine Months Ended March 31	
	2009	2008	2009	2008
	(\$000)	(\$000)	(\$000)	(\$000)

Revenue from unaffiliated customers

U.S.	112,776	128,013	373,681	359,109
Canada	27,967	39,298	99,928	114,982
Total	140,743	167,311	473,609	474,091

	March 31 2009	June 30 2008	March 31 2008
	(\$000)	(\$000)	(\$000)

Property, plant and equipment

U.S.	68,944	70,080	69,646
Canada	18,840	24,020	24,552
Total	87,784	94,100	94,198

Goodwill

U.S.	37,982	37,982	37,982
Canada	10,210	12,613	12,502
Total	48,192	50,595	50,484

RIDLEY Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(unaudited)

17. Change in majority shareholder

On November 4, 2008, the Company's 68.8% controlling shareholder, Ridley Corporation Limited ("Ridley Australia"), sold its investment in the Company to Fairfax Financial Holdings ("Fairfax") Limited for a purchase price of C\$8.50 per share. The agreement between Ridley Australia and Fairfax was a private sale agreement to which the Company was not a party.

18. Comparative amounts

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