

NEWS RELEASE

RIDLEY Inc.

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

Ridley Inc. Reports Financial Results for Fiscal 2010 First Quarter

MANKATO, MINNESOTA and WINNIPEG, MANITOBA – (November 2, 2009) — Ridley Inc. (TSX: RCL) today reported its financial results for the first quarter of fiscal 2010, the three months ended September 30, 2009. All currency amounts are stated in U.S. dollars unless otherwise noted.

For the first three months of fiscal 2010, Ridley earned \$1.1 million after income taxes (8 cents per share) compared to \$2.9 million (21 cents per share) last year. Earnings before interest, taxes and amortization (EBITA (i)) for the first quarter of fiscal 2010 were \$4.4 million compared to \$7.0 million last year.

“These results reflect, for the third consecutive quarter, reduced market demand for animal feed products resulting from poor economic conditions for many livestock and poultry segments across Canada and the United States”, said Steve VanRoekel, President and CEO of Ridley Inc. “While the current downturn has been severe, we recognize that meat, milk and egg production moves in cycles of profit and loss. We expect that ongoing herd and flock size reductions will eventually restore producer profitability and strengthen demand for animal feed products”, added VanRoekel.

The external drivers of Ridley’s commercial feed business are strongly influenced by the economic dynamics of the North American livestock and poultry production industry. Ridley recorded exceptional results last year as gross profit margins benefited from favourable ingredient positions in generally rising and volatile commodity markets. This year, raw material costs have eased, feed prices have followed those costs downward and there are fewer gains to be realized in ingredient positions. Lower gross profits this year were partly mitigated by significant overhead cost reductions that were initiated in the last half of the prior year, which contributed to operating expenses that were lower this year by \$2.8 million compared to last year.

Volumes were lower in each of Ridley’s divisions with the most significant effect concentrated in the traditional feed businesses of Ridley Feed Operations (RFO) in Canada and the United States. Earnings in the more specialized divisions of Ridley Nutrition Solutions (RNS) and Ridley Feed Ingredients (RFI) were down due to lower volumes and less favourable ingredient positions.

In the first quarter of this year, Ridley initiated two important new business development projects. Construction work began this summer on a major expansion of manufacturing and warehouse space at RFI’s vitamin-mineral premix facility in Mendota, Illinois. Ridley also acquired the manufacturing equipment and product brands of Golden Lyk LLC, a manufacturer of innovative forms of livestock feed blocks that will expand the RNS product offering to existing customers in the upper Midwestern states.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis as of November 9, 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.

First Quarter Results

Ridley’s performance in the first quarter of fiscal 2010 continues to be adversely affected by reduced sales

tonnage volumes across each of the operating divisions. Ridley Feed Operations (RFO), which markets complete feeds, supplements and premixes to core cattle, swine and poultry production markets in the United States and Canada accounted for most of the decline in volume. Demand for livestock feed continues to be significantly affected by poor livestock and poultry producer economics, largely a result of relatively high feed prices and weak demand for meat and milk products and reduced food exports from North America. Ridley Nutrition Solutions (RNS) and Ridley Feed Ingredients (RFI) also recorded lower operating income this quarter compared to last year, partly as a result of the difficult livestock economy, but also due to the absence of gains from favourable inventory positions that enhanced income last year when raw material prices were increasing significantly. The negative impact of poor market conditions on Ridley's final results was lessened by overhead cost reductions initiated in the latter half of last year.

The following summary data is presented to assist in understanding the fiscal 2010 first quarter results:

Summary of Results (\$ million except for EPS)	Three months ended September 30	
	2009	2008
Revenue	\$135.7	\$169.3
Gross profit	17.4	23.1
Operating income	2.3	5.2
Net earnings before exceptions	1.1	2.7
Exceptions, net of income taxes (noted below (ii))	-	0.2
Net earnings (loss)	1.1	2.9
Diluted earnings (loss) per share (EPS)	\$0.08	\$0.21
EBITA (i)	4.4	7.0

(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)	Three months ended September 30	
	2009	2008
Gain on sale of facilities	-	0.2
Total Exceptions	-	0.2

Consolidated First Quarter Results

Revenue in the first quarter of fiscal 2010 (\$135.7 million) declined by 19.8% compared to the first quarter of 2009 (\$169.3 million). 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 first quarter of 2010 was substantially due to lower volumes as measured in tons of feed products sold and lower raw material prices. In the first quarter of fiscal 2009, total sales volumes were 8.1% lower than the prior year period. All operating divisions of Ridley reported declining tonnage volumes in the first quarter, but most of the decline occurred in the traditional U.S. markets of the RFO segment. Softer demand for feed products continues to reflect the ongoing market uncertainty, lower farm gate prices to livestock and poultry producers, relatively high feed ingredient prices and declines in the size of cattle and swine herds and poultry flocks.

Consolidated gross profit in the first quarter of fiscal 2010 was \$17.4 million compared to \$23.1 million in the same period of fiscal 2009. Gross profits were lower in each of the reporting segments reflecting lower volumes across most product markets and reduced unit margins compared to last year when feed ingredient

prices were at historically high levels and favourable inventory positions contributed to unit margins.

Operating expenses include selling, general and administrative expenses, amortization of property, plant and equipment, asset impairments and goodwill impairment. Operating expenses in the first quarter were \$15.1 million compared to \$17.9 million last year. Included in operating expenses last year were a \$0.3 million gain on the sale of redundant property and \$0.8 million in legal and advisory expenses related to the strategic review process and business restructuring expenses in the Canadian operations. Selling and administration expenses were lower in the first quarter this year as a result of overhead cost reductions initiated last year. At the end of September, 2009 the Company employed 952 in full time equivalent positions, a reduction of 81 positions from last year.

Operating income in the first quarter of 2010 was \$2.3 million compared to \$5.2 million in the prior year. Lower operating income in fiscal 2010 was the result of the 24.5% decline in gross profits, reflecting the decline in feed demand in the troubled livestock economy, and lower unit margins following a softening of raw materials prices from a year ago. The decline in operating income in the first quarter of this year was partly mitigated by reduced overhead expenses obtained from reductions in staffing levels and discretionary expenditures.

Ridley's EBITA is comprised of operating income before amortization and unusual items which include the gain on sale of facilities in fiscal 2009. There were no unusual items of material significance in the first quarter of 2010. Following from the \$2.9 decline in operating income from last year, EBITA in the first quarter of fiscal 2010 fell to \$4.4 million from \$7.0 million in the prior year.

Net earnings after taxes for the first quarter of fiscal 2010 were \$1.1 million (earnings per share of \$0.08) compared with net earnings after taxes of \$2.9 million (earnings per share of \$0.21) in the same period of fiscal 2009.

Comprehensive income 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 recorded comprehensive income in the first quarter of fiscal 2010 of \$2.5 million comprised of net income of \$1.1 million as reported above and unrealized gains of \$1.3 million on translation to U.S. currency of financial statements of Canadian entities. In the first quarter of the prior year, Ridley had unrealized losses of \$1.0 million on the translation of Canadian results to U.S. currency.

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) are defined as operating income before gain on sale of facilities.

The following table is a reconciliation of EBITA to net earnings, the most closely comparable GAAP measure to EBITA:

Earnings before interest, taxes and amortization (EBITA) (\$ million)	Three months ended September 30	
	2009	2008
Net earnings/(loss)	\$1.1	\$2.9
Provision for income taxes	1.1	1.8
Interest income	(0.1)	(0.1)
Finance costs	0.2	0.6
Operating income	2.3	5.2
Amortization of property, plant and equipment	2.1	2.1
Other amortization	0.0	0.0
Gain on sale of facilities	-	(0.3)
Earnings before interest, taxes and amortization (EBITA)	\$4.4	\$7.0

SEGMENT RESULTS

The following is a summary of operating income (loss) of Ridley's reporting segments.

Operating Income (Loss) (iii) (\$ million)	Three months ended September 30	
	2009	2008
Ridley Feed Operations (RFO)	\$(0.3)	\$0.9
Ridley Feed Ingredients (RFI)	1.5	2.9
Ridley Nutrition Solutions (RNS)	1.9	3.2
Corporate	(0.8)	(1.9)
Consolidated Operating Income	\$2.3	\$5.2

(iii) Operating income is earnings before interest and taxes.

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 of the RFO segment were lower by 8.0% in the first quarter of fiscal 2010 compared to last year. The downturn in RFO volumes is reflective of continuing difficult economic conditions for livestock and poultry producers in both Canada and the United States. Canadian feed operations, which account for 35% of RFO sales tonnage, saw a 7.0% reduction in volumes for the quarter, while the U.S. operations of RFO recorded an 8.5% reduction in volumes.

Lower commodity prices in the first quarter of 2010 translated into lower sales revenues for RFO as feed prices are generally set at a fixed margin above feed ingredient costs. Sales revenues of the RFO segment were 23.5% lower in the first quarter of 2010 compared to last year. Average RFO revenue per ton was 17.5% lower in the first quarter of 2010. About two-thirds of the decline in RFO revenues was due to reduced unit prices while the remaining reduction in revenue was due to lower tonnage volumes.

RFO gross profits in the first quarter this year were 20.8% lower than the same period last year due to a 15.5% reduction in unit margins combined with an 8.0% decline in sales volumes. Approximately half of the decline in gross profit for the quarter was due to lower average unit margins in Canadian feed operations. The Canadian livestock industry in particular has struggled from high feedgrain costs and low hog and cattle prices. Current economic conditions have been aggravated by impediments to international trade in Canadian livestock and meat products resulting from a high Canadian dollar and U.S. country-of-origin labelling restrictions.

Lower operating expenses in RFO this year were achieved from cost reduction initiatives taken in the prior year which reduced staffing levels and discretionary expenditures in sales, marketing and administrative functions. Operating expenses in the prior year included a gain of \$0.3 million on the sale of redundant properties in Lacombe, Alberta. As a result of reduced gross profits from a poor livestock economy, partly

offset by reduced operating expenses, the RFO Division recorded an operating loss of \$0.3 million in the first quarter of 2010 compared to income of \$0.9 million in the prior year.

Ridley Feed Ingredients (RFI)

The Ridley Feed Ingredients (RFI) segment consists of feed-grade 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 first quarter of fiscal 2010 declined by 14.3% from the same period last year. Most of the decline in RFI revenue resulted from the softening of raw material prices that were abnormally high last year and reduced inter-divisional demand for feed ingredients from the RFO and RNS Divisions within the Company. Commodity prices have since softened and with less opportunity for gains from ingredient positions as in the prior year, RFI's unit margins declined from last year. Consequently, RFI's gross profit \$2.3 million in the first quarter of this year was 36.6% lower than last year. However, the effect of good ingredient positions on RFI income last year was significant. Compared to the same period of the year before last (fiscal 2008), which preceded last year's volatile increases in commodity prices, RFI's gross profit in fiscal 2010 was an improvement of 14.4%. RFI's overhead expenses in the first quarter this year were marginally higher than last year due to increased salary costs. Lower operating income this year reflects the reduction of some of the cost advantages that RFI obtained from good inventory positions last year.

Ridley Nutrition Solutions (RNS)

Ridley Nutrition Solutions (RNS) includes feed supplement block operations and Ridley's equine nutrition business. RNS volumes in the first quarter of fiscal 2010 were lower by 13.4% from a year ago. Continuing uncertainty in the general economy and reduced profitability for beef and dairy operators has dampened demand for feed supplement blocks in key Midwestern U.S. markets. Generally abundant forage for cattle in most regions outside of California and South-eastern Texas also limited the need for normal feed supplementation in the summer months of 2009.

As a result of lower volumes, RNS revenues in the first quarter of 2010 decreased by 16.7% from a year ago. Average unit selling prices were moderately lower this year due to lower raw material costs. RNS gross profits this year were 24.9% lower than last year due to lower tonnage volume and a reduction in average unit margins per ton. Last year, RNS realized higher unit margins from good ingredient positions in a volatile commodity market. Commodity prices have softened this year and there are fewer cost advantages available from inventory positions. However, unit margins in the first quarter this year remain higher than the year before last as the RNS product mix has improved towards higher value-added products.

RNS operating expenses in the first quarter this year were moderately lower than last year from a reduction in administrative overhead. RNS operating income this year of \$1.9 million declined from last year due to slower volume in a difficult beef and dairy economy and the absence of gains from favourable inventory positions that contributed to operating income last year.

Corporate

Corporate expenses 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 first quarter of fiscal 2010, corporate expenses were 57.9% lower than the same period last year. Corporate expenses last year included higher professional fees related to the Company's strategic review process initiated in the fourth quarter of fiscal 2008. Professional fees related to the BSE class action lawsuits were also lower this year following completion of a settlement agreement with the plaintiffs. Reduced employment expenses and employee travel from cost reduction initiatives contributed to lower corporate overhead this year.

Liquidity/Capital Resources/Cash Flow

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

	September 30 2009	June 30 2009	March 31 2009	December 31 2008	September 30 2008
Balances (\$000) as of:					
Working capital (i)	\$ 50,764	\$ 47,500	\$ 54,450	\$ 55,043	\$ 59,501
Debt (ii)	15,654	10,606	17,534	24,107	36,216
Equity	151,478	149,013	155,461	152,775	155,418
Debt to equity ratio	10.3%	7.1%	11.3%	15.8%	23.3%

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

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

The following is a summary of cash generated or utilized by business operations, net of capital expenditures on plant and equipment, excluding business acquisitions.

Summary of Changes in Cash Available (\$ million)	Three months ended September 30	
	2009	2008
Cash flow from operating activities	\$2.7	\$4.3
Net increase in non-cash working capital balances	(4.6)	(15.4)
Decrease (increase) in loans receivable, net	0.1	(0.0)
Proceeds on disposal of property, plant and equipment	0.3	0.5
Capital expenditures, excluding business acquisitions	(2.5)	(2.5)
Increase (decrease) in cash available	(4.1)	(13.2)

For the three months of the first quarter of fiscal 2010, cash flows from operations net of capital expenditures were negative \$4.1 million compared to negative \$13.2 million in the same three-month period last year. Cash flows last year were significantly affected by the substantial rise in raw material costs and the accumulation of raw materials in expectation of volatile markets which increased inventory and accounts receivable balances. As commodity prices weakened later in the year, both inventories and accounts receivable were drawn down to more normal levels.

Capital Expenditures

In the first quarter of 2010, RNS purchased manufacturing equipment and certain intellectual property rights from Golden Lyk, LLC and its parent company, Denco, LLC that were used in the production of compressed feed blocks. The acquired manufacturing equipment will be relocated to the existing RNS block facility in Worthington, Minnesota where it will contribute to expanding the RNS product mix and improving access to customers in the U.S. Midwestern states.

Investing activities in the first quarter of last year included instalment payments (\$0.1 million) 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, 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.

Selected Quarterly Financial Information

The following is a summary of Ridley's unaudited quarterly financial information:

(US \$ millions except per share data)	Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	2010	135.7			
	2009	169.3	163.6	140.7	129.8
	2008	139.8	167.0	167.3	159.4
Net earnings (loss) (before unusual items (i) net of income taxes).	2010	1.1			
	2009	2.7	3.0	3.5	(0.2)
	2008	2.0	4.5	5.2	0.9
Net earnings (loss)	2010	1.1			
	2009	2.9	0.7	3.5	(8.4)
	2008	2.6	(2.8)	5.0	1.2
Net earnings (loss) per share (EPS)	2010	0.08			
	2009	0.21	0.05	0.25	(0.60)
	2008	0.19	(0.21)	0.37	0.08

(i) Unusual items include: claim settlement, asset impairment loss, restructuring charges, gain on sale of facilities, and goodwill write-down.

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 repurchases program permits the Company to purchase for cancellation up to 692,965 of its common shares over the twelve month period ending December 14, 2009. As at September 30, 2009, the Company had repurchased for cancellation 69,522 shares under the normal course issuer bid and the number of shares outstanding as at September 30, 2009, was 13,789,778.

On October 1, 2009, following the end of the first quarter of fiscal 2010, the Company purchased for cancellation a further 198,200 shares under the normal course issuer bid, thereby increasing the total shares purchased for cancellation under the current program to 267,722. The average purchase cost for all shares acquired to-date since the start of the current program was C\$7.09 per share, excluding commissions.

The number of common shares outstanding as at November 9, 2009 was 13,591,578. The current normal course issuer bid to repurchase Ridley shares will remain in place until December 14, 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.

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 ongoing as new standards and recommendations are issued by the International Accounting Standards Board and AcSB.

BSE Class Action Lawsuits

In April 2005, representative plaintiffs filed proposed class actions in Alberta, Saskatchewan, Ontario and Quebec against the Government of Canada and Ridley Inc. 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. On February 5, 2008, Ridley announced that it had reached a settlement agreement with the representative plaintiffs in each of the class action lawsuits. In agreeing to the settlement, Ridley made no admission of liability or wrongdoing in the matter. The settlement agreement was finalized on January 30, 2009 when Ridley made payment of C\$6.0 million into a plaintiffs' settlement trust fund for the benefit of the plaintiffs in continuation of their litigation against the Government of Canada, which effectively capped Ridley's exposure to the claims made by the plaintiffs to that amount.

On May 26, 2009, based on the plaintiffs' amended pleadings, the Government of Canada gave its undertaking to the Ontario court to not commence crossclaims or third party claims against Ridley for contribution or indemnity and to not apportion any negligence or liability against Ridley with respect to the losses claimed in the actions. On that basis, the Ontario Superior Court granted Ridley's motion for dismissal of the Ontario action as against Ridley on July 28, 2009. Ridley will seek to obtain a similar court order in each of the other provinces of Canada where the plaintiffs commenced their actions. If all jurisdictions grant the dismissal motion, Ridley will cease to be a party to the continuing class action lawsuits.

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

Demand for commercial animal feed in 2010 will be heavily influenced by the effects of high feed prices, weak consumer demand and exports of meat and milk products. Most livestock and poultry producers, excluding the Canadian supply-managed sectors, continue to struggle with below breakeven profit margins. While there are signs of recovery in global economies, consumer demand and exports have not risen fast enough nor have feed prices fallen far enough to affect profitability in many livestock and poultry sectors. As a result, there appears to be no reversal yet in the ongoing reduction in herd and flock sizes across most

segments in the U.S. and Canada which would restore stronger commercial feed demand.

Management continues to focus on the needs of Ridley's customers, making customer satisfaction a top priority while helping producers find profitable feeding solutions in a challenging economic environment. Maintaining a balanced presence amongst each of the sectors of livestock and poultry production will remain important for diversifying Ridley's earnings across multiple geographies, animal species and product categories. Management's objectives in the current environment are to generate positive cash flows, improve operating efficiencies and maintain resources necessary to capitalize on strategic opportunities.

Ridley Inc., headquartered in Mankato, Minnesota and Winnipeg, Manitoba, is one of North America's leading commercial animal nutrition companies. Ridley employs more than 900 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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RIDLEY Inc.

CONSOLIDATED FINANCIAL
STATEMENTS

(unaudited, expressed in U.S. dollars)

Three months ended September 30, 2009 and 2008



RIDLEY Inc.
Consolidated Balance Sheets

(unaudited)

(Expressed in thousands of U.S. dollars)

	September 30 2009	June 30 2009	September 30 2008
ASSETS			
Current assets			
Cash and short-term deposits	3,742	1,954	7,643
Accounts receivable	35,433	30,697	43,609
Inventories (Note 8)	48,598	48,153	74,952
Income taxes recoverable	253	1,867	-
Prepays and other current assets	2,482	721	2,266
Current portion of loans receivable	1,017	1,013	1,560
Assets held-for-sale (Note 12)	-	245	-
Future income asset	1,471	1,545	1,277
Total current assets	92,996	86,195	131,307
Non-current assets			
Loans receivable	565	603	651
Assets held-for-sale (Note 12)	598	598	730
Property, plant and equipment	90,270	88,604	93,481
Future income tax asset	4,216	3,425	-
Other assets	4,213	4,431	2,408
Other intangibles	4,685	4,379	4,509
Goodwill	37,982	37,982	50,104
Total non-current assets	142,529	140,022	151,883
TOTAL ASSETS	235,525	226,217	283,190
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities			
Outstanding cheques in excess of bank balances	3,817	2,038	-
Short-term debt (Note 14)	1,907	364	7,517
Accounts payable and accrued liabilities	35,434	34,525	55,995
Advances from customers	1,022	1,716	1,065
Claim settlement provision (Note 15)	-	-	5,662
Income taxes payable	-	-	1,489
Current portion of long-term debt (Note 14)	52	52	78
Total current liabilities	42,232	38,695	71,806
Long-term liabilities			
Long-term debt (Note 14)	13,695	10,190	28,621
Future income tax liability	24,190	24,427	22,632
Other accrued liabilities	3,930	3,892	4,713
Total long-term liabilities	41,815	38,509	55,966
Total liabilities	84,047	77,204	127,772
Shareholders' equity			
Share capital (Note 11 & 16)	57,315	57,315	57,604
Retained earnings	82,410	81,285	85,528
Accumulated other comprehensive income (Note 4)	11,753	10,413	12,286
	94,163	91,698	97,814
Total shareholders' equity	151,478	149,013	155,418
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	235,525	226,217	283,190

RIDLEY Inc.
Consolidated Statements of Earnings and Retained Earnings

(unaudited)

(Expressed in thousands of U.S. dollars)

	Three Months Ended September 30	
	2009	2008
Revenue	135,707	169,304
Cost of sales (Note 8)	118,283	146,215
Gross profit	17,424	23,089
Operating (income) expenses		
Selling, general and administrative	12,711	15,726
Amortization of property, plant and equipment	2,092	2,069
Gain on sale of facilities (Note 12)	-	(316)
Research and development	270	346
Other amortization	43	43
Net operating expenses	15,116	17,868
Operating income	2,308	5,221
Finance costs	(178)	(605)
Interest income	79	117
Earnings before income taxes	2,209	4,733
Provision for income taxes (Note 9)	1,084	1,799
Net earnings for the period	1,125	2,934
Retained earnings, beginning of period	81,285	82,594
Net earnings for the period	1,125	2,934
Retained earnings, end of period	82,410	85,528
Net earnings per share, basic and diluted	0.08	0.21

Consolidated Statements of Comprehensive Income

(unaudited)

(Expressed in thousands of U.S. dollars)

	Three Months Ended September 30	
	2009	2008
Net earnings for the period	1,125	2,934
Unrealized gains (losses) on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency (Note 4)	1,340	(1,019)
Other comprehensive income (loss) for the period	1,340	(1,019)
Comprehensive income for the period	2,465	1,915

RIDLEY Inc.
Consolidated Statements of Cash Flows

(unaudited)

(Expressed in thousands of U.S. dollars)

Three Months Ended
September 30
2009 2008

	2009	2008
Cash flow from operating activities		
Net earnings for the period	1,125	2,934
Add (deduct) items not affecting cash:		
Amortization of property, plant and equipment	2,092	2,069
Future income taxes	(628)	(431)
Loss on sale of property, plant and equipment	39	2
Gain on sale of facilities (Note 12)	-	(316)
Other amortization	43	43
Other items not affecting cash	48	27
	2,719	4,328
Net change in non-cash working capital balances related to operations:		
Accounts receivable	(3,831)	(8,525)
Inventories	234	(5,600)
Prepays and other current assets	(1,729)	(704)
Accounts payable and accrued liabilities	(134)	(1,322)
Advances from customers	(710)	(1,206)
Income taxes payable and recoverable	1,596	1,957
	(1,855)	(11,072)
Cash flow from investing activities		
Proceeds on disposal of facilities, property, plant and equipment	266	469
Purchase of property, plant and equipment	(2,167)	(2,537)
Purchase of intangibles	(350)	-
Decrease (increase) in loans receivable, net	51	(15)
Business acquisitions (Note 10)	-	(137)
	(2,200)	(2,220)
Cash flow from financing activities		
Repayment of short- and long-term debt	(1,723)	(7,576)
Proceeds from short- and long-term debt	5,930	25,008
	4,207	17,432
Effect of exchange rate changes on cash	(143)	(7)
Increase (decrease) in cash and cash equivalents	9	4,133
Cash and cash equivalents - beginning of period	(84)	3,510
Cash and cash equivalents - end of period	(75)	7,643
Cash and cash equivalents are comprised of:		
Cash and short-term deposits	3,742	7,643
Outstanding cheques in excess of bank balances	(3,817)	-
	(75)	7,643

1. Significant accounting policies and basis of presentation

These interim unaudited consolidated financial statements are based on accounting principles and practices consistent with those used in preparation of the annual audited financial statements. These interim consolidated financial statements do not include all the disclosures normally included in the Company's annual consolidated financial statements. They should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2009, as set out in the 2009 Annual Report. All amounts are in U.S. dollars unless otherwise stated.

2. Changes in accounting policies

Current changes

Goodwill and intangible assets

On July 1, 2009 the Company adopted the new accounting standard issued by the Canadian Institute of Chartered Accountants (CICA), Section 3064 – Goodwill and Intangibles. This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The adoption of this section did not impact these consolidated financial statements.

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 re-measured at fair 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.

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	
	September 30	
	2009	2008
	(\$000)	(\$000)
Balance, beginning of period	10,413	13,305
Other comprehensive income (loss) for the period	1,340	(1,019)
Balance, end of period	11,753	12,286

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. 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.

As of September 30, 2009	Assets (Liabilities)		Financial Instruments Category
	Carrying Value	Fair Value	
Cash and short-term deposits	3,742	3,742	Held for trading
Accounts receivable	35,433	35,433	Loans & receivables
Loans receivable	1,582	1,582	Loans & receivables
Financial derivative instruments included in accounts payable and accrued liabilities	(74)	(74)	Held for trading
Outstanding cheques in excess of bank balance	(3,817)	(3,817)	Other liabilities
Accounts payable and accrued liabilities	(35,434)	(35,434)	Other liabilities
Advances from customers	(1,022)	(1,022)	Other liabilities
Short-term and Long-term debt	(15,654)	(15,654)	Other liabilities
Financial liabilities included in other accrued liabilities	(489)	(489)	Other liabilities

In the three months ended September 30, 2009, the Company recorded a charge of \$124,000 (2008 – \$380,000) to cost of goods sold associated with market valuations of derivatives. In the three months ended September 30, 2009, the Company recorded a credit of \$39,000 (2008 – \$6,000) to finance costs associated with market valuations of derivatives.

6. Statement of cash flow disclosures

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

	Three Months Ended	
	September 30	
	2009	2008
	(\$000)	(\$000)
Interest	156	540
Income taxes, net of refund	72	226

7. 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	
	September 30	
	2009	2008
	(\$000)	(\$000)
Non-contributory pension plan	201	264
Defined contribution plan	383	382

8. Inventories

	Sept. 30	June 30
	2009	2009
	(\$000)	(\$000)
Raw materials	35,345	34,700
Finished goods	13,253	13,453
	48,598	48,153

Cost of sales consists of the following:

	Three Months Ended	
	September 30	
	2009	2008
	(\$000)	(\$000)
Raw materials and products consumed	102,654	134,289
Direct labour and fringe benefits	5,026	5,355
Other production costs	7,090	7,058
Net change in inventories	(234)	(5,600)
Inventories recognized as expense	114,536	141,102
Non allocated costs	3,747	5,113
Cost of sales	118,283	146,215

9. Income taxes

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. Income generated by the U.S. entities is taxed at a higher rate than in Canada, where the Canadian entities reported pre-tax losses, allowing for recognition of a tax benefit, but at a lower effective tax rate.

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 first quarter of fiscal 2009, the Company recorded a net recovery of \$235,000 associated with uncertain tax positions.

10. Business acquisitions

No business acquisitions were recorded during the three months ending September 30, 2009.

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.

11. Normal course issuer bid and Share Capital

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.

Share activity for three month periods ending September 30, 2009 and 2008 is summarized as follows:

	Three Months Ended	
	September 30	
	2009	2008
	(\$000)	(\$000)
Authorized		
Unlimited number of common shares, no par value		
Share capital		
Common stock beginning of period	57,315	57,604
Purchases for cancellation for the period	-	-
Common stock end of period	57,315	57,604
Shares outstanding		
Common stock beginning of period	13,789,778	13,859,300
Purchases for cancellation for the period	-	-
Common stock end of period	13,789,778	13,859,300

12. Assets held-for-sale and sale of facilities

Assets held-for-sale as of September 30, 2009, consists of land, buildings and equipment of two closed plants in the U.S. Their total carrying value of \$598,000 approximates fair value.

The Ridley Feed Operations segment recorded a sale of property in Lethbridge, Alberta in the first quarter of fiscal 2010. Net proceeds on this sale of \$248,000 approximated carrying value. At June 30, 2009 this property was classified as assets held-for-sale within current assets.

Operating results for the Ridley Feed Operations segment in the first quarter 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.

13. 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.

14. Debt facilities

As a result of the change in the Company's majority shareholder on November 4, 2008, 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 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. 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.

15. Litigation

In April 2005, representative plaintiffs filed proposed class actions in Alberta, Saskatchewan, Ontario and Quebec against the Government of Canada and Ridley Inc. 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. On February 5, 2008, Ridley announced that it had reached a settlement agreement with the representative plaintiffs in each of the class action lawsuits. In agreeing to the settlement, Ridley made no admission of liability or wrongdoing in the matter. The settlement agreement was finalized on January 30, 2009 when Ridley made payment of C\$6.0 million into a plaintiffs' settlement trust fund for the benefit of the plaintiffs in continuation of their litigation against the Government of Canada, which effectively capped Ridley's exposure to the claims made by the plaintiffs to that amount.

On May 26, 2009, based on the plaintiffs' amended pleadings, the Government of Canada gave its undertaking to the Ontario court to not commence crossclaims or third party claims against Ridley for contribution or indemnity and to not apportion any negligence or liability against Ridley with respect to the losses claimed in the actions. On that basis, The Ontario Superior Court granted Ridley's motion for dismissal of the Ontario action as against Ridley on July 28, 2009. Ridley will seek to obtain a similar court order in each of the other provinces of Canada where the plaintiffs commenced their actions. If all jurisdictions grant the dismissal motion, Ridley will cease to be a party to the continuing class action lawsuits.

16. Subsequent event

On October 1, 2009, the Company purchased 198,200 shares of the Company's common shares in connection with its normal course issuer bid. Excluding commissions, the shares were purchased for C\$7.25 per share, or C\$1,436,950.

17. 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:

Three months ended September 30, 2009	RFO (\$000)	RFI (\$000)	RNS (\$000)	Corporate & Consolidated	
				Eliminations (\$000)	Consolidated (\$000)
Revenue from					
unaffiliated customers	98,927	18,608	18,172	-	135,707
Intersegment revenues	845	10,881	5,789	(17,515)	-
Revenue	99,772	29,489	23,961	(17,515)	135,707
Cost of sales	89,977	27,155	18,666	(17,515)	118,283
Gross profit	9,795	2,334	5,295	-	17,424
Net operating expenses	10,070	857	3,407	782	15,116
Operating income (loss)	(275)	1,477	1,888	(782)	2,308

Three months ended September 30, 2008	RFO (\$000)	RFI (\$000)	RNS (\$000)	Corporate & Consolidated	
				Eliminations (\$000)	Consolidated (\$000)
Revenue from					
unaffiliated customers	128,575	20,234	20,495	-	169,304
Intersegment revenues	1,776	14,168	8,262	(24,206)	-
Revenue	130,351	34,402	28,757	(24,206)	169,304
Cost of sales	117,991	30,721	21,709	(24,206)	146,215
Gross profit	12,360	3,681	7,048	-	23,089
Net operating expenses	11,431	763	3,816	1,858	17,868
Operating income (loss)	929	2,918	3,232	(1,858)	5,221

Balances as of: September 30, 2009	RFO (\$000)	RFI (\$000)	RNS (\$000)	Corporate Consolidated	
				Eliminations (\$000)	Consolidated (\$000)
Total assets	131,916	25,056	68,536	10,017	235,525
Property, plant & equipment	60,457	4,679	25,134	-	90,270
Goodwill	12,293	4,327	21,362	-	37,982

Balances as of: September 30, 2008	RFO (\$000)	RFI (\$000)	RNS (\$000)	Corporate Consolidated	
				Eliminations (\$000)	Consolidated (\$000)
Total assets	166,928	36,894	70,072	9,296	283,190
Property, plant & equipment	66,464	2,897	24,094	26	93,481
Goodwill	24,415	4,327	21,362	-	50,104

	Three Months Ended	
	September 30 2009 (\$000)	September 30 2008 (\$000)
Revenue from unaffiliated customers		
U.S.	107,174	131,261
Canada	28,533	38,043
Total	135,707	169,304

	September 30	
	2009	2008
	(\$000)	(\$000)
Property, plant and equipment		
U.S.	69,421	70,645
Canada	20,849	22,836
Total	90,270	93,481
Goodwill		
U.S.	37,982	37,982
Canada	-	12,122
Total	37,982	50,104

18. Comparative amounts

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