

NEWS RELEASE

RIDLEY Inc.

Trading symbol: RCL on The Toronto Stock Exchange

FOR IMMEDIATE RELEASE

Ridley Inc. Reports Financial Results for Fiscal 2009 First Quarter

MANKATO, MINNESOTA and WINNIPEG, MANITOBA – (November 11, 2008) — Ridley Inc. (TSX: RCL) today reported its financial results for its first quarter ended September 30, 2008. All currency amounts are stated in U.S. dollars.

For the first three months of fiscal 2009, Ridley earned \$2.9 million after income taxes or 21 cents per share compared to \$2.6 million or 19 cents per share last year. Earnings before interest, taxes and amortization (EBITA (i)) for the first quarter of fiscal 2009 was \$7.0 million compared to \$6.0 million last year.

“We’re happy to report a good start to Ridley’s new fiscal year with a 16.7% increase in EBITA for the first quarter. The strongest contributors were Ridley Nutrition Solutions and Ridley Feed Ingredients, each of which recorded volumes substantially the same as last year and benefitted from favourable product mix and raw material inventories,” said Steve VanRoekel, President and CEO of Ridley Inc.

Earnings in the Canadian and U.S. business units of Ridley Feed Operations declined, largely a result of sales volumes that were 9.6% behind last year. Lower volumes were a reflection of increasingly conservative attitudes and feeding practices by livestock and poultry producers after more than two years of exceptionally high feed prices and, in the case of Canada, further reductions in the size of the Canadian swine herd.

“Production agriculture is more recession-proof than most industries, but while we’re insulated, we’re not isolated. The recent sharp declines in feed prices will take pressure off producers’ working capital demands and break-evens; however, the turmoil in financial markets, stronger U.S. dollar, and the threat of a global economic recession have created enough demand uncertainty for meat, milk, and egg products that we expect livestock and poultry producers to remain extremely cautious for the near-term future”, added VanRoekel. “Our business units remain diversified across multiple segments within the animal nutrition industry which should act to buffer the impact of market or economic conditions on our overall performance.”

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis as of November 11, 2008 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

The following summary data is presented to assist in understanding the fiscal 2009 first quarter results:

(Millions of U.S. dollars except for EPS)	3 Months Ended September 30, 2008	3 Months Ended September 30, 2007
Revenue	\$169.3	\$139.8
Net earnings before gain on sale of facilities	2.7	2.0
Gain on sale of facilities (net of income tax)	0.2	0.6
Net earnings	2.9	2.6
Diluted earnings per share (EPS)	0.21	0.19
EBITA (i)	7.0	6.0

(i) EBITA – Operating income before amortization and gain on sale of facilities. 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.

Consolidated Financial Results

Revenue in the first quarter of fiscal 2009 increased by 21.1% to \$169.3 million compared with \$139.8 million in the first 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 increase in the first quarter of 2009 is substantially due to higher product selling prices driven by significantly increased feed ingredient costs.

In the fiscal 2009 first quarter, total sales volumes measured in tons were 8.2% lower than the prior year period. A 9.6% decline in volumes in the Ridley core operations based on traditional feed markets was moderated by a lesser decline in tonnage for feed supplement blocks and an increase in volume of feed ingredients and equine feeds.

Gross profit in the first quarter of fiscal 2009 was \$23.1 million compared with \$21.0 million in the same period of fiscal 2008. Gross profits were significantly improved in each of Ridley Feed Ingredients (RFI) and Ridley Nutrition Solutions (RNS). The RNS Division rebounded this year from an improved sales mix of higher margin products that were hampered last year by unfavourable weather and poor pasture conditions in key cattle markets in the U.S. The acquisition of 4 Seasons Marketing in March 2008 also contributed to higher RNS gross profits. The RFI Division continues to benefit from favourable inventory positions in key feed commodities that have risen in cost over the several months. The Ridley Feed Operations (RFO) Division experienced a 12.7% reduction in gross profits as a result of reduced tonnage volume over last year. Direct costs of production across all divisions were well controlled as in the prior year and did not significantly impact the overall improvement in gross profits.

Operating expenses which include selling, general and administrative expenses as well as amortization of property, plant and equipment were \$17.9 million in the first quarter of fiscal 2009 compared to \$16.2 million in the same period of the previous year. The principal component of the increase in operating expenses is \$0.8 million related to legal and financial advisory services incurred in the strategic review process that the Company announced in May this year. The increase in operating expenses also reflects the gain on sale of closed plant properties in Canada including \$0.3 million in the current quarter compared to \$0.8 million in the same quarter last year.

Operating income before interest and taxes in the first quarter of fiscal 2009 was \$5.2 million compared to \$4.8 million last year. Interest expense was \$0.6 million compared to \$0.7 in the previous year.

First quarter income tax expense of \$1.8 million in fiscal 2009 and \$1.7 million in fiscal 2008 reflect effective income tax rates of 38% and 39%, respectively. Ridley's effective income tax rate is impacted by the geographic distribution of income and losses between Canada and the United States. Ridley's U.S. entities generated taxable income which is taxed at a higher rate than income tax benefits recorded on Canadian entities pre-tax losses. In the first quarter of fiscal 2009, the Company recorded a net recovery of \$0.2 million associated with uncertain tax positions.

Net earnings for the first quarter of fiscal 2009 were \$2.9 million (diluted earnings per share of \$0.21) compared with \$2.6 million (diluted earnings per share of \$0.19) in fiscal 2008.

EBITA (comprised of operating income before amortization and gain on sale of properties) increased to \$7.0 million in the first quarter of fiscal 2009 from \$6.0 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. Ridley's comprehensive income in the first quarter of fiscal 2009 was \$1.9 million comprised of net earnings of \$2.9 million as reported above, less \$1.0 million of unrealized losses on translation to U.S. currency of financial statements of related entities with foreign functional currency. Other changes in accounting policies noted in Ridley's interim financial statements had no material effect on its financial condition.

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, provision for income taxes and net earning from discontinued operations. Earnings before interest, taxes and amortization (EBITA) is defined as operating income before gain on sale of facilities 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 Sept. 30, 2008	3 Months Ended Sept. 30, 2007
Net earnings	2.9	2.6
Provision for income taxes	1.8	1.7
Interest income	(0.1)	(0.1)
Finance costs	0.6	0.7
Operating income	5.2	4.8
Amortization of property, plant and equipment	2.1	2.0
Gain on sale of facilities	(0.3)	(0.8)
Earnings before interest, taxes and amortization (EBITA)	7.0	6.0

SEGMENT RESULTS

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 9.6% in the first quarter of fiscal 2009 compared to last year. Overall sales volumes amongst the U.S. operations of RFO were lower by

10.0% reflecting a weaker start to the calf feeding season, competitive pressures at eastern U.S. plants and lower volumes of low-margin feed ingredients sold to livestock producers. However, swine feed volumes in U.S. business units continue to improve over the same period last year. Canadian sales volumes were lower by 8.8% in the first quarter, mainly the result of lower swine feed volumes as the Canadian hog sector continues to endure a difficult economic environment.

Despite RFO's lower sales volumes, sales revenues increased by 16.3% in the first quarter as significantly higher raw material costs were passed through to livestock producers in higher feed prices. Almost all of the commodities that are utilized in the production of livestock feed have increased dramatically in cost over last year. According to USDA published sources, average U.S. feed grain prices in September 2008 were 52% higher than a year ago. Overall feed costs to U.S. livestock and poultry producers increased by 37% over the last 12 months. Canadian producers also experienced increases to their cost of production this year.

RFO gross profit of \$12.4 million in the first quarter was \$1.8 million (12.7%) less than the same period last year. Unit margins were moderately improved this year, but lower volumes in both U.S. and Canadian operations accounted for most of the decrease in gross profits in RFO. Manufacturing costs were moderately higher as a result of customer product claims in the period.

RFO reported operating income of \$0.9 million in the first quarter of fiscal 2009, compared with \$3.5 million in the same period of fiscal 2008. Operating expenses of \$11.4 million were higher this year by \$0.8 million mainly as a result of the gain recorded last year from the sale of a closed plant. Excluding this gain, operating expenses would have increased by \$0.3 million or about 2.6% over 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 RFI's facility in Illinois. RFI's revenues in the first quarter of fiscal 2009, including intersegment sales, increased over the previous year by 43.1%, mainly due to higher unit selling prices driven by higher ingredient costs, as well as a 2.6% increase in tonnage volume. Higher average unit margins resulting from favourable inventory positions and a good product mix lifted RFI operating income to \$2.9 million in the first quarter of fiscal 2009 from \$1.3 million in the prior year.

Ridley Nutrition Solutions (RNS)

Ridley Nutrition Solutions (RNS) includes the feed supplement block operations and equine nutrition business. Sales volumes in the first quarter were lower by 1.6% from a year ago. The volatility in commodity prices over the last several months and the dramatic increase in working capital requirements for feed dealers and distributors tend to discourage significant inventory commitments in high value added products such as feed supplement blocks. Sales volumes of equine feeds grew by 19.0% in the first quarter of fiscal 2009 as market penetration improves for Ridley brands in the eastern U.S.

Unit margins in the first quarter improved over last year as a result of good ingredient positions and a more favourable product mix enabling RNS to report an increase in gross profits of \$2.3 million. RNS operating income net of research, sales and administrative expenses improved to \$3.2 million from \$1.2 million in the prior year.

Corporate

Corporate expenses, which include certain head office staff, board of directors' and other public company expenses, as well as legal expenses related to the BSE class action lawsuits, were \$1.9 million in the first quarter of fiscal 2009 compared to \$1.2 million in the same period of 2008. The increase of \$0.7 million in corporate expenses in the first quarter largely reflects financial and legal

advisory expenses incurred in connection with the Company's strategic review process that commenced in the fourth quarter of fiscal 2008.

Liquidity/Capital Resources/Cash Flow

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

Balances (\$000) as of:	September 30 2008	June 30 2008	September 30 2007
Working capital (ii)	59,501	48,143	50,393
Debt (iii)	36,216	19,455	28,622
Equity	155,418	153,503	150,673
Debt to equity ratio	23.3%	12.7%	19.0%

(ii) Working capital is defined as current assets less current liabilities.

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

In the three months between June 30, 2008 and September 30, 2008, total debt increased by \$16.8 million to \$36.2 million. The increase in debt is reflective of the \$11.4 million increase in working capital in the same period. In the three months since June 30, 2008, accounts receivable increased by \$7.8 million while inventories of raw ingredients and finished product increased by \$5.1 million. The increase in accounts receivables mirrors the growth in sales revenues; average days sales in accounts receivable of 23.5 as at September 30, 2008 was not materially different than 25.0 as at one year prior. Much of the increase in inventories on hand at the end of the first quarter of fiscal 2009 is due to higher purchase costs for feed ingredients and some accumulation of raw materials in response to market dynamics; average days inventory on hand at September 30, 2008 were 44.2 compared to 39.8 at the same time last year.

For the first three months of fiscal 2009, the Company's operations consumed \$13.3 million in cash flow – an increase from \$10.4 million consumed in the same period last year. Because of the significant increase in working capital this year and last, cash flow from operating activities in the first quarter of fiscal 2009 was a deficit of \$11.1 million compared to a deficit of \$10.4 million in the same period of fiscal 2008. The purchase of capital assets, net of proceeds from assets disposals, utilized another \$2.2 million in the current year. The sale of redundant facilities in fiscal 2008 resulted in a slight surplus in cash from net capital investments in the same period last year.

Capital Expenditures

Expenditures on plant and equipment in the first quarter of fiscal 2009 were \$2.5 million compared to \$2.6 million in the same period a year ago. Capital expenditures in the first quarter included \$0.7 million for implementation of new management information systems. 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 three months of fiscal 2009. 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, 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 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	-	-	-
	2008	139.8	167.0	167.3	159.4
	2007	124.4	144.0	136.9	126.3
Net earnings from continuing operations (before claim settlement, asset impairment loss, gain on sale of facilities and tax loss carryforward valuation reserves, net of income tax).	2009	2.7	-	-	-
	2008	2.0	3.5	5.2	0.9
	2007	1.8	4.3	3.0	1.2
Net earnings/(loss)	2009	2.9	-	-	-
	2008	2.6	(2.8)	5.0	1.2
	2007	1.8	2.8	3.1	1.3
Diluted earnings/(loss) per share (EPS)	2009	0.21	-	-	-
	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. The number of shares outstanding as at September 30, 2008 and as at November 11, 2008 was 13,859,300.

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.

Forward-Looking Information

This report contains "forward-looking" information. The forward-looking information includes statements concerning Ridley's outlook for the future, as well as other statements of beliefs, plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. Forward-looking information and statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, contemplated or implied by, such statements. These risks and uncertainties include the ability to make effective acquisitions and successfully integrate newly acquired businesses into existing operations, the

availability and prices of raw materials and supplies, livestock disease, product pricing, the competitive environment and related market conditions, operating efficiencies, access to capital, the cost of compliance with environmental and health standards and other regulatory requirements affecting Ridley's business, adverse results from ongoing litigation, actions of domestic and foreign governments, and the outcome of the Company's strategic review process. Other risks are outlined in the Risk Management section of the MD&A included in Ridley's Annual Report. Unless otherwise required by applicable securities law, Ridley disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. Ridley cautions readers not to place undue reliance upon forward-looking statements.

OUTLOOK

Since early in 2007 higher costs for feed grains and energy have been an overriding concern for many livestock and poultry producers in North America. The cost of two of the major feed grains, corn in the U.S. and barley in Canada, increased approximately 80% and 40% respectively between January 2007 and July 2008. Now, in the wake of the near failure of financial markets and a stronger U.S. dollar, producers must be watchful for signs that the anticipated global recession will weaken demand for meat, milk and egg products. Although declining feed grain prices since July have brought some relief to producers, they still remain high by historical standards and continue to strain producer profitability. Current economic conditions and concerns for tighter credit have resulted in uncertainty that already appears to have impacted demand for commercial feed products. When the volatility in financial and commodities markets subsides, we expect there will be a return to more normal demand levels.

Increasing commodity prices over the last several months benefited the Company's income from good inventory positions in certain high value feed ingredients. We expect prices for those key ingredients will stabilize in the New Year and, consequently, the Company will not experience such similar gains in profit margins in the remainder of fiscal 2009. However, cash flows will improve as working capital balances also correspondingly stabilize.

Within the North American animal nutrition industry, Ridley's businesses are diversified amongst the key sectors of meat, milk and egg production, each of which responds uniquely to varying economic and market conditions. Maintaining a diversity of market segments is an important factor in Ridley's ability to sustain steady performance. In the long term, the Company remains confident that steady global demand for higher quality food products, combined with the productive efficiency of the North American livestock and poultry sectors, will remain the most positive drivers of growth in the commercial feed industry and the future growth of the Company.

Strategic Review Process

In fiscal 2008 the Company undertook a strategic review process as a result of Ridley Corporation Limited ("Ridley Australia"), the Company's 68.8% controlling shareholder, advising the Company of its desire to sell its investment in the Company subject to receiving satisfactory offers. As a result, the Company initiated a process to explore potential sale alternatives for Ridley Australia and other shareholders. The Company retained CIBC World Markets Inc. as its financial advisor and Davies Ward Phillips & Vineberg LLP as its legal advisor in connection with this process.

On September 24, 2008, the Company announced that it had been advised that Ridley Australia had agreed to sell its interest in the Company to Fairfax Financial Holdings Limited for a purchase price of C\$8.50 per share. The sale was completed on November 4, 2008. The agreement between Ridley Australia and Fairfax was a private sale agreement to which the Company was not a party. No offer was made to Ridley shareholders generally. The sale of Ridley Australia's shareholding completed the Company's strategic review process.

Debt Facility

As a result of the sale of Ridley Australia's controlling interest, the Company is in the process of

terminating its participation in a credit facility with Ridley Australia and intends on entering into a new credit facility agreement with The Bank of Nova Scotia. When completed, the new credit facility agreement will have a term expiring on October 31, 2011.

The new credit facility agreement will provide 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 will be collaterally secured by a first-ranking general security agreement covering all of the Company's property. The credit agreement will include covenants specifying maximum funded debt, minimum interest coverage and minimum tangible net worth. Interest rates will be based on Bankers Acceptances rates plus a margin or LIBOR rates plus a margin. The Company will also pay a standby fee. Margins and fees will be based on the funded debt ratio. The credit agreement will retain 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 will be unaffected by the new credit agreement.

Litigation/Contingency

The actions by proposed representative plaintiffs continue against the Government of Canada and Ridley Inc. In claims filed in April 2005, the plaintiffs seek to certify class actions in Alberta, Saskatchewan, Ontario and Quebec to include all Canadian cattle farmers who allegedly suffered damage as a result of international bans on trade in Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta. The proposed representative plaintiffs seek general, special, aggravated and punitive damages on behalf of themselves and each of the proposed Canadian cattle farmer class members. Full particulars of the claims are yet to be provided.

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

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

The lawsuit in Quebec has been authorized as a class action and the settlement agreement between Ridley and the plaintiffs has been approved by the Superior Court of Quebec. The Ontario Superior Court has approved the settlement agreement and has 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 has been 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.

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.

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

RIDLEY Inc.

Three months ended September 30, 2008 and 2007

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

	September 30 2008	June 30 2008	September 30 2007
ASSETS			
Current assets			
Cash and short-term deposits	7,643	3,510	1,757
Accounts receivable	43,609	35,793	38,263
Inventories	74,952	69,901	52,831
Income taxes recoverable	-	468	-
Prepays and other current assets	2,266	1,453	2,888
Current portion of loans receivable	1,560	1,543	2,138
Future income tax benefit	1,277	2,934	974
Total current assets	131,307	115,602	98,851
Non-current assets			
Loans receivable, less current portion	651	677	1,460
Assets held-for-sale <i>(Note 5)</i>	730	730	-
Property, plant and equipment	93,481	94,100	93,565
Other assets	2,408	2,410	3,105
Other intangibles	4,509	4,553	3,835
Goodwill	50,104	50,595	50,881
Total non-current assets	151,883	153,065	152,846
TOTAL ASSETS	283,190	268,667	251,697
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities			
Outstanding cheques in excess of bank balance	-	-	7,771
Short-term debt	7,517	900	2,471
Accounts payable and accrued liabilities	55,995	58,308	34,161
Advances from customers	1,065	2,271	1,393
Claim settlement provision <i>(Note 11)</i>	5,662	5,891	-
Income taxes payable	1,489	-	2,610
Current portion of long-term debt	78	89	52
Total current liabilities	71,806	67,459	48,458
Long-term liabilities			
Long-term debt, less current portion	28,621	18,466	26,099
Future income tax liability	22,632	24,715	22,272
Other accrued liabilities	4,713	4,524	4,195
Total long-term liabilities	55,966	47,705	52,566
Total liabilities	127,772	115,164	101,024
Shareholders' equity			
Share capital	57,604	57,604	57,604
Retained earnings	85,528	82,594	79,196
Accumulated other comprehensive income <i>(Note 4)</i>	12,286	13,305	13,873
Total shareholders' equity	155,418	153,503	150,673
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	283,190	268,667	251,697

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

	Three Months Ended September 30	
	2008	2007
Revenue	169,304	139,810
Cost of sales	146,215	118,824
Gross profit	23,089	20,986
Operating (income) expenses		
Selling, general and administrative	15,726	14,756
Amortization of property, plant and equipment	2,069	1,991
Gain on sale of facilities <i>(Note 9)</i>	(316)	(807)
Research and development	346	190
Other amortization	43	21
Net operating expenses	17,868	16,151
Operating income	5,221	4,835
Finance costs	(605)	(708)
Interest income	117	140
Earnings before income taxes	4,733	4,267
Provision for income taxes <i>(Note 12)</i>	1,799	1,673
Net earnings	2,934	2,594
Retained earnings, beginning of period	82,594	76,602
Current year earnings	2,934	2,594
Retained earnings, end of period	85,528	79,196
Net earnings per share, basic and diluted	0.21	0.19

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

	Three Months Ended September 30	
	2008	2007
Net earnings	2,934	2,594
Unrealized gains on translation of financial statements of related entities with foreign functional currency to U.S. dollar reporting currency	(1,019)	2,216
Other comprehensive income	(1,019)	2,216
Comprehensive income	1,915	4,810

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

Three Months Ended
September 30

2008 2007

	2008	2007
Cash flow from operating activities		
Net earnings for the period	2,934	2,594
Add (deduct) items not affecting cash:		
Amortization of property, plant and equipment	2,069	1,991
Future income taxes	(431)	(31)
(Gain) loss on sale of property, plant and equipment	2	(9)
Gain on sale of facilities	(316)	(807)
Other amortization	43	21
Other items not affecting cash	27	91
	4,328	3,850
Net change in non-cash working capital balances related to operations:		
Accounts receivable	(8,525)	(6,642)
Inventories	(5,600)	(1,277)
Prepays and other current assets	(704)	(1,370)
Accounts payable and accrued liabilities	(1,322)	(4,847)
Advances from customers	(1,206)	(1,723)
Income taxes payable and recoverable	1,957	1,594
	(11,072)	(10,415)
Cash flow from investing activities		
Proceeds on disposal of facilities, property, plant and equipment	469	2,686
Purchase of property, plant and equipment and investments	(2,537)	(2,590)
(Increase) decrease in loans receivable, net	(15)	73
Business acquisitions (Note 6)	(137)	(138)
	(2,220)	31
Cash flow from financing activities		
Repayment of short- and long-term debt	(7,576)	(7,159)
Proceeds from short- and long-term debt	25,008	9,606
	17,432	2,447
Effect of exchange rate changes on cash	(7)	(120)
Increase (decrease) in cash and cash equivalents	4,133	(8,057)
Cash and cash equivalents - beginning of period	3,510	2,043
Cash and cash equivalents - end of period	7,643	(6,014)
Cash and cash equivalents		
Cash and short-term deposits	7,643	1,757
Outstanding cheques in excess of bank balance	-	(7,771)
	7,643	(6,014)

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

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 \$141,102,000 and \$114,329,000 in the first quarter 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. No inventory write downs or reversals were recorded in the first quarters of fiscal 2009 and fiscal 2008.

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.

3. Seasonality and commodity variability

The Company experiences seasonal variations in revenue. Historically, revenue is strongest in the second and third fiscal quarters when the usually cold October through March weather creates increased demand for beef feed, low moisture supplement blocks and, to a lesser degree, dairy feed. Other product lines are only marginally affected by seasonal conditions.

Commodity-based agricultural raw materials constitute a significant component of the Company's complete feed production. Fluctuating commodity prices can influence revenues and associated cost of sales as selling prices and product costs move in relation to changes in commodity prices.

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4. Accumulated other comprehensive income

	Three Months Ended September 30	
	2008	2007
	(\$000)	(\$000)
Balance, beginning of period	13,305	11,657
Other comprehensive income (loss)	(1,019)	2,216
Balance, end of period	12,286	13,873

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. Assets held-for-sale

Held-for-sale assets consist of the land and buildings of a closed production facility in Syracuse, Indiana. The estimated fair value of these assets approximates their carrying value of \$730,000.

6. Business acquisitions

There were no business acquisitions for the year to date in fiscal 2009 or 2008, however, installments related to a fiscal 2006 acquisition have been paid in the first quarters of fiscal 2009 and 2008.

7. Statement of cash flow disclosures

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

	Three Months Ended September 30	
	2008	2007
	(\$000)	(\$000)
Interest	540	438
Income taxes, net of refund	226	71

8. Post retirement and pension expense

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

	Three Months Ended September 30	
	2008	2007
	(\$000)	(\$000)
Non-contributory pension plan	264	345
Defined contribution plan	382	365

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9. Gain on sale of facilities

Operating results of 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.

Operating results of the Ridley Feed Operations segment in the first quarter of fiscal 2008 include pre-tax gains of \$807,000 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.

10. 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		Carried at Fair Value
	Carrying Value	Fair Value	Carrying value
As of September 30, 2008	(\$000)	(\$000)	(\$000)
Cash and short-term deposits	7,643	7,643	-
Accounts receivable	43,609	43,609	-
Loans receivable	2,211	2,211	-
Financial derivative instruments	-	-	(15)
Accounts payable and accrued liabilities	(55,995)	(55,995)	-
Advances from customers	(1,065)	(1,065)	-
Claim settlement provision	(5,662)	(5,662)	-
Short-term and Long-term debt	(36,216)	(36,216)	-

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

11. Litigation

The actions by proposed representative plaintiffs continue against the Government of Canada and Ridley Inc. In claims filed in April 2005, the plaintiffs seek to certify class actions in Alberta, Saskatchewan, Ontario and Quebec to include all Canadian cattle farmers who allegedly suffered damage as a result of international bans on trade in Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta. The proposed representative plaintiffs seek general, special, aggravated and punitive damages on behalf of themselves and each of the proposed Canadian cattle farmer class members. Full particulars of the claims are yet to be provided.

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

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

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

The lawsuit in Quebec has been authorized as a class action and the settlement agreement between the Company and the plaintiffs has been approved by the Superior Court of Quebec. The Ontario Superior Court has approved the settlement agreement and has 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 has been 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.

12. 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.

13. Segment information

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

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.

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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, 2008	RFO (\$000)	RFI (\$000)	RNS (\$000)	Corporate & Eliminations (\$000)	Total (\$000)
Revenue					
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, 2008**

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, 2007	RFO (\$000)	RFI (\$000)	RNS (\$000)	Corporate & Eliminations (\$000)	Total (\$000)
Revenue					
Revenue from					
unaffiliated customers	111,240	12,759	15,811	-	139,810
Intersegment revenues	810	11,281	6,520	(18,611)	-
Revenue	112,050	24,040	22,331	(18,611)	139,810
Cost of sales	97,888	22,000	17,547	(18,611)	118,824
Gross profit	14,162	2,040	4,784	-	20,986
Net operating expenses	10,648	739	3,550	1,214	16,151
Operating income (loss)	3,514	1,301	1,234	(1,214)	4,835

Balances as of:**September 30, 2007**

Total assets	161,481	24,196	62,878	3,142	251,697
Property, plant & equipment	67,314	2,980	23,267	4	93,565
Goodwill	25,192	4,327	21,362	-	50,881

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	Three Months Ended September 30	
	2008	2007
	(\$000)	(\$000)
Revenue from unaffiliated customers		
U.S.	131,261	106,095
Canada	38,043	33,715
Total	169,304	139,810

	As of September 30	
	2008	2007
	(\$000)	(\$000)
Property, plant and equipment		
U.S.	70,645	67,140
Canada	22,836	26,425
Total	93,481	93,565

Goodwill		
U.S.	37,982	37,982
Canada	12,122	12,899
Total	50,104	50,881

14. Strategic review process

In fiscal 2008 the Company undertook a strategic review process as a result of Ridley Corporation Limited ("Ridley Australia"), the Company's 68.8% controlling shareholder, advising the Company of its desire to sell its investment in the Company subject to receiving satisfactory offers. As a result, the Company initiated a process to explore potential sale alternatives for Ridley Australia and other shareholders. The Company retained CIBC World Markets Inc. as its financial advisor and Davies Ward Phillips & Vineberg LLP as its legal advisor in connection with this process.

On September 24, 2008, the Company announced that it had been advised that Ridley Australia had agreed to sell its interest in the Company to Fairfax Financial Holdings Limited for a purchase price of C\$8.50 per share. The sale was completed on November 4, 2008. The agreement between Ridley Australia and Fairfax was a private sale agreement to which the Company was not a party. No offer was made to Ridley shareholders generally.

15. Comparative amounts

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

16. Debt facilities

As a result of the sale of Ridley Australia's controlling interest, the Company is in the process of terminating its participation in a credit facility with Ridley Australia and intends on entering into a new credit facility agreement with The Bank of Nova Scotia. When completed, the new credit facility agreement will have a term expiring on October 31, 2011.

The new credit facility agreement will provide 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 will be collaterally secured by a first-ranking general security agreement covering

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all of the Company's property. The credit agreement will include covenants specifying maximum funded debt, minimum interest coverage and minimum tangible net worth. Interest rates will be based on Bankers Acceptances rates plus a margin or LIBOR rates plus a margin. The Company will also pay a standby fee. Margins and fees will be based on the funded debt ratio. The credit agreement will retain 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 will be unaffected by the new credit agreement.