Half-year report **2010**

Royal FrieslandCampina N.V.

Highlights, first half year 2010

Increased revenue and profit

- Revenue rose by 5.5 percent to 4.3 billion euros (first half year 2009: 4.1 billion euros) due to higher sales of consumer products in Asia and Africa, sales of special ingredients and also as a consequence of higher selling prices for products such as foil cheese, milk powder and caseinates (milk proteins)

- Currency movements had on balance a positive effect on revenue in the amount of 51 million euros

- Operating profit doubled up to 238 million euros (first half year 2009: 110 million euros)

- Profit doubled to 156 million euros (first half year 2009: 78 million euros) due to improved margins and volume growth

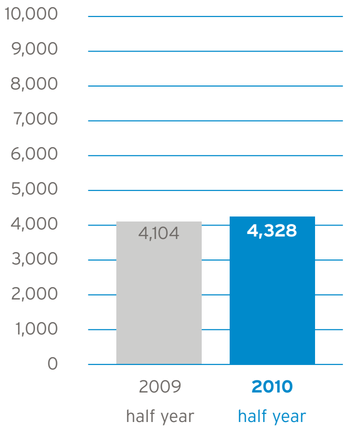
- The cash flow from operational activities dropped to 49 million euros (first half year 2009: 269 million euros) as a consequence of the increase in working capital resulting from higher prices.

- The solvency ratio (group equity as a % of total assets) increased to 37.2 percent (end 2009: 36.7 percent), attributable to the stronger equity position

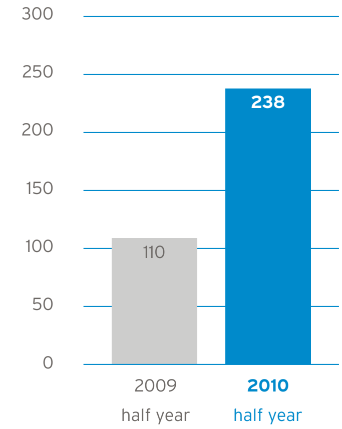
- The pro forma performance payment quadrupled to close to 1.33 euros per 100 kilograms of milk excluding VAT (first half year 2009: 0.34 euros per 100 kilograms of milk)

- The pro forma milk price (guaranteed price plus performance payment) rose by 19.7 percent to 31.58 euros per 100 kilograms of milk (first half year 2009: 26.38 euros per 100 kilograms of milk)

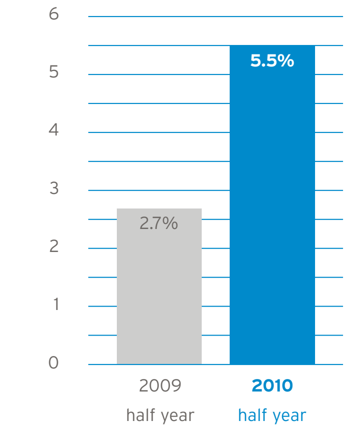
Revenue
in millions of euros



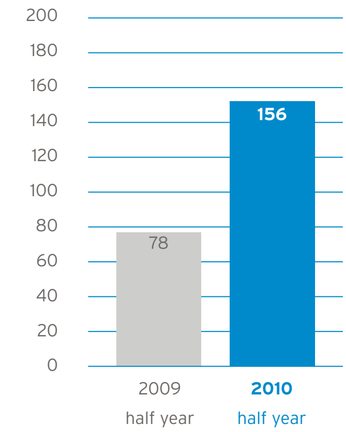
Operating profit
in millions of euros



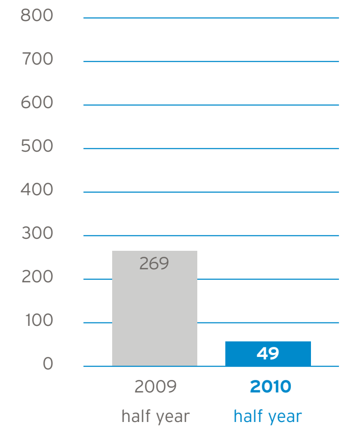
Operating profit as a percentage of revenue
as a %



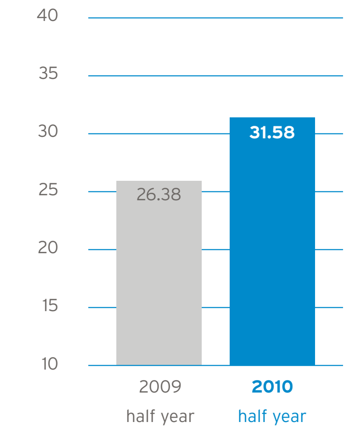
Profit for the period
in millions of euros



Net cashflow from operating activities
in millions of euros



Pro forma milk price
in euros per 100 kilograms of milk



Key figures

Results
in millions of euros

	2010 first half year	2009 first half year	2009 full year
Revenue	4,328	4,104	8,160
Operating profit	238	110	258
Profit for the period	156	78	182

Value creation
in euros per 100 kilograms of milk

	2010 first half year	2009 first half year	2009 full year
Guaranteed price	30.25	26.04	26.40
Pro forma performance payment[1]	1.33	0.34	0.59
Pro forma milk price[1/2]	31.58	26.38	26.99
Pro forma registered reserve	0.80	0.21	0.35

Balance sheet
in millions of euros

	2010 first half year	2009 first half year	2009 full year
Total assets	5,206	4,680	4,770
Group equity	1,937	1,642	1,749
Equity [3]	1,828	1,552	1,652
Net debt[4]	937	1,227	842

Cash flow
in millions of euros

	2010 first half year	2009 first half year	2009 full year
Net cash flow[5]	49	269	757
Investment[6]	75	87	231
Depreciation and amortisation	106	104	206

	2010 first half year	2009 first half year	2009 full year
Solvency ratio (group equity as a % of total assets)	37.2	35.1	36.7
Operating profit as a percentage of revenue	5.5	2.7	3.2

	2010 first half year	2009 first half year	2009 full year
Volume of milk supplied by members[7]	4,511	4,439	8,685

[1] The performance payment and milk price stated are of an indicative nature and are based on profit for the first six months. The final performance payment and milk price will be determined on the basis of the profit figures for the full year
[2] excl. VAT, at 4.41% fat, 3.47% protein
[3] Equity attributable to equity holder of the company
[4] Net debt represents non-current interest-bearing borrowings and current borrowings less cash and cash equivalents
[5] from/used in operating activities
[6] in property, plant and equipment and intangible assets
[7] in millions of kilograms

Increased revenue and profit

Positive first half of 2010

Royal FrieslandCampina N.V. performed well for the first half year of 2010. Compared with the first half year of 2009, revenue rose 5.5 percent to 4.3 billion euros. Profit doubled to 156 million euros. In particular, the sale of basic and special ingredients to the food industry and consumer products in Asia and Africa contributed to the positive results. Brands such as Frisian Flag (Indonesia), Peak (Nigeria), Foremost (Thailand) and Friso (baby and infant foods) performed extremely well. Within cheese, Noord-Holland and Milner cheese performed well. The guaranteed price for milk supplied by the member farmers of FrieslandCampina rose by 16 percent to 30.25 euros per 100 kilograms of milk. The performance payment based on the first half year will be 1.33 euros per 100 kilograms of milk. Thus, the pro forma milk price (guaranteed price plus performance payment) amounts to 31.58 euros per 100 kilograms of milk.

Improvement in market conditions

The global demand recovered for dairy products during the first half of 2010 compared to the poor first half year of 2009, both from consumers and industrial customers. The trend started in the second half of 2009 has thus continued. In particular, starting in the second quarter 2010, the demand for dairy products rose once again as a consequence of the low level of stocks held by various customers because of the economic crisis and the recovery in consumption. There are, however, still differences between regions and between the various product categories. In Asia and Africa, there was further growth in volume. In Russia, there were signs of growth, in Germany and the Netherlands consumption is reasonably stable but volumes are under pressure in Greece, Rumania and Hungary as a consequence of the economic developments in these countries.

The supply of dairy products in the first half of 2010 was 2 percent down compared with the same period in 2009. This was due to the drought in Australia and New Zealand and the long winter in many European countries.

Exports of dairy products to countries outside the European Union benefited from a lower exchange rate of the euro vis-à-vis other currencies. There was therefore an improvement in the competitive position of European dairy products compared to those from other regions. This resulted in the recovery of the price levels in euros for products such as milk powder, caseinates and foil cheese. Other product categories largely followed these price developments.

Frisian Flag Energo

Frisian Flag Energo is a chocolate milk powder for children. It contains lots of calcium and vitamins. Frisian Flag Energo is introduced in Indonesia in April 2010.

First half year satisfactory

Cees 't Hart, Chief Executive Officer of Royal FrieslandCampina, is satisfied with the performance in the first half of 2010. 't Hart: "We are doing well in the market. Furthermore, the strong rise in profits is clear proof of the success of the merger. As a merged company we are able to take advantage of the developments in the market more easily and more efficient. We are therefore ahead of realising our synergy goal. Volume growth in Asia and Africa is progressing well. Particularly in Asia we were able to gain from the economic recovery and pass on the increased raw material prices through to our selling prices. The lower exchange rate of the euro compared to many local currencies and the dollar was also beneficial. With the growing demand for dairy products around the world and the slight drop in the supply of milk, the price levels for products such as milk powder and foil cheese recovered well compared with the poor performance in 2009. This is also reflected in improved profits of the business groups Ingredients and Cheese & Butter, where Ingredients now has a positive operating profit and Cheese & Butter has narrowed the loss. The development of consumer activities in Europe is however disappointing. In this region both revenue and profit growth are under pressure. The economic recovery in Europe lags behind developments in other areas in the world. In addition, there is fierce competition and consumers continue to be cautious with their spendings.

The performance payment and therefore the milk price for 2010 is based on the profits over the entire year. This is why the performance payment and milk price are referred to as 'pro forma' in this half-year report. The first half year shows a strong improvement in the performance payment compared with the first half year of 2009. In conjunction with a rise in the guaranteed price for milk as a consequence of the improved situation in the dairy market, this could result in a considerable milk price increase for the member farmers of our cooperative compared with 2009. Based on present economic uncertainties, however, we are not making any firm statements concerning the results and performance payment for the whole year of 2010."

Increase in revenue

Revenue in the first half year 2010 amounted to 4.3 billion euros. Compared with the same period of 2009 (4.1 billion euros), this is a rise of 224 million euros (5.5 percent). Revenue increased by 15.9 percent in the business group Consumer Products International (Asia, Africa, the Middle-East, export), reaching 1.1 billion euros. The rise in revenue was achieved in part by volume growth and price rises but was also due to currency effects. At Consumer Products Europe, revenue dropped by 2.3 percent to 1.4 billion euros. While growth was achieved in Russia, most other markets experienced lower volumes and pressure on prices. The market shares of most brands are stable.

Cheese & Butter achieved an increase in revenue of 2.1 percent to arrive at nearly 1.1 billion euros. This increase is the consequence of higher prices for both cheese and butter and the positive level of cheese exports. The amount of cheese produced and sold was lower, partly as a consequence of the sale of the cheese plant Bleskensgraaf. At Ingredients, revenue rose by nearly 11 percent to reach 658 million euros. The higher selling prices of special ingredients for the food industry and of products such as milk powder and caseins made a significant contribution to the increased revenue.

Milner

Milner Gerijpt is a cheese that was awarded a silver medal by the jury of the prestigious Wisconsin Cheese Maker Association, while Milner Mosterd got the bronze medal.

Improved operating results and profit

The operating profit for the first half of 2010 was 238 million euros. This was more than double the figure for the same period of 2009 (110 million euros). The operating profit as a percentage of revenue amounted to 5.5 percent (first half year 2009: 2.7 percent).

The contribution of the business group Ingredients to the operating profit was particularly positive. The business group managed to convert a negative operating profit in the first half of 2009 to a positive contribution of 43 million euros (first half year 2009: -45 million euros). This was due mainly to the positive results achieved by special ingredients and the higher selling prices of standard products that resulted in improved margins. Consumer Products International delivered very good results. This business group achieved an improvement in operating profit of 46 percent (62 million euros) to arrive at 197 million euros (first half year 2009: 135 million euros). During the first months of 2010 the business group was able to pass the price increases for raw materials through to the market and also to profit from the positive exchange rate.

Consumer Products Europe had a drop in operating profit of 48 percent (-52 million euros) to 57 million euros (first half year 2009: 109 million euros). The main reason for this are the lagging margins on cream and butter products at FrieslandCampina Professional. In order to maintain the market shares of the branded consumer products, a relatively large number of price promotions were necessary.

The business group Cheese & Butter had a negative operating profit of -31 million euros. However, compared with the same period of 2009 (-55 million euros), this was an improvement of 24 million euros (44 percent) as the consequence of better results at Cheese Specialties and Cheese. This ended in a neutral result of the cheese activities. At Butter, the margins were under pressure because the market was not able to absorb the relatively fast rising prices for milk fat. This resulted in a negative operating profit for this operating company.

Operating expenses rose in the first half of 2010 by 2.6 percent to 4.1 billion euros. A total of 1.3 billion euros was devoted to milk payments (first half year 2009: 1.2 billion euros). This is 9 percent up on the same period of 2009. Savings have been achieved in the area of purchasing as a consequence of the merger. Greater flexibility in milk processing also contributed to a reduction of costs as a consequence of the merger.

The results from joint ventures and associates fell in the first half year 2010 compared with the same period of 2009, from 11 million to 8 million euros. This is due in particular to lower profits of the European associates. Betagen in Thailand achieved an improved operating profit.

The balance of finance income and costs rose further by 5 million, resulting in costs of 35 million euros. The costs of a put option on DMV Fonterra Excipients rose as a consequence of the higher dividend payments to the holder of the put option. As a result of the issue of the private placement, the finance costs increased while net interest charges fell.

Income tax expense amounted to 55 million euros (first half year 2009: 13 million euros). The higher tax expenses were due to, among other things, the capitalisation of losses in Germany in 2009 and changes in tax rates in Hungary in 2009.

Profits over the first half year 2010 amounted to 156 million euros (first half year 2009: 78). The main reason for the improved profit are better returns at Ingredients, Consumer Products International and Cheese & Butter.

Of the profit, 108 million euros were appropriated to the equity holder of Royal FrieslandCampina N.V., i.e. Zuivelcoöperatie FrieslandCampina U.A., 15 million euros were appropriated to interest on member bond loans, 4 million euros to holders of perpetual notes and 29 million to minority interests.

Cash flow

The cash flow from operational activities fell to 49 million euros (first half year 2009: 269 million euros). This is mainly the consequence of the increase in working capital due to the increase and higher prices of the inventory and due to the increase in accounts receivable as a consequence of higher selling prices. Purchases of land, buildings, plants, equipment and intangible assets amounted to 75 million euros (first half of 2009: 87 million euros).

Financing

FrieslandCampina raises funds from various groups of financers (farmer members, banks and investors). This is beneficial to the company's flexibility. Most of the borrowed funds come from Dutch and foreign banks. The majority of bank funds are received via a committed credit facility worth 1 billion euros. In May 2010, agreement was reached with all fourteen banks that participate in the Revolving Credit Facility to improve the conditions of the facility agreed in 2009 by reducing interest surcharges and extending the term to 31 August 2013. The credit facility remains unchanged at 1 billion euros. The adjustment was achieved on the basis of the developments in the market and the improved credit worthiness profile of the company. FrieslandCampina has placed a private loan of 196 million dollars with institutional investors in the United States and one of 25 million euros with a European investor. The Senior Notes have a term of seven or ten years and are intended to replace short-term debts with banks by long-term debt.

Strengthening the financial position

Group equity stood at 1.9 billion euros at 30 June 2010 (year-end 2009: 1.7 billion euros). Equity was strengthened by retained earnings over 2009.

The solvency ratio (group equity as a percentage of total assets) was 37.2 percent, (year-end 2009: 36.7 percent).

Net debt at 30 June was 937 million euros. This is an increase of 95 million euros over the year-end 2009 figure (842 million euros), and a drop of 290 million euros compared with the first half of 2009 (1.2 billion euros). The increase compared with year-end 2009 figure results from higher working capital. The drop compared with the first half year 2009 figure results from the lower borrowing requirement as a consequence of lower working capital levels.

Landliebe

In October 2008, the "GMO-free" concept was introduced in Germany for fresh and UHT milk under the brand name Landliebe. Two years later, this concept is now used for the entire basic range.

Value creation
Value creation for member dairy farmers is comprised of the milk price (guaranteed price plus performance payment), retained earnings registered to member farmers

The guaranteed price is based on twelve dairy companies in Germany, the milk price of Arla Foods in Denmark, the milk prices of Bel Leerdammer, Cono Kaasmakers and DOC Kaas in the Netherlands and the milk price of Milcobel in Belgium. The level of the performance payment on annual basis is contingent on FrieslandCampina's financial performance and the retained earnings policy. The performance payment is paid annually after approval of the financial statements in proportion to the value of the milk supplied.

The guaranteed price for the first half of 2010 was 30.25 euros, exclusive of VAT, per 100 kilograms of milk at 4.41 percent fat and 3.47 percent protein (first half of 2009: 26.04 euros, whole year 2009: 26.40 euros). Based on the profit disclosed in this half-year report, the pro forma performance payment will be 1.33 euros (exclusive of VAT) and the pro forma milk price will be 31.58 euros per 100 kilograms of milk exclusive of VAT (first half year 2009: 26.38 euros, whole year 2009: 26.99 euros per 100 kilograms of milk). In calculating the performance payment, the profit based on the guaranteed price is reduced by interest on the member bonds, the interest paid on the perpetual notes and minority interests, and then divided by the volume of milk supplied by the members. It should be noted that, in calculating the performance payment on an annual basis, allowance should be made for a volume of milk supplied on an annual basis. Of this sum, 25 percent is paid to the members in cash as a performance payment, 15 percent is retained and registered to the member farmers and 60 percent is retained in the company.

Compared with the same period of 2009, interest on member bonds dropped from 24 million euros to 15 million euros as a result of the fall in Euribor. The profit to be attributed to the shareholder of the company (the cooperative) amounts to 108 million euros. This is 80 million euros up on the first half year 2009. The pro forma retained earnings registered to member farmers amounts to 36 million euros.

Developments by business group
FrieslandCampina has four business groups: Consumer Products Europe, Consumer Products International, Cheese & Butter and Ingredients

Consumer Products Europe
The business group Consumer Products Europe has experienced a difficult half year. The revenue of Consumer Products Europe for the first half year 2010 was 1,382 million euros. Compared with the first half year 2009 (1,414 million euros), this is a drop of 32 million euros. The operating profit fell to 57 million euros (first half year 2009: 109 million euros). The operating profit as a percentage of revenue amounts to 3.6 percent (first half year 2009: 6.8 percent).
The main reason for the drop in revenue was the pressure on the volumes as a consequence of the drop in demand for dairy products in a number of important markets. The business group did succeed however in holding its average market shares stable. In Russia, there were signs of economic recovery and

revenue rose. Economic development is lagging behind in Greece, Hungary and Rumania, and consumers are cautious with their money. In the Netherlands, there were relatively speaking many price promotions and special brand promotions. Margins in Germany were under pressure as a consequence of fierce competition. Landliebe was once again the exception and achieved positive growth. The volume of private label products fell. In the professional segment (catering, bakeries, and quick service restaurants) the margins were under pressure as a consequence of the relatively high prices for cream and butter. It is not possible to compensate sufficiently for these higher margins in higher selling prices.

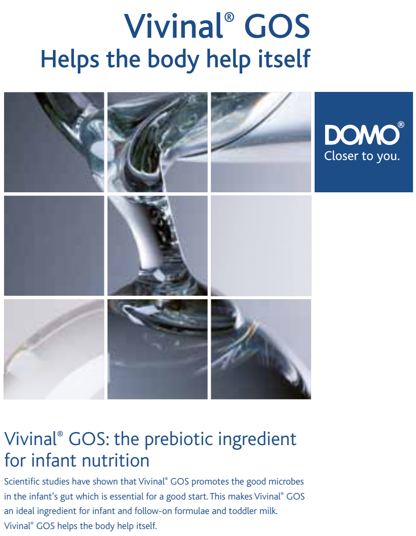
As far as products are concerned, the gradual reduction of sugar content and the offering of alternatives with different caloric values was in response to the need for products with less sugar content. The reformulated Fristi contains 30 percent less sugar and Vifit contains 20 percent less. DubbelFrisss reduced the sugar content in its entire range and DubbelFrisss Aquafruit is a new product with only 0.6 gram sugar per 100 ml.

Consumer Products International

The Consumer Products International business group, which operates in Southeast Asia, the Middle East and Africa, and exports products from the Netherlands to other regions and countries, had a good first half year. Revenue rose by 16 percent to 1,102 million euros (first half of 2009: 951 million euros). The increase in revenue was attributable to volume growth, price rises and the effect of the positive exchange rate. The market share improved in most countries. Operating profit rose by 46 percent to 197 million euros (first half of 2009: 135 million euros). Gross profit as a percentage improved to 17.8 percent (first half of 2009: 14.2 percent). Margins improved due to the fact that price rises could be absorbed on time in the selling prices. In many countries in Asia, market growth has returned to the level before the economic crisis of 2008. The cheaper euro has meant that export prices were more favourable against the local currency and the dollar. In most countries, the business group succeeded in improving revenue and operating profit, in particular FrieslandCampina Indonesia. The growth in sales of condensed milk under the brand Frisian Flag in Indonesia and Peak in Nigeria is positive. Also the sales of milk powder show good results. Friso, the international premium brand for baby and infant foods, is achieving good results and developing according to expectations both in volume and in price. The unrest in Thailand has had scarcely any impact on sales. In Malaysia/Singapore, there was a growth in revenue for Dutch Lady beverages and baby and infant foods. FrieslandCampina Export (export of longlife dairy products from the Netherlands to countries outside the EU) experienced difficult market conditions due to increasing competition. This resulted in slightly reduced revenue and a lower operating profit.

Botergoud Grasboter

Botergoud Grasboter is made from the cream of the milk of cows grazing on spring and summer grass. Butter from grass-fed cows is a soft creamy butter. It is very tasty and can be spread immediately out of the fridge. It can be used in a wide range of dishes.



DOMO Vivinal GOS

Vivinal GOS promotes the good microbes in the infant's gut which is essential for a good start. This makes Vivinal GOS an ideal ingredient for infant and follow-on formulae and toddler milk. Vivinal GOS helps the body help itself.

Cheese & Butter

The business group Cheese & Butter made a reasonable recovery after a difficult 2009 due to better results at Cheese Specialties and Cheese. In the first half year of 2010 revenue rose by 2 percent to 1,064 million euros over same period of 2009 (first half year 2009: 1,042 million euros). The operating profit increased by 24 million euros but is still negative at -31 million euros (first half year 2009: -55 million euros). The operating profit as a percentage of the revenue rose to -2.8 percent (first half year 2009: -5.1 percent).
The volume of produced and sold cheese fell in the first half year of 2010 compared with same period of 2009. This was due in part to the sale of the cheese plant Bleskensgraaf. The selling prices of both cheese specialties, such as foil cheese, were on a higher level. Cheese selling under the Frico brand developed positively outside Europe. In the Netherlands, sales of Noord-Holland cheeses are doing well both in terms of volume and price. Also Milner achieved growth.
The consumption of cheese has to some extent recovered after several years of stagnation.
As far as butter is concerned, the prices of butter for industrial uses and butter for consumer use are at a higher level than in the first half year 2009.
The margins are under considerable pressure, however, due to the relatively fast rise in fat prices. Botergoud Grasboter Gezouten and a melange of Botergoud Roomboter with vegetable oil are new product launches.

Ingredients

The business group Ingredients produces dairy ingredients for industrial customers in the food and the infant food industry, the pharmaceutical industry and the animal feed industry. The business group performed considerably better than in 2009. The revenue of the business group Ingredients was 658 million euros, an increase of 64 million euros (11 percent) compared with the first half of 2009 (593 million euros). This revenue increase is the result of the increase in volume and the higher selling prices of specialties as well as the higher price for standard products such as milk powder and caseins. Operating profit rose by 88 million euros to reach 43 million euros (first half of 2009: - 45 million euros). The operating profit as a percentage of revenue increased to 4.2 percent (first half year 2009: -5.9 percent).
FrieslandCampina Kievit had an extremely profitable half year. Production was at full capacity in order to meet the high demand. Volumes increased in virtually all product categories, including creamers, toppings, spread stabilisers and special baby-food ingredients. The margins also developed positively and coped well with the currency effects.
At FrieslandCampina Domo, sales of ingredients for baby and infant foods also did well. Vivinal GOS, rich in galacto-oligosaccharides (a prebiotic ingredient), has by now become a standard ingredient in infant food formulas. Demand was also up for other ingredients in this segment, such as milk protein concentrates and Lactoferrin.

Compared with 2009, the reversal is most noticeable at FrieslandCampina DMV. In 2009, there was a surplus offer of standard products which resulted in lower prices. In the first half year of 2010, there were good sales opportunities due to the increasing demand in Asia and a lagging supply, which meant that the prices of low-fat and full-cream milk powder and caseinate were well above the level of 2009. Revenue is somewhat under pressure at Creamy Creation due to stagnating demand, while the revenue of Dairy Feed showed good growth due to the increasing demand for, piglet feed products introduced in 2009. The activities of Domo in the field of pharmaceutical lactose have been integrated with the joint venture DMV Fonterra Excipients since March 2010 and sales have risen.

Strategy route2020

In 2009, the Executive Board, in close collaboration with the management Top 70, started updating the long term strategy. This process was completed in June 2010 and will set the direction of the further development of FrieslandCampina. The strategy route2020 is intended to result in a better valorisation of the milk supplied by the member farmers.

Growth, profitability and milk valorisation (adding value to milk) are the guidelines for the emphasis that FrieslandCampina places on the expansion of its activities. The company will strive for volume growth in particular products of, on average, five percent per annum. FrieslandCampina is opting worldwide for growth in dairy drinks, branded cheeses and ingredients for baby and infant foods. The company intends to achieve further growth by increasing the share of branded articles in more European, Asian and African countries. With products for caterers, bakeries and professional cooks, FrieslandCampina aims to grow in Europe by offering a broader package of dairy products, as well as by means of geographic expansion. FrieslandCampina intends to grow worldwide with ingredients for the food industry, by developing together with customers the specific ingredients that fit their products. To this end, a shift will have to be made from sales of standard milk powder and whey powder to specialty products. An important element of route2020 is building further on existing strong positions, both in consumer products and in ingredients. To realise this strategy, FrieslandCampina takes into account the possibility of acquisitions. For the moment, the strategy does not foresee any hiving off of activities.
Innovation and the natural properties of milk are essential to expanding the spearheads for value growth. Milk is one of the richest food sources in the world. Based on the developments in society and among consumers and customers, innovation will concentrate on healthy and responsible eating and on the better application of the natural nutritious advantages of milk. Furthermore, FrieslandCampina is striving to achieve this growth in a climate-neutral manner, throughout the entire chain: from the cow to the consumer. We wish to achieve this by working together with the dairy farmers and the chain partners in order to improve energy efficiency by reducing the emission of greenhouse gasses and by stimulating the production of sustainable energy on dairy farms.

Campina Boerenland

Campina Boerenland is a range of delicious, fresh dairy products with the pure and rich flavour of farming country. In order to guarantee the taste and quality, we use only the very best, 100 percent natural, ingredients. Moreover, Campina Boerenland is made from organic milk that comes from Dutch farms that meet the highest quality standards.

Composition of Board, Supervisory Board and Executive Board

Board and Supervisory Board

On 16 June, the members' board of the Zuivelcoöperatie FrieslandCampina U.A. decided to appoint Angelique Huijben-Pijnenburg as a new board member of Zuivelcoöperatie FrieslandCampina U.A. She will take office on 15 December 2010. Angelique Huijben-Pijnenburg will take the place of Sybren Attema who according to the rotation schedule is retiring and cannot be nominated for a further period. From 15 December 2010, Angelique Huijben-Pijnenburg will be a member of the Supervisory Board of Royal FrieslandCampina N.V.

Executive Board

On 1 August 2010, Kapil Garg (45) was appointed member of the Executive Board of Royal FrieslandCampina N.V. with responsibility for the business group Consumer Products International. He has been responsible for the activities of this business group since June 2009. Since 2001, Kapil Garg has held various international positions at FrieslandCampina.

Measures imposed by the European Union in connection with the merger

On 17 December 2008, the European Commission agreed to the merger between Friesland Foods and Campina, under certain conditions. As far as the merger conditions in the area of farm milk are concerned, the independent trust DMF (Dutch Milk Foundation) has administered the exit scheme for Dutch member farmers withdrawing from FrieslandCampina since 1 July 2009. In addition, producers of fresh dairy products and naturally matured cheese in the Netherlands can avail themselves of the option to purchase up to 1.2 billion kilograms of Dutch farm milk. In the period 1 January to 30 June 2010, 16 member farmers made use of the exit scheme and thereby also received a premium of 5.00 euros per 100 kilograms of farm milk. In 2009, one member made use of the scheme.

Risks

The 2009 Annual Report described the risks and uncertainties that could have a significant negative impact on the results and capital of the company. This description of risks and uncertainties is considered to apply also to this first half year report by reference. The most important risks and uncertainties for the second half of 2010 concern the development of world market prices, the availability of raw materials and the exchange rates. Substantial price changes for raw materials (for example due to climatic conditions) or a persistent shortfall in supply of certain products could have a negative impact on the operating profit and the financial position of FrieslandCampina. The possibility

YoMost

A new series of products has been launched in Vietnam, under the brand name "Yomost", intended specifically to meet the needs of teenagers and young adults. It is a combination of the natural goodness of yoghurt and fruit.

NoyNoy

FrieslandCampina Hellas has launched a new series of milk drinks in glass bottles with re-closable tops under the name "New generation NoyNoy". With a market share of 68 percent, NoyNoy is market leader in the condensed segment. This segment accounts for a quarter of the total milk market in Greece.

to compensate in good time for higher costs depends, among other things, on the duration of contracts and the capacity of markets to pay higher prices. Additional risks and uncertainties that are as yet unknown or at this moment cannot be quantified could, at a later date, prove to have a significant impact on our company as well as on our goals, revenues, results, assets and liquidity.

Outlook

The economic outlook is at the moment uncertain. Minor fluctuations in demand and supply on the world market could have major consequences for the price developments of dairy products. Also for this reason, FrieslandCampina cannot make a definite statement concerning the results to be expected for the whole year 2010.

Executive Board responsibility statement

The Executive Board of Royal FrieslandCampina N.V. states that the half-year report, which has been prepared in accordance with the relevant reporting standards for interim reporting, gives a true and fair view of the assets, liabilities, financial position and profit of Royal FrieslandCampina N.V. and its consolidated entities, and that the half-year report gives a true and fair view of the situation, as of the balance sheet date, of the progress achieved during the first half of 2010 by Royal FrieslandCampina N.V. and by those affiliates whose information has been included in its half-year report, and that the half-year report describes the material risks facing Royal FrieslandCampina N.V. in accordance with the Dutch Financial Supervision Act.

Executive Board

Cees (C.C.) 't Hart
Chief Executive Officer
Kees (C.J.M.) Gielen
Chief Financial Officer
Kapil (K.) Garg
Chief Operating Officer
Consumer Products International
Piet (P.J.) Hilarides
Chief Operating Officer
Cheese & Butter
Freek (F.) Rijna
Chief Operating Officer
Consumer Products Europe
Frans (F.M.W.) Visser
Chief Operating Officer
Ingredients

Amersfoort, 27 August 2010

Condensed consolidated income statement

in millions of euros	First half year 2010	First half year 2009
Revenue	4,328	4,104
Other operating income	14	7
Operating income	4,342	4,111
Operating expenses	- 4,104	- 4,001
Operating profit	238	110
Result of joint ventures and associated companies	8	11
Finance income and costs	- 35	- 30
Profit before tax	211	91
Income tax expense	- 55	- 13
Profit for the period	156	78
Profit attributable to:		
- providers of member bonds	15	24
- providers of perpetual notes	4	4
- share holder of the company	108	28
- shareholder and other equity providers	127	56
- minority interests	29	22
	156	78

Condensed consolidated statement of comprehensive income

in millions of euros	First half year 2010			First half year 2009		
	Income attributable to shareholder and other equity providers	Minority interests	Total	Income attributable to shareholder and other equity providers	Minority interests	Total
Profit	127	29	156	56	22	78
Movements in cash flow hedges	-9		- 9	2		2
Tax on amounts paid on perpetual notes and member bonds	4		4	4		4
Currency translation differences	57	14	71	- 10	- 1	- 11
Total comprehensive income for the period	179	43	222	52	21	73

Condensed consolidated balance sheet

in millions of euros	30 June 2010	31 December 2009
Assets		
Non-current assets		
Property, plant and equipment	**1,469**	1,463
Intangible assets	**904**	910
Financial assets	**436**	381
	2,809	2,754
Current assets		
Inventories	**1,018**	817
Receivables	**1,097**	923
Cash and cash equivalents	**279**	272
	2,394	2,012
Assets held for sale	**3**	4
Total assets	**5,206**	4,770
Equity and liabilities		
Group equity		
Share capital	**370**	370
Retained earnings and reserves	**446**	284
Perpetual notes	**126**	130
Member bonds	**886**	868
Equity attributable to equity holder of the company and other providers of capital	**1,828**	1,652
Minority interests	**109**	97
Total group equity	**1,937**	1,749
Non-current liabilities		
Provisions	**327**	301
Non-current interest-bearing borrowings	**997**	815
Other non-current liabilities	**43**	160
	1,367	1,276
Current liabilities		
Current borrowings	**219**	317
Other current liabilities	**1,683**	1,428
	1,902	1,745
Total equity and liabilities	**5,206**	4,770

Condensed consolidated cash flow statement

in millions of euros	First half year 2010	First half year 2009
This statement shows the cash flows generated by FrieslandCampina, translated into euros where applicable. Cash flows denominated in foreign currencies are translated into euros at the exchange rates ruling on the transaction date. The cash flow statement has been prepared using the indirect method.		
Profit before tax	**211**	91
Depreciation and amortisation	**106**	104
Movements in working capital	**- 251**	102
Other operating activities	**- 17**	- 28
Net cash flows from operating activities	**49**	269
Investment in property, plant, equipment and intangible assets	**- 75**	- 87
Other investing activities	**23**	21
Net cash flows used in investing activities	**- 52**	- 66
Movements in current borrowings	**- 91**	- 180
Other financing activities	**76**	- 49
Net cash flows used in financing activities	**- 15**	- 229
Net cash flows	**- 18**	- 26
Cash and cash equivalents on 1 January	**272**	180
Net cash flow	**- 18**	- 26
Translation differences in cash and cash equivalents	**25**	- 4
Cash and cash equivalents on 30 June	**279**	150

Condensed consolidated statement of changes in equity

in millions of euros

First half year 2010	Equity attributable to equity holder and other equity providers	Minority interests	Total
At 1 January	1,652	97	**1,749**
Total recognised gains and losses	179	43	**222**
Registered reserve for the period	36		**36**
Dividends paid to minority interests		- 46	**- 46**
Amounts paid to providers of perpetual notes	- 9		**- 9**
Amounts paid to providers of member bonds	- 31		**- 31**
Capital contribution by Zuivelcoöperatie FrieslandCampina U.A.		15	**15**
Other changes	1		**1**
On 30 June	1,828	109	**1,937**

First half year 2009	Equity attributable to equity holder and other equity providers	Minority interests	Total
At 1 January	1,395	85	1,480
Total recognised gains and losses	52	21	73
Issue member bonds [2]	32		32
Registered reserve for the period	9		9
Dividends paid to minority interests		- 16	- 16
Amounts paid to providers of perpetual notes	- 9		- 9
Amounts paid to providers of member notes	- 34		- 34
Capital contribution by Zuivelcoöperatie FrieslandCampina U.A.	110		110
Acquisition of shares from minority interest holders	- 3		- 3
On 30 June	1,552	90	1,642

[1] The other changes concern a capital contribution by Zuivelcoöperatie FrieslandCampina U.A. minus compensation paid in accordance with the exit scheme.

[2] Issued member bonds pertain to the voluntary conversion of subordinated member bonds of Zuivelcoöperatie FrieslandCampina U.A. into member bonds of Royal FrieslandCampina N.V.

Notes to the condensed consolidated half-year figures

Statement of compliance

This half-year report was prepared in accordance with IAS 34 'Interim financial reporting', insofar as accepted by the European Union.

Significant accounting policies

The accounting policies and methods of calculation used for these consolidated half-year financial figures are consistent with those used for the 2009 financial statements. Other standards and interpretations that came into effect as of 1 January 2010 have no material influence on the company.

Judgements, estimates and assumptions

In preparing the half-year financial figures, management consistently used judgements, estimates and assumptions based on historical experience and various other factors that it believed to be reasonable under the circumstances for the purposes of making judgements about the carrying values of assets and liabilities. Actual results may differ from management's estimates.

Pension liabilities under defined benefit plans are calculated annually on the basis of such factors as expected future developments in respect of discount rate, salary and life expectancies. The actuarial assumptions underlying the principal plans have been assessed.

Seasonal influences

There is no significant seasonal pattern when comparing the first half and the second half of a year.

Notes to the condensed consolidated half-year figures

Segmentation by business group

in millions of euros

						First half 2010
	Consumer Products Europe	Consumer Products International	Cheese & Butter	Ingredients	Eliminated and unallocated	Total
Sales to external customers	1,382	1,102	1,064	658	122	**4,328**
Inter-segment sales	212	2	57	347	- 618	**0**
Total revenue	1,594	1,104	1,121	1,005	- 496	**4,328**
Operating profit	57	197	- 31	43	- 28	**238**
Share of profit of associates	1	4	2	1	0	**8**
Finance income and costs					- 35	**- 35**
Income tax expense					- 55	**- 55**
Profit for the period						**156**
Operating profit as a percentage of revenue	3,6	17,8	- 2,8	4,2		**5,5**
Carrying amount of assets employed in operating activities per 30 June 2010	1,827	650	920	1,065	91	**4,553**
Carrying amount of other assets per 30 June 2010						**653**
						5,206

						First half 2009
	Consumer Products Europe	Consumer Products International	Cheese & Butter	Ingredients	Eliminated and unallocated	Total
Sales to external customers	1,414	951	1,042	593	104	4,104
Inter-segment sales	192	2	49	175	- 418	0
Total revenue	1,606	953	1,091	768	- 314	4,104
Operating profit	109	135	- 55	- 45	- 34	110
Share of profit of associates	1	2	1	1	6	11
Finance income and costs					- 30	- 30
Income tax expense					- 13	- 13
Profit for the period						78
Operating profit as a percentage of revenue	6,8	14,2	- 5,0	- 5,9		2,7
Carrying amount of assets employed in operating activities per 30 June 2010	1,959	499	874	878	13	4,223
Carrying amount of other assets per 30 June 2010						457
						4,680

Notes to the condensed consolidated half-year figures

Operating expenses
Operating expenses include the milk payments to member farmers of EUR 1,285 million (2009: EUR 1,182 million)

Sale of Domo Pharma Lactose to DMV-Fonterra Excipients
On 31 December 2009, an agreement was reached on the sale of the pharmaceutical lactose activities of FrieslandCampina Domo (Domo Pharma Lactose) to DMV-Fonterra Excipients. This sale was effected on 31 March 2010. The transaction has not had any impact on FrieslandCampina, given that DMV-Fonterra Excipients is part of the overall consolidation group.

Income tax expense
The integrated approach was used to determine the income tax expense, with the effective tax rate being based on the outlook for the full year 2010. The higher tax expenses in 2010 compared to 2009 were due to, among other things, the capitalisation of losses in Germany in 2009 and the changes to tax rates in Hungary in 2009.

Inventories
An amount of EUR 245 million (2009: EUR 178 million) of the inventories of finished goods and goods for resale was carried at lower market value. The write-down amounted to EUR 20 million per 30 June 2010.

Revolving Credit Facility
FrieslandCampina has reached agreement with all fourteen banks that participate in a EUR 1 billion Revolving Credit Facility to improve the conditions of the facility by reducing interest charges and extending the term by one year, up to August 2013. The size of the facility remains unchanged at EUR 1 billion. The adjustment was made on the base of market developments and the improved credit worthiness profile of the company.

Private Placement
FrieslandCampina has placed a private loan for US$ 196 million with institutional investors in the United States and for EUR 25 million with a European investor. The Senior Notes have a term of seven to ten years and are intended to replace short-term debts with banks by a long-term debt. The decision to make the placement in the United States was based on the fact that better financial conditions could be obtained there than in the Netherlands.

Commitments and contingencies
Commitments and contingencies do not materially differ from those included in the most recently published financial statements (2009).

Related-party transactions
In the first half year of 2010, 5 percent of the shares of CMG Grundstückverwaltungs- und Beteiligings AG held by Royal FrieslandCampina N.V. were transferred, at book value, to Zuivelcoöperatie FrieslandCampina U.A.

Audit
The half-year figures in this report have not been audited or subjected to a limited review.

Amersfoort, 27 August 2010

The Half-year report 2010 is published in Dutch, German and English. Only the Dutch text is legally binding, as its represents the authentic text. The English text is included as a translation for convenience purposes only.

Royal FrieslandCampina N.V.
Stationsplein 4
3818 LE Amersfoort
P.O. Box 1551
3800 BN Amersfoort
The Netherlands
T +31 33 713 3333

www.frieslandcampina.com