Half year accounts / 2nd quarter report 2010

Genuinely Norwegian

100 % Rieber & Søn

Sweet French Mustard from Bähncke is a unique taste experience.
The original recipe from the 1950s is unchanged. It remains a favourite among all age groups, -this sweet and spicy mustard that has become a classic.

Rieber & søn

Half-year accounts / 2nd quarter report 2010

- **EPS of NOK 0.60 (0.34) in 2Q and NOK 1.50 (1.11) in first half-year.**
- **EBIT of NOK 74m (55m) in 2Q, including one-off costs of NOK 4m and NOK 184m (151m) in first half-year.**
- **Gross margin up 4.5 percentage points in 2Q to 59.3%.**
- **King Oscar sold in line with plan to increase focus on core business.**
- **Adjustment of the Group's EPS target figure for 2010 related to the divestment of King Oscar to NOK 3.65, excluding one-off items.**

Rieber & Søn recorded operating profits (EBIT) of NOK 74m (55m) in the second quarter and NOK 184m (151m) in the first half of 2010. EPS were NOK 0.60 (0.34) in the second quarter and NOK 1.50 (1.11) at the half-year. The profits for the first half of 2010 include one-off costs of NOK 4m.

Sales in the second quarter were 11.5% percent down at NOK 1 110m (1 255m), with currency conversion effects accounting for 3.4% of the decline and structural effects 5.1%. The structural effects related to the sale of the Sopps brand, the frozen onion ring business, King Oscar and marine ingredients. Organic growth stood at -3% compared with last year's second quarter. Sales in the first half-year totalled NOK 2 306m (2 491m) while organic growth was -0.8%.

The gross margin in the second quarter increased by 4.5 percentage points to 59.3% (54.8%), while the figure for the first half-year was 59.6% (55.7%). The EBITDA margin in the second quarter was 11.4% (8.6%) and 12.4% (10.2%) in the first half-year, while the EBIT margin for the same periods was 6.7% (4.4%) and 8% (6%), respectively. The return on capital employed (ROCE) was 9.6% (6.6%) and 11.8% (9.1%) for the first six months of the year.

Rieber & Søn has adjusted its target figure for earnings per share (EPS) following the divestment of King Oscar. The company has previously advised underlying EPS of NOK 4 for 2010, excluding one-off effects. Following the divestment of King Oscar the underlying target figure for EPS has been set at NOK 3.65 for 2010.

"Our Future"

Improvements in purchasing, production and marketing under the "Our Future" platform provided net effects of NOK 58m in the second quarter, consisting of positive effects amounting to NOK 70m and implementation costs of NOK 12m. By the end of the second quarter the programme had generated positive whole-year effects totalling NOK 212m. The programme is designed to improve Group profitability through lasting effects amounting to NOK 400m in 2012 and is progressing as planned.

Core Review: King Oscar sold

Rieber & Søn has competence and comparative advantages in the area of product development, innovation and taste additives and the divestment of King Oscar will free economic resources and management capacity in order to concentrate more on core categories.

As part of the Core Review and the increased focus on core business, King Oscar has been sold with accounting effect from 1 June. The buyer is Procuritas Capital Investors IV LP A, and the transaction comprises the entire business unit, although Rieber & Søn will continue to have a 10% owner interest in King Oscar.

The purchase price, calculated as the "enterprise value", has been set at not less than NOK 230m and not more than NOK 255m, the difference between the amounts being a performance-dependant amount, the so-called "earn-out", based on the results achieved by King Oscar in 2010. In this connection, Rieber & Søn's accounts include an accounting loss of NOK 8m posted as a one-off item in the second quarter. Any "earn-out" gain will be booked in the fourth quarter of 2010, at the latest. The transaction resulted in an immediate liquidity effect of around NOK 200m for Rieber & Søn. King Oscar had a turnover of around NOK 350m in 2009. Rieber & Søn's sales organisations in Norway, Poland, the Czech Republic and Slovakia will continue to manage the sales of King Oscar's products in these areas on market terms.

Future purchasing

Purchasing under the Future programme is now focused on maximising benefits that can be achieved throughout the Group, and where synergies between product development and purchasing are one of several key areas that are expected to provide positive effects. This process is progressing as planned.

Future production

In the second quarter the plants at Havnsø (Denmark), Skælskør (Denmark) and Frödinge (Sweden) are in the final phase of the improvement programme. Steps have been taken to ensure that the improvements achieved will have a lasting effect on everyday operations.

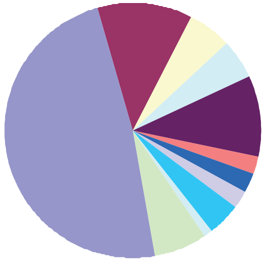
The plants at Elverum (Norway), Roudnice (Czech Republic) and Varnsdorf (Czech Republic) have completed the first phase of the improvement programme and are performing as planned. At the two plants which have completed the Future production programme, Arna (Norway) and Bysice (Czech Republic) new targets have been set to further improve efficiency.

The plant in Larvik will be included in the programme in the course of the third quarter.

Development in Western Europe

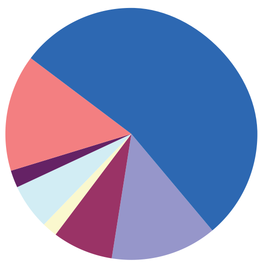
Sales in Western Europe totalled NOK 803m (918m) in the second quarter, with EBIT for the period standing at NOK 55m (42m) and NOK 155m (123m) for the first half-year. The operating margin in the second quarter was 6.8% (4.6%) while the figure for the half-year was 9.2% (6.6%). Organic growth in Western Europe stood at -4.5% in the second quarter, while the figure for the first six months of the year was -1.4%.

Despite a decline in sales, Rieber & Søn Norway recorded better second quarter results compared with the same period last year. Sales were negatively affected by the divestment of the Sopps brand, and sales in the second quarter got off to a weak start due to the negative Easter effect. The improved performance was mainly due to the effects of "Our Future". The Norwegian business experienced a positive trend in market shares in our main categories, also for Velbekomme chilled ready meals where the results continued to show a positive development.



Geographical breakdown. Net sales in 2nd quarter

Norway	43.3 %	(40.4%)
Czech Rep.	11.4 %	(11.8%)
Poland	7.7 %	(7.9%)
Sweden	9.2 %	(7.6%)
Denmark	10.3 %	(12.7%)
USA	2.4 %	(2.1%)
Russia	3.7 %	(2.9%)
Slovakia	2.2 %	(2.1%)
Germany	3.7 %	(4.6%)
UK	1.1 %	(1.2%)
Other	4.9 %	(6.7%)



Sales by product group. Net sales in 2nd quarter

Soups. sauces. stews	46.4 %	(44.1 %)
Salads	18.4%	(19.3 %)
Seafood	6.2 %	(8.7 %)
Ingredients	1.9 %	(2.4 %)
Onion	4.0 %	(6.2 %)
Snacks	3.8 %	(2.9 %)
Desserts	19.2 %	(16.5 %)

Rieber & Søn Denmark reported lower sales, but improved results in the second quarter. The Easter effect and a cold spring impacted negatively on sales, but good cost control, a more effective product portfolio and the effects of "Our Future" contributed to a better performance. The turnaround of the Danish business is progressing as planned and has shown the expected results.

Rieber & Søn Sweden increased sales in the second quarter, and while the results also showed some improvement on last year they are still not at a satisfactory level. The business is still in turnaround mode with the aim of increasing profitability. Internal improvements and development of the assortment are the main areas of attention in this process.

Rieber & Søn Food Service recorded a decline in sales in the second quarter, but the results showed some improvement thanks to the effects of "Our Future" and good cost control. The business continues to be confronted by a demanding market situation due to the weaker economic climate.

The market situation for Cronions is in the process of stabilising and the business is winning back market shares, following a period some time ago when it was facing the challenge of increased competition. The second quarter results returned by Cronions showed an improvement on the same period last year. Sales were lower due to the divestment of the frozen onion ring business, but the sales from the remaining portfolio were stable.

Development in Central and Eastern Europe

Sales in Central and Eastern Europe (CEE) amounted to NOK 336m (368m) in the second quarter while EBIT for the period stood at NOK 26m (19m), and NOK 41m (39m) for the first six months of the year. The operating margin was 7.6% (5.2%) in the second quarter and 6.1% (5.5%) for the first half-year, while organic growth in CEE during the same period was 0.8% and 0.9%, respectively.

Rieber & Søn Czech Republic recorded stable results in the second quarter, despite weakened sales. The downturn in the Czech economy over the last year is reflected in changed consumer behaviour with a focus on low price products. This, in turn, provided a platform for increased competition from the chains' own brands, making the situation more demanding for established brands. Good cost control and the effects of "Our Future" have helped our Czech business to achieve stable results. Market shares in key categories have been slightly weakened and market initiatives have been initiated to strengthen sales.

Rieber & Søn Poland recorded stable sales and reported an improved performance in the second quarter. The Polish business has benefited from the introduction of a number of new products and the general growth of the Polish economy. Extensive flooding in Poland made operations difficult for a number of customers and wholesalers in May and June which led to a temporary weakening in sales.

Rieber & Søn Russia recorded a sharp rise in sales for the second consecutive quarter which was reflected in another improved performance in the second quarter. Our Russian business has maintained good operating results throughout the economic downturn.

King Oscar was sold with effect from 1 June and will no longer be referred to as part of Rieber & Søn's activities.

Capital

The net cash flow from operations in the first half-year totalled NOK 133m (66m). The improvement was mainly due to a lower level of tied up capital and improved results for the period. The Group's net investments, excluding divestments, totalled NOK 39m (109m). Capital employed amounts to NOK 3 117m (3 299m), with net working capital totalling NOK 618m (695m). At the half-year the equity ratio stood at 51% (43%). An ordinary dividend of NOK 2.00 per share, in total NOK 153m, was paid on 20 May 2010.

In February this year an amendment was adopted concerning Norwegian legislation governing CPA. Under the amendment, existing schemes are required to be closed and the amounts involved be taken to income. Rieber & Søn's pension commitment at the date of the amendment totalled NOK 74m and a small part of this commitment was closed in the second quarter. The amount involved has been provisionally calculated at NOK 4m and posted as income under one-off items in the profit and loss account. Further closure of the company's pension commitments may be expected in the second half of 2010 in connection with an internal assessment of current pension schemes.

Mandatory share purchase offer

In June, Bjarne Rieber, Fritz T. Rieber and Marianne Rieber transferred their personally owned shares to the recently established company AS Zee Ploeg. This triggered a duty to make a mandatory offer to all the other shareholders of Rieber & Søn since AS Zee Ploeg and closely related parties together had a total shareholding in excess of 50%. The offer from AS Zee Ploeg was to pay NOK 40.50 per share, in line with the share price at the time when the mandatory offer requirement was announced.

In connection with the mandatory offer requirement the Board has obtained a "fairness opinion" from the brokerage house SEB Enskilda. SEB Enskilda has concluded that the offer is lower than what can be considered to be a "fair" value for the shares of Rieber & Søn, while at the same time pointing out that the offer represents an opportunity for existing shareholders to divest themselves of a share with limited liquidity. In the light of SEB Enskilda's conclusion the Board has advised the company's shareholders against availing themselves of the offer.

Shareholders owning a total of 29 055 765 shares, corresponding to 37.45% of the company's shares, have accepted the offer. AS Zee Ploeg together with closely related parties thus own 87.92% of the shares of Rieber & Søn.

Declaration from the Board of Directors and CEO

The Board of Directors and the CEO have considered and finalised the second quarter report and the summarised consolidated accounts for Rieber & Søn ASA as at 30 June 2010 and for the first half of 2010.

The second quarter report is submitted in accordance with requirements contained in IAS 34 Financial Reporting Standards as adopted by the EU and with supplementary Norwegian requirements in the Securities Trading Act.

As far as the Board and the CEO are aware, the half-year accounts for 2010 have been prepared in accordance with prevailing accounting standards and the information in the accounts gives a correct picture of the Group's assets, liabilities, financial position and overall results at 30 June 2010 and 30 June 2009. To the best of their knowledge, it is also the view of the Board and the CEO that the description of the main areas of risk and uncertainty facing the business in the next accounting period, as well as the description of major transactions with related parties, provide a correct overview.

Bergen, 11 August 2010
The Board of Directors of Rieber & Søn ASA

PROFIT AND LOSS ACCOUNT
for the Rieber & Søn Group

PROFIT AND LOSS ACCOUNT (not audited)	2nd Quarter		First 6 months		Year-end
Figures in NOK	**2010**	2009	**2010**	2009	2009
Net sales	**1 110**	1 255	**2 306**	2 491	4 967
Of which sales outside Norway	629	748	1 235	1 388	2 693
Gross profit	**659**	687	**1 374**	1 388	2 818
Operating and payroll costs	-532	-580	-1 087	-1 133	-2 218
EBITDA	**127**	107	**287**	255	600
Depreciation	-49	-52	-99	-104	-208
One-off items *)	-4	-	-4	-	32
EBIT	**74**	55	**184**	151	424
Net financial items	-8	-17	-19	-28	-55
Profit before taxes	**66**	38	**165**	123	369
Taxes	-20	-12	-50	-37	-115
Profit after taxes	**46**	26	**115**	86	254
Key ratios					
Gross margin	59.3 %	54.8 %	59.6 %	55.7 %	56.7 %
EBITDA margin	11.4 %	8.6 %	12.4 %	10.2 %	12.1 %
EBIT margin	6.7 %	4.4 %	8.0 %	6.0 %	8.5 %
Capital employed	3 093	3 336	3 117	3 299	3 315
Return on capital employed / ROCE	9.6 %	6.6 %	11.8 %	9.1 %	12.8 %
EPS / Diluted EPS	0.60	0.34	1.50	1.11	3.32

*) One-off items in 2010 represent loss on divestment of Business Unit King Oscar (NOK -8m, whereof reversal of hedging instruments amounts to NOK -4m), in addition to income from change in legislation governing contractual pension agreements in Norway (NOK +4m). One-off items in 2009 represent disposal of Kruiningen (NOK -16m), workforce reductions in Norway (NOK -14m), disposal of the Sopps brand (NOK +62m), sale of the marine ingredients line (NOK +15m), costs related to the cancellation of the acquisition of Gellwe (NOK -5m), in addition to write-down of a production plant in Poland (NOK -10m).

BALANCE SHEET (not audited)	At 30.06	At 30.06	At 31.12
Figures in NOK m	**2010**	2009	2009
Fixed assets	1 571	1 843	1 752
Intangible assets	777	794	781
Long-term receivables etc.	21	13	17
Other current assets	1 191	1 493	1 313
Liquid assets [1]	47	15	82
Total assets	**3 607**	4 158	3 945
Equity [2]	1 843	1 791	1 893
Long-term interest-free debt	283	310	321
Interest-bearing debt	784	1 281	996
Short-term interest-free debt	697	776	735
Total liabilities and equity	**3 607**	4 158	3 945

[1] CASH FLOW STATEMENT	First 6 months **2010**	2009
Cash flow from operational activities	133	66
Cash flow from investments	86	-102
Cash flow from financial activities	-250	-86
Change in liquid assets	-31	-122
Liquid assets at 31 December last year	82	155
Translation differences etc.	-4	-18
Liquid assets at 30 June	**47**	15

[2] EQUITY MOVEMENTS	First 6 months **2010**	2009
Adjustment market value hedging instruments	-1	1
Translation differences etc.	-11	-167
Total other income and expenses	**-12**	-166
Equity at 31 December last year	1 893	1 967
Interim profit	115	86
Total other income and expenses	-12	-166
Dividends paid	-153	-96
Equity at 30 June	**1 843**	1 791

PROFIT AND LOSS ACCOUNTS SEGMENTS

for the Rieber & Søn Group

WESTERN EUROPE
PROFIT AND LOSS ACCOUNT (not audited)

Figures in NOK m	2nd Quarter 2010	2nd Quarter 2009	First 6 months 2010	First 6 months 2009	Year-end 2009
Net sales	**803**	918	**1 696**	1 850	3 701
Gross profit	**481**	505	**1 022**	1 033	2 125
Operating and payroll costs	-389	-428	-796	-842	-1 641
EBITDA	**92**	77	**226**	191	484
Depreciation	-33	-35	-67	-68	-138
One-off items *)	-4	-	-4	-	47
EBIT	**55**	42	**155**	123	393
Key Ratios					
Gross margin	59.9 %	55.0 %	60.3 %	55.8 %	57.4 %
EBITDA margin	11.5 %	8.3 %	13.3 %	10.3 %	13.1 %
EBIT margin	6.8 %	4.6 %	9.2 %	6.6 %	10.6 %
Capital employed	2 126	2 176	2 117	2 188	2 168
Return on capital employed / ROCE	10.3 %	7.8 %	14.7 %	11.2 %	16.2 %

*) One-off items in 2010 represent loss on divestment of Business Unit King Oscar (NOK -8m, whereof reversal of hedging instruments amounts to NOK -4m), in addition to income from change in legislation governing contractual pension agreements in Norway (NOK +4m). One-off items in 2009 represent disposal of Kruiningen (NOK -16m), workforce reductions in Norway (NOK -14m), disposal of the Sopps brand (NOK +62m) and sale of the marine ingredients line (NOK +15m).

CENTRAL AND EASTERN EUROPE (CEE)
PROFIT AND LOSS ACCOUNT (not audited)

Figures in NOK m	2nd Quarter 2010	2nd Quarter 2009	First 6 months 2010	First 6 months 2009	Year-end 2009
Net sales	**336**	368	**674**	711	1 394
Gross profit	**178**	185	**355**	361	706
Operating and payroll costs	-141	-151	-289	-293	-574
EBITDA	**37**	34	**66**	68	132
Depreciation	-11	-15	-25	-29	-58
One-off items *)	-	-	-	-	-16
EBIT	**26**	19	**41**	39	58
Key Ratios					
Gross margin	52.9 %	50.4 %	52.6 %	50.8 %	50.7 %
EBITDA margin	11.1 %	9.2 %	9.8 %	9.6 %	9.5 %
EBIT margin	7.6 %	5.2 %	6.1 %	5.5 %	4.2 %
Capital employed	849	998	872	980	982
Return on capital employed / ROCE	12.0 %	7.6 %	9.5 %	8.0 %	6.0

*) One-off items in 2009 represent costs related to the cancellation of the acquisition of Gellwe (NOK -5m), in addition to write-down of a production plant in Poland (NOK -10m).

Note on segments
Western Europe represents sales and production in Western European countries, as well as some export to overseas markets.
Central and Eastern Europe represent sales and production in CEE countries, as well as some export to overseas markets.
Group operational overhead is allocated to segments while other group costs remain unallocated.

IFRS (International Financial Reporting Standards)
The interim report is based on IAS 34 Interim Financial Reporting and the prevailing IAS/IFRS standards and interpretations, and the accounting principles and methods of calculation used are according to the principles in the last annual accounts.