August 25, 2011

Interim Report

Second quarter and half year 2011

Highlights – second quarter 2011

- Sales of €6.9 billion (up 4.7 percent at constant exchange rates)
- Operating income €275 million
- Net income €199 million
- Underlying retail operating margin 4.6 percent
- Acceleration of share buyback program

Amsterdam, the Netherlands – Ahold today published its interim report for the second quarter and half year 2011. CEO Dick Boer said: "We continued to perform well and grew market share in the United States and the Netherlands. We were able to mitigate gross margin pressure through rigorous cost control as customers continue to focus on value in an environment of increasing inflation and intense promotional activity, particularly in the United States.

"Sales and margins were impacted by the timing of Easter. In addition, operating income was impacted by unfavorable exchange rates and restructuring charges. We remain well positioned to manage the balance between sales and margins.

"In view of capital market conditions, we have decided to accelerate the €1 billion share buyback program that we started on March 7, 2011. The acceleration will have immediate effect and we expect the program to be completed by March 2012."

Group performance

(€ million)	Q2 2011	Q2 2010	% change	HY 2011	HY 2010	% change
Net sales	6,874	7,126	(3.5)% *	16,125	15,863	1.7%*
Operating income	275	347	(20.7)%	719	756	(4.9)%
Income from continuing operations	206	203	1.5%	504	455	10.8%
Net income	199	202	(1.5)%	490	476	2.9%

** At constant exchange rates, net sales increased by 4.7 percent in Q2 2011 (HY 2011:5.4 percent).*

Second quarter 2011 (compared to second quarter 2010)

Net sales were €6.9 billion, down 3.5 percent, negatively impacted by changes in the exchange rates and the shift of the post-Easter week into the second quarter. At constant exchange rates, net sales increased by 4.7 percent.

Operating income was €275 million, down 20.7 percent. Retail operating income was €300 million, €76 million lower than last year, primarily as a result of unfavorable exchange rates, restructuring charges and the release of an insurance provision last year. The retail operating margin was 4.4 percent compared to 5.3 percent in Q2 2010. Underlying retail operating margin was 4.6 percent (Q2 2010: 5.2 percent). Corporate Center costs were €25 million for the quarter, down €4 million. Excluding the impact of the Company’s insurance activities, Corporate Center costs were €16 million, €1 million lower than last year.

Income from continuing operations was €206 million, €3 million higher than last year, reflecting lower operating income, offset by lower net financial expense, lower income taxes and by an increase in income of joint ventures. Share in income of joint ventures in Q2 2010 was negatively impacted by a tax provision recorded by ICA, of which Ahold’s share was €47 million.

Net income was €199 million, down €3 million.

Free cash flow was €37 million, €223 million lower than last year. The decrease was mainly due to lower operating cash flows from continuing operations of €274 million (declining from €550 million in Q2 2010 to €276 million in Q2 2011), partly offset by lower capital expenditures of €51 million. Lower operating cash flows from continuing operations were predominantly due to changes in working capital of €185 million, primarily driven by unfavorable year-over-year changes in payables impacted by the timing of Easter, and lower operating income.

Net debt increased by €487 million during the quarter to €950 million. Contributing to the change in net debt were a positive free cash flow of €37 million, offset by dividends paid on common shares of €328 million, the share buyback of €164 million and a negative currency impact of €36 million.

Half year 2011 (compared to half year 2010)

Net sales were €16.1 billion, up 1.7 percent. At constant exchange rates, net sales increased by 5.4 percent.

Operating income was €719 million, down 4.9 percent. Retail operating income was €759 million, €46 million lower than last year. The retail operating margin was 4.7 percent compared to 5.1 percent last year. Underlying retail operating margin was 4.8 percent (HY 2010: 5.1 percent). Corporate Center costs were €40 million, down €9 million. Excluding the impact of the Company’s insurance activities, Corporate Center costs were €35 million, €6 million lower than last year.

Income from continuing operations increased €49 million (10.8 percent) to €504 million. The lower operating income was more than offset by lower net financial expenses, lower income taxes and by an increase in income of joint ventures.

Net income was €490 million, up €14 million. The result from discontinued operations decreased €35 million, to a loss of €14 million in the first half of 2011 from an income of €21 million last year. The change is primarily due to a €23 million release of a provision for lease guarantees in the first half of 2010 related to Ahold’s former subsidiaries BI-LO and Bruno’s.

Free cash flow was €444 million, €172 million lower than last year. The decrease was mainly due to lower operating cash flows from continuing operations of €296 million partly offset by lower capital expenditures of €66 million, lower interest payments of €40 million and higher dividends from joint ventures of €20 million. Lower operating cash flows from continuing operations were predominantly due to changes in working capital of €163 million, largely impacted by timing differences related to settlement of payables, higher tax payments of €75 million and lower operating income.

Net debt increased by €213 million during the first half of 2011. The free cash flows of €444 million and a positive currency impact of €52 million were more than offset by dividends paid on common shares of €328 million and the share buyback of €355 million.

Performance by segment

Ahold USA
For the second quarter, net sales were $5.8 billion, up 5.3 percent. Identical sales were up 3.9 percent (1.2 percent excluding gasoline). Operating income was $209 million (or 3.6 percent of net sales), down $61 million. Operating income included $24 million (Q2 2010: $6 million) of restructuring charges, $4 million of impairment charges (Q2 2010: $4 million of impairment reversals) and a $1 million (Q2 2010: $6 million) gain on the sale of assets. The Q2 2011 restructuring charges were mainly related to the transition of certain logistics activities. Furthermore, operating income included $7 million (Q2 2010: $9 million) of reorganization and IT integration costs. Also included in operating income last year was a $20 million release of insurance provisions.

For the first half, net sales were $13.4 billion, up 6.5%. Identical sales were up 4.5 percent (2.3 percent excluding gasoline). Operating income was $559 million (or 4.2 percent of net sales), down $6 million. Significant items affecting operating income (the main ones discussed under Note 3 to the financial statements) amounted to a net charge of $43 million versus a net charge of $1 million a year ago.

The Netherlands
For the second quarter, net sales increased 4.0 percent to €2.4 billion. Identical sales were up 2.6 percent. Operating income of €152 million (or 6.3 percent of net sales) was down €7 million compared to last year. Operating income last year included a benefit of €6 million arising from the settlement of a non-recurring wage tax liability and a €5 million benefit from cost recoveries.

For the first half, net sales increased 3.9 percent to €5.7 billion. Identical sales were up 2.7 percent. Operating income of €352 million (or 6.2 percent of net sales) was down €21 million. Significant items affecting operating income (the main ones discussed under Note 3 to the financial statements) amounted to a net benefit of €8 million in 2011 (2010: a net benefit of €19 million).

Other Europe (Czech Republic and Slovakia)
For the second quarter, net sales increased 7.0 percent to €396 million. At constant exchange rates net sales were up 2.1 percent. Identical sales increased 1.8 percent (2.0 percent excluding gasoline). Operating income for the quarter was €3 million compared to nil in Q2 2010. Q2 2010 operating income included restructuring charges of €2 million.

For the first half, net sales increased 8.6 percent to €934 million. At constant exchange rates net sales were up 3.5 percent. Identical sales increased 3.5 percent (3.5 percent excluding gasoline). Operating income for the first half year was €8 million compared to nil last year. Operating income last year included restructuring charges of €4 million.

Other retail (Unconsolidated joint ventures)
For the second quarter, Ahold’s share in income of unconsolidated joint ventures was €28 million compared to a loss of €20 million in Q2 2010. For the first half year, Ahold’s share in income of joint ventures increased by €39 million to €47 million. This was mainly due to better results from ICA

where a provision related to a tax claim, of which Ahold's share was €47 million, was recorded in Q2 2010.

Other financial and operating information

Identical/comparable sales growth (% year over year)[1]

	Q2 2011 identical	Q2 2011 identical excluding gasoline	Q2 2011 comparable	HY 2011 identical	HY 2011 identical excluding gasoline	HY 2011 comparable
Ahold USA	3.9%	1.2%	4.0%	4.5%	2.3%	4.7%
The Netherlands	2.6%	2.6%		2.7%	2.7%	
Other Europe	1.8%	2.0%		3.5%	3.5%	

1. *For the definition of identical and comparable sales see section "Other information" – "Use of non-GAAP financial measures".*

Retail operating margin

Operating margin is defined as operating income as a percentage of net sales. For a discussion of operating income, see Note 3 to the financial statements included in this report.

	Q2 2011	Q2 2010	HY 2011	HY 2010
Ahold USA	3.6%	4.9%	4.2%	4.5%
The Netherlands	6.3%	6.8%	6.2%	6.9%
Other Europe	0.8%	0.0%	0.9%	0.0%
Ahold Europe	5.5%	5.9%	5.5%	5.9%
Total retail	**4.4%**	**5.3%**	**4.7%**	**5.1%**

Underlying retail operating income[1]

	Q2 2011	Q2 2010	% change	HY 2011	HY 2010	% change
$ million						
Ahold USA	236	266	(11.3)%	587	560	4.8%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.6958*	*0.8003*	*(13.1)%*	*0.7116*	*0.7587*	*(6.2)%*
€ million						
Ahold USA	164	213	(23.0)%	418	427	(2.1)%
The Netherlands	150	158	(5.1)%	344	373	(7.8)%
Other Europe	3	1	200.0%	9	3	200.0%
Ahold Europe	153	159	(3.8)%	353	376	(6.1)%
Total retail	**317**	**372**	**(14.8)%**	**771**	**803**	**(4.0)%**

1. *For the definition of underlying retail operating income see section "Other information" – "Use of non-GAAP financial measures".*

Underlying retail operating margin

Underlying operating margin is defined as underlying operating income as a percentage of net sales.

	Q2 2011	Q2 2010	HY 2011	HY 2010
Ahold USA	4.1%	4.8%	4.4%	4.4%
The Netherlands	6.2%	6.8%	6.1%	6.9%
Other Europe	0.8%	0.3%	1.0%	0.3%
Ahold Europe	5.4%	5.9%	5.4%	6.0%
Total retail	**4.6%**	**5.2%**	**4.8%**	**5.1%**

Store portfolio (including franchise stores)

	End of 2010	Opened/ acquired	Closed/ sold	End of Q2 2011	End of Q2 2010
Ahold USA	751	14	(9)	756	746
The Netherlands[1]	1,914	26	(8)	1,932	1,908
Other Europe	305	1	-	306	302
Ahold Europe	2,219	27	(8)	2,238	2,210
Total retail	**2,970**	**41**	**(17)**	**2,994**	**2,956**

1. *The number of stores at the end of Q2 2011 includes 1,080 specialty stores (Etos and Gall & Gall).*

EBITDA[1]

(€ million)	Q2 2011	Q2 2010	% change	HY 2011	HY 2010	% change
Ahold USA	258	345	(25.2)%	667	712	(6.3)%
The Netherlands	199	209	(4.8)%	464	485	(4.3)%
Other Europe	14	12	16.7%	34	27	25.9%
Ahold Europe	213	221	(3.6)%	498	512	(2.7)%
Corporate Center	(24)	(29)	17.2%	(39)	(49)	20.4%
	447	537	(16.8)%	1,126	1,175	(4.2)%
Share in income (loss) of joint ventures	28	(20)	n/m	47	8	n/m
Income (loss) from discontinued operations	(7)	(1)	n/m	(14)	21	n/m
Total EBITDA	**468**	**516**	**(9.3)%**	**1,159**	**1,204**	**(3.7)%**

1. *For the definition of EBITDA see section "Other information" – "Use of non-GAAP financial measures".*

Free cash flow[1]

(€ million)	Q2 2011	Q2 2010	HY 2011	HY 2010
Operating cash flows from continuing operations	276	550	807	1,103
Purchase of non-current assets	(161)	(212)	(375)	(441)
Divestments of assets/disposal groups held for sale	4	21	15	25
Dividends from joint ventures[2]	(3)	10	127	107
Interest received	13	3	17	9
Interest paid	(92)	(112)	(147)	(187)
Free cash flow	**37**	**260**	**444**	**616**

1. *For the definition of free cash flow see section "Other information" – "Use of non-GAAP financial measures".*
2. *The Q2 2011 figure represents the settlement of a hedge on an ICA dividend received in Q1 2011.*

Net debt

(€ million)	July 17, 2011	April 24, 2011	January 2, 2011
Loans	1,377	1,340	1,851
Finance lease liabilities	1,032	1,007	1,096
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	2,906	2,844	3,444
Short-term borrowings and current portion of long term debt	531	523	117
Gross debt	3,437	3,367	3,561
Less: Cash, cash equivalents and short-term deposits[1]	2,487	2,904	2,824
Net debt	**950**	**463**	**737**

1. *Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. These balances amounted to €122 million, €108 million and €138 million as of July 17, 2011, April 24, 2011, and January 2, 2011, respectively.*

Credit facility refinancing
On June 6, 2011, Ahold completed the refinancing of its €1.2 billion five-year committed credit facility. The facility, which replaced the previous one, has a sublimit of $550 million for letters of credit and includes the possibility of 12-month extensions in each of the first two years.

Related party transactions

Ahold has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. There have been no significant changes in the related party transactions described in the last annual report.

Risks and uncertainties

Ahold's enterprise risk management program provides executive management with a periodic and holistic understanding of Ahold's key business risks and the management practices in place to mitigate these risks. Ahold recognizes strategic, operational, financial and compliance and regulatory risk categories. The principal risks faced by the Company during the first half of the financial year were the same as those identified at year end 2010 and management does not presently anticipate any material changes to the nature of the risks affecting Ahold's business over the second half of the financial year. A description of Ahold's risk management practices, principal risks and how they impact Ahold's business is provided in our 2010 Annual Report.

Auditors' involvement

The content of this interim report has not been audited or reviewed by an external auditor.

Declarations

The members of the Corporate Executive Board of Ahold hereby declare that, to the best of their knowledge, the half-year financial statements included in this interim report, which have been prepared in accordance with IAS 34 "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit or loss of Ahold, and the undertakings included in the consolidation taken as a whole, and the half-year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Corporate Executive Board
Dick Boer (CEO)
Kimberly Ross (CFO)
Lodewijk Hijmans van den Bergh

Consolidated interim income statement

(unaudited)

(€ million, except per share data)	Note	Q2 2011	Q2 2010	HY 2011	HY 2010
Net sales	3	6,874	7,126	16,125	15,863
Cost of sales	4	(5,090)	(5,202)	(11,916)	(11,594)
Gross profit		**1,784**	**1,924**	**4,209**	**4,269**
Selling expenses		(1,284)	(1,377)	(3,010)	(3,064)
General and administrative expenses		(225)	(200)	(480)	(449)
Total operating expenses	4	(1,509)	(1,577)	(3,490)	(3,513)
Operating income	**3**	**275**	**347**	**719**	**756**
Interest income		4	5	10	11
Interest expense		(55)	(69)	(132)	(163)
Other financial income		4	8	5	13
Net financial expense		(47)	(56)	(117)	(139)
Income before income taxes		**228**	**291**	**602**	**617**
Income taxes	5	(50)	(68)	(145)	(170)
Share in income (loss) of joint ventures	6	28	(20)	47	8
Income from continuing operations		**206**	**203**	**504**	**455**
Income (loss) from discontinued operations	7	(7)	(1)	(14)	21
Net income attributable to common shareholders		**199**	**202**	**490**	**476**
Earnings per share					
Net income per share attributable to common shareholders					
basic		0.18	0.17	0.43	0.40
diluted		0.17	0.17	0.42	0.40
Income from continuing operations per share attributable to common shareholders					
basic		0.18	0.17	0.45	0.39
diluted		0.18	0.17	0.43	0.38
Weighted average number of common shares outstanding (in millions)					
basic		1,125	1,175	1,132	1,179
diluted		1,188	1,236	1,196	1,240
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.6958	0.8003	0.7116	0.7587

Consolidated interim statement of comprehensive income

(unaudited)

(€ million)	Q2 2011	Q2 2010	HY 2011	HY 2010
Net income	**199**	**202**	**490**	**476**
Currency translation differences in foreign interests:				
Currency translation differences before taxes	62	115	(168)	357
Income taxes	1	-	-	(1)
Cash flow hedges:				
Cash flow hedges before taxes	(13)	(23)	(12)	(37)
Income taxes	3	4	3	9
Share of other comprehensive income (loss) of joint ventures - net of income taxes	15	(10)	12	(35)
Other comprehensive income (loss)	68	86	(165)	293
Total comprehensive income attributable to common shareholders	**267**	**288**	**325**	**769**

Consolidated interim balance sheet

(unaudited)

(€ million)	Note	July 17, 2011	January 2, 2011
Assets			
Property, plant and equipment		5,554	5,827
Investment property		541	582
Intangible assets		772	762
Investments in joint ventures		991	1,072
Other non-current financial assets		773	853
Deferred tax assets		336	410
Other non-current assets		31	25
Total non-current assets		**8,998**	**9,531**
Assets held for sale		75	26
Inventories		1,311	1,331
Receivables		686	772
Other current financial assets		396	245
Income taxes receivable		13	11
Other current assets		157	209
Cash and cash equivalents	9	2,275	2,600
Total current assets		**4,913**	**5,194**
Total assets		**13,911**	**14,725**
Equity and liabilities			
Equity attributable to common shareholders	8	5,564	5,910
Loans		1,377	1,851
Other non-current financial liabilities		1,675	1,726
Pensions and other post-employment benefits		116	129
Deferred tax liabilities		188	177
Provisions		604	623
Other non-current liabilities		211	217
Total non-current liabilities		**4,171**	**4,723**
Liabilities related to assets held for sale		24	20
Accounts payable		2,208	2,323
Other current financial liabilities		599	216
Income taxes payable		175	243
Provisions		157	152
Other current liabilities		1,013	1,138
Total current liabilities		**4,176**	**4,092**
Total equity and liabilities		**13,911**	**14,725**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7066	0.7474

Consolidated interim statement of changes in equity

(unaudited)

(€ million)	Share capital	Additional paid-in capital	Legal reserves: Currency translation reserve	Legal reserves: Cash flow hedging reserve	Legal reserves: Other legal reserves	Accumulated deficit	Equity attributable to common shareholders
Balance as of January 3, 2010	**358**	**9,916**	**(632)**	**(48)**	**444**	**(4,598)**	**5,440**
Dividends	-	-	-	-	-	(272)	(272)
Total comprehensive income	-	-	324	(30)	(1)	476	769
Share buyback	-	-	-	-	-	(139)	(139)
Share-based payments	-	-	-	-	-	23	23
Change in other legal reserves	-	-	-	-	(93)	93	-
Balance as of July 18, 2010	**358**	**9,916**	**(308)**	**(78)**	**350**	**(4,417)**	**5,821**
Balance as of January 2, 2011	**358**	**9,916**	**(385)**	**(63)**	**396**	**(4,312)**	**5,910**
Dividends	-	-	-	-	-	(328)	(328)
Total comprehensive income	-	-	(160)	(5)	-	490	325
Share buyback	-	-	-	-	-	(355)	(355)
Retirement of treasury shares	(9)	(289)	-	-	-	298	-
Share-based payments	-	-	-	-	-	12	12
Change in other legal reserves	-	-	-	-	(79)	79	-
Balance as of July 17, 2011	**349**	**9,627**	**(545)**	**(68)**	**317**	**(4,116)**	**5,564**

Consolidated interim statement of cash flows

(unaudited)

(€ million)	Note	Q2 2011	Q2 2010	HY 2011	HY 2010
Operating income		275	347	719	756
Adjustments for:					
Depreciation, amortization and impairments		175	188	412	419
Gains on the sale of assets/disposal groups held for sale		(3)	(7)	(10)	(8)
Share-based compensation expenses		7	7	15	16
Operating cash flows before changes in operating assets and liabilities		454	535	1,136	1,183
Changes in working capital:					
Changes in inventories		10	(5)	(21)	(18)
Changes in receivables and other current assets		38	30	62	135
Changes in payables and other current liabilities		(162)	46	(163)	(76)
Changes in non-current assets and liabilities		(25)	(21)	(63)	(52)
Cash generated from operations		315	585	951	1,172
Income taxes paid - net		(39)	(35)	(144)	(69)
Operating cash flows from continuing operations		276	550	807	1,103
Operating cash flows from discontinued operations		(1)	(3)	(5)	(7)
Net cash from operating activities		**275**	**547**	**802**	**1,096**
Purchase of non-current assets		(161)	(212)	(375)	(441)
Divestments of assets/disposal groups held for sale		4	21	15	25
Acquisition of businesses, net of cash acquired		(19)	-	(21)	(158)
Changes in short-term deposits		-	-	-	133
Dividends from joint ventures		(3)	10	127	107
Interest received		13	3	17	9
Issuance of loans receivable		(4)	(5)	(7)	(196)
Repayments of loans receivable		51	204	52	205
Other		(2)	(5)	(9)	(7)
Net cash from investing activities		**(121)**	**16**	**(201)**	**(323)**
Interest paid		(92)	(112)	(147)	(187)
Repayments of loans		(3)	(405)	(11)	(413)
Repayments of finance lease liabilities		(18)	(14)	(36)	(29)
Changes in short-term loans		5	(122)	7	2
Dividends paid on common shares		(328)	(272)	(328)	(272)
Share buyback	8	(164)	(123)	(355)	(139)
Other		(2)	1	(7)	(4)
Financing cash flows from continuing operations		(602)	(1,047)	(877)	(1,042)
Financing cash flows from discontinued operations		(1)	(1)	(2)	(2)
Net cash from financing activities		**(603)**	**(1,048)**	**(879)**	**(1,044)**
Net cash from operating, investing and financing activities	**9**	**(449)**	**(485)**	**(278)**	**(271)**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.6958	0.8003	0.7116	0.7587

For the reconciliation between net cash from operating, investing and financing activities and cash and cash equivalents as presented in the balance sheet, see Note 9.

Notes to the condensed consolidated interim financial statements

1. The Company and its operations

The principal activity of Koninklijke Ahold N.V. ("Ahold" or the "Company"), a public limited liability company with its registered seat in Zaandam, the Netherlands and its head office in Amsterdam, the Netherlands, is the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures.

The information in these condensed consolidated interim financial statements ("financial statements") is unaudited.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies applied in these financial statements are consistent with those applied in Ahold's 2010 consolidated financial statements.

Ahold's reporting calendar is based on 13 periods of four weeks, with 2011 and 2010 each comprising 52 weeks. The second quarter and first half of 2011 and 2010 each comprise 12 weeks and 28 weeks, respectively. The financial year of Ahold's unconsolidated joint ventures, ICA AB ("ICA") and JMR - Gestão de Empresas de Retalho, SGPS. S.A. ("JMR"), corresponds to the calendar year. Any significant transactions and/or events between ICA's and JMR's quarter-end and Ahold's quarter-end are taken into account in the preparation of Ahold's financial statements.

3. Segment reporting

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint ventures ICA and JMR, and Ahold's Corporate Center are presented separately.

Reportable segment	Included in the Reportable segment
Ahold USA	Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle, and Peapod
The Netherlands	Albert Heijn, Etos, Gall & Gall, and albert.nl
Other Europe	Albert (Czech Republic and Slovakia) and Hypernova (Slovakia)

Other	Included in Other
Other retail	Unconsolidated joint ventures ICA (60 percent) and JMR (49 percent)
Corporate Center	Corporate staff (the Netherlands, Switzerland, and the United States)

Net sales

Net sales per segment are as follows:

	Q2 2011	Q2 2010	% change	HY 2011	HY 2010	% change
$ million						
Ahold USA	5,813	5,520	5.3%	13,405	12,589	6.5%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.6958*	*0.8003*	*(13.1)%*	*0.7116*	*0.7587*	*(6.2)%*
€ million						
Ahold USA	4,046	4,418	(8.4)%	9,536	9,562	(0.3)%
The Netherlands	2,432	2,338	4.0%	5,655	5,441	3.9%
Other Europe	396	370	7.0%	934	860	8.6%
Ahold Europe	2,828	2,708	4.4%	6,589	6,301	4.6%
Ahold Group	**6,874**	**7,126**	**(3.5)%**	**16,125**	**15,863**	**1.7%**

The combined net sales of Ahold's unconsolidated joint ventures ICA and JMR amounted to €3,482 million and €3,141 million for Q2 2011 and Q2 2010, respectively (HY 2011: €6,670 million and HY 2010: €6,105 million).

Operating income

Operating income (loss) per segment is as follows:

	Q2 2011	Q2 2010	% change	HY 2011	HY 2010	% change
$ million						
Ahold USA	209	270	(22.6)%	559	565	(1.1)%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.6958*	*0.8003*	*(13.1)%*	*0.7116*	*0.7587*	*(6.2)%*
€ million						
Ahold USA	145	217	(33.2)%	399	432	(7.6)%
The Netherlands	152	159	(4.4)%	352	373	(5.6)%
Other Europe	3	-	n/m	8	-	n/m
Ahold Europe	155	159	(2.5)%	360	373	(3.5)%
Corporate Center	(25)	(29)	13.8%	(40)	(49)	18.4%
Ahold Group	**275**	**347**	**(20.7)%**	**719**	**756**	**(4.9)%**

Ahold USA

Operating income in Q2 2011 included $24 million (€17 million) of restructuring charges, mainly related to the transition of certain logistics activities. Furthermore, operating income included $4 million (€3 million) of impairments and $7 million (€5 million) of reorganization and IT integration costs. Q1 2011 operating income included $8 million (€6 million) of reorganization and IT integration costs.

Operating income in Q2 2010 included $9 million (€7 million) of reorganization and IT integration costs and $6 million (€4 million) of restructuring and related charges. Offsetting these charges were a $20 million (€16 million) release of insurance provisions, impairment reversals of $4 million (€3 million) and gains on the sale of assets of $6 million (€5 million). Included in the Q1 2010 operating income were a $12 million (€9 million) charge resulting from the alignment of inventory valuation across the newly formed U.S. divisions and $5 million (€4 million) of IT integration costs.

The Netherlands
Q2 2011 operating income included a €2 million (HY 2011: €8 million) gain on the sale of assets.

Operating income in Q2 2010 included a benefit of €6 million arising from the settlement of a non-recurring wage tax liability and a €5 million benefit from cost recoveries. Operating income in Q1 2010 included an €8 million benefit arising from accrual reversals.

Other Europe
Included in the Q2 2010 operating income were restructuring charges of €2 million. Q1 2010 operating income included restructuring and related charges of €2 million.

Corporate Center
Corporate Center costs were €25 million for the quarter, down €4 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were €16 million, €1 million lower than last year.

Corporate Center costs for half year 2011 were €40 million, down €9 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were €35 million, €6 million lower than last year.

4. Expenses by nature

The aggregate of cost of sales and operating expenses is specified by nature as follows:

€ million	Q2 2011	Q2 2010	HY 2011	HY 2010
Cost of product	4,845	4,944	11,342	11,005
Employee benefit expenses	917	989	2,144	2,189
Other operational expenses	554	550	1,259	1,246
Depreciation and amortization	172	190	407	419
Rent expenses and income - net	111	115	259	256
Impairment losses and reversals - net	3	(2)	5	-
Gains on the sale of assets - net	(3)	(7)	(10)	(8)
Total	**6,599**	**6,779**	**15,406**	**15,107**

5. Income taxes

In Q2 2010, income taxes included a €9 million release of contingency reserves. In Q1 2010, income taxes included €15 million of one-time tax charges, mainly arising from true-ups of deferred tax balances.

6. Share in income of joint ventures

The Company's share in income of joint ventures is net of income taxes and is specified as follows:

€ million	Q2 2011	Q2 2010	HY 2011	HY 2010
ICA	28	(21)	45	2
JMR	1	1	2	5
Other	(1)	-	-	1
Total	**28**	**(20)**	**47**	**8**

In Q2 2010, ICA's net income was negatively impacted by a tax expense of €78 million (Ahold's share €47 million) related to certain interest deductions in previous years.

7. Discontinued operations

Income from discontinued operations, consisting of results on divestments, is specified as follows:

€ million	Q2 2011	Q2 2010	HY 2011	HY 2010
BI-LO and Bruno's	-	(2)	(1)	23
Other*	(7)	1	(13)	(2)
Results on divestments	(7)	(1)	(14)	21
Income (loss) from discontinued operations, net of income taxes	**(7)**	**(1)**	**(14)**	**21**

** Includes adjustments to the result on various past divestments.*

The change in the first half year result from discontinued operations was primarily driven by the change in Q1 2010 of Ahold's provision, after tax, for losses under lease guarantees related to its former subsidiaries BI-LO and Bruno's. Furthermore, included within results from discontinued operations in the first half of 2011, were additional costs incurred mainly for claims and legal disputes related to past divestments.

8. Equity attributable to common shareholders

Dividend on common shares

On April 20, 2011, the General Meeting of Shareholders determined the dividend over 2010 at €0.29 per common share (€328 million in the aggregate). The dividend was paid on May 3, 2011.

Share buyback

During the first two quarters of 2011 Ahold repurchased a total of 37,244,809 shares for a total amount of €355 million under two share buyback programs, as follows:

On February 24, 2011, Ahold completed its €500 million share buyback program announced on March 4, 2010. The total number of shares repurchased under the program over the period from April 6, 2010 through February 24, 2011, was 50,359,330 common shares (Q1 2011: 11,641,727), for a total consideration of €500 million (Q1 2011: €114 million), at an average price of €9.93.

Furthermore, on March 3, 2011, Ahold announced its decision to return €1 billion to its shareholders by way of a share buyback program, to be completed over a 18-month period. Under this program 25,603,082 of the Company's own shares were repurchased and delivered in the first two quarters of 2011. Shares were repurchased at an average price of €9.42 per share for a total amount of €241 million (Q2 2011: €164 million).

Of the total shares repurchased, 30,000,000 were cancelled on June 7, 2011.

The number of outstanding common shares as of July 17, 2011 was 1,113,900,497 (January 2, 2011: 1,145,145,317).

9. Cash flow

The following table presents the changes in cash and cash equivalent balances for the first half of 2011 and 2010, respectively:

€ million	HY 2011	HY 2010
Cash and cash equivalents at the beginning of the year	2,600	2,688
Restricted cash	(21)	(22)
Cash and cash equivalents beginning of the year, excluding restricted cash	2,579	2,666
Net cash from operating, investing and financing activities	(278)	(271)
Effect of exchange rate differences on cash and cash equivalents	(45)	106
Restricted cash	19	22
Cash and cash equivalents at the end of the quarter	**2,275**	**2,523**

10. Commitments and contingencies

Ahold has reached a full and final worldwide settlement of all claims and legal proceedings by Distribucion y Servicio D&S S.A. (D&S) against Ahold and its former subsidiary Disco (the “D&S litigation”, as reported in Ahold's 2010 Annual Report). In that context, Ahold paid $3 million (€2 million) to D&S on August 12, 2011. The amount has been recorded within results from discontinued operations.

In the first quarter of 2011, ICA was denied a request for leave to appeal a tax dispute concerning interest deductions for the years 2001-2003. The full amount disputed was paid in 2009 and expensed in 2010.

A comprehensive overview of commitments and contingencies as of January 2, 2011 was included in Note 34 to Ahold’s 2010 consolidated financial statements, which were published as part of Ahold's Annual Report on March 8, 2011. Other than the updates for D&S and the ICA tax dispute, there was no significant change during the first half of 2011.

11. Subsequent events

ICA

In August 2011, ICA decided to discontinue the ICA Maxi concept in Norway and initiate a sales process to sell 24 of the 25 ICA Maxi stores.

Share buyback program

On August 24, 2011, the Company decided to accelerate the €1 billion share buyback program that started on March 7, 2011. The acceleration will have immediate effect and it is expected that the program will be completed by March 2012.

Use of non-GAAP financial measures

This interim report includes the following non-GAAP financial measures:

- **Net sales at constant exchange rates.** Net sales at constant exchange rates exclude the impact of using different currency exchange rates to translate the financial information of Ahold subsidiaries or joint ventures to euros. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries or joint ventures.

- **Net sales in local currency.** In certain instances, net sales are presented in local currency. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries.

- **Identical sales.** Net sales from exactly the same stores in local currency for the comparable period.

- **Identical sales, excluding gasoline net sales.** Because gasoline prices have experienced greater volatility than food prices, Ahold's management believes that by excluding gasoline net sales, this measure provides a better insight into the growth of its identical store sales.

- **Comparable sales.** Identical sales plus net sales from replacement stores in local currency. Comparable sales are only reported for Ahold USA.

- **Underlying retail operating income.** Total retail operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets and restructuring and related charges. Ahold's management believes this measure provides better insight into underlying operating performance of Ahold's retail operations.

  The reconciliation from the underlying retail operating income per segment to the retail operating income per segment is as follows for Q2 2011 and Q2 2010 and for the first half of 2011 and 2010, respectively:

(€ million)	Underlying operating income Q2 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q2 2011
Ahold USA	164	(3)	1	(17)	145
The Netherlands	150	-	2	-	152
Other Europe	3	-	-	-	3
Ahold Europe	153	-	2	-	155
Total retail	**317**	**(3)**	**3**	**(17)**	**300**

(€ million)	Underlying operating income Q2 2010	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q2 2010
Ahold USA	213	3	5	(4)	217
The Netherlands	158	-	1	-	159
Other Europe	1	-	1	(2)	-
Ahold Europe	159	-	2	(2)	159
Total retail	**372**	**3**	**7**	**(6)**	**376**

(€ million)	Underlying operating income HY 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income HY 2011
Ahold USA	418	(4)	2	(17)	399
The Netherlands	344	-	8	-	352
Other Europe	9	(1)	-	-	8
Ahold Europe	353	(1)	8	-	360
Total retail	**771**	**(5)**	**10**	**(17)**	**759**

(€ million)	Underlying operating income HY 2010	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income HY 2010
Ahold USA	427	3	5	(3)	432
The Netherlands	373	(1)	1	-	373
Other Europe	3	(1)	2	(4)	-
Ahold Europe	376	(2)	3	(4)	373
Total retail	**803**	**1**	**8**	**(7)**	**805**

- **Operating income in local currency**. In certain instances operating income is presented in local currency. Ahold's management believes this measure provides better insight into the operating performance of Ahold's foreign subsidiaries.

- **Earnings before interest, taxes, depreciation and amortization**. EBITDA is net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does not exclude impairments. EBITDA is commonly used by investors to analyze profitability between companies and industries by eliminating the effects of financing (i.e., net financial expense) and capital investments (i.e., depreciation and amortization).

  The reconciliation from EBITDA per segment to operating income per segment is as follows for Q2 2011 and Q2 2010 and for the first half of 2011 and 2010, respectively:

(€ million)	EBITDA Q2 2011	Depreciation and amortization	Operating income Q2 2011	EBITDA Q2 2010	Depreciation and amortization	Operating income Q2 2010
Ahold USA	258	(113)	145	345	(128)	217
The Netherlands	199	(47)	152	209	(50)	159
Other Europe	14	(11)	3	12	(12)	-
Ahold Europe	213	(58)	155	221	(62)	159
Corporate Center	(24)	(1)	(25)	(29)	-	(29)
Total	**447**	**(172)**	**275**	**537**	**(190)**	**347**

(€ million)	EBITDA HY 2011	Depreciation and amortization	Operating income HY 2011	EBITDA HY 2010	Depreciation and amortization	Operating income HY 2010
Ahold USA	667	(268)	399	712	(280)	432
The Netherlands	464	(112)	352	485	(112)	373
Other Europe	34	(26)	8	27	(27)	-
Ahold Europe	498	(138)	360	512	(139)	373
Corporate Center	(39)	(1)	(40)	(49)	-	(49)
Total	**1,126**	**(407)**	**719**	**1,175**	**(419)**	**756**

- **Free cash flow**. Operating cash flows from continuing operations minus net capital expenditures minus net interest paid plus dividends received. Ahold's management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.

- **Net debt**. Net debt is the difference between (i) the sum of long-term debt and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, and short-term deposits. In management's view, because cash, cash equivalents and short-term deposits can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold's leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Management believes that these non-GAAP financial measures allow for a better understanding of Ahold's operating and financial performance. These non-GAAP financial measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Financial calendar

Ahold's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31.

Ahold's 2011 financial year consists of 52 weeks and ends on January 1, 2012. The quarters in 2011 are:

First Quarter (16 weeks)	January 3, 2011 through April 24, 2011
Second Quarter (12 weeks)	April 25 through July 17, 2011
Third Quarter (12 weeks)	July 18 through October 9, 2011
Fourth Quarter (12 weeks)	October 10, 2011 through January 1, 2012

Ahold Finance U.S.A., LLC

The interim report half year 2011 of Ahold's wholly owned subsidiary Ahold Finance U.S.A., LLC is available at www.ahold.com.

Ahold Interim Report

This Ahold Interim Report is a half-year report as referred to in section 5:25d sub section 1 of the Dutch Financial Markets Supervision Act and comprises regulated information within the meaning of section 1:1 of this act.

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Cautionary notice

This interim report includes forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements. These forward-looking statements include, but are not limited to, statements as to Ahold managing the balance between sales and margins in an environment of increasing inflation and intense promotional activity, acceleration and completion of the €1 billion share buyback program, extension of the €1.2 billion credit facility and Ahold's key business risks. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates, increases or changes in competition, Ahold's ability to implement and complete successfully its plans and strategies, the benefits from and resources generated by Ahold's plans and strategies being less than or different from those anticipated, changes in Ahold's liquidity needs, the actions of competitors and third parties and other factors discussed in Ahold's public filings and other disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this interim report. Ahold does not assume any obligation to update any public information or forward-looking statements in this interim report to reflect subsequent events or circumstances, except as may be required by applicable laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of "Royal Ahold" or simply "Ahold".