

Interim Report

Ahold Finance U.S.A., LLC - Half year 2011

Ahold Finance U.S.A., LLC ("AFUSA" or "the Company") is a wholly owned subsidiary of Koninklijke Ahold N.V. ("Ahold" or "KA"). As such, AFUSA is part of an international retailing group based in the Netherlands, with consumer brands in Europe and the United States. The purpose of AFUSA is to engage in financing activities.

AFUSA's home Member State is The Netherlands, as referred to in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht). AFUSA has issued notes under a Euro Medium Term Note program out of which the 2012 notes and the 2017 notes are in part still outstanding and are admitted to trading at Euronext Amsterdam and at the Luxembourg Stock Exchange.

This 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.

Highlights

During the first half of 2011, AFUSA recognized a €120 million (\$172) dividend from its subsidiary Ahold International SARL ("AIS"). AFUSA settled a €120 million (\$172) dividend declaration with KA. These dividends were paid directly from AIS to KA.

Financial performance

(\$ million)	HY 2011	HY 2010
Net financial gain (expense)	(30)	31
Income taxes	7	(13)
Share in income of associate - net	70	-
Net income	47	18

Related party transactions

Related party transactions are described in Note 9 to the interim financial statements.

Risk and uncertainties

As a wholly owned subsidiary of Ahold, AFUSA benefits from the Ahold Group's risk management and control systems, including its enterprise risk management program. These risk management and control systems are designed to ensure that the Company takes a structured and consistent

approach to risk management and internal control in order to provide reasonable assurance that business objectives are achieved.

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 AFUSA's business over the second half of the financial year. A description of AFUSA's risk management practices, our principal risks and how they impact AFUSA's business is provided in the Company's 2010 Annual Report.

Auditor's involvement

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

Declarations

The managers of AFUSA 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 AFUSA, and the half-year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsection 8 of the Dutch Financial Markets Supervision Act.

Management

Eugene Bartman (President and CEO)

Guy Thomson (Treasurer and CFO)

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 benefits to AFUSA from the Ahold Group risk management and control systems and statements as to counterparty risks and taxation 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 implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond AFUSA's or its parent company KA'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, the ability to implement and complete successfully its plans and strategies, the benefits from and resources generated by plans and strategies being less than or different from those anticipated, changes in liquidity needs, the actions of competitors and third parties and other factors discussed in Ahold's public filings. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this interim report. Neither AFUSA nor KA assumes any obligation to update any public information or forward-looking statements (referred to) in this report to reflect subsequent events or circumstances, except as may be required by securities laws.

Interim income statement

(unaudited)

(\$ million)	Note	HY 2011	HY 2010
Net financial gain (expense)	3	(30)	31
Income (loss) before income taxes		(30)	31
Income taxes	4	7	(13)
Share in income of associate - net	5	70	-
Net income attributable to common shareholders		47	18

Interim statement of comprehensive income

(unaudited)

(\$ million)	HY 2011	HY 2010
Net income	47	18
Currency translation differences in foreign interests	84	-
Cash flow hedges:		
Cash flow hedges before taxes	(4)	(5)
Income taxes	1	3
Share of other comprehensive income (loss) of associate	(32)	-
Other comprehensive income (loss)	49	(2)
Total comprehensive income attributable to common shareholders	96	16

Interim balance sheet

(unaudited)

(\$ million)	Note	July 17, 2011	January 2, 2011
Assets			
Investments in associate	5	1,354	1,414
Other non-current financial assets (related parties)	6,9	289	464
Total non-current assets		1,643	1,878
Receivables from related parties	6	-	30
Other current financial assets (related parties)	6,9	216	-
Total current assets		216	30
Total assets		1,859	1,908
Equity and liabilities			
Equity attributable to common shareholders	8	344	430
Notes payable	7	875	1,403
Deferred tax liabilities		19	17
Total non-current liabilities		894	1,420
Notes payable	7	576	-
Payables to related parties	7,9	17	-
Income tax payable		-	6
Interest payable	7	28	52
Total current liabilities		621	58
Total equity and liabilities		1,859	1,908

Interim statement of changes in equity

(unaudited)

(\$ million)	Share capital	Additional paid-in capital	Legal reserves		Other reserves	Retained earnings	Equity attributable to common shareholders
			Currency translation reserve	Cash flow hedging reserve			
Balance as of January 3, 2010	-	216	-	7	-	42	265
Total comprehensive income	-	-	-	(2)	-	18	16
Balance as of July 18, 2010	-	216	-	5	-	60	281
Balance as of January 2, 2011	-	356	(53)	2	4	121	430
Dividends	-	(172)	-	-	-	-	(172)
Total comprehensive income	-	-	50	(1)	-	47	96
Share in direct equity changes of investments in associate	-	-	-	-	-	(10)	(10)
Balance as of July 17, 2011	-	184	(3)	1	4	158	344

Interim statement of cash flows

(unaudited)

(\$ million)	HY 2011	HY 2010
Operating income	-	-
Interest settled on loans to and from related parties	(1)	71
Interest settled on notes	(62)	(108)
Other changes in loans and receivables to and from related parties	69	540
Income taxes settled	(6)	-
Net cash from operating activities	-	503
Repayments of notes	-	(503)
Net cash from financing activities	-	(503)
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

As the Company does not maintain its own bank account, cash settlements are paid or received on its behalf by other Ahold Group companies and the corresponding balance is reflected in receivables and loans to and from related parties.

Notes to the interim financial statements

1. AFUSA and its operations

Ahold Finance U.S.A., LLC ("AFUSA" or "the Company") is a limited liability company duly organized and validly existing under the laws of Delaware (in the United States), having its statutory seat in Delaware and managed and controlled in Amsterdam, The Netherlands. AFUSA was formed on December 18, 2001 and is governed by its operating agreement, which was lastly amended and restated on June 20, 2002. Until April 24, 2002, AFUSA was known as "Ahold Finance U.S.A., Inc.". On April 24, 2002, Ahold Finance U.S.A., Inc. merged into Ahold International Finance LLC and changed its name to Ahold Finance U.S.A., LLC.

The purpose of AFUSA is to engage in financing activities and any other lawful business activity in connection with the foregoing.

The parent company of AFUSA is Koninklijke Ahold N.V. ("Ahold" or "KA").

2. Accounting policies

Basis of preparation

These condensed interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies applied by AFUSA are consistent with those applied in AFUSA's 2010 financial statements.

These financial statements are presented in U.S. dollars (\$).

AFUSA's reporting calendar is based on Ahold's reporting calendar and consists of 13 periods of four weeks, with the first half ("HY") of 2011 comprising 28 weeks, and ending on July 17, 2011 (HY 2010: 28 weeks ending on July 18, 2010).

3. Net financial result

(\$ million)	HY 2011	HY 2010
Interest income	-	79
Interest expense	(39)	(65)
Gain (loss) on foreign exchange	(14)	22
Fair value gains (losses) on financial instruments	23	(5)
Net financial gain (expense)	(30)	31

Interest income and interest expense primarily relate to financial assets and financial liabilities measured at amortized cost (mainly loans to and from related parties and notes).

The gain (loss) on foreign exchange results from foreign exchange translation on the GBP 250 million notes.

Fair value gains (losses) on financial instruments mainly include fair value changes in swaps related to the GBP 250 million notes. These swaps do not qualify for hedge accounting treatment.

4. Income taxes

For Dutch corporate income tax purposes AFUSA has joined the fiscal unity between KA and its major Dutch subsidiaries. As a consequence, AFUSA has become jointly and severally liable for the Dutch corporate income tax liabilities of the fiscal unity.

5. Investments in associate

As of July 30, 2010, AFUSA became a shareholder in a newly established Swiss intermediary holding company (Ahold International SARL ("AIS")). AFUSA owns all issued and outstanding preferred shares type B in the share capital of AIS representing 25% of the total issued and outstanding share capital of AIS.

The movements in the first half year of 2011 in the investment in AIS are summarized as follows:

	2011
(\$ million)	
Balance as of January 2, 2011	1,414
Share in income	70
Dividend	(172)
Share of other comprehensive income (loss) and other equity changes of associate	(42)
Exchange rate differences	84
Balance as of July 17, 2011	1,354

6. Financial assets

	July 17, 2011			January 2, 2011		
(\$ million)	Current	Non-current	Total	Current	Non-current	Total
Receivables from related parties	-	-	-	30	-	30
Investments in associate	-	1,354	1,354	-	1,414	1,414
Hedging derivatives ¹	216	-	216	-	202	202
Other derivatives ¹	-	289	289	-	262	262
Total financial assets	216	1,643	1,859	30	1,878	1,908

¹ In situations where a derivative contract qualifies for hedge accounting treatment in the financial statements, it is presented as 'Hedging derivatives'. Otherwise, the derivative contracts are presented as 'Other derivatives'

The increase in the value of hedging derivatives relates to a cross-currency swap (a cash flow hedge) on the €600 million notes (of which €407 million remains outstanding) and is mainly caused by strengthening of the Euro against the U.S. dollar.

7. Financial liabilities

(\$ million)	July 17, 2011				January 2, 2011			
	Current		Non-current		Current		Non-current	
	Within 1 year	From 1 to 5 years	After 5 years	Total	Within 1 year	From 1 to 5 years	After 5 years	Total
Payables to related parties	17	-	-	17	-	-	-	-
Notes	576	-	875	1,451	-	544	859	1,403
Interest payable	28	-	-	28	52	-	-	52
Total financial liabilities	621	-	875	1,496	52	544	859	1,455

The increase in the value of the notes is caused by the weakening of the U.S. dollar against both Euro and GBP.

8. Equity attributable to common shareholders

Member interest

KA is AFUSA's sole member, holding a 100% interest in the capital and profit and loss of the Company.

9. Related parties

AFUSA has entered into arrangements with related parties within the Ahold Group.

For the periods shown below, AFUSA had the following transactions and positions with its related parties:

(\$ million)	Income statement – HY 2011			Balance sheet – July 17, 2011	
	Interest income	Interest expense	Fair value changes in derivatives	Amounts owed by	Amount owed to
KA (parent company)	-	(1)	25	505	(11)
Other related party	-	-	-	-	(6)
Total	-	(1)	25	505	(17)

(\$ million)	Income statement – HY 2010			Balance sheet – January 2, 2011	
	Interest income	Interest expense	Fair value changes in derivatives	Amounts owed by	Amount owed to
KA (parent company)	79	-	(2)	494	-
AFC (former parent company)	-	(6)	-	-	-
Total	79	(6)	(2)	494	-

During the first half of 2011, AFUSA recognized a €120 million (\$172) dividend from its subsidiary Ahold International SARL ("AIS"). AFUSA settled a €120 million (\$172) dividend declaration with KA. These dividends were paid directly from AIS to KA.

In accordance with the AFUSA's Articles of Association, no remuneration is paid to the management.

10. Subsequent events

There were no significant subsequent events.