August 22, 2013

Interim Report

Second quarter and Half year 2013

Highlights – second quarter 2013

- Sales €7.8 billion (up 3.0% at constant exchange rates)
- Underlying operating income €338 million (up 5.4% at constant exchange rates)
- Underlying operating margin 4.4% (Q2 2012: 4.2%)
- Operating income €325 million (up €1 million)
- Net income €206 million (down 17.3%, largely due to the sale of ICA)
- Free cash flow €254 million, including €38 million payment related to pension settlements

Zaandam, the Netherlands – Ahold today published its interim report for the second quarter and half year of 2013.

CEO Dick Boer said: "Our business continued to perform well, both in Europe and the United States. We were able to grow sales by 3.0% at constant exchange rates with ongoing high levels of promotional activity. Underlying operating income increased by 5.4% at constant exchange rates, reflecting a strong underlying operating margin of 4.4%. Net income was impacted by the sale of our stake in ICA earlier this year. Our free cash flow continues to be strong at €254 million during the quarter.

"In the United States we saw modest sales growth of 2.0% with an ongoing low level of inflation and volumes remaining under pressure in the food retail sector. We are pleased that we continue to gain market share. Underlying operating margin was 4.2%, supported by improved sourcing and operating efficiencies.

"In the Netherlands sales grew by 5.6%, mainly driven by new stores and ongoing strong sales growth in our online business. Albert Heijn successfully converted another four former C1000/Jumbo stores, bringing the total to 22 and continued to gain market share. Our growth initiatives remain on track with 16 well-performing stores now open in Belgium and with the completion of the nationwide rollout of bol.com pick-up points in our Albert Heijn stores. Underlying operating margin improved to 5.5%, as Albert Heijn's strong performance more than offset additional pension charges related to decreased discount rates.

"In the current economic environment we remain cautious in our outlook for the balance of the year, as we expect customers to be focused on value and volumes to remain under pressure. We are well on track with our cost saving program and are committed to our Reshaping Retail strategy.

"We remain committed to an efficient capital structure, having already increased our share buyback program to two billion by the end of 2014. We expect to make further announcements in this regard before the end of this year.

"The new leadership structure we announced this quarter, with an Executive Committee that represents Ahold's business and functional leaders at the highest level, will simplify the company's governance structure and decision-making process and will enable us to accelerate our Reshaping Retail strategy."

Group performance

(€ million, except per share data)	Q2 2013	Q2 2012[1]	% change	% change constant rates	HY 2013	HY 2012[1]	% change	% change constant rates
Net sales	7,769	7,692	1.0%	3.0%	17,886	17,408	2.7%	3.8%
Underlying operating income	338	325	4.0%	5.4%	754	741	1.8%	2.6%
Operating income	325	324	0.3%	1.8%	670	737	(9.1)%	(8.4)%
Income from continuing operations	199	218	(8.7)%	(6.9)%	407	475	(14.3)%	(13.4)%
Net income	206	249	(17.3)%	(16.0)%	2,157	534	303.9%	306.3%
Basic earnings per share	0.20	0.24	(16.7)%	(15.5)%	2.08	0.51	307.8%	308.6%

1 *As explained further under Note 2 to the enclosed summary financial statements, the prior year's results have been restated to reflect certain changes in presentation, the classification of the Company's investment in ICA as a discontinued operation, and the amendments resulting from the retrospective application of IAS 19 revised "Employee Benefits."*

We continue to make progress on our Reshaping Retail strategy at Ahold, which involves taking advantage of rapid changes in consumer behavior, shopping trends and the retail landscape. We remain focused on improving our competitive position through cost reductions and the overall simplification of our processes.

In the second quarter of 2013:

- We made strong progress with our cost reduction program and remain on target to deliver on our €600 million of cost reductions, to be completed in 2014. Improvements were achieved in the areas of sourcing, productivity in the store operations, and promotional effectiveness.
- We opened 34 new pick-up points for our online retail operations Peapod and albert.nl; we operated 43 pick-up points in the U.S. and 11 in the Netherlands.
- Albert Heijn converted another four former C1000 stores to its store network, bringing the total number of converted stores to 22.
- Albert Heijn continued expanding in Belgium bringing the total number of stores to 16, ten more than last year.
- Bol.com and Albert Heijn completed the nationwide rollout of in-store Albert Heijn pick-up points for orders placed at bol.com. The majority of our Albert Heijn stores in Belgium now also offer this new service to our customers.
- In the Czech Republic another two compact hypers were converted into our new format bringing the total number to 12.
- We announced a new executive leadership structure, designed to simplify the company's governance structure and decision-making process and enable us to accelerate our Reshaping Retail strategy.

Second quarter 2013 (compared to second quarter 2012)

Net sales were €7.8 billion, up 1.0%. At constant exchange rates, net sales increased by 3.0%. During the quarter, Ahold USA achieved 2.0% sales growth, measured in US dollars, and the Netherlands achieved 5.6% growth. Sales in Other Europe (Czech Republic and Slovakia combined) decreased 3.4% at constant exchange rates.

Underlying operating income was €338 million, up 4.0% and 5.4% at actual and constant exchange rates, respectively. Underlying operating margin was 4.4% compared to 4.2% last year.

Operating income was €325 million, up 0.3% and 1.8% at actual and constant exchange rates, respectively. This included €34 million of impairment charges offset by €20 million of gains on the sale of assets.

Income from continuing operations was €199 million; €19 million lower than last year. The increase in financial expenses includes €9 million of increased interest charges from our defined benefit pension plans and €8 million of valuation adjustments related to notes and derivatives. Income per share from continuing operations was €0.19 versus €0.21 last year.

Net income was €206 million, down €43 million. This decrease reflects our sale of ICA, which contributed €27 million to last year's net result.

Our free cash flow of €254 million continues to be strong. Operating cash flows from continuing operations were even with last year when excluding the €38 million we paid in the quarter related to the partial settlement of the liability to the New England Teamsters and Trucking Industry Pension Fund.

Cash and cash equivalents decreased by €347 million to €3,823 million, due to dividend payments of €457 million and €186 million of share buyback expenditures during the quarter.

Net debt increased by €394 million during the quarter to a negative net debt of €813 million.

Half year 2013 (compared to half year 2012)

Net sales were €17.9 billion, up 2.7%. At constant exchange rates, net sales increased by 3.8%.

Underlying operating income was €754 million, up 1.8% and 2.6% at actual and constant exchange rates, respectively. Underlying operating margin was 4.2%, compared to 4.3% last year.

Operating income was €670 million, down €67 million or 9.1% and 8.4% at actual and constant exchange rates. This included a €63 million ($82 million) pre-tax charge taken in Q1 at Ahold USA related to a multi-employer pension plan settlement with the New England Teamsters and Trucking Industry Pension Fund, as well as €52 million of impairment charges offset by €21 million of gains on the sale of assets.

Income before income taxes was down €116 million to €506 million, caused by the items mentioned above and an increase in net financial expense of €49 million. This increase reflects €23 million of higher charges for our defined benefit pension plans, an €11 million one-time adjustment to a financial liability and €13 million of valuation adjustments related to notes and derivatives.

Income from continuing operations decreased €68 million (14.3%) to €407 million, for the reasons indicated above, offset by a €41 million reduction in income taxes.

Net income was €2,157 million, up €1,623 million. Contributing to this increase was a result from discontinued operations of €1,751 million related to ICA.

Free cash flow was €436 million, €107 million lower than last year. The decrease was primarily due to the timing of rent payments, €31 million payment for the final settlement of the U.S. Frozen Pension Plan, and a €38 million payment to the New England Teamsters and Trucking Industry Pension Fund.

Net debt decreased by €2,173 million during the first half of 2013. Free cash flow of €436 million and the proceeds from the sale of ICA of €2,507 million were partially offset by dividends paid on common shares of €457 million and the share buyback of €247 million.

Performance by segment

Ahold USA
For the second quarter, net sales were $6.1 billion, up 2.0% with low levels of inflation. Identical sales growth was 0.5% (0.3% excluding gasoline) gained from improved promotional effectiveness partially offset by the negative impact of the federal sequester in the Washington D.C. area. Our US operations gained market share in each quarter of 2013. Underlying operating margin was 4.2%, compared to 4.4% last year. Improved operational store efficiencies and better sourcing were offset by higher health and welfare costs and investments in the further simplification of our operations.

For the first half, net sales were $14.2 billion, up 2.8%. Identical sales were up 1.2% (1.2% excluding gasoline). Underlying operating margin was 4.1% compared to 4.3% last year.

The Netherlands
For the second quarter, net sales increased 5.6% to €2.7 billion. Identical sales growth was 1.6%. Overall sales growth was supported by the inclusion of 22 former C1000/Jumbo stores (of which four were converted this quarter) and further expansion into Belgium (we opened another four Belgian Albert Heijn supermarkets this quarter bringing the total to 16, an increase of 10 over the prior year). Identical sales growth was driven by Albert Heijn, which achieved a higher average basket value, and double-digit growth of albert.nl and bol.com. Albert Heijn continued to grow market share, successfully converting former C1000/Jumbo stores. Despite increased pension costs as a result of lower discount rates, underlying operating margin was 5.5%, compared to 5.1% last year, due to continued progress from our cost savings initiatives.

For the first half, net sales increased 6.6% to €6.2 billion. Identical sales were up 1.7%. Underlying operating margin was 5.4%, unchanged from last year.

Other Europe (Czech Republic and Slovakia)
For the second quarter, net sales decreased 4.7% to €367 million. At constant exchange rates, net sales decreased 3.4%. Identical sales decreased 3.0% (3.3% excluding gasoline). Underlying operating margin in Other Europe was 0.8%, compared to 1.0% last year. In the Czech Republic, in a challenging retail market in part due to VAT increases, we were able to maintain market share and improve operating margins.

For the first half, net sales decreased 4.9% to €849 million. At constant exchange rates net sales decreased 3.1%. Identical sales decreased 2.9% (2.1% excluding gasoline). Underlying operating margin was 0.9%, unchanged from last year.

Corporate Center
In the second quarter, Corporate Center costs were €10 million, down €8 million; underlying Corporate Center costs were €12 million. Excluding the effect of the Company's insurance activities, underlying Corporate Center costs were €21 million, an increase of €3 million over last year.

For the first half, Corporate Center costs were €30 million, down €10 million; underlying Corporate Center costs were €34 million. Excluding the effect of the Company's insurance activities, underlying Corporate Center costs were €44 million, an increase of €1 million over last year.

Other financial and operating information

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

	Q2 2013 Identical	Q2 2013 Identical excluding gasoline	Q2 2013 Comparable	HY 2013 Identical	HY 2013 Identical excluding gasoline	HY 2013 Comparable
Ahold USA	0.5%	0.3%	0.6%	1.2%	1.2%	1.4%
The Netherlands	1.6%	1.6%		1.7%	1.7%	
Other Europe	(3.0)%	(3.3)%		(2.9)%	(2.1)%	

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

Underlying operating income[1]

	Q2 2013	Q2 2012 (restated)[2]	% change	HY 2013	HY 2012 (restated)[2]	% change
$ million						
Ahold USA	256	267	(4.1)%	584	595	(1.8)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.7659*	*0.7893*	*(3.0)%*	*0.7624*	*0.7738*	*(1.5)%*
€ million						
Ahold USA	199	210	(5.2)%	446	460	(3.0)%
The Netherlands	148	131	13.0%	334	317	5.4%
Other Europe	3	4	(25.0)%	8	8	-
Corporate Center	(12)	(20)	40.0%	(34)	(44)	22.7%
Ahold Group	**338**	**325**	**4.0%**	**754**	**741**	**1.8%**

1. For the definition of underlying operating income see section "Other information" – "Use of non-GAAP financial measures."
2. See Note 2 for a further explanation of the restatements.

Underlying operating margin

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

	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
Ahold USA	4.2%	4.4%	4.1%	4.3%
The Netherlands	5.5%	5.1%	5.4%	5.4%
Other Europe	0.8%	1.0%	0.9%	0.9%
Ahold Group	**4.4%**	**4.2%**	**4.2%**	**4.3%**

1. See Note 2 for a further explanation of the restatements.

Store portfolio (including franchise stores)

	End of 2012	Opened / acquired	Closed / sold	End of Q2 2013	End of Q2 2012
Ahold USA	772	6	(3)	775	765
The Netherlands[1]	1,996	30	(4)	2,022	1,951
Other Europe	306	-	-	306	307
Ahold Group	**3,074**	**36**	**(7)**	**3,103**	**3,023**

1. *The number of stores at the end of Q2 2013 includes 1,115 specialty stores (Etos and Gall & Gall) (Q2 2012: 1,089).*

EBITDA[1]

(€ million)	Q2 2013	Q2 2012 (restated)[2]	% change	HY 2013	HY 2012 (restated)[2]	% change
Ahold USA	319	333	(4.2)%	662	741	(10.7)%
The Netherlands	202	184	9.8%	462	437	5.7%
Other Europe	9	14	(35.7)%	26	33	(21.2)%
Corporate Center	(10)	(17)	41.2%	(29)	(39)	25.6%
EBITDA by segment	520	514	1.2%	1,121	1,172	(4.4)%
Share in income (loss) of joint ventures	2	(6)	133.3%	4	(3)	233.3%
Income from discontinued operations	7	31	(77.4)%	1,750	59	n/m
Total EBITDA	**529**	**539**	**(1.9)%**	**2,875**	**1,228**	**134.1%**

1. *For the definition of EBITDA see section "Other information" – "Use of non-GAAP financial measures."*
2. *See Note 2 for a further explanation of the restatements.*

Free cash flow[1]

(€ million)	Q2 2013	Q2 2012 (restated)[2]	HY 2013	HY 2012 (restated)[2]
Operating cash flows from continuing operations	455	492	943	1,052
Purchase of non-current assets	(156)	(184)	(419)	(411)
Divestments of assets/disposal groups held for sale	34	24	38	34
Dividends from joint ventures[2]	2	2	3	6
Interest received	1	2	3	6
Interest paid	(82)	(84)	(132)	(144)
Free cash flow	**254**	**252**	**436**	**543**

1. *For the definition of free cash flow see section "Other information" – "Use of non-GAAP financial measures."*
2. *See Note 2 for a further explanation of the restatements.*

Net debt

(€ million)	July 14, 2013	April 21, 2013	December 30, 2012
Loans	1,371	1,377	1,431
Finance lease liabilities	1,141	1,179	1,179
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,009	3,053	3,107
Short-term borrowings and current portion of long-term debt	146	147	139
Gross debt	3,155	3,200	3,246
Less: Cash, cash equivalents, and short-term deposits and similar instruments[1]	3,968	4,407	1,886
Net debt	**(813)**	**(1,207)**	**1,360**

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, €117 million and €170 million as of July 14, 2013, April 21, 2013, and December 30, 2012, respectively.*

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. As a result of the sale of ICA, sale and purchase transactions with ICA are no longer treated as related party transactions. There have been no other significant changes in the related party transactions from those described in our 2012 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 2012 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 2012 Annual Report.

Auditor involvement

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

Declarations

The members of Ahold's Corporate Executive Board 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 Ahold's assets, liabilities, financial position and profit or loss, 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").

Amsterdam, the Netherlands

August 21, 2013

Corporate Executive Board
Dick Boer (CEO)
Jeff Carr (CFO)
Lodewijk Hijmans van den Bergh
James McCann

Consolidated income statement

(€ million, except per share data)	Note	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
Net sales	4	7,769	7,692	17,886	17,408
Cost of sales	5	(5,697)	(5,673)	(13,115)	(12,817)
Gross profit		**2,072**	**2,019**	**4,771**	**4,591**
Selling expenses		(1,490)	(1,455)	(3,449)	(3,326)
General and administrative expenses		(257)	(240)	(652)	(528)
Total operating expenses	5	(1,747)	(1,695)	(4,101)	(3,854)
Operating income	4	**325**	**324**	**670**	**737**
Interest income		2	5	4	8
Interest expense		(54)	(54)	(124)	(128)
Interest income (expense) on defined benefit pension plans		(5)	4	(13)	10
Other financial expense		(12)	(5)	(31)	(5)
Net financial expense		(69)	(50)	(164)	(115)
Income before income taxes		**256**	**274**	**506**	**622**
Income taxes	6	(59)	(50)	(103)	(144)
Share in income (loss) of joint ventures	7	2	(6)	4	(3)
Income from continuing operations		**199**	**218**	**407**	**475**
Income from discontinued operations	8	7	31	1,750	59
Net income attributable to common shareholders		**206**	**249**	**2,157**	**534**
Net income per share attributable to common shareholders					
Basic		0.20	0.24	2.08	0.51
Diluted		0.19	0.23	1.99	0.50
Income from continuing operations per share attributable to common shareholders					
Basic		0.19	0.21	0.39	0.46
Diluted		0.19	0.20	0.39	0.44
Weighted average number of common shares outstanding (in millions)					
Basic		1,031	1,038	1,036	1,042
Diluted		1,083	1,099	1,088	1,105
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7659	0.7893	0.7624	0.7738

1. *See Note 2 for a further explanation of the restatements.*

Consolidated statement of comprehensive income

(€ million)	Note	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
Net income		**206**	**249**	**2,157**	**534**
Remeasurements of defined benefit pension plans					
Remeasurements before taxes	10	(125)	(609)	195	(682)
Income taxes		20	166	(68)	191
Other comprehensive income (loss) that will not be reclassified to profit or loss		(105)	(443)	127	(491)
Currency translation differences in foreign interests:					
Currency translation differences before taxes		(3)	247	59	195
Cumulative translation differences from divestments transferred to net income	8	(2)	-	(82)	-
Income taxes		-	-	-	-
Cash flow hedges:					
Fair value gains (losses) in the year		16	18	(29)	(19)
Transfers to net income		-	(33)	41	(7)
Income taxes		(4)	4	(3)	7
Other comprehensive income (loss) of joint ventures - net of income taxes					
Share of other comprehensive income (loss)		1	(2)	-	(1)
Other comprehensive loss transferred to net income	8	-	-	9	-
Other comprehensive income (loss) that may be reclassified to profit or loss		8	234	(5)	175
Total other comprehensive income (loss)		**(97)**	**(209)**	**122**	**(316)**
Total comprehensive income attributable to common shareholders		**109**	**40**	**2,279**	**218**

1. *See Note 2 for a further explanation of the restatements.*

Consolidated balance sheet

(€ million)	Note	July 14, 2013	December 30, 2012 (restated)[1]
Assets			
Property, plant and equipment		5,985	6,038
Investment property		548	565
Intangible assets		1,578	1,569
Investments in joint ventures		216	1,017
Other non-current financial assets		402	420
Deferred tax assets		461	512
Other non-current assets		36	35
Total non-current assets		**9,226**	**10,156**
Assets held for sale		4	-
Inventories		1,466	1,492
Receivables		720	793
Other current financial assets		195	43
Income taxes receivable		50	47
Other current assets		177	155
Cash and cash equivalents	11	3,823	1,886
Total current assets		**6,435**	**4,416**
Total assets		**15,661**	**14,572**
Equity and liabilities			
Equity attributable to common shareholders	9	**6,753**	**5,146**
Loans		1,371	1,431
Other non-current financial liabilities		1,992	1,930
Pensions and other post-employment benefits		409	643
Deferred tax liabilities		108	98
Provisions		633	646
Other non-current liabilities		247	251
Total non-current liabilities		**4,760**	**4,999**
Accounts payable		2,476	2,667
Other current financial liabilities		229	236
Income taxes payable		140	134
Provisions		159	256
Other current liabilities		1,144	1,134
Total current liabilities		**4,148**	**4,427**
Total equity and liabilities		**15,661**	**14,572**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7652	0.7566

1. *See Note 2 for a further explanation of the restatements.*

Consolidated statement of changes in equity

(€ million)	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including accumulated deficit[1]	Equity attributable to common shareholders
Balance as of January 1, 2012	**330**	**9,094**	**(265)**	**(93)**	**(3,189)**	**5,877**
Adjustments[2]	-	-	-	-	(67)	(67)
As restated	**330**	**9,094**	**(265)**	**(93)**	**(3,256)**	**5,810**
Dividends	-	-	-	-	(415)	(415)
Net income (restated)[2]	-	-	-	-	534	534
Other comprehensive income (restated)[2]	-	-	195	(19)	(492)	(316)
Share buyback	-	-	-	-	(277)	(277)
Retirement of treasury shares	(12)	(381)	-	-	393	-
Share-based payments	-	-	-	-	25	25
Balance as of July 15, 2012[2]	**318**	**8,713**	**(70)**	**(112)**	**(3,488)**	**5,361**
Balance as of December 30, 2012 (restated)[2]	**318**	**8,713**	**(292)**	**(126)**	**(3,467)**	**5,146**
Dividends	-	-	-	-	(457)	(457)
Net income	-	-	-	-	2,157	2,157
Other comprehensive income	-	-	(23)	9	136	122
Share buyback	-	-	-	-	(247)	(247)
Share-based payments	-	-	-	-	32	32
Balance as of July 14, 2013	**318**	**8,713**	**(315)**	**(117)**	**(1,846)**	**6,753**

1. *Other reserves include the remeasurements of defined benefit pension plans.*
2. *See Note 2 for a further explanation of the restatements.*

Consolidated statement of cash flows

(€ million)	Note	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
Operating income		325	324	670	737
Adjustments for:					
Depreciation, amortization and impairments	5	229	194	503	446
Gains on the sale of assets / disposal groups held for sale	5	(20)	(12)	(21)	(16)
Share-based compensation expenses		10	9	21	21
Operating cash flows before changes in operating assets and liabilities		544	515	1,173	1,188
Changes in working capital:					
Changes in inventories		11	31	33	38
Changes in receivables and other current assets		3	16	59	60
Changes in payables and other current liabilities		22	(8)	(164)	(129)
Changes in other non-current assets, other non-current liabilities and provisions		(60)	(15)	(53)	(13)
Cash generated from operations		520	539	1,048	1,144
Income taxes paid - net		(65)	(47)	(105)	(92)
Operating cash flows from continuing operations		455	492	943	1,052
Operating cash flows from discontinued operations		(2)	(1)	(5)	(3)
Net cash from operating activities		**453**	**491**	**938**	**1,049**
Purchase of non-current assets		(156)	(184)	(419)	(411)
Divestments of assets / disposal groups held for sale		34	24	38	34
Acquisition of businesses, net of cash acquired	3	(6)	(419)	(3)	(434)
Divestment of businesses, net of cash divested	8	(11)	(41)	2,361	(44)
Changes in short-term deposits and similar instruments		92	38	(145)	116
Dividends from joint ventures		2	2	3	6
Interest received		1	2	3	6
Other		(1)	(2)	(1)	-
Investing cash flows from continuing operations		(45)	(580)	1,837	(727)
Investing cash flows from discontinued operations	8	(6)	136	136	136
Net cash from investing activities		**(51)**	**(444)**	**1,973**	**(591)**
Interest paid		(82)	(84)	(132)	(144)
Repayments of loans		(3)	(36)	(14)	(452)
Repayments of finance lease liabilities		(17)	(15)	(39)	(35)
Change in short-term loans		-	(30)	3	4
Dividends paid on common shares	9	(457)	(415)	(457)	(415)
Share buyback	9	(186)	-	(247)	(277)
Change in derivatives		(1)	-	(9)	122
Other	11	(1)	-	(87)	3
Financing cash flows from continuing operations		(747)	(580)	(982)	(1,194)
Financing cash flows from discontinued operations		(1)	(1)	(2)	(2)
Net cash from financing activities		**(748)**	**(581)**	**(984)**	**(1,196)**
Net cash from operating, investing and financing activities	11	**(346)**	**(534)**	**1,927**	**(738)**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7659	0.7893	0.7624	0.7738

1. *See Note 2 for a further explanation of the restatements.*

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 11*.

Notes to the consolidated summary 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 and head office in Zaandam, 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 2012 consolidated financial statements, except for the new standards and amendments to existing standards effective for 2013, as described below.

Ahold's reporting calendar is based on 13 periods of four weeks, with 2013 and 2012 each comprising 52 weeks. The second quarters of 2013 and 2012 are each comprised of 12 weeks. The financial year of Ahold's unconsolidated joint venture JMR - Gestão de Empresas de Retalho, SGPS. S.A. ("JMR") corresponds to the calendar year. Any significant transactions and / or events between JMR's quarter-end and Ahold's quarter-end are taken into account in the preparation of Ahold's financial statements.

Changes in presentation
In Q1 2013, Ahold changed the presentation of the income statement to a framework that provides a better alignment between expense categories and functions. The change resulted in certain reclassifications within the 2012 income statement. In the Q2 2012 income statement, this change decreased cost of sales by €31 million (HY 2012: €72 million) and increased selling expenses and general and administrative expenses by €18 million (HY 2012: €45 million) and €13 million (HY 2012: €27 million), respectively. Furthermore, the comparative 2012 expenses by nature figures have been changed to conform to the current year presentation.

In Q1 2013, Ahold's investment in ICA met the criteria to be classified as a discontinued operation and, accordingly, in Q2 €28 million (HY 2012: €57 million) that was previously reported in Q2 2012 as share of income from joint ventures has been reclassified to income from discontinued operations.

The tables at the end of this note outline the effects on Ahold's comparative 2012 amounts.

New and revised IFRSs effective in 2013
The amendment to IAS 1, "Presentation of Financial Statements," as part of the "Annual Improvements to IFRSs 2009-2011 Cycle," became effective in 2013. These amendments require Ahold to group items of other comprehensive income on the basis of whether or not they are potentially able to be subsequently reclassified to profit or loss (reclassification adjustments). The presentation of Ahold's consolidated statement of comprehensive income has been adjusted to comply with these amendments; however the amendments have no effect on Ahold's financial position or performance.

IAS 19, "Employee Benefits," (as revised June 2011) became effective for the Company as of January 1, 2013. Ahold has applied the revised standard retrospectively and in accordance with the transitional provisions as set out in IAS 19.173 (as revised). These transitional provisions do not have an effect on future periods.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits.

The most significant changes relate to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets as they occur, hence eliminating the ”corridor approach” permitted under the previous version of IAS 19, and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 have been replaced with a ”net-interest” amount, which is calculated by applying the discount rate to the net defined liability or asset. IAS 19 (as revised) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. In addition to the IAS 19 amendments, Ahold has changed its presentation of the net-interest amount to be within net financial expenses, instead of the previous presentation within operating expenses. The effect of these changes is presented below.

IFRS 13, “Fair value measurement,” became effective for the Company as of January 1, 2013. It is applied prospectively. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within the IFRSs. Upon the adoption of the standard, there has been no change in how the Company measures fair value. As a result, the adoption of IFRS 13 does not have a significant effect on Ahold’s financial position or performance. For more information about financial instruments and fair value measurements, see *Note 12*.

In addition, the following new and amended IASB pronouncements have been adopted by Ahold. The initial application of these pronouncements has been assessed and they do not have any significant effect on Ahold’s financial position or performance.

- IFRS 10, “Consolidated financial statements” and amendments to IAS 27, “Separate financial statements”
- IFRS 11, “Joint arrangements” and amendments to IAS 28, “Investments in associates and joint ventures”
- IFRS 12, “Disclosures of interests in other entities”

The restatements to Ahold's 2012 comparative amounts for the changes in presentation and adoption of IAS 19 (as revised) are as follows:

(€ million, except per share data)	Q2 2012 as reported	Changes in presentation	IAS 19 restatement	Q2 2012 as restated
Consolidated income statement line items				
Net sales	7,692	-	-	7,692
Cost of sales	(5,704)	31	-	(5,673)
Gross profit	**1,988**	**31**	**-**	**2,019**
Selling expenses	(1,433)	(18)	(4)	(1,455)
General and administrative expenses	(229)	(13)	2	(240)
Operating Income	**326**	**-**	**(2)**	**324**
Interest income	5	-	-	5
Interest expense	(54)	-	-	(54)
Interest income (expense) on defined benefit pension plans - net	-	-	4	4
Other financial income (expense)	(5)	-	-	(5)
Income before income taxes	**272**	**-**	**2**	**274**
Income taxes	(50)	-	-	(50)
Share in income (loss) of joint ventures	22	(28)	-	(6)
Income from continuing operations	**244**	**(28)**	**2**	**218**
Income from discontinued operations	4	28	(1)	31
Net income attributable to common shareholders	**248**	**-**	**1**	**249**
Net income per share attributable to common shareholders				
Basic	0.24	-	-	0.24
Diluted	0.23	-	-	0.23
Income from continuing operations per share attributable to common shareholders				
Basic	0.24	(0.03)	-	0.21
Diluted	0.23	(0.03)	-	0.20

(€ million, except per share data)	HY 2012 as reported	Changes in presentation	IAS 19 restatement	HY 2012 as restated
Consolidated income statement line items				
Net sales	17,408	-	-	17,408
Cost of sales	(12,889)	72	-	(12,817)
Gross profit	**4,519**	**72**	**-**	**4,591**
Selling expenses	(3,272)	(45)	(9)	(3,326)
General and administrative expenses	(505)	(27)	4	(528)
Operating Income	**742**	**-**	**(5)**	**737**
Interest income	8	-	-	8
Interest expense	(128)	-	-	(128)
Interest income (expense) on defined benefit pension plans - net	-	-	10	10
Other financial income (expense)	(5)	-	-	(5)
Income before income taxes	**617**	**-**	**5**	**622**
Income taxes	(143)	-	(1)	(144)
Share in income (loss) of joint ventures	54	(57)	-	(3)
Income from continuing operations	**528**	**(57)**	**4**	**475**
Income from discontinued operations	2	57	-	59
Net income attributable to common shareholders	**530**	**-**	**4**	**534**
Net income per share attributable to common shareholders				
Basic	0.51	-	-	0.51
Diluted	0.49	-	0.01	0.50
Income from continuing operations per share attributable to common shareholders				
Basic	0.51	(0.05)	-	0.46
Diluted	0.49	(0.05)	-	0.44

(€ million)	Q2 2012 as reported	Changes in presentation	IAS 19 restatement	Q2 2012 as restated
Consolidated statement of comprehensive income line items				
Net income	**248**	**-**	**1**	**249**
Remeasurement defined benefit pension plans before tax	-	-	(609)	(609)
Income taxes	-	-	166	166
Other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	(443)	(443)
Other comprehensive income that may be reclassified to profit or loss	254	-	(20)	234
Total other comprehensive income (loss)	**254**	**-**	**(463)**	**(209)**
Total comprehensive income attributable to common shareholders	**502**	**-**	**(462)**	**40**

(€ million)	HY 2012 as reported	Changes in presentation	IAS 19 Restatement	HY 2012 as restated
Consolidated statement of comprehensive income line items				
Net income	**530**	**-**	**4**	**534**
Remeasurement defined benefit pension plans before tax	-	-	(682)	(682)
Income taxes	-	-	191	191
Other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	(491)	(491)
Other comprehensive income that may be reclassified to profit or loss	190	-	(15)	175
Total other comprehensive income (loss)	**190**	**-**	**(506)**	**(316)**
Total comprehensive income attributable to common shareholders	**720**	**-**	**(502)**	**218**

(€ million)	December 30, 2012 as reported	Changes in presentation	IAS 19 restatement	December 30, 2012 as restated
Consolidated balance sheet line items				
Investments in joint ventures	1,047	-	(30)	1,017
Other non-current financial assets	1,059	-	(639)	420
Deferred tax assets	353	-	159	512
Pensions and other post-employment benefits	(110)	-	(533)	(643)
Deferred tax liabilities	(292)	-	194	(98)
Equity attributable to common shareholders	(5,995)	-	849	(5,146)

(€ million)	July 15, 2012 as reported	Changes in presentation	IAS 19 restatement	July 15, 2012 as restated
Consolidated statement of changes in equity				
Share capital	318	-	-	318
Additional paid-in capital	8,713	-	-	8,713
Currency translation reserve	(56)	-	(14)	(70)
Cash flow hedging reserve	(112)	-	-	(112)
Other reserves including accumulated deficit	(2,933)	-	(555)	(3,488)
Equity attributable to common shareholders	**5,930**	**-**	**(569)**	**5,361**

(€ million)	December 30, 2012 as reported	Changes in presentation	IAS 19 Restatement	December 30, 2012 as restated
Consolidated statement of changes in equity				
Share capital	318	-	-	318
Additional paid-in capital	8,713	-	-	8,713
Currency translation reserve[1]	(298)	-	6	(292)
Cash flow hedging reserve	(126)	-	-	(126)
Other reserves including accumulated deficit[1]	(2,612)	-	(855)	(3,467)
Equity attributable to common shareholders	**5,995**	**-**	**(849)**	**5,146**

1. *The IAS 19 restatement amounts include a further offsetting €3 million refinement from the amounts presented in Q1 2013.*

(€ million)	Q2 2012 as reported	Changes in presentation	IAS 19 restatement	Q2 2012 as restated
Consolidated statement of cash flows line items				
Operating income	326	-	(2)	324
Changes in non-current assets, other non-current liabilities and provisions	(17)	-	2	(15)
Dividends from joint ventures	138	(136)	-	2
Investing cash flows from discontinued operations	-	136	-	136

(€ million)	HY 2012 as reported	Changes in presentation	IAS 19 restatement	HY 2012 as restated
Consolidated statement of cash flows line items				
Operating income	742	-	(5)	737
Changes in non-current assets, other non-current liabilities and provisions	(18)	-	5	(13)
Dividends from joint ventures	142	(136)	-	6
Investing cash flows from discontinued operations	-	136	-	136

3. Business combinations

Jumbo

On August 14, 2012, Ahold announced that its Albert Heijn division had completed the acquisition of 78 C1000 and 4 Jumbo stores from Jumbo for €290 million in cash, with €260 million paid to date (HY 2013: credit €5 million and 2012: €265 million) and the remaining to be settled as agreements are reached with the franchisees. During the second quarter of this year, four of the stores were converted to the Albert Heijn banner (22 stores converted in total). The remaining 60 franchisee-owned stores will be converted to the Albert Heijn banner over a period of time, in close cooperation with the entrepreneurs. Goodwill recognized in the amount of €78 million to date (HY 2013: €25 million and 2012: €53 million), which will not be deductible for tax purposes, represents expected synergies from the combination of operations, as well as the ability to expand Ahold's geographic reach.

The 22 individual stores that were converted to the Albert Heijn banner have contributed €33 million to Q2 2013 net sales (HY 2013: €64 million) and an insignificant amount to net income.

Other acquisitions

Albert Heijn acquired two stores from franchisees for €8 million, of which €4 million was recognized as additional goodwill and €4 million as property, plant and equipment.

The allocation of the fair value of the net assets acquired and the goodwill arising from the acquisitions during 2013 is as follows:

(€ million)	Jumbo	Other	Total
Property plant & equipment	-	4	4
Goodwill	25	4	29
Reversal of other intangible assets	(30)	-	(30)
Acquisition of business, net of cash	**(5)**	**8**	**3**

A reconciliation of Ahold's goodwill balance, which is presented within intangible assets, is as follows:

€ million	
As of December 30, 2012	
At cost	772
Accumulated impairment losses	(3)
Opening carrying amount	**769**
Business acquisitions	29
Exchange rate differences	3
Closing carrying amount	**801**
As of July 14, 2013	
At cost	804
Accumulated impairment losses	(3)
Carrying amount	**801**

4. Segment reporting

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint venture 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, Albert Heijn Belgium, Albert Heijn Germany, Etos, Gall & Gall, bol.com and albert.nl
Other Europe	Albert (Czech Republic and Slovakia) and Hypernova (Slovakia)

Other	Included in Other
Other retail	Unconsolidated joint venture JMR (49%)
Corporate Center	Corporate Center staff (the Netherlands, Switzerland and the United States)

Net sales

Net sales per segment are as follows:

	Q2 2013	Q2 2012	% change	HY 2013	HY 2012	% change
$ million						
Ahold USA	6,135	6,012	2.0%	14,203	13,815	2.8%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.7659*	*0.7893*	*(3.0)%*	*0.7624*	*0.7738*	*(1.5)%*
€ million						
Ahold USA	4,699	4,747	(1.0)%	10,828	10,693	1.3%
The Netherlands	2,703	2,560	5.6%	6,209	5,822	6.6%
Other Europe	367	385	(4.7)%	849	893	(4.9)%
Ahold Group	**7,769**	**7,692**	**1.0%**	**17,886**	**17,408**	**2.7%**

The net sales of Ahold's unconsolidated joint venture JMR amounted to €853 million and €830 million for Q2 2013 and Q2 2012, respectively (HY 2013: €1,631 million and HY 2012: €1,570 million).

Operating income

Operating income (loss) per segment is as follows:

	Q2 2013	Q2 2012 (restated)[1]	% change	HY 2013	HY 2012 (restated)[1]	% change
$ million						
Ahold USA	246	263	(6.5)%	477	582	(18.0)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.7659*	*0.7893*	*(3.0)%*	*0.7624*	*0.7738*	*(1.5)%*
€ million						
Ahold USA	190	207	(8.2)%	363	450	(19.3)%
The Netherlands	144	132	9.1%	331	320	3.4%
Other Europe	1	3	(66.7)%	6	7	(14.3)%
Corporate Center	(10)	(18)	44.4%	(30)	(40)	25.0%
Ahold Group	**325**	**324**	**0.3%**	**670**	**737**	**(9.1)%**

1. *See Note 2 for a further explanation of the restatements.*

Ahold USA

Q2 2013 operating income included $37 million (€29 million) of impairment charges (HY 2013: $61 million (€47 million)) and $27 million (€20 million) of gain on sale of asset (HY 2013: $27 million (€20 million)). Further, HY 2013 included $9 million (€7 million) gains on the final settlement of the Frozen Plan and a multi-employer pension withdrawal liability in the amount of $82 million (€63 million) (see *Note 10*).

Operating income in Q2 2012 included $4 million (€3 million) of impairments (HY 2012: $14 million (€10 million)), $2 million (€2 million) of gain on sale of assets (HY 2012: $3 million (€2 million)) and $2 million (€2 million) of business acquisition costs related to the acquisition of the Genuardi's stores (HY 2012: $2 million (€2 million)).

The Netherlands

Q2 2013 operating income included €3 million of impairment charges (HY 2013: €3 million) and €1 million of losses on the sale of assets (HY 2013: nil).

Q2 2012 operating income included a €2 million (HY 2012: €4 million) gain on the sale of assets, and €1 million (HY 2012: €1 million) of business acquisition costs related to the transaction with Jumbo.

Other Europe

Q2 2013 operating income included €2 million of impairment charges (HY 2013: €2 million).

Included in the Q2 2012 operating income were impairments of €1 million (HY 2012: €1 million).

Corporate Center

Corporate Center costs for Q2 2013 were down €8 million compared to the same period last year (HY 2013: down €10 million). Excluding the effect of the Company's insurance activities, Corporate Center costs were €19 million, €3 million higher than last year (HY 2013: €40 million, €1 million higher than last year). Q2 2013 Corporate Center costs included €1 million of gains on the sale of assets (HY 2013: €1 million) and a €1 million gain from the release of a restructuring-related provision (HY 2013: €1 million). Further, the HY 2013 Corporate Center costs included $3 million (€2 million) of gains on the final settlement of the Frozen Plan (see *Note 10*).

Corporate Center costs in 2012 were impacted by €10 million of gains on sale of investments in associates offset by €6 million of acquisition costs related to the acquisition of bol.com.

5. Expenses by nature

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

€ million	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
Cost of product	5,459	5,445	12,562	12,301
Labor costs	1,112	1,071	2,623	2,438
Other operational expenses	545	550	1,268	1,225
Depreciation and amortization	195	190	451	435
Rent expenses and income - net	119	120	281	277
Impairment losses and reversals - net	34	4	52	11
Gains on the sale of assets - net	(20)	(12)	(21)	(16)
Total	**7,444**	**7,368**	**17,216**	**16,671**

1. The comparative 2012 expenses by nature figures have been changed to conform to the current year presentation. See Note 2 for a further explanation of the restatements.

6. Income taxes

Income taxes for 2013 include €12 million of one-time tax benefits recognized in Q1, mainly arising from a ruling on an uncertain tax position. In Q2 2012, income taxes included €18 million in benefits for one-time events, which include benefits arising from financial transactions.

7. Share in income (loss) of joint ventures

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

€ million	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
JMR	1	(8)	3	(6)
Other	1	2	1	3
Total	**2**	**(6)**	**4**	**(3)**

1. See Note 2 for a further explanation of the restatements.

8. Assets and liabilities held for sale and discontinued operations

Income from discontinued operations is specified as follows:

€ million	Q2 2013	Q2 2012 (restated)[1]	HY 2013	HY 2012 (restated)[1]
ICA	-	27	137	57
Operating results from discontinued operations	-	27	137	57
ICA	3	-	1,614	-
BI-LO and Bruno's	4	3	3	3
Other[2]	-	1	(4)	(1)
Results on divestments of discontinued operations	7	4	1,613	2
Income from discontinued operations, net of income taxes	**7**	**31**	**1,750**	**59**

1. See Note 2 for a further explanation of the restatements.
2. Includes adjustments to the result on various past divestments.

HY 2013 operating results from discontinued operations includes Ahold's proportionate share in the operating results of ICA for the month of January 2013 of a €2 million loss, as well as a dividend received from ICA of SEK 1.2 billion (€142 million). The expected cash flows from the receipt of the dividend were subject to a cash flow hedge and, consequently, Ahold recognized €139 million of dividend income (€142 million dividend receivable at the date of recognition less the effect of the cash flow hedge of €3 million).

On February 10, 2013, Ahold reached a sale agreement with Hakon Invest regarding its 60% holding in ICA for SEK 20 billion. The transaction was completed on March 27, 2013, and as a result Ahold recorded a gain of €1,614 million as a result on divestment of ICA as presented below:

€ million	
Proceeds net of cost to sell	2,368
Net assets divested	(828)
Results on divestment before recycling of currency exchange differences and other items	1,540
Currency exchange differences transferred from equity	82
Other items previously recognized in other comprehensive income	(9)
Results on divestments before income taxes	1,613
Income taxes	1
Result on divestment of ICA	**1,614**

The cash flows from divestment of businesses as presented in the cash flow statement are as follows:

€ million	Q2 2013	Q2 2012	HY 2013	HY 2012
Proceeds from ICA	(9)	-	2,368	-
Net cash flows related to other past divestments	(2)	(41)	(7)	(44)
Divestment of businesses, net of cash divested	**(11)**	**(41)**	**2,361**	**(44)**

9. Equity attributable to common shareholders

Dividend on common shares

On April 17, 2013, the General Meeting of Shareholders approved the dividend over 2012 of €0.44 per common share (€457 million in the aggregate). This dividend was included as a liability on the balance sheet as of April 21, 2013, and was paid on May 2, 2013.

Share buyback

On February 28, 2013, Ahold announced its decision to return €500 million to its shareholders by way of a share buyback program, to be completed over a 12-month period. Subsequently, on June 4, 2013, Ahold announced an extension to this program of an additional €1.5 billion, for a total share buyback of €2 billion, expected to be completed by the end of 2014. The total number of shares repurchased under this program over the period from March 11, 2013, through July 14, 2013, was 20,756,429 common shares (Q2 2013: 15,632,983). Shares were repurchased for a total amount of €247 million (Q2 2013: €186 million), at an average price of €11.88 per share.

The number of outstanding common shares as of July 14, 2013, was 1,022,341,045 (December 30, 2012: 1,038,507,411).

10. Pensions and other post-employment benefits

On September 14, 2012, Ahold received approval from the U.S. Internal Revenue Service to terminate the U.S. Frozen Plan. Plan participants had the opportunity to elect a lump sum or annuity payment option if the present value of their benefit was in excess of $5,000; all other participants were paid in lump sums. Lump sum settlements were made in mid-December, 2012, while the purchase of annuity contracts occurred in Q1 2013. The final settlement expense of the lump sum payments and an estimate of the settlement expense of the annuity contracts amounted to €121 million and were recognized in 2012. Upon the purchase of the annuity contracts in Q1 2013 a gain of €9 million ($12 million) was recognized, representing an adjustment to the 2012 annuity estimate. Of this gain, €7 million ($9 million) was recognized in Ahold USA and €2 million ($3 million) in the Corporate Center.

During Q1 2013, Stop & Shop reached an agreement with the New England Teamsters and Trucking Industry Pension Fund (NETTI) to settle Stop & Shop's pension liabilities in the fund, an estimate of which was disclosed in *Note 23* to Ahold's 2012 financial statements. This agreement follows NETTI's restructuring to create a new future benefit service "pool." Employers who participate in the new pool will be responsible only for the pension benefits of their own employees, without regard to any previous fund liabilities in the original pension pool. Under the settlement agreement, Stop & Shop will move its employees into the new pool going forward without any loss of benefits for its employees and will settle its liability and payment obligations in the original pension pool through the payment of $100 million (€76 million), payable in two equal installments of $50 million, one paid on June 22, 2013, and the second due by April 30, 2025. Accordingly, Stop & Shop has recorded a pre-tax liability in Q2 2013 for the discounted amount of the remaining settlement liability of $33 million (€25 million). Stop & Shop's withdrawal from the original pension plan pool was effective as of March 31, 2013.

During the quarter, the Company's defined benefit plans were remeasured to their funded status with the effect being recognized in other comprehensive income. The remeasurement of the defined benefit obligation was based on the discount rate as of the end of the quarter; while the plan asset fair values were remeasured to the most recent valuations available at the end of the quarter.

11. Cash flow

The changes in cash and cash equivalent balances are as follows:

€ million	HY 2013	HY 2012
Cash and cash equivalents at the beginning of the year	1,886	2,438
Restricted cash	(22)	(31)
Cash and cash equivalents beginning of the year, excluding restricted cash	1,864	2,407
Net cash from operating, investing and financing activities	1,927	(738)
Effect of exchange rate differences on cash and cash equivalents	10	51
Restricted cash	22	31
Cash and cash equivalents at the end of the quarter	**3,823**	**1,751**

Included in Other financing cash flows is the €92 million ($124 million) Q1 2013 settlement paid to Vornado. Refer to *Note 34* of Ahold's 2012 Annual Report for more information on the litigation.

12. Financial instruments

Fair values of financial instruments

The following table presents the fair values of financial instruments, based on Ahold's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are included on the balance sheet:

€ million	July 14, 2013		December 30, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loan receivable	38	49	38	54
Accounts receivable	724	724	800	800
Reinsurance assets	128	128	109	109
Total loans and receivables	890	901	947	963
Cash and cash equivalents	3,823	3,823	1,886	1,886
Short-term deposits and similar instruments	145	145	-	-
Derivatives	256	256	282	282
Available for sale	4	4	4	4
Total financial assets	**5,118**	**5,129**	**3,119**	**3,135**
Notes	(1,005)	(1,231)	(1,056)	(1,348)
Other loans	(4)	(3)	(5)	(4)
Financing obligations	(375)	(538)	(381)	(573)
Mortgages payable	(10)	(12)	(11)	(12)
Finance lease liabilities	(1,218)	(1,614)	(1,254)	(1,731)
Cumulative preferred financing shares	(497)	(536)	(497)	(535)
Dividend cumulative preferred financing shares	(13)	(13)	(24)	(24)
Accounts payable	(2,476)	(2,476)	(2,667)	(2,667)
Short-term borrowings	(46)	(46)	(42)	(42)
Interest payable	(13)	(13)	(25)	(25)
Reinsurance liabilities	(145)	(145)	(121)	(121)
Other	(65)	(76)	(2)	(2)
Total financial liabilities at amortized cost	(5,867)	(6,703)	(6,085)	(7,084)
Derivatives	(201)	(201)	(177)	(177)
Total financial liabilities	**(6,068)**	**(6,904)**	**(6,262)**	**(7,261)**

Financial assets and liabilities measured at fair value in the balance sheet
Of Ahold's categories of financial instruments, only derivatives and assets available for sale are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

The carrying amount of receivables, cash and cash equivalents, accounts payable, short-term deposits held to maturity, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at quarter end. The fair value calculation method and the conditions for redemption and conversion of the cumulative preferred financing shares are disclosed in *Note 22* of Ahold's 2012 Annual Report. The accrued interest is included in other current financial liabilities and not in the carrying amounts of non-derivative financial assets and liabilities.

13. Commitments and contingencies

An overview of commitments and contingencies as of December 30, 2012, is included in *Note 34* of Ahold's 2012 consolidated financial statements, which were published as part of Ahold's 2012 Annual Report on March 6, 2013. There have been no significant changes to this overview through Q2 of 2013.

14. Subsequent events

Closure of New Hampshire stores

On August 6, 2013, Stop & Shop announced plans to close six stores and three gas stations in New Hampshire on or before September 21, 2013. During Q2, Ahold recognized $26 million (€20 million) of impairments related to these stores. Expected closing costs to be recognized in Q3 2013 are not anticipated to exceed $50 million (€38 million) and consist mainly of onerous contract provisions related to our lease obligations.

Use of non-GAAP financial measures

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

- **Net sales at constant exchange rates.** Net sales at constant exchange rates exclude the effect 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 and online sales in existing market areas, 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 operating income.** Total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, restructuring and related charges, including business acquisition transaction costs and other significant non-recurring transactions. Ahold's management believes this measure provides better insight into the underlying operating performance of Ahold's operations.

  The reconciliation from the underlying operating income per segment to the operating income per segment is as follows for Q2 2013 and Q2 2012 and for the first half of 2013 and 2012, respectively:

(€ million)	Underlying operating income Q2 2013	Impairments	Gains (losses) on the sale of assets	Restructuring and related charges	Other	Operating income Q2 2013
Ahold USA	199	(29)	20	-	-	190
The Netherlands	148	(3)	(1)	-	-	144
Other Europe	3	(2)	-	-	-	1
Corporate Center	(12)	-	1	1	-	(10)
Ahold Group	**338**	**(34)**	**20**	**1**	**-**	**325**

(€ million)	Underlying operating income Q2 2012 (restated)[1]	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income Q2 2012 (restated)[1]
Ahold USA	210	(3)	2	(2)	-	207
The Netherlands	131	-	2	(1)	-	132
Other Europe	4	(1)	-	-	-	3
Corporate Center	(20)	-	8	(6)	-	(18)
Ahold Group	**325**	**(4)**	**12**	**(9)**	**-**	**324**

1. See Note 2 for a further explanation of the restatements.

(€ million)	Underlying operating income HY 2013	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income HY 2013
Ahold USA	446	(47)	20	-	(56)	363
The Netherlands	334	(3)	-	-	-	331
Other Europe	8	(2)	-	-	-	6
Corporate Center	(34)	-	1	1	2	(30)
Ahold Group	**754**	**(52)**	**21**	**1**	**(54)**	**670**

The Other balance for Ahold USA of €56 million is the total of a multi-employer plan settlement charge in the amount of €63 million offset by gains on the settlement of annuity charges for the Frozen Plan of €7 million. These are further explained in *Note 10*.

(€ million)	Underlying operating income HY 2012 (restated)[1]	Impairments	Gains on the sale of assets	Restructuring and related charges	Other	Operating income HY 2012 (restated)[1]
Ahold USA	460	(10)	2	(2)	-	450
The Netherlands	317	-	4	(1)	-	320
Other Europe	8	(1)	-	-	-	7
Corporate Center	(44)	-	10	(6)	-	(40)
Ahold Group	**741**	**(11)**	**16**	**(9)**	**-**	**737**

1. See Note 2 for a further explanation of the restatements.

- **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**). Net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does not exclude impairments. EBITDA allows investors to analyze the 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 2013 and Q2 2012 and for the first half of 2013 and 2012, respectively:

(€ million)	EBITDA Q2 2013	Depreciation and amortization	Operating income Q2 2013	EBITDA Q2 2012 (restated)[1]	Depreciation and amortization	Operating income Q2 2012 (restated)[1]
Ahold USA	319	(129)	190	333	(126)	207
The Netherlands	202	(58)	144	184	(52)	132
Other Europe	9	(8)	1	14	(11)	3
Corporate Center	(10)	-	(10)	(17)	(1)	(18)
Total	**520**	**(195)**	**325**	**514**	**(190)**	**324**

1. See Note 2 for a further explanation of the restatements.

(€ million)	EBITDA HY 2013	Depreciation and amortization	Operating income HY 2013	EBITDA HY 2012 (restated)[1]	Depreciation and amortization	Operating income HY 2012 (restated)[1]
Ahold USA	662	(299)	363	741	(291)	450
The Netherlands	462	(131)	331	437	(117)	320
Other Europe	26	(20)	6	33	(26)	7
Corporate Center	(29)	(1)	(30)	(39)	(1)	(40)
Total	**1,121**	**(451)**	**670**	**1,172**	**(435)**	**737**

1. See Note 2 for a further explanation of the restatements.

- **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 loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents and short-term deposits and similar instruments 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 2013 financial year consists of 52 weeks and ends on December 29, 2013. The quarters in 2013 are:

First quarter (16 weeks)	December 31, 2012 through April 21, 2013
Second quarter (12 weeks)	April 22 through July 14, 2013
Third quarter (12 weeks)	July 15 through October 6, 2013
Fourth quarter (12 weeks)	October 7 through December 29, 2013

Ahold Finance U.S.A., LLC

The interim report half year 2013 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.

2013/14

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's growth initiatives, focus of customers on value, volumes, Ahold's cost saving program, Reshaping Retail Strategy, new leadership structure, governance structure and decision-making process, Ahold's overall simplification of processes, its enterprise risk management program, expected costs in connection with the closing of Stop & Shop stores and gas stations in New Hampshire, United States, multi-employer pension plan settlement, conversion of C1000 and Jumbo stores and Stop & Shop's agreement with NETTI. 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."