

Koninklijke Ahold N.V.
Interim Financial Report
Second quarter and half year 2008

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Consolidated interim statements of operations

(unaudited)

	Note	HY 2008	HY 2007	Q2 2008	Q2 2007
(Euros in millions, except per share data)					
Net sales	3	13,321	13,466	5,783	5,832
Cost of sales	6	(9,801)	(9,731)	(4,280)	(4,219)
Gross profit		3,520	3,735	1,503	1,613
Selling expenses		(2,548)	(2,702)	(1,099)	(1,154)
General and administrative expenses	4,5	(401)	(446)	(169)	(185)
Total operating expenses	6	(2,949)	(3,148)	(1,268)	(1,339)
Operating income	3	571	587	235	274
Interest income		65	40	25	23
Interest expense		(185)	(237)	(73)	(102)
Other financial expense		(7)	(27)	1	(13)
Net financial expense		(127)	(224)	(47)	(92)
Income before income taxes		444	363	188	182
Income taxes		(96)	(91)	(48)	(44)
Share in income of joint ventures	7	50	54	37	32
Income from continuing operations		398	326	177	170
Income from discontinued operations	8	201	2,143	161	2,058
Net income		599	2,469	338	2,228
Attributable to:					
Common shareholders		594	2,461	336	2,224
Minority interests		5	8	2	4
Net income		599	2,469	338	2,228
Net income per share					
Basic		0.51	1.56	0.29	1.41
Diluted		0.49	1.55	0.28	1.40
Income from continuing operations per share					
Basic		0.34	0.21	0.15	0.11
Diluted		0.33	0.20	0.15	0.11
Weighted average number of common shares outstanding (x 1,000)					
Basic		1,172,922	1,579,702	1,173,907	1,580,630
Diluted		1,241,713	1,590,446	1,242,093	1,591,184
Average USD exchange rate (euro per U.S. dollar)		0.6526	0.7508	0.6403	0.7397

Consolidated interim statements of recognized income and expense

(unaudited)

(Euros in millions)	HY 2008	HY 2007
Net income	599	2,469
Exchange rate differences in foreign interests	(114)	(161)
Cumulative exchange rate differences related to divestments	-	(111)
Gains (losses) on cash flow hedges - net	(1)	25
Other - net	-	(1)
Income (expense) recognized directly in equity	(115)	(248)
Total recognized income and expense	484	2,221
Attributable to:		
Common shareholders	479	2,213
Minority interests	5	8
Total recognized income and expense	484	2,221

Consolidated interim balance sheets

(unaudited)

(Euros in millions)	Note	July 13, 2008	December 30, 2007
Assets			
Property, plant and equipment		4,923	5,390
Investment property		412	463
Goodwill		243	252
Other intangible assets		272	351
Investments in joint ventures		845	869
Deferred tax assets		361	370
Other non-current assets		500	422
Total non-current assets		7,556	8,117
Assets held for sale	<i>8</i>	175	206
Inventories		1,091	1,263
Income taxes receivable		-	7
Receivables		650	941
Other current assets		159	147
Cash and cash equivalents	<i>11</i>	2,662	3,263
Total current assets		4,737	5,827
Total assets		12,293	13,944
Quarter-end USD exchange rate (euro per U.S. dollar)		0.6273	0.6795

Consolidated interim balance sheets – continued

(unaudited)

(Euros in millions)	Note	July 13, 2008	December 30, 2007
Group equity and liabilities			
Equity attributable to common shareholders	9	4,077	3,810
Minority interests	8	-	77
Group equity		4,077	3,887
Pensions and other post-employment benefits		111	183
Deferred tax liabilities		45	34
Provisions		412	408
Loans	10	2,115	2,658
Other non-current financial liabilities		1,602	1,688
Other non-current liabilities		157	153
Total non-current liabilities		4,442	5,124
Provisions		174	196
Income taxes payable		86	126
Accounts payable		2,021	2,240
Other current financial liabilities	10	643	1,342
Other current liabilities		850	1,029
Total current liabilities		3,774	4,933
Total group equity and liabilities		12,293	13,944
Quarter-end USD exchange rate (euro per U.S. dollar)		0.6273	0.6795

Consolidated interim statements of cash flows

(unaudited)

	Note	HY 2008	HY 2007	Q2 2008	Q2 2007
(Euros in millions)					
Operating income		571	587	235	274
Adjustments for:					
Depreciation, amortization and impairments		347	374	152	157
Gains on the sale of assets		(36)	(29)	(26)	(20)
Other		16	16	7	8
Operating cash flows before changes in working capital		898	948	368	419
Changes in inventories		54	57	11	6
Changes in receivables and other current assets		28	25	(28)	(53)
Changes in payables and other current liabilities		(90)	(105)	101	86
Changes in non-current assets and liabilities		(18)	(51)	20	(27)
Class action settlement		-	(284)	-	-
Cash generated from operations		872	590	472	431
Income taxes paid - net		(88)	(24)	(19)	(6)
Operating cash flows from continuing operations		784	566	453	425
Operating cash flows from discontinued operations		24	259	(18)	144
Net cash from operating activities		808	825	435	569
Purchase of non-current assets		(434)	(385)	(240)	(167)
Divestments of assets/disposal groups held for sale		69	35	55	21
Acquisition of businesses, net of cash acquired		(8)	(13)	(1)	(8)
Divestment of businesses, net of cash divested	8	342	5,231	342	5,229
Dividends from joint ventures		70	64	70	63
Interest received		67	36	24	19
Issuance of loans receivable	8	(52)	(1)	(50)	-
Repayments of loans receivable		30	3	2	1
Other		15	-	2	-
Investing cash flows from continuing operations		99	4,970	204	5,158
Investing cash flows from discontinued operations		(1)	(119)	(4)	(49)
Net cash from investing activities		98	4,851	200	5,109
Interest paid		(209)	(251)	(129)	(151)
Repayments of loans	10	(961)	(166)	(952)	(52)
Changes in derivatives		(10)	(15)	1	(4)
Dividends paid on common shares	9	(188)	-	(188)	-
Acquisition minority interest	8	(55)	-	(55)	-
Other		35	13	21	9
Financing cash flows from continuing operations		(1,388)	(419)	(1,302)	(198)
Financing cash flows from discontinued operations		(30)	(53)	4	(19)
Net cash from financing activities		(1,418)	(472)	(1,298)	(217)
Net cash from operating, investing and financing activities	11	(512)	5,204	(663)	5,461
Average USD exchange rate (euro per U.S. dollar)		0.6526	0.7508	0.6403	0.7397

Notes to the condensed consolidated interim financial statements

(Euros in millions, unless otherwise stated)

1 The Company and its operations

The principal activities 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, are the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures. In addition, some subsidiaries finance, develop and manage store sites and shopping centers, primarily to support retail operations. The activities of Ahold are to some extent subject to seasonal influences. Ahold's retail business generally experiences an increase in net sales in the fourth quarter of each year, resulting mainly from holiday sales.

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

2 Accounting policies

Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies applied in these interim financial statements are consistent with those applied in Ahold's 2007 consolidated financial statements, except as described below under "change in accounting policies". Comparative figures for Q2 2007 have been adjusted from those previously reported to reflect the classification of Schuitema, which was sold in Q2 2008, as discontinued operation.

Ahold's reporting calendar is based on 13 periods of four weeks, with HY 2008 and Q2 2008 comprising 28 and 12 weeks, respectively, and ending on July 13, 2008 (HY 2007 and Q2 2007: 28 and 12 weeks, respectively, ending on July 15, 2007). The financial year of Ahold's unconsolidated joint venture ICA AB ("ICA") corresponds to the calendar year. Any significant transactions and/or events between ICA's quarter-end and Ahold's quarter-end are taken into account in the preparation of Ahold's interim financial statements.

Euro equivalents of foreign currency amounts stated in the notes to these interim financial statements are determined using historical rates for settled items and closing rates for items to be settled as of July 13, 2008.

Change in accounting policies

As of 2008, Ahold has applied IFRS 8 "Operating segments". IFRS 8 introduces new disclosure requirements with respect to segment information. The adoption of IFRS 8 did not have an impact on Ahold's segment structure, consolidated financial results or position; however, segment results no longer include intercompany royalties. Comparative information has been changed accordingly, with the effect that Giant-Carlisle's HY 2007 operating income increased by EUR 7 (Q2 2007: EUR 3) and the Corporate Center's operating result decreased by the same amount.

3 Segment reporting

Ahold's operations are presented in five segments. In addition, Ahold's Corporate Center is presented separately.

Segment	Significant operations in the segment
Stop & Shop/Giant-Landover Giant-Carlisle Albert Heijn Albert/Hypernova Other retail	Stop & Shop, Giant-Landover and Peapod Giant-Carlisle Albert Heijn, Etos, Gall & Gall and Ahold Coffee Company Czech Republic and Slovakia Unconsolidated joint ventures ICA (60%) and JMR (49%) ¹
Corporate Center	Corporate staff (the Netherlands, Switzerland and the United States)

1. Classified as held for sale and discontinued operation, as further disclosed in note 8.

Net sales

Net sales per segment are as follows:

	HY 2008	HY 2007	% change	Q2 2008	Q2 2007	% change
<i>(Euros in millions)</i>						
Stop & Shop/Giant-Landover	5,977	6,775	(11.8%)	2,570	2,921	(12.0%)
Giant-Carlisle	1,651	1,724	(4.2%)	715	741	(3.5%)
Ahold USA	7,628	8,499	(10.2%)	3,285	3,662	(10.3%)
Albert Heijn	4,770	4,191	13.8%	2,087	1,828	14.2%
Albert/Hypernova	923	776	18.9%	411	342	20.2%
Ahold Europe	5,693	4,967	14.6%	2,498	2,170	15.1%
Ahold Group	13,321	13,466	(1.1%)	5,783	5,832	(0.8%)

Net sales of Ahold's U.S. segments in U.S. dollars are as follows:

	HY 2008	HY 2007	% change	Q2 2008	Q2 2007	% change
<i>(U.S. dollars in millions)</i>						
Stop & Shop/Giant-Landover	9,159	9,025	1.5%	4,013	3,947	1.7%
Giant-Carlisle	2,531	2,297	10.2%	1,117	1,002	11.5%
Net sales of U.S. segments in USD	11,690	11,322	3.3%	5,130	4,949	3.7%
<i>Average USD exchange rate</i>	<i>0.6526</i>	<i>0.7508</i>	<i>(13.1%)</i>	<i>0.6403</i>	<i>0.7397</i>	<i>(13.4%)</i>
Net sales of U.S. segments in EUR	7,628	8,499	(10.2%)	3,285	3,662	(10.3%)

Net sales of Ahold's unconsolidated joint venture ICA amounted to EUR 4,699 and EUR 4,281 for HY 2008 and HY 2007, respectively (Q2 2008 and Q2 2007: EUR 2,433 and EUR 2,236, respectively).

Operating income

Operating income (loss) per segment is as follows:

	HY 2008	HY 2007*	% change	Q2 2008	Q2 2007*	% change
<i>(Euros in millions)</i>						
Stop & Shop/Giant-Landover	214	292	(26.7%)	80	119	(32.8%)
Giant-Carlisle	81	92	(12.0%)	33	45	(26.7%)
Ahold USA	295	384	(23.2%)	113	164	(31.1%)
Albert Heijn	327	280	16.8%	138	130	6.2%
Albert/Hypernova	(5)	-	n/m	(4)	5	n/m
Ahold Europe	322	280	15.0%	134	135	(0.7%)
Corporate Center	(46)	(61)	24.6%	(12)	(19)	36.8%
Unallocated	-	(16)	n/m	-	(6)	n/m
Ahold Group	571	587	(2.7%)	235	274	(14.2%)

* Comparative figures reflect the change in accounting policies as disclosed in note 2.

Operating income of Ahold's U.S. segments in U.S. dollars is as follows:

(U.S. dollars in millions)	HY 2008	HY 2007*	% change	Q2 2008	Q2 2007*	% change
Stop & Shop/Giant-Landover	327	389	(15.9%)	125	161	(22.4%)
Giant-Carlisle	123	123	-	51	61	(16.4%)
Operating income of U.S. segments in USD	450	512	(12.1%)	176	222	(20.7%)
<i>Average USD exchange rate</i>	0.6526	0.7508	(13.1%)	0.6403	0.7397	(13.4%)
Operating income of U.S. segments in EUR	295	384	(23.2%)	113	164	(31.1%)

* Comparative figures reflect the change in accounting policies as disclosed in note 2.

Stop & Shop/Giant-Landover

Operating income in Q2 2008 included restructuring, severance and related charges of USD 37 (EUR 23) and impairments of USD 7 (EUR 4), mainly resulting from the lease termination of an office building used by Ahold USA's IT organization and store closures. Furthermore, Q2 2008 included gains on the sale of assets of USD 22 (EUR 14), mainly related to the sale of a shopping center. Operating income in Q1 2008 included restructuring charges of USD 6 (EUR 4), consisting primarily of lease termination charges, gains on the sale of assets of USD 7 (EUR 5) and impairment losses of USD 3 (EUR 2).

Operating income in Q2 2007 included restructuring charges of USD 26 (EUR 19), mainly resulting from the closure of ten stores in the southern New Jersey market area. Operating income in Q2 2007 also included expenses of USD 9 (EUR 6) related to an adjustment of payroll tax accruals related to prior years and gains on the sale of assets of USD 13 (EUR 11), primarily related to the sale of a distribution facility. Operating income in Q1 2007 included restructuring charges of USD 9 (EUR 7), consisting primarily of severance charges and impairment losses.

Giant-Carlisle

Operating income in Q2 2008 included restructuring related charges of USD 8 (EUR 5), mainly resulting from the lease termination of an office building used by Ahold USA's IT organization.

Albert Heijn

Q2 2008 operating income included gains on the sale of assets of EUR 10, mainly related to the sale of two stores. Operating income in Q2 2008 included higher income from the Company's defined benefit pension plans compared to Q2 2007 of EUR 5 (Q1: EUR 7). Furthermore, operating income in Q1 2008 included gains on the sale of assets of EUR 5.

Albert Heijn recognized gains on the sale of assets of EUR 9 and EUR 7 in Q2 2007 and Q1 2007, respectively. The sale of some of these stores was required by the Netherlands competition authority, NMa, following the approval of the acquisition of Konmar stores from Laurus in 2006.

Corporate Center

Half-year operating result in 2008 included higher charges from the Company's self-insurance activities compared to 2007 of EUR 13, mainly in Q1 (EUR 12). This mainly reflects changes in the discount rate.

Operating income of the Corporate Center in Q2 2007 included a gain of EUR 7 resulting from a settlement of litigation with a vendor related to services provided in the past. Furthermore, operating income in Q2 2007 included restructuring charges of EUR 4.

Unallocated

Unallocated costs included various general and administrative expenses that prior to the qualification of Tops and Poland as held for sale and discontinued operations were allocated to those entities within their respective segments. These costs were not allocable to Tops and Poland as costs from discontinued operations. Classification of these costs as "unallocated" ceased as of divestment date.

For an overview of impairment of assets and gains and losses on the sale of assets per segment, see notes 4 and 5 below.

4 Impairment of assets

General and administrative expenses include the following impairments and reversals of impairments of non-current assets and disposal groups held for sale:

(Euros in millions)	HY 2008	HY 2007	Q2 2008	Q2 2007
Stop & Shop/Giant-Landover	(6)	(4)	(4)	-
Giant-Carlisle	-	(1)	-	-
Ahold USA	(6)	(5)	(4)	-
Albert Heijn	-	(4)	-	(2)
Albert/Hypernova	-	-	-	-
Ahold Europe	-	(4)	-	(2)
Corporate Center	-	-	-	-
Ahold Group	(6)	(9)	(4)	(2)

For a discussion of significant impairments, see note 3.

5 Gains and losses on the sale of assets

General and administrative expenses include the following gains and losses on the sale of non-current assets and disposal groups held for sale:

(Euros in millions)	HY 2008	HY 2007	Q2 2008	Q2 2007
Stop & Shop/Giant-Landover	19	12	14	11
Giant-Carlisle	-	-	-	-
Ahold USA	19	12	14	11
Albert Heijn	15	16	10	9
Albert/Hypernova	2	1	2	-
Ahold Europe	17	17	12	9
Corporate Center	-	-	-	-
Ahold Group	36	29	26	20

For a discussion of significant gains and losses on the sale of assets, see note 3.

6 Expenses by nature

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

(Euros in millions)	HY 2008	HY 2007	Q2 2008	Q2 2007
Cost of product	9,326	9,254	4,073	4,013
Employee benefit expenses	1,747	1,941	748	840
Other store expenses	837	827	368	366
Depreciation and amortization	341	365	148	155
Rent expenses	266	279	114	121
Impairment losses and reversals - net	6	9	4	2
Gains on the sale of assets - net	(36)	(29)	(26)	(20)
Other expenses	263	233	119	81
Total	12,750	12,879	5,548	5,558

7 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:

(Euros in millions)	HY 2008	HY 2007	Q2 2008	Q2 2007
ICA	46	52	34	31
Other	4	2	3	1
Total	50	54	37	32

Ahold's share in ICA's net income included gains on the sale of assets of EUR 9 and EUR 15 for Q2 2008 and Q2 2007, respectively (HY 2008 and HY 2007: EUR 11 and EUR 22, respectively).

8 Assets held for sale and discontinued operations

Schuitema

On January 21, 2008, Ahold announced that it had entered into negotiations with Schuitema and CVC Capital Partners ("CVC") about a potential divestment of its 73.2% interest in Schuitema to CVC. An agreement was announced on April 23, 2008 and the sale was completed on June 30, 2008 for proceeds of EUR 515. At the same time, Ahold, Schuitema and CVC entered into a store purchase agreement for the acquisition of 56 Schuitema stores, including owned real estate, for a total purchase price of EUR 208, valuing Ahold's previously owned 73.2% interest in these stores at EUR 153. Taken together, the net consideration for the sale of Ahold's 73.2% interest in Schuitema (i.e., net of the 56 stores retained) amounted to EUR 362, as summarized below, resulting in a gain on divestment of EUR 162.

(Euros in millions)	Total Schuitema	56 stores retained	Total sold
Fair value Schuitema shares (100%)	703	208	495
Minority interest (26.8%)	(188)	(55)	(133)
Fair value of Ahold's 73.2% interest	515	153	362

The acquired stores are to be transferred in several tranches over the remainder of 2008. At the end of Q2 2008, eight stores had been transferred to Albert Heijn. Until the date of transfer, the stores are operated by Schuitema under its trading name and for its benefit. Following their transfer, they will be converted into Albert Heijn stores.

Schuitema's results for 2008 and prior years have been classified as results from discontinued operations in their entirety. However, the assets and liabilities related to the 56 stores that are to be transferred to Albert Heijn (primarily land and buildings and finance lease assets and liabilities) have been retained in Ahold's consolidated balance sheet at their carrying amounts. The 26.8% minority interest related to the 56 retained stores has effectively been acquired by Ahold as part of the transaction, with the excess of the fair value paid over the existing carrying amount of the minority interest related to the retained stores, amounting to EUR 55, being recognized directly in equity.

As part of the transaction, Ahold acquired preference shares for EUR 50, carrying a fixed cumulative dividend of 6.5% per year, representing a 20% indirect interest in Schuitema. The preference shares are presented in the balance sheet as a loan receivable within other non-current assets. Ahold also acquired real estate related to certain of the retained stores from a third party for EUR 51.

Other

At the end of Q2 2008, JMR continues to be classified as held for sale and discontinued operation. During 2007, U.S. Foodservice (Q2), Ahold's retail activities in Poland (Q2) and Tops (Q4) were divested. Their results are presented as part of income from discontinued operations.

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

Segments	Discontinued operations	HY 2008	HY 2007	Q2 2008	Q2 2007
Giant-Carlisle	Tops	-	(1)	-	-
Albert/Hypernova	Poland	-	1	-	2
Schuitema	Schuitema	17	26	6	12
Other retail	JMR	13	14	-	2
U.S. Foodservice	U.S. Foodservice	-	100	-	41
Results from discontinued operations		30	140	6	57
Giant-Carlisle	Tops	10	-	(2)	-
Albert/Hypernova	Poland	(4)	253	(4)	253
U.S. Foodservice	U.S. Foodservice	4	1,754	-	1,754
Schuitema	Schuitema	162	-	162	-
Various	Various	(1)	(4)	(1)	(6)
Results on divestments		171	2,003	155	2,001
Income from discontinued operations – net of income taxes		201	2,143	161	2,058

Schuitema's HY 2008 operating income included restructuring charges of EUR 12 (Q2: nil). As a result of JMR's classification as held for sale and discontinued operation as of December 31, 2006, JMR is no longer accounted for using the equity method. JMR's results represent dividends and fees received.

The assets and liabilities related to the Schuitema stores yet to be transferred to Albert Heijn will be determined definitively at the transfer date. The result on divestment will be adjusted accordingly upon transfer.

The following table presents a reconciliation between the cash received and the results on divestments of discontinued operations:

(Euros in millions)	HY 2008	HY 2007
Cash received (net of cash divested of EUR 16 and EUR 281, respectively)	342	5,231
Net assets divested	(192)	(3,322)
Accounts payable	-	(11)
Cumulative exchange rate differences transferred from equity	-	111
Income taxes	8	(6)
Adjustments to prior year divestments	13	-
Results on divestments	171	2,003

9 Equity attributable to common shareholders

On April 23, 2008, the General Meeting of Shareholders determined the dividend over 2007 at EUR 0.16 per common share (EUR 188 in the aggregate). The dividend was paid on May 13, 2008.

As further disclosed in note 8, EUR 55 was charged directly to equity related to the change in Ahold's ownership interest in the 56 retained stores in the Schuitema transaction.

10 Loans

Repayments of loans amounted to EUR 961 for the first half of 2008 (Q2 2008: EUR 952), mainly related to the notes with a principal amount of EUR 949, which matured on May 9, 2008. The loans were repaid from the Company's cash balances.

11 Cash flow

The following table presents the changes in cash and cash equivalent balances for HY 2008 and HY 2007:

(Euros in millions)	HY 2008	HY 2007
Cash and cash equivalents of continuing operations at the beginning of the year	3,263	1,844
Restricted cash	(21)	(23)
Cash and cash equivalents related to discontinued operations	-	23
Cash and cash equivalents beginning of the year, including discontinued operations and excluding restricted cash	3,242	1,844
Net cash from operating, investing and financing activities	(512)	5,204
Effect of exchange rate differences on cash and cash equivalents	(84)	(29)
Restricted cash	16	41
Cash and cash equivalents related to discontinued operations	-	(20)
Cash and cash equivalents of continuing operations at the end of the quarter	2,662	7,040

12 Commitments and contingencies

Legal proceedings

D&S c.s. litigation

On April 26, 2005, the public companies Distribucion y Servicio D&S S.A. and Servicios Profesionales y de Comercializacion S.A. (together, "D&S c.s.") initiated legal proceedings against Ahold before the District Court of Haarlem in the Netherlands, in connection with Disco's acquisition in 2000 of Supermercados Ekono S.A., which owned supermarkets in Buenos Aires, Argentina. D&S c.s. sought payment of approximately USD 47 (EUR 29) plus interest. On May 30, 2007, the District Court of Haarlem in its judgment decided against D&S and dismissed its claim against Ahold. On August 29, 2007, D&S appealed against this judgment with the Court of Appeals in Amsterdam, which appeal was further substantiated by D&S on March 20, 2008. Ahold expects to submit to the Court its material defense in Q3 2008. D&S has started arbitration proceedings against Disco in Argentina. An arbitration panel was appointed on February 7, 2008. D&S and Disco are in the process of exchanging arguments before the arbitration panel. Disco believes it has meritorious defenses in these proceedings. As part of the sale of Disco to Cencosud in 2004, Ahold has indemnified Cencosud and Disco against this claim from D&S.

Waterbury litigation

In October 2006, a putative class action was filed against U.S. Foodservice by Waterbury Hospital and Cason, Inc. and Frankie's Franchise Systems Inc. with the United States District Court for the District of Connecticut in relation to certain U.S. Foodservice pricing practices (the "Waterbury Litigation"). Two additional putative class actions were filed in August 2007 by customers of U.S. Foodservice, Catholic Healthcare West and Thomas & King, Inc., in the U.S. District Courts for the Northern District of California and the Southern District of Illinois, respectively. These two new actions involve the same pricing practices as those in the Waterbury Litigation. The new actions also name Ahold and two individuals as defendants. In accordance with the decision of the Judicial Panel on Multidistrict Litigation, the actions have now been consolidated with the Waterbury litigation before the U.S. District Court in Connecticut. In the consolidated complaint Ahold is (amongst other parties) named as defendant. Ahold expects to submit to the Court a motion to dismiss in Q3 2008. Ahold believes it has meritorious defenses to the claims set forth in the consolidated complaint and intends to defend vigorously against the lawsuit. Ahold cannot at this time provide a reasonable estimate of any potential liability.

A comprehensive overview of commitments and contingencies as of December 30, 2007 is included in Ahold's 2007 financial statements.

Identical¹/comparable² sales growth (% year over year)

	HY 2008 identical	HY 2008 comparable	Q2 2008 identical	Q2 2008 comparable
Stop & Shop	1.6%	1.9%	2.2%	2.4%
Giant-Landover	(1.5%)	(1.3%)	(1.5%)	(1.4%)
Giant-Carlisle	6.3%	7.2%	7.0%	7.7%
Albert Heijn ³	11.5%		11.8%	
Albert/Hypernova	6.8%		5.6%	

1. Net sales from exactly the same stores in local currency.
2. Identical sales plus net sales from replacement stores in local currency. Comparable sales are only reported for Ahold's US retail companies.
3. Identical sales represent the identical sales of Albert Heijn supermarkets.

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 interim financial statements included in this report.

	HY 2008	HY 2007*	Q2 2008	Q2 2007*
Stop & Shop/Giant-Landover	3.6%	4.3%	3.1%	4.1%
Giant-Carlisle	4.9%	5.4%	4.6%	6.1%
Albert Heijn	6.9%	6.7%	6.6%	7.1%
Albert/Hypernova	(0.5%)	0.0%	(1.0%)	1.5%
Total retail	4.6%	4.9%	4.3%	5.1%

* Comparative figures reflect the change in accounting policies as disclosed in note 2 to the interim financial statements included in this report.

Store portfolio¹

	End of 2007	Opened/ Acquired ³	Closed/ sold ³	End of Q2 2008	End of Q2 2007
Stop & Shop/Giant-Landover	560	14	(13)	561	573
Giant-Carlisle	145	3	(1)	147	143
Albert Heijn ²	1,756	44	(24)	1,776	1,722
Albert/Hypernova	321	11	(22)	310	319
Total retail	2,782	72	(60)	2,794	2,757

1. Including franchise stores and associated stores.
2. Number of stores at the end of the quarter includes 1,014 specialty stores (Etos and Gall & Gall).
3. Including stores that were opened/closed after/for remodelings longer than 4 weeks.

EBITDA

EBITDA is defined as net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does not exclude impairments. Impairments per segment are disclosed in note 4 to the interim financial statements included in this report.

(Euros in millions)	HY 2008	HY 2007*	% change	Q2 2008	Q2 2007*	% change
Stop & Shop/Giant-Landover	398	505	(21.2%)	158	209	(24.4%)
Giant-Carlisle	126	140	(10.0%)	53	66	(19.7%)
Ahold USA	524	645	(18.8%)	211	275	(23.3%)
Albert Heijn	411	357	15.1%	176	163	8.0%
Albert/Hypernova	22	26	(15.4%)	8	16	(50.0%)
Ahold Europe	433	383	13.1%	184	179	2.8%
Corporate Center	(45)	(60)	25.0%	(12)	(19)	36.8%
Unallocated	-	(16)	n/m	-	(6)	n/m
Share in income of joint ventures	912	952	(4.2%)	383	429	(10.7%)
Income from discontinued operations	50	54	(7.4%)	37	32	15.6%
	201	2,143	(90.6%)	161	2,058	(92.2%)
Total EBITDA	1,163	3,149	(63.1%)	581	2,519	(76.9%)

* Comparative figures reflect the change in accounting policies as disclosed in note 2 to the interim financial statements included in this report.

Net debt

(Euros in millions)	July 13, 2008	April 20, 2008	% change
Loans	2,115	2,440	(13.3%)
Finance lease liabilities	931	897	3.8%
Cumulative preferred financing shares	497	497	-
Non-current portion of long-term debt	3,543	3,834	(7.6%)
Short-term borrowings and current portion of long term debt	553	1,165	(52.5%)
Gross debt	4,096	4,999	(18.1%)
Less: cash and cash equivalents ¹	2,662	3,313	(19.6%)
Net debt	1,434	1,686	(14.9%)

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. Net cash book overdrafts amounted to EUR 125 and EUR 123 as of July 13, 2008 and April 20, 2008, respectively.

Use of non-GAAP financial measures

The reconciliation from EBITDA per segment to operating income per segment is as follows for the first half of 2008 and 2007 and for Q2 2008 and Q2 2007, respectively:

(Euros in millions)	EBITDA HY 2008	Depre- ciation and amorti- zation	Operating income HY 2008	EBITDA HY 2007*	Depre- ciation and amorti- zation	Operating income HY 2007 *
Stop & Shop/Giant-Landover	398	(184)	214	505	(213)	292
Giant-Carlisle	126	(45)	81	140	(48)	92
Ahold USA	524	(229)	295	645	(261)	384
Albert Heijn	411	(84)	327	357	(77)	280
Albert/Hypernova	22	(27)	(5)	26	(26)	-
Ahold Europe	433	(111)	322	383	(103)	280
Corporate Center	(45)	(1)	(46)	(60)	(1)	(61)
Unallocated	-	-	-	(16)	-	(16)
Total	912	(341)	571	952	(365)	587

* Comparative figures reflect the change in accounting policies as disclosed in note 2 to the interim financial statements included in this report.

(Euros in millions)	EBITDA Q2 2008	Depre- ciation and amorti- zation	Operating income Q2 2008	EBITDA Q2 2007*	Depre- ciation and amorti- zation	Operating income Q2 2007 *
Stop & Shop/Giant-Landover	158	(78)	80	209	(90)	119
Giant-Carlisle	53	(20)	33	66	(21)	45
Ahold USA	211	(98)	113	275	(111)	164
Albert Heijn	176	(38)	138	163	(33)	130
Albert/Hypernova	8	(12)	(4)	16	(11)	5
Ahold Europe	184	(50)	134	179	(44)	135
Corporate Center	(12)	-	(12)	(19)	-	(19)
Unallocated	-	-	-	(6)	-	(6)
Total	383	(148)	235	429	(155)	274

* Comparative figures reflect the change in accounting policies as disclosed in note 2 to the interim financial statements included in this report.

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

1. 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.
2. 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.
3. EBITDA.
EBITDA is net income before net financial expense, income taxes, depreciation and amortization. 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).
4. 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 and cash equivalents. Management believes that net debt is a useful measure for investors. In management's view, because cash and cash equivalents can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure of 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.

Cautionary notice

This interim financial 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 plans to divest its stake in JMR, the transfer of stores acquired from Schuitema and the conversion thereof into Albert Heijn stores. 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. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this interim financial report. Koninklijke Ahold N.V. does not assume any obligation to update any public information or forward-looking statements in this report to reflect subsequent events or circumstances, except as may be required by securities laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of "Royal Ahold" or simply "Ahold".