DUFRY ANNUAL REPORT 2012

FINANCIAL REPORT

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS DUFRY AG

OTHER INFORMATION

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

IN MILLIONS OF CHF	NOTE	2012	2011
Net sales	7	3,062.1	2,560.9
Advertising income		91.5	76.8
Turnover		**3,153.6**	**2,637.7**
Cost of sales	8	(1,297.0)	(1,102.4)
Gross profit		**1,856.6**	**1,535.3**
Selling expenses	9	(694.2)	(579.7)
Personnel expenses	11	(474.7)	(402.6)
General expenses	12	(213.7)	(182.1)
EBITDA[1]		**474.0**	**370.9**
Depreciation, amortization and impairment	13	(168.3)	(131.5)
Other operational result	14	(30.1)	(26.9)
Earnings before interest and taxes (EBIT)		**275.6**	**212.5**
Interest expenses	15	(79.5)	(55.2)
Interest income	15	1.3	4.1
Foreign exchange gain / (loss)		(0.1)	1.7
Earnings before taxes (EBT)		**197.3**	**163.1**
Income taxes	16	(39.1)	(28.2)
Net earnings		**158.2**	**134.9**
ATTRIBUTABLE TO:			
Equity holders of the parent		122.4	111.9
Non-controlling interests		35.8	23.0
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	17	4.46	4.16
Diluted earnings per share	17	4.41	4.16
Weighted average number of outstanding shares in thousands		27,447	26,873

[1] EBITDA[1] is earnings before interest, taxes, depreciation, amortization and other operational result

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

IN MILLIONS OF CHF	2012	2011
Net earnings	**158.2**	**134.9**
OTHER COMPREHENSIVE INCOME		
Items reclassified subsequently to net income upon derecognition		
Exchange differences on translating foreign operations	(31.1)	98.2
Net gain/(loss) on hedge of net investment in foreign operations	6.3	(82.7)
Changes in the fair value of interest rate swaps held as cash flow hedges	1.0	1.1
Other comprehensive income before taxes	**(23.8)**	**16.6**
Income tax relating to net gain/(loss) on hedge of net investment	(0.8)	9.9
Income tax on cash flow hedges	(0.1)	(0.1)
Income tax relating to components of other comprehensive income	**(0.9)**	**9.8**
Total other comprehensive income for the year, net of tax	**(24.7)**	**26.4**
Total comprehensive income for the year, net of tax	**133.5**	**161.3**
ATTRIBUTABLE TO:		
Equity holders of the parent	100.0	135.3
Non-controlling interests	33.5	26.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2012

IN MILLIONS OF CHF	NOTE	31.12.2012	31.12.2011
ASSETS			
Property, plant and equipment	19	259.8	246.1
Intangible assets	21	2,032.6	2,078.6
Deferred tax assets	23	153.0	146.5
Other non-current assets	24	36.9	37.8
Non-current assets		**2,482.3**	**2,509.0**
Inventories	25	421.1	432.0
Trade and credit card receivables	26	59.5	47.0
Other accounts receivable	27	120.4	127.3
Income tax receivables		8.3	3.4
Cash and cash equivalents	28	434.0	199.1
Current assets		**1,043.3**	**808.8**
Total assets		**3,525.6**	**3,317.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		1,238.8	870.0
Non-controlling interests		128.4	84.1
Total equity		**1,367.2**	**954.1**
Financial debt	32	1,345.4	1,529.8
Deferred tax liabilities	23	165.0	168.5
Provisions	33	39.0	39.5
Post-employment benefit obligations	34	6.1	6.0
Other non-current liabilities	35	8.3	11.3
Non-current liabilities		**1,563.8**	**1,755.1**
Trade payables		247.8	301.1
Financial debt	32	39.9	30.6
Income tax payables		10.8	14.2
Provisions	33	11.2	7.1
Other liabilities	35	284.9	255.6
Current liabilities		**594.6**	**608.6**
Total liabilities		**2,158.4**	**2,363.7**
Total liabilities and shareholders' equity		**3,525.6**	**3,317.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
2012 IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Hedging & revaluation reserves	Trans-lation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2012		**134.9**	**934.5**	**(13.5)**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**
Net earnings		–	–	–	–	–	122.4	122.4	35.8	158.2
Other comprehensive income (loss)	18	–	–	–	0.9	(23.3)	–	(22.4)	(2.3)	(24.7)
Total comprehensive income for the period		**–**	**–**	**–**	**0.9**	**(23.3)**	**122.4**	**100.0**	**33.5**	**133.5**
TRANSACTIONS WITH OR DISTRIBUTIONS TO OWNERS:										
Dividends to non-controlling interests		–	–	–	–	–	–	–	(29.9)	(29.9)
Net proceeds from issue of shares	29.2	13.5	272.5	–	–	–	–	286.0	–	286.0
Purchase of treasury shares	30.2	–	–	(28.1)	–	–	–	(28.1)	–	(28.1)
Share-based payment	30	–	–	–	–	–	8.8	8.8	–	8.8
Tax effect on equity transactions	16	–	–	–	–	–	2.1	2.1	–	2.1
Total transactions with or distributions to owners		**13.5**	**272.5**	**(28.1)**	**–**	**–**	**10.9**	**268.8**	**(29.9)**	**238.9**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Changes in participation of non-controlling interests	31	–	–	–	–	–	–	–	40.7	40.7
Balance at December 31, 2012		**148.4**	**1,207.0**	**(41.6)**	**–**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
2011 IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2011		**134.9**	**934.2**	**(28.7)**	**(1.9)**	**(199.0)**	**(105.8)**	**733.7**	**81.1**	**814.8**
Net earnings		–	–	–	–	–	111.9	111.9	23.0	134.9
Other comprehensive income (loss)	18	–	–	–	1.0	22.4	–	23.4	3.0	26.4
Total comprehensive income for the period		**–**	**–**	**–**	**1.0**	**22.4**	**111.9**	**135.3**	**26.0**	**161.3**
TRANSACTIONS WITH OR DISTRIBUTIONS TO OWNERS										
Dividends to non-controlling interests		–	–	–	–	–	–	–	(25.0)	(25.0)
Release of share issuance costs	29.2	–	2.6	–	–	–	–	2.6	–	2.6
Purchase of treasury shares	30.2	–	–	(12.5)	–	–	–	(12.5)	–	(12.5)
Distribution of treasury shares	30.2	–	–	27.7	–	–	(27.7)	–	–	–
Share-based payment	30	–	–	–	–	–	9.6	9.6	–	9.6
Tax effect on equity transactions	16	–	–	–	–	–	1.3	1.3	–	1.3
Reclassifications		–	(2.3)	–	–	–	2.3	–	–	–
Total transactions with or distributions to owners		**–**	**0.3**	**15.2**	**–**	**–**	**(14.5)**	**1.0**	**(25.0)**	**(24.0)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Changes in participation of non-controlling interests	31	–	–	–	–	–	–	–	2.0	2.0
Balance at December 31, 2011		**134.9**	**934.5**	**(13.5)**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

IN MILLIONS OF CHF	NOTE	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes (EBT)		**197.3**	**163.1**
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	13	168.3	131.5
Increase / (decrease) in allowances and provisions		13.5	15.8
Loss / (gain) on unrealized foreign exchange differences		7.4	(2.7)
Other non-cash items		8.8	9.5
Interest expenses	15	79.5	55.2
Interest income	15	(1.3)	(4.1)
Cash flow before working capital changes [1]		**473.5**	**368.3**
Decrease / (increase) in trade and other accounts receivable		(4.5)	9.8
Decrease / (increase) in inventories	25	2.6	(69.9)
Increase / (decrease) in trade and other accounts payable		(19.5)	68.4
Cash generated from operations [2]		**452.1**	**376.6**
Income tax paid		(69.6)	(39.8)
Net cash flows from operating activities		**382.5**	**336.8**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	20	(83.9)	(65.0)
Purchase of intangible assets	22	(28.6)	(30.0)
Proceeds from sale of property, plant and equipment		0.7	3.2
Interest received		1.1	3.9
Business combinations, net of cash	6	(47.7)	(743.2)
Proceed from sale of interest in subsidiaries, net of cash		0.9	0.6
Net cash flows used in investing activities		**(157.5)**	**(830.5)**
Free cash flow [3]		**271.8**	**248.9**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	29.2.1	294.0	–
Share issuance cost paid		(8.0)	(0.9)
Proceeds from issuance of Senior Notes		466.1	–
Proceeds from bank loans		8.3	773.4
Repayment of bank loans		(608.3)	(87.9)
Proceeds from / (repayment of) 3rd parties' loans		1.7	3.8
Dividends paid to non-controlling interest		(29.9)	(25.0)
Purchase of treasury shares		(28.1)	(12.5)
Contributions from non-controlling interest holders	31.1	0.7	0.7
Arrangement fees paid		(11.3)	(15.0)
Interest paid		(60.8)	(41.1)
Net cash flows (used in) / from financing activities		**24.4**	**595.5**
Currency translation on cash		(14.5)	16.7
(Decrease) / Increase in cash and cash equivalents		**234.9**	**118.5**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period		199.1	80.6
– end of the period		434.0	199.1

[1] Comprise cash flows generated by earnings before taxes adjusted for all non-cash items, i.e. up to interest income
[2] Comprise net cash flows from operating activities before income taxes paid
[3] Comprise net cash flows from operating activities and the cash flows from investing activities related to property, plant and equipment, intangible assets and interest received

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

1. CORPORATE INFORMATION

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates over 1,200 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM&FBOVESPA in São Paulo.

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2012 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 7, 2013.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards (IFRS).

Dufry AG's consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in Swiss francs and all values are rounded to the nearest one hundred thousand, except when otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Dufry AG and entities controlled by Dufry (its subsidiaries) as at December 31, 2012 and the respective comparative information.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control is lost. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

(i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity
(ii) recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the consolidated income statement and
(iii) reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in the other operational result.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the buyer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration is not a financial instrument, it is measured in accordance with the appropriate IFRS.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes or duties.

Net sales

Sales are recognized when significant risks and rewards of ownership of the products have been transferred to the customer. Retail sales are settled in cash or by credit card.

Advertising income

Advertising income is recognized when the services have been rendered.

c) Foreign currency translation

The consolidated financial statements are expressed in Swiss francs (CHF). Each company in the Group uses its corresponding functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated in the functional currency using the exchange rate at the reporting date. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the consolidated income statement, except where the hedges on net investments allow the recognition in the other comprehensive income, until the respective investments are disposed of. In this case any related deferred taxes are also accounted for in the other comprehensive income. Non-monetary items that are measured at historical cost in the respective functional currency are translated using the exchange rates as at the dates of the initial transactions.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufry (Swiss francs) using the exchange rate at the reporting date. The consolidated income statement is translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in the other comprehensive income. On disposal of a foreign entity or when control is lost, the deferred cumulative translation difference recognized within equity relating to that particular operation is recognized in the consolidated income statement as gain or loss on sale of subsidiaries.

Intangible assets and fair value adjustments identified on the acquisition of a new business (purchase price allocation) are treated as assets and liabilities of such operation in the respective functional currency.

Principal foreign exchange rates applied for valuation and translation

IN CHF	1. 1. – 31.12.2012 AVERAGE RATES	1. 1. – 31.12.2011 AVERAGE RATES	31.12.2012 CLOSING RATES	31.12.2011 CLOSING RATES
1 USD – US Dollar	0.9377	0.8868	0.9146	0.9387
1 EUR – Euro	1.2052	1.2329	1.2069	1.2167

d) Pension and other post-employment benefit obligations – Pension obligations

The employees of the subsidiaries are eligible for retirement, invalidity and death benefits under local social security schemes prevailing in the countries concerned and defined benefit or defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are generally funded through regular contributions made by the employer and the employee and through the income generated by the capital investments.

In the case of defined contribution plans, the net periodic pension cost to be recognized in the consolidated income statement equals the contributions made by the employer.

In the case of defined benefit plans, the net periodic pension cost is determined using the projected unit credit method. The defined benefit obligation is measured as the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The net periodic pension cost less employee contributions is included in the personnel expenses. Plan assets are recorded at their fair value. Actuarial gains or losses beyond a corridor of 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets arising from adjustments posted and changes in actuarial assumptions are recognized in the consolidated income statement over the average remaining service lives of the related plan participants.

e) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated income statement such that the cumulative expense reflects the revised estimate.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized in other comprehensive income is recognized in the same statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax positions not relating to items recognized in the consolidated income statement, are recognized in correlation to the underlying transaction either as other comprehensive income or equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction of goodwill (as long as it does not exceed goodwill) if it was noted during the measurement period or afterwards in the consolidated income statement.

g) Property, plant and equipment

These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.
The useful lives applied are as follows:

- Buildings 15 to 20 years
- Leasehold improvements 5 to 10 years
- Furniture, fixture and vehicles 4 to 10 years
- Computer hardware 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Additional costs, which extend the useful life of tangible assets, are capitalized. There are no borrowing costs recognized that are associated with the construction of tangible assets.

The carrying amount of tangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use.

h) Intangible assets

Intangible assets acquired
(separately or from a business combination)

These assets mainly comprise of concession rights, brands and goodwill (for goodwill see 2.3.a). Intangible assets acquired separately are capitalized at cost and those from a business acquisition are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually at the asset or cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis. Brands have been assessed to have indefinite useful lives and are therefore not amortized.

Certain concession rights are granted for periods ranging from 10 to 30 years by the relevant airport authorities. Based on Dufry's experience, these concession rights have been renewed in the past at little or no cost for the Group. As a result these concession rights are assessed as having an indefinite useful life.

i) Impairment of non-financial assets

Intangible assets with indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

j) Inventories

Inventories are valued at the lower of historical cost or net realizable value. The historical costs are determined using the FIFO method. Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. This includes import duties, transport and handling costs and any other directly attributable costs of acquisition. Purchase discounts and rebates are deducted in determining the cost of inventories. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory allowances are set up in the case of slow-moving and obsolete stock. Expired items are fully written off.

k) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate at the end of the reporting period of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist if the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

l) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated income statement.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

m) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The categorization depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL (fair value through profit or loss)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset and is included in the other operating result line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

Trade and other accounts receivable

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables (including credit cards receivables, other accounts receivable, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Certain categories of financial assets, such as trade receivables, are assessed for impairment individually. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loans and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated income statement.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

n) Equity instruments
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

o) Financial liabilities
Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any interest paid on the financial liability and is included in the other operational result line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

Other financial liabilities
Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method (see l).

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated income statement.

p) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate or foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 38.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

q) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 38 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. The gain or loss relating to the ineffective portion is recognized in the consolidated income statement, and is included in the interest expenses/income line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognized in the consolidated income statement, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the consolidated income statement.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserves. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement, and is included in the foreign exchange gains/loss line item.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

Standards and Interpretations affecting the reported financial performance and / or financial position

The Group has not adopted any new or revised Standards and Interpretations during the current year that affected the amounts reported in these financial statements.

Standards and Interpretations affecting presentation and disclosure only

IFRS 7
Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements
(effective July 1, 2011)
The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period
The following new or revised Interpretation has been adopted in these financial statements. Its adoption has not had a significant impact on the amounts reported in these financial statements, but may affect the accounting for future transactions or arrangements.

IAS 12
Deferred tax – Recovery of underlying assets amendments to IAS 12
(effective January 1, 2012)
IAS 12 has been updated to include a presumption that deferred tax on investment property measured using the fair value model in IAS 40 and on non-depreciable assets measured using the revaluation model in IAS 16, should always be measured on a sale basis. Dufry has not accounted for any investment property.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods, are discussed below.

Concession rights
Concession rights acquired in a business combination are measured at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.1.2.

Brands and Goodwill
The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.1.4.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. The Group recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made. Further details are given in note 16.

Deferred tax assets
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which

the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 23.

Provisions
Management makes assumptions in relation to the expected outcome and cash outflows based on the development of each individual case. Further details are given in note 33.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 30.

Pension and other post-employment benefit obligations
The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 34.

Purchase price allocation
The determination of the fair values of the identifiable assets (especially the concession rights) and the assumed liabilities (especially the contingent liabilities recognized as provisions), resulting from business combinations, is based on valuation techniques such as the discounted cash flow model. Some of the inputs to this model are partially based on assumptions and judgments and any changes thereof would affect the reported values (see note 6).

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED / EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. Only those that are expected to have an impact on the Group's financial position, performance, and / or disclosures are listed. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1
Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
(effective July 1, 2012)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19
Employee Benefits (Revised)
(effective January 1, 2013)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The Group will change its accounting policy in 2013 to recognize actuarial gains and losses in other comprehensive income. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. Further details are given in note 34.

The application of this new standard will imply a restatement of the 2012 situation. Based on current knowledge, the financial statements will be impacted at December 31, 2012 as follows:
- an additional loss of CHF 0.1 million in the consolidated income statement
- an additional loss of CHF 7.7 million in other comprehensive income
- a reduction of pension assets of CHF 0.4 million and addition of pension liabilities of CHF 15.0 million
- a reduction of equity of CHF 15.4 million due to the retrospective application of IAS 19R

IAS 28
Investments in Associates and Joint Ventures (as revised in 2011)
(effective January 1, 2013)
As a consequence of the new IFRS 11, and IFRS 12, IAS 28 Investments in Associates, has been renamed as IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IAS 32
Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
(effective January 1, 2014)
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

IFRS 7
Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7
(effective January 1, 2013)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRS 9
Financial Instruments: Classification and Measurement
(effective January 1, 2015)
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 in 2015 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10
Consolidated Financial Statements, IAS 27 Separate Financial Statements
(effective January 1, 2013)
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the valuation or presentation of the currently consolidated investments of the Group.

IFRS 11
Joint Arrangements
(effective January 1, 2013)
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 12
Disclosure of Interests in Other Entities
(effective January 1, 2013)
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance.

IFRS 13
Fair Value Measurement
(effective January 1, 2013)
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

Improvements to IFRSs (May 2012)
The adoption of the relevant standards will not have any significant impact on the accounting policies, financial position or performance of the Group.

5. SEGMENT INFORMATION

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group presents the segment information as it does internally to the Group Executive Committee, using geographical segments and the distribution centers as separate segment.

As of July 1, 2012 Dufry has regrouped its business into 4 geographical segments and one segment "global distribution centers" to achieve the financial, commercial and efficiency goals set in its strategic plan. The former regions Europe, Africa and Eurasia have been merged into one new region. The former region South America was split into a new region America I and a region America II. The former region Central America and Caribbean has been merged into region America I. Of the former region South America, the operations in Argentina, Ecuador and Uruguay have been merged into Region America I; and Bolivia and Brazil have been moved to Region America II. The region North America has been renamed United States & Canada.

The comparative figures for 2011 have been prepared accordingly to reflect the above mentioned changes.

	TURNOVER				
2012 IN MILLIONS OF CHF	with external customers	with other segments	Total	EBITDA[1]	FULL TIME EQUIVALENTS
EMEA & Asia	790.4	–	790.4	81.9	3,336
America I	778.3	–	778.3	57.2	3,667
America II	730.6	–	730.6	133.0	2,118
United States & Canada	809.3	–	809.3	90.3	4,955
Global Distribution Centers	45.0	757.8	802.8	111.6	285
Eliminations	–	(757.8)	(757.8)	–	–
Dufry Group	**3,153.6**	**–**	**3,153.6**	**474.0**	**14,361**

	TURNOVER				
2011 IN MILLIONS OF CHF	with external customers	with other segments	Total	EBITDA[1]	FULL TIME EQUIVALENTS
EMEA & Asia	657.8	–	657.8	48.2	3,059
America I	524.7	–	524.7	37.8	3,697
America II	729.4	–	729.4	130.4	2,063
United States & Canada	700.5	–	700.5	76.9	4,800
Global Distribution Centers	25.3	599.4	624.7	77.6	256
Eliminations	–	(599.4)	(599.4)	–	–
Dufry Group	**2,637.7**	**–**	**2,637.7**	**370.9**	**13,874**

[1] EBITDA before other operational result.

The Group generated in Switzerland (domicile) a share of 1.1% (2011: 1.2%) of the total turnover with external customers.

2012 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	578.4	208.0	(2.1)	(17.3)	34.3	15.3
America I	1,323.9	247.2	(6.6)	(20.3)	66.0	3.3
America II	401.7	142.0	(27.0)	(21.0)	21.4	4.3
United States & Canada	517.3	120.7	(0.2)	(48.6)	41.4	0.1
Global Distribution Centers	203.3	51.0	(2.4)	(0.9)	1.3	2.3
Unallocated positions	501.0	1,389.5	(0.8)	(4.4)	3.9	6.2
Dufry Group	**3,525.6**	**2,158.4**	**(39.1)**	**(112.5)**	**168.3**	**31.5**

2011 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	476.4	184.8	2.7	(20.2)	27.3	4.8
America I	1,396.3	282.8	(0.7)	(26.4)	39.6	6.4
America II	385.4	147.6	(28.1)	(16.3)	18.9	2.5
United States & Canada	520.2	103.4	(0.5)	(19.9)	40.3	0.2
Global Distribution Centers	258.5	68.3	(1.2)	(0.5)	1.0	4.9
Unallocated positions	281.0	1,576.8	(0.4)	(11.7)	4.4	3.8
Dufry Group	**3,317.8**	**2,363.7**	**(28.2)**	**(95.0)**	**131.5**	**22.6**

The unallocated assets comprise those of Headquarter companies. The unallocated liabilities correspond mainly to the Group's financial debt.

6. BUSINESS COMBINATIONS

2012 TRANSACTIONS

6.1 ACQUISITION OF REGSTAER LLC, RUSSIA

On January 10, 2012, Dufry took control by acquiring 51% of the shares of Dufry Staer Holding Group (DSH) for a total consideration of CHF 44.7 million. Its main subsidiary, Regstaer LLC, is a travel retailer operating Duty Free Shops at the Muscovite airport of Sheremetyevo in Russia. The acquired business complements Dufry's existing operations by site adding 1,200 square meters in nine duty free shops across several terminals.

Synergies are expected to be achieved among others when Dufry integrates the 200 Regstaer employees into its local organization, introduces its corporate procedures and integrates the logistics into its global supply chain.

The acquisition has been accounted for using the acquisition method. The total transaction costs in relation with this acquisition amount to CHF 1.0 million, whereof CHF 0.2 million are included in the other operational result of the current period 2012. The non-controlling interests resulting were measured at the proportionate share of the identifiable net assets.

These financial statements include the results of Dufry Staer Holding and its subsidiaries as of January, 2012. In the period (full year) ended December 31, 2012 these operations contributed CHF 51.2 million in turnover and CHF 10.6 million in EBIT to the consolidated income statement of the Group. The non-controlling interests have been valued at the proportionate share in the acquiree's identifiable net assets.

The resulting goodwill is not amortized, is not deductible for tax purposes and is subject to annual impairment testing. The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined as follows:

JANUARY 10, 2012	FAIR VALUE IN MILLIONS OF CHF	FAIR VALUE IN MILLIONS OF EUR
Inventories	7.7	6.4
Other current assets	2.8	2.3
Property, plant and equipment	6.4	5.3
Other non current assets	1.1	0.9
Concession rights	64.8	53.4
Deferred tax liability	(13.2)	(10.8)
Other liabilities	(1.6)	(1.3)
Identifiable net assets	**68.0**	**56.2**
Dufry's share in the net assets (51%)	34.7	28.7
Goodwill	10.0	8.2
Total consideration	**44.7**	**36.9**

6.2 RECONCILIATION OF CASH FLOWS USED FOR/ FROM BUSINESS COMBINATIONS, NET OF CASH

2012 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
Regstaer, Moscow – Russia	(44.7)	0.8	(43.9)	–	(43.9)
Alliance, San Juan – Puerto Rico	–	–	–	(0.9)	(0.9)
Sovenex, Martinique – France	–	–	–	(2.3)	(2.3)
Other	–	–	–	(0.6)	0.6
Total	**(44.7)**	**0.8**	**(43.9)**	**(3.8)**	**(47.7)**

2011 TRANSACTIONS

6.3 ACQUISITION OF INTERBAIRES AND OTHER COMPANIES IN ARMENIA, ECUADOR AND URUGUAY

On August 4, 2011, continuing with its strategy of investing in emerging markets, the Group acquired 100% of the shares and obtained control of several companies in South America and in Armenia, for a total consideration of CHF 753.9 million (USD 987.2 million). The main companies incorporated into the group are:

- Interbaires SA: The exclusive retailer operating duty free shops at both international airports of Buenos Aires plus the airports of Cordoba, Mendoza and other smaller destinations in Argentina,
- Navinten SA and Blaicor SA: Two Uruguayan retailers operating duty free shops at the international airports of Montevideo and Punta del Este respectively,
- ADF Shops CJSC: An Armenian retailer operating exclusively the duty free shops at the international airport of Yerevan,
- Ecuador Duty Free SA: A retailer in Ecuador operating duty free shops at the international airport of Guayaquil, and
- International Operation & Services Corp, an Uruguayan distribution platform delivering duty free products to the above mentioned retailers.

As a result of the acquisition the Group achieved a leading position in the Duty Free market in South America. The Group has integrated the new businesses into its existing organization and in this way generating considerable synergies.

The acquisitions have been accounted for using the acquisition method. The financial statements of the Group include the results of all the above mentioned companies as well as some intermediate holding entities as from the acquisition date.

The fair value of the identifiable assets and liabilities of the acquired companies at the date of acquisition and the resulting goodwill were determined as follows:

AUGUST 4, 2011	IN MILLIONS OF CHF	IN MILLIONS OF USD
RECOGNIZED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED		
Inventories	54.8	71.8
Other assets	47.7	62.4
Property, plant and equipment	15.6	20.3
Intangible assets, mainly concession rights	455.4	596.3
Deferred tax liability	(31.0)	(40.6)
Provisions and contingent liabilities	(31.5)	(41.2)
Liabilities	(62.6)	(82.0)
Identifiable net assets	**448.4**	**587.0**
Goodwill	305.5	400.2
Total consideration	**753.9**	**987.2**

Acquisition related expenses, included in the other operational result in the consolidated income statement for the period ended December 31, 2011 amounted to CHF 11.1 million (USD 12.5 million).

In the period ended December 31, 2011 these operations contributed CHF 171.4 million (USD 195.6 million) in turnover and CHF 34.4 million (USD 39.2 million) in EBITDA[1] to the consolidated income statement of the Group.

6.4 ACQUISITION OF SOVENEX SAS, MARTINIQUE

On September 14, 2011, the Group acquired through a share deal 100% of the shares of Sovenex SAS, a retailer operating the duty free shops at the international airport of Martinique (France) for a total consideration of CHF 7.0 million (EUR 6.1 million). As a result of the acquisition, the Group expects to increase its presence in the French Caribbean and to improve profitability through economies of scale. The goodwill will not be deductible for tax purposes.

The acquisition has been accounted for using the acquisition method. These financial statements include the results of Sovenex SAS as of September, 2011. The fair value of the identifiable assets and liabilities of the acquired company at the date of acquisition and the resulting goodwill were determined as follows:

SEPTEMBER 14, 2011	IN MILLIONS OF CHF	IN MILLIONS OF EUR
Cash	6.2	5.4
Contingent consideration	0.8	0.7
Total consideration	**7.0**	**6.1**
RECOGNIZED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED		
Inventories	0.7	0.6
Other assets	2.6	2.3
Property, plant and equipment	0.1	0.1
Concession rights	6.0	5.2
Deferred tax liability	(2.0)	(1.7)
Current liabilities	(1.2)	(1.1)
Identifiable net assets	**6.2**	**5.4**
Goodwill	0.8	0.7
Total consideration	**7.0**	**6.1**

Acquisition related expenses, included in the other operational result in the consolidated income statement for the period ended December 31, 2011 amounted to CHF 0.2 million (EUR 0.2 million).

In the period ended December 31, 2011 this operation contributed CHF 2.8 million (EUR 2.3 million) in turnover and CHF 0.4 million (EUR 0.4 million) in EBITDA[1] to the consolidated income statement of the Group.

If all business combinations of 2011 would have occurred as of the beginning of such year, the Group would have generated a turnover of CHF 2,855.8 million and an operative result of CHF 413.0 million in 2011.

6.5 RECONCILIATION OF CASH FLOWS USED FOR/FROM BUSINESS COMBINATIONS, NET OF CASH

2011 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLES	NET CASH FLOW
Interbaires and other, Buenos Aires – Argentina	(753.9)	18.9	(735.0)	–	(735.0)
Sovenex SAS, Martinique – France	(7.0)	2.3	(4.7)	2.2	(2.5)
Network Italia Edicole, Milan – Italy	–	–	–	(4.4)	(4.4)
Alliance, San Juan – Puerto Rico	–	–	–	(0.9)	(0.9)
Other	(0.4)	–	(0.4)	–	(0.4)
Total	**(761.3)**	**21.2**	**(740.1)**	**(3.1)**	**(743.2)**

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2012	2011
Perfumes and Cosmetics	831.2	656.6
Confectionery, Food and Catering	528.6	426.7
Wine and Spirits	514.9	416.3
Literature and Publications	235.1	236.0
Watches, Jewelry and Accessories	288.1	242.9
Fashion, Leather and Baggage	245.3	213.2
Tobacco goods	210.6	180.4
Electronics	94.9	81.7
Toys, Souvenirs and other goods	113.4	107.1
Total	**3,062.1**	**2,560.9**

Net sales by market sector:

IN MILLIONS OF CHF	2012	2011
Duty free	2,107.0	1,690.3
Duty paid	955.1	870.6
Total	**3,062.1**	**2,560.9**

Net sales by channel:

IN MILLIONS OF CHF	2012	2011
Airports	2,724.8	2,258.2
Cruise liners and seaports	102.9	98.0
Railway stations and other	155.5	118.0
Downtown hotels and resorts	78.9	86.7
Total	**3,062.1**	**2,560.9**

8. COST OF SALES

Cost of sales are recognized when the Company sells a product and comprise the purchase price and the cost incurred until the product arrives at the warehouse, i.e. import duties, transport and third parties handling cost as well as inventory valuation adjustments and inventory differences.

9. SELLING EXPENSES

IN MILLIONS OF CHF	2012	2011
Concession fees and rents	(659.9)	(558.8)
Credit card commissions	(38.3)	(31.2)
Advertising and commission expenses	(18.2)	(13.9)
Packaging materials	(10.2)	(8.6)
Other selling expenses	(12.7)	(10.9)
Selling expenses	**(739.3)**	**(623.4)**
Concession and rental income	14.3	14.6
Commission income	1.8	2.0
Commercial services and other selling income	29.0	27.1
Selling income	**45.1**	**43.7**
Total	**(694.2)**	**(579.7)**

10. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates more than 1,200 retail shops in 43 countries at the reporting date. Dufry has entered into concession arrangements with operators of airports, seaports, railway stations etc. to operate these retail shops. The concession fees are usually variable based on sales level or number of passengers.

The concession providers grant the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the respective arrangements.

The arrangements typically define among other aspects:
- duration
- nature of remuneration
- product categories to be sold
- location of the shops
- normal fee and minimal concession fee

They may comprise of one or several shops and are awarded in a public or private tender or in a negotiated transaction.

11. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2012	2011
Salaries and wages	(358.9)	(302.5)
Social security expenses	(69.2)	(56.6)
Retirement benefits (defined contribution plans)	(3.0)	(3.2)
Retirement benefits (defined benefit plans)	(2.6)	(1.8)
Other personnel expenses	(41.0)	(38.5)
Total	**(474.7)**	**(402.6)**

12. GENERAL EXPENSES

IN MILLIONS OF CHF	2012	2011
Repairs, maintenance and utilities	(40.6)	(33.6)
Legal, consulting and audit fees	(40.0)	(35.1)
Premises	(25.0)	(20.8)
EDP and IT expenses	(19.6)	(18.0)
Taxes, other than income taxes	(18.5)	(12.1)
Office and administration	(17.7)	(16.3)
Travel, car, entertainment and representation	(17.0)	(16.1)
Franchise fees and commercial services	(13.0)	(10.7)
PR and advertising	(9.5)	(9.4)
Bank expenses	(6.7)	(4.6)
Insurances	(6.1)	(5.4)
Total	**(213.7)**	**(182.1)**

13. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2012	2011
Depreciation	(62.3)	(55.2)
Impairment	(2.8)	(3.6)
Subtotal (note 19)	**(65.1)**	**(58.8)**
Amortization	(103.2)	(72.4)
Impairment	–	(0.3)
Subtotal (note 21)	**(103.2)**	**(72.7)**
Total	**(168.3)**	**(131.5)**

14. OTHER OPERATIONAL RESULT

Other operational expenses and other operational income include non-recurring transactions, impairments of financial assets and changes in provisions.

IN MILLIONS OF CHF	2012	2011
Acquisition–related costs	(6.7)	(11.3)
Consulting fees, expenses related to projects and start-ups	(9.1)	(6.3)
Closing or rebranding of shops; restructuring of operations	(6.4)	(3.2)
Increase of provisions	(4.8)	(2.2)
Impairment of financial assets	(0.5)	(1.2)
Losses on sale of non-current assets	(0.1)	(0.3)
Other expenses	(5.9)	(4.6)
Subtotal other operational expenses	**(33.5)**	**(29.1)**

IN MILLIONS OF CHF	2012	2011
Gain on sale of non-current assets	0.1	1.7
Recovery of write offs / release of allowances	0.2	–
Litigation income	1.2	–
Other income	1.9	0.5
Subtotal other operational income	**3.4**	**2.2**

IN MILLIONS OF CHF	2012	2011
Other operational expenses	(33.5)	(29.1)
Other operational income	3.4	2.2
Other operational result	**(30.1)**	**(26.9)**

15. INTEREST

IN MILLIONS OF CHF	2012	2011
Interest expense	(64.3)	(42.2)
Amortization of arrangement fees	(13.4)	(6.9)
Interest on discounted financial liabilities	(0.1)	(0.2)
Other finance expenses	(1.2)	(5.9)
Interest expense on financial liabilities	**(79.0)**	**(55.2)**
Interest on non-financial instruments	(0.5)	–
Total interest expense	**(79.5)**	**(55.2)**
Interest income on short-term deposits	1.3	4.1
Total interest income	**1.3**	**4.1**

16. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2012	2011
Current income taxes	(61.2)	(41.7)
of which corresponding to the current period	(61.6)	(43.1)
of which adjustments recognized in relation to prior years	0.4	1.4
Deferred income taxes	22.1	13.5
of which related to the origination or reversal of temporary differences	23.1	13.5
of which adjustments recognized in relation to prior years	–	0.3
of which adjustments due to change in tax rates	(1.0)	(0.3)
Total	**(39.1)**	**(28.2)**

IN MILLIONS OF CHF	2012	2011
Consolidated earnings before income tax (EBT)	197.3	163.1
Expected tax rate in %	16.2%	17.0%
Tax at the expected rate	(31.9)	(27.7)
EFFECT OF:		
Income not subject to income tax	8.6	8.3
Different tax rates for subsidiaries in other jurisdictions	7.7	6.0
Different tax regime for sale of subsidiaries	0.1	0.2
Non deductible expenses	(6.5)	(8.4)
Current year tax loss carry-forwards not recognized	(8.9)	(0.7)
Non recoverable withholding taxes	(6.7)	(6.7)
Adjustments recognized in relation to prior year	0.4	1.4
Other items	(1.9)	(0.6)
Total	**(39.1)**	**(28.2)**

The expected tax rate approximates the weighted average based on the EBT, instead of net sales as in prior year, of the countries where Dufry is active. In 2012, there have been no significant changes in the individual tax rates of the countries where Dufry was active.

The comparative figures for 2011 have been adjusted to reflect the above mentioned changes accordingly.

CURRENT TAX ASSETS AND LIABILITIES

IN MILLIONS OF CHF	2012	2011
Income tax receivables	8.3	3.4
Income tax payables	(10.8)	(14.2)
Total	**(2.5)**	**(10.8)**

Income tax receivables or payables for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authorities.

The tax rates and tax laws used to compute the amounts are those that are enacted at the reporting date.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME

IN MILLIONS OF CHF	2012	2011
ARISING ON INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME:		
Net gain / (loss) on hedge of net investment	(0.8)	9.9
Cash flow hedges	(0.1)	(0.1)
Total	**(0.9)**	**9.8**

INCOME TAX RECOGNIZED DIRECTLY IN EQUITY

IN MILLIONS OF CHF	2012	2011
CURRENT TAX		
Current tax effect on share based payments	–	3.5
Subtotal	**–**	**3.5**
DEFERRED TAX		
Tax effect on share based payments	2.1	(3.7)
Tax effect on treasury shares	–	1.5
Subtotal	**2.1**	**(2.2)**
Total	**2.1**	**1.3**

17. EARNINGS PER SHARE

BASIC

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

IN MILLIONS OF CHF / QUANTITY	2012	2011
Net earnings attributable to equity holders of the parent	122.4	111.9
Weighted average number of ordinary shares outstanding	27,447.0	26,872.8
Basic earnings per share in CHF	**4.46**	**4.16**

DILUTED

Diluted earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

IN MILLIONS OF CHF / QUANTITY	2012	2011
Net earnings attributable to equity holders of the parent	122.4	111.9
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	27,782.0	26,872.8
Diluted earnings per share in CHF	**4.41**	**4.16**

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Dufry is presenting an adjusted EPS, so called Cash EPS, where the net earnings attributable to equity holders of the parent are adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions. With this Cash EPS, Dufry aims to facilitate the comparison at EPS level with other companies not having performed such acquisition activities.

IN MILLIONS OF CHF / QUANTITY	2012	2011
Net earnings attributable to equity holders of the parent	122.4	111.9
ADJUSTED FOR:		
Dufry's share of the amortization in respect of acquisitions	82.8	57.3
Adjusted net earnings	205.2	169.2
Weighted average number of ordinary shares outstanding	27,447.0	26,872.8
EPS adjusted for amortization (cash EPS) in CHF	**7.48**	**6.30**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2012	2011
Outstanding shares	27,573.2	26,976.2
Less treasury shares	(126.2)	(103.4)
Used for calculation of basic earnings per share	**27,447.0**	**26,872.8**
EFFECT OF DILUTION:		
Share options	335.0	–
Used for calculation of earnings per share adjusted for the effect of dilution	**27,782.0**	**26,872.8**

For movements in shares see note 29.2 Equity, 30.1 Share-based payment and 30.2 Treasury shares.

18. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2012 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT: Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**–**	**(28.8)**	**(28.8)**	**(2.3)**	**(31.1)**
Net gain / (loss) on hedge of net investment in foreign operations	–	6.3	6.3	–	6.3
Income tax effect	–	(0.8)	(0.8)	–	(0.8)
Subtotal	**–**	**5.5**	**5.5**	**–**	**5.5**
Changes in the fair value of interest rate swaps held as cash flow hedges	1.0	–	1.0	–	1.0
Income tax effect	(0.1)	–	(0.1)	–	(0.1)
Subtotal	**0.9**	**–**	**0.9**	**–**	**0.9**
Other comprehensive income (loss)	**0.9**	**(23.3)**	**(22.4)**	**(2.3)**	**(24.7)**

2011 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT: Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**–**	**95.2**	**95.2**	**3.0**	**98.2**
Net gain / (loss) on hedge of net investment in foreign operations	–	(82.7)	(82.7)	–	(82.7)
Income tax effect	–	9.9	9.9	–	9.9
Subtotal	**–**	**(72.8)**	**(72.8)**	**–**	**(72.8)**
Changes in the fair value of interest rate swaps held as cash flow hedges	1.1	–	1.1	–	1.1
Income tax effect	(0.1)	–	(0.1)	–	(0.1)
Subtotal	**1.0**	**–**	**1.0**	**–**	**1.0**
Other comprehensive income (loss)	**1.0**	**22.4**	**23.4**	**3.0**	**26.4**

19. PROPERTY, PLANT AND EQUIPMENT

2012 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2012	233.6	172.7	51.4	7.4	29.3	494.4
Business combinations (note 6)	5.3	0.5	0.4	0.2	–	6.4
Additions (note 20)	17.0	9.3	5.5	0.9	47.3	80.0
Disposals	(8.0)	(7.5)	(1.4)	(0.5)	(0.1)	(17.5)
Reclassification within classes	24.6	18.2	0.4	0.1	(43.3)	–
Reclassification to intangible assets	(0.4)	–	–	–	–	(0.4)
Currency translation adjustment	(5.0)	(5.7)	(1.1)	(0.2)	(0.2)	(12.2)
Balance at December 31, 2012	**267.1**	**187.5**	**55.2**	**7.9**	**33.0**	**550.7**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2012	(101.8)	(101.3)	(34.9)	(5.1)	–	(243.1)
Additions (note 13)	(31.4)	(23.9)	(6.2)	(0.8)	–	(62.3)
Disposals	5.8	7.0	1.4	0.5	–	14.7
Currency translation adjustment	1.1	3.9	0.7	–	–	5.7
Balance at December 31, 2012	**(126.3)**	**(114.3)**	**(39.0)**	**(5.4)**	**–**	**(285.0)**
IMPAIRMENT						
Balance at January 1, 2012	(3.0)	(1.2)	(0.6)	–	(0.4)	(5.2)
Impairment (note 13)	(2.0)	(1.2)	–	–	0.4	(2.8)
Disposals	1.5	0.3	–	–	–	1.8
Currency translation adjustments	–	0.3	–	–	–	0.3
Balance at December 31, 2012	**(3.5)**	**(1.8)**	**(0.6)**	**–**	**–**	**(5.9)**

2011 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2011	205.2	156.9	43.4	7.0	16.0	428.5
Business combinations (note 6)	6.6	0.8	0.8	0.1	7.2	15.5
Additions (note 20)	17.6	12.4	6.8	0.9	25.5	63.2
Disposals	(7.7)	(6.1)	(0.5)	(0.6)	(0.4)	(15.3)
Reclassification within classes	11.5	8.1	0.6	–	(20.2)	–
Reclassification to intangible assets	–	–	–	–	(0.1)	(0.1)
Currency translation adjustment	0.4	0.6	0.3	–	1.3	2.6
Balance at December 31, 2011	**233.6**	**172.7**	**51.4**	**7.4**	**29.3**	**494.4**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2011	(83.7)	(83.5)	(29.3)	(4.7)	–	(201.2)
Additions (note 13)	(25.3)	(23.0)	(6.0)	(0.9)	–	(55.2)
Disposals	7.2	5.5	0.4	0.6	–	13.7
Currency translation adjustment	–	(0.3)	–	(0.1)	–	(0.4)
Balance at December 31, 2011	**(101.8)**	**(101.3)**	**(34.9)**	**(5.1)**	**–**	**(243.1)**
IMPAIRMENT						
Balance at January 1, 2011	(1.1)	(0.1)	(0.2)	–	–	(1.4)
Impairment (note 13)	(2.0)	(0.8)	(0.4)	–	(0.4)	(3.6)
Currency translation adjustment	0.1	(0.3)	–	–	–	(0.2)
Balance at December 31, 2011	**(3.0)**	**(1.2)**	**(0.6)**	**–**	**(0.4)**	**(5.2)**
CARRYING AMOUNT:						
At December 31, 2012	**137.3**	**71.4**	**15.6**	**2.5**	**33.0**	**259.8**
At December 31, 2011	**128.8**	**70.2**	**15.9**	**2.3**	**28.9**	**246.1**

19.1 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The impairment loss in 2012 relates mainly to certain shops in Italy (CHF 1.1 million) and USA (CHF 1.3 million), The impairment loss in 2011 relates mainly to certain shops in Europe (CHF 1.3 million) and USA (CHF 1.7 million).

20. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

IN MILLIONS OF CHF	2012	2011
Payables for capital expenditure at the beginning of the period	(15.0)	(14.0)
Business combinations (note 6)	–	(2.9)
Additions of property, plant and equipment (note 19)	(80.0)	(63.2)
Payables for capital expenditure at the end of the period	10.8	15.0
Currency translation adjustment	0.3	0.1
Total Cash Flow	**(83.9)**	**(65.0)**

21. INTANGIBLE ASSETS

2012	CONCESSION RIGHTS					
IN MILLIONS OF CHF	Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2012	61.2	1,337.2	158.9	715.3	81.5	2,354.1
Business combinations (note 6)	–	64.8	–	10.0	–	74.8
Additions (note 22)	–	7.0	–	–	19.2	26.2
Disposals	–	–	–	(0.8)	(0.1)	(0.9)
Reclassifications from property, plant and equipment	–	(0.1)	–	–	0.5	0.4
Currency translation adjustment	(0.8)	(32.4)	(0.1)	(17.1)	(1.5)	(51.9)
Balance at December 31, 2012	**60.4**	**1,376.5**	**158.8**	**707.4**	**99.6**	**2,402.7**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2012	–	(234.6)	–	–	(39.7)	(274.3)
Additions (note 13)	–	(90.6)	–	–	(12.6)	(103.2)
Currency translation adjustment	–	6.7	–	–	1.0	7.7
Balance at December 31, 2012	**–**	**(318.5)**	**–**	**–**	**(51.3)**	**(369.8)**
IMPAIRMENT						
Balance at January 1, 2012	–	(0.4)	–	(0.8)	–	(1.2)
Disposals	–	–	–	0.8	–	0.8
Currency translation adjustment	–	0.1	–	–	–	0.1
Balance at December 31, 2012	**–**	**(0.3)**	**–**	**–**	**–**	**(0.3)**

2011	CONCESSION RIGHTS					
IN MILLIONS OF CHF	Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2011	62.5	769.2	158.9	338.5	58.1	1,387.2
Business combinations (note 6)	–	460.7	–	306.3	0.7	767.7
Additions (note 22)	–	1.2	–	–	22.7	23.9
Disposals	–	(0.8)	–	–	(1.3)	(2.1)
Reclassification	–	–	–	–	0.1	0.1
Currency translation adjustment	(1.3)	106.9	–	70.5	1.2	177.3
Balance at December 31, 2011	**61.2**	**1,337.2**	**158.9**	**715.3**	**81.5**	**2,354.1**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2011	–	(168.4)	–	–	(29.1)	(197.5)
Additions (note 13)	–	(61.5)	–	–	(10.9)	(72.4)
Disposals	–	0.3	–	–	1.0	1.3
Currency translation adjustment	–	(5.0)	–	–	(0.7)	(5.7)
Balance at December 31, 2011	**–**	**(234.6)**	**–**	**–**	**(39.7)**	**(274.3)**
IMPAIRMENT						
Balance at January 1, 2011	–	(0.3)	–	(0.8)	–	(1.1)
Additions (note 13)	–	–	–	–	(0.3)	(0.3)
Disposals	–	–	–	–	0.2	0.2
Currency translation adjustment	–	(0.1)	–	–	0.1	–
Balance at December 31, 2011	**–**	**(0.4)**	**–**	**(0.8)**	**–**	**(1.2)**
CARRYING AMOUNT:						
At December 31, 2012	**60.4**	**1,057.7**	**158.8**	**707.4**	**48.3**	**2,032.6**
At December 31, 2011	**61.2**	**1,102.2**	**158.9**	**714.5**	**41.8**	**2,078.6**

ADDITIONS THROUGH BUSINESS COMBINATIONS

	GOODWILL		CONCESSION RIGHTS	
IN MILLIONS OF CHF	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Regstaer, Moscow – Russia (note 6.1)	10.0	–	64.8	–
Interbaires and other, Buenos Aires – Argentina (note 6.3)	–	305.5	–	454.7
Sovenex, Martinique – France (note 6.4)	–	0.8	–	6.0
Total	**10.0**	**306.3**	**64.8**	**460.7**

21.1 IMPAIRMENT TEST

Concession rights with indefinite useful lives, as well as brands and goodwill are subject to impairment testing each year. Concession rights with finite useful lives are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

21.1.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following cash generating units (CGU's). These groups also reflect the reportable segments that are expected to benefit from the synergies of the business combinations:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
EMEA & Asia	99.6	64.9
America I	394.1	431.4
America II	138.3	141.9
United States & Canada	75.4	76.3
Total carrying amount of goodwill	**707.4**	**714.5**

The recoverable amounts of goodwill for each of the above group of CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for regional specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and the value assigned. Net sales projections are based on actual net sales achieved in the year 2012 and latest estimations for the projected years. The intersegment results of the global distribution centers have been assigned/allocated to the respective geographical segments.

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
GOODWILL	2012	2011	2012	2011	2012	2011
Europe	–	6.30%	–	8.48%	–	4.5–9.3%
Africa	–	8.10%	–	9.15%	–	6.0–11.7%
Eurasia	–	6.22%	–	6.78%	–	8.0–22.0%
EMEA & Asia	7.17%	–	7.82%	–	1.9–9.6%	–
America I	8.38%	7.21%	9.40%	8.21%	3.8–9.4%	4.5–12 %
America II	7.67%	7.60%	9.22%	9.12%	2.0–18.8%	5.2–38.1 %
United States & Canada	5.45%	5.03%	6.89%	6.83%	2.6–13.1%	2.4–10.9 %

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from prime 10-year bonds rates): CHF 1.23%, EUR 2.32%, USD 2.32% (2011: CHF 0.73%, EUR 1.87%, USD 1.97%).

For the calculation of the discount rates and WACC (weighted average cost of capital), the company used the following relevered beta:

	2012	2011
Beta factor	0.64	0.84

Sensitivity to changes in assumptions

Management believes that any reasonably possible change in the key assumptions, on which the recoverable amounts are based, would not cause the respective carrying amount to exceed its recoverable amount, except for Region America I where the actual recoverable amount exceeds its carrying amount by CHF 256.9, but where a reduction of the gross margin by 1% would lead to an impairment of CHF 5.4 million. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

21.1.2 Impairment test of concession rights with indefinite useful lives

Concession rights are tested for impairment purposes at company level, which represents the cash generating unit. For presentation purposes the CGU's are grouped into business units. A business unit is a part of Dufry's business segments. The following table illustrates the existing business units with concessions rights with indefinite useful life:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Italy	48.4	48.8
Middle East and India	12.0	12.4
Total carrying amount of concession rights	**60.4**	**61.2**

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2012 and latest estimations for the years thereafter.

The key assumptions used for determining the recoverable amounts for these business units are:

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES [1]		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS	2012	2011	2012	2011	2012	2011
Italy	7.56%	6.19%	8.85%	7.40%	3.0–5.2%	1.9–5.9%
Middle East and India	6.39%	6.09%	6.39%	6.09%	3.0–5.3%	8.9–9.7%

[1] Based on the country in which the concession is located

Sensitivity to changes in assumptions

The actual recoverable amount for the CGU subject to impairment testing exceeds its carrying amount by CHF 509.7 million (2011: CHF 434.0 million). With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

21.1.3 Key assumptions used for value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Sales growth
- Gross margin and suppliers prices
- Concession fee levels
- Discount rates
- Growth rate used to extrapolate

Sales growth

Sales growth is estimated based on several factors. First Management takes into consideration statistics published by external experts, such as Air4cast or ACI (Airports Council International) to estimate the development of international passenger traffic per airport or country where Dufry is active. Management also takes into consideration specific price inflation factors of the country, cross currency effect and the expected potential to capture clients (penetration) per business segment.

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2013. These values are maintained over the planning period or where specific actions are planned, these values have been increased or decreased by up to 1% over the 5 year planning horizon compared to the historical data. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the reporting date.

Concession fee levels

These assumptions are important because, as well as using specific economic sector data for growth rates (as noted below), management assesses how the position of the CGU, relative to its competitors, might change over the projected period. For the CGU's subject to a value-in-use calculation, management expects the competitive position to remain stable over the budget period.

Discount rates

Several factors affect the discount rates:

- For the financial debt part, the rate is based on the average yield of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank margin and adjusted by the effective blended tax rate of the respective CGU.
- For the equity part, a 5% equity risk premium is added to the base rate commented above and adjusted by the Beta of Dufry's peer group.

The same methodology is used by management to determine the discount rate used in discounted cash flow (DCF) valuations, which are a key instrument to assess business potential of new or additional investment proposals.

The Group has used a growth rate of 2% to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

21.1.4 Brands

The brand name Dufry is not allocated to any specific CGU for impairment testing purpose, but to a group of CGU's. The brand name Hudson is allocated only to the CGU's of Hudson. Management believes that the synergies from the brands reflecting the economic reality are in accordance with these two groupings.

The recoverable amount is determined based on the Relief from the Royalty method that considers a steady royalty stream of 0.3% post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2013–2017) with year on year growth rates between 2.9% and 12.6% (2011: 4.7%–21.0%) (budget). These growth rates do not exceed the long-term average growth rate for Dufry Group. The discount rate of 5.9% (2011: 5.0%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 265.7 million (2011: CHF 221.6 million).

22. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2012	2011
Payables for capital expenditure at January 1	(6.9)	(12.8)
Additions of intangible assets (note 21)	(26.2)	(23.9)
Payables for capital expenditure at December 31	4.4	6.9
Currency translation adjustment	0.1	(0.2)
Total Cash Flow	**(28.6)**	**(30.0)**

23. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
DEFERRED TAX ASSETS		
Property, plant and equipment	8.1	8.5
Intangible assets	76.4	79.0
Provisions and other payables	30.3	19.9
Tax loss carry-forward	34.7	38.6
Other	18.1	16.3
Total	**167.6**	**162.3**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(5.4)	(1.3)
Intangible assets	(165.3)	(160.7)
Provisions and other payables	(3.2)	(16.6)
Other	(5.7)	(5.7)
Total	**(179.6)**	**(184.3)**
Deferred tax liabilities net	**(12.0)**	**(22.0)**

There are no temporary differences associated with investments in subsidiaries, for which deferred tax liabilities need to be recognized.

Deferred tax balances are presented in the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Deferred tax assets	153.0	146.5
Deferred tax liabilities	(165.0)	(168.5)
Balance at the end of the period	**(12.0)**	**(22.0)**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Changes in deferred tax assets	6.5	8.7
Changes in deferred tax liabilities	3.5	(22.2)
Business combinations (notes 6.1 – 6.3 – 6.4)	13.2	33.1
Currency translation adjustment	(1.1)	(6.1)
Deferred tax income (expense) at the end of the period	**22.1**	**13.5**

Tax loss carry-forwards
Certain subsidiaries incurred tax losses, which according to the local tax legislation gives rise to a tax credit usable in future tax periods. However, the use of this tax benefit can be limited in time (expiration) and by the ability of the respective subsidiary to generate enough taxable profits in future.

Deferred tax assets relating to tax loss carry-forwards or temporary differences are recognized when it is probable that such tax credits can be utilized in the future in accordance with the budget 2013 approved by the Board of Directors and the projections prepared by management for these entities.

The unrecognized tax loss carry-forwards by expiry date are as follows:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Expiring within 1 to 3 years	3.4	4.0
Expiring within 4 to 7 years	41.8	42.6
Expiring after 7 years	95.2	82.3
With no expiration limit	15.2	15.0
Total	**155.6**	**143.9**

24. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Guarantee deposits	14.0	12.9
Loans and contractual receivables	15.9	18.3
Other	8.8	8.5
Subtotal	**38.7**	**39.7**
Allowances	(1.8)	(1.9)
Total	**36.9**	**37.8**

Other non-current assets have maturities exceeding 12 months from initial recognition.

MOVEMENT IN ALLOWANCES:

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	(1.9)	(2.0)
Creation	(0.1)	–
Utilization	0.1	–
Unused amounts reversed	0.1	0.1
Currency translation adjustment	–	–
Balance at the end of the period	**(1.8)**	**(1.9)**

25. INVENTORIES

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Purchased inventories at cost	441.5	453.8
Inventory allowances [1]	(20.4)	(21.8)
Total	**421.1**	**432.0**

[1] The inventory impaired has a book value of CHF 23.4 million (2011: CHF 24.6 million)

CASH FLOW USED FOR INCREASE/FROM DECREASE IN INVENTORIES:

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	453.8	314.9
Balance at the end of the period	441.5	453.8
Gross change	**12.3**	**(138.9)**
Business combinations	7.7	55.5
Impairments and other non-cash transactions	(4.2)	(8.0)
Currency translation adjustment	(13.2)	21.5
Cash Flow – (Increase) /decrease in inventories	**2.6**	**(69.9)**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 15.6 million (2011: CHF 17.9 million).

26. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Trade receivables	15.3	23.7
Credit card receivables	45.1	24.1
Gross	**60.4**	**47.8**
Allowances	(0.9)	(0.8)
Net	**59.5**	**47.0**

Trade receivables and credit card receivables are stated at their nominal value less allowances for doubtful amounts. These allowances are established based on an individual evaluation when collection appears to be no longer probable.

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Not due	9.6	12.8
OVERDUE:		
Up to 30 days	1.9	5.8
31 to 60 days	0.3	1.7
61 to 90 days	2.6	1.6
More than 90 days	0.9	1.8
Total overdue	**5.7**	**10.9**
Trade receivables, gross	**15.3**	**23.7**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	(0.8)	(0.4)
Creation	(0.1)	(0.4)
Balance at the end of the period	**(0.9)**	**(0.8)**

27. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Sales tax and other tax credits	35.9	41.7
Receivables for refund from suppliers	33.3	30.8
Receivables from subtenants and local business partners	16.2	14.5
Prepayments	12.4	13.4
Accrued concession fees and rental income	8.0	13.3
Guarantee deposits	6.9	1.7
Personnel receivables	1.5	1.9
Accrued income	1.3	1.1
Derivative financial assets [1]	0.5	0.4
Loans receivable	0.2	0.2
Other	10.5	12.2
Total	**126.7**	**131.2**
Allowances	(6.3)	(3.9)
Total	**120.4**	**127.3**

[1] See note 38 Financial instruments

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2012	2011
Balance at the beginning of the period	(3.9)	(1.6)
Creation	(2.5)	(2.0)
Release	0.1	–
Utilized	0.1	(0.4)
Currency translation adjustment	0.1	0.1
Balance at the end of the period	**(6.3)**	**(3.9)**

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and banks as well as short-term deposits at banks with maturity of 90 days or less.

Cash and cash equivalents at the end of the reporting period include CHF 20.8 million (2011: CHF 6.1 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

29. EQUITY

29.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Share capital	148.4	134.9
Share premium	1,207.0	934.5
Total	**1,355.4**	**1,069.4**

29.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2011	26,976,203	134.9	934.2
Release of accrued share issuance costs	–	–	2.6
Reclassification to reserves	–	–	(2.3)
Balance at December 31, 2011	26,976,203	134.9	934.5
Issue of shares	2,697,620	13.5	272.5
Balance at December 31, 2012	**29,673,823**	**148.4**	**1,207.0**

29.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2011	–	–
Balance at December 31, 2011	–	–
Increase of authorized share capital	5,395,241	26,976
Utilized October 11, 2012	(2,697,620)	(13,488)
Balance at December 31, 2012	**2,697,621**	**13,488**

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2011	567,296	2,836
Balance at December 31, 2011	567,296	2,836
Increase of conditional share capital	2,130,324	10,652
Balance at December 31, 2012	**2,697,620**	**13,488**

Share capital increase

On October 11, 2012, Dufry AG utilized part of its authorized share capital and placed 2,697,620 new registered shares representing 9.99% of the total shares. After this share issuance, the share capital of the company amounts to CHF 148,369,115. Using an accelerated book building procedure the company offered the new shares as a private placement in Switzerland and to certain qualifying institutional investors outside of Switzerland. Dufry received for this offering a price of CHF 109 per share, resulting in gross proceeds of CHF 294 million, which are planned to be used to finance the acquisition of the Folli Follie Travel Retail operations (see note 39). The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amount to CHF 8.0 million and have been presented in equity.

29.3 RESERVES

29.3.1 Hedging and revaluation reserves

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Balance at the beginning of the year	(0.9)	(1.9)
Gain/(loss) arising on changes in fair value of financial instruments:		
– Interest rate swaps entered for as cash flow hedges	1.0	1.1
Related income tax	(0.1)	(0.1)
Balance at the end of the year	**–**	**(0.9)**

There were no gains or losses arising on changes in fair value of hedging instruments reclassified from equity into consolidated income statement during the year.

29.3.2 Translation reserves

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Balance at the beginning of the year	(176.6)	(199.0)
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	(28.8)	95.2
Net gain/(loss) on hedge of net investments in foreign operations (note 32)	6.3	(82.7)
Income tax related to net gains/(losses) on hedge of net investments in foreign operations	(0.8)	9.9
Balance at the end of the year	**(199.9)**	**(176.6)**

Exchange differences arising from the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. CHF) are recognized directly in other comprehensive income and accumulated in the translation reserves. Exchange differences previously accumulated in the translation reserves (in respect of translating the net assets of foreign operations) are reclassified to the consolidated income statement on the disposal of the foreign operation.

Foreign exchange gains and losses on financing instruments that are designated as hedging instruments for net investments in foreign operations are included in the translation reserves.

29.3.3 Retained earnings

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Balance at the beginning of the year	(8.4)	(105.8)
Net earnings attributable to equity holders of the parent	122.4	111.9
Distribution of treasury shares	–	(27.7)
Share-based payments	8.8	9.6
Tax effect on equity transactions	2.1	1.3
Reclassification from share premium	–	2.3
Balance at the end of the year	**124.9**	**(8.4)**

On May 2, 2012, the Ordinary General Assembly has approved not to distribute dividends for 2012 (same as for 2011).

30 SHARE-BASED PAYMENTS

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for certain members of the Group management. These RSU Awards are from economic point of view stock options with an exercise price of nil. Each RSU represents the right to receive one share if the vesting conditions are met.

30.1 RSU PLANS OF DUFRY AG

At inception 86 participants of Dufry's RSU award 2011 have been granted the right to receive on January 1, 2013, free of charge, 349,200 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on December 14, 2011 (i.e. CHF 85.65 per share) ("the RSU Awards 2011"). The RSU Awards 2011 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2011 until January 1, 2013 and
b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2013 must be 1% higher than at grant date. All restrictions on the RSU award 2011 lapsed on January 1, 2013, and 334.953 RSU awards were converted into shares of the Company and given to 83 RSU plan participants free of restrictions. Thereafter, no other obligations in relation with the RSU award 2011 or any preceding awards remained unsettled.

The fair value of the RSU Awards 2011 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 0.7% and a volatility of 42%) upon which the awards were granted. The contractual life of the awards 2011 is two years. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There are no cash settlement alternatives. In 2012, the accrued cost based on a fair value of CHF 55.11 per RSU (2011: CHF 55.11 per RSU) is CHF 8.8 million (2011: CHF 9.6 million) and has been recorded in the consolidated income statement against a reserve in equity.

30.2 TREASURY SHARES

At the beginning of 2012 Dufry hold 108,116 treasury shares with a book value of CHF 13.5 million (2011: 289,059 shares at CHF 28.7 million). During the period the Company did not distribute shares to RSU holders (in 2011: 281,362 shares with a value of CHF 27.7 million) and purchased 230,000 shares to CHF 28.1 million (2011: 100,419 to CHF 12.5 million). At the end of the year Dufry hold 338,116 treasury shares with a book value of CHF 41.6 million. Treasury shares are kept at historical cost.

31 BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

31.1 CHANGES IN PARTICIPATIONS OF NON-CONTROLLING INTERESTS

Recognized in equity attributable to non-controlling interests:

IN MILLIONS OF CHF	2012	2011
Regstaer LLC, 49% non-controlling interests (note 6), business combination	33.3	–
Shanghai Huaihai Dufry Trading Co. Ltd, 50% non-controlling interests, founded	–	0.7
Hudson Group, increase in the non-controlling interests of several subsidiaries	6.7	1.7
Other	0.7	(0.4)
Total	**40.7**	**2.0**

31.2 EQUITY RESERVE FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2012 and 2011 there have been no transactions with shareholders of non-controlling interests affecting equity reserve.

32 FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Bank debt (overdrafts)	25.3	23.4
Bank debt (loans)	11.5	5.1
3rd party loans	3.1	2.1
Financial debt, short-term	**39.9**	**30.6**
Bank debt (loans)	894.4	1,525.5
Senior Notes	447.4	–
3rd party loans	3.6	4.3
Financial debt, long-term	**1,345.4**	**1,529.8**
Total	**1,385.3**	**1,560.4**
of which are:		
Bank debt	931.2	1,554.0
Senior Notes	447.4	–
Loans payable	6.7	6.4

BANK DEBT

IN MILLIONS OF CHF	31.12.2012	31.12.2011
BANK DEBT (LOANS AND OVERDRAFTS) DENOMINATED IN:		
US Dollar	921.6	1,475.6
Swiss Franc	0.7	30.4
Euro	5.6	56.7
Other currencies	19.3	12.2
Subtotal	**947.2**	**1,574.9**
Deferred bank arrangement fees	(16.0)	(20.9)
Total	**931.2**	**1,554.0**

The Group negotiates and manages centrally its key credit facilities. For practical reasons, minor credit lines are kept at local level.

CREDIT FACILITIES

The main bank credit facilities are granted by two bank syndicates with the London Branch of ING N.V. acting as agent for both bank syndicates. The facilities consist of:

- A term loan of USD 1,000.0 million (CHF 914.6, 2011: 938.7) includes an amortization schedule with repayments scheduled between August 2014 and August 2016

- A committed 5-year revolving credit facility (RCF) of CHF 650 million which replaced the expiring RCF of CHF 415 million. The new facility allows extending the maturity profile of the financial indebtedness

The agreements contain covenants and conditions customary to this type of financing. During 2012 and 2011, Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2012 the overall weighted average interest rate was 3.2% (2011: 2.5%), consisting of USD borrowings at 3.2% (2011: 2.5%), EUR borrowings at 3.4% (2011: 3.2%) and CHF borrowings at 2.2% (2011: 1.9%).

In addition the operations of Duty Free Caribbean Ltd, Emeralds Distributors Ltd, Young Caribbean Jewelers Distributors Ltd and CEI Barbados Ltd maintain credit facilities from the First Caribbean International Bank for an amount of USD 22.6 million (CHF 20.7 million) (2011: USD 23.3 million or CHF 20.9 million) which are guaranteed with the assets of the subsidiaries mentioned above.

SENIOR NOTES

On October 26, 2012, Dufry placed CHF 466.1 million (USD 500 million) Senior Notes denominated in USD with a maturity up to October 2020 with qualified institutional investors in Switzerland and abroad. The Senior Notes are listed at the ISE, Ireland's stock exchange. The Senior Notes carry a coupon of 5.5% per year which will be payable semi-annually in arrears. Dufry used the proceeds to replace bank loans expiring in August 2013.

32.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

At December 31, 2012 an amount of USD 947.2 million (December 31, 2011: USD 707.3 million) included in the financial debt has been kept as hedge of net investment held in Dufry do Brasil, Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services Corp. and Duty Free Ecuador SA in accordance with IAS 39, paragraph 102.

With these instruments, the Group reduces the translation risk. At December 31, 2012, a net gain on hedge of net investments in foreign operations resulted in the amount of CHF 6.3 million (2011: loss of CHF 82.7 million) to compensate the respective exchange differences on translating foreign operations, both amounts recognized in the other comprehensive income.

32.2 NET INVESTMENT IN FOREIGN OPERATION

Additionally, Dufry granted the following long-term loans to subsidiaries, which are considered as part of Dufry's net investment in foreign operations in accordance with IAS21, paragraph 15, as settlement is neither planned nor likely to occur in the foreseeable future.

IN MILLIONS	CURRENCY	31.12.2012	31.12.2011
SUBSIDIARY:			
Dufry America Holding Inc.	USD	20.4	20.4
Dufry Mexico SA de CV	USD	–	52.5
Dufry Hispanosuiza SL	EUR	–	5.1

33 PROVISIONS

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	CLOSEDOWN	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2012	**36.7**	**–**	**4.9**	**–**	**3.0**	**2.0**	**46.6**
Charge of the year	–	1.0	2.2	0.4	0.5	1.3	5.4
Utilized	–	–	(0.2)	–	–	(0.2)	(0.4)
Unused amounts reversed	–	–	(0.2)	–	–	(0.1)	(0.3)
Currency translation adjustment	(1.7)	–	–	–	(0.1)	0.7	(1.1)
Balance at December 31, 2012	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Thereof:							
– current	–	1.0	6.7	0.4	0.2	2.9	11.2
– non-current	35.0	–	–	–	3.2	0.8	39.0
Balance at January 1, 2011	**–**	**–**	**1.8**	**0.4**	**3.2**	**0.1**	**5.5**
Business combinations	30.0	–	–	–	0.1	1.4	31.5
Charge of the year	–	–	3.2	–	0.1	2.8	6.1
Utilized	–	–	–	(0.4)	(0.3)	(0.1)	(0.8)
Unused amounts reversed	–	–	–	–	(0.1)	(2.7)	(2.8)
Currency translation adjustment	6.7	–	(0.1)	–	–	0.5	7.1
Balance at December 31, 2011	**36.7**	**–**	**4.9**	**–**	**3.0**	**2.0**	**46.6**
Thereof:							
– current	–	–	4.9	–	0.2	2.0	7.1
– non-current	36.7	–	–	–	2.8	–	39.5

Management believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in the below described areas, it cannot be guaranteed that additional or lesser costs will be incurred above or below the amounts provisioned.

CONTINGENT LIABILITIES

Several contingent liabilities with a fair value of CHF 35.0 million (2011: CHF 36.7 million) were determined during the due diligence process made for the acquisition of the companies in South America, Central America and Asia. IFRS 3 Business combinations requires to reflect these liabilities with uncertain amount in the statement of financial position although the risk exposure for some of these positions has been regarded as medium or low. The identified risks include a variety of potential liabilities from past periods, mainly related to the import and sale of merchandise by entities under common control or regarding contributions owed based on the contractual situation of employees.

As the identified risks implied in these contingent liabilities are subject to interpretations and uncertainties in the respective regulations the management made an estimation of the fair value.

CLOSE DOWN

The provision of CHF 1.0 million relates to the closing of an operation in Asia. No such provision exists in 2011.

LABOR DISPUTES

The provision of CHF 3.4 million (2011: CHF 3.0 million) relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

LAW SUITS AND DUTIES

The CHF 6.7 million (2011: CHF 4.9 million) provisions covers uncertainties related to the outcome of several law suits in relation to taxes, duties or other claims in several countries. In 2012 the increase relates to cases in Brazil and Italy. These claims are subject to arbitration where the final outcome can take several years.

The expected timing of the related cash outflows of non-current provisions as of December 31, 2012 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2014	1.6
2015	36.8
2016	0.4
2017+	0.2
Total non-current	**39.0**

34 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The employees of Dufry Group are insured against the risk of old age and disablement in accordance with the local laws and regulations. A description of the significant retirement benefit plans is as follows:

34.1 SWITZERLAND

Dufry has a defined benefit pension plan, which is based on the actual salary of the employee and covers substantially all of Dufry's employees in Switzerland. The plan requires contributions to be made to a separate legal entity, the administrative fund. This pension fund does not hold assets related to the Group.

The following table summarizes the components of pension expenses recognized in the consolidated income statement:

Net pension costs

IN MILLIONS OF CHF	2012	2011
Current service costs	(2.3)	(1.8)
Interest costs	(1.0)	(0.9)
Net actuarial loss recognized in year under §92 ff.	(0.4)	(0.1)
Expected return on plan assets	1.1	1.0
Pension expenses	**(2.6)**	**(1.8)**

The pension expenses of the Group are included in personnel expenses (see note 11 retirement benefits). The actual return of plan assets in 2012 was a gain of CHF 4.1 million (2011: CHF 0.3 million).

In 2013, Dufry expects to contribute CHF 2.1 million to this defined benefit pension plan.

The expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

The principal assumptions for the actuarial computation are as follows:

IN %	2012	2011
Discount rates	1.75%	2.25%
Expected return on plan assets	3.00%	3.00%
Future salary increases	2.00%	1.50%
Future pension increases	0.50%	1.00%
Average retirement age (in years)	64	64

The following table summarizes the components of the funded status and amounts recognized in the consolidated statement of financial position for the plan:

Funded status

IN MILLIONS OF CHF	2012	2011
Fair value of plan assets at beginning of period	36.1	31.7
Expected return	1.0	0.9
Contributions paid by employer	2.1	2.0
Contributions paid by employees	1.3	1.2
Benefits paid	(0.6)	1.0
Expected fair value of plan assets at end of period	**39.9**	**36.8**
Actuarial gains / (losses)	3.1	(0.7)
Fair value of plan assets at end of period	**43.0**	**36.1**
Defined benefit obligation (PBO) at beginning of period	43.5	35.2
Current service costs	2.3	1.8
Contributions paid by employees	1.3	1.2
Interest costs	1.0	0.9
Benefits paid	(0.6)	1.0
Expected defined benefit obligation at end of period	**47.4**	**40.1**
Actuarial loss (gain) on obligation [1]	12.0	3.4
Defined benefit obligation (PBO) at end of period	**59.4**	**43.5**
Funded status	(16.4)	(7.4)
Unrecognized actuarial loss (gain)	16.8	8.3
Net asset in balance sheet	**0.4**	**0.9**

[1] The actuarial loss of CHF 12.0 million is made of:
a) experience loss CHF 1.7 million, b) change in discount rate CHF 5.4 million, c) change in salary increase CHF 2.6 million, d) other CHF 2.3 million as change in mortality tables, pension increases etc.

Reconciliation to the consolidated statement of financial position

The net pension asset is recognized in other non-current assets. The movements have been as follows:

IN MILLIONS OF CHF	2012	2011
Balance at beginning of period	0.9	0.7
Pension expenses	(2.6)	(1.8)
Contributions paid by employer	2.1	2.0
Net asset at end of period	**0.4**	**0.9**

Amounts for the current and previous periods are as follows:

IN MILLIONS OF CHF	2012	2011	2010	2009	2008
Defined benefit obligation (PBO)	59.4	43.5	35.2	24.2	22.2
Plan assets	43.0	36.1	31.7	22.5	19.1
(Deficit) surplus	**(16.4)**	**(7.4)**	**(3.5)**	**(1.7)**	**(3.1)**
Experience adjustments on plan liabilities	(1.7)	1.3	(1.6)	(0.1)	(0.1)
Effect of changes in actuarial assumptions on plan liabilities	(10.3)	2.1	(3.5)	–	1.9
Experience adjustments on plan assets	3.1	(0.7)	(0.2)	1.4	(2.7)

The major categories of plan assets as percentages of the fair value of the total plan assets are as follows:

IN %	2012	2011	2010	2009	2008
Shares	24%	24%	25%	24%	19%
Bonds	43%	44%	44%	46%	50%
Rented properties	25%	26%	25%	26%	26%
Other	8%	6%	6%	4%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

34.2 ITALY AND OTHER COUNTRIES

Post-employment benefit obligations

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Italy	4.3	4.6
Other countries	1.8	1.4
Total	**6.1**	**6.0**

In Italy, an unfunded defined benefit plan exists. The pension contributions owed by the employer are based on the number of years the respective employee worked with the respective Italian subsidiary. The principal assumptions for actuarial computation are as follows:

IN %	31.12.2012	31.12.2011
Discount rate	4.0%	4.5%
Expected salary increase	3.0%	3.0%
Inflation rate	2.0%	2.0%

35 OTHER LIABILITIES

Other current liabilities comprise of one time and recurring liabilities due within one year.

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Concession fee payables	83.5	71.5
Other service related vendors	66.7	54.3
Personnel payables	64.5	62.0
Sales tax and other tax liabilities	23.6	23.3
Interest payables	19.0	11.2
Payables for capital expenditure (notes 20–22)	16.8	23.3
Accrued liabilities	5.4	4.2
Payables to local business partners	5.1	5.2
Payables for acquisitions	1.7	5.4
Financial derivative liabilities	0.3	1.8
Other payables	6.6	4.7
Total	**293.2**	**266.9**
THEREOF :		
– current liabilities	284.9	255.6
– non-current liabilities	8.3	11.3
Total	**293.2**	**266.9**

36 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to the Group if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in the Group that gives it significant influence over the Group, has joint control over the Group or is an associate or a joint venture of the Group. In addition, members of the key management personnel of Dufry or close members of the family are also considered related parties as well as post-employment benefit plans for the benefit of employees of the Group. Transactions with related parties are conducted on an at-arm's-length basis.

The related party transactions and relationships for the Dufry Group are the following:

Dufry Group purchased during 2012, goods from the following related parties: Hudson Wholesale for CHF 23.1 million (2011: CHF 23.2 million) and from Hudson RPM CHF 4.5 million (2011: CHF 4.6 million). The purchase prices used in these transactions were at arm's length. At December 31, 2012, the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 1.9 million (2011: CHF 2.4 million) and with Hudson RPM CHF 0.4 million (2011: CHF 0.5 million).

Latin American Airport Holding Ltd is the holding company of Inmobiliaria Fumisa SA de CV (Fumisa) and Aeropuertos Dominicanos Siglo XXI, SA (Aerodom). Three members of the Group's Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Advent International Corporation manages funds that control among others, the Group, Fumisa and Aerodom.

Dufry and Inmobiliaria Fumisa SA de CV, the airport operator of the International Airport Benito Juarez of Ciudad de Mexico reached an agreement in May 2012, to amend the present agreement setting new terms and conditions for the years 2012 and 2013 for the shop rental. In October 2010, Fumisa granted a reduction in the amount of rent as agreed on the original contract until the end of 2011, as palliative measures after the reduction in passenger numbers caused when Mexicana Airlines ceased operations in August 2010. During 2012, even though traffic development was improving, Fumisa agreed to still offer Dufry better conditions than the original terms of the agreement. During 2012 the local operations amortized prepaid concessions in the value of CHF 1.4 million and accrued concession fees of CHF 19.3 million (2011: CHF 16.2 million). In this context, both parties also agreed to waive the receivables and payables existing at such date. As a consequence Dufry derecognized prepaid concessions fees in the amount of CHF 7.3 million in the current period 2012 through profit and loss.

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aerodom. According to these agreements, Inversiones Tunc SA compensated through monthly rental fees the right to use the commercial areas leased to them by Aerodom. In 2012, the total sales based rent for Inversiones Tunc SA amounted to CHF 5.9 million (2011: CHF 5.1 million).

On February 1, 2012 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aerodom agreed to provide air transport services to Dufry. During 2012 Dufry received services for CHF 3.5 million (2011: CHF 2.6 million).

Mr. Dante Marro, who until June 2012 was the Chief Operating Officer of region Europe and member of the Group Executive Committee of Dufry, controls the company Gestione Spazi Attrezzati Srl (GSA). An agreement entered in 2002 granted GSA usufruct rights up to May 2041 on 6% of the shares of Dufrital SpA, plus at expiration 6% of the undistributed retained earnings of Dufrital SpA. In 2012, CHF 0.3 million (2011: CHF 0.0 million) was recognized as usufruct in the income statement. On June 14, 2011 Dufry International AG purchased back the usufruct right granted to Gestione Spazi Attrezzati Srl (GSA) which permitted the benefits of share ownership, including the receipt of dividends on 10% of the shares of Dufry Shop Finance Srl, which otherwise would have expired in May 4, 2041 for CHF 5.4 million (EUR 4.5 million).

Mr. José González, Chief Operating Officer of region Central America & Caribbean and member of the Group Executive Committee until June 30, 2012, owns 26.3% of the share capital of the subsidiary Puerto Libre International SA ("PLISA"). PLISA operates duty free shops at the international airport of Managua as well as three border shops in Nicaragua.

The Swiss entities have outstanding contributions with the pension fund Weitnauer in the amount of CHF 0.3 million (2011: CHF 0.3 million).

In 2012 the remuneration for the Board members was CHF 1.4 million (2011: CHF 1.4 million). In addition Mr. Xavier Bouton (member) received CHF 0.3 million (2011: CHF 0.3 million) for strategic consulting services provided to the Group.

In 2012 the total compensation for the 8 members (2011: 10 members) of the Group Executive Committee recognized in personnel expenses and including all short-term employee benefits was CHF 15.0 million (2011: CHF 15.7 million). This amount includes: a) 157,541 stock options (RSU's) of the biannual award 2011 (2011: 181,541 RSU's of the biannual award 2011) of Dufry AG, b) a cash compensation of CHF 9.0 million (2011: CHF 8.8 million), c) employer's contribution to the pension and other post-employment benefits of CHF 1.0 million (2011: CHF 2.0 million). The expenses accrued in relation to the restricted stock unit plan 2011 which covers a two years period 2011/2012 was CHF 5.0 million (2011: CHF 5.0 million) and is included in the short-term employee benefits mentioned above.

The legally required disclosure of the participations and compensations of the members of the Board of Directors and the Group Executive Committee of Dufry are explained in the respective notes to the stand alone financial statements of Dufry AG.

37 COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires use to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings. The Group or their subsidiaries have granted these guarantees regarding the performance of the above mentioned long-term contracts directly or through third parties. As at December 31, 2012 and December 31, 2011, no party has exercised their right to call upon these guarantees.

Some of these long-term concession agreements, which Dufry has entered into, include clauses to prevent early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when such operation presents a non-profitable outlook. In this event, a provision based on the present value of the future net cash flows needs to be created. At the reporting date of 2012 and 2011, no such onerous concession exists.

38 FINANCIAL INSTRUMENTS

Significant accounting policies

These are described in note 2.3 l) and following.

38.1 CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent less hedging and revaluation reserves for unrealized gains or losses on net investment, plus other equity-linked or equity-like instruments attributable to the parent.

The primary objective of the Group's capital management is to ensure that it maintains an adequate credit rating and sustainable capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of its strategy and the long-term opportunities and costs of each capital source. To maintain or adjust the capital structure, the Group evaluates to adjust dividend payments to shareholders, return capital to shareholders, issue new shares, issue equity-linked instruments or equity-like instruments.

The Group monitors capital using a combination of ratios; including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio the Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

38.1.1 Gearing ratio

The following ratio compares owner's equity to borrowed funds:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Cash and cash equivalents	(434.0)	(199.1)
Financial debt	1,385.3	1,560.4
Net debt	**951.3**	**1,361.3**
Equity attributable to equity holders of the parent	1,238.8	870.0
Translation reserve, hedging and revaluation reserves	(32.9)	(26.5)
Total capital	**1,205.9**	**843.5**
Gearing ratio	**44.1%**	**61.7%**

The Group did not hold collateral of any kind at the reporting dates.

38.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL [1]	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS [3]	TOTAL
Cash and cash equivalents	434.0	–	–	434.0	–	434.0
Trade and credit card receivables	59.5	–	–	59.5	–	59.5
Other accounts receivable	53.8	0.5	–	54.3	66.1	120.4
Other non-current assets	31.6	–	–	31.6	5.3	36.9
Total	**578.9**	**0.5**	**–**	**579.4**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	CF hedge [2]	at FVTPL [1]	Subtotal	NON-FINANCIAL LIABILITIES [3]	TOTAL
Trade payables	247.8	–	–	247.8	–	247.8
Financial debt short-term	39.9	–	–	39.9	–	39.9
Other liabilities	254.9	–	0.3	255.2	29.7	284.9
Financial debt long-term	1,345.4	–	–	1,345.4	–	1,345.4
Other non-current liabilities	7.8	–	–	7.8	0.5	8.3
Total	**1,895.8**	**–**	**0.3**	**1,896.1**		

AT DECEMBER 31, 2011 IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL [1]	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS [3]	TOTAL
Cash and cash equivalents	199.1	–	–	199.1	–	199.1
Trade and credit card receivables	47.0	–	–	47.0	–	47.0
Other accounts receivable	52.0	0.4	–	52.4	74.9	127.3
Other non-current assets	33.3	–	–	33.3	4.5	37.8
Total	**331.4**	**0.4**	**–**	**331.8**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	CF hedge [2]	at FVTPL [1]	Subtotal	NON-FINANCIAL LIABILITIES [3]	TOTAL
Trade payables	301.1	–	–	301.1	–	301.1
Financial debt. short-term	30.6	–	–	30.6	–	30.6
Other liabilities	225.7	1.0	0.8	227.5	28.1	255.6
Financial debt long-term	1,529.9	–	–	1,529.9	(0.1)	1,529.8
Other non-current liabilities	11.3	–	–	11.3	–	11.3
Total	**2,098.6**	**1.0**	**0.8**	**2,100.4**		

[1] Financial assets and liabilities at fair value through consolidated income statement
[2] Cash flow hedges for which fair value changes are recognized in other comprehensive income
[3] Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

38.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2012

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
Interest income (expenses)	1.3	–	–	1.3
Other finance income (expenses)	–	–	–	–
From interest	**1.3**	**–**	**–**	**1.3**
Fair values gain (loss)	–	1.3	–	1.3
Foreign exchange gain (loss) [1]	(21.3)	–	–	(21.3)
Impairments/allowances [2]	(0.7)	–	–	(0.7)
Total – from subsequent valuation	**(22.0)**	**1.3**	**–**	**(20.7)**
Net income	**(20.7)**	**1.3**	**–**	**(19.4)**

Financial Liabilities at December 31, 2012

IN MILLIONS OF CHF	AT AMORTIZED COST	CF HEDGE	AT FVTPL	TOTAL
Interest income (expenses)	(77.8)	–	–	(77.8)
Other finance income (expenses)	(1.2)	–	–	(1.2)
From interest	**(79.0)**	**–**	**–**	**(79.0)**
Fair values gain (loss)	–	–	(0.8)	(0.8)
Foreign exchange gain (loss) [1]	21.2	–	–	21.2
Impairments/allowances [2]	–	–	–	–
Total – from subsequent valuation	**21.2**	**–**	**(0.8)**	**20.4**
Net income	**(57.8)**	**–**	**(0.8)**	**(58.6)**

Net financial assets and liabilities at December 31, 2012

IN MILLIONS OF CHF	FINANCIAL ASSETS	FINANCIAL LIABILITIES	NET
Interest income (expenses)	1.3	(77.8)	(76.5)
Other finance income (expenses)	–	(1.2)	(1.2)
From interest	**1.3**	**(79.0)**	**(77.7)**
Fair values gain (loss)	1.3	(0.8)	0.5
Foreign exchange gain (loss) [1]	(21.3)	21.2	(0.1)
Impairments/allowances [2]	(0.7)	–	(0.7)
Total – from subsequent valuation	**(20.7)**	**20.4**	**(0.3)**
Net income	**(19.4)**	**(58.6)**	**(78.0)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets liabilities through consolidated income statement
[2] This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

Financial Assets at December 31, 2011

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
Interest income (expenses)	4.1	–	–	4.1
Other finance income (expenses)	–	–	–	–
From interest	**4.1**	**–**	**–**	**4.1**
Fair values gain (loss)	–	0.4	–	0.4
Foreign exchange gain (loss) [1]	163.9	–	–	163.9
Impairments / allowances [2]	(3.7)	–	–	(3.7)
Total – from subsequent valuation	**160.2**	**0.4**	**–**	**160.6**
Net income	**164.3**	**0.4**	**–**	**164.7**

Financial Liabilities at December 31, 2011

IN MILLIONS OF CHF	AT AMORTIZED COST	CF HEDGE	AT FVTPL	TOTAL
Interest income (expenses)	(49.3)	–	–	(49.3)
Other finance income (expenses)	(5.9)	–	–	(5.9)
From interest	**(55.2)**	**–**	**–**	**(55.2)**
Fair values gain (loss)	–	–	(0.8)	(0.8)
Foreign exchange gain (loss) [1]	(161.8)	–	–	(161.8)
Impairments / allowances [2]	–	–	–	–
Total – from subsequent valuation	**(161.8)**	**–**	**(0.8)**	**(162.6)**
Net income	**(217.0)**	**–**	**(0.8)**	**(217.8)**

Net financial assets and liabilities at December 31, 2011

IN MILLIONS OF CHF	FINANCIAL ASSETS	INANCIAL LIABILITIES	NET
Interest income (expenses)	4.1	(49.3)	(45.2)
Other finance income (expenses)	–	(5.9)	(5.9)
From interest	**4.1**	**(55.2)**	**(51.1)**
Fair values gain (loss)	0.4	(0.8)	(0.4)
Foreign exchange gain (loss) [1]	163.9	(161.8)	2.1
Impairments / allowances [2]	(3.7)	–	(3.7)
Total – from subsequent valuation	**160.6**	**(162.6)**	**(2.0)**
Net income	**164.7**	**(217.8)**	**(53.1)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets liabilities through consolidated income statement
[2] This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

38.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

As a global retailer, Dufry has worldwide activities which need to be financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. The Group treasury manages the financing of the operations through centralized credit facilities as to ensure an adequate allocation of these resources and simultaneously minimize the potential financial risk impacts.

Dufry continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. The Group seeks to minimize the currency exposure and interest rates risks using appropriate transaction structures or alternatively, using derivative financial instruments to hedge the exposure to these risks. The treasury policy forbids entering or trading financial instruments for speculative purposes.

38.4 MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the consolidated income statement impact and to reduce fluctuations in cash flows through structuring the respective transactions to minimize market risks. In cases, where the associated risk cannot be hedged appropriately through a transaction structure and the evaluation of market risks indicates a material exposure, the Group may use financial instruments to hedge the respective exposure.

The Group may enter into a variety of financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts, currency swaps and over the counter plain vanilla options.

During the current financial year the Group utilized foreign currency forward contracts and options for hedging purposes.

38.5 FOREIGN CURRENCY RISK MANAGEMENT

Dufry manages the cash flow surplus or deficits in foreign currency of the operations through FX-transactions in the respective local currency. Major imbalances in foreign currencies at Group level are hedged through foreign exchange forwards contracts. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions.

38.5.1 Foreign currency sensitivity analysis

Among various methodologies to analyze and manage risk, Dufry utilizes a system based on sensitivity analyses. This tool enables Group Treasury to identify the level of risk of each entity. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions.

Foreign Currency Exposure:

IN MILLIONS OF CHF	USD	EURO	BRL	OTHER	TOTAL
DECEMBER 31, 2012					
Monetary assets	131.3	114.0	49.5	56.4	351.3
Monetary liabilities	984.3	136.8	50.6	65.5	1,237.2
Net exposure before hedging	**(853.0)**	**(22.8)**	**(1.1)**	**(9.1)**	**(885.9)**
Hedging	847.6	–	–	–	847.6
Net exposure after hedging	**(5.4)**	**(22.8)**	**(1.1)**	**(9.1)**	**(38.3)**
DECEMBER 31, 2011					
Monetary assets	983.5	121.7	15.7	43.1	1,164.0
Monetary liabilities	1,591.3	143.7	53.5	65.2	1,853.7
Net exposure before hedging	**(607.8)**	**(22.0)**	**(37.8)**	**(22.1)**	**(689.7)**
Hedging	595.5	(6.2)	–	–	589.3
Net exposure after hedging	**(12.3)**	**(28.2)**	**(37.8)**	**(22.1)**	**(100.4)**

The sensitivity analysis includes all monetary assets and liabilities irrespective of whether the positions are third party or intercompany. Dufry has considered some intercompany long-term loans, which are not likely to be settled in the foreseeable future as being part of the net investment in such subsidiary. Consequently, the related exchange differences are recognized in other comprehensive income and presented within translation reserve in equity.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Group entities. The values and risk disclosed here are the hedged and not hedged positions assuming a 5% appreciation of the CHF against all other currencies.

A positive result indicates a profit in the consolidated income statement or in the hedging and revaluation reserves when the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2012	31.12.2011
Net earnings – profit (loss) of USD	11.5	0.5
Other comprehensive income – profit (loss) of USD	31.0	29.8
Net earnings – profit (loss) of EUR	1.1	1.4
Other comprehensive income – profit (loss) of EUR	–	(0.3)

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2012	31.12.2011
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	351.3	1,164.0
less intercompany financial assets in foreign currencies	(220.8)	(1,097.0)
Third party financial assets held in foreign currencies	130.5	67.0
Third party financial assets held in reporting currencies	448.9	264.8
Total third party financial assets [1]	**579.4**	**331.8**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	1,237.2	1,853.7
less intercompany financial liabilities in foreign currencies	(95.0)	(113.0)
Third party financial liabilities held in foreign currencies	1,142.2	1,740.7
Third party financial liabilities held in reporting currencies	753.9	359.7
Total third party financial liabilities [1]	**1,896.1**	**2,100.4**

[1] see note 38.2 "categories of financial instruments"

38.5.2 Forward foreign exchange contracts and foreign exchange options at fair value

As the management of the company actively pursues to naturally hedge the positions in each operation, the policy of the Group is to enter into foreign exchange forward and options contracts only where needed.

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31 of each year.

Foreign exchange forward contracts and options:

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2011	67.5	0.5	0.8
December 31, 2012	268.6	0.5	0.3

38.6 INTEREST RATE RISK MANAGEMENT

The Group manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters.

38.6.1 Interest rate swap contracts

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31 of each year.

Interest rate related instruments[1]:

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2011	280.6	–	1.0
December 31, 2012	–	–	–

[1] These instruments are designated as cash flow hedges and the changes in the fair value are recognized through other comprehensive income.

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the equivalent to one month USD LIBOR rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to the consolidated income statement over the period that the floating rate interest payments on debt affect the consolidated income statement.

38.6.2 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates derivatives and non-derivative instruments at the reporting date. The risk analysis provided here assumes a simultaneous increase of 100 basis points of the interest rate of all interest bearing financial positions.

If interest rates had been 100 basis points higher whereas all other variables were held constant, the Group's net earnings for the year 2012 would decrease by CHF 13.5 million (2011: decrease by CHF 7.4 million).

38.6.3 Allocation of financial assets and liabilities to interest classes

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2012	average variable interest rate	average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
Cash and cash equivalents	0.8%	0.5%	400.5	1.6	402.1	31.9	434.0
Trade and credit card receivables			–	–	–	59.5	59.5
Other accounts receivable			–	–	–	54.3	54.3
Other non-current assets	3.7%	0.5%	5.0	0.8	5.8	25.8	31.6
Financial assets			**405.5**	**2.4**	**407.9**	**171.5**	**579.4**
Trade payables			–	–	–	247.8	247.8
Financial debt, short-term	5.5%	0.0%	36.7	3.2	39.9	–	39.9
Other liabilities			–	–	–	255.2	255.2
Financial debt, long-term	2.0%	5.5%	894.4	451.0	1,345.4	–	1,345.4
Other non-current liabilities			–	–	–	7.8	7.8
Financial liabilities			**931.1**	**454.2**	**1,385.3**	**510.8**	**1,896.1**
Net financial liability			**525.6**	**451.8**	**977.4**	**339.3**	**1,316.7**

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2011	average variable interest rate	average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
Cash and cash equivalents	1.1%	2.6%	139.6	2.2	141.8	57.3	199.1
Trade and credit card receivables			–	–	–	47.0	47.0
Other accounts receivable			(0.1)	0.1	–	52.4	52.4
Other non-current assets	0.1%	11.7%	3.4	1.7	5.1	28.2	33.3
Financial assets			**142.9**	**4.0**	**146.9**	**184.9**	**331.8**
Trade payables			–	–	–	301.1	301.1
Financial debt, short-term	4.5%	2.0%	27.9	2.7	30.6	–	30.6
Other liabilities			0.1	–	0.1	227.4	227.5
Financial debt, long-term	2.5%	4.2%	1,525.6	4.2	1,529.8	0.1	1,529.9
Other non-current liabilities			–	–	–	11.3	11.3
Financial liabilities			**1,553.6**	**6.9**	**1,560.5**	**539.9**	**2,100.4**
Net financial liability			**1,410.7**	**2.9**	**1,413.6**	**355.0**	**1,768.6**

38.7 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group.

Almost all Groups' sales are retail sales made against cash or internationally recognized credit/debit cards. Dufry has policies in place to ensure that other sales are only made to customers with an appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. The Group monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

38.7.1 Maximum credit risk

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents the Group's maximum exposure to credit risk.

38.8 LIQUIDITY RISK MANAGEMENT

The group evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping unused credit facilities with financial institutions. (See note 32).

38.8.1 Remaining maturities for non-derivative financial assets and liabilities

The following tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities (based on the earliest date on which the Group can receive or be required to pay). The tables include principal and interest cash flows.

AT DECEMBER 31, 2012

IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	434.8	–	–	–	434.8
Trade and credit card receivables	59.5	–	–	–	59.5
Other accounts receivable	53.7	0.1	–	–	53.8
Other non-current assets	–	–	–	31.6	31.6
Total cash inflows	**548.0**	**0.1**	**–**	**31.6**	**579.7**
Trade payables	247.9	–	–	–	247.9
Financial debt, short-term	40.0	0.2	–	–	40.2
Other liabilities	254.9	0.1	–	–	255.0
Financial debt, long-term	14.7	12.0	23.7	1,443.3	1,493.7
Other non-current liabilities	–	–	–	7.8	7.8
Total cash outflows	**557.5**	**12.3**	**23.7**	**1,451.1**	**2,044.6**

AT DECEMBER 31, 2011

IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	199.9	0.5	–	–	200.4
Trade and credit card receivables	47.0	–	–	–	47.0
Other accounts receivable	51.9	0.5	–	0.1	52.5
Other non-current assets	–	–	0.1	33.4	33.5
Total cash inflows	**298.8**	**1.0**	**0.1**	**33.5**	**333.4**
Trade payables	301.1	–	–	–	301.1
Financial debt, short-term	39.6	9.0	–	–	48.6
Other liabilities	223.2	2.6	–	–	225.8
Financial debt, long-term	64.4	64.3	844.5	709.2	1,682.4
Other non-current liabilities	–	–	–	11.3	11.3
Total cash outflows	**628.3**	**75.9**	**844.5**	**720.5**	**2,269.2**

38.8.2 Remaining maturities for derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

AT DECEMBER 31, 2012

IN MILLIONS OF CHF	LESS THAN 3 MONTHS	3–6 MONTHS	6 MONTHS TO 1 YEAR	1 YEAR +
Net settled:				
interest rate swaps	–	–	–	–
foreign exchange forward contracts	–	–	–	–
Gross settled:				
foreign exchange forward contracts	0.1	–	–	–
Total	**0.1**	**–**	**–**	**–**

AT DECEMBER 31, 2011

IN MILLIONS OF CHF	LESS THAN 3 MONTHS	3–6 MONTHS	6 MONTHS TO 1 YEAR	1 YEAR +
Net settled:				
interest rate swaps	(0.5)	(0.6)	–	–
foreign exchange forward contracts	0.3	–	–	–
Gross settled:				
foreign exchange forward contracts	0.3	0.1	0.1	–
Total	**0.1**	**(0.5)**	**0.1**	**–**

38.9 FAIR VALUE OF FINANCIAL INSTRUMENTS

38.9.1 Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	31.12.2012		31.12.2011	
IN MILLIONS OF CHF	Carrying amount	Fair value	Carrying amount	Fair value
Credit card receivables, (assets)	45.1	44.7	24.1	23.8
Senior Notes non-current, (liabilities)	447.4	467.0	–	–

38.9.2 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Foreign exchange option contracts are measured by using an option pricing valuation model.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38.9.3 Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments measured at fair value at the reporting date:

IN MILLIONS OF CHF	LEVEL 2 31.12.2012	LEVEL 2 31.12.2011
ASSETS MEASURED AT FAIR VALUE [1]		
Foreign exchange related derivative financial instruments	0.5	0.5
Interest rate related derivative financial instruments	–	–
Available-for-sale financial assets	–	–
Total Assets	**0.5**	**0.5**
LIABILITIES MEASURED AT FAIR VALUE [2]		
Foreign exchange related derivative financial instruments	0.3	0.8
Interest rate related derivative financial instruments	–	1.0
Total Liabilities	**0.3**	**1.8**

[1] Included in the position "other accounts receivable" in the statement of financial position
[2] Included in the position "other liabilities" in the statement of financial position

During the years ended December 31, 2012 and 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

39 EVENTS AFTER REPORTING DATE

DUFRY SIGNS AGREEMENT TO ACQUIRE TRAVEL RETAIL OPERATIONS OF FOLLI FOLLIE GROUP

On October 10, 2012, Dufry signed an agreement to acquire 51% of the travel retail business of Folli Follie Group for a total consideration of CHF 241.6 million (EUR 200.5 million). Dufry expects to close the transaction in the next weeks. The transaction includes, among other elements, an option to acquire the remaining 49% of the shares after four years at fair market value.

Before closing of the transaction, the target business will be carved-out into a separate entity by Folli Follie Group in a series of legal steps which involves various regulatory and shareholder approvals. Furthermore, a syndicate of local banks has committed to provide the new entity with a non-recourse bank facility of CHF 403.7 million (EUR 335 million) at closing of the transaction, structured as a committed 5-year amortizing term loan secured through pledging of all shares of the new entity.

MOST IMPORTANT AFFILIATED COMPANIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2012	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Management AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
GLOBAL DISTRIBUTION CENTERS						
Dufry Travel Retail AG	Basel	Switzerland	D	100	5,000	CHF
Dufry America Services, Inc.	Miami	USA	D	100	398	USD
International Operation & Services Corp.	Montevideo	Uruguay	D	100	50	USD
Eurotrade Corporation (II) Limited	Nassau	Bahamas	D	100	5,580	USD
EMEA & ASIA						
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Dufry Samnaun AG	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	3,491	EUR
Dufry Hellas Ltd	Athens	Greece	R	99	147	EUR
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
Dufry & G.T.D.C. Ltd	Accra	Ghana	R	63	413	USD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry Côte d'Ivoire SA	Abidjan	Ivory Coast	R	100	158	EUR
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	19,497	CNY
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD

AS OF DECEMBER 31, 2012	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
AMERICA I						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	‹1	USD
Duty Free Caribbean Ltd	Bridgetown	Barbados	R	60	5,000	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	60	‹1	USD
Flagship Retail Services Inc.	Delaware	USA	R	100	‹1	USD
Interbaires S. A.	Buenos Aires	Argentina	R	100	293	USD
Navinten S. A.	Montevideo	Uruguay	R	100	126	USD
Duty Free Ecuador S. A.	Guayaquil	Ecuador	R	100	401	USD
Dufry America, Inc.	Miami	USA	H	100	5	USD
AMERICA II						
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
Iperco Com Exterior Ltda.	Rio de Janeiro	Brazil	R	100	14,552	BRL
Dufry Bolivia	Santa Cruz	Bolivia	R	100	356	USD
UNITED STATES & CANADA						
Hudson News Company Inc.	East Rutherford	USA	H / R	100	‹1	USD
Dufry Newark, Inc.	Newark	USA	R	100	1,501	USD
Dufry Houston Duty Free and Retail Partnership	Houston	USA	R	75	1	USD
AMS-CV Newark, JV	Newark	USA	R	80	‹1	USD
Airport Management Services, LLC	Delaware	USA	H / R	100	‹1	USD
AMS-Olympic Nashville, JV	Nashville	USA	R	83	‹1	USD
Hudson News O'Hare, JV	Springfield	USA	R	70	‹1	USD
Hudson Retail-Neu News JV	New York	USA	R	80	‹1	USD
JFK Air Ventures	New York	USA	R	80	‹1	USD
National Air Ventures	Dallas	USA	R	70	‹1	USD
Seattle Air Ventures	Olympia	USA	R	75	‹1	USD
AMS-TEI Miami, JV	Miami	USA	R	70	‹1	USD
AMS Hudson Las Vegas, JV	Las Vegas	USA	R	73	‹1	USD
Hudson Group Canada, Inc.	Vancouver	Canada	R	100	‹1	CAD

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To the General Meeting of

Dufry AG, Basel

Basel, 7 March 2013

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, Basel, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 70 to 135), for the year ended 31 December 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standard (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Fawer Licensed audit expert (Auditor in charge)	David Haldimann Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

IN THOUSANDS OF CHF	2012	2011
Dividend income	83,222	–
Financial income	2,868	3,216
Management and franchise fee income	11,477	12,000
Total income	**97,567**	**15,216**
Personnel expenses	19,092	12,664
General and administrative expenses	3,998	3,731
Management and franchise fee expenses	7,869	11,851
Amortization of intangibles	5,755	5,755
Transaction and project costs	–	(2,638)
Financial expenses	7,000	8,450
Taxes	753	612
Total expenses	**44,467**	**40,425**
Net earnings (loss)	**53,100**	**(25,209)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2012

IN THOUSANDS OF CHF	NOTE	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents		14,144	9
Marketable securities	3	40,537	9,494
Receivables intercompany		42,394	84,504
Receivables – related party		2	2
Receivables – third party		91	49
Loan receivables Dufry International AG		320,000	–
Other current assets		–	1
Current assets		**417,168**	**94,059**
Investments	1	1,082,671	1,074,449
Intangible assets		99,270	105,025
Non-current assets		**1,181,941**	**1,179,474**
Total assets		**1,599,109**	**1,273,533**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Payables – intercompany		28,145	51,291
Payables – related party		313	367
Payables – third party		835	340
Bank debt		–	29,134
Other current liabilities		43,421	13,147
Current liabilities		**72,714**	**94,279**
Total liabilities		**72,714**	**94,279**
Share capital		148,369	134,881
Legal reserves:			
Share premium (capital contribution reserves)		1,253,287	972,734
General reserves		5,927	5,927
Reserve for treasury shares		41,605	13,485
Available earnings	9	77,207	52,227
Shareholders' equity		**1,526,395**	**1,179,254**
Total liabilities and shareholders' equity		**1,599,109**	**1,273,533**

NOTES TO THE FINANCIAL STATEMENTS

AMOUNTS ARE EXPRESSED IN THOUSANDS OF CHF, EXCEPT WHERE OTHERWISE INDICATED.

1. SIGNIFICANT INVESTMENTS

SUBSIDIARY		BOOK VALUE		SHARE CAPITAL	
IN THOUSANDS OF CHF	PARTICIPATION	2012	2011	2012	2011
Dufry International AG, Switzerland	100%	352,896	344,674	1,000	1,000
Dufry Management AG, Switzerland	100%	100	100	100	100
Dufry Corporate AG, Switzerland	100%	100	100	100	100
Dufry Holdings & Investments AG, Switzerland	100%	729,575	729,575	1,000	1,000
Total		**1,082,671**	**1,074,449**		

2. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE	31.12.2012	31.12.2011
Global Retail Group S.àr.l, Luxembourg [1]	13.07%	14.38%
Travel Retail Investment SCA, Luxembourg [1]	7.49%	8.24%
Credit Suisse Group AG	4.60%	6.81%
Skopos Administradora de Recursos Ltda and SkoposInvest Administradora de Recursos International Ltda	–	4.43%
Hudson Media Inc., East Rutherford, USA	3.89%	4.28%
The Capital Group Companies Inc, CA, USA	–	4.21%

[1] Global Retail Group S.àr.l and Travel Retail Investment SCA formed a group of shareholders until January 31, 2012

3. TREASURY SHARES

	NUMBER OF SHARES	IN THOUSANDS OF CHF
At January 1, 2011	**289,059**	**36,948**
Assigned to holders of RSU-awards 2010	(281,362)	(35,452)
Share purchases	100,419	12,503
Revaluation	–	(4,505)
At December 31, 2011	**108,116**	**9,494**
Share purchases	230,000	28,120
Revaluation	–	2,923
At December 31, 2012	**338,116**	**40,537**

4. ENTERPRISE RISK MANAGEMENT

In accordance with the article 663b of the Swiss Code of Obligations the Board of Directors of Dufry AG reviewed and assessed the risk areas of the Group and where necessary, updated the key controls performed to ensure an adequate risk monitoring.

5. PLEDGED ASSETS

In 2012 and 2011, Dufry AG had no pledged assets.

6. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The following companies constitute a group for the Swiss Federal Tax Administration, main division VAT:
- DUFRY International AG
- DUFRY Travel Retail AG
- DUFRY Samnaun AG
- DUFRY Participations AG
- DUFRY Russia Holding AG
- DUFRY Trading AG
- DUFRY Basel Mulhouse AG
- DUFRY Management AG
- DUFRY Corporate AG
- DUFRY Holdings & Investments AG
- DUFRY AG
- DUFRY Altay AG

Dufry AG is jointly and severally liable for the Value Added Tax owed by this specific group.

7. COMPENSATION, PARTICIPATIONS AND LOANS TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE

(Disclosure according to Swiss Code of Obligations 663b)

PARTICIPATIONS IN DUFRY AG

The members of the Board of Directors of Dufry AG Juan Carlos Torres Carretero (Chairman), Ernest George Bachrach (Vice Chairman) and Steve Tadler (member) representing the interest of Advent International Corporation and its funds do not hold any shares or share options on December 31, 2012 or December 31, 2011.

On December 31, 2012, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares/number of share options (restricted stock units)/percentage participation in Dufry AG: Mr. Andrés Holzer Neumann, member 2,338,775/0/7.88% (which includes 2,223,563 shares held by Travel Retail Investment SCA); Mr. James Cohen, member 1,331,687/0/4.49% (which includes 1,154,677 shares held by Hudson Media, Inc.); Mr. Joaquín Moya-Angeler Cabrera, member 6,000/0/0.02%; Mr. Mario Fontana, member 6,000/0/0.02%; Mr. Julián Díaz González, Chief Executive Officer 32,100/39,941/0.24%; Mr. Andreas Schneiter, Chief Financial Officer 3,000/6,600/0.03%; Mr. José Antonio Gea, Global Chief Operating Officer 631/26,400/0.09%; Mr. Pascal C. Duclos, General Counsel 0/21,000/0.07%; Mr. Xavier Rossinyol, Chief Operating Officer Region EMEA & Asia 30,000/26,400/0.19%; Mr. René Riedi, Chief Operating Officer Region America I 0/10,200/0.03%; Mr. José Carlos Costa da Silva Rosa, Chief Operating Officer Region America II 0/10,200/0.03% and Mr. Joseph DiDomizio, Chief Operating Officer Region United States and Canada 0/16,800/0.06%.

On December 31, 2011, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares/number of share options (restricted stock units)/ percentage participation in Dufry AG: Mr. Andrés Holzer Neumann, member 2,262,125/0/8.39% (which includes 2,151,913 shares held by Petrus PTE Ltd); Mr. James Cohen, member 1,257,687/0/4.66% (which includes 1,154,677 shares held by Hudson Media, Inc.); Mr. Joaquin Moya-Angeler Cabrera, member 13,390/0/0.05%; Mr. Mario Fontana, member 10,000/0/0.04%; Mr. Julián Díaz González, Chief Executive Officer 60,100/39,941/0.37%; Mr. Xavier Rossinyol, Chief Financial Officer 45,000/26,400/ 0.26%; Mr. José Antonio Gea, Global Chief Operating Officer 37,000/26,400/0.24%; Mr. Pascal C. Duclos, General Counsel 0/21,000/0.08%; Mr Dante Marro, Chief Operating Officer Region Europe 0/10,200/0.04%; Mr. Miguel Ángel Martínez, Chief Operating Officer Region Africa 8,500/ 10,200/0.07%; Mr. René Riedi, Chief Operating Officer Region Eurasia 1,500/10,200/0.04%; Mr. José H. González, Chief Operating Officer Region Central America & Caribbean 0/10,200/0.04%; Mr. José Carlos Costa da Silva Rosa, Chief Operating Officer Region South America 2,000/10,200/ 0.05% and Mr. Joseph DiDomizio, Chief Operating Officer Region North America 13,500/16,800/0.11%. The remaining members of the Board of Directors or the Group Executive Committee had no participation on December 31, 2011.

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2012 and December 31, 2011, respectively.

8. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE

The members of the Board of Directors of Dufry AG Juan Carlos Torres Carretero (Chairman), Ernst George Bachrach (Vice Chairman) and Steve Tadler (member) representing the interest of Advent International Corporation and its funds do not receive any compensation for the years 2012 or 2011.

In 2012 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 1,350.0 (to Mr. Jorge Born, member CHF 150.0; to Mr. Xavier Bouton, member CHF 150.0; to Mr. James Cohen, member CHF 150.0; to Mr. José Lucas Ferreira de Melo, member CHF 150.0 to Mr. Mario Fontana, member CHF 200.0; to Mr. Andrés Holzer Neumann, member CHF 200.0; to Mr. Maurizio Mauro, member CHF 150.0; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 200.0). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 81.8 in total (to Mr. Jorge Born, member CHF 9.1; to Mr. Xavier Bouton, member CHF 9.1; to Mr. James Cohen, member CHF 9.1; to Mr. José Lucas Ferreira de Melo, member CHF 9.1; to Mr. Mario Fontana, member CHF 12.1; to Mr. Andrés Holzer Neumann, member CHF 12.1; to Mr. Maurizio Mauro, member CHF 9.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 12.1). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,681.8 in total (to Mr. Jorge Born, member CHF 159.1; to Mr. Xavier Bouton, member CHF 409.1; to Mr. James Cohen, member CHF 159.1; to Mr. José Lucas Ferreira de Melo, member CHF 159.1; to Mr. Mario Fontana, member CHF 212.1; to Mr. Andrés Holzer Neumann, member CHF 212.1; to Mr. Maurizio Mauro, member CHF 159.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 212.1).

In 2011 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 1,350.0 (to Mr. Jorge Born, member CHF 150.0; to Mr. Xavier Bouton, member CHF 150.0; to Mr. James Cohen, member CHF 150.0; to Mr. José Lucas Ferreira de Melo, member CHF 150.0; to Mr. Mario Fontana, member CHF 200.0; to Mr. Andrés Holzer Neumann, member CHF 200.0; to Mr. Maurizio Mauro, member CHF 150.0; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 200.0). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 81.8 in total (to Mr. Jorge Born, member CHF 9.1; to Mr. Xavier Bouton, member CHF 9.1, to Mr. James Cohen, member CHF 9.1; to Mr. José Lucas Ferreira de Melo, member CHF 9.1; to Mr. Mario Fontana, member CHF 12.1; to Mr. Andrés Holzer Neumann, member CHF 12.1; to Mr. Maurizio Mauro, member CHF 9.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 12.1). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,681.8 in total (to Mr. Jorge Born, member CHF 159.1; to Mr. Xavier Bouton, member CHF 409.1; to Mr. James Cohen, member CHF 159.1; to Mr. José Lucas Ferreira de Melo, member CHF 159.1; to Mr. Mario Fontana, member CHF 212.1; to Mr. Andrés Holzer Neumann, member CHF 212.1; to Mr. Maurizio Mauro, member CHF 159.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 212.1).

In the years 2012 and 2011 there were no other compensations paid directly or indirectly to active or former members of the Board of Directors and there are also no loans or guarantees received or provided to these Board members, nor to their related parties.

In 2012 the eight members of the Group Executive Committee received the following compensation: i) in cash CHF 8,977.0 (Basic salary CHF 4,609.7, bonus CHF 3,764.7, allowances in kind CHF 602.6) and ii) as employer's social charges CHF 1,035.2, adding up to a total compensation of CHF 10,012.2. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG, who received a compensation: i) in cash CHF 1,966.9 (Basic salary CHF 1,065.9, bonus CHF 867.7, allowances in kind CHF 33.3) and ii) as employer's social charges CHF 229.0, adding up to a total compensation of CHF 2,195.9.

In 2011 the ten members of the Group Executive Committee received the following compensation: i) in cash CHF 8,765.0 (Basic salary CHF 4,335.6, bonus CHF 3,647.2, allowances in kind CHF 782.2) and ii) as employer's social charges CHF 1,977.9 and iii) in form of unvested stock options for the biannual award 2011, i.e. for the years 2011 and 2012 181,541 RSU's of Dufry AG (for this purposes fully considered as a compensation 2011), adding up to a total compensation of CHF 20,747.7. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG, who received a compensation: i) in cash CHF 1,789.4 (Basic salary CHF 912.1, bonus CHF 844.4, allowances in kind CHF 32.9) and ii) as employer's social charges CHF 513.2 and iii) in form of unvested stock options for the biannual award 2011, i.e. for the years 2011 and 2012 39,941 RSU's of Dufry AG (for this purposes fully considered as a compensation 2011), adding up to a total compensation of CHF 4,503.7.

In the years 2012 and 2011 there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, nor to their related parties and there are also no loans or guarantees received or provided to these members, nor to their related parties.

For details regarding conditions of Restricted Stock Unit (RSU) Plan refer to note 30 of the consolidated financial statements.

9. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2012	2011
Retained earnings	52,227	62,217
Movement in legal reserves	(28,120)	15,219
Net earnings (loss) for the year	53,100	(25,209)
Available earnings at December 31	**77,207**	**52,227**
To be carried forward	**77,207**	**52,227**

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To the General Meeting of

Dufry AG, Basel

Basel, 7 March 2013

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, Basel, which comprise the statement of financial position, income statement and notes (pages 138 to 143), for the year ended 31 December 2012.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

ERNST & YOUNG

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligation (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Fawer
Licensed audit expert
(Auditor in charge)

David Haldimann
Licensed audit expert

INFORMATION FOR INVESTORS AND MEDIA

DUFRY SHARES

Listing	SIX Swiss Exchange
Type of security	Registered shares
Ticker symbol	DUFN
ISIN-No.	CH0023405456
Swiss Security-No	2340545
Reuters	DUFN.S
Bloomberg	DUFN SW

DUFRY BDRS

Listing	BM&FBOVESPA
Type of security	Brazilian Depositary Receipts (BDRs)
Ticker symbol	DAGB11
ISIN-No.	BRDAGBBDR008
Reuters	DAGB11.SA
Bloomberg	DAGB11 BZ

DUFRY SENIOR NOTES

Type of security	Senior Notes
Size of issue	USD 500 million
Interest rate	5.5% p.a., paid semi-annually
Maturity	October 15, 2020
ISIN-No.	USL2660RAA25 (Serie REG S) US26433UAA34 (Serie 144A)
Bloomberg	DUFSCA

KEY DATES IN 2013

April 30, 2013	Annual General Meeting
May 7, 2013	Results First Quarter 2013
July 31, 2013	Results First Half Year 2013
November 4, 2013	Results First Nine Months 2013

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GLOBAL PRESENCE

EMEA & ASIA

Armenia: Yerevan
Czech Republic: Prague
France: Nice, Martinique, Guadeloupe
Greece: Diagoras, Eptanisos, on-board of ferries of Blue-Star or Superfast
Italy: Milan, Rome, Bergamo, Genoa, Naples, Turin, Venice, Verona
Netherlands: Amsterdam
Serbia: Belgrade
Spain: Tenerife
Switzerland: Basel-Mulhouse, Samnaun
Russia: Moscow

Algeria: Algiers
Egypt: Sharm-el-Sheikh, Assyud, Borg El Arab
Ghana: Accra
Ivory Coast: Abidjan
Morocco: Casablanca, Marrakech, Agadir, Dakhla, Essaouira, Fez, Nador, Oujda, Rabat, Tanger
Tunisia: Tunis, Djerba, Monastir, Sfax, Tabarka, Tozeur
United Arab Emirates: Sharjah

India: New Delhi
China: Shanghai, Beijing, Chengdu
Cambodia: Phnom Penh, Siem Reap

AMERICA I

Argentina: Buenos Aires, Corboda, Mendoza, Bariloche
Caribbean Islands: Dominican Republic, Puerto Rico, Aruba, Antigua, Bahamas, Barbados, Bonaire, Curaçao, Grand Turk, Grenada, Jamaica, St Kitts, St Lucia, St Maarten, St Thomas, Trinidad
Ecuador: Guayaquil
Honduras: Roatan
Mexico: Mexico City, Acapulco, Algodones, Cancun, Cozumel, Guadalajara, Ixtapa, Laredo, Leon, Los Cabos, Mahahual, Mazatlan, Monterrey, Nogales, Progreso, Puerto Vallarta, Reynosa
Nicaragua: Managua, El Espino, Guasaule, Las Manos, Peñas Blancas
Uruguay: Montevideo, Punta del Este
Cruise Lines: on-board of ships of Norwegian Cruise Lines

AMERICA II

Bolivia: La Paz, Santa Cruz
Brazil: Rio de Janeiro, São Paulo, Brasília, Belém, Belo Horizonte, Campinas, Curitiba, Florianopolis, Fortaleza, Natal, Porto Alegre, Recife, Salvador

UNITED STATES & CANADA

Canada: Vancouver, Calgary, Edmonton, Halifax
United States: Over 50 cities including Albuquerque, Anchorage, Baltimore, Birmingham, Boston, Charleston, Chicago, Cleveland, Dallas, Denver, Ft Lauderdale, Houston, Las Vegas, Los Angeles, Manchester, Memphis, Miami, Nashville, New Orleans, New York, Newark, Norfolk, Omaha, Orlando, Philadelphia, Phoenix, Pittsburg, Portland, Raleigh, Richmond, Rochester, San Francisco, San José, Seattle, Washington