DUFRY ANNUAL REPORT 2013

FINANCIAL REPORT

FINANCIAL REPORT 2013
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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
Net sales	7	3,465.0	3,062.1
Advertising income		106.7	91.5
Turnover		**3,571.7**	**3,153.6**
Cost of sales		(1,466.0)	(1,297.0)
Gross profit		**2,105.7**	**1,856.6**
Selling expenses	9	(826.0)	(694.2)
Personnel expenses	10	(538.1)	(474.4)
General expenses	11	(230.5)	(213.7)
EBITDA[1]		**511.1**	**474.3**
Depreciation, amortization and impairment	12	(192.9)	(168.3)
Other operational result	13	(37.4)	(30.1)
Earnings before interest and taxes (EBIT)		**280.8**	**275.9**
Interest expenses	14	(98.0)	(79.7)
Interest income	14	3.4	1.3
Foreign exchange gain / (loss)		(5.4)	(0.1)
Earnings before taxes (EBT)		**180.8**	**197.4**
Income taxes	15	(33.2)	(39.1)
Net earnings		**147.6**	**158.3**
ATTRIBUTABLE TO:			
Equity holders of the parent		93.0	122.5
Non-controlling interests		54.6	35.8
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	16	3.13	4.46
Diluted earnings per share	16	3.12	4.41
Weighted average number of outstanding shares in thousands		29,720	27,447

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
Net earnings		**147.6**	**158.3**
OTHER COMPREHENSIVE INCOME			
Actuarial gains/(losses) on defined benefit plans	17, 33, 34	17.4	(8.7)
Income tax	15, 17	(1.3)	0.7
Items not being reclassified to net income in subsequent periods, net of tax		**16.1**	**(8.0)**
Exchange differences on translating foreign operations	17	(50.2)	(31.1)
Net gain/(loss) on hedge of net investment in foreign operations	17	24.4	6.3
Changes in the fair value of interest rate swaps held as cash flow hedges	17	–	1.0
Income tax on above positions	15, 17	–	(0.9)
Items to be reclassified to net income in subsequent periods, net of tax		**(25.8)**	**(24.7)**
Total other comprehensive income for the period, net of tax		**(9.7)**	**(32.7)**
Total comprehensive income for the period, net of tax		**137.9**	**125.6**
ATTRIBUTABLE TO:			
Equity holders of the parent		84.5	92.1
Non-controlling interests		53.4	33.5

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	31.12.2013	31.12.2012 (restated)*	01.01.2012 (restated)*
ASSETS				
Property, plant and equipment	18	313.9	259.8	246.1
Intangible assets	20	2,734.0	2,032.6	2,078.6
Deferred tax assets	22	154.9	154.1	147.0
Other non-current assets	23	62.1	36.5	36.9
Non-current assets		**3,264.9**	**2,483.0**	**2,508.6**
Inventories	24	524.7	421.1	432.0
Trade and credit card receivables	25	42.8	59.5	47.0
Other accounts receivable	26	149.7	120.4	127.3
Income tax receivables		9.9	8.3	3.4
Cash and cash equivalents		246.4	434.0	199.1
Current assets		**973.5**	**1,043.3**	**808.8**
Total assets		**4,238.4**	**3,526.3**	**3,317.4**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity attributable to equity holders of the parent		1,137.5	1,223.1	862.2
Non-controlling interests		129.9	128.4	84.1
Total equity		**1,267.4**	**1,351.5**	**946.3**
Financial debt		1,693.6	1,345.4	1,529.8
Deferred tax liabilities	22	261.7	165.0	168.5
Provisions	32	51.3	39.0	39.5
Post-employment benefit obligations	33, 34	11.5	22.5	13.4
Other non-current liabilities	35	5.1	8.3	11.3
Non-current liabilities		**2,023.2**	**1,580.2**	**1,762.5**
Trade payables		277.9	247.8	301.1
Financial debt		306.2	39.9	30.6
Income tax payables		30.5	10.8	14.2
Provisions	32	10.1	11.2	7.1
Other liabilities	35	323.1	284.9	255.6
Current liabilities		**947.8**	**594.6**	**608.6**
Total liabilities		**2,971.0**	**2,174.8**	**2,371.1**
Total liabilities and shareholders' equity		**4,238.4**	**3,526.3**	**3,317.4**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

2013 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT: Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2013		**148.4**	**1,207.0**	**(41.6)**	**–**	**–**	**(199.9)**	**124.9**	**1,238.8**	**128.4**	**1,367.2**
Restatement	34	–	–	–	(15.8)	–	–	0.1	(15.7)	–	(15.7)
Balance at January 1, 2013 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**–**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**
Net earnings		–	–	–	–	–	–	93.0	93.0	54.6	147.6
Other comprehensive income (loss)	17	–	–	–	16.1	–	(24.6)	–	(8.5)	(1.2)	(9.7)
Total comprehensive income for the period		**–**	**–**	**–**	**16.1**	**–**	**(24.6)**	**93.0**	**84.5**	**53.4**	**137.9**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(39.4)	(39.4)
Issuance of share capital	27	6.1	–	–	–	–	–	–	6.1	–	6.1
Purchase of treasury shares	28.4	–	–	(17.7)	–	–	–	–	(17.7)	–	(17.7)
Distribution of treasury shares	28.4	–	–	41.2	–	–	–	(41.2)	–	–	–
Share-based payment	28	–	–	–	–	–	–	10.7	10.7	–	10.7
Tax effect on equity transactions	15	–	–	–	–	–	–	1.4	1.4	–	1.4
Total transactions with or distributions to owners		**6.1**	**–**	**23.5**	**–**	**–**	**–**	**(29.1)**	**0.5**	**(39.4)**	**(38.9)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Changes in particpiation of non-controlling interests	29	–	–	–	–	–	–	(170.6)	(170.6)	(12.5)	(183.1)
Balance at December 31, 2013		**154.5**	**1,207.0**	**(18.1)**	**0.3**	**–**	**(224.5)**	**18.3**	**1,137.5**	**129.9**	**1,267.4**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012 (RESTATED)*

2012 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								NON-CONTROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	Total		
Balance at January 1, 2012		**134.9**	**934.5**	**(13.5)**	**–**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**
Restatement	34	–	–	–	(7.8)	–	–	–	(7.8)	–	(7.8)
Balance at January 1, 2012 (restated)*		**134.9**	**934.5**	**(13.5)**	**(7.8)**	**(0.9)**	**(176.6)**	**(8.4)**	**862.2**	**84.1**	**946.3**
Net earnings		–	–	–	–	–	–	122.5	122.5	35.8	158.3
Other comprehensive income (loss)	17	–	–	–	(8.0)	0.9	(23.3)	–	(30.4)	(2.3)	(32.7)
Total comprehensive income for the period		**–**	**–**	**–**	**(8.0)**	**0.9**	**(23.3)**	**122.5**	**92.1**	**33.5**	**125.6**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(29.9)	(29.9)
Net proceeds from issue of shares	27	13.5	272.5	–	–	–	–	–	286.0	–	286.0
Purchase of treasury shares	28.4	–	–	(28.1)	–	–	–	–	(28.1)	–	(28.1)
Share-based payment	28	–	–	–	–	–	–	8.8	8.8	–	8.8
Tax effect on equity transactions	15	–	–	–	–	–	–	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 particpiation of non-controlling interests	29	–	–	–	–	–	–	–	–	40.7	40.7
Balance at December 31, 2012 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**–**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

IN MILLIONS OF CHF	NOTE	2013	2012 (restated)*
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes (EBT)		**180.8**	**197.4**
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	12	192.9	168.3
Increase / (decrease) in allowances and provisions		(2.0)	13.2
Loss / (gain) on unrealized foreign exchange differences		7.9	7.4
Other non-cash items		10.7	8.8
Interest expense	14	98.0	79.7
Interest income	14	(3.4)	(1.3)
Cash flow before working capital changes		**484.9**	**473.5**
Decrease / (increase) in trade and other accounts receivable		(1.2)	(4.5)
Decrease / (increase) in inventories	24	(32.8)	2.6
Increase / (decrease) in trade and other accounts payable		8.6	(19.5)
Cash generated from operations		**459.5**	**452.1**
Income tax paid		(24.4)	(69.6)
Net cash flows from operating activities		**435.1**	**382.5**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	(108.1)	(83.9)
Purchase of intangible assets	21	(114.4)	(28.6)
Proceeds from sale of property, plant and equipment		2.8	0.7
Interest received		2.9	1.1
Business combinations, net of cash	6	(243.6)	(47.7)
Proceed from sale of interest in subsidiaries, net of cash		0.9	0.9
Net cash flows used in investing activities		**(459.5)**	**(157.5)**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	27	–	294.0
Share issuance costs paid		–	(8.0)
Proceeds from issuance of Senior Notes		–	466.1
Proceeds from bank loans		663.0	8.3
Repayment of bank loans		(412.0)	(608.3)
Proceeds from / (repayment of) 3rd party loans		(8.1)	1.7
Dividends paid to non-controlling interest		(39.4)	(29.9)
Purchase of treasury shares	28.4	(17.7)	(28.1)
Contributions from / (repayment of) non-controlling interest holders	6	(213.9)	0.7
Arrangement fees paid		(21.3)	(11.3)
Interest paid		(92.9)	(60.8)
Net cash flows (used in) / from financing activities		**(142.3)**	**24.4**
Currency translation on cash		(20.9)	(14.5)
(Decrease) / Increase in cash and cash equivalents		**(187.6)**	**234.9**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period		434.0	199.1
– end of the period		246.4	434.0

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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 1,350 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, 2013 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 5, 2014.

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, 2013 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 Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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

- 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
- 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
- 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. Differences arising by the final settlement are 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.

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, unless there are specific allocations.

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) 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, inventory valuation adjustments and inventory differences.

d) 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 remeasured to its fair value 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:

	AVERAGE RATES		CLOSING RATES	
IN CHF	2013	2012	31.12.2013	31.12.2012
1 USD	0.9268	0.9377	0.8886	0.9146
1 EUR	1.2306	1.2052	1.2250	1.2069

e) 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 either funded through regular contributions made by the employer and the employee and through the income generated by the capital investments or unfunded.

The cost of providing benefits under defined benefit plans is determined using the projected unit credit method.

Re-measurements, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit obligation (asset). The Group recognizes the following changes in the net defined benefit obligation in the consolidated income statement:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under "Personnel expenses"
- Net interest expense or income under "Interest expenses or income".

f) Share-based payments
Equity-settled share-based payments to employees and others third parties providing 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 holder of the option as measured at the date of modification.

g) 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.

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 or 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 in other comprehensive income or equity.

h) 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:

- Real estate (buildings) 20 to 40 years
- Leasehold improvements the shorter of 10 years or the remaining lease term
- Furniture and fixtures the shorter of 5 years or the remaining lease term
- Motor vehicles the shorter of 5 years or the remaining lease term
- Computer hardware the shorter of 5 years or the remaining lease term

i) 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. 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 by the non-controlling interest holder for periods. Consequently these concession rights are assessed as having an indefinite useful life.

j) 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 cost of disposal 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).

k) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and banks as well as short-term deposits at banks with initial maturity below 91 days.

Cash and cash equivalents at the end of the reporting period include CHF 22.6 million (2012: CHF 20.8 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

l) 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 mainly import duties and transport cost. 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.

m) 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.

n) 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.

o) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, 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 39.

Trade and other accounts receivable

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.

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 financial asset have been affected.

Certain categories of financial assets, such as trade receivables, are assessed for impairment individually.

Subsequent recoveries of amounts previously written off are credited against the allowance accounts for these categories. Changes in the carrying amount of the allowance account are recognized in the consolidated income statement in the lines selling expenses or other operational result.

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.

p) Equity instruments

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.

q) Financial liabilities

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

Financial liabilities at FVTPL

These financial liabilities are either held for trading or have been 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.

Other financial liabilities, not 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 together 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 re-measurement 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 financial result in the consolidated income statement. Fair value is determined in the manner described in note 39.

Other financial liabilities

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

Derecognition of financial liabilities

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

r) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously (see Note 39.10).

s) 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 39.

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.

t) 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.

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, is recognized when the underlying hedged item is ultimately de-recognized in the consolidated income statement.

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. The Group did not utilize cash flow hedges during 2013.

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 (see note 31.1).

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

IAS 19
Employee Benefits (Revised)
(effective January 1, 2013)
The amendments to IAS 19 range from fundamental changes such as removing the corridor mechanism and replacing the concept of interest cost and expected return on plan assets with interest calculated on the net defined benefit asset or liability to simple clarifications and rewording. The Group has changed its accounting policy in 2013 to recognize the remeasurements from actuarial gains or losses in other comprehensive income. The amended standard impacts the total pension expense as the expected return on plan assets is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation.

As a consequence of the adoption of the revised standard, the previously published financial statements were restated as disclosed in Note 34. The effect on diluted earnings per share related to the restatement in 2012 was less than CHF 0.01.

IAS 19
Employee Benefits amendments – entitled Defined Benefit Plans: Employee Contributions
(effective July 1, 2014 – early adopted)
The amendment of IAS 19 introduces a practical expedient for some defined benefit plans. The amendment allows a choice on how to account for employee contributions if certain criteria were met. In addition to the requirements of IAS 19R employee contributions can alternatively be recognized as a reduction of the service cost of the perspective period. The Group has early adopted these amendments to IAS 19 in the current period.

Standards and Interpretations affecting presentation and disclosure only

IAS 1
Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
(effective July 1, 2012)
The amendments to IAS 1 changed 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, 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) are presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1
Clarification of the requirement for comparative information (Amendment)
These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening state-

ment of financial position (as at January 1, 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at January 1, 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment, resulting from the annual improvements 2009–2011, clarifies that the third balance sheet is only required for material adjustments.

IAS 36
Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets
(effective January 1, 2014 – early adopted)
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current period since the amended/additional disclosures provide useful information as intended by the IASB. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in Note 20. These amendments would continue to be considered for future disclosures.

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 for the year-end reporting, but has no impact on the Group's financial position or performance (see note 30).

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 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 (see note 39.10).

Standards and Interpretations adopted with no material effect on the financial statements during the current reporting period (but could eventually have an impact in future periods)

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 IAS 28 Investments in Associates and Joint Ventures, and this new standard describes the application of the equity method to investments in joint ventures in addition to associates.

IFRS 10
Consolidated Financial Statements, IAS 27 Separate Financial Statements
(effective January 1, 2013)
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.

IFRS 11
Joint Arrangements
(effective January 1, 2013)
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 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.

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 20.1.2.

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 20.1.4.

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 15.

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 22.

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 32.

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 28.

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, 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 33.

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).

Consolidation of entities in which the Group holds less than majority of the share capital rights
The Group considers that it controls certain entities even though it owns less than 50 % of the share capital rights. The reason for this varies from case to case and is reviewed at the time of business combination, founding or when there are changes in the statutes of these entities. Further details on non-controlling interests are disclosed in note 30 and 40.

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

The standards and interpretations are expected to have an impact on the Group's financial position, performance, and / or disclosures are described below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9
Financial Instruments: Classification and Measurement
(effective date not defined)
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 1 January 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 a not yet defined date. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 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 the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39
(effective date not defined)
The IASB issued the second part of the new standards IFRS for financial instruments. This part addresses hedge accounting. Dufry is currently analyzing the consequences of the application of IFRS 9 hedge accounting for the consolidated financial statements. Dufry has not early adopted this new standard.

IAS 32
Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
(effective January 1, 2014)
These amendments should clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The adoption of the standard is not expected to have a significant impact from the current point of view.

IAS 39
Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
(effective January 1, 2014)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRIC 21
Levies
(effective January 1, 2014)
IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The group is not currently subject to significant levies.

Improvements to IFRSs – December 2013
(effective July 1, 2014)
The IASB issued annual improvements containing 11 changes to nine standards: IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40. Dufry will adopt the changes when they become effective. These amendments are considered to be insignificant from a current point of view, but in future they might become relevant.

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 4 geographical areas and the distribution centers as segments.

2013 IN MILLIONS OF CHF	TURNOVER with external customers	TURNOVER with other segments	TURNOVER Total	EBITDA[1]	FULL TIME EQUIVALENTS
EMEA & Asia	1,174.1	–	1,174.1	192.1	4,867
America I	768.5	–	768.5	46.2	3,604
America II	692.2	–	692.2	49.8	2,084
United States & Canada	876.1	–	876.1	103.7	5,586
Global Distribution Centers	60.8	858.6	919.4	119.3	282
Total segments	**3,571.7**	**858.6**	**4,430.3**	**511.1**	**16,423**
Eliminations	–	(858.6)	(858.6)	–	–
Dufry Group	**3,571.7**	**–**	**3,571.7**	**511.1**	**16,423**

2012 (restated)* IN MILLIONS OF CHF	TURNOVER with external customers	TURNOVER with other segments	TURNOVER 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	111.9	285
Total segments	**3,153.6**	**757.8**	**3,911.4**	**474.3**	**14,361**
Eliminations	–	(757.8)	(757.8)	–	–
Dufry Group	**3,153.6**	**–**	**3,153.6**	**474.3**	**14,361**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

[1] EBITDA before other operational result

The Group generated 1.0 % (2012: 1.1 %) of the total turnover with external customers in Switzerland (domicile).

31.12.2013 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	1,435.1	386.8	(24.8)	(50.1)	(50.4)	2.0
America I	1,228.2	184.6	(5.4)	(9.4)	(64.9)	0.9
America II	361.0	106.1	0.6	(80.1)	(28.1)	1.5
United States & Canada	576.5	109.4	2.3	(70.8)	(44.6)	0.4
Global Distribution Centers	246.8	177.9	(2.1)	(3.1)	(1.3)	(1.2)
Total segments	**3,847.6**	**964.8**	**(29.4)**	**(213.5)**	**(189.3)**	**3.6**
Unallocated positions	390.8	2,006.2	(3.8)	(9.0)	(3.6)	13.0
Dufry Group	**4,238.4**	**2,971.0**	**(33.2)**	**(222.5)**	**(192.9)**	**16.6**

31.12.2012 (restated)* 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	(6.5)	(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
Total segments	**3,024.6**	**768.9**	**(38.2)**	**(108.1)**	**(164.4)**	**25.3**
Unallocated positions	501.7	1,405.9	(0.9)	(4.4)	(3.9)	6.2
Dufry Group	**3,526.3**	**2,174.8**	**(39.1)**	**(112.5)**	**(168.3)**	**31.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Reconciliation of the earnings

IN MILLIONS OF CHF	2013	2012
Segment EBITDA	**511.1**	**474.3**
Depreciation, amortization and impairment	(192.9)	(168.3)
Other operational result	(37.4)	(30.1)
Interest expenses	(98.0)	(79.7)
Interest income	3.4	1.3
Foreign exchange gain / (loss)	(5.4)	(0.1)
Earnings before tax	**180.8**	**197.4**

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Segment operating assets	**3,847.7**	**3,024.6**
Current assets of Headquarter companies	101.4	247.3
Non-current assets of Headquarter companies	289.4	254.4
Total assets	**4,238.4**	**3,526.3**

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Segment operating liabilities	**964.8**	**768.9**
Financial debt of Headquarter companies, short-term	267.6	39.9
Financial debt of Headquarter companies, long-term	1,692.4	1,345.4
Other non-segment liabilities	46.2	20.6
Total liabilities	**2,971.0**	**2,174.8**

6. ACQUISITIONS OF BUSINESSES

2013 TRANSACTIONS

6.1 ACQUISITION OF HELLENIC DUTY FREE SHOPS, GREECE

Hellenic Duty Free Shops SA (HDFS) is the leading duty free operator in Greece, generating in 2013 turnover of CHF 400.4 million with Duty Free and Duty paid retail shops in 47 locations, of which 25 are at airports, 11 at seaports and 11 at border shops. During 2013 the company reached an EBIT of CHF 106.9 million.

On April 22, 2013 Dufry acquired 51 % of shares of HDFS, a newly founded company taking over the carved-out travel retail business from Folli Follie Group for a total consideration of CHF 244.7 million (EUR 200.5 million). The acquisition has been accounted for using the acquisition method. The transaction costs in relation to this acquisition step amount to CHF 13.9 million, whereof CHF 7.4 million are included in other operational result in the current consolidated income statement. The non-controlling interest, resulting from the transaction was measured at the proportionate share in the identifiable net assets.

With this transaction, Dufry expects to increase significantly its presence in the travel retail market in the Mediterranean area. HDFS has agreements granting the rights to operate long term duty free concessions in Greece. Dufry expects that the integration of the HDFS into the overall group will generate significant synergies, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and will be subject to annual impairment testing. Dufry signed a separate four year agreement with certain representatives ensuring their future continuous assistance developing the business and avoiding direct competition for a fee of CHF 35.1 million (EUR 28.0 million). Dufry will defer this fee over the lifetime of the agreement. These transactions were financed with a capital increase in October 2012 (see note 27.2). On April 22, 2013, Hellenic Duty Free Shops received from a syndicate of Greek banks a non-recourse bank facility of CHF 408.9 million (EUR 335.0 million).

The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined preliminarily as the company is in the process of verifying the valuation of these net assets identified as follows:

Hellenic Duty Free Shops S.A. Group

APRIL 22, 2013	PRELIMINARY FAIR VALUE IN MILLIONS OF CHF	PRELIMINARY FAIR VALUE IN MILLIONS OF EUR
Trade and credit card receivables	5.5	4.5
Inventories	80.2	65.7
Other assets	10.7	8.7
Property, plant and equipment	36.1	29.6
Intangible assets, mainly concession rights	511.7	419.3
Trade payables	(35.4)	(29.0)
Other liabilities	(36.3)	(29.7)
Financial debt	(408.9)	(335.0)
Provisions and contingent liabilities	(13.8)	(11.3)
Deferred tax liability	(103.4)	(84.7)
Identifiable net assets	**46.4**	**38.1**
less: Fair value of the non-controlling interests	(22.7)	(18.7)
Dufry's share in the net assets (51 %)	23.7	19.4
Fair value of total consideration (paid in cash)	244.7	200.5
Goodwill	**221.0**	**181.1**

6.2 TRANSACTION WITH NON-CONTROLLING INTEREST IN HELLENIC DUTY FREE SHOPS

On December 11, 2013 Dufry acquired the remaining 49% of the voting equity interest of HDFS for a total consideration of CHF 400.7 million (EUR 328.0 million). The company estimated the transaction costs in CHF 1.0 million for this transaction step and included these in other operational result in the current consolidated income statement. Additionally, the company has refinanced the HDFS Group, so that existing bank arrangement fees of CHF 4.7 million had been expensed.

DECEMBER 13, 2013	IN MILLIONS OF CHF	IN MILLIONS OF EUR
Consideration paid in cash	213.8	175.0
Consideration of 1,231,233 Dufry shares at CHF 151.9 each [1]	186.9	153.0
Total consideration	**400.7**	**328.0**
Carrying value of the non-controllling interest in HDFS	(49.3)	(40.2)
Share premium implied in transferred shares	180.8	148.2
Difference recognized in retained earnings within equity (note 29)	**170.6**	**139.6**

[1] The share issuance costs have been considered in equity.

From the date when Dufry took control of these operations in April 2013 until December 31, 2013 these operations contributed CHF 349.1 million in turnover and CHF 103.3 million in EBIT to the consolidated income statement of the Group.

6.3 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

2013 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
HDFS, Athens – Greece	(244.7)	2.0	(242.7)	–	(242.7)
Alliance, San Juan – Puerto Rico	–	–	–	(0.9)	(0.9)
Total	**(244.7)**	**2.0**	**(242.7)**	**(0.9)**	**(243.6)**

Contributions from / (repayment of) non-controlling interest holders

IN MILLIONS OF CHF	2013	2012
Purchase of non-controlling interest HDFS	(213.8)	–
Other	(0.1)	0.7
TOTAL	**(213.9)**	**0.7**

2012 TRANSACTIONS

6.4 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 on site by 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 its logistics into its global supply chain.

The acquisition has been accounted for using the acquisition method. The total transaction costs in relation to 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	FINAL FAIR VALUE IN MILLIONS OF CHF	FINAL 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**

6.5 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

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

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2013	2012
Perfumes and Cosmetics	952.0	831.2
Confectionery, Food and Catering	630.7	528.6
Wine and Spirits	553.7	514.9
Watches, Jewelry and Accessories	323.1	288.1
Tobacco goods	288.1	210.6
Fashion, Leather and Baggage	268.4	245.3
Literature and Publications	199.9	235.1
Electronics	98.4	94.9
Toys, Souvenirs and other goods	150.7	113.4
Total	**3,465.0**	**3,062.1**

Net sales by market sector:

IN MILLIONS OF CHF	2013	2012
Duty free	2,317.4	2,107.0
Duty paid	1,147.6	955.1
Total	**3,465.0**	**3,062.1**

Net sales by channel:

IN MILLIONS OF CHF	2013	2012
Airports	3,005.9	2,724.7
Border, downtown & hotel shops	192.5	94.3
Cruise liners and seaports	121.8	103.7
Railway stations and other	144.8	139.4
Total	**3,465.0**	**3,062.1**

8. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates more than 1,350 retail shops in 47 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 one or several shops and are awarded in a public or private tender or in a negotiated transaction.

9. SELLING EXPENSES

IN MILLIONS OF CHF	2013	2012
Concession fees and rents	(787.3)	(659.9)
Credit card commissions	(40.8)	(38.3)
Advertising and commission expenses	(21.8)	(18.2)
Packaging materials	(10.2)	(10.2)
Other selling expenses	(13.8)	(12.7)
Selling expenses	**(873.9)**	**(739.3)**
Concession and rental income	15.4	14.3
Commission income	7.5	1.8
Commercial services and other selling income	25.0	29.0
Selling income	**47.9**	**45.1**
Total	**(826.0)**	**(694.2)**

10. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2013	2012 (restated)*
Salaries and wages	(408.9)	(358.9)
Social security expenses	(77.3)	(69.2)
Retirement benefits (defined contribution plans)*	(3.3)	(3.1)
Retirement benefits (defined benefit plans)*	(2.4)	(2.2)
Other personnel expenses	(46.2)	(41.0)
Total	**(538.1)**	**(474.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

11. GENERAL EXPENSES

IN MILLIONS OF CHF	2013	2012
Repairs, maintenance and utilities	(44.1)	(40.6)
Legal, consulting and audit fees	(40.6)	(40.0)
Premises	(30.6)	(25.0)
EDP and IT expenses	(21.4)	(19.6)
Office and administration	(18.9)	(17.7)
Travel, car, entertainment and representation	(18.6)	(17.0)
Franchise fees and commercial services	(18.5)	(13.0)
Taxes, other than income taxes	(14.3)	(18.5)
PR and advertising	(9.6)	(9.5)
Bank expenses	(7.1)	(6.7)
Insurances	(6.8)	(6.1)
Total	**(230.5)**	**(213.7)**

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2013	2012
Depreciation	(71.1)	(62.3)
Impairment	–	(2.8)
Subtotal (note 18)	**(71.1)**	**(65.1)**
Amortization	(121.8)	(103.2)
Impairment	–	–
Subtotal (note 20)	**(121.8)**	**(103.2)**
Total	**(192.9)**	**(168.3)**

13. 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	2013	2012
Consulting fees, expenses related to projects and start-up expenses	(13.0)	(9.1)
Acquisition-related costs	(8.8)	(6.7)
Closing or rebranding of shops / restructuring of operations	(5.6)	(6.4)
Tax litigations	(4.7)	–
Impairment of financial assets	(2.0)	(5.3)
Losses on sale of non-current assets	(0.1)	(0.1)
Other expenses	(7.3)	(5.9)
Subtotal other operational expenses	**(41.5)**	**(33.5)**

IN MILLIONS OF CHF	2013	2012
Gain on sale of non-current assets	0.2	0.1
Recovery of write offs / release of allowances	0.9	0.2
Litigation income	–	1.2
Insurance – compensation for losses	0.3	0.1
Other income	2.7	1.8
Subtotal other operational income	**4.1**	**3.4**

IN MILLIONS OF CHF	2013	2012
Other operational expenses	(41.5)	(33.5)
Other operational income	4.1	3.4
Other operational result	**(37.4)**	**(30.1)**

14. INTEREST

IN MILLIONS OF CHF	2013	2012 (restated)*
Interest income on short-term deposits	3.0	1.1
Other finance income	0.4	0.2
Interest income on financial assets	**3.4**	**1.3**
Interest on non-financial instruments	–	–
Total interest income	**3.4**	**1.3**
Interest expense	(81.4)	(64.3)
Amortization of arrangement fees [1]	(11.8)	(13.4)
Interest on discounted financial liabilities	(0.1)	(0.1)
Other finance expenses	(2.9)	(1.2)
Interest expense on financial liabilities	**(96.2)**	**(79.0)**
Interest on non-financial instruments	(1.8)	(0.7)
Total interest expense	**(98.0)**	**(79.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.
[1] This position includes the amortization of capitalized bank arrangement fees and the write-off of the residual value when refinanced.

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2013	2012 (restated)*
Current income taxes	(43.7)	(61.2)
of which corresponding to the current period	(43.4)	(61.6)
of which adjustments recognized in relation to prior years	(0.3)	0.4
Deferred income taxes	10.5	22.1
of which related to the origination or reversal of temporary differences	11.5	23.1
of which adjustments recognized in relation to prior years	–	–
of which adjustments due to change in tax rates	(1.0)	(1.0)
Total	**(33.2)**	**(39.1)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

IN MILLIONS OF CHF	2013	2012 (restated)*
Consolidated earnings before income tax (EBT)	180.8	197.4
Expected tax rate in %	16.0 %	16.2 %
Tax at the expected rate	(28.9)	(31.9)
EFFECT OF:		
Income not subject to income tax	4.3	8.6
Different tax rates for subsidiaries in other jurisdictions	5.9	7.7
Different tax regime for sale of subsidiaries	–	0.1
Non deductible expenses	(2.8)	(6.5)
Current year tax loss carry-forwards not recognized	(4.5)	(8.9)
Non recoverable withholding taxes	(6.5)	(6.7)
Adjustments recognized in relation to prior year	(0.3)	0.4
Other items	(0.4)	(1.9)
Total	**(33.2)**	**(39.1)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The expected tax rate approximates the average of the income tax rates of the countries where Dufry is active, weighted by the EBT of the respective operations. In 2013, there have been no significant changes in the income tax rates applicable those countries where Dufry is active.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME / EQUITY

IN MILLIONS OF CHF	2013	2012 (restated)*
RECOGNIZED IN OTHER COMPREHENSIVE INCOME:		
Actuarial gains / (losses) on defined benefit plans	(1.3)	0.7
Net gain / (loss) on hedge of net investment	–	(0.8)
Cash flow hedges	–	(0.1)
Total	**(1.3)**	**(0.2)**
RECOGNIZED IN EQUITY:		
Tax effect on share based payments	1.4	2.1
Total	**1.4**	**2.1**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

16. 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	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
Weighted average number of ordinary shares outstanding	29,720	27,447
Basic earnings per share in CHF	**3.13**	**4.46**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	29,837	27,782
Diluted earnings per share in CHF	**3.12**	**4.41**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Cash EPS are calculated by dividing net earnings attributable to equity holders of the parent, adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions through weighted average number of ordinary shares outstanding. 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	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
ADJUSTED FOR :		
Dufry's share of the amortization in respect of acquisitions	94.5	82.8
Adjusted net earnings	**187.5**	**205.3**
Weighted average number of ordinary shares outstanding	29,720	27,447
EPS adjusted for amortization (cash EPS) in CHF	**6.31**	**7.48**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2013	2012 (restated)*
Outstanding shares	29,735	27,573
Less treasury shares	(15)	(126)
Used for calculation of basic earnings per share	**29,720**	**27,447**
EFFECT OF DILUTION:		
Share options	117	335
Used for calculation of earnings per share adjusted for the effect of dilution	**29,837**	**27,782**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

For movements in shares see note 27 Equity, note 28 Share-based payment and Treasury shares.

17. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2013 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Employee benefit reserve	Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**–**	**–**	**(49.0)**	**(49.0)**	**(1.2)**	**(50.2)**
Net gain / (loss) on hedge of net investment in foreign operations	–	–	24.4	24.4	–	24.4
Income tax effect	–	–	–	–	–	–
Subtotal	**–**	**–**	**24.4**	**24.4**	**–**	**24.4**
Actuarial gains / (losses) on defined benefit plans	17.4	–	–	17.4	–	17.4
Income tax effect	(1.3)	–	–	(1.3)	–	(1.3)
Subtotal	**16.1**	**–**	**–**	**16.1**	**–**	**16.1**
Other comprehensive income	**16.1**	**–**	**(24.6)**	**(8.5)**	**(1.2)**	**(9.7)**

2012 (restated)* IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Employee benefit reserve	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**
Actuarial gains / (losses) on defined benefit plans	(8.7)	–	–	(8.7)	–	(8.7)
Income tax effect	0.7	–	–	0.7	–	0.7
Subtotal	**(8.0)**	**–**	**–**	**(8.0)**	**–**	**(8.0)**
Other comprehensive income	**(8.0)**	**0.9**	**(23.3)**	**(30.4)**	**(2.3)**	**(32.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

18. PROPERTY, PLANT AND EQUIPMENT

2013 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2013	267.1	187.5	55.2	7.9	33.0	550.7
Business combinations (note 6)	28.5	6.4	0.5	0.2	0.5	36.1
Additions (note 19)	16.6	13.8	7.6	1.2	80.6	119.8
Disposals	(19.9)	(6.3)	(3.4)	(0.3)	(0.5)	(30.4)
Reclassification within classes	46.8	31.3	1.0	–	(79.1)	–
Reclassification to intangible assets *	(16.6)	–	–	–	(3.6)	(20.2)
Currency translation adjustment	(6.0)	(6.6)	(1.3)	(0.2)	(1.5)	(15.6)
Balance at December 31, 2013	**316.5**	**226.1**	**59.6**	**8.8**	**29.4**	**640.4**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2013	(126.3)	(114.3)	(39.0)	(5.4)	–	(285.0)
Additions (note 12)	(37.4)	(25.4)	(7.4)	(0.9)	–	(71.1)
Disposals	18.0	5.2	3.1	0.2	–	26.5
Currency translation adjustment	3.0	3.8	0.9	0.1	–	7.8
Balance at December 31, 2013	**(142.7)**	**(130.7)**	**(42.4)**	**(6.0)**	**–**	**(321.8)**
IMPAIRMENT						
Balance at January 1, 2013	(3.5)	(1.8)	(0.6)	–	–	(5.9)
Impairment (note 12)	–	–	–	–	–	–
Disposals	0.9	–	0.2	–	–	1.1
Currency translation adjustments	–	0.1	–	–	–	0.1
Balance at December 31, 2013	**(2.6)**	**(1.7)**	**(0.4)**	**–**	**–**	**(4.7)**

* Based on a review of the investments done in previous years Dufry reclassified certain investments presented as leasehold improvements to concession rights.

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 19)	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 12)	(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 12)	(2.0)	(1.2)	–	–	0.4	(2.8)
Disposals	1.5	0.3	–	–	–	1.8
Currency translation adjustment	–	0.3	–	–	–	0.3
Balance at December 31, 2012	**(3.5)**	**(1.8)**	**(0.6)**	**–**	**–**	**(5.9)**
CARRYING AMOUNT:						
At December 31, 2013	**171.2**	**93.7**	**16.8**	**2.8**	**29.4**	**313.9**
At December 31, 2012	**137.3**	**71.4**	**15.6**	**2.5**	**33.0**	**259.8**

18.1 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).

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

IN MILLIONS OF CHF	2013	2012
Payables for capital expenditure at the beginning of the period	(12.4)	(15.0)
Additions of property, plant and equipment (note 18)	(119.8)	(80.0)
Payables for capital expenditure at the end of the period	23.8	12.4
Currency translation adjustment	0.3	(1.3)
Total Cash Flow	**(108.1)**	**(83.9)**

20. INTANGIBLE ASSETS

2013	CONCESSION RIGHTS					
IN MILLIONS OF CHF	Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2013	60.4	1,376.5	158.8	707.4	99.6	2,402.7
Business combinations (note 6)	–	510.9	–	221.0	0.8	732.7
Additions	–	53.4	–	–	59.0	112.4
Disposals	–	(0.5)	–	–	(0.2)	(0.7)
Other adjustments	–	–	–	–	2.6	2.6
Reclassifications from property, plant and equipment *	–	16.6	–	–	3.6	20.2
Currency translation adjustment	0.4	(35.5)	(0.2)	(15.6)	(2.2)	(53.1)
Balance at December 31, 2013	**60.8**	**1,921.4**	**158.6**	**912.8**	**163.2**	**3,216.8**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2013	–	(318.5)	–	–	(51.3)	(369.8)
Additions (note 12)	–	(102.0)	–	–	(19.8)	(121.8)
Other adjustments	–	–	–	–	(2.6)	(2.6)
Currency translation adjustment	–	10.4	–	–	1.2	11.6
Balance at December 31, 2013	**–**	**(410.1)**	**–**	**–**	**(72.5)**	**(482.6)**
IMPAIRMENT						
Balance at January 1, 2013	–	(0.3)	–	–	–	(0.3)
Disposals	–	0.1	–	–	–	0.1
Currency translation adjustment	–	–	–	–	–	–
Balance at December 31, 2013	**–**	**(0.2)**	**–**	**–**	**–**	**(0.2)**

* Based on a review of the investments done in previous years Dufry reclassified certain investments presented as leasehold improvements to concession rights.

2012 IN MILLIONS OF CHF	CONCESSION RIGHTS 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 21)	–	7.0	–	–	19.2	26.2
Disposals	–	–	–	(0.8)	(0.1)	(0.9)
Reclassification	–	(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 12)	–	(90.6)	–	–	(12.6)	(103.2)
Disposals	–	–	–	–	–	–
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)
Additions (note 12)	–	–	–	0.8	–	0.8
Disposals	–	–	–	–	–	–
Currency translation adjustment	–	0.1	–	–	–	0.1
Balance at December 31, 2012	**–**	**(0.3)**	**–**	**–**	**–**	**(0.3)**
CARRYING AMOUNT						
At December 31, 2013	**60.8**	**1,511.1**	**158.6**	**912.8**	**90.7**	**2,734.0**
At December 31, 2012	**60.4**	**1,057.7**	**158.8**	**707.4**	**48.3**	**2,032.6**

ADDITIONS THROUGH BUSINESS COMBINATIONS

IN MILLIONS OF CHF	GOODWILL	CONCESSION RIGHTS	OTHER	TOTAL
HDFS, Athens–Greece (note 6.1)	221.0	510.9	0.8	732.7
Regstaer, Moscow–Russia (note 6.3)	10.0	64.8	–	74.8

20.1 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.

20.1.1 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	31.12.2013	31.12.2012
EMEA & Asia	321.2	99.6
America I	382.9	394.1
America II	134.3	138.3
United States & Canada	74.4	75.4
Total carrying amount of goodwill	**912.8**	**707.4**

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 2013 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	2013	2012	2013	2012	2013	2012
EMEA & Asia	10.74 %	7.17 %	12.56 %	7.82 %	4.5–17.7 %	1.9–9.6 %
America I	9.04 %	8.38 %	10.38 %	9.40 %	4.6–9.8 %	3.8–9.4 %
America II	7.49 %	7.67 %	9.76 %	9.22 %	6.6–22.3 %	2.0–18.8 %
United States & Canada	5.73 %	5.45 %	7.48 %	6.89 %	3.9–13.8 %	2.6–13.1 %

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from past 5 year average of prime 10-year bonds rates): CHF 0.99 %, EUR 2.10 %, USD 2.47 % (2012: CHF 1.23 %, EUR 2.32 %, USD 2.32 %).

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

	2013	2012
Beta factor	0.88	0.64

Sensitivity to changes in assumptions

Management believes that any reasonably possible change (+/– 1 %) in the key assumptions, on which the recoverable amounts are based, would not cause the respective carrying amount to exceed its recoverable amount. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

20.1.2 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 concession rights with indefinite useful life:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Italy	49.1	48.4
Middle East and India	11.7	12.0
Total carrying amount of concession rights	**60.8**	**60.4**

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 2013 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	2013	2012	2013	2012	2013	2012
Italy	7.15 %	7.56 %	8.29 %	8.85 %	2.7–4.1 %	3.0–5.2 %
Middle East and India	6.56 %	6.39 %	6.56 %	6.39 %	6.3–7.4 %	3.0–5.3 %

[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 464.3 million (2012: CHF 509.7 million). With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change (+/– 1 %) in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

20.1.3 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 2014. 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 2.0 % (2012: 2.0 %) to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

20.1.4 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 of 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 (2014–2018) with year on year growth rates between 16.4 % and 4.7 % for Dufry (2012: 12.6 %–2.9 %) and 13.8 % and 3.9 % for Hudson (2012: 13.1 %–2.6 %). These growth rates do not exceed the long-term average growth rate for Dufry Group. The discount rate of 7.54 % (2012: 5.9 %) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 270.2 million (2012: CHF 265.7 million).

21. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2013	2012
Payables for capital expenditure at January 1	(4.4)	(6.9)
Additions of intangible assets (note 20)	(112.4)	(26.2)
Payables for capital expenditure at December 31	1.4	4.4
Currency translation adjustment	1.0	0.1
Total Cash Flow	**(114.4)**	**(28.6)**

22. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
DEFERRED TAX ASSETS		
Property, plant and equipment	9.9	8.1
Intangible assets	71.9	76.4
Provisions and other payables	37.1	29.1
Tax loss carry-forward	44.3	34.7
Other	21.3	18.1
Total	**184.5**	**166.4**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(14.6)	(5.4)
Intangible assets	(263.4)	(165.2)
Provisions and other payables	(7.7)	(0.9)
Other	(5.6)	(5.8)
Total	**(291.3)**	**(177.3)**
Deferred tax liabilities net	**(106.8)**	**(10.9)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Deferred tax assets	154.9	154.1
Deferred tax liabilities	(261.7)	(165.0)
Balance at the end of the period	**(106.8)**	**(10.9)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Changes in deferred tax assets	0.8	7.1
Changes in deferred tax liabilities	(96.7)	3.5
Business combinations (notes 6.1-6.4)	103.4	13.2
Currency translation adjustment	3.1	0.2
Deferred tax income (expense) at the end of the period	**10.6**	**24.0**
Thereof recognized in the income statement	10.5	22.1
Thereof recognized in equity	1.4	2.1
Thereof recognized in OCI	(1.3)	(0.2)

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

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 2014 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	31.12.2013	31.12.2012
Expiring within 1 to 3 years	4.4	3.4
Expiring within 4 to 7 years	75.2	41.8
Expiring after 7 years	70.8	95.2
With no expiration limit	19.3	15.2
Total	**169.7**	**155.6**

23. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Guarantee deposits	30.7	14.0
Loans and contractual receivables	24.2	15.9
Other	8.9	8.4
Subtotal	**63.8**	**38.3**
Allowances	(1.7)	(1.8)
Total	**62.1**	**36.5**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

MOVEMENT IN ALLOWANCES:

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(1.8)	(1.9)
Creation	–	(0.1)
Utilization	–	0.1
Unused amounts reversed	–	0.1
Currency translation adjustment	0.1	–
Balance at the end of the period	**(1.7)**	**(1.8)**

24. INVENTORIES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Purchased inventories at cost	540.5	441.5
Inventory allowances [1]	(15.8)	(20.4)
Total	**524.7**	**421.1**

[1] The inventory impaired has a book value of CHF 17.6 million (2012: 23.4 million)

CASH FLOW USED FOR INCREASE/FROM DECREASE IN INVENTORIES:

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	441.5	453.8
Balance at the end of the period	540.5	441.5
Gross change – at cost	**(99.0)**	**12.3**
Business combinations before allowances	80.2	7.7
Non-cash transactions in gross change	(2.1)	(4.2)
Currency translation adjustment	(11.9)	(13.2)
Cash Flow – (Increase)/decrease in inventories	**(32.8)**	**2.6**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 16.6 million (2012: CHF 15.6 million).

25. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Trade receivables	21.5	15.3
Credit card receivables	21.4	45.1
Gross	**42.9**	**60.4**
Allowances	(0.1)	(0.9)
Net	**42.8**	**59.5**

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	31.12.2013	31.12.2012
Not due	9.1	9.6
OVERDUE:		
Up to 30 days	11.1	1.9
31 to 60 days	0.6	0.3
61 to 90 days	–	2.6
More than 90 days	0.7	0.9
Total overdue	**12.4**	**5.7**
Trade receivables, gross	**21.5**	**15.3**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(0.9)	(0.8)
Creation	(0.1)	(0.1)
Release	0.1	–
Utilized	0.7	–
Currency translation adjustment	0.1	–
Balance at the end of the period	**(0.1)**	**(0.9)**

26. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Sales tax and other tax credits	42.8	35.9
Receivables for refund from suppliers	37.6	33.3
Prepayments	18.6	12.4
Guarantee deposits	13.4	6.9
Receivables from subtenants and local business partners	13.0	16.2
Accrued concession fees and rental income	10.3	8.0
Personnel receivables	1.8	1.5
Derivative financial assets [1]	1.5	0.5
Accrued income	1.3	1.3
Loans receivable	0.5	0.2
Other	12.3	10.5
Total	**153.1**	**126.7**
Allowances	(3.4)	(6.3)
Total	**149.7**	**120.4**

[1] See note 39 Financial instruments.

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2013	2012
Balance at the beginning of the period	(6.3)	(3.9)
Creation	(0.6)	(2.5)
Release	0.1	0.1
Utilized	3.4	0.1
Currency translation adjustment	–	(0.1)
Balance at the end of the period	**(3.4)**	**(6.3)**

27. EQUITY

27.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Share capital	154.5	148.4
Share premium	1,207.0	1,207.0
Total	**1,361.5**	**1,355.4**

27.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2012	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
Issue of shares	1,231,233	6.1	–
Balance at December 31, 2013	**30,905,056**	**154.5**	**1,207.0**

27.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	–	–
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
Utilization December 13, 2013	(1,231,233)	(6,156)
Balance at December 31, 2013	**1,466,388**	**7,332**

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	567,296	2,836
Increase of conditional share capital	2,130,324	10,652
Balance at December 31, 2012	2,697,620	13,488
Balance at December 31, 2013	**2,697,620**	**13,488**

Share capital increase

2013

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98 % of the total shares. After this share issuance, the share capital of the company amounts to CHF 154,525,280. The shares were issued to Folli Follie Group as part of the payment for the 49 % acquisition of HDFS. The share issuance costs related with this transaction amount to CHF 0.06 million and have been presented in equity.

2012

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 were used to finance the acquisition of the 51 % of HDFS (see note 6.1). 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 were presented in equity.

27.3 RESERVES

IN MILLIONS OF CHF	31.12.2013	31.12.2012 (restated)*
Employee benefit reserve	0.3	(15.8)
Hedging and revaluation reserves	–	–
Translation reserves	(224.5)	(199.9)
Retained earnings	18.3	125.0
Balance at the end of the year	**(205.9)**	**(90.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

27.3.1 Employee benefit reserve

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	(15.8)	(7.8)
Actuarial gains (losses) on defined benefit plans	17.4	(8.7)
Income tax relating to components of other comprehensive income	(1.3)	0.7
Balance at the end of the year	**0.3**	**(15.8)**

27.3.2 Hedging and revaluation reserves

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	–	(0.9)
Gain / (loss) arising on changes in fair value of financial instruments:		
– Interest rate swaps entered for as cash flow hedges	–	1.0
Related income tax	–	(0.1)
Balance at the end of the year	**–**	**–**

There were no gains or losses arising on changes in fair value of hedging instruments reclassified from equity into consolidated income statement during 2013.

27.3.3 Translation reserves

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Balance at the beginning of the year	(199.9)	(176.6)
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	(49.0)	(28.8)
Net gain/(loss) on hedge of net investments in foreign operations (note 31)	24.4	6.3
Income tax related to net gains/(losses) on hedge of net investments of foreign operations	–	(0.8)
Balance at the end of the year	**(224.5)**	**(199.9)**

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.

28. SHARE-BASED PAYMENTS

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for members of the Group Executive Committee (GEC) and selected members of the Senior 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. Additionally Dufry implemented a long term incentive plan for the members of the GEC called Performance Share Unit Plan ("PSU").

28.1 RSU PLANS OF DUFRY AG

Under the RSU award 2013 the members of the GEC and selected members of the Senior management have been granted the right to receive on January 1, 2014, free of charge, 117,104 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on July 29, 2013 ("the RSU Awards 2013"). The RSU Awards 2013 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2013 until January 1, 2014 and
b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2014 must be 1% higher than at January 1, 2013.

On January 1, 2014 the relevant average share price prior to vesting was CHF 155.44, so that the participants of the RSU award 2013 received 117,104 Dufry shares.

The fair value of the RSU Awards 2013 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 1.0%, an expected volatility of 31.4% and the market condition noted above) upon which the awards were granted. The contractual life of the awards 2013 is five months. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. There are no cash settlement alternatives. Up to December 2013, the expense recognized for employee services received during the period based on a fair value of CHF 83.93 per RSU is CHF 9.8 million and has been recorded against equity.

There was no RSU award 2012.

28.2 PSU PLANS OF DUFRY AG

With the PSU award 2013 Dufry granted for the first time to the members of the GEC 42,957 PSU's. One PSU gives the right to receive in 2016, free of charge, a variable quantity of shares, based on the performance achieved by the Group. This performance will be measured as the average yearly growth rate reached by the earnings per share adjusted for amortization and non-recurrent effects (Cash EPS) of the Group in 2015. The basis for the award 2013 is the Cash EPS of 2012. If the targeted average yearly growth of 7% is achieved, one share will be granted for each PSU, whereas for an average yearly growth rate of 3.5% or less, no shares are granted and an average growth rate of 10.5% or higher will result in two shares per PSU (maximum) with a linear interpolation. The PSU Awards 2013 contain two vesting conditions to be met:

a) the participants must be employed by the Company from January 1, 2013 until January 1, 2016 and
b) the minimum targeted average yearly growth rate must be higher than 3.5 % on the Cash EPS.

At grant date the fair value of the PSU Awards 2013 represents the market value for one Dufry share i.e. CHF 124.10. At closing 2013 a probability of 86 % was determined by an independent professional who took into account the historic development of Dufry's EPS adjusted by amortization of acquisitions and exceptional and one-off events, as well as these EPS for budgeted financials and compared these with the targeted goal. The contractual life of the PSU awards 2013 is two years and five months. There are no cash settlement alternatives for the employees. In 2013, the expense recognized for employee services received during the year was of CHF 111.69 per PSU and CHF 0.8 million in total, which has been recorded against equity.

28.3 AGREEMENT WITH A LOCAL PARTNER TO OPERATE IN BRAZIL

In August 2013, Dufry agreed with a Brazilian partner to strengthen the development of the Brazilian duty free business. The agreement foresees the assistance of the partner to re-new existing duty free concession agreements as well as to win new duty free agreements in Brazil with the key contract being the 10-year contract for Terminal 3 at Guarulhos Airport in São Paulo.

The renewed and new concessions will be operated by a newly established company, Dufry Lojas Francas Ltda ("DLF"), in which Dufry initially holds 60 % and the partner can participate with 40 % as the provision of signing the contract agreement of the above mentioned contract for Terminal 3 was met. The partner will make their respective contribution cash and Dufry will contribute existing net assets of the operations.

Dufry also entered a call / put option structure with the partner, whereby the partner has the right to sell, and Dufry has the right to buy, 20 % of the equity of DLF until December 15, 2014, for an estimated value of CHF 150 million. This value is based on a formula, which considers the additional performance these operations will contribute in the future as the new and renewed concession agreements consider a significant increase in retail space. Dufry expects that sales per passenger will increase due to the significant additional retail space granted by the new and renewed concessions.

28.4 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
At January 1, 2012	**108,116**	**13.5**
Share purchases	230,000	28.1
At December 31, 2012	**338,116**	**41.6**
Assigned to holders of RSU-awards 2011	(334,953)	(41.2)
Share purchases	117,106	17.7
At December 31, 2013	**120,269**	**18.1**

29. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Recognized in equity attributable to non-controlling interests at fair value:

IN MILLIONS OF CHF	2013	2012
49% of Hellenic Duty Free Shops S.A. Group at date of business combination (note 6.1)	22.7	–
Transaction with non-controlling interest related to 49% Hellenic Duty Free Shops S.A. Group (note 6.2)	(49.3)	–
49% of Regstaer LLC at date of business combination (note 6)	–	33.3
Hudson Group, increase in share capital of several subsidiaries	14.3	6.7
Other	(0.2)	0.7
Total	**(12.5)**	**40.7**

30. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests comprise the portion of equity of subsidiaries that are not owned by Dufry. Although net earnings attributable to non-controlling interests make 37% of total net earnings Dufry management carefully assessed the significance of each company with non-controlling interests and concluded that none of them is individually material for the Group.

The major part of the net earnings attributable to non-controlling interests relates to Hellenic Duty Free Shops SA (CHF 26.8 million). This company had non-controlling interests throughout the year 2013 but is fully owned by Dufry since December 2013.

31. FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Bank debt (overdrafts)	21.8	25.3
Bank debt (loans)	280.5	11.5
3rd party loans	3.9	3.1
Financial debt, short-term	**306.2**	**39.9**
Bank debt (loans)	1,253.5	894.4
Senior Notes	435.9	447.4
3rd party loans	4.2	3.6
Financial debt, long-term	**1,693.6**	**1,345.4**
Total	**1,999.8**	**1,385.3**
of which are:		
Bank debt	1,555.8	931.2
Senior Notes	435.9	447.4
Loans payable	8.1	6.7

BANK DEBT

IN MILLIONS OF CHF	31.12.2013	31.12.2012
BANK DEBT (LOANS AND OVERDRAFTS) DENOMINATED IN:		
US Dollar	896.6	921.6
Swiss Franc	61.3	0.7
Euro	601.6	5.6
Other currencies	15.8	19.3
Subtotal	**1,575.3**	**947.2**
Deferred bank arrangement fees	(19.5)	(16.0)
Total	**1,555.8**	**931.2**

The Group centrally negotiates and manages its key credit facilities. Minor credit lines at local level are kept for practical reasons.

MAIN BANK CREDIT FACILITIES

The main bank credit facilities, of which CHF 1.523.0 million (2012: CHF 892.9 million) was drawn, are granted by three bank syndicates with the London Branch of ING N.V. acting as agent for all bank financings. The facilities consist of:

– A term loan of USD 1,000.0 million (CHF 888.6, 2012: 914.6) which includes an amortization schedule with repayments scheduled between 2014 and 2016
– A committed 5-year revolving credit facility (RCF) of CHF 650.0 million
– On December 10, 2013, a syndicate of banks granted Dufry a committed 5-year term loan of EUR 500.0 million (CHF 612.5 million) which was used to finance part of the acquisition in Greece and to repay existing debt of HDFS.

The agreements contain covenants and conditions customary to this type of financing. During 2013 and 2012, 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, 2013 the overall weighted average interest rate was 2.5% (2012: 3.2%), consisting of USD borrowings at 2.6% (2012: 3.2%), EUR borrowings at 2.4% (2012: 3.4%) and CHF borrowings at 1.9% (2012: 2.2%).

SENIOR NOTES

On October 26, 2012, Dufry placed USD 500 million (CHF 466.1 million) Senior Notes denominated in USD with a maturity of eight years with qualified institutional investors in Switzerland and abroad. The Notes are listed on the Dublin stock exchange. The notes carry a coupon of 5.5% per annum which will be payable semi-annually in arrears. Dufry used the proceeds to refinance term loans expiring in August 2013.

31.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

At December 31, 2013 an amount of USD 947.2 million (December 31, 2012: USD 947.2 million) included in the financial debt has been designated as hedge in net investment held in Dufry do Brasil, Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services Corp., Duty Free Ecuador SA and Regstaer Ltd. in accordance with IAS 39, paragraph 102.

31.2 NET INVESTMENT IN FOREIGN OPERATIONS

Additionally, Dufry granted long-term loans amounting to USD 19.6 million (2012: USD 20.4 million) to its subsidiary, Dufry America Holding Inc., 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.

32. PROVISIONS

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	CLOSEDOWN	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2013	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Business combinations	4.6	–	9.2	–	–	–	13.8
Charge for the year	–	1.2	2.4	0.1	–	0.3	4.0
Utilized	–	–	(0.2)	(0.5)	(0.1)	(0.5)	(1.3)
Unused amounts reversed	–	(1.0)	(2.0)	–	(0.9)	(0.4)	(4.3)
Currency translation adjustment	(0.9)	–	(0.2)	–	–	0.1	(1.0)
Balance at December 31, 2013	**38.7**	**1.2**	**15.9**	**–**	**2.4**	**3.2**	**61.4**
Thereof:							
– current	–	1.2	6.7	–	0.2	2.0	10.1
– non-current	38.7	–	9.2	–	2.2	1.2	51.3
Balance at January 1, 2012	**36.7**	**–**	**4.9**	**–**	**3.0**	**2.0**	**46.6**
Charge for 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

Management believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities, areas described below, actual costs may vary from the amounts provisioned.

CONTINGENT LIABILITIES

Several contingent liabilities with a fair value of CHF 38.7 million (2012: CHF 35.0 million) were determined during the due diligence process made for the acquisition of the companies in South America, Central America and Europe. IFRS 3 Business combinations requires to reflect these liabilities with uncertain amounts 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 1.2 million (2012: CHF 1.0 million) relates to the closing of an operation in Asia.

LABOR DISPUTES

The provision of CHF 2.4 million (2012: CHF 3.4 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

These provisions of CHF 15.9 million (2012: CHF 6.7 million) cover uncertainties dependent on the outcome of law suits in relation to taxes, duties or other claims in Brazil, Tunisia, Puerto Rico, Greece and Italy.

The increase in 2013 mainly relates beside the business combinations, to a litigation process against the Italian tax and custom authorities that allege that the company used incorrectly the VAT ceiling to compensate the tax credit in the years 2000 and 2001. Although in previous sentences for similar disputes the Italian Corte di Cassazione ruled in favor of Dufry, at the end of 2013 the Corte ruled against the company, imposing the payment of the VAT, interest and a fine, whereby the fine could amount up to the same sum alleged as the incorrectly compensated VAT, estimated at CHF 7.1 million. The management of the company is of the opinion that the amount of the fine is excessive and cannot be justified to be proportional to the damage caused, as required by the Italian legislation. However, according to the wording of the ruling, it can be understood that the tax authority has been enacted to claim such a fine. The company has created an allowance of CHF 2.3 million on a first fine already paid and has raised an additional provision of CHF 2.4 million.

The expected timing of the related cash outflows of non-current provisions as of December 31, 2013 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2015	20.9
2016	29.5
2017+	0.9
Total non-current	**51.3**

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The employees of the subsidiaries are insured against the risk of old age and disablement in accordance with the local laws and regulations prevailing in the countries concerned. The largest defined benefit pension plan is in Switzerland, accounting for 83 % (2012: 91 %) of the total defined benefit obligation and 100 % (2012: 100 %) of the plan assets.

			2013			2012 (restated)*
IN MILLIONS OF CHF	Funded	Unfunded	Total	Funded	Unfunded	Total
SWITZERLAND:						
Fair value of plan assets	63.8		63.8	43.0	–	43.0
Present value of defined benefit obligation	62.7		62.7	59.4	–	59.4
Financial (deficit) surplus	**1.1**	**–**	**1.1**	**(16.4)**	**–**	**(16.4)**
GREECE:						
Fair value of plan assets	–	–	–	–	–	–
Present value of defined benefit obligation	–	5.5	5.5	–	–	–
Financial (deficit) surplus	**–**	**(5.5)**	**(5.5)**	**–**	**–**	**–**
ITALY:						
Fair value of plan assets	–	–	–	–	–	–
Present value of defined benefit obligation	–	4.4	4.4	–	4.3	4.3
Financial (deficit) surplus	**–**	**(4.4)**	**(4.4)**	**–**	**(4.3)**	**(4.3)**
OTHER PLANS:						
Fair value of plan assets	–	–	–	–	–	–
Present value of defined benefit obligation	–	2.6	2.6	–	1.8	1.8
Financial (deficit) surplus	**–**	**(2.6)**	**(2.6)**	**–**	**(1.8)**	**(1.8)**
TOTAL:						
Fair value of plan assets	63.8	–	63.8	43.0	–	43.0
Present value of defined benefit obligation	62.7	12.6	75.3	59.4	6.1	65.5
Total net book value employee benefits	**1.1**	**(12.6)**	**(11.5)**	**(16.4)**	**(6.1)**	**(22.5)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

A description of the significant retirement benefit plans is as follows:

33.1 SWITZERLAND

Reconciliation to the Swiss Pension Obligation

IN MILLIONS OF CHF	2013	2012 (restated)*
Net defined obligation at January 1	(16.4)	(7.4)
Pension expense through income statement	(2.6)	(2.4)
Remeasurements through other comprehensive income	17.7	(8.7)
Contributions paid by employer	2.4	2.1
Net defined asset / obligation at December 31	**1.1**	**(16.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The subsidiaries of Dufry in Switzerland have a defined benefit pension plan, which is based on the actual salary of each employee and covers substantially all its employees. The plan requires contributions to be made to a separate legal entity, the foundation Pensionskasse Weitnauer (PKW). This pension fund does not hold assets related to the Group.

Pension plans in Switzerland are governed by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are reviewed by a regulator as well as by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. In case of an underfunding, various measures can be taken such as the adjustment of the pension benefits, by altering the actuarial assumptions or increasing future contributions. The employer can also make additional restructuring contributions. The BVG prescribes how employees and employer have to jointly fund potential restructurings.

All actuarial risks are borne by the PKW. These risks consist of demographic risks, primarily life expectancy and financial risks, primarily the discount rate, future increases in salaries/wages, and the return on plan assets. These risks are regularly assessed by the Board of Trustees. In addition, two annual actuarial reports are drawn up, one in accordance with the requirements of the BVG, the other in accordance with IFRS requirements.

The investment strategy is defined in form of a long-term target asset- , currency- and risk- structure (investment policy), which takes into account requirements from BVG, and aim to obtain a high long term return on plan assets. The Board of Trustees is responsible for the investment of the assets, reviewing the investment portfolio as often as necessary – especially in the case of significant changes in the expectations of market developments and at least once a year. When reviewing the investment portfolio, it takes into account the limitations set in the strategy. The Board of Trustees delegates the implementation of the investment policy – in accordance with the investment strategy as well as various principles and objectives – to an Investment Committee, which consists of two members of the Board of Trustees. They supervise the entire investment process. The plan assets are managed by two external specialized and independent asset managers in accordance with the investment strategy, whereby the real-estate asset category is managed by the PKW.

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

Cost of defined benefit plans

IN MILLIONS OF CHF	2013	2012 (restated)*
SERVICE COSTS:		
Current service costs	(3.1)	(1.9)
Transfers	1.0	–
Fund administration	(0.3)	(0.3)
Net interest	(0.2)	(0.2)
Total pension expenses recognized in the profit and loss	**(2.6)**	**(2.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

The current service costs and costs of funds administration of the Group are included in personnel expenses (see note 10 retirement benefits).

Remeasurements employee benefits

IN MILLIONS OF CHF	2013	2012 (restated)*
Actuarial gains (losses) – experience	(0.3)	(1.7)
Actuarial gains (losses) – demographic assumptions	–	(2.3)
Actuarial gains (losses) – financial assumptions	14.2	(8.0)
Return on plan assets exceeding expected interest	3.8	3.3
Total remeasurements recorded in other comprehensive income	**17.7**	**(8.7)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Remeasurements recorded in other comprehensive income for the current financial year totaled CHF 17.7 million (previous year: expense of CHF 8.7 million) for pension plans in Switzerland and an expense of CHF 0.3 million (previous year: CHF 0.0 million) for pension plans of entities in other countries.

In view of the latest tendency regarding long term interest rates development, a higher discount rate was used in the measurement of the defined benefit obligation in 2013, resulting in a positive adjustment.

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

Change in the fair value of plan assets

IN MILLIONS OF CHF	2013	2012 (restated)*
Fair value of plan assets at beginning of period	43.0	36.1
Interest income	0.8	0.8
Return on plan assets (excluding interest based on discount rate)	3.8	3.3
Contributions paid by employer	2.4	2.1
Contributions paid by employees	1.4	1.3
Benefits paid	(1.0)	(0.6)
Transfer payment	13.4	–
Fair value of plan assets at end of period	**63.8**	**43.0**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Change in present value of defined benefit obligation

			2013			2012 (restated)*
IN MILLIONS OF CHF	Funded	Unfunded	Total	Funded	Unfunded	Total
Defined benefit obligation – beginning	59.4	–	59.4	43.5	–	43.5
Current service costs	3.1	–	3.1	1.9	–	1.9
Interest costs	1.0	–	1.0	1.0	–	1.0
Contributions paid by employees	1.4	–	1.4	1.3	–	1.3
Accrual of expected future administration costs	0.3	–	0.3	0.3	–	0.3
Actuarial losses (gains) – experience	0.3	–	0.3	1.7	–	1.7
Actuarial losses (gains) – demographic assumptions	–	–	–	2.3	–	2.3
Actuarial losses (gains) –financial assumptions	(14.2)	–	(14.2)	8.0	–	8.0
Benefits paid	(1.0)	–	(1.0)	(0.6)	–	(0.6)
Transfers	12.4	–	12.4	–	–	–
Defined benefit obligation – end	**62.7**	**–**	**62.7**	**59.4**	**–**	**59.4**
Net defined benefit asset / obligation			**1.1**			**(16.4)**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.

Actuarial assumptions

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. The main actuarial assumptions used are:

IN %	2013	2012
Discount rates	2.50 %	1.75 %
Interest on net defined benefit asset / obligation	2.50 %	1.75 %
Future salary increases	1.00 %	2.00 %
Future pension increases	0.50 %	1.00 %
Average retirement age (in years)	64.0	64.0
Mortality table	2010	2010

The mortality table takes into account changes in the life expectancy. Since 2012 the Group uses for the IAS 19 valuation purposes generation tables.

Plan asset structure

The categories of plan assets in percentage of the fair value are as follows:

IN %	2013	2012	2011	2010
Shares	26.8 %	24.0 %	25.0 %	24.0 %
Bonds	39.6 %	43.0 %	44.0 %	46.0 %
Rented properties	22.9 %	25.0 %	25.0 %	26.0 %
Other [1]	10.7 %	8.0 %	6.0 %	4.0 %
Total	**100 %**	**100 %**	**100 %**	**100 %**

[1] Includes liquid positions, alternative investments as well as the assets of the management plan (2013: 4 % of total)

All assets held by the PKW are fair-value-level 1 (quoted prices in active markets), except certain real estates which are fair-value-level 2 (significant observable inputs) representing 13.9 % of the total assets (2012: 13.6 %).

The net outflow of funds due to pension payments can be planned reliably. Contributions are paid regularly to the funded pension plans in Switzerland. Furthermore, the respective investment strategies take account of the need to guarantee the liquidity of the plan at all times. The group does not make use of any assets held by pension plans.

Plan participants

IN MILLIONS OF CHF	2013	2012
Active participants		
Number at closing	242	238
Average annual plan salary	93	94
Average age	39.4	39.1
Average benefit service	8.6	8.5
Benefit receiving participants		
Number [1]	19	17
Average annual plan salary	19	19

[1] As of December 2013, the Swiss pension fund will integrate 65 participants receiving benefits (Altrentner) with an average annual benefit of CHF 25 thousand.

IN MILLIONS OF CHF	2013
Expected contributions for the period ending December 2014	
Employer	2.1
Employee	1.2
Weighted average duration of defined benefit obligation (years)	23.5
Maturity profile of defined benefit obligation	
expected payments in 2014	2.5
expected payments in 2015	2.4
expected payments in 2016	2.5
expected payments in 2017	2.4
expected payments in 2018	2.5
expected payments in 2019 up to 2023	12.7

Sensitivities of significant actuarial assumptions

The discount rate and the future salary increase were identified as significant actuarial assumptions.

The following impacts on the defined benefit obligation are to be expected:

IN MILLIONS OF CHF	INCREASE	DECREASE
A CHANGE OF 0.5 % IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY		
Discount rate	(5.3)	6.1
Salary increase rate	2.1	(2.1)

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Expected costs for 2014

IN MILLIONS OF CHF	
Current service costs	(2.2)
Fund adminstration exp.	(0.3)
Interest income	0.1
Cost recognized in income statement	**(2.4)**

34. ADOPTION OF IAS 19R – EMPLOYMENT BENEFITS

The impacts from the adoption of IAS 19R on the relevant positions in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the consolidated statement of cash flows are shown below:

Consolidated income statement – 2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Personnel expenses	(474.7)	0.3	(474.4)
Interest expenses	(79.5)	(0.2)	(79.7)
Income taxes	(39.1)	–	(39.1)

Consolidated statement of comprehensive income – 2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Actuarial gains/(losses) on defined benefit plans	–	(8.7)	(8.7)
Income tax relating to actuarial gains/(losses) on defined benefit plans	–	0.7	0.7

Consolidated statement of financial position

IN MILLIONS OF CHF	PUBLISHED 01.01.2012	RESTATED	RESTATED 01.01.2012
ASSETS			
Deferred tax assets	146.5	0.5	147.0
Other non-current assets	37.8	(0.9)	36.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	870.0	(7.8)	862.2
Post-employment benefit obligations	6.0	7.4	13.4

IN MILLIONS OF CHF	PUBLISHED 31.12.2012	RESTATED	RESTATED 31.12.2012
ASSETS			
Deferred tax assets	153.0	1.1	154.1
Other non-current assets	36.9	(0.4)	36.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	1,238.8	(15.7)	1,223.1
Post-employment benefit obligations	6.1	16.4	22.5

Consolidated statement of cash flows – 2012

IN MILLIONS OF CHF	PUBLISHED 2012	RESTATED	RESTATED 2012
Earnings before taxes (EBT)	**197.3**	**0.1**	**197.4**
Increase/(decrease) in allowances and provisions	13.5	(0.3)	13.2
Interest expense	79.5	0.2	79.7
Other adjustments	183.2	–	183.2
Cash flow before working capital changes	**473.5**	**–**	**473.5**

35. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Concession fee payables	83.2	83.5
Personnel payables	75.3	64.5
Other service related vendors	69.2	66.7
Sales tax and other tax liabilities	29.6	23.6
Payables for capital expenditure (notes 19/21)	25.2	16.8
Accrued liabilities	15.5	5.4
Interest payables	14.5	19.0
Payables to local business partners	5.7	5.1
Payables for acquisitions	0.9	1.7
Financial derivative liabilities	0.7	0.3
Other payables	8.4	6.6
Total	**328.2**	**293.2**
Thereof:		
– current liabilities	323.1	284.9
– non-current liabilities	5.1	8.3
Total	**328.2**	**293.2**

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 2013 goods from the following related parties: Hudson Wholesale for CHF 21.2 million (2012: CHF 23.1 million) and from Hudson RPM CHF 4.4 million (2012: CHF 4.5 million). The purchase prices used in these transactions were at arm's length. At December 31, 2013 the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 1.8 million (2012: CHF 1.9 million) and with Hudson RPM CHF 0.3 million (2012: CHF 0.4 million).

Two members of the Group's Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Latin American Airport Holding Ltd controls Inmobiliaria Fumisa SA de CV and Aeropuertos Dominicanos Siglo XXI, SA.

Dufry Mexico SA de CV operates duty free shops at the International Airport Benito Juarez in Mexico City a sub-concession provided by Inmobiliaria Fumisa SA de CV. During 2013 the local operations accrued concession fees of CHF 20.6 million (2012: CHF 19.3 million). The concession fee payable at the closing date amounted to CHF 2.5 million (2012: CHF 2.3 million).

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aeropuertos Dominicanos Siglo XXI, SA. According to these agreements, Inversiones Tunc SA accrued in 2013 concession fees of CHF 0.7 million (2012: CHF 0.6 million). The concession fee payable at the closing date amounted to CHF 0.7 million (2012: CHF 0.6 million).

On February 1, 2013 and on February 1, 2012 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aeropuertos Dominicanos Siglo XXI, SA agreed to provide air transport services to Dufry. During 2013 Dufry received services for CHF 3.8 million (2012: CHF 3.5 million). The outstanding amount at the closing date amounted to CHF 6.1 million (2012: CHF 0.8 million).

During 2013, Dufry's Swiss entities made contributions to the Pension Fund Weitnauer in the amount of CHF 2.4 million, (2012: CHF 2.1 million) and have at December 31, 2013 outstanding balances of CHF 0.4 million (2012: CHF 0.3 million).

In 2013 the remuneration for the Board members was CHF 3.3 million (2012: CHF 1.7 million), including Mr. Xavier Bouton (Director) compensation for strategic consulting services provided to the Group CHF 0.3 million (2012: CHF 0.3 million).

In 2013 the total compensation for the 8 members (2012: 8 members) of the Group Executive Committee recognized in the personal expenses and including all short term employee benefits was CHF 15.6 million (2012: CHF 14.4 million). This amount includes a cash compensation of CHF 8.7 million (2012: CHF 8.4 million), contributions in kind CHF 0.6 million (2012: CHF 0.6 million), employer's contribution to the pension and other post-employment benefits of CHF 2.0 million (2012: CHF 1.0 million) and 40,854 stock options (RSU's) of the award 2013 (2012: none) as well as 42,957 performance share units of the award 2013 (2012: nil PSU) of Dufry AG. The expenses accrued in relation to the restricted stock unit plan and performance share units plan during 2013 was CHF 4.3 million (2012: CHF 4.3 million) and is included in the short-term employee benefits.

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 8 and 9 to the statutory 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 used 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, 2013 and December 31, 2012, 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 is established. At the reporting date of 2013 and 2012, no such onerous concession exists.

38. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

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

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities, 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).

Quantitative disclosures fair value measurement hierarchy for assets

DECEMBER, 31, 2013 IN MILLIONS OF CHF	DATE OF VALUATION	Total	FAIR VALUE MEASUREMENT USING Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
ASSETS MEASURED AT FAIR VALUE:						
Derivative financial assets (Note 39.5.2)						
Foreign exchange forward contracts – USD	Dec. 31, 2013	1.5		1.5		1.5
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:						
Loans and receivables						
Credit card receivables	Dec. 31, 2013	21.1		21.1		21.4

There were no transfers between the Level 1 and 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities

DECEMBER, 31, 2013 IN MILLIONS OF CHF	DATE OF VALUATION	Total	FAIR VALUE MEASUREMENT USING Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
LIABILITIES MEASURED AT FAIR VALUE:						
Derivative financial liabilities (Note 39.5.2)						
Foreign exchange forward contracts – USD	Dec. 31, 2013	0.7		0.7		0.7
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:						
At amortized cost						
Senior Notes USD	Dec. 31, 2013	458.7	458.7			435.9
Floating rate borrowings USD	Dec. 31, 2013	878.9		878.9		883.1
Floating rate borrowings EUR	Dec. 31, 2013	596.7		596.7		599.5
Floating rate borrowings CHF	Dec. 31, 2013	59.9		59.9		60.0

There were no transfers between the Level 1 and 2 during the period.

Fair value hierarchy for financial instruments measured at fair value at December 31, 2012

IN MILLIONS OF CHF	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS MEASURED AT FAIR VALUE:				
Derivative financial assets (Note 39.9.2)				
Foreign exchange forward contracts	0.5		0.5	
LIABILITIES MEASURED AT FAIR VALUE:				
Derivative financial liabilities (Note 39.9.2)				
Foreign exchange forward contracts	0.3		0.3	

39. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 o) and followings.

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

The Group monitors financing structure 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.

39.1.1 Gearing ratio

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

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Cash and cash equivalents	(246.4)	(434.0)
Financial debt, short-term	306.2	39.9
Financial debt, long-term	1,693.6	1,345.4
Net debt	**1,753.4**	**951.3**
Equity attributable to equity holders of the parent	1,137.5	1,223.1
ADJUSTED FOR:		
Accumulated hedged gains/(losses)	(57.3)	(32.9)
Effects from transactions with non-controlling interests [2]	683.8	513.2
Total capital [1]	**1,764.0**	**1,703.4**
Total net debt and capital	**3,517.4**	**2,654.7**
Gearing ratio	**49.8 %**	**35.8 %**

[1] Includes all capital and reserves of the Group that are managed as capital.

[2] In accordance with IFRS 10.23 transactions with non-controlling interests, which do not result in losing control of the subsidiary, are equity transactions. Therefore the excess paid above the fair value of the net assets acquired from non-controlling interests of Hellenic Duty Free in 2013 and Dufry South America in 2010 were debited to equity. For the calculation of the gearing ratio such effects are adjusted.

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

39.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2013

IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL [1]	Subtotal	NON-FINANCIAL ASSETS [2]	TOTAL
Cash and cash equivalents	246.4	–	246.4	–	246.4
Trade and credit card receivables	42.8	–	42.8	–	42.8
Other accounts receivable	72.3	1.5	73.8	75.9	149.7
Other non-current assets	54.0	–	54.0	8.1	62.1
Total	**415.5**	**1.5**	**417.0**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTPL [1]	Subtotal	NON-FINANCIAL LIABILITIES [2]	TOTAL
Trade payables	277.9	–	277.9	–	277.9
Financial debt short-term	306.2	–	306.2	–	306.2
Other liabilities	276.5	0.7	277.2	45.9	323.1
Financial debt long-term	1,693.6	–	1,693.6	–	1,693.6
Other non-current liabilities	4.8	–	4.8	0.3	5.1
Total	**2,559.0**	**0.7**	**2,559.7**		

AT DECEMBER 31, 2012

IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL [1]	Subtotal	NON-FINANCIAL ASSETS [2]	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	at FVTPL [1]	Subtotal	NON-FINANCIAL LIABILITIES [2]	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**		

[1] Financial assets and liabilities at fair value through consolidated income statement

[2] 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

39.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2013

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income (expenses)	3.0	–	3.0
Other finance income (expenses)	0.4	–	0.4
From interest	**3.4**	**–**	**3.4**
Fair values gain (loss)	–	1.5	1.5
Foreign exchange gain (loss) [1]	(11.2)	–	(11.2)
Impairments / allowances [2]	(1.2)	–	(1.2)
Total – from subsequent valuation	**(12.4)**	**1.5**	**(10.9)**
Net income	**(9.0)**	**1.5**	**(7.5)**

Financial Liabilities at December 31, 2013

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest income (expenses)	(93.3)	–	(93.3)
Other finance income (expenses)	(2.9)	–	(2.9)
From interest	**(96.2)**	**–**	**(96.2)**
Fair values gain (loss)	–	(1.0)	(1.0)
Foreign exchange gain (loss) [1]	5.3	–	5.3
Impairments / allowances [2]	–	–	–
Total – from subsequent valuation	**5.3**	**(1.0)**	**4.3**
Net income	**(90.9)**	**(1.0)**	**(91.9)**

Financial Assets at December 31, 2012

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	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	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)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and 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.

39.3 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 currency 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 risk 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.

39.4 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.

39.5 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.

39.5.1 Foreign currency sensitivity analysis

Among various methodologies to analyze and manage risk, Dufry utilizes a system based on sensitivity analysis. 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, 2013					
Monetary assets	191.5	698.6	18.2	69.2	977.5
Monetary liabilities	989.4	723.7	43.4	92.9	1,849.4
Net exposure before hedging	**(797.9)**	**(25.1)**	**(25.2)**	**(23.7)**	**(871.9)**
Hedging	824.3	–	–	–	824.3
Net exposure after hedging	**26.4**	**(25.1)**	**(25.2)**	**(23.7)**	**(47.6)**
DECEMBER 31, 2012					
Monetary assets	131.3	114.0	49.5	56.5	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)**	**(9.0)**	**(885.9)**
Hedging	847.6	–	–	–	847.6
Net exposure after hedging	**(5.4)**	**(22.8)**	**(1.1)**	**(9.0)**	**(38.3)**

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 (before tax) in the consolidated income statement or in the hedging and revaluation reserves when the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2013	31.12.2012
Effect on the Income Statement (profit / loss) of USD	(1.3)	11.5
Other comprehensive income – profit (loss) of USD	41.2	31.0
Effect on the Income Statement (profit / loss) of EUR	1.3	1.1
Other comprehensive income – profit (loss) of EUR	–	–

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2013	31.12.2012
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	977.5	351.3
less intercompany financial assets in foreign currencies	(882.9)	(220.8)
Third party financial assets held in foreign currencies	94.6	130.5
Third party financial assets held in reporting currencies	322.4	448.9
Total third party financial assets [1]	**417.0**	**579.4**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	1,849.4	1,237.2
less intercompany financial liabilities in foreign currencies	(124.9)	(95.0)
Third party financial liabilities held in foreign currencies	1,724.5	1,142.2
Third party financial liabilities held in reporting currencies	835.2	753.9
Total third party financial liabilities [1]	**2,559.7**	**1,896.1**

[1] see note 39.2 Categories of financial instruments.

39.5.2 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.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
December 31, 2012	268.6	0.5	0.3
December 31, 2013	59.5	1.5	0.7

39.6 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. The Group did not utilize interest rate swap contracts during 2013.

39.6.1 Interest rate sensitivity analysis

The sensitivity analysis below has 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 2013 would decrease by CHF 10.1 million (2012: decrease by CHF 13.5 million).

39.6.2 Allocation of financial assets and liabilities to interest classes

AT DECEMBER 31, 2013	average variable interest rate (IN %)	average fixed interest rate (IN %)	Variable interest rate (IN MILLIONS OF CHF)	Fixed interest rate	Total interest bearing	Non-interest bearing	Total
Cash and cash equivalents	1.9 %	0.5 %	204.1	0.5	204.6	41.8	246.4
Trade and credit card receivables			–	–	–	42.8	42.8
Other accounts receivable			–	–	–	73.8	73.8
Other non-current assets	5.7 %	0.5 %	13.3	0.8	14.1	39.9	54.0
Financial assets			**217.4**	**1.3**	**218.7**	**198.3**	**417.0**
Trade payables			–	–	–	278.0	278.0
Financial debt, short-term	3.1 %	5.7 %	301.4	3.5	304.9	1.3	306.2
Other liabilities			–	–	–	277.2	277.2
Financial debt, long-term	3.0 %	5.5 %	1,253.4	440.2	1,693.6	–	1,693.6
Other non-current liabilities			–	–	–	4.7	4.7
Financial liabilities			**1,554.8**	**443.7**	**1,998.5**	**561.2**	**2,559.7**
Net financial liability			**1,337.4**	**442.4**	**1,779.8**	**362.9**	**2,142.7**

AT DECEMBER 31, 2012	average variable interest rate (IN %)	average fixed interest rate (IN %)	Variable interest rate (IN MILLIONS OF CHF)	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**

39.7 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.

39.7.1 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.

39.8 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 31).

39.8.1 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, 2013 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	246.4	–	–	–	246.4
Trade and credit card receivables	42.7	0.1	–	–	42.8
Other accounts receivable	72.1	0.3	–	–	72.4
Other non–current assets	–	0.5	–	54.0	54.5
Total cash inflows	**361.2**	**0.9**	**–**	**54.0**	**416.1**
Trade payables	278.0	–	–	–	278.0
Financial debt, short–term	47.4	271.3	–	–	318.7
Other liabilities	273.7	1.2	–	0.1	275.0
Financial debt, long–term	80.1	19.9	308.6	1,520.6	1,929.2
Other non–current liabilities	–	–	–	4.8	4.8
Total cash outflows	**679.2**	**292.4**	**308.6**	**1,525.5**	**2,805.7**

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**

39.8.2 Remaining maturities for derivative financial instruments

The Group had no significant derivative financial instruments at year-end and the expected cash flows are negligible.

39.9 OTHER FINANCIAL ASSETS AND LIABILITIES

Dufry granted to a 3rd party an option to purchase up to 6 % of the shares of the Holding Company, which holds 51 % of Hellenic Duty Free Shops SA in exchange for consideration based on the amount Dufry has paid for the acquisition of 51 % of Hellenic Duty Free Shops SA increased by the shareholders structuring costs and the transaction expenses incurred by Dufry. At December 31, 2013 the 3rd party has not yet exercised this right.

39.10 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Dufry's notional cash pool is operated by a major finance institute. The respective balances at the end of the period have been set-off as follows, based on enforceable master netting agreement:

IN MILLIONS OF CHF	BALANCE BEFORE GLOBAL POOLING	SET-OFF	NET BALANCE
31.12.2013			
Cash and cash equivalents	525.8	(279.4)	246.4
Financial debt, short-term	585.6	(279.4)	306.2
31.12.2012			
Cash and cash equivalents	667.9	(233.9)	434.0
Financial debt, short-term	273.8	(233.9)	39.9

MOST IMPORTANT AFFILIATED COMPANIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Mangement AG	Basel	Switzerland	H	100	100	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
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
Sovenex SAS	Fort-de-France	France	R	100	40	EUR
Dufry CE sro	Prague	Czech Republic	R	51	21,370	CZK
Food Village BV	Amsterdam	Netherlands	R	100	681	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	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 Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry East 000	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
Shanghai Huaihai – Dufry Trading Co. Ltd	Chengdu	China	R	50	20,000	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
AMERICA I						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Dufry Yucatan SA de CV	Mexico City	Mexico	R	100	1,141	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Puerto Libre Int. SA	Managua	Nicaragua	R	30	59	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Dufry Trinidad Ltd	San Juan	Puerto Rico	R	60	392	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Inversiones Pánamo, S.A.	Santo Domingo	Dominican Republic	R	100	0	USD
Duty Free Caribbean (Holdings) Ltd	Bridgetown	Barbados	H	60	27,000	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	60	7,000	USD
Flagship Retail Services Inc.	Delaware	USA	R	100	0	USD
Interbaires S.A.	Buenos Aires	Argentina	R	100	306	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

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
AMERICA II						
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
Dufry Bolivia	Santa Cruz	Bolivia	R	100	356	USD
UNITED STATES & CANADA						
Hudson News Company Inc.	East Rutherford	USA	H / R	100	0	USD
Dufry Newark, Inc.	Newark	USA	R	100	1,501	USD
Dufry Houston Duty Free and Retail Partnership	Houston	USA	R	75	1	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	0	USD
Airport Management Services, LLC	New York	USA	H / R	100	0	USD
AMS-Olympic Nashville, JV	Nashville	USA	R	83	0	USD
AMS-SJC JV	San Jose	USA	R	91	0	USD
AMS-BW Newark JV	Newark	USA	R	70	0	USD
Barbara's Bookstore O'Hare JV	Chicago	USA	R	35	0	USD
Hudson Cleveland JV	Cleveland	USA	R	80	0	USD
Hudson News O'Hare, JV	Springfield	USA	R	70	0	USD
Hudson Retail-Neu News JV	New York	USA	R	80	0	USD
Hudson-Hobby JV	Houston	USA	R	63	0	USD
Hudson-JRE Midway JV	Chicago	USA	R	70	0	USD
Hudson-Keelee JFK 7 JV	New York	USA	R	83	0	USD
Hudson-NEU Logan JV	Boston	USA	R	80	0	USD
Hudson-NEU Newark C JV	Newark	USA	R	80	0	USD
National Air Ventures JV	Dallas	USA	R	70	0	USD
Seattle Air Ventures JV	Olympia	USA	R	75	0	USD
AMS-TEI Miami, JV	Miami	USA	R	70	0	USD
AMS Hudson Las Vegas, JV	Las Vegas	USA	R	73	0	USD
Hudson Newburn AS2 JV	Orlando	USA	R	65	0	USD
John Wayne NG-AC JV	Santa Ana	USA	R	81	0	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	100	0	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	72.8	0	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	74.6	0	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	0	USD
Hudson-BW Logan C, JV	Boston	USA	R	85	0	USD
HG Denver JV	Denver	USA	R	76	0	USD
New Orleans Air Ventures II	New Orleans	USA	R	85	0	USD
HG St Louis JV	St. Louis	USA	R	70	0	USD
Dufry Seattle JV	Seattle	USA	R	88	0	USD
JFK Air Ventures II JV	New York	USA	R	80	0	USD
AMS Canada	Vancouver	Canada	R	100	0	CAD
Hudson Group Canada, Inc.	Vancouver	Canada	R	100	0	CAD
GLOBAL DISTRIBUTION CENTERS						
Dufry Travel Retail AG	Basel	Switzerland	D	100	5,000	CHF
International Operation & Services Corp.	Monteviduo	Uruguay	D	100	50	USD
Dufry America Services, Inc.	Miami	USA	D	100	398	USD

Building a better working world

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To the General Meeting of

Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes (pages 58 to 129), for the year ended 31 December 2013.

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 Standards (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.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2013 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.

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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 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)	Olaf Reich Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013

IN THOUSANDS OF CHF	2013	2012
Dividend income	34,150	83,222
Financial income	7,073	2,868
Management and franchise fee income	11,000	11,477
Total income	**52,223**	**97,567**
Personnel expenses	17,690	19,092
General and administrative expenses	3,531	3,998
Management and franchise fee expenses	11,064	7,869
Amortization of intangibles	5,755	5,755
Financial expenses	607	7,000
Taxes	775	753
Total expenses	**39,422**	**44,467**
Net earnings	**12,801**	**53,100**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2013

IN THOUSANDS OF CHF	NOTE	31.12.2013	31.12.2012
ASSETS			
Cash and cash equivalents		23,866	14,144
Marketable securities	3	18,444	40,537
Receivables intercompany		41,086	42,394
Receivables – related party		–	2
Receivables – third party		46	91
Loan receivables Dufry International AG		320,000	320,000
Other current assets		–	–
Current assets		**403,442**	**417,168**
Investments	1	1,082,671	1,082,671
Intangible assets		93,515	99,270
Non-current assets		**1,176,186**	**1,181,941**
Total assets		**1,579,628**	**1,599,109**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Payables – intercompany		9,203	28,145
Payables – related party		647	313
Payables – third party		522	835
Bank debt		517	–
Other current liabilities		23,388	43,421
Current liabilities		**34,277**	**72,714**
Total liabilities		**34,277**	**72,714**
Share capital		154,525	148,369
Legal reserves:			
Share premium (capital contribution reserves)		1,245,305	1,253,287
General reserves		5,927	5,927
Reserve for treasury shares		18,108	41,605
Available earnings	9	121,486	77,207
Shareholders' equity		**1,545,351**	**1,526,395**
Total liabilities and shareholders' equity		**1,579,628**	**1,599,109**

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	2013	2012	2013	2012
Dufry International AG, Switzerland	100 %	352,896	352,896	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**	**1,082,671**		

2. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE	31.12.2013	31.12.2012
Group of shareholders consisting of various companies and legal entities representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, Dimitrios Koutsolioutsos, James S. Cohen and James S. Cohen Family Dynasty Trust	22.24 %	
Franklin Resources, Inc.	5.08 %	
Norges Bank (the Central Bank of Norway)	3.01 %	
Group of shareholders represented by Tarpon Gestora de Recursos S.A.	4.81 %	
Global Retail Group S.àr.l, Luxembourg [1,2]		13.07 %
Travel Retail Investment SCA, Luxembourg [1,2]		7.49 %
Credit Suisse Group AG		4.60 %
Hudson Media Inc., East Rutherford, USA [2]		3.89 %

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

[2] The shareholders of the following companies, Global Retail Group S.àr.l, Travel Retail Investment SCA and Hudson Media Inc. are in 2013 presented among the group of shareholders listed on the top of the table.

3. AUTHORIZED AND CONDITIONAL SHARE CAPITAL

On December 13, 2013, Dufry AG utilized part of its authorized share capital and placed 1,231,233 new registered shares representing 3.98 % of the total shares. After this share issuance, the share capital of the company amounts to CHF 154,525,280. The shares were issued as partial payment for the acquisition of the remaining 49 % of Hellenic Duty-Free Shops. The share issuance costs related with this transaction amount to CHF 0.1 million and have been presented in equity. At year-end Dufry AG had an authorized share capital of 1,466,388 shares representing CHF 7,331,940 (2012: 2,697,621 shares/CHF 13,488,105) and conditional share capital of 2,697,620 shares/CHF 13,488,105 (2012: 2,697,620 shares/CHF 13,488,105) respectively.

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 amounted 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 have been used to finance the acquisition of the Folli Follie Travel Retail operations. The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amounted to CHF 8.0 million and have been presented in equity.

4. TREASURY SHARES

	NUMBER OF SHARES	IN THOUSANDS OF CHF
At January 1, 2012	**108,116**	**9,494**
Share purchases	230,000	28,120
Revaluation	–	2,923
At December 31, 2012	**338,116**	**40,537**
Assigned to holders of RSU-awards 2011	(334,953)	(40,261)
Share purchases	117,106	17,721
Revaluation	–	447
At December 31, 2013	**120,269**	**18,444**

5. 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.

6. PLEDGED ASSETS

In 2013 and 2012, Dufry AG had no pledged assets.

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

The following companies form a tax 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 jointly and severally with Dufry Holdings & Investments AG, Dufry International AG and Hudson Group (HG), Inc., guaranteed the following credit facilities:

- Term loan of USD 1,000.0 million (CHF 888.6 million)
- 5-year revolving credit facility of CHF 650.0 million
- Committed 5-year term loan of EUR 500.0 million (CHF 612.5 million)
- Senior Notes of USD 500.0 million (CHF 444.0 million)

of which at December 31, 2013 CHF 1,523.0 million have been drawn in cash.

8. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE IN DUFRY AG

(Disclosure according to Swiss Code of Obligations 663b)

PARTICIPATIONS IN DUFRY AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG hold directly or indirectly shares or share options of the company on December 31, 2013 or December 31, 2012:

			31.12.2013			31.12.2012
IN THOUSANDS	Shares	Share options [1]	Participation	Shares	Share options [1]	Participation
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	540.0	–	1.75 %	–	–	–
Mario Fontana, Director (up to April 2013)	n.a.	n.a.	0.00 %	6.0	–	0.02 %
Andrés Holzer Neumann, Vice-Chairman	3,294.6	–	10.66 %	2,338.8	–	7.88 %
James S. Cohen, Director	1,506,7	–	4.88 %	1,331.7	–	4.49 %
Joaquin Moya-Angeler Cabrera, Director	6.0	–	0.02 %	6.0	–	0.02 %
Julián Díaz González, Director and CEO	210.3	10.8	0.72 %	–	–	–
Total Board of Directors	**5,557.6**	**10.8**	**18.02 %**	**3,682.5**	**–**	**12.41 %**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	210.3	10.8	0.72 %	32.1	39.9	0.24 %
Andreas Schneiter, CFO	3.6	2.5	0.02 %	3.0	6.6	0.03 %
José Antonio Gea, GCOO	3.0	6.5	0.03 %	0.6	26.4	0.09 %
Pascal Duclos, General Counsel	–	4.7	0.02 %	–	21.0	0.07 %
Xavier Rossinyol, COO Region EMEA & Asia	20.4	6.6	0.09 %	30.0	26.4	0.19 %
Rene Riedi, COO America I	–	2.3	0.01 %	–	10.2	0.03 %
José C. Rosa, COO America II	–	2.2	0.01 %	–	10.2	0.03 %
Joseph DiDomizio, COO United States & Canada	9.5	5.2	0.05 %	–	16.8	0.06 %
Total Group Executive Committee	**246.8**	**40.8**	**0.93 %**	**65.7**	**157.5**	**0.75 %**

[1] Restricted stock units, see further details in note 28 of the consolidated financial statements.

In addition to the above, Travel Retail Investment S.C.A., which is controlled by Andrés Holzer Neumann, Juan Carlos Torres and Julián Díaz González holds financial instruments, representing a sales position of 4.80 % (1,483,800 shares) of the share capital of Dufry AG in line with the detailed the terms of such financial instruments disclosed to the SIX Swiss Exchange and published on December 21, 2013.

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, 2013 and December 31, 2012, respectively.

9. COMPENSATION AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE

In 2013 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 2,924.9 (To Mr. Juan Carlos Torres Carretero, Chairman CHF 1,500.0; to Mr. Andrés Holzer Neumann, Vice-Chairman CHF 225.0; to Mr. Jorge Born, Director CHF 175.0; to Mr. Xavier Bouton, Director CHF 175.0; to Mr. James Cohen, Director CHF 208.3; to Mr. José Lucas Ferreira de Melo, Director CHF 208.3; to Mr. Joaquin Moya-Angeler Cabrera, Director CHF 225.0; and to the following members which have been nominated until April 2013; to Mr. Ernest George Bachrach, Vice-Chairman CHF 75.0; to Mr. Mario Fontana, Director CHF 75.0; to Mr. Maurizio Mauro, Director CHF 58.3). 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 165.3 in total (To Mr. Juan Carlos Torres Carretero, Chairman CHF 79.6; to Mr. Andrés Holzer Neumann, Vice-Chairman CHF 13.5; to Mr. Jorge Born, Director CHF 10.6; to Mr. Xavier Bouton, Director CHF 10.6; to Mr. James Cohen, Director CHF 12.5; to Mr. José Lucas Ferreira de Melo, Director CHF 12.5; to Mr. Joaquin Moya-Angeler Cabrera, Director CHF 13.5; and to the following members which have been nominated until April 2013; to Mr. Ernest George Bachrach, Vice-Chairman CHF 4.5; to Mr. Mario Fontana, Director CHF 4.5; to Mr. Maurizio Mauro, Director CHF 3.5). Mr. Julián Díaz González has not received any compensation as Director of the Board since he was nominated in May 1, 2013 and his remuneration as Chief Executive Officer is presented as member of the Group Executive Committee.

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. Joaquin 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 and 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. Joaquin 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. Joaquin Moya-Angeler Cabrera, member CHF 212.1).

In the years 2013 and 2012 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 2013 the 8 members of the Group Executive Committee received the following compensation: i) in cash CHF 8,746.1 comprised of basic salary CHF 5,483.9 and bonus CHF 3,262.2 and ii) as allowances in kind CHF 549.6 and as employer's social charges CHF 2,050.5 and iii) in form of unvested stock options for the RSU award 2013, 40,854 RSU's of Dufry AG and unvested Performance Share Units award 2013 42,957 of Dufry AG, adding up to a total compensation of CHF 15,602.1. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG and the member of the Group Executive Committee with the highest total compensation, who received a compensation: i) in cash CHF 2,552.4 comprised of basic salary CHF 1,525.3 and bonus CHF 1,027.1 and ii) as allowances in kind CHF 34.8; as employer's social charges CHF 573.3 and iii) in form of unvested stock options for the award 2013 10,809 RSU's of Dufry AG and unvested Performance Share Units award 2013 12,489 PSU's of Dufry AG, adding up to a total compensation of CHF 4,307.7.

In 2012 the eight members of the Group Executive Committee received the following compensation: i) in cash CHF 8,374.4 comprised of basic salary CHF 4,609.7 and bonus CHF 3,764.7 and ii) as allowances in kind CHF 602.6, 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, and the member of the Group Executive Committee with the highest total compensation, who received a compensation: i) in cash

CHF 1,933.6 comprised of basic salary CHF 1,065.9 and bonus CHF 867.7 and ii) as allowances in kind CHF 33.3, as employer's social charges CHF 229.0, adding up to a total compensation of CHF 2,195.9.

In the years 2013 and 2012 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) and Performance Share Unit (PSU) Plans, refer to note 28 of the consolidated financial statements.

10. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2013	2012
Retained earnings	77,207	52,227
Movement in reserves for treasury shares	23,497	(28,120)
Reclassification from share premium	7,981	–
Net earnings (loss) for the year	12,801	53,100
Available earnings at December 31	**121,486**	**77,207**
To be carried forward	**121,486**	**77,207**

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To the General Meeting of

Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, which comprise the statement of financial position, income statement and notes (pages 132 to 139), for the year ended 31 December 2013.

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 2013 comply with Swiss law and the company's articles of incorporation.

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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	Olaf Reich
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

The financial reports are available under:

http://www.dufry.com/en/Investors/
FinancialReports/index.htm

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2014 please refer to page 164 of this Annual Report.