DUFRY

Annual Report 2011

1.7 billion potential customers: Tailored retail concepts, Unrivalled customer services **13,874 Employees:** Unique cultural diversity, Employer of Choice **Six regions:** A global reach

Over 1,500 suppliers: Window display for international brands **155 Airport authorities and landlords:** High quality concessions portfolio

Shareholders: Offering sustainable returns **Social responsibility:** Supporting children

Global Presence

EUROPE

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

AFRICA

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

EURASIA

Russian Federation: Moscow
United Arab Emirates: Sharjah
Singapore: Singapore
China: Shanghai
Cambodia: Phnom Penh, Siem Reap
Serbia: Belgrade
Armenia: Yerevan

CENTRAL AMERICA & CARIBBEAN

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

SOUTH AMERICA

Brazil: Rio de Janeiro, São Paulo, Brasilia, Belém, Belo Horizonte, Campinas, Curitiba, Fortaleza, Natal, Porto Alegre, Recife, Rio Grande, Salvador
Argentina: Buenos Aires, Cordoba, Mendoza, Bariloche
Bolivia: La Paz, Santa Cruz
Ecuador: Guayaquil
Uruguay: Montevideo, Punta del Este

NORTH AMERICA

Canada: Vancouver, Calgary, Edmonton, Halifax
United States: Over 60 cities including Albuquerque, Anchorage, Baltimore, Birmingham, Boston, Charleston, Chicago, Cleveland, Dallas, Denver, Ft Lauderdale, Houston, Las Vegas, Los Angeles, Manchester, Memphis, Miami, Nashville, New Orleans, New York, Newark, Norfolk, Omaha, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Raleigh, Richmond, Rochester, San Francisco, San José, Seattle, Washington

Dufry's Performance 2011

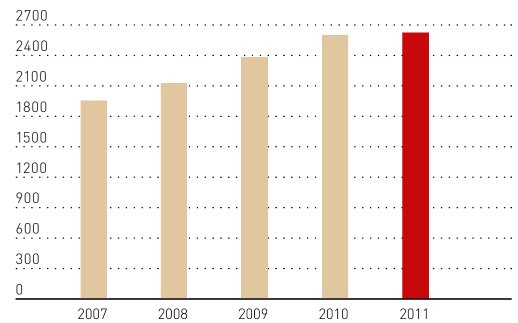
At constant exchange rates (CER[2])

In 2011, Dufry achieved 16.5% turnover growth and an EBITDA[1] of 14.3% of turnover.

IN MILLIONS OF CHF	ACTUAL 2011	% OF TURNOVER	ACTUAL AT CER[2] 2011	% OF TURNOVER	ACTUAL 2010	% OF TURNOVER	GROWTH AT CER[2]
Turnover	2,637.7		3,040.8		2,610.2		16.5%
Gross Profit	1,535.3	58.2%	1,769.2	58.2%	1,501.9	57.5%	17.8%
Selling expenses	(579.7)	(22.0)%	(668.5)	(22.0)%	(584.8)	(22.4)%	
Personnel expenses	(402.6)	(15.3)%	(459.1)	(15.1)%	(398.9)	(15.3)%	
General expenses	(182.1)	(6.9)%	(206.1)	(6.8)%	(175.1)	(6.7)%	
EBITDA[1]	**370.9**	**14.1%**	**435.5**	**14.3%**	**343.1**	**13.1%**	**26.9%**

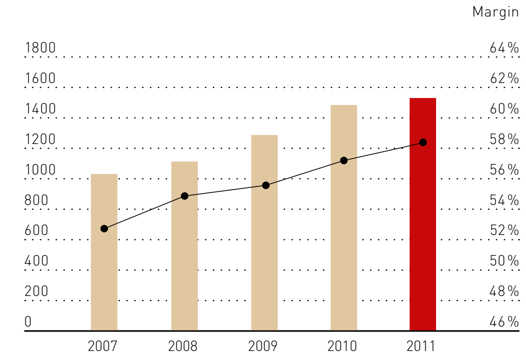
Turnover

in millions of CHF



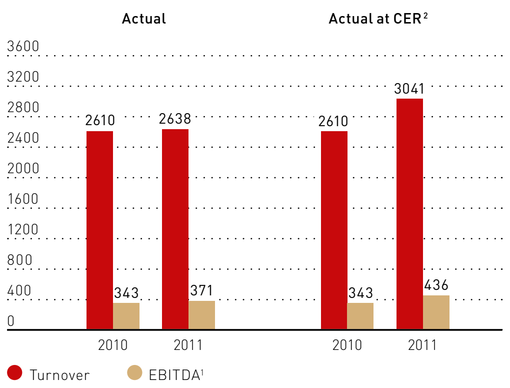
Gross profit

in millions of CHF



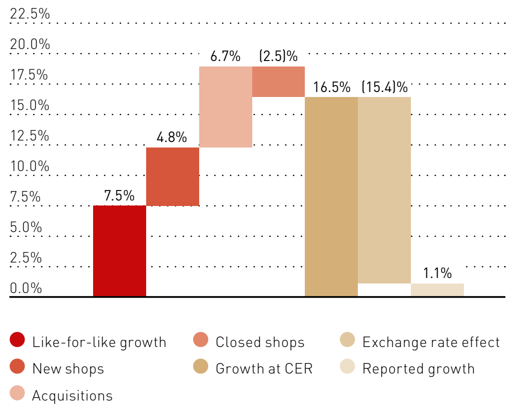
Turnover and EBITDA[1] growth

in millions of CHF



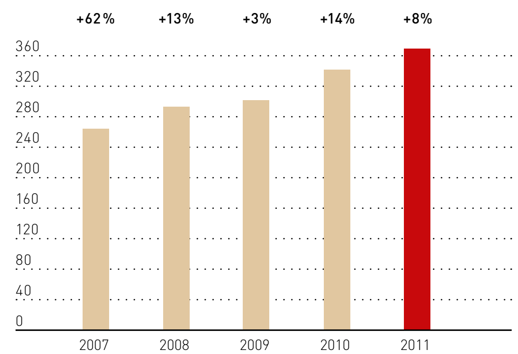
Turnover growth bridge

in %



EBITDA[1]

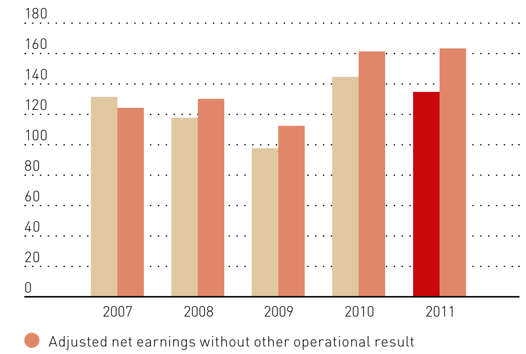
in millions of CHF



[1] EBITDA before other operational result

Net earnings

in millions of CHF

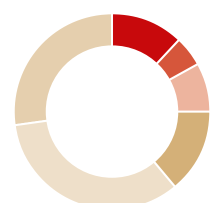


Turnover and EBITDA[1] per region

at CER[2]

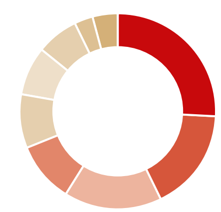
IN MILLIONS OF CHF	TURNOVER 2011	TURNOVER 2010	EBITDA[1] 2011	EBITDA[1] 2010
Europe	336.8	310.8	13.9	7.4
Africa	156.7	184.1	21.3	29.3
Eurasia	249.0	229.1	20.9	11.2
Central America & Caribbean	431.5	400.0	33.5	23.6
South America	1,015.3	713.3	164.7	136.5
North America	825.8	755.8	92.3	78.9
Distribution Centers	818.4	532.2	88.9	56.2
Eliminations	(792.7)	(515.1)		
Dufry Group	**3,040.8**	**2,610.2**	**435.5**	**343.1**

Net sales by region 2011



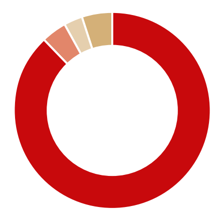
- Europe **12%**
- Africa **5%**
- Eurasia **8%**
- Central America & Caribbean **14%**
- South America **34%**
- North America **27%**

Net sales by product categories 2011



- Perfumes and Cosmetics **26%**
- Confectionery, Food and Catering **17%**
- Wine and Spirits **16%**
- Watches, Jewelry and Accessories **10%**
- Literature and Publications **9%**
- Fashion, Leather and Baggage **8%**
- Tobacco goods **7%**
- Electronics **3%**
- Other **4%**

Net sales by channel 2011



- Airports **88%**
- Cruise liners and seaports **4%**
- Downtown, hotels and resorts **3%**
- Railway stations and other **5%**

Net sales by market sector 2011

- Duty Free **66%**
- Duty Paid **34%**

[1] EBITDA before other operational result
[2] At exchange rates of same periods 2010 (acquisitions considered at actual rates)

COMPANY REPORT

FINANCIAL REPORT

OTHER INFORMATION

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders

2011 was a remarkable year for Dufry: We once more achieved a very positive performance. We grew turnover by 16.5% and EBITDA by 26.9% in constant currencies. The year was marked by a number of events and developments which impacted our business. Despite events like the heavy snow storms in the USA at the beginning of the year or the political turmoil in Northern Africa and its collateral impact on our Russian operations, Dufry generated yet again strong like-for-like growth of 7.5%, thanks mainly to its strong position in Emerging Markets, especially Latin America.

2011 was also marked by extreme volatility in foreign exchange markets. The US Dollar and the Euro, which represent nearly 90% of our sales, softened significantly when compared to our reporting currency, the Swiss Franc. As a result, we faced a translational foreign exchange impact of 15.4% in 2011, in Swiss Francs terms. However thanks to the natural hedging of our business, our profitability remained intact.

We took another important step toward consolidating our leadership position in the fragmented retail travel industry. In August, we announced the acquisition of duty free operations in Argentina, Uruguay, Ecuador, Armenia, and Martinique for a total consideration of USD 957 million. This series of transactions is yet another milestone in the history of our company and we are now the market leader in emerging countries, particularly Latin America.

The year marked new activity in the strategically significant region of Eurasia. We signed two important contracts in that region, first in China, where we signed a contract to operate 26 duty-paid stores in the airport of Chengdu; and second in India, where together with our local partner we signed a contract to open 48 stores under the Hudson News concept in the Delhi Metro stations. Even more recently, we expanded our presence in Russia through an acquisition in early 2012, consolidating and strengthening our position in the Moscow airport retail.

As a result of our continuous growth in recent years as well as our efforts to expand our shareholder base, trading volumes for both our shares and BDRs have increased. Compared to 2010, when we multiplied trading volumes by 5 times, overall daily trading volume increased by CHF 2.0 million to CHF 11.3 million in 2011. Thanks to this development, in 2011 Dufry was included in the SMIM® index of SIX Swiss Exchange. The index comprises the 30 largest publicly held mid-cap companies in Switzerland and positions Dufry among the top 50 Swiss companies.

2011 showed again that our strategy of profitable growth is successful and viable with the focus on Emerging Markets and tourist destinations on one hand, and on risk diversification through a global footprint on the other hand. Our strategy will remain unchanged and we

expect to continue gaining market share and consolidating our position in the industry in the medium term. We therefore propose to carry forward the retained earnings of the Group to finance the further growth of Dufry.

In 2012, the issues related to sovereign debt both in Europe and the USA will remain an important topic and there is a wide range of possible outcomes with corresponding implications on the global economy. Based on the current forecasts of passenger numbers, we expect that the travel retail market will continue developing positively, with Emerging Markets performing above average. Due to short term uncertainties, we remain alert and are confident that we are well positioned and prepared for the challenges and opportunities that may arise.

Dufry is aware of its importance in the communities surrounding its operations. With that in mind, we have developed social responsibility actions that have become part of our corporate culture. In Brazil, we mainly support two such programs. We fund a community center in Igarassu (Pernambuco State), operated by SOS Children's Villages Institution, which provides shelter, day-care services, classrooms and other services for over 600 people, as well as basic healthcare and a small drug store. We have also funded a social development program in Rio de Janeiro for over 16 years. Each year, it offers vocational training to thirty underprivileged young people between ages 16 and 18 and includes classes in English, computer literacy, professional guidance, makeup, team work, leadership skills, ethics and citizenship skills. Additionally, the Company also contributed to the Red Cross Disaster Relief Fund, and organized donations to assist victims of Japan's earthquake and tsunami, and for people displaced by flooding and other natural disasters across the United States.

On behalf of all the members of Dufry's Board of Directors, I would like to thank our executive officers and management, who have successfully implemented our strategy, as well as our employees for their commitment and contribution. We would also like to thank our shareholders for trusting us. We will remain committed to create value for the Company and our shareholders.

Sincerely,

Juan Carlos Torres Carretero

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Dear all

Dufry is able to present once more a strong set of results for the financial year 2011. Turnover increased by 16.5% and EBITDA rose by 26.9%, both on constant exchange rates. Just these two key performance indicators illustrate the resilience of our business to unexpected changes, such as the political instability that happened in 2011 in the North of Africa and validate once more our strategy of profitable growth.

In Swiss Francs terms, Group turnover reached CHF 2,637.7 million for full year 2011. The increase in our top-line results was led by 7.5% like-for-like growth, a very strong performance considering the negative impacts of the political turmoil in North Africa, the snowstorms in the USA in January 2011, as well as the effect of the bankruptcy of Mexicana in Mexico. New concessions and expansions accounted for a net 2.3% turnover growth. We added 10,000 square meters to our sales area (net) through new concessions, expanding our presence in all regions we operate. Among the main developments in this area, we added 2,500 square meters in Mexico, 700 square meters in various locations in Brazil, 450 square meters on Roatan Island in Honduras and around 6,000 square meters in 25 locations in the USA, including Chicago, New York JFK and Seattle.

Acquisitions contributed 6.7% to the turnover increase in 2011. In August 2011, we acquired airport duty free operations in several Emerging Markets. They comprise of the leading airport duty free retailer in Argentina, with shops at five of the most important airports in the country, airport retail operations in Uruguay, Ecuador, Armenia and Martinique, as well as a logistics platform in South America. Overall, these businesses add more than 13,000 square meters to our operations. All of them have very attractive long-term concession contracts, complement our existing business in Latin America and strengthen our leading position in this region. We expect to fully integrate these operations within 24 months and to generate synergies totaling USD 25 million.

Exchange rate swings generated a negative impact when converting figures from local currencies to Swiss Francs of 15.4%, which was minimized by the appreciation of the US Dollar and the Euro in relation to the Swiss Franc in the last quarter.

We further improved the operational performance of our business based on our initiatives "Dufry Plus One" and "One Dufry". Gross margin climbed further by 70 basis points year-over-year and reached the Company's record level of 58.2%. EBITDA margin grew even stronger by 100 basis points and achieved a new all-time high at 14.1%.

We are pleased with the results we achieved so far with the "Dufry Plus One" and "One Dufry" initiatives. Launched in early 2010, they are geared to systematically analyze, identify and implement operational optimization in our business. As part of the initiatives,

we have trained close to half of our sales people at the end of 2011, with the goal that 100% of our sales force will benefit from the same Dufry Sales Training by mid 2012. We also have fine-tuned the product assortment by location, unified promotions planning and intensified the information exchange with suppliers, e.g. through the supplier extranet or the brand plans. We have also continued to develop our tools to have a better understanding of our clients, such as profile studies. On the resources side, we were able to integrate the financial reporting of the newly acquired companies in less than two months and it also allowed us to manage foreign exchange fluctuations despite the high volatility seen in the markets.

Dufry is going to continue with the same focus of increasing its operational capabilities and delivering a significant organic growth again in 2012.

2012 – Another year of growth: Russia, China, India, and more ...

For 2012, we already laid the groundwork to expand our footprint in Region Eurasia, in locations in line with our strategy. Among the most important, I would highlight our entry into the Indian market through a partnership with InterGlobe. Together we will develop an innovative retail concept named Hudson News Café. Starting at Metro stations in New Delhi, we plan to open 48 shops with a total retail space of 2,000 square meters.

Another important development in Asia was the signing of a five-year concession agreement in Chengdu, China, to operate 15 brand boutique shops with a total sales area of 1,600 square meters in the new terminal of Shuangliu International Airport. Shuangliu is the sixth largest airport in China and grew by 16% in 2011, with a total of nearly 29 million passengers in the period.

Furthermore, in January 2012, we expanded in Russia acquiring 51% of a local travel retail operator at Sheremetyevo Airport in Moscow. By adding this business with an annual turnover of about USD 50 million, we consolidate our leading position in the fast growing Russian travel retail market. The transaction also includes a commercial and purchasing agreement for travel retail operations at Vnukovo Airport in Moscow.

We will continue with our strategy of profitable growth also in 2012, based on the current business: increasing sales on our current shops and adding new spaces. Additionally, acquisitions will be in due time a key element of growth.

... and strong deleveraging

The integration and ramp up of the new businesses will be a priority for the year to generate synergies and to maximize cash generation. Both will contribute to a significant deleveraging, which in turn will provide room for further growth.

As for growing organically, prospects remain healthy with around 5% international global passengers growth expected for 2012. Having said this, on a regional level the deviation from this number can be significant. We expect Emerging Markets in Eurasia and Latin America to perform well, and North America has proven to be very resilient over the past years. Europe is in a much more fragile situation and performance will depend on the measures taken to contain the sovereign debt crisis. In Northern Africa, the transition to new political structures that started a year ago will continue and if this can be managed in an orderly fashion, growth prospects for this region are intact.

Given the global economic and political situation, this assessment has a degree of uncertainty and we remain alert to act quickly if this is required. We have prepared an action plan for 2012 that considers the possibility either of a global downturn or a regional one that could happen. The plan is ready to be implemented in case we need to accelerate the generation of cash, the control on our investment budget and the efficiency of our cost structure.

Apart from the general resilience of our industry, the low operational leverage and Dufry's geographic diversification have proven to be important mitigations in past downturns and we are confident that Dufry is well prepared to continue on its successful course. Dufry's achievements over the last eight years encourage us to tackle challenges and to seek new opportunities on a daily basis to become the most innovative and successful company in the travel retail world.

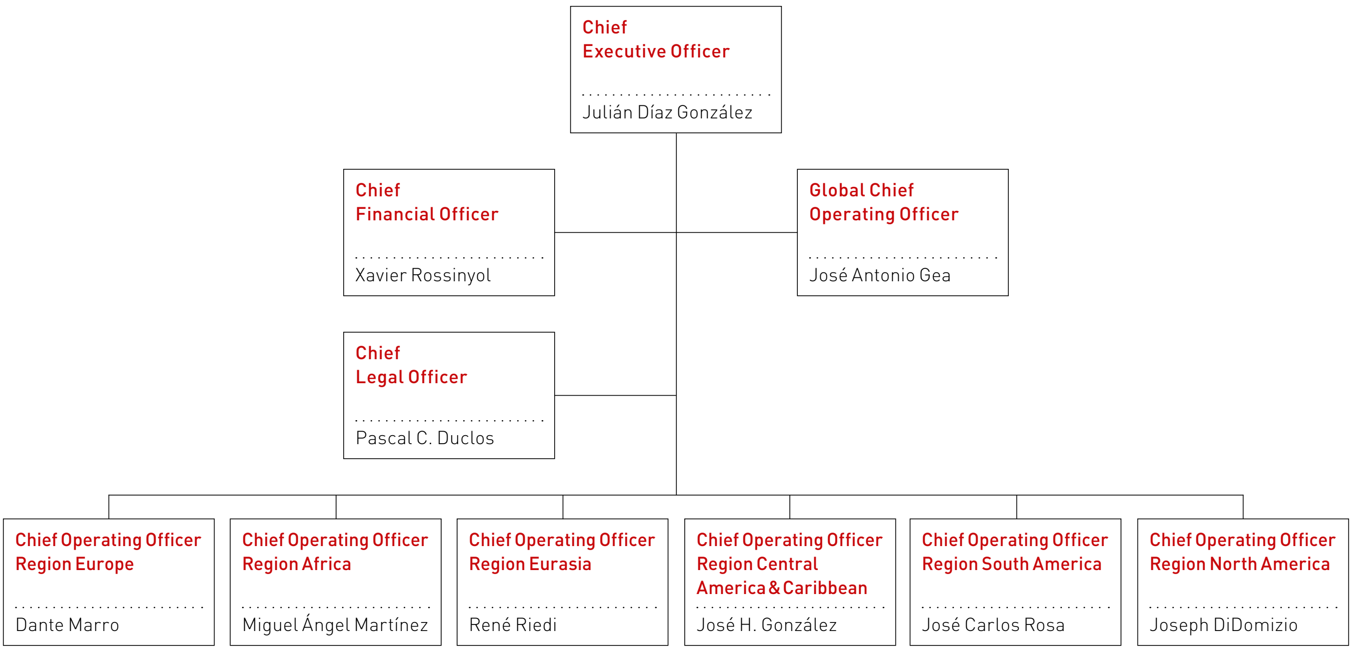
... and delivering

The results obtained in 2011 would not be true without the hard working and commitment of our employees, including those that joined that year, and on behalf of the management team I would like to thank everyone. I would also like to thank our customers, for the trust they put in Dufry and we will continue our efforts to provide customers with the very best shopping experience. We would also thank our suppliers and landlords, as well as our shareholders because without their support and trust, we undoubtedly could not achieve Dufry's success.

Finally I would like also to thank the members of our Board for their continued support and understanding and the contribution they have done to our success in 2011.

Julián Díaz González

OUR ORGANIZATIONAL STRUCTURE



GROUP EXECUTIVE COMMITTEE





Julián Díaz González, Xavier Rossinyol, Miguel Ángel Martínez, Joseph DiDomizio, José Carlos Rosa,
José Antonio Gea, Pascal C. Duclos, Dante Marro, José H. González, René Riedi

BOARD OF DIRECTORS

Juan Carlos Torres Carretero, Ernest George Bachrach, Joaquín Moya-Angeler Cabrera, Steve Tadler, José Lucas Ferreira de Melo, Maurizio Mauro, Andrés Holzer Neuman, Jorge Born, Xavier Bouton, James Cohen, Mario Fontana





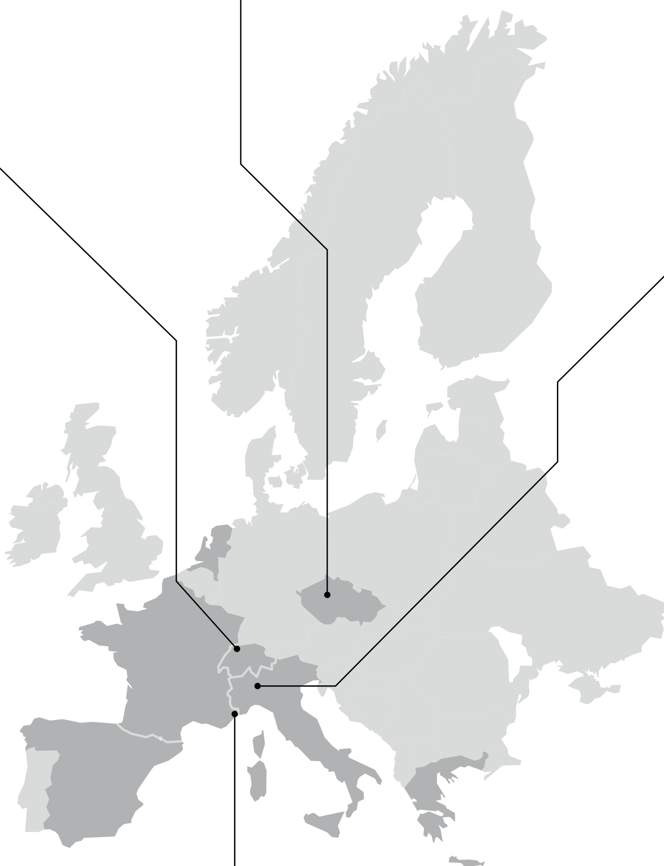

Europe
Czech Republic, France, Greece, Italy, Netherlands, Spain, Switzerland

Basel-Mulhouse
International Airport

New Additional brands in watch section of the main shop
Location Departure area
Sales area 855 m^2
Brands on offer Over 300 brands, best cigars selection in a cigar room

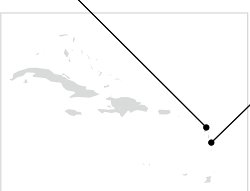
Prague
Ruzyne International Airport

New Launches of Maybelline and Body Shop



Guadeloupe
Pointe-à-Pitre International Airport

New Opening of walk-through shop
Location Departure area
Sales area 500 m^2
Brands on offer Over 220 brands, special spirits selection of over 100 different rums

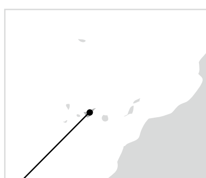


Martinique
Aimé Césaire International Airport

New Operations acquired in 2011, refurbishment planned in 2012

Nice
Aéroport Nice Côte d'Azur

New 2011 Lancel collections
Location Departure area, Terminal 2
Sales area 80 m^2
Brands on offer Vast selection of Lancel products



Tenerife
International Airport

New New Smirnoff shop-in-shop concept and tobacco, watch corner

Milan
Malpensa Airport

Shop type Brand boutique **Location** Schengen area, Terminal 1
Established 2011 **Sales area** 60 m^2 **Employees** 4
Offer range Vast selection of Burberry products including clothes, leather and fashion, accessories, perfumes, watches, and much more

Africa
Algeria, Egypt, Ghana, Ivory Coast, Morocco, Tunisia

Tunis
Carthage International Airport

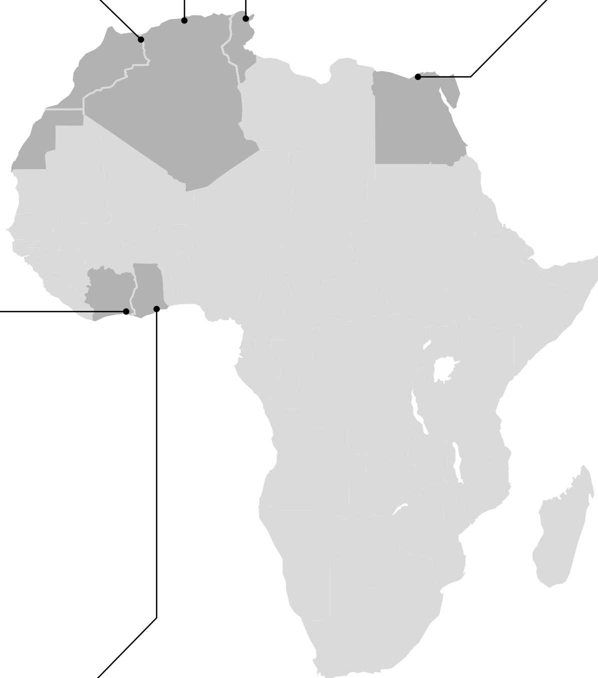
New Corner opened in 2010
Location Departure area, Terminal 1
Sales area 20 m^2
Brands on offer Maison des Senteurs, natural cosmetics

Algiers
Houari Boumediene International Airport

New Concessions renewed in 2011

Oujda
Angad International Airport

New Shop opened in 2011
Location Departure area, Main Terminal
Sales area 111 m^2
Brands on offer Perfumes and cosmetics, spirits, tobacco, food



Abidjan
International Airport

New Concessions renewed in 2011

Accra
Kotoka International Airport

New Concessions renewed in 2012
Location Departure area, Main Terminal
Sales area 374 m^2
Brands on offer Perfumes and cosmetics, spirits, tobacco, food, local handicrafts

Alexandria
Borg El Arab Airport

Shop type Duty free store **Location** Departure area, Main Terminal
Established 2009 **Sales area** 694 m^2 **Employees** 32
Offer range Wide selection of perfumes and cosmetics, food, beverages, spirits, chocolate and confectionery products, textile, leather goods, and many more

Eurasia

Armenia, Cambodia, China, Russian Federation, Serbia, Singapore, United Arab Emirates

Moscow
Sheremetyevo International Airport

New Adding nine duty free shops through RegStaer acquisition in 2012

Shanghai
Hong Qiao International Airport

New One of several brand boutiques opened in 2010
Location Wing 5, Departure area, Terminal 2
Sales area 2,500 m^2 shopping mall of different brand boutiques
Brands on offer Vast selection of Boss accessories

Sharjah
International Airport

New Opened Hudson News & Convenience stores in departure and arrival areas

Cambodia
Phnom Penh International Airport

New New shop opened in 2011
Location Departure area, Terminal 1
Sales area 677 m^2
Brands on offer Perfumes and cosmetics, chocolate and confectionery products, souvenirs, watches, jewelry, Artisan D'Angkor local craft

Singapore
Changi International Airport

New Hudson News & Convenience store opened in 2011
Location Departure area, Terminal 2
Sales area 724 m^2
Brands on offer Magazines, books, travel accessories, premium pens, electronics, stationary notebooks, gifts

Yerevan
Zvarnots International Airport

Shop type Duty free walk-through store **Location** Departure area, Terminal 1
Established 2011 **Sales area** 1,200 m^2 **Employees** 68
Offer range Over 500 different brands with wide range of local and international spirits, tobacco, food, fragrances, luxury accessories and many more

Central America & Caribbean

Caribbean Islands, Honduras, Mexico, Nicaragua, Cruise Lines

Mexico City
Benito Juárez International Airport

New Introducing new brands in Boulevard I shops, including new MAC corner and corners for Breitling and Bulgari
Location Departure area, Terminal 1, Boulevard I
Sales area 242 m^2
Brands on offer Over 240 different brands

Puerto Rico
San Juan International Airport

New Refurbishments in different shops for fashion and jewelry, adding a Swarovski corner
Location Departure area
Sales area 112 m^2
Brands on offer Over 100 different brands

Managua
Augusto C. Sandino International Airport

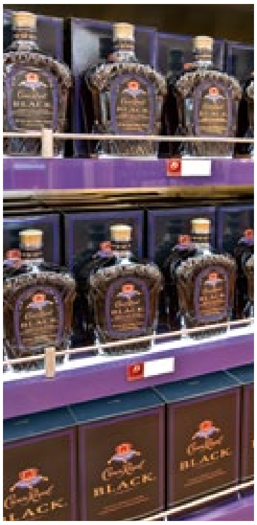
Dominican Republic
Santo Domingo International Airport

New Refurbished in 2011
Location Departure area, North Terminal
Sales area 587 m^2
Brands on offer Walk-in humidor inside duty free store with large selection of premium cigars

Barbados
Grantley Adams International Airport

New Adding new assortment of wines in 2011

Cozumel
Puerta Maya Cruise Terminal



Shop type Duty free Cruise Terminal store **Location** Seashore Cozumel Mexico
Established 2011 **Sales area** 941 m^2 **Employees** 54
Offer range Over 200 different brands of perfumes and cosmetics, watches and jewelry, food, beverages, spirits, chocolate, electronics, travel accessories and many more

South America
Argentina, Bolivia, Brazil, Ecuador, Uruguay

Rio de Janeiro
Galeão International Airport

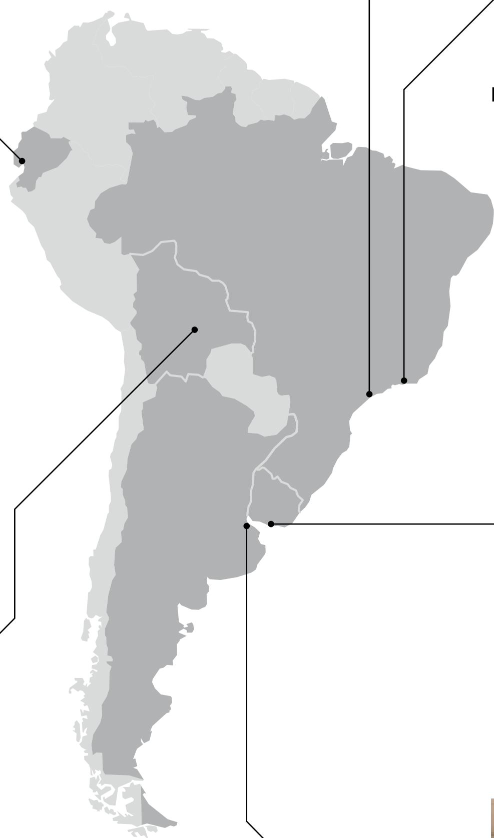
New Shops restyled in 2011
Location Arrival area, Terminal 2
Sales area 1,100 m^2
Brands on offer Over 600 different brands

São Paulo
Guarulhos International Airport

New Arrival stores restyled in 2011

Guayaquil
International Airport

New Stores restyled in 2011



Santa Cruz de la Sierra
International Airport

New Departure store opened in 2011
Location Departure area
Sales area 437 m^2
Brands on offer Over 200 different brands

Buenos Aires
Ezeiza International Airport

New Opened Hugo Boss shop-in-shop in 2011
Location Departure area, Terminal A
Sales area 2,800 m^2
Brands on offer Over 1,350 different brands

Montevideo
Carrasco Airport

Shop type Duty free walk-through store **Location** Departure area
Established 2004 **Sales area** 1,200 m^2 **Employees** 119
Offer range Over 500 different brands of perfumes and cosmetics, sunglasses, watches, food, beverages, spirits, chocolate, textile, leather goods, electronics, tobacco

North America
Canada, United States

Houston
Houston Bush Intercontinental Airport

New Two shops opened in 2010–11
Location Terminal E
Sales area 764 m^2
Brands on offer Over 300 different brands

Chicago
O'Hare International Airport

New Three duty free shops opened in 2012 with 656 m^2

Albuquerque
Albuquerque Sunport

New Four new stores opening in 2012

San Francisco
International Airport

New Three new stores opening in 2012

San Diego
International Airport

New Nine new stores coming in 2012–2013

Newark
Newark Liberty International Airport

New Duty free shops opened in 2010
Location Terminal C
Sales area 1,022 m^2
Brands on offer Perfumes, cosmetics, tobacco, wine, spirits, watches, jewelry, food, confectionery, fashion, leather, luggage, sunglasses

New York
Grand Central Station

New Restyled in 2010

New York
JFK International Airport

Shop type Newsstand & Convenience store **Location** American Airlines Terminal 8
Established 2007 **Sales area** 140 m^2 **Employees** 6
Offer range Magazines, books, souvenirs, candy, snacks, beverages, travel accessories, health and beauty products, convenience items, technology products including Sony electronics, and many more

OUR BUSINESS MODEL
CREATING VALUE

Landlords

- 155 airport authorities and landlords
- Over 176,000 m^2 of sales area with high quality concessions

Customers

- Tailored retail concepts
- Top ranked customer services

Strategy

- Global reach
- Dufry plus one, One Dufry

Employees

- Cultural diversity
- Attractive and long-term employment

Suppliers

- 1,500 suppliers
- Window display for international brands

Shareholders

- 23% p.a. of top-line growth (2003–2011)
- Sustainable returns

Social responsibility

- Reaching out with a helping hand
- Support for children

Strong fundamentals

Specialty retail in an attractive segment

- Worldwide passenger numbers expected to grow around 4% p.a. in the next 10 years
- Convenience is an important business driver
- No substitution threats

Growth strategy

- Strategy of profitable growth
- Focus on Emerging Markets and tourist destinations
- Average yearly growth of 23% from 2003 to 2011 (before FX impacts)

Global footprint

- Dufry is the leading travel retailer in the industry
- More than 1,200 shops in 45 countries

Expertise in travel retail

- Over 60 years of travel retail experience
- Different shop concepts to capture full potential of each location
- Combines local aspects of operations with global best practices

Strong concession portfolio and suppliers relationships

- Broadly diversified concession portfolio with above average duration
- Longstanding relationships with suppliers
- Full range of top international brands

Dufry's strategy – focused on profitable growth

Dufry defined its corporate strategy of profitable growth with a focus on Emerging Markets and tourist destinations in 2004 and has continuously grown the group ever since. Today, we are the world's leading travel retailer with more than 1,200 shops in 45 countries on five continents. With our regional organisation, we combine our global in-depth travel retail know-how with local expertise, allowing us to expand our business wherever there are interesting opportunities.

Our growth strategy is based on three pillars, namely organic (like-for-like) growth, space expansion in new and existing concessions, and acquisitions.

Like-for-like growth

One of the key drivers in the travel retail industry is passenger numbers as passengers are our potential customers. Globally, there are some 5 billion people flying every year. More importantly, this number has been consistently growing in the last ten years at more than 4% p.a. and it is expected that this number will continue to grow in the coming decade and may reach almost 10 billion air passengers by 2029. For Dufry, this means that the number of potential customers will continue to grow on average by around 4–5% every year and a substantial part of that growth will take place in Emerging Markets, where Dufry already generates more than 60% of its turnover today. At the same time, we plan to further grow our productivity, i.e. sales per passenger. We plan to achieve this through the full range of retail activities, including an assortment customized to the specific passenger profiles, fine tuning shop layouts and specific marketing activities.

Expand retail space

Space expansion is another important element in our strategy and this can be done through expanding space in existing locations or adding new locations to our concession portfolio. The increase of retail space in existing locations can generate interesting economies of scale and often also optimizes the sales potential as the new space complements the existing offering. New locations are a great possibility to diversify the already broad concession portfolio and allow addressing new markets, locations and customers. Thanks to Dufry's global reach, we have a distinct advantage for evaluating and adding new concessions as our strong regional organisation established in all parts of the world can support any expansion projects and successfully integrate the new business into the group.

Mergers & Acquisitions

Last but not least, acquisitions have been another feature of our growth strategy. The global travel retail market is very fragmented and Dufry as a global leader represents about 8% of the market. Around half of the market is operated by dozens of small and medium-sized local and regional operators. Due to the dynamic development of the travel and airport retailing in the past years, the globalisation of major brands and the challenges to profitably organize global logistics and procurement, travel retail has become more sophisticated and standards have increased significantly. As a result, we expect consolidation in the industry to continue and we intend to remain an active consolidator in the market. Our long-standing mergers & acquisitions track record combined with our local and regional teams, allows us to identify, structure, execute and integrate acquisitions quickly. As a result, we can capture synergies within a short time frame and hence add sustainable value for our shareholders and stakeholders.

Our strategic initiatives "Dufry plus One" and "One Dufry"

In early 2010, Dufry launched the "Dufry plus One" and "One Dufry" initiatives. The two initiatives are designed as a 360 degree view on our business and aim to systematically analyse and exploit untapped potential in the organisation with a goal of higher returns and lower risk.

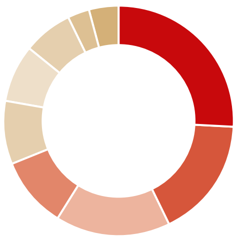
"Dufry plus One" is targeted to the operational side and consists of a set of projects with the aim to better analyze and understand customer needs, and to identify new opportunities in retailing. These projects include review of product assortment, promotion plans, sales training, new bonus incentive, shop layout and a new website, just to name a few.

We also launched special initiatives, like customer profile evolution and trend studies, mystery shopper programs, market price perception analysis or market research studies to constantly refine our commercial concepts. We use such information to set up and execute specific commercial plans in the individual markets and to focus on promotional activities, pricing policies, shop layouts and customer services.

The "One Dufry" Initiative is focused on the resouces and back office part of our business, and includes all support functions, like Finance, Legal, Tax, Risk Management, HR and IT. The key target there is to increase the effectiveness of the existing resources, to manage and reduce risks effectively and to generate additional returns by improving the organization and workflows. Projects include a renewed tax planning, further development of the international cash pooling solutions, global insurance management, re-organization in certain regions and new IT platforms.

Unrivalled customer service

Net sales by product categories 2011



- Perfumes and Cosmetics **26%**
- Confectionery, Food and Catering **17%**
- Wine and Spirits **16%**
- Watches, Jewelry and Accessories **10%**
- Literature and Publications **9%**
- Fashion, Leather and Baggage **8%**
- Tobacco goods **7%**
- Electronics **3%**
- Other **4%**

More than 1.7 billion international and domestic passengers travel each year through the airports and other locations where Dufry operates. Every day, our sales teams greet people with different nationalities, interests and styles and make them feel most welcome in our "Dufry world".

Customized shops complemented with a local touch

Dufry designs and builds highly attractive commercial areas to provide its customers with the best assortment of products and services possible. We use four distinct retail concepts and customize them to the particular requirements in each specific location. Our extensive local expertise and in-depth travel retail know-how enable us to create a memorable shopping experience for our customers.

To set up the right combination of general travel retail shops, news and convenience stores, boutiques or specialized shops within any given space, and to select the right brands and products from the broad range of over 50,000 items available in our portfolio, we analyse the customers' profile and the specific setup of the location. In this context, important parameters include the type of passengers (departure/arrival), their nationality, and whether sales are under a duty free regime or duty paid.

A unique customer service covering the whole shopping cycle

The shopping behaviour of people differs significantly as to their preferences of brands and products, marketing instruments and display in the shops. As we serve customers from around the globe, it is critical to understand these differences and to accommodate for customized solutions. We have therefore introduced a unique Global Customer Service that spans across the entire shopping cycle and supports and covers our customers before, during and after their purchasing.

Start your journey online

Even before traveling and visiting our shops, customers can prepare themselves for their visit at our shops. Our website is available in Chinese, English, French, German, Portuguese and Spanish, and reflects our worldwide presence and activities. It also offers information on custom allowance regulations for every country in the world and travel tips for some of the most charming or most exotic places.

Furthermore, Dufry's website in Brazil includes a pre-order service concept that has been available to Brazilian customers for the last 15 years and is planned to be expanded and developed internationally. Ultimately, it is our goal to allow international customers to purchase products online by visiting our website at home, in their office or via mobile internet and to even offer a home delivery service.

Enjoy the retail experience when traveling

Shopping when traveling is exciting and combines the thrill of seeing new things with the comfort of things we know well. Also, the time available to shop can vary substantially. This is where our sales teams make the difference: Our competent sales people assist our customers during their visit in the shops by answering questions, providing advice and supporting the decision making process – helping them to get their favorite products quickly or spending the time to try something new.

At every Dufry location, we operate promotional calendars to enhance the shopping experience and to attract potential customers. Promotions also ensure that our customers can benefit from new launches, special offers, discounts and gifts, loyalty programs or seasonal campaigns throughout the year.

A truly global guarantee – 24/7

Unique within the travel retail industry is our customer guarantee, in case a product is not satisfactory: Irrespective of a location where a customer purchased a product, we guarantee to replace or refund any product within a 30 days period. This guarantee gives comfort to our customers, even if they buy products at a location where they may not return to again.

A 24/7 call center is also available to support our customers on any aspect of the shopping cycle.

After all, our definition of customer service is simple: We want to provide our customers a good shopping experience, give them the comfort that they make the right buying decision and that they can rely on Dufry and its global organisation as a trusted retailer, regardless which Dufry shop they are visiting anywhere in the world.

Major awards confirming our strong customer relations

Dufry has won several major awards in 2011: Hudson News was recognized as the "Best Concessions Winner" in three separate categories – Best News & Gift Operator, Best New Specialty Retail Concept and Best Store Design. The awards were the result of an annual industry-wide poll of North American airport executives conducted by Airport Revenue News (ARN) magazine. Furthermore, Dufry Group was rated "Best Airport Retailer in the Americas" in the Duty Free News International (DFNI) Awards 2011. These prestigious awards all confirm the reliable and superior quality of our customer services.

Dufry Customer Service

OUR RETAIL CONCEPTS
TAILORED TO CUSTOMERS' NEEDS

General travel retail shops

Selection of brands:

These shops are either duty free or duty paid shops and can be located in arrival or departure areas in airports. Our offer includes the largest selection of different products and covers a range of product categories, such as perfumes & cosmetics, food & confectionery, wine & spirits, tobacco goods, souvenirs, fashion & leather, watches & jewelry, electronics and other accessories.

In each location, the shop-layout, product assortment and operations are customized to ensure the highest attractiveness to the respective customer profiles and spending patterns. As an example, in 16 locations, we operate "walk-through" shops, a particular design where the entire passenger flow goes directly through the shop on its way to the departure or from the arrival gate.

One of the main developments in 2011 was the expansion of retail space by about 13,500 square meters through acquisitions in Argentina, Ecuador, Uruguay, Armenia and Martinique.

Brand boutiques

Selection of brands:

We operate brand boutiques of some of the most prestigious brands like Armani, Bally, Bulgari, Burberry, Dunhill, Etro, Ferragamo, Hermès, Lacoste, Tumi, Versace, Victoria's Secret or Zegna. They can either be found as stand-alone boutiques or integrated as a shop-in-shop concept within general travel stores. The boutiques carry a single, global brand and mirror the look-and-feel of the high street shops of the respective brand. Thus we increase recognition and positioning of the brand and allow the customers to shop in an entirely familiar ambience.

In 2011, we won a contract to operate a total retail space of 2,400 square meters at Shuangliu International Airport in Chengdu, China. The commercial area which Dufry will start operating in 2012 comprises 26 duty paid shops and will include a range of brand boutiques ranging from A like Armani to Z like Zegna. The overall retail space will be structured into a shopping mall design to create a strong shopping experience for our customers.

News and convenience stores

Selection of brands:

The news and convenience stores offer a core assortment of newspapers, magazines and books, complemented by a broad range of convenience products, such as soft drinks, confectionery, travel accessories and electronics, or personal care items and souvenirs. This duty paid concept can be applied at airports at the departure or arrival side or in other travel spots, such as train stations.

The shops are designed in such a way that consumers can buy quickly their preferred reading and get something to eat on the go, or cruise with leisure through the shop, if time allows them to do so. The needs of our customers always come first. When traveling, time is often of high importance and clear presentation and a strong visualisation of the products give the traveler a strong incentive to buy.

We operate these stores under the brand name "Hudson News", which was initially present in the United States and Canada only. In 2009, Dufry started to roll-out the Hudson News concept to other parts of the world and by the end of 2011 we operated more than 530 Hudson News stores in 11 countries.

A major step in 2011 was the association with InterGlobe to establish and operate 48 new retail outlets under the Hudson News brand at 48 Delhi Metro stations in India. These shops will all be opened throughout 2012.

Specialized shops

In particular markets, we aim to capture the full passenger potential by operating specialized shop concepts. These are boutiques that offer a variety of different brands on one specific product category. One of our main concepts is Colombian Emeralds International (CEI), which is a dedicated watches & jewelry format focused on the Caribbean market.

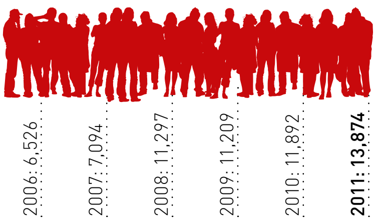
Each store is adapted to reflect the specific location at airports, seaports, hotels or downtown locations. Shopping at one of these specialized stores leaves a unique and unforgettable experience with our customers. Regardless of the product being a new watch, jewelry, some bottles of premium wine, a pair of fancy sunglasses, a box of the finest cigars or the smell and assortment of chocolate.

Selection of brands:

DKNY
H.Stern
merci
BREITLING
HUBLOT
CARRERA
CHATEAU LOS BOLDOS
Milka
OAKLEY
GOLDKENN
JOSÉ GENER HABANA
ROMEO Y JULIETA
TORRES
Ray-Ban
Lindt
TERRAZAS
FOSSIL
PRADA
adidas
COHIBA
GUESS
After Eight
TAGHeuer
AVO UVEZIAN
BAUME & MERCIER
JACOB'S CREEK
COLOMBIAN EMERALDS INTERNATIONAL

Employees

Employees




Europe **7%**


Africa **7%**


Eurasia **8%**


Central America & Caribbean **18%**


South America **25%**


North America **35%**

Our employees are at the heart of our group. It is their strong motivation and dedication to service our customers, to help them in their decision-making process and support them in finding the right products every day that make our group the most innovative and successful travel retail company.

Unique cultural diversity

Dufry's staff is as diversified as its clientele. Dufry employed 13,874 people at December 31, 2011, an increase of 17% compared to year end of 2010. Our workforce comprises people from more than 70 nationalities across all functions. We view this broad cultural diversity as a strong competitive advantage that, together with our global customer base, continued expansion and solid strategy, creates an engaging and truly international working environment and career opportunity for our employees.

As part of our Human Resources strategy, we focus on the key pillars of Training and Development, Reward and Recognition. We constantly and systematically invest in our people's development and support a broad range of in-house and external training and development opportunities. Our training and development strategy is based on:

Sales and customer care trainings

One of our major programs is the "Dufry Plus One" Sales Academy, providing quality training for our sales people with regards to customer service, sales techniques, product knowledge and retail processes and procedures. This particular training program is delivered by Dufry personnel, who go through specific training themselves to qualify as Dufry Certified Trainers. In 2010, when we launched the program, 119 Certified Trainers were trained, followed by another 89 Trainers in 2011. During 2011, they trained 3,216 additional Dufry sales professionals in 38 countries. It is our aim, that by 2012, all our sales professionals will have gone through the extensive training programs and be certified as Dufry sales professionals.

Development of management skills

A second key element of our long-term Human Resources strategy is to develop and grow the management potential that exists within our own group. Dufry is putting an increased focus on development of management potential among our teams of shop managers and supervisors on the shop floor in order to support them with the skills, tools and culture to manage their operations and teams effectively. Consistently, we have developed and are in the course of piloting our new "Out In Front" program. The objective is that by 2014 all our retail managers have gone through this program. We expect that in the process we will also create a large pool of retail professionals from which we can fill new or vacant management positions with internal talents.

Additionally, we actively identify high potential talents in all areas of the business and continue to grow our offering for such employees. Our objective is to increase the percentage of new and vacant managerial positions filled by internal candidates.

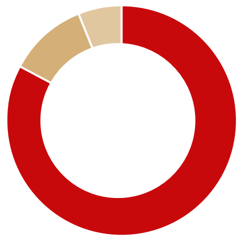
International assignments

We also support international assignments, exchange programs and conferences for qualifying internal candidates. Through these opportunities, participants can leverage their existing know-how, gain exposure to responsibilities outside their core functions and accumulate a broad and international working experience. This constant exchange of know-how creates a dynamic and worldwide network of managers, who spread their personal expertise across the entire Dufry group and enables them to build and intensify a global network of relationships within our organization.

Equal opportunities

We take pride in being an equal opportunities employer and offer career opportunities without discrimination. Dufry promotes a work environment where everyone, regardless of gender, color, ethnic or national origins, disability, age, marital status, sexual orientation or religion, receives equal treatment.

Employees by profession



- Retail operations **83%**
- Other operations **11%**
- Executives, Finance, IT, HR **6%**

Suppliers

Dufry works with more than 1,500 well-known suppliers in the travel retail sector. We follow a "best brand policy" and have developed the strongest portfolio of brands per product category and customer segmentation in our industry over the past years.

Close ties with our suppliers

A key tool in our retail activity is the promotional calendar, which lists the marketing activities for each location throughout the year. It is equally important to our suppliers and us as the goals are the same: to attract a maximum of potential customers, strengthen the brand awareness, maximize overall sales, convert non-shoppers to customers and enhance spend per passenger.

Dufry has a selected pool of suppliers, with which we jointly develop specific marketing plans and promotional activities for their particular brands. We thereby offer the suppliers the opportunity to fully leverage Dufry's retail network globally by combining their regional and local marketing activities with the window display opportunities at our airports on a longer-term basis. For the suppliers, this facilitates the planning and can also give a substantial competitive edge as the brands can target their customers at different locations in the domestic market and at airports and thus create additional exposure.

Shared extranet to enhance product positioning

Dufry has introduced a suppliers' extranet in 2010, which allows suppliers to get access to specific sales data in relation to their products on a location-by-location basis, such as their market share and ranking of their products. Providing specific data across the entire group through one platform is a very strong proposition and gives the suppliers additional valuable insights as to their product positioning. At the same time, it allows both suppliers and Dufry, to work out innovative marketing concepts.

We also share sales forecasting and inventory projections with our major suppliers, in order for them to plan our replenishment orders in advance. This allows improvements on their production and manufacturing cycles, and reduces lead times, which gives both business partners higher productivity at shorter notice.

Complex logistics

Dufry ships more than 20 containers each day and moves over 70 million product items per year to all our locations in 45 countries. As legislations are different in each country, logistics is therefore complex. We have developed a strong logistics platform, which allows us to centralize the orders through our purchasing companies from our locations and together with our external logistics partners distribute the goods worldwide. Overall, six major warehousing and distribution centers are operated by us or our logistics partners that allow to efficiently procure, consolidate and distribute goods to each of our locations.

Airport authorities & landlords

Strong relationships with airport authorities and other landlords are key to the success of our business, as operating at major travel locations means to share the infrastructure with other service providers.

Broadly diversified concession portfolio

Over the years, Dufry has successfully built a portfolio of concession contracts that is highly diversified and of outstanding quality. During fiscal year 2011, Dufry added more than 22,000 square meters of net retail space to its existing portfolio through the opening of new shops, additional new concessions and the acquisition of operations in five Emerging Markets (Argentina, Uruguay, Ecuador, Armenia and Martinique). Altogether at the end of 2011, our concessions spread across 45 countries and include a retail space of over 176,000 square meters in airports, seaports, train stations and other locations.

Concessions can be won through tenders or negotiated directly with airport authorities, be structured as joint ventures with the airport operator or be bought through acquisitions. Dufry follows a clear policy whenever looking at expanding the concession portfolio. We will analyse the concession fee levels and the duration of the contract, and also assess the development potential of the location from retail as well as travel perspectives. We also take into consideration any execution or operational complexities. Through a strict evaluation of these criteria, we ensure that our concession portfolio remains of the highest quality and that each concession offers attractive returns for our group.

Duration

Our concession portfolio also has an above average duration in the industry. Based on net sales in 2011, about 45% of our sales was generated based on concession contracts with a remaining lifetime of more than 5 years. 31% of our revenues was even achieved in locations with concession contracts of more than 10 years.

Sustainable returns for shareholders

Our corporate strategy of profitable growth is designed to create sustainable shareholder value. Since 2003, Dufry has achieved a compound annual growth rate of over 23% on turnover and multiplied EBITDA by more than ten times. Over the last eight years, gross margins have also been improved by 11.8 percentage points to 58.2% and the EBITDA margin increased by 6.9 percentage points to 14.1%.

Dufry enters the SMIM index

Over the last years, we have always enjoyed a broad international shareholder base. In order to increase interest in our company and liquidity in our share trading, we undertake regular roadshows to institutional investors and place highest importance to an open dialogue and communication with the financial community.

In September 2011, our shares became part of the SMIM® index in Switzerland, which comprises the largest 30 mid-cap stocks in the Swiss equity market. Our strong operating performance, the continuous investor relations activities and our separately listed Brazilian Depository Receipts at the BM & FBOVESPA in São Paulo, Brazil, have all contributed to increase the daily average volume of our shares by 21% to approximately CHF 11 million per day.

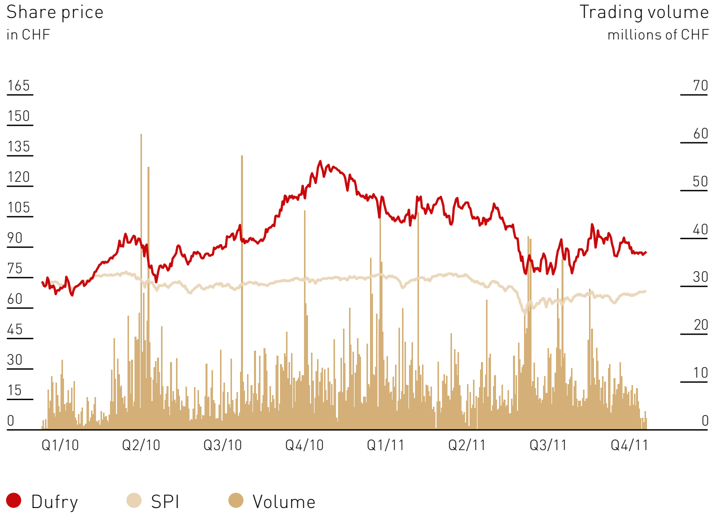
Our approach to risk management

Correctly assessing the risks of our group is key to a successful management process. We mitigate risks wherever possible and actively manage those risks that are unavoidable as part of our business operations.

Dufry operates a systematic risk management and continuously improves its risk management tools. We measure our operational performance with clearly defined indicators, such as spend per passenger, gross margins, net working capital ratios and operating profits on the day-to-day management. When assessing new projects and operations, we also place high importance on additional cash flow models, return on investment and internal rates of return.

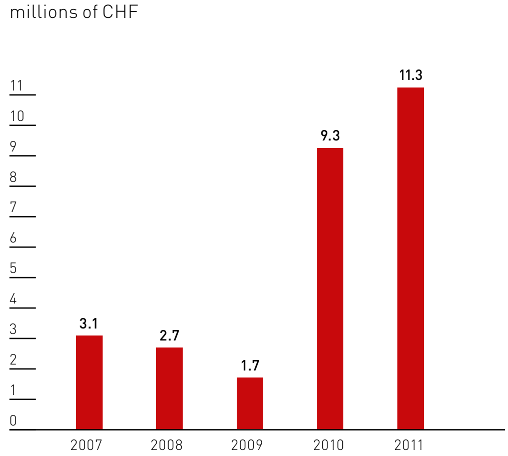
Another important component of our risk management is that we identify and quantify the risks related to our activities, whenever possible. If ever possible, we seek to mitigate risks by implementing structures that minimize the risks. If this is not possible, we will seek to cover those through instruments, insurances, or contractual arrangement. The remaining business risks are mitigated through our corporate strategy of diversification. Being active in a large number of countries, and working with different suppliers and landlords, reduces the concentration risk in operations and sourcing.

Dufry AG share price and trading volume



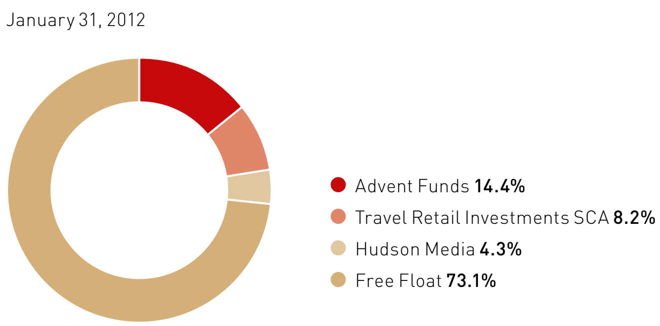
Source: Bloomberg
Note: SPI Index has been rebased to Dufry's share price

Daily average volume

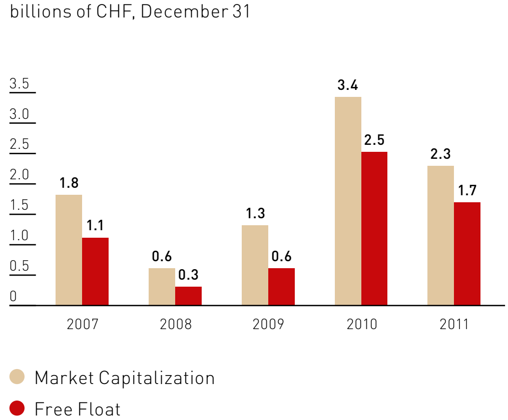


Note: Since April 2011 including trading volumes of Dufry AG BDR

Shareholder structure



Market capitalization and Free float



Social responsibility

At Dufry, we are all proud to help those most in need – disadvantaged children. We have been concentrating our children support activities on two important projects in Brazil for many years. In addition, we sponsor a range of cultural events and contribute to charitable organizations to help the victims of natural disasters.

Support for children in Brazil

In 2009, Dufry funded the construction of a social center in Igarassu. The company has been financing & supporting the running and training of classes ever since. The center, which is operated by the SOS Children's Villages institution, provides shelter and services to more than 600 people including infants, younger children & teenagers, as well as their mothers. The center offers day-care and class room facilities, counsel and training for these adults and children, as well as basic medical care and a small pharmacy.

Furthermore, Dufry's South America operations have been supporting another important project in Brazil for over 16 years. It is a social promotion program in Rio de Janeiro that offers free professional education to thirty disadvantaged young people every year. The program can be attended by 16 to 18 year-old teenagers (girls and boys) and covers various subjects, such as English, computer classes, retail operations, professional orientation, makeup, teamwork, leadership, ethics and citizenship modules. Complementary, these students receive free meals, medical and dental care, life insurance, uniform, educational material and transportation assistance. Our employees also participate in the program as volunteers, serving as mentors to those young people. One of the major objectives of the program is to increase their chances to find employment in the local labour market. The average employment rate of young people having completed this program is about 90%, with some of them also having joined Dufry's operations in Brazil over the past few years. For the next years our goal is to expand this project to other cities of Brazil reinforcing our social commitment with the youngers, future of the society and of the country.

Other donations and cultural events

Dufry has also donated to the Red Cross Disaster Relief Fund in 2011, including donations organized to assist victims of Japan's earthquake and tsunami, and to people suffering from flooding and other natural disasters across the United States. Major cultural sponsorships were made to the annual AVO Session (music festival) and Swiss Indoors (tennis tournament) in Basel, the Arabian Horse Festival in Sharjah and sponsoring of the Orchestra of Copacabana Fort (guitar orchestra of 10 to 21 year-old musicians) in Brazil.

Social Center Igarassu, Brazil

REPORT OF THE CHIEF FINANCIAL OFFICER

Dear all,

Dufry's operational and financial performance in 2011 was, once again, proof that our business model is robust. We generated a top line growth of 16.5% on constant FX rates, which is even more remarkable in light of a series of external factors affecting our businesses in some regions, such as the snowstorms in the United States early in the year, or the political crisis in North Africa. Dufry's business today is geared towards Emerging Markets, which account for over 60% of our turnover and more than 70% of our EBITDA.

Fiscal year 2011 was also the year when we signed important contracts to acquire several businesses in Latin America and Eurasia for a total consideration of USD 957 million. Furthermore, we made our debut in India, a promising market, and we expanded our footprint in China. Last but not least, we also signed a contract to grow our business in the attractive Russian market in early 2012. By following our strategy of diversifying our operations, we have managed to record continued organic growth and improve our profitability. We have also grown faster than international passenger numbers and achieved unprecedented profitability levels.

In 2011 we further improved our profitability: Gross Margin went up for the eighth consecutive year to 58.2% and our EBITDA increased by 26.9% on constant FX rates and EBITDA margin reached 14.1%. Net earnings reached CHF 134.9 million for the year.

Evolution Dufry Group 2003–2011:

	2003	2011	CAGR[2]
Turnover (CHF millions)	686	2,638	18%
EBITDA[1] (CHF millions)	49	371	29%
Retail surface (m^2)	36,750	176,462	22%
Airports	47	155	16%

[1] EBITDA before other operational result
[2] CAGR 2003–2011

Strong turnover growth of 17% in 2011 and 23% p.a. since 2003 ...

Turnover

Turnover increased by 16.5% in 2011 based on constant FX rates with like-for-like growth contributing 7.5 percentage points. We furthermore expanded our operations through winning new concessions, which generated a net increase of 2.3% in turnover. Finally, we continued to consolidate the fragmented travel retail industry by acquiring operations in

Argentina, Uruguay, Ecuador, Armenia and Martinique, which together added 6.7% to our turnover growth. The FX accounting effect of translating our results into Swiss Francs was negative by 15.4%, due to its appreciation of 15% against the US Dollar and 11% against the Euro. In absolute terms and on constant FX rates, turnover reached CHF 3,040.8 million, up from CHF 2,610.2 million in the previous year.

Managing the FX aspect is important for our business as we report in Swiss Franc but generate 80% of our turnover in US Dollars. Across our group, we have a very strong natural hedging in place as we price and purchase in the same currency in each country and thus minimize the FX transaction risk. For the same reason, we also finance ourselves largely in US Dollars to match the currency of our liabilities with the ones of our cash flows. The remaining impact is purely a translation accounting effect that has no impact on the profitability or cash generation of our business overall.

Turnover of **Region Europe** increased 8.4% on constant FX rates. After the translation into Swiss Francs, turnover fell 2.1% to CHF 304.3 million. All major operations contributed to the growth, notably France, which counted on the expansion of the Pointe-à-Pitre operations and the addition of Martinique. Spain also performed well as some of the tourist flows shifted to Europe due to the political turmoil in Northern Africa.

Region Africa's turnover was negative by 14.9% on constant FX rates. After the translation into Swiss Francs, turnover reached CHF 138.1 million. The political turmoil that hit North Africa in early 2011 was the key reason for this weak performance; whereas Egypt and Ivory Coast saw a mild recovery throughout the year, Tunisia was affected during most of the year. Morocco on the other hand proved to be stable.

In **Region Eurasia** turnover increased 8.7% on constant FX rates. After the translation into Swiss Francs, turnover fell 6.0% to CHF 215.4 million. Our Russian operations recorded double-digit growth after a weak first quarter when most flights to North Africa were canceled due to political crisis in the region. The other operations in the region also performed well, most notably Sharjah and Cambodia. Our duty paid business in China also saw a solid growth.

Turnover in **Region Central America and Caribbean** rose 7.9% on constant FX rates. When translated into Swiss Francs, turnover fell 7.9% to CHF 368.3 million. The expansion of our activities in Mexico contributed to this result, as did the recovery of our business in the country in the fourth quarter, when the filing of the Mexican equivalent of a Chapter 11 process by Mexicana, one of the incumbent airlines, one year earlier started to impact our performance. Most Caribbean operations also performed well and especially our operations in Dominican Republic continued to thrive.

Region South America reported a growth rate of 42.3% in constant FX rates. Translated into Swiss Francs, turnover increased 24.1% to CHF 885.9 million. Our recent acquisitions in Argentina, Uruguay and Ecuador contributed 23 percentage points to growth since the consolidation in August 2011. The existing business in the region also performed very well with double-digit growth on the back of higher passenger numbers and further improvements in productivity. Towards the end of the year, the capacity constraints in some of the Brazilian airport started to limit the growth in those operations.

Region North America reported an increase in turnover of 9.3% to CHF 700.5 million on constant FX rates. Translated into Swiss Francs, turnover fell 7.3% in the period. The good result was supported by a moderate improvement in the region's macroeconomic scenario and the constant growth in the passenger numbers, after a mixed performance early in the year, due to the snowstorms at the East Coast. We continued to expand our Hudson News concept as well as our duty free operations and this expansion also contributed to this good performance.

Growth at constant FX rates:

IN MILLIONS OF CHF	2011	GROWTH RATE 2011 IN %	2010
Turnover at constant FX rates	3,040.8	16.5%	2,610.2
Turnover translated into CHF	2,637.7	1.1%	2,610.2
EBITDA at constant FX rates	435.5	26.9%	343.1
EBITDA translated into CHF	370.9	8.1%	343.1

...with further improvement of operating performance...

Gross profit: from 46.2% in 2003 to 58.2% in 2011

Gross profit in 2011 amounted to CHF 1,535.3 million, with gross margin improving by 0.7 percentage points to 58.2% versus 57.5% in 2010. The global negotiations with suppliers, branding actions and promotions designed under the "Dufry Plus One" initiative were the key factors to lead us to the eighth consecutive year of gross margin increase.

Selling expenses contained

Selling expenses dropped by 0.9% in absolute terms, reaching CHF 579.7 million in 2011 versus CHF 584.8 million in 2010. As a percentage of turnover, selling expenses improved to 22.0% from 22.4% in the period.

Personnel and general expenses remain stable

Personnel expenses stayed practically stable at CHF 402.6 million in 2011 compared to CHF 398.9 million in 2010. As a percentage of turnover, personnel expenses was flat at 15.3%.

General expenses reached 6.9% of turnover in 2011, compared to 6.7% in the previous year. Expressed in Swiss Francs, general expenses increased to CHF 182.1 million in 2011 from CHF 175.1 million in 2010.

EBITDA reaching CHF 436 million on constant FX from CHF 49 million in 2003

As a result of the gross margin improvement and reduced expenses, EBITDA[1] on constant FX increased by 26.9% and reached CHF 435.5 million. After translation effects, the increase was 8.1% to CHF 370.9 million in 2011 from CHF 343.1 million in 2010. The EBITDA margin improved by 1.0 percentage point, and reached the record level of 14.1%.

Depreciation and Amortization

Depreciation and Amortization remained practically unchanged at CHF 131.5 million in 2011 from CHF 129.5 million in 2010. Depreciation was lower at CHF 58.8 million in 2011 compared to CHF 63.7 million in 2010. Amortization increased by CHF 6.9 million to CHF 72.7 million in 2011 due to the acquisitions performed last August and consolidated into the Group's financials since that date.

EBIT

EBIT increased to CHF 212.5 million in 2011 versus CHF 197.9 million in 2010. Other operational result (net) was minus CHF 26.9 million in the year. Among this amount, CHF 15.1 million are transaction cost related to acquisitions as well as certain startup costs.

Financial result and taxes

Net financial expenses stood at CHF 49.4 million in 2011 compared to CHF 32.2 million one year earlier. The main reason for the increase was the add-on facility of USD 1,000 million that was structured to finance the acquisitions in August.

Income taxes reached CHF 28.2 million, up from CHF 20.9 million in 2010. The tax rate as a percentage of EBT was 17.3% in the period.

Net earnings: further improvements and accretive acquisitions

Net earnings attributable to equity holders were CHF 111.9 million in 2011 compared to CHF 116.6 million in the previous year. Excluding the non-recurring acquisition related cost, net earnings in 2011 were CHF 123.4 million.

[1] before other operational result

Consoldiated income statement:

	2011		2010	
	IN MILLIONS OF CHF	IN %	IN MILLIONS OF CHF	IN %
Net sales	2,560.9		2,533.5	
Advertising income	76.8		76.7	
Turnover	**2,637.7**	**100.0%**	**2,610.2**	**100.0%**
Cost of sales	(1,102.4)	41.8%	(1,108.3)	42.5%
Gross Profit	**1,535.3**	**58.2%**	**1,501.9**	**57.5%**
Selling expenses	(579.7)	22.0%	(584.8)	22.4%
Personnel expenses	(402.6)	15.3%	(398.9)	15.3%
General expenses	(182.1)	6.9%	(175.1)	6.7%
EBITDA (before other operational result)	**370.9**	**14.1%**	**343.1**	**13.1%**
Depreciation, amortization and impairment	(131.5)	5.0%	(129.5)	5.0%
Other operational result	(26.9)		(15.7)	
Earnings before interest and taxes (EBIT)	**212.5**	**8.1%**	**(197.9)**	**7.6%**
Financial expenses, net	(49.4)	1.9%	(32.2)	1.2%
Earnings before taxes (EBT)	**163.1**	**6.2%**	**165.7**	**6.3%**
Income taxes	(28.2)	1.1%	(20.9)	0.8%
Net earnings	**134.9**	**5.1%**	**144.8**	**5.5%**
ATTRIBUTABLE TO:				
Net earnings attribut. to equity holders	111.9		116.6	
Non-controlling interest	23.0		28.2	
Net earnings to equity holders adjusted for amortization in respect of acquisitions	**169.2**		**164.5**	
Basic earnings per share (in CHF)	4.16		4.63	
Cash earnings per share[1] (in CHF)	6.30		6.54	
Weighted average number of outstanding shares (in thousands)	26,873		25,166	

[1] adjusted for amortization of acquisitions

Core EPS were CHF 6.30 for the year and excluding the acquisition related transaction cost, pro forma core EPS for 2011 was CHF 6.72 versus a core EPS in 2010 of CHF 6.54. The acquisitions were already accretive at core EPS level when excluding non-recurring transaction cost and will start to be accretive on basic EPS in 2012.

... and strong cash flow generation...

Cash flow and debt

Our business is characterized by robust cash generation. In 2011, Dufry continued this trajectory with a free cash flow generation of CHF 248.9 million. The average free cash flow in the last 5 years has been around CHF 213 million, which illustrates the strong cash flow generation of our group as well as the resilience of our business.

Net debt decreased to CHF 1,361.4 million at the end of December 2011, compared to CHF 1,399.9 million at September 30, 2011. The main covenant, Net Debt/adjusted EBITDA was 3.60x as per December 31, 2011.

The acquisitions done in 2011 were also important in terms of Dufry's financing structure. We were able to fully finance the transactions through a new committed 5-year syndicated add-on facility of USD 1 billion, which illustrates the important backing Dufry gets from its core group of banks. We will use the strong cash generation of our business to reduce debt, in line with the deleveraging profile in previous transactions.

... providing scope for further development

With the acquisitions made in 2011, Dufry further strengthened its leading position in the travel retail market and further diversified its operations into emerging countries. The new operations in Argentina, Uruguay, Ecuador, Armenia, and Martinique, do provide substantial synergy potential and the realization of these synergies will contribute to EBITDA in the next years.

Dufry also made an important step on the equity market side. Since 2010, average daily trading volumes increased considerably and in 2011 reached CHF 11.3 million on average. This together with our increase in free float in 2010, resulted in the inclusion of Dufry in the SMIM® index of the SIX Swiss Exchange in 2011, which has made the Company one of the 50 largest publicly held companies in Switzerland.

The year 2011 was an important milestone in our history of growth and value creation, becoming our basis for even greater challenges in the years to come. We count on a well designed strategy and on the commitment of a motivated team to face these challenges.

I would like to thank our partner banks, shareholders, investors, analysts and key advisors for their support and contribution in 2011. I specially thank the whole Dufry team for their commitment and the excellent work done in another challenging year, and we are looking forward to an exciting 2012.

Xavier Rossinyol

CORPORATE GOVERNANCE
DUFRY IS COMMITTED TO GOOD CORPORATE GOVERNANCE

1. Group structure and shareholders

1.1 Group structure

For an overview of the management organizational chart and operational Group structure, please refer to page 7 of this Annual Report.

Listed companies

Company	**Dufry AG, Hardstrasse 95, 4052 Basel, Switzerland (hereinafter "Dufry AG" or the "Company")**
Listing	Registered shares: SIX Swiss Exchange Brazilian Depositary Receipts (BDRs): São Paulo Stock Exchange (BM&FBOVESPA – Bolsa de Valores de São Paulo), Brazil
Market capitalization	CHF 2,332,092,749 as of December 31, 2011
Percentage of shares held by Dufry AG	0.4% of Dufry AG share capital as of December 31, 2011
Security numbers	Registered shares: ISIN-Code CH0023405456, Swiss Security-No. 2340545 Ticker Symbol DUFN Brazilian Depositary Receipts (BDRs): ISIN-Code BRDAGBBDR008 Ticker Symbol DAGB11

Non-listed companies

For a table of the operational non-listed consolidated entities please refer to page 154 in section Financial Statements of this Annual Report[1].

[1] Including the company names, locations, percentage of shares held, share capital.

1.2 Significant shareholders

Pursuant to the information provided to the Company by its shareholders in compliance with the Swiss Stock Exchange Act during 2011, the following significant shareholders held more than 3% of the share capital as of December 31, 2011[2]:

SHAREHOLDER	PERCENTAGE
Group of shareholders consisting of: 1. Global Retail Group S.à r.l. [1], controlled by funds managed by Advent International Corporation [2] 2. Travel Retail Investment SCA [3], controlled by funds managed by Advent International Corporation [2]; other shareholders are Petrus PTE Ltd [4] and Witherspoon Investments LLC [5]	22.62%
Artio Global Management LLC [6]	7.07%
Credit Suisse Group AG [7]	6.81%
Group of funds jointly controlled by: Skopos Administradora de Recursos Ltda [8] and Skopos Invest Administradora de Recursos Internacionais Ltda [9]	4.43%
Hudson Media Inc. [10]	4.28%

[1] 76 Grand Rue, L-1660 Luxembourg City, Grand Duchy of Luxembourg.
[2] 75 State Street, Boston, MA 02109, USA.
[3] 76 Grand Rue, L-1660 Luxembourg City, Grand Duchy of Luxembourg.
[4] 8 Cross Street, #11-00 PWC Building, Singapore 048424.
[5] 1209 Orange Street, Wilmington, DE 19801, USA.
[6] 330 Madison Avenue, New York, NY 10017, USA.
[7] Paradeplatz 8, Postfach, 8070 Zurich, Switzerland. Shareholding held indirectly through various subsidiaries and investment funds controlled by Credit Suisse Group AG.
[8] Alemada Tocantins, 75 1st Floor, Room 101-Alphaville, Barueri, SP, 06455-020, Brazil.
[9] Rua Viradouro, 63, Conjunto 42, São Paulo, SP, 04538-110, Brazil.
[10] One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA. Hudson Media Inc. is controlled by James Cohen, c/o Hudson Media Inc., One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA.

Global Retail Group S.à r.l., Travel Retail Investment SCA, Petrus PTE Ltd, Witherspoon Investments LLC and funds managed by Advent International Corporation constituted a group for purposes of the disclosure obligation pursuant to Art. 20 of the Federal Act on Stock Exchange and Securities Trading (SESTA) as of December 31, 2011. Travel Retail Investment SCA and Global Retail Group S.à r.l. were direct shareholders of Dufry AG, holding 14.38% and 8.24% respectively of Dufry on December 31, 2011. Both Travel Retail Investment SCA and Global Retail Group S.à r.l. were controlled by funds managed by Advent International Corporation; other shareholders of Travel Retail Investment SCA are Petrus PTE Ltd, who is an affiliate of Mr. Andrés Holzer Neumann and his family, and Witherspoon Investments LLC, holding on December 31, 2011, 41.74% and 2.08% respectively of Travel Retail Investment SCA.

[2] The actual shareholdings may differ from the figures indicated in the table, as the Company must only be notified by its shareholders, if one of the thresholds defined in Art. 20 of the Swiss Stock Exchange Act is crossed.

Funds managed by Advent International Corporation, Petrus PTE Ltd and Witherspoon Investments LLC, entered into a shareholders' agreement to govern their relationship as shareholders of Travel Retail Investment SCA. This agreement provided that the funds managed by Advent International Corporation would have a right of first refusal should either Petrus PTE Ltd or Witherspoon Investments LLC wish to transfer their holdings in Travel Retail Investment SCA. In addition, if a third party offered to acquire all the interests in Travel Retail Investment SCA and the funds managed by Advent International Corporation decided to transfer their entire interest in Travel Retail Investment SCA to that third party, then the funds managed by Advent International Corporation had the right to compel the other shareholders to transfer their entire holding in Travel Retail Investment SCA to that third party by exercising their drag-along rights.

On February 3, 2012, Dufry received disclosure notices that the above mentioned group of shareholders had changed in its composition as of January 31, 2012. Global Retail Group S.à r.l., controlled by funds managed by Advent International Corporation, left the above mentioned group of shareholders. Global Retail Group S.à r.l. held 14.38% of Dufry as of January 31, 2012. Travel Retail Investment SCA, controlled by Petrus PTE Ltd and Witherspoon Investments LLC held 8.24% of Dufry as of January 31, 2012.

Accordingly, as of January 31, 2012, the following significant shareholders held more than 3% of the share capital:

SHAREHOLDER	PERCENTAGE
Global Retail Group S.à r.l., controlled by funds managed by Advent International Corporation	14.38%
Travel Retail Investment SCA, controlled by Petrus PTE Ltd and Witherspoon Investments LLC	8.24%
Credit Suisse Group AG	6.81%
Artio Global Management LLC (disclosure notice as of January 24, 2012)	4.81%
Group of funds jointly controlled by Skopos Administradora de Recursos Ltda and Skopos Invest Administradora de Recursos Internacionais Ltda.	4.43%
Hudson Media Inc.	4.28%

Changes of significant shareholders in connection with Art. 20 of SESTA during fiscal year 2011 can be summarized as follows:

BlackRock, Inc., 40 East 52nd Street, New York, 10022 USA, informed the Company that its shareholding (held indirectly as a group of companies through various subsidiaries and investment funds controlled by BlackRock, Inc.) had gone below the threshold of 3% on March 30, 2011, due to a sale transaction. Previous disclosures in fiscal year 2011: Gone above the threshold of 3% to 3.01% on January 4, 2011 (3.01% purchase positions and 0.001% sale positions), due to a purchase transaction.

Credit Suisse Group AG, Paradeplatz 8, Postfach, 8070 Zurich, Switzerland, informed the Company that its shareholding (held indirectly as a group of companies through various subsidiaries and investment funds controlled by Credit Suisse Group AG) had reached 6.813% on June 6, 2011, due to a change in the group of shareholders' composition. Previous disclosures in fiscal year 2011: Participation changed to 6.947% on April 14, 2011, due to a change in the group of shareholders' composition. Participation changed to 7.096% on April 7, 2011, due to a change in the group of shareholders' composition. Participation changed to 6.5% on February 25, 2011, due to a change in the group of shareholders' composition. Gone above the threshold of 5% to 5.49% on February 7, 2011, due to a purchase transaction. Gone below the threshold of 5% to 4.66% on January 26, 2011, due to a sale transaction. Gone above the threshold of 5% to 5.11% on January 20, 2011, due to a purchase transaction. Credit Suisse Group AG held 4.99% of the share capital of Dufry AG as of December 31, 2010.

The Capital Group Companies, Inc., 333 South Hope Street, Los Angeles, CA, USA, informed the Company that its shareholding (held indirectly as a group of companies through various subsidiaries and investment funds controlled by The Capital Group Companies, Inc.) had gone below the threshold of 3% on February 11, 2011, due to a sale transaction. Previous disclosures in fiscal year 2011: Participation changed to 3.8252% on February 7, 2011, due to an exercise of financial instruments, as the investor converted BDRs into registered shares. The Capital Group Companies, Inc., held 4.21% of the share capital of Dufry AG as of December 31, 2010.

Wellington Management Company, LLP, 280 Congress Street, Boston, MA 02210, USA, informed the Company that its shareholding had gone below the 3% threshold on December 6, 2011, as a result of a sale transaction. Previous disclosure in fiscal year 2011: Gone above the threshold of 3% to 3.04% on August 9, 2011, due to a purchase transaction.

Further details to the above mentioned disclosures are available on the website of SIX Swiss Exchange on http://www.six-swiss-exchange.wcom/shares/companies/major_shareholders_en.html

1.3 Cross-shareholdings

Dufry AG has not entered into cross-shareholdings with other companies in terms of capital shareholdings or voting rights in excess of 5%.

2. Capital structure

2.1 Share capital

Ordinary share capital	As of December 31, 2011: CHF 134,881,015 (nominal value) divided in 26,976,203 fully paid registered shares with nominal value of CHF 5 each
Conditional share capital	CHF 2,836,480 (nominal value) divided in 567,296 fully paid registered shares with nominal value of CHF 5 each
Authorized share capital	None

2.2 Details to conditional and authorized share capital

Conditional share capital

Art. 3bis of the Articles of Incorporation reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 2,836,480 by the issuance of up to 567,296 fully paid registered shares with a nominal value of CHF 5 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its group companies.
2. The preferential subscription rights of the shareholders shall be excluded in connection with the issuance of convertible debentures, debentures with option rights or other financing instruments. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.
3. The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the restrictions set forth in Article 5 of these Articles of Incorporation.
4. The Board of Directors may limit or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if
   a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or
   b) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company.
5. If advance subscription rights are denied by the Board of Directors, the following shall apply:
   a) Conversion rights may be exercised only for up to 15 years; and option rights only for up to 7 years from the date of the respective issuance.
   b) The respective financing instruments must be issued at the relevant market conditions.

Authorized share capital

As of December 31, 2011, the Company has no authorized share capital.

2.3 Changes in capital of Dufry AG

Nominal share capital	December 31, 2009	CHF	96,069,770
	December 31, 2010	CHF	134,881,015
	December 31, 2011	CHF	134,881,015
Conditional share capital	December 31, 2009	CHF	2,836,480
	December 31, 2010	CHF	2,836,480
	December 31, 2011	CHF	2,836,480
Authorized share capital	December 31, 2009		None
	December 31, 2010		None
	December 31, 2011		None

Changes in capital in 2009

The capital of Dufry AG remained unchanged during fiscal year 2009.

Changes in capital in 2010

On February 11, 2010, Dufry AG, Dufry South America Ltd ("DSA") and Dufry Holdings & Investments AG ("DHIAG") entered into a merger and amalgamation agreement, pursuant to which DSA was merged and amalgamated with and into DHIAG (the "Merger") by way of absorption in accordance with Art. 3 et seq. of the Swiss Federal Act on Merger, Demerger, Conversion and Transfer of Liabilities (the "Merger Act") and Section 104B of the Bermuda Companies Act. In connection with the Merger, the trading of the shares of DSA on the Luxembourg Stock Exchange and of the Brazilian Depositary Receipt ("BDRs") of DSA on the BM&FBovespa was discontinued. The Company registered with the Comissão de Valores Mobiliários ("CVM") and listed its shares in the form of BDRs on the BM&FBovespa.

The General Meeting of Shareholders of the Company approved the Merger and the necessary capital increase on March 22, 2010. The share capital was increased from CHF 96,069,770 to CHF 134,881,015 by the issuance of 7,762,249 new registered shares with a nominal value of CHF 5 each. The pre-emptive rights were withdrawn for valid reasons in accordance with Art. 652b para. 2 of the Swiss Code of Obligations, i.e. the absorption of DSA by DHIAG, a wholly-owned subsidiary of the Company.

As a result of the Merger, Dufry's share capital as of December 31, 2010, amounted to 26,976,203 shares with a nominal value of CHF 5 each, and Dufry holds 100% of the combined entity DHIAG – DSA.

Changes in capital in 2011

The capital of Dufry AG remained unchanged during fiscal year 2011.

2.4 Shares

As of December 31, 2011, the share capital of Dufry AG is divided into 26,976,203 fully paid in registered shares with a nominal value of CHF 5 each.

The Company has only one category of shares. The shares are issued in registered form. All shares are entitled to dividends if declared. Each share entitles to one vote. The Company maintains a share register showing the name and address of the shareholders or usufructuaries. Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company.

2.5 Participation certificates and profit sharing certificates

The Company has not issued any non-voting equity securities, such as participation certificates ("Partizipationsscheine") or profit sharing certificates ("Genussscheine").

2.6 Limitation on transferability and nominee registration of registered shares

- Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. In the share register the name and address of the shareholders or usufructuaries is recorded. Changes must be reported to the Company.
- Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.
- The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.2% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the share register with the right to vote if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.2% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement (see also Art. 5 of the Articles of Incorporation). Nominees are only entitled to represent registered shares held by them at a meeting of shareholders provided that they are registered in the share register and

they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the meeting of shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not represented at the meeting of shareholders.
- Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the nominees (esp. as syndicates), shall be treated as one single nominee within the meaning of the above mentioned regulation in terms of nominees.
- The Board of Directors may cancel the registration, with retroactive effect if appropriate, if the registration was effected based on false information or in case of breach of the agreement between the nominee and the Board of Directors.
- After consulting the party involved, the Company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.

Exceptions granted in the year under review

The Company has registered with the CVM and listed its shares in the form of BDRs on the BM&FBovespa. Each BDR issued by Itaú Corretora de Valores S.A. ("Depositary Institution") of the BDR program represents one share issued by the Company and held in custody by the Bank of New York, in London ("Custodian").

BDR holders do not own, from a legal point of view, the Dufry AG shares underlying their BDRs. As a consequence, BDR holders are prevented to exercise directly any of the shareholders rights provided for by the Company's Articles of Incorporation and by the Swiss corporate law. For example, BDR holders are not entitled to personally participate in the Ordinary General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution.

To facilitate voting by BDR holders, the Company entered into arrangements with the Depositary Institution and the Custodian to enable, by way of exception, registration of The Bank of New York in the share register as nominee with voting rights for the number of registered shares corresponding to the total number of outstanding BDRs. Otherwise, no exceptions have been granted during the year under review.

BDR holders who wish to be in a position to directly exercise any of the shareholders rights granted by Swiss corporate law or the Company's Articles of Incorporation must convert its BDRs into shares of Dufry AG and ask to be registered in the shares register of the company, pursuant to Art. 5 of the Company's Articles of Incorporation.

Required quorums for a change on the limitations of transferability

A change of the limitations on the transfer of registered shares or the removal of such limitations requires a resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented.

2.7 Convertible bonds and options

As of December 31, 2011, there are no outstanding bonds that are convertible into, or warrants or options to acquire, shares issued by or on behalf of the Company. Dufry has a Restricted Stock Unit (RSU) plan, the essentials of which are disclosed under "Compensation, shareholdings and loans" on page 71.

3. Board of Directors

3.1 Members of the Board of Directors

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFRY	DATE OF FIRST ELECTION	TERM OF OFFICE	OTHER POSITIONS WITH DUFRY[1]
Juan Carlos Torres Carretero	Executive at Advent International	Spanish	Chairman	2003	2016	AC | NRC
Ernest George Bachrach	Executive at Advent International	American	Vice Chairman	2004	2014	NRC
Jorge Born	CEO of Bomagra S.A.	Argentinian	Director	2010	2013	None
Xavier Bouton	Consultant	French	Director	2005	2014	None
James Cohen	CEO of Hudson Media Inc.	American	Director	2009	2014	None
José Lucas Ferreira de Melo	Consultant	Brazilian	Director	2010	2013	None
Mario Fontana	Consultant	Swiss	Director	2005	2013	AC
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Director	2004	2013	NRC
Maurizio Mauro	Consultant	Brazilian / Italian	Director	2010	2013	None
Joaquin Moya-Angeler Cabrera	Consultant	Spanish	Director	2005	2013	AC
Steve Tadler	Executive at Advent International	American	Director	2010	2013	None

[1] AC: Audit Committee / NRC: Nomination and Remuneration Committee

3.2 Education, professional background, other activities and functions

Juan Carlos Torres Carretero
Chairman
born 1949

Education MS in physics from Universidad Complutense de Madrid and MS in management from MIT's Sloan School of Management.
Professional Background Many years of private equity and senior management operating experience. 1988 Joined Advent International, a private equity firm, in Boston as a partner. 1991–1995 Partner at Advent International in Madrid. Since 1995 Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America.
Current Board Mandates Dufry AG, Inmobiliaria Fumisa SA de CV, Controladora Milano S.A. de C.V., Latin American Airport Holding Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., International Meal Company Holdings S.A., Grupo Gayosso S.A. de C.V.

Ernest George Bachrach
Vice Chairman
born 1952

Education BS in chemical engineering from Lehigh University and MBA from Harvard Business School.
Professional Background More than 22 years of experience in international private equity investing. 1990 Joined Advent International (Advent) in London as a Partner. Since 1995 Managing Advent's Latin American investment activity. Senior Partner and member of the Executive Committee of Advent International Corporation.
Current Board Mandates Dufry AG, Advent International Corp., Bunge Group Ltd., Grupo Gayosso S.A. de C.V., Controladora Milano, S.A. de C.V., Latin American Airport Holding Ltd., International Meal Company Holdings S.A., Board of Governors of the Lauder Institute at Wharton Business School, and Business Board for Regional Development IAE Business School – Universidad Austral.

Jorge Born
Director
born 1962

Education B.S. in Economics from the Wharton School of the University of Pennsylvania.
Professional Background 1992–1997 Head of Bunge's European operations. Before 1997 Various capacities in the commodities trading, oilseeding processing and food products areas in Argentina, Brazil, the United States and Europe for Bunge Limited. 2004–2005 Board member of Dufry AG. Since 1997 President and Chief Executive Officer of Bomgra S.A., Argentina.
Current Board Mandates Dufry AG, Bunge Limited, Hochschild Mining Ltd., member of the Wharton's Latin American Executive Board at Wharton Business School, member of the Board of Governors of the Lauder Institute at Wharton Business School, member of the Board of Georgetown University and Fundación Bunge y Born (Chairman).

Mr. Born served as a member of the Board of Directors of Dufry South America Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

Xavier Bouton
Director
born 1950

Education Diploma in economics and finance from l'Institut d'Etudes Politiques de Bordeaux and doctorate in economics and business administration from the University of Bordeaux.
Professional Background 1978–1984 Director of C.N.I.L. (Commission Nationale de l'Informatique et des Libertés). 1985–1994 General Secretary of Reader's Digest Foundation. 1990–2005 Board member of Laboratoires Chemineau. Since 1999 Chairman of the Supervisory Board of FSDV (Fayenceries de Sarreguemines Digoin & Vitry le François) based in Paris, France.
Current Board Mandates Dufry AG, ADL Partners and F.S.D.V. (Fayenceries de Sarreguemines Digoin & Vitry le François) (Chairman of the Supervisory Board).

James Cohen
Director
born 1958

Education Bachelor's degree in Economics from the Wharton School of the University of Pennsylvania.
Professional Background Since 1980 Various positions at Hudson Media Inc (President and CEO since 1994).
Current Board Mandates Dufry AG and Hudson Media Inc.

José Lucas Ferreira de Melo
Director
born 1956

Education Bachelor's degree in Accounting from Associação de Ensino Unificado do Distrito Federal, Brazil.
Professional Background 1979–1991 Various positions at PricewaterhouseCoopers Auditores Independentes. 1992 Director of Brazilian Exchange Commission (CVM). 1993–1997 Partner at PricewaterhouseCoopers Auditores Independentes. 1998 Partner at Global Control Consultoria. 1999–2009 Executive Director and later Vice-President at Unibanco – União de Bancos Brasileiros S.A., and Unibanco Holdings S.A.
Current Board Mandates Dufry AG, Diagnósticos da América S.A., International Meal Company Holdings S.A., and Banco Bradesco, S.A.
Mr. Ferreira de Melo served as a member of the Board of Directors of Dufry South America Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

Mario Fontana
Director
born 1946

Education Engineering studies at ETH Zurich and Georgia Institute of Technology, Master of Science Degree.
Professional Background 1970–1977 IBM Switzerland, sales representative and international account manager. 1977–1980 Brown Boveri Brazil, Chief of staff and CIO. 1981–1983 Storage Technology Switzerland, General Manager. 1984–1993 Hewlett-Packard Switzerland, General Manager. 1993–1995 Hewlett-Packard Germany, General Manager. 1995–1997 Hewlett-Packard Europe, General Manager. 1997–1999 Hewlett-Packard USA, General Manager. Since 1998 independent Board member at various public companies. Served on the Board of Directors of AC-Service, Amazys, Bon appétit Group, Büro Fürrer, Inficon, Leica Geosystems, SBB Swiss Railways, Sulzer and X-Rite.
Current Board Mandates Dufry AG, Swissquote Bank (Chairman), Hexagon AB and Regent Lighting (Chairman).

Andrés Holzer Neumann
Director
born 1950

Education Graduate of Boston University, holds an MBA from Columbia University.
Professional Background Since 1973 President of Grupo Industrial Omega, S.A. de C.V., the holding company of Holzer y CÌA, S.A. de C.V., Industria Nacional de Relojes Suizos, S.A. de C.V., Consorcio Metropolitano Inmobiliario, S.A. de C.V., Inmobiliara Coapa Larca, S.A. de C.V., Inmobiliara Castellanos, S.A. de C.V., and Negocios Creativos, S.A. de C.V.
Current Board Mandates Dufry AG, Inmobiliaria Fumisa, S.A. de C.V. (Chairman), Latin American Airport Holding Ltd., Opequimar, S.A. de C.V., and Grupo Domit.

Maurizio Mauro
Director
born 1949

Education Bachelor's in Business Administration from Escola de Admionistração de Empresas de São Paulo da Fundação Getulio Vargas and specialization in Corporate Finance from Faculdade de Economia e Administração da Universidade de São Paulo.
Professional Background 1986–1988 Executive Officer of Banco Noroeste. 1988–2001 Several managing and consultant positions in Booz Allen Hamilton. Left the company as Senior Partner and General Manager for Brazil. 2001–2006 CEO of the Abril Group.
Current Board Mandates Dufry AG, Tecnisa S.A., Banco Pine S.A., T4F (Time for Fun), and TopSport S.A.
Academic activities Teaching the discipline of Leadership at Insper Instituto de Ensino e Pesquisa.

Mr. Mauro served as a member of the Board of Directors of Dufry South America Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

Joaquín Moya-Angeler Cabrera
Director
born 1949

Education Master's degree in mathematics from the University of Madrid, diploma in economics and forecasting from the London School of Economics and Political Science and MBA from MIT's Sloan School of Management.
Professional Background Mr. Moya-Angeler has focused his career on the technology and real estate industries, including having founded a number of companies. 1994–1997 Chairman of IBM Spain. 1994–1997 Chairman of Leche Pascual. 1997–2002 Chairman of Meta4 and TIASA (1996–1998). To date Chairman of Redsa since 1997, Hildebrando since 2003, as well as Presenzia and Pulsar Technologies since 2002, La Quinta Real Estate since 2003, Inmoan since 1989, Avalon Private Equity since 1999 and Corporación Tecnológica Andalucía since 2005.
Current Board Mandates Dufry AG, Corporación Teype, La Quinta Group, Palamon Capital Partners, MCH Private Equity, Industrias Hidráulicas Pardo S.L., Redsa S.A. (Chairman), Hildebrando S.A. de C.V., Corporación Tecnológica Andalucia (Chairman), Inmoan S.L. (Chairman), Board of Trustees University of Almeria (Chairman), Fundación Mediterránea (Chairman), Avalon Private Equity (Chairman) and Spanish Association of Universities Governing Bodies (Chairman).

Steve Tadler
Director
born 1959

Education BS, with distinction, from the University of Virginia and MBA from Harvard Business School.
Professional Background 1981–1984 Loan Officer at Manufacturers Hanover Trust Co., providing financing for a number of leveraged buyouts, technology-oriented firms and special situations. 1985 Joined Advent International's Boston office, becoming managing director of the North American buyouts group in 1994. 1997 Moved to Advent's London office to head the firm's European Operations and returned to Boston in 2006. Since 2002, member of Advent's Executive Committee (Chairman). Managing Partner of Advent International. Serves on each of Advent's Western Europe, Central Europe and North America Investment Advisory Committees.
Current Board Mandates Dufry AG, Advent International Corporation, wTe Corporation, SkillSoft, PLC and Bojangles.

Messrs Juan Carlos Torres Carretero (Chairman), Ernest George Bachrach (Vice Chairman), and Steve Tadler are related to Global Retail Group S.à r.l., controlled by funds managed by Advent International Corporation, which held 14.38% of Dufry's share capital as of January 31, 2012. Mr. Andrés Holzer Neumann is related to a group of shareholders consisting of Travel Retail Investment SCA, Petrus PTE Ltd and Witherspoon Investments LLC, which held 8.24% of Dufry's share capital as of January 31, 2012. See for details the disclosure under "1.2 Significant Shareholders" on page 50 of this Annual Report. All members of the Board of Directors are non-executive members and they have never been in a management position at Dufry AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 36 on page 139 of this Annual Report.

3.3 Election and terms of office

In accordance with Art. 13 of the Articles of Incorporation of the Company:
- The Board of Directors shall consist of at least three and at most eleven members.
- Members of the Board of Directors shall be elected for a maximum term of five years. A year shall mean the period running between one Ordinary Meeting of Shareholders and the next. Previous resignation and dismissal may change the terms of office. New members elected during the year shall continue in office until the end of their predecessor's term.
- The Board of Directors shall be renewed by rotation in such manner that, after a period of five years, all members will have been subject to re-election.
- The members of the Board of Directors may be re-elected without limitation.

At the Ordinary General Meeting held on May 11, 2011, Mr. Juan Carlos Torres Carretero was re-elected for a term of office of five years. Mr. Ernest George Bachrach was re-elected for a term of office of three years. Both members of the Board of Directors were elected in individual elections.

3.4 Internal organizational structure

The Board of Directors determines its own organization. It shall elect its Chairman and one or two Vice Chairmen. It shall appoint a Secretary who does not need to be a member of the Board of Directors.

The Board of Directors has established an Audit Committee and a Nomination and Remuneration Committee. Both Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

Audit Committee

Members: Joaquín Moya-Angeler Cabrera (Chairman Audit Committee), Juan Carlos Torres Carretero, Mario Fontana.

The members of the Audit Committee are non-executive and independent members of the Board of Directors. An independent member is a non-executive member, has not been an executive member of the Dufry Group in the last three years and does not have major business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the Auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as the review to propose whether the Board of Directors should accept the Company's accounts. The Audit Committee regularly reports to the Board of Directors on its decisions, assessments, findings and proposes appropriate actions. The Audit Committee generally meets at the same dates the Board of Directors meetings take place, although the Chairman may call meetings as often as business requires. The length of the meetings lasted usually for about 2 to 3 hours in fiscal year 2011, during which the Audit Committee held 5 meetings. The auditors attended 3 meetings of the Audit Committee in 2011.

Nomination and Remuneration Committee

Members: Ernest George Bachrach (Chairman Nomination and Remuneration Committee), Andrés Holzer Neumann, Juan Carlos Torres Carretero.

The Nomination and Remuneration Committee assists the Board of Directors in fulfilling its nomination and remuneration related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the Chief Executive Officer and the Board of Directors, as well as for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Nomination and Remuneration Committee makes proposals in relation to the remuneration of the Chief Executive Officer and of the members of the Board of Directors. The Board of Directors has the ultimate authority to approve such proposals. The Nomination and Remuneration Committee decides on possible amendments to the RSU plan and the overall size of the RSUs to be granted under the Company's Restricted Stock Unit plan, if any, and makes proposals on the grant of options or other securities under any other management incentive plan of the Company, if any. The Nomination and Remuneration Committee meets as often as business requires. The length of the one meeting held in the fiscal year 2011 lasted about 3 hours.

Work method of the Board of Directors

As a rule, the Board of Directors meets about five to six times a year (usually at least once per quarter). Additional meetings or conference calls are held as and when necessary. The Board of Directors held 7 meetings during fiscal year 2011. The meetings of the Board of Directors usually lasted half a day. The Chairman determines the agenda and items to be discussed at the Board meetings. All members of the Board of Directors can request to add further items on the agenda.

The Chief Executive Officer, the Chief Financial Officer, the Global Chief Operating Officer and the Chief Legal Officer, also acting as Secretary to the Board, attend the meetings of the Board of Directors. Other members of the Group Executive Committee may attend meetings of the Board of Directors as and when required. The Board of Directors also engages specific advisors to address specific matters when required. Dufry does not publish further detailed information as to the engagement and/or participation of external advisors in Board meetings (other than information regarding the external auditors) during a fiscal year under review for reasons of competition, as doing so would give indications to strategic steps and intentions or specific projects that the Company might actively pursue. The external Auditors attended 3 meetings of the Audit Committee in fiscal year 2011.

3.5 Definition of areas of responsibility

The Board of Directors is the ultimate corporate body of Dufry AG. It further represents the Company towards third parties and shall manage all matters which by law, Articles of Incorporation or Board regulations have not been delegated to another body of the Company.

In accordance with the Board regulations ("Organisationsreglement"), the Board of Directors has delegated the operational management of the Company to the Chief Executive Officer who is responsible for overall management of the Dufry Group. The following responsibilities remain with the Board of Directors:

- Ultimate direction of the business of the Company and the power to give the necessary directives;
- Determination of the organization of the Company;
- Administration of the accounting system, financial control and financial planning;
- Appointment and removal of the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- Ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
- Preparation of the business report and the Meetings of Shareholders and to carry out the resolutions adopted by the Meeting of Shareholders;
- Notification of the judge if liabilities exceed assets;
- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in share capital and the amendments of the Articles of Incorporation entailed thereby;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- Examination of the professional qualifications of the Auditors;
- To approve any non-operational or non-recurring transaction not included in the annual budget and exceeding the amount of CHF 4,000,000;
- To issue convertible debentures, debentures with option rights or other financial market instruments;

- To approve the annual investment and operating budgets of the Company and the Dufry Group; and
- To approve the executive regulations promulgated in accordance with the board regulation.

Except for the Chairman of the Board of Directors, who has single signature authority, the members of the Board have joint signature authority, if any.

3.6 Information and control instruments vis-à-vis the Senior Management

The Board of Directors ensures that it receives sufficient information from the management to perform its supervisory duty and to make the decisions that are reserved to the Board through several means.

- Dufry Group has an internal management information system that consists of financial statements, performance indicators and risk management. Information to management is provided on a regular basis according to the cycles of the business: sales on a weekly basis; income statement, cash management and key performance indicator (KPI) including customer, margins and investment information, balance sheet and other financial statements on a monthly basis. The management information is prepared on a consolidated basis as well as per business unit. Financial statements and key financial indicators/ratios are submitted to the entire Board of Directors on a quarterly basis.
- During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the management present on all affairs of the Company and the Group.
- Outside of Board meetings, each member of the Board may request from the Chief Executive Officer information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.
- The Chief Executive Officer reports at each meeting of the Board of Directors on the course of business of the Company and the Group in a manner agreed upon from time to time between the Board and the Chief Executive Officer. Apart from the meetings, the Chief Executive Officer reports immediately any extraordinary event and any change within the Company and within the Dufry Group to the Chairman.
- The Audit Committee met 5 times in 2011 with management to review the business, better understand laws, regulations and policies impacting the Dufry Group and its business and support the management in meeting the requirement and expectations of stakeholders. In meetings of the Audit Committee, the Chief Financial Officer acts as Secretary to the Committee. The Auditors are invited to the meetings of the Audit Committee and attended 3 meetings of the Audit Committee in 2011. Among these meetings some or part of them are also held without management.
- The Internal Audit provides independent and objective assessments of the effectiveness of the internal control and risk management systems. The selection of Internal Audit projects is based on risk assessment, with a focus on operational processes, throughout

the Dufry Group. In fiscal year 2011, the Internal Audit conducted 67 audits, examining operations in 26 countries. A written report is compiled for every audit by Internal Audit and includes a defined schedule of concrete steps for implementing the measures that have been determined. In 2011, a particular focus was, amongst others, on inventory controls, cash collection and compliance with the rules on capital expenditures. The results of the Internal Audit report are communicated to management in charge and the Company's senior management on an on-going basis and to the Audit Committee on a quarterly basis. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.

- The Board of Directors and the Group Executive Committee regularly carry out risk assessments. The objective is to make the principal risks to which Dufry is exposed more transparent and to improve the quality of the risk dialogue. The principal risks identified in 2011 are, amongst others, in the areas of valuation of intangible assets, supply chain expertise, alternative forms of retail distributions, relations with the airport authorities, product and service quality, acquisition methodology and related integration capabilities, inventory valuation and management, compliance with debt covenants and tax accounting.
- Detailed information on the financial risk management is provided in Note 38 in the Financial Statements of this Annual Report.

4. Group Executive Committee

4.1 Members of the Group Executive Committee

As of December 31, 2011, the Group Executive Committee comprised ten executives. The Group Executive Committee, under the control of the Chief Executive Officer, conducts the operational management of the Company pursuant to the Company's board regulations. The Chief Executive Officer reports to the Board of Directors on a regular basis.

The following table sets forth the name and year of appointment of the current ten members of the Group Executive Committee, followed by a short description of each member's business experience, education and activities:

NAME	NATIONALITY	POSITION	APPOINTED IN YEAR
Julián Díaz González	Spanish	Chief Executive Officer	2004
Xavier Rossinyol	Spanish	Chief Financial Officer	2004
José Antonio Gea	Spanish	Global Chief Operating Officer	2004
Pascal C. Duclos	Swiss	Chief Legal Officer	2005
Dante Marro	Italian	Chief Operating Officer Region Europe	2002
Miguel Ángel Martínez	Spanish	Chief Operating Officer Region Africa	2005
René Riedi	Swiss	Chief Operating Officer Region Eurasia	2000
José H. González	American	Chief Operating Officer Region Central America & Caribbean	2002
José Carlos Costa da Silva Rosa	Portuguese	Chief Operating Officer Region South America	2006
Joseph DiDomizio	American	Chief Operating Officer Region North America	2008

All employment agreements entered into with the members of the Group Executive Committee are entered for an undefinite period of time.

4.2 Education, professional background, other activities and vested interests

Julián Díaz González
Chief Executive Officer
born 1958

Education Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.
Professional Background 1989–1993 General Manager at TNT Leisure SA. 1993–1997 Division Director at Aldeasa. 1997–2000 Various managerial and business positions at Aeroboutiques de Mexico SA de CV and Deor SA de CV. 2000–2003 General Manager of Latinoamericana Duty-Free, SA de CV. Since 2004 Chief Executive Officer at Dufry AG.
Current Board Mandates Distribuidora Internacional de Alimentacion (DIA) S.A.

Xavier Rossinyol
Chief Financial Officer
born 1970

Education Bachelor's degree in Business Administration at ESADE (Spain), MBA at ESADE and at the University of British Columbia (Canada and Hong Kong), Master's degree in business law from Universidad Pompeu Fabra (Spain).
Professional Background 1995–2003 Various positions at Areas (member of the French group Elior) with responsibility for finance, controlling, strategic planning. Left Areas as its Corporate Development Director. Since 2004 Chief Financial Officer at Dufry AG.

José Antonio Gea
Global Chief
Operating Officer
born 1963

Education Degree in economics and business sciences from Colegio Universitario de Estudios Financieros.
Professional Background 1989–1995 Various positions at TNT Express Espana, SA. Director of its Blue Cow Division (1993–1995). 1995–2003 Various managerial positions at Aldeasa. Left Aldeasa as its Director of Operations. Since 2004 Global Chief Operating Officer at Dufry AG.

Pascal C. Duclos
Chief Legal Officer
born 1967

Education Licence en droit from Geneva University School of Law, LL.M. from Duke University School of Law. Licensed to practice law in Switzerland and admitted to the New York Bar.
Professional Background 1991–1997 Senior attorney at law at Geneva law firm Davidoff & Partners. Also academic assistant at the University of Geneva School of Law (1994–1996). 1999–2001 Attorney at law at New York law firm Kreindler & Kreindler. 2001–2002 Financial planner at UBS AG in New York. 2003–2004 Senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy. Since 2005 Chief Legal Officer and Secretary to the Board of Directors at Dufry AG.

Dante Marro
Chief Operating Officer
Region Europe
born 1944

Education Graduate degrees in architecture from Milan's Technical University and business administration from Kensington University, Glendale, California.
Professional Background Prior to 1981 Served as public administrator and as an administrator of the Airport Milano and the Association Airports Italia. 1981 Joined Dufry. He held various managerial positions at Dufrital SpA as General Manager and Chairman of the Board (1987 –1992) and acted as General Manager and Board Delegate of all Italian companies belonging to the Group from 1992–2002. Since 2002 Chief Operating Officer Region Europe at Dufry AG.

Miguel Ángel Martínez
Chief Operating Officer
Region Africa
born 1961

Education Bachelor's of science degree in economics and business administration from the Universidad de León.
Professional Background 1986–1991 Store Manager at C&A Valencia and Mallorca. 1991–1998 Various managerial positions at Aldeasa SA. 1998–2003 General Manager at Select Service Partner's subsidiary Madrid Trade Fair Center. Joined Dufry in 2004 as General Manager Dufry Tunisia and acted as Deputy Chief Operating Officer Region Africa. Since March 2005 Chief Operating Officer Region Africa at Dufry AG.

René Riedi
Chief Operating Officer
Region Eurasia
born 1960

Education Degree in business administration from the School of Economy and Business Administration Zurich.
Professional Background Prior to 1993 Worked in product marketing and international sales of the multinational FMCG (Fast Moving Consumer Goods) company Unilever. 1993–2000 Joined Dufry in 1993 as Sales Manager Eastern Europe. Product Category Manager Spirits & Tobacco (1995–1996). Head of Product Marketing (1996–1997). Director Division Spirits & Tobacco (Weitnauer Distribution Ltd. 1998–2000). Since 2000 Chief Operating Officer Region Eurasia at Dufry AG.

José H. González
Chief Operating Officer
Region Central America & Caribbean
born 1946

Education Bachelor's of arts degree from Prieto University, Cuba.
Professional Background Prior to 1992 Active in retail and wholesale industry in North, Central and South America for more than 25 years. 1992–2002 Joined Dufry in 1992 and held various managerial and business positions. Since 2002 Chief Operating Officer Region Central America & Caribbean at Dufry AG.

José Carlos Costa da Silva Rosa
Chief Operating Officer
Region South America
born 1955

Education Military and Civil Engineer's degree from the Academia Militar of Portugal.
Professional Background 1993–1994 Director of Property Management of Richard Ellis Portugal. 1994–2000 General Director of AmoreirasGest. 2000–2006 Retail Director at ANA-Aeropuertos de Portugal AS. Since 2006 Chief Operating Officer Region South America at Dufry AG.

Joseph DiDomizio
Chief Operating Officer
Region North America
born 1970

Education Bachelor's of arts degree in Marketing and Business Administration from the University of Bridgeport.
Professional Background 1992–2008 Several managerial positions in Hudson Group (April–September 2008: President and CEO). Since October 2008 Chief Operating Officer Region North America at Dufry AG.

Other activities and vested interests

None of the members of the Group Executive Committee of Dufry AG has had other activities in governing and supervisory bodies of important Swiss or foreign organizations, institutions or foundations under private and public law with the exception of Mr. Julián Díaz who serves as member of the Board of Distribuidora Internacional de Alimentacion (DIA) S.A. No member of the Group Executive Committee has permanent management or consultancy functions for important Swiss or foreign interest groups, nor holds any official functions and political posts.

In addition to his employment relationship with the Dufry Group, Mr. Dante Marro, Chief Operating Officer for Region Europe and member of the Group Executive Committee, controls GSA Srl Gestione Spazi Attrezzati (GSA); GSA keeps the usufruct right on 6% of the shares of Dufrital SpA, which are held by Dufry Shop Finance Srl. Upon expiration of these rights in May 2041 GSA shall be entitled to receive 6% of the undistributed retained earnings of Dufrital SpA.

In addition to his employment relationship with the Group, Mr. José González, Chief Operating Officer for region Central America & Caribbean and member of the Group Executive Committee, owns 26.3% of the share capital of the subsidiary Puerto Libre International SA (PLISA). PLISA operates duty free shops at the international airport of Managua as well as border shops in Nicaragua.

4.3 Management contracts

Dufry AG does not have management contracts with companies or natural persons not belonging to the Group.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and the shareholding programs

Board of Directors

The Board of Directors determines the amount of the fixed remuneration of its members, taking into account their responsibilities, experience, and the time they invest in their activity as members of the Board of Directors. The compensation for the members of the Board of Directors is not tied to particular targets of the Company and the weighting of the criteria mentioned above is determined on a discretionary basis. The Nomination and Remuneration Committee makes proposals in relation to the compensation of the members of the Board of Directors. The Board of Directors ultimately decides on the compensation to its members, upon proposal of the Nomination and Remuneration Committee, once per year and at its own discretion. Extraordinary assignments or work which a member of the Board of Directors accomplishes outside of his activity as a Board member is specifically remunerated and is approved by the Board of Directors. In addition, the members of the Board of Directors are reimbursed all reasonable cash expenses incurred by them in the discharge of their duties.

Juan Carlos Torres Carretero (Chairman), Ernest George Bachrach (Vice Chairman) and Steve Tadler (Board member) do not receive compensation as members of the Board of Directors of Dufry AG, as they are representing the interests of Advent International Corporation and its funds in the group of shareholders described on section "1.2 Significant shareholders" on page 50.

Group Executive Committee

Members of the Group Executive Committee receive compensation packages, which consist of a fixed basic salary in cash that reflects competitive compensation, the experience and the area of responsibility of each individual member, and a performance related cash bonus. The weighting of the criteria relevant for the determination of the fixed basic salary in cash is defined on a discretionary basis. The bonus is defined once per year and depends on the overall financial results of the Group and of specific sub-divisions thereof, as well as on achieving defined goals by each individual person. Each member of the Group Executive Committee has its own bonus. The main part of the bonus is related to measures regarding financial results, in fiscal year 2011 mainly EBITDA, both of the Group and of the Region in the case of the Regional Chief Operating Officers. Such financial measures are weighted with up to 100%. Non-results oriented targets are also taken into account and are reflected with a weighting of up to approx. 30%. The bonus component can be between a minimum of zero and no maximum.

The bonus part of the compensation for the members of the Group Executive Committee represented in 2011 between zero and 110% of their fixed basic salary and amounted to CHF 3.65 million in the aggregate (2010: between zero and 113% of fixed basic salary and an amount of CHF 2.24 million in the aggregate). In addition, fringe benefits such as health insurance in an amount of CHF 0.56 million in the aggregate have been granted to certain members (2010: CHF 0.50 million). The bonus compensation for each of the members of the Group Executive Committee is approved by the Chief Executive Officer at his own discretion. The total amount of the bonus pool available for the members of the Group Executive Committee (other than the CEO bonus) is approved by the CEO following guidelines given by the Nomination and Remuneration Committee.

The CEO's own compensation is proposed by the Nomination and Remuneration Committee and decided upon by the Board of Directors at their own discretion. The Chief Executive Officer does not participate during the time of the meeting that the Nomination and Remuneration Committee and the Board of Directors discuss his compensation. The Board of Directors receives the proposal for the compensation of the Chief Executive Officer from the Nomination and Remuneration Committee once per year. The Nomination and Remuneration Committee and the Board of Directors review yearly the compensation of the Chief Executive Officer, Chief Financial Officer, Global Chief Operating Officer and the Chief Legal Officer.

The Company also has Restricted Stock Unit (RSU) plans in place for the members of the Group Executive Committee and certain members of the Dufry Group Management, in the aggregate 86 persons (RSU plan participants). The participants of Dufry's RSU plan have been granted the right to receive on January 1, 2013, free of charge, 349,322 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on December 14, 2011 (i.e. CHF 85.65 per share) ("the RSU Awards 2011"). The RSU Awards 2011 contain two vesting conditions to be met: a) the participants must be employed by the Company from January 1, 2011 (or, if later, from the individual employment entry date) until January 1, 2013 and b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2013 must be equal or higher than 101% of the company's share price on December 14, 2011.

From an economic point of view, the RSUs are stock options with an exercise price of nil. The vesting of the RSU awards is conditioned upon the price of the Dufry share at the vesting date being superior to the price of the Dufry share at the grant date. The total number of RSUs to be granted yearly is set forth in the RSU plans and related documents. The RSU plans have been approved by the Nomination and Remuneration Committee and the Board of Directors. Pursuant to the RSU plans, the Chief Executive Officer, in its own and sole discretion, decides the amount of each specific grant to each individual plan participant. The grants made to the Chief Executive Officer are decided by the Chairman.

For information on individual grants please refer to Note "Compensation, participations and loans" on page 162 of this Annual Report. The fair value calculation and the individual vesting conditions of the granted RSUs are described in Note 30 of this Annual Report.

In 2011, 281,362 RSUs vested to the participants of the RSU award 2010, on the total grant of 291,102 RSUs. This represents 1.04% of the outstanding share capital at December 31, 2011.

In addition to legal and tax advices, Dufry consulted external advisors for a general review of the conditions and the structure of the compensation of the Senior Management and the employee share ownership plan. Confidential studies were done by two international firms, one based in Switzerland and the other in the UK. The peer group contained mainly listed companies in Switzerland, Europe and USA with broad international reach, mostly in the areas of retail, travel but also other selective other sectors, and with comparable size of Dufry. One of the advising companies also acted as tax advisor (different division of that company), while the other has not been awarded additional mandates.

The employment contracts of the Chief Executive Officer, the Chief Financial Officer, the Global Chief Operating Officer and the Chief Legal Officer provide for a termination notice of 3 months and a severance payment corresponding to the salary of 24 months unless the employment agreement is terminated for cause.

5.2 Compensation, shareholdings and loans of acting as well as former members of governing bodies

For detailed information on remuneration, shareholdings and loans please refer to the Financial Statements, Statutory Notes on page 162 of this Annual Report.

6. Shareholders' participation rights

6.1 Voting rights and representation

Each share recorded as share with voting rights in the share register confers one vote on its registered holder. Each shareholder duly registered in the share register on the record date may be represented at the Meeting of Shareholders by any person who is authorized to do so by a written proxy. A proxy does not need to be a shareholder. Shareholders entered in the share register as shareholders with voting rights on a specific qualifying date (record date) designated by the Board of Directors shall be entitled to vote at the Meeting of Shareholders and to exercise their votes at the Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a Meeting of Shareholders, if they are registered in the share register in accordance with Art. 5 para. 4 of the Articles of Incorporation and if they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not be represented at the Meeting of Shareholders.

As explained under section 2.6 above, BDR holders do not own the Dufry AG shares underlying their BDRs. As a consequence, BDR holders are prevented from exercising directly any of the shareholders rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the Ordinary General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution.

See section 2.6 before or the Articles of Incorporation on our website
http://www.dufry.com/en/Investors/Articlesofincorporation/index.htm

6.2 Quorums

The Meeting of Shareholders shall be duly constituted irrespective of the number of shareholders present or of shares represented. Unless the law or Articles of Incorporation provide for a qualified majority, an absolute majority of the votes represented at a Meeting of Shareholders is required for the adoption of resolutions or for elections, with abstentions, blank and invalid votes having the effect of "no" votes. The Chairman of the Meeting shall have a casting vote.

A resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented shall be required for:

1. a modification of the purpose of the Company
2. the creation of shares with increased voting powers
3. restrictions on the transfer of registered shares and the removal of such restrictions
4. restrictions on the exercise of the right to vote and the removal of such restrictions
5. an authorized or conditional increase in share capital
6. an increase in share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase
7. the restriction or denial of pre-emptive rights
8. the change of the place of incorporation of the Company
9. the dismissal of a member of the Board of Directors
10. an increase in the maximum number of members of the Board of Directors
11. the dissolution of the Company
12. other matters where statutory law provides for a corresponding quorum

6.3 Convocation of the Meeting of Shareholders

The Meeting of Shareholders shall be called by the Board of Directors or, if necessary, by the Auditors. One or more shareholders with voting rights representing in aggregate not less than 10% of the share capital can request, in writing, that a Meeting of Shareholders shall be convened. Such request must be submitted to the Board of Directors, specifying the items and proposals to appear on the agenda.

The Meeting of Shareholders shall be convened by notice in the Swiss Official Gazette of Commerce (SOGC) not less than 20 days before the date fixed for the Meeting. Registered shareholders will also be informed by ordinary mail.

6.4 Agenda

The invitation for the Meeting of Shareholders shall state the day, time and place of the Meeting, and the items and proposals of the Board of Directors and, if any, the proposals of the shareholders, who demand that the Meeting of Shareholders be called or that items be included in the agenda.

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 may request that an item be included in the agenda of a Meeting of Shareholders. Such a request must be made in writing to the Board of Directors at the latest 60 days before the Meeting and shall specify the agenda items and the proposals made.

6.5 Registration into the share register

The record date for the inscription of registered shareholders into the share register in view of their participation in the Meeting of Shareholders is defined by the Board of Directors. It is usually 14 days before the Meeting. Shareholders who dispose of their shares before the Meeting of Shareholders are no longer entitled to vote.

7. Change of control and defence measures

7.1 Duty to make an offer

An investor who acquires more than 33⅓% of all voting rights (directly, indirectly or in concert with third parties) whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding (Art. 32 SESTA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Art. 22 SESTA).

7.2 Clauses on change of control

In case of change of control or in any event which would trigger a mandatory offer pursuant to the SESTA with respect to the Company, the Restricted Stock Units awarded to the RSU Plan Participants shall vest immediately. In case of change of control, all amounts drawn under the CHF 602,800,000 and USD 435,000,000 multicurrency term and revolving credit facility agreements and the USD 1,000,000,000 multicurrency term credit facility agreement shall become immediately due and payable.

8. Auditors

8.1 Auditors, duration of mandate and term of office of the lead auditor

Pursuant to the Articles of Incorporation, the Auditors shall be elected every year and may be re-elected. Ernst & Young Ltd acted as Auditors and has held the mandate as Auditor since 2004. Patrick Fawer has been the Lead Auditor in charge for the consolidated financial statements of the Company and the statutory financial statements as of December 31, 2011. Mr. Fawer took the existing auditing mandate in 2011.

8.2 Auditing fee

During fiscal year 2011, Dufry agreed with Ernst & Young Ltd to pay a fee of CHF 2.6 million for services in connection with auditing the statutory annual financial statements of Dufry AG (including quarterly reviews) and its subsidiaries, as well as the consolidated financial statements of Dufry Group and a fee of CHF 0.3 million for audit related services.

8.3 Additional fees

Additional fees amounting to CHF 1.6 million were paid to Ernst & Young Ltd for transaction services and CHF 0.2 million for tax services.

8.4 Supervisory and control instruments pertaining to the audit

The Audit Committee as a committee of the Board of Directors reviews and evaluates the performance and independence of the Auditors at least once each year. Based on its review, the Audit Committee recommends to the Board of Directors, which external Auditor should be proposed for election at the General Meeting of Shareholders. The decision regarding this agenda item is then taken by the Board of Directors.

When evaluating the performance and independence of the Auditors, the Audit Committee puts special emphasis on the following criteria: Global network of the audit firm, professional competence of the lead audit team, understanding of Dufry's specific business risks, personal independence of the lead auditor and independence of the audit firm as a company, co-ordination of the Auditors with the Audit Committee and the Senior Management/Finance Department of Dufry Group, practical recommendations with respect to the application of IFRS regulations. Within the yearly approved budget, there is also an amount permissible for non-audit services that the Auditors may perform. Within the scope of the approved and budgeted amount, the Chief Financial Officer can delegate non-audit related mandates to the Auditors.

The Audit Committee determines the scope of the external audit and the relevant methodology to be applied to the external audit with the Auditors and discusses the results of the respective audits with the Auditors. The Auditors prepare a management letter addressed to the Senior Management, the Board of Directors and the Audit Committee once per year, informing them in detail on the result of their audit. In fiscal year 2011, the Auditors also performed a review of the interim consolidated financial statements each quarter.

Representatives of the Auditors are regularly invited to meetings of the Audit Committee, namely to attend during those agenda points that dealt with accounting, financial reporting or auditing matters.

In addition, the Audit Committee reviews regularly the internal audit plan.

During the fiscal year 2011, the Audit Committee held 5 meetings. The Auditors were present at 3 of those meetings. The Board of Directors has determined the rotation interval for the Lead Auditor to be seven years, as defined by the Swiss Code of Obligation; such rotation occurred in 2011.

9. Information policy

Dufry is committed to an open and transparent communication with its shareholders, financial analysts, potential investors, the media, customers, suppliers and other interested parties.

Dufry AG publishes its financial reports on a quarterly basis, both in English and Portuguese. The financial reports and media releases containing financial information are available on the Company website.

In addition, Dufry AG organizes presentations and conference calls with the financial community and media to further discuss details of the reported earnings or on any other matters of importance. The Company undertakes roadshows for institutional investors on a regular basis.

Details and information on the business activities, Company structure, financial reports, media releases and investor relations are available on the Company's website:
www.dufry.com

The official means of publication of the Company is the Swiss Official Gazette of Commerce:
https://www.shab.ch

Web-links regarding the SIX Swiss Exchange push-/pull-regulations concerning ad-hoc publicity issues are:
http://www.dufry.com/en/OurCompany/NewsandMedia/Latestnews/index.htm
http://www.dufry.com/en/OurCompany/NewsandMedia/Mediareleasesubscription/index.htm

Web-links regarding the filings made by the Company with the CVM or BM&FBOVESPA are:
http://www.dufry.com/en/Investors/CVMFilings/QuarterlyFinancialStatementsITR/index.htm
http://www.cvm.gov.br
http://www.bovespa.com.br

The current Articles of Incorporation are available on Dufry's website under:
http://www.dufry.com/en/Investors/Articlesofincorporation/index.htm

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 2012 please refer to page 168 of this Annual Report.

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

for the year ended December 31, 2011

IN MILLIONS OF CHF	NOTE	2011	2010
Net sales	7	2,560.9	2,533.5
Advertising income		76.8	76.7
Turnover		**2,637.7**	**2,610.2**
Cost of sales	8	(1,102.4)	(1,108.3)
Gross profit		**1,535.3**	**1,501.9**
Selling expenses	9	(579.7)	(584.8)
Personnel expenses	11	(402.6)	(398.9)
General expenses	12	(182.1)	(175.1)
EBITDA[1]		**370.9**	**343.1**
Depreciation, amortization and impairment	13	(131.5)	(129.5)
Other operational result	14	(26.9)	(15.7)
Earnings before interest and taxes (EBIT)		**212.5**	**197.9**
Interest expenses	15	(55.2)	(37.0)
Interest income	15	4.1	4.8
Foreign exchange gain/(loss)		1.7	–
Earnings before taxes (EBT)		**163.1**	**165.7**
Income taxes	16	(28.2)	(20.9)
Net earnings		**134.9**	**144.8**
ATTRIBUTABLE TO:			
Equity holders of the parent		111.9	116.6
Non-controlling interests		23.0	28.2
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	17	4.16	4.63
Diluted earnings per share	17	4.16	4.58
EPS adjusted for amortization (cash EPS)	17	6.30	6.54
Weighted average number of outstanding shares in thousands	17	26,873	25,166

[1] EBITDA before other operational result

Consolidated statement of comprehensive income

for the year ended December 31, 2011

IN MILLIONS OF CHF	2011	2010
Net earnings	**134.9**	**144.8**
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	98.2	(105.9)
Net gain/(loss) on hedge of net investment in foreign operations	(82.7)	20.9
Changes in the fair value of interest rate swaps held as cash flow hedges	1.1	(2.2)
Other comprehensive income before taxes	**16.6**	**(87.2)**
Income tax relating to net gain/(loss) on hedge of net investment	9.9	(6.3)
Income tax on cash flow hedges	(0.1)	0.3
Income tax relating to components of other comprehensive income	**9.8**	**(6.0)**
Total other comprehensive income for the year, net of tax	**26.4**	**(93.2)**
Total comprehensive income for the year, net of tax	**161.3**	**51.6**
ATTRIBUTABLE TO:		
Equity holders of the parent	135.3	2.9
Non-controlling interests	26.0	48.7

Consolidated statement of financial position

at December 31, 2011

IN MILLIONS OF CHF	NOTE	31.12.2011	31.12.2010
ASSETS			
Property, plant and equipment	19	246.1	225.9
Intangible assets	21	2,078.6	1,188.6
Deferred tax assets	23	146.5	137.8
Other non-current assets	24	37.8	38.4
Non-current assets		**2,509.0**	**1,590.7**
Inventories	25	432.0	306.1
Trade and credit card receivables	26	47.0	50.8
Other accounts receivable	27	127.3	104.9
Income tax receivables		3.4	6.1
Cash and cash equivalents	28	199.1	80.6
Current assets		**808.8**	**548.5**
Total assets		**3,317.8**	**2,139.2**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		870.0	733.7
Non-controlling interests		84.1	81.1
Total equity		**954.1**	**814.8**
Financial debt	32	1,529.8	683.1
Deferred tax liabilities	23	168.5	146.3
Provisions	33	39.5	3.1
Post-employment benefit obligations	34	6.0	6.4
Other non-current liabilities	35	11.3	9.6
Non-current liabilities		**1,755.1**	**848.5**
Trade payables		301.1	203.9
Financial debt	32	30.6	35.3
Income tax payables		14.2	11.7
Provisions	33	7.1	2.4
Other liabilities	35	255.6	222.6
Current liabilities		**608.6**	**475.9**
Total liabilities		**2,363.7**	**1,324.4**
Total liabilities and shareholders' equity		**3,317.8**	**2,139.2**

Consolidated statement of changes in equity

for the year ended December 31, 2011

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Hedging and re-valuation reserves	Trans-lation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2011		**134.9**	**934.2**	**(28.7)**	**(1.9)**	**(199.0)**	**(105.8)**	**733.7**	**81.1**	**814.8**
Net earnings		–	–	–	–	–	111.9	111.9	23.0	134.9
Other comprehensive income (loss)	18	–	–	–	1.0	22.4	–	23.4	3.0	26.4
Total comprehensive income for the period		**–**	**–**	**–**	**1.0**	**22.4**	**111.9**	**135.3**	**26.0**	**161.3**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS:										
Dividends to non-controlling interests		–	–	–	–	–	–	–	(25.0)	(25.0)
Release of share issuance costs	29.1	–	2.6	–	–	–	–	2.6	–	2.6
Purchase of treasury shares	30.2	–	–	(12.5)	–	–	–	(12.5)	–	(12.5)
Tax effect on equity transactions	16	–	–	–	–	–	1.3	1.3	–	1.3
Distribution of treasury shares	30.2	–	–	27.7	–	–	(27.7)	–	–	–
Share-based payment	30	–	–	–	–	–	9.6	9.6	–	9.6
Reclassification	30	–	(2.3)	–	–	–	2.3	–	–	–
Total contributions by and distributions to owners		**–**	**0.3**	**15.2**	**–**	**–**	**(14.5)**	**1.0**	**(25.0)**	**(24.0)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Changes in participation of non-controlling interests	31	–	–	–	–	–	–	–	2.0	2.0
Balance at December 31, 2011		**134.9**	**934.5**	**(13.5)**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**

Consolidated statement of changes in equity

for the year ended December 31, 2011

IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT: Share capital	Share premium	Treasury shares	Hedging and re-valuation reserves	Trans-lation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2010		**96.1**	**391.4**	**(18.2)**	**–**	**(87.2)**	**292.4**	**674.5**	**323.1**	**997.6**
Net earnings		–	–	–		–	116.6	116.6	28.2	144.8
Other comprehensive income (loss)	18	–	–	–	(1.9)	(111.8)	–	(113.7)	20.5	(93.2)
Total comprehensive income for the period		**–**	**–**	**–**	**(1.9)**	**(111.8)**	**116.6**	**2.9**	**48.7**	**51.6**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS:										
Issue of share capital	29	38.8	565.2	–	–	–	–	604.0	–	604.0
Dividends to non-controlling interests [1]	6.4	–	–	–	–	–	–	–	(175.2)	(175.2)
Transaction costs of share issuance	29.1	–	(22.4)	–	–	–	–	(22.4)	–	(22.4)
Purchase of treasury shares	30.2	–	–	(28.5)	–	–	–	(28.5)	–	(28.5)
Tax effect on equity transactions	16	–	–	–	–	–	4.4	4.4	–	4.4
Distribution of treasury shares	30.2	–	–	18.0	–	–	(18.0)	–	–	–
Share-based payment	30	–	–	–	–	–	12.0	12.0	–	12.0
Total contributions by and distributions to owners		**38.8**	**542.8**	**(10.5)**	**–**	**–**	**(1.6)**	**569.5**	**(175.2)**	**394.3**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Changes in participation of non-controlling interests	31	–	–	–	–	–	(513.2)	(513.2)	(115.5)	(628.7)
Balance at December 31, 2010		**134.9**	**934.2**	**(28.7)**	**(1.9)**	**(199.0)**	**(105.8)**	**733.7**	**81.1**	**814.8**

[1] Dividends to non-controlling interests for the year ended December 31, 2010 include CHF 158.0 million in respect of the Dufry South America Ltd Merger (see note 6.4)

Consolidated statement of cash flows

for the year ended December 31, 2011

IN MILLIONS OF CHF	NOTE	2011	2010
Earnings before taxes (EBT)		163.1	165.7
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	13	131.5	129.5
Increase/(decrease) in allowances and provisions		15.8	3.6
Loss/(gain) on unrealized foreign exchange differences		(2.7)	28.7
Other non-cash items		9.5	13.1
Interest net	15	51.1	32.2
Cash flow before working capital changes		**368.3**	**372.8**
Decrease/(increase) in trade and other accounts receivable		9.8	(23.6)
Decrease/(increase) in inventories	25	(69.9)	(32.7)
Increase/(decrease) in trade and other accounts payable		68.4	46.0
Cash flow from changes in working capital		**8.3**	**(10.3)**
Cash flow generated from operations		**376.6**	**362.5**
Income tax paid		(39.8)	(35.5)
Net cash flows from operating activities		**336.8**	**327.0**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	20	(65.0)	(76.4)
Purchase of intangible assets	22	(30.0)	(22.4)
Projects development in progress		–	(1.7)
Proceeds from sale of fixed assets		3.2	2.6
Interest received		3.9	4.7
Cash flows from ordinary investing activities		**(87.9)**	**(93.2)**
Free cash flow		**248.9**	**233.8**
Business combinations, net of cash	6.3	(743.2)	(24.9)
Proceed from sale of interest in subsidiaries, net of cash		0.6	0.7
Cash flows from other investing activities		**(742.6)**	**(24.2)**
Net cash flows used in investing activities		**(830.5)**	**(117.4)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		773.4	115.2
Repayment of borrowings		(87.9)	(344.8)
Proceeds from/(repayment of) loans		3.8	3.5
Dividends paid to non-controlling interest		(25.0)	(175.2)
Purchase of treasury shares		(12.5)	(28.5)
Share capital contributions by non-controlling interests	31.1	0.7	–
Share issuance costs paid		(0.9)	(18.8)
Bank arrangement fees paid		(15.0)	(3.0)
Interest paid		(41.1)	(37.7)
Net cash flows (used in)/from financing activities		**595.5**	**(489.3)**
Currency translation in cash		16.7	(45.0)
(Decrease)/Increase in cash and cash equivalents		**118.5**	**(324.7)**
CASH AND CASH EQUIVALENTS			
at the beginning of the period		80.6	405.3
at the end of the period		199.1	80.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. Corporate information

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

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2011 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 6, 2012.

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, 2011 and the respective comparative information.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it
(i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity

(ii) recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the income statement and
(iii) reclassifies the parent's share of components previously recognized in other comprehensive income to the 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.

If a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

Any contingent consideration to be transferred by the acquirer 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 income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration is not a financial instrument, it is measured in accordance with the appropriate IFRS.

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

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

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

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

b) Investments in associates and jointly controlled entities (equity-accounted investees)

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but the Group does not have control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

During the year ended December 31, 2011 and December 31, 2010 the Company did not hold any equity accounted investments.

c) 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.

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 translated in the functional currency using the exchange rate at the reporting date.

Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through 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.

Non-monetary items (held for sale or discontinued operations) measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 income statement is translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in the other comprehensive income. On disposal of a foreign entity or when control is lost, the deferred cumulative translation difference recognized within equity relating to that particular operation is recognized in the consolidated income statement as gain or loss on sale of subsidiaries.

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

Principal foreign exchange rates applied for valuation and translation:

IN CHF	1.1.–31.12.2011 AVERAGE RATES	1.1.–31.12.2010 AVERAGE RATES	31.12.2011 CLOSING RATES	31.12.2010 CLOSING RATES
1 USD – US Dollar	0.8868	1.0427	0.9387	0.9352
1 EUR – Euro	1.2329	1.3821	1.2167	1.2518

e) Borrowing costs

Borrowing costs are recognized as an expense when incurred, except for the initial arrangement fees, which are set-off from the bank loans and amortized over the period of the credit facility.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group did not hold any qualifying assets during the periods disclosed.

f) 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 and defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are generally funded through regular contributions made by the employer and the employee and through the income generated by their capital investments.

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

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

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for the benefits. The Group recognizes termination benefits when it is demonstrably committed to either, terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

g) Share-based payments

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

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

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in the consolidated income statement for the year.

h) Taxation

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

Current income tax

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

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

Deferred tax

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 income statement, are recognized in correlation to the underlying transaction either as other comprehensive income or equity.

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

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

i) Property, plant and equipment

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

The useful lives applied are as follows:
- Buildings 15 to 20 years
- Leasehold improvements 5 to 10 years
- Furniture, fixture and vehicles 4 to 10 years
- Computer hardware 5 years

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

Land is recognized at acquisition cost and not depreciated as it is deemed to have an indefinite life. Additional costs, which extend the useful life of tangible assets, are capitalized. There are no borrowing costs recognized that are associated with the construction of tangible assets.

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

j) Intangible assets

Intangible assets acquired (separately or from a business combination)

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

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

k) Impairment of non-financial assets

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

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 import duties, transport and handling costs and any other directly attributable costs of acquisition. Purchase discounts and rebates are deducted in determining the cost of inventories. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory allowances are set up in the case of slow-moving and obsolete stock. Expired items are fully written off.

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 of the consideration required to settle the present obligation at the end of the reporting period, 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.

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.

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.

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 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.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL and AFS.

o) Financial assets

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

Financial assets at FVTPL (fair value thought profit & 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 income statement. The net gain or loss recognized in the income statement incorporates any dividend or interest earned on the financial asset and is included in the "other operating result" line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)
AFS financial assets are non-derivatives that are either designated as AFS or are not classified as
a) loans and receivables,
b) held-to-maturity investments or
c) financial assets at fair value through profit or loss.

AFS financial assets are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 38. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in the income statement. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the hedging and revaluation reserves is reclassified to the income statement.

Dividends on AFS equity instruments are recognized in the income statement when the Group's right to receive the dividends is established.

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

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

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

In respect of AFS equity securities, impairment losses previously recognized in the income statement are not reversed through the income statement. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. In respect of AFS debt securities, impairment losses are subsequently reversed through the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the income statement.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in the income statement. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

p) Financial liabilities and equity instruments

Classification as debt or equity

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

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 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

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

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

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

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

Other financial liabilities

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Derecognition of financial liabilities

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

r) Derivative financial instruments

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

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

s) 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.

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the income statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated income statement relating to the hedged item.

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. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

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 immediately in the income statement, and is included in the "interest expenses/income" line item.

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

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

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

2.4 Changes in accounting policy and disclosures

New and amended standards and interpretations

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

– IAS 24 Related Party Disclosures (amendment) – effective 1 January 2011
  The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

– IAS 32 Financial Instruments: Presentation (amendment) – effective 1 February 2010
  The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have this type of instruments.

– IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) – effective 1 January 2011
  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has neither affected the financial position nor the performance of the Group.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – effective July 1, 2010
  Dufry has not entered into this type of agreements.

Improvements to IFRSs (May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

- IAS 1 Presentation of Financial Statements
  The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group provides this analysis in Note 18.

- IFRIC 13 Customer Loyalty Programs – effective January 1, 2011
  Fair value of award credit: The amendment clarifies that when the fair value of awards credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the awards credit scheme, is to be taken into account.

Other amendments resulting from improvements to IFRSs to the following standards did not have any significant impact on the accounting policies, financial position or performance of the Group:

- IFRS 3 Business Combinations
  - The measurement options available for non-controlling interest (NCI) were amended.
  - Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008).
  - Un-replaced and voluntarily replaced share-based payment awards.

- IFRS 7 Financial Instruments – Disclosures
  The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- IAS 27 Consolidated and Separate Financial Statements

3. Critical accounting judgments and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

Concession rights
Concession rights acquired in a business combination are measured at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.

Brands and Goodwill
The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.

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

Deferred tax assets
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 23.

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

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant. This also requires determining

the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 30.

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

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

4. New and revised standards and interpretations in issue but not yet adopted/effective

The Group will apply the following standards or changes to standards for the first time following the dates stated in the respective standard.

Standards and interpretations that are relevant for the Group and whose effects are currently being evaluated

– IAS 1 Financial Statement Presentation (Presentation of Items of Other Comprehensive Income) – effective July 1, 2012
  The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or "recycled") to the income statement at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

– IAS 19 Employee Benefits (Amendment) – effective January 1, 2013
  The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. If the amendments would have been adopted in 2011 the equity in the consolidated financial statements would have been lower by approximately CHF 8.3 million representing the unrealized actuarial losses whereas the income statement would have been impacted by additional expenses of CHF 0.7 million.

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

– IFRS 9 Financial instruments – effective January 1, 2015
  IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classi-

fication and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address 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 potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- IFRS 10 Consolidated Financial Statements – effective January 1, 2013
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. 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 12 Disclosure of Involvement with 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.

- IFRS 13 Fair Value Measurement – effective January 1, 2013
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance.

Further new and revised standards and interpretations of no practical relevance:

- IAS 12 Deferred tax: Recovery of underlying assets amendments to IAS 12 – effective January 1, 2012
  IAS 12 has been updated to include a presumption that deferred tax on investment property measured using the fair value model in IAS 40 and on non-depreciable assets measured using the revaluation model in IAS 16, should always be measured on a sale basis.

- IAS 27 Separate Financial Statements (as revised in 2011) – effective January 1, 2013
  As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements.

- 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 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

- IAS 32 (amendments) Offsetting Financial Assets and Financial Liabilities – effective January 1, 2014
  The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify: a) the meaning of "currently has a legally enforceable right of set-off"; and b) that some gross settlement systems may be considered equivalent to net settlement.

- IFRS 7 Financial instruments: Disclosures (amendment) Offsetting Financial Assets and Financial liabilities – effective January 1, 2013
  These disclosures will provide users with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analyzing and comparing financial statements prepared in accordance with IFRSs and US GAAP.

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

– IFRIC 20 The Interpretation clarifies when production stripping of a surface mine should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods – effective January 1, 2013

5. Segment information

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns different from those of other operating segments. Transfer prices between operations and segments are set on an arm's length basis. Where sales, expenses or the result include transfers between segments, those transfers are eliminated in the consolidation.

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group reports segmental information as it does internally to the group executive committee, using geographical segments. The activities of the distribution centers are reported as a separate segment.

2011 IN MILLIONS OF CHF	NET SALES THIRD PARTY	ADVERTISING INCOME	NET SALES – INTERCOMPANY	TURNOVER	EBITDA[1]
Europe	299.8	4.5	–	304.3	12.3
Africa	136.9	1.2	–	138.1	18.6
Eurasia	212.4	3.0	–	215.4	17.3
Central America & Caribbean	364.2	4.1	–	368.3	28.9
South America	864.7	21.2	–	885.9	139.2
North America	677.1	23.4	–	700.5	77.0
Distribution Centers	5.8	19.4	690.2	715.4	77.6
Eliminations	–	–	(690.2)	(690.2)	–
Dufry Group	**2,560.9**	**76.8**	**–**	**2,637.7**	**370.9**

2010 IN MILLIONS OF CHF	NET SALES THIRD PARTY	ADVERTISING INCOME	NET SALES – INTERCOMPANY	TURNOVER	EBITDA[1]
Europe	306.0	4.8	–	310.8	7.4
Africa	182.3	1.8	–	184.1	29.3
Eurasia	225.1	4.0	–	229.1	11.2
Central America & Caribbean	395.5	4.5	–	400.0	23.6
South America	693.3	20.0	–	713.3	136.5
North America	730.7	25.1	–	755.8	78.9
Distribution Centers	0.6	16.5	515.1	532.2	56.2
Eliminations	–	–	(515.1)	(515.1)	–
Dufry Group	**2,533.5**	**76.7**	**–**	**2,610.2**	**343.1**

[1] EBITDA before other operational result.

The share in net sales to third parties of the Group generated in Switzerland (domicile) represents about 1.2% (2010: 1.3%) of the total.

2011 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTIZATION[1]	OTHER NON-CASH ITEMS
Europe	203.2	96.7	1.8	(14.2)	14.2	3.5
Africa	66.8	37.8	(1.4)	(1.4)	4.9	1.9
Eurasia	108.3	52.8	2.2	(4.6)	8.2	(0.5)
Central America & Caribbean	429.3	83.8	0.6	(15.8)	23.9	3.0
South America	1,097.0	273.7	(29.3)	(27.0)	34.7	4.7
North America	553.9	103.4	(0.5)	(19.9)	40.3	0.4
Distribution Centers	351.5	182.7	(1.2)	(0.5)	1.0	4.9
Unallocated positions	507.8	1,532.8	(0.4)	(11.6)	4.3	4.6
Dufry Group	**3,317.8**	**2,363.7**	**(28.2)**	**(95.0)**	**131.5**	**22.5**

2010 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTIZATION[2]	OTHER NON-CASH ITEMS
Europe	213.4	104.8	(1.0)	(21.3)	12.7	2.1
Africa	72.1	49.1	(1.8)	(2.3)	6.0	0.8
Eurasia	86.6	40.5	0.2	(9.4)	10.0	2.3
Central America & Caribbean	402.9	72.4	(3.1)	(14.4)	28.3	1.2
South America	535.6	229.4	(19.4)	(11.5)	20.1	3.0
North America	545.0	93.3	8.3	(36.4)	46.8	0.4
Distribution Centers	194.0	118.3	(1.7)	(1.0)	1.8	(0.9)
Unallocated positions	89.6	616.6	(2.4)	(2.5)	3.8	36.6
Dufry Group	**2,139.2**	**1,324.4**	**(20.9)**	**(98.8)**	**129.5**	**45.5**

[1] 2011 includes impairments of CHF 1.3 million in Region Europe.
[2] 2010 includes impairments of CHF 0.1 million in Region Europe.

The unallocated liabilities correspond mainly to long-term financial debt whereas the unallocated assets comprise those of Headquarter companies.

6. Business combinations

2011 Transactions

6.1 Acquisition of Interbaires and other companies in Armenia, Ecuador and Uruguay

On August 4, 2011, continuing with its strategy of investing in emerging markets, the Group acquired 100% of the shares and obtained control of several companies in South America and in Armenia, for a total consideration of CHF 753.9 million (USD 987.2 million). The main companies incorporated into the group are:
– Interbaires SA: The exclusive retailer operating duty free shops at both international airports of Buenos Aires plus the airports of Cordoba, Mendoza and other smaller destinations in Argentina,
– Navinten SA and Blaicor SA: Two Uruguayan retailers operating duty free shops at the international airports of Montevideo and Punta del Este respectively,
– ADF Shops CJSC: An Armenian retailer operating exclusively the duty free shops at the international airport of Yerevan,
– Ecuador Duty Free SA: A retailer in Ecuador operating duty free shops at the international airport of Guayaquil, and
– International Operation & Services Corp, an Uruguayan distribution platform delivering duty free products to the above mentioned retailers.

As a result of the acquisition the Group achieved a leading position in the Duty Free market in South America. The Group is integrating the new businesses into its existing organization and in this way generating considerable synergies. The acquisitions have been accounted for using the acquisition method. The financial statements of the Group include the results of all the above mentioned companies as well as some intermediate holding entities as from the acquisition date. The fair value of the identifiable assets and liabilities of the acquired companies at the date of acquisition and the resulting goodwill were determined preliminary as follows:

Recognized amounts of identifiable assets acquired and liabilities assumed:

IN MILLIONS OF USD	AUGUST 4, 2011 PRELIMINARY FAIR VALUE
Inventories	71.8
Other assets	62.4
Property, plant and equipment	20.3
Intangible assets, mainly concession rights	596.3
Net deferred tax liability	(40.6)
Provisions and contingent liabilities	(41.2)
Liabilities	(82.0)
Identifiable net assets	**587.0**
Goodwill	400.2
Total consideration	**987.2**

Cash flow on the acquisition:

IN MILLIONS OF USD	2011
Total consideration	(987.2)
Cash acquired with the transaction	24.7
Subtotal	**(962.5)**
Payables for this acqusition at the end of the period	–
Net cash outflow	**(962.5)**

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

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

6.2 Acquisition of Sovenex SAS, Martinique

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

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

IN MILLIONS OF EUR	SEPTEMBER 14, 2011
Cash	5.4
Contingent consideration	0.7
Total consideration	**6.1**

Recognized amounts of identifiable assets acquired and liabilities assumed:

IN MILLIONS OF EUR	PRELIMINARY FAIR VALUE
Inventories	0.6
Other assets	2.3
Property, plant and equipment	0.1
Concession rights	5.2
Net deferred tax liability	(1.7)
Current liabilities	(1.1)
Identifiable net assets	**5.4**
Goodwill	0.7
Total consideration	**6.1**

Cash flow on the acquisition:

IN MILLIONS OF EUR	2011
Total consideration	(6.1)
Cash acquired with the transaction	2.0
Subtotal	**(4.1)**
Payables for this acqusition at the end of the period	1.9
Net cash outflow	**(2.2)**

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

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

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

6.3 Reconciliation of cash flows (used for)/from business combinations (BC), net of cash

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

2010 Transactions

6.4 Merger with Dufry South America Ltd

On December 31, 2009, Dufry AG owned 51% of the shares of Dufry South America Ltd. ("DSA") which operates duty free shops in South America. On February 11, 2010, Dufry South America Ltd., Bermuda; Dufry AG ("DAG") and Dufry Holdings & Investments AG, Basel ("DHI"), a wholly-owned Swiss subsidiary of DAG, entered into a Merger and Amalgamation Agreement, providing for an amalgamation under the Bermuda Companies Act 1981 and a merger under applicable Swiss law. Simultaneously with the completion of the Merger, the capital of DHI has increased by a contribution in kind consisting of 49% of the net assets of DSA.

Pursuant to the Merger Agreement negotiated between the Special Committee of Board Members of DSA ("SCBM") and the Board of Directors of DAG, DSA shareholders and DSA Brazilian Depositary Receipt holders ("BDR") received one DAG share (or DAG BDR) in exchange for 4.10 DSA shares/BDRs ("Exchange Ratio"). Furthermore, DSA shareholders and BDR holders received an extraordinary dividend of USD 4.71 per DSA share/BDR on April 12, 2010.

The new shares of DHI created in course of the Merger were contributed into DAG in exchange for 7,762,249 shares newly issued and BDRs of DAG ("Merger Shares"). Such Merger shares were then allocated and given to the shareholders of DSA and to the holders of DSA BDRs, respectively. DAG listed its shares through a BDR program in Brazil with the BDRs being traded on BM&FBOVESPA.

The Special General Meeting of the members of DSA ("SGM") held on March 19, 2010 and an Extraordinary Shareholders Meeting of Dufry AG ("EGM") held on March 22, 2010, discussed, evaluated and approved the relevant aspects of the Merger Agreement.

OVERVIEW OF MERGER TRANSACTIONS	IN THOUSANDS OF USD	IN THOUSANDS OF CHF
Equity DSA as of March 22, 2010	792,187	
less dividend approved in relation with the merger	(306,150)	
Equity of DSA as per March 22, 2010	486,037	
Portion acquired (48.96%)	237,964	
Book value of non-controlling interests at historical cost		117,615
Currency translation adjustments		(25,419)
Carrying amount of these non-controlling interests	87,481	92,196
Goodwill attributable to the non-controlling interests not recognized in the books of the parent	150,482	
Contribution in kind		603,981
Recognized directly in reserves for transactions with non-controlling interest		**511,785**

6.5 Dufry (Shanghai) Commercial Co. Ltd., China

Dufry founded in February 2010 Dufry (Shanghai) Commercial Co. Ltd. Thereafter Dufry signed a 7-year contract with Shanghai Hongqiao International Airport to operate 20 duty paid stores, distributed over an area of 1,500 m^2, in the new West Terminal. Serving mainly domestic destinations, Hongqiao International Airport handles more than 23 million passengers per year and is considered one of the two main gates for travelers arriving to and departing from Shanghai. The West Terminal, and thus our 20 shops, became operational end of March 2010, just ahead of the opening of the Shanghai 2010 World Expo.

Since the start of operations Dufry (Shanghai) Commercial Co. Ltd contributed in 2010 CHF 16.1 million to the net sales, and reduced CHF 2.0 million the earnings before interest and taxes, of the Group.

6.6 Global Service Retail Group

As of May 19, 2010, Dufry acquired the remaining 49% of the voting shares of Global Service Retail Group (GSRL) for a price of CHF 2.8 million from the minority shareholder. The difference of CHF 1.2 million between the book value of the additional interest acquired and the respective consideration has been recognized in the reserve for transactions with non-controlling interest.

6.7 Reconciliation of cash flows (used for)/from business combinations (BC), net of cash

2010 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLES	NET CASH FLOW
Global Retail Services	(2.8)	–	(2.8)	–	(2.8)
Operadora Aero-Boutiques (LDF)	–	–	–	(18.2)	(18.2)
Network Italia Edicole	–	–	–	(2.6)	(2.6)
Puerto Rico	–	–	–	(1.1)	(1.1)
Other	–	–	–	(0.2)	(0.2)
Total	**(2.8)**	**–**	**(2.8)**	**(22.1)**	**(24.9)**

7. Net sales

Different breakdowns of net sales are as follows:

Net sales by product categories:

IN MILLIONS OF CHF	2011	2010
Perfumes and Cosmetics	656.6	588.9
Confectionery, Food and Catering	426.7	441.2
Wine and Spirits	416.3	383.4
Literature and Publications	236.0	291.2
Watches, Jewelry and Accessories	242.9	249.4
Fashion, Leather and Baggage	213.2	199.0
Tobacco goods	180.4	192.1
Electronics	81.7	85.4
Toys, Souvenirs and other goods	107.1	102.9
Total	**2,560.9**	**2,533.5**

Net sales by market sector:

IN MILLIONS OF CHF	2011	2010
Duty free	1,690.3	1,604.5
Duty paid	870.6	929.0
Total	**2,560.9**	**2,533.5**

Net sales by channel:

IN MILLIONS OF CHF	2011	2010
Airports	2,258.2	2,213.5
Cruise liners and seaports	98.0	113.0
Railway stations and other	118.0	118.4
Downtown hotels and resorts	86.7	88.6
Total	**2,560.9**	**2,533.5**

8. Cost of sales

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

9. Selling expenses

IN MILLIONS OF CHF	2011	2010
Concession fees and rents	(558.8)	(572.8)
Credit card commissions	(31.2)	(29.5)
Advertising and commission expenses	(13.9)	(12.9)
Packaging materials	(8.6)	(8.4)
Other selling expenses	(10.9)	(6.4)
Selling expenses	**(623.4)**	**(630.0)**
Concession and rental income	14.6	19.7
Commission income	2.0	2.5
Commercial services and other selling income	27.1	23.0
Selling income	**43.7**	**45.2**
Total	**(579.7)**	**(584.8)**

10. Number of retail shop concessions

Dufry Group operates around 1,200 retail shops in 45 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 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
- assortment of products to be sold
- location

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

The leasehold improvements and installations of these operations are depreciated over the shorter of the useful life of the assets or the duration of the arrangements.

11. Personnel expenses

IN MILLIONS OF CHF	2011	2010
Salaries and wages	(302.5)	(303.2)
Social security expenses	(56.6)	(54.4)
Retirement benefits (defined contribution plans)	(3.2)	(3.4)
Retirement benefits (defined benefit plans)	(1.8)	(1.3)
Other personnel expenses	(38.5)	(36.6)
Total	**(402.6)**	**(398.9)**
Number of full time equivalents at year-end	**13,874**	**11,892**

12. General expenses

IN MILLIONS OF CHF	2011	2010
Repairs, maintenance and utilities	(33.6)	(32.9)
Legal, consulting and audit fees	(35.1)	(31.2)
Premises	(20.8)	(22.2)
Office and administration	(16.3)	(17.1)
Travel, car, entertainment and representation	(16.1)	(16.1)
EDP and IT expenses	(18.0)	(14.9)
Franchise fees and commercial services	(10.7)	(11.3)
Taxes, other than income taxes	(12.1)	(9.3)
PR and advertising	(9.4)	(9.7)
Insurances	(5.4)	(6.6)
Bank expenses	(4.6)	(3.8)
Total	**(182.1)**	**(175.1)**

13. Depreciation, amortization and impairment

IN MILLIONS OF CHF	NOTE	2011	2010
Depreciation		(55.2)	(63.6)
Impairment		(3.6)	(0.1)
Total property plant and equipment	**19**	**(58.8)**	**(63.7)**
Amortization		(72.4)	(65.8)
Impairment		(0.3)	–
Total intangible assets	**21**	**(72.7)**	**(65.8)**
Total		**(131.5)**	**(129.5)**

14. Other operational result

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

IN MILLIONS OF CHF	2011	2010
Transaction costs	(11.3)	–
Consulting fees and expenses related to projects, as well as start-up expenses	(6.3)	(7.3)
Closing or rebranding of shops	(3.2)	(4.1)
Expenses for provisions	(2.2)	(0.8)
Impairment of financial assets	(1.2)	(1.1)
Losses on sale of non-current assets	(0.3)	(0.6)
Other expenses	(4.6)	(4.3)
Subtotal other operational expenses	**(29.1)**	**(18.2)**

IN MILLIONS OF CHF	2011	2010
Gain on sale of non-current assets	1.7	0.6
Recovery of write offs/release of allowances	–	0.5
Release of project costs	–	0.1
Other income	0.5	1.3
Subtotal other operational income	**2.2**	**2.5**

IN MILLIONS OF CHF	2011	2010
Other operational expenses	(29.1)	(18.2)
Other operational income	2.2	2.5
Other operational result	**(26.9)**	**(15.7)**

15. Interest

IN MILLIONS OF CHF	2011	2010
Interest income on short-term deposits	4.1	4.3
Other interest and finance income	–	0.5
Total interest income	**4.1**	**4.8**
Interest on bank debt	(42.2)	(31.3)
Amortization of credit arrangement fees	(6.9)	(4.8)
Discounted interest on financial liabilities	(0.2)	(0.3)
Other finance expenses	(5.9)	(0.5)
Interest expense on financial liabilities	**(55.2)**	**(36.9)**
Interest on non-financial instruments	–	(0.1)
Total interest expense	**(55.2)**	**(37.0)**

16. Income taxes

Consolidated income statement:

IN MILLIONS OF CHF	2011	2010
Current income taxes	(41.7)	(41.9)
of which corresponding to the current period	(43.1)	(41.3)
of which adjustments recognized in relation to prior years	1.4	(0.6)
Deferred income taxes	13.5	21.0
of which related to the origination or reversal of temporary differences	13.5	16.0
of which adjustments recognized in relation to prior years	0.3	5.2
of which adjustments due to change in tax rates	(0.3)	(0.2)
Total	**(28.2)**	**(20.9)**

IN MILLIONS OF CHF	2011	2010
Consolidated earnings before income tax (EBT)	163.1	165.7
Expected tax rate in %	29.5%	28.0%
Tax at the expected rate	(48.1)	(46.4)
EFFECT OF:		
Income not subject to income tax	14.4	14.9
Different tax rates of subsidiaries in other jurisdictions	26.3	26.5
Different tax regime for sale of subsidiaries	0.4	0.2
Non deductible expenses	(14.6)	(6.1)
Unused tax loss carry-forwards not recognized	(0.7)	(8.3)
Non recoverable withholding taxes	(6.7)	(1.9)
Adjustments recognized in relation to prior year	1.4	4.6
Other items	(0.7)	(4.4)
Total	**(28.2)**	**(20.9)**

The expected tax rate used for 2011 is 29.5% (2010: 28.0%). The tax rate approximates the weighted average based on net sales of the countries where Dufry is active. The increase in the expected tax rate comes from Ghana +8%, Bolivia +9% and the mix effect from the newly incorporated companies, i.e. Argentina 35%, Uruguay 25%, Ecuador 25% and Armenia 20%.

Current tax assets and liabilities:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Income tax refunds receivable	3.4	6.1
Income tax payable	14.2	11.7
Total	**(10.8)**	**(5.6)**

Income tax receivables or payables for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted at the reporting date.

Income tax recognized directly in equity:

IN MILLIONS OF CHF	2011	2010
CURRENT TAX		
Current tax effect on share based payments	3.5	2.4
Subtotal	**3.5**	**2.4**
DEFERRED TAX		
Tax effect on share based payments	(3.8)	1.4
Tax effect on treasury shares	1.5	0.6
Subtotal	**(2.3)**	**2.0**
Total	**1.3**	**4.4**

Deferred income tax recognized in other comprehensive income:

IN MILLIONS OF CHF	2011	2010
ARISING ON INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Net gain/(loss) on hedge of net investment	9.9	(6.3)
Cash flow hedges	(0.1)	0.3
Total	**9.8**	**(6.0)**

17. Earnings per share

Basic

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

IN MILLIONS OF CHF/QUANTITY	2011	2010
Net earnings attributable to equity holders of the parent	111.9	116.6
Weighted average number of ordinary shares outstanding	26,873	25,166
Basic earnings per share in CHF	**4.16**	**4.63**

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	2011	2010
Net earnings attributable to equity holders of the parent	111.9	116.6
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	26,873	25,447
Diluted earnings per share in CHF	**4.16**	**4.58**

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

IN MILLIONS OF CHF/QUANTITY	2011	2010
Net earnings attributable to equity holders of the parent	111.9	116.6
ADJUSTED FOR:		
Dufry's share of the amortization in respect of acquisitions	57.3	47.9
Adjusted net earnings	169.2	164.5
Weighted average number of ordinary shares outstanding	26,873	25,166
EPS adjusted for amortization (cash EPS) in CHF	**6.30**	**6.54**

Weighted average number of ordinary shares:

IN THOUSANDS	2011	2010
Outstanding shares	26,976	25,254
Less treasury shares	(103.4)	(88.0)
Used for calculation of basic earnings per share	**26,873**	**25,166**
EFFECT OF DILUTION:		
Share options	–	281.4
Used for calculation of earning per share adjusted for the effect of dilution	**26,873**	**25,447**

For movements in shares see note 29.1 Equity, 30.1 Share-based payment and 30.3 Treasury shares.

18. Components of other comprehensive income

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

2010 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Hedging & Revaluation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**–**	**(126.4)**	**(126.4)**	**20.5**	**(105.9)**
Net gain/(loss) on hedge of net investment in foreign operations	–	20.9	20.9	–	20.9
Income tax effect	–	(6.3)	(6.3)	–	(6.3)
Subtotal	**–**	**14.6**	**14.6**	**–**	**14.6**
Changes in the fair value of interest rate swaps held as cash flow hedges	(2.2)	–	(2.2)	–	(2.2)
Income tax effect	0.3	–	0.3	–	0.3
Subtotal	**(1.9)**	**–**	**(1.9)**	**–**	**(1.9)**
Other comprehensive income (loss)	**(1.9)**	**(111.8)**	**(113.7)**	**20.5**	**(93.2)**

19. Property, plant and equipment

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

2010 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2010	199.1	174.1	43.1	7.9	8.9	433.1
Additions (note 20)	22.7	11.0	7.0	0.8	35.2	76.7
Disposals	(10.1)	(16.7)	(3.0)	(0.8)	(0.1)	(30.7)
Reclassification within classes	12.8	11.7	0.8	–	(25.3)	–
Reclassification to intangible assets	–	–	–	–	(0.3)	(0.3)
Currency translation adjustment	(19.3)	(23.2)	(4.5)	(0.9)	(2.4)	(50.3)
Balance at December 31, 2010	**205.2**	**156.9**	**43.4**	**7.0**	**16.0**	**428.5**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2010	(68.5)	(86.9)	(29.7)	(4.9)	–	(190.0)
Additions (note 13)	(28.6)	(27.9)	(5.9)	(1.2)	–	(63.6)
Disposals	8.7	16.0	2.9	0.7	–	28.3
Currency translation adjustment	4.7	15.3	3.4	0.7	–	24.1
Balance at December 31, 2010	**(83.7)**	**(83.5)**	**(29.3)**	**(4.7)**	**–**	**(201.2)**
IMPAIRMENT						
Balance at January 1, 2010	(1.2)	(0.1)	(0.2)	–	–	(1.5)
Impairment (note 13)	(0.1)	–	–	–	–	(0.1)
Currency translation adjustment	0.2	–	–	–	–	0.2
Balance at December 31, 2010	**(1.1)**	**(0.1)**	**(0.2)**	**–**	**–**	**(1.4)**
CARRYING AMOUNT						
At December 31, 2011	**128.8**	**70.2**	**15.9**	**2.3**	**28.9**	**246.1**
At December 31, 2010	**120.4**	**73.3**	**13.9**	**2.3**	**16.0**	**225.9**

19.1 Impairment

The impairment loss in 2011 relates to certain shops in Europe (CHF 1.3 million) and USA (CHF 1.7 million).

20. Cash flow used for purchase of property, plant and equipment

IN MILLIONS OF CHF	2011	2010
Payables for capital expenditure at the beginning of the period	(14.0)	(15.8)
Business combinations	(2.9)	–
Additions of property, plant and equipment (note 19)	(63.2)	(76.7)
Payables for capital expenditure at the end of the period	15.0	14.0
Currency translation adjustment	0.1	2.1
Total Cash Flow	**(65.0)**	**(76.4)**

21. Intangible assets

2011 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2011	62.5	769.2	158.9	338.5	58.1	1,387.2
Business combinations	–	460.7	–	306.3	0.7	767.7
Additions (see note 22)	–	1.2	–	–	22.7	23.9
Disposals	–	(0.8)	–	–	(1.3)	(2.1)
Reclassifications from property, plant and equipment	–	–	–	–	0.1	0.1
Currency translation adjustment	(1.3)	106.9	–	70.5	1.2	177.3
Balance at December 31, 2011	**61.2**	**1,337.2**	**158.9**	**715.3**	**81.5**	**2,354.1**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2011	–	(168.4)	–	–	(29.1)	(197.5)
Additions (note 13)	–	(61.5)	–	–	(10.9)	(72.4)
Disposals	–	0.3	–	–	1.0	1.3
Currency translation adjustment	–	(5.0)	–	–	(0.7)	(5.7)
Balance at December 31, 2011	**–**	**(234.6)**	**–**	**–**	**(39.7)**	**(274.3)**
IMPAIRMENT						
Balance at January 1, 2011	–	(0.3)	–	(0.8)	–	(1.1)
Additions (note 13)	–	–	–	–	(0.3)	(0.3)
Disposals	–	–	–	–	0.2	0.2
Currency translation adjustment	–	(0.1)	–	–	0.1	–
Balance at December 31, 2011	**–**	**(0.4)**	**–**	**(0.8)**	**–**	**(1.2)**

2010 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2010	132.1	787.5	149.9	389.8	52.7	1,512.0
Additions (see note 22)	–	17.2	6.6	–	11.6	35.4
Disposals	–	0.4	–	–	(1.9)	(1.5)
Reclassification	(54.7)	54.7	–	–	0.3	0.3
Currency translation adjustment	(14.9)	(90.6)	2.4	(51.3)	(4.6)	(159.0)
Balance at December 31, 2010	**62.5**	**769.2**	**158.9**	**338.5**	**58.1**	**1,387.2**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2010	–	(139.2)	–	–	(21.1)	(160.3)
Additions (note 13)	–	(54.1)	–	–	(11.7)	(65.8)
Disposals	–	(0.4)	–	–	1.6	1.2
Currency translation adjustment	–	25.3	–	–	2.1	27.4
Balance at December 31, 2010	**–**	**(168.4)**	**–**	**–**	**(29.1)**	**(197.5)**
IMPAIRMENT						
Balance at January 1, 2010	(0.2)	(0.1)	–	(0.9)	–	(1.2)
Reclassification	0.2	(0.2)	–	–	–	–
Currency translation adjustment	–	–	–	0.1	–	0.1
Balance at December 31, 2010	**–**	**(0.3)**	**–**	**(0.8)**	**–**	**(1.1)**

IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	CONCESSION RIGHTS Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
CARRYING AMOUNT						
At December 31, 2011	61.2	1,102.2	158.9	714.5	41.8	2,078.6
At December 31, 2010	62.5	600.5	158.9	337.7	29.0	1,188.6

21.1 Goodwill recognized from business combinations in 2011

Interbaires and other companies in Armenia, Ecuador and Uruguay:
On August 4, 2011, continuing with its strategy of investing in emerging markets, the Group acquired 100% of the shares and obtained control of several companies in South and Central America and Asia, for a total consideration of CHF 753.9 million (USD 987.2 million). The goodwill resulting from the purchase price allocation was CHF 305.4 million (USD 400.2 million).

Sovenex SAS:
On September 14, 2011, the Group acquired through a share deal 100% of the shares of Sovenex SAS, a retailer operating the duty free shops at the international airport of Martinique (France) for a total consideration of CHF 7.0 million (EUR 6.1 million). The goodwill resulting from the purchase price allocation was CHF 0.9 million (EUR 0.7 million).

21.2 Goodwill recognized from business combinations in 2010

Network Italia Edicole:
On September 14, 2009, the Group acquired all shares of Network Italia Edicole S.r.l. for a total consideration of EUR 12 million. The fair value of the identifiable assets and liabilities of the acquired company has been determined during 2010. Dufry recognized in 2009 additional concession rights of CHF 25.9 million, which will be amortized along the 18 years contract duration and an associated deferred tax liability of CHF 8.1 million. No goodwill was recognized in relation with this transaction.

21.3 Impairment test

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

21.3.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following six 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	31.12.2011	31.12.2010
Europe	15.3	13.8
Africa	24.1	23.5
Eurasia	25.8	26.3
Central America & Caribbean	55.9	56.6
South America	517.0	141.1
North America	76.4	76.4
Total carrying amount of goodwill	**714.5**	**337.7**

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 2011 and latest estimations for the projected years.

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
GOODWILL	2011	2010	2011	2010	2011	2010
Europe	6.30%	6.34%	8.48%	8.80%	4.5–9.3%	5.2–9.0%
Africa	8.10%	8.63%	9.15%	9.00%	6.0–11.7%	6.3–7.0%
Eurasia	6.22%	7.65%	6.78%	8.85%	8.0–22.0%	7.9–9.0%
Central America & Caribbean	7.21%	7.78%	8.21%	8.70%	4.5–12.0%	5.0–11.4%
South America	7.60%	8.31%	9.12%	12.68%	5.2–38.1%	5.9–11.1%
North America	5.03%	6.00%	6.83%	7.67%	2.4–10.9%	2.9–5.0%

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from prime 10-year bonds rates): CHF 0.73%, EUR 1.87%, USD 1.97% (2010: CHF 1.72%, EUR 2.96%, USD 3.30%).

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

21.3.2 Impairment test of concession rights with indefinite useful lives

For the purpose of impairment testing, concession rights with indefinite useful lives are allocated to the respective CGU's to which they relate. The following table indicates the allocation of the concession rights with indefinite useful lives to the group of CGU's that are also the Company's applicable reportable segments:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Europe	48.8	50.2
Africa	0.1	0.1
Eurasia	12.3	12.2
Total carrying amount of concession rights	**61.2**	**62.5**

Each of the above reportable segments represents a group of CGU's, for example, region Europe includes operating concessions in the European region, which have been allocated and valued for the purpose of testing the concession rights with indefinite lives. For impairment purposes, each company represents a cash generating unit.

From the reassessment performed in 2010 of the useful lives of the concession rights estimated as indefinite in past periods, the management concluded that due to changes in the organization of the commercial area and relationships with the landlords, the ones assigned to Dufry Mexico SA de CV and Dufry Free Shop SpA, Italia should be considered as concession rights with a definite useful life as of 2010. Consequently, management estimated based on the lease agreements and extensions that the concession rights regarding Dufry Mexico SA de CV has a remaining useful life of 10 years and the concession rights regarding Dufry Free Shop SpA, Italia has a remaining useful life of 17 years. The yearly amortization of concession rights increased in 2010 by CHF 3.9 million due to this change. In both cases the impairment test showed that the carrying amount at the reporting date was lower as the fair value.

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 2011 and latest estimations for the years thereafter.

The following are the key assumptions used for determining the recoverable amounts for each of the above group of CGU's:

	POST TAX DISCOUNT RATES[1]		PRE-TAX DISCOUNT RATES[1]		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS	2011	2010	2011	2010	2011	2010
Europe	6.19%	6.34%	7.40%	7.59%	1.9–5.9%	4.2–5.8%
Africa	7.71%	8.82%	8.36%	9.75%	5.0–7.6%	9.0–14.5%
Eurasia	6.09%	7.10%	6.09%	7.10%	8.9–9.7%	9.3–13.8%

[1] Depending on the country in which the concession is operated.

<u>Sensitivity to changes in assumptions</u>
The actual recoverable amount for the CGU's subject to impairment testing exceeds its carrying amount by CHF 434.0 million (2010: CHF 458.3 million). With regard to the assessment of value-in-use of these CGU's, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

21.3.3 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

Sales growth:
Sales growth is estimated based on several factors. First Management takes into consideration statistics published by Airforecast or ACI (Airports Council International) to estimate the development of international passenger transit per airport or country where Dufry is active. Then Management takes into consideration specific price inflation factors of the country, cross currency effect from origin of main passenger groups and the expected increase in attractively 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 2012. 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 planned years compared to the historical precedents. 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 yield of the respective currency for a ten-year government bond 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 was added to the 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.

21.3.4 Brands

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

The recoverable amount is determined based on the Relief from the Royalty method that considers a steady royalty stream of 0.3% post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2012–2016) with a year on year growth rate between 4.7% and 21.0% (budget). This growth rate does not exceed the long-term average growth rate for Dufry Group. The discount rate of 5.0% (2010: 6.0%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 221.6 million (2010: CHF 202.1 million).

22. Cash flows used for purchase of intangible assets

IN MILLIONS OF CHF	2011	2010
Payables for capital expenditure at January 1	(12.8)	(0.8)
Additions of intangible assets (note 21) [1]	(23.9)	(35.4)
Payables for capital expenditure at December 31	6.9	12.8
Currency translation adjustment	(0.2)	1.0
Total Cash Flow	**(30.0)**	**(22.4)**

[1] The additions in 2011 are mainly comprised of CHF 8.7 million for usufruct Italy and software purchases for Dufry do Brasil of CHF 5.3 million, Italy CHF 3.7 million, Hudson Group CHF 2.1 million and Dufry Management CHF 2.0 million.

23. Deferred tax assets and liabilities

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
DEFERRED TAX ASSETS		
Property plant and equipment	8.5	8.5
Intangible assets	79.0	81.2
Provisions and other payables	19.9	15.8
Tax loss carryforward	38.6	24.3
Other	16.3	20.7
Total	**162.3**	**150.5**
DEFERRED TAX LIABILITIES		
Property plant and equipment	(1.3)	(0.5)
Intangible assets	(160.7)	(127.8)
Provisions and other payables	(16.6)	(26.0)
Other	(5.7)	(4.7)
Total	**(184.3)**	**(159.0)**
Deferred tax liabilities net	**(22.0)**	**(8.5)**

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

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

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Deferred tax assets	146.5	137.8
Deferred tax liabilities	(168.5)	(146.3)
Balance at the end of the period	**(22.0)**	**(8.5)**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Changes in deferred tax assets	8.7	(3.1)
Changes in deferred tax liabilities	(22.2)	17.2
Business combinations	33.1	–
Currency translation adjustment	(6.1)	6.9
Deferred tax income (expense) at the end of the period	**13.5**	**21.0**

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 2012 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	2011	2010
Expiring within 1 to 3 years	4.0	2.9
Expiring within 4 to 7 years	42.6	32.2
Expiring after 7 years	82.3	77.9
With no expiration limit	15.0	27.2
Total	**143.9**	**140.2**

24. Other non-current assets

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Guarantee deposits	12.9	12.9
Loans and contractual receivables	18.3	20.3
Other	8.5	7.2
Subtotal	**39.7**	**40.4**
Allowances	(1.9)	(2.0)
Total	**37.8**	**38.4**

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

Movement in allowances:

IN MILLIONS OF CHF	2011	2010
Balance at the beginning of the period	(2.0)	(1.4)
Creation	–	(0.7)
Unused amounts reversed	0.1	–
Currency translation adjustment	–	0.1
Balance at the end of the period	**(1.9)**	**(2.0)**

25. Inventories

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Purchased inventories at cost	453.8	314.9
Inventory allowances	(21.8)	(8.8)
Total	**432.0**	**306.1**

Cash Flow used for/from increase/decrease in inventories:

IN MILLIONS OF CHF	2011	2010
Balance at the beginning of the period	(314.9)	(315.7)
Balance at the end of the period	(453.8)	(314.9)
Gross change	**(138.9)**	**0.8**
Business combinations	63.9	–
Currency translation adjustment	5.1	(33.5)
Cash Flow – (Increase)/decrease in inventories	**(69.9)**	**(32.7)**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 17.0 million (2010: CHF 13.6 million).

26. Trade and credit card receivables

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Trade receivables	23.7	12.7
Credit card receivables	24.1	38.5
Gross	**47.8**	**51.2**
Allowances	(0.8)	(0.4)
Net	**47.0**	**50.8**

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	31.12.2011	31.12.2010
Not due	12.8	6.5
Overdue:		
Up to 30 days	5.8	5.5
31 to 60 days	1.7	0.1
61 to 90 days	1.6	0.1
More than 90 days	1.8	0.5
Total overdue	**10.9**	**6.2**
Trade receivables, gross	**23.7**	**12.7**

Movement in allowances:

IN MILLIONS OF CHF	2011	2010
Balance at the beginning of the period	(0.4)	(0.4)
Creation	(0.4)	–
Balance at the end of the period	**(0.8)**	**(0.4)**

27. Other accounts receivable

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Sales tax and other taxes	41.7	41.6
Refund from suppliers and concessionaires	30.8	24.6
Receivables from subtenants and local business partners	14.5	7.6
Prepayments	13.4	10.4
Accrued concession fees and rents	13.3	9.4
Personnel receivables	1.9	2.8
Guarantee deposits	1.7	1.5
Accrued income	1.1	1.0
Derivative financial assets [1]	0.4	0.4
Loans receivable	0.2	2.3
Other	12.2	4.9
Total	**131.2**	**106.5**
Allowances	(3.9)	(1.6)
Total	**127.3**	**104.9**

[1] See note 38 "Financial instruments".

Movement in allowances:

IN MILLIONS OF CHF	2011	2010
Balance at the beginning of the period	(1.6)	(1.7)
Creation	(2.0)	(0.3)
Release	–	0.2
Utilized	(0.4)	0.1
Currency translation adjustment	0.1	0.1
Balance at the end of the period	**(3.9)**	**(1.6)**

28. Cash and Cash equivalents

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

Cash and cash equivalents at the end of the reporting period include CHF 6.1 million (2010: CHF 6.4 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

29. Equity

29.1 Issued capital

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Share capital	134.9	134.9
Share premium	934.5	934.2
Total	**1,069.4**	**1,069.1**

29.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2010	19,213,954	96.1	391.4
Issue of shares	7,762,249	38.8	565.2
Share issuance costs	–	–	(22.4)
Balance at December 31, 2010	**26,976,203**	**134.9**	**934.2**
Release of accrued share issuance costs	–	–	2.6
Reclassification to reserves	–	–	(2.3)
Balance at December 31, 2011	**26,976,203**	**134.9**	**934.5**

The Extraordinary General Shareholders' meeting of Dufry AG of March 22, 2010 approved the increase of registered share capital by CHF 38,811,245 from CHF 96,069,770 to CHF 134,881,015 by the issuance of 7,762,249 registered shares, each with a par value of CHF 5. The share capital of CHF 38,811,245 was settled by a contribution in kind consisting of 4,896 registered shares of Dufry Holdings & Investments AG, Basel with a nominal value of CHF 100 each. The contribution in kind amounted to CHF 604.0 million.

For share options granted under the Company's specific restricted stock unit ("RSU") plans see note 30.

29.2 Reserves

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Hedging and revaluation reserves	(0.9)	(1.9)
Translation reserves	(176.6)	(199.0)
Retained earnings	(8.4)	(105.8)
Total	**(185.9)**	**(306.7)**

29.2.1 Hedging and revaluation reserves

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Balance at the beginning of the year	(1.9)	–
Gain/(loss) arising on changes in fair value of financial instruments:		
Interest rate swaps entered for as cash flow hedges	1.1	(2.2)
Income tax related to gains/losses on changes in fair value of interest rate swaps	(0.1)	0.3
Balance at the end of the year	**(0.9)**	**(1.9)**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to the income statement only when the hedged transaction affects the income statement, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

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

29.2.2 Translation reserves

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Balance at the beginning of the year	(199.0)	(87.2)
Exchange differences arising on translating the foreign operations	95.2	(126.4)
Loss on hedging instruments designated in hedges of the net assets of foreign operations	(82.7)	20.9
Income tax related to loss on hedge of the net assets of foreign operations	9.9	(6.3)
Balance at the end of the year	**(176.6)**	**(199.0)**

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

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

29.2.3 Retained earnings

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Balance at the beginning of the year	(105.8)	292.4
Net earnings attributable to equity holders of the parent	111.9	116.6
Distribution of treasury shares	(27.7)	(18.0)
Share-base payment	9.6	12.0
Tax effect on equity transactions	1.3	4.4
Transactions with non-controlling interests	–	(513.2)
Reclassification from share premium	2.3	–
Balance at the end of the year	**(8.4)**	**(105.8)**

On May 11, 2011, the Ordinary General Assembly has approved not to distribute dividends for 2011 (same as for 2010).

30. Share-based payment

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

30.1 RSU Plans of Dufry AG

On January 1, 2010, the participants of Dufry's RSU plan were granted the right to receive on January 1, 2011, free of charge, up to 291,102 RSU's on aggregate, based on the price of CHF 68.76 per share ("the RSU Awards 2010"). Under this RSU Awards 2010 281,362 RSUs vested on January 1, 2011 as the average price of the Company's shares on the SIX for the ten previous trading days reached CHF 125.80 and consequently the market condition was met. All restrictions on the RSU Award 2010 lapsed on January 1, 2011, and the RSU Awards 2010 were converted into shares of the Company and given to the RSU plan participants free of restrictions.

The 86 participants of Dufry's RSU award 2011 have been granted the right to receive on January 1, 2013, free of charge, 349,200 RSU's on aggregate, based on the market value of the Company's shares on the Swiss Stock Exchange (SIX) on December 14, 2011 (i.e. CHF 85.65 per share) ("the RSU Awards 2011"). The RSU Awards 2011 contain two vesting conditions to be met:
a) the participants must be employed by the Company from January 1, 2011 until January 1, 2013 and
b) the average price of the Company's shares on the SIX for the ten previous trading days to January 1, 2013 must be at least 1% higher than at grant date.

The fair value of the RSU Awards 2011 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 0.7% and a volatility of 42%) upon which the awards were granted. The contractual life of the awards 2011 is two years. The expected volatility reflects assumptions, that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There are no cash settlement alternatives. In 2011, the accrued cost based on a fair value of CHF 55.11 per RSU (2010: CHF 41.26 per RSU) is CHF 9.6 million (2010: CHF 12.0 million) and has been recorded in the income statement against a reserve in equity.

30.2 Treasury Shares

At the beginning of 2011 Dufry hold 289,059 treasury shares with a book value of CHF 28.7 million (2010: 269,134 shares at CHF 18.2 million). During the period the Company distributed to RSU holders 281,362 shares with a value of CHF 27.7 million (2010: 266,810 shares with a value of CHF 18.0 million) and purchased 100,419 shares to CHF 12.5 million (2010: 286,735 to CHF 28.5 million). At the end of the year Dufry hold 108,116 treasury shares with a book value of CHF 13.5 million.

31. Breakdown of transactions with non-controlling interests

31.1 Changes in participations of non-controlling interests

Recognized in equity attributable to non-controlling interests:

IN MILLIONS OF CHF	2011	2010
Founding of Shanghai Huaihai Dufry Trading Co. Ltd with 50% non-controlling interest	0.7	–
Increase in the non-controlling interests of several subsidiaries of the Hudson Group	1.7	5.6
Merger with Dufry South America Limited	–	(117.6)
Acquisition of 49% interest in the Global Retail Services Group	–	(1.6)
Other	(0.4)	(1.9)
Total	**2.0**	**(115.5)**

31.2 Equity reserve for transactions with non-controlling interests

Recognized in equity attributable to holders of the parent:

IN MILLIONS OF CHF	2011	2010
Balance at the beginning of the year	(513.2)	–
Changes from transactions with non-controlling interests:		
Merger with Dufry South America Ltd	–	(511.8)
Acquisition of 49% interest in the Global Retail Services Group	–	(1.2)
Other	–	(0.2)
Balance at the end of the year	**(513.2)**	**(513.2)**

32. Financial debt

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Bank debt	28.5	34.3
Loans	2.1	1.0
Financial debt, short-term	**30.6**	**35.3**
Bank debt	1,525.5	678.8
Loans	4.3	4.3
Financial debt, long-term	**1,529.8**	**683.1**
Total	**1,560.4**	**718.4**
of which are:		
Bank debt	1,554.0	713.1
Loans payable	6.4	5.3

During Q3 2011, Dufry acquired several companies in South and Central America and Armenia and financed these transactions with an additional syndicated credit facility of CHF 763.7 million (USD 1,000.0 million).

Bank debt:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Loans denominated in:		
US Dollar	1,475.6	456.5
Swiss Franc	30.4	172.5
Euro	56.7	88.6
Other currencies	12.2	11.9
Subtotal	**1,574.9**	**729.5**
Deferred bank arrangement fees	(20.9)	(16.4)
Total	**1,554.0**	**713.1**

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

At December 31, 2011 the Group's main credit facilities amounted to CHF 602.8 million and USD 1,435.0 million (2010: CHF 687 million and USD 435 million).

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

The facilities consist of three term loans and one revolving credit facility.
- The first term loan includes an amortization schedule and was reduced by CHF 87.9 million during 2011 (CHF 82.3 million in 2010) in accordance with the credit agreement. The term loan is scheduled to be fully repaid in August 2013.
- The second term loan as well as the revolving credit facility is structured with a bullet repayment at the expiry of the contract in August 2013.
- Finally the new term loan entered into in August 2011 includes an amortization schedule with repayments scheduled between August 2014 and August 2016.

During 2010 and 2011, Dufry complied with the financial covenants and conditions contained in the bank credit agreements. The agreements contain covenants and conditions customary to this type of financing.

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2011 the overall weighted average interest rate was 2.5% (2010: 2.0%), consisting of USD borrowings at 2.5% (2010: 2.0%), EUR borrowings at 3.2% (2010: there was no draw down in EUR) and CHF borrowings at 1.9% (2010: 1.7%).

In addition the operations in the Caribbean (Duty Free Caribbean Ltd, Emeralds Distributors Ltd, Young Caribbean Jewelers Distributors Ltd and CEI Barbados Ltd) maintain credit facilities from the First Caribbean International Bank for an amount of USD 23.3 million (2010: USD 14.8 million) which are guaranteed with their respective fixed and floating assets.

Hedge of net investments in foreign operations

At December 31, 2011 an amount of USD 707.3 million (December 31, 2010: USD 243.0 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. and Duty Free Ecuador SA.

Additionally, Dufry granted the following long-term loans to subsidiaries, which have been designated as hedge in net investment:

IN MILLIONS	CURRENCY	31.12.2011	31.12.2010
Subsidiary:			
Dufry America Holding Inc. (USD)	USD	20.4	21.5
Dufry Mexico SA de CV	USD	52.5	–
Dufry Hispanosuiza SL	EUR	5.1	–

The Group uses the above hedges to reduce the translation risk.

At December 31, 2011, a loss in the amount of CHF 82.7 million (2010: gain of CHF 20.9 million) was recognized in other comprehensive income to compensate corresponding movements in the translation reserve.

33. Provisions

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2011	**–**	**1.8**	**0.4**	**3.2**	**0.1**	**5.5**
Business combinations	30.0	–	–	0.1	1.4	31.5
Charge for the year	–	3.2	–	0.1	2.8	6.1
Utilized	–	–	(0.4)	(0.3)	(0.1)	(0.8)
Unused amounts reversed	–	–	–	(0.1)	(2.7)	(2.8)
Currency translation adjustment	6.7	(0.1)	–	–	0.5	7.1
Balance at December 31, 2011	**36.7**	**4.9**	**–**	**3.0**	**2.0**	**46.6**
Thereof:						
current	–	4.9	–	0.2	2.0	7.1
non-current	36.7	–	–	2.8	–	39.5
Balance at January 1, 2010	**–**	**1.8**	**–**	**3.5**	**0.3**	**5.6**
Charge for the year	–	0.3	0.4	0.2	0.1	1.0
Utilized	–	–	–	(0.2)	(0.2)	(0.4)
Unused amounts reversed	–	–	–	–	–	–
Currency translation adjustment	–	(0.3)	–	(0.3)	(0.1)	(0.7)
Balance at December 31, 2010	**–**	**1.8**	**0.4**	**3.2**	**0.1**	**5.5**
Thereof:						
current	–	1.8	0.4	0.1	0.1	2.4
non-current	–	–	–	3.1	–	3.1

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

Contingent liabilities

Different contingent liabilities with a fair value of CHF 30 million at the date of acquisition were determined during the due diligence process made for the acquisition of the companies in South and Central America and Asia. IFRS 3 Business combinations requires to reflect these liabilities with uncertain amount in the statement of financial position although the risk exposure for some of these positions has been regarded as medium or low. The identified risks include a variety of potential liabilities from past periods, mainly related to the import and sale of merchandise by entities under common control or regarding contributions owed based on the contractual situation of employees. As the identified risks implied in these contingent liabilities is subject to interpretations and uncertainties in the respective regulations the management made an estimation of the fair value.

Labor disputes

The provision of CHF 3.0 million (2010: CHF 3.2 million) relates mainly to claims presented by sales staff due to the termination of temporary labor contracts in Brazil.

Law suits and duties

The CHF 4.9 million (2010: CHF 1.8 million) provision covers uncertainties related to the outcome of several law suits in relation to taxes, duties or other claims in several countries. In 2011 the increase relates to cases in Brazil, Tunisia and Côte d'Ivoire. These claims are subject to arbitration where the final outcome can take several years. No cases were settled in 2011.

The expected timing of the related cash outflows of non-current provisions as of December 31, 2011 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOWS
2013	0.1
2014	15.0
2015	0.1
2016+	24.3
Total non-current	**39.5**

34. Post-employment benefit obligations

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

34.1 Switzerland

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

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

Net pension costs:

IN MILLIONS OF CHF	2011	2010
Current service costs	(1.8)	(1.5)
Past service costs	–	–
Interest costs	(0.9)	(0.7)
Net actuarial loss recognized in year under §92 ff.	(0.1)	–
Expected return on plan assets	1.0	0.9
Pension expenses	**(1.8)**	**(1.3)**

The total of the pension expenses of the Group is included in personnel expenses (retirement benefits). The actual return of plan assets in 2011 was a gain of CHF 0.29 million (2010: CHF 0.71 million).

In 2012, Dufry expects to contribute CHF 2.0 million to this defined benefit pension plan.

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

The principal assumptions for the actuarial computation are as follows:

IN %	2011	2010
Discount rates	2.25%	2.50%
Expected return on plan assets	3.00%	3.25%
Future salary increases	1.50%	1.50%
Future pension increases	1.00%	1.00%
Average retirement age (in years)	64	64

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

Funded status:

IN MILLIONS OF CHF	2011	2010
Fair value of plan assets at beginning of period	31.7	22.5
Expected return	0.9	0.9
Contributions paid by employer	2.0	1.7
Contributions paid by employees	1.2	1.0
Benefits paid	1.0	5.8
Expected fair value of plan assets at end of period	**36.8**	**31.9**
Actuarial gains/(losses)	(0.7)	(0.2)
Fair value of plan assets at end of period	**36.1**	**31.7**
Defined benefit obligation (PBO) at beginning of period	35.2	24.2
Current service costs	1.8	1.5
Contributions paid by employees	1.2	1.0
Interest costs	0.9	0.7
Benefits paid	1.0	5.8
Expected defined benefit obligation at end of period	**40.1**	**33.2**
Actuarial loss (gain) on obligation	3.4	2.0
Defined benefit obligation (PBO) at end of period	**43.5**	**35.2**
Funded status	(7.4)	(3.5)
Unrecognized actuarial loss (gain)	8.3	4.2
Net asset in balance sheet	**0.9**	**0.7**

Reconciliation to the consolidated statement of financial position

The movement in the pension liability is recognized in other non-current assets of the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	2011	2010
Net asset at beginning of period	0.7	0.3
Pension expenses	(1.8)	(1.3)
Contributions paid by employer	2.0	1.7
Net asset at end of period	**0.9**	**0.7**

Amounts for the current and previous periods are as follows:

IN MILLIONS OF CHF	2011	2010	2009	2008	2007
Defined benefit obligation (PBO)	43.5	35.2	24.2	22.2	18.3
Plan assets	36.1	31.7	22.5	19.1	19.2
(Deficit) surplus	**(7.4)**	**(3.5)**	**(1.7)**	**(3.1)**	**0.9**
Experience adjustments on plan liabilities	1.3	(1.6)	(0.1)	(0.1)	0.2
Effect of changes in actuarial assumptions on plan liabilities	2.1	(3.5)	–	1.9	0.8
Experience adjustments on plan assets	(0.7)	(0.2)	1.4	(2.7)	(0.5)

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

IN %	2011	2010	2009	2008	2007
Shares	24%	25%	24%	19%	27%
Bonds	44%	44%	46%	50%	45%
Rented properties	26%	25%	26%	26%	23%
Other	6%	6%	4%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

34.2 Italy and other countries

Post-employment benefit obligations:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Italy	4.6	5.2
Other countries	1.4	1.2
Total	**6.0**	**6.4**

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

IN %	31.12.2011	31.12.2010
Discount rate	4.5%	4.5%
Expected salary increase	3.0%	3.0%
Inflation rate	2.0%	2.0%

35. Other liabilities

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Concession fee payables	71.5	67.2
Personnel payables	62.0	50.7
Other service related vendors	54.3	34.5
Sales tax and other taxes	23.3	14.6
Payables for capital expenditure (see note 20/22)	23.3	26.8
Interest payables	11.2	4.2
Payables for acquisitions	5.4	8.5
Payables to local business partners	5.2	6.2
Accrued liabilities	4.2	7.1
Financial derivative liabilities	1.8	2.3
Other payables	4.7	10.1
Total	**266.9**	**232.2**
Thereof :		
non-current liabilities	11.3	9.6
current liabilities	255.6	222.6
Total	**266.9**	**232.2**

Other current liabilities comprise of current or renewable liabilities due within one year.

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 2011, goods from the following related parties: Hudson Wholesale for CHF 23.2 million (2010: CHF 37.4 million), from Hudson RPM CHF 4.6 million (2010: CHF 5.4 million) and finished his relationship with MDI (2010: CHF 2.2 million). The purchase prices used in these transactions were at arm's length. At December 31, 2011, the Dufry Group had open invoices with the following related parties: Hudson Wholesale CHF 2.4 million (2010: CHF 2.2 million) and with Hudson RPM CHF 0.5 million (2010: CHF 0.5 million).

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

In 2011, the Company operates shops at the international airport in Mexico City under concession agreement with Fumisa. During 2011 Fumisa charged CHF 16.2 million (2010: CHF 22.5 million) to the Company in concept of rent, and Dufry has advanced to Fumisa CHF 4.2 million (2010: CHF 4.2 million) as prepaid rent.

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aerodom. According to these agreements, Inversiones Tunc SA compensated through monthly rental fees the right to use the commercial areas leased to them by Aerodom. In 2011, the total sales based rent for Inversiones Tunc SA amounted to CHF 5.1 million (2010: CHF 4.5 million).

On January 15, 2010 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aerodom agreed to provide during two years air transport services to Dufry for at least USD 2.1 million per year. During 2011 Dufry received services for CHF 2.6 million (2010: CHF 1.9 million).

On June 14, 2011 Dufry International AG purchased back the usufruct right granted to Gestione Spazi Attrezzati Srl (GSA) which permitted the benefits of share ownership, including the receipt of dividends on 10% of the shares of Dufry Shop Finance Srl, which otherwise would have expired in May 4, 2041 for EUR 4.5 million. After this transaction GSA keeps the usufruct right acquired in 2002, on 6% of the shares of Dufrital SpA, which are held by Dufry Shop Finance Srl. Upon expiration of these rights in May-41 GSA shall be entitled to receive 6% of the undistributed retained earnings of Dufrital SpA. GSA is a company controlled by Mr. Dante Marro, Chief Operating Officer of region Europe and member of the Group Executive Committee of the Company. In 2011, no charge (2010: CHF 0.5 million) was recognized as usufruct in the income statement.

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

In 2011 the remuneration for the Board members was CHF 1.4 million (2010: CHF 0.9 million). In addition Mr. Xavier Bouton (member) received CHF 0.3 million (2010: CHF 0.3 million) for strategic consulting services provided to the Group.

In 2011 the total compensation to members of the Group Executive Committee recognized in personnel expenses and including all short-term employee benefits was CHF 15.7 million (2010: CHF 14.6 million). This amount includes: a) 181,541 stock options (RSU's) of the biannual award 2011 (2010: 142,750 RSU's of the annual award 2010) of Dufry AG, b) a cash compensation of CHF 8.8 million (2010: CHF 7.3 million), c) employer's contribution to the pension and other post-employment benefits of CHF 2.0 million (2010: CHF 1.5 million). The expenses accrued in relation to the restricted stock unit plan 2011 (biannual) was CHF 5.0 million (2010: CHF 5.9 million) and is included in the short-term employee benefits mentioned above.

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

37. Commitments and Contigencies

Guarantee commitments

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires use to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings. The Group or their subsidiaries have granted these guaranties regarding the performance of the above mentioned long-term contracts directly or through third parties. As per December 31, 2011 and December 31, 2010, no request for fulfillment of such contingent liabilities was pending.

Some of these long-term concession agreements Dufry has entered into include clauses to prevent the early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when such operation presents a non-profitable outlook. In this event a provision based on the present value of the future net cash flows needs to be created. At the reporting date of 2011 and 2010 no such onerous concession exists.

Contingent liabilities

The group has recognized a provision for a contingent liability of CHF 36.7 million as of December 31, 2011 in the course of the acquisition of the companies in South and Central America and Asia. Refer to note 6 business combinations for additional information.

38. Financial instruments

38.1 Capital risk management

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

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

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

No changes were made in the objectives, policies or processes during 2011 or 2010.

The Group monitors capital using a combination of ratios; including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing the Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations. Capital includes ordinary shares, equity attributable to the equity holders of the parent less hedge reserve for unrealized gain on net investment and other equity-linked or equity-like instruments.

38.1.1 Gearing ratio

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

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Cash and cash equivalents	(199.1)	(80.6)
Financial debt, short-term	30.6	35.3
Financial debt, long-term	1,529.8	683.1
Net debt	**1,361.3**	**637.8**
Equity attributable to equity holders of the parent	870.0	733.7
Translation reserve, hedging and revaluation reserves[1]	(26.5)	(98.2)
Total capital	**843.5**	**635.5**
Gearing ratio	**61.7%**	**50.1%**

[1] This position is included in the translation reserves (CHF 27.4 million) as well as in the hedging and revaluation reserves (–CHF 0.9 million) in the statement of changes in equity

The Group did not hold collateral of any sort at the reporting date.

Significant accounting policies:
Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

38.2 Categories of financial instruments

At December 31, 2011

IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL[1]	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS[2]	TOTAL
Cash and cash equivalents	199.1	–	–	199.1	–	199.1
Trade and credit card receivables	47.0	–	–	47.0	–	47.0
Other accounts receivable	52.0	0.4	–	52.4	74.9	127.3
Other non-current assets	33.3	–	–	33.3	4.5	37.8
Total	**331.4**	**0.4**	**–**	**331.8**		

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

At December 31, 2010

IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL[1]	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS[2]	TOTAL
Cash and cash equivalents	80.6	–	–	80.6	–	80.6
Trade and credit card receivables	50.8	–	–	50.8	–	50.8
Other accounts receivable	40.0	0.4	–	40.4	64.5	104.9
Other non-current assets	36.2	–	–	36.2	2.2	38.4
Total	**207.6**	**0.4**	**–**	**208.0**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTOCI[2]	at FVTPL[1]	Subtotal	NON-FINANCIAL LIABILITIES[3]	TOTAL
Trade payables	203.9	–	–	203.9	–	203.9
Financial debt, short-term	35.3	–	–	35.3	–	35.3
Other liabilities	198.6	2.2	0.1	200.9	21.7	222.6
Financial debt, long-term	683.1	–	–	683.1	–	683.1
Other non-current liabilities	9.4	–	–	9.4	0.2	9.6
Total	**1,130.3**	**2.2**	**0.1**	**1,132.6**		

[1] Financial assets and liabilities at fair value through income statement;
[2] Financial liabilities at fair value through other comprehensive income
[3] Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

38.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2011

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

Financial Liabilities at December 31, 2011

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

Net financial assets and liabilities at December 31, 2011

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

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

[2] This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

Financial Assets at December 31, 2010

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
Interest income (expenses)	4.3	–		4.3
Other finance income (expenses)	0.5	–	–	0.5
From interest	**4.8**	**–**	**–**	**4.8**
Fair values gain (loss)	–	0.4	–	0.4
Foreign exchange gain (loss) [1]	(67.5)	–	–	(67.5)
Impairments/allowances [2]	(1.9)	–	–	(1.9)
Total – from subsequent valuation	**(69.4)**	**0.4**	**–**	**(69.0)**
Net income	**(64.6)**	**0.4**	**–**	**(64.2)**

Financial Liabilities at December 31, 2010

IN MILLIONS OF CHF	AT AMORTIZED COSTS	AT FVTOCI	AT FVTPL	TOTAL
Interest income (expenses)	(36.4)	–	–	(36.4)
Other finance income (expenses)	(0.5)	–	–	(0.5)
From interest	**(36.9)**	**–**	**–**	**(36.9)**
Fair values gain (loss)	–	–	(0.1)	(0.1)
Foreign exchange gain (loss) [1]	67.5	–	–	67.5
Impairments/allowances [2]	–	–	–	–
Total – from subsequent valuation	**67.5**	**–**	**(0.1)**	**67.4**
Net income	**30.6**	**–**	**(0.1)**	**30.5**

Net financial assets and liabilities at December 31, 2010

IN MILLIONS OF CHF	FINANCIAL ASSETS	FINANCIAL LIABILITIES	NET
Interest income (expenses)	4.3	(36.4)	(32.1)
Other finance income (expenses)	0.5	(0.5)	–
From interest	**4.8**	**(36.9)**	**(32.1)**
Fair values gain (loss)	0.4	(0.1)	0.3
Foreign exchange gain (loss) [1]	(67.5)	67.5	–
Impairments / allowances [2]	(1.9)	–	(1.9)
Total – from subsequent valuation	**(69.0)**	**67.4**	**(1.6)**
Net income	**(64.2)**	**30.5**	**(33.7)**

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

38.3 Financial risk management objectives

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

Dufry continuously monitors the market risk, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and capital risk. 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 to enter or trade financial instruments for speculative purposes.

38.4 Market risk

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the 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 interest rate swaps and foreign currency forward contracts for hedging purposes.

38.5 Interest rate risk management

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, 2011.

At December 31, 2011

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
Foreign exchange forward contracts and options	67.5	0.5	0.8
Interest rate related instruments [1]	280.6	–	1.0
Total		**0.5**	**1.8**

At December 31, 2010

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
Foreign exchange forward contracts and options	12.2	0.4	0.1
Interest rate related instruments [1]	280.6	–	2.2
Total		**0.4**	**2.3**

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

38.6 Foreign currency risk management

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

38.6.1 Foreign currency sensitivity analysis

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

Foreign currency exposure at December 31, 2011:

IN MILLIONS OF CHF	USD	EURO	BRL	OTHER	TOTAL
Monetary assets	983.5	121.7	15.7	43.1	1,164.0
Monetary liabilities	1,591.3	143.7	53.5	65.2	1,853.7
Net exposure before hedging	**(607.8)**	**(22.0)**	**(37.8)**	**(22.1)**	**(689.7)**
Hedging	634.4	(5.1)	–	–	629.3
Net exposure after hedging	**26.6**	**(27.1)**	**(37.8)**	**(22.1)**	**(60.4)**

Foreign currency exposure at December 31, 2010:

IN MILLIONS OF CHF	USD	EURO	BRL	OTHER	TOTAL
Monetary assets	494.2	115.0	38.2	39.9	687.3
Monetary liabilities	683.9	142.8	43.8	17.8	888.3
Net exposure before hedging	**(189.7)**	**(27.8)**	**(5.6)**	**22.1**	**(201.0)**
Hedging	222.1	–	–	–	222.1
Net exposure after hedging	**32.4**	**(27.8)**	**(5.6)**	**22.1**	**21.1**

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

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

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

IN MILLIONS OF CHF	31.12.2011	31.12.2010
Net earnings – profit (loss) of USD	0.5	(5.2)
Other comprehensive income – profit (loss) of USD	29.8	14.7
Net earnings – profit (loss) of Euro	1.4	1.4
Other comprehensive income – profit (loss) of EUR	(0.3)	–

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2011	31.12.2010
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	1,164.0	687.3
less intercompany financial assets in foreign currencies	(1,097.0)	(626.6)
Third party financial assets held in foreign currencies	67.0	60.7
Third party financial assets held in reporting currencies	264.8	147.3
Total third party Financial Assets [1]	**331.8**	**208.0**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	1,853.7	888.3
less intercompany financial liabilities in foreign currencies	(113.0)	(115.2)
Third party financial liabilities held in foreign currencies	1,740.7	773.1
Third party financial liabilities held in reporting currencies	359.7	359.5
Total third party Financial Liabilities [1]	**2,100.4**	**1,132.6**

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

38.6.2 Forward foreign exchange contracts at fair value

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

As at December, 2011 the Group had open contracts with a notional value of CHF 67.5 million (2010: CHF 12.2 million). The loss of CHF 0.3 million (2010: CHF 0.3 million) resulting from the subsequent valuation at fair values is included as foreign exchange gain/(loss) in the income statement to compensate corresponding foreign exchange positions in the opposite direction.

38.7 Interest rate risk management

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

38.7.1 Interest rate sensitivity analysis

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

If interest rates had been 100 basis points higher whereas all other variables were held constant, the Group's net earnings for the year 2011 would decrease by CHF 7.4 million (2010: decrease by CHF 6.5 million).

38.7.2 Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the interest rate curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

During the second quarter of 2010 the Group entered into a payer swap agreement with a notional value of USD 300 million which was designated as a cash flow hedge. The net loss of CHF 1.0 million per December 31, 2011 (2010: CHF 2.2 million) resulting from the subsequent valuation at fair value was recorded in other comprehensive income and does not affect the income statement.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

At December 31, 2011

IN MILLIONS OF CHF	AVERAGE CONTRACTED FIXED INTEREST RATE	NOTIONAL PRINCIPAL VALUE	FAIR VALUE ASSETS (LIABILITIES)
Less than 1 year	0.9982%	280.6	1.0
1 to 2 years	–	–	–
Total		**280.6**	**1.0**

At December 31, 2010

IN MILLIONS OF CHF	AVERAGE CONTRACTED FIXED INTEREST RATE	NOTIONAL PRINCIPAL VALUE	FAIR VALUE ASSETS (LIABILITIES)
Less than 1 year	–	–	–
1 to 2 years	0.9982%	280.6	2.2
Total		**280.6**	**2.2**

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

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

38.7.3 Allocation of financial assets and liabilities to interest classes

At December 31, 2011

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

At December 31, 2010

	IN %		IN MILLIONS OF CHF				
	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest Rate	Total interest bearing	Non-interest bearing	TOTAL
Cash and cash equivalents	0.7%	2.4%	49.0	3.2	52.2	28.4	80.6
Trade and credit card receivables			–	–	–	50.8	50.8
Other accounts receivable		5.8%	–	0.8	0.8	39.6	40.4
Other non-current assets	0.2%	7.2%	2.2	6.4	8.6	27.6	36.2
Financial assets			**51.2**	**10.4**	**61.6**	**146.4**	**208.0**
Trade payables			–	–	–	203.9	203.9
Financial debt, short-term	2.1%	5.0%	33.0	2.3	35.3	–	35.3
Other liabilities		6.8%	–	3.3	3.3	197.6	200.9
Financial debt, long-term	3.0%	4.4%	678.7	4.4	683.1	–	683.1
Other non-current liabilities		7.3%	–	6.1	6.1	3.3	9.4
Financial liabilities			**711.7**	**16.1**	**727.8**	**404.8**	**1,132.6**
Net financial liabilities			**660.5**	**5.7**	**666.2**	**258.4**	**924.6**

38.8 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 subtenants of concessions or holders of minority interests.

The credit risk on liquid funds and derivative financial instruments relates to financial institutions with high credit-ratings. The Group does not expect defaults from non-performance of these counterparties.

38.8.1 Maximum credit risk

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

38.9 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 credit facilities with highly rated financial institutions. (See note 32).

38.9.1 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 be required to pay). The tables include principal and interest cash flows.

At December 31, 2011

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

At December 31, 2010

IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	80.6	–	–	–	80.6
Trade and credit card receivables	50.8	–	–	–	50.8
Other accounts receivable	39.1	0.8	0.1	–	40.0
Other non-current assets	–	–	0.4	38.3	38.7
Total cash inflows	**170.5**	**0.8**	**0.5**	**38.3**	**210.1**
Trade payables	203.9	–	–	–	203.9
Financial debt, short-term	35.3	–	–	–	35.3
Other liabilities	192.3	4.0	1.9	0.9	199.1
Financial debt, long-term	44.4	44.4	177.8	433.0	699.6
Other non-current liabilities	–	–	–	9.4	9.4
Total cash outflows	**475.9**	**48.4**	**179.7**	**443.3**	**1,147.3**

38.9.2 Remaining maturities for derivative financial instruments

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

At December 31, 2011

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

At December 31, 2010

IN MILLIONS OF CHF	LESS THAN 3 MONTHS	3–6 MONTH	6 MONTHS TO 1 YEAR	1 YEAR +
Net settled:				
interest rate swaps	(0.5)	–	(1.3)	(0.3)
foreign exchange forward contracts	–	–	–	–
Gross settled:				
foreign exchange forward contracts	0.3	0.1	–	–
Total	**(0.2)**	**0.1**	**(1.3)**	**(0.3)**

38.10 Fair value of financial instruments

38.10.1 Fair value of financial instruments carried at amortized cost

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

	31.12.2011		31.12.2010	
IN MILLIONS OF CHF	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Loans and receivables:				
credit card receivables	24.1	23.8	38.5	38.0

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

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

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

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

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

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

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

At December 31, 2011

IN THOUSANDS OF CHF	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS MEASURED AT FAIR VALUE [1]				
Foreign exchange related derivative financial instruments	–	0.5	–	0.5
Interest rate related derivative financial instruments	–	–	–	–
Total	**–**	**0.5**	**–**	**0.5**
LIABILITIES MEASURED AT FAIR VALUE [2]				
Foreign exchange related derivative financial instruments	–	0.8	–	0.8
Interest rate related derivative financial instruments	–	1.0	–	1.0
Total	**–**	**1.8**	**–**	**1.8**

At December 31, 2010

IN THOUSANDS OF CHF	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS MEASURED AT FAIR VALUE [1]				
Foreign exchange related derivative financial instruments	–	0.4	–	0.4
Interest rate related derivative financial instruments	–	–	–	–
Total	**–**	**0.4**	**–**	**0.4**
LIABILITIES MEASURED AT FAIR VALUE [2]				
Foreign exchange related derivative financial instruments	–	0.1	–	0.1
Interest rate related derivative financial instruments	–	2.2	–	2.2
Total	**–**	**2.3**	**–**	**2.3**

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

During the years ended December 31, 2011 and 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

39. Events after reporting date

On January 10, 2012 Dufry expanded its presence at Sheremetyevo Airport in Moscow, Russia by taking control (51% of the issued shares) of Regstaer Sheremetjevo Duty Free, a local travel retail operator for a total consideration of CHF 46.9 million. In 2011 this operation generated a turnover of about USD 60 million. The Group is in the process of preparing a purchase price allocation as to determine the fair values involved in this transaction. The estimated transaction costs are CHF 0.9 million.

The acquired business complements the existing operations at site and adds 1,200 square meters in nine duty free shops across several terminals of the airport. Synergies are expected to be achieved among others when Dufry integrates the 200 Regstaer employees into its local organization, introduces the standard corporate procedures and incorporates these shops to its global supply chain. In 2011 Sheremetyevo International Airport was the second busiest airport in Russia with 14 million international passengers. It is also one of the fastest growing airports in Europe and recorded a passenger growth of close to 20% in the last twelve months.

40. MOST IMPORTANT AFFILIATED COMPANIES

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31, 2011	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
EUROPE						
Dufry International Ltd	Basel	Switzerland	H	100	1,000	CHF
Dufry Holdings & Investments Ltd	Basel	Switzerland	H	100	1,000	CHF
Dufry Basel-Mulhouse Ltd	Basel	Switzerland	R	100	100	CHF
Dufry Samnaun Ltd	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Cid Italia SpA	Milan	Italy	R	60	208	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	3,491	EUR
Dufry Hellas Ltd	Athens	Greece	R	99	147	EUR
AFRICA						
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
Dufry & G.T.D.C. Ltd	Accra	Ghana	R	63	413	USD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry Côte d'Ivoire SA	Abidjan	Ivory Coast	R	100	2,810	EUR
EURASIA						
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Dufry Singapore Pte. Ltd.	Singapore	Singapore	R	100	13,300	SGD
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	19,497	CNY
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD
CENTRAL AMERICA & CARIBBEAN						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,000	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Duty Free Caribbean Ltd	Bridgetown	Barbados	R	60	5,000	USD
Flagship Retail Services Inc.	Charlestown	St. Kitts & Nevis	R	100	0	USD
Colombian Emeralds International Ltd	Castries	St. Lucia	R	60	0	USD

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31. 2011	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
SOUTH AMERICA						
Interbaires S.A.	Buenos Aires	Argentina	R	100	293	USD
Navinten S.A.	Montevideo	Uruguay	R	100	126	USD
Duty Free Ecuador S.A.	Guayaquil	Ecuador	R	100	401	USD
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
EMAC Comercio Importaçao Ltda	Rio de Janeiro	Brazil	R	100	0	BRL
NORTH AMERICA						
Dufry America, Inc.	Miami	USA	H	100	5	USD
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
AMS-CV Newark, JV	Newark	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
Hudson News O´Hare, JV	Springfield	USA	R	70	0	USD
Hudson Retail-Neu News JV	New York	USA	R	80	0	USD
JFK Air Ventures	New York	USA	R	80	0	USD
National Air Ventures	Dallas	USA	R	70	0	USD
Seattle Air Ventures	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 Group Canada, Inc.	Vancouver	Canada	R	100	0	CAD
DISTRIBUTION CENTERS						
Dufry Travel Retail Ltd	Basel	Switzerland	D	100	5,000	CHF
Dufry America Services, Inc.	Miami	USA	D	100	398	USD
International Operations and Services Corp.	Montevideo	Uruguay	D	100	50	USD
Eurotrade Corporation (II) Limited	Nassau	Bahamas	D	100	5,580	USD

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To the General Meeting of

Dufry AG, Basel

Basel, 6 March 2012

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dufry AG, Basel, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 82 to 155), for the year ended 31 December 2011.

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

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

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

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2

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 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (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

D.Haldimann

Patrick Fawer
Licensed audit expert
(Auditor in charge)

David Haldimann
Licensed audit expert

FINANCIAL STATEMENTS DUFRY AG

Income statement

for the year ended December 31, 2011

IN THOUSANDS OF CHF	2011	2010
Dividend income	–	91,000
Financial income	3,216	17,622
Management and franchise fee income	12,000	11,380
Total income	**15,216**	**120,002**
Personnel expenses	12,664	24,004
General and administrative expenses	3,731	3,484
Management and franchise fee expenses	11,851	9,096
Amortization of intangibles	5,755	–
Transaction and project costs	(2,638)	22,424
Financial expenses	8,450	5,865
Taxes	612	632
Total expenses	**40,425**	**65,505**
Net earnings (loss)	**(25,209)**	**54,497**

Statement of financial position

at December 31, 2011

Assets

IN THOUSANDS OF CHF	NOTE	31.12.2011	31.12.2010
Cash and cash equivalents		9	39
Marketable securities	4	9,494	36,948
Receivables intercompany		84,504	267,135
Receivables – related party		2	–
Receivables – third party		49	77
Other current assets		1	26
Current assets		**94,059**	**304,225**
Investments	1	1,074,449	1,185,228
Intangible assets		105,025	–
Non-current assets		**1,179,474**	**1,185,228**
Total assets		**1,273,533**	**1,489,453**

Liabilities and shareholders' equity

IN THOUSANDS OF CHF	NOTE	31.12.2011	31.12.2010
Payables – intercompany		51,291	243,311
Payables – related party		367	280
Payables – third party		340	1,082
Bank debt		29,134	–
Other current liabilities		13,147	40,317
Current liabilities		**94,279**	**284,990**
Total liabilities		**94,279**	**284,990**
Share capital	3	134,881	134,881
Legal reserves			
Share premium (capital contribution reserves)		972,734	975,061
General reserves		5,927	3,600
Reserve for treasury shares		13,485	28,704
Available earnings	10	52,227	62,217
Shareholders' equity		**1,179,254**	**1,204,463**
Total liabilities and shareholders' equity		**1,273,533**	**1,489,453**

NOTES TO THE FINANCIAL STATEMENTS

Amounts are expressed in thousands of CHF, except where otherwise indicated.

1. Significant Investments

All investments of Dufry AG are in Switzerland and consist of:

SUBSIDIARY IN THOUSANDS OF CHF	PARTICIPATION	BOOK VALUE 2011	BOOK VALUE 2010	SHARE CAPITAL 2011	SHARE CAPITAL 2010
Dufry International AG	100%	344,673	455,453	1,000	1,000
Dufry Management AG	100%	100	100	100	100
Dufry Corporate AG	100%	100	100	100	100
Dufry Holdings & Investments AG	100%	729,575	729,575	1,000	1,000
Total		**1,074,449**	**1,185,228**		

A dividend of CHF 91,000 approved at the Shareholders' Meeting of Dufry Holdings & Investments AG held on February 11, 2011, has been recognized as financial income of the 2010.

2. Significant shareholders' participation

IN %	31.12.2011	31.12.2010
Group of shareholders consisting of: 1. Travel Retail Investment SCA, Luxembourg 2. Global Retail Group S.àr.l., Luxembourg	22.62%	22.62%
Artio Global Management LLC	7.07%	7.07%
Credit Suisse Group AG	6.81%	4.99%
Skopos Administradora de Recursos Ltda and SkoposInvest Administradora de Recursos International Ltda.	4.43%	4.43%
The Capital Group Companies, Inc. [1]	–	4.21%
Hudson Media Inc., East Rutherford, USA	4.28%	4.28%

[1] This participation fell below the reporting threshold

3. Authorized and conditional share capital

As of December 31, 2011 and December 31, 2010 Dufry AG had a conditional share capital of 567,296 shares or CHF 2,836, and there was no authorized share capital.

On March 22, 2010 the Extraordinary General Shareholders' meeting of Dufry AG approved the increase of registered share capital by CHF 38,811 from CHF 96,070 to CHF 134,881 by the issuance of 7,762,249 registered shares, each with a par value of five Swiss francs. The share capital of CHF 38,811 was settled by a contribution in kind consisting of 4,896 registered shares of Dufry Holdings & Investments AG, Basel with a nominal value of hundred Swiss francs each. The value of the contribution in kind amounted to CHF 604,000.

4. Treasury shares

	NUMBER OF SHARES	IN THOUSANDS OF CHF
At January 1, 2010	**269,134**	**18,662**
Assigned to holders of RSU-awards 2009	(266,810)	(18,501)
Share purchases	286,735	28,539
Revaluation	–	8,248
At December 31, 2010	**289,059**	**36,948**
Assigned to holders of RSU-awards 2010 (see note 3.2)	(281,362)	(35,452)
Share purchases	100,419	12,503
Revaluation	–	(4,505)
At December 31, 2011	**108,116**	**9,494**

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 2011, Dufry AG had no pledged assets. In 2010, Dufry AG presented the shares of Dufry Holdings & Investments AG with a book value of CHF 729,575 as a pledge for the bank facilities of its subsidiary Dufry International AG.

7. Guarantee commitment regarding Swiss Value Added Tax (VAT)

The following companies constitute a group for the Swiss Federal Tax Administration:

Main division VAT:
- DUFRY International AG
- DUFRY Travel Retail AG
- DUFRY Samnaun AG
- DUFRY Participations AG
- DUFRY Russia Holding AG
- DUFRY Basel Mulhouse AG
- DUFRY Management AG
- DUFRY Corporate AG
- DUFRY Holdings & Investments AG
- DUFRY AG

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

8. Compensation, participations and loans to the members of the Board of Directors and the Group Executive Committee

(Disclosure according to Swiss Code of Obligations 663b)

Participations in Dufry AG
The members of the Board of Directors of Dufry AG Juan Carlos Torres Carretero (Chairman), Ernst George Bachrach (Vice Chairman) and Steve Tadler (member) representing the interest of Advent International Corporation and its funds do not hold any shares or share options on December 31, 2011 or December 31, 2010.

On December 31, 2011, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares/number of share options (restricted stock units)/percentage participation in Dufry AG: Mr. James Cohen, Member 1,257,687/0/4.66% (which includes 1,154,677 shares held by Hudson Media, Inc.); Mr. Mario Fontana, Member 10,000/0/0.04%; Mr. Andrés Holzer Neumann, Member 2,262,125/0/8.39% (which includes 2,151,913 shares held by Petrus PTE Ltd); Mr. Joaquin Moya-Angeler Cabrera, Member 13,390/0/0.05%; Mr. Julián Díaz González, Chief Executive Officer 60,100/39,941/0.37%; Mr. Xavier Rossinyol, Chief Financial Officer 45,000/26,400/0.26%; Mr. José Antonio Gea, Global Chief Operating Officer 37,000/26,400/0.24%; Mr. Pascal C. Duclos, General Counsel 0/21,000/0.08%; Mr. Dante Marro, COO Region Europe 0/10,200/0.04%; Mr. Miguel Ángel Martínez, COO Region Africa 8,500/10,200/0.07%; Mr. René Riedi, COO Region Eurasia 1,500/10,200/0.04%; Mr. José H. González, COO Region Central America & Caribbean 0/10,200/0.04%; Mr. José Carlos Costa da Silva Rosa, COO Region South America 2,000/10,200/0.05% and Mr. Joseph DiDomizio, COO Region North America 13,500/16,800/0.11%.

On December 31, 2010, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares / number of share options (restricted stock units) / percentage participation in Dufry AG: Mr. Mario Fontana, Member 3,893 / 0 / 0.01%; Mr. Andrés Holzer Neumann, Member 2,259,125 / 0 / 8.37% (which includes 2,151,913 shares held by Petrus PTE Ltd); Mr. Joaquin Moya-Angeler Cabrera, Member 15,390 / 0 / 0.06%; Mr. James Cohen, Member 1,154,677 / 0 / 4.28% hold through Hudson Media, Inc.; Mr. Julián Díaz González, Chief Executive Officer 39,350 / 33,250 / 0.27%; Mr. Xavier Rossinyol, Chief Financial Officer 23,000 / 22,000 / 0.17%; Mr. José Antonio Gea, Global Chief Operating Officer 35,200 / 22,000 / 0.21%; Mr. Pascal C. Duclos, General Counsel 0 / 17,500 / 0.06%; Mr. Miguel Ángel Martínez, COO Region Africa 5,000 / 8,500 / 0.05%; Mr. René Riedi, COO Region Eurasia 1,500 / 8,500 / 0.04%; Mr. José H. González, COO Region Central America & Caribbean 6,550 / 8,500 / 0.06%; Mr. José Carlos Costa da Silva Rosa, COO Region South America 0 / 8,500 / 0.03% and Mr. Joseph DiDomizio, COO Region North America 9,520 / 14,000 / 0.09%. The remaining members of the Board of Directors or the Group Executive Committee had no participation on December 31, 2010.

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, 2011 and December 31, 2010, respectively.

9. Compensation of members of the Board of Directors and Group Executive Committee

The members of the Board of Directors of Dufry AG Juan Carlos Torres Carretero (Chairman), Ernst George Bachrach (Vice Chairman) and Steve Tadler (member) representing the interest of Advent International Corporation and its funds do not receive any compensation for the years 2011 or 2010.

In 2011 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 1,350.0 (to Mr. Jorge Born, member CHF 150.0; to Mr. Xavier Bouton, member CHF 150.0; to Mr. James Cohen, member CHF 150.0; to Mr. José Lucas Ferreira de Melo, member CHF 150.0; to Mr. Mario Fontana, member CHF 200.0; to Mr. Andrés Holzer Neumann, member CHF 200.0; to Mr. Maurizio Mauro, member CHF 150.0; to Mr. 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 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 2010 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 914 (to Mr. Jorge Born, member CHF 63; to Mr. Xavier Bouton, member CHF 100; to Mr. James Cohen, member CHF 100; to Mr. José Lucas Ferreira de Melo, member CHF 63; to Mr. Mario Fontana, member CHF 175; to Mr. Andrés Holzer Neumann, member CHF 175; to Mr. Maurizio Mauro, member CHF 63; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 175). In addition to these fees Mr. Xavier Bouton received CHF 250 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 55 in total (to Mr. Jorge Born, member CHF 3.8; to Mr. Xavier Bouton, member CHF 6; to Mr. James Cohen, member CHF 6; to Mr. José Lucas Ferreira de Melo, member CHF 3.8; to

Mr. Mario Fontana, member CHF 10.6; to Mr. Andrés Holzer Neumann, member CHF 10.6; to Mr. Maurizio Mauro, member CHF 3.8; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 10.6). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,219 in total (to Mr. Jorge Born, member CHF 67.1; to Mr. Xavier Bouton, member CHF 356.0; to Mr. James Cohen, member CHF 106.0; to Mr. José Lucas Ferreira de Melo, member CHF 67.1; to Mr. Mario Fontana, member CHF 185.6; to Mr. Andrés Holzer Neumann, member CHF 185.6; to Mr. Maurizio Mauro, member CHF 67.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 185.6).

In the years 2011 and 2010 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 2011 the ten members of the Group Executive Committee received the following compensation: i) in cash CHF 8,765 (Basic salary CHF 4,336, bonus CHF 3,647, allowances in kind CHF 782) and ii) as employer's social charges CHF 1,978 and iii) in form of unvested stock options for the biannual award 2011, i.e. for the years 2011 and 2012 181,541 RSU's of Dufry AG (for this purposes fully considered as a compensation 2011), adding up to a total compensation of CHF 20,748. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG, who received a compensation: i) in cash CHF 1,789 (Basic salary CHF 912, bonus CHF 844, allowances in kind CHF 33) and ii) as employer's social charges CHF 513 and iii) in form of unvested stock options for the biannual award 2011, i.e. for the years 2011 and 2012 39,941 RSU's of Dufry AG (for this purposes fully considered as a compensation 2011), adding up to a total compensation of CHF 4,504.

In 2010 the ten members of the Group Executive Committee received the following compensation: i) in cash CHF 7,286 (Basic salary CHF 4,551, bonus CHF 2,237, allowances in kind CHF 498) and ii) as employer's social charges CHF 1,454 and iii) in form of unvested stock options for the annual award 2010, 142,750 RSU's of Dufry AG, adding up to a total compensation of CHF 14,630. These figures Includes the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG, who received a compensation: i) in cash CHF 1,265 (Basic salary CHF 941, bonus CHF 293, allowances in kind CHF 32) and ii) as employer's social charges CHF 342 and iii) in form of unvested stock options for the annual award 2010 33,250 RSU's of Dufry AG, adding up to a total compensation of CHF 2,979.

In the years 2011 and 2010 there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, nor to their related parties and there are also no loans or guarantees received or provided to these members, nor to their related parties.

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

10. Appropriation of available earnings

IN THOUSANDS OF CHF	2011	2010
Retained earnings	62,217	18,272
Movement in legal reserves	15,220	(10,552)
Net earnings (loss) for the year	(25,209)	54,497
Available earnings at December 31	**52,227**	**62,217**
To be carried forward	**52,227**	**62,217**

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To the General Meeting of

Dufry AG, Basel

Basel, 6 March 2012

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, Basel, which comprise the statement of financial position, income statement and notes (pages 158 to 164), for the year ended 31 December 2011.

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.

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2

Opinion
In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

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

D.Haldimann

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

OTHER INFORMATION

Information for investors and media

Ticker details Dufry shares

Listing	SIX Swiss Exchange
Type of security	Registered shares
Ticker symbol	DUFN
ISIN-No.	CH 0 023 405 456
Swiss Security-No.	2 340 545
Reuters	DUFN.S
Bloomberg	DUFN SW

Ticker details Dufry BDR

Listing	BM&FBOVESPA
Type of security	Brazilian Depositary Receipts (BDRs)
Ticker symbol	DAGB11
ISIN-No.	BRDAGBBDR008
Reuters	DUFB11.SA
Bloomberg	DUFB11 BZ

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Key dates in 2012

May 2, 2012	Annual General Meeting
May 3, 2012	Results First Quarter 2012
July 30, 2012	Results First Half Year 2012
November 5, 2012	Results First Nine Months 2012

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This Annual Report contains certain forward-looking statements, which can be identified by terms like "believe", "assume", "expect" or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. All forward-looking statements are based only on data available to Dufry at the time of preparation of this Annual Report. Dufry does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

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