DUFRY ANNUAL REPORT 2013

ANNUAL REPORT 2013
CONTENT

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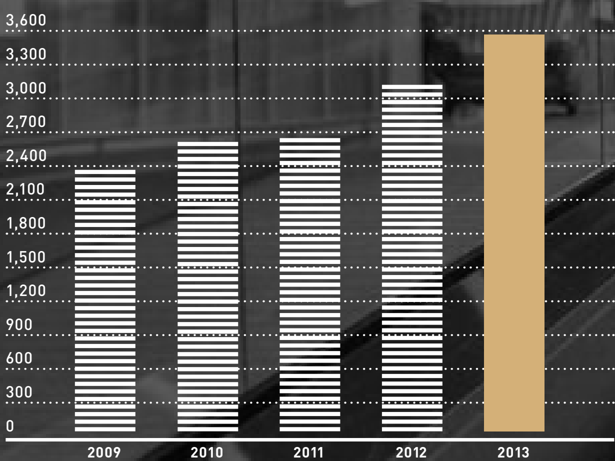
DUFRY
AT A GLANCE

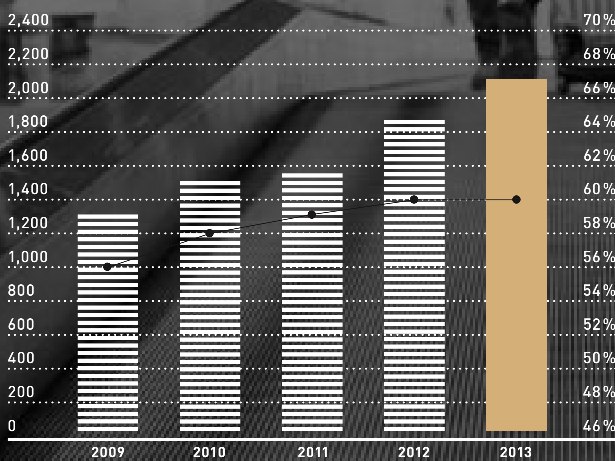
TURNOVER

IN MILLIONS OF CHF



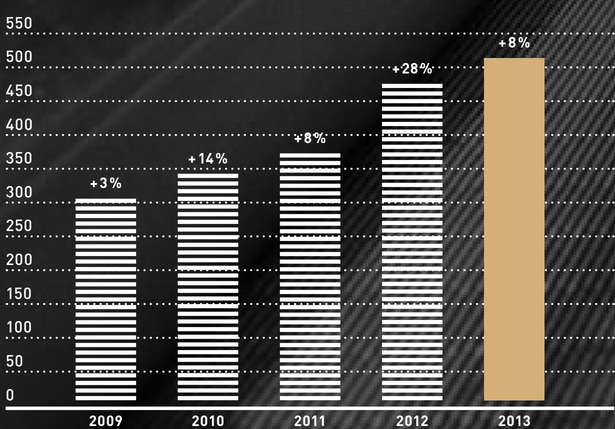
GROSS PROFIT

IN MILLIONS OF CHF — MARGIN



EBITDA[1]

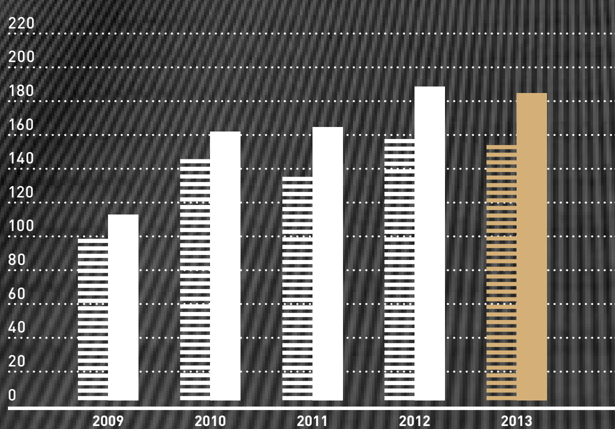
IN MILLIONS OF CHF



[1] EBITDA before other operational result

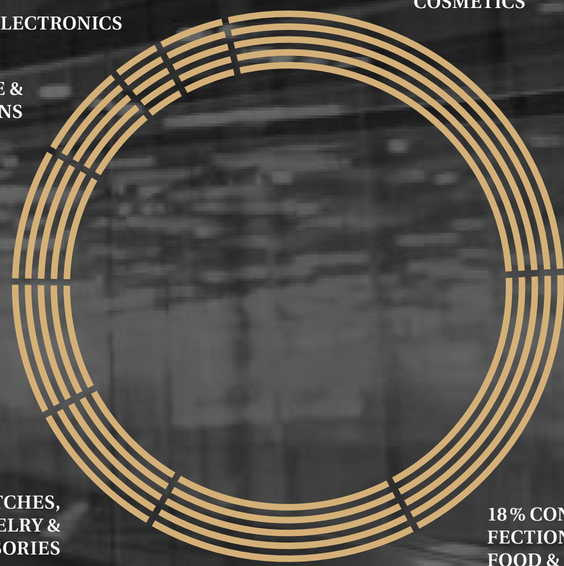
NET EARNINGS

IN MILLIONS OF CHF



Adjusted net earnings without other operational result

NET SALES BY PRODUCT CATEGORY 2013

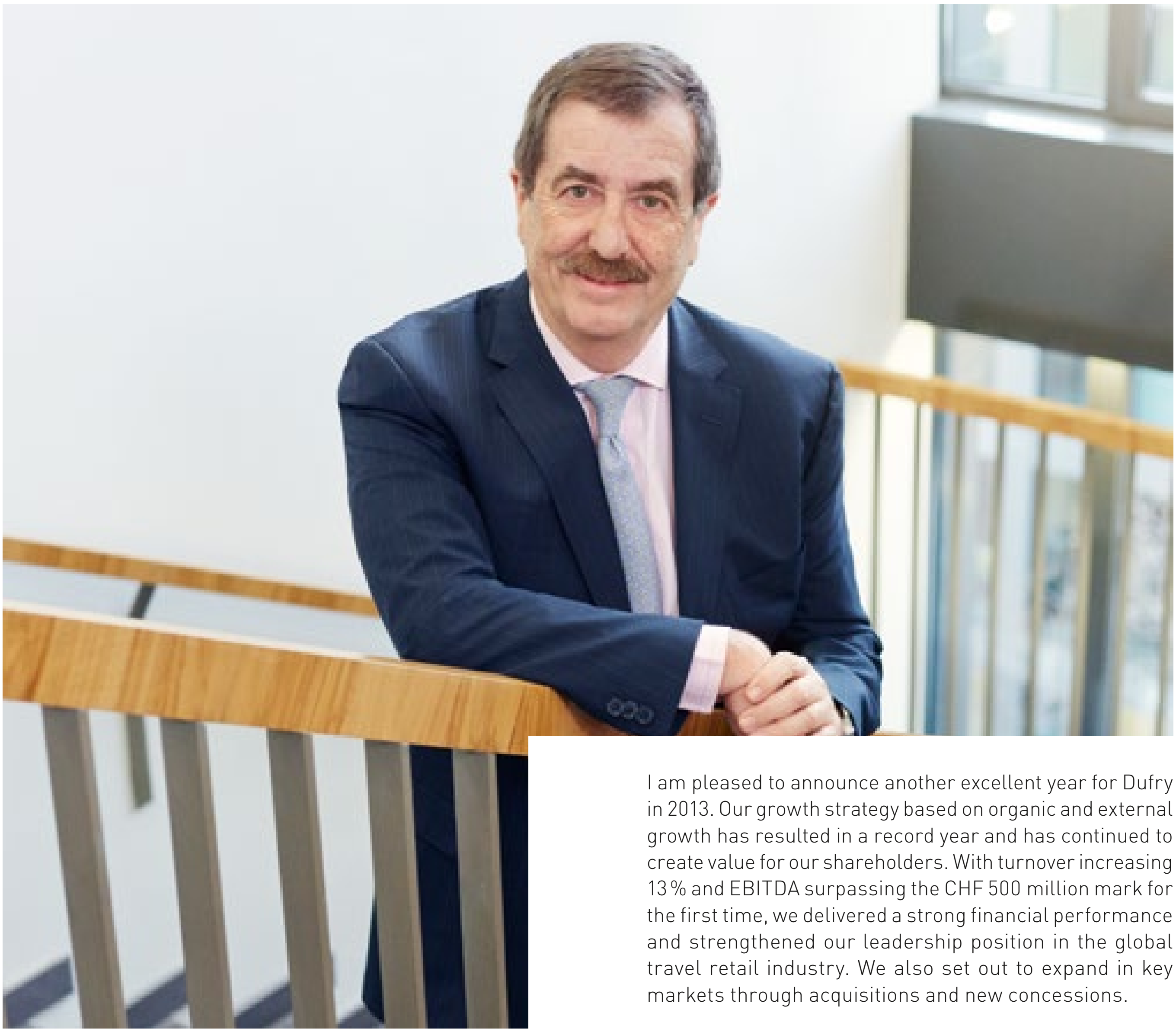


NET SALES BY REGION 2013

NET SALES BY CHANNEL 2013

NET SALES BY MARKET SECTOR 2013

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS
DEAR SHAREHOLDERS



I am pleased to announce another excellent year for Dufry in 2013. Our growth strategy based on organic and external growth has resulted in a record year and has continued to create value for our shareholders. With turnover increasing 13 % and EBITDA surpassing the CHF 500 million mark for the first time, we delivered a strong financial performance and strengthened our leadership position in the global travel retail industry. We also set out to expand in key markets through acquisitions and new concessions.

As one element of our growth strategy is being a consolidator in travel retail, we were able to structure another attractive transaction with the two-step acquisition of the Folli Follie Travel Retail business. We closed the first part of the acquisition in April 2013 when we acquired 51 %. In December 2013, we concluded the buy-out of the remaining 49 %. The acquired business is the leading travel retailer in Greece and has an attractive concession portfolio with a long duration. Thanks to this acquisition, we have reinforced our position in the Mediterranean area, the most important region for tourism globally and one of Dufry's strategic growth regions.

In Latin America, another strategic region, we signed a number of agreements allowing us to expand our presence in key markets. In Brazil, we signed several long-term contracts with newly privatized airports, most notably São Paulo, Brasilia and Viracopos, which consolidates our leading position in that market for the next 10 years. The rapid economic development of Brazil resulted in a situation where the airport structure was not keeping up with the remarkable growth in the number of passengers. The huge expansion projects at various airports, together with the signing of the new contracts, allow us to substantially increase our business and to capitalize from our experience in the country by exploring new channels. For example, Brazil is introducing border shop duty free businesses, a new channel for us with significant potential.

Last but not least, we were successful in 2013 in increasing our market share in Asia, one of our strategic regions. We took an important step in the expansion within the region by signing seven agreements that together will generate CHF 250 million per year once fully operational.

As we had announced in our plans for 2013 we executed the expansion plans which are key for our strategy of profitable growth. With a 9 % market share and operations in 47 countries, Dufry is the leading player in the travel retail industry and very strongly positioned to capture further growth in the still fragmented travel retail industry.

These achievements and good performance were reflected in our share price. Dufry's share price followed the momentum of the company and reached an all-time high in December. At year-end 2013, Dufry's share price was CHF 156.60, 31 % higher than in 2012, resulting in a market cap of CHF 4.8 billion. Trading volumes continued to grow and reached a daily average of CHF 25.2 million, 61 % higher than in 2012. As a consequence, Dufry joined the index comprised of the 30 largest listed companies in the Swiss Stock Exchange, the Swiss Leader Index (SLI).

Important changes occurred in Dufry's shareholder base in 2013. On 17 January, 2013, Advent International Corp., one of our reference shareholders, placed its Dufry stake on the market. In this regard, I would like to thank Advent for their support since 2004. Being a core shareholder for almost 10 years is a long horizon for a private equity investor and is a reflection not only of the good partnership between Advent and Dufry, but a confirmation that Dufry has proven to be a very attractive investment.

In addition, we are pleased that our long-term shareholders Travel Retail Investment SCA and Hudson Media Inc. increased their ownership in the company in 2013 and lead a newly formed shareholder group. This shareholder group held 22.2 % of Dufry's share capital at December 31, 2013, and we are confident that this group will continue to support the strategy. We believe that a dedicated pool of anchor investors is beneficial for Dufry as it facilitates the development of the Group, especially as opportunities in the travel retail industry present themselves.

Dufry's commitment to supporting social programs across locations where we operate is unchanged. Following our special focus on supporting children, our partnership with SOS Kinderdorf continues to provide assistance to hundreds of individuals in Brazil, Cambodia, Mexico and Morocco. In Rio de Janeiro, Brazil, we give full professional training for disadvantaged youths aged 16–18. After one year of English courses, computer skills, professional guidance and others, an average of 90 % of the youths are able to find jobs.

In 2014, we expect a continuation of the economic development of 2013 for the developed markets, and both the United States and Europe should continue to show a gradual acceleration in GDP growth. As to the emerging markets, despite current volatility, they keep offering interesting growth opportunities in the travel retail industry.

A great company is made of great people, and I would like to thank Dufry's employees for another strong year. I also would like to thank our management team, which was the driving force of Dufry's growth in 2013, as it has been for the last 10 years. A special thanks is due to our suppliers, landlords, and business partners for their support in 2013 and for continued successful partnerships in 2014. Finally, we would like to express gratitude to our shareholders and bondholders for their trust in and commitment to Dufry.

Sincerely,

Juan Carlos Torres Carretero

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

DEAR ALL

Dufry performed greatly in 2013 and the Company delivered once more on its growth strategy. Turnover grew by 13.3% and reached CHF 3,572 million. EBITDA reached CHF 511 million and EBITDA margin stood at a healthy 14.3%. In terms of business development, apart from the acquisition in Greece, Dufry signed significant agreements to expand its presence in Asia and secured the most important concessions in Brazil.

The development was supported by the number of international travelers, which increased by 5.2% in 2013, based on a long-term trend which is expected to continue going forward. Dufry achieved substantial productivity gains across the Group as the consequence of another improvement in our execution capabilities. This is even more noteworthy as it is reflective of the operational excellence of our Group and showing the importance of our ability to improve spend per passenger and penetration rates.

Strong expansion in new markets

Following our strategy of being an active consolidator of the travel retail industry, Dufry acquired the leading travel retail in Greece, Hellenic Duty Free, in a two-step transaction in 2013. Dufry first acquired 51% of the business in April 2013 and was able to reach a new agreement with Folli Follie Group, to buy the remaining 49% in December 2013. Overall, we invested EUR 892 million to acquire the business, which generated a turnover of EUR 300 million and an EBIT of EUR 77.8 million in 2012. By acquiring the remaining stake of Hellenic Duty Free, Dufry will be able to achieve additional synergies through further streamlining of the Group's logistics and procurement processes as well as through better financing conditions. We also plan to further develop the business by refurbishing and expanding the commercial offering in key airports in Greece, including retail space at airports in Athens, Thessaloniki, Rhodes and Crete in 2014. On a strategic level, this acquisition represented another step to consolidate the fragmented travel retail industry and the transaction further strengthens our position as a leader in this industry.

The Greek operation has shown excellent results since April 2013, supported by a solid growth in the number of passengers in Greece. The integration process has already been concluded at the beginning of 2014, well ahead of the 18 months timeframe we originally indicated. It is worth noting that a first part of the synergies already materialized in 2013.

2013 was an important year towards strengthening our position in Asia. Dufry signed agreements to operate retail spaces in Bali, China, Kazakhstan, South Korea, Sri Lanka and Taiwan. With these new projects, we have created a diversified platform to further develop our position in that region. Including these operations, Dufry will operate in 14 locations, in 10 countries. With a total of 140 shops and retail space of 14,000 square meters, in the Far East, Middle East and Central Asia, we have established ourselves solidly in that region.

In Brazil, we entered a new phase of development in 2013. Dufry has reinforced its presence in the country by signing long-term contracts in several airports to operate duty free and duty paid commercial spaces. Overall, we will almost double our footprint in Brazil by adding 13,600 m^2 of retail space, compared to the existing 16,400 m^2 when we signed those contracts.

In Guarulhos International Airport, São Paulo, Dufry secured a 10 years' contract and will increase its retail space to 14,200 m^2 from 5,000 m^2 at signing. The expansion plans include 6,900 m^2 in the new Terminal 3 where Dufry will operate arrivals and departures walk-through duty free shops, brand boutiques and duty paid Hudson shops. With these new spaces and the commercial offering as well as new brands that we can now introduce, our operations will grow considerably in terms of penetration rate, sales per ticket and ultimately total sales.

We also see a significant potential for the development of the duty paid in Brazil, which in 2013 counted an impressive 177 million domestic passengers, representing 90% of all air travelers in the country. We will introduce a new and exciting format in this market with the opening of a 1,900 m^2 duty paid mega shop at Brasilia Airport and the roll-out of the Hudson concept in Brazil with the opening of six shops in different airports. Last but not least, we also see interesting opportunities in the development of the border shop duty free business in the country. With the new regulation currently being established, this new channel has the potential to be an important source of growth for Dufry in Brazil going forward.

In North America, we have been able to continue with our strong development, where we have gained market share year after year. Besides benefitting from the growth in the number of passengers, our local team has also been successful on expanding the footprint in the region. While we continue to expand the well-known Hudson concept in existing and new locations, we have been able to bring original duty free formats to the duty paid side, such as branded shops and specialized shops. In 2013, main developments in the United States were the expansions and openings at Saint Louis Airport with 23 shops totaling 1,700 m^2, at Los Angeles Airport, with 15 new Hudson shops and brand boutiques with more than 1,400 m^2, and in Dallas Airport, with 14 new retail spaces of 1,100 m^2. Last but not least, we opened seven shops at JFK Airport with 1,200 m^2.

Altogether, Dufry opened or signed gross new retail space of 39,100 m^2 across all regions in 2013. A large part of our efforts in 2013 will start to materialize in 2014. On top of that, our project pipeline continues strong with 46,000 m^2 of new opportunities that we are currently analyzing.

Procurement and Logistics reorganization will support our growth in the next years

As we had announced in 2012, we initiated an internal reorganization of the Group to strengthen our position as the leader company in the Travel Retail industry and to prepare the Company for future opportunities. As part of this initiative, we have implemented a new Procurement and Logistics organization, in order to take advantage of economies of scale as well as to focus on our supplier relationships and to leverage the use of our knowledge of our customers' needs. As a result, during 2013, we centralized our Logistic operations in two main platforms: one in Switzerland, serving the region EMEA & Asia and another in Uruguay, attending the Americas.

On the Procurement side, we have strengthened the Global Category Managers with dedicated specialist teams and from 2014 they will be the key contact for global suppliers and will ensure close coordination across the procurement platform, regions and business units. The new structure will allow us to improve sales and margins by working even closer with our global suppliers in order to address the requirements of each category and specific brands to position in our shops. Suppliers will benefit from a simpler procurement process and a much closer interaction. Ultimately, the changes will allow Dufry to continuously pursue opportunities in order to grow and differentiate itself from its competitors and constantly offer value to its customers.

Focus on execution

For 2014 and beyond, Dufry will continue to pursue its strategy of profitable growth. We continue to see attractive growth opportunities in the travel retail market, a fact confirmed in our healthy project pipeline.

Our focus in 2014 will be on the execution of the projects announced so far. After an important year full of achievements, especially regarding expansion in key markets for the Company, Dufry will focus on the implementation of these projects in the year to come. In Brazil, where we will almost double our retail space, our attention will be on the new shops, which will require a significant amount of resources especially in light of the most important sports event worldwide, namely the football World Cup, that is forecasted to attract over 600,000 tourists to Brazil in 2014. Regarding our expansion in Asia, it will be key to get our new operations up and running in the shortest period of time and with excellence in execution to showcase them as our expertise in that region. In Greece, we will implement the second round of synergies along with the improvement of the key retail spaces.

DUFRY WILL CONTINUE TO PURSUE ITS STRATEGY OF PROFITABLE GROWTH.

In 2013, Dufry launched a fresh new Hudson concept, moving one step further to be "The traveler's best friend". The new logo, shop layout and shifts in assortment aim to offer travelers the best of the convenience items, be it confectionery, travel accessories or publications. Given the very strong results achieved so far in a number of pilot locations, we will introduce the new format in all new locations and expansion projects. We expect that this move will be an important growth driver in the next years in the United States and Canada.

Already a success in North America, the Hudson concept has been rolled-out internationally and Dufry operates 80 Hudson shops outside North America. We believe that there are substantial opportunities in the duty paid segment, as two thirds of the overall passenger are domestic. For this reason, we plan a second phase of international expansion of the Hudson format with a dedicated team responsible for the further international roll-out.

As for the industry, the prospects continue to be good for 2014. International passenger numbers are forecasted to grow by 5.4 % in 2014 according to Air4casts agency. In that context, Dufry's global footprint is an important asset to seize this opportunity and grow the business even further.

On the economic front, we will remain vigilant to the development in the current markets. Having said this, the essence of business offers a natural protection against currency swings, therefore safeguarding our profitability due to our diversified concession portfolio.

Ready for another thrilling year
Dufry has won a number of awards in 2013 that confirm the excellence in travel retail that we are striving for. To name a few: Dufry was awarded by the DFNI Americas as "The Americas Travel Retailer of the Year" for the second consecutive year, which reflects our travel retail excellence in the Americas. Also, The Airport Revenue News (ARN) magazine named Hudson again the "Best News and Gift Operator" and the Airports Council International – North America (ACI-NA) awarded its first-ever "Inclusion Champion Award" to Hudson. All these awards represent the recognition of our efforts to provide a superior shopping experience to our customers.

I would like to take this chance and acknowledge the efforts from employees in this year full of achievements, and to welcome the nearly 2,000 employees who came from the acquired business in Greece: welcome to Dufry.

Equally important was the support of our landlords, suppliers and business partners. Thank you for your trust and confidence. I look forward to an exciting 2014. Last but not least, I thank our shareholders and Board of Directors for their important support and contribution to our business.

Best regards,

Julián Díaz González

OUR ORGANIZATIONAL STRUCTURE

Chief Executive Officer
Julián Díaz González

Chief Financial Officer
Andreas Schneiter

Global Chief Operating Officer
José Antonio Gea

General Counsel
Pascal C. Duclos

Chief Corporate Officer
Luis Marin[1]

Chief Operating Officer Region EMEA & Asia
Xavier Rossinyol

Chief Operating Officer Region America I
René Riedi

Chief Operating Officer Region America II
José Carlos Rosa

Chief Operating Officer Region United States & Canada
Joseph DiDomizio

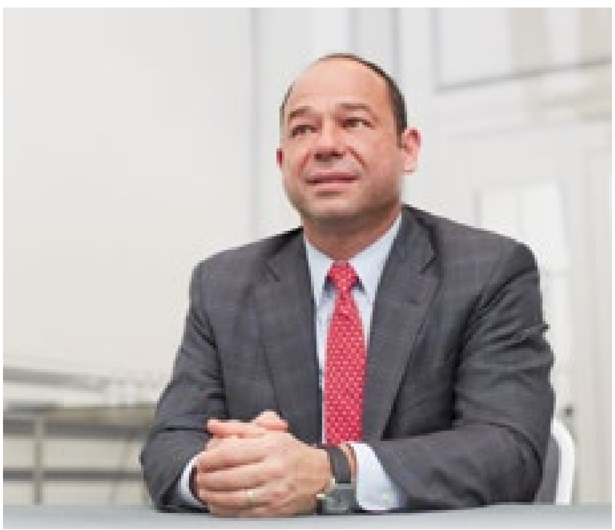
[1] Appointed to Group Executive Committee as of January 1, 2014

GROUP EXECUTIVE COMMITTEE

Julián Díaz González

René Riedi

José Antonio Gea



Joseph DiDomizio

**Luis
Marin**

**Andreas
Schneiter**

**Pascal C.
Duclos**

**Xavier
Rossinyol**

**José Carlos
Rosa**

BOARD OF DIRECTORS

Juan Carlos Torres Carretero

Joaquín Moya-Angeler Cabrera

Jorge Born

Xavier Bouton

Andrés
Holzer Neumann

José Lucas
Ferreira de Melo

Julián
Díaz González

James S.
Cohen

DUFRY'S INVESTMENT CASE

1,389

1,389 shops worldwide.

LEADING TRAVEL RETAILER WITH GLOBAL FOOTPRINT

- Dufry is the market leader in the industry with 9 % market share
- Most diversified travel retailer: more than 1,380 shops in 47 countries
- Focus on emerging markets and tourist destinations

PROFITABLE GROWTH

- Growth with special attention to profitability
- Strong margins improvement in the last years
- Further opportunities to improve efficiency

21%

21 % average growth p.a. since 2003 (constant FX rates).

EXECUTION ON GROWTH STRATEGY

- Average like-for-like growth 5 % and 4 % through new concessions p.a. since 2003
- Active in the consolidation of the industry with 12 % yearly average growth from acquisitions in the last ten years

4%

Passenger numbers expected to grow over 4 % p.a. in the next years

FAST GROWING INDUSTRY

- Industry expected to double its size in the next 10 years, mainly driven by passenger numbers, expected to grow over 4 % p.a. in the next years
- Attractive customer profile with above average spending power
- Convenience is an important business driver
- Fragmented industry with consolidation potential

STRONG CONCESSION PORTFOLIO AND SUPPLIER RELATIONSHIPS

- Diversified concession portfolio with above average duration
- Longstanding relationships with landlords
- Trusted partner for full range of top international brands

60

Over 60 years of travel retail experience

EXPERTISE IN TRAVEL RETAIL

- Over 60 years of travel retail experience
- Different shop concepts to capture the full potential of each location
- Largest portfolio of brands in the industry
- Organization combines local aspects of operations with global best practices

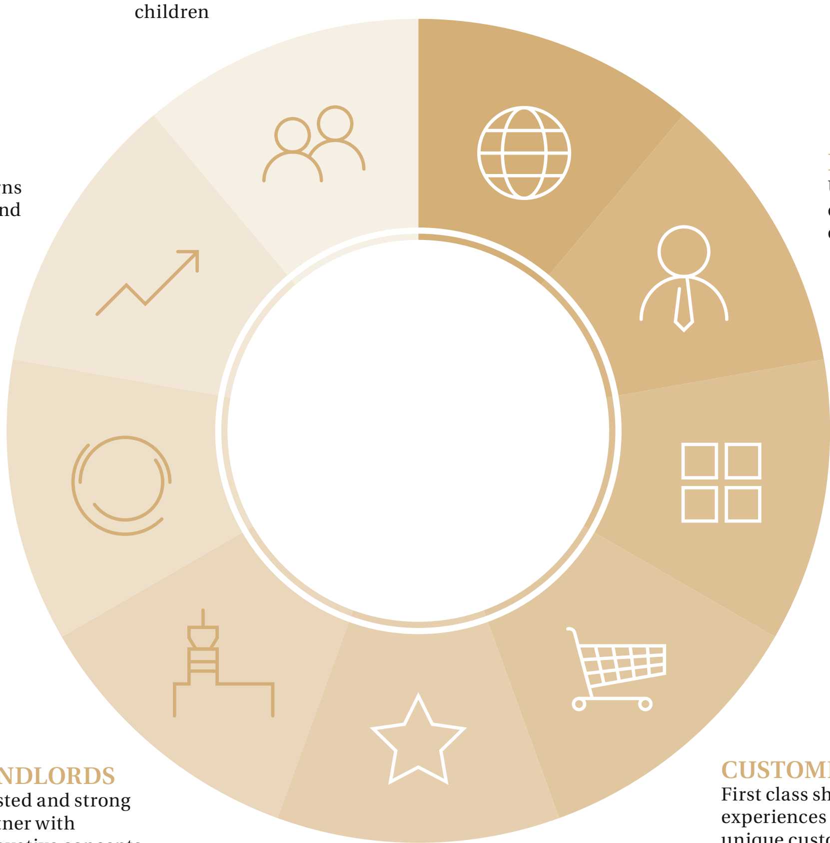
OUR BUSINESS MODEL

STRATEGY
Strategy of profitable growth with a global reach, focused on emerging markets and tourist destinations

SOCIAL RESPONSIBILITY
Continued support for disadvantaged children

EMPLOYEES
Unique cultural diversity and attractive employment

INVESTORS
Sustainable returns for equity and bond investors



REGIONAL ORGANIZATION
47 countries organized in four regions, where we combine our global travel retail know-how with local expertise

RETAIL CONCEPTS
Distinct retail concepts customized to the travelers' needs

LANDLORDS
Trusted and strong partner with innovative concepts

CUSTOMERS
First class shopping experiences and unique customer services for over 1.8 billion potential customers

SUPPLIERS
Window display for international brands

OUR STRATEGY

Dufry is the global leading travel retailer, with focus on emerging markets and tourist destinations. Our strategy is to grow profitably, combining internal and external growth. With a 9 % market share, we are the market leader in our industry, which generates currently more than USD 45 billion in revenues, over double the amount of one decade ago. Industry specialists expect that the travel retail will continue to grow to reach USD 85 billion in revenues by 2020.

DUFRY IS THE WORLD'S LEADING TRAVEL RETAILER WITH A 9 % MARKET SHARE.

The numbers confirm our strategy. Over the last decade, we have multiplied by 5 our turnover and our EBITDA is 10 times higher today compared to 2003. Dufry became the world's No. 1 in travel retail in almost every aspect, be it in terms of turnover (CHF 3.6 billion), profitability (EBITDA of CHF 511 million), number of shops (1,389 shops) and global reach (47 countries).

Focus on emerging markets and tourist destinations

Dufry identified a decade ago core markets where the prospects for the industry are most dynamic. Based on our view of the industry, emerging markets and tourist destinations hold significant potential for future development. Dufry had then defined its strategic focus in three main geographies: the Mediterranean corridor, the Americas and Asia.

In the Mediterranean area, Dufry has become market leader with strong presence in Northern Africa, including Tunisia, Egypt and Morocco and substantial operations in South of Europe, such as in Greece, France, Italy and Spain. We have also a first-class concession portfolio in the Americas, where in the United States Dufry is particular strong with the Hudson convenience shop concept and in Latin America with duty free and duty paid operations across key countries like Argentina, in the Caribbean, Mexico and in Uruguay.

Altogether, Dufry generates currently 56 % of its sales in emerging markets and the remaining 44 % in developed markets.

Geographically diversified

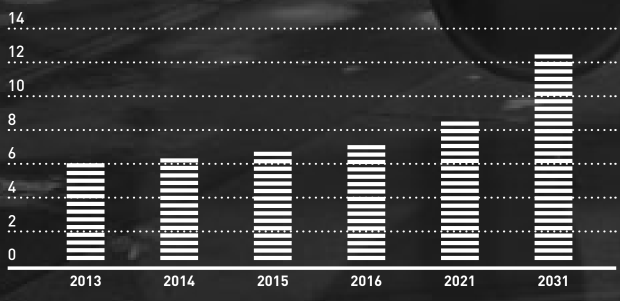
Dufry is the most diversified travel retailer in the industry, with about 1,400 shops in 47 countries. This characteristic puts us in a favorable position in many aspects. On the expansion side, Dufry profits from its global reach. Local teams spread in key geographies enable us to evaluate new opportunities anywhere. This together with the Group's expertise creates a strong competitive advantage for Dufry.

Our large footprint is also appreciated by suppliers as we can offer a vast platform to showcase their products. From the commercial point of view we also take advantage of our global presence. Dufry has built an important database of preferences and behaviors of its consumers. This intelligence proves important when defining all aspects of the commercial offering, such as mix of products, pricing and promotions. The knowledge is especially useful when Dufry evaluates opportunities in new markets, where the knowledge of the consumer is crucial.

GLOBAL PRESENCE

LONG TERM PASSENGER FORECAST

IN BILLIONS OF PASSENGERS

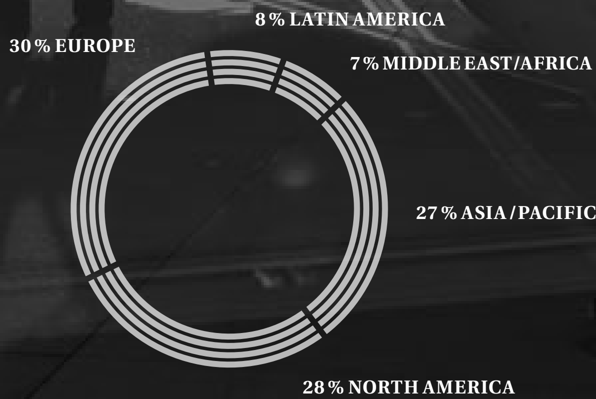


Source: ACI-DKMA

The underlying travel retail market is expected to double in the next 10 years, following the strong growth in air passengers – CAGR of about 4.1 % until 2031.

GLOBAL PASSENGERS 2013

BY REGION



21%

21% average growth p.a. over the last 10 years on constant FX rates.

Last but not least, the geographic diversification of our business is important from a risk management point of view. We have a well-balanced concession portfolio and we aim to diversify it further by expanding into new markets.

Dedicated growth strategy

Dufry has established itself in the market thanks to its dynamic growth story. Dufry has grown by an average of 21% per year in the last 10 years, as a combination of organic and external growth. One important driver for this growth is the dynamic increase in the number of passengers over time. Over the last 10 years the total number of passenger increased in average by 5%. Industry specialists expect that the trend will continue for the next years. ACI-DKMA, for example, forecasts that the total number of air travelers will grow on average 4.1% per annum until 2031. For the travel retail industry this means the addition of more than 300 million new potential consumers every year.

Apart from the growth in passenger numbers, Dufry has successfully been able to increase its productivity. By implementing new store concepts, adjusting its mix of products, among other initiatives, we were able to grow like-for-like above passenger numbers.

We have also consistently increased our footprint through expansions and new concessions. As airports expand their facilities due to the rise in passenger numbers, Dufry also benefits from expanded retail space. Apart from that, Dufry has also gained market share by winning concessions in new locations. All-in-all, Dufry has grown on average by 4% through new concessions and expansions.

Dufry has played an important role in the consolidation of the sector, growing its business also through acquisitions. In 2004, the top 10 players in the industry accounted for about 30% of the overall market. Today, that percentage reaches almost 50%. Since 2003, Dufry has been able to add on average 12% of growth from acquisitions. Our view to the market remains unchanged and we continue to see further opportunities ahead.

Profitable growth

Dufry considers it essential to combine growth and profitability. Thus, we approach every operation with a strong focus on profitability and returns. Be it a contract renewal, new concession or acquisition, Dufry deeply evaluates the development potential of a project in order to assess its attractiveness from an operational and financial side.

We aim to continue to improve the efficiency of our operations and activities. Ongoing projects will help us to take further advantage of our scale and consolidation and to use our proximity to the market to understand our customers' needs. Our margins have expanded significantly over the last years as a result of our increased scale and improved efficiency. Dufry is currently further centralizing its procurement and logistic functions in order to take these activities to the next level. These functions will become a proactive driver of sales growth through the relations we have with our global suppliers, and the continuous interaction with our regional organization. As part of the process, key executives within the company have been appointed to manage categories on a global scope. The global category managers will ensure the perfect synchronization between Dufry and suppliers and between headquarters and regions.

Global organization and local execution

It is critical for our success that we adapt our retail formats to the specifics of each local market. Based on this approach, we have structured our organization into four regions in order to fully capitalize on the global presence and local approach.

The four regions monitor all business aspects for their respective locations. Our local teams are responsible for the understanding of the different customer needs and interests as well as for managing relationships with airports and other landlords, local authorities and local suppliers.

The teams at the company headquarters focus on overall coordination and business areas that result in global synergies. They provide global standard procedures and best practices, and monitor the business and strategic initiatives across all functions.

BOTH, DUTY FREE AND DUTY PAID OFFER TREMENDOUS OPPORTUNITIES.

In 2013 for example, we launched the "Dufry Stylebook Website", which is an internal design manual to assist our personnel involved in the development and operation of our shops worldwide. The Stylebook's aim is to align all projects (from shop creation to refurbishment) with our corporate commercial objectives by standardizing the analysis, definition and presentation of layouts and by providing a standardized framework for all product categories. As it is very much a "live" tool, the Stylebook will be continuously updated using new information and additional feedback from the regions.

IT based solutions enhancing our retail expertise

Having a solid IT structure has been important given the high growth of the business in the last years. Dufry has created a number of IT solutions that support the business and differentiates itself from competition. Our main commercial tool, DCIS (Dufry Commercial Information System), allows among other things the consolidation of commercial information from all operations, irrespective which local system is utilized in the locations.

Many other applications exist to support decision making processes across several departments in the organization. Our commercial team, for example, benefits from tools that help on choosing the best promotion in a given location or assist on the right pricing policy for a certain product category.

Retail formats and product offering to capture travelers wherever they go

Dufry is a complete travel retailer, with distinct offerings for every passenger profile and location. Our four shop concepts – general travel retail shops, brand boutiques, specialized shops and convenience stores in duty free and duty paid regimes – offer tailored solutions to landlords. We equally adapt the assortment and shop format (e.g. standalone, combined, walk-through shops, store-in-store) in order to maximize the revenue potential of the commercial space.

Dufry captures both, duty free and duty paid business opportunities. About 67 % of our turnover today is based on duty free shops. We see further organic as well as external growth potential in this area, as international traveling is set to increase over the next years, especially in emerging markets' locations.

With about two thirds of air passengers being domestic travelers (entitled to buy duty paid goods only), there is also tremendous potential for duty paid. These activities currently represent 33 % of our turnover and we expect this business to grow dynamically in the future. Our Hudson shop concept is particularly targeted at this sector and has become a well-known brand in the United States and Canada. Other shop concepts present in the duty paid segment include boutiques showcasing prestigious brands and specialized stores focused on a specific array of products.

EMPLOYEES

Every Dufry employee is an important ambassador of our company. It is their team spirit and focus on customer service, together with their collaboration with our business partners and their strong commitment to our company that make us the leading and most successful travel retailer in the world.

Unique cultural diversity

At December 31, 2013, Dufry employed 16,423 people compared to 14,361 at year-end 2012. Our staff is as diversified as the travelers we serve. In total, our workforce comprises people from more than 75 nationalities across all functions. We believe that this broad cultural diversity represents a strong competitive advantage that, together with the global customer base, solid strategy and continued expansion, creates an engaging and truly international working environment with unique career opportunities for our employees.

Our global Human Resources strategy continues to be focused on the key pillars of Training and Development, Reward and Recognition. We foster a general working atmosphere that is characterized by mutual respect and appreciation for each individual. And we systematically invest in our people's development by supporting a broad range of in-house as well as external training and development opportunities.

Developing our people

We are developing and growing the management potential within our group through job enrichment, coaching and targeted management trainings. It is our aim to fill new or open management positions with internal talents whenever possible. In order to ensure that our professionals and managers obtain the skills and knowledge necessary to operate our business and lead their teams, we have developed a training strategy with different programs tailored to our main professional groups:

Starting in 2012, we introduced our "Out in Front" program, which is specifically designed for our shop managers and supervisors on the shop floor. After having trained over 300 retail managers in 2012, another 264 in 14 locations have gone through this training program in 2013, and we expect that the remaining retail managers, about 470 people, will have completed the program by the end of 2014. We see initiatives and programs like this as an effective way to constantly increase the internal pool of travel retail professionals from which we can fill vacant or new management positions in the upcoming years.

We acknowledge that managers running important segments in our value chain, such as the commercial, logistics, procurement, marketing or retail functions, require a specific training focus in order to succeed at their roles, and run the company according to the group's performance expectations and consistently with our global processes and business model.

ENHANCED TRAININGS FOR OUR SHOP MANAGERS TO INCREASE THE POOL OF INTERNAL PROFESSIONALS.

Therefore, in 2013 Dufry launched the "Step Ahead" Retail Management Training Program. The goal of this program is to ensure that the new and potential retail managers of the group are formally trained on Dufry's business model and processes, as well as critical people management skills.

"Step Ahead" was piloted successfully in 2013, and has trained 22 managers. We are rolling it out gradually in our different regions, in order to ensure that by the end of 2014 all new and future managers in these functions are formally trained and certified through this program. As is our policy, all training is delivered by other Dufry managers, ensuring that a healthy exchange of best practices among peers takes place, that the know-how imparted remains in the company, and that trainers take advantage of the substantial development opportunity that training other colleagues brings.

Sales and customer care trainings

The third major global development program in our Training and Development strategy targets our sales people: it is the "Dufry Sales Academy". With this program, we train

16,423

Dufry employed 16,423 people (FTE) at December 31, 2013, an increase of 14.4 % compared to year-end 2012.

EMPLOYEES BY PROFESSION

0.2 % EXECUTIVES
5 % WAREHOUSE, LOGISTICS
5 % OTHER OPERATIONS
6 % FINANCE, IT, HR
83 % RETAIL OPERATIONS

EMPLOYEES BY REGION

34 %
USA & CANADA
30 %
EMEA & ASIA
1 %
GLOBAL DISTRIBUTION CENTERS
13 %
AMERICA II
22 %
AMERICA I

the sales people in our shops for specific aspects such as customer service, sales techniques, product knowledge and in-store retail processes and procedures. The training program is delivered by Dufry personnel, who go through specific training themselves to qualify as "Dufry Certified Trainers". We had 626 Certified Trainers at the end of 2013, who in turn have trained 9,197 of Dufry sales professionals in 44 countries between 2011 and 2013. The vast majority of our sales professionals have been trained now and it will be the Certified Trainers' responsibility to focus on the training of the new employees that have joined our group through the acquisition of Hellenic Duty Free and other expansion projects we did in 2013. Importantly, we have evolved the program with an improved delivery approach, "Guide At Your Side", which increases the training time spent at the shop floor while being coached on the job, learning directly in real work situations at the place where our business is made.

DUFRY ONE AWARDS RECOGNIZE TEAMS THAT GO THE EXTRA MILE.

Increased focus on Talent Management

We recognize that in order to continue growing while maintaining performance and consistent delivery on a global scale, we need to ensure that future management needs will be addressed by a good balance on new talent (for instance, in the new countries that we operate in), and internal personnel. In all cases, we ensure that we make a particular development effort on the key positions we need and the managers qualified to fill them in the future. Accordingly, in 2013, Dufry started piloting a global, systematic integrated process to identify high-potential talent in our organization and develop them toward the key roles in our business model. This complements and reinforces local development initiatives: we always intend to exploit global synergies while remaining intensely local in our focus, wherever we operate.

Awards program to recognize excellence

Dufry runs a global recognition program, the "Dufry One Awards", open to all Dufry teams that demonstrate outstanding improvements in productivity, customer service or a remarkable innovation. The awards given in 2013 recognized major steps to increase productivity and to further improve the level of customer service.

Equal opportunities

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


DUFRY SHOPS
TAX
PERFUME
ESTÉE LAUDER
Dior
PREMIUM
SAVE
40%
$46
$54
$85
SPIRITS

C

GENERAL TRAVEL RETAIL SHOPS

General travel retail shops are typically located in areas with high passenger flow, and are either duty free or duty paid. The shop-layout, product assortment and operations are always customized to the individual location in order to ensure the highest attractiveness to the respective customer profiles and spending patterns.

These shops offer a large selection of different products and cover a wide range of product categories, such as perfumes & cosmetics, food & confectionary, wine & spirits, tobacco goods, watches & jewelry, fashion & leather, souvenirs, electronics and other accessories.

In 2013, Dufry has been very active on expanding its general travel retail shops in all regions. In total, we opened 133 general travel retail shops and refurbished 3,500 m^2 of existing retail space. Especially in the Middle East and in Asia, Dufry opened 5 stores and increased its footprint by 1,600 m^2 in locations like Bali or Kazakhstan. In Brazil we further expanded with 5 new shops representing 2,200 new m^2, with the most important additions being in Guarulhos and Viracopos Airports, in São Paulo and in Brasilia Airport.

The shop concept will continue to be expanded during 2014. Dufry has already signed contracts to operate 16,900 m^2 of retail space. In Brazil, for example, 10,900 m^2 of new commercial space will be opened, doubling our current presence in the country.

C

BRAND BOUTIQUES

These boutiques carry a single global brand and mirror the look-and-feel of the high street shops of the respective brand. Depending on the location, we design these shops as stand-alone boutiques or integrate them as a shop-in-shop concept within our own general travel retail stores. They are to be found in either duty free or duty paid areas.

Brand boutiques we operate include the most prestigious and worldwide recognized brands such as Armani, Burberry, Coach, Etro, Hermès, Hugo Boss, Lacoste, L'Occitane, Montblanc, Swarovski, Tumi, Versace, Victoria's Secret, Zegna.

In 2013, Dufry initiated operations of 70 brand boutiques, of which 46 in the United States. At St. Louis and Dallas international airports, for example, Dufry opened 12 and 8 shops, respectively, showcasing brands like Coach, Victoria's Secret, Bulgari, etc. For 2014, we have already signed contracts to operate 37 new brand boutiques, whereas in the São Paulo Guarulhos International Airport, Brazil, we plan the opening of 16 shops of this type.

MICHAEL KORS · BURBERRY · VICTORIA'S SECRET
TOMMY HILFIGER · LANCEL · BVLGARI
SHANG XIA · Salvatore Ferragamo · ETRO · SWAROVSKI
VERSACE · PANDORA UNFORGETTABLE MOMENTS · HERMÈS PARIS · BALLY
Chopard · BOSS HUGO BOSS · MAC · L'OCCITANE EN PROVENCE
MONT BLANC · EMPORIO ARMANI · LACOSTE · TUMI
DUNHILL · COACH EST. 1941 NEW YORK · Kiehl's SINCE 1851 · Ermenegildo Zegna


HERMÈS


Hudson

C

NEWS & CONVENIENCE STORES

This duty paid concept is applied at the departure or arrival areas of airports, and in other travel locations such as train stations.

Operated under the "Hudson" brand, the stores offer a broad range of convenience products like soft drinks, confectionery, travel accessories, electronics, personal items or souvenirs, together with the classical publication items such as newspapers, magazines and books.

The Hudson format became famous for being available to travelers wherever they are. Due to its flexibility, the business can be applied almost in any travel location; sometimes it is even the only commercial offering in a certain travel environment. Our Hudson shops are constantly adapting to consumer needs. In 2013, Dufry started testing a fresh Hudson concept look with a new logo, shop layout and assortment. Pilots initiated in already 17 locations like JFK Airport and Chicago O'Hare Airport in the United States are showing encouraging results and we expect to bring the new format to other airports in the next years.

Already a success in North America with around 550 shops, the Hudson concept has been rolled-out to other operations where we are present. Nowadays, Dufry operates already 80 shops in other regions, and for 2014, the expansion of the format will continue in additional markets like Brazil.

C

SPECIALIZED SHOPS

The specialized shop concept is used in particular markets, where we aim to capture the full passenger potential by operating boutiques that offer a variety of different brands on one specific theme. These shops can be found in airports, seaports, hotels or downtown locations.

Major concepts include Colombian Emeralds International, which is a dedicated watches & jewelry format used in the Caribbean market, the Discover concept, which offers a variety of destination merchandise, Dufry Do Brasil, a particular concept for local Brazilian goods or Sweet Treats, offering premium chocolate to our customers.

Already common in the duty free environment, Dufry has been implementing the format also in areas of domestic passenger flow, especially in the North America region. We are also pleased with the co-franchise model applied in specific markets, showcasing shop concepts like Sunglass Hut or Dunkin' Donuts, among others.


DoBrasil
DUFRY DUTY FREE
DoBrasil
DUFRY DUTY FREE
natura
RIO
Rio de Janei

CUSTOMERS

Shopping at its best

Have you ever considered shopping when traveling? "Visit one of our shops the next time you travel and experience Dufry's unique shopping atmosphere and the friendliness of our staff! We promise that you will spend a prime time in any of our 1,389 shops worldwide."

That is our commitment to the 1.8 billion international and domestic travelers who pass through locations where we operate today. With that in mind, we define the most suitable shop concepts and product categories in the locations we operate. Our commitment to these travelers is clear and straight forward: We offer the most prestigious brands and innovative commercial environments. And we want to make our customers feel at home in the "Dufry World".

Customer services beyond the shops

Buying at a travel location is often an impulse driven decision. Dufry understands this behavior and creates the best environment for travelers to spend their time at our shops and enjoy their shopping with confidence. Our sales staff is there to assist you making your best buying decisions.

But our customer services won't stop at the boundaries of our shops: Dufry offers a unique Global Customer Service that spans across the entire shopping cycle and supports and covers our customers before, during and after their purchasing. These services are accessible either via the internet or through our call center, which supports customers on any aspect of their shopping.

Dufry also offers special services tailored to each location. For those who already know what to buy, Dufry offers in certain operations a pre-order service, which allows customers to select and reserve products they want to buy through the internet. At the store the travelers then pick up their orders in exclusive check outs. Dufry also offers a locker service in certain locations. According to the motto "travel light", we offer our customers the possibility to buy their preferred products at our departure shops and to pick them up in the arrivals, so that travelers don't need to carry the items along on their journey.

Most unique within the travel retail industry is our customer guarantee. Consumers are ensured that in case a product is not satisfactory, we guarantee to replace or refund it within a 30 days period, irrespective of the location where a customer purchased the product. This guarantee gives additional comfort to our customers, even if they buy products at a location where they may not return to again.

Over the internet, Dufry's website is available in Chinese, English, French, German, Portuguese and Spanish and includes information on our presence and activities worldwide. It further lists custom allowance regulations for every country in the world and gives travel tips for over 60 of the most romantic and exotic places.

Retail awards confirm our strong position year-by-year

Dufry has again won major awards in 2013 that confirm the reliability and superior quality of our customer relations: We received for the second consecutive year the DFNI Americas award "The Americas Travel Retailer of the Year",

DUFRY PROVIDES THE BEST PRODUCTS AND THE LARGEST VARIETY OF TOP INTERNATIONAL BRANDS.

which reflects our travel retail excellence in the Americas. The Airport Revenue News (ARN) magazine named Hudson again the "Best News and Gift Operator" and the Airports Council International – North America (ACI-NA) awarded its first-ever "Inclusion Champion Award" to Hudson. This award recognizes exceptional achievements in promoting and sustaining diversity throughout the airport industry's workforce. Furthermore, Dallas-Fort Worth International Airport recognized with its "Champions of Diversity Award" a Hudson Group – Regali DFW Joint Venture (joint venture partnership between Hudson and its ACDBE partner Regali, Inc.) for achievements in diversity hiring. Last but not least, the Airport Council International – North America (ACI-NA) awarded us in their Excellence in Airport Contest with the "Best New Retail Concept for the Mattel Experience" at the Los Angeles International Airport.

MORE THAN 50,000

Items are available in our portfolio that our customers can choose from.

NET SALES BY PRODUCT CATEGORY 2013

30 days

Replace or refund guarantee offered by Dufry is unique in the travel retail industry.

SUPPLIERS

Dufry partners with the most prestigious brands in the travel retail sector. We have developed the strongest portfolio of brands per product category and customer segmentation in our industry over these past years.

An important market for suppliers

Travel retail has called the attention of many international brands over the last years. The appealing structural growth of the market and the unique consumer profile, among other aspects, has led suppliers to intensify their efforts on growing their business in the sector. Dufry is a preferred partner for suppliers, as they can benefit from our wide range of operations to promote their brands. Besides the regular commercial relationship, we work extensively on several marketing initiatives, including product launches, promotions and advertisements, all carefully coordinated to generate the expected results for both parties.

OVER 1,000 SUPPLIERS – AMONG THEM THE MOST PRESTIGIOUS BRANDS IN THE WORLD.

Sharing the same goals

We work very closely with our suppliers to strengthen our partnerships and to enhance the returns we can achieve from the potential of more than 6 billion people traveling.

With our major suppliers, we analyze and combine research information on a regular basis and jointly develop specific marketing plans and promotional activities for their particular brands. We also share sales forecasts and inventory projections with them. This allows suppliers to plan our replenishment orders well in advance, which in turn supports their own production and manufacturing cycles, reduces lead times and gives both partners higher productivity at shorter notice.

Since 2010, Dufry operates its own Supplier's Extranet, which allows our suppliers to directly access specific sales data of their products and brands on a location-by-location basis. Such data includes for example market share or ranking of their products. Providing this data across the entire Dufry group through one platform is a very strong proposition and gives the supplier valuable insight as to their product or brand positioning.

The new procurement organization

Over the last years Dufry has been able to increase the interaction with suppliers, creating tools and improving practices and procedures, generating value for both parties. Dufry created a novel in the travel retail industry years ago when it implemented its centralized negotiations with suppliers. The relationship was brought to the global level, from both suppliers and Dufry, allowing our partners to approach the travel retail market in a global perspective.

We are now taking another step on the Dufry - Supplier relationship by structuring a new centralized ordering model. Two logistic platforms, one in Europe (attending the EMEA & Asia region) and another one in Latin America (addressing this region) will be responsible to aggregate orders from all locations and send them to suppliers in a consolidated way. The new structure will generate a new wave of positive results to both Dufry and suppliers and will further facilitate our relationship, simplifying significantly processes of our partners.

As part of the reorganization, Dufry has selected key executives within the organization to represent each product category on the Group level. The Global Category Managers will be the direct point of contact for global suppliers and will work together with them on how to make each category and specific brands grow in our shops. The global structure will strengthen the relationship with suppliers on three main areas: price and margin management, product management and finally promotions management. Last but not least, the new structure will ensure transparency and close collaboration across procurement platforms, regions, and business units.

AIRPORT AUTHORITIES & LANDLORDS

Dufry's strong track record and unique characteristics led to a strong competitive advantage and have made us the preferred partner for airport authorities and other landlords. That helped us to reach the position we have now as market leaders in the industry, operating 1,389 shops across 47 countries.

Dufry – the partner of choice for landlords
Dufry is the preferred travel retailer partner worldwide for airport operators and other landlords. We provide the complete set of retail solutions they need to address passenger needs and maximize their commercial revenues.

Depending on the characteristics of each location and retail space, we can choose from our portfolio of shop concepts and brands, and combine them to create the most attractive retail environments and thereby also increase the overall attractiveness of the location, be it an airport, railway station or downtown shopping mall.

Dufry brings to each location the global best practices accumulated over its 60 years of travel retail experience. Our know-how, strong track record and impeccable execution skills are great added value to our competitive position.

Broadly diversified concession portfolio
Over the years, Dufry has successfully built a portfolio of concession contracts that is highly diversified and of premium quality. This portfolio continued to grow in 2013, when we added more than 28,000 m^2 of net retail space to our existing portfolio. At the end of 2013, our concession portfolio spread across 47 countries and included a total retail space of over 208,000 m^2, of which 77 % is in airports, 13 % in downtown and border shops, 7 % in cruise liners and seaports, and 3 % in other locations.

There are various ways to structure concession agreements: They can be won in a tender process or negotiated directly with airport authorities, be structured as joint ventures with the airport operator or be bought through acquisitions. Dufry has a clear policy whenever looking at expanding the concession portfolio: We will analyze the concession fee levels and the duration of the contract, and 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.

Actively managing the concession portfolio
Getting interesting concessions is part of our daily work and we actively manage our concession portfolio to renew and extend existing contracts and to win new contracts. On average, we renew every year contracts which generate 5 % to 10 % of our sales. In addition, we add new contracts every year and since 2003, we have added in average a net 4 % of sales per year through new concession contracts. Dufry's concession portfolio also includes a number of long-term contracts with durations well above 10 years. For example, our operations in Italy at Milan Linate and Milan Malpensa have concession contracts until 2041. Also the recently acquired operations in Greece contemplate a long-term duty free license that runs until 2048.

THE NEW PROJECTS AND CONCESSIONS SIGNED IN 2013 WILL CONTRIBUTE AN ADDITIONAL CHF 250 MILLION IN TURNOVER IN THE FUTURE.

In 2013, Dufry was very active on its expansion plans, signing a number of important long-term concessions. In Asia, we signed several agreements in key locations, namely Sri Lanka, Kazakhstan, Taiwan, China, South Korea and Indonesia, which are expected to generate CHF 250 million of revenues per year. In Brazil, we will take our commercial offering to a whole new level as we signed new concession contracts in several airports that together will double our presence in the country.

EMEA AND ASIA

REPRESENTED IN 89 CITIES
NUMBER OF SHOPS 370
TOTAL SALES AREA 70,009 m²
EMPLOYEES 4,867
TURNOVER CHF 1,174.1 MILLION

01
BALI
Bali Ngurah Rai International Airport

03
MILAN
Malpensa Airport

02
SHARJAH
International Airport

04

ATHENS *INTERNATIONAL AIRPORT*

Duty free general travel retail shop with about 360 m² of sales area. Located at the intra Schengen departure area.

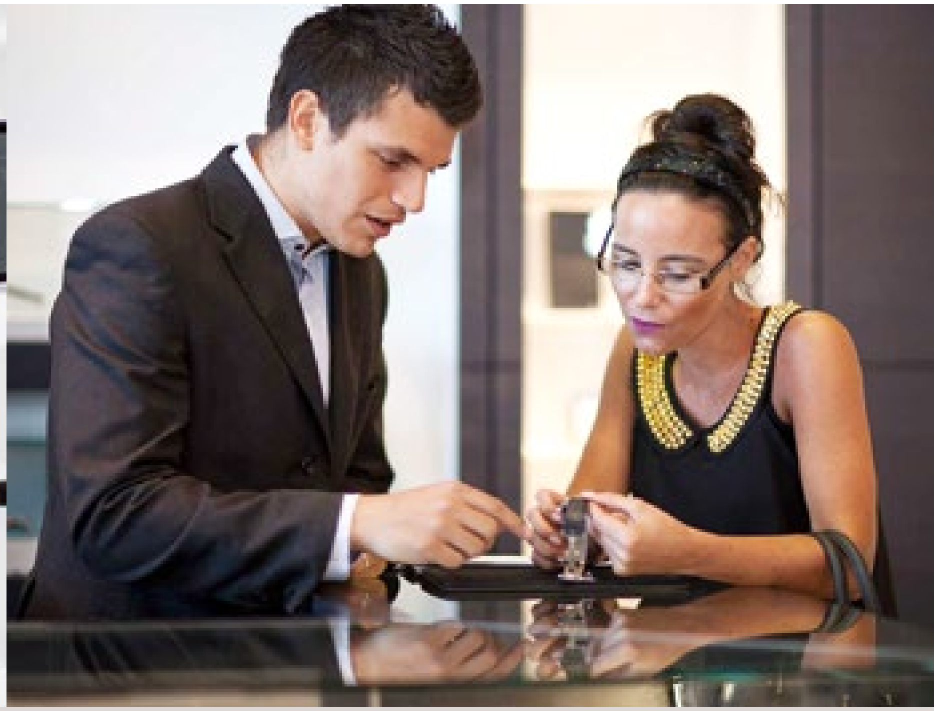
AMERICA I

REPRESENTED IN OVER 40 CITIES
NUMBER OF SHOPS 248
TOTAL SALES AREA 60,641 m²
EMPLOYEES 3,604
TURNOVER CHF 768.5 MILLION

01
BUENOS AIRES
Ezeiza International Airport

03
DOMINICAN REPUBLIC
Las Américas International Airport, Santo Domingo

04
MEXICO CITY
Benito Juárez International Airport



02

MONTEVIDEO
CARRASCO INTERNATIONAL AIRPORT

Duty free general travel retail shop with about 791 m² of sales area. Located in the departure area of the airport.

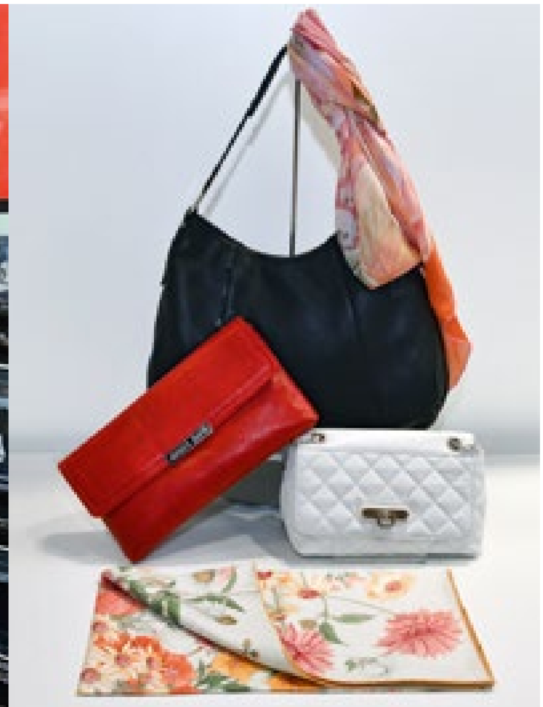
AMERICA II

REPRESENTED IN 16 CITIES
NUMBER OF SHOPS 66
TOTAL SALES AREA 16,151 m²
EMPLOYEES 2,084
TURNOVER CHF 692.2 MILLION

02
SÃO PAULO
Congonhas Airport

01
BRASÍLIA
Presidente Juscelino Kubitschek International Airport

03
RIO DE JANEIRO
Santos Dumont Airport



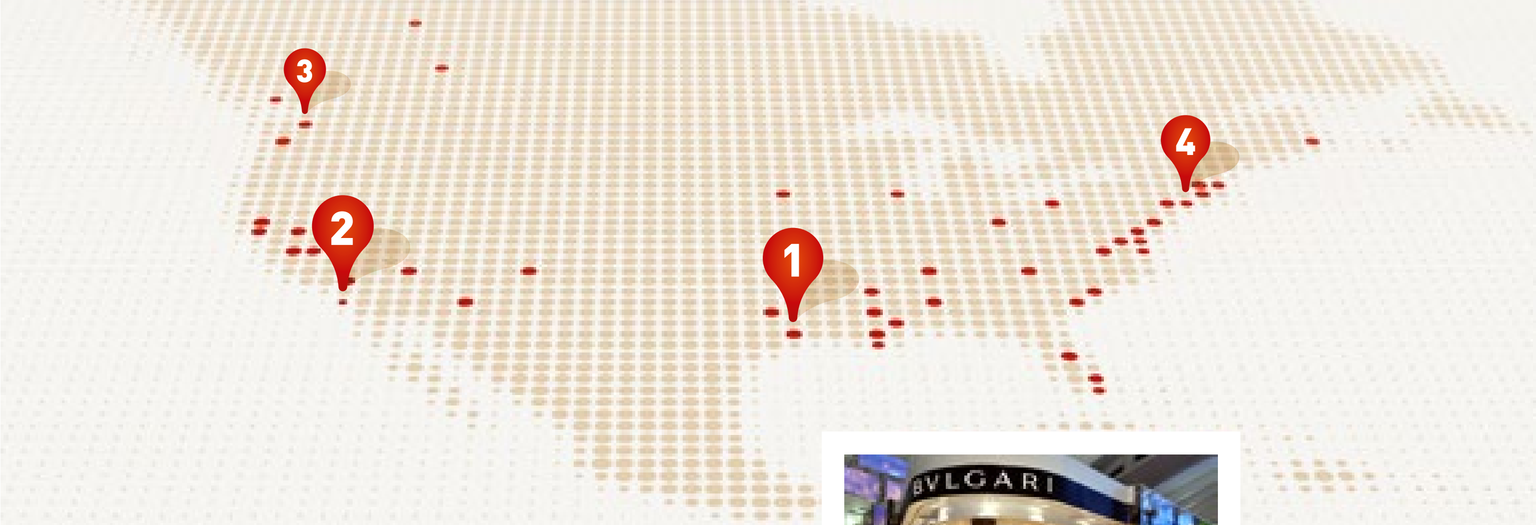
02

SÃO PAULO
GUARULHOS INTERNATIONAL AIRPORT

Duty free general travel retail shop with about 3,100 m² of sales area. Located at the arrival area Terminal 2.

UNITED STATES AND CANADA

REPRESENTED IN 57 CITIES
NUMBER OF SHOPS 705
TOTAL SALES AREA 61,895 m²
EMPLOYEES 5,586
TURNOVER CHF 876.1 MILLION



02
LOS ANGELES
Los Angeles International Airport

01
HOUSTON
George Bush Intercontinental Airport

03
SEATTLE
Seattle-Tacoma International Airport

04

NEW YORK
JOHN F. KENNEDY INTERNATIONAL AIRPORT (JFK)

News and convenience store with about 209 m² of sales area. Located at the Terminal 4 – Concourse B.

INVESTORS

Our strategy of profitable growth is designed to create long-term sustainable value for our shareholders.

Following an already exciting performance in 2012 of 38 %, Dufry's share price continued to climb by another 31 % in 2013 and closed at CHF 156.60 by year-end. It has outperformed the broad Swiss Performance index (SPI performance of 25 %) by almost 6 percentage points in 2013. The daily average volume of our shares (including trading volumes of the separately listed Brazilian Depository Receipts at BM & FBOVESPA in São Paulo, Brazil) increased by 61 % to approximately CHF 25 million per day. Our market capitalization at December 31, 2013 reached CHF 4.8 billion (CHF 3.5 billion at year-end 2012).

Dufry keeps a close relationship with investors and analysts. Our investor relations team is always ready to take queries from the financial community. With investor relations offices in Switzerland and Brazil and regular road shows and investor meetings across the globe, Dufry has the best structure to attend to the financial markets' demands.

Higher free float

Dufry's free float reached 77.8 % at year-end 2013, which translates into a nominal free float of over CHF 3.7 billion. The higher tradable volume is a consequence of the performance in the stock price, changes in our shareholders' base as well as a capital increase. Dufry's shareholder base first altered at the beginning of 2013 with the exit of Advent International Corp., one of our largest investors at the time. Later in the year, long-term shareholders Travel Retail Investment SCA (represented by Andrés Holzer Neumann) and Hudson Media Inc. (represented by James S. Cohen) further increased their ownership in the company, finally forming a shareholder group, together with other smaller shareholders. This reference shareholder group held 22.2 % of Dufry's share capital at December 31, 2013.

Dufry performed a capital increase in relation to the acquisition of Hellenic Duty Free in 2013. The Company issued 1,231,233 new registered shares from its authorized capital. The new shares were listed on the SIX Swiss Exchange on December 16, 2013.

The higher trading volumes increased Dufry's exposure in the financial markets. Due to the market size increase we reached new investor segments, which is supportive to our share price. Brazilian investors, for example, have been increasing their importance in our shareholder's base.

Dufry joins the SLI® index

In September 2013, our shares became part of the SLI® index in Switzerland, which combines the shares of the SMI® index and the largest 10 shares of the SMIM® index (where Dufry has been included since 2011). The SLI reflects the 30 largest and most liquid stocks in the Swiss equity market and being part of this additional index further increases the visibility of our company with pension funds and asset managers.

77.8 % FREE FLOAT OF OUR SHARES AT YEAR-END 2013.

Diversified funding through senior notes

Dufry balances its financing sources with bank debt and debt markets. In 2012, Dufry entered the bond market for the first time and issued US Dollar denominated senior notes in an aggregate principal amount of USD 500 million. The notes have an annual coupon of 5.5 % and mature on October 15, 2020. The senior notes under regulation 144A traded at December 31, 2013 at 4.99 % implied yield to maturity.

The bonds are currently rated by Standard & Poors (BB+), Fitch (BB) and Moody's (Ba3).

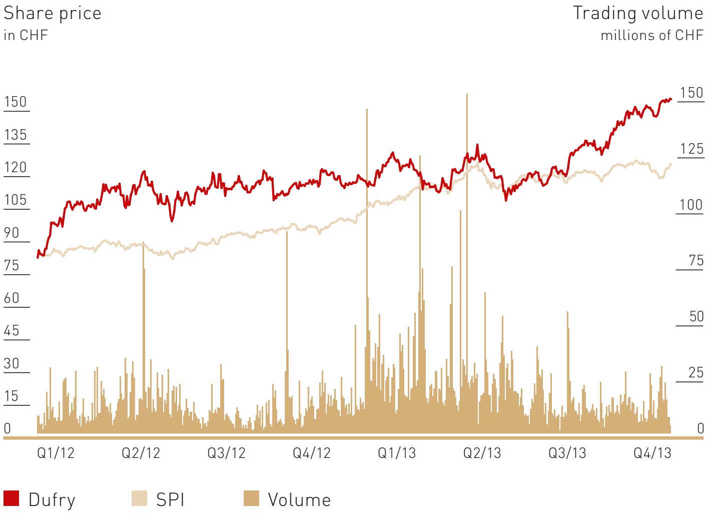
Risk management

Dufry operates a systematic risk management and continuously improves its risk management tools. Wherever possible, we mitigate risks and actively manage those risks that are unavoidable as part of our business operations.

We measure operational performance with clearly defined indicators, such as spend per passenger, gross margins, net working capital ratios and operating profits. When assessing new projects or operations, we also place high importance on cash flow models, return on investment or internal rates of return.

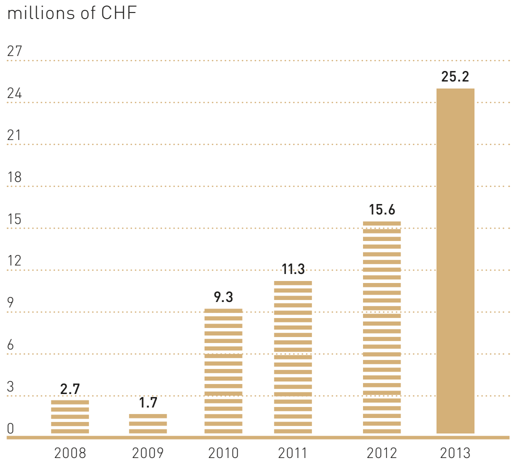
Our corporate strategy of broad diversification (large number of countries, activities across the globe, many different suppliers, broad base of landlords) is also viewed as an effective way to reduce concentration risks in our operations and sourcing.

DUFRY AG SHARE PRICE AND TRADING VOLUME



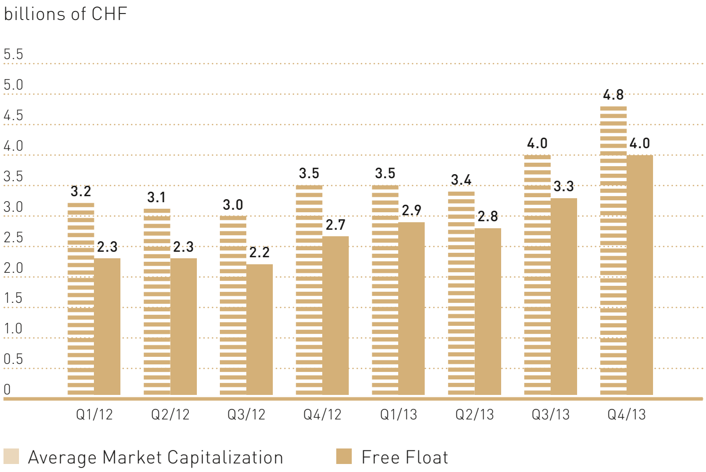
Source: Bloomberg
Note: SPI Index has been rebased to Dufry's share price

DAILY AVERAGE VOLUME

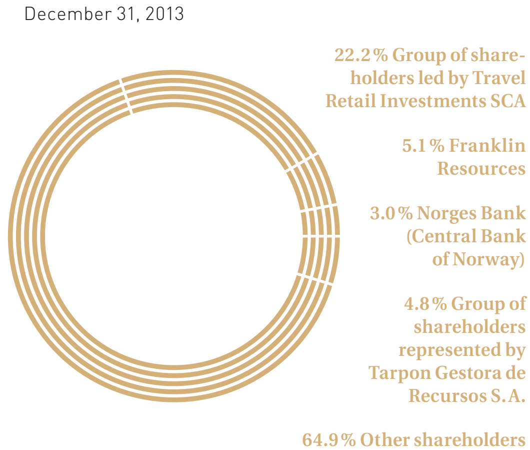


Note: Since April 2011 including trading volumes of Dufry AG BDR

MARKET CAPITALIZATION AND FREE FLOAT



SHAREHOLDER STRUCTURE



SOCIAL RESPONSIBILITY

Dufry concentrates its contributions to charitable organizations mainly on supporting disadvantaged children. We consider them to be the weakest members in our society and the ones that need our help the most. Our main activities in this field cover six projects and a sponsorship for the Street Child World Cup that takes place in Brazil during 2014. In addition, we support different cultural events and contribute to charitable organizations to help victims of natural disasters.

Two projects in Brazil that both started years ago

Dufry funded the construction of a social center in Igarassu in 2009 and has continued to finance the running costs of this center and training classes ever since. Under the professional management of the SOS Children's Villages institution, more than 600 infants, young children and teenagers and their mothers are benefitting from the services provided by this center. In 2013, Dufry started an additional financing channel for this center by installing coin collection boxes in various Dufry shops all over the world, thereby including customers and business partners into the sustainable process.

DUFRY HELPS DISADVANTAGED CHILDREN THROUGH DIFFERENT SOCIAL PROGRAMS.

Another important project is a social promotion program in Rio de Janeiro that has been supported by Dufry's South America operations for the past 18 years. It offers free professional education to thirty young people every year. The program can be attended by 16 to 18 year-old girls or boys and covers subjects, such as English, computer classes, retail operations, professional orientation, teamwork, leadership, ethics and citizenship modules. Students also receive free meals, medical and dental care, life insurance, uniforms, educational material and transportation assistance. Dufry employees also participate in the program as volunteers, serving as mentors to these teenagers.

Global Sales – Global Support: Dufry broadened its assistance in 2013 with SOS Children's Villages programs

After a successful partnership since 2009 in Igarassu, Brazil, Dufry has been supporting the youth, education and prevention programs with SOS Children's Villages since five years, providing nowadays help to projects in Morocco, Cambodia, Mexico and Brazil.

In Morocco, the two projects Dufry sponsors provide housing, school, technical and practical training. Our donations covered all expenses for food, medical cost and clothing for 135 children at SOS Children's Villages in Agadir and Casablanca.

In Cambodia, our donations covered the cost for school materials, office work, transportation and repairs for the Battambang Hermann Gmeiner School in Battambang. The school has a capacity of up to 500 students and offers all three levels of school education: primary, secondary and higher secondary.

SOS Children's Villages' Family strengthening program in Tehuacan, Mexico, focus on the work with families to enlarge the potential for a quality life inside their families and in groups. Dufry's donation covers the annual expenses for food, as well as educational staff expenditures for 450 children and their families in the social center.

Sponsor of the Street Child World Cup

Millions of children live and work on the streets across the world. The Street Child World Cup (SCWC) is a global campaign for street children to receive the protection and opportunities they deserve. The SCWC unites street children from across five continents to play football and is intended to act as a catalyst to individuals, companies and governments around the world to increase their efforts in safeguarding the rights of millions of these children. Dufry is proud to be one of the main sponsors of the event, which will take place in Rio de Janeiro in March 2014.

Other donations and cultural events

Further donations during the year included support to Terra da Sobriedade in Brazil, and to several non-governmental institutions taking care of elderly people and disabled children in Greece. We also helped to establish a school library in China's Anhui Province and donated to the Red Cross in Greece. We continued our cultural sponsorship to the Swiss Indoors (tennis tournament) in Basel and were a sponsor to various local festivals in Greece.

As Dufry also enables customer donations for various social projects by maintaining donation boxes in its stores, we would like to thank our customers for all the donations during 2013. They have been welcomed by the different charities concerned.

REPORT OF THE CHIEF FINANCIAL OFFICER
DEAR ALL

2013 was an important year for the development of Dufry, as we delivered a strong performance. Turnover increased by 13.3 % and reached CHF 3,571.7 million. EBITDA amounted to CHF 511.1 million and EBITDA margin was 14.3 %, while net cash flows from operating activities rose by 13.8 % and stood at CHF 435.1 million.

Dufry made an important acquisition in 2013. We acquired Hellenic Duty Free Shops ("HDFS"), the leading travel retailer in Greece, through two transactions. In April 2013, we acquired 51 % of the business, and in December 2013, we reached an agreement to acquire the remaining 49 % of the equity. The overall consideration for both transactions of EUR 892 million for the equity and debt was financed through a combination of issuance of new shares of CHF 481 million in total as well as structuring a new bank facility of EUR 500 million.

2013 WAS AN IMPORTANT YEAR FOR THE DEVELOPMENT OF DUFRY, AS WE DELIVERED A STRONG PERFORMANCE.

Since the acquisition in April 2013, we have been able to implement our integration plan, which is very well advanced, and we have started to capture already a significant share of the planned EUR 10 million synergies well ahead of schedule. In addition to that, after acquiring the remaining 49 % stake, we were able to streamline the financing structure of HDFS and we can engage in further optimization now that we have full ownership.

From the strategic point of view, by acquiring HDFS, we have added a very attractive business with long-term contracts, which further diversifies our concession portfolio and at the same time strengthens our market position in the Mediterranean, the most important region for tourism globally and one of our strategic areas. Furthermore, the business has grown strongly organically supported on a good passenger growth in Greece.

We also moved ahead with our organic expansion as we signed important agreements with several airport operators in all regions. For example, in Region America II, we signed agreements to double our retail space in Brazil already in 2014 by adding 13,600 m^2. The most important project is in São Paulo, where we will build almost 7,000 m^2 in Terminal 3 at Guarulhos International Airport. In Region EMEA & Asia, we signed contracts to operate shops in seven new locations adding 7,900 m^2 and increasing our footprint in one of our key regions. Last but not least, in Region United States & Canada, 53 new shops and 3,400 m^2 are planned to be opened in 2014 in several major airports. The expansion projects are of great relevance for the Company and will require substantial resources, as already seen in 2013. For 2014, Dufry will focus on the execution of these projects that will be an important growth driver already this year to come and especially in 2015, once all retail space will be operational and fully ramped up.

STRONG TOP LINE GROWTH

Turnover
Dufry's turnover grew by 13.3 % to CHF 3,571.7 million in 2013 from CHF 3,153.6 million one year earlier. Like-for-like contributed 2.4 % and net new concessions added 0.6 %, resulting in an organic growth of 3.0 %. Acquisitions contributed 11.1 % to turnover growth, through the consolidation of HDFS, which has been consolidated since April 2013. Foreign exchange swings resulted in a negative translational effect of –0.8 %.

Region EMEA & Asia's turnover surged by 48.5 % and reached CHF 1,174.1 million in 2013, from CHF 790.4 million one year before. The consolidation of HDFS was an important contributor for the result, and was further backed by an excellent year in terms of tourism in Greece. In addition, other European countries experienced a dynamic performance, such as Spain, France, and Switzerland. Africa developed positively overall, with operations in Morocco, Ivory Coast and Algeria performing well, while Egypt suffered from the political situation in the country. Operations in Middle East and Asia also did well, with good performance in China and Cambodia.

Turnover in **Region America I** was flat in local currency and in Swiss Francs stood at CHF 768.5 million versus CHF 778.3 million in 2012. In Central America, Dufry saw solid performance in Mexico and parts of the Caribbean, while the trends in the British Caribbean remained sluggish. In South America, our operations in Uruguay saw an ongoing improvement throughout 2013 as other airlines started to fill in the gap left by Pluna, the Uruguayan airline that went to bankruptcy in the middle of 2012. As for Argentinean operations, growth picked up in the second half of the year and performed solidly.

Turnover in **Region America II** stood at CHF 692.2 million, from CHF 730.6 million in 2012. Our most important customer group in that region, namely the Brazilians, continued to increase their spending when measured into Brazilian Real. This positive trend is however masked when accounting in USD or Swiss Franc, as the weakening of the local currency for most part of 2013 resulted in lower nominal USD sales. When measured in local currencies, sales increased by 6 %. In 2013, we signed several agreements to expand our presence in Brazil namely at São Paulo Guarulhos, Viracopos and Brasilia airports. In August 2013, we opened the first part of the expanded area in Terminal 2, at Guarulhos International Airport, where we have more than doubled our retail area to 3,140 m^2. The second leg of the expansion in Terminal 2 as well as the new space in Terminal 3 and the expanded airports will be important growth drivers in the region in 2014.

Region United States & Canada's turnover increased by 8.3 % to CHF 876.1 million compared to CHF 809.3 million in 2012. Performance in the region continued strong based on a steady growth in passenger numbers, productivity improvements as well as new concessions. The combination of our Hudson concept with brand boutiques and specialized shops are allowing us to offer tailored proposals to each airport operator. Thanks to this and in combination with our excellent execution capabilities, we were able to win new contracts in Los Angeles, St. Louis and Dallas, among others.

DISCIPLINED APPROACH TO COSTS CONTINUES

Gross profit

Gross profit grew by 13.4 % to CHF 2,105.7 million from CHF 1,856.6 million in 2012. Gross margin improved to 59.0 % versus 58.9 % in 2012. The benefits from our new logistic and procurement reorganization started to show results in the year, and more than compensated the consolidation impact from HDFS, which has a lower gross margin than Dufry's existing business. Considering existing operations, gross profit margin improved by 60 basis points in 2013.

Selling expenses

Selling expenses reached CHF 826.0 million in 2013 compared to CHF 694.2 million one year earlier. As a percentage of turnover, they rose to 23.1 % versus 22.0 % in 2012. The signing of several concessions contracts in Brazil, which secured the business for 10 years, was the main impact on increase of concession fees.

Personnel and general expenses

As a percentage of turnover, personnel expenses stayed practically stable at 15.1 % from 15.0 % in 2012. In Swiss Franc terms, personnel expenses reached CHF 538.1 million in 2013, compared to CHF 474.4 million one year before.

General expenses improved as a percentage of turnover to 6.5 % from 6.8 % in 2012. In absolute terms it stood at CHF 230.5 million in 2013 compared to CHF 213.7 million in 2012.

EBITDA

EBITDA grew by 7.8 % and reached CHF 511.1 million versus CHF 474.3 million in 2012. The respective EBITDA

CONSOLIDATED INCOME STATEMENT

	2013		2012 (restated)	
	in millions of CHF	in %	in millions of CHF	in %
Net sales	3,465.0		3,062.1	
Advertising income	106.7		91.5	
Turnover	**3,571.7**	**100.0 %**	**3,153.6**	**100.0 %**
Cost of sales	(1,466.0)	41.0 %	(1,297.0)	41.1 %
Gross profit	**2,105.7**	**59.0 %**	**1,856.6**	**58.9 %**
Selling expenses	(826.0)	23.1 %	(694.2)	22.0 %
Personnel expenses	(538.1)	15.1 %	(474.4)	15.0 %
General expenses	(230.5)	6.5 %	(213.7)	6.8 %
EBITDA (before other operational result)	**511.1**	**14.3 %**	**474.3**	**15.0 %**
Depreciation, amortization and impairment	(192.9)	5.4 %	(168.3)	5.3 %
Other operational result	(37.4)		(30.1)	
Earnings before interest and taxes (EBIT)	**280.8**	**7.9 %**	**275.9**	**8.7 %**
Financial expenses, net	(94.6)	2.7 %	(78.4)	2.5 %
Foreign exchange loss	(5.4)		(0.1)	
Earnings before taxes (EBT)	**180.8**	**5.1 %**	**197.4**	**6.3 %**
Income taxes	(33.2)	0.9 %	(39.1)	1.2 %
Net earnings	**147.6**	**4.1 %**	**158.3**	**5.0 %**
ATTRIBUTABLE TO:				
Net earnings attribut. to equity holders	93.0		122.5	
Non-controlling interest	54.6		35.8	
Net earnings to equity holders adjusted for amortization in respect of acquisitions	**187.5**		**205.3**	
Basic earnings per share in CHF	3.13		4.46	
Cash earnings per share[1] in CHF	6.31		7.48	
Weighted average number of outstanding shares in thousands	29,720		27,447	

[1] adjusted for amortization of acquisitions

margin stood at 14.3 % in 2013. As in the previous years, the diversification of our business as well as our growth strategy played an important role for the Company's performance in 2013.

Depreciation and Amortization

Depreciation and Amortization amounted to CHF 192.9 million in 2013 from CHF 168.3 million in 2012. Depreciation remained nearly stable as a percentage of turnover at 2.0 % and reached CHF 71.1 million in 2013 compared to 2.1 % and CHF 65.1 million in the previous year. Amortization was CHF 18.6 million higher in 2013 and reached to CHF 121.8 million, mainly due to the additional amortization resulted from the acquisitions in Greece.

EBIT

EBIT advanced to CHF 280.8 million versus CHF 275.9 million in 2012. This includes other operational result (net), which was minus CHF 37.4 million in the year. Most of these expenses, CHF 21.8 million, resulted from the acquisition of HDFS as well as start-up and project costs for new operations.

Financial result

Net financial expenses reached CHF 100.0 million in 2013 compared to CHF 78.5 million one year before. The increase of CHF 21.5 million in 2013 is mainly a result of the additional debt financing in relation to the HDFS acquisition. For 2014, the re-financing of the local facility in Greece will result in a reduction of financing costs of CHF 10 million, on a comparable basis.

Taxes

Income taxes reached CHF 33.2 million, down from CHF 39.1 million in 2012. The effective tax rate as a percentage of EBT was 18.4 % in 2013, versus 19.8 % one year earlier. The Group tax is subject to a combination of different tax rates applicable due to its operations in various countries.

Net earnings

Net earnings in 2013 stood at CHF 147.6 million, compared to CHF 158.3 million in 2012. Net earnings attributable to equity holders reached CHF 93.0 million and Cash EPS was CHF 6.31.

STRONG CASH GENERATION SUPPORTS EXPANSION PLANS

Cash flow and debt

Net cash flow from operating activities increased by 13.8 % to CHF 435.1 million in 2013 from CHF 382.5 million one year earlier. In 2013, capital expenditure stood at CHF 184.6 million, which also includes investments made in Brazil, and free cash flow reached CHF 253.4 million.

Net debt was CHF 1,753.4 million at the end of December 2013, versus CHF 951.3 million one year before. Our main covenant, Net Debt/adjusted EBITDA was 3.67 x at year-end 2013, compared with a threshold of 4.25 x for the period.

In connection with the HDFS acquisition, Dufry entered into a new EUR 500 million term loan in December 2013. The proceeds were used to finance the EUR 175 million cash portion of the 49 % acquisition consideration, as well as to repay HDFS' local bank financing in Greece of an original amount of EUR 335 million.

PREPARING THE ORGANIZATION FOR AN IMPORTANT YEAR

Dufry had another impressive performance in the stock market. Our share price reached its all-time high and ended the year at CHF 156.6, 31 % higher than at the end of 2012. As a result, our market capitalization reached CHF 4.8 billion. At the same time, trading volumes of Dufry shares surged by 61 % and reached an average of CHF 25 million per day. These two factors together resulted in the admission of Dufry, in September 2013, in the Swiss Leader Index (SLI), which comprises the 30 largest listed companies in the Swiss Stock Exchange. In order to reinforce our presence in the travel retail industry, Dufry performed two capital increases, in 2012 and 2013 totaling CHF 481 million aiming to acquire HDFS. The decision was well received by our shareholders, proving once again that our business strategy is the right one. We will continue to develop and strengthen even further our relationship with the financial community.

For 2014, the focus will be on the execution of our growth strategy. From a finance perspective we look forward to provide all the necessary support for our organization in order to expand and open a number of shops, make improvements in our logistics and procurement organization and implement new projects. We aim to pursue all these opportunities with our usual discipline and approach to costs and risks. Our strategy of diversification allows to effectively manage business risks and we will monitor financial markets very closely as we expect periods of increased volatility throughout the year.

I would like to thank our shareholders and bondholders, banks, analysts and key advisors for their support and trust on Dufry. We look forward to another successful year in 2014.

Andreas Schneiter

DUFRY ANNUAL REPORT 2013

FINANCIAL REPORT

FINANCIAL REPORT 2013 *CONTENT*

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2013

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

2012 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revaluation reserves	Trans-lation reserves	Retained earnings	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2012		**134.9**	**934.5**	**(13.5)**	**–**	**(0.9)**	**(176.6)**	**(8.4)**	**870.0**	**84.1**	**954.1**
Restatement	34	–	–	–	(7.8)	–	–	–	(7.8)	–	(7.8)
Balance at January 1, 2012 (restated)*		**134.9**	**934.5**	**(13.5)**	**(7.8)**	**(0.9)**	**(176.6)**	**(8.4)**	**862.2**	**84.1**	**946.3**
Net earnings		–	–	–	–	–	–	122.5	122.5	35.8	158.3
Other comprehensive income (loss)	17	–	–	–	(8.0)	0.9	(23.3)	–	(30.4)	(2.3)	(32.7)
Total comprehensive income for the period		**–**	**–**	**–**	**(8.0)**	**0.9**	**(23.3)**	**122.5**	**92.1**	**33.5**	**125.6**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(29.9)	(29.9)
Net proceeds from issue of shares	27	13.5	272.5	–	–	–	–	–	286.0	–	286.0
Purchase of treasury shares	28.4	–	–	(28.1)	–	–	–	–	(28.1)	–	(28.1)
Share-based payment	28	–	–	–	–	–	–	8.8	8.8	–	8.8
Tax effect on equity transactions	15	–	–	–	–	–	–	2.1	2.1	–	2.1
Total transactions with or distributions to owners		**13.5**	**272.5**	**(28.1)**	**–**	**–**	**–**	**10.9**	**268.8**	**(29.9)**	**238.9**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:											
Changes in particpiation of non-controlling interests	29	–	–	–	–	–	–	–	–	40.7	40.7
Balance at December 31, 2012 (restated)*		**148.4**	**1,207.0**	**(41.6)**	**(15.8)**	**–**	**(199.9)**	**125.0**	**1,223.1**	**128.4**	**1,351.5**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. CORPORATE INFORMATION

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates over 1,350 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM & FBOVESPA in São Paulo.

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2013 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 5, 2014.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Dufry AG and entities controlled by Dufry (its subsidiaries) as at December 31, 2013 and the respective comparative information.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control is lost. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it
– derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity
– recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the consolidated income statement and
– reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the other operational result. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

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

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

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

b) Revenue recognition

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

Net sales

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

Advertising income

Advertising income is recognized when the services have been rendered.

c) Cost of sales

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

d) Foreign currency translation

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

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

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

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

Principal foreign exchange rates applied for valuation and translation:

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

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

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

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

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

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

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

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

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

Current income tax

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

Current income tax relating to items recognized in other comprehensive income is recognized in the same statement.

Deferred tax

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

h) Property, plant and equipment

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

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

i) Intangible assets

Intangible assets acquired
(separately or from a business combination)

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

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

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

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

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

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

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

The amount recognized as a provision is the best estimate at the end of the reporting period of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

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

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

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

Effective interest method
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating

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

o) Financial assets

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

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

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset and is included in the other operating result line item in the consolidated income statement. Fair value is determined in the manner described in note 39.

Trade and other accounts receivable

Trade and other receivables (including credit cards receivables, other accounts receivable, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

p) Equity instruments

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

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

Financial liabilities at FVTPL
These financial liabilities are either held for trading or have been designated as at FVTPL.

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

Other financial liabilities, not held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed together and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any interest paid on the financial liability and is included in the financial result in the consolidated income statement. Fair value is determined in the manner described in note 39.

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

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

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

s) Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate or foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 39.

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

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

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

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

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time, is recognized when the underlying hedged item is ultimately de-recognized in the consolidated income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. The gain or loss relating to the ineffective portion is recognized in the consolidated income statement, and is included in the interest expenses / income line item. The Group did not utilize cash flow hedges during 2013.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserves. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement, and is included in the foreign exchange gains/loss line item (see note 31.1).

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

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

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

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

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

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

Standards and Interpretations affecting presentation and disclosure only

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

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

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

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

IFRS 12
Disclosure of Interests in Other Entities
(effective January 1, 2013)
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required for the year-end reporting, but has no impact on the Group's financial position or performance (see note 30).

IFRS 7
Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7
(effective January 1, 2013)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32 (see note 39.10).

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

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

IFRS 10
Consolidated Financial Statements, IAS 27 Separate Financial Statements
(effective January 1, 2013)
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

IFRS 11
Joint Arrangements
(effective January 1, 2013)
IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 13
Fair Value Measurement
(effective January 1, 2013)
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Concession rights
Concession rights acquired in a business combination are measured at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group annually tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.2.

Brands and Goodwill
The Group tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.4.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. The Group recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made. Further details are given in note 15.

Deferred tax assets
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 22.

Provisions
Management makes assumptions in relation to the expected outcome and cash outflows based on the development of each individual case. Further details are given in note 32.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 28.

Pension and other post-employment benefit obligations
The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 33.

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

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

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

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

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

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

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

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

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

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

5. SEGMENT INFORMATION

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group presents the segment information as it does internally to the Group Executive Committee, using 4 geographical areas and the distribution centers as segments.

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

2012 (restated)* IN MILLIONS OF CHF	TURNOVER with external customers	TURNOVER with other segments	TURNOVER Total	EBITDA[1]	FULL TIME EQUIVALENTS
EMEA & Asia	790.4	–	790.4	81.9	3,336
America I	778.3	–	778.3	57.2	3,667
America II	730.6	–	730.6	133.0	2,118
United States & Canada	809.3	–	809.3	90.3	4,955
Global Distribution Centers	45.0	757.8	802.8	111.9	285
Total segments	**3,153.6**	**757.8**	**3,911.4**	**474.3**	**14,361**
Eliminations	–	(757.8)	(757.8)	–	–
Dufry Group	**3,153.6**	**–**	**3,153.6**	**474.3**	**14,361**

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 34.
[1] EBITDA before other operational result

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

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

31.12.2012 (restated)* IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION & AMORTIZATION	OTHER NON-CASH ITEMS
EMEA & Asia	578.4	208.0	(2.1)	(17.3)	(34.3)	15.3
America I	1,323.9	247.2	(6.5)	(20.3)	(66.0)	3.3
America II	401.7	142.0	(27.0)	(21.0)	(21.4)	4.3
United States & Canada	517.3	120.7	(0.2)	(48.6)	(41.4)	0.1
Global Distribution Centers	203.3	51.0	(2.4)	(0.9)	(1.3)	2.3
Total segments	**3,024.6**	**768.9**	**(38.2)**	**(108.1)**	**(164.4)**	**25.3**
Unallocated positions	501.7	1,405.9	(0.9)	(4.4)	(3.9)	6.2
Dufry Group	**3,526.3**	**2,174.8**	**(39.1)**	**(112.5)**	**(168.3)**	**31.5**

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

Reconciliation of the earnings

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

Reconciliation of assets

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

Reconciliation of liabilities

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

6. ACQUISITIONS OF BUSINESSES

2013 TRANSACTIONS

6.1 ACQUISITION OF HELLENIC DUTY FREE SHOPS, GREECE

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

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

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

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

Hellenic Duty Free Shops S.A. Group

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

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

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

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

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

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

6.3 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

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

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

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

2012 TRANSACTIONS

6.4 ACQUISITION OF REGSTAER LLC, RUSSIA

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

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

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

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

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

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

6.5 RECONCILIATION OF CASH FLOWS

Cash flows from Business Combinations, net of cash

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

7. NET SALES

Net sales by product categories:

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

Net sales by market sector:

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

Net sales by channel:

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

8. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates more than 1,350 retail shops in 47 countries at the reporting date. Dufry has entered into concession arrangements with operators of airports, seaports, railway stations etc. to operate these retail shops. The concession fees are usually variable based on sales level or number of passengers.

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

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

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

9. SELLING EXPENSES

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

10. PERSONNEL EXPENSES

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

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

11. GENERAL EXPENSES

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

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

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

13. OTHER OPERATIONAL RESULT

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

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

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

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

14. INTEREST

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

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

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

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

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

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

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

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

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME / EQUITY

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

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

16. EARNINGS PER SHARE

BASIC

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

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

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

DILUTED

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

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

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

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Cash EPS are calculated by dividing net earnings attributable to equity holders of the parent, adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions through weighted average number of ordinary shares outstanding. With this Cash EPS, Dufry aims to facilitate the comparison at EPS level with other companies not having performed such acquisition activities.

IN MILLIONS OF CHF / QUANTITY	2013	2012 (restated)*
Net earnings attributable to equity holders of the parent	93.0	122.5
ADJUSTED FOR :		
Dufry's share of the amortization in respect of acquisitions	94.5	82.8
Adjusted net earnings	**187.5**	**205.3**
Weighted average number of ordinary shares outstanding	29,720	27,447
EPS adjusted for amortization (cash EPS) in CHF	**6.31**	**7.48**

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

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

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

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

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

17. COMPONENTS OF OTHER COMPREHENSIVE INCOME

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

2012 (restated)* IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Employee benefit reserve	Hedging & re-valuation reserves	Translation reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Exchange differences on translating foreign operations	**–**	**–**	**(28.8)**	**(28.8)**	**(2.3)**	**(31.1)**
Net gain / (loss) on hedge of net investment in foreign operations	–	–	6.3	6.3	–	6.3
Income tax effect	–	–	(0.8)	(0.8)	–	(0.8)
Subtotal	**–**	**–**	**5.5**	**5.5**	**–**	**5.5**
Changes in the fair value of interest rate swaps held as cash flow hedges	–	1.0	–	1.0	–	1.0
Income tax effect	–	(0.1)	–	(0.1)	–	(0.1)
Subtotal	**–**	**0.9**	**–**	**0.9**	**–**	**0.9**
Actuarial gains / (losses) on defined benefit plans	(8.7)	–	–	(8.7)	–	(8.7)
Income tax effect	0.7	–	–	0.7	–	0.7
Subtotal	**(8.0)**	**–**	**–**	**(8.0)**	**–**	**(8.0)**
Other comprehensive income	**(8.0)**	**0.9**	**(23.3)**	**(30.4)**	**(2.3)**	**(32.7)**

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

18. PROPERTY, PLANT AND EQUIPMENT

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

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

2012 IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2012	233.6	172.7	51.4	7.4	29.3	494.4
Business combinations (note 6)	5.3	0.5	0.4	0.2	–	6.4
Additions (note 19)	17.0	9.3	5.5	0.9	47.3	80.0
Disposals	(8.0)	(7.5)	(1.4)	(0.5)	(0.1)	(17.5)
Reclassification within classes	24.6	18.2	0.4	0.1	(43.3)	–
Reclassification to intangible assets	(0.4)	–	–	–	–	(0.4)
Currency translation adjustment	(5.0)	(5.7)	(1.1)	(0.2)	(0.2)	(12.2)
Balance at December 31, 2012	**267.1**	**187.5**	**55.2**	**7.9**	**33.0**	**550.7**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2012	(101.8)	(101.3)	(34.9)	(5.1)	–	(243.1)
Additions (note 12)	(31.4)	(23.9)	(6.2)	(0.8)	–	(62.3)
Disposals	5.8	7.0	1.4	0.5	–	14.7
Currency translation adjustment	1.1	3.9	0.7	–	–	5.7
Balance at December 31, 2012	**(126.3)**	**(114.3)**	**(39.0)**	**(5.4)**	**–**	**(285.0)**
IMPAIRMENT						
Balance at January 1, 2012	(3.0)	(1.2)	(0.6)	–	(0.4)	(5.2)
Impairment (note 12)	(2.0)	(1.2)	–	–	0.4	(2.8)
Disposals	1.5	0.3	–	–	–	1.8
Currency translation adjustment	–	0.3	–	–	–	0.3
Balance at December 31, 2012	**(3.5)**	**(1.8)**	**(0.6)**	**–**	**–**	**(5.9)**
CARRYING AMOUNT:						
At December 31, 2013	**171.2**	**93.7**	**16.8**	**2.8**	**29.4**	**313.9**
At December 31, 2012	**137.3**	**71.4**	**15.6**	**2.5**	**33.0**	**259.8**

18.1 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

20. INTANGIBLE ASSETS

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

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

2012 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	 Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2012	61.2	1,337.2	158.9	715.3	81.5	2,354.1
Business combinations (note 6)	–	64.8	–	10.0	–	74.8
Additions (note 21)	–	7.0	–	–	19.2	26.2
Disposals	–	–	–	(0.8)	(0.1)	(0.9)
Reclassification	–	(0.1)	–	–	0.5	0.4
Currency translation adjustment	(0.8)	(32.4)	(0.1)	(17.1)	(1.5)	(51.9)
Balance at December 31, 2012	**60.4**	**1,376.5**	**158.8**	**707.4**	**99.6**	**2,402.7**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2012	–	(234.6)	–	–	(39.7)	(274.3)
Additions (note 12)	–	(90.6)	–	–	(12.6)	(103.2)
Disposals	–	–	–	–	–	–
Currency translation adjustment	–	6.7	–	–	1.0	7.7
Balance at December 31, 2012	**–**	**(318.5)**	**–**	**–**	**(51.3)**	**(369.8)**
IMPAIRMENT						
Balance at January 1, 2012	–	(0.4)	–	(0.8)	–	(1.2)
Additions (note 12)	–	–	–	0.8	–	0.8
Disposals	–	–	–	–	–	–
Currency translation adjustment	–	0.1	–	–	–	0.1
Balance at December 31, 2012	**–**	**(0.3)**	**–**	**–**	**–**	**(0.3)**
CARRYING AMOUNT						
At December 31, 2013	**60.8**	**1,511.1**	**158.6**	**912.8**	**90.7**	**2,734.0**
At December 31, 2012	**60.4**	**1,057.7**	**158.8**	**707.4**	**48.3**	**2,032.6**

ADDITIONS THROUGH BUSINESS COMBINATIONS

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

20.1 IMPAIRMENT TEST

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

20.1.1 Impairment test of goodwill

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

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

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

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and the value assigned. Net sales projections are based on actual net sales achieved in the year 2013 and latest estimations for the projected years. The intersegment results of the global distribution centers have been assigned / allocated to the respective geographical segments.

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

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

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

	2013	2012
Beta factor	0.88	0.64

Sensitivity to changes in assumptions

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

20.1.2 Impairment test of concession rights with indefinite useful lives

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

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

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks. Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2013 and latest estimations for the years thereafter.

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

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES [1]		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS	2013	2012	2013	2012	2013	2012
Italy	7.15 %	7.56 %	8.29 %	8.85 %	2.7–4.1 %	3.0–5.2 %
Middle East and India	6.56 %	6.39 %	6.56 %	6.39 %	6.3–7.4 %	3.0–5.3 %

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

Sensitivity to changes in assumptions

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

20.1.3 Key assumptions used for value-in-use calculations

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

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

Sales growth

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

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2014. These values are maintained over the planning period or where specific actions are planned, these values have been increased or decreased by up to 1 % over the 5 year planning horizon compared to the historical data. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the reporting date.

Concession fee levels

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

Discount rates

Several factors affect the discount rates:

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

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

The group has used a growth rate of 2.0 % (2012: 2.0 %) to extrapolate the cash flow projections beyond the period covered by the most recent forecasts.

20.1.4 Brands

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

The recoverable amount is determined based on the Relief of Royalty method that considers a steady royalty stream of 0.3 % post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9 % post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2014–2018) with year on year growth rates between 16.4 % and 4.7 % for Dufry (2012: 12.6 %–2.9 %) and 13.8 % and 3.9 % for Hudson (2012: 13.1 %–2.6 %). These growth rates do not exceed the long-term average growth rate for Dufry Group. The discount rate of 7.54 % (2012: 5.9 %) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 270.2 million (2012: CHF 265.7 million).

21. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

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

22. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

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

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

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

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

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

Reconciliation of movements to the deferred taxes:

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

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

Tax loss carry-forwards

Certain subsidiaries incurred tax losses, which according to the local tax legislation gives rise to a tax credit usable in future tax periods. However, the use of this tax benefit can be limited in time (expiration) and by the ability of the respective subsidiary to generate enough taxable profits in future. Deferred tax assets relating to tax loss carry-forwards or temporary differences are recognized when it is probable that such tax credits can be utilized in the future in accordance with the budget 2014 approved by the Board of Directors and the projections prepared by management for these entities.

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

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

23. OTHER NON-CURRENT ASSETS

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

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

MOVEMENT IN ALLOWANCES:

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

24. INVENTORIES

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

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

CASH FLOW USED FOR INCREASE/FROM DECREASE IN INVENTORIES:

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

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

25. TRADE AND CREDIT CARD RECEIVABLES

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

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

AGING ANALYSIS OF TRADE RECEIVABLES

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

MOVEMENT IN ALLOWANCES

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

26. OTHER ACCOUNTS RECEIVABLE

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

[1] See note 39 Financial instruments.

MOVEMENT IN ALLOWANCES

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

27. EQUITY

27.1 ISSUED CAPITAL

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

27.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2012	26,976,203	134.9	934.5
Issue of shares	2,697,620	13.5	272.5
Balance at December 31, 2012	29,673,823	148.4	1,207.0
Issue of shares	1,231,233	6.1	–
Balance at December 31, 2013	**30,905,056**	**154.5**	**1,207.0**

27.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2012	–	–
Increase of authorized share capital	5,395,241	26,976
Utilized October 11, 2012	(2,697,620)	(13,488)
Balance at December 31, 2012	2,697,621	13,488
Utilization December 13, 2013	(1,231,233)	(6,156)
Balance at December 31, 2013	**1,466,388**	**7,332**

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

Share capital increase

2013

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

2012

On October 11, 2012, Dufry AG utilized part of its authorized share capital and placed 2,697,620 new registered shares representing 9.99 % of the total shares. After this share issuance, the share capital of the company amounts to CHF 148,369,115. Using an accelerated book building procedure the company offered the new shares as a private placement in Switzerland and to certain qualifying institutional investors outside of Switzerland. Dufry received for this offering a price of CHF 109 per share, resulting in gross proceeds of CHF 294 million, which were used to finance the acquisition of the 51 % of HDFS (see note 6.1). The trading of the offered shares on the SIX Swiss Exchange commenced on October 15, 2012. The share issuance costs related with this transaction amount to CHF 8.0 million and were presented in equity.

27.3 RESERVES

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

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

27.3.1 Employee benefit reserve

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

27.3.2 Hedging and revaluation reserves

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

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

27.3.3 Translation reserves

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

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

28. SHARE-BASED PAYMENTS

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for members of the Group Executive Committee (GEC) and selected members of the Senior management. These RSU Awards are from economic point of view stock options with an exercise price of nil. Each RSU represents the right to receive one share if the vesting conditions are met. Additionally Dufry implemented a long term incentive plan for the members of the GEC called Performance Share Unit Plan ("PSU").

28.1 RSU PLANS OF DUFRY AG

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

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

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

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

There was no RSU award 2012.

28.2 PSU PLANS OF DUFRY AG

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

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

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

28.3 AGREEMENT WITH A LOCAL PARTNER TO OPERATE IN BRAZIL

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

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

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

28.4 TREASURY SHARES

Treasury shares are valued at historical cost.

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

29. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

30. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

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

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

31. FINANCIAL DEBT

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

BANK DEBT

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

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

MAIN BANK CREDIT FACILITIES

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

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

The agreements contain covenants and conditions customary to this type of financing. During 2013 and 2012, Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. At December 31, 2013 the overall weighted average interest rate was 2.5% (2012: 3.2%), consisting of USD borrowings at 2.6% (2012: 3.2%), EUR borrowings at 2.4% (2012: 3.4%) and CHF borrowings at 1.9% (2012: 2.2%).

SENIOR NOTES

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

31.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

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

31.2 NET INVESTMENT IN FOREIGN OPERATIONS

Additionally, Dufry granted long-term loans amounting to USD 19.6 million (2012: USD 20.4 million) to its subsidiary, Dufry America Holding Inc., which are considered as part of Dufry's net investment in foreign operations in accordance with IAS21, paragraph 15, as settlement is neither planned nor likely to occur in the foreseeable future.

32. PROVISIONS

IN MILLIONS OF CHF	CONTINGENT LIABILITIES	CLOSEDOWN	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2013	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Business combinations	4.6	–	9.2	–	–	–	13.8
Charge for the year	–	1.2	2.4	0.1	–	0.3	4.0
Utilized	–	–	(0.2)	(0.5)	(0.1)	(0.5)	(1.3)
Unused amounts reversed	–	(1.0)	(2.0)	–	(0.9)	(0.4)	(4.3)
Currency translation adjustment	(0.9)	–	(0.2)	–	–	0.1	(1.0)
Balance at December 31, 2013	**38.7**	**1.2**	**15.9**	**–**	**2.4**	**3.2**	**61.4**
Thereof:							
– current	–	1.2	6.7	–	0.2	2.0	10.1
– non-current	38.7	–	9.2	–	2.2	1.2	51.3
Balance at January 1, 2012	**36.7**	**–**	**4.9**	**–**	**3.0**	**2.0**	**46.6**
Charge for the year	–	1.0	2.2	0.4	0.5	1.3	5.4
Utilized	–	–	(0.2)	–	–	(0.2)	(0.4)
Unused amounts reversed	–	–	(0.2)	–	–	(0.1)	(0.3)
Currency translation adjustment	(1.7)	–	–	–	(0.1)	0.7	(1.1)
Balance at December 31, 2012	**35.0**	**1.0**	**6.7**	**0.4**	**3.4**	**3.7**	**50.2**
Thereof:							
– current	–	1.0	6.7	0.4	0.2	2.9	11.2
– non-current	35.0	–	–	–	3.2	0.8	39.0

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

CONTINGENT LIABILITIES

Several contingent liabilities with a fair value of CHF 38.7 million (2012: CHF 35.0 million) were determined during the due diligence process made for the acquisition of the companies in South America, Central America and Europe. IFRS 3 Business combinations requires to reflect these liabilities with uncertain amounts in the statement of financial position although the risk exposure for some of these positions has been regarded as medium or low. The identified risks include a variety of potential liabilities from past periods, mainly related to the import and sale of merchandise by entities under common control or regarding contributions owed based on the contractual situation of employees.

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

CLOSE DOWN

The provision of CHF 1.2 million (2012: CHF 1.0 million) relates to the closing of an operation in Asia.

LABOR DISPUTES

The provision of CHF 2.4 million (2012: CHF 3.4 million) relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

LAW SUITS AND DUTIES

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

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

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

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

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

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

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

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

33.1 SWITZERLAND

Reconciliation to the Swiss Pension Obligation

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

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

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

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

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

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

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

Cost of defined benefit plans

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

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

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

Remeasurements employee benefits

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

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

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

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

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

Change in the fair value of plan assets

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

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

Change in present value of defined benefit obligation

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

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

Actuarial assumptions

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

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

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

Plan asset structure

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

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

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

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

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

Plan participants

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

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

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

Sensitivities of significant actuarial assumptions

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

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

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

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

Expected costs for 2014

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

34. ADOPTION OF IAS 19R – EMPLOYMENT BENEFITS

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

Consolidated income statement – 2012

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

Consolidated statement of comprehensive income – 2012

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

Consolidated statement of financial position

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

IN MILLIONS OF CHF	PUBLISHED 31.12.2012	RESTATED	RESTATED 31.12. 2012
ASSETS			
Deferred tax assets	153.0	1.1	154.1
Other non-current assets	36.9	(0.4)	36.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	1,238.8	(15.7)	1,223.1
Post-employment benefit obligations	6.1	16.4	22.5

Consolidated statement of cash flows – 2012

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

35. OTHER LIABILITIES

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

36. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

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

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

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

The legally required disclosure of the participations and compensations of the members of the Board of Directors and the Group Executive Committee of Dufry are explained in the respective notes 8 and 9 to the statutory financial statements of Dufry AG.

37. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires used to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings. The Group or their subsidiaries have granted these guarantees regarding the performance of the above mentioned long-term contracts directly or through third parties. As at December 31, 2013 and December 31, 2012, no party has exercised their right to call upon these guarantees.

Some of these long-term concession agreements, which Dufry has entered into, include clauses to prevent early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when such operation presents a non-profitable outlook. In this event, a provision based on the present value of the future net cash is established. At the reporting date of 2013 and 2012, no such onerous concession exists.

38. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

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

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

Quantitative disclosures fair value measurement hierarchy for assets

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

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

Quantitative disclosures fair value measurement hierarchy for liabilities

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

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

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

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

39. FINANCIAL INSTRUMENTS

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

39.1 CAPITAL RISK MANAGEMENT

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

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

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

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

39.1.1 Gearing ratio

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

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

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

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

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

39.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2013 IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL [1]	Subtotal	NON-FINANCIAL ASSETS [2]	TOTAL
Cash and cash equivalents	246.4	–	246.4	–	246.4
Trade and credit card receivables	42.8	–	42.8	–	42.8
Other accounts receivable	72.3	1.5	73.8	75.9	149.7
Other non-current assets	54.0	–	54.0	8.1	62.1
Total	**415.5**	**1.5**	**417.0**		

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

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL [1]	Subtotal	NON-FINANCIAL ASSETS [2]	TOTAL
Cash and cash equivalents	434.0	–	434.0	–	434.0
Trade and credit card receivables	59.5	–	59.5	–	59.5
Other accounts receivable	53.8	0.5	54.3	66.1	120.4
Other non-current assets	31.6	–	31.6	5.3	36.9
Total	**578.9**	**0.5**	**579.4**		

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

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

[2] Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

39.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2013

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

Financial Liabilities at December 31, 2013

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

Financial Assets at December 31, 2012

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

Financial Liabilities at December 31, 2012

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

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

39.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

39.4 MARKET RISK

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

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

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

39.5 FOREIGN CURRENCY RISK MANAGEMENT

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

39.5.1 Foreign currency sensitivity analysis

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

Foreign Currency Exposure:

IN MILLIONS OF CHF	USD	EURO	BRL	OTHER	TOTAL
DECEMBER 31, 2013					
Monetary assets	191.5	698.6	18.2	69.2	977.5
Monetary liabilities	989.4	723.7	43.4	92.9	1,849.4
Net exposure before hedging	**(797.9)**	**(25.1)**	**(25.2)**	**(23.7)**	**(871.9)**
Hedging	824.3	–	–	–	824.3
Net exposure after hedging	**26.4**	**(25.1)**	**(25.2)**	**(23.7)**	**(47.6)**
DECEMBER 31, 2012					
Monetary assets	131.3	114.0	49.5	56.5	351.3
Monetary liabilities	984.3	136.8	50.6	65.5	1,237.2
Net exposure before hedging	**(853.0)**	**(22.8)**	**(1.1)**	**(9.0)**	**(885.9)**
Hedging	847.6	–	–	–	847.6
Net exposure after hedging	**(5.4)**	**(22.8)**	**(1.1)**	**(9.0)**	**(38.3)**

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

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

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

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

Reconciliation to categories of financial instruments:

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

[1] see note 39.2 Categories of financial instruments.

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

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

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

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

39.6 INTEREST RATE RISK MANAGEMENT

The Group manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters. The Group did not utilize interest rate swap contracts during 2013.

39.6.1 Interest rate sensitivity analysis

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

If interest rates had been 100 basis points higher whereas all other variables were held constant, the Group's net earnings for the year 2013 would decrease by CHF 10.1 million (2012: decrease by CHF 13.5 million).

39.6.2 Allocation of financial assets and liabilities to interest classes

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

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

39.7 CREDIT RISK MANAGEMENT

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

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

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

39.7.1 Maximum credit risk

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

39.8 LIQUIDITY RISK MANAGEMENT

The group evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping unused credit facilities with financial institutions (see note 31).

39.8.1 Remaining maturities for non-derivative financial assets and liabilities

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

AT DECEMBER 31, 2013 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	246.4	–	–	–	246.4
Trade and credit card receivables	42.7	0.1	–	–	42.8
Other accounts receivable	72.1	0.3	–	–	72.4
Other non–current assets	–	0.5	–	54.0	54.5
Total cash inflows	**361.2**	**0.9**	**–**	**54.0**	**416.1**
Trade payables	278.0	–	–	–	278.0
Financial debt, short–term	47.4	271.3	–	–	318.7
Other liabilities	273.7	1.2	–	0.1	275.0
Financial debt, long–term	80.1	19.9	308.6	1,520.6	1,929.2
Other non–current liabilities	–	–	–	4.8	4.8
Total cash outflows	**679.2**	**292.4**	**308.6**	**1,525.5**	**2,805.7**

AT DECEMBER 31, 2012 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	434.8	–	–	–	434.8
Trade and credit card receivables	59.5	–	–	–	59.5
Other accounts receivable	53.7	0.1	–	–	53.8
Other non–current assets	–	–	–	31.6	31.6
Total cash inflows	**548.0**	**0.1**	**–**	**31.6**	**579.7**
Trade payables	247.9	–	–	–	247.9
Financial debt, short–term	40.0	0.2	–	–	40.2
Other liabilities	254.9	0.1	–	–	255.0
Financial debt, long–term	14.7	12.0	23.7	1,443.3	1,493.7
Other non–current liabilities	–	–	–	7.8	7.8
Total cash outflows	**557.5**	**12.3**	**23.7**	**1,451.1**	**2,044.6**

39.8.2 Remaining maturities for derivative financial instruments

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

39.9 OTHER FINANCIAL ASSETS AND LIABILITIES

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

39.10 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

MOST IMPORTANT AFFILIATED COMPANIES

H = HOLDING R = RETAIL D = DISTRIBUTION CENTER

AS OF DECEMBER 31, 2013	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Mangement AG	Basel	Switzerland	H	100	100	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
EMEA & ASIA						
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Dufry Samnaun AG	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	3,491	EUR
Sovenex SAS	Fort-de-France	France	R	100	40	EUR
Dufry CE sro	Prague	Czech Republic	R	51	21,370	CZK
Food Village BV	Amsterdam	Netherlands	R	100	681	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	20,000	DZD
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	19,497	CNY
Shanghai Huaihai – Dufry Trading Co. Ltd	Chengdu	China	R	50	20,000	CNY
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD
AMERICA I						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Dufry Yucatan SA de CV	Mexico City	Mexico	R	100	1,141	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Puerto Libre Int. SA	Managua	Nicaragua	R	30	59	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Dufry Trinidad Ltd	San Juan	Puerto Rico	R	60	392	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Inversiones Pánamo, S.A.	Santo Domingo	Dominican Republic	R	100	0	USD
Duty Free Caribbean (Holdings) Ltd	Bridgetown	Barbados	H	60	27,000	USD
Colombian Emeralds Int. Ltd	Castries	St. Lucia	R	60	7,000	USD
Flagship Retail Services Inc.	Delaware	USA	R	100	0	USD
Interbaires S.A.	Buenos Aires	Argentina	R	100	306	USD
Navinten S.A.	Montevideo	Uruguay	R	100	126	USD
Duty Free Ecuador S.A.	Guayaquil	Ecuador	R	100	401	USD
Dufry America, Inc.	Miami	USA	H	100	5	USD

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

Building a better working world

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To the General Meeting of

Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the consolidated financial statements

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

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

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Report on other legal requirements

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

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

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

Ernst & Young Ltd

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

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013

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

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2013

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

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT INVESTMENTS

SUBSIDIARY		BOOK VALUE		SHARE CAPITAL	
IN THOUSANDS OF CHF	PARTICIPATION	2013	2012	2013	2012
Dufry International AG, Switzerland	100 %	352,896	352,896	1,000	1,000
Dufry Management AG, Switzerland	100 %	100	100	100	100
Dufry Corporate AG, Switzerland	100 %	100	100	100	100
Dufry Holdings & Investments AG, Switzerland	100 %	729,575	729,575	1,000	1,000
Total		**1,082,671**	**1,082,671**		

2. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

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

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

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

3. AUTHORIZED AND CONDITIONAL SHARE CAPITAL

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

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

4. TREASURY SHARES

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

5. ENTERPRISE RISK MANAGEMENT

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

6. PLEDGED ASSETS

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

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

The following companies form a tax group for the Swiss Federal Tax Administration – Main division VAT:

- DUFRY International AG
- DUFRY Travel Retail AG
- DUFRY Samnaun AG
- DUFRY Participations AG
- DUFRY Russia Holding AG
- DUFRY Trading AG
- DUFRY Basel Mulhouse AG
- DUFRY Management AG
- DUFRY Corporate AG
- DUFRY Holdings & Investments AG
- DUFRY AG
- DUFRY Altay AG

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

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

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

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

(Disclosure according to Swiss Code of Obligations 663b)

PARTICIPATIONS IN DUFRY AG

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

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

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

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

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2013 and December 31, 2012, respectively.

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

In 2013 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 2,924.9 (To Mr. Juan Carlos Torres Carretero, Chairman CHF 1,500.0; to Mr. Andrés Holzer Neumann, Vice-Chairman CHF 225.0; to Mr. Jorge Born, Director CHF 175.0; to Mr. Xavier Bouton, Director CHF 175.0; to Mr. James Cohen, Director CHF 208.3; to Mr. José Lucas Ferreira de Melo, Director CHF 208.3; to Mr. Joaquin Moya-Angeler Cabrera, Director CHF 225.0; and to the following members which have been nominated until April 2013; to Mr. Ernest George Bachrach, Vice-Chairman CHF 75.0; to Mr. Mario Fontana, Director CHF 75.0; to Mr. Maurizio Mauro, Director CHF 58.3). In addition to these fees Mr. Xavier Bouton received CHF 250.0 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 165.3 in total (To Mr. Juan Carlos Torres Carretero, Chairman CHF 79.6; to Mr. Andrés Holzer Neumann, Vice-Chairman CHF 13.5; to Mr. Jorge Born, Director CHF 10.6; to Mr. Xavier Bouton, Director CHF 10.6; to Mr. James Cohen, Director CHF 12.5; to Mr. José Lucas Ferreira de Melo, Director CHF 12.5; to Mr. Joaquin Moya-Angeler Cabrera, Director CHF 13.5; and to the following members which have been nominated until April 2013; to Mr. Ernest George Bachrach, Vice-Chairman CHF 4.5; to Mr. Mario Fontana, Director CHF 4.5; to Mr. Maurizio Mauro, Director CHF 3.5). Mr. Julián Díaz González has not received any compensation as Director of the Board since he was nominated in May 1, 2013 and his remuneration as Chief Executive Officer is presented as member of the Group Executive Committee.

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

In the years 2013 and 2012 there were no other compensations paid directly or indirectly to active or former members of the Board of Directors and there are also no loans or guarantees received or provided to these Board members, nor to their related parties.

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

In 2012 the eight members of the Group Executive Committee received the following compensation: i) in cash CHF 8,374.4 comprised of basic salary CHF 4,609.7 and bonus CHF 3,764.7 and ii) as allowances in kind CHF 602.6, as employer's social charges CHF 1,035.2, adding up to a total compensation of CHF 10,012.2. These figures include the compensation to Mr. Julián Díaz González, Chief Executive Officer of Dufry AG, and the member of the Group Executive Committee with the highest total compensation, who received a compensation: i) in cash

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

In the years 2013 and 2012 there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, nor to their related parties and there are also no loans or guarantees received or provided to these members, nor to their related parties.

For details regarding conditions of Restricted Stock Unit (RSU) and Performance Share Unit (PSU) Plans, refer to note 28 of the consolidated financial statements.

10. APPROPRIATION OF AVAILABLE EARNINGS

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

Building a better working world

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To the General Meeting of

Dufry AG, Basel

Basel, 5 March 2014

Report of the statutory auditor on the financial statements

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

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

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

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

Opinion
In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

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Report on other legal requirements

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

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

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

Ernst & Young Ltd

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

The financial reports are available under:

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

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

CORPORATE GOVERNANCE

This Report follows the guidelines relating to Corporate Governance by SIX Swiss Exchange. All information within this Corporate Governance Report refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2013. With

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the new "Ordinance against Excessive Compensation with respect to stock exchange listed companies" (OaEC), issued by the Swiss Federal Council in November 2013 and coming into effect as of January 1, 2014, there will be changes and adjustments (e.g. for competencies of the General Meeting of Shareholders, changes within the Articles of Incorporation and the Internal Company Regulations) that must be implemented within allowed time frames stipulated by the Ordinance.

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 11 of this Annual Report.

Listed company

COMPANY

Dufry AG, Brunngässlein 12, 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 4,839,731,770 as of December 31, 2013

PERCENTAGE OF SHARES HELD BY DUFRY AG

0.389 % of Dufry AG share capital as of December 31, 2013

SECURITY NUMBERS

Registered shares:
ISIN-Code CH0023405456, Swiss Security-No. 2340545
Ticker Symbol DUFN

Brazilian Depositary Receipts (BDRs):
ISIN-Code BRDAGBBDR008
Ticker Symbol DAGB33

Non-listed companies

For a table of the operational non-listed consolidated entities please refer to page 128 in section Financial Statements of this Annual Report*.

* 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 2013, the following significant shareholders held more than 3% of the share capital as of December 31, 2013*.

SHAREHOLDER	PERCENTAGE
Group of shareholders consisting of various companies and legal entities including Travel Retail Investment S.C.A., Folli Follie Commercial Industrial and Technical S.A. and Hudson Media, Inc., such group representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos [1]	22.24% 4.80% (sales position)
Franklin Resources, Inc. [2]	5.08%
Norges Bank (the Central Bank of Norway)	3.01%
Group of shareholders represented by Tarpon Gestora de Recursos S.A.[3]	4.81%

(1) Shares held through:

a) Travel Retail Investment S.C.A. (Luxembourg/Grand Duchy of Luxembourg). Shares in Travel Retail Investment S.C.A. are held by: 1) Petrus Pte. Ltd. (Singapore) which in turn is held by The Bingo Trust (New Zealand). Travel Retail Investments S.á.r.l. is the general manager and sole manager of Travel Retail Investment S.C.A. Petrus Pte. Ltd. holds the majority of the shares in Travel Retail Investment S.C.A. and Travel Retail Investments S.á.r.l. Mr. Andrés Holzer Neumann is the settlor of the The Bingo Trust and exercises indirect control over the trust. 2) Witherspoon Investments LLC (Wilmington, DE/USA) which is held directly by Mr. Juan Carlos Torres. 3) Mr. Julián Díaz González (Lachen/Switzerland).

b) Mr. Julián Díaz González (holding shares directly).

c) Mr. Andrés Holzer Neumann (holding shares directly).

d) Petrus Pte. Ltd. and various companies held directly by Grupo Industrial Omega, S.A. de C.V. (Cuidad de Mexico/Mexico), which is controlled by Mr. Andrés Holzer Neumann.

e) Mr. James S. Cohen holds his shares partly directly and partly through Hudson Media, Inc. (East Rutherford, NJ/USA), which he controls.

f) James S. Cohen Family Dynasty Trust (East Rutherford, NJ/USA) holds all its shares directly. Mr. James S. Cohen is the Grantor of this trust, but is not a beneficiary of the trust.

g) Dimitrios Koutsolioutsos holds his shares indirectly through Folli Follie Commercial Industrial and Technical S.A. (Agios Stephanos/Greece) and Cordial Worldwide Ltd (British Virgin Islands), which he controls.

(2) Franklin Resources, Inc. (San Mateo/CA, USA) is the parent company of Franklin Mutual Advisers, LLC (Short Hills/NJ, USA) and Franklin Templeton Investment Management Limited (Edinburgh, Scotland). Each of these subsidiaries has discretionary voting authority over shares of Dufry AG held by funds and separate accounts managed by such subsidiary and may be deemed as indirect shareholders.

(3) Shares held through:

a) Various Tarpon Funds, which are investment funds discretionarily managed by Tarpon Gestora de Recursos S.A. (São Paulo/Brazil) as investment advisor. Tarpon Gestora de Recursos S.A. is a wholly-owned subsidiary of Tarpon Investimentos S.A. (São Paulo/Brazil), a Brazilian publicly listed company, controlled by the following individuals: José Carlos Reis de Magalhães Neto, Pedro de Andrade Faria, Eduardo Silveira Mufarej, Fernando Shayer, Marcelo Gulmarães Lopo Lima, José Alexandre Carneiro Borges, Miguel Gomes Ferreira, Antonio Augusto Torres de Bastos Filho and Philip Vincent Reade.

b) Peninsula Funds: Fundo de Investimento de Ações Santa Rita – Investimentos no Exterior. Peninsula Participações S.A. (São Paulo/Brazil), Paic Participações Ltda. (São Paulo/Brazil) and Onyx 2006 Participações Ltda. (São Paulo/Brazil) are holders of Fundo de Investimento de Ações Santa Rita – Investimentos no Exterior. Peninsula Participações S.A. and Paic Participações Ltda. are controlled by the following individuals: Abilio Diniz, Ana Maria Falleiros dos Santos Diniz D'Avila, João Paulo Falleiros dos Santos Diniz, Pedro Paulo Falleiros dos Santos Diniz, Adriana Falleiros dos Santos Diniz, Rafaela Marchesi Diniz, Miguel Marchesi Diniz. Onyx 2006 Participações Ltda. is controlled by Rio Plate Empreendimentos e Participações Ltda., which is controlled by Abilio Diniz.

c) Stanhore Trading International S.A. is controlled by Tarique Limited (Gibraltar), Clownsvis B.V. (Luxembourg/Grand Duchy of Luxembourg), Orca S.à.r.l. (Luxembourg/Grand Duchy of Luxembourg) and Rio Plate Empreendimentos e Participações Ltda. (São Paulo/Brazil), which are directly and indirectly controlled by Mr. Abilio Diniz.

Further details regarding the shareholders and shareholder groups mentioned above and the disclosures mentioned below are available on the website of SIX Swiss Exchange on

http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html

Changes of significant shareholders in connection with Art. 20 of SESTA during fiscal year 2013 can be summarized as follows:

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 gone below the threshold of 3% on September 3, 2013, due to a sale transaction.

Previous disclosures in fiscal year 2013: Participation had gone below the threshold of 5% to 4.6936% (purchase positions of 4.5615% in registered shares and 0.1321% as equity swap; sale positions of 0.5656% as equity swap) on July 3, 2013, due to a sale transaction.

Participation had gone above the threshold of 5% to 5.505% (purchase positions of 5.316% in registered shares and 0.19% as equity swap; sale positions of 0.229% as equity swap) on March 5, 2013, due to a purchase transaction.

Participation had gone above the threshold of 3% to 3.54% (purchase positions of 3.366% in registered shares and 0.174% as equity swap; sale positions of 0.23% as equity swap) on February 22, 2013, due to a purchase transaction.

Participation had gone below the threshold of 3% on February 14, 2013, due to a sale transaction.

The previous holding as of December 31, 2012, was 4.60% of the share capital of Dufry AG.

* 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.

Franklin Resources, Inc., One Franklin Parkway, San Mateo, CA 94403-1906, USA, informed the Company that its shareholding had gone above the threshold of 5 % to 5.08 % of the share capital of Dufry AG on July 26, 2013, due to a purchase transaction. Franklin Resources, Inc. is the parent company of Franklin Mutual Advisers, LLC and Franklin Templeton Investment Management Limited. Each of these subsidiaries has discretionary voting authority over shares of Dufry AG held by funds and separate accounts managed by such subsidiary and may be deemed as indirect shareholders.

Previous disclosure in fiscal year 2013: Participation had gone above 3 % to 3.07 % on June 3, 2013, due to a purchase transaction.

Global Retail Group S.à r.l, 76 Grand Rue, L-1660 Luxembourg, Grand Duchy of Luxembourg, an entity controlled by Advent International Corporation, notified the Company, that its shareholding had gone below the threshold of 3 % on January 15, 2013, due to a sale transaction.

The previous holding as of December 31, 2012, was 13.07 % of the share capital of Dufry AG.

Messrs. Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos form a group of shareholders and disclosed a participation of 22.24 % of the share capital of Dufry AG on December 11, 2013, due to the extension of the shareholder group (by Mr. Koutsolioutsos interests) and the crossing of the 20 % threshold (purchase position of 22.24 % in registered shares and sale position of 4.80116 % in several options (long put options / short call options). The holdings are held directly and indirectly (inter alia through Travel Retail Investment S.C.A., Petrus Pte. Ltd., Witherspoon Investments LLC, various companies of Grupo Industrial Omega, Hudson Media, Inc., Folli Follie Commercial Industrial and Technical S.A., and Cordial Worldwide Ltd).

Previous disclosures in fiscal year 2013: Participation of 19.02 % on October 4, 2013, due to the extension of the shareholder group (by Mr. Cohen's and the James S. Cohen Family Dynasty Trust's interests) and the crossing of the 15 % threshold.

Messrs. Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero informed the Company that they form a group of shareholders and disclosed a participation of 13.68 % of the share capital of Dufry AG on September 12, 2013.

Mr. Andrés Holzer Neumann notified the Company that on September 12, 2013, his participation (held, inter alia, through Travel Retail Investment S.C.A., and Petrus Pte. Ltd.) had gone below 3 %, as he formed a group of shareholders with Messrs. Julián Díaz González and Juan Carlos Torres Carretero. See comments above regarding the group of shareholders consisting of Messrs. Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos.

Previous disclosures in fiscal year 2013: Mr. Andrés Holzer Neumann notified the Company that the terms of the financial instruments relating to the 5 % sale position had changed on May 16, 2013 and that his current purchase position was 13.36 %. On January 17, 2013 he had increased his indirect and direct holdings (held, inter alia, through Travel Retail Investment S.C.A., Petrus Pte. Ltd. and various Companies held by Industrial Omega, S.A. de C.V.) to 13.18 %, due to a purchase transaction.

The previous holding as of December 31, 2012, was 7.49 % of the share capital of Dufry AG.

Hudson Media, Inc., One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073 USA, informed the Company that on October 4, 2013, its participation had gone below 3 %, as James S. Cohen, Hudson Media, Inc., Travel Retail Investment S.C.A., and James S. Cohen Family Dynasty Trust act in concert pursuant to the terms and conditions of a shareholders agreement dated October 4, 2013. See comments above regarding the group of shareholders consisting of Messrs. Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos.

Previous disclosures in fiscal year 2013 of Hudson Media, Inc.: Participation had gone above 5 % to 5.077 % on April 5, 2013, due to a purchase transaction.

The previous holding as of December 31, 2012, was 3.89 % of the share capital of Dufry AG.

Morgan Stanley & Co. International PLC, 25 Cabot Square, Canary Wharf, London E14 4QA, UK, informed the Company that on December 12, 2013, its participation had gone below the 3 % threshold, as a result of the share capital increase by Dufry.

Previous disclosures in fiscal year 2013: Morgan Stanley & Co. International PLC informed the Company that on December 6, 2013, it held a participation of 5.0004 % of the share capital of Dufry AG through direct and indirect holdings (purchase positions of various financial instruments consisting of European options – long put options and short call options with various strikes). This disclosure was triggered by a change in the group of companies holding the voting rights. There were various previous disclosures by the same shareholder during fiscal year 2013, due to changes in the group of companies holding the voting rights or amendments of the financial instruments. On January 17, 2013, Morgan Stanley had increased its direct and indirect holdings to 5.00542% of the share capital of Dufry AG (by entering into financial instruments).

Norges Bank (the Central Bank of Norway), Bankplassen 2, P.O. Box 1179 Sentrum, 0107 Oslo, Norway, informed the Company that its shareholding had gone above the threshold of 3% to 3.01% of the share capital of Dufry AG on November 13, 2013, due to a purchase transaction.

Tarpon Gestora de Recursos S.A., Rua Iguatemi, 151, 23rd floor, São Paulo, Brazil, 01451-011 and Peninsula Participações S.A., Avenida Brigadeiro Faria Lima, 2.055, 15th Floor, São Paulo, SP, Brazil, 01452-000, both as representative of a group of shareholders consisting of several Brazilian investment funds and hedge funds such as Tarpon Funds, Peninsula Funds, and Stanhore Trading International S.A. informed the Company that the shareholding by the group of shareholders had gone below the 5% threshold to 4.81% on December 17, 2013, as a result of a share capital increase by Dufry.

Previous disclosures in 2013: Tarpon Gestora de Recursos S.A. informed the Company that it had represented a group of shareholders and that this group held a participation of 5.22% on October 14, 2013.

Shareholder agreements

The group of shareholders consisting of various companies and legal entities representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos have three different shareholders agreements.

Shareholders agreement between Petrus Pte. Ltd. (interests of Mr. Holzer Neumann), Witherspoon Investment LLC (interests of Mr. Torres), Mr. Díaz González, Mr. Torres and Travel Retail S.à.r.l. (interests of Messrs. Holzer Neumann, Torres and Díaz González).

Shareholders agreement between Travel Retail Investment S.C.A. (interests of Messrs. Holzer Neumann, Torres and Díaz González), James S. Cohen, James S. Cohen Family Dynasty Trust, and Hudson Media, Inc. (interests of Mr. Cohen).

Shareholders agreement between Travel Retail Investment S.C.A. (interests of Messrs. Holzer Neumann, Torres and Díaz González) and Folli Follie Commercial Industrial and Technical S.A. (interests of Mr. Koutsolioutsos).

The group of shareholders represented by Tarpon Gestora de Recursos S.A. have an agreement to act in concert.

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, 2013: CHF 154,525,280 (nominal value) divided in 30,905,056 fully paid registered shares with nominal value of CHF 5 each	
CONDITIONAL SHARE CAPITAL	
CHF 13,488,100 (nominal value) divided in 2,697,620 fully paid registered shares with nominal value of CHF 5 each	
AUTHORIZED SHARE CAPITAL	
CHF 7,331,940 (nominal value) divided in 1,466,388 fully paid registered shares with nominal value of CHF 5 each, issuance possible until May 2, 2014	

2.2 DETAILS TO CONDITIONAL AND AUTHORIZED SHARE CAPITAL

Conditional share capital

Art. 3bis of the Articles of Incorporation, dated December 11, 2013, reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 13,488,100 by the issuance of up to 2,697,620 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

Art. 3ter of the Articles of Incorporation, dated December 11, 2013, reads as follows:

1. The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 7,331,940 through the issuance of up to 1,466,388 fully paid registered shares with a nominal value of CHF 5 per share by not later than May 2, 2014. Increases in partial amounts shall be permitted.
2. The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Article 5 of these Articles of Incorporation.
3. The Board of Directors shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of the preferential subscription rights, and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party and a subsequent offer of these shares to the current shareholders. The Board of Directors may permit preferential subscription rights that have not been exercised to expire or it may place these rights and/or shares as to which preferential subscription rights have been granted but not exercised, at market conditions or use them for other purposes in the interest of the Company.
4. The Board of Directors is further authorized to restrict or deny the preferential subscription rights of shareholders or allocate such rights to third parties if the shares are to be used:
   a) for the acquisition of enterprises, parts of an enterprise or participations, or for new investment plans or, in case of a share placement, for the financing or refinancing of such transactions; or
   b) for the participation of strategic partners (including in the case of a public takeover bid) or for the purpose of broadening the shareholder constituency or in connection with a listing of shares on domestic or foreign stock exchanges, including for the purpose of delivering shares to the participating banks in connection with an over-allotment option (Greenshoe).

2.3 CHANGES IN CAPITAL OF DUFRY AG

NOMINAL SHARE CAPITAL	
December 31, 2011	CHF 134,881,015
December 31, 2012	CHF 148,369,115
December 31, 2013	CHF 154,525,280
CONDITIONAL SHARE CAPITAL	
December 31, 2011	CHF 2,836,480
December 31, 2012	CHF 13,488,100
December 31, 2013	CHF 13,488,100
AUTHORIZED SHARE CAPITAL	
December 31, 2011	None
December 31, 2012	CHF 13,488,105
December 31, 2013	CHF 7,331,940

Changes in capital in 2011

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

Changes in capital in 2012

At the Ordinary General Meeting of Shareholders on May 2, 2012, shareholders approved the Board of Directors' proposal to increase the amount of the previously existing conditional capital from CHF 2,836,480 (567,296 registered shares with nominal value of CHF 5 each) to CHF 13,488,100 (2,697,620 registered shares with nominal value of CHF 5 each).

At the same Ordinary General Meeting, shareholders also approved the Board of Directors' proposal to create authorized share capital in an amount CHF 26,976,205 (5,395,241 registered shares with nominal value of CHF 5 each).

On October 10, 2012, Dufry issued 2,697,620 shares with nominal value of CHF 5 from the authorized capital. Hence, the existing authorized share capital decreased from CHF 26,976,205 to CHF 13,488,105, and the ordinary share capital increased from CHF 134,881,015 to CHF 148,369,115.

Changes in capital in 2013

On December 13, 2013, Dufry issued 1,231,233 shares with nominal value of CHF 5 from the authorized capital. Hence, the existing authorized share capital decreased from

CHF 13,488,105 to CHF 7,331,940, and the ordinary share capital increased from CHF 148,369,115 to CHF 154,525,280.

2.4 SHARES

As of December 31, 2013, the share capital of Dufry AG is divided into 30,905,056 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 Unibanco 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, 2013, 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) and a Performance Share Unit (PSU) plan, the essentials of which are disclosed under "compensation, shareholdings and loans" on page 157.

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
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Vice-Chairman	2004	2016	NRC
Jorge Born	CEO of Bomagra S.A.	Argentinian	Director	2010	2016	None
Xavier Bouton	Consultant	French	Director	2005	2014	None
James S. Cohen	CEO of Hudson Media Inc.	American	Director	2009	2014	NRC
Julián Díaz González	CEO of Dufry AG	Spanish	Director, CEO	2013	2016	None
José Lucas Ferreira de Melo	Consultant	Brazilian	Director	2010	2016	AC
Joaquin Moya-Angeler Cabrera	Consultant	Spanish	Director	2005	2016	AC

[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, Latin American Airport Holding, Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., International Meal Company Holdings, S.A., International Meal Company (IMC) Ltd., Grupo Gayosso, S.A. de C.V., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U.

Andrés Holzer Neumann
VICE-CHAIRMAN, 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 CIA, 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, Latin American Airport Holding, Ltd. and Opequimar, S.A. de C.V.

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, oil seeding processing and food products areas in Argentina, Brazil, the United States and Europe for Bunge Ltd. 2004–2005 Board member of Dufry AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.

Current Board Mandates
Dufry AG, Hochschild Mining, Ltd., Latin American Executive Board at Wharton Business School, Governors of the Lauder Institute at Wharton Business School, 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.

Julián Díaz González
DIRECTOR, 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, S.A. 1993–1997 Division Director at Aldeasa. 1997–2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000–2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

Current Board Mandates
Dufry AG, Distribuidora Internacional de Alimentacion, S.A. (DIA).

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 S. 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, 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 Pricewaterhouse Coopers 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, International Meal Company Holdings, S.A., Banco Bradesco, S.A. (Member of the Audit Committee), Cetip S.A. – Balcão Mercados Organizados (Member of the Audit Committee) and Restoque Comércio e Confecções de Roupas 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.

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 an 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. Chairman of Meta4 (1997–2002) 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 (Chairman), Palamon Capital Partners, Hildebrando, S.A. de C.V. (Chairman), Corporación Tecnológica Andalucia (Chairman), Board of Trustees of the University of Almeria (Chairman), Fundación Mediterránea (Chairman), Redsa S.A., Inmoan SL, Avalon Private Equity, Spanish Association of Universities Governing Bodies (Chairman) and Corporación Group Leche Pascual (Vice Chairman).

Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann (Vice-Chairman), Julián Díaz González and James S. Cohen are members of a group of shareholders, which held 22.24 % of the share capital of Dufry AG as of December 31, 2013. See for details the disclosure under "1.2 Significant Shareholders" on page 144 of this Annual Report.

Except for Mr. Julián Díaz González, who acts as Chief Executive Officer of the Company, all other members of the Board of Directors are non-executive members and 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 116 of this Annual Report.

3.3 ELECTION AND TERMS OF OFFICE

In accordance with Art. 13 of the Articles of Incorporation, dated December 11, 2013:

- The Board of Directors shall consist of at least three and at most nine 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.

Whenever members of the Board of Directors are proposed for election or re-election at a General Meeting of Shareholders such elections are being held as individual elections. At the Ordinary General Meeting held on April 30, 2013, Messrs. Andrés Holzer Neumann, Jorge Born, José Lucas Fereira de Melo and Joaquin Moya-Angeler Cabrera were re-elected for a term of office of three years. Mr. Julián Díaz González was elected as a new Board member for a term of office of three years.

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: José Lucas Ferreira de Melo (Chairman Audit Committee), Joaquín Moya-Angeler Cabrera, Juan Carlos Torres Carretero.

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 approximately 2 to 3 hours in fiscal year 2013, during which the Audit Committee held 5 meetings. The auditors attended 3 meetings of the Audit Committee in 2013. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO 5 meetings, the CFO who acts as Secretary of the Audit Committee meetings 5 meetings.

Nomination and Remuneration Committee

Members: James S. Cohen (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/PSU plans and the overall size of the RSUs and PSUs to be granted under the Company's Restricted Stock Unit and Performance Share Unit plans, 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 3 meetings held in the fiscal year 2013 lasted about 1 to 3 hours. Members of the Group Executive Committee attended meetings of the Nomination and Remuneration Committee as follows: CEO 3 meetings.

Work method of the Board of Directors

As a rule, the Board of Directors meets about six to seven 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 8 meetings during fiscal year 2013. 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 Group General Counsel, 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. Members of the Group Executive Committee attended meetings of the Board of Directors in 2013 as follows: CEO 8 meetings, CFO 8 meetings, Global Chief Operating Officer 7 meetings, Group General Counsel 8 meetings, Chief Operating Officers of the regions 1 meeting.

The Board of Directors also engages specific advisors to address specific matters when required. No external advisors attended meetings of the Board of Directors in 2013. The external Auditors attended 3 meetings of the Audit Committee in 2013.

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.
- For attendance of the members of the Group Executive Committee at meetings of the Board of Directors or meetings of the Audit Committee or Nomination and Remuneration Committee please refer to section "3.4 Internal organizational structure" above.
- The Audit Committee met 5 times in 2013 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 2013. 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 systems globally. The selection of Internal Audit projects and the scope of each review are based on risk assessment, with a focus on operating risks, throughout the Dufry Group. In fiscal year 2013, the Internal Audit conducted 56 reviews, examining operations in 29 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 2013, a particular focus was, amongst others, on compliance with procedures related to inventory and cash, and other related risks. 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 of the risk assessments 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 2013 are, amongst others, in the areas of supply chain expertise, alternative forms of retail distributions, relations with the airport authorities, product and service quality, acquisition projects 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 39 in the Financial Statements of this Annual Report.

4. GROUP EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

As of December 31, 2013, the Group Executive Committee comprised eight executives. Mr. Luis Marin was appointed as an additional member as the Company's new Chief Corporate Officer and joined the Group Executive Committee as of January 1, 2014. 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 nine members of the Group Executive Committee, followed by a short description of each member's business experience, education and activities:

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Julián Díaz González	Spanish	Chief Executive Officer	2004
Andreas Schneiter	Swiss	Chief Financial Officer	2012
José Antonio Gea	Spanish	Global Chief Operating Officer	2004
Pascal C. Duclos	Swiss	General Counsel	2005
Luis Marin	Spanish	Chief Corporate Officer	2014
Xavier Rossinyol	Spanish	Chief Operating Officer Region EMEA & Asia	2004
René Riedi	Swiss	Chief Operating Officer Region America I	2000
José Carlos Costa da Silva Rosa	Portuguese	Chief Operating Officer Region America II	2006
Joseph DiDomizio	American	Chief Operating Officer Region United States & Canada	2008

All agreements entered into with the members of the Group Executive Committee are entered for an indefinite 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, S.A. 1993–1997 Division Director at Aldeasa. 1997–2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000–2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

Current Board Mandates

Dufry AG, Distribuidora Internacional de Alimentacion, S.A. (DIA).

Andreas Schneiter
CHIEF FINANCIAL OFFICER, BORN 1970

Education

Degree in business administration and specialization in finance at School of Economy and Business Administration Berne.

Professional Background

1998–2003 various positions at UBS Warburg in Zurich in the area of Mergers and Acquisitions. Joined Dufry in 2003 as Head Corporate Controlling. 2004–2012 Head Group Treasury and since 2005 additionally Investor Relations at Dufry. Since July 2012 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, S.A. Director of Blue Cow Division (1993–1995). 1995–2003 various managerial positions at Aldeasa. Left Aldeasa as Director of Operations. Since 2004 Global Chief Operating Officer at Dufry AG.

Pascal C. Duclos
GENERAL COUNSEL
BORN 1967

Education

Licence en droit from Geneva University School of Law, L.L.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 General Counsel and Secretary to the Board of Directors at Dufry AG.

Luis Marin
CHIEF CORPORATE OFFICER
BORN 1971

Education

Degree in Economic Sciences and Business Administration from Universidad de Barcelona.

Professional Background

1995–1998 Auditor at Coopers & Lybrand. 1998–2001 Financial Controller at Derbi Motocicletas – Nacional Motor S.A. 2001–2004 Head of Finance and Administration of Spanish subsidiaries of Areas (member of the French group Elior). Joined Dufry in 2004, as Business Controlling Director and since 2012, also responsible for mergers and acquisitions. Since January 2014 Chief Corporate Officer at Dufry AG.

Xavier Rossinyol
CHIEF OPERATING OFFICER
REGION EMEA & ASIA, 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. 2004–2012 Chief Financial Officer at Dufry AG. Since July 2012 Chief Operating Officer Region EMEA & Asia at Dufry AG.

René Riedi
CHIEF OPERATING OFFICER
REGION AMERICA I, 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 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). 2000–2012 Chief Operating Officer Region Eurasia at Dufry AG. Since July 2012 Chief Operating Officer Region America I at Dufry AG.

José Carlos Costa da Silva Rosa
CHIEF OPERATING OFFICER
REGION AMERICA II, BORN 1955

Education

Military and Civil Engineer's degree from the Academia Militar of Portugal.

Professional Background

1978–1993 Officer with the Portuguese Army. 1993–1994 Director of Property Management of Richard Ellis Portugal. 1994–2000 General Director of AmoreirasGest. 2000–2006 Retail Director at ANA-Aeroportos de Portugal AS. 2006–2012 Chief Operating Officer Region South America at Dufry AG. Since July 2012 Chief Operating Officer Region America II at Dufry AG.

Joseph DiDomizio
CHIEF OPERATING OFFICER
REGION UNITED STATES & CANADA, 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 United States & Canada 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 the Board mandates of Mr. Julían Díaz mentioned above. 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.

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

The success of Dufry is dependent on its ability to attract, motivate and retain excellent people. It is our aim to provide appropriate and competitive remuneration to our employees and to support their development in a high performance environment.

This section of the Corporate Governance Report provides information regarding the remuneration system and compensation paid to the members of the Board of Directors and of the Group Executive Committee in fiscal year 2013. The detailed information on remuneration and loans to the Board of Directors and Group Executive Committee (and former members of governing bodies) in accordance with Article 663bbis and the participations in accordance with Article 663c of the Swiss Code of Obligations are shown in the Statutory Notes to the Financial Statements of Dufry AG on pages 137 to 139.

REMUNERATION SYSTEM TO THE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors has the overall responsibility for defining the personnel and remuneration policy used for the entire Group, as well as the general terms and conditions of employment for members of the Group Executive Committee.

The remuneration of the members of the Board of Directors is set to attract and retain highly qualified individuals to serve on the Board of Directors. The Board of Directors determines the amount of 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 remuneration 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 of its members, upon proposal of the Nomination and Remuneration Committee, once per year and at its own discretion. The compensation for the members of the Board of Directors is paid in cash (including social charges). 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.

The difference in the amount of compensation paid to the members of the Board of Directors in 2013 in comparison to 2012 is mainly due to the fact, that the Chairman and the Vice-Chairman, who in 2012 had represented the interests of Advent International Corporation and its funds (as a major shareholder in Dufry) had not received compensation during that period, while in 2013 both were compensated. Furthermore, the Board of Directors decided to raise the fee as a member of the Board to TCHF 175 for 2013 (2012 TCHF 150). The fee as a member of a Committee (Audit Committee or Nomination and Remuneration Committee) was left unchanged at TCHF 50 per Committee membership.

REMUNERATION SYSTEM TO THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

Members of the Group Executive Committee receive compensation packages, which consist of a fixed basic salary in cash, social benefits, allowances in kind, a performance related cash bonus and share-based incentive plans through Restricted Share Units Plans (RSUs) and Performance Share Units Plans (PSUs) respectively.

BASIC SALARY AND ANNUAL CASH BONUS

Dufry aims to provide competitive compensation to the members of its Group Executive Committee that reflects the experience and the area of responsibility of each individual member. The weighting of the criteria between cash bonus and the amount of the fixed basic salary are defined on a discretionary basis. The fixed basic salary is usually defined once at the end of the previous year period and is not changed during the reporting period (except in cases where the member of the Group Executive Committee assumes different responsibilities during a reporting period).

The bonus is defined once per year and depends on the overall financial results of the Group and of specific subdivisions 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 2013 and 2012 mainly EBITDA, both of the Group and of the pertinent Region in the case of the Regional Chief Operating Officers. Such financial measures were weighted for the CEO, GCOO, CFO, General Counsel and 2 of the 4 Regional Chief Operating Officers as follows: 100 % EBITDA; for 2 of the 4 Regional

Remuneration components

	INSTRUMENT	PURPOSE	INFLUENCED BY
Basic salary	– Basic compensation – Paid in cash on monthly basis	– To attract and retain management	– Position – Competitive market environment – Experience of the person
Cash bonus	– Annual short-term bonus – Paid in cash	– Pay for performance	– Achievement of financial results of the Group and of specific divisions, and of defined goals by each individual person
Share-based incentives RSUs and PSUs	– Restricted Stock Units (RSU) and Performance Share Units (PSU), vesting conditional on performance	– Rewarding long-term performance – Aligning compensation to share-holder interests	– RSU: Share price of Dufry AG – PSU: Cash EPS growth over 3 years
Allowances in kind, social benefits	– Allowances in kind – Social pension and insurance prerequisites	– To attract and retain management	– Market practice and position – Legal requirements of social benefits

Chief Operating Officers 50 % EBITDA (Fiscal Year 2012: 50 % for 3 of the 4 Regional Chief Operating Officers and the Chief Financial Officer, 100 % for the Chief Executive Officer, Global Chief Operating Officer, General Counsel and 1 of the 4 Regional Chief Operating Officers). Non-financial oriented targets are also taken into account and are reflected with a weighting of 50 % for 2 of the Regional Chief Operating Officers in form of individual and general performance of the business as evaluated by the CEO (Fiscal Year 2012: 50 % in case of 3 of the 4 Regional Chief Operating Officers and the Chief Financial Officer). The bonus component can be between a minimum of zero and no maximum.

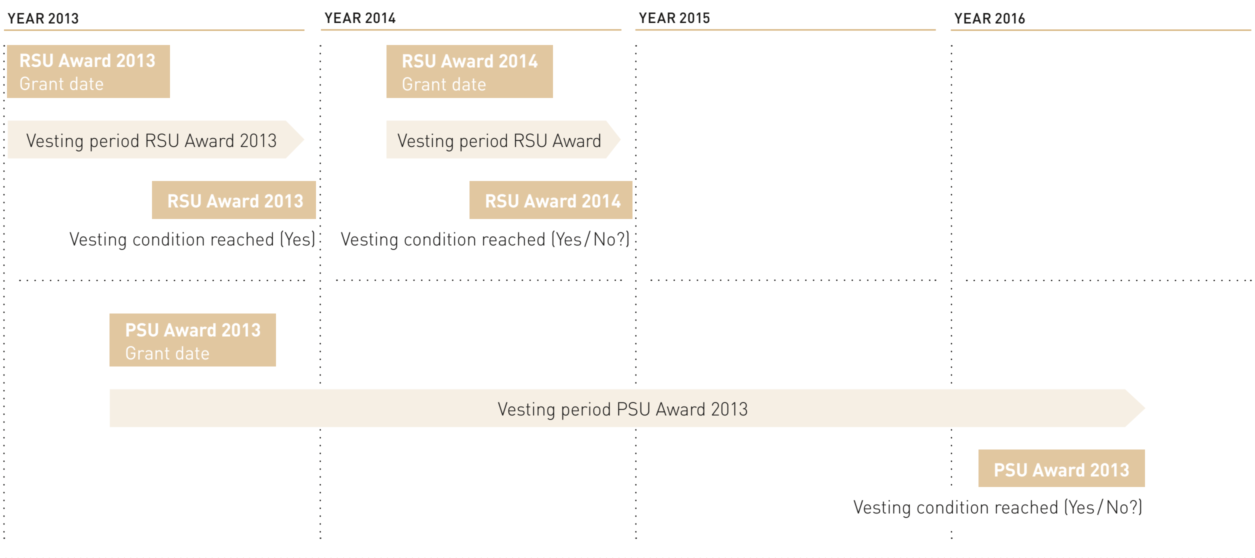
The bonus part of the compensation for the members of the Group Executive Committee represented in 2013 between 2 % and 111 % of their fixed basic salary and amounted to CHF 3.26 million in the aggregate (2012: between 31 % and 173 % of their fixed basic salary and an amount of CHF 3.76 million in the aggregate). In addition, fringe benefits such as health insurance in an amount of CHF 0.39 million in the aggregate have been granted to certain members (2012: CHF 0.60 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 informs the Board of Directors once per year about the amounts of compensation paid to the members of the Group Executive Committee (other than his own compensation).

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 General Counsel. The compensation of the Regional Chief Operating Officers is reviewed once per year by the Chief Executive Officer.

SHARE-BASED INCENTIVES (RSU / PSU)

The Company has a Restricted Stock Unit (RSU) plan in place for the members of the Group Executive Committee and selected members of the Dufry Senior Management, in the aggregate approximately 60 persons. Furthermore in 2013, the Company introduced a Performance Share Unit (PSU) plan for the members of the Group Executive Committee. The purpose of both plans is to provide the members of the Group Executive Committee (and in case of the RSU also selected members of the Senior Management team) with an increased incentive to make significant and extraordinary contributions to the long-term performance and growth of Dufry Group, enhancing the value of the shares for the benefit of the shareholders of the Company and increasing the ability of Dufry Group to attract and retain persons of exceptional skills.

Timing of the RSU / PSU plans



Restricted Share Units (RSU)
The RSU plan has been approved by the Nomination and Remuneration Committee for 2013 and 2014 with the respective vesting dates being January 1, 2014 and January 1, 2015. The RSU plan contains two vesting conditions:
a) the participants must be employed by the Company for the full calendar year 2013 and 2014, respectively (or, if later, from the individual employment entry date); and
b) the average closing price of Dufry's shares on the SIX Swiss Exchange of the ten previous trading days prior to vesting date must be 1 % higher than at grant date. Subject to certain adjustment mechanisms due to corporate events such as a share split, spin-off and capital increase. If the vesting conditions are met, one RSU represents one share of Dufry AG.

The participants of Dufry's RSU plan 2013 have been granted the right to receive on January 1, 2014, free of charge, 117,104 RSUs on aggregate (of which 40,854 RSUs were granted to GEC members). The RSU 2013 Awards vested on January 1, 2014 with the relevant average price prior to vesting being CHF 155.44.

The RSU Awards 2014 have been approved by the Nomination and Remuneration Committee and foresee the same respective vesting conditions. The RSU Awards 2014 shall vest on the vesting date January 1, 2015. As of date of this Annual Report, the RSU Awards 2014 have not been granted yet.

Performance Share Units (PSU)
In 2013, the members of the Group Executive Committee have been granted, in the aggregate, 42,957 PSU and the vesting date for the relevant PSU will be May 1, 2016. Vesting conditions of the PSUs are:
a) the participant's ongoing contractual relationship on the vesting date; and
b) the achievement of the performance target as described below.

The number of shares allocated for each PSU directly depends on the average growth rate reached of the Company's basic earnings per share adjusted for acquisition-related amortization and normalized for non-recurring effects. For the calculation of the relevant EPS growth for the PSU, the Cash EPS of the fiscal year preceding the grant date is used as a basis and is compared to the Cash EPS of the year preceding the vesting date (final year Cash EPS). The basis for the PSU Awards 2013 is the Cash EPS of 2012, which will be compared to the respective metric in 2015.

Depending on the average growth achieved, each PSU will convert according to the following grid:
– Minimum threshold of average Cash EPS growth of 3.5 % per annum must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU.
– For a Cash EPS growth of 7 % per annum (target), the participant shall be allocated one share for every PSU that has vested.
– For a Cash EPS growth of 10.5 % per annum or above (maximum threshold), the participant shall be allocated two shares for every PSU that has vested.
– For a Cash EPS growth of between 3.5 % and 7 % per annum or between 7 % and 10.5 % per annum the num-

ber of shares allocated from vested PSUs is calculated on a linear basis.
- The maximum number of shares allocated is capped at two shares per vested PSU.

The assessment whether the performance target is met for a specific grant, is performed in a conclusive and binding manner by the Nomination & Remuneration Committee, upon proposal of the Chief Executive Officer, who as the plan administrator, will analyze potential exceptional and non-recurring events and make the respective adjustments to normalize Cash EPS.

From an economic point of view, the RSUs and the PSUs are stock options with an exercise price of nil. The total number of RSUs and of PSUs to be granted yearly is set forth in the RSU / PSU plans and related documents. The RSU and the PSU plans have been approved by the Nomination and Remuneration Committee and the Board of Directors. Pursuant to the RSU and the PSU 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.

The differences in the amount of compensation paid to the members of the Group Executive Committee in 2013 in comparison to 2012 are mainly due to regular salary increases based on annual performance review and the Board of Directors' decisions for bonus payments based on achievement of yearly objectives set in advance, and additional social charges due to the vesting of the previous RSU plan.

COMPENSATION COMPARISONS

Dufry consulted PricewaterhouseCoopers AG in 2012 for a general review of the conditions and the structure of the compensation of the Senior Management and the RSU / PSU plans. Other divisions of this firm also provided services as tax and HR advisors for other projects. The individualized survey includes compensation data from a set of listed Swiss and European companies with comparable positions from the luxury, retail and consumer products industry as well as from third party advisors. The companies are generally of similar size (in terms of numbers of employees and / or turnover) or complexity as Dufry and have a significant international presence. Moreover, in order to reflect broader Swiss remuneration practice, the survey also considers Swiss companies from other sectors (the private banking, insurance, industry and logistics sectors). This group mainly includes SMIM companies of a size (number of employees and / or turnover) similar to Dufry. In 2013, Dufry did not conduct an additional compensation survey.

The contracts of the Chief Executive Officer, the Global Chief Operating Officer, and 2 Regional Chief Operating Officers provide for a termination notice of 3 months and a severance payment corresponding to the gross salary of 24 months unless the agreement is terminated for cause.

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 above 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 SHARHOLDERS

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 33 1/3 % 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 and Performance Share Units awarded to the RSU / PSU Plan Participants shall vest immediately.

In case of change of control, all amounts drawn under the CHF 650,000,000 multicurrency revolving credit facility agreement, the USD 1,000,000,000 multicurrency term credit facility agreement and the EUR 500,000,000 multicurrency term credit facility shall become immediately due and payable. Furthermore, all amounts due under the USD 500,000,000 Senior Notes due 2020 shall become immediately due and payable.

While not directly containing a change of control clause, the contracts of the Chief Executive Officer, the Global Chief Operating Officer and 2 Regional Chief Operating Officers provide for a termination notice of 3 months and a severance payment corresponding to the salary of 24 months unless the agreement is terminated for cause.

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, 2013. Mr. Fawer took the existing auditing mandate in 2011.

8.2 AUDITING FEE

During fiscal year 2013, Dufry agreed with Ernst & Young Ltd to pay a fee of CHF 3.3 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.

8.3 ADDITIONAL FEES

Additional fees amounting to CHF 1.3 million were paid to Ernst & Young Ltd for transaction services and CHF 0.3 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. The Auditors also review the interim quarterly reports before these publications are released.

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. Internal Audit reports 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.

During the fiscal year 2013, 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 the last time 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:

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 2014 please refer to page 164 of this Annual Report.

Company's website:

Latest news:

Articles of incorporation:

Financial reports:

INFORMATION FOR INVESTORS AND MEDIA

DUFRY SHARES

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

DUFRY BDRS

Listing	BM & FBOVESPA
Type of security	Brazilian Depositary Receipts (BDRs)
Ticker symbol	DAGB33
ISIN-No.	BRDAGBBDR008
Reuters	DAGB33.SA
Bloomberg	DAGB33 BZ

DUFRY SENIOR NOTES

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

KEY DATES IN 2014

April 29, 2014	Annual General Meeting
May 6, 2014	Results First Quarter 2014
July 31, 2014	Results First Half Year 2014
November 3, 2014	Results First Nine Months 2014

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DUFRY.COM

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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GLOBAL PRESENCE

EMEA & ASIA

Czech Republic: Prague
France: Nice, Martinique, Guadeloupe
Greece: Araxos, Athens, Aktio, Alexandroupoli, Anchialos, Chania, Corfu, Doirani, Evzonoi, Heraklion, Igoumenitsa, Kakkavia, Kalamata, Karpathos, Kastanies, Katakolo, Kavala, Kefalonia Kipoi, Kos, Krystallopigi, Limnos, Mykonos, Mytilini, Niki, Patras, Piraeus,Promachonas, Rhodes, Sagiada, Samos, Santorini, Skiathos, Symi, Thessaloniki, Zante, on-board of ferries of Anek, Blue Star and Superfast
Italy: Milan, Rome, Bergamo, Genoa, Florence, Naples, Turin, Venice, Verona
Serbia: Belgrade
Spain: Tenerife
Switzerland: Basel-Mulhouse, Samnaun
Russia: Moscow

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

Armenia: Yerevan
China: Shanghai, Beijing, Chengdu
Cambodia: Phnom Penh, Siem Reap
Indonesia: Bali
Kazakhstan: Astana
Sri Lanka: Hambantota
United Arab Emirates: Sharjah

AMERICA I

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

AMERICA II

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

UNITED STATES & CANADA

Canada: Vancouver, Calgary, Edmonton, Halifax
United States: Over 50 cities including Albuquerque, Anchorage, Atlantic City, Baltimore, Birmingham, Boston, Burlington, Charleston, Chicago, Cleveland, Dallas, Denver, Ft Lauderdale, Fresno, Greenville-Spartanburg, Harrisburg, Houston, Jackson, Las Vegas, Los Angeles, Manchester, Memphis, Miami, Myrtle, Nashville, New Orleans, New York, Newark, Norfolk, Okaloosa, Omaha, Orlando, Philadelphia, Phoenix, Pittsburg, Portland, Raleigh, Richmond, Rochester, San Diego, San Francisco, San José, Seattle, St. Louis, Santa Ana, Washington