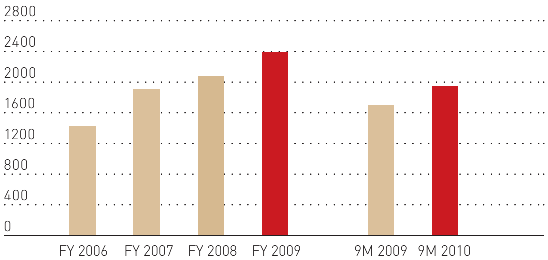
DUFRY

2010
NINE MONTHS REPORT

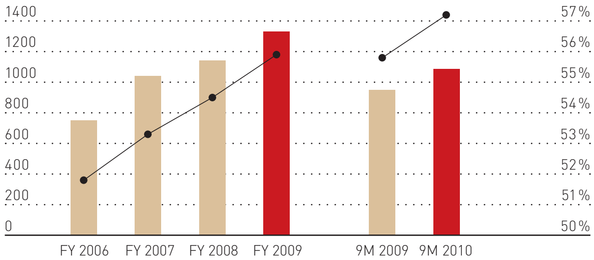
KEY FIGURES

TURNOVER
in millions of CHF

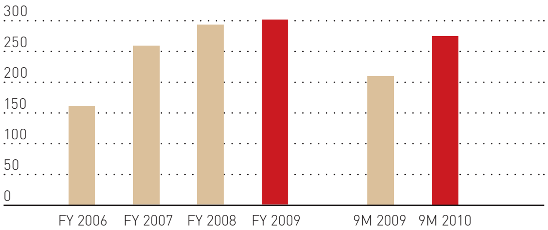


GROSS PROFIT
in millions of CHF

Margin

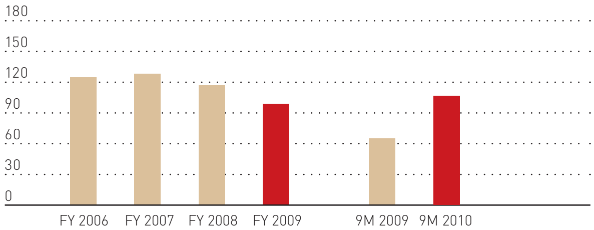


EBITDA[1]
in millions of CHF

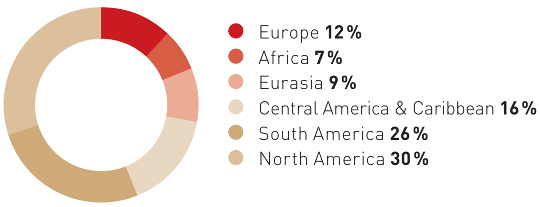


[1] EBITDA before other operational result

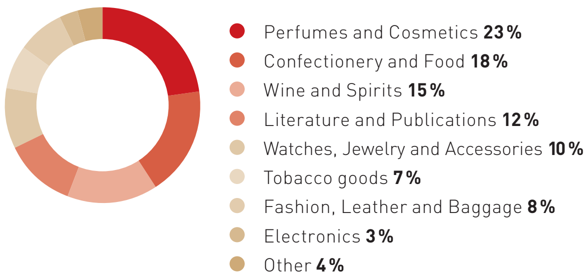
NET EARNINGS
in millions of CHF



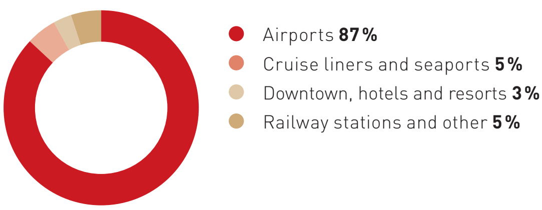
NET SALES BY REGION
January – September 2010



NET SALES BY PRODUCT CATEGORIES
January – September 2010



NET SALES BY CHANNEL
January – September 2010



REPORT FROM THE CHIEF EXECUTIVE OFFICER

Dear all,

In the third quarter of 2010, Dufry continued its strong performance already seen in the first six months of the year. For the nine months period to September 30, 2010, the Group's turnover increased by 16.1% on constant FX rates, of which organic growth accounted for 10.7 percentage points. EBITDA[1] grew by 20.5% on constant FX rates and net earnings increased by 65.5% reaching CHF 107.9 million in the period.

Turnover measured in Swiss Franc grew by 11.7% to CHF 1,966.2 million during the period from CHF 1,759.5 million in the first nine months of 2009. Additionally to the contribution of double-digit organic growth, new projects added 5.4% while the foreign exchange impact of translating into Swiss Franc was negative by 4.4%.

Gross margin continued to improve by 1.4 percentage points to 57.2% in the first nine months of 2010 from 55.8% one year ago. In absolute terms, gross profit reached CHF 1,124.5 million for the first nine months of 2010 compared to CHF 982.1 million for the same period in 2009. The implementation of the global negotiation with suppliers, alongside the continuous growth and the further development of initiatives started in 2010 as part of the "Dufry plus One" project all contributed to the increase in the gross margin.

EBITDA[1] for the first nine months of 2010 increased by 20.5% to CHF 264.8 million on constant FX rates. When translated into Swiss Franc, EBITDA grew by 15.3% to CHF 253.4 million compared to CHF 219.7 million for the respective period in 2009. EBITDA margin improved by 0.4 percentage points to 12.9% compared to 12.5% for the relevant period in 2009.

Selling expenses reached CHF 441.1 million or 22.4% of turnover in the period ended September 30, 2010. The level of concession fees continued to be in line with the previous quarters of 2010, and selling expenses for the half year period 2010 were 22.1%. Compared to last year, the increase in selling expenses was mainly due to the start-up of a number of new concessions, and the impact of certain locations.

Personnel expenses and general expenses were stable compared to last year when measured as percentage of turnover. Personnel expenses remained unchanged at 15.2% while general expenses nudged down to 6.6% of turnover versus 6.7% in the first nine months of 2009.

Depreciation and amortization amounted to CHF 94.0 million for the first nine months of 2010 compared to CHF 91.9 million in the corresponding period of 2009. Other operational result was minus CHF 9.9 million for the first nine months of 2010 and mainly includes restructuring costs and new projects.

EBIT in the first nine months of 2010 increased by 24.6% to CHF 149.5 million compared to CHF 120.0 million in the respective period of 2009.

Financial expenses were reduced by CHF 11.5 million to CHF 22.3 million in the first nine months of 2010 versus CHF 33.8 million in the respective period of 2009. The lower interest rates in comparison to 2009, partially due to the deleveraging, combined with the lower level of debt during the first quarter of 2010, were the main factors for the decrease of these expenses.

Income taxes for the first nine months of 2010 amounted to CHF 19.3 million compared to CHF 21.0 million for the corresponding period of 2009. The tax rate measured as percentage of EBT was reduced

[1] EBITDA before other operational result

to 15.2% from 24.4%. Due to the seasonality of Dufry's business, the tax rate does vary substantially during the year. The improvement includes synergies, which Dufry achieved based on tax initiatives linked to the Hudson News integration and the international roll-out of this concept.

Net earnings (before minorities) increased by 65.5% to CHF 107.9 million in the first nine months of 2010 versus CHF 65.2 million in the respective period of 2009. Net earnings to equity holders almost tripled to CHF 83.5 million in the first nine months of 2010 compared to CHF 28.3 million in the same period of last year, bringing the Core EPS[2] to CHF 4.68 in the current nine month period versus CHF 2.65 last year.

Dufry's strong cash generation continued in the nine month period to September 30, 2010. Net cash flow from operating activities reached CHF 227.3 million. Excluding the investment in net working capital, which was driven by Dufry's top-line growth, operating cash flow before net working capital changes was CHF 259.2 million compared to CHF 237.1 million in the same period of last year. Capex for the period stood at CHF 66.2 million, compared to the CHF 50.1 million registered in the first nine months of 2009. Net debt came to CHF 650 million as of September 30, 2010, CHF 67 million lower than the CHF 717 million recorded at June 30, 2010. Excluding the extraordinary dividend payment made as part of the merger between Dufry AG and Dufry South America Ltd., net debt on a pro forma basis decreased to CHF 492 million. The main covenant, Net Debt/adjusted EBITDA, further improved and stood at 2.2x.

Development of Turnover by Region

Region Europe's turnover on constant FX rates grew by 7.0% in the first nine months of 2010 compared to the same period in 2009. Translated to Swiss Franc, turnover was CHF 240.8 million versus CHF 241.6 million one year ago. Performance in the third quarter improved due to the Italian operations that saw double digit growth. Turnover growth was driven by the operations at Milan Malpensa airport and by the roll out of the Hudson News concept in various railway stations in the country.

Region Africa registered a 3.8% growth on constant FX rates. In absolute terms, turnover was CHF 139.3 million in the first nine months of 2010 compared to CHF 144.7 million for the same period in 2009. The Tunisian operations had a solid performance and especially the Moroccan business performed very well. Egypt has also seen a dynamic development in recent months.

In **Region Eurasia**, turnover grew by 4.2% on constant FX rates. In Swiss Franc terms, turnover reached CHF 173.7 million in the first nine months of 2010 compared to CHF 172.7 million in the same period last year. The development of the duty paid operations in Shanghai, which we opened in March this year, is on track. On the other hand, Dufry's repositioning at Singapore airport, with the closing down of certain shops and the focus being on duty paid convenience stores under the Hudson News brand, have led to a decrease in turnover in that location.

Turnover of **Region Central America & Caribbean** registered an increase of 11.1% on constant FX rates. Translated in Swiss Francs, turnover for the period was CHF 301.3 million in comparison to CHF 282.1 million in the first nine months of 2009. The English speaking Caribbean continued to show certain performance improvements and the remaining Caribbean business preformed well in general. The positive development in Mexico up to August 2010 saw a setback in September due to the bankruptcy of Mexicana, one of the two incumbent airlines.

Region South America achieved turnover growth on constant FX rates of 44.0%. In absolute terms, turnover increased to CHF 519.9 million in the first nine months of 2010 from CHF 372.9 million in the same period last year. On top of a very strong development of passenger numbers, Dufry's Brazilian operations continued to benefit from several initiatives that were implemented earlier this year, such as new ways of payments, aimed to increase spend per passenger including innovative promotions and

[2] Core EPS (or adjusted EPS) excludes acquisition-related amortization

sales incentives programs.

Turnover of Region North America, on constant FX rates grew by 12.1%. Measured in Swiss Franc, turnover amounted to CHF 578.0 million for the first nine months in 2010 compared to CHF 530.7 million in the first nine months of 2009. The Hudson News business continued its positive organic growth trend as did the other operations in the USA. This was further supported by an active development of the concession portfolio in the country.

Capture the growth momentum

During the first nine months of the year, Dufry has taken advantage of the positive trends in the travel retail industry: growth in passenger numbers and a recovery of consumer confidence. Despite the growth rates expected to moderate from the last quarter 2010 onwards due to the comparables being stronger, expectations by industry experts remain positive. Global passenger growth in the short- and medium-term is forecasted to be in the 4 – 5% range, and long term prospects for the travel retail industry are forecasted to grow by 130% until 2020, which represents a compounded annual growth rate of almost 9%. Dufry is determined to capture these growth opportunities.

From a more macro point of view, the other development that has become very apparent in the last quarters is a shift of the global economic development towards emerging markets. Although in the travel retail industry developed markets have performed positively, emerging markets have shown substantially stronger growth dynamics. These trends are likely to be structural and Dufry's strategy since 2004 focusing on tourist destinations and emerging markets has captured exactly this trend. With more than 60% of its turnover stemming from emerging markets, Dufry has today a significant exposure to these fast growing regions and also has the expertise and capacity to grow it further.

In addition to accelerating top-line growth, Dufry will work hard to further improve the efficiency of its operations to drive overall profitability. The initiatives "Dufry Plus One" and "One Dufry", which Dufry launched earlier this year, are starting to show first results and should increasingly contribute to profitability in 2011 and 2012.

The merger of Dufry AG and Dufry South America completed in the second quarter of 2010, has had a very positive impact on Dufry's investment case. Thanks to the higher free float, simplified corporate structure and the significantly increased liquidity in Dufry's shares, Dufry has been able to put itself on the radar screen of a new segment of investors focusing on emerging market or global corporates.

We will continue our efforts to deliver value to our shareholders, which wouldn't have been possible without the contribution of our employees, whose efforts and commitment in everyday matters shaped Dufry to what it is today. We also thank our customers and suppliers for their loyalty in Dufry.

Sincerely,

Julián Díaz González
Chief Executive Officer

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

as of September 30, 2010

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INTERIM CONSOLIDATED INCOME STATEMENT

in millions of CHF	Note	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Net sales		1,908.7	1,704.9	679.1	606.9
Advertising income		57.5	54.6	19.2	17.5
Turnover		**1,966.2**	**1,759.5**	**698.3**	**624.4**
Cost of sales		(841.7)	(777.4)	(297.1)	(273.8)
Gross profit		**1,124.5**	**982.1**	**401.2**	**350.6**
Selling expenses		(441.1)	(378.2)	(160.6)	(139.1)
Personnel expenses		(299.4)	(267.0)	(98.6)	(86.3)
General expenses		(130.6)	(117.2)	(42.9)	(39.2)
EBITDA before other operational result		**253.4**	**219.7**	**99.1**	**86.0**
Depreciation, amortization and impairment		(94.0)	(91.9)	(29.6)	(29.7)
Other operational result		(9.9)	(7.8)	(4.2)	(1.9)
Earnings before interest and taxes (EBIT)		**149.5**	**120.0**	**65.3**	**54.4**
Interest expenses		(27.3)	(36.1)	(8.7)	(10.2)
Interest income		3.8	4.5	0.8	1.2
Foreign exchange gain / (loss)	5	1.2	(2.2)	0.4	(0.9)
Earnings before taxes (EBT)		**127.2**	**86.2**	**57.8**	**44.5**
Income taxes	6	(19.3)	(21.0)	(10.6)	(12.7)
Net earnings		**107.9**	**65.2**	**47.2**	**31.8**
Attributable to:					
Equity holders of the parent		83.5	28.3	43.1	17.9
Non-controlling interests		24.4	36.9	4.1	13.9
Earnings per share attributable to equity holders of the parent					
Basic earnings per share in CHF		3.39	1.47	1.60	0.93
Diluted earnings per share in CHF		3.35	1.45	1.58	0.92
EPS adjusted for amortization (cash EPS) in CHF		4.68	2.65	1.96	1.31
Weighted average number of outstanding shares in million		24.6	19.2	26.9	19.2

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Net earnings	107.9	65.2	47.2	31.8
Other comprehensive income:				
Net gain / (loss) on hedge of net investment in foreign operation	10.4	16.7	22.5	16.0
Changes in the fair value of interest rate swaps held as cash flow hedges	(2.8)	-	(1.7)	-
Exchange differences on translating foreign operations	(12.5)	(34.4)	(74.6)	(52.4)
Income tax relating to net loss on hedge of net investment	-	-	-	-
Total other comprehensive income for the period, net of tax	(4.9)	(17.7)	(53.8)	(36.4)
Total comprehensive income for the period, net of tax	103.0	47.5	(6.6)	(4.6)
Attributable to:				
Equity holders of the parent	52.5	18.5	(7.6)	(6.1)
Non-controlling interests	50.5	29.0	1.0	1.5

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of CHF	Note	Unaudited 30.09.2010	Audited 31.12.2009
ASSETS			
Property, plant and equipment		222.6	241.6
Intangible assets		1,288.7	1,350.5
Deferred tax assets		146.0	140.9
Other non-current assets		31.6	34.7
Non-current assets		**1,688.9**	**1,767.7**
Inventories		304.3	306.5
Trade and credit card receivables		58.0	48.2
Other accounts receivable		116.0	107.6
Income tax receivables		6.9	14.8
Cash and cash equivalents	7	137.7	405.3
Current assets		**622.9**	**882.4**
TOTAL ASSETS		**2,311.8**	**2,650.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	10	800.2	674.5
Non-controlling interests		82.4	323.1
Total equity		**882.6**	**997.6**
Financial debt		777.7	798.6
Deferred tax liabilities		157.6	163.5
Provisions		3.1	3.3
Post-employment benefit obligations		7.1	7.9
Other non-current liabilities		11.1	5.1
Non-current liabilities		**956.6**	**978.4**
Trade payables		202.3	202.0
Financial debt	7	9.5	216.4
Income tax payables		15.0	17.0
Provisions		2.5	2.4
Other liabilities		243.3	236.3
Current liabilities		**472.6**	**674.1**
Total liabilities		**1,429.2**	**1,652.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,311.8**	**2,650.1**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2010	Attributable to equity holders of the parent								
in millions of CHF	Share capital	Share premium	Treasury shares	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2010	**96.1**	**391.4**	**(18.2)**	**85.4**	**(172.6)**	**292.4**	**674.5**	**323.1**	**997.6**
Net earnings	-	-	-	-	-	83.5	83.5	24.4	107.9
Other comprehensive income	-	-	-	7.6	(38.6)	-	(31.0)	26.1	(4.9)
Total comprehensive income for the period	**-**	**-**	**-**	**7.6**	**(38.6)**	**83.5**	**52.5**	**50.5**	**103.0**
Issue of share capital (note 10)	38.8	565.2	-	-	-	-	604.0	-	604.0
Dividends to non-controlling interests [1]	-	-	-	-	-	-	-	(172.0)	(172.0)
Transaction costs of share issuance	-	(22.4)	-	-	-	-	(22.4)	-	(22.4)
Purchase of treasury shares	-	-	(4.3)	-	-	-	(4.3)	-	(4.3)
Tax effect on equity transactions	-	-	-	-	-	-	-	-	-
Distribution of treasury shares	-	-	18.2	-	-	(18.2)	-	-	-
Share-based payment	-	-	-	-	-	9.1	9.1	-	9.1
Changes in participation of non-controlling interests (see note 11)	-	-	-	-	-	(513.2)	(513.2)	(119.2)	(632.4)
Balance at September 30, 2010	**134.9**	**934.2**	**(4.3)**	**93.0**	**(211.2)**	**(146.4)**	**800.2**	**82.4**	**882.6**

[1] Dividends to non-controlling interests for the nine months ended September 30, 2010 include CHF 158.0 million in respect of the Dufry South America Ltd Merger (see note 4.1)

2009	Attributable to equity holders of the parent								
in millions of CHF	Share capital	Share premium	Treasury shares	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2009	**96.1**	**391.4**	**(9.1)**	**70.6**	**(147.7)**	**258.7**	**660.0**	**293.6**	**953.6**
Net earnings	-	-	-	-	-	28.3	28.3	36.9	65.2
Other comprehensive income	-	-	-	16.7	(26.5)	-	(9.8)	(7.9)	(17.7)
Total comprehensive income for the period	**-**	**-**	**-**	**16.7**	**(26.5)**	**28.3**	**18.5**	**29.0**	**47.5**
Dividends to non-controlling interests	-	-	-	-	-	-	-	(15.7)	(15.7)
Purchase of treasury shares	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Tax effect on equity transactions	-	-	-	-	-	-	-	-	-
Distribution of treasury shares	-	-	9.1	-	-	(9.1)	-	-	-
Share-based payment	-	-	-	-	-	3.5	3.5	-	3.5
Changes in participation of non-controlling interests (see note 11)	-	-	-	-	-	-	-	3.7	3.7
Balance at September 30, 2009	**96.1**	**391.4**	**(0.3)**	**87.3**	**(174.2)**	**281.4**	**681.7**	**310.6**	**992.3**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

in millions of CHF	Note	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Earnings before taxes (EBT)		127.2	86.2	57.8	44.5
Adjustments for					
Depreciation, amortization and impairment		94.0	91.9	29.6	29.7
Increase / (decrease) in allowances and provisions		6.2	5.8	0.2	0.3
Loss / (gain) on unrealized foreign exchange differences		(1.1)	17.0	10.9	13.0
Other non-cash items		9.4	4.6	3.3	3.2
Interest expenses		27.3	36.1	8.7	10.2
Interest income		(3.8)	(4.5)	(0.8)	(1.2)
Cash flow before working capital changes		259.2	237.1	109.7	99.7
Decrease / (increase) in trade and other accounts receivable		(28.1)	(7.0)	(27.7)	6.1
Decrease / (increase) in inventories	8.3	(21.3)	35.6	(0.1)	12.0
Increase / (decrease) in trade and other accounts payable		41.2	46.9	14.8	(5.0)
Cash flow generated from operations		251.0	312.6	96.7	112.8
Income tax paid		(23.7)	(20.9)	(11.9)	(6.1)
Net cash flows from operating activities		227.3	291.7	84.8	106.7
Cash flow from investing activities					
Business combinations, net of cash	4.4	(13.1)	(11.8)	(0.7)	(6.6)
Sale of interest in subsidiaries, net of cash		-	1.2	-	1.2
Purchase of intangible assets	8.2	(9.9)	(8.4)	(4.0)	(2.7)
Purchase of property, plant and equipment	8.1	(52.7)	(42.5)	(14.4)	(14.4)
Projects & work in progress		(6.0)	(0.7)	(3.1)	(0.3)
Proceeds from sale of property, plant and equipment		2.4	1.5	(0.2)	1.2
Interest received		3.7	5.1	0.9	1.2
Net cash flows used in investing activities		(75.6)	(55.6)	(21.5)	(20.4)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Cash flow from financing activities				
Proceeds from borrowings	99.3	15.4	5.9	2.6
Repayment of borrowings [1]	(270.1)	(95.7)	(107.4)	(32.9)
Proceeds from / (repayment of) loans	5.1	(2.4)	0.5	(3.9)
Dividends paid to non-controlling interest	(172.0)	(19.0)	(0.8)	(3.8)
Purchase of treasury shares	(4.3)	(0.3)	-	-
Share issuance costs paid	(17.6)	-	(9.5)	-
Bank arrangement fees paid	(3.0)	-	(0.1)	-
Interest paid	(31.1)	(30.0)	(11.6)	(11.0)
Net cash flows (used in) / from financing activities	**(393.7)**	**(132.0)**	**(123.0)**	**(49.0)**
Currency translation in cash	(25.6)	(25.1)	(58.8)	(25.7)
(Decrease) / Increase in cash and cash equivalents	**(267.6)**	**79.0**	**(118.5)**	**11.6**
Cash and cash equivalents at the				
- beginning of the period	405.3	263.7	256.2	331.1
- end of the period	137.7	342.7	137.7	342.7

[1] Thereof: Global cash pool effect - CHF 246.6 million (see note 7)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The interim condensed consolidated financial statements of Dufry AG and its subsidiaries for the nine months ended September 30, 2010 were authorized for issue in accordance with a resolution of the Board of Directors on November 10, 2010. Dufry AG ('Dufry' or 'the Company') is a limited company domiciled in Basel, Switzerland, whose shares are listed on the Swiss Stock Exchange (SIX) and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paulo. The Company is one of the world's leading travel retail companies with more than 1,100 shops worldwide.

2. Significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the nine months ended September 30, 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2009.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2009, except for the adoption of new Standards and Interpretations noted below:

2.2.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in the second section 2.2.2 below.

Standards affecting the reported results or financial position

- IAS 27 (as revised in 2008) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after July 1, 2009)

The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries. The adoption of the revised Standard has affected the accounting for the Group's acquisition of the remaining 49% interest in Dufry South America Limited in the first quarter (see note 4.1).

IAS 27 (2008) has been adopted for periods beginning on or after July 1, 2009 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognized in profit or loss. Under IAS 27 (2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognize all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost, with the gain or loss arising recognized in profit or loss.
In respect of the increase during the period of the Group's interest in subsidiaries with non-controlling interest partners, the change in policy has resulted, inter alia, in the difference of CHF 511.8 million between the fair value of the consideration in the form of a share exchange and the

non-controlling interests recognized being recognized directly in equity, instead of goodwill. The consequence of the change of the accounting policy in respect of this and other transactions with non-controlling interests has resulted in a decrease in the equity for the year of CHF 513.2 million (see note 11.2).

2.2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

▪ IFRS 3 (as revised in 2008) *Business Combinations* (effective for annual periods beginning on or after July 1, 2009)

The adoption of IFRS 3 (2008) in the current year has not yet affected the accounting for business combinations in the current period. In accordance with the relevant transitional provisions, IFRS 3 (2008) has to be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The impact of the adoption of IFRS 3 (2008) Business Combinations is:

• to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. If the Group decides to measure at fair value then consequently, the goodwill recognized in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;

• to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognized at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognized against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognized in profit or loss;

• where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and

• to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

IFRS 3 (2008) has also additional disclosure requirements in respect of the business combinations in the period. Results in future periods may be affected by future impairment losses relating to increased goodwill, and by changes in the fair value of contingent consideration recognized as a liability.

▪ IFRS 8 *Operating segments* (effective for annual periods beginning on or after January 1, 2010)

An amendment made to the disclosures of information about the reported segment profit or loss, including certain specified revenues and expenses included in segment profit or loss, segment assets and segment liabilities, and the basis of measurement.

▪ IAS 7 *Statement of Cash Flows* (effective for annual periods beginning on or after January 1, 2010)

Only expenditure resulting in a recognized asset in the statement of financial position can be recognized as investment activities. Consequently cash flows in respect of development costs that do not meet the criteria in IAS 38 *Intangibles Assets*, have to be disclosed in operating activities in the statement of cash flows.

▪ IAS 36 *Impairment of assets* (effective for annual periods beginning on or after January 1, 2010)

The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

▪ IAS 39 *Financial instruments: Recognition and Measurement* (effective for annual periods beginning on or after January 1, 2010)
Eligible hedged items are defined. Hedged item is an item that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

▪ IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective for annual periods beginning on or after July 1, 2009)
Amendment of the restriction on the entity that can hold hedging instruments: Qualifying hedging instruments may be held by any entity within the Group, provided the designation, documentation and effectiveness requirements of IAS 39 are met.

The amendments to the following standards below did not have any impact on the accounting policies, financial position or performance of the Group:

▪ IFRS 2 *Share-based payment* (effective for annual periods beginning on or after January 1, 2010)
An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash.

▪ IFRS 5 *Non-current assets held for sale and discontinued operations* (effective for annual periods beginning on or after January 1, 2010)
Providing guidance in respect of disclosures of non-current assets held for sale (or disposal groups) and discontinued operations required by IFRS 5. The disclosure requirements in Standards other than IFRS 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.

▪ IAS 1 *Presentation of financial statements* (effective for annual periods beginning on or after January 1, 2010)
The classification of convertible instruments as either non-current or current is clarified.

▪ IAS 17 *Leases* (effective for annual periods beginning on or after January 1, 2010)
Leases of land and building need to be considered separately for all transactions. In establishing whether the land component is an operating or finance lease the entity should take into account that the land has an indefinite economic life.

▪ IAS 39 *Financial instruments: Recognition and measurement* (effective for annual periods beginning on or after January 1, 2010)
The amendments relate to: the scope of exemption for business combination contracts; treating loan prepayment penalties as closely related embedded derivatives; cash flow hedge accounting.

▪ IFRIC 9 *Reassessment of Embedded Derivatives* (effective for annual periods beginning on or after July 1, 2009)
Scope of IFRIC 9 and IFRS 3: IFRIC 9 does not apply to possible reassessment at the date of acquisition to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation or a joint venture.

2.2.3 Standards and Interpretations in issue not yet adopted

The Group will apply the following rules for the first time in the reporting period following the dates stated in the respective standard. The Group has not yet had an opportunity to consider the full impact of the adoption of these amendments.

Standards and Interpretations which might have a significant impact on the presentation, disclosure, financial position and performance of the Group
The Group has not identified any issued standards, but not yet adopted, which will have a significant impact on the future financial statements.

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

▪ IFRS 3 *Business Combinations* – Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010)

Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS: Clarifies that the amendments to IFRS 7 *Financial Instruments: Disclosures*, IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial*

Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

Measurement of non-controlling interests (NCI): Limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either:
• At fair value or
• At the present ownership instruments' proportionate share of the acquiree's identifiable net assets.
Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS, e.g., IFRS 2 .

Un-replaced and voluntarily replaced share-based payment awards: Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e. split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses. Specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested — they are part of NCI and measured at their market-based measure; if unvested — they are measured at market based value as if granted at acquisition date, and allocated between NCI and post-combination expense.

▪ IFRS 7 *Financial Instruments: Disclosures* - New disclosures for derecognition of financial instruments (effective for annual periods beginning on or after July 1, 2011).
Additional disclosure requirements for assets that have been "transferred" as defined in IAS 39:
• If the transfer results in the derecognition of the transferred assets in their entirety and the entity has continuing involvement; information must be disclosed regarding the nature and risks of the continuing involvement in these assets. • If the assets are not transferred in their entirety then information must be disclosed regarding the relationship between assets not derecognised and their associated liabilities.

▪ IFRS 9 *Financial instruments* (effective for annual periods beginning on or after January 1, 2013)
The standard, IFRS 9, Financial Instruments, focuses on Classification and Measurement of Financial Assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. Thus IFRS 9 improves comparability and makes financial statements easier to understand for investors and other users.

▪ IAS 1 *Presentation of Financial Instruments* – Improvements to IFRSs 2010: Clarification of statement of changes in equity (effective for annual periods beginning on or after January 1, 2011).
Clarify that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

▪ IAS 27 *Consolidated and Separate Financial Statements* – Improvements to IFRSs 2010: Transition requirements for amendments made as a result of IAS 27 (effective for annual periods beginning on or after July 1, 2010).
These clarify that the consequential amendments from IAS 27 made to IAS 21 *The Effect of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interest in Joint Ventures* apply prospectively for annual periods beginning on or after July 1, 2010.

▪ IAS 34 *Interim Financial Reporting* – Improvements to IFRSs 2010: Significant events and transactions (effective for annual periods beginning on or after January 1, 2011).
Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect the fair values of financial instruments and their classification
- Transfers of financial instruments between different levels of the fair value hierarchy
- Changes in classification of financial assets
- Changes in contingent liabilities and assets

▪ IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after January 1, 2011)
In many countries, laws or contractual terms require employers to make minimum funding payments for their pension or other employee benefit plans. This enhances the security of the retirement benefit promise made to members of an employee benefit plan. Normally, such statutory or contractual funding requirements would not affect the measurement of the defined benefit asset or liability. This is because the contributions, once paid, become plan assets and the additional net liability would be nil. However, paragraph 58 of IAS 19 Employee Benefits limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' IFRIC 14 addresses the interaction between a minimum funding requirement and the limit placed by paragraph 58 of IAS 19 on the measurement of the defined benefit asset or liability.

Further new and revised standards and interpretations of no practical relevance

▪ IFRS 7 *Financial Instruments: Disclosures* - Improvements to IFRSs 2010: Clarification of disclosures (effective for annual periods beginning on or after January 1, 2011).
Emphasis the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Amendments and qualitative and credit risk disclosures are as follows:
- Clarify that only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
- Requires, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
- Remove disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
- Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
- Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

▪ IAS 24 *Related Parties* (effective for annual periods beginning on or after January 1, 2011)
The amendments provide an exemption from disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state ('state-controlled entities') and changes the definitions of a related party and of a related party transaction to clarify the intended meaning and remove some inconsistencies.

▪ IAS 32 *Financial Instruments: Presentation - Amendment on the classification of rights issues, options or warranties denominated in a foreign* currency (effective for annual periods beginning on or after February 1, 2010)
The amendment alters the definition of a financial liability to classify rights issues and certain options or warrants as equity instruments if the rights are given pro rata to all of the existing owners of the same class of equity instruments. By changing the definition of a liability, these rights are no longer considered derivative instruments. Therefore, their fair value will no longer impact profit and loss.

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

▪ IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after July 1, 2010)
In some circumstances, a creditor might agree to accept an entity's shares or other equity instruments to settle the financial liability fully or partially (sometimes referred to as a "debt for equity swap"). IFRIC 19 provides guidance on how an entity should account for such transactions in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IAS 32 Financial Instruments: Presentation.

2.3. Principal foreign exchange rates applied for valuation and translation

FX-rates 2010	Average rates		Closing rate
	Q3	9M	30.09.10
1 USD	1.0321	1.0658	0.9825
1 EUR	1.3334	1.4017	1.3397

FX-rates 2009	Average rates		Closing rates	
	Q3	9M	30.09.09	31.12.09
1 USD	1.1041	1.1064	1.0363	1.0352
1 EUR	1.5123	1.5103	1.5171	1.4835

3. Segment Information

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group reports segmental information in its financial statements in the same way as it does internally to senior management, using geographical segments. The distribution centres are reported in a separate segment.
The geographical segments reported are broken down as follows: Europe, Africa, Eurasia, Central America & Caribbean, South America and North America.
According to the changes on the companies' structure, the following companies have been reallocated to these segments as of January 1, 2010:

Company	Previous segment	Current segment
Dufry Travel Retail AG	Europe	Distribution Centers
Flagship Retail Services Inc.	South America	Central America & Caribbean
Eurotrade Corporation Ltd.	South America	Distribution Centers
Dufry Houston DF & Retail Partnership	Central America & Caribbean	North America
Dufry Newark Inc.	Central America & Caribbean	North America
Dufry New York Retail Partnership	Central America & Caribbean	North America
Dufry America Services, Inc.	Central America & Caribbean	Distribution Centers

The comparative figures for 2009 have been restated to reflect the above mentioned changes accordingly.

3.1 Segment result

9M 2010 in millions of CHF	Net sales third party	Advertising income	Net sales - intercompany	Turnover	EBITDA [1]
Europe	236.7	4.1	-	240.8	5.5
Africa	137.9	1.4	-	139.3	21.3
Eurasia	170.6	3.1	-	173.7	8.8
Central America & Caribbean	298.0	3.3	-	301.3	14.2
South America	505.2	14.7	-	519.9	96.7
North America	560.0	18.0	-	578.0	66.7
Distribution Centers	0.3	12.9	386.5	399.7	40.2
Eliminations	-	-	(386.5)	(386.5)	-
Dufry Group	**1,908.7**	**57.5**	**-**	**1,966.2**	**253.4**

9M 2009 in millions of CHF	Net sales third party	Advertising income	Net sales - intercompany	Turnover	EBITDA [1]
Europe	238.2	3.4	-	241.6	7.5
Africa	144.7	-	-	144.7	22.8
Eurasia	170.2	2.5	-	172.7	18.9
Central America & Caribbean	279.6	2.5	-	282.1	6.7
South America	360.5	12.4	-	372.9	63.7
North America	511.3	19.4	-	530.7	63.4
Distribution Centers	0.4	14.4	317.5	332.3	36.7
Eliminations	-	-	(317.5)	(317.5)	-
Dufry Group	**1,704.9**	**54.6**	**-**	**1,759.5**	**219.7**

Q3 2010 in millions of CHF	Net sales third party	Advertising income	Net sales - intercompany	Turnover	EBITDA [1]
Europe	88.7	1.0	-	89.7	3.3
Africa	54.1	0.6	-	54.7	9.4
Eurasia	58.9	0.9	-	59.8	2.2
Central America & Caribbean	92.4	0.8	-	93.2	2.0
South America	188.6	5.3	-	193.9	35.7
North America	196.4	5.9	-	202.3	28.6
Distribution Centers	-	4.7	136.1	140.8	17.9
Eliminations	-	-	(136.1)	(136.1)	-
Dufry Group	**679.1**	**19.2**	**-**	**698.3**	**99.1**

Q3 2009 in millions of CHF	Net sales third party	Advertising income	Net sales - intercompany	Turnover	EBITDA [1]
Europe	88.5	1.1	-	89.6	2.7
Africa	57.1	-	-	57.1	10.8
Eurasia	62.9	0.8	-	63.7	5.5
Central America & Caribbean	87.1	0.9	-	88.0	2.0
South America	128.6	4.2	-	132.8	23.7
North America	182.5	5.8	-	188.3	27.7
Distribution Centers	0.2	4.7	108.4	113.3	13.6
Eliminations	-	-	(108.4)	(108.4)	-
Dufry Group	**606.9**	**17.5**	**-**	**624.4**	**86.0**

[1] EBITDA before other operational result.

3.2 Segment assets and liabilities

in millions of CHF	30.09.2010		31.12.2009	
	Total assets	Total liabilities	Total assets	Total liabilities
Europe	202.2	(106.0)	232.3	(118.0)
Africa	83.4	(47.7)	64.9	(43.1)
Eurasia	94.6	(40.2)	94.6	(36.1)
Central America & Caribbean	421.1	(80.1)	485.8	(108.7)
South America	527.5	(158.9)	738.9	(161.8)
North America	575.6	(106.3)	729.4	(97.0)
Distribution Centers	202.4	(123.7)	125.6	(56.7)
Unallocated Assets/Liabilities [1]	205.0	(766.3)	178.6	(1,031.1)
Dufry Group	**2,311.8**	**(1,429.2)**	**2,650.1**	**(1,652.5)**

[1] The unallocated liabilities correspond mainly to long-term financial debt and the unallocated assets comprise of the total assets of the Head Quarter companies

4. New operations and merger

4.1 Merger with Dufry South America Ltd

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

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

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

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

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

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

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

4.3 Global Service Retail Group

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

4.4 Reconciliation of cash flows on business combinations

2010 in millions of CHF	Cost of the acquisition	Net cash acquired	Subtotal	Changes in the payables	YTD Net cash outflow	QTD Net cash outflow
Global Retail Services	(2.8)	-	(2.8)	-	(2.8)	-
Operadora Aero-Boutiques (LDF)	-	-	-	(6.6)	(6.6)	-
NetworkItalia Edicole	-	-	-	(2.6)	(2.6)	(1.1)
Puerto Rico	-	-	-	(1.1)	(1.1)	-
Other [1]	-	-	-	-	-	0.4
Total	**(2.8)**	**-**	**(2.8)**	**(10.3)**	**(13.1)**	**(0.7)**

2009 in millions of CHF	Cost of the acquisition	Net cash acquired	Subtotal	Changes in the payables	YTD Net cash outflow	QTD Net cash outflow
Network Edicole	(18.1)	-	(18.1)	12.1	(6.0)	(6.0)
Food village	(1.4)	-	(1.4)	-	(1.4)	(1.4)
Puerto Rico	-	-	-	(1.2)	(1.2)	-
Other [1]	-	-	-	(3.2)	(3.2)	0.8
Total	**(19.5)**	**-**	**(19.5)**	**7.7**	**(11.8)**	**(6.6)**

[1] Mainly relating to the acquisition of the Hudson Group

5. Foreign exchange gain / (loss)

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Foreign exchange gain / (loss)	1.2	(2.2)	0.4	(0.9)
Thereof:				
Gain / (loss) currency forward contracts (see note 9)	0.4	-	1.2	-

6. Income taxes

The major components of income tax expenses in the interim consolidated income statement are:

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Current income tax	(30.1)	(17.6)	(12.6)	(6.7)
Deferred income tax	10.8	(3.4)	2.0	(6.0)
Total tax expense	**(19.3)**	**(21.0)**	**(10.6)**	**(12.7)**
Income tax recognized in other comprehensive income	-	-	-	-
Income tax recognized in equity	-	-	-	(0.3)
Total income taxes	**(19.3)**	**(21.0)**	**(10.6)**	**(13.0)**

7. Global cash pool

The respective balances of the global cash pool have been set-off effective as of September 30, 2010:

in millions of CHF	Balances before global pooling	Set-off	Unaudited 30.09.2010 Net balances	Audited 31.12.2009
Cash on hand	7.1	-	7.1	9.2
Cash at bank	131.3	(2.6)	128.7	154.9
Short-term deposits	245.8	(244.0)	1.9	241.2
Cash and cash equivalents	**384.2**	**(246.6)**	**137.7**	**405.3**
Bank debt	255.0	(246.6)	8.4	212.1
Loans payable	1.1	-	1.1	4.3
Financial debt, short-term	**256.1**	**(246.6)**	**9.5**	**216.4**

Dufry's notional cash pool is operated by a major finance institution. As of September 2010 Dufry fulfills all the requirements to net the financial positions of the notional cash pool.

8. Cash flow reconciliations

8.1 Purchase of property, plant and equipment

The cash flow used for purchase of property, plant and equipment is comprised of the following:

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Payables for capital expenditure at the beginning of the period	(15.8)	(14.6)	(9.8)	(11.5)
Additions to property, plant and equipment	(45.9)	(40.6)	(13.3)	(16.1)
Payables for capital expenditure at the end of the period	7.6	13.3	7.6	13.3
Currency translation effect	1.4	(0.6)	1.1	(0.1)
Net cash out flow	**(52.7)**	**(42.5)**	**(14.4)**	**(14.4)**

8.2 Purchase of intangible assets

The cash flow used for purchase of intangible assets is comprised of the following:

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Payables for capital expenditure at the beginning of the period	(0.8)	(6.5)	(13.9)	(3.3)
Additions to intangible assets [1]	(22.0)	(3.9)	(3.0)	(1.0)
Payables for capital expenditure at the end of the period	12.2	1.0	12.2	1.0
Currency translation effect	0.7	1.0	0.7	0.6
Net cash out flow	**(9.9)**	**(8.4)**	**(4.0)**	**(2.7)**

[1] The additions for the nine months ended September 30, 2010 mainly comprise of CHF 7.5 million for Flagship concession rights, CHF 6.6 million for the brand name CEI (Colombian Emeralds International) and CHF 3.7 million for a non-compete clause.

8.3 Decrease / (increase) in inventories

The cash flow used for inventories is calculated on gross inventories as follows:

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009	Unaudited Q3 2010	Unaudited Q3 2009
Balance at the beginning of the period	(315.7)	(353.3)	(338.7)	(336.1)
Balance at the end of the period	(316.9)	(315.2)	(316.9)	(315.2)
Gross change	(1.2)	38.1	21.8	20.9
Currency translation effect	(20.1)	(2.5)	(21.9)	(8.9)
Cash Flow – (Increase) /decrease in inventories	(21.3)	35.6	(0.1)	12.0

9. Financial instruments

9.1 Financial risk management objectives

The Group seeks to minimize the risk of the fluctuation effects of foreign currencies and interest rates by using appropriate transaction structures and if required, derivative financial instruments to hedge these risk exposures. During the second and third quarter the Group utilized interest swaps and foreign currency forward contracts for hedging purposes. In accordance with its Treasury policy, the Group did not enter into or trade for speculative purposes financial instruments.

Foreign currency risk management

Dufry manages the cash flow surplus or deficits of the operations through transactions in the respective local or functional 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 forecast transactions. As at September 30, 2010 the Group had open contracts with a notional value of CHF 22.8 million. The net gain of CHF 0.4 million resulting from the subsequent valuation at fair values is included as foreign exchange gain / (loss) in the income statement to compensate corresponding foreign exchange positions in the opposite direction. No derivative positions existed in the preceding period.

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. During the second quarter the Group entered into a payer swap agreement with a notional value of USD 300 million which was designated as a cash flow hedge. The net loss of CHF 2.8 million for the nine months ended September 30, 2010 resulting from the subsequent valuation at fair value was recorded in other comprehensive income and does not affect the income statement. No derivative positions existed in the preceding period.

9.2 Derivative Financial Instruments

The following table shows the contracts or underlying principal amounts and fair values of non speculative derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at September 30, 2010.

	Contract or underlying principal amount		Positive Fair Values		Negative Fair Values	
in thousands of CHF	Unaudited 30.09.2010	Audited 31.12.2009	Unaudited 30.09.2010	Audited 31.12.2009	Unaudited 30.09.2010	Audited 31.12.2009
Foreign exchange forward contracts and options	22,793	-	465	-	77	-
Interest rate related instruments [1]	294,750	-	-	-	2,819	-
Total			**465**	**-**	**2,896**	**-**

[1] Designated as cash flow hedge

9.3 Fair Values hierarchy

The financial assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Level 1 - Inputs that are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived principally from or corroborated by observable market data by correlation or other means at the measurement date and for the duration of the instruments' anticipated life.

Level 3 - Inputs that are unobservable for the asset or liability. These inputs reflect the Group's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

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

September 30, 2010 in thousands of CHF	Level 1	Level 2	Level 3	Total
Assets measured at Fair Value [1]				
Foreign exchange related derivative financial instruments	-	465	-	465
Interest rate related derivative financial instruments	-	-	-	-
Total	-	465	-	465
Liabilities measured at Fair Value [2]				
Foreign exchange related derivative financial instruments	-	77	-	77
Interest rate related derivative financial instruments	-	2,819	-	2,819
Total	-	2,896	-	2,896

1 Included in the position "other accounts receivable" in the statement of financial position

2 Included in the position "other liabilities" in the statement of financial position

As of September 30, 2009 and December 31, 2009, there were no open positions.
During the nine month period ended September 30, 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

10. Increase in share capital

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

11. Reconciliation of transactions with non-controlling interests

11.1 Changes in participations of non-controlling interests

Recognized in equity attributable to non-controlling interests:

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009
Merger with Dufry South America Ltd	(117.6)	-
Acquisition of 49% interest in the Global Retail Services Group	(1.6)	-
Other [1]	-	3.7
Changes in participations of non-controlling interests	**(119.2)**	**3.7**

[1] Mainly relating to the non-controlling interests of subsidiaries of the Hudson Group

11.2 Reserve for transactions with non-controlling interests

Recognized in equity attributable to holders of the parent:

in millions of CHF	Unaudited 9M 2010	Unaudited 9M 2009
Balance at the beginning of the period	-	-
Changes from transactions with non-controlling interests:		
Merger with Dufry South America Ltd	(511.8)	-
Acquisition of 49% interest in the Global Retail Services Group	(1.2)	-
Other [1]	(0.2)	-
Balance at the end of the period	**(513.2)**	**-**

[1] Mainly relating to the non-controlling interests of subsidiaries of the Hudson Group

12. Seasonality

Dufry does not have distinctive sales seasonality as the combined effect of the different regions is well balanced. However, in terms of EBITDA the last two quarters are generally the strongest.

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To the Board of Directors of

Dufry AG, Basel

Basel, 10 November 2010

Report on review of interim condensed consolidated financial statements

Introduction

As independent auditors we have reviewed the accompanying interim condensed consolidated financial statements of Dufry AG as of 30 September 2010, comprising of the interim consolidated statement of financial position as of 30 September 2010 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine and the three-month period then ended and explanatory notes (Pages 7 to 27). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young Ltd

Bruno Chiomento	Patrick Fawer
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

INFORMATION FOR INVESTORS AND MEDIA

TICKER DETAILS DUFRY SHARES

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

TICKER DETAILS DUFRY BDR

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

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For detailed information in respect of anticipated key dates in 2010, corporate and regional headquarter addresses, as well as other information please refer to our website: http://www.dufry.com