



D U F R Y

A GLOBAL AMBITION

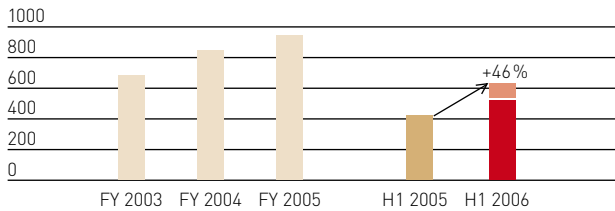
Half Year Report 2006



KEY FIGURES

TURNOVER

in millions of CHF

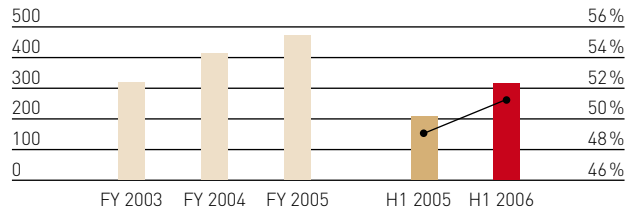


■ Effect from the acquisition in Brazil in March 2006 (3 months consolidated)

GROSS PROFIT

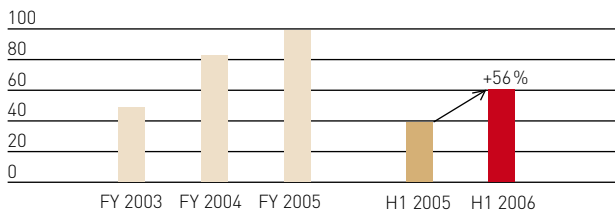
in millions of CHF

Margin



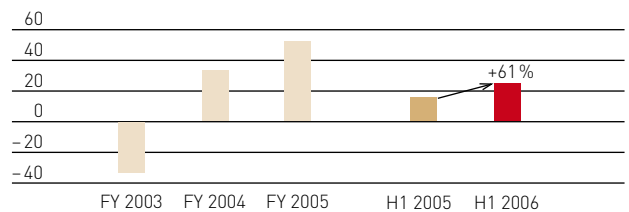
EBITDA

in millions of CHF



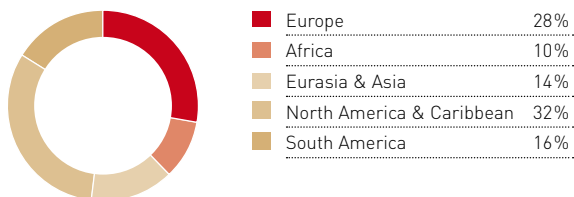
NET EARNINGS

in millions of CHF



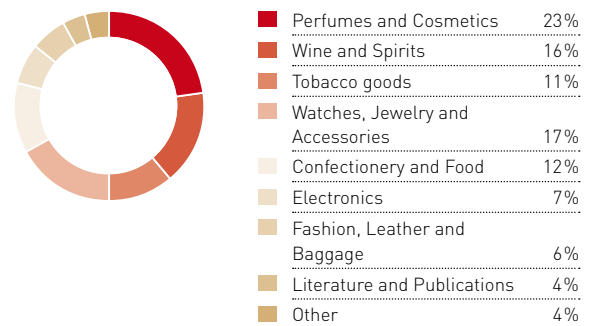
NET SALES BY REGION

January - June 2006



NET SALES BY PRODUCT CATEGORIES

January - June 2006



**CHAIRMAN OF THE BOARD OF DIRECTORS
AND CHIEF EXECUTIVE OFFICER
EXCELLENT RESULTS CONFIRM OUR STRONG
POSITION IN THE TRAVEL RETAIL INDUSTRY.**

Dear Shareholders,

Strong growth in first half year of 2006

Dufry achieved an outstanding performance in the first half year of 2006. Turn-over increased significantly by 46% to CHF 622.3 million compared to CHF 425.4 million in the first half year of 2005. The results for the six months of 2006 include three months of consolidated turnover of our Brazilian operations Brasif, which we acquired in March 2006. Even without the effect of the Brasif acquisition, our turnover increased substantially by 23% and all regions posted solid growth numbers. According to the latest report of ACI, Airports Council International, worldwide international passenger traffic increased by 6% for the first six months of 2006 compared to the same period in 2005. This underlying growth in the travel industry has provided a solid base for Dufry's like-for-like growth of 9%.

The strong top-line performance had a very positive impact on our profitability. Gross profit increased to CHF 320.1 million for the first half year of 2006, reflecting gross margin of 51.4%. For the first half year of 2005, gross profit reached CHF 208.9 million with a gross margin of 49.1%. The improvement in gross profit is mainly due to enhancements made in the existing business operations and to the fact that the new operations generate high gross margins. Selling expenses increased to CHF 121.8 million for the first half year of 2006 from CHF 73.1 million for the same period in 2005. This is mainly due to a higher total amount of concession fees, partly related to the integration of Brasif, but also related to new projects and expansions that are charged with above average concession fees. Personnel and general expenses increased to CHF 136.7 million from CHF 96.4 million due to Brasif and the new operations. As percentage of turnover, personnel and general expenses improved to 22.0% from 22.7%.

EBITDA¹ amounted to CHF 61.6 million for the first half year of 2006, representing an increase of 56% compared to CHF 39.4 million for the corresponding period in 2005. The EBITDA margin improved to 9.9% for the first six months of 2006 compared to 9.3% for the same period in 2005.

Depreciation and amortization of the reporting period rose to CHF 20.5 million compared to CHF 10.7 million in the respective period 2005. The increase is attributable to new projects and expansion as well as additional amortization of intangible assets, mainly due to the Brasif acquisition.

EBIT increased by 57% to CHF 41.5 million in the first half of 2006 from CHF 26.4 million in the same period 2005. The improvements were supported by refurbishments of existing areas, which normally have a positive impact on the performance relatively quickly. On the other hand, the result was partially impacted by many new projects, which tend to have a lower profitability during the first year of operation due to start-up costs. Furthermore, Brasif has already contributed to EBIT since its consolidation as from April 1, 2006.

¹ EBITDA before other operational result

Dufry's financial expenses increased by CHF 7.8 million, primarily as a result of our acquisition of Brasif, which was financed by syndicated loans with a maturity of five years. Income taxes for the first six months of 2006 were CHF 5.4 million compared to CHF 7.5 million for the first half year of 2005. The reduction is mainly due to the initial effect of the Brasif consolidation as well as to continuous tax improvement measures.

Dufry recorded net earnings of CHF 24.7 million for first half year of 2006, up by 61% compared to CHF 15.3 million for the first six months in 2005. Net earnings attributable to the equity holders of the parent increased to CHF 18.3 million for the first half year of 2006 compared to CHF 6.3 million for the first half year of 2005.

Dufry's balance sheet structure remained healthy with a total equity of CHF 519.9 million as of June 30, 2006. Net debt increased to CHF 582.3 million at June 30, 2006 from CHF 47.0 million, mainly due to the additional financing of USD 400 million (CHF 515 million) for the Brasif and Eurotrade (Brasif's logistics platform) acquisitions and capital expenditure for the refurbishment of existing locations as well as new projects. The strong cash flow from operations of CHF 60.1 million in the first six months of 2006 also contributed to the financing of Dufry's capital expenditure requirements.

Development by region

- **Region Europe** increased net sales by 15% to CHF 173.0 million from CHF 150.4 million. The main operations in Italy saw dynamic growth, backed by refurbishments in Milano and new shops in Rome. The refurbishments were completed in the second half of 2005 and the new shops in Rome became fully operational during the fourth quarter of 2005. Furthermore, the expansion in Basel-Mulhouse as well as the new shops in Spain, both inaugurated in June 2006, contributed to the sales growth of the region.
- **Region Africa** grew net sales by 14% to CHF 63.0 million from CHF 55.1 million. A main driver was the additional shops in Morocco, which opened in the fourth quarter of 2005. The new shops in Algiers, which opened on July 1, 2006, will start contributing to the growth going forward.
- **Region Eurasia & Asia** recorded impressive growth of 29% to CHF 86.3 million from CHF 67.2 million. All operations posted strong growth figures. In Sharjah, this reflects the positive impact of the refurbishment. The new watch shop in Singapore, which opened in the fourth quarter of 2005, as well as the new operations in Belgrade, running since the second quarter of 2006, supported our growth in this region. In terms of improvements, the renewed shops in Cambodia and the arrival shops in Sharjah opened in July 2006.

- **Region North America & Caribbean** showed the strongest growth rate of our regions with 33% to CHF 191.6 million from 144.3 million. New operations in this region include Young Caribbean Jewellery, which is consolidated since the fourth quarter of 2005, Dominican Republic (also since the fourth quarter of 2005) and Grand Turk (since the second quarter of 2006). Furthermore, we opened additional shops on board of the cruise line ships of Norwegian Cruise Lines, which came into operation throughout fiscal year 2005 and early 2006, and the airside commercial area “Dufry Boulevard” at Mexico-City Airport (officially opened in March 2006).
- **Region South America** consists of the newly acquired operations of Brasif in Brazil and our already established operations in Bolivia. Sales of Brasif have been consolidated for a three months period since April 1, 2006. In total, the region’s net sales amounted to CHF 94.7 million for the first half year of 2006 compared to CHF 0.9 million for the corresponding period in 2005. Brasif is the leading travel retailer in Brazil and is present in all major Brazilian airports.

Integration of Brasif

With the acquisition of Brasif, the leading travel retail company in Brazil, and its logistic platform Eurotrade, in March 2006, Dufry made a quantum leap to secure a strategic position in the South American markets. Our prime position in Brazil today will allow us to expand our business into other countries and tourist locations in Latin America.

The integration of Dufry Brazil, with its 49 stores, has started well and we have been very pleased with the performance of the new region so far. The plan is to re-brand the Brasif shops into Dufry over a period of six to twelve months, and we expect the integration process to be fully completed by the second half year of 2007. Our teams have started to implement the business plan to seize all the synergies that we identified during the due diligence process. The initiatives encompass all areas: Improve the supply chain and increase the gross margin, adapt the administrative function to Group standards and implement the Group procedures, re-align the assortment, improve the merchandising, and work towards the expansion of the departure shops. All these elements will contribute to strengthen further Brasif’s position in the Brazilian market and at the same time Dufry will benefit from having Brasif as part of the Group.

Increased security at international airports

In early August 2006, the USA and UK increased their security checks and requested increased security measures for flights into the United States of America and the United Kingdom due to a terrorist threat. The travel retail industry was impacted to a certain extent by these measures as there have been restrictions on the sale of perfumes & cosmetics and wine & spirits.

As Dufry does not have any operations in the UK and only three locations in the USA, the direct impact of the restrictions was not significant for Dufry. However, flights departing from certain airports with destination to the UK and USA, and in which Dufry operates, have had increased security measures, while travelling to all other destinations has not been affected. Furthermore, the imposed measures and the way they have been applied vary between airports.

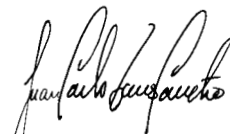
We believe that in those airports where the restrictions are still in place, they will either be lifted again in due time or the parties involved, i.e. security authorities, airport authorities, airlines and duty-free retailers will together find practicable solutions. One of the possible solutions, that has been implemented in the USA, Singapore and several other countries, is the delivery of purchased items directly to the departure gates. Due to Dufry's broad geographic presence with more than 380 shops across the globe, we expect the effect of these restrictions to have minimum impact on our overall sales. Historically, external shocks tend to have only a shorter-term impact on the travel industry and recovery periods tend to become ever shorter as air travel is becoming more and more common.

Well equipped for future growth

Along with growing our business through existing operations and new contracts, we continue to standardize our operational processes and further develop our IT platform. We also continue to undertake numerous refurbishments and new projects across the world that will help fuel future growth of our Group. This will allow us to strengthen Dufry for the future and we will continue to pursue our winning strategy to reach our global ambition of establishing ourselves as the leader in profitability in our industry.

Finally, we would like to thank our 6,500 employees, coming from over 50 different nationalities and working across 33 countries for their great efforts and dedication to create a unique shopping experience for our customers' day after day.

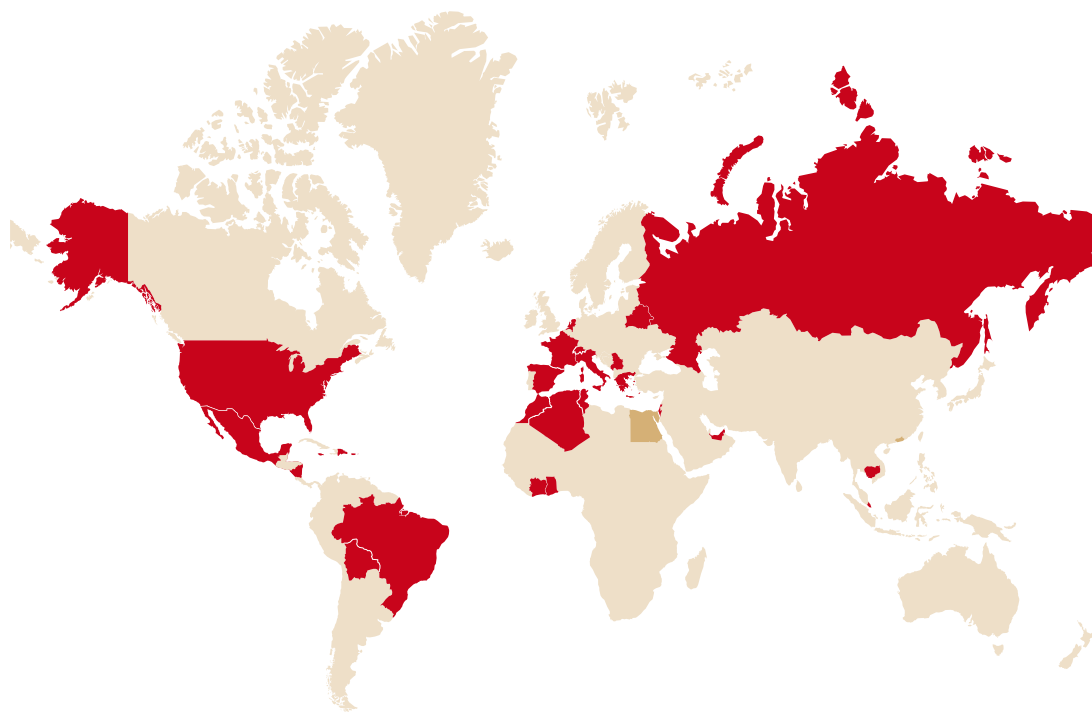
Sincerely,



Juan Carlos Torres Carretero
Chairman of the Board of Directors



Julián Díaz
Chief Executive Officer



EUROPE

Italy: Bari, Bergamo, Brescia, Genoa, Milan-Malpensa, Milan-Linate, Central Milan, Naples, Palermo, Rome-Ciampino, Rome-Fiumicino, Rome-Termini, Turin, Verona

France: Nice, Paris, Pointe-à-Pitre

Spain: Bilbao, Canary Islands, Tenerife

Switzerland: Basel-Mulhouse, Samnaun

Netherlands: Amsterdam

Greece: Patras-Blue Star Ferries, Patras-Superfast Ferries, Piraeus-Blue Star Ferries, Eptanisos

Serbia: Belgrade

Israel: Haifa

AFRICA

Tunisia: Djerba, Monastir, Sfax, Tabarka, Tozeur, Tunis Carthage

Algeria: Algiers

Morocco: Agadir, Casablanca, Marrakech

Ghana: Accra

Ivory Coast: Abidjan

EURASIA & ASIA

Russian Federation: Moscow-Domodedovo

United Arab Emirates: Sharjah, on-board Air Arabia

Singapore: Singapore

Cambodia: Phnom Penh, Siem Reap

Belorussia: Koslovichi, Makrani, Minsk, Petschatka, Stolyn

NORTH AMERICA & CARIBBEAN

Mexico: Cancun, Cozumel-Puerta Maya, Cozumel-Punta Langosta, Laredo, Los Cabos, Mexico City, Guadalajara, Monterrey, Progreso, Puerto Vallarta, Reynosa

United States: Houston, Miami, Newark, New York JFK, Norwegian Cruise Lines

Caribbean Islands: Aruba, Antigua, Bahamas, Barbados, Cayman Islands, Dominican Republic, Grand Turk, Grenada, Jamaica, St John, St Lucia, St Marteen, Trinidad

Nicaragua: El Espino, Guasaule, Las Manos, Managua, Potosi, Sapoa Peñas Blancas

SOUTH AMERICA

Brazil: Brasilia, Florianopolis, Fortaleza, Minas, Porto Alegre, Recife, Rio de Janeiro, Sao Paulo

Bolivia: La Paz, Santa Cruz

- Existing operations as of July 1, 2006
- New signed operations expected to open in 2006

8 CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2006

CONSOLIDATED INCOME STATEMENT

in thousands of CHF	1.1. – 30.6.06	1.1. – 30.6.05
Net sales	608,612	417,824
Advertising income	13,707	7,556
TURNOVER	622,319	425,380
Cost of sales	302,183	216,527
GROSS PROFIT	320,136	208,853
Selling expenses, net	121,806	73,102
Personnel expenses	83,327	58,477
General expenses, net	53,414	37,919
Depreciation and amortization	20,465	10,727
Other operational expenses	4,915	3,237
Other operational income	(5,254)	(997)
Earnings before interest and taxes (EBIT)	41,463	26,388
Income from associates	–	–
Financial income (expenses)	(11,388)	(3,599)
Earnings before taxes (EBT)	30,075	22,789
Income taxes	5,407	7,458
NET EARNINGS	24,668	15,331
Attributable to		
Equity holders of the parent	18,345	6,294
Minority interest	6,323	9,037
Earnings per share attributable to equity holders of the parent		
Basic in CHF	1.30	0.70
Diluted in CHF	1.30	0.70
EBITDA (before other operational result)		
EBIT	41,463	26,388
Depreciation and amortization	20,465	10,727
EBITDA	61,928	37,115
Other operational expenses	4,915	3,237
Other operational income	(5,254)	(997)
EBITDA (before other operational result)	61,589	39,355

CONSOLIDATED BALANCE SHEET

ASSETS

in thousands of CHF	30.6.06	31.12.05
Cash and cash equivalents	71,388	51,602
Trade receivables, net	7,003	2,192
Income tax receivables	13,391	6,713
Other accounts receivable	93,677	66,472
Inventories	267,634	200,014
Current assets	453,093	326,993
Property, plant and equipment	93,587	65,120
Intangible assets	1,073,183	422,371
Investments	470	79
Other non-current assets	11,599	8,867
Deferred tax assets	18,635	7,660
Non-current assets	1,197,474	504,097
TOTAL ASSETS	1,650,567	831,090

LIABILITIES AND SHAREHOLDERS' EQUITY

in thousands of CHF	30.6.06	31.12.05
Trade payables	152,073	102,982
Bank debt, short-term	22,875	86,403
Financial debt, short-term	1,954	8,629
Income tax payables	17,179	7,341
Other accounts payable	131,250	109,070
Provisions, short-term	5,606	8,939
Current liabilities	330,937	323,364
Bank debt, long-term	622,955	1,575
Financial debt, long-term	5,941	1,968
Other non-current liabilities	5,535	4,009
Deferred tax liabilities	154,096	42,760
Post-employment benefits obligation	10,176	9,704
Provisions, long-term	1,070	1,674
Non-current liabilities	799,773	61,690
Total liabilities	1,130,710	385,054
Equity attributable to equity holders of the parent	404,377	386,352
Minority interest	115,480	59,684
Total equity	519,857	446,036
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,650,567	831,090

CONSOLIDATED CASH FLOW STATEMENT

in thousands of CHF

	1.1. – 30.6.06	1.1. – 30.6.05
Earnings before taxes (EBT)	30,075	22,789
Adjustments for		
Depreciation and amortization	20,465	10,727
Decrease (increase) in allowances, deferred taxes and provisions	5,093	3,583
Loss (gain) on sales of property, plant and equipment	(93)	(5)
Gain on sale of investments	–	(505)
Loss (gain) on unrealized foreign exchange differences	3,147	2
Interest income	(542)	(214)
Interest expenses	12,164	4,187
Cash flow before working capital changes	70,309	40,564
Decrease (increase) in trade and other accounts receivable	(11,557)	(16,336)
Decrease (increase) in inventories	(28,997)	(22,640)
(Decrease) increase in trade and other accounts payable	30,368	9,157
Cash flow from operations	60,123	10,745
Income taxes paid	(9,728)	(4,784)
Net cash from operating activities	50,395	5,961
Cash flow from investing activities		
Acquisition of Delmey SA, net of cash	(514,754)	–
Acquisition of Young Caribbean Group, net of cash	(15,346)	–
Acquisition of interests in Duty Free Caribbean Group, net of cash	(15,386)	–
Sales of subsidiaries, net of cash	–	(306)
Purchases of property, plant and equipment	(25,974)	(13,170)
Purchases of intangible assets	(8,981)	(53)
Proceeds from sale of equipment	2,838	1,116
Interests received	501	149
Net cash used in investing activities	(577,102)	(12,264)
Cash flow from financing activities		
Dividends paid to minority shareholders	(5,091)	(2,973)
Increase in minority equity	2,063	332
Increase of financial debt	559,039	179,913
Increase of loans	(463)	(54,898)
Interest paid	(12,075)	(4,193)
Net cash proceeds from financing activities	543,473	118,181
Currency translation differences	3,020	3,073
Increase in cash and cash equivalents	19,786	114,951
Cash and cash equivalents at the		
– beginning of the period	51,602	35,045
– end of the period	71,388	149,996

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					MINORITY INTEREST	EQUITY
	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVES	RETAINED EARNINGS	TOTAL		
Balance as of 1. 1. 05	45,000	-	(9,366)	15,113	50,747	88,775	139,522
Net earnings	-	-	-	6,294	6,294	9,037	15,331
Dividend to minority interests	-	-	-	-	-	(2,973)	(2,973)
Disposal of subsidiaries	-	-	-	-	-	526	526
Currency translation differences	-	-	10,951	-	10,951	7,070	18,021
Balance as of 30. 6. 05	45,000	-	1,585	21,407	67,992	102,435	170,427
Balance as of 1. 1. 06	70,313	256,514	2,852	56,673	386,352	59,684	446,036
Net earnings	-	-	-	18,345	18,345	6,323	24,668
Share-based payment	-	-	-	1,449	1,449	-	1,449
Acquisition of Delmey SA	-	-	-	-	-	55,582	55,582
Acquisition of other subsidiaries	-	-	-	-	-	74	74
Acquisition 10% of Duty Free Caribbean Group	-	-	-	-	-	(6,215)	(6,215)
Increase in share capital of Duty Free Caribbean Group	-	-	-	-	-	9,989	9,989
Dividend to minority interests	-	-	-	-	-	(5,091)	(5,091)
Currency translation differences	-	-	(1,769)	-	(1,769)	(4,866)	(6,635)
Balance as of 30. 6. 06	70,313	256,514	1,083	76,467	404,377	115,480	519,857

12 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Dufry Ltd ('Dufry' or 'the Company') is a public company headquartered in Basel, Switzerland. The Company is one of the world's leading travel retail companies with 384 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SWX).

The interim condensed financial statements of Dufry Ltd and its subsidiaries for the six months ended June 30, 2006 were authorized for issue in accordance with a resolution of the Board of Directors on September 5, 2006. They are prepared in accordance with International Accounting Standard 34 (IAS 34 "Interim Financial Reporting"). These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2005 as they provide an update of previously reported information.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of sales, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

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, 2005. The adoption of amendments to certain IFRS mandatory for annual periods beginning on or after January 1, 2006 (i.e. amendments to IAS 39) did not affect the Group results of operations or financial positions. Where necessary, the comparatives have been reclassified or extended from previously reported results to take into account any changes in presentation made in the annual report or these interim financial statements.

2 SEASONALITY OF OPERATIONS

The Group operates in different markets with seasonal variations in sales and results. Whereas the high season in Europe and Africa is from July to October, in North- and South America as well as in the Caribbean, it is from December to April. In the Asian region, the seasonality is well balanced throughout the year. All regions have a strong month in December.

3 NEW OPERATIONS

During the first half year of 2006, Dufry started new operations in Spain, Serbia, as well as in the Caribbean Islands like Jamaica, St. John and Grand Turk.

Acquisition of Brasif

On March 23, 2006, the Group closed the transaction to purchase through its 80% owned subsidiary in Uruguay, Delmey SA, all the shares of the Brazilian companies Brasif Duty Free Shop Ltda and its sister companies Emac Comércio Importação Ltda and Iperco Comércio Exterior S.A., as well as the Cayman company Eurotrade Ltd, which operates Brasif's logistic platform. The total purchase price of USD 500 million was financed through a structured bank financing of USD 400 million provided by Dufry and the contribution of USD 100 million provided by Delmey's minority shareholder, the funds managed by Advent International Corp. As per April 1, 2006, Dufry obtained the control of these newly incorporated companies.

The structured bank financing shall also provide Dufry with additional means for further expansions and growth.

The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the results of the newly acquired companies for the three months period from the acquisition date.

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

in thousands of USD	FAIR VALUE UNAUDITED	CARRYING VALUE UNAUDITED
Cash and cash equivalents	6,266	6,266
Other accounts receivable	23,014	23,014
Inventories	37,136	37,136
Other assets	408	408
Concession rights	271,553	1,337
Non-current assets	18,663	17,991
ASSETS	357,040	86,152
Trade payables	30,564	30,564
Financial debt	2,006	2,006
Other accounts payable	19,767	19,767
Deferred tax liabilities	92,102	-
Minority interest	(34)	(34)
Equity	212,635	33,849
LIABILITIES AND EQUITY	357,040	86,152
Fair value of net assets	212,635	
Minority interest (20%)	42,527	
Net assets acquired	170,108	
Goodwill arising on acquisition	237,128	
Total acquisition costs	407,236	

The total acquisition costs of USD 407 million comprised a cash payment of USD 400 million and costs of USD 7 million directly attributable to the acquisition.

Cash outflow on acquisition:

in thousands of USD	UNAUDITED
Net cash acquired with the subsidiary	6,266
Cash paid	400,000
Acquisition costs	7,236
Net cash outflow	400,970
Net cash outflow in thousands of CHF	514,754

From the date of acquisition, the acquired companies have contributed CHF 10.8 million to the profit of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been CHF 15.1 million and sales from continuing operations would have been CHF 180.8 million.

The goodwill of USD 237.1 million is attributed to the expected synergies and other benefits from combining the assets and activities of the acquired companies with those of the Group.

4 DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the six months period ending June 30, 2006 and June 30, 2005.

5 FINANCING

As part of the acquisitions of Brasif and Eurotrade, Dufry entered into a new financing agreement. As per March 23, 2006, the international bank ING underwrote a committed CHF 800 million financing package, comprising a multi-currency acquisition facility of CHF 550 million for Brasif and Eurotrade, and a multi-currency revolving credit facility (RCF) of CHF 250 million. Subsequently to the above financing, all major credit agreements in place before were cancelled and the respective banks were invited along with a number of selected banks to participate in the syndication of the ING financing. The syndication process was successfully completed in July 2006.

Both facilities will expire in March 2011. The acquisition facility contains contractual amortization payments. Interest in respect of any borrowings under both facilities is at a floating rate (EURIBOR or LIBOR) plus spread. The facilities contain customary financial covenants and conditions.

Currency risk exposure

Dufry financed its USD 404 million participation in Delmeyer's share capital with a bank loan denominated in US-Dollars, in order to minimize the currency risk involved in this transaction. Delmeyer and its subsidiaries have as functional currency US-Dollars.

The portion of foreign exchange gain (CHF 19.3 million) derived up to June 30, 2006, which is related to this bank loan has been treated as a translation adjustment on equity in accordance with IAS 39 § 102 "Hedges of net investments".

6 PROVISIONS

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

Law suits and duties

The provision covers uncertainties related to law suits in respect of sales or income taxes and duties in three countries. Dufry France could successfully settle an outstanding amount of CHF 0.6 million with the French government.

Dispute on contracts

The subsidiary in Ivory Coast is disputing to pay CHF 2.0 million procurement commissions based on an old agreement. A French subsidiary has used the provision of CHF 1.4 million relating to the interpretation of the concession agreement with the landlord.

Reorganization costs

In July 2003, the general assembly of Food Village approved a plan to close a non-profitable shop in Amsterdam. After initial payments in 2005, the provision still needed to cover probable outflows to settle the rent contract and other closing expenses, is estimated at CHF 0.5 million.

Dufry's management created last year a provision of CHF 1.5 million for the restructuring of the operations in Ivory Coast. During this year first negotiations held with the involved parties allow Dufry to release a part of the provision in the amount of CHF 0.6 million.

A provision of CHF 0.9 million for the relocation of the administrative offices of our French subsidiaries to a location close to Basel has been used.

7 SHARE-BASED PAYMENT

Restricted Stock Unit Plan (RSU)

Dufry implemented a restricted stock unit plan (RSU) for certain members of the Group's management.

Under the RSU plan the Company is granting to the participants in 2006 a right to receive on January 1, 2008, free of charge, up to 100,000 RSU's on aggregate, based on the offer Price of CHF 80 per share. During the meeting held on April 18, 2006, the Nomination and Remuneration Committee of the Board of Directors approved the extension of the plan from formerly 58,000 RSU's to 100,000 RSU's.

The rights granted in 2006 will vest after the first anniversary of the offering, on January 1, 2007, provided that the share price at the date of vesting is equal to or higher than CHF 80.80. The option will be exercisable only after a holding period of an additional year, on January 1, 2008. If the average price per share at that date is lower than CHF 80.80, no rights will vest and no shares will be allocated. The accrued costs have been booked against a specific account in equity.

8 CONTINGENT LIABILITIES

The Group enters into long term agreements with port authorities to guarantee the exploitation rights of the concessions. Most of the concessionaires require a minimum annual guarantee based on sales, passengers or other indicators of operational level. In case of early termination, Dufry's subsidiaries can be required to indemnify the port authorities for lost earnings. The Group or its subsidiaries have granted these warranties regarding the performance of certain long-term contracts directly or through third parties. As per June 30, 2006, no request for fulfillment of such contingent liabilities is pending.

The Group is contingently liable for a remaining amount of CHF 3.2 million in relation to the purchase of Emerald Distributors Ltd by Duty Free Caribbean (Holdings) Ltd. Under the terms of the purchase agreement, the purchase price was dependant on the consolidated results of Duty Free Caribbean Emeralds (St. Lucia) Ltd maintaining a certain level of earnings before depreciation, amortization and interest but after taxes. On attaining the level of earnings in any one year as per the agreement, an amount of CHF 1.6 million is payable to the vendor that year. The remaining two payments can become due in any year up to March 31, 2010.

9 SEGMENT REVENUE AND RESULTS

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, i.e. using geographical areas as its primary segments. There is only one business segment, travel retail.

The geographical segments reported are broken down as follows: Europe (incl. HQ), Africa, Eurasia & Asia, North America & Caribbean, and South America newly integrated as of April 2006.

in thousands of CHF REPORTING PERIODS JANUARY 1 TO JUNE 30	EUROPE (INCL. HQ)		AFRICA		EURASIA & ASIA	
	2006	2005	2006	2005	2006	2005
Net sales – third parties	172,966	150,392	63,013	55,085	86,334	67,160
Net sales – intercompanies	48,318	48,644	–	–	–	63
Net sales	221,284	199,036	63,013	55,085	86,334	67,223
Advertising income	7,509	5,032	9	19	637	468
Turnover	228,793	204,068	63,022	55,104	86,971	67,691
Earnings before interest and taxes (EBIT)	7,264	4,040	6,258	5,091	8,117	6,185
Financial expenses						
Financial income						
Income from associates						
Income taxes						
NET EARNINGS						
Equity holders of the parent						
Minority interest						
Capital expenditure	11,698	7,518	3,440	1,784	7,760	421
Depreciation and amortization	4,047	3,049	3,327	2,929	2,061	1,563
Non-cash result other than depreciation	2,912	7,242	902	1,696	511	1,884

NORTH AMERICA & CARIBBEAN		SOUTH AMERICA		ELIMINATIONS		TOTAL	
2006	2005	2006	2005	2006	2005	2006	2005
191,649	144,257	94,650	930	-	-	608,612	417,824
-	663	-	-	(48,318)	(49,370)	-	-
191,649	144,920	94,650	930	(48,318)	(49,370)	608,612	417,824
2,372	2,008	3,180	29	-	-	13,707	7,556
194,021	146,928	97,830	959	(48,318)	(49,370)	622,319	425,380
10,399	14,460	10,901	26	(1,476)	(3,414)	41,463	26,388
						(29,722)	(6,984)
						18,334	3,385
						-	-
						(5,407)	(7,458)
						24,668	15,331
						18,345	6,294
						6,323	9,037
10,966	3,668	291	19	-	-	34,155	13,410
5,194	3,109	5,836	77	-	-	20,465	10,727
999	1,924	90	-	-	-	5,414	12,746

10 PRINCIPAL FOREIGN EXCHANGE RATES APPLIED FOR VALUATION AND TRANSLATION

	30.6.06		31.12.05	
	AVERAGE RATES	CLOSING RATES	AVERAGE RATES	CLOSING RATES
1 USD	1.2711	1.2475	1.2454	1.3125
1 EUR	1.5614	1.5650	1.5484	1.5575
100 AED	34.601	33.940	33.904	35.730
100 SGD	78.966	78.040	74.853	78.760

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Ticker Details Dufry Shares

ISIN-No.	CH 0023 405 456
SWX Ticker Symbol	DUFN
Swiss Security-No.	2340545
Reuters	DUFN.S
Bloomberg	DUFN SW

Anticipated Key Dates

2006

December	07	Publication of Q3 2006 Results
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2007

April	19	Publication of 2006 Fiscal Year Results
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May	17	Annual General Meeting
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June	05	Publication of Q1 2007 Results
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September	05	Publication of Q2 2007 Results
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December	05	Publication of Q3 2007 Results
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This Half Year 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 Half Year Report. Dufry does not undertake any obligation to update any forward-looking statements contained in this Half Year Report as a result of new information, future events or otherwise.

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