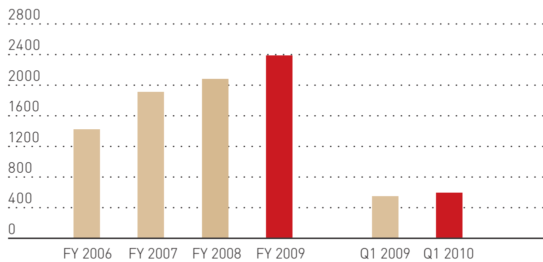
DUFRY

2010
FIRST QUARTER REPORT

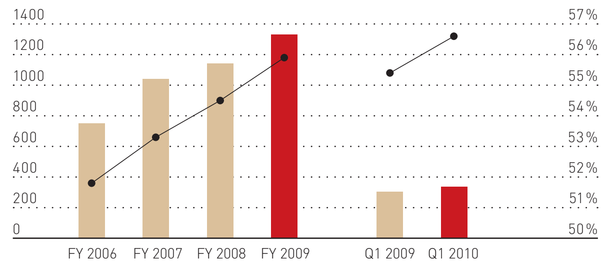
KEY FIGURES

TURNOVER
in millions of CHF

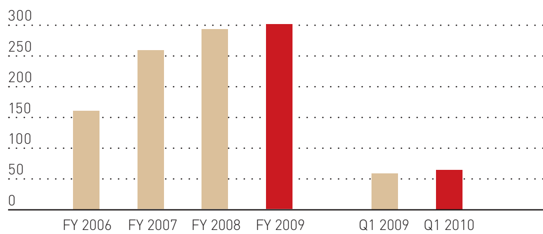


GROSS PROFIT
in millions of CHF

Margin

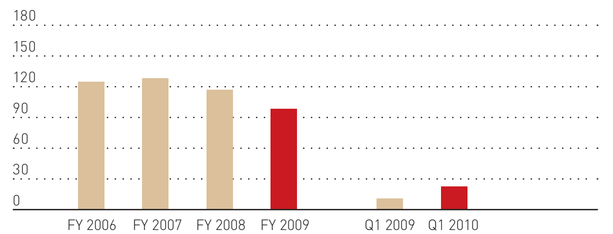


EBITDA[1]
in millions of CHF

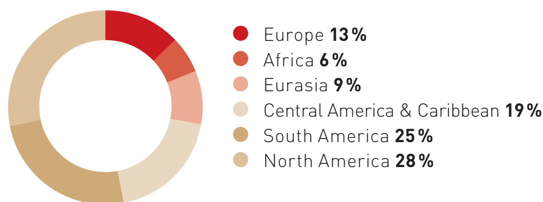


[1] EBITDA before other operational result

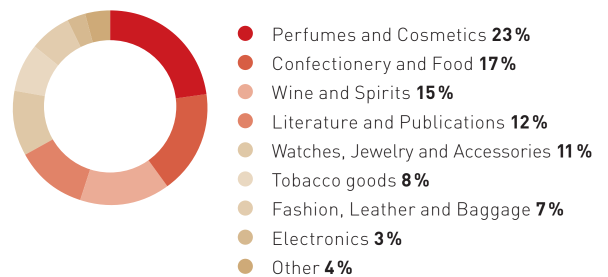
NET EARNINGS
in millions of CHF



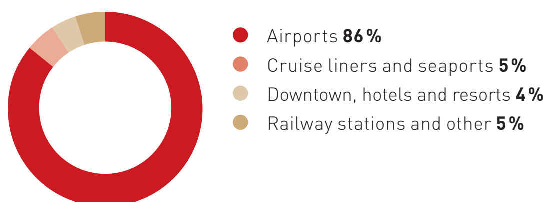
NET SALES BY REGION
January – March 2010



NET SALES BY PRODUCT CATEGORIES
January – March 2010



NET SALES BY CHANNEL
January – March 2010



DUFRY

REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear Shareholders,

In the first quarter of 2010, Dufry's turnover increased by 15.7% on constant FX rates with organic growth contributing 10.6 percentage points.

Turnover measured in Swiss Franc increased by 8.7% to CHF 585.0 million from CHF 538.3 million in the first quarter of 2009. New activities accounted for 5.1 percentage points and the foreign exchange impact of translating into CHF was negative 7.0%, mainly due to a weaker US Dollar.

Gross margin further improved by 1.2 percentage points to 56.6% in the first quarter of 2010 from 55.4% in first quarter of 2009. In absolute terms, gross profit reached CHF 331.0 million for the first quarter of 2010. The improvement was due to continuous growth of the company in several new locations, implementation of global negotiation with suppliers, and the new initiatives started in 2010 as part of the "Dufry plus One" project.

EBITDA[1] for the first quarter of 2010 increased by 20.7% to CHF 70.1 million on constant FX rates. After translation into Swiss Franc, EBITDA increased by 11.6% to CHF 64.8 million compared to CHF 58.1 million for the respective period of 2009.

The EBITDA margin was 11.1% compared to 10.8% for the relevant period in 2009. The EBITDA margin on the Q1 2010 has already reached the levels of the Q1 of 2008, before the crisis of 2009.

As a percentage of turnover, selling expenses increased to 22.0% from 20.6% last year. Dufry benefited from temporary rebates on concession fees in the first quarter of 2009, whereas renewals and new projects being in the start-up phase have led to an increase in concession fees in the first quarter of 2010. Due to the seasonality of Dufry's business, the trend seen in the first quarter should soften for the full year.

Personnel expenses improved by 0.3 percentage points to 16.4% from 16.7% as the number of employees increased under-proportionally by 2% compared to the respective period of 2009. General expenses remained stable at 7.2% compared to 7.3% one year ago.

Overall, the company has been able in the first quarter of 2010 to keep substantial parts of the cost savings generated with the Efficiency Plan during 2009.

Depreciation and amortization charges remained flat at CHF 31.4 million during the first quarter of 2010 compared to CHF 31.6 million in the corresponding period of 2009. As both, depreciation and amortization, are equally distributed over the year, the seasonality of the turnover results in a higher percentage of turnover in the first quarters of the year. Other operational result of minus CHF 1.7 million includes basically some restructuring costs and expenses for new projects.

EBIT in the first quarter of 2010 increased by 27.3% to CHF 31.7 million compared to CHF 24.9 million in the respective period of 2009.

[1] EBITDA before other operational expenses and other operational income

Financial expenses stood at CHF 5.8 million in the first quarter of 2010 versus CHF 14.2 million in the respective period of 2009, a decrease by CHF 8.4 million. The improvement is mainly due to lower interest expenses resulting from the decrease in the debt, improved cash management and a favorable interest rate environment.

Income taxes for the first quarter of 2010 amounted to CHF 4.0 million compared to CHF 0.4 million for the corresponding period of 2009. The tax rate measured as percentage of EBT rose to 15.2% from 4.1%. Due to the seasonality of Dufry's business, the tax rate does vary substantially along the year due to the different generation of EBT by operation and by quarter.

Net earnings for the Group (before minorities) more than doubled and stood at CHF 21.9 million versus CHF 10.3 million in the first quarter of 2009. The merger between Dufry South America Ltd. and Dufry AG was closed in March 2010 and reduces the amount of minority interest. Pro forma net earnings to equity holders after the merger of Dufry AG with Dufry South America Ltd. reached CHF 19.9 million. Reported net earnings include a minority interest of CHF 13.5 million.

As of March 31, 2010, net debt remained stable at CHF 613 million compared to CHF 610 million at December 31, 2009. The strong cash generation was used to invest in capex and build-up of working capital due to the seasonality of Dufry's business, specifically as Easter this year fell early in the second quarter.

Development of Turnover[2] by Region

- Turnover of **Region Europe** increased by 4.0% to CHF 72.7 million compared to CHF 69.9 million. Italy started to improve its performance compared to last year and also Switzerland performed well.

- **Region Africa** increased its turnover by 2.3% based on constant FX rates. In absolute Swiss Franc terms, Region Africa generated a turnover of CHF 35.5 million in the first quarter of 2010 compared to CHF 36.0 million in the same period in 2009. Africa was Dufry's only region that did not experience a decline in the first quarter 2009 due to the economic crisis and also this year, Dufry's main operations in Tunisia and Morocco, performed well.

- **Region Eurasia's** turnover grew by 5.5% at constant FX rates and stood at CHF 51.1 million in first quarter 2010 versus CHF 51.8 million one year ago. Within the region, certain Russian operations, Belgrade and Cambodia experienced solid growth, which was partially offset by scope effects due to the closing of some shops in Singapore. The newly started operations in China have become operational end of March.

- Turnover of **Region Central America & Caribbean** increased by 10.8% and stood at USD 100.4 million compared to USD 90.6 million in the same period last year. Translating into Swiss Francs, turnover increased by 2.1% and reached CHF 106.0 million from CHF 103.8 million in the respective period of 2009. The Mexican operations benefited from the expanded business scope due to the acquisition of assets in October 2009. The English speaking Caribbean posted a weaker quarter than last year although in March, certain operations started to reverse the declining trend.

- **Region South America** increased by 30.9% to CHF 146.4 million from CHF 111.8 million. The good performance of the Brazilian economy and the strong Real against the USD contributed positively to the turnover of the region.

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[2] Turnover as mentioned is calculated as net sales to third parties plus advertising income and does not include intercompany sales

- In **Region North America** turnover increased by 14.3% and amounted USD 160.4 million from USD 140.3 million in the first quarter of 2009. Including the FX impact, turnover reached CHF 169.6 million from CHF 161.1 million for the same period, increased by 5.3%. Hudson Group as well as the other locations, performed above last year.

Continue to grow amidst improving conditions

In the first quarter of the year, the positive trends seen in the last quarter of 2009 continued to gain momentum. The dynamic performance in South America, North America and parts of Eurasia, were further supported by the resurge of operations in Europe, and the English Caribbean with gradual recovery in passenger numbers and increase in spending.

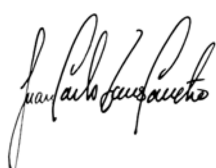
Dufry will continue to capture the positive momentum and is also dedicated to pursue profitable external growth targets. However, given the limited visibility in the global economic development, we will continue with our cautious stance and deploy our financial resources step-by-step, paying special attention to the sustainability of the efficiencies achieved and the lessons learnt in 2009 in managing the company based on fundamentals of travel retailing.

Dufry continued to expand its operations during the first quarter of 2010. In Europe, new shops opened in Italy and France to complement the existing network. Dufry continues to strengthen its position in Mexico following the acquisition of Mexican operations late last year, by re-organizing the retail space in Mexico City and re-allocating retail concepts within the airports. In the rest of the regions, shops opened in Morocco, Russia, Belgrade and Brazil.

On 11 January, 2010, Dufry AG announced the merger with Dufry South America Ltd ("DSA"), its publicly listed subsidiary in South America. Following the conclusion of the transaction, the shareholders and Brazilian Depositary Receipts holders ("BDRs") of DSA received Dufry AG shares or BDRs. The latter are part of a new BDR programme. Through the capital increase of Dufry AG and the allocation of the new shares to the former DSA shareholders and BDR holders, the free float increased to 62% from 47% previously. As a result, liquidity in the share trading improved, the market cap went from CHF 1.3 billion to CHF 2.3 billion and the free float value from CHF 633 million to CHF 1'422 million at 31 December, 2009, and 31 March, 2010. From a strategic perspective, the merger will increase Dufry Group's strategic flexibility to pursue growth opportunities globally and in South America and to implement the new operational and financial initiatives started in 2010.

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 to Dufry.

Sincerely,



Juan Carlos Torres Carretero
Chairman of the Board of Directors

Julián Díaz
Chief Executive Officer

Unaudited Interim Consolidated Financial Statements as of March 31, 2010

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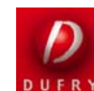
INTERIM CONSOLIDATED INCOME STATEMENT

in millions of CHF	Note	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Net sales		567.1	520.1
Advertising income		17.9	18.2
Turnover		**585.0**	**538.3**
Cost of sales		(254.0)	(240.1)
Gross profit		**331.0**	**298.2**
Selling expenses		(128.9)	(111.1)
Personnel expenses		(95.7)	(89.9)
General expenses		(41.6)	(39.1)
EBITDA before other operational result		**64.8**	**58.1**
Depreciation, amortization and impairment		(31.4)	(31.6)
Other operational result		(1.7)	(1.6)
Earnings before interest and taxes (EBIT)		**31.7**	**24.9**
Interest expenses		(9.1)	(13.7)
Interest income		2.2	1.5
Foreign exchange gain / (loss)		1.1	(2.0)
Earnings before taxes (EBT)		**25.9**	**10.7**
Income taxes	5	(4.0)	(0.4)
Profit for the period		**21.9**	**10.3**
Attributable to:			
Equity holders of the parent		8.4	(1.8)
Non-controlling interests		13.5	12.1
Earnings per share attributable to equity holders of the parent			
Basic earnings per share in CHF		0.42	(0.10)
Diluted earnings per share in CHF		0.42	(0.10)
EPS adjusted for amortization (cash EPS) in CHF		0.91	0.19
Weighted average number of outstanding shares in million		20.0	19.2



INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of CHF	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Profit for the period	**21.9**	**10.3**
Other comprehensive income:		
Exchange differences on translating foreign operations	43.2	74.2
Net loss on hedge of net investment	(4.9)	(18.2)
Income tax relating to net loss on hedge of net investment	**0.4**	**-**
Total other comprehensive income for the period, net of tax	**38.7**	**56.0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX	**60.6**	**66.3**
Attributable to:		
Equity holders of the parent	17.6	37.5
Non-controlling interests	43.0	28.8

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of CHF	Note	Unaudited 31.03.2010	Audited 31.12.2009
ASSETS			
Property, plant and equipment		240.2	241.6
Intangible assets		1,366.6	1,350.5
Deferred tax assets		147.9	140.9
Other non-current assets		32.1	34.7
Non-current assets		**1,786.8**	**1,767.7**
Inventories		313.7	306.5
Trade and credit card receivables		47.0	48.2
Other accounts receivable		126.0	107.6
Income tax receivables		18.3	14.8
Cash and cash equivalents		456.7	405.3
Current assets		**961.7**	**882.4**
TOTAL ASSETS		**2,748.5**	**2,650.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	7	760.4	674.5
Non-controlling interests		90.0	323.1
Total equity		**850.4**	**997.6**
Financial debt		768.6	798.6
Deferred tax liabilities		164.7	163.5
Provisions		3.4	3.3
Post-employment benefit obligations		7.7	7.9
Other non-current liabilities		9.3	5.1
Non-current liabilities		**953.7**	**978.4**
Trade payables		190.1	202.0
Financial debt		301.3	216.4
Income tax payables		23.6	17.0
Provisions		2.4	2.4
Other liabilities [1]		427.0	236.3
Current liabilities		**944.4**	**674.1**
Total liabilities		**1,898.1**	**1,652.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,748.5**	**2,650.1**

[1] Other liabilities as of March 31, 2010 include the payables for dividends amounting to CHF 158.0 million (Dec-09: CHF 3.1 million) in respect of the Dufry South America Ltd merger (see note 4.1)

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	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2010	**96.1**	**391.4**	**(18.2)**	**(87.2)**	**292.4**	**674.5**	**323.1**	**997.6**
Profit for the period	-	-	-	-	8.4	8.4	13.5	21.9
Other comprehensive income	-	-	-	9.2	-	9.2	29.5	38.7
Total comprehensive income for the period	-	-	-	9.2	8.4	17.6	43.0	60.6
Issue of share capital (note 7)	38.8	565.2	-	-	-	604.0	-	604.0
Changes in participation of non-controlling interests	-	-	-	-	(511.8)	(511.8)	(117.6)	(629.4)
Dividends to non-controlling interests [1]	-	-	-	-	-	-	(158.5)	(158.5)
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	-	-	-	-	2.8	2.8	-	2.8
Balance at March 31, 2010	**134.9**	**934.2**	**(4.3)**	**(78.0)**	**(226.4)**	**760.4**	**90.0**	**850.4**

[1] Dividends to non-controlling interests for the three months ended March 31, 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	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2009	**96.1**	**391.4**	**(9.1)**	**(77.1)**	**258.7**	**660.0**	**293.6**	**953.6**
Profit (loss) for the period	-	-	-	-	(1.8)	(1.8)	12.1	10.3
Other comprehensive income	-	-	-	39.3	-	39.3	16.7	56.0
Total comprehensive income for the period	-	-	-	39.3	(1.8)	37.5	28.8	66.3
Tax effect on equity transactions	-	-	-	-	0.3	0.3	-	0.3
Distribution of treasury shares	-	-	9.1	-	(9.1)	-	-	-
Share-based payment	-	-	-	-	0.8	0.8	-	0.8
Changes in participation of non-controlling interests	-	-	-	-	-	-	0.9	0.9
Dividends to non-controlling interests	-	-	-	-	-	-	(9.6)	(9.6)
Balance at March 31, 2009	**96.1**	**391.4**	**-**	**(37.8)**	**248.9**	**698.6**	**313.7**	**1,012.3**

DUFRY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

in millions of CHF	Note	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Earnings before taxes (EBT)		25.9	10.7
Adjustments for			
Depreciation, amortization and impairment		31.4	31.6
Increase / (decrease) in allowances and provisions		2.3	3.4
Loss / (gain) on unrealized foreign exchange differences		(3.5)	3.2
Other non-cash items		3.3	1.7
Interest expenses		9.1	13.7
Interest income		(2.2)	(1.5)
Cash flow before working capital changes		**66.3**	**62.8**
Decrease / (increase) in trade and other accounts receivable		(17.0)	13.2
Decrease / (increase) in inventories	6.3	(7.2)	24.1
Increase / (decrease) in trade and other accounts payable		1.8	(1.5)
Cash flow generated from operations		**43.9**	**98.6**
Income tax paid		(5.3)	(7.1)
Net cash flows from operating activities		**38.6**	**91.5**
Cash flow from investing activities			
Business combinations, net of cash	4.3	(5.6)	(2.9)
Purchase of intangible assets	6.2	(3.7)	(3.4)
Purchase of property, plant and equipment	6.1	(15.5)	(14.2)
Projects & work in progress		(1.6)	-
Proceeds from sale of property, plant and equipment		0.3	0.3
Interest received		2.0	2.1
Net cash flows used in investing activities		**(24.1)**	**(18.1)**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

in millions of CHF	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Cash flow from financing activities		
Proceeds from borrowings	89.7	7.5
Repayment of borrowings	(43.7)	(30.6)
Repayment of / proceeds from loans	2.8	1.6
Dividends paid to non-controlling interest	(3.6)	(3.9)
Purchase of treasury shares	(4.3)	-
Share issuance costs paid	(2.5)	-
Interest paid	(12.1)	(11.3)
Net cash flows (used in) / from financing activities	**26.3**	**(36.7)**
Currency translation adjustment	10.6	12.9
Increase in cash and cash equivalents	**51.4**	**49.6**
Cash and cash equivalents at the		
- beginning of the period	405.3	263.7
- end of the period	456.7	313.3

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The interim consolidated financial statements of Dufry Ltd and its subsidiaries for the three months ended March 31, 2010 were authorized for issue in accordance with a resolution of the Board of Directors on May 11, 2010.
Dufry Ltd ('Dufry' or 'the Company') is a limited company domiciled in Basel, Switzerland, whose shares are listed on the Swiss Stock Exchange (SIX).
The Company is one of the world's leading travel retail companies with more than 1,000 shops worldwide.

2. Significant accounting policies

2.1 Basis of preparation

The interim consolidated financial statements for the three months ended March 31, 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting.
The interim 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 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 Dufry South America Limited, the change in policy has resulted 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. Therefore, the change in accounting policy has resulted in a decrease in the equity for the year of CHF 511.8 million.

2.2.2 Standards and Interpretations adopted with no affect 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 will be:
• 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.

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 July 1, 2009)
Amendments resulting from May 2008 Annual Improvements to IFRSs.

▪ **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 28** (as revised in 2008) *Investments in Associates* (effective for annual periods beginning on or after 1 July 2009)
The principle adopted under IAS 27 that a loss of control is recognized as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to IAS 28; therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognized in profit and loss. IAS 28 will be applied prospectively in accordance with the relevant transitional provisions.

▪ **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.

- Amendments to **IAS 39** Financial Instruments: Recognition and Measurement and **IFRS 7** Financial Instruments: Disclosures regarding reclassifications of financial assets (effective for annual periods beginning on or after July 1, 2009)

The amendments to IAS 39 permit an entity to reclassify non-derivative financial assets out of the 'fair value through profit and loss' (FVTPL) and 'available-for-sale' (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the reclassification is made.

- **IFRIC 17** *Distribution of Non Cash Assets to Owners* (effective for annual periods beginning on or after July 1, 2009)

IFRIC 17 applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets.

2.2.3 Standards and Interpretations in issue not yet adopted

The group will apply the following rules for the first time as of 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 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.

- **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

- **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 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

	1.1.10 - 31.3.10 Average rates	1.1.09 - 31.3.09 Average rates	31.3.10 Closing rates	31.12.09 Closing rates
1 USD	1.0573	1.1465	1.0539	1.0352
1 EUR	1.4627	1.4978	1.4238	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 geographical segments reported are broken down as follows: Europe, Africa, Eurasia, Central America & Caribbean, South America and North America.
Due to changes in the management reporting structure the following companies were moved of January 1, 2010:

Company	Previously included in segment	Currently included in 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 changes. The company grouped newly only the retail sales by geographical segment, whereas the distribution centers are presented separately.

Q1 2010 in millions of CHF	Net sales third party	Advertising income	Net sales - intercompany	**Turnover**	**EBITDA [1]**
Europe	71.1	1.6	-	**72.7**	**0.1**
Africa	35.0	0.5	-	**35.5**	**3.7**
Eurasia	50.1	1.0	-	**51.1**	**2.5**
Central America & Caribbean	104.9	1.1	-	**106.0**	**7.3**
South America	142.0	4.4	-	**146.4**	**26.4**
North America	164.0	5.6	-	**169.6**	**14.3**
Distribution Centers	-	3.7	114.8	**118.5**	**10.5**
Eliminations	-	-	(114.8)	**(114.8)**	**-**
Dufry Group	**567.1**	**17.9**	**-**	**585.0**	**64.8**

Q1 2009 in millions of CHF	Net sales third party	Advertising income	Net sales - intercompany	**Turnover**	**EBITDA [1]**
Europe	68.8	1.1	-	**69.9**	**2.6**
Africa	36.0	-	-	**36.0**	**4.1**
Eurasia	51.0	0.8	-	**51.8**	**6.1**
Central America & Caribbean	102.9	0.9	-	**103.8**	**3.8**
South America	107.8	4.0	-	**111.8**	**18.3**
North America	153.6	7.5	-	**161.1**	**13.4**
Distribution Centers	-	3.9	94.8	**98.7**	**9.8**
Eliminations	-	-	(94.8)	**(94.8)**	**-**
Dufry Group	**520.1**	**18.2**	**-**	**538.3**	**58.1**

[1] EBITDA before other operational result

March 31, 2010 in millions of CHF	Total assets	Total liabilities	**December 31, 2009** in millions of CHF	Total assets	Total liabilities
Europe	236.2	(125.5)	Europe	232.3	(118.0)
Africa	63.7	(40.8)	Africa	64.9	(43.1)
Eurasia	101.3	(38.9)	Eurasia	94.6	(36.1)
Central America & Caribbean	522.5	(122.0)	Central America & Caribbean	485.8	(108.7)
South America	789.1	(478.2)	South America	738.9	(161.8)
North America	593.5	(114.7)	North America	729.4	(97.0)
Unallocated Assets/Liabilities	113.5	(57.0)	Unallocated Assets/Liabilities	125.6	(56.7)
Eliminations	328.7	(921.0)	Eliminations	178.6	(1,031.1)
Dufry Group	**2,748.5**	**(1,898.1)**	**Dufry Group**	**2,650.1**	**(1,652.5)**

4. New operation and merger

4.1 Merger with Dufry South America Ltd

On December 31, 2009 Dufry AG owns 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") shall receive one DAG share (or DAG BDR) in exchange for 4.10 DSA shares / BDRs ("Exchange Ratio"). Furthermore, it was agreed that DSA shareholders and BDR holders will receive 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 will be contributed into DAG in exchange for 7,762,249 shares newly issued and BDRs of DAG ("Merger Shares"). Such Merger shares will then be allocated and given to the shareholders of DSA and to the holders of DSA BDRs, respectively. DAG will list 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 thousand of USD	in thousand 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 2009 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 Reconciliation of cash flows on business combinations

in millions of CHF

Changes in payables for acquisitions made during prior years [1]	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Operadora Aero-Boutiques	(2.6)	-
NetworkItalia Edicole	(1.5)	-
Puerto Rico	(1.1)	(1.3)
Hudson Group	(0.4)	(1.6)
Net cash outflow	**(5.6)**	**(2.9)**

[1] Correspond to payments of outstanding amounts executed during the reporting period in relation to transactions closed in previous periods.

5. Income taxes

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

in millions of CHF	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Current income tax	(8.4)	(5.6)
Deferred income tax	4.4	5.2
Total	**(4.0)**	**(0.4)**

6. Cash flow reconciliations

6.1 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 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Payables for capital expenditure at the beginning of the period	(15.8)	(14.6)
Additions of property, plant and equipment	(13.9)	(6.0)
Payables for capital expenditure at the end of the period	14.7	7.2
Currency translation effect	(0.5)	(0.8)
Net cash out flow	**(15.5)**	**(14.2)**

6.2 Purchase of intangible assets

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

in millions of CHF	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Payables for capital expenditure at the beginning of the period	(0.8)	(6.5)
Additions of intangible assets [1]	(17.9)	(1.9)
Payables for capital expenditure at the end of the period	15.7	4.2
Currency translation effect	(0.7)	0.8
Net cash out flow	**(3.7)**	**(3.4)**

[1] The additions for the three months ended March 31, 2010 mainly comprise of CHF 7.5 million for Flagship concession rights, CHF 7.5 million for the brand name CEI (Colombian Emeralds International) and CHF 4.3 million for a non-compete clause.

6.3 Decrease / (increase) in inventories

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

in millions of CHF	Unaudited 1.1. - 31.03.2010	Unaudited 1.1. - 31.03.2009
Balance at the beginning of the period	(315.7)	(353.3)
Balance at the end of the period	(324.5)	(347.0)
Gross change	(8.8)	6.3
Currency translation effect	1.6	17.8
Cash Flow – (Increase) /decrease in inventories	**(7.2)**	**24.1**

7. Increase in share capital

The Extraordinary General Shareholders' meeting of Dufry AG celebrated on 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 is paid in 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.

8. Seasonallity

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

OTHER INFORMATION

INFORMATION FOR INVESTORS AND MEDIA

TICKER DETAILS DUFRY SHARES

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

TICKER DETAILS DUFRY BDR

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

GLOBAL PRESENCE

EUROPE

Italy: Bergamo, Brescia, Genoa, Milan-Malpensa, Milan-Linate, Central Milan, Naples, Rome-Ciampino, Rome-Fiumicino, Rome-Termini, Turin, Verona
France: Nice, Pointe-à-Pitre
Spain: Palma de Mallorca, Tenerife
Switzerland: Basel-Mulhouse, Samnaun
Netherlands: Amsterdam
Greece: Diagoras, Eptanisos, Patras-Blue Star Ferries, Patras-Superfast Ferries, Piraeus-Blue Star Ferries
Czech Republic: Prague-Ruzyne

AFRICA

Tunisia: Djerba, Monastir, Sfax, Tabarka, Tozeur, Tunis
Egypt: Cairo, Sharm-el-Sheikh
Algeria: Algiers
Morocco: Agadir, Casablanca, Marrakech, Rabat
Ghana: Accra
Ivory Coast: Abidjan

EURASIA

Russian Federation: Moscow-Domodedovo, Moscow-Sheremetyevo
United Arab Emirates: Sharjah
Singapore: Singapore
Cambodia: Phnom Penh, Siem Reap
Serbia: Belgrade
China: Shanghai

CENTRAL AMERICA & CARIBBEAN

Mexico: Acapulco, Cancun, Cozumel, Guadalajara, Ixtapa, Laredo, Leon, Los Cabos, Mazatlan, Mexico City, Monterrey, Progreso, Puerto Vallarta, Reynosa
Caribbean Islands: Aruba, Antigua, Bahamas, Barbados, Bonaire, Curaçao, Dominican Republic, Grand Turk, Grenada, Jamaica, Puerto Rico, St Lucia, St Maarten, St Thomas, Trinidad
Nicaragua: El Espino, Guasaule, Las Manos, Managua, Peñas Blancas
Honduras: Roatan

SOUTH AMERICA

Brazil: Belo Horizonte, Brasilia, Florianopolis, Fortaleza, Natal, Porto Alegre, Recife, Rio de Janeiro, Sao Paulo, Salvador
Bolivia: La Paz, Santa Cruz
NCL: on-board Norwegian Cruise Lines

NORTH AMERICA

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