oriflame

natural swedish cosmetics

Interim report 1 January – 30 June 2010

Three months ended 30 June 2010

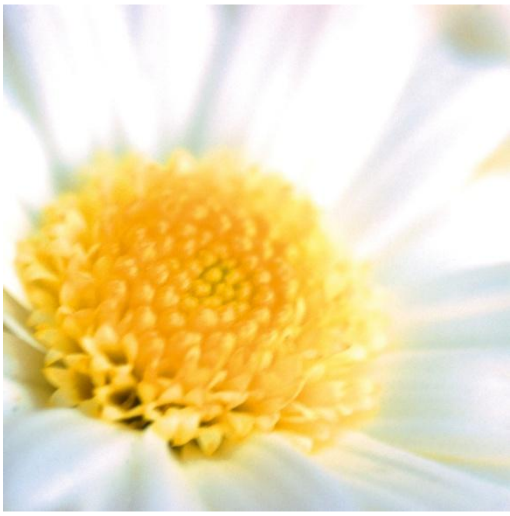
- Local currency sales increased by 9% and Euro sales increased by 19% to €375.0m (€315.5m).
- Average size of the sales force increased by 5% to 3.6m consultants and closing sales force was up by 4%.
- EBITDA before restructuring costs amounted to €44.3m (€38.7m).
  - The operating margin before restructuring costs was 10.1% (10.3%) resulting in an operating profit of €37.9m (€32.3m).
  - Net profit before restructuring costs amounted to €29.5m (€22.6m).
- EPS after dilution and before restructuring costs amounted to €0.52 (€0.40).
- Cash flow from operating activities amounted to €22.7m (29.9m).
- Business conditions in Iran have deteriorated and this development has escalated after the close of the quarter. For this reason Oriflame is now evaluating its options in this market.

Six months ended 30 June 2010

- Local currency sales increased by 6% and Euro sales increased by 12% to €736.8m (€656.8m).
- Net profit before restructuring costs amounted to €66.7m (€46.8m).
- EPS after dilution and before restructuring costs amounted to €1.17 (€0.82).
- Cash flow from operating activities amounted to €43.4m (€42.5).

"As planned we have during the spring focused considerable resources on top line growth activities, and we start to see effects in line with our expectations during the second quarter. These initiatives will, as previously communicated, hold back profitability in the short term but we are happy with the development and our outlook for the year remains", CEO Magnus Brännström comments.





Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 30 June 2010	3 months ended 30 June 2009	Change	6 months ended 30 June 2010	6 months ended 30 June 2009	Change	Last 12 Months, July '09 – June '10	Year end 2009
Sales	375.0	315.5	19%	736.8	656.8	12%	1,396.7	1,316.6
Gross margin, %	67.5	66.4	-	67.3	66.4	-	66.9	66.4
EBITDA	44.3[1]	38.7	14%	93.7[2]	82.1	14%	179.9[3]	168.3[4]
Operating profit	37.9[1]	32.3	17%	80.1[2]	70.2	14%	156.6[3]	146.8[4]
Operating margin, %	10.1[1]	10.3	-	10.9[2]	10.7	-	11.2[3]	11.1[4]
Profit before tax	34.7[1]	26.7	30%	78.5[2]	54.1	45%	142.9[3]	118.6[4]
Net profit	29.5[1]	22.6	30%	66.7[2]	46.8	43%	121.6[3]	101.7[4]
EPS, diluted, €	0.52[1]	0.40	29%	1.17[2]	0.82	42%	2.13[3]	1.78[4]
Cash flow from operating activities	22.7	29.9	(24%)	43.4	42.5	2%	132.6	131.7
Net interest-bearing debt	233.4[5]	236.9	(1%)	233.4[5]	236.9	(1%)	233.4[5]	160.0
Sales force, average, '000	3,576	3,417	5%	3,536	3,258	9%	3,391	3,468

1) Before restructuring costs in the EMEA region of €0.05m.
2) Before restructuring costs in the EMEA region of €0.1m.
3) Before restructuring costs in the EMEA region of €1.5m.
4) Before restructuring costs in the EMEA region of €1.3m.
5) Net interest-bearing debt includes US Loan fair value. The net interest-bearing debt would be €213.1 when US Loan is measured at €/USD exchange rate of 1.36, reflecting the value of the corresponding currency swap. See note 9.

Three months ended 30 June 2010

Sales in local currencies increased by 9% and by 19% in Euro to €375.0m compared to €315.5m in the same quarter last year. Sales growth in local currencies was driven by a 5% increase in the average size of the sales force and a 4% increase in productivity. Closing sales force increased by 4% to 3.5m consultants. Unit sales decreased by 1%. Oriflame had positive effects on sales due to timing differences in the catalogue launch dates compared to last year.

Local currency sales increased in Asia by 24%, in Latin America 20% and in CIS & Baltics 12% while EMEA decreased by 2%.

Gross margins improved to 67.5% (66.4%) while operating margins before restructuring costs amounted to 10.1% (10.3%). Currency movements had 2 percentage points positive effect on the operating margin. This was more than offset by higher sales and marketing costs, higher duties and increased stock provisions.

Profit before tax and restructuring costs amounted to €34.7 (€26.7m). Results were positively affected by €5.2m in foreign exchange gains. Net profit before restructuring costs amounted to €29.5m (€22.6m) and fully diluted earnings per share increased to €0.52 (€0.40).

Cash flow from operating activities amounted to €22.7m (€29.9m) mainly as a result of an increase in working capital of €14.0m compared to a decrease of €2.0m last year.

Six months ended 30 June 2010

Sales in local currencies increased by 6% and by 12% in Euro to €736.8m compared to €656.8m in the same period last year.

Sales growth in local currencies was driven by an 8% increase in the average size of the sales force partly offset by a 2% decrease in productivity.

Gross margins improved to 67.3% (66.4%) and operating margins before restructuring costs were 10.9% (10.7%). Currency movements had 1 percentage point positive effect on margins during the first six months.

Net profit before restructuring costs amounted to €66.7m (€46.8m) and diluted earnings per share increased to €1.17 (€0.82).

Cash flow from operating activities amounted to €43.4m (€42.5m).

Operating highlights

Marketing and Products

Oriflame’s price points in the second quarter 2010 were approximately 5% higher on average than in the same period last year. Unit sales were down by 1% but the product mix effect on sales was positive by 5 percentage points. This was mainly a result of the continued strong sales of fragrances and wellness products as well as the success of higher priced accessories.

Fragrance sales was boosted by the cross category low price summer range *Savannah* as well as the launch of two female fragrances: *Precious Moments* and *Chiffon*. Chiffon is endorsed by Ani Lorak, the Ukrainian top singer celebrity.

Wellness by Oriflame has now reached the top 10 list of the best selling Oriflame brands.
Accessories is continuing its great development mainly due to trend fashion collections like the collection in cooperation with the Swedish illustrator Liselotte Watkins.

Colour Cosmetics has during the spring recovered some lost ground by its launch of the first-to-the-world innovation *Triple Core Lipstick* also endorsed by Ani Lorak, selling 1 million units in the CIS & Baltics region only.

Skin Care successfully launched the Aqua Rhythm facial moisturizer brand within the upper mass market segment, targeting women at the age of 30.

Global Supply

Oriflame has during the quarter built up inventories in line with the prevailing target. As a consequence Oriflame has seen improvements in the service levels during the latter part of the second quarter.

Oriflame’s efforts to restructure its global distribution network and footprint continue and during the first half of 2010 Oriflame added two more markets which will be served by the Group Distribution Centre in Warsaw. Furthermore a new distribution centre is scheduled to open at the beginning of next year in Budapest serving neighboring countries. By consolidating the inventory closer to the consultants and by eliminating intermediate warehouses in the various markets, the lead times will be shortened, product availability will be improved and the inventory will be better controlled and managed.

During the period Oriflame successfully completed the implementation of JDA® Fulfillment. The deployment of this solution enables the company to reduce its fulfillment planning cycles from monthly to daily and improve its supply chain visibility. As a result, Oriflame can now respond faster to global market changes, helping it better meet ever-changing consumer customer demand.

In the second quarter, Oriflame signed the building contract for its new production facility located 40 km east of Moscow. The construction project will be phased, with a group distribution centre and a personal- and hair care production facility completed in the first phase. The capacity of the production facility will be 150-200 million units and the total capex, including group distribution centre is expected to amount to €125–175m over four years. Construction of the facility is now starting.

Regional highlights

CIS & Baltics

Countries

Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kirgizstan, Latvia, Lithuania, Moldova, Mongolia, Russia, Ukraine, Uzbekistan

Key figures

	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
Sales, €m	168.5	145.9	213.8	205.1	208.0
Sales growth in €	(1%)	(9%)	(11%)	4%	23%
Sales growth in lc	19%	16%	14%	3%	12%
Op profit, €m	23.7	11.4	38.1	31.3	30.3
Op margin	14.0%	7.8%	17.8%	15.3%	14.6%
Avg. Sales force, '000	2,046	1,783	1,973	2,080	2,135

Development

Local currency sales in the second quarter 2010 increased by 12% as a result of a 4% increase in the average size of the sales force and 8% increase in productivity compared to last year. Euro sales increased by 23% to €208.0m (€168.5m) and closing sales force was up by 3% year over year.

Sales growth was strong in Belarus, Ukraine and the Baltics. Sales in Russia increased by 8% in local currency. Oriflame had positive timing effects on sales due to timing differences in the catalogue launch dates compared to last year.

Operating margins amounted to 14.6% (14.0%), which resulted in an operating profit of €30.3m (€23.7m). Gross margins were 1 percentage point higher than last year due to favourable currency rates and higher prices. This was partly offset by increased discounts while operating margins were negatively affected by increased marketing costs.

EMEA

Countries

Bosnia, Bulgaria, Croatia, Czech Rep., Egypt, Finland, Greece, Holland, Hungary, Morocco, Macedonia, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Turkey

Key figures

	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
Sales, €m	98.3	85.5	114.6	98.3	100.5
Sales growth in €	1%	(7%)	6%	1%	2%
Sales growth in lc	9%	-	10%	(3%)	(2%)
Op profit, €m	14.7	11.3	19.7*	10.7*	13.9*
Op margin	15.0%	13.3%	17.2%	10.9%	13.8%
Avg. Sales force, '000	807	717	769	813	818

*) before restructuring costs

Development

Local currency sales decreased by 2% as a result of a 3% decrease in productivity partly offset by a 1% increase in the size of the sales force. Euro sales increased by 2% to €100.5m (€98.3m) and the closing sales force was constant compared to last year. Sales growth was particularly strong in Turkey, Morocco and Egypt while most Central European and Nordic countries were weak.

Operating margins amounted to 13.8% (15.0%) resulting in an operating profit of €13.9m (€14.7m). Margins were lower mainly as a result of higher sales and marketing costs and higher discounts.

Latin America

Countries

Chile
Colombia
Ecuador
Mexico
Peru

Key figures

	Q2'09	Q3'09	Q4'09	Q1´10	Q2'10
Sales, €m	16.2	15.3	16.5	17.4	22.4
Sales growth in €	8%	-	9%	19%	38%
Sales growth in lc	13%	4%	11%	10%	20%
Op profit, €m	1.1	0.8	-	0.4	0.8
Op margin	6.5%	5.5%	(0.2%)	2.4%	3.5%
Avg. Sales force, '000	134	135	137	137	153

Development

Local currency sales increased by 20% driven by a 14% increase in the size of the sales force and a 6% increase in productivity. Euro sales increased by 38% to €22.4m (€16.2m). Sales growth was strong in all countries. Closing sales force was up by 14%.

Operating margins amounted to 3.5% (6.5%) mainly due to higher infrastructure costs. This resulted in an operating profit of €0.8m (€1.1m).

Asia

Countries

China
India
Indonesia
Iran
Pakistan
Sri Lanka
Thailand
Vietnam

Key figures

	Q2'09	Q3'09	Q4'09	Q1´10	Q2'10
Sales, €m	27.6	26.2	32.8	36.3	39.2
Sales growth in €	42%	26%	40%	38%	42%
Sales growth in lc	39%	27%	49%	35%	24%
Op profit, €m	1.7	2.3	4.0	1.2	2.8
Op margin	6.2%	8.7%	12.1%	3.4%	7.1%
Avg. Sales force, '000	429	386	406	466	470

Development

Local currency sales increased by 24% as a result of a 10% increase of the sales force and a 14% productivity increase. Euro sales increased by 42% to €39.2m (€27.6m). Closing sales force was up by 10%. The operating margin was 7.1% (6.2%) resulting in an operating profit of €2.8m (€1.7m).

Business conditions in Iran have deteriorated and this development has escalated after the close of the quarter. For this reason Oriflame is now evaluating its options in this market. Iran represents approximately 20% of the sales in the Asia region and is an important profit contributor.

Cash flow & investments

Cash flow from operating activities amounted to €22.7m (€29.9m) during the second quarter and €43.4m (€42.5m) in the six month period. An increase in EBITDA of €11.6m in the six month period was partly offset by an unfavourable working capital development of €18.5m compared to the same period last year. The main reason for this was an increase in inventories.

Cash flow used in investing activities in the six month period amounted to €-29.7m (€-12.6m). The increase was mainly due to investments within Manufacturing in Russia.

Financial position

Net interest-bearing debt amounted to €233.4m* compared to €236.9m at the end of the second quarter 2009 and €160.0m at year end 2009. Net interest-bearing debt increased mainly as a result of the €71.0m paid in dividends in May. The net debt/EBITDA ratio was 1.30 (1.23) and interest cover amounted to 6.1 (6.2) in the six month period.

***)** Net interest-bearing debt includes US Loan fair value. The net interest-bearing debt would be €213.1 when US Loan is measured at €/USD exchange rate of 1.36, reflecting the value of the corresponding currency swap. See note 9.

Personnel

The average number of full time equivalent employees in the second quarter 2010 was 8,208 (8,213).

Incentive Programme

2007 investments made by participants of the 2005 Share Incentive Plan has resulted in 65,647 Achievement Shares to a total of 96 participants to be issued by the Company under the terms of the 2005 Share Incentive Plan approved by the AGM/EGM held on 19 May 2005. The majority of these shares have been issued during the second quarter, the remainder will be issued in the third quarter 2010.

In addition, under the terms of the 2008 Share Incentive Plan approved by the AGM/EGM held on 19 May 2008, a total of 136 participants have invested in Oriflame shares pursuant to the 2010 investment offer, leading to the purchase of 100,481 Investment Shares. These Investment Shares will be issued in the third quarter 2010.

Long term financial targets

Oriflame's long term financial targets are to achieve local currency sales growth of around 10% per annum and to reach an operating margin of 15%.

A number of factors impact sales and margins in-between quarters:

- Effectiveness of individual catalogues and product introductions
- Effectiveness and timing of recruitment programmes
- Timing of sales and marketing activities
- The number of effective sales days per quarter
- Currency effect on sales and results

Outlook for 2010

Oriflame's outlook for 2010 is unchanged. Sales growth for 2010 is expected to be in line with Oriflame's long term target of around 10% in local currency and operating margins are expected to be above 12% at current exchange rates.

Financial Calendar for 2010

Interim report for the third quarter 2010 will be released on 26 October.

Other

This report has not been reviewed by the Company's auditors.
A Swedish translation is available on **www.oriflame.com**.

Conference call for the financial community
The company will host a conference call on Wednesday 11 August at 10.30 CET.
Participant access numbers:
Sweden: +46 (0)8 506 269 00
UK: +44 (0) 207 750 9905
US: +1 703 621 91 32
Luxemburg: +352 273 021 94
Switzerland: +41 (0)445 804 411
Confirmation code: 609705# / Oriflame

The conference call will be audio web cast in listen only mode through Oriflame's web site: **www.oriflame.com** or **http://webcast.zoomvision.se/clients/oriflame/100811/**.

11 August 2010

Magnus Brännström
Chief Executive Officer

For further information, please contact:

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Company registration no B.8835

Magnus Brännström

Sales, operating profit and consultants by region

Sales (€ Million)	3 months ended 30 June 2010	2009	Change in Euro	Change in local currency
CIS & Baltics	208.0	168.5	23%	12%
EMEA	100.5	98.3	2%	(2%)
Latin America	22.4	16.2	38%	20%
Asia	39.2	27.6	42%	24%
Manufacturing	1.1	1.2	(2%)	(10%)
Other	3.8	3.7	3%	3%
Total sales	**375.0**	**315.5**	**19%**	**9%**

Sales (€ Million)	6 months ended 30 June 2010	2009	Change in Euro	Change in local currency	Rolling 12 months, July 09-June 10	Year end 2009
CIS & Baltics	413.1	365.4	13%	7%	772.7	725.0
EMEA	198.8	195.4	2%	(2%)	398.9	395.4
Latin America	39.8	30.8	29%	15%	71.6	62.6
Asia	75.4	53.9	40%	29%	134.4	112.9
Manufacturing	2.7	4.4	(37%)	(43%)	5.4	7.0
Other	7.0	6.9	1%	1%	13.7	13.7
Total sales	**736.8**	**656.8**	**12%**	**6%**	**1,396.7**	**1,316.6**

Operating profit (€ Million)	3 months ended 30 June 2010	2009	Change	6 months ended 30 June 2010	2009	Change	Rolling 12 months, July 09-June 10	Year end 2009[1]
CIS & Baltics	30.3	23.7	28%	61.6	57.2	8%	111.1	106.8
EMEA	13.9	14.7	(6%)	24.6	28.1	(12%)	55.7	59.1
Latin America	0.8	1.1	(25%)	1.2	0.5	149%	2.0	1.3
Asia	2.8	1.7	63%	4.0	2.9	40%	10.3	9.1
Manufacturing	4.1	(1.3)	n.m	5.5	(0.8)	n.m	3.1	(3.2)
Other	(14.0)	(7.6)	n.m	(16.9)	(17.7)	n.m	(25.5)	(26.3)
Total operating profit	**37.9**	**32.3**	**17%**	**80.0**	**70.2**	**14%**	**156.7**	**146.8**

1) Before restructuring costs due to the new operational platform of €1.3m.

Sales Force (´000)	Average in the 3 months ended 30 June 2010	2009	Change	Average in the 6 months ended 30 June 2010	2009	Change
CIS & Baltics	2,135	2,046	4%	2,110	1,932	9%
EMEA	818	808	1%	816	778	5%
Latin America	153	134	14%	144	129	12%
Asia	470	429	10%	466	420	11%
Total	**3,576**	**3,417**	**5%**	**3,536**	**3,258**	**9%**

Sales Force (´000)	Closing at 30 June 2010	2009	Change	Average 2009	Year End 2009
CIS & Baltics	2,100	2,033	3%	1,930	2,048
EMEA	818	815	-	772	827
Latin America	156	137	14%	132	136
Asia	463	420	10%	413	457
Total	**3,537**	**3,405**	**4%**	**3,247**	**3,468**

Interim Management Report six months ended 30 June 2010

Sales and results

The 6% increase in local currency sales translated into a 12% increase in euro sales to €736.8m (€656.8m). Sales growth was driven by an 8% increase in the size of the sales force, partly offset by a 2% productivity decrease in local currency.

Local currency sales in Asia increased by 29%, Latin America 15%, CIS & Baltics 7%, while sales in EMEA was down by 2%. Gross margins improved to 67.3% (66.4%) due mainly to favourable currencies. The operating margin before restructuring costs amounted to 10.9% (10.7%). Currency movements had a 1 percentage point positive effect on margins.

Cash flow and capital expenditure

Cash flow from operating activities amounted to €43.4m (€42.5m) mainly as a result of an increase in EBITDA of €11.6m compared to last year. Cash flow used in investing activities amounted to €-29.7m (€-12.6m).

Financial position

Net interest-bearing debt amounted to €233.4m compared to €236.9m at the end of the first half 2009 and €160.0m at year end 2009. Net interest-bearing debt increased mainly as a result of the €71.0m paid in dividends in May. In the second quarter, Oriflame completed a USD 165m issue of private placement notes.

Related party transactions

No significant related party transactions took place during the period.

Events after the close of the period

No significant events have taken place after the close of the period.

Outlook for 2010

Sales growth for 2010 is expected to be in line with Oriflame's long term target of around 10% in local currency and operating margins are expected to be above 12% at current exchange rates.

Statement from the Board of Directors

The condensed set of interim financial information is prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the condensed consolidated interim financial position of Oriflame and of its financial performance.

The interim management report includes a fair review of the development and performance of the business and the position of the entity and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the group faces.

Robert af Jochnick
Chairman of the Board

Magnus Brännström	Anders Dahlvig	Marie Ehrling	Lilian Fossum
CEO & Board member	Board member	Board member	Board member
Alexander af Jochnick	Jonas af Jochnick	Helle Kruse Nielsen	Christian Salamon
Board member	Board member	Board member	Board member

Condensed consolidated interim income statements

€ '000	Note	3 months ended 30 June 2010	3 months ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009	Rolling 12 months, July 09- June 10	Year end 2009
Sales	3	374,983	315,486	736,842	656,767	1,396,670	1,316,595
Cost of sales		(121,799)	(105,939)	(241,308)	(220,877)	(462,244)	(441,813)
Gross profit		**253,184**	**209,547**	**495,534**	**435,890**	**934,426**	**874,782**
Other income		13,704	13,005	28,723	26,329	55,137	52,744
Selling and marketing expenses		(163,236)	(134,999)	(317,629)	(281,185)	(595,901)	(559,456)
Administrative expenses		(65,748)	(55,204)	(126,563)	(110,813)	(237,036)	(221,288)
Operating profit before restructuring	3	**37,904**	**32,349**	**80,065**	**70,221**	**156,626**	**146,782**
Restructuring		(48)	-	(108)	-	(1,449)	(1,341)
Operating profit after restructuring		**37,856**	**32,349**	**79,957**	**70,221**	**155,177**	**145,441**
Financial income	4	8,080	1,038	16,659	285	19,432	3,059
Financial expenses	4	(11,287)	(6,720)	(18,265)	(16,362)	(33,150)	(31,247)
Net financing costs		**(3,207)**	**(5,682)**	**(1,606)**	**(16,077)**	**(13,718)**	**(28,188)**
Profit before tax		**34,649**	**26,667**	**78,351**	**54,144**	**141,459**	**117,253**
Income tax expense	5	(5,201)	(4,043)	(11,756)	(7,367)	(21,329)	(16,941)
Net profit		**29,448**	**22,624**	**66,595**	**46,777**	**120,130**	**100,312**

€	3 months ended 30 June 2010	3 months ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009	Rolling 12 months, July 09- June 10	Year end 2009
EPS:						
- basic	0.52	0.40	1.17	0.83	2.12	1.77
- diluted	0.52	0.40	1.17	0.82	2.10	1.76
Weighted avg. number of shares outstanding:						
- basic	56,815,336	56,313,290	56,814,999	56,302,102	56,790,522	56,536,181
- diluted	57,152,017	56,765,513	57,152,796	56,755,519	57,206,805	57,003,810
Total number of shares outstanding:						
- basic	56,876,328	56,671,515	56,876,328	56,671,515	56,876,328	56,814,658
- diluted	57,358,617	56,775,738	57,358,617	56,775,738	57,358,617	57,361,218

The attached notes on pages 17 to 19 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of comprehensive income

€ '000	3 months ended 30 June 2010	3 months ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009	Rolling 12 months, July 09-June 10	Year end 2009
Net profit	29,448	22,624	66,595	46,777	120,130	100,312
Other comprehensive income						
Foreign currency translation differences for foreign operations	6,790	2,833	21,858	(8,701)	23,815	(6,744)
Effective portion of changes in fair value of cash flow hedges, net of tax	(163)	700	446	802	2,051	2,407
Other comprehensive income for the period, net of tax	**6,627**	**3,533**	**22,304**	**(7,899)**	**25,866**	**(4,337)**
Total comprehensive income for the period	**36,075**	**26,157**	**88,899**	**38,878**	**145,996**	**95,975**

The attached notes on pages 17 to 19 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of financial position

€'000	Note	30 June, 2010	Year end 2009	30 June, 2009
Intangible assets		18,505	18,670	16,526
Property, plant and equipment		165,674	134,137	129,639
Investment property		1,924	1,797	1,836
Deferred tax assets		18,957	17,187	14,849
Other long term receivables		4,482	3,538	3,280
Total non-current assets		**209,542**	**175,329**	**166,130**
Inventories	7	254,162	221,309	230,153
Trade and other receivables		165,607	111,389	117,691
Cash and cash equivalents		77,621	107,213	61,014
Total current assets		**497,390**	**439,911**	**408,858**
Total assets		**706,932**	**615,240**	**574,988**
Share capital	6	71,095	71,018	70,839
Reserves		(44,890)	(65,985)	(72,855)
Retained earnings		150,937	153,088	99,553
Total capital and reserves		**177,142**	**158,121**	**97,537**
Interest bearing loans	9	303,438	260,138	270,503
Other long term non interest-bearing liabilities		471	418	434
Deferred income		455	455	539
Deferred tax liabilities		4,112	4,098	2,454
Total non-current liabilities		**308,476**	**265,109**	**273,930**
Current portion of interest-bearing loans		4,375	2,155	27,372
Taxes payable		14,747	14,568	6,639
Trade and other payables		192,493	164,675	156,397
Pensions reserve		1,044	1,111	2,597
Provisions		8,655	9,501	10,516
Total current liabilities		**221,314**	**192,010**	**203,521**
Total equity and liabilities		**706,932**	**615,240**	**574,988**

The attached notes on pages 17 to 19 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of changes in equity

(€'000)	Note	Share capital	Total reserves	Retained earnings	Total equity
At 1 January 2009		**70,367**	**(55,587)**	**114,132**	**128,912**
Net profit		-	-	46,777	46,777
Total comprehensive income		-	(7,899)	-	(7,899)
Total comprehensive income for the period		**-**	**(7,899)**	**46,777**	**38,878**
Issuance of new shares		472	(472)	-	-
Sale of own shares		-	87	27	114
Acquisition of own shares		-	-	-	-
Movement in legal reserve		-	-	-	-
Share incentive plan		-	(8,984)	8,984	-
Dividends		-	-	(70,367)	(70,367)
At 30 June 2009		**70,839**	**(72,855)**	**99,553**	**97,537**
At 1 January 2010		**71,018**	**(65,985)**	**153,088**	**158,121**
Net profit		-	-	66,595	66,595
Other comprehensive income		-	22,304	-	22,304
Total comprehensive income for the period		**-**	**22,304**	**66,595**	**88,899**
Issuance of new shares	6	77	(77)	-	-
Share incentive plan 2010 movement		-	1,141	-	1,141
Share incentive plan 2007 (release)		-	(2,273)	2,273	-
Movement in legal reserve		-	-	-	-
Dividends	6	-	-	(71,018)	(71,018)
At 30 June 2010		**71,095**	**(44,890)**	**150,937**	**177,143**

The attached notes on pages 17 to 19 form an integral part of the condensed interim financial information.

Condensed consolidated interim cash flow statements

€'000	3 months ended 30 June 2010	3 months ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009
Operating activities				
Operating profit	**37,856**	**32,349**	**79,957**	**70,221**
Adjustments for:				
Depreciation and amortisation	6,441	6,399	12,481	11,863
Deferred income	-	-	-	-
Non-cash items	**6,441**	**6,399**	**12,481**	**11,863**
Share incentive plan	-	-	1,141	-
Foreign exchange gain/(loss)	5,619	(1,367)	9,272	1,596
(Profit)/loss on disposal of property, plant and equipment	-	(34)	(26)	(56)
Operating profit before changes in working capital and provisions	**49,916**	**37,347**	**102,825**	**83,624**
Increase in working capital	(14,047)	1,973	(35,962)	(17,475)
Decrease in provisions	(479)	(2,306)	(1,298)	(4,696)
Cash generated from operations	**35,390**	**37,014**	**65,565**	**61,453**
Interest and bank charges paid	(5,896)	(3,691)	(8,977)	(8,557)
Income taxes paid	(6,803)	(3,399)	(13,212)	(10,398)
Cash flow from operating activities	**22,691**	**29,924**	**43,376**	**42,498**
Investing activities				
Proceeds on sale of property, plant, equipment and intangible assets	109	54	168	196
Interest received	194	104	434	285
Purchase of property, plant, equipment and investment property	(10,130)	(3,604)	(29,141)	(7,889)
Purchase of intangible assets	(738)	(513)	(1,125)	(5,166)
Cash flow used in investing activities	**(10,565)**	**(3,959)**	**(29,664)**	**(12,574)**
Financing				
Movement in loans	66,193	58,522	23,285	34,645
Proceeds from sale of own shares	-	114	-	114
Proceeds from issuance of new shares	592	548	592	548
Dividends	(70,966)	(70,292)	(70,966)	(70,293)
Cash flow used in financing activities	**(4,181)**	**(11,108)**	**(47,089)**	**(34,986)**
Change in cash and cash equivalents	**7,945**	**14,857**	**(33,377)**	**(5,062)**
Cash and cash equivalents at the beginning of the period	68,258	45,885	107,092	68,310
Effect of exchange rate fluctuations on cash held	973	175	3,462	(2,330)
Cash and cash equivalents at the end of the period	**77,176**	**60,917**	**77,177**	**60,918**

The attached notes on pages 17 to 19 form an integral part of the condensed interim financial information.

Consolidated key figures

	3 months ended 30 June 2010	3 months ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009	Rolling 12 months, July 09-June 10	Year end 2009
Gross margin, %	67.5	66.4	67.3	66.4	66.9	66.4
EBITDA margin, % [1]	11.8	12.3	12.7	12.5	12.9	12.8
Operating margin, % [1]	10.1	10.3	10.9	10.7	11.2	11.1
Return on:						
- operating capital, %	-	-	-	-	42.2	46.0
- capital employed, %	-	-	-	-	35.8	36.2
Net debt [2] / EBITDA [1] (LTM)	1.30	1.23	1.30	1.23	1.30	0.95
Interest cover	5.3	4.8	6.1	6.2	6.1	6.1
Avg. number of full-time equivalent employees	8,208	8,213	8,302	8,177	8,252	8,281

1. Before restructuring costs
2. Net interest-bearing debt includes US Loan fair value. The net interest-bearing debt would be €213.1 when US Loan is measured at €/USD exchange rate of 1.36, reflecting the value of the corresponding currency swap. See note 9.

Definitions

Operating capital
Total assets less cash and cash equivalents and non interest bearing liabilities, including deferred tax liabilities.

Return on operating capital
Operating profit divided by average operating capital.

Capital employed
Total assets less non interest bearing liabilities, including deferred tax liabilities.

Return on capital employed
Operating profit plus interest income divided by average capital employed.

Net interest-bearing debt
Interest-bearing debt minus cash and cash equivalents.

Interest cover
Operating profit plus interest income divided by interest expenses and charges.

Net interest-bearing debt to EBITDA
Net interest-bearing debt divided by EBITDA.

EBITDA
Operating profit before financial items, taxes, depreciation, amortisation and share incentive plan.

Notes to the condensed consolidated interim financial information

Note 1 • Status and principal activity

Oriflame Cosmetics S.A. ("OCSA" or the "Company") is a holding company incorporated in Luxembourg and registered at 24 Avenue Emile Reuter, L-2420 Luxembourg. The principal activity of the Company's subsidiaries is the direct sale of cosmetics. The condensed consolidated interim financial information of the Company as at and for the six months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group"). The condensed consolidated interim financial information were authorised for issue by the Directors on 10 August 2010 and are unaudited.

Note 2 • Basis of preparation and summary of significant accounting policies

Statement of compliance

The condensed consolidated interim financial information have been prepared by management in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union and should be read in conjunction with the consolidated financial information of the Group as at and for the year ended 31 December 2009.

Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial information as at and for the year ended 31 December 2009 with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2010, as explained below.

IFRS 8 Operating segments
Improvement's to the IFRS (issued by the IASB April 2009) endorsed by the EU by 23 March 2010 was adopted by the Group accordingly. As a result, we do not disclose assets and liabilities anymore in the segment reporting.

Other new and amended IFRS standards and IFRIC interpretations
The other new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2010, have had no material effect on the condensed consolidated financial statements.

Interest bearing borrowings

The USD 165 million loan is recognised at fair value through profit and loss. For more details see note 9.

The fair value of the USD 165 million loan is the estimated amount which the Group would receive or pay when unwinding the loan at the reporting date.

Note 3 • Segment reporting

Oriflame's only operating segment is cosmetics. For presentation purposes the financial information below is based on geographic cosmetics sales and the segment manufacturing. The presentation consists of CIS & Baltics, EMEA, Latin America, Asia plus Manufacturing, as this is the structure of financial information reviewed by the Executive Committee. "All other segments" includes mail order business and licensee sales.

Segment reporting has been adjusted based on the Improvement's to the IFRS (issued by the IASB April 2009).

2010	CIS & Baltics	EMEA	Latin America	Asia	Manu-facturing	All other segments	Total segments	Unallocated items	Total
€ 000	**2010**	2010	2010	2010	2010	2010	**2010**	2010	**2010**
Sales	413,084	198,809	39,797	75,403	2,760	6,990	**736,842**	0	**736,842**
Operating Profit before Restructuring	61,604	23,686	1,215	4,027	5,486	1,160	**97,178**	(17,112)	**80,065**
Restructuring									**(108)**
Net financing costs									**(1,606)**
Profit before tax									**78,351**
Total income tax expense									**(11,756)**
Net profit									**66,595**
Capital Expenditure	(4,033)	(1,139)	(411)	(1,072)	(21,609)	0	**(28,265)**	(2,001)	**(30,266)**
Depreciation & Amortisation	2,774	254	598	914	2,976	19	**7,535**	4,946	**12,481**
Goodwill	0	1,053	0	4,345	0	0	**5,398**	0	**5,398**

2009 € 000	CIS & Baltics 2009	EMEA 2009	Latin America 2009	Asia 2009	Manu-facturing 2009	All other segments 2009	Total segments 2009	Unallocated items 2009	Total 2009
Sales	365 386	195 379	30 769	53 925	4 362	6 945	**656 767**	0	**656 767**
Operating Profit before Restructuring	57 245	28 078	487	2 869	(772)	698	**88 605**	(18 384)	**70 221**
Restructuring									**0**
Net financing costs									**(16 077)**
Profit before tax									**54 144**
Total income tax expense									**(7 367)**
Net profit									**46 777**
Capital Expenditure	(3 234)	(516)	(390)	(1 033)	(1 391)	0	**(6 564)**	(6 491)	**(13 055)**
Depreciation & Amortisation	2 229	1 039	394	770	2 456	24	**6 912**	4 951	**11 863**
Goodwill	0	1 053	0	4 345	0	0	**5 398**	0	**5 398**

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Note 4• Financial income and expense

Recognised in profit or loss	6 months ended 30 June	
€ '000	2010	2009
Interest income on bank deposits	434	285
Change in fair value of financial assets and liabilities designated at fair value:		
- Interest rate caps income	259	—
Foreign exchange gains, net	15,966	—
Total financial income	**16,659**	**285**
Bank charges and interest expense on financial liabilities	(13,008)	(10,931)
Change in fair value of financial assets and liabilities designated at fair value:		
- Forward exchange rate contracts expense	(1,336)	(4,986)
- Interest rate swaps expense	(168)	(445)
- Interest rate caps expense	(1,980)	—
- US loan fair value loss	(1,773)	—
Total financial expense	**(18,265)**	**(16,362)**
Total net financial expense	**(1,606)**	**(16,077)**

Note 5 • Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Note 6 • Share capital

Share capital
The Company has one class of share capital with an authorised share capital of €102,400,000. All shares have equal rights to dividends and shareholders are entitled to one vote per share at annual and general meetings of the Company. The shares have a par value of €1.25. A reconciliation of the movements in share capital and treasury shares occurred during the period are detailed below:

		No. of shares	€'000
Share capital			
Balance 31 December 2009		**56,814,658**	**71,018**
Issue of new shares	(i)	61,670	77
Balance 30 June 2010		**56,876,328**	**71,095**

(i) On 29 June 2010 the Group issued 61,670 achievement shares at no consideration for the maturity of the 2007 share incentive plan. The issue of these shares amounting to €0.1 million was financed through share premium, as approved by the EGM of 19 May 2008.

Dividend

The dividend of €1.25 (€1.25) per share related to 2009 was paid in May 2010 in conformity with the AGM decision taken on 19 May 2010.

Note 7 • Inventories

During the six months ended 30 June 2010 the Group wrote down €4.5 million (€6.6 million) inventory mainly due to obsolescence.

Note 8 • Seasonality

The business of the Group does not present highly cyclical evolutions and is driven by a number of factors:

- Effectiveness of individual catalogues and product introductions
- Effectiveness and timing of recruitment programmes
- Timing of sales and marketing activities
- The number of effective sales days per quarter
- Currency effect on sales and results

Note 9 • New loan facility

As previously announced, on 20 April 2010 Oriflame successfully completed the issue of USD 165 million private placement notes. Oriflame chose to enter the private placement market in order to diversify its funding base. The notes have the following maturities: USD 25 million in 2015, USD 70 million in 2017 and USD 70 million in 2020. The interest rate is fixed and it is in the range between 5.00% and 6.50% p.a. The Note Purchase Agreement contains a number of operating covenants, including restrictions on disposals of material assets, subsidiary borrowings and creation of encumbrances. It also contains financial covenants, which are in line with the existing credit facility dated 9 December 2009, e.g. net debt to consolidated EBITDA of the Group, interest cover and cap distribution. In addition there is a consolidated net worth covenant. The Group was in compliance with these covenants as at 30 June 2010.

Oriflame hedged the USD 165 million loan with cross currency interest rate swap, thus effectively converting the USD loan into EURO at a EURO/USD rate of 1.36, and replacing the USD fixed interest rates with 6 months Euribor variable rates. Oriflame entered into EURIBOR interest rate caps with strike level of 4% in order to protect the Group from potentially very high interest costs.

The Group recognises both the USD 165 million loan and the related cross currency interest rate swap at fair value through profit and loss. The fair value of the USD 165 million loan as at 30 June 2010 was € 141.6 million.

Quarterly Figures

Financial summary *	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
Sales, €m	341.3	315.5	277.3	382.5	361.9	375.0
Gross margin, %	66.3	66.4	68.1	65.4	67.0	67.5
EBITDA, €m	43.3	38.7	27.2	59.1	49.3	44.3
Operating profit, €m	37.9	32.3	21.6	55.0	42.2	37.9
Operating margin, %	11.1	10.3	7.8	14.4	11.7	10.1
Profit before tax, €m	27.5	26.7	15.0	49.4	43.8	34.7
Net profit, €m	24.2	22.6	13.4	41.5	37.2	29.5
EPS, diluted, €	0.43	0.40	0.24	0.73	0.65	0.52
Cash flow from op. activities, €m	12.6	29.9	(11.7)	100.9	20.7	22.7
Net interest bearing debt, €m	196.3	236.9	256.5	160.0	155.8	233.4
Sales force, average, '000	3,124	3,417	3,021	3,285	3,497	3,576

*) *Profit figures exclude restructuring costs.*

Sales, €m	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
CIS & Baltics	196.9	168.5	145.9	213.8	205.1	208.0
EMEA	97.1	98.3	85.5	114.6	98.3	100.5
Latin America	14.6	16.2	15.3	16.5	17.4	22.4
Asia	26.3	27.6	26.2	32.8	36.3	39.2
Manufacturing	3.2	1.2	1.3	1.4	1.6	1.1
Other	3.2	3.7	3.1	3.4	3.2	3.8
Oriflame	341,3	315.5	277.3	382.5	361.9	375.0

Operating Profit, €m	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
CIS & Baltics	33.6	23.7	11.4	38.1	31.3	30.3
EMEA	13.3	14.7	11.3	19.7	10.7	13.9
Latin America	(0.6)	1.1	0.8	-	0.4	0.8
Asia	1.2	1.7	2.3	4.0	1.2	2.8
Manufacturing	0.5	(1.3)	(1.4)	(1.0)	1.3	4.1
Other	(10.2)	(7.6)	(2.8)	(5.8)	(2.9)	(14.0)
Oriflame	37.8	32.3	21.6	55.0	42.2	37.9

Average Sales Force, '000	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
CIS & Baltics	1,831	2,046	1,783	1,973	2,081	2,135
EMEA	751	808	717	769	813	818
Latin America	124	134	135	137	137	153
Asia	418	429	386	406	466	470
Oriflame	3,124	3,417	3,021	3,285	3,497	3,576

Operating Margins, %	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
CIS & Baltics	17.1	14.0	7.8	17.8	15.3	14.6
EMEA	13.7	15.0	13.3	17.2	10.9	13.8
Latin America	(3.9)	6.5	5.5	-	2.4	3.5
Asia	4.4	6.2	8.7	12.1	3.4	7.1
Oriflame	11.1	10.3	7.8	14.4	11.7	10.1

€ Sales Growth in %	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
CIS & Baltics	4	(1)	(9)	(11)	4	23
EMEA	5	1	(7)	6	1	2
Latin America	11	8	-	9	19	38
Asia	41	42	26	40	38	42
Oriflame	6	2	(7)	(2)	6	19

Cash Flow, €m	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10
Operating cash flow	12.6	29.9	(11.7)	100.9	20.7	22.7
Cash flow used in investing activities	(8.6)	(4.0)	(7.8)	(8.1)	(19.1)	(10.6)

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