ORIFLAME
SWEDEN

Interim report 1 January – 30 June 2012

3 months ended 30 June 2012

- Local currency sales increased by 1% and Euro sales were up by 2% to €373.6m (€366.7m).
- Average size of the sales force decreased by 5% to 3.6m Oriflame Consultants and closing sales force was down by 6%.
- EBITDA amounted to €50.4m (€45.7m).
- Adjusted operating margin was 11.6% (10.5%) resulting in an adjusted operating profit of €43.2m (€38.4m).
- Adjusted net profit amounted to €31.3m (€24.2m) and adjusted EPS after dilution amounted to €0.55 (€0.42).
- Cash flow from operating activities amounted to €29.3m (€31.1m).
- Expansion into East Africa via acquisition of former franchisee businesses in Kenya, Uganda and Tanzania.
- The AGM and EGM were held in Luxembourg on 21 May followed by a dividend payment of €1.75 per share.

6 months ended 30 June 2012

- Local currency sales increased by 2% and Euro sales were up by 1% to €769.3m (€763.5m).
- EBITDA amounted to €105.4m (€99.1m).
- Adjusted operating margin was 11.8% (11.1%) resulting in an adjusted operating profit of €90.9m (€85.1m).
- Adjusted net profit amounted to €65.8m (€55.6m) and adjusted EPS after dilution amounted to €1.15 (€0.97).
- Cash flow from operating activities improved to €87.3m (€48.5m).

CEO Magnus Brännström comments

"A clearly improved operational efficiency and profitability give us a stable foundation to address the challenges ahead. I am very pleased to see another quarter of strong growth in Asia, Africa and Latin America with further margin expansion, while sales in the CIS and Europe are slightly lower than expected. The decline in the group sales force is fully compensated by strong productivity.

Going forward, we are confident in our ambitions to strengthen the income opportunity for our Oriflame Consultants through innovation and brand building thereby securing a long term sales force increase."

Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 30 June 2012	3 months ended 30 June 2011	Change	6 months ended 30 June 2012	6 months ended 30 June 2011	Change	LTM, July '11 - June '12	Year end 2011
Sales	373.6	366.7	2%	769.3	763.5	1%	1,499.6	1,493.8
Gross margin, %	69.9	68.9	-	70.0	69.3	-	68.3	67.9
EBITDA	50.4	45.7	10%	105.4	99.1	6%	188.5	182.2
Adj. operating profit	43.2	38.4[1]	12%	90.9	85.1[2]	7%	169.9[3]	164.1[4]
Adj. operating margin, %	11.6	10.5[1]	-	11.8	11.1[2]	-	11.3[3]	11.0[4]
Adj. net profit before tax	38.3	28.6[1]	34%	80.5	66.4[2]	21%	141.8[3]	127.7[4]
Adj. net profit	31.3	24.2[1]	29%	65.8	55.6[2]	18%	115.9[3]	105.7[4]
Adj. EPS, €	0.55	0.42[1]	30%	1.15	0.97[2]	18%	2.03[3]	1.86[4]
Cash flow from operating activities	29.3	31.1	(6%)	87.3	48.5	80%	174.1	135.3
Net interest-bearing debt	288.0	249.5	15%	288.0	249.5	15%	288.0	232.9
Net interest-bearing debt at hedged values	239.2	251.3	(5%)	239.2	251.3	(5%)	239.2	195.1
Sales force, average, '000	3,572	3,753	(5%)	3,590	3,768	(5%)	3,509	3,599

1) Before restructuring costs of €0.4m. 2) Before restructuring costs of €1.4m. 3) Before restructuring costs of €4.5m. 4) Before restructuring costs of €5.9m.

Three months ended 30 June 2012

+6%
Productivity

-5%
Average sales force

Sales in local currencies increased by 1% and Euro sales increased by 2% to €373.6m compared to €366.7m in the same period last year. Sales development in local currencies was driven by a 5% decrease in the average size of the sales force and increased productivity of 6%. Closing sales force decreased by 6% to 3.5m Oriflame Consultants. Unit sales were down by 3% while the price/mix effect was positive at 4%.

Local currency sales increased by 18% in Asia, by 9% in Latin America, were unchanged in EMEA and decreased by 2% in CIS & Baltics.

Gross margin was 69.9% (68.9%), driven by continued price and mix improvements and efficient inventory management. Adjusted operating margin amounted to 11.6% (10.5%) driven by the improved gross margin and leverage on sales, marketing and administrative expenses.

+110 bps
Adjusted operating margin

Adjusted net profit before income tax amounted to €38.3m (€28.6m). The result was affected by net financial costs of €4.9m compared to costs of €9.8m last year. Adjusted net profit amounted to €31.3m (€24.2m) and adjusted earnings per share amounted to €0.55 (€0.42).

Cash flow from operating activities amounted to €29.3m (€31.1m), impacted by a considerable decrease of inventory offset by a decrease of payables and higher tax payouts.

Improvements in the global supply chain, administrative functions and extended use of online tools have led to additional reductions in the average number of full-time equivalent employees to 7,510 (8,003). The roll-out of Shared Service Centers continued throughout the quarter with implementation in Asia and Latin America.

Six months ended 30 June 2012

+2%
YTD local currency sales

Cash flow
Solid development

Sales in local currencies increased by 2% and by 1% in Euro to €769.3m compared to €763.5m in the same period last year.

Sales growth in local currencies was the result of a 5% decrease in the average size of the sales force and a productivity improvement of 7%.

Gross margin improved to 70.0% (69.3%) and adjusted operating margin was 11.8% (11.1%).

Adjusted net profit increased to €65.8m (€55.6m) and adjusted earnings per share to €1.15m (€0.97). The result was affected by net financial costs of €10.4m compared to costs of €18.8m last year.

Cash flow from operating activities amounted to €87.3m (€48.5m).

Operational highlights

Brand and innovation

Wellness continued the strong performance during the quarter, with impressive growth. Wellness for kids was launched, including Wellness Kids Omega 3 and Wellness Kids Multivitamins and Minerals which should be used as a complement to a balanced diet. The products are manufactured in Sweden at a certified plant using the highest quality ingredients.

Colour Cosmetics showed growth in both sales and units driven by solid product ranges like Wonderlash mascara and the Studio Artist collection as well as by new products such as Hyper Stretch mascara. This innovative mascara was introduced to the CIS markets, endorsed by the Russian journalist and TV celebrity Tina Kandelaki.

45th anniversary

limited edition collection

Within the Personal & Hair Care category, a new deodorant range, Activelle, was launched, endorsed by Oriflame charity ambassador and tennis player Caroline Wozniacki.

Oriflame is celebrating its 45th Anniversary, and in the second quarter a special limited edition collection was launched including a small range of favourite products in different categories developed exclusively for this occasion. The female fragrance Precious Moments Red Dream and the special edition Cherry of the heritage Tender Care quickly became best selling products, positively impacting the Fragrances and Skin Care categories' results.

Another cross category limited edition range was launched with good performance. The Amazonia summer collection including fragrances, toiletries and accessories is a lower priced product range developed to explore the seasonal scents and excitement.

Beauty awards

in three different markets

In the quarter, Oriflame were recognized with beauty awards in some of its markets. As an example, in Thailand, Oriflame Optimals Oxygen Boost Capsules was appointed winner of Marie Claire Beauty Award 2012 – Most Impressive Performance.

Online

As part of the long term strategic online initiatives, Oriflame has continued to further develop and enhance different applications. The usage of these applications as well as the traffic on the Oriflame websites are increasing.

A complete review of the registration and ordering processes was launched to optimise usability and simplify the steps from registering as an Oriflame Consultant to placing an order. Implementation was finalized in initial markets and the rollout activities continue.

Registration and ordering process

optimised

Substantial efforts were put into social media activation of our sales force and followers as well as digital product promotion, to boost leads generation.

An E-Learning module for Step I of the Oriflame Academy, the Oriflame training program, was also launched along with other initiatives that provide the Consultants with business information to drive and support sales and recruitment.

In the second quarter more than 10 million unique visitors viewed Oriflame websites which is a substantial increase compared to the same period last year. Close to 90% of the Oriflame Consultants in most markets use the online services.

YTD service levels

best since tracking started

Service

The new planning system and processes continue to improve the performance. In the second quarter, Oriflame managed to sustain the high service levels from the first quarter, while further decreasing the inventory levels. The achievements in the first half of the year are better than those of the same period last year; in fact the best first half since the tracking of the global service levels has been introduced. In spite of the very high service levels, the inventory decreased by approximately one fifth in comparison to the same period last year.

Oriflame's efforts to restructure its global distribution network and footprint are progressing according to plan. Further expansion of the Group Distribution Center (GDC) in Budapest, Hungary, was achieved in the quarter. Orders of seven markets are presently being picked and packed from the GDC in Budapest. With the inclusion of the Danish market into the GDC in Warsaw, Poland, the Warsaw facilities have been fully implemented and completed. The set-up of the new GDC in Noginsk, Russia, remains on track and is planned to be operational in the first quarter of 2013. The construction work of the production facility is also progressing well and is expected to be taken into use during 2014.

The transfer of products to third party manufacturers in the CIS region is making further progress with the volumes produced slightly ahead of the plan.

The local Oriflame supply chain organization in India has been strengthened. The supplier base in India is being expanded to cover all relevant production technologies.

CIS & Baltics

Key figures

	Q2´11	Q3´11	Q4'11	Q1'12	Q2'12
Sales, €m	200.3	166.6	228.7	224.9	199.8
Sales growth in €	(4%)	(11%)	(12%)	(2%)	(0%)
Sales growth in lc	5%	(2%)	(6%)	1%	(1%)
Op profit, €m	33.4	25.0	41.8	39.2	34.3
Op margin	16.7%	15.0%	18.3%	17.4%	17.1%
Avg. Sales force, '000	2,221	1,979	1,938	2,074	1,951

Countries

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

+40 bps

Operating margin

Sales Force

High churn of less productive Oriflame Consultants

Development

Local currency sales in the second quarter decreased by 1% as a result of a 12% decrease in the average size of the sales force and an 11% productivity improvement compared to last year. Euro sales were in line with previous year €199.8m (€200.3) and closing sales force was down by 14% compared to last year.

The macroeconomic challenges remain particularly in Ukraine and Belarus. The business in Uzbekistan has been gradually declining over the last couple of quarters, with the largest impact in the second quarter. The sales development in Russia was in line with the development in the first quarter – a decrease of 4% in local currency compared to the same period last year.

Operating profit amounted to €34.3m (€33.4m). Operating margin improved to 17.1% (16.7%) mainly from positive price/mix effects and lower sales and marketing costs.

The development remains muted as the market dynamics continue to be challenging. The sales force was lower than expected in the second quarter partly offset by further productivity improvements. The average sales and units sold per active Oriflame Consultant have shown positive development and support the chosen strategy of strengthening the brand position and the earnings of the Oriflame Consultants as well as the company.

In July, the ratification process of Russian accession into WTO was completed. Duties on cosmetics are expected to gradually decrease from today's levels of around 15% to levels of 6.5% by 2017.

EMEA

Key figures

	Q2’11	Q3’11	Q4’11	Q1’12	Q2’12
Sales, €m	105.6	93.3	115.0	103.8	103.5
Sales growth in €	5%	3%	(3%)	(3%)	(2%)
Sales growth in lc	7%	7%	2%	0%	0%
Adj. Op profit, €m	16.3	11.2	19.4	13.2	15.2
Adj. Op margin	15.4%	12.0%	16.8%	12.7%	14.7%
Avg. Sales force, ‘000	892	831	843	899	926

Countries

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

+4%
Average sales force

Expansion
into East Africa

Development

Local currency sales in the second quarter were on the same level as last year as a result of a 4% increase in the average size of the sales force while productivity was down by 4%. Euro sales decreased by 2% to €103.5m (€105.6m) and closing sales force was up by 4% compared to the same period last year. Sales growth was strong in North Africa and Romania.

Adjusted operating margin amounted to 14.7% (15.4%), as a result of negative currency movements, resulting in an adjusted operating profit of €15.2m (€16.3m).

The macro situation in many European markets has shown no signs of recovery leading to a sales development slightly behind plan.

During the period, expansion was made into East Africa by the acquisition of the franchisee businesses in Kenya, Tanzania and Uganda. The impact on the group’s financial statements for 2012 is not expected to be material. The acquisition is in line with Oriflame's strategy of further expanding its geographical footprint in global growth areas by making inroads into Sub-Saharan Africa.

Latin America

Key figures

	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
Sales, €m	21.1	24.5	21.9	22.3	24.2
Sales growth in €	(6%)	12%	(2%)	13%	15%
Sales growth in lc	0%	19%	3%	10%	9%
Adj. Op profit, €m	0.6	2.2	1.8	1.3	2.0
Adj. Op margin	2.8%	8.9%	8.3%	5.8%	8.3%
Avg. Sales force, '000	165	165	167	158	171

Countries

Chile, Colombia, Ecuador, Mexico, Peru.

Solid

sales development

Strong

margin improvement from leverage

Development

Local currency sales in the second quarter increased by 9%, with a 3% increase in the average size of the sales force and productivity increase of 6%. Euro sales increased by 15% to €24.2m (€21.1m) and the closing sales force was up by 4%. Sales growth was strong in Mexico and Ecuador.

Adjusted operating profit increased to €2.0m (€0.6m) resulting in an adjusted operating margin of 8.3% (2.8%). The margin improvement was driven mainly by operational leverage and positive currency movements.

Asia

Key figures

	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
Sales, €m	36.2	34.3	40.0	41.2	43.6
Sales growth in €	(8%)	2%	16%	16%	21%
Sales growth in lc	1%	8%	21%	16%	18%
Adj. Op profit, €m	2.5	1.8	5.6	2.7	3.4
Adj. Op margin	6.9%	5.3%	14.0%	6.5%	7.8%
Avg. Sales force, '000	475	461	445	473	524

Countries

China, India, Indonesia, Pakistan, Sri Lanka, Thailand, Vietnam.

+10%

Average sales force

Gross margin

improvement

Development

Sales growth in local currencies was 18%, driven by a 10% increase in the average size of the sales force and a productivity increase of 8%. Euro sales increased by 21% to €43.6m (€36.2m). Closing sales force was up by 9%. Sales momentum was strong in China, Indonesia, and India.

Adjusted operating margin increased to 7.8% (6.9%) driven by improved gross margin, resulting in an adjusted operating profit of €3.4m (€2.5m).

Sales, operating profit and consultants by region

Sales (€ Million)	3 months ended 30 June 2012	2011	Change in Euro	Change in lc
CIS & Baltics	199.8	200.3	(0%)	(1%)
EMEA	103.5	105.6	(2%)	0%
Latin America	24.2	21.1	15%	9%
Asia	43.6	36.2	21%	18%
Manufacturing	0.2	0.5	(61%)	(61%)
Other	2.3	3.0	(24%)	(25%)
Total sales	373.6	366.7	2%	1%

Sales (€ Million)	6 months ended 30 June 2012	2011	Change in Euro	Change in lc	LTM, July '11-June '12	Year end 2011
CIS & Baltics	424.7	430.9	(1%)	0%	819.9	826.1
EMEA	207.4	212.4	(2%)	0%	415.6	420.6
Latin America	46.5	40.9	14%	9%	93.0	87.3
Asia	84.8	71.7	18%	17%	159.1	146.0
Manufacturing	0.9	2.1	(59%)	(57%)	1.4	2.6
Other	5.0	5.5	(9%)	(9%)	10.6	11.1
Total sales	769.3	763.5	1%	2%	1,499.6	1,493.8

Adj. operating profit (€ Million)	3 months ended 30 June 2012	2011	Change	6 months ended 30 June 2012	2011	Change	LTM, July '11-June '12	2011
CIS & Baltics	34.3	33.4	3%	73.4	66.9	10%	140.3	133.7
EMEA	15.2	16.3	(7%)	28.3	30.6	(7%)	58.9	61.1
Latin America	2.0	0.6	241%	3.3	0.6	471%	7.3	4.6
Asia	3.4	2.5	36%	6.1	2.6	131%	13.5	10.1
Manufacturing	1.4	2.6	(46%)	2.0	3.8	(48%)	2.4	4.2
Other	(13.0)	(17.0)	23%	(22.2)	(19.4)	(15%)	(52.6)	(49.7)
Total adj. operating profit	43.2	38.4[1]	12%	90.9	85.1[2]	7%	169.8[3]	164.1[4]

1) Before restructuring costs of €0.4m.
2) Before restructuring costs of €1.4m.
3) Before restructuring costs of €4.5m.
4) Before restructuring costs of €5.9m.

Sales Force (´000)	Average in the 3 months ended 30 June 2012	2011	Change	Average in the 6 months ended 30 June 2012	2011	Change
CIS & Baltics	1,951	2,221	(12%)	2,015	2,261	(11%)
EMEA	926	892	4%	915	881	4%
Latin America	171	165	3%	164	156	5%
Asia	524	475	10%	496	470	6%
Total	3,572	3,753	(5%)	3,590	3,768	(5%)

Sales Force (´000)	Closing at 30 June 2012	2011	Change	Average 2011	Closing at year end 2011
CIS & Baltics	1,872	2,166	(14%)	2,116	2,067
EMEA	922	887	4%	860	904
Latin America	169	163	4%	161	161
Asia	513	469	9%	462	478
Total	3,475	3,685	(6%)	3,599	3,610

Cash flow & investments

+€19.3m

Continued positive cash flow effect from inventories

Cash flow from operating activities amounted to €29.3m (€31.1m) during the second quarter. An increase in EBITDA as well as a significant positive impact from improved inventory management were offset by other working capital movements and higher taxes paid out when compared to the same period in the previous year. Cash flow used in investing activities amounted to €-20.6m (€-8.2m).

Financial position

Net interest-bearing debt amounted to €288.0m compared to €249.5m at the end of the second quarter 2011, impacted by higher dividend payment compared to last year. The net debt/EBITDA ratio was 1.5 (1.3) and interest cover amounted to 8.4 (5.6) in the second quarter 2012 and to 7.1 (5.9) during the last twelve months.

Net interest-bearing debt at hedged values amounted to €239.2m (€251.3m). The net debt at hedged values/EBITDA ratio was 1.3 (1.3).

Related parties

There have been no significant changes in the relationships or transactions with related parties compared with the information given in the Annual Report 2011.

Personnel

The execution of key initiatives in the global supply chain and administrative functions as well as increased use of online tools have led to further productivity improvements. This is reflected in the decrease of average number of full-time equivalent employees to 7,510 (8,003) in the second quarter and to 7,614 (8,213) during the last twelve months.

Financial targets and outlook

Oriflame is active in more than 60 countries, of which a majority is defined as Emerging or Frontier Markets. The geographic footprint combined with the direct selling business model forms the foundation for a long-term growth. The long-term financial sales target is to achieve local currency sales growth of around 10% per annum. Some of Oriflame's core markets presently experience dismal macro environment.

Changes in the currency rates have significant effects on the group income statement. Continued implementation of key initiatives will increase the efficiency in overhead costs and the supply chain. The long-term financial profit target is to reach an operating margin of 15%.

For 2012, the focus is to reverse the sales trend and return to growth with improved operating margin.

The business of the Group presents 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

Financial Calendar for 2012

- Third quarter report 2012 will be published on 13 November 2012.
- Year-end report 2012 will be published on 14 February 2013.

Other

A Swedish translation is available on www.oriflame.com.

Conference call for the financial community

The company will host a conference call on Tuesday, 14 August at 09.30 CET.

Participant access numbers:
Luxembourg: +352 208 806 03
Sweden: +46 (0)8 506 269 00
Switzerland: +41 (0)445 804 411
UK: +44 (0)207 750 9905
US: +1 631 886 53 78

Confirmation code: 565490#

The conference call will also be audio web cast in "listen-only" mode through Oriflame's website: **www.oriflame.com** or through **http://storm.zoomvisionmamato.com/player/oriflame/objects/84hn9vt3/**

14 August 2012

Magnus Brännström
Chief Executive Officer

For further information, please contact:

Magnus Brännström, Chief Executive Officer, Tel: +352 691 151 930
Gabriel Bennet, Chief Financial Officer, Tel: +41 798 263 713
Joakim Banestig, Sr. Dir. Investor Relations, Tel: +41 791 033 521
Johanna Palm, Dir. Investor Relations, Tel: +46 765 422 672

Oriflame Cosmetics S.A.
24 Avenue Emile Reuter, L-2420, Luxembourg
www.oriflame.com
Company registration no B.8835

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 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.

Robert af Jochnick
Chairman of the Board

Magnus Brännström	Anders Dahlvig	Marie Ehrling	Lilian Fossum Biner
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

Consolidated key figures

	3 months ended 30 June		6 months ended 30 June		LTM	
	2012	2011	2012	2011	Jul '11-Jun'12	2011
Gross margin, %	69.9	68.9	70.0	69.3	68.3	67.9
EBITDA margin, %	13.5	12.5	13.7	13.0	12.6	12.2
Adj. operating margin, %	11.6	10.5[1]	11.8	11.1[1]	11.3[1]	11.0[1]
Return on:						
- operating capital, %	-	-	-	-	36.0	36.0
- capital employed, %	-	-	-	-	31.1	29.5
Net debt[2] / EBITDA (LTM)	1.5	1.3	1.5	1.3	1.5	1.3
Interest cover	8.4	5.6	9.2	6.7	7.1	6.1
Average no. of full-time equivalent employees	7,510	8,003	7,566	8,133	7,614	7,898

1) Before restructuring costs.

2) Net interest-bearing debt includes US Loan fair value. The net interest-bearing debt at hedged values would be €239.2m (30.06.2012), €251.3m (30.06.2011) respectively €195.1m (31.12.2011).

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 excluding front fees less 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.

Quarterly Figures

Financial summary *	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
Sales, €m	396.8	366.7	321.6	408.7	395.7	373.6
Gross margin, %	69.7	68.9	67.5	65.7	70.1	69.9
EBITDA, €m	53.3	45.7	32.6	50.5	55.0	50.4
Adj. operating profit, €m	46.7	38.4	26.7	52.2	47.7	43.2
Adj. operating margin, %	11.8	10.5	8.3	12.8	12.0	11.6
Adj. net profit before income tax, €m	37.7	28.6	17.8	43.5	42.2	38.3
Adj. net profit, €m	31.5	24.2	15.1	35.0	34.5	31.3
Adj. EPS, diluted, €	0.55	0.42	0.26	0.61	0.61	0.55
Cash flow from op. activities, €m	17.4	31.1	(3.4)	90.2	58.1	29.3
Net interest-bearing debt, €m	185.1	249.5	292.4	232.9	174.8	288.0
Sales force, average, '000	3,796	3,753	3,435	3,393	3,604	3,572

Sales, €m	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
CIS & Baltics	230.6	200.3	166.6	228.7	224.9	199.8
EMEA	106.8	105.6	93.3	115.0	103.8	103.5
Latin America	19.7	21.1	24.5	21.9	22.3	24.2
Asia	35.5	36.2	34.3	40.0	41.2	43.6
Manufacturing	1.6	0.5	0.3	0.2	0.7	0.2
Other	2.6	3.0	2.6	3.0	2.8	2.3
Oriflame	396.8	366.7	321.6	408.7	395.7	373.6

Adj. Operating Profit*, €m	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
CIS & Baltics	33.5	33.4	25.0	41.8	39.2	34.3
EMEA	14.3	16.3	11.2	19.4	13.2	15.2
Latin America	(0.0)	0.6	2.2	1.8	1.3	2.0
Asia	0.1	2.5	1.8	5.6	2.7	3.4
Manufacturing	1.2	2.6	1.3	(0.8)	0.6	1.4
Other	(2.4)	(17.0)	(14.8)	(15.6)	(9.3)	(13.0)
Oriflame	46.7	38.4	26.7	52.2	47.7	43.2

Average Sales Force, '000	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
CIS & Baltics	2,306	2,221	1,979	1,938	2,074	1,951
EMEA	874	892	831	843	899	926
Latin America	148	165	165	167	158	171
Asia	468	475	461	445	473	524
Oriflame	3,796	3,753	3,435	3,393	3,604	3,572

Adj. Operating Margin*, %	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
CIS & Baltics	14.5	16.7	15.0	18.3	17.4	17.1
EMEA	13.4	15.4	12.0	16.8	12.7	14.7
Latin America	(0.0)	2.8	8.9	8.3	5.8	8.3
Asia	0.4	6.9	5.3	14.0	6.5	7.8
Oriflame	11.8	10.5	8.3	12.8	12.0	11.6

**) Adjusted figures for 2011 exclude restructuring costs and impairment Iran.*

€ Sales Growth in %	Q1’11	Q2’11	Q3’11	Q4’11	Q1’12	Q2’12
CIS & Baltics	12	(4)	(11)	(12)	(2)	(0)
EMEA	9	5	3	(3)	(3)	(2)
Latin America	13	(6)	12	(2)	13	15
Asia	(2)	(8)	2	16	16	21
Oriflame	10	(2)	(4)	(7)	(0)	2

Cash Flow, €m	Q1’11	Q2’11	Q3’11	Q4’11	Q1’12	Q2’12
Operating cash flow	17.4	31.1	(3.4)	90.2	58.1	29.3
Cash flow used in investing activities	(8.7)	(8.2)	(13.0)	(19.6)	(12.2)	(20.6)

KPMG Luxembourg S.á r.l.
9, Allée Scheffer
L-2520 Luxembourg

Téléphone +352 22 51 51 1
Fax +352 22 51 71
Internet www.kpmg.lu
Email info@kpmg.lu

To the Shareholders of
Oriflame Cosmetics S.A.
24, avenue Emile Reuter
L-2420 Luxembourg

Independent Auditor's Report on Review of the condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Oriflame Cosmetics S.A. (the "Group") as at 30 June 2012 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows, and the notes thereto for the six month period then ended (the "condensed consolidated interim financial information") as set out on pages 16 to 25. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 13 August 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

D.G. Robertson

Condensed consolidated interim income statements

€'000	Notes	3 months ended 30 June 2012	3 months ended 30 June 2011	6 months ended 30 June 2012	6 months ended 30 June 2011	LTM Jul '11-Jun '12	Year end 2011
Sales	3	373,577	366,654	769,256	763,494	1,499,529	1,493,767
Cost of sales		(112,324)	(114,076)	(230,621)	(234,142)	(475,460)	(478,981)
Gross profit		**261,253**	**252,578**	**538,635**	**529,352**	**1,024,069**	**1,014,786**
Other income		14,327	14,599	29,150	29,517	56,372	56,739
Selling and marketing expenses		(161,348)	(160,583)	(335,517)	(339,554)	(645,022)	(649,059)
Administrative expenses		(71,022)	(68,615)	(141,381)	(135,580)	(270,113)	(264,312)
Operating profit		**43,210**	**37,979**	**90,887**	**83,735**	**165,306**	**158,154**
Analysis of operating profit:							
Adjusted operating profit		43,210	38,417	90,887	85,118	169,831	164,062
Restructuring		-	(438)	-	(1,383)	(4,525)	(5,908)
Operating profit	3	**43,210**	**37,979**	**90,887**	**83,735**	**165,306**	**158,154**
Financial income	4	24,552	2,751	22,277	12,203	43,668	33,594
Financial expenses	4	(29,432)	(12,559)	(32,676)	(30,964)	(71,646)	(69,934)
Net financing costs		**(4,880)**	**(9,808)**	**(10,399)**	**(18,761)**	**(27,978)**	**(36,340)**
Net profit before income tax		**38,330**	**28,171**	**80,488**	**64,974**	**137,328**	**121,814**
Income tax expense		(7,021)	(4,459)	(14,667)	(10,715)	(25,946)	(21,994)
Net profit		**31,309**	**23,712**	**65,821**	**54,259**	**111,382**	**99,820**

€	3 months ended 30 June 2012	3 months ended 30 June 2011	6 months ended 30 June 2012	6 months ended 30 June 2011	LTM, Jul '11-Jun '12	Year end 2011
Adj. EPS:						
- basic	0.55	0.42	1.15	0.98	2.03	1.86
- diluted	0.55	0.42	1.15	0.97	2.03	1.86
Weighted avg. number of shares outstanding:						
- basic	57,041,134	56,980,227	57,041,134	56,980,227	57,012,178	56,981,896
- diluted	57,041,134	57,170,202	57,041,134	57,170,202	57,012,178	56,981,896
Total number of shares outstanding:						
- basic	57,041,134	56,980,227	57,041,134	56,980,227	57,041,134	57,041,134
- diluted	57,041,134	57,373,915	57,041,134	57,373,915	57,041,134	57,041,134

The attached notes on page 21 to 25 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of comprehensive income

€ ‘000	3 months ended 30 June 2012	2011	6 months ended 30 June 2012	2011	LTM, Jul ’11-Jun ‘12	Year end 2011
Net profit	**31,309**	**23,712**	**65,821**	**54,259**	**111,382**	**99,820**
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Revaluation reserve	(158)	(166)	163	(135)	(555)	(853)
Items that may be reclassified to profit or loss:						
Foreign currency translation differences for foreign operations	(5,707)	(4,240)	3,637	(6,194)	(1,734)	(11,565)
Effective portion of changes in fair value of cash flow hedges, net of tax	2,077	-	705	-	(1,148)	(1,853)
Total items that may be reclassified to profit or loss	**(3,630)**	**(4,240)**	**4,342**	**(6,194)**	**(2,882)**	**(13,418)**
Other comprehensive income for the period, net of tax	**(3,788)**	**(4,406)**	**4,505**	**(6,329)**	**(3,437)**	**(14,271)**
Total comprehensive income for the period	**27,521**	**19,306**	**70,326**	**47,930**	**107,945**	**85,549**

The attached notes on page 21 to 25 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of financial position

€'000	Notes	30 June, 2012	31 December, 2011	30 June, 2011
Assets				
Property, plant and equipment		224,939	201,959	185,251
Intangible assets		23,862	20,141	19,495
Investment property		1,057	1,071	1,039
Deferred tax assets		37,365	37,751	33,857
Other long-term receivables		1,546	2,086	1,347
Total non-current assets		**288,769**	**263,008**	**240,989**
Inventories	6	216,954	264,556	267,756
Trade and other receivables		90,918	75,172	87,147
Tax receivables		2,537	3,675	5,054
Prepaid expenses		45,562	44,939	59,096
Derivative financial assets		56,726	41,930	5,607
Cash and cash equivalents		87,113	137,040	85,737
Total current assets		**499,810**	**567,312**	**510,397**
Total assets		**788,579**	**830,320**	**751,386**
Equity				
Share capital		71,301	71,301	71,225
Reserves		(58,076)	(63,495)	(52,192)
Retained earnings		182,229	216,230	170,669
Total equity		**195,454**	**224,036**	**189,702**
Liabilities				
Interest-bearing loans		369,905	327,872	230,503
Other long-term non interest-bearing liabilities		675	536	595
Deferred income		634	510	427
Deferred tax liablilities		3,677	4,826	3,970
Total non-current liabilities		**374,891**	**333,744**	**235,495**
Current portion of interest-bearing loans		3,553	39,852	102,311
Trade and other payables		70,143	87,018	89,567
Tax payables		12,059	11,935	11,049
Accrued expenses		112,314	101,980	97,032
Derivative financial liabilities		5,059	5,120	5,660
Pension reserve		-	-	7
Provisions		15,106	26,635	20,563
Total current liabilities		**218,234**	**272,540**	**326,189**
Total liabilities		**593,125**	**606,284**	**561,684**
Total equity and liabilities		**788,579**	**830,320**	**751,386**

The attached notes on page 21 to 25 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of changes in equity

(€'000)	Share capital	Total reserves	Retained earnings	Total equity
At 1 January 2011	**71,225**	**(47,722)**	**201,880**	**225,383**
Net profit	-	-	54,259	54,259
Other comprehensive income				
Revaluation reserve	-	(135)	-	(135)
Foreign currency translation differences for foreign operations	-	(6,194)	-	(6,194)
Total other comprehensive income for the period, net of income tax	**-**	**(6,329)**	**-**	**(6,329)**
Total comprehensive income for the period	**-**	**(6,329)**	**54,259**	**47,930**
Share incentive plan	-	1,859	-	1,859
Dividends	-	-	(85,470)	(85,470)
At 30 June 2011	**71,225**	**(52,192)**	**170,669**	**189,702**
At 1 January 2012	**71,301**	**(63,495)**	**216,230**	**224,036**
Net profit	-	-	65,821	65,821
Other comprehensive income				
Revaluation reserve	-	163	-	163
Foreign currency translation differences for foreign operations	-	3,637	-	3,637
Effective portion of changes in fair value of cash flow hedges, net of tax	-	705	-	705
Total other comprehensive income for the period, net of income tax	**-**	**4,505**	**-**	**4,505**
Total comprehensive income for the period	**-**	**4,505**	**65,821**	**70,326**
Share incentive plan	-	914	-	914
Dividends	-	-	(99,822)	(99,822)
At 30 June 2012	**71,301**	**(58,076)**	**182,229**	**195,454**

The attached notes on page 21 to 25 form an integral part of the condensed interim financial information.

Condensed consolidated interim statements of cash flows

€'000	Note	3 months ended 30 June 2012	3 months ended 30 June 2011	6 months ended 30 June 2012	6 months ended 30 June 2011
Operating activities					
Net profit before income tax		**38,330**	**28,171**	**80,488**	**64,974**
Adjustments for:					
Depreciation of property, plant and equipment		5,219	5,540	10,682	11,051
Amortisation of intangible assets		1,518	1,153	2,915	2,430
Change in fair value of borrowings and derivatives financial instruments		(3,156)	2,774	1,416	3,290
Deferred income		158	-	120	-
Share incentive plan		472	1,065	914	1,859
Unrealised exchange rate differences		(2,372)	3,478	(10,422)	7,697
Profit on disposal of property, plant and equipment and investment property		(82)	(23)	(51)	(16)
Financial income		(4,330)	(2,751)	(8,279)	(5,223)
Financial expenses		8,627	7,823	16,544	16,260
Operating profit before changes in working capital and provisions		**44,384**	**47,230**	**94,327**	**102,322**
(Increase)/decrease in trade and other receivables, prepaid expenses and derivative financial assets		(984)	427	(12,718)	(25,398)
Decrease in inventories		19,280	5,831	55,092	8,536
Decrease in trade and other payables, accrued expenses and derivatives financial liabilities		(18,233)	(9,229)	(13,929)	(13,585)
Increase/(decrease) in provisions		1,298	389	(351)	386
Cash generated from operations		**45,745**	**44,647**	**122,421**	**72,261**
Interest received		4,029	4,567	8,215	5,428
Interest and bank charges paid		(9,133)	(12,664)	(17,280)	(17,130)
Income taxes paid		(11,378)	(5,488)	(26,021)	(12,101)
Cash flow from operating activities		**29,263**	**31,062**	**87,335**	**48,458**
Investing activities					
Proceeds on sale of property, plant and equipment, intangible assets and investment property		332	338	407	380
Purchases of property, plant, equipment		(20,546)	(7,865)	(31,691)	(15,832)
Purchases of intangible assets		(385)	(642)	(1,522)	(1,381)
Cash flow used in investing activities		**(20,599)**	**(8,169)**	**(32,806)**	**(16,833)**
Financing activities					
Proceeds from borrowings		47,619	296,002	47,619	321,965
Repayments of borrowings		(18,241)	(231,043)	(53,479)	(266,043)
Acquisition of subsidiary, net of cash acquired	8	(12)	-	(12)	-
Proceeds from issuance of new shares		79	66	75	66
Increase/(decrease) of finance lease liabilities		(18)	(9)	60	(17)
Dividends paid		(99,683)	(85,333)	(99,683)	(85,333)
Cash flow used in financing activities		**(70,256)**	**(20,317)**	**(105,420)**	**(29,362)**
Change in cash and cash equivalents		**(61,592)**	**2,576**	**(50,891)**	**2,263**
Cash and cash equivalents at the beginning of the period		148,773	84,220	136,940	86,033
Effect of exchange rate fluctuations on cash held		(95)	(1,224)	1,037	(2,724)
Cash and cash equivalents at the end of the period net of bank overdrafts		**87,086**	**85,572**	**87,086**	**85,572**

The attached notes on page 21 to 25 form an integral part of the condensed interim financial information.

Notes to the condensed consolidated interim financial information of Oriflame Cosmetics S.A.

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 2012 comprises the Company and its subsidiaries (together referred to as the “Group”).

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 (“EU”) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011. The condensed consolidated interim financial information was authorized for issue by the Directors on 13th August 2012.

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 statements as at and for the year ended 31 December 2011 with the exception of new or revised standards endorsed by the EU, as explained below.

Other new or amended IFRS standards
The other new or amended IFRS standards, which became effective January 1, 2012, have had no material effect on the condensed consolidated financial information.

Changes in presentation

IAS 1 Presentation of Financial Statements
Amendment to IAS 1, Presentation of Financial Statements – Presentation of items of other comprehensive income was early adopted by the Group. As a result, the Group presents separately the items of other comprehensive income that would be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Comparative figures have been presented accordingly.

Note 3• Segment reporting

Operating segments

The Group has five main reportable segments, which consists of CIS & Baltics, EMEA, Latin America, Asia plus Manufacturing, as this is the structure of financial information reviewed by the Executive Committee. The purpose of the Group is selling cosmetics within the above organisation. The Group sales consist mainly of sales of Colour cosmetics, Skin care, Personal & Hair Care, Fragrances and Accessories & Wellness products. The segment Manufacturing is producing mainly for the Group. Small quantities are produced for third parties as well. "All other segments" includes mail order business and licensee sales. The performance of each market and region is measured by the operating profit. Sales presented in the segment reporting are only revenues from external customers.

Unallocated items

Some costs and capital expenditure are not identified as part of any operating segment and are therefore not allocated. Examples of such items are cost for corporate staff, IT costs and general marketing costs. Net financing costs and total income tax expense are also not allocated.

Summarised financial information concerning the reportable segments is shown in the following tables:

As per 30 June 2012 €'000	CIS & Baltics	EMEA	Latin America	Asia	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	424,713	207,335	46,486	84,815	879	5,028	**769,256**	-	**769,256**
Operating Profit	73,441	28,333	3,297	6,081	1,973	195	**113,320**	(22,433)	**90,887**
Net financing costs									**(10,399)**
Net profit before income tax									**80,488**
Total income tax expense									**(14,667)**
Net profit									**65,821**
Capital expenditure	(7,969)	(1,156)	(534)	(1,099)	(20,045)	(6)	**(30,719)**	(2,494)	**(33,213)**
Depreciation & Amortisation	(3,321)	(1,106)	(478)	(1,033)	(3,460)	(15)	**(9,413)**	(4,184)	**(13,597)**
Goodwill	-	5,809	-	4,345	-	-	**10,154**	-	**10,154**

As per 30 June 2011 €'000	CIS & Baltics	EMEA	Latin America	Asia	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	430,895	212,388	40,830	71,704	2,147	5,530	**763,494**	-	**763,494**
Operating Profit	66,899	30,915	577	2,634	3,776	237	**105,038**	(21,303)	**83,735**
Net financing costs									**(18,761)**
Net profit before income tax									**64,974**
Total income tax expense									**(10,715)**
Net profit									**54,259**
Capital expenditure	(2,272)	(710)	(195)	(1,065)	(10,440)	-	**(14,682)**	(2,531)	**(17,213)**
Depreciation & Amortisation	(3,505)	(1,106)	(570)	(978)	(3,300)	(14)	**(9,473)**	(4,008)	**(13,481)**
Goodwill	-	1,053	-	4,345	-	-	**5,398**	-	**5,398**

Note 4 • Financial income and expenses

Recognised in the condensed consolidated interim income statements	3 months ended 30 June		6 months ended 30 June	
€ ’000	**2012**	**2011**	**2012**	**2011**
Interest income on bank deposits	242	300	478	493
Interest received on finance lease receivable	20	-	35	-
Cross currency interest rate swaps interest income	4,068	2,451	7,766	4,730
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts gain	420	-	868	-
- Cross currency interest rate swaps gain	19,802	-	13,130	-
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value gain	-	-	-	6,980
Total financial income	**24,552**	**2,751**	**22,277**	**12,203**
Bank charges and interest expense on loans carried at amortised cost	(2,580)	(5,275)	(4,936)	(9,442)
Interest expense on loan carried at fair value	(2,644)	(1,694)	(5,180)	(3,280)
Cross currency interest rate swaps interest expense	(3,403)	(1,370)	(6,428)	(3,538)
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts expense	(359)	(442)	(6,003)	(197)
- Interest rate caps expense	(413)	(658)	(1,087)	(600)
- Cross currency interest rate swaps expense	-	(838)	-	(9,437)
- Collar option expense	-	-	-	(36)
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value loss	(16,293)	(835)	(8,323)	-
Foreign exchange losses, net	(3,740)	(1,447)	(719)	(4,434)
Total financial expenses	**(29,432)**	**(12,559)**	**(32,676)**	**(30,964)**
Net financing costs	**(4,880)**	**(9,808)**	**(10,399)**	**(18,761)**

Note 5 • Dividends

The dividend of €1.75 (€1.50) per share related to 2011 was paid in May 2012 in conformity with the AGM decision taken on 21 May 2012.

Note 6 • Inventories

During the first half of 2012 the Group wrote down €1.1 million (€5.7 million) inventory mainly due to obsolescence which is included in costs of sales.

Note 7 • Provision

During the first half of 2012 an amount of €12.8 million related to open tax litigations were used.

Note 8 • Acquisition of subsidiary

The Group has expanded its operation into East Africa by acquiring 100 percent of Oriflame East Africa Ltd and its subsidiaries, the entities running the businesses in Kenya, Tanzania and Uganda previously run by a franchisee. The acquisition is in line with Oriflame's strategy of further expanding its geographical footprint in global growth areas by making inroads into Sub-Saharan Africa.

After very encouraging experiences and success in Oriflame's present North Africa business, the Group is expanding its market presence by acquiring these franchisee operations in East Africa. This is in line with the long term commitment to develop the direct sales of cosmetics on the African continent.

The operations will be run in three separate legal entities managed from Kenya. The acquisition was concluded on 29 May 2012 and the legal entities are part of the EMEA region as from 1st April 2012. The acquired entities are not expected to have a material impact on the Group's financial statements of 2012.

Consideration transferred

The following summarises the acquisition-date fair value of each major class of consideration transferred:

€ '000	
Cash	53
Contingent consideration	700
Total	**753**

Contingent consideration
The Group has agreed to pay out additional consideration up to a maximum of €700 thousand related to the annual net profit up to 2017. The consideration will be paid out on annual basis. The Group has included the full amount as contingent consideration.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

€ '000	
Property, plant and equipment	156
Intangible assets	9
Deferred tax assets	532
Total non-current assets	**697**
Inventories	150
Trade and other receivables	42
Prepaid expenses	26
Cash and cash equivalents	41
Total current assets	**259**
Total assets	**956**
Trade and other payables	(3,497)
Tax payables	(28)
Accrued expenses	(795)
Provision	(639)
Total current liabilities	**(4,959)**
Total net identifiable liabilities	**(4,003)**

Provision includes contingent liabilities of €639 thousand.

The trade and other receivables comprise gross contractual amounts due of €12 thousand, of which nil was expected to be uncollectible at the acquisition date.

Goodwill
Goodwill was recognised as a result of the acquisitions as follows:

€ '000	
Total consideration transferred	753
Fair value of identifiable liabilities	4,003
Goodwill	**4,756**

The goodwill is attributable mainly to the existing sales force in the three markets, where the Group see a big potential for further developing the Group in Africa. The goodwill recognised will not be deductible for tax purposes.

Acquisition related costs
The Group incurred acquisition-related costs of €109 thousand related to external legal fees and due diligence costs. These costs have been recognised in administrative expenses in the Group's consolidated statement of comprehensive income.

Note 9 • Contingent liabilities

Certain of the Company's subsidiaries are involved in litigation in respect of which the Board of Directors consider that either the timing and outcome of the litigation is too uncertain to quantify at this stage and/or the possibility of an adverse outcome is remote and/or in the event that there was such an adverse outcome, the financial consequence is not likely to be material. The Group continues to actively monitor and defend such litigation.

An Oriflame sales subsidiary is contesting in court a custom duty claim of €6.0 million as at 31.12.2011, which was reduced to €1.9 million during the first half of 2012, out of which the Group provided €1.5 million (unchanged) in claims and other provision based on management's best estimate.

Note 10 • Seasonality

The business of the Group presents 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