oriflame

natural swedish cosmetics

## Interim report 1 January – 31 March 2008

### Three months ended 31 March 2008

- Local currency sales increased by 26.5% and Euro sales increased by 20.7%, to €324.2m (€268.5m).
- Average size of the sales force increased by 25%, to 2,610,600 consultants and closing sales force was up by 24%.
- EBITDA increased by 23%, to €57.2m (€46.4m).
- Operating margin before restructuring costs, due to the new operational platform, was 15.5% (15.4%) resulting in a 22% increase in operating profit to €50.2m (€41.3m).
- Net profit before restructuring costs increased by 22% to €37.9m (€31.1m).
- EPS after dilution and before restructuring costs increased by 22% to €0.67 (€0.55). Diluted EPS after restructuring costs amounted to €0.58 (€0.55).
- Cash flow from operating activities amounted to €3.3m (€30.4) partly due to the cash impact for the restructuring programme and an inventory build up.
- The new operational platform is now fully up and running.

*"Oriflame continues to see a very strong sales trend above expectations driven by successful recruitment campaigns, well received product launches and strong catalogues. We are confident in our ability to continue to grow but we are now facing tougher comparables for the remainder of the year", CEO Magnus Brännström comments.*

## Sales and earnings

| FINANCIAL SUMMARY (€ Million) | 3 months ended 31 March 2008 | 2007 | Change | Last 12 Months, April '07 – March '08 | Year end 2007 |
|---|---|---|---|---|---|
| Sales | 324.2 | 268.5 | 21% | 1,165.0 | 1,109.4 |
| Gross margin, % | 70.5 | 69.8 | - | 70.3 | 70.1 |
| EBITDA | 57.2[1] | 46.4[2] | 23% | 192.3[4] | 182.3[3] |
| Operating profit | 50.2[1] | 41.3[2] | 22% | 164.3[4] | 155.4[3] |
| Operating margin, % | 15.5[1] | 15.4[2] | - | 14.1[4] | 14.0[3] |
| Profit before tax | 42.8[1] | 35.9[2] | 19% | 138.6[4] | 131.7[3] |
| Net profit | 37.9[1] | 31.1[2] | 22% | 122.8[4] | 116.0[3] |
| EPS, diluted, € | 0.67[1] | 0.55[2] | 22% | 2.17[4] | 2.05[3] |
| Cash flow from operating activities | 3.3 | 30.4 | (89%) | 75.2 | 102.2 |
| Sales force, average, '000 | 2,611 | 2,093 | 25% | 2,340 | 2,204 |

1) Before restructuring costs due to the new operational platform of €4.9m.
2) Before restructuring costs due to the new operational platform of €0.5m.
3) Before restructuring costs due to the new operational platform of €25.8m.
4) Before restructuring costs due to the new operational platform of €30.2m.

### Three months ended 31 March 2008

Sales in local currencies increased by 27% and by 21% in Euro to €324.2m compared to €268.5m in the same period last year. Sales growth in local currencies was driven by a 25% increase in the average size of the sales force and a 2% productivity improvement. Closing sales force increased by 24% or 522,400 to 2,673,000 consultants. Unit sales were up by 17%. Sales were helped by a favourable sales mix, positive product mix as well as price increases. Timing effects in the catalogues and Easter holiday also had a positive impact on sales.

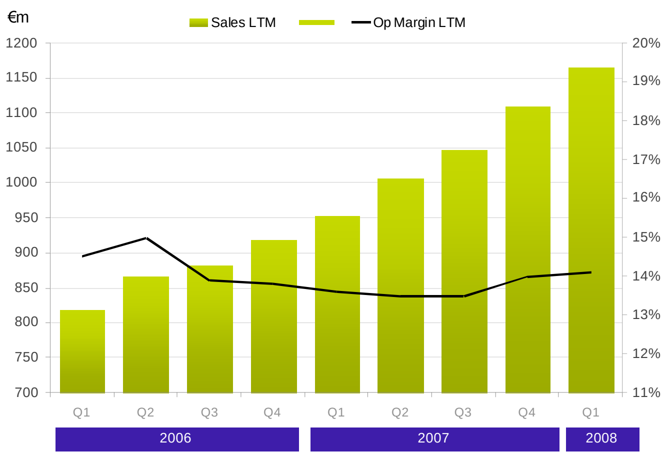
Local currency sales increased in most regions, in CIS & Baltics by 35%, Asia 35%, Latin America 33% and in Central Europe & Mediterranean 13% while Western Europe & Africa decreased by 1%.

Gross margins improved to 70.5% (69.8%) as a result of a positive product mix, sales mix effect, price increases and sourcing gains, partly offset by negative currency effects.

The operating profit before restructuring costs due to the new operational platform increased by 22% to €50.2m (€41.3m) reflecting higher sales and improved margins. Operating margins before restructuring costs amounted to 15.5% (15.4%) as a result of higher gross margins and leverage on fixed overheads. This was partly offset by higher provisions for the bonus and share incentive schemes. Currency movements had a 1.1 percentage point negative effect on operating margins.

Profit before tax amounted to €37.9m (€35.4m). Restructuring charges, related to the creation of a new operational platform affected profit before tax by €4.9m (€0.5m) during the quarter. Results were also negatively affected by €2.0m (€0.7m) in foreign exchange losses.

Net profit amounted to €33.0m (€30.6m) and fully diluted earnings per share amounted to €0.58 (€0.55). Diluted EPS excluding restructuring costs and related deferred income tax increased by 22% to €0.67 (€0.55).



## Operating highlights

### Marketing and Products

Oriflame had a positive product mix in the period. The strongest performing categories during the first quarter were colour cosmetics, skin care and fragrances.

Oriflame Beauty shows exceptional results for the innovative *Wonderlash* mascara and high gloss lipstick, *Power Shine*, launched in 2007. Sales were further boosted by the launch of *Colour Attraction Metallic Lipstick* and the *Iconic Collection*, the first collection by Oriflame's make-up artist Barbara Brauenlich.

Oriflame's heritage brand, *Time Reversing*, had a successful re-launch in 2007 and continued to show strong sales. *Time Reversing Facial Oil Capsules* and *Day Cream* were among the top selling products in the quarter, showing that the range has kept its loyal customers. The *Lift Expert* range was launched during the period and the sales results show that it will be another popular brand in all the Oriflame markets.

To further strengthen the fragrance category, Oriflame successfully launched *Oriflame Signature*, a male fragrance and *After Hours* and *Petal Quartz* for women.

### Global Supply

The focus during the last six months has been to establish the new supply chain organisation in Stockholm and the logistics centre in Warsaw. The new Group Distribution Centre (GDC) in Warsaw started serving the Nordic countries during the period. Oriflame has during the initial phase of the implementation experienced longer than expected lead times which has led to poor service levels and higher inventories.

Apart from in the Nordic countries, the company had satisfactory service levels but at the cost of a further build up of inventory levels. Oriflame is likely to see continued high inventory levels in order to ensure satisfactory service levels as the implementation of the new logistical footprint proceeds.

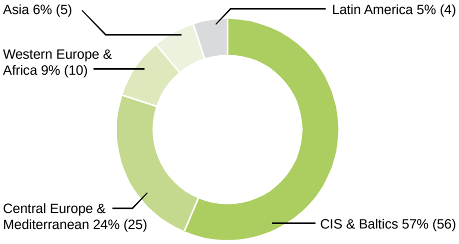
Another focus of the supply organisation is to cope with the strong growth of the company and to improve effectiveness and increase capacity of its internal production as well as external sourcing. The company is intensifying its efforts of looking at sourcing opportunities closer to its main markets.

### New Operational Platform

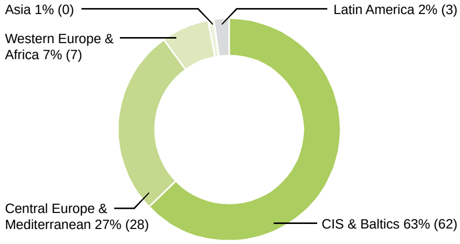
The new operational platform is now fully up and running. The restructuring charges are expected to amount to approximately €34m with €30.7m already taken in 2007 and Q1 2008. This is in line with the earlier communicated range of €30-35m over two years.

# Regional highlights

Regional sales 2007




Regional operating profit 2007




# CIS & Baltics

### Countries

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

### Key figures

| | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|
| Sales, €m | 144.9 | 119.0 | 196.4 | 191.4 |
| Sales growth in € | 32% | 24% | 23% | 25% |
| Sales growth in lc | 37% | 29% | 31% | 35% |
| Op profit, €m | 28.1 | 16.7 | 43.6 | 41.4 |
| Op margin | 19.4% | 14.0% | 22.2% | 21.6% |
| Sales force, '000 | 1,216 | 1,146 | 1,265 | 1,510 |

### Development

Local currency sales in the first quarter 2008 increased by 35% as a result of a 33% increase in the average size of the sales force and a 1% productivity improvement compared to last year. Euro sales increased by 25% to €191.4m (€152.8m) and closing sales force was up by 35% year over year. All markets performed well and sales growth was particularly strong in Ukraine, Mongolia, Armenia and Azerbaijan. Sales in Russia increased by 28% in local currency.

Sales increase was strong due to a higher sales force, the result of successful recruitment campaigns and catalogue promotions as well as strong product introductions and price increases with a beneficial impact on productivity. Sales were also helped by timing differences in the catalogues.

Operating margins improved to 21.6% (20.5%) resulting in a 32% improvement in operating profit to €41.4m (€31.3m). A positive product mix, sales mix and price increases affected gross margins positively. This was partly offset by negative currency effects and higher sales and marketing costs.

## Central Europe & Mediterranean

### Countries

| | |
|---|---|
| Poland | Hungary |
| Czech Republic | Bulgaria |
| Romania | Bosnia & Hercegovina |
| Greece | Croatia |
| Slovakia | Macedonia |
| Turkey | Slovenia |
| Serbia & Montenegro | |

### Key figures

| | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|
| Sales, €m | 64.1 | 55.7 | 79.6 | 69.1 |
| Sales growth in € | 15% | 21% | 20% | 16% |
| Sales growth in lc | 12% | 15% | 16% | 13% |
| Op profit, €m | 12.7 | 10.2 | 18.1 | 15.2 |
| Op margin | 19.9% | 18.3% | 22.7% | 22.0% |
| Sales force, '000 | 549 | 516 | 526 | 535 |

### Development

Local currency sales increased by 13% driven by a 3% increase in the size of the sales force and a 10% productivity improvement. Closing sales force decreased by 4% year over year as a result of the recruiting activities being below expectations.

Euro sales increased by 16% to €69.1m (€59.4m) helped by stronger currencies in many key markets. Sales growth was particularly strong in Romania, Bosnia-Herzegovina and Bulgaria mainly due to increased productivity. The sales development was below expectations in Croatia and Hungary.

Operating margins strengthened to 22.0% (18.9%) resulting in a 35% increase in operating profit to €15.2m (€11.2m). Margins improved mainly as a result of a positive sales mix and positive currency effects.

## Western Europe & Africa

### Countries

| | |
|---|---|
| Portugal | Egypt |
| Spain | Holland |
| Sweden | Norway |
| Finland | Morocco |

### Key figures

| | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|
| Sales, €m | 25.5 | 20.8 | 28.9 | 23.8 |
| Sales growth in € | 10% | 6% | 14% | (2%) |
| Sales growth in lc | 10% | 6% | 14% | (1%) |
| Op profit, €m | 4.0 | 1.7 | 4.9 | 1.6 |
| Op margin | 15.8% | 8.3% | 16.9% | 6.6% |
| Sales force, '000 | 148 | 143 | 137 | 149 |

### Development

Sales decreased by 1% in local currency and by 2% in Euro to €23.8m (€24.2m) as a result of a 7% increase in the size of the sales force offset by an 7% decrease in productivity. The closing sales force was up by 6%.

Sales development was weak mainly in the Nordic countries principally due to weak service levels from the newly established Group Distribution Centre in Warsaw and weaker than expected selling power of the catalogues. Sales in Egypt and Morocco however continue to develop strongly.

Operating margins decreased to 6.6% (9.4%) mainly as a result of extraordinarily high distribution costs to compensate for the poor service levels.

## Latin America

### Countries

Mexico
Chile
Colombia
Ecuador
Peru

### Key figures

| | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|
| Sales, €m | 12.4 | 12.4 | 14.0 | 13.1 |
| Sales growth in € | 22% | 23% | 34% | 26% |
| Sales growth in lc | 25% | 28% | 44% | 33% |
| Op profit, €m | 1.4 | 1.3 | 1.0 | 1.2 |
| Op margin | 11.0% | 10.2% | 7.5% | 9.4% |
| Sales force, '000 | 84 | 93 | 100 | 106 |

### Development

Local currency sales increased by 33% driven by a 44% increase in the size of the sales force partly offset by an 8% decrease in productivity. Euro sales increased by 26% to €13.1m (€10.3m). Sales growth was strong in all five markets and particularly in Colombia and Peru. Closing sales force was up by 38%.

Operating margins improved to 9.4% (7.1%) despite negative currency effects. This resulted in an operating profit of €1.2m (€0.7m).

## Asia

### Countries

Indonesia
India
Vietnam
Sri Lanka
Thailand
China

### Key figures

| | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|
| Sales, €m | 16.0 | 15.0 | 16.0 | 18.4 |
| Sales growth in € | 53% | 28% | 28% | 21% |
| Sales growth in lc | 60% | 34% | 37% | 35% |
| Op profit, €m | 0.9 | 0.4 | (0.1) | 1.2 |
| Op margin | 5,6% | 0.3% | neg. | 6.6% |
| Sales force, '000 | 246 | 254 | 271 | 310 |

### Development

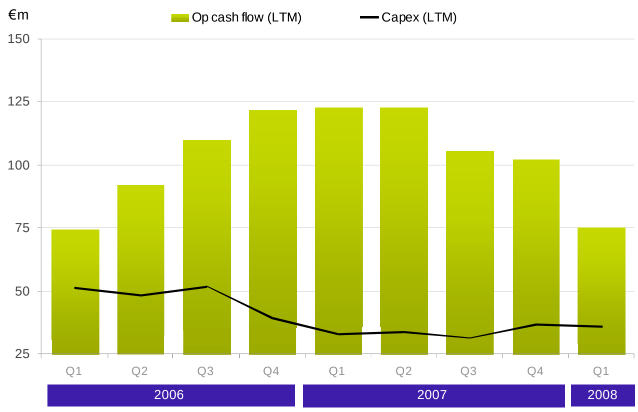
Local currency sales increased by 35% as a result of a 38% increase in the sales force partly offset by a 3% productivity decrease. Euro sales increased by 21% to €18.4m (€15.2m). Oriflame showed particularly strong growth in Sri Lanka and Thailand during the quarter while Vietnam continued to be challenging due to product registration issues. Closing sales force was up by 45%.

The operating margin was 6.6% (7.5%) resulting in an operating profit of €1.2m (€1.1m).

## Cash flow & investments

Cash flow from operating activities amounted to €3.3m (€30.4m) during the first quarter. An increase in EBITDA excluding restructuring costs of €10.8m was more than offset by €31.5m (€4.6m) in higher working capital requirements. The increase in working capital was principally due to a €9.2m increase in inventories and the cash impact of the restructuring programme amounting to €18.0m.

Cash flow used in investing activities amounted to €-5.7m (€-6.6m).




## Financial position

Net interest-bearing debt amounted to €184.7m compared to €182.0 at year end 2007.

## Personnel

The average number of employees in the first quarter 2008 was 7,081 (6,186).

## Dividend

Oriflame's Board of Directors has proposed to the AGM a dividend of €1.25 (€1.01) per share. The last day of trading the Oriflame SDRs on the Nordic Exchange including right to dividend is 19 May and payment will occur through VPC on 27 May 2008.

## 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% in 2009.

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

The earlier communicated outlook remains. Sales growth for 2008 is expected to be well above 10% in local currency and operating margins is expected to improve despite the prevailing exchange rate environment.

## Capital Market Day 2008

Oriflame Cosmetics is arranging a Capital Market Day in Stockholm on Wednesday 21 May 2008. The conference will comprise a full day of presentations from the management on various aspects of the business. The day will also provide an opportunity to meet with the management team. Registration for the day will take place at the venue from 8.30 on Wednesday 21 May. The conference will commence at 9.00 and is scheduled to conclude at 16.00. A detailed schedule for the day will be forwarded to participants in due course. To register for the event, please reply as soon as possible and not later than 7 May by email to oriflame@vero.se. Please state your name, company and mobile telephone number in your mail.

## 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 Thursday 24 April at 09.30 CET.
Participant access numbers:
Sweden: +46 (0)8 5352 6407
UK: +44 (0) 20 7806 1955
US: +1 718 354 1389
Luxemburg: +352 342 080 8584
Switzerland: +41 (0) 43 456 9299
Confirmation code: 468 9770 / Oriflame

The conference call will be audio web cast in listen only mode through Oriflame's web site: **www.oriflame.com** or **www.financialhearings.com**.

24 April, 2008

Magnus Brännström
Chief Executive Officer

### For further information, please contact:

| | |
|---|---|
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20 rue Philippe II, L-2340, Luxembourg
www.oriflame.com
Company registration no B.8835

***Oriflame***
*Oriflame is an international cosmetics company selling direct, with sales in 61 countries. Oriflame offers a complete range of high quality skincare, fragrances, colour cosmetics, toiletries and accessories, marketed through a sales force of independent sales consultants. Although the company has grown rapidly it has never lost sight of its original business concept – natural Swedish cosmetics, sold from friend to friend. Oriflame is a co-founder of World Childhood Foundation. Oriflame Cosmetics is listed on the Nordic Exchange. Oriflame's corporate offices are situated in Luxembourg and Switzerland and the Group Support Offices are located in Sweden, Ireland and Czech Republic.*

## Sales, operating profit and consultants by region

| Sales (€ Million) | 3 months ended 31 March 2008 | 3 months ended 31 March 2007 | Change in Euro | Change in local currency | Rolling 12 months, April 07-March 08 | Year end 2007 |
|---|---|---|---|---|---|---|
| CIS & Baltics | 191.4 | 152.8 | 25% | 35% | 651.7 | 613.1 |
| Central Europe & Med. | 69.1 | 59.4 | 16% | 13% | 268.5 | 258.9 |
| Western Europe & Africa | 23.8 | 24.2 | (2%) | (1%) | 99.0 | 99.4 |
| Latin America | 13.1 | 10.3 | 26% | 33% | 51.9 | 49.1 |
| Asia | 18.4 | 15.2 | 21% | 35% | 65.5 | 62.2 |
| Other | 8.4 | 6.6 | 29% | 22% | 28.4 | 26.7 |
| **Total sales** | **324.2** | **268.5** | **21%** | **27%** | **1,165.0** | **1,109.4** |

| Operating profit (€ Million) | 3 months ended 31 March 2008 | 3 months ended 31 March 2007 | Change | Rolling 12 months, April 07-March 08 | Year end 2007 |
|---|---|---|---|---|---|
| CIS & Baltics | 41.4 | 31.3 | 32% | 129.9 | 119.8 |
| Central Europe & Med. | 15.2 | 11.2 | 35% | 56.2 | 52.2 |
| Western Europe & Africa | 1.6 | 2.3 | (32%) | 12.2 | 12.9 |
| Latin America | 1.2 | 0.7 | 68% | 4.9 | 4.4 |
| Asia | 1.2 | 1.1 | 6% | 2.3 | 2.3 |
| Other | (10.4) | (5.3) | n.m. | (41.2) | (36.2) |
| **Total operating profit** | **50.2** | **41.3** | **22%** | **164.3** | **155.4** |

| Sales Force (´000) | Average in the 3 months ended 31 March 2008 | Average in the 3 months ended 31 March 2007 | Change | Closing at 31 March 2008 | Closing at 31 March 2007 | Change | Average 2008 | Year End 2007 |
|---|---|---|---|---|---|---|---|---|
| CIS & Baltics | 1,510 | 1,135 | 33% | 1,563 | 1,159 | 35% | 1,199 | 1,376 |
| Central E. & Med. | 535 | 521 | 3% | 513 | 537 | (4%) | 528 | 557 |
| Western Europe & Africa | 149 | 139 | 7% | 154 | 145 | 6% | 142 | 147 |
| Latin America | 106 | 73 | 44% | 107 | 78 | 38% | 88 | 106 |
| Asia | 310 | 224 | 38% | 337 | 233 | 45% | 248 | 281 |
| **Total** | **2,611** | **2,093** | **25%** | **2,673** | **2,151** | **24%** | **2,204** | **2,465** |

## Consolidated income statement

| € '000 | Note | 3 months ended 31 March 2008 | 2007 | Rolling 12 months, April 07-March 08 | Year end 2007 |
|---|---|---|---|---|---|
| Sales | 2 | 324,163 | 268,522 | 1,165,026 | 1,109,385 |
| Cost of sales | | (95,508) | (81,012) | (346,056) | (331,559) |
| **Gross profit** | | **228,655** | **187,510** | **818,970** | **777,826** |
| Selling and marketing expenses | | (120,162) | (99,818) | (438,416) | (418,074) |
| Administrative expenses | | (58,245) | (46,352) | (216,249) | (204,356) |
| **Operating profit before restructuring** | 2 | **50,248** | **41,340** | **164,305** | **155,396** |
| Restructuring | | (4,866) | (466) | (30,213) | (25,813) |
| **Operating profit after restructuring** | | **45,382** | **40,874** | **134,091** | **129,583** |
| Financial income | | 405 | 209 | 1,098 | 903 |
| Financial expenses | | (7,864) | (5,689) | (26,752) | (24,578) |
| **Profit before tax** | | **37,923** | **35,394** | **108,437** | **105,908** |
| Current tax | | (4,940) | (5,916) | (15,511) | (16,488) |
| Deferred tax | | 37 | 1,138 | 1,456 | 2,558 |
| **Net profit** | | **33,020** | **30,616** | **94,383** | **91,978** |

| € | 3 months ended 31 March 2008 | 2007 | Rolling 12 months, April 07-March 08 | Year end 2007 |
|---|---|---|---|---|
| EPS: | | | | |
| - basic | 0.59 | 0.55 | 1.69 | 1.65 |
| - diluted | 0.58 | 0.55 | 1.67 | 1.63 |
| Weighted avg. number of shares outstanding: | | | | |
| - basic | 55,741,714 | 55,669,886 | 55,714,426 | 55,696,640 |
| - diluted | 56,644,867 | 56,125,653 | 56,605,981 | 56,562,141 |
| Total number of shares outstanding: | | | | |
| - basic | 55,741,714 | 55,669,886 | 55,741,714 | 55,741,714 |
| - diluted | 56,644,867 | 56,125,653 | 56,633,269 | 56,607,215 |

## Consolidated balance sheet

| €'000 | 31 March, 2008 | Year end 2007 | 31 March, 2007 |
|---|---|---|---|
| Intangible assets | 12,844 | 12,893 | 11,881 |
| Property, plant and equipment | 137,153 | 138,374 | 123,883 |
| Investment property | 2,216 | 2,254 | 2,453 |
| Deferred tax assets | 13,917 | 15,040 | 12,454 |
| Other long term receivables | 5,844 | 6,027 | 6,702 |
| **Total non-current assets** | **171,974** | **174,588** | **157,373** |
| | | | |
| Inventories | 194,307 | 186,085 | 137,667 |
| Trade and other receivables | 103,185 | 92,295 | 83,698 |
| Cash and cash equivalents | 57,402 | 63,080 | 52,616 |
| **Total current assets** | **354,894** | **341,460** | **273,981** |
| | | | |
| **Total assets** | **526,868** | **516,048** | **431,354** |
| | | | |
| Share capital | 69,678 | 69,678 | 69,588 |
| Reserves | (28,240) | (25,584) | (33,674) |
| Retained earnings | 81,747 | 48,727 | 43,590 |
| **Total capital and reserves** | **123,185** | **92,821** | **79,504** |
| | | | |
| Interest bearing loans | 223,353 | 223,293 | 201,980 |
| Other long term non interest-bearing liabilities | 322 | 322 | 290 |
| Deferred tax liabilities | 4,433 | 5,305 | 3,883 |
| **Total non-current liabilities** | **228,108** | **228,920** | **206,153** |
| | | | |
| Current portion of interest-bearing loans | 18,719 | 21,806 | 20,370 |
| Taxes payable | 4,614 | 9,892 | 7,947 |
| Trade and other payables | 135,962 | 133,902 | 103,631 |
| Provisions | 16,280 | 28,707 | 13,749 |
| **Total current liabilities** | **175,575** | **194,307** | **145,697** |
| | | | |
| **Total equity and liabilities** | **526,868** | **516,048** | **431,354** |

## Consolidated statement of changes in shareholders' equity

| (€'000) | Share capital | Total reserves | Retained earnings | Total equity |
|---|---|---|---|---|
| **As at 31 December 2006** | **69,588** | **(34,681)** | **12,975** | **47,882** |
| Redeemed shares | - | - | - | - |
| Cash flow hedging reserve | - | 427 | - | 427 |
| Translation loss for the period | - | (387) | - | (387) |
| Release of translation reserve | - | - | - | - |
| Movement in legal reserve | - | 1 | (1) | - |
| Share incentive plan | - | 966 | - | 966 |
| Profit for the period | - | - | 30,616 | 30,616 |
| **As at 31 March 2007** | **69,588** | **(33,674)** | **43,590** | **79,504** |
| | | | | |
| **As at 31 December 2007** | **69,678** | **(25,584)** | **48,727** | **92,821** |
| Increase of new shares | - | - | - | - |
| Cash flow hedging reserve | - | (548) | - | (548) |
| Translation loss for the period | - | (3,819) | - | (3,819) |
| Share incentive plan | - | 1,711 | - | 1,711 |
| Movement in legal reserve | - | - | - | - |
| Profit for the period | - | - | 33,020 | 33,020 |
| **As at 31 March 2008** | **69,678** | **(28,240)** | **81,747** | **123,185** |

## Consolidated cash flow statement

| €'000 | 3 months ended 31 March 2008 | 2007 |
|---|---|---|
| **Operating activities** | | |
| **Operating profit** | **45,382** | **40,874** |
| Adjustments for: | | |
| Depreciation and amortisation | 5,216 | 4,086 |
| Share incentive plan | 1,711 | 966 |
| Foreign exchange gain/(loss) | (1,114) | (583) |
| ( Profit)/loss on disposal of property, plant and equipment | (96) | (59) |
| **Operating profit before changes in working capital** | **51,099** | **45,284** |
| Decrease / (increase) in trade and other receivables | (11,710) | (4,244) |
| Decrease / (increase) in inventory | (9,160) | 3,256 |
| Increase / (decrease) in trade and other payables | (10,638) | (3,583) |
| **Cash generated from operations** | **19,591** | **40,713** |
| Interest and bank charges paid | (6,342) | (3,915) |
| Income taxes paid | (9,908) | (6,434) |
| **Cash flow from operating activities** | **3,341** | **30,364** |
| | | |
| **Investing activities** | | |
| Proceeds on sale of property, plant and equipment | 202 | 98 |
| Interest received | 405 | 210 |
| Purchase of property, plant and equipment | (5,619) | (5,934) |
| Purchase of intangible assets | (646) | (924) |
| **Cash flow from investing activities** | **(5,658)** | **(6,550)** |
| | | |
| **Financing** | | |
| Funds paid from refinancing and movement in loans | (2,895) | (33,510) |
| Dividends paid, net | - | (1) |
| **Cash flow from financing activities** | **(2,895)** | **(33,511)** |
| | | |
| **Decrease in cash and cash equivalents** | **(5,212)** | **(9,697)** |
| Cash and cash equivalents at the beginning of the period | 62,827 | 61,767 |
| Effect of exchange rate fluctuations on cash held | (277) | (7) |
| **Cash and cash equivalents at the end of the period** | **57,338** | **52,063** |

## Notes to the interim consolidated financial statements of Oriflame Cosmetics S.A.

### 1. Basis of preparation

The interim quarterly consolidated financial statements of Oriflame Cosmetics S.A. have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The interim quarterly consolidated financial statements have been prepared using the same accounting policies and accounting estimates as the consolidated financial statements for the year ended 31 December 2007, and should be read in conjunction with these statements.

### 2. Segment information

The primary and only segmentation of the business is cosmetics sales by geographical regions based on the Group's management and internal reporting structure. See tables on page 11.

## Consolidated key figures

| | 3 months ended 31 March 2008 | 2007 | Rolling 12 months, April 07-March 08 | Year end 2007 |
|---|---|---|---|---|
| Gross margin, % | 70.5 | 69.8 | 70.3 | 70.1 |
| EBITDA margin, % [1] | 17.6 | 17.3 | 16.5 | 16.3 |
| Operating margin, % [1] | 15.5 | 15.4 | 14.1 | 14.0 |
| Return on: | | | | |
| - operating capital, % | - | - | 59.0 | 60.2 |
| - capital employed, % | - | - | 49.6 | 48.7 |
| Net interest-bearing debt to equity | 1.5 | 2.1 | 1.5 | 2.0 |
| Net debt / EBITDA (LTM) | 1.0 | 1.2 | 1.0 | 1.0 |
| Interest cover | 8.6 | 8.4 | 7.6 | 7.5 |
| Average no. of employees | 7,081 | 6,186 | 6,138 | 6,438 |

1. Excluding restructuring charges

## 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 equity

Net interest-bearing debt divided by equity.

## Quarterly Figures

| **Financial summary** * | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| Sales, €m | 215.7 | 188.8 | 279.5 | 268.5 | 269.6 | 229.6 | 341.6 | 324.2 |
| Gross margin, % | 69.7 | 68.9 | 68.2 | 69.8 | 70.3 | 70.5 | 69.9 | 70.5 |
| EBITDA, €m | 35.4 | 18.1 | 47.6 | 46.4 | 42.8 | 26.1 | 65.3 | 57.2 |
| Operating profit, €m | 31.3 | 13.8 | 43.0 | 41.3 | 37.7 | 19.7 | 56.7 | 50.2 |
| Operating margin, % | 14.5 | 7.3 | 15.4 | 15.4 | 14.0 | 8.6 | 16.6 | 15.5 |
| Profit before tax, €m | 25.9 | 10.3 | 37.0 | 35.9 | 33.7 | 13.4 | 48.8 | 42.8 |
| Net profit, €m | 22.3 | 9.0 | 31.1 | 31.1 | 29.1 | 11.9 | 43.6 | 37.9 |
| EPS, diluted, € | 0.37 | 0.16 | 0.55 | 0.55 | 0.52 | 0.21 | 0.77 | 0.67 |
| Cash flow from op. activities, €m | 27.1 | (0.4) | 65.4 | 30.4 | 27.3 | (17.5) | 62.0 | 3.3 |
| Net interest bearing debt, €m | 86.1 | 249.6 | 193.5 | 169.7 | 203.5 | 229.3 | 182.0 | 184.7 |
| Sales force, average, '000 | 1,804 | 1,739 | 1,896 | 2,093 | 2,243 | 2,151 | 2,299 | 2,611 |

**) Profit figures exclude extraordinary costs.*

| **Sales**, €m | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| CIS & Baltics | 109.6 | 95.7 | 159.1 | 152.8 | 144.9 | 119.0 | 196.4 | 191.4 |
| Central Europe & Med. | 55.8 | 46.3 | 66.4 | 59.4 | 64.1 | 55.7 | 79.6 | 69.1 |
| Western Europe | 23.3 | 19.6 | 25.4 | 24.2 | 25.5 | 20.8 | 28.9 | 23.8 |
| Latin America | 10.2 | 10.1 | 10.5 | 10.3 | 12.4 | 12.4 | 14.0 | 13.1 |
| Asia | 10.4 | 11.7 | 12.4 | 15.2 | 16.0 | 15.0 | 16.0 | 18.4 |
| Other | 6.5 | 5.4 | 5.7 | 6.6 | 6.7 | 6.7 | 6.7 | 8.4 |
| Oriflame | 215.7 | 188.8 | 279.5 | 268.5 | 269.6 | 229.6 | 341.6 | 324.2 |

| **Operating Profit**, €m | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| CIS & Baltics | 23.8 | 12.3 | 34.9 | 31.3 | 28.1 | 16.7 | 43.6 | 41.4 |
| Central Europe & Med. | 11.8 | 7.9 | 14.4 | 11.2 | 12.7 | 10.2 | 18.1 | 15.2 |
| Western Europe | 3.5 | 1.9 | 3.2 | 2.3 | 4.0 | 1.7 | 4.9 | 1.6 |
| Latin America | 1.6 | 1.3 | 0.7 | 0.7 | 1.4 | 1.3 | 1.0 | 1.2 |
| Asia | (0.1) | 0.2 | 0.2 | 1.1 | 0.9 | 0.4 | (0.1) | 1.2 |
| Other | (9.4) | (9.8) | (10.4) | (5.3) | (9.5) | (10.6) | (10.8) | (10.4) |
| Oriflame | 31.3 | 13.8 | 43.0 | 41.3 | 37.7 | 19.7 | 56.7 | 50.2 |

| **Average Sales Force, '000** | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| CIS & Baltics | 919 | 877 | 994 | 1,135 | 1,216 | 1,146 | 1,265 | 1,510 |
| Central Europe & Med. | 532 | 489 | 496 | 521 | 549 | 516 | 526 | 535 |
| Western Europe | 126 | 126 | 128 | 139 | 148 | 143 | 137 | 149 |
| Latin America | 67 | 72 | 75 | 74 | 84 | 93 | 100 | 106 |
| Asia | 161 | 176 | 204 | 224 | 246 | 254 | 271 | 310 |
| Oriflame | 1,804 | 1,739 | 1,896 | 2,093 | 2,243 | 2,151 | 2,299 | 2,611 |

| **Margins** | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| CIS & Baltics | 21.7% | 12.9% | 22.0% | 20.5% | 19.4% | 14.0% | 22.2% | 21.6% |
| Central Europe & Med. | 20.4% | 17.1% | 21.7% | 18.9% | 19.9% | 18.3% | 22.7% | 22.0% |
| Western Europe | 16.5% | 9.7% | 12.6% | 9.5% | 15.8% | 8.3% | 16.9% | 6.6% |
| Latin America | 15.4% | 12.9% | 6.7% | 6.8% | 11.0% | 10.2% | 7.5% | 9.4% |
| Asia | (0.9%) | 8.5% | 1.6% | 7.2% | 5.6% | 0.3% | neg. | 6.6% |
| Oriflame | 14.5% | 7.3% | 15.4% | 14.6% | 13.9% | 8.6% | 16.6% | 15.5% |

| **Sales Growth in €** | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| CIS & Baltics | 49% | 17% | 19% | 16% | 32% | 24% | 23% | 25% |
| Central Europe & Med. | 9% | (3%) | 9% | 7% | 15% | 21% | 20% | 16% |
| Western Europe | 6% | - | 3% | 10% | 10% | 6% | 14% | (2%) |
| Latin America | 27% | 16% | - | 13% | 22% | 23% | 34% | 26% |
| Asia | 33% | 62% | 48% | 65% | 53% | 28% | 28% | 21% |
| Oriflame | 28% | 10% | 14% | 18% | 25% | 22% | 22% | 21% |

| **Cash Flow,** €m | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07 | Q4'07 | Q1'08 |
|---|---|---|---|---|---|---|---|---|
| Operating cash flow | 27.1 | (0.4) | 65.4 | 30.4 | 27.3 | (17.5) | 62.0 | 3.3 |
| Cash flow from investing activities | 5.7 | 11.8 | 9.0 | 6.6 | 6.6 | 9.2 | 14.4 | 5.7 |

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