ORIFLAME
SWEDEN

Interim report 1 January – 30 June 2015

3 months ended 30 June 2015

- Local currency sales decreased by 2% and Euro sales decreased by 3% to €301.0m (€310.4m).
- Number of active consultants decreased by 6% to 3.0m.
- EBITDA amounted to €29.6m (€32.8m).
- Adjusted* operating margin was 8.3% (8.1%), resulting in an adjusted* operating profit of €25.0m (€25.3m), negatively impacted by approximately 150 bps from currencies. Operating margin was 7.2% (7.7%) and operating profit €21.7m (€24.0m).
- Adjusted** net profit amounted to €11.9m (€12.1m) and adjusted** EPS amounted to €0.21 (€0.22). Net profit was €9.1m (€10.8m) and EPS €0.16 (€0.19).
- Cash flow from operating activities amounted to €25.3m (€12.0m).
- Third quarter update: The year to date sales development is unchanged in local currency and the development in the third quarter to date is approximately 4% in local currency, positively impacted by timing within the quarter.
- In April, Oriflame signed a new Revolving Credit Facility amounting to €110m in total with its existing core relationship banks which replaces the previous €330m facility.
- In June the domicile of the Group was changed from Luxembourg to Switzerland. The change was done through a successful share-for-share exchange transaction with high acceptance level. The share of the new top holding company, Oriflame Holding AG, was listed on the Nasdaq Stockholm exchange on 23 June and the SDR of Oriflame Cosmetics S.A. was delisted on 2 July. As a result of the change in domicile, the interim report for January-June 2015 and hereafter will be issued by Oriflame Holding AG.

* Adjusted for non-recurring items of €1.3m in the second quarter 2014
* Adjusted for non-recurring items of €3.2m in the second quarter 2015
**Adjusted for additional non-recurring items of (€0.5m) in the second quarter 2015

6 months ended 30 June 2015

- Local currency sales decreased by 1% and Euro sales decreased by 5% to €608.9m (€637.6m).
- EBITDA amounted to €52.6m (€62.2m).
- Adjusted* operating margin was 6.9% (7.6%), negatively impacted by approximately 200 bps from currency movements, partly offset by hedging and positive price/mix effects as well as cost reductions, resulting in an adjusted* operating profit of €42.2m (€48.3m). Operating margin was 6.4% (7.3%) and operating profit €39.0m (€46.6m).
- Adjusted** net profit amounted to €23.1m (€24.0m) and adjusted** EPS amounted to €0.42 (€0.43). Net profit was €20.4m (€22.3m) and EPS €0.37 (€0.40).
- Cash flow from operating activities amounted to €49.4m (€28.9m).

* Adjusted for non-recurring items of €1.7m during the period 2014
* Adjusted for non-recurring items of €3.2m during the period 2015
**Adjusted for additional non-recurring items of (€0.5m) during the period 2015

CEO Magnus Brännström comments

"We are pleased with the development in our key growth markets in Latin America, Turkey, Africa & Asia contributing with 48 % of the total Group sales during the second quarter. The strong growth in China continues and is now an increasingly important part of the business.

Further substantial price increases to offset the devaluation in CIS, foremost in Russia and Ukraine, were implemented according to plan with adverse effect on volumes. Although a promising start in the third quarter, positively impacted by timing within the quarter, reversing the volume trend for the Group remains a challenge.

We continue to experience success from active online leaders as well as sales of Skin Care and Wellness sets and routines – two important strategic building blocks for all our markets.

The efforts of reducing our cost base and driving efficiency across all parts of the organisation continues."

Sales and earnings

FINANCIAL SUMMARY (€ Million)	3 months ended 30 June 2015[1]	2014[2]	Change	6 months ended 30 June 2015[1]	2014[3]	Change	LTM[4], July 14-June 15	Year end 2014[5]
Sales	301.0	310.4	(3%)	608.9	637.6	(5%)	1,237.1	1,265.8
Gross margin, %	70.7	70.9	-	69.3	69.6	-	68.2	68.4
EBITDA	29.6	32.8	(10%)	52.6	62.2	(15%)	113.3	122.9
Operating profit	21.7	24.0	(9%)	39.0	46.6	(16%)	87.1	94.7
Operating margin, %	7.2	7.7	-	6.4	7.3	-	7.0	7.5
Adj. operating profit	25.0	25.3	(1%)	42.2	48.3	(13%)	91.7	97.8
Adj. operating margin, %	8.3	8.1	-	6.9	7.6	-	7.4	7.7
Net profit before tax	15.8	18.2	(14%)	32.8	36.4	(10%)	70.6	74.2
Adj. net profit before tax	19.0	19.5	(3%)	36.0	38.1	(6%)	75.2	77.3
Net profit	9.1	10.8	(15%)	20.4	22.3	(9%)	35.6	37.5
Adj. net profit	11.9[6]	12.1	(2%)	23.1[6]	24.0	(4%)	46.1[7]	47.0[8]
EPS, €	0.16	0.19	(15%)	0.37	0.40	(9%)	0.64	0.67
Adj. EPS, €	0.21[6]	0.22	(2%)	0.42[6]	0.43	(4%)	0.83[7]	0.84[8]
Cash flow from operating activities	25.3	12.0	111%	49.4	28.9	71%	110.5	90.0
Net interest-bearing debt	226.8	284.2	(20%)	226.8	284.2	(20%)	226.8	245.4
Net interest-bearing debt at hedged values	156.2	267.7	(41%)	156.2	267.7	(41%)	156.2	196.8
Active consultants, '000	3,023	3,224	(6%)	3,023	3,224	(6%)	3,023	3,473
Sales per active consultant, €	99.0	95.8	3%	199.8	196.5	2%	366.7	362.4

[1]Adjusted for non-recurring items of €3.2m
[2]Adjusted for non-recurring items of €1.3m
[3]Adjusted for non-recurring items of €1.7m
[4]Adjusted for non-recurring items of €4.6m
[5]Adjusted for non-recurring items of €3.1m
[6]Adjusted for additional non-recurring tax items of (€0.5m)
[7]Adjusted for additional non-recurring tax items of €5.9m
[8]Adjusted for additional non-recurring tax items of €6.4m

Three months ended 30 June 2015

-2%
Local currency sales

Sales in local currencies decreased by 2% and Euro sales by 3% to €301.0m compared to €310.4m in the same period prior year. Sales development in local currencies was impacted by a 4% increase in productivity while the number of active consultants in the quarter decreased by 6% to 3.0m (3.2m). Unit sales were down by 16%, to a large extent offset by a positive price/mix effect of 14%. The development reflects the strategic price increases implemented primarily in Russia and Ukraine in order to offset the negative currency effect. The mix effect is a combination of geographic and product mix where the sales of Skin Care and Wellness primarily in China have a substantial positive impact.

Local currency sales increased by 9% in Latin America and by 20% in Turkey, Africa & Asia while CIS decreased by 15% and Europe by 10%.

-150 bps
Operating margin impact from FX

The gross margin was 70.7% (70.9%) and the adjusted operating margin amounted to 8.3% (8.1%). Operating margin was 7.2% (7.7%). The adjusted operating margin was negatively impacted by currency movements of approximately 150 bps and higher costs for the share incentive plan and staff bonuses compared to last year, offset by hedging, positive price/mix effects and lower sales and marketing costs.

Adjusted net profit amounted to €11.9m (€12.1m) and adjusted earnings per share amounted to €0.21 (€0.22). Net profit was €9.1m (€10.8m) and EPS €0.16 (€0.19).

In the quarter, a one-off pension accounting adjustment related to the move to Switzerland were booked amounting to €3.2m (reported below adjusted operating profit). With the move, the number of employees affiliated to Swiss pension plans has increased and the net defined benefit liability arising from Swiss pension plans has become material. The Group has therefore decided to apply the requirements of IAS 19 Employee benefits relating to defined benefit plans.

Cash flow from operating activities increased to €25.3m (€12.0m), driven by gains from financial instruments.

The average number of full-time equivalent employees decreased to 6,565 (7,157), driven by various efficiency measures including outsourcing of services.

Six months ended 30 June 2015

Sales in local currencies decreased by 1% and Euro sales amounted to €608.9m compared to €637.6m in the same period prior year.

Sales development in local currencies was the result of a 6% decrease in the number of active consultants and a productivity increase of 5%.

Gross margin amounted to 69.3% (69.6%) and adjusted operating margin to 6.9% (7.6%). Operating margin was 6.4% (7.3%). The adjusted operating margin was negatively impacted by currency movements and higher costs for the share incentive plan partly offset by positive price/mix effects, hedging and cost savings.

Adjusted net profit amounted to €23.1m (24.0m) and adjusted earnings per share was €0.42 (€0.43). Net profit was €20.4m (€22.3m) and EPS €0.37 (€0.40).

Cash flow from operating activities increased to €49.4m (€28.9m), partly driven by gains from financial instruments.

Operational highlights

Brand and Innovation

Successful sales of Skin Care and Wellness sets and routines

In the second quarter, the strategic categories Skin Care and Wellness continued to show good performance.

Skin Care growth came mainly from the *Skin Care Routine* sets which have been very well received both by consumers and Consultants. In Asia the set selling is a major driver of the success as well as in Latin America.

Wellness growth was mainly driven by new markets like India and a positive momentum in China and Latin America, with focus on sales of the *Wellness Routine* set.

In Colour Cosmetics the roll-out of *The ONE* launch continued with a successful launch of the *5-in-1 Colour Stylist Cream Lipstick*. The brand *Giordani Gold* is going through a true transformation starting with its Colour Cosmetic range, now offering more sublime, luxurious and high quality formulas and packaging. First out was the *Longwear Mineral Foundation*.

In Fragrance one of the best-selling brands *Eclat* re-launched its *Femme Weekend* and *Homme Sport* successfully.

In Hair Care the largest brand *HairX* continued to show positive growth across both Hair Care and Hair Styling. A new tooth paste, *Optifresh System 8*, was launched.

Online

During the second quarter, rollout and further development of the new digital platform dominated activities in the online area, including tailoring for individual key markets in terms of support tools, design and language support. The platform was at the end of the second quarter operational in 44 markets, receiving 80% of Oriflame's global Internet traffic. Full operational coverage is planned to be reached before the end of 2015.

Service

During the second quarter, the service level for all ongoing products was above the same period last year while at the same time inventory was kept at satisfactory level.

The ramp-up of production in the new factory in Noginsk, Russia, continued during the quarter. The volume development in the quarter was a challenge.

Factories in Noginsk and Roorkee LEED certified

Oriflame's commitment of being a sustainable company has recently resulted in some major achievements; In June, the Noginsk production site received Silver certification using the LEED® for New Construction rating system. The factory is the largest production building to receive LEED® Certification Silver in Russia to date. In July, Oriflame's new Wellness facility in Roorkee, India received Gold certification under the LEED® for New Construction rating system.

In June, the first annual stand-alone Oriflame Sustainability Report was published and is available on Oriflame's website.

CIS

Key figures

	Q2'14	Q3'14	Q4'14[2]	Q1'15	Q2'15
Sales, €m	132.7	112.7	149.1	108.4	97.4
Sales growth in €	(23%)	(16%)	(18%)	(30%)	(27%)
Sales growth in lc	(7%)	(3%)	5%	(5%)	(15%)
Adj. op profit, €m[1]	12.6	13.9	18.3	12.6	6.9
Adj. op margin	9.5%	12.3%	12.3%	11.6%	7.1%
Active consultants, '000	1,477	1,315	1,626	1,531	1,243
Sales /active consultant, €	89.8	85.7	91.7	70.8	78.4

[1]Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.
[2]Adjusted for non-recurring items of €8.1m

Countries

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Ukraine.

Development

-15%

Local currency sales in Russia

Significant price increases

Local currency sales in the second quarter decreased by 15%, as a result of a 16% decrease in the number of active consultants and an increase in productivity of 1%. Euro sales were down by 27% to €97.4m (€132.7m).

Local currency sales in Russia were down by 15%, impacted by lower volumes following substantial price increases carried out in order to offset the negative margin impact from currency devaluations. With major price increases implemented, the focus for the remainder of the year will be to drive activity among the Consultants with emphasis on the business opportunity.

Adjusted operating profit amounted to €6.9m (€12.6m) resulting in an adjusted operating margin of 7.1% (9.5%). Margins were negatively affected by unfavourable exchange rates and negative operating leverage partly compensated by positive price/mix effects and lower inventory and impairment provisions compared to previous year. In the second quarter last year an impairment provision was made in Ukraine.

Europe

Key figures

	Q2'14[2]	Q3'14	Q4'14[3]	Q1'15	Q2'15
Sales, €m	65.1	57.4	76.7	61.0	58.7
Sales growth in €	(9%)	(12%)	(11%)	(11%)	(10%)
Sales growth in lc	(8%)	(12%)	(10%)	(11%)	(10%)
Adj. op profit, €m[1]	7.9	6.1	12.2	7.5	8.4
Adj. op margin	12.1%	10.7%	15.8%	12.3%	14.2%
Active consultants, '000	547	501	589	542	499
Sales /active consultant, €	119.0	114.6	130.2	112.6	117.5

[1]Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.
[2]Adjusted for non-recurring items of €0.4m
[3]Adjusted for non-recurring items of €1.7m

Countries

Bosnia, Bulgaria, Croatia, Czech Rep., Denmark, Estonia, Finland, Greece, Holland, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, UK/Ireland.

Development

Roll-out of improved Success Plan

Local currency sales in the second quarter decreased by 10% as a result of a 9% decrease in active consultants and 1% in productivity. Euro sales were down by 10% to €58.7m (€65.1m). The overall performance remains week, with a challenging situation in Greece impacting the region. The roll-out of the improved Success Plan is now completed in all Central European markets except Czech Republic and Romania which will follow later.

Adjusted operating margin amounted to 14.2% (12.1%) and the adjusted operating profit was €8.4m (€7.9m). The margin increase came primarily from timing of sales and marketing expenses and other one-off effects.

Latin America

Key figures

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Sales, €m	31.1	32.6	32.5	30.4	35.7
Sales growth in €	4%	5%	8%	15%	15%
Sales growth in lc	15%	7%	7%	7%	9%
Op profit, €m[1]	4.2	4.6	3.4	1.8	4.1
Op margin	13.4%	14.0%	10.3%	6.0%	11.4%
Active consultants, '000	233	237	231	227	228
Sales /active consultant, €	133.4	137.6	140.5	133.6	156.6

[1]Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

Countries

Chile, Colombia, Ecuador, Mexico, Peru.

Development

+9%

Local currency sales

Local currency sales in the second quarter increased by 9% as a result of a 2% decrease in the number of active consultants and a 11% increase in productivity compared to prior year. Euro sales were up by 15% to €35.7m (€31.1m). Local currency sales were strong in all markets, except Ecuador which is still impacted by the former import restrictions and very high duties on certain products.

Operating profit amounted to €4.1m (€4.2m) and operating margin to 11.4% (13.4%). The decrease came from lower gross margin due to USD product purchases at unfavourable rate as well as larger share of offer sales. The underlying margin is stable.

Turkey, Africa & Asia

Key figures

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Sales, €m	79.8	70.1	93.9	104.9	107.4
Sales growth in €	(3%)	15%	30%	40%	35%
Sales growth in lc	12%	20%	25%	23%	20%
Op profit, €m[1]	11.2	7.4	14.9	12.7	18.4
Op margin	14.0%	10.6%	15.8%	12.1%	17.2%
Active consultants, '000	967	895	1,027	1,129	1,053
Sales /active consultant, €	82.6	78.4	91.5	92.9	102.0

[1]Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

Countries

Algeria, China, Egypt, India, Indonesia, Kenya, Morocco, Myanmar, Nigeria, Pakistan, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Uganda, Vietnam.

Development

+320 bps

Operating margin

Second quarter sales growth in local currencies was 20% as a result of a 9% increase in the number of active consultants and an 11% increase in productivity. Euro sales were up by 35% to €107.4m (€79.8m). Most markets performed well, particularly China which continued to show triple digit growth. The success in the region comes from a combination of strong leaders, a clear focus on Skin Care and Wellness sets and routines and wide use of online tools with social media as catalyst.

Operating margin increased to 17.2% (14.0%) and operating profit was €18.4m (€11.2m). The operating margin was positively impacted by favourable geographical mix and leverage on administrative costs partly offset by higher inventory provisions.

Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 30 June 2015	2014	Change in Euro	Change in lc
CIS	97.4	132.7	(27%)	(15%)
Europe	58.7	65.1	(10%)	(10%)
Latin America	35.7	31.1	15%	9%
Turkey, Africa & Asia	107.4	79.8	35%	20%
Manufacturing	0.3	0.2	70%	68%
Other	1.5	1.5	4%	0%
Total sales	**301.0**	**310.4**	**(3%)**	**(2%)**

Sales (€ Million)	6 months ended 30 June 2015	2014	Change in Euro	Change in Lc	LTM, July 14-June 15	Year end 2014
CIS	205.8	287.6	(28%)	(10%)	467.6	549.4
Europe	119.7	133.4	(10%)	(10%)	253.7	267.4
Latin America	66.1	57.6	15%	8%	131.2	122.7
Turkey, Africa & Asia	212.4	155.0	37%	21%	376.4	319.0
Manufacturing	1.8	1.0	78%	81%	2.1	1.3
Other	3.1	3.0	7%	1%	6.1	6.0
Total sales	**608.9**	**637.6**	**(5%)**	**(1%)**	**1,237.1**	**1,265.8**

Adj. operating profit (€ Million)	3 months ended 30 June 2015	2014	Change	6 months ended 30 June 2015	2014	Change	LTM, July 14-June 15	Year end 2014
CIS	6.9	12.6	(45%)	19.5	34.8	(44%)	51.8	67.1
Europe	8.4	7.9	6%	15.9	14.7	8%	34.2	33.0
Latin America	4.1	4.2	(3%)	5.9	6.8	(13%)	13.8	14.7
Turkey, Africa & Asia	18.4	11.2	65%	31.1	20.3	53%	53.4	42.6
Manufacturing	0.4	(0.6)	n/a	1.1	0.9	22%	(1.0)	(1.2)
Other	(13.2)	(10.0)	(24%)	(31.3)	(29.2)	(7%)	(60.4)	(58.2)
Total adj. operating profit	**25.0**[1]	**25.3**[2]	**(1%)**	**42.2**[1]	**48.3**[3]	**(13%)**	**91.7**[4]	**97.8**[5]

Active consultants (´000)	30 June 2015	2014	Change	Year end 2014
CIS	1,243	1,477	(16%)	1,626
Europe	499	547	(9%)	589
Latin America	228	233	(2%)	231
Turkey, Africa & Asia	1,053	967	9%	1,027
Total	**3,023**	**3,224**	**(6%)**	**3,473**

1) Adjusted for non-recurring items of €3.2m.
2) Adjusted for non-recurring items of €1.3m.
3) Adjusted for non-recurring items of €1.7m.
4) Adjusted for non-recurring items of €4.6m
5) Adjusted for non-recurring items of €3.1m

Cash flow & investments

Cash flow from operating activities in the second quarter amounted to €25.3m (€12.0m) as a result of positive impact from timing of receivables and one-off impacts from asset derivatives, partly offset by movement in inventory and payables. Cash flow used in investing activities amounted to €-5.3m (€-8.4m).

Financial position

Net interest-bearing debt amounted to €226.8m compared to €284.2m at the end of the second quarter 2014. The net debt/EBITDA ratio was 2.0 (2.0) and interest cover amounted to 5.3 (4.7) in the second quarter 2015 and to 4.8 (6.1) during the last twelve months.

1.4
Hedged net interest-bearing debt/EBITDA

Net interest-bearing debt at hedged values amounted to €156.2m (€267.7m). The net debt at hedged values/EBITDA ratio was 1.4 (1.9).

During the quarter repayment of the maturing 25m USD private placement tranche was done.

New credit facility

As previously announced, in April, Oriflame signed a new Revolving Credit Facility amounting to €110m in total with its existing core relationship banks HSBC Bank plc, ING Bank, Nordea, Raiffeisen Bank International AG and SEB. The new five-year facility replaces the previous €330m facility (signed in May 2011 and with maturity in 2016).

As part of the refinancing process, the covenants for the company's existing Private Placement Notes and the new Revolving Credit Facility were aligned. The following financial measures constitute the aligned set of covenants:

- Consolidated Net Debt to Consolidated EBITDA less than or equal to 3.0 times
- Consolidated EBITDA to Consolidated Finance costs greater than or equal to 5.0 times
- Consolidated Net Worth greater than or equal to €120m

The financial measures as defined in the Revolving Credit Facility Agreement and the Private Placement Notes Amendment document will be disclosed in the company's financial reports on a quarterly basis, starting from the report for the second quarter 2015.

Covenant disclosure

As per the end of the second quarter 2015, the financial measures as defined in the Revolving Credit Facility Agreement and the Private Placement Notes Amendment document were as follows:

- Consolidated Net Debt to Consolidated EBITDA at 1.9
- Consolidated EBITDA to Consolidated Finance costs (Interest cover) at 5.8
- Consolidated Net Worth at €141m

Note that the definition of these measures differ from the definitions of the Net Debt to EBITDA and Interest cover disclosed in the other sections of the report, primarily related to gains from sales of assets and cash in non-OECD markets.

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 2014.

Dividend

As indicated in the year-end 2014 report, the Board of Directors will continue to prioritise reducing the debt during the coming quarters. As a consequence, the Board of Directors did not seek a mandate from the shareholders for distribution of dividend up until quarter 1 2016.

Alignment of legal structure

During the second quarter the domicile of the Group was changed from Luxembourg to Switzerland through the successful implementation of a share-for-share exchange transaction with high acceptance level. The share of the new top holding company, Oriflame Holding AG (OHAG), was listed on the Nasdaq Stockholm exchange on 23 June and the SDR of Oriflame Cosmetics S.A. (OCSA) was delisted with the last day of trading on 2 July. At the date of this report OHAG held 97.5% of the OCSA shares. For further details see Note 1.

The level of acceptance has been above expectations and the Board of Directors is grateful for the support from the shareholders.

As a result of the change in domicile, the interim report for January-June 2015 and hereafter will be issued by OHAG.

Annual General Meeting

OCSA held its Annual General Meeting (AGM) in Luxembourg on 19 May 2015. All current directors, Magnus Brännström, Anders Dahlvig, Lilian Fossum Biner, Alexander af Jochnick, Jonas af Jochnick, Robert af Jochnick, Anna Malmhake, Helle Kruse Nielsen and Christian Salamon, were re-elected, to serve as members of the Board of Directors until the next AGM. Alexander af Jochnick was re-elected to serve as Chairman of the Board until the next AGM. KPMG Luxembourg Société coopérative was re-elected auditor. The AGM approved the Board of Director's proposal that no dividend shall be paid out of the profits until the next AGM. All other proposals set forth in the AGM convening notice, including but not limited the approval in principle of the implementation of a new Share Incentive Plan for the key employees of the Oriflame Group, were approved by the General Meeting.

OHAG held its Annual General Meeting (AGM) in Zurich on 19 May 2015. All current directors, which comprises all OCSA director plus Gabriel Bennet, were re-elected, to serve as members of the Board of Directors until the next AGM. Alexander af Jochnick was re-elected to serve as Chairman of the Board until the next AGM. KPMG Zurich was re-elected auditor. The AGM approved the Board of Director's proposal that no dividend shall be paid out of the profits until the next AGM.

Personnel

The average number of full-time equivalent employees decreased to 6,565 (7,157).

Third quarter update

The year to date sales development is unchanged in local currency and the development in the third quarter to date is approximately 4% in local currency, positively impacted by timing within the quarter.

Long term targets

Oriflame Cosmetics aims to achieve local currency sales growth of approximately 10 percent per annum and an operating margin of 15 percent.

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 2015 / 2016

- Third quarter 2015 report will be published on 12 November.
- Year-end report will be published on 17 February 2016.

Other

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

Conference call for the financial community

The company will host a conference call on Thursday, 13 August at 9.30 CET.

Participant access numbers:
Luxembourg: +35 227 300 158
Sweden: +46 8 5055 64 53
Switzerland: +41 225 802 994
UK: +44 203 009 24 55
US: +1 855 228 37 19

Confirmation code: 384675#
The conference call will also be audio web cast in "listen-only" mode through Oriflame's website: **www.oriflame.com** or through **http://edge.media-server.com/m/p/pns3jmma**

13 August 2015

Magnus Brännström
Chief Executive Officer

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This information is such that Oriflame Holding AG is required to disclose in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Market Act. The information was submitted for publication at 7:15 CET on 13 August 2015.

Statement from the Board of Directors

The condensed consolidated set of interim financial information is prepared in accordance with IFRS and gives a true and fair view of the condensed consolidated interim financial position of Oriflame and of its consolidated 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.

Alexander af Jochnick
Chairman of the Board

Anders Dahlvig Board member	Lilian Fossum Biner Board member	Jonas af Jochnick Board member	Robert af Jochnick Board member
Helle Kruse Nielsen Board member	Anna Malmhake Board member	Christian Salamon Board member	Magnus Brännström CEO & Board member
Gabriel Bennet CFO & Board member			

Consolidated key figures

	3 months ended 30 June		6 months ended 30 June			
	2015	2014	2015	2014	LTM, July14-June15	Year end 2014
Gross margin, %	70.7	70.9	69.3	69.6	68.2	68.4
EBITDA margin, %	9.8	10.0	8.6	9.5	9.2	9.7
Adj. operating margin, %	8.3	8.1	6.9	7.6	7.4	7.7
Return on:						
- operating capital, %	-	-	20.6	24.3	20.6	21.8
- capital employed, %	-	-	18.2	22.1	18.2	19.9
Net debt at hedged values / EBITDA (LTM)	1.4	1.9	1.4	1.9	1.4	1.6
Net debt / EBITDA (LTM)	2.0	2.0	2.0	2.0	2.0	2.0
Interest cover	5.3	4.7	4.3	5.1	4.8	5.4
Average no. of full-time equivalent employees	6,565	7,157	6,664	7,266	6,738	7,039

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	Q1'14[1]	Q2'14[2]	Q3'14	Q4'14[3]	Q1'15	Q2'15
Sales, €m	327.2	310.4	274.5	353.7	307.8	301.0
Gross margin, %	68.5	70.9	69.0	65.9	67.8	70.7
EBITDA, €m	29.4	32.8	26.3	34.4	23.0	29.6
Adj. operating profit, €m	23.1	25.3	19.7	29.8	17.2	25.0
Adj. operating margin, %	7.0	8.1	7.2	8.4	5.6	8.3
Adj. net profit before income tax, €m	18.6	19.5	16.8	22.3	17.0	19.0
Adj. net profit, €m	12.0	12.1	11.8	11.1	11.2	11.9
Adj. EPS, diluted €	0.22	0.22	0.21	0.20	0.20	0.21
Cash flow from op. activities, €m	16.9	12.0	(4.9)	66.0	24.1	25.3
Net interest-bearing debt, €m	270.4	284.2	317.5	245.4	264.7	226.8
Active consultants, '000	3,481	3,224	2,948	3,473	3,429	3,023

Sales, €m	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
CIS	154.9	132.7	112.7	149.1	108.4	97.4
Europe	68.3	65.1	57.4	76.7	61.0	58.7
Latin America	26.5	31.1	32.6	32.5	30.4	35.7
Turkey, Africa & Asia	75.2	79.8	70.1	93.9	104.9	107.4
Manufacturing	0.8	0.2	0.3	0.1	1.5	0.3
Other	1.5	1.5	1.4	1.4	1.6	1.5
Oriflame	**327.2**	**310.4**	**274.5**	**353.7**	**307.8**	**301.0**

Adj. operating Profit, €m	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
CIS	22.2	12.6	13.9	18.3	12.6	6.9
Europe	6.8	7.9	6.1	12.2	7.5	8.4
Latin America	2.6	4.2	4.6	3.4	1.8	4.1
Turkey, Africa & Asia	9.2	11.2	7.4	14.9	12.7	18.4
Manufacturing	1.5	(0.6)	(0.0)	(2.1)	0.7	0.4
Other	(19.2)	(10.0)	(12.3)	(16.9)	(18.1)	(13.3)
Oriflame	**23.1**[1]	**25.3**[2]	**19.7**	**29.8**[3]	**17.2**	**25.0**[4]

Active consultants, '000	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
CIS	1,637	1,477	1,315	1,626	1,531	1,243
Europe	580	547	501	589	542	499
Latin America	213	233	237	231	227	228
Turkey, Africa & Asia	1,051	967	895	1,027	1,129	1,053
Oriflame	**3,481**	**3,224**	**2,948**	**3,473**	**3,429**	**3,023**

Adj. operating Margin, %	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
CIS	14.3	9.5	12.3	12.3	11.6	7.1
Europe	10.0	12.1	10.7	15.8	12.3	14.2
Latin America	9.8	13.4	14.0	10.3	6.0	11.4
Turkey, Africa & Asia	12.2	14.0	10.6	15.8	12.1	17.2
Oriflame	**7.0**[1]	**8.1**[2]	**7.2**	**8.4**[3]	**5.6**	**8.3**[4]

[1] *Adjusted for non-recurring items of €0.4m*
[2] *Adjusted for non-recurring items of €1.3m*
[3] *Adjusted for non-recurring items of €1.3m*
[4] *Adjusted for non-recurring items of €3.2m*

€ Sales Growth in %	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
CIS	(24)	(23)	(16)	(18)	(30)	(27)
Europe	(7)	(9)	(12)	(11)	(11)	(10)
Latin America	7	4	5	8	15	15
Turkey, Africa & Asia	(1)	(3)	15	30	40	35
Oriflame	**(14)**	**(14)**	**(7)**	**(5)**	**(6)**	**(3)**

Cash Flow, €m	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Operating cash flow	16.9	12.0	(4.9)	66.0	24.1	25.3
Cash flow used in investing activities	(8.6)	(8.4)	(10.0)	21.1	(3.9)	(5.3)

Review Report to the Board of Directors of

Oriflame Holding AG, Schaffhausen

Introduction

We have been engaged to review the accompanying condensed consolidated interim statement of financial position of Oriflame Holding AG as at 30 June 2015 and the related condensed consolidated interim statements of income**,** comprehensive income, changes in equity and cash flows for the 6-month period then ended, and selected explanatory notes (the condensed consolidated interim financial information) on pages 14 to 26. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated 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.* 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 consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG AG

Hélène Béguin
Licensed Audit Expert

Kathrin Schünke
Licensed Audit Expert

Zurich, 13 August 2015

Condensed consolidated interim income statements

€'000	Note	3 months ended 30 June 2015	3 months ended 30 June 2014	6 months ended 30 June 2015	6 months ended 30 June 2014	LTM, July14-June15	Year End 2014
Sales	3	301,032	310,385	608,852	637,618	1,237,083	1,265,849
Cost of sales		(88,081)	(90,473)	(187,183)	(193,686)	(392,965)	(399,468)
Gross profit		**212,951**	**219,912**	**421,669**	**443,932**	**844,118**	**866,381**
Other income		11,345	11,169	22,313	22,599	44,712	44,998
Selling and marketing expenses		(111,772)	(118,703)	(229,911)	(244,611)	(459,796)	(474,496)
Distribution and Infrastructure		(23,187)	(25,972)	(47,160)	(53,031)	(97,690)	(103,560)
Administrative expenses		(67,605)	(62,430)	(127,954)	(122,280)	(244,270)	(238,597)
Operating profit		**21,732**	**23,976**	**38,957**	**46,609**	**87,074**	**94,726**
Analysis of operating profit:							
Adjusted operating profit		24,967	25,286	42,192	48,344	91,642	97,795
Non-recurring items[1]		(3,235)	(1,310)	(3,235)	(1,735)	(4,569)	(3,069)
Operating profit		**21,732**	**23,976**	**38,957**	**46,609**	**87,074**	**94,726**
Financial income	4	23,499	14,380	50,417	20,603	107,509	77,694
Financial expenses	4	(29,478)	(20,130)	(56,613)	(30,830)	(124,004)	(98,220)
Net financing costs	**4**	**(5,979)**	**(5,750)**	**(6,196)**	**(10,227)**	**(16,495)**	**(20,526)**
Net profit before income tax		**15,753**	**18,226**	**32,761**	**36,382**	**70,579**	**74,200**
Total income tax expense		(6,619)	(7,459)	(12,394)	(14,081)	(35,060)	(36,748)
Profit attributable to owners of the Company		**9,134**	**10,767**	**20,367**	**22,301**	**35,518**	**37,452**

Analysis of profit attributable to owners of the Company:						
Adjusted net profit	11,884	12,077	23,117	24,036	46,026	46,945
Non-recurring items [1]	(3,235)	(1,310)	(3,235)	(1,735)	(4,569)	(3,069)
Non-recurring tax items	485		485		(5,939)	(6,424)
Profit attributable to owners of the Company	**9,134**	**10,767**	**20,367**	**22,301**	**35,518**	**37,452**

[1] non-recurring items in 2015 relate to pension entries - see note 7 / non-recurring items in 2014 relate to restructuring

Condensed consolidated interim income statements (continued)

€	3 months ended 30 June 2015	2014	6 months ended 30 June 2015	2014	LTM, July 14 – June 15	Year end 2014
Adj*. EPS:						
- basic	0.21	0.22	0.42	0.43	0.83	0.84
- diluted	0.21	0.22	0.42	0.43	0.83	0.84
EPS:						
- basic	0.16	0.19	0.37	0.40	0.64	0.67
- diluted	0.16	0.19	0.37	0.40	0.64	0.67
Weighted avg. number of shares outstanding:						
- basic	55,608,563	55,600,653	55,608,563	55,600,653	55,607,284	55,603,362
- diluted	55,608,563	55,600,653	55,608,563	55,600,653	55,607,284	55,603,362
Total number of shares outstanding:						
- basic	48,391,447	55,600,653	48,391,447	55,600,653	48,391,447	55,608,563
- diluted	48,391,447	55,600,653	48,391,447	55,600,653	48,391,447	55,608,563

*Adj EPS calculation based on adjusted net profit.

The attached notes on page 19 to 26 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statements of comprehensive income

€'000	3 months ended 30 June 2015	2014	6 months ended 30 June 2015	2014	LTM, July 14 – June 15	Year end 2014
Profit attributable to owners of the Company	**9,134**	**10,767**	**20,367**	**22,301**	**35,518**	**37,452**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Revaluation reserve	38	33	38	33	(441)	(446)
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(2,576)	6,923	9,082	(10,017)	(33,177)	(52,276)
Effective portion of changes in fair value of cash flow hedges, net of tax	479	(6,406)	(4,217)	(5,088)	3,250	2,379
Total items that are or may be reclassified subsequently to profit or loss	**(2,097)**	**517**	**4,865**	**(15,105)**	**(29,927)**	**(49,987)**
Other comprehensive income for the period, net of tax	**(2,059)**	**550**	**4,903**	**(15,072)**	**(30,068)**	**(50,343)**
Total comprehensive income for the period attributable to owners of the Company	**7,075**	**11,317**	**25,270**	**7,229**	**5,150**	**(12,891)**

The attached notes on page 19 to 26 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statements of financial position

€'000	Note	30 June, 2015	31 December, 2014	30 June, 2014
Assets				
Property, plant and equipment		183,606	172,904	252,937
Intangible assets		18,531	19,532	18,671
Investment property		594	542	731
Deferred tax assets		19,363	19,201	27,028
Other long-term receivables		1,079	1,008	819
Total non-current assets		**223,173**	**213,187**	**300,186**
Inventories	6	174,107	169,478	185,463
Trade and other receivables		64,022	81,410	85,658
Tax receivables		7,201	5,865	3,761
Prepaid expenses		40,120	43,563	48,053
Derivative financial assets		84,149	90,067	20,924
Cash and cash equivalents		116,202	95,569	89,518
Total current assets		**485,801**	**485,952**	**433,377**
Total assets		**708,974**	**699,139**	**733,563**
Equity				
Share capital	5	69,592	71,527	71,517
Treasury shares	5	(542)	(41,235)	(41,235)
Share premium	5	582,640	15,324	15,189
Other reserves	5	(132,014)	(150,630)	(114,495)
Retained earnings		(373,279)	245,931	230,780
Equity attributable to owners of the Company		**146,397**	**140,917**	**161,756**
Non-controlling interests	1	21,490	-	-
Total equity		**167,887**	**140,917**	**161,756**
Liabilities				
Interest-bearing loans		336,082	310,329	345,152
Other long-term non interest-bearing liabilities		1,504	1,433	3,292
Net defined benefit liability	7	3,235	-	-
Deferred income		297	279	369
Deferred tax liablilities		2,108	3,232	4,665
Total non-current liabilities		**343,226**	**315,273**	**353,478**
Current portion of interest-bearing loans		5,188	30,163	27,919
Trade and other payables		70,231	86,915	69,870
Deferred Income		2,552	2,948	2,842
Tax payables		12,420	12,492	6,483
Accrued expenses		99,825	88,769	95,472
Derivative financial liabilities		4,554	14,652	9,540
Provisions		3,090	7,010	6,203
Total current liabilities		**197,860**	**242,949**	**218,329**
Total liabilities		**541,086**	**558,222**	**571,807**
Total equity and liabilities		**708,974**	**699,139**	**733,563**

The attached notes on page 19 to 26 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statements of changes in equity

€'000	Note	Share capital	Treasury shares	Share premium	Other reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to the owners of the Company								
At 1 January 2014		**71,517**	**(41,235)**	**15,189**	**(99,647)**	**(84,458)**	**222,379**	**168,203**	**-**	**168,203**
Profit		-	-	-	-	-	22,301	22,301	-	22,301
Other comprehensive income, net of tax		-	-	-	(15,072)	(15,072)	-	(15,072)	-	(15,072)
Total comprehensive income for the period		**-**	**-**	**-**	**(15,072)**	**(15,072)**	**22,301**	**7,229**	**-**	**7,229**
Share incentive plan		-	-	-	224	224	-	224	-	224
Dividends		-	-	-	-	-	(13,900)	(13,900)	-	(13,900)
Total contributions and distributions		**-**	**-**	**-**	**224**	**224**	**(13,900)**	**(13,676)**	**-**	**(13,676)**
At 30 June 2014		**71,517**	**(41,235)**	**15,189**	**(114,495)**	**(99,306)**	**230,780**	**161,756**	**-**	**161,756**
									-	
At 1 January 2015		**71,527**	**(41,235)**	**15,324**	**(150,630)**	**(135,306)**	**245,931**	**140,917**	**-**	**140,917**
Profit		-	-	-	-	-	20,367	20,367	-	20,367
Other comprehensive income, net of tax		-	-	-	4,903	4,903	-	4,903	-	4,903
Total comprehensive income for the period		**-**	**-**	**-**	**4,903**	**4,903**	**20,367**	**25,270**	**-**	**25,270**
Share incentive plan		-	-	-	1,700	1,700	-	1,700	-	1,700
Change in common shares, treasury shares and share premium associated with change in parent company	1/5	(1,935)	40,614	567,316	(7,365)	559,951	(598,630)	-	-	-
Total contributions and distributions		**(1,935)**	**40,614**	**567,316**	**(5,665)**	**561,651**	**(598,630)**	**1,700**	**-**	**1,700**
Non-controlling interests arising from change in parent company	1	-	79	-	19,378	19,378	(40,947)	(21,490)	21,490	-
Total changes in ownership interests		**-**	**79**	**-**	**19,378**	**19,378**	**(40,947)**	**(21,490)**	**21,490**	**-**
At 30 June 2015		**69,592**	**(542)**	**582,640**	**(132,014)**	**450,626**	**(373,279)**	**146,397**	**21,490**	**167,887**

The attached notes on page 19 to 26 form an integral part of the condensed consolidated interim financial information

Condensed consolidated interim statements of cash flows

€'000	Note	3 months ended 30 June 2015	3 months ended 30 June 2014	6 months ended 30 June 2015	6 months ended 30 June 2014
Operating activities					
Net profit before income tax		**15,753**	**18,226**	**32,761**	**36,382**
Adjustments for:					
Depreciation of property, plant and equipment		5,129	5,504	9,810	11,060
Amortisation of intangible assets		1,058	1,469	2,152	2,675
Impairment losses on property, plant and equipment		-	1,604	-	1,604
Change in fair value of borrowings and derivatives financial instruments	4	1,335	9,527	15,064	3,424
Deferred income		(207)	(147)	(532)	(35)
Share incentive plan		1,700	199	1,700	224
Unrealised exchange rate differences		3,044	(4,522)	(7,442)	11
Profit on disposal of property, plant and equipment, intangible assets and investment property		48	(30)	(23)	(49)
Financial income	4	(4,966)	(4,561)	(10,590)	(8,767)
Financial expenses	4	7,441	7,002	15,865	13,765
Operating profit before changes in working capital and provisions		**30,335**	**34,271**	**58,765**	**60,294**
Decrease in trade and other receivables, prepaid expenses and derivative financial assets		28,309	1,084	55,736	4,393
Decrease in inventories		380	8,281	2,426	7,926
Decrease in trade and other payables, accrued expenses and derivatives financial liabilities		(21,602)	(18,905)	(42,639)	(16,638)
Decrease in provisions		(1,155)	(77)	(2,757)	(1,385)
Cash generated from operations		**36,267**	**24,654**	**71,531**	**54,590**
Interest received		5,385	4,353	10,347	8,678
Interest and bank charges paid		(10,342)	(7,936)	(16,970)	(14,355)
Income taxes paid		(6,034)	(9,114)	(15,529)	(20,047)
Cash flow from operating activities		**25,276**	**11,957**	**49,379**	**28,866**
Investing activities					
Proceeds on sale of property, plant and equipment, intangible assets and investment property		38	391	123	1,560
Purchases of property, plant, equipment and investment property		(4,652)	(8,570)	(8,351)	(18,058)
Purchases of intangible assets		(718)	(244)	(1,041)	(525)
Cash flow used in investing activities		**(5,332)**	**(8,423)**	**(9,269)**	**(17,023)**
Financing activities					
Proceeds from borrowings		-	82,069	-	83,164
Repayments of borrowings		(19,479)	(76,094)	(19,937)	(96,712)
Decrease of finance lease liabilities		(3)	(5)	(24)	(18)
Dividends paid		-	(13,882)	-	(13,882)
Cash flow used in financing activities		**(19,482)**	**(7,912)**	**(19,961)**	**(27,448)**
Change in cash and cash equivalents		**462**	**(4,378)**	**20,148**	**(15,605)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts		117,543	93,284	95,515	106,788
Effect of exchange rate fluctuations on cash held		(1,855)	11	487	(2,266)
Cash and cash equivalents at the end of the period net of bank overdrafts		**116,150**	**88,917**	**116,150**	**88,917**

The attached notes on page 19 to 26 form an integral part of the condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information of Oriflame Holding AG

Note 1 • Status and principal activity

The Group has moved the domicile of the parent company from Luxembourg to Switzerland during June 2015. The change was done through a share-for-share transaction.

As at 30 June 2015, Oriflame Holding AG ("OHAG" or the "Company") had acquired 87.2% of Oriflame Cosmetics S.A. Luxembourg ("OCSA") shares becoming the holding company of the Oriflame Group and the parent company of OCSA. At the date when this report was issued, OHAG held 97.5% in OCSA shares.

A cross-border merger between OHAG and OCSA with OHAG as the acquiring company will be initiated as soon as practicable in accordance with applicable laws of Luxembourg and Switzerland and the intention is to complete the cross-border merger around the end of September / beginning of October 2015.

OHAG is a holding company incorporated in Switzerland and registered at Bleicheplatz 3, CH-8200 Schaffhausen. 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 2015 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

Following the change of domicile as described in Note 1, the reporting for the Group is now based on IFRS while it was previously based on IFRS as adopted by the EU. This change had no impact on the financial statements of the Group.

The condensed consolidated interim financial information for the six months period ended 30 June 2015 has been prepared by management in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014. The condensed consolidated interim financial information was authorised for issue by the Directors on 13 August 2015.

Changes in accounting policies

The accounting policies applied by the Group in this 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 2014 with the exception of new or revised standards, as explained below.

Following the change of domicile, the requirements of IAS 19, Employee Benefits relating to defined benefit plans (post-employment benefits) were applied for the first time during the interim period. Refer to note 7 for additional information.

New or amended IFRS standards

The new or amended IFRS standards, which became effective 1 January 2015, have had no material effect on the condensed consolidated interim financial information.

Note 3 • Segment reporting

Operating segments

The Group has five main reportable segments, which consists of CIS, Europe, Latin America, Turkey Africa & Asia plus Manufacturing, as this is the structure of financial information reviewed by the Corporate 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. Smaller quantities are produced for third parties as well. "All other segments" includes licensee sales and royalties income. 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 2015

€'000	CIS	Europe	Latin America	Turkey, Africa & Asia	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	205,777	119,688	66,089	212,354	1,770	3,042	**608,720**	132	**608,852**
Operating Profit	19,480	15,876	5,876	31,103	1,076	898	**74,309**	(35,352)	**38,957**
Net financing costs									**(6,196)**
Net profit before income tax									**32,761**
Total income tax expense									**(12,394)**
Net profit									**20,367**
Capital expenditure	(1,381)	(238)	(1,786)	(1,606)	(2,742)	-	**(8,271)**	(1,639)	**(9,392)**
Depreciation & amortisation	(1,683)	(720)	(590)	(1,628)	(2,915)	-	**(8,353)**	(4,425)	**(11,962)**
Goodwill	-	1,053	-	4,345	-	-	**5,398**	-	**5,398**

As per 30 June 2014

€'000	CIS	Europe	Latin America	Turkey, Africa & Asia	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	287,662	133,361	57,622	155,003	993	2,870	**637,511**	107	**637,618**
Operating Profit	34,860	14,292	6,769	20,292	306	1,227	**77,746**	(31,137)	**46,609**
Net financing costs									**(10,227)**
Net profit before income tax									**36,382**
Total income tax expense									**(14,081)**
Net profit									**22,301**
Capital expenditure	(2,610)	(438)	(569)	(2,021)	(11,814)	-	**(17,452)**	(1,130)	**(18,582)**
Depreciation & amortisation	(2,533)	(823)	(511)	(1,329)	(4,193)	(2)	**(9,391)**	(4,344)	**(13,735)**
Impairment	(1,604)	-	-	-	-	-	**(1,604)**	-	**(1,604)**
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	**2015**	**2014**	**2015**	**2014**
Interest income on bank deposits	729	720	1,361	1,306
Interest received on finance lease receivable	6	18	15	28
Cross currency interest rate swaps interest income	4,231	3,823	9,214	7,433
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts gain	3,679	-	12,824	7,316
- Interest rate caps gain	-	842	180	842
- Cross currency interest rate swaps gain	-	2,759	12,681	3,678
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value gain	14,855	-	-	-
- Foreign exchange gains, net	-	6,218	14,142	-
Total financial income	**23,499**	**14,380**	**50,417**	**20,603**
Bank charges and interest expense on loans carried at amortised cost	(2,039)	(2,017)	(5,030)	(3,756)
Interest expense on loan carried at fair value	(3,187)	(4,124)	(6,307)	(6,796)
Cross currency interest rate swaps interest expense	(2,216)	(861)	(4,528)	(3,213)
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts expense	(4,049)	(9,263)	(24,062)	(10,381)
- Interest rate caps expense	(8)	(1,255)	-	(1,836)
- Cross currency interest rate swaps expense	(15,811)	-	-	-
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value loss	-	(2,610)	(12,720)	(3,043)
- Option exchange rate contract loss	-	-	(3,966)	-
Foreign exchange losses, net	(2,168)	-	-	(1,805)
Total financial expenses	**(29,478)**	**(20,130)**	**(56,613)**	**(30,830)**
Net financing costs	**(5,979)**	**(5,750)**	**(6,196)**	**(10,227)**

Note 5 • Equity

Following the change in the parent company from Luxembourg to Switzerland as described in note 1, the equity of the Group was modified. The changes in equity, in reserves and retained results are described in the section below.

Share capital

Oriflame Holding AG, the new parent company has one class of share capital. In addition to the shares already issued and presented below, the Company has an authorised share capital of 16 million of shares with a par value of CHF 1.50 which can be issued at the discretion of the Board of Directors until 19 June 2017. A conditional share capital of 2.414 million shares with a par value of CHF 1.50 is reserved for the purpose of the Share Incentive Plan. 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 CHF 1.50.

		No. of shares	€'000
Share capital			
Balance 31 December 2013		**57,214,062**	**71,517**
Issue of new shares	(i)	7,910	10
Balance 31 December 2014		**57,221,972**	**71,527**
Change in common shares associated with change in parent company	(ii)	(8,730,525)	(1,935)
Balance 30 June 2015		**48,491,447**	**69,592**
Treasury shares			
Balance 31 December 2013		**1,613,409**	**41,235**
Acquisition		-	-
Balance 31 December 2014		**1,613,409**	**41,235**
Change in treasury shares associated with change in parent company	(iii),(iv)	(1,513,409)	(40,614)
Balance 30 June 2015		**100,000**	**621**
Attributable to:			
- owners of the Company			542
- non-controlling interests			79

(i) On 13 August 2014 the Group issued 7,910 shares to Oriflame employees as part of the 2011 share incentive plan. The consideration received was €0.14 million, of which €0.01 million was credited to share capital and €0.13 million was credited to share premium.

(ii) Refer to note 1 for additional information.

(iii) Following the change in the parent company the treasury shares of the former parent company has been derecognised to retained earnings.

(iv) Following the change in domicile of the holding to Switzerland 100,000 treasury shares with a nominal value of CHF 1.50 were created.

The current Share Incentive program of the Group is accounted for in the old holding entity. It is planned to move it with the merger to OHAG.

Share premium
The purpose of the share premium has not changed since year-end 2014 but the balance has been impacted by the change in the parent company described in note 1.

Other reserves
The other reserves relate to the legal reserve, the translation reserve, the hedging reserve and the other reserve on the equity settled share based payments plan. The purpose of these reserves has not changed since year-end 2014 but their balance has been impacted by the change in the parent company described in note 1.
The legal reserve of the former holding company was reclassified to retained earnings. The portion of the translation reserve, the hedging reserve and the other reserve attributable to non-controlling interests was reclassified to non-controlling interests.

Dividend
As indicated in the year-end 2014 report, the Board of Directors will continue to prioritise reducing the debt during the coming quarters. As a consequence, the Board of Directors did not seek a mandate for distribution of dividend up until quarter 1 2016.

Note 6 • Inventories

During the first half of 2015 the Group wrote down €1.0 million (€2.8 million) inventory mainly due to obsolescence which is included in costs of sales.

Note 7 • Defined benefit plans

As a result of the change in parent company of the Group to Switzerland, which started in 2014 and will have been completed in 2015, the number of employees affiliated to Swiss pension plans has increased and the net defined benefit liability arising from Swiss pension plans has become material. The Group has therefore decided to apply the requirements of IAS 19 Employee benefits relating to defined benefit plans and treated the Swiss plans as if they had been newly introduced. The resulting opening net defined benefit liability amounting to €3.2 million was recorded as past service cost in the condensed consolidated interim income statement in administrative expense.

The Group's net obligation in respect of defined benefit plans was calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets. The calculation of the defined benefit obligations was performed by a qualified actuary using the projected unit credit method.

The Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plans are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

The Swiss group entities are affiliated to a collective foundation administrating the pension plans of various unrelated employers. The pension plan of the Swiss group entities is fully segregated from the ones of other participating employers.

The most senior governing body of a pension foundation is the Board of Trustees, which is composed of equal numbers of employee and employer representatives. All governing and administration bodies have an obligation to act in the interests of the plan participants.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which is specifying the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee where applicable and the interest thereon until retirement. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2015 the minimum interest was 1.75%. The actual contributions towards the old age risk as well as the benefits provided are based on the rules defined by the Board of Trustees of the foundation and are above the minimum requirements of the BVG.

All actuarial risks of the plans, e.g. old age, invalidity and death or investment are fully covered by insurance. An underfunding is therefore not possible. However the insurance is able to withdraw from the contract with the group at any time or to increase premiums over time to reflect the risks of the plan, reason why the plan is classified as "defined benefit" plan.

The insurance company bearing the investment risk is also making these investments on behalf of the foundation. As a result, the assets of the Swiss plan consist of a receivable from the insurance police.

Refinancing
On 27 April 2015, Oriflame signed a EUR 110 million five-year revolving, multi-currency, committed, Credit Facility, replacing the EUR 330 million five-year facility signed on 23 May 2011. The interest rate of this Credit Facility is based on EURIBOR + margin.

Similar to the previous credit facility agreement, the current agreement contains a number of financial covenants which include consolidated net debt to consolidated EBITDA ratio as well as consolidated EBITDA to consolidated Finance costs ratio and consolidated net worth.

Repayment
During the quarter, a repayment of the maturing USD 25 million private placement trench was done.

Fair value estimation
The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated interim statements of financial position are as follows:

€'000	30-Jun-15		31-Dec-14	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets carried at amortised cost:				
Trade and other receivables	64,022	64,022	81,410	81,410
Cash and cash equivalents	116,202	116,202	95,569	95,569
Total loans and receivables	***180,224***	***180,224***	***176,979***	***176,979***
Total financial assets carried at amortised cost	**180,224**	**180,224**	176,979	176,979
Financial assets carried at fair value:				
Cross currency interest rate swaps for trading	50,425	50,425	37,709	37,709
Interest rate caps for trading	393	393	213	213
Forward exchange rate contracts for trading	7,757	7,757	28,184	28,184
Option exchange rate contract for trading	-	-	3,966	3,966
Total derivatives for trading	***58,575***	***58,575***	70,072	70,072
Cross currency interest rate swaps for hedging	20,850	20,850	9,746	9,746
Forward exchange rate contracts for hedging	4,724	4,724	10,249	10,249
Total derivatives for hedging	***25,574***	***25,574***	***19,995***	***19,995***
Total derivative financial assets	***84,149***	***84,149***	***90,067***	***90,067***
Total financial assets carried at fair value	**84,149**	**84,149**	**90,067**	**90,067**
Financial liabilities carried at amortised cost:				
Loans	(143,317)	(153,371)	(136,853)	(149,409)
Other long term liabilities	(663)	(663)	(591)	(591)
Trade and other payables	(70,231)	(70,231)	(86,915)	(86,915)
Finance lease liabilities	(11)	(11)	(34)	(39)
Bank overdrafts	(52)	(52)	(54)	(54)
Total financial liabilities carried at amortised cost	**(214,274)**	**(224,328)**	**(224,447)**	**(237,008)**
Financial liabilities carried at fair value:				
USD loan	(197,889)	(197,889)	(203,551)	(203,551)
Total designated as such upon initial recognition	***(197,889)***	***(197,889)***	***(203,551)***	***(203,551)***
Cross currency interest rate swaps for trading	(822)	(822)	(954)	(954)
Forward exchange rate contracts for trading	(1,827)	(1,827)	(11,428)	(11,428)
Total derivatives for trading	***(2,649)***	***(2,649)***	***(12,382)***	***(12,382)***
Cross currency interest rate swaps for hedging	(1,020)	(1,020)	(1,020)	(1,020)
Forward exchange rate contracts for hedging	(885)	(885)	(1,250)	(1,250)
Total derivatives for hedging	***(1,905)***	***(1,905)***	***(2,270)***	***(2,270)***
Total derivative financial liabilities	***(4,554)***	***(4,554)***	***(14,652)***	***(14,652)***
Total financial liabilities carried at fair value cost	**(202,443)**	**(202,443)**	**(218,203)**	**(218,203)**

Trade and other receivables
The fair value of trade and other receivables is equal to carrying value given its short-term nature.

Trade and other payables
The fair value of trade and other payables is equal to carrying value given its short-term nature.

Derivative financial assets and liabilities
The fair value of forward exchange contracts, interest rate swaps, cross currency interest rate swaps and options are based on their market quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date. The fair value of interest rate caps is the estimated amount which the Group would receive or pay when unwinding the caps at the reporting date.

Financial liabilities at amortised costs
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the forward market rate of interest at the reporting date.

Financial liabilities carried at fair value designated as such upon initial recognition
The fair value of the USD loans is calculated by discounting the cash flows associated to the loan schedule for the life of the loan at the market interest rates prevailing for such type and currency of loan as of the reporting date. No changes in the credit risks were done for this calculation as there have been no changes in the financial condition of the Group since the inception of the USD loans.

Fair value hierarchy
The table below shows fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy, by valuation method. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

€'000	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2015				
Financial assets and liabilities measured at fair value				
USD loans	-	(197,889)	-	(197,889)
Derivative financial assets	-	84,149	-	84,149
Derivative financial liabilities	-	(4,554)	-	(4,554)
	-	**(118,294)**	**-**	**(118,294)**
Financial assets and liabilities not measured at fair value				
Loans	-	(153,371)	-	(153,371)
Finance lease liabilities	-	(11)	-	(11)
	-	**(153,382)**	**-**	**(153,382)**

€'000	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2014				
Financial assets and liabilities measured at fair value				
USD loans	-	(203,551)	-	(203,551)
Derivative financial assets	-	90,067	-	90,067
Derivative financial liabilities	-	(14,652)	-	(14,652)
	-	**(128,136)**	**-**	**(128,136)**
Financial assets and liabilities not measured at fair value				
Loans	-	(149,409)	-	(149,409)
Finance lease liabilities	-	(39)	-	(39)
	-	**(149,448)**	**-**	**(149,448)**

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2015 and the twelve months ended 31 December 2014.

Note 9 • 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