ORIFLAME
SWEDEN

Interim Report I January – 30 June 2016

+17% LC SALES

+3% EURO SALES

9.9% OPERATING MARGIN

3 months ended 30 June 2016

- Local currency sales increased by 17% and Euro sales increased by 3% to €309.6m (€301.0m).
- Number of active consultants decreased by 5% to 2.9m.
- EBITDA amounted to €40.6m (€29.6m).
- Operating margin was 9.9% (7.2%, adjusted* 8.3%), impacted by -390 bps from currencies, and operating profit €30.8m (€21.7m, adjusted* €25.0m).
- Net profit was €18.1m (€9.1m, adjusted** €11.9m) and diluted EPS €0.32 (€0.16, adjusted** €0.21).
- Cash flow from operating activities was €35.8m (€25.3m).
- The year to date sales development is approximately 14% in local currency and the development in the third quarter to date is approximately 12% in local currency.

*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 2016

- Local currency sales increased by 14% and Euro sales increased by 1% to €615.4m (€608.9m).
- EBITDA amounted to €68.3m (€52.6m).
- Operating margin was 8.4% (6.4%, adjusted* 6.9%), impacted by -390 bps from currencies, and operating profit was €51.9m (€39.0m, adjusted* €42.2m).
- Net profit was €28.8m (€20.4m, adjusted** €23.1m) and diluted EPS €0.51 (€0.37, adjusted** €0.42).
- Cash flow from operating activities amounted to €57.3m (€49.4m).

*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

Significant events after the end of the quarter

- Oriflame will prepay $14.1m of the Private Placement debt during the third quarter 2016, corresponding to a cash outflow of €9.9m.

"We are pleased with the healthy sales development during the second quarter where we report Euro growth despite strong currency headwinds, partly fueled by positive timing and a strong start of the quarter. The third quarter has started in a promising way, although many of our markets continue to be volatile and we face highly uncertain geopolitical and macroeconomic conditions. We continue to execute on our strategic priorities to further strengthen our position and efficiency going forward."

CEO Magnus Brännström

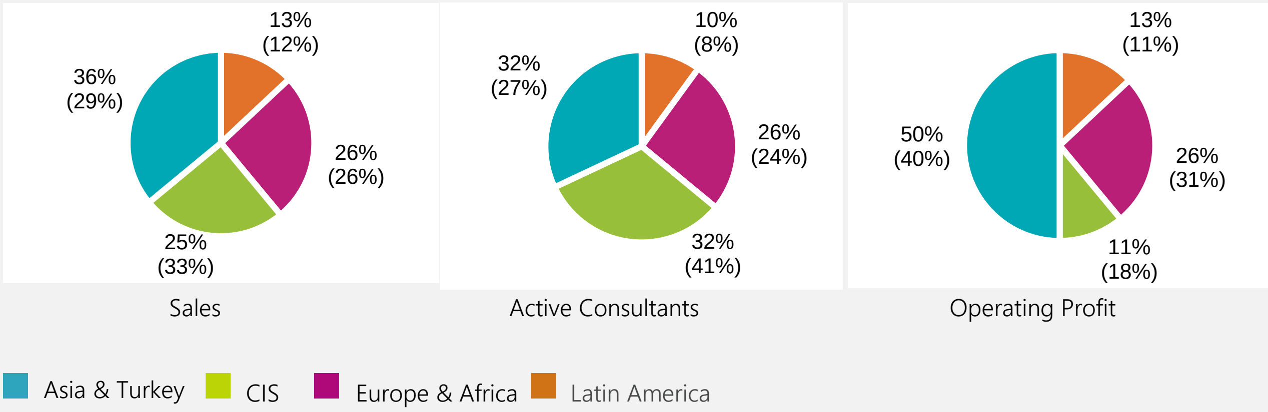
CEO Magnus Brännström comments

"We are pleased with the healthy sales development during the second quarter where we report Euro growth despite strong currency headwinds, partly fueled by positive timing and a strong start of the quarter. The solid performance in Asia & Turkey and Latin America continued and further improvements could be seen in Europe, while the situation in Africa was continuously challenging. CIS experienced local currency growth in the quarter although margin improvement challenges remain. The third quarter has started in a promising way, although many of our markets continue to be volatile and we face highly uncertain geopolitical and macroeconomic conditions. We continue to execute on our strategic priorities to further strengthen our position and efficiency going forward."

Key financial data

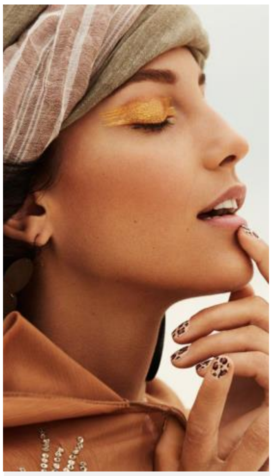
3 months ended 30 June

Oriflame Holding AG is as of the first quarter 2016 reporting in line with the new Global Business Area structure, as reflected below.



Financial summary (€ Million)	3 months ended 30 June			6 months ended 30 June			LTM July '15-June '16[3]	Year end 2015[4]
	2016	2015[1]	Change %	2016	2015[1]	Change %		
Sales	309.6	301.0	3%	615.4	608.9	1%	1,218.1	1,211.6
Gross margin, %	71.5	70.7	-	70.5	69.3	-	69.8	69.2
EBITDA	40.6	29.6	37%	68.3	52.6	30%	133.1	117.4
Operating profit	30.8	21.7	42%	51.9	39.0	33%	103.5	90.6
Operating margin, %	9.9	7.2	-	8.4	6.4	-	8.5	7.5
Adj. operating profit	30.8	25.0	23%	51.9	42.2	23%	109.9	100.2
Adj. operating margin, %	9.9	8.3	-	8.4	6.9	-	9.0	8.3
Net profit before tax	27.1	15.8	72%	42.7	32.8	30%	77.2	67.3
Adj. net profit before tax	27.1	19.0	43%	42.7	36.0	19%	83.6	76.9
Net profit	18.1	9.1	99%	28.8	20.4	41%	42.6	34.2
Adj. net profit	18.1	11.9[2]	52%	28.8	23.1[2]	25%	48.9	43.2[2]
Diluted EPS, €	0.32	0.16	100%	0.51	0.37	38%	0.77	0.62
Adj. Diluted EPS, €	0.32	0.21[2]	52%	0.51	0.42[2]	21%	0.88	0.79[2]
Cash flow from operating activities	35.8	25.3	42%	57.3	49.4	16%	130.1	122.2
Net interest-bearing debt	106.5	226.8	(53%)	106.5	226.8	(53%)	106.5	171.6
Net interest-bearing debt at hedged values	44.9	156.2	(71%)	44.9	156.2	(71%)	44.9	94.0
Active consultants, '000	2,862	3,023	(5%)	2,862	3,023	(5%)	2,862	3,246
Sales per active consultant, €	107.3	99.0	8%	213.0	199.8	7%	421.9	370.3

[1]Adjusted for non-recurring items of €3.2m [2]Adjusted for additional non-recurring tax items of (€0.5m)
[3]Adjusted for non recurring items of €6.4m [4]Adjusted for non recurring items of €9.6m



-390 bps

OPERATING MARGIN IMPACT FROM FX

Three months ended 30 June 2016

Sales in local currencies increased by 17% and Euro sales increased by 3% to €309.6m compared to €301.0m in the same period prior year. Sales development in local currencies was impacted by a 22% increase in productivity while the number of active consultants in the quarter decreased by 5% to 2.9m (3.0m).

Unit sales increased by 5% and the price/mix effect was up by 12%, of which approximately half was mix. The positive mix effect is a combination of geographic and product mix, primarily driven by Wellness and Skin Care.

Local currency sales increased by 35% in Asia & Turkey, by 4% in CIS, by 7% in Europe & Africa and by 27% in Latin America.

The gross margin was 71.5% (70.7%) and the operating margin amounted to 9.9% (7.2%, adjusted 8.3%). The operating margin was negatively impacted by currency movements of 390 bps, offset by lower selling and marketing expenses, hedging and positive price/mix effects.

Net profit amounted to €18.1m (€9.1m, adjusted €11.9m) and diluted earnings per share amounted to €0.32 (€0.16, adjusted €0.21).

Cash flow from operating activities increased to €35.8m (€25.3m).

The average number of full-time equivalent employees decreased to 6,264 (6,565) as a result of various efficiency measures.

Six months ended 30 June 2016

Sales in local currencies increased by 14% and Euro sales increased by 1% to €615.4m compared to €608.9m in the same period prior year. Sales development in local currencies was impacted by a 19% increase in productivity while the number of active consultants decreased by 5%.

The gross margin amounted to 70.5% (69.3%) and the operating margin to 8.4% (6.4%, adjusted 6.9%). The operating margin was negatively impacted by currency movements of 390 bps, offset by lower selling and marketing expenses, hedging and positive price/mix effects.

Net profit amounted to €28.8m (€20.4m, adjusted €23.1m) and diluted earnings per share was €0.51 (€0.37, adjusted €0.42).

Cash flow from operating activities increased to €57.3m (€49.4m).

MORE THAN 90% OF THE ORDERS ENTERED ONLINE

Operational highlights

Brand and Innovation

The strategic product categories Skin Care and Wellness continued to perform well during the second quarter. The main initiative taken within Skin Care was the relaunch of the *Ecobeauty* range while the roll-out of *NovAge* continued, now being a key contributor to sales. The Wellness growth was to a large extent driven by set selling.

In Colour Cosmetics several key launches were made within *The ONE* brand, including *The ONE Lip Sensations* and the new innovative mascara *The ONE Hypnotic Depth*.

The Fragrance category experienced solid growth driven by strong newness performance. The main launches in the category during the quarter were *Volare Forever* and *Blue Wonders*.

A positive development could be seen within Personal and Hair Care, mainly driven by the relaunch of the foot care pillar brand *Feet Up*.

Online

The company's digital sites and services continue to be the primary interaction point with sales consultants and customers, with more than 90% of the orders entered in this channel during the quarter. Mobile devices represented around 40% of all site visits, with selected markets approaching 70%.

Following the successful implementation of the new digital platform, efforts during the second quarter were focused on the continued development and implementation of the company's new e-commerce platform. The platform is cloud-based to offer globally improved transactional capacity and performance. It also offers a wide variety of features that provide increased opportunities to tailor offers and recommendations or action based triggers for individual user segments.

Rollout of the upgraded version of the Oriflame Beauty app continued in Asia, aiming to simplify and stimulate ordering by consultants and their selling to customers. The number of downloads exceeded 200,000 in the region. As online payments are increasing significantly, several online payment methods were introduced in order to increase local relevance of payment options in key markets. Development of the digital platform continued, with focus on enhancing business tools for sales consultants, compelling product presentation and increased search engine visibility.

Service, Manufacturing and Other

Service levels were healthy and the number of inventory days were reduced further.

Although the unit increase seen in the quarter had a positive impact on the Group's manufacturing, the overall utilisation of assets remains a challenge. The efforts to improve the capacity utilization are starting to show results and will continue with various alternatives being evaluated such as increased insourcing, additional technologies as well as external sales opportunities. Other efficiency measures in manufacturing have also rendered positive results.

During the quarter, the Oriflame Sustainability Report was published and is available on the Oriflame website.

21.1%

OPERATING MARGIN

Asia & Turkey

Key figures

	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Sales, €m	87.1	77.2	100.4	103.9	109.5
Sales growth in €	39%	34%	32%	23%	26%
Sales growth in lc	22%	26%	28%	31%	35%
Op profit, €m[1]	15.1	10.7	19.8	14.7	23.1
Op margin	17.3%	13.8%	19.8%	14.2%	21.1%
Active consultants, '000	817	790	928	961	923
Sales /active consultant, €	106.5	97.8	108.2	108.2	118.8

[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

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

Development

Second quarter sales growth in local currencies was 35% as a result of a 13% increase in the number of active consultants and a 22% increase in productivity. Euro sales were up by 26% to €109.5m (€87.1m). Healthy growth in most markets with strong performance in China, Indonesia, Turkey and Vietnam in particular. The combination of solid leadership, online activity and the focus on Skin Care and Wellness sets and routines continues to be the key success factor in the region.

Operating margin increased to 21.1% (17.3%) and operating profit was €23.1m (€15.1m). The margin was positively impacted by a favourable geographical mix.

+4%

LOCAL CURRENCY SALES

CIS

Key figures

	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Sales, €m	97.4	77.2	104.0	86.6	78.0
Sales growth in €	(27%)	(32%)	(30%)	(20%)	(20%)
Sales growth in lc	(15%)	(9%)	(13%)	0%	4%
Op profit, €m[1]	6.9	7.1	8.9	7.2	5.2
Op margin	7.1%	9.2%	8.6%	8.4%	6.7%
Active consultants, '000	1,243	1,075	1,281	1,133	913
Sales /active consultant, €	78.4	71.8	81.2	76.4	85.4

[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.

Countries

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

Development

Local currency sales in the second quarter increased by 4%, as a result of a 27% decrease in the number of active consultants and an increase in productivity of 31%. Euro sales were down by 20% to €78.0m (€97.4m). Local currency sales in Russia were up by 6%, driven by continued high online activity and strong leadership development. Kazakhstan recorded solid performance during the quarter while the challenges in Ukraine remained. Continued measures are taken to meet the difficulties in the CIS region, where a weak consumer situation makes it challenging to fully realize the implemented price increases as consumers are trading down.

Operating profit amounted to €5.2m (€6.9m) resulting in an operating margin of 6.7% (7.1%). Margins were negatively affected by exchange rates and product mix caused by down trading within the categories.

15.2%

OPERATING MARGIN

Europe & Africa

Key figures

	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Sales, €m	79.0	71.3	97.0	82.4	81.2
Sales growth in €	(4%)	2%	3%	1%	3%
Sales growth in lc	(6%)	2%	3%	2%	7%
Op profit, €m[1]	11.7	11.0	15.2	11.8	12.4
Op margin	14.8%	15.4%	15.7%	14.3%	15.2%
Active consultants, '000	735	663	774	768	740
Sales /active consultant, €	107.5	107.6	125.4	107.3	109.7

[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, Bosnia, Bulgaria, Croatia, Czech Rep., Denmark, Egypt, Estonia, Finland, Greece, Holland, Hungary, Kenya, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Morocco, Nigeria, Norway, Poland, Portugal, Romania, Tanzania, Tunisia, Serbia, Slovakia, Slovenia, Spain, Sweden, Uganda, UK/Ireland.

Development

Local currency sales in the second quarter increased by 7%, with similar growth rates in both Europe and Africa, as a result of a 1% increase in active consultants and 6% increase in productivity. Euro sales increased by 3% to €81.2m (€79.0m). Europe continued to improve during the quarter, with healthy growth in Central Europe and stable development in Western Europe, while the macroeconomic challenges in many of the African markets remained.

Operating profit amounted to €12.4m (€11.7m) and operating margin increased to 15.2% (14.8%), positively impacted by lower selling and marketing expenses.

+27%

LOCAL CURRENCY SALES

Latin America

Key figures

	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Sales, €m	35.7	35.3	35.6	29.4	38.5
Sales growth in €	15%	8%	10%	(3%)	8%
Sales growth in lc	9%	15%	17%	13%	27%
Op profit, €m[1]	4.1	5.0	5.1	2.6	6.1
Op margin	11.4%	14.1%	14.3%	8.9%	15.8%
Active consultants, '000	228	268	263	243	286
Sales /active consultant, €	156.6	131.6	135.6	120.9	134.5

[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.

Countries

Chile, Colombia, Ecuador, Mexico, Peru.

Development

Local currency sales in the second quarter increased by 27% as a result of a 26% increase in the number of active consultants and a 1% increase in productivity compared to prior year. Euro sales were up by 8% to €38.5m (€35.7m). The region recorded solid growth during the quarter, partly helped by positive timing of catalogues. Particularly strong performance could be seen in Mexico, Peru and Colombia, mainly driven by solid leadership development and incentive programs, whereas the situation in Ecuador remained challenging.

Operating profit amounted to €6.1m (€4.1m) and operating margin to 15.8% (11.4%), positively impacted by lower selling and marketing expenses and favourable rates linked to product costs.

Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 30 June 2016	2015	Change in Euro	Change in lc
Asia & Turkey	109.5	87.1	26%	35%
CIS	78.0	97.4	(20%)	4%
Europe & Africa	81.2	79.0	3%	7%
Latin America	38.5	35.7	8%	27%
Manufacturing	0.4	0.3	33%	66%
Other	2.0	1.5	33%	25%
Total sales	**309.6**	**301.0**	**3%**	**17%**

Sales (€ Million)	6 months ended 30 June 2016	2015	Change in Euro	Change in Lc	LTM, July'15-June'16	Year end 2015
Asia & Turkey	213.5	171.4	25%	33%	390.9	348.8
CIS	164.5	205.8	(20%)	2%	345.7	387.0
Europe & Africa	163.6	160.7	2%	5%	332.0	329.1
Latin America	67.9	66.1	3%	20%	138.7	136.9
Manufacturing	2.6	1.8	44%	52%	3.9	3.1
Other	3.3	3.1	6%	3%	6.9	6.7
Total sales	**615.4**	**608.9**	**1%**	**14%**	**1,218.1**	**1,211.6**

Adj. operating profit (€ Million)	3 months ended 30 June			6 months ended 30 June			LTM, July'15-June16	Year end 2015
	2016	2015	Change	2016	2015	Change		
Asia & Turkey	23.1	15.1	53%	37.8	23.6	60%	68.3	54.1
CIS	5.2	6.9	(24%)	12.5	19.5	(36%)	28.5	35.5
Europe & Africa	12.4	11.7	6%	24.2	23.4	3%	50.4	49.6
Latin America	6.1	4.1	49%	8.7	5.9	47%	18.8	16.0
Manufacturing	1.6	0.4	400%	5.0	1.1	455%	10.1	6.2
Other	(17.6)	(13.2)	(33%)	(36.3)	(31.3)	(16%)	(66.2)	(61.2)
Total adj. operating profit	**30.8**	**25.0**[1]	**23%**	**51.9**	**42.2**[1]	**23%**	**109.9**[2]	**100.2**[3]

[1]Adjusted for non-recurring items of €3.2m
[2]Adjusted for non-recurring items of €6.4m
[3]Adjusted for non-recurring items of €9.6m

Active consultants ('000)	30 June 2016	2015	Change	Year end 2015
Asia & Turkey	923	817	13%	928
CIS	913	1,243	(27%)	1,281
Europe & Africa	740	735	1%	774
Latin America	286	228	26%	263
Total	**2,862**	**3,023**	**(5%)**	**3,246**

0.3

NET DEBT AT HEDGED VALUES /EBITDA

Cash flow & investments

Cash flow from operating activities in the second quarter amounted to €35.8m (€25.3m), driven by higher EBITDA and positive working capital development.

Cash flow used in investing activities amounted to €-3.3m (€-5.3m).

Financial position

Net interest-bearing debt at hedged values amounted to €44.9m (€156.2m). The net debt at hedged values/EBITDA ratio was 0.3 (1.4).

Net interest-bearing debt amounted to €106.5m (€226.8m). The net debt/EBITDA ratio was 0.8 (2.0). Interest cover amounted to 8.2 (5.3) in the quarter and to 5.7 (4.8) during the last twelve months.

Covenant disclosure

As per the end of the second quarter 2016, 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: 0.6 (covenant at ≤ 3.0 times)
Consolidated EBITDA to Consolidated Finance costs: 9.5 (covenant at ≥ 5.0 times)
Consolidated Net Worth: €153m (covenant at ≥ €120m)

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 2015.

Annual General Meeting

Oriflame Holding AG held its 2016 Annual General Meeting in Zurich, Switzerland, on 17 May 2016. The AGM resolved to re-elect the current Directors Alexander af Jochnick, Jonas af Jochnick, Robert af Jochnick, Magnus Brännström, Anders Dahlvig, Anna Malmhake and Christian Salamon as Members of the Board and Alexander af Jochnick as Chairman of the Board. Karen Tobiasen and Mona Abbasi were elected as new Members of the Board. Lilian Fossum Biner and Helle Kruse Nielsen had declined re-election after serving nine and eleven years respectively as a Director. The Oriflame Group's CFO, Gabriel Bennet was previously a Director to the Board of Oriflame Holding AG for a transitional period in order to facilitate the administration of the domicile change of the Oriflame Group, from Luxembourg to Switzerland. As the domicile change was successfully completed in the third quarter 2015 Gabriel Bennet has, as originally intended, discontinued his role as Director to the Board. Gabriel Bennet continues in his role as CFO for the Group.

All proposals to the AGM were approved apart from the proposal to amend Article 3bis of the articles of association (AGM agenda voting item 8) which did not reach the qualified majority required. The Board of Directors notes that the proposed amendments were predominantly of a technical nature and that the failure to reach the qualified majority has no practical implications for the Company for the period until the next AGM.

Dividend

The 2016 Annual General Meeting resolved that a dividend in the amount of €0.40 per outstanding share of the Company be distributed and paid in two installments as follows: €0.20 to the shareholders of record on 15 November 2016 and €0.20 to the shareholders of record on 15 February 2017.

12%

THIRD QUARTER TO DATE LC SALES

14%

YEAR TO DATE LC SALES

Personnel

The average number of full-time equivalent employees decreased to 6,264 (6,565), driven by various efficiency measures.

Significant events after the end of the quarter

Oriflame will prepay $14.1m of the Private Placement debt during the third quarter 2016, corresponding to a cash outflow of €9.9m.

Year to date and third quarter update

The year to date sales development is approximately 14% in local currency and the development in the third quarter to date is approximately 12% in local currency.

Long term targets

Oriflame 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 2016/2017

The third quarter 2016 report will be published on 10 November 2016.
The fourth quarter 2016 report will be published on 16 February 2017.
Capital Markets Day: Linked to the Company's fifty year anniversary, a Capital Markets Day will be held in connection to the fourth quarter 2016 report.

Other

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

Conference call for the financial community
The company will host a conference call on Tuesday, 16 August 2016 at 11.00 CET.

Participant access numbers:
DK: +45 35445575
FI: +35 8981710493
UK: +44 2030089802
NO: +47 23500254
SE: +46 856642691
US: +18558315948

The conference call will also be audio web cast in "listen-only" mode through Oriflame's website**:** **www.oriflame.com** or through **http://oriflame-ir.creo.se/160816**

16 August 2016

Magnus Brännström
Chief Executive Officer

For further information, please contact:

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This information is information that Oriflame Holding AG is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:15 CET on August 16, 2016.

Oriflame Holding AG
Bleicheplatz 3, CH-8200 Schaffhausen, Switzerland
www.oriflame.com
Company registration no CHE-134.446.883

Statement from the Board of Directors

The condensed consolidated set of interim financial statements 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	Mona Abbasi Board member	Jonas af Jochnick Board member	Robert af Jochnick Board member
Karen Tobiasen Board member	Anna Malmhake Board member	Christian Salamon Board member	Magnus Brännström CEO & Board member

Consolidated key figures

	3 months ended 30 June		6 months ended 30 June			
	2016	2015[1]	2016	2015[1]	LTM, July'15-June'16[2]	Year end 2015[3]
Gross margin, %	71.5	70.7	70.5	69.3	69.8	69.2
EBITDA margin, %	13.1	9.8	11.1	8.6	10.9	9.7
Adj. operating margin, %	9.9	8.3	8.4	6.9	9.0	8.3
Return on:						
- operating capital, %	-	-	31.0	20.6	31.0	25.4
- capital employed, %	-	-	24.1	18.2	24.1	20.7
Net debt at hedged values / EBITDA (LTM)	0.3	1.4	0.3	1.4	0.3	0.8
Net debt / EBITDA (LTM)	0.8	2.0	0.8	2.0	0.8	1.5
Interest cover	8.2	5.3	6.3	4.3	5.7	4.8
Average no. of full-time equivalent employees	6,264	6,565	6,310	6,664	6,358	6,535

[1] Adjusted for non-recurring items of €3.2m
[2] Adjusted for non-recurring items of €6.4m
[3] Adjusted for non-recurring items of €9.6m

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	Q1'15	Q2'15[1]	Q3'15	Q4'15[2]	Q1'16	Q2'16
Sales, €m	307.8	301.0	263.2	339.5	305.8	309.6
Gross margin, %	67.8	70.7	67.6	70.3	69.5	71.5
EBITDA, €m	23.0	29.6	25.1	39.7	27.7	40.6
Adj. operating profit, €m	17.2	25.0	19.1	38.9	21.1	30.8
Adj. operating margin, %	5.6	8.3	7.3	11.5	6.9	9.9
Adj. net profit before income tax, €m	17.0	19.0	9.8	31.0	15.7	27.1
Adj. net profit, €m	11.2	11.9	4.9	15.2	10.7	18.1
Adj. EPS, diluted €	0.20	0.21	0.09	0.27	0.19	0.32
Cash flow from op. activities, €m	24.1	25.3	4.1	68.8	21.5	35.8
Net interest-bearing debt, €m	264.7	226.8	231.3	171.6	133.8	106.5
Active consultants, '000	3,429	3,023	2,796	3,246	3,105	2,862

Sales, €m	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Asia & Turkey	84.2	87.1	77.2	100.4	103.9	109.5
CIS	108.4	97.4	77.2	104.0	86.6	78.0
Europe & Africa	81.7	79.0	71.3	97.0	82.4	81.2
Latin America	30.4	35.7	35.3	35.6	29.4	38.5
Manufacturing	1.5	0.3	0.6	0.7	2.1	0.4
Other	1.6	1.5	1.6	1.8	1.4	2.0
Oriflame	**307.8**	**301.0**	**263.2**	**339.5**	**305.8**	**309.6**

Adj. operating Profit, €m	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Asia & Turkey	8.5	15.1	10.7	19.8	14.7	23.1
CIS	12.6	6.9	7.1	8.9	7.2	5.2
Europe & Africa	11.7	11.7	11.0	15.2	11.8	12.4
Latin America	1.8	4.1	5.0	5.1	2.6	6.1
Manufacturing	0.7	0.4	2.7	2.3	3.3	1.6
Other	(18.1)	(13.3)	(17.4)	(12.4)	(18.5)	(17.6)
Oriflame	**17.2**	**25.0[1]**	**19.1**	**38.9[2]**	**21.1**	**30.8**

Active consultants, '000	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Asia & Turkey	874	817	790	928	961	923
CIS	1,531	1,243	1,075	1,281	1,133	913
Europe & Africa	797	735	663	774	768	740
Latin America	227	228	268	263	243	286
Oriflame	**3,429**	**3,023**	**2,796**	**3,246**	**3,105**	**2,862**

Adj. operating Margin, %	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Asia & Turkey	10.1	17.3	13.8	19.8	14.2	21.1
CIS	11.6	7.1	9.2	8.6	8.4	6.7
Europe & Africa	14.3	14.8	15.4	15.7	14.3	15.2
Latin America	6.0	11.4	14.1	14.3	8.9	15.8
Oriflame	**5.6**	**8.3[1]**	**7.3**	**11.5[2]**	**6.9**	**9.9**

[1]Adjusted for non-recurring items of €3.2m [2]Adjusted for non-recurring items of €6.4m

€ Sales Growth in %	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Asia & Turkey	48	39	34	32	23	26
CIS	(30)	(27)	(32)	(30)	(20)	(20)
Europe & Africa	(6)	(4)	2	3	1	3
Latin America	15	15	8	10	(3)	8
Oriflame	**(6)**	**(3)**	**(4)**	**(4)**	**(1)**	**3**

Cash Flow, €m	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Operating cash flow	24.1	25.3	4.1	68.8	21.5	35.8
Cash flow used in investing activities	(3.9)	(5.3)	(3.9)	(2.3)	(1.7)	(3.3)

KPMG

Review Report to the Board of Directors of

Oriflame Holding AG, Schaffhausen

Introduction

We have been engaged to review the accompanying condensed consolidated statement of financial position of Oriflame Holding AG as at 30 June 2016 and the related condensed consolidated 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 statements') on pages 15 to 26. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements 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 condensed consolidated interim financial statements as at 30 June 2016 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, 15 August 2016

Condensed consolidated income statements

€'000	3 months ended 30 June 2016	3 months ended 30 June 2015	6 months ended 30 June 2016	6 months ended 30 June 2015	LTM, July15-June16	Year End 2015
Sales	309,590	301,032	615,395	608,852	1,218,106	1,211,563
Cost of sales	(88,244)	(88,081)	(181,508)	(187,183)	(367,573)	(373,248)
Gross profit	**221,346**	**212,951**	**433,887**	**421,669**	**850,533**	**838,315**
Other income	11,506	11,345	22,159	22,313	43,970	44,124
Selling and marketing expenses	(110,155)	(111,772)	(224,802)	(229,911)	(438,008)	(443,117)
Distribution and infrastructure	(22,581)	(23,187)	(45,822)	(47,160)	(91,998)	(93,336)
Administrative expenses	(69,314)	(67,605)	(133,478)	(127,954)	(260,871)	(255,347)
Operating profit*	**30,802**	**21,732**	**51,944**	**38,957**	**103,626**	**90,639**
Financial income	8,482	23,499	15,649	50,417	27,911	62,679
Financial expenses	(12,224)	(29,478)	(24,858)	(56,613)	(54,276)	(86,031)
Net financing costs	**(3,742)**	**(5,979)**	**(9,209)**	**(6,196)**	**(26,365)**	**(23,352)**
Net profit before income tax	**27,060**	**15,753**	**42,735**	**32,761**	**77,261**	**67,287**
Total income tax expense	(8,932)	(6,619)	(13,934)	(12,394)	(34,656)	(33,116)
Profit attributable to owners of the Company*	**18,128**	**9,134**	**28,801**	**20,367**	**42,605**	**34,171**

* The analysis of operating profit and net profit is disclosed in note 9.

Earnings per share

€	3 months ended 30 June 2016	3 months ended 30 June 2015	6 months ended 30 June 2016	6 months ended 30 June 2015	LTM, July'15-June'16	Year end 2015
EPS:						
- basic	0.33	0.16	0.52	0.37	0.77	0.62
- diluted	0.32	0.16	0.51	0.37	0.77	0.62
Weighted avg. number of shares outstanding:						
- basic	55,673,369	55,608,563	55,640,787	55,608,563	55,042,313	54,868,150
- diluted	56,245,663	55,608,563	56,213,081	55,608,563	55,614,607	54,868,150
Total number of shares outstanding (excluding treasury shares)	55,741,121	48,391,447	55,741,121	48,391,447	55,741,121	55,608,563

The attached notes on page 20 to 26 form integral part of the condensed consolidated interim financial statements

Condensed consolidated statements of comprehensive income

€'000	3 months ended 30 June 2016	3 months ended 30 June 2015	6 months ended 30 June 2016	6 months ended 30 June 2015	LTM, July'15-June'16	Year end 2015
Profit attributable to owners of the Company	**18,128**	**9,134**	**28,801**	**20,367**	**42,605**	**34,171**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements of net defined liability, net of tax	(837)	-	(837)	-	(1,087)	(250)
Revaluation reserve	(180)	38	(210)	38	(358)	(110)
Total items that will not be reclassified subsequently to profit or loss	***(1,017)***	***38***	***(1,047)***	***38***	***(1,445)***	***(360)***
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	4,283	(2,576)	2,275	9,082	(30,619)	(23,812)
Effective portion of changes in fair value of cash flow hedges, net of tax	(2,011)	479	(2,961)	(4,217)	308	(948)
Total items that are or may be reclassified subsequently to profit or loss	***2,272***	***(2,097)***	***(686)***	***4,865***	***(30,311)***	***(24,760)***
Other comprehensive income for the period, net of tax	**1,255**	**(2,059)**	**(1,733)**	**4,903**	**(31,756)**	**(25,120)**
Total comprehensive income for the period attributable to owners of the Company	**19,383**	**7,075**	**27,068**	**25,270**	**10,849**	**9,051**

The attached notes on page 20 to 26 form integral part of the condensed consolidated interim financial statements

Condensed consolidated statements of financial position

€'000	Note	30 June, 2016	31 December, 2015	30 June, 2015
Assets				
Property, plant and equipment		156,527	153,138	183,606
Intangible assets		13,892	17,356	18,531
Investment property		542	542	594
Deferred tax assets		21,274	20,796	19,363
Other long-term receivables		1,096	992	1,079
Total non-current assets		**193,331**	**192,824**	**223,173**
Inventories		144,060	162,514	174,107
Trade and other receivables		63,736	62,725	64,022
Tax receivables		8,382	7,051	7,201
Prepaid expenses		36,038	37,032	40,120
Derivative financial assets		64,111	85,098	84,149
Cash and cash equivalents		163,787	176,384	116,202
Total current assets		**480,114**	**530,804**	**485,801**
Total assets		**673,445**	**723,628**	**708,974**
Equity				
Share capital	5	79,850	79,788	69,592
Treasury shares	5	(80)	(621)	(542)
Share premium	5	654,381	654,381	582,640
Reserves	5	(179,239)	(178,675)	(132,014)
Retained earnings	5	(393,834)	(401,416)	(373,279)
Equity attributable to owners of the Company		**161,078**	**153,457**	**146,397**
Non-controlling interests		-	-	21,490
Total equity		**161,078**	**153,457**	**167,887**
Liabilities				
Interest-bearing loans	7	194,154	343,437	336,082
Other long-term non interest-bearing liabilities		839	839	1,504
Net defined benefit liability		4,673	3,652	3,235
Deferred income		325	324	297
Deferred tax liabilities		236	3,860	2,108
Total non-current liabilities		**200,227**	**352,112**	**343,226**
Current portion of interest-bearing loans	7	74,822	2,963	5,188
Trade and other payables		67,250	82,345	70,231
Shareholders liability	5	22,296	-	-
Deferred Income		401	767	2,552
Tax payables		16,470	15,324	12,420
Accrued expenses		115,350	99,072	99,825
Derivative financial liabilities		4,777	3,785	4,554
Provisions		10.774	13,803	3,090
Total current liabilities		**312,140**	**218,059**	**197,860**
Total liabilities		**512,367**	**570,171**	**541,086**
Total equity and liabilities		**673,445**	**723,628**	**708,974**

The attached notes on page 20 to 26 form integral part of the condensed consolidated interim financial statements

Condensed consolidated statements of changes in equity

		Attributable to the owners of the Company							
€'000	Note	Share capital	Treasury shares	Share premium	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2015		**71,527**	**(41,235)**	**15,324**	**(150,630)**	**245,931**	**140,917**	**-**	**140,917**
Net profit		-	-	-	-	20,367	20,367	-	20,367
Other comprehensive income, net of tax		-	-	-	4,903	-	4,903	-	4,903
Total comprehensive income for the period		**-**	**-**	**-**	**4,903**	**20,367**	**25,270**	**-**	**25,270**
Share incentive plan		-	-	-	1,700	-	1,700	-	1,700
Change in common shares, treasury shares and share premium associated with change in parent company	5	(1,935)	40,614	567,316	(7,365)	(598,630)	-	-	-
Total contributions and distributions		**(1,935)**	**40,614**	**567,316**	**(5,665)**	**(598,630)**	**1,700**	**-**	**1,700**
Non-controlling interests arising from change in parent company	5	-	79	-	19,378	(40,947)	(21,490)	21,490	-
Total changes in ownership interests		**-**	**79**	**-**	**19,378**	**(40,947)**	**(21,490)**	**21,490**	**-**
At 30 June 2015		**69,592**	**(542)**	**582,640**	**(132,014)**	**(373,279)**	**146,397**	**21,490**	**167,887**
At 1 January 2016		**79,788**	**(621)**	**654,381**	**(178,675)**	**(401,416)**	**153,457**	**-**	**153,457**
Net profit		-	-	-	-	28,801	28,801	-	28,801
Other comprehensive income, net of tax		-	-	-	(896)	(837)	(1,733)	-	(1,733)
Total comprehensive income for the period		**-**	**-**	**-**	**(896)**	**27,964**	**27,068**	**-**	**27,068**
Issue of ordinary shares in relation to share incentive plan	5	62	-	-	(862)	800	-	-	-
Treasury shares used in relation to share incentive plan	5	-	541	-	(1,655)	1,114	-	-	-
Share incentive plan	5	-	-	-	2,849	-	2,849	-	2,849
Dividends	5	-	-	-	-	(22,296)	(22,296)	-	(22,296)
Total contributions and distributions		**62**	**541**	**-**	**332**	**(20,382)**	**(19,447)**	**-**	**(19,447)**
At 30 June 2016		**79,850**	**(80)**	**654,381**	**(179,239)**	**(393,834)**	**161,078**	**-**	**161,078**

The attached notes on page 20 to 26 form integral part of the condensed consolidated interim financial statements

Condensed consolidated statements of cash flows

€'000	Note	3 months ended 30 June 2016	3 months ended 30 June 2015	6 months ended 30 June 2016	6 months ended 30 June 2015
Operating activities					
Net profit before income tax		**27,060**	**15,753**	**42,735**	**32,761**
Adjustments for:					
Depreciation of property, plant and equipment		4,661	5,129	9,029	9,810
Amortisation of intangible assets		1,055	1,058	2,009	2,152
Change in fair value of borrowings and derivatives financial instruments		861	1,335	3,058	15,064
Impairment		2,473	-	2,473	-
Deferred income		227	(207)	(405)	(532)
Share incentive plan		1,599	1,700	2,849	1,700
Unrealised exchange rate differences		(3,639)	3,044	(11,448)	(7,442)
(Profit)/loss on disposal of property, plant and equipment, intangible assets and investment property		(49)	48	(69)	(23)
Financial income		(4,320)	(4,966)	(8,838)	(10,590)
Financial expenses		5,826	7,441	12,844	15,865
Operating profit before changes in working capital and provisions		**35,754**	**30,335**	**54,237**	**58,765**
(Increase)/Decrease in trade and other receivables, prepaid expenses and derivative financial assets		4,293	28,309	(856)	55,736
Decrease in inventories		5,648	380	26,600	2,426
Increase/(Decrease) in trade and other payables, accrued expenses and derivatives financial liabilities		3,302	(21,602)	2,765	(42,639)
Decrease in provisions		(1,724)	(1,155)	(3,268)	(2,757)
Cash generated from operations		**47,273**	**36,267**	**79,478**	**71,531**
Interest received		4,495	5,385	10,166	10,347
Interest and bank charges paid		(6,701)	(10,342)	(14,740)	(16,970)
Income taxes paid		(9,258)	(6,034)	(17,645)	(15,529)
Cash flow from operating activities		**35,809**	**25,276**	**57,259**	**49,379**
Investing activities					
Proceeds on sale of property, plant and equipment, intangible assets and investment property		159	38	224	123
Purchases of property, plant, equipment and investment property		(2,576)	(4,652)	(4,106)	(8,351)
Purchases of intangible assets		(851)	(718)	(1,063)	(1,041)
Cash flow used in investing activities		**(3,268)**	**(5,332)**	**(4,945)**	**(9,269)**
Financing activities					
Proceeds from borrowings		-	-	-	-
Repayments of borrowings		(5,992)	(19,479)	(62,033)	(19,937)
Decrease of finance lease liabilities		(1)	(3)	(4)	(24)
Cash flow used in financing activities		**(5,993)**	**(19,482)**	**(62,037)**	**(19,961)**
Change in cash and cash equivalents		**26,548**	**462**	**(9,723)**	**20,148**
Cash and cash equivalents at the beginning of the period net of bank overdrafts		135,719	117,543	176,384	95,515
Effect of exchange rate fluctuations on cash held		1,261	(1,855)	(3,133)	487
Cash and cash equivalents at the end of the period net of bank overdrafts		**163,528**	**116,150**	**163,528**	**116,150**

The attached notes on page 20 to 26 form integral part of the condensed consolidated interim financial statements

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

Note 1 • Status and principal activity

Oriflame Holding AG ("OHAG" or the "Company") 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 statements ('interim financial statements') of the Company as at and for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

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

Statement of compliance

The interim financial statements for the six months period ended 30 June 2016 have 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 2015. The interim financial statements were authorised for issue by the Directors on 15 August 2016.

Significant accounting policies, use of judgements and estimates

The accounting policies, significant judgements and key sources of estimation uncertainty applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

Note 3 • Segment reporting

Operating segments

The five main reportable segments have changed from 1 January 2016 to reflect the new Global Business Area structure. From this date, the new reportable segments, which represent the structure of financial information reviewed by the Corporate Committee, consist of the following: Asia & Turkey, CIS, Europe & Africa, Latin America and Manufacturing. The prior year figures as per 30 June 2015 were adjusted accordingly in order to compare the new Global Business Area structure. 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 2016

€'000	Asia & Turkey	CIS	Europe & Africa	Latin America	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	213,512	164,550	163,583	67,873	2,582	3,466	**615,566**	(171)	**615,395**
Operating Profit	37,785	12,484	24,151	8,709	4,969	877	**88,975**	(37,031)	**51,944**
Net financing costs									**(9,209)**
Net profit before income tax									**42,735**
Total income tax expense									**(13,934)**
Net profit									**28,801**
Capital expenditure	(1,036)	(767)	(577)	(502)	(745)	-	**(3,627)**	(1,542)	**(5,169)**
Depreciation & amortisation	(1,107)	(1,327)	(923)	(554)	(2,804)	-	**(6,715)**	(4,323)	**(11,038)**
Impairment	-	-	-	-	-	-	**-**	(2,473)	**(2,473)**
Goodwill	4,345	-	1,053	-	-	-	**5,398**	-	**5,398**

As per 30 June 2015

€'000	Asia & Turkey	CIS	Europe & Africa	Latin America	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	171,309	205,777	160,733	66,089	1,770	3,042	**608,720**	132	**608,852**
Operating Profit	23,574	19,480	23,405	5,876	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	(891)	(1,381)	(953)	(1,786)	(2,742)	-	**(7,753)**	(1,639)	**(9,392)**
Depreciation & amortisation	(1,143)	(1,683)	(1,205)	(590)	(2,915)	-	**(7,536)**	(4,426)	**(11,962)**
Goodwill	4,345	-	1,053	-	-	-	**5,398**	-	**5,398**

Note 4 • Financial income and expense

Recognised in the condensed consolidated interim income statements

	3 months ended 30 June		6 months ended 30 June	
€'000	**2016**	**2015**	**2016**	**2015**
Interest income on bank deposits	651	729	1,265	1,361
Interest received on finance lease receivable	30	6	32	15
Cross currency interest rate swaps interest income	3,639	4,231	7,541	9,214
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts gain	863	3,679	679	12,824
- Interest rate caps gain	-	-	-	180
- Cross currency interest rate swaps gain	3,299	-	-	12,681
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	6,132	-
- Foreign exchange gains, net	-	-	-	14,142
Total financial income	**8,482**	**23,499**	**15,649**	**50,417**
Bank charges and interest expense on loans carried at amortised cost	(1,478)	(2,039)	(3,871)	(5,030)
Interest expense on loan carried at fair value	(2,608)	(3,187)	(5,233)	(6,307)
Cross currency interest rate swaps interest expense	(1,740)	(2,216)	(3,741)	(4,528)
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts expense	(474)	(4,049)	(1,873)	(24,062)
- Interest rate caps expense	(87)	(8)	(760)	-
- Cross currency interest rate swaps expense	-	(15,811)	(7,235)	-
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value loss	(4,462)	-	-	(12,720)
- Option exchange rate contract loss	-	-	-	(3,966)
Foreign exchange losses, net	(1,375)	(2,168)	(2,145)	-
Total financial expenses	**(12,224)**	**(29,478)**	**(24,858)**	**(56,613)**
Net financing costs	**(3,742)**	**(5,979)**	**(9,209)**	**(6,196)**

Note 5 • Equity

Share capital

The Company has one class of share capital with an authorised share capital of 8.783 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 2.369 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 2014		**57,221,972**	**71,527**
Change in common shares associated with change in parent company	(i)		
- Derecognition of previous parent company		(57,221,972)	(71,527)
- Change to the new parent company		55,708,563	79,788
Balance 31 December 2015		**55,708,563**	**79,788**
Issue of ordinary shares in relation to share incentive plan	(ii a)	45,402	62
Balance 30 June 2016		**55,753,965**	**79,850**
Treasury shares			
Balance 31 December 2014		**1,613,409**	**41,235**
Change in common shares associated with change in parent company	(iii)		
- Derecognition of previous parent company		(1,613,409)	(41,235)
- Change to the new parent company		100,000	621
Balance 31 December 2015		**100,000**	**621**
Treasury shares used in relation to share incentive plan	(ii b)	(87,156)	(541)
Balance 30 June 2016		**12,844**	**80**

(i) Following the change in the parent company through a share-for-share transaction, OHAG had acquired 87.2% shares of Oriflame Cosmetics SA as at 30 June 2015, becoming the holding company of the Oriflame Group and the parent company of OCSA. In September 2015, a cross-border merger between the two companies has finalized the change of the parent company to OHAG and led to the disappearance of the remaining non-controlling interests which arose from the share-for-share transaction.

(ii) During May 2016, a total of 132,558 achievement shares were delivered to participants of the 2013 share incentive and retention plan (SIP). The settlement was done through:

a. an increase of share capital for 45,402 shares with a par value of CHF 1.50 under the Company's conditional share capital and
b. with the use of 87,156 existing treasury shares

(iii) Following the change in the parent company the treasury shares of the former parent company have been derecognised to retained earnings and 100,000 treasury shares with a nominal value of CHF 1.50 coming from the new parent company were recognised.

Share premium

In 2015, the balance of the share premium has been impacted by the change in the parent company as described above.
Following the approval of the Annual General Meeting held on 17 May 2016 to distribute a dividend o €0.40 per share, a shareholders liability of €22.3 million was recognised in the balance sheet against the share premium (capital contribution reserve of the parent company).

Total Reserves

The change in Total Reserves is coming from the reserve related to the SIP. A total of €2.5 million was used to deliver Company's shares to the participants of the 2013 SIP. This amount was then compensated with the increase in equity from services received with the respect to the outstanding equity settled shared based payments plan recorded against Administrative Expenses for an amount of €2.8 million (€1.7 million expense).

During the period, as part of the new share incentive Plan adopted on 13 August 2015 by the Board, a further 2016 share incentive offer was proposed to participants. This offer resulted at the beginning of the scheme in a grant of 70,763 investment shares.

Retained earnings

The movements in retained earnings are due to the remeasurements of the net defined benefit liability (IAS 19) and due to the share incentive program in relation to the issue of ordinary shares and to the use of treasury shares. In accordance with IFRS, the difference between the fair value of the Company's share at grant date and the book value of the treasury shares was recognised directly in equity in the retained earnings as well as the difference between the fair value of the Company's share at grant date and the nominal value of the ordinary shares.

Note 6 • Inventories

During the first half of 2016 the Group wrote down €3.3 million (€1.0 million) inventory mainly due to obsolescence which is included in cost of sales.

Note 7 • Financial instruments

Repayment
During the first quarter 2016 $80.0m of the long-term private placement debt was prepaid, corresponding to a cash out flow of €56.0m

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 June 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets carried at amortised cost:				
Trade and other receivables	54,997	54,997	54,959	54,959
Cash and cash equivalents	163,787	163,787	176,384	176,384
Total loans and receivables	***218,784***	***218,784***	***231,343***	***231,343***
Total financial assets carried at amortised cost	**218,784**	**218,784**	**231,343**	**231,343**
Financial assets carried at fair value:				
Cross currency interest rate swaps for trading	47,252	47,252	54,916	54,916
Interest rate caps for trading	11	11	771	771
Forward exchange rate contracts for trading	-	-	229	229
Total derivatives for trading	***47,263***	***47,263***	***55,916***	***55,916***
Cross currency interest rate swaps for hedging	16,309	16,309	24,146	24,146
Forward exchange rate contracts for hedging	538	538	5,036	5,036
Total derivatives for hedging	***16,847***	***16,847***	***29,182***	***29,182***
Total derivative financial assets	***64,110***	***64,110***	***85,098***	***85,098***
Total financial assets carried at fair value	**64,110**	**64,110**	**85,098**	**85,098**
Financial liabilities carried at amortised cost:				
Loans	(84,754)	(89,190)	(144,188)	(157,127)
Trade and other payables	(56,605)	(56,605)	(69,821)	(69,821)
Shareholders liability	(22,296)	(22,296)	-	-
Accrued expenses	(115,350)	(115,350)	(99,073)	(99,073)
Finance lease liabilities	-	-	(4)	(4)
Bank overdrafts	(259)	(259)	-	-
Total financial liabilities carried at amortised cost	**(279,264)**	**(283,700)**	**(313,086)**	**(326,025)**
Financial liabilities carried at fair value:				
USD loan	(183,963)	(183,963)	(202,208)	(202,208)
Total designated as such upon initial recognition	***(183,963)***	***(183,963)***	***(202,208)***	***(202,208)***
Cross currency interest rate swaps for trading	(761)	(761)	(817)	(817)
Forward exchange rate contracts for trading	(76)	(76)	(24)	(24)
Total derivatives for trading	***(837)***	***(837)***	***(841)***	***(841)***
Cross currency interest rate swaps for hedging	(699)	(699)	(1,033)	(1,033)
Forward exchange rate contracts for hedging	(3,241)	(3,241)	(1,911)	(1,911)
Total derivatives for hedging	***(3,940)***	***(3,940)***	***(2,944)***	***(2,944)***
Total derivative financial liabilities	***(4,777)***	***(4,777)***	***(3,785)***	***(3,785)***
Total financial liabilities carried at fair value cost	**(188,740)**	**(188,740)**	**(205,993)**	**(205,993)**

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 2016				
Financial assets and liabilities measured at fair value				
USD loans	-	(183,963)	-	(183,963)
Derivative financial assets	-	64,110	-	64,110
Derivative financial liabilities	-	(4,777)	-	(4,777)
	-	**(124,630)**	**-**	**(124,630)**
Financial assets and liabilities not measured at fair value				
Loans	-	(89,190)	-	(89,190)
Finance lease liabilities	-	-	-	(4)
	-	**(89,190)**	-	**(89,194)**

€'000	Level 1	Level 2	Level 3	Total
31 December 2015				
Financial assets and liabilities measured at fair value				
USD loans	-	(202,208)	-	(202,208)
Derivative financial assets	-	85,098	-	85,098
Derivative financial liabilities	-	(3,785)	-	(3,785)
	-	**(120,895)**	**-**	**(120,895)**
Financial assets and liabilities not measured at fair value				
Loans	-	(157,127)	-	(157,127)
Finance lease liabilities	-	(4)	-	(4)
	-	**(157,131)**	-	**(157,131)**

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2016 and the twelve months ended 31 December 2015.

Note 8 • 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

Note 9 • Analysis of operating profit and net profit

The non-recurring items in 2015 relate to pension and restructuring entries.

€'000	3 months ended 30 June 2016	3 months ended 30 June 2015	6 months ended 30 June 2016	6 months ended 30 June 2015	LTM, July15-June16	Year End 2015
Analysis of operating profit:						
Adjusted operating profit	30,802	24,967	51,944	42,192	109,938	100,186
Non-recurring items	-	(3,235)	-	(3,235)	(6,312)	(9,547)
Operating profit	**30,802**	**21,732**	**51,944**	**38,957**	**103,626**	**90,639**
Analysis of net profit:						
Adjusted net profit	18,128	11,884	28,801	23,117	48,917	43,233
Non-recurring items	-	(3,235)	-	(3,235)	(6,312)	(9,547)
Non-recurring tax items	-	485	-	485	-	485
Profit attributable to owners of the Company	**18,128**	**9,134**	**28,801**	**20,367**	**42,605**	**34,171**

Adjusted Earnings Per Share

€	3 months ended 30 June 2016	3 months ended 30 June 2015	6 months ended 30 June 2016	6 months ended 30 June 2015	LTM, July'15-June'16	Year end 2015
*Adj. EPS:						
- basic	0.33	0.21	0.52	0.42	0.89	0.79
- diluted	0.32	0.21	0.51	0.42	0.88	0.79
Weighted avg. number of shares outstanding:						
- basic	55,673,369	55,608,563	55,640,787	55,608,563	55,042,313	54,868,150
- diluted	56,245,663	55,608,563	56,213,081	55,608,563	55,614,607	54,868,150
Total number of shares outstanding (excluding treasury shares)	55,741,121	48,391,447	55,741,121	48,391,447	55,741,121	55,608,563

*Adj EPS calculation based on adjusted net profit.

Note 10 • Events subsequent to the reporting date

- In August 2016 the Company will prepay USD 14.1 million (corresponding to a cash outflow of EUR 9.9 million) of the long term debt related to the U.S. private placement notes issued in 2011. After this prepayment, the EUR 25 million fixed-rate Senior Note due July 2018 will be fully settled.