ORIFLAME
SWEDEN

Interim report 1 January – 30 June 2018

+1%	(7%)	12.0%
LC SALES	EURO SALES	OPERATING MARGIN

Important clarifying information IFRS

- Oriflame has implemented IFRS 15 Revenue from Contracts with Customers from 1st January 2018. An early adoption of IFRS 16 Leases has been made to allow for all changes being implemented at the same time.
- The application of IFRS 15 is impacting the income statement at different levels, both as a one-off adjustment and as reclassifications of costs. In order to facilitate the analysis of the company's underlying performance and minimize the impact from the one-off adjustment, Oriflame has decided to recognise the new IFRS 15 standard in applying the cumulative effect method at the date of initial application, with no restatement of the comparative period presented.
- To facilitate the comparison with the 2017 figures, the company has prepared fully adjusted 2018 figures in the first section of the interim report (pages 1-17), excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The fully adjusted figures are comparable with the already reported 2017 figures.
- Please note that due to accounting principles and the chosen implementation options of the new IFRS standards, the condensed consolidated financial statements on pages 19-32 in the interim report is calculated in accordance with IFRS (following the adoption of IFRS 15 and IFRS 16). These figures are not comparable with the already reported 2017 figures.
- Where not stated differently, the figures, graphs and comments in this interim report are based on the fully adjusted 2018 figures, to facilitate the comparison with the 2017 figures.

Three months ended 30 June 2018

- Local currency sales increased by 1%, slightly negatively impacted by timing of catalogues. Euro sales decreased by 7% to €321.9m (€347.6m). Euro sales amounted to €309.2m* in accordance with IFRS.
- Number of registered actives decreased by 1% to 2.8m.
- EBITDA amounted to €51.9m (€47.9m) and to €51.5m* in accordance with IFRS.
- Operating margin was 12.0% (11.7%), negatively impacted by 270 bps from currencies, and operating profit was €38.5m (€40.5m). The operating margin was positively impacted by timing and one-off effects of above 100 bps. Operating margin was 12.3%* and operating profit was €38.1m* in accordance with IFRS.
- Net profit was €25.7m (€19.9m) and diluted EPS €0.45 (€0.35). Net profit was €24.5m* and diluted EPS €0.43* in accordance with IFRS.
- Cash flow from operating activities was €28.5m (€33.9m) and €28.5m* in accordance with IFRS.
- During the quarter, Oriflame successfully completed a €50m issue of Euro denominated US private placement notes, refinancing the private placement loan matured in July 2018. In addition, the final maturity of the company's Revolving Credit Facility was extended by one year to 2023 during the beginning of the third quarter.
- In connection to the second quarter results, Oriflame is announcing changes to the company's group management.
- The year to date sales development is approximately 4% in local currency and the development in the third quarter to date is approximately 5% in local currency.

Six months ended 30 June 2018

- Local currency sales increased by 4% and Euro sales decreased by 5% to €656.1m (€687.8m). Euro sales amounted to €640.0m* in accordance with IFRS.
- EBITDA amounted to €94.0m (€88.3m) and to €97.8m* in accordance with IFRS.
- Operating margin was 10.5% (10.2%), negatively impacted by 290 bps from currencies, and operating profit was €69.1m (€70.3m). Operating margin was 11.4%* and operating profit was €72.9m* in accordance with IFRS.
- Net profit was €44.4m (€39.4m) and diluted EPS €0.78 (€0.69). Net profit was €45.5m* and diluted EPS €0.80* in accordance with IFRS.
- Cash flow from operating activities was €53.4m (€32.5m) and €53.4m* in accordance with IFRS.

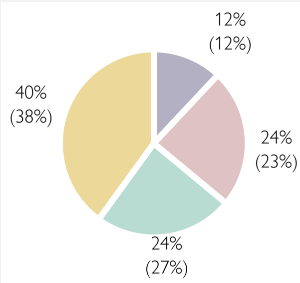
*Figures following the adoption of IFRS 15 and IFRS 16.

CEO Magnus Brännström comments

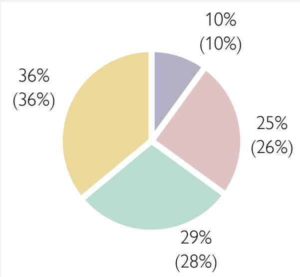
"Despite facing significant currency headwinds, we are pleased to report an improved operating margin for the quarter. However, the overall sales development during the second quarter was weak due to challenging market conditions in key markets such as Russia, Indonesia and Turkey. Sales were in most regions further negatively impacted by less successful product launches as well as timing of catalogues and conferences. We are taking measures to enhance sales growth by emphasised focus on categories that help us drive activity and recruitment. Oriflame has a solid financial position and we are confident in our ability to return to sustainable growth."

Key financial data

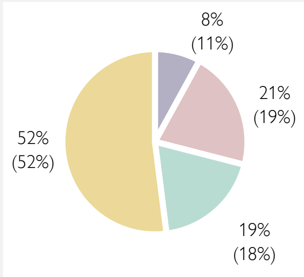
3 months ended 30 June



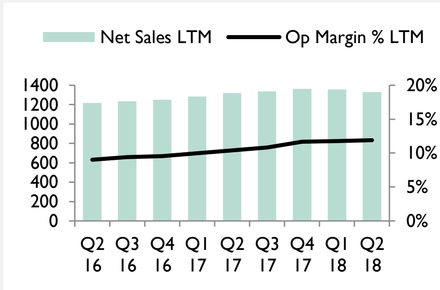
Sales**



Registered actives



Operating profit**



Net Sales LTM
Operating margin % LTM**

Latin America | Europe & Africa | CIS | Asia & Turkey

Financial summary (€m)	**3 months ended 30 June** 2018*	2018**	2017	Change %**	**6 months ended 30 June** 2018*	2018**	2017	Change %**	**LTM, Jul '17-Jun'18****	**Year end 2017**
Sales	309.2	321.9	347.6	(7%)	640.0	656.1	687.8	(5%)	1,331.4	1,363.1
Gross margin, %	70.2	73.4	72.9		69.9	72.9	72.2		73.3	73.0
EBITDA	51.5	51.9	47.9	8%	97.8	94.0	88.3	6%	197.5	191.8
Operating profit	38.1	38.5	40.5	(5%)	72.9	69.1	70.3	(2%)	157.8	159.0
Operating margin, %	12.3	12.0	11.7		11.4	10.5	10.2		11.9	11.7
Net profit before tax	34.3	35.9	29.7	21%	64.6	63.1	57.1	11%	139.2	133.2
Net profit	24.5	25.7	19.9	29%	45.5	44.4	39.4	13%	97.5	92.6
Diluted EPS, €	0.43	0.45	0.35	27%	0.80	0.78	0.69	11%	1.69	1.62
Cash flow from operating activities	28.5	28.5	33.9	(16%)	53.4	53.4	32.5	65%	143.6	122.7
Net interest-bearing debt	170.2	84.2	82.4	2%	170.2	84.2	82.4	2%	84.2	23.5
Net interest-bearing debt at hedged values	139.4	53.3	43.9	21%	139.4	53.3	43.9	21%	53.3	(4.3)
Registered actives, '000	2,768	2,768	2,806	(1%)	2,768	2,768	2,806	(1%)	2,768	3,067
Sales per registered active, €	110.6	115.2	122.7	(6%)	227.6	233.4	241.9	(4%)	475.7	439.9

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

-270 bps

OPERATING MARGIN IMPACT FROM FX

Three months ended 30 June 2018

Sales in local currencies increased by 1%, slightly negatively impacted by timing of catalogues. Euro sales decreased by 7% to €321.9m compared to €347.6m in the same period prior year. Sales development in local currencies was impacted by a 2% increase in productivity and the number of registered actives in the quarter decreased by 1% to 2.8m (2.8m). Euro sales amounted to €309.2m* in accordance with IFRS.

Unit sales decreased by 9% and the price/mix effect was up by 10%, driven by mix. The positive mix effect is a combination of geographic and product mix, mainly driven by Skin Care and Wellness.

Local currency sales increased by 8% in Asia & Turkey, decreased by 2% in Europe & Africa, by 8% in CIS and by 1% in Latin America.

The gross margin was 73.4% (72.9%) and 70.2%* in accordance with IFRS. The operating margin amounted to 12.0% (11.7%), positively impacted by price/mix effects, lower costs for the share incentive plan and bonuses, lower distribution and infrastructure expenses and lower selling and marketing expenses, partly offset by higher administrative costs and currency movements of 270 bps. The favourable impact from lower costs for the share incentive plan and bonuses was partly offset by negative timing of selling and marketing expenses. The operating margin was favourably impacted by timing and one-off effects of above 100 bps. Operating margin was 12.3%* in accordance with IFRS.

Net profit increased to €25.7m (€19.9m) and diluted earnings per share amounted to €0.45 (€0.35). Net profit was €24.5m* and diluted EPS €0.43* in accordance with IFRS.

Cash flow from operating activities amounted to €28.5m (€33.9m) and €28.5m* in accordance with IFRS.

The average number of full-time equivalent employees was 6,130 (6,264).

*Figures following the adoption of IFRS 15 and IFRS 16.

Six months ended 30 June 2018

Sales in local currencies increased by 4%. Euro sales decreased by 5% to €656.1m compared to €687.8m in the same period prior year. Sales development in local currencies was impacted by a 5% increase in productivity and the number of registered actives decreased by 1%. Euro sales amounted to €640.0m* in accordance with IFRS.

The gross margin was 72.9% (72.2%) and 69.9%* in accordance with IFRS. The operating margin amounted to 10.5% (10.2%), positively impacted by price/mix effects, lower costs for the share incentive plan and bonuses, lower distribution and infrastructure expenses and lower selling and marketing expenses, partly offset by higher administrative costs and currency movements of 290 bps. Operating margin was 11.4%* in accordance with IFRS.

Net profit amounted to €44.4m (€39.4m) and diluted earnings per share amounted to €0.78 (€0.69). Net profit was €45.5m* and diluted EPS €0.80* in accordance with IFRS.

Cash flow from operating activities amounted to €53.4m (€32.5m) and €53.4m* in accordance with IFRS.

*Figures following the adoption of IFRS 15 and IFRS 16.

THE ORIFLAME SUSTAINABILITY REPORT WAS PUBLISHED

Operational highlights

Sustainability

During the quarter, the Oriflame Sustainability Report was published and is now available on the Oriflame website. The company also submitted the Annual Communications of Progress (ACOP) to the Roundtable on Sustainable Palm Oil (RSPO) as well as to the United Nations Global Compact Communications of Progress (UNGC COP). Furthermore, the UK Modern Slavery statement was approved by the board and published on the Oriflame UK website.

Brand and Innovation

Wellness was the strongest performing category during the quarter, delivering double digit sales growth. The main initiatives within Skin Care were the introduction of *Innoage Youth Preserve* as well as the launch of the *NovAge Revitalizing Cloth Mask*.

In Colour Cosmetics, *THE ONE Browcara* was introduced, using a fibre formula brush-on gel for brows. Under the Giordani Gold brand, the *Iconic Lip Elixir SPF15* was launched.

Key launches in the Fragrance category during the quarter included *Elvie Summer Joy*, *Women´s Collection Mysterial Oud* and *Men´s Collection Intense Oud*.

NEW APP INTRODUCED IN CHINA

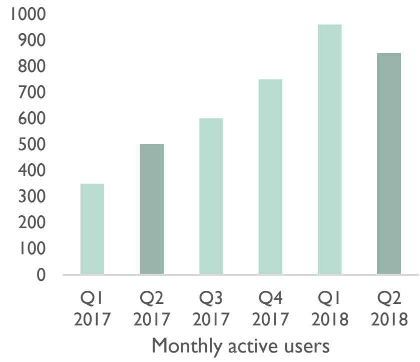
In Personal and Hair Care, the *Summer Cooling Collection for Feet Up* was launched along with an upgrade of the hair care brand *Hair X*.

Online

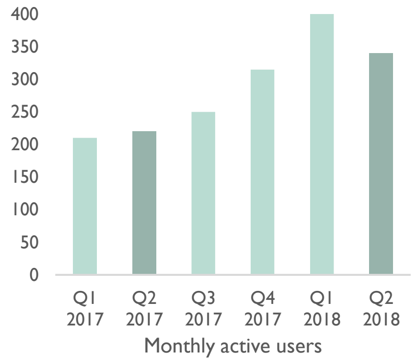
During the second quarter, the mobile use remained stable at around two thirds of total traffic. Consultants in selected markets are now almost exclusively (more than 90%) accessing Oriflame's online services using smartphones. A new app tailored specifically to the Chinese market was launched. Like the *Oriflame app*, it is aimed at facilitating for Consultants to place orders and retrieve sales and product information. Furthermore, a new Conference app was introduced and is now globally implemented as a permanent part of the Oriflame App Suite.

Other prioritised activities during the quarter included further development of the company's digital platform. In terms of compliance, adjustments were made for markets in the European Union with regards to GDPR. New online training modules were introduced, mainly aimed at increasing product knowledge and leveraging social media for business growth.

The Oriflame app*



The Oriflame Business app



"Figures also include the new app tailored for the Chinese infrastructure and market preferences.

Service, Manufacturing and Other

Service levels remained healthy and the number of inventory days was stable compared to the same period previous year.

The unit drop in the quarter had a negative impact on the capacity utilisation in manufacturing, but was partially offset by efficiency measures and higher sales to external parties.

The implementation of the outsourcing of IT and financial operational services to IBM continued according to plan and the initial transition is now over. The current focus is on stabilizing the transitioned services followed by transformation and optimization.

Changes to group management

In connection to the second quarter results, Oriflame is announcing changes to the company's group management with the aim to:

- Grow the business further through geographical expansion with special attention to new markets and franchisees.
- Broaden the group management by ensuring stronger emphasis on key growth areas and product focus.
- Re-energize sales growth in the Global Business Areas of CIS, Latin America and Europe and Africa by creating new regional organisations with broader responsibilities.

Oriflame's new group management will consist of the following members, as per October 1 2018:

- Magnus Brännström, CEO & President
- Jesper Martinsson, Deputy CEO, Head of GBAs CIS, Latin America and Geographical Expansion
- Gabriel Bennet, CFO
- Michael Cervell, SVP Group Strategy & Business Development
- Alexandra De Greck, VP Product Marketing
- Thomas Ekberg, SVP and Head of GBA Asia and Turkey, Head of Greater China
- Niklas Frisk, SVP and Head of GBA Europe and Africa
- Emma Hågemo, VP Research & Development
- Johan Rosenberg, SVP and Head of Commercial Division
- Antonia Simon-Stenberg, VP Sustainability, Quality Management, Packaging & Artwork

10.8%

OPERATING MARGIN

Latin America

Key figures following the adoption of IFRS 15 and IFRS 16

	Q1'18*	Q2'18*
Sales, €m	34.0	35.5
Sales growth in €	(4%)	(13%)
Sales growth in lc	5%	(5%)
Op profit, €m[1]	5.2	3.7
Op margin	15.2%	10.5%
Registered actives, '000	264	274
Sales /registered actives, €	128.9	129.9

Key figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments

	Q2'17	Q3'17	Q4'17	Q1'18**	Q2'18**
Sales, €m	40.9	40.4	41.0	32.5	36.8
Sales growth in €	6%	(1%)	3%	(8%)	(10%)
Sales growth in lc	4%	1%	8%	0%	(1%)
Op profit, €m[1]	6.0	5.9	5.5	4.0	4.0
Op margin	14.8%	14.6%	13.5%	12.3%	10.8%
Registered actives, '000	284	299	280	264	274
Sales /registered actives, €	143.8	135.1	146.3	123.2	134.6

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

[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 decreased by 1%, as a result of a 3% increase in productivity, offset by a 4% decrease in the number of registered actives. Euro sales decreased by 10% to €36.8m (€40.9m) and amounted to €35.5m* in accordance with IFRS. The development was weak in Mexico during the quarter as the implemented price increases dampened the activity and recruitment in the market. Ecuador recorded the strongest performance in the region, with the solid growth rates seen over the past quarters continuing.

Operating profit amounted to €4.0m (€6.0m) and operating margin to 10.8% (14.8%). The operating margin was negatively impacted by exchange rates and sales deleverage, partly offset by price increases. Operating profit was €3.7m* and operating margin was 10.5%* in accordance with IFRS.

14.6%

OPERATING MARGIN

Europe & Africa

Key figures following the adoption of IFRS 15 and IFRS 16

	Q1'18*	Q2'18*
Sales, €m	79.3	76.4
Sales growth in €	(2%)	(5%)
Sales growth in lc	(1%)	(3%)
Op profit, €m[1]	10.3	11.5
Op margin	12.9%	15.0%
Registered actives, '000	750	690
Sales /registered actives, €	105.7	110.6

Key figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments

	Q2'17	Q3'17	Q4'17	Q1'18**	Q2'18**
Sales, €m	80.3	70.7	92.4	78.5	78.1
Sales growth in €	(1%)	0%	(3%)	(3%)	(3%)
Sales growth in lc	4%	6%	(0%)	(2%)	(2%)
Op profit, €m[1]	10.4	9.2	15.2	8.5	11.4
Op margin	12.9%	13.0%	16.5%	10.8%	14.6%
Registered actives, '000	734	674	783	750	690
Sales /registered actives, €	109.4	104.8	118.0	104.6	113.2

*Figures following the adoption of IFRS 15 and IFRS 16.

**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

[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 decreased by 2%, as a result of a 4% increase in productivity and a 6% decrease in the number of registered actives. Euro sales decreased by 3% to €78.1m (€80.3m) and amounted to €76.4m* in accordance with IFRS. Sales were stable in Central Europe during the quarter, with continued growth in the main markets Poland and Romania. The situation in Western Europe remained weak. Africa recorded modest growth as several markets continued to be impacted by macroeconomic and exchange rates challenges.

Operating profit amounted to €11.4m (€10.4m) and operating margin increased to 14.6% (12.9%). The operating margin was positively impacted by price increases and lower selling and marketing expenses, partly offset by negative currency movements. Operating profit was €11.5m* and operating margin was 15.0%* in accordance with IFRS.

11.1%

OPERATING MARGIN

CIS

Key figures following the adoption of IFRS 15 and IFRS 16

	Q1'18*	Q2'18*
Sales, €m	82.2	71.0
Sales growth in €	(17%)	(24%)
Sales growth in lc	(7%)	(12%)
Op profit, €m[1]	10.1	8.1
Op margin	12.3%	11.5%
Registered actives, '000	836	792
Sales /registered actives, €	98.3	89.6

Key figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments

	Q2'17	Q3'17	Q4'17	Q1'18**	Q2'18**
Sales, €m	92.9	69.9	94.5	84.6	75.2
Sales growth in €	19%	4%	1%	(15%)	(19%)
Sales growth in lc	6%	4%	5%	(5%)	(8%)
Op profit, €m[1]	9.7	9.9	14.6	10.6	8.3
Op margin	10.5%	14.2%	15.5%	12.5%	11.1%
Registered actives, '000	794	698	859	836	792
Sales /registered actives, €	117.0	100.2	110.1	101.2	94.9

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

[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 decreased by 8%, as a result of a decrease in productivity of 8% while the number of registered actives was stable. The sales development was impacted by negative timing of catalogues. Euro sales were down by 19% to €75.2m (€92.9m) and amounted to €71.0m* in accordance with IFRS. Local currency sales in Russia decreased by 13%, as sales in the quarter continued to be hampered by a weak consumer offering and external price pressure. Measures are being taken to drive sales and recruitment activities in the market with the aim to return to growth. While the challenging situation in Russia continued during the quarter, a positive development was seen in Ukraine, Kazakhstan and Belarus.

Operating profit amounted to €8.3m (€9.7m) and the operating margin increased to 11.1% (10.5%). The margin was favourably impacted by lower distribution and infrastructure expenses, partly offset by negative exchange rates and timing of selling and marketing expenses. Operating profit was €8.1m* and operating margin was 11.5%* in accordance with IFRS.

+8%

LC SALES

Asia & Turkey

Key figures following the adoption of IFRS 15 and IFRS 16

	Q1'18*	Q2'18*
Sales, €m	128.4	123.2
Sales growth in €	9%	(5%)
Sales growth in lc	21%	3%
Op profit, €m[1]	29.4	28.5
Op margin	22.9%	23.1%
Registered actives, '000	1,184	1,012
Sales /registered actives, €	108.4	121.7

Key figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments

	Q2'17	Q3'17	Q4'17	Q1'18**	Q2'18**
Sales, €m	130.3	111.7	150.0	131.6	128.7
Sales growth in €	19%	15%	22%	11%	(1%)
Sales growth in lc	21%	23%	34%	25%	8%
Op profit, €m[1]	28.0	22.1	39.1	27.7	28.5
Op margin	21.5%	19.8%	26.0%	21.1%	22.2%
Registered actives, '000	994	975	1,145	1,184	1,012
Sales /registered actives, €	131.1	114.6	131.0	111.1	127.1

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

[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 8% as a result of a 2% increase in the number of registered actives and a 6% increase in productivity. Euro sales were down by 1% to €128.7m (€130.3m) and amounted to €123.2m* in accordance with IFRS. Sales growth in the region was slower compared to previous quarters as a result of timing of conferences and less successful new product launches. The challenging market conditions seen in Indonesia and Turkey had a negative impact on the activity in the markets. China and Vietnam delivered double digit sales growth during the quarter, while India still struggled to return to growth.

Operating profit was €28.5m (€28.0m) and operating margin increased to 22.2% (21.5%). The margin was positively impacted by a favourable geographical mix, partly offset by negative currency movements. Operating profit was €28.4m* and operating margin was 23.1%* in accordance with IFRS.

Income statements

€'000	3 months ended June 2018*	3 months ended June 2018**	3 months ended June 2017	6 months ended June 2018*	6 months ended June 2018**	6 months ended June 2017	LTM, Jul'17-Jun'18**	Year End 2017
Sales	309,159	321,936	347,632	639,988	656,079	687,767	1,331,423	1,363,111
Cost of sales	(92,067)	(85,730)	(94,310)	(192,397)	(177,523)	(191,040)	(355,030)	(368,547)
Gross profit	**217,092**	**236,206**	**253,322**	**447,591**	**478,556**	**496,727**	**976,393**	**994,564**
Other income	-	10,231	11,727	-	20,794	23,684	42,421	45,311
Selling and marketing expenses	(102,982)	(116,823)	(128,687)	(218,970)	(242,867)	(258,277)	(485,167)	(500,577)
Distribution and infrastructure	(6,812)	(20,755)	(24,075)	(13,527)	(42,818)	(48,507)	(89,695)	(95,384)
Administrative expenses	(69,190)	(70,369)	(71,773)	(142,204)	(144,580)	(143,344)	(286,120)	(284,884)
Operating profit	**38,108**	**38,490**	**40,514**	**72,890**	**69,085**	**70,283**	**157,832**	**159,030**
Financial income	9,474	9,474	25,853	8,633	8,633	33,371	22,600	47,338
Financial expenses	(13,245)	(12,094)	(36,662)	(16,912)	(14,582)	(46,530)	(41,240)	(73,188)
Net financing costs	**(3,771)**	**(2,620)**	**(10,809)**	**(8,279)**	**(5,949)**	**(13,159)**	**(18,640)**	**(25,850)**
Net profit before income tax	**34,337**	**35,870**	**29,705**	**64,611**	**63,136**	**57,124**	**139,192**	**133,180**
Total income tax expense	(9,830)	(10,183)	(9,797)	(19,082)	(18,775)	(17,733)	(41,668)	(40,626)
Net profit	**24,507**	**25,687**	**19,908**	**45,529**	**44,361**	**39,391**	**97,524**	**92,554**

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

Sales, operating profit and registered actives by Global Business Area

Sales (€m)	3 months ended 30 June 2018*	2018**	2017	Change in Euro**	Change in Lc**
Latin America	35.5	36.8	40.9	(10%)	(1%)
Europe & Africa	76.4	78.1	80.3	(3%)	(2%)
CIS	71.0	75.2	92.9	(19%)	(8%)
Asia & Turkey	123.2	128.7	130.3	(1%)	8%
Manufacturing	1.4	1.4	1.4	(1%)	(1%)
Other	1.7	1.7	1.8	(4%)	(7%)
Total sales	**309.2**	**321.9**	**347.6**	**(7%)**	**1%**

Sales (€m)	6 months ended 30 June 2018*	2018**	2017	Change in Euro**	Change in Lc**	LTM, Jul'17-Jun'18**	Year end 2017
Latin America	69.5	69.3	76.1	(9%)	(1%)	150.7	157.5
Europe & Africa	155.7	156.6	161.6	(3%)	(2%)	319.7	324.7
CIS	153.1	159.8	192.4	(17%)	(6%)	324.2	356.8
Asia & Turkey	251.6	260.3	248.5	5%	16%	522.0	510.2
Manufacturing	6.7	6.7	5.8	14%	14%	7.8	6.9
Other	3.4	3.4	3.4	0%	0%	7.0	7.0
Total sales	**640.0**	**656.1**	**687.8**	**(5%)**	**4%**	**1,331.4**	**1,363.1**

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

Operating profit (€m)	3 months ended 30 June 2018*	2018**	2017	Change**	6 months ended 30 June 2018*	2018**	2017	LTM, Jul'17-Jun'18**	Year end 2017
Latin America	3.7	4.0	6.0	(34%)	8.9	8.0	9.4	19.4	20.8
Europe & Africa	11.5	11.4	10.4	10%	21.7	19.9	20.8	44.3	45.2
CIS	8.1	8.3	9.7	(14%)	18.3	18.9	20.8	43.5	45.4
Asia & Turkey	28.5	28.5	28.0	2%	57.8	56.1	49.1	117.3	110.3
Manufacturing	2.2	2.2	4.4	(51%)	5.4	5.4	9.3	5.3	9.2
Other	(15.9)	(15.9)	(18.0)	(12%)	(39.2)	(39.2)	(39.1)	(72.0)	(71.9)
Total operating profit	**38.1**	**38.5**	**40.5**	**(5%)**	**72.9**	**69.1**	**70.3**	**157.8**	**159.0**

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

Registered actives (´000)	30 June 2018	2017	Change	Year end 2017
Latin America	274	284	(4%)	280
Europe & Africa	690	734	(6%)	783
CIS	792	794	(0%)	859
Asia & Turkey	1,012	994	2%	1,145
Total	**2,768**	**2,806**	**(1%)**	**3,067**

0.3

NET DEBT AT HEDGED VALUES /EBITDA

Cash flow & investments

Cash flow from operating activities in the second quarter amounted to €28.5m (€33.9m), driven by higher EBITDA, offset by negative timing of payables. Cash flow from operating activities amounted to €28.5m* in accordance with IFRS.

Cash flow used in investing activities amounted to €-1.9m (€-3.0m) and to €-1.9m* in accordance with IFRS.

*Figures following the adoption of IFRS 15 and IFRS 16.

Financial position

Net interest-bearing debt at hedged values amounted to €53.3m net debt (€43.9m). The net debt at hedged values/EBITDA ratio was 0.3 (0.3). Net interest-bearing debt at hedged values amounted to €139.4m* and the net debt at hedged values/EBITDA ratio was 0.7* in accordance with IFRS.

Net interest-bearing debt amounted to €84.2m (€82.4m). The net debt/EBITDA ratio was 0.4 (0.5). Interest cover amounted to 8.3 (13.2) in the quarter and to 10.0 (8.3) during the last twelve months. The net interest-bearing debt amounted to €170.2m*, the net debt/EBITDA ratio was 0.8* and interest cover amounted to 8.2* in the quarter in accordance with IFRS.

*Figures following the adoption of IFRS 15 and IFRS 16.

Covenant disclosure

As per the end of the second quarter 2018, the financial measures as defined in the Agreements relating to the existing Private Placement Notes were as follows:

Consolidated Net Debt to Consolidated EBITDA: 0.4 (covenant at ≤ 3.0 times)
Consolidated EBITDA to Consolidated Finance costs: 16.9 (covenant at ≥ 5.0 times)
Consolidated Net Worth: €221.6m (covenant at ≥ €120m / not applicable for 2017 and 2018 Euro denominated private placement notes however covered by most favourable lender clause)

As per the end of the second quarter 2018, the financial measures as defined in the Agreements relating to the existing Revolving Credit Facility were as follows:

Consolidated Net Debt to Consolidated EBITDA: 0.4 (covenant at ≤ 3.0 times)
Consolidated EBITDA to Consolidated Finance costs: 16.9 (covenant at ≥ 4.0 times)

Note that the definition of these measures differs 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 2017.

Dividend

The AGM held on 4 May 2018 resolved that a dividend of €2.60 per share, of which €1.60 (€1.00) per share is to be considered as ordinary and €1.00 (€0.50) to be considered as extra dividend, be distributed out of the capital contribution reserve and paid in four instalments as follows: €1.40 to the shareholders of record on 9 May 2018, €0.40 to the shareholders of record on 15 August 2018, €0.40 to the shareholders of record on 15 November 2018 and €0.40 to the shareholders of record on 15 February 2019. The dividend instalments will be distributed out of the Company's Capital Contribution Reserve and are thereby not subject to any Swiss withholding tax.

The second instalment of €0.40 per share (record date 15 August 2018) will have expected payment date 22 August 2018.

2018 Annual General Meeting

Oriflame Holding AG held its 2018 Annual General Meeting in Schaffhausen, Switzerland, on 4 May 2018.

5%

THIRD QUARTER TO DATE LC SALES

4%

YEAR TO DATE LC SALES

Significant events during and after the end of the quarter

During the quarter, Oriflame successfully completed a €50m issue of Euro denominated US private placement notes bilaterally agreed with the international investor Pricoa. The proceeds refinance the private placement loan matured in July 2018 and will be used for general corporate purposes. The notes have a final maturity in 2030 and will be linearly amortised starting from 2026, resulting in an average maturity of 10 years. In addition, the final maturity of the company's Revolving Credit Facility was extended by one year to 2023 during the beginning of the third quarter.

Personnel

The average number of full-time equivalent employees was 6,130 (6,264).

Third quarter update

The year to date sales development is approximately 4% in local currency and the development in the third quarter to date is approximately 5% 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 2018

The third quarter 2018 report will be published on 7 November 2018
The fourth quarter 2018 report will be published on 14 February 2019

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, 7 August 2018 at 9.30 CET.

Participant access numbers:
SE: +46856642664
DK: +4535445575
FI: +358981710491
UK: +442030089809
NO: +4723500265
US: +18558315945

The conference call will also be audioweb cast in "listen-only" mode through Oriflame's website**:** **www.oriflame.com** or through http://oriflame-ir.creo.se/180807

This report has not been audited by the Company's auditors.

August 7, 2018

Magnus Brännström
Chief Executive Officer

For further information, please contact:

Magnus Brännström, Chief Executive Officer	Tel: +41 798 263 754
Gabriel Bennet, Chief Financial Officer	Tel: +41 798 263 769
Nathalie Redmo, Sr. Manager IR	Tel: +41 799 220 173

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 7, 2018.

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 IAS 34 "Interim Financial Reporting" 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

Mona Abbasi Board member	Anders Dahlvig Board member	Anna af Jochnick Board member	Robert af Jochnick Board member

Anna Malmhake Board member	Gunilla Rudebjer Board member	Christian Salamon Board member	Karen Tobiasen Board member	Magnus Brännström CEO & Board member

Consolidated key figures

	3 months ended 30 June			6 months ended 30 June				
	2018*	2018**	2017	2018*	2018**	2017	LTM, Jul'17-Jun'18**	Year end 2017
Gross margin, %	70.2	73.4	72.9	69.9	72.9	72.2	73.3	73.0
EBITDA margin, %	16.7	16.1	13.8	15.3	14.3	12.8	14.8	14.1
Operating margin, %	12.3	12.0	11.7	11.4	10.5	10.2	11.9	11.7
Return on:								
- operating capital, %	-	-	-	61.2	69.0	51.9	69.0	57.7
- capital employed, %	-	-	-	36.6	38.8	34.4	38.8	34.7
Net debt at hedged values / EBITDA (LTM)	0.7	0.3	0.3	0.7	0.3	0.3	0.3	(0.02)
Net debt / EBITDA (LTM)	0.8	0.4	0.5	0.8	0.4	0.5	0.4	0.1
Interest cover	8.2	8.3	13.2	8.3	7.9	10.4	10.0	11.5
Average no. of full-time equivalent employees	6,130	6,130	6,264	6,150	6,150	6,275	6,167	6,230

*Figures following the adoption of IFRS 15 and IFRS 16.
**Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

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.

Condensed consolidated interim financial statements 30 June 2018
Important clarifying information IFRS

Please note that due to accounting principles and the chosen implementation options of the new IFRS standards, the condensed consolidated financial statements in the interim report is calculated in accordance with IFRS (following the adoption of IFRS 15 and IFRS 16). For adjusted 2018 figures that are comparable with the 2017 figures, (excluding the impact of IFRS 15, IFRS 16 and related accounting alignments) please see pages 1-17 in the interim report.

Quarterly Figures following the adoption of IFRS 15 and IFRS 16

Financial summary	**Q1'18**	**Q2'18**
Sales, €m	330.8	309.2
Gross margin, %	69.7	70.2
EBITDA, €m	46.3	51.5
Operating profit, €m	34.8	38.1
Operating margin, %	10.5	12.3
Net profit before income tax, €m	30.3	34.3
Net profit, €m	21.0	24.5
EPS, diluted €	0.36	0.42
Cash flow from op. activities, €m	24.9	28.5
Net interest-bearing debt, €m	103.3	170.2
Registered actives, '000	3,034	2,768

Sales, €m	**Q1'18**	**Q2'18**
Latin America	34.0	35.5
Europe & Africa	79.3	76.4
CIS	82.2	71.0
Asia & Turkey	128.4	123.2
Manufacturing	5.3	1.4
Other	1.6	1.7
Oriflame	**330.8**	**309.2**

Operating Profit, €m	**Q1'18**	**Q2'18**
Latin America	5.2	3.7
Europe & Africa	10.3	11.5
CIS	10.1	8.1
Asia & Turkey	29.4	28.5
Manufacturing	3.2	2.2
Other	(23.4)	(15.9)
Oriflame	**34.8**	**38.1**

Registered actives, '000	**Q1'18**	**Q2'18**
Latin America	264	274
Europe & Africa	750	690
CIS	836	792
Asia & Turkey	1,184	1,012
Oriflame	**3,034**	**2,768**

Operating Margin, %	**Q1'18**	**Q2'18**
Latin America	15.2	10.5
Europe & Africa	12.9	15.0
CIS	12.3	11.5
Asia & Turkey	22.9	23.1
Oriflame	**10.5**	**12.3**

€ Sales Growth in %	**Q1'18**	**Q2'18**
Latin America	(4)	(13)
Europa & Africa	(2)	(5)
CIS	(17)	(24)
Asia & Turkey	9	(5)
Oriflame	**(3)**	**(11)**

Cash Flow, €m	**Q1'18**	**Q2'18**
Operating cash flow	24.9	28.5
Cash flow used in investing activities	(3.1)	(1.9)

Quarterly Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments

Financial summary	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Sales, €m	340.1	347.6	295.3	380.1	334.1	321.9
Gross margin, %	71.6	72.9	73.8	73.7	72.5	73.4
EBITDA, €m	40.4	47.9	40.0	63.5	42.1	51.9
Operating profit, €m	29.8	40.5	32.5	56.3	30.6	38.5
Operating margin, %	8.8	11.7	11.0	14.8	9.2	12.0
Net profit before income tax, €m	27.4	29.7	24.8	51.3	27.3	35.9
Net profit, €m	19.5	19.9	17.4	35.8	18.7	25.7
EPS, diluted €	0.34	0.35	0.30	0.62	0.32	0.44
Cash flow from op. activities, €m	(1.5)	33.9	11.2	79.0	24.9	28.5
Net interest-bearing debt, €m	92.7	82.4	85.4	23.5	16.3	84.2
Registered actives, '000	2,991	2,806	2,646	3,067	3,034	2,768

Sales, €m	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Latin America	35.3	40.9	40.4	41.0	32.5	36.8
Europe & Africa	81.3	80.3	70.7	92.4	78.5	78.1
CIS	99.5	92.9	69.9	94.5	84.6	75.2
Asia & Turkey	118.2	130.3	111.7	150.0	131.6	128.7
Manufacturing	4.5	1.4	0.8	0.3	5.3	1.4
Other	1.3	1.8	1.8	1.9	1.6	1.7
Oriflame	**340.1**	**347.6**	**295.3**	**380.1**	**334.1**	**321.9**

Operating Profit, €m	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Latin America	3.3	6.0	5.9	5.5	4.0	4.0
Europe & Africa	10.4	10.4	9.2	15.2	8.5	11.4
CIS	11.1	9.7	9.9	14.6	10.6	8.3
Asia & Turkey	21.1	28.0	22.1	39.1	27.7	28.5
Manufacturing	4.9	4.4	1.3	(1.5)	3.2	2.2
Other	(21.0)	(18.0)	(15.9)	(16.6)	(23.4)	(15.9)
Oriflame	**29.8**	**40.5**	**32.5**	**56.3**	**30.6**	**38.5**

Registered actives, '000	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Latin America	266	284	299	280	264	274
Europe & Africa	802	734	674	783	750	690
CIS	889	794	698	859	836	792
Asia & Turkey	1,034	994	975	1,145	1,184	1,012
Oriflame	**2,991**	**2,806**	**2,646**	**3,067**	**3,034**	**2,768**

Operating Margin, %	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Latin America	9.5	14.8	14.6	13.5	12.3	10.8
Europe & Africa	12.8	12.9	13.0	16.5	10.8	14.6
CIS	11.2	10.5	14.2	15.5	12.5	11.1
Asia & Turkey	17.8	21.5	19.8	26.0	21.1	22.2
Oriflame	**8.8**	**11.7**	**11.0**	**14.8**	**9.2**	**12.0**

€ Sales Growth in %	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Latin America	20	6	(1)	3	(8)	(10)
Europa & Africa	(1)	(1)	0	(3)	(3)	(3)
CIS	15	19	4	1	(15)	(19)
Asia & Turkey	14	19	15	22	11	(1)
Oriflame	**11**	**12**	**6**	**7**	**(2)**	**(7)**

Cash Flow, €m	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18*	Q2'18*
Operating cash flow	(1.5)	33.9	11.2	79.0	24.9	28.5
Cash flow used in investing activities	(3.0)	(3.0)	(3.8)	(6.1)	(3.1)	(1.9)

*Figures excluding the impact of IFRS 15, IFRS 16 and related accounting alignments. The numbers are fully comparable with 2017 reported figures.

Independent Auditor's Report on the Review of Condensed Consolidated Interim Financial Statements

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 2018 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 19 to 32. The Board of Directors is responsible for the preparation and presentation of these 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 statements 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 2018 are 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, 6 August 2018

Condensed consolidated income statements

€'000	Note	3 months ended 30 June 2018*	3 months ended 30 June 2017	6 months ended 30 June 2018*	6 months ended 30 June 2017	LTM, July' 17- June' 18*	Year End 2017
Sales		309,159	347,632	639,988	687,767	1,315,332	1,363,111
Cost of sales		(92,067)	(94,310)	(192,397)	(191,040)	(369,904)	(368,547)
Gross profit		**217,092**	**253,322**	**447,591**	**496,727**	**945,428**	**994,564**
Other income		-	11,727	-	23,684	21,627	45,311
Selling and marketing expenses		(102,982)	(128,687)	(218,970)	(258,277)	(461,270)	(500,577)
Distribution and infrastructure		(6,812)	(24,075)	(13,527)	(48,507)	(60,404)	(95,384)
Administrative expenses		(69,190)	(71,773)	(142,204)	(143,344)	(283,744)	(284,884)
Operating profit		**38,108**	**40,514**	**72,890**	**70,283**	**161,637**	**159,030**
Financial income	4	9,474	25,853	8,633	33,371	22,600	47,338
Financial expenses	4	(13,245)	(36,662)	(16,912)	(46,530)	(43,570)	(73,188)
Net financing costs		**(3,771)**	**(10,809)**	**(8,279)**	**(13,159)**	**(20,970)**	**(25,850)**
Net profit before income tax		**34,337**	**29,705**	**64,611**	**57,124**	**140,667**	**133,180**
Total income tax expense		(9,830)	(9,797)	(19,082)	(17,733)	(41,975)	(40,626)
Net profit		**24,507**	**19,908**	**45,529**	**39,391**	**98,692**	**92,554**

*Figures following the adoption of IFRS 15 and IFRS 16.

Earnings per share

€	3 months ended 30 June 2018*	3 months ended 30 June 2017	6 months ended 30 June 2018*	6 months ended 30 June 2017	LTM, July' 17- June' 18*	Year end 2017
EPS:						
- basic	0.43	0.36	0.81	0.71	1.76	1.66
- diluted	0.43	0.35	0.80	0.69	1.73	1.62
Weighted avg. number of shares outstanding:						
- basic	56,430,587	55,740,805	56,238,357	55,740,805	55,986,847	55,740,805
- diluted	57,360,259	57,151,906	57,168,029	57,151,906	56,916,519	57,217,925
Total number of shares outstanding (excluding treasury shares)	56,430,726	55,740,805	56,430,726	55,740,805	56,430,726	55,740,805

*Figures following the adoption of IFRS 15 and IFRS 16.

Condensed consolidated statements of comprehensive income

€'000	3 months ended 30 June 2018*	3 months ended 30 June 2017	6 months ended 30 June 2018*	6 months ended 30 June 2017	LTM, July' 17- June' 18*	Year end 2017
Profit attributable to owners of the Company	**24,507**	**19,908**	**45,529**	**39,391**	**98,692**	**92,554**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements of net defined liability, net of tax	778	110	778	110	(688)	(1,356)
Revaluation reserve for property, plant & equipment	-	(223)	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	***778***	***(113)***	***778***	***110***	***(688)***	***(1,356)***
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(3,173)	(14,813)	(7,065)	(6,917)	(14,112)	(13,964)
Effective portion of changes in fair value of cash flow hedges, net of tax	32	3,162	(794)	2,773	(422)	3,145
Total items that are or may be reclassified subsequently to profit or loss	***(3,141)***	***(11,651)***	***(7,859)***	***(4,144)***	***(14,534)***	***(10,819)***
Other comprehensive income for the period, net of tax	**(2,363)**	**(11,764)**	**(7,081)**	**(4,034)**	**(15,222)**	**(12,175)**
Total comprehensive income for the period attributable to owners of the Company	**22,144**	**8,144**	**38,448**	**35,357**	**83,470**	**80,379**

*Figures following the adoption of IFRS 15 and IFRS 16.

Condensed consolidated statements of financial position

€'000	Note	30 June, 2018*	31 December, 2017	30 June, 2017
Assets				
Property, plant and equipment		143,905	152,919	155,597
Right of use Assets		81,458	-	-
Intangible assets		13,566	14,595	14,168
Investment property		542	542	542
Deferred tax assets		35,364	31,136	32,626
Other long-term receivables		106	105	137
Total non-current assets		**274,941**	**199,297**	**203,070**
Inventories		154,015	165,509	165,634
Trade and other receivables		64,186	79,812	70,385
Tax receivables		11,253	8,810	11,787
Prepaid expenses		22,767	27,954	37,055
Derivative financial assets		33,441	29,682	42,721
Cash and cash equivalents		214,260	221,399	173,428
Total current assets		**499,922**	**533,166**	**501,010**
Total assets		**774,863**	**732,463**	**704,080**
Equity				
Share capital		80,745	79,850	79,850
Treasury shares		(474)	(90)	(90)
Share premium		424,870	548,474	548,474
Reserves		(175,935)	(164,732)	(163,507)
Retained earnings		(237,044)	(241,906)	(293,603)
Total equity attributable to the owners of the company		**92,162**	**221,596**	**171,124**
Liabilities				
Interest-bearing loans	8	246,985	195,113	254,534
Lease Obligations		66,556	-	-
Other long-term liabilities		4,182	3,983	3,954
Net defined benefit liability		4,140	4,938	3,690
Deferred income		6,393	309	282
Deferred tax liabilities		2,029	2,502	3,027
Total non-current liabilities		**330,285**	**206,845**	**265,487**
Current portion of interest-bearing loans	8	50,321	48,477	281
Lease Obligations		19,461	-	-
Trade and other payables		76,835	91,746	81,950
Dividend payables	5	67,849	14,049	41,896
Deferred Income		8,487	311	364
Tax payables		9,956	15,669	16,378
Accrued expenses		114,743	127,811	120,902
Derivative financial liabilities		3,756	2,392	3,109
Provisions		1,008	3,567	2,589
Total current liabilities		**352,416**	**304,022**	**267,469**
Total liabilities		**682,701**	**510,867**	**532,956**
Total equity and liabilities		**774,863**	**732,463**	**704,080**

*Figures following the adoption of IFRS 15 and IFRS 16.

Condensed consolidated statements of changes in equity

€'000	Note	Share capital	Treasury shares	Share Premium	Reserves	Retained earnings	Total Equity
At 1 January 2017		**79,850**	**(90)**	**632,085**	**(167,017)**	**(333,104)**	**211,724**
Net profit		-	-	-	-	39,391	39,391
Other comprehensive income, net of tax		-	-	-	(4,144)	110	(4,034)
Total comprehensive income for the period		**-**	**-**	**-**	**(4,144)**	**39,501**	**35,357**
Share incentive plan					7,654	-	7,654
Dividends	5	-	-	(83,611)	-	-	(83,611)
Total contributions and distributions		**-**	**-**	**(83,611)**	**7,654**	**-**	**(75,957)**
At 30 June 2017		**79,850**	**(90)**	**548,474**	**(163,507)**	**(293,603)**	**171,124**
At 1 January 2018 as previously reported		**79,850**	**(90)**	**548,474**	**(164,732)**	**(241,906)**	**221,596**
Adjustment from adoption of IFRS 15, IFRS 16 (net of tax) and accounting alignments		-	-	-	-	(25,996)	(25,996)
Restated balance at 1 January 2018		**79,850**	**(90)**	**548,474**	**(164,732)**	**(267,902)**	**195,600**
Net profit		-	-	-	-	45,529	45,529
Other comprehensive income, net of tax		-	-	-	(7,859)	778	(7,081)
Total comprehensive income for the period		**-**	**-**	**-**	**(7,859)**	**46,307**	**38,448**
Issue of ordinary shares in relation to share incentive plan	6	895	-	23,116	(8,860)	(15,449)	(298)
Purchase of treasury shares	-	-	(1,584)	-	-	-	(1,584)
Usage of treasury shares	-	-	1,200	-	-	-	1,200
Share incentive plan	6	-	-	-	5,516	-	5,516
Dividends	5	-	-	(146,720)	-	-	(146,720)
Total contributions and distributions		**895**	**(384)**	**(123,604)**	**(3,344)**	**(15,449)**	**(141,886)**
At 30 June 2018		**80,745**	**(474)**	**424,870**	**(175,935)**	**(237,044)**	**92,162**

Condensed consolidated statements of cash flows

€'000	Note	3 months ended 30 June 2018*	3 months ended 30 June 2017	6 months ended 30 June 2018*	6 months ended 30 June 2017
Operating activities					
Net profit before income tax		**34,337**	**29,705**	**64,611**	**57,124**
Adjustments for:					
Depreciation of property, plant and equipment		9,131	4,491	18,249	9,164
Amortisation of intangible assets		675	411	1,125	833
Change in fair value of borrowings and derivatives financial instruments		(916)	(894)	39	(1,038)
Deferred income		(456)	(31)	(3,869)	(68)
Impairment		-	347	-	347
Share incentive plan		3,570	2,116	5,516	7,654
Settlement of share incentive plan		902	-	902	-
Unrealised exchange rate differences		352	9,614	(619)	4,614
Profit on disposal of property, plant and equipment, intangible assets		(1,086)	(993)	(1,129)	(996)
Financial income	4	(3,132)	(3,231)	(5,912)	(7,387)
Financial expenses	4	6,443	4,660	12,122	10,294
Operating profit before changes in working capital and provisions		**49,820**	**46,195**	**91,035**	**80,541**
Decrease in trade and other receivables, prepaid expenses and derivative financial assets		5,342	7,577	8,932	419
(Increase)/decrease in inventories		4,826	(4,017)	13,002	(2,605)
(Increase)/decrease in trade and other payables, accrued expenses and derivatives financial liabilities		(15,832)	5,673	(24,805)	(11,078)
Decrease in provisions		(1,533)	(1,551)	(1,216)	(2,455)
Cash generated from operations		**42,623**	**53,877**	**86,948**	**64,822**
Interest received		2,462	4,662	5,811	8,467
Interest and bank charges paid		(6,183)	(6,912)	(11,550)	(11,348)
Income taxes paid		(10,362)	(17,700)	(27,771)	(29,486)
Cash flow from operating activities		**28,540**	**33,927**	**53,438**	**32,455**
Investing activities					
Proceeds on sale of property, plant and equipment, intangible assets		2,102	1,874	2,284	1,904
Purchases of property, plant, equipment		(3,838)	(4,233)	(7,025)	(6,755)
Purchases of intangible assets		(158)	(637)	(211)	(1,105)
Cash flow used in investing activities		**(1,894)**	**(2,996)**	**(4,952)**	**(5,956)**
Financing activities					
Proceeds from borrowings		50,742	105,000	50,742	105,000
Repayments of borrowings		(236)	(86,471)	(236)	(86,471)
Acquisition of own shares		(1,584)	-	(1,584)	-
Decrease of lease liabilities		(5,523)	-	(11,374)	-
Dividends paid	5	(78,964)	(41,750)	(92,870)	(52,863)
Cash flow used in financing activities		**(35,565)**	**(23,221)**	**(55,322)**	**(34,334)**
Change in cash and cash equivalents		**(8,919)**	**7,710**	**(6,836)**	**(7,835)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts		222,514	170,600	221,345	185,365
Effect of exchange rate fluctuations on cash held		665	(5,164)	(249)	(4,384)
Cash and cash equivalents at the end of the period net of bank overdrafts		**214,260**	**173,146**	**214,260**	**173,146**

*Figures following the adoption of IFRS 15 and IFRS 16.

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 of the Company as at and for the six months ended 30 June 2018 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 2018 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 2017. They do not include all of the information required for a complete set of IFRS financial statements.
This is the first set of the Group's financial statements where IFRS 15, IFRS 16 and IFRS 9 have been applied. Changes to significant accounting policies are described below.
The interim financial statements were authorised for issue by the Directors on 6 August 2018.

Change in significant accounting policies, use of judgements and estimates

Except as described below, 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 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at end for the year ending 31 December 2018.

From 1st January 2018, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with customers have become effective. In addition, the Group has decided to early adopt IFRS 16 Leases at the same time as IFRS 15. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The following table summarises the impact, net of tax, of transition to IFRS 15 on retained earnings at 1 January 2018.

€'000	**Impact of adoption IFRS 15 at 1 January 2018**
Retained earnings	
Revenue recognition based on the transfer of control	(9,024)
Performance obligations	(12,060)
Related tax	4'916
Impact at 1 January 2018	(16'168)

The following tables summarise the impacts of adopting IFRS 15 on the Group's interim statement of financial position as at 30 June 2018 and its interim statement for profit or loss and OCI for the six months then ended for each of the line items affected. There was no material impact on the Group's interim statement of cash flows for the six month period ended 30 June 2018.

Impact on the condensed interim statement of financial postition

	At 30 June 2018		
€'000	**As reported**	**Adjustments**	**Amounts without adoption of IFRS 15**
Assets			
Deferred tax assets	35,364	(4,295)	31,069
Total non-current assets	**274,941**	**(4,295)**	**270,646**
Inventories	154,015	(4,131)	149,884
Trade and other receivables	64,186	4,292	68,478
Total current assets	**499,922**	**161**	**500,083**
Total assets	**774,863**	**(4,134)**	**770,729**
Equity			
Reserves	(175,934)	(281)	(176,215)
Retained earnings	(237,044)	9,786	(227,258)
Total equity attributable to the owners of the company	**92,162**	**9,505**	**101,667**
Liabilities			
Deferred income	6,393	(6,111)	282
Deferred tax liabilities	2,029	(785)	1,244
Total non-current liabilities	**330,285**	**(6,896)**	**323,388**
Deferred income	8,487	(8,312)	175
Total current liabilities	**352,416**	**(8,312)**	**344,104**
Total liabilities	**682,700**	**(15,208)**	**667,492**
Total equity and liabilities	**774,863**	**(4,134)**	**770,729**

Impact on the condensed interim statement of profit or loss and OCI

	At 30 June 2018		
€'000	**As reported**	**Adjustments**	**Amounts without adoption of IFRS 15**
Sales	639,988	16,091	656,079
Cost of sales	(192,397)	14,874	(177,523)
Gross profit	**447,591**	**30,965**	**478,556**
Other income	-	20,794	20,794
Selling and marketing expenses	(218,970)	(28,697)	(247,667)
Distribution and infrastructure	(13,527)	(29,291)	(42,818)
Administrative expenses	(142,204)	(46)	(142,25)
Operating profit	**72,890**	**(6,275)**	**66,615**
Net profit before income tax	**64,611**	**(6,275)**	**58,336**
Total income tax expense	(19,082)	1,405	(17,677)
Net profit	**45,529**	**(4,870)**	**40,659**
Total comprehensive income for the period	**38,448**	**(4,870)**	**33,578**

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's revenue are set out below.

Sales revenue under IFRS 15

i. Sale of goods

Revenue, which excludes value added tax and other applicable turnover taxes, represent sales to individual sales consultants and licensed distributors or, in the case of mail order and retail sales, to individual customers or, in case of third party suppliers, royalties income. Sales are recognised in the consolidated income statements when the control of the goods have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

ii. Sales programmes

Revenue is allocated between the sales programmes and the other components of sale. The amount allocated to loyalty programmes is deferred, and is recognised as revenue when the Group has fulfilled its obligation to supply the free or discounted products under the terms of the programmes or when it is no longer probable that the points under the programmes will be redeemed.

Nature of change in accounting policy

i. Sale of goods

Under IAS 18 Revenue sales were recognised in the consolidated income statements when the significant risks and rewards of ownership have been transferred to the buyer. No revenue were recognised if there are significant uncertainties regarding recovery of the consideration due. The impact of these changes on items other than revenue is mainly an increase in deferred revenue and an increase in inventories.

ii. Other income

Under IAS 18 Other income comprised catalogues sales, freight income and rental income. Under IFRS 15 these amounts are booked as cost reduction to the underlying cost stream as this is not representing a revenue stream for the group.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 leases and related interpretations. IFRS 16 introduces a single on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has adopted IFRS 16 based on the modified retrospective option including the practical expedience (grandfathering, <12 months, low values), with the effect of initially applying this standard recognised at the date of intial application (i.e. 1 January 2018). Accordingly, the information presented 2017 has not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations.

The following table summarises the impact net of tax of transition to IFRS 16 on retained earnings at 1 January 2018.

€'000	Impact of adopting IFRS 16 at 1 January 2018
Right of used asset	87,709
Lease liability	(93,865)
Related tax effect	1,117
Impact at 1 January 2018 at Retained earnings	(5,039)

IFRS 9 Financial Instruments

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

€'000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Interest rate caps used for trading	Held-for-trading	Mandatorily at FVTPL	8	8
Forward exchange contracts used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	1,585	1,585
Other forward exchange contracts	Held-for-trading	Mandatorily at FVTPL	171	171
Cross currency interest rate swap contracts used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	10,043	10,043
Other cross currency interest rate swap contracts	Held-for-trading	Mandatorily at FVTPL	17,875	17,875
Trade and other receivables	Loans and receivables	Amortised cost	64,822	64,822
Cash and cash equivalents	Loans and receivables	Amortised cost	221,399	221,399
Total financial assets			**315,903**	**315,903**

Note 3 • Segment reporting

Operating segments

The Group has five main reportable segments, which consists of Latin America, Europe & Africa, CIS, Asia & Turkey and 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 2018

€'000	Latin America	Europe & Africa	CIS	Asia & Turkey	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	69,527	155,708	153,142	251,574	6,674	3,364	**639,988**		**639,988**
Operating Profit	8,915	21,667	18,269	57,816	5,356	1,004	**113,027**	(40,137)	**72,890**
Net financing costs									**(8,278)**
Net profit before income tax									**64,611**
Total income tax expense									**(19,082)**
Net profit									**45,529**
Capital expenditure	(553)	(674)	(675)	(1,048)	(3,061)		**(6,011)**	(1,225)	**(7,236)**
Depreciation & amortisation	(484)	(738)	(1,328)	(1,001)	(2,770)		**(6,322)**	(2,762)	**(9,084)**
Goodwill		1,053		4,345			**5,398**		**5,398**

As per 30 June 2017

€'000	Latin America	Europe & Africa	CIS	Asia & Turkey	Manu-facturing	All other segments	**Total segments**	Unallocated items	**Total**
Sales	76,139	161,623	192,392	248,511	5,849	3,253	**687,767**	-	**687,767**
Operating Profit	9,378	20,808	20,825	49,083	9,331	945	**110,370**	(40,087)	**70,283**
Net financing costs									**(13,159)**
Net profit before income tax									**57,124**
Total income tax expense									**(17,733)**
Net profit									**39,391**
Capital expenditure	(412)	(522)	(942)	(926)	(1,542)	-	**(4,344)**	(3,516)	**(7,860)**
Depreciation & amortisation	(571)	(836)	(1,539)	(1,077)	(4,596)	-	**(8,619)**	(1,378)	**(9,997)**
Impairment	-	-	-	-	-	-	**-**	(347)	**(347)**
Goodwill	-	1,053	-	4,345	-	-	**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	**2018**	**2017**	**2018**	**2017**
Interest income on bank deposits	531	531	958	1,009
Interest received on finance lease receivable	5	6	12	14
Cross currency interest rate swaps interest income	2,596	2,693	4,942	6,364
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts gain	33	1,242	885	1,369
- Interest rate swaps gain	-	57	-	57
- Interest rate caps gain	-	-	-	3
- Cross currency interest rate swaps gain	6,218	-	1,745	-
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value gain	-	21,324	-	24,555
- Option exchange rate contract gain	91	-	91	
Total financial income	**9,474**	**25,853**	**8,633**	**33,371**
Bank charges and interest expense on loans carried at amortised cost	(3,243)	(466)	(6,009)	(2,706)
Interest expense on loan carried at fair value	(1,616)	(2,743)	(3,090)	(4,452)
Cross currency interest rate swaps interest expense	(1,459)	(1,451)	(2,898)	(3,137)
Options expense paid	(125)	-	(125)	
Change in fair value of financial assets and liabilities at fair value held for trading:				
- Forward exchange rate contracts expense	(80)	-	(1,554)	(284)
- Interest rate swaps	(75)	-	(133)	
- Interest rate caps expense	(2)	(13)	(7)	(2)
- Cross currency interest rate swaps expense	-	(21,715)	-	(24,661)
Change in fair value of financial assets and liabilities at fair value designated as such upon initial recognition:				
- USD loan fair value loss	(5,269)	-	(1,066)	-
Foreign exchange losses, net	(1,376)	(10,274)	(2,030)	(11,288)
Total financial expenses	**(13,245)**	**(36,662)**	**(16,912)**	**(46,530)**
Net financing costs	**(3,771)**	**(10,809)**	**(8,279)**	**(13,159)**

Note 5 • Dividends

Dividends declared
During the 6 months period in 2018 and following the Annual General Meeting (AGM) held on 4 May 2018, a dividend of €2.60 per share was recognised against the capital contribution reserve (share premium) for an amount of €146.7m.
In 2017, during the period, a dividend of €1.50 per share totalling €83.6m was recognised in the equity.

Dividends paid
In February 2018, the fourth instalment from the 2017 AGM dividend resolution was paid for €13.9m (€0.25 per share).
In May 2018, the first instalment from the 2018 AGM dividend resolution was paid for €79.0m (€1.40 per share).

Note 6 • Share Incentive Plan

During February 2018, a total of 729,921 achievement shares were delivered to participants of the 2014 and 2015 share incentive and retention plans (SIP). The settlement was done through:

a. an increase of share capital for 688,401 shares with a par value of CHF 1.50 under the Company's conditional share capital,
b. with 40,000 shares repurchased on Nasdaq Stockholm, and
c. with the use of 1,520 existing treasury shares

During the first quarter 2018, the Board of Directors resolved to implement the 2018 share incentive plan ("2018 SIP") for approximately 50 key employees of the Oriflame group (the "Participants") . This offer resulted in a grant of 71,000 investment shares at the beginning of the scheme.

Note 7 • Inventories

During the first half of 2018 the Group wrote down €2.0 million (€3.0 million) inventory mainly due to obsolescence which is included in cost of sales.

Note 8 • Interest-bearing loans

On 3 May 2018, the Group successfully completed the issuance of € 50 million private placement notes. The notes have a final maturity in 2030 and will be linearly amortised starting from 2026. Interest is fixed and paid semi-annually.

The terms and maturity schedule of loans outstanding at 30 June 2018 were as follows:

€ '000	Currency	Interest Rate	Year of maturity	30 June 2018 Face value	30 June 2018 Carrying amount *	31 December 2017 Face value	31 December 2017 Carrying amount *
Revolving bank facility	EUR	Euribor + margin	2023	-	(1,087)	-	(1,256)
Private placement loan	USD	Fixed rate USD	2020	51,471	60,868	51,471	60,176
Private placement loan	USD	Fixed rate USD	2018-2023	95,624	117,019	95,624	114,616
Private placement loan	EUR	Fixed rate EUR	2029	70,000	70,000	70,000	70,000
Private placement loan	EUR	Fixed rate EUR	2030	50,000	50,000	-	-
Other short term loans	TRY /DZD	0% - 16% / 9%	2019	506	506	54	54
Total interest bearing liabilities				**267,601**	**297,306**	**217,149**	**243,590**

* Difference between the face value and the carrying amount consists of the fair value difference and the amount of amortised front-end fees.

Note 9 • Financial instruments

The fair values of financial assets and liabilities in the condensed consolidation interim statements of financial position are as follows (except for financial liabilities carried at amortised cost):

€'000	30 June 2018	31 December 2017
	Carrying amount	Carrying amount
Financial assets carried at fair value:		
Cross currency interest rate swaps for trading	19,673	17,875
Interest rate caps for trading	1	8
Interest rate swaps for trading	-	-
Option exchange rate contract for trading	92	
Forward exchange rate contracts for trading	572	171
Total derivatives for trading	*20,338*	*18,054*
Cross currency interest rate swaps for hedging	12,283	10,043
Forward exchange rate contracts for hedging	821	1,585
Total derivatives for hedging	*13,104*	*11,628*
Total derivative financial assets	*33,442*	*29,682*
Total financial assets carried at fair value	**33,442**	**29,682**
Financial liabilities carried at amortised cost:		
Loans	(191,310)	(138,607)
Total financial liabilities carried at amortised cost	**(191,310)**	**(138,607)**
Financial liabilities carried at fair value:		
USD loan	(105,996)	(104,929)
Total designated as such upon initial recognition	(105,996)	*(104,929)*
Cross currency interest rate swaps for trading	(487)	(494)
Interest rate swaps for trading	(364)	(232)
Forward exchange rate contracts for trading	(787)	(69)
Total derivatives for trading	*(1,638)*	*(795)*
Cross currency interest rate swaps for hedging	(675)	(684)
Forward exchange rate contracts for hedging	(1,443)	(1,145)
Total derivatives for hedging	*(2,118)*	*(1,829)*
Total derivative financial liabilities	*(3,756)*	*(2,624)*
Total financial liabilities carried at fair value	***(109,752)***	***(107,553)***

For classification and measurement categories under IFRS 9 refer to Note 2.

The fair values for all other financial instruments such as cash and cash equivalents, short-term trade receivables and payables are not disclosed, because their carrying amounts are a reasonable approximation of fair value.

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
The fair value of loans at amortised cost as of 30 June 2018 is equivalent to € 211,786 (€ 152,596 as of 31 December 2017). 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.

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 2018				
Financial assets and liabilities measured at fair value				
USD loans	-	(105,996)	-	(105,996)
Derivative financial assets	-	33,442	-	33,442
Derivative financial liabilities	-	(3,756)	-	(3,756)
	-	**(76,310)**	**-**	**(76,310)**
Financial assets and liabilities not measured at fair value				
Loans	-	(211,786)	-	(211,786)
	-	**(211,786)**	-	**(211,786)**

€'000	Level 1	Level 2	Level 3	Total
31 December 2017				
Financial assets and liabilities measured at fair value				
USD loans	-	(104,930)	-	(104,930)
Derivative financial assets	-	29,682	-	29,682
Derivative financial liabilities	-	(2,624)	-	(2,624)
	-	**(77,872)**	**-**	**(77,872)**
Financial assets and liabilities not measured at fair value				
Loans	-	(152,596)	-	(152,596)
	-	**(152,596)**	-	**(152,596)**

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2018 and the twelve months ended 31 December 2017.

Note 10 • Seasonality

The business of the Group presents cyclical evolutions and is driven by a number of factors:

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

Note 11 • Events subsequent to the reporting date

In July 2018, the termination date of the Revolving bank facility was extended by one year, with the effect that the termination date shall be on the sixth anniversary in 2023.

On 13 July 2018, the first tranche in the U.S. private placement loan issued in 2011 matured and the Group repaid the aggregated principal amount of $ 58.1 million together with the interest accrued to investors.