No. 62
COMPANY ANNOUNCEMENT
7 August 2012

INTERIM REPORT FOR Q2 2012

GROUP REVENUE WAS DKK 1,260 MILLION AND EBITDA MARGIN WAS 17.5%. REPORTED NUMBERS IN LINE WITH EXPECTATIONS AND AS EXPECTED ADVERSELY AFFECTED BY STOCK BALANCING CAMPAIGN. FULL YEAR REVENUE AND EBITDA MARGIN GUIDANCE CONFIRMED WITH IMPROVED GROSS MARGIN.

During Q2 2012 the Company continued to execute on the stock balancing campaign as planned. The reported numbers in this interim report are in line with expectations, and as expected adversely impacted by the effect from the stock balancing campaign launched in Q1 2012. Please see PANDORA's Annual report for 2011 for a full description of the stock balancing campaign.

In Q2 2012 PANDORA received returns of discontinued products of DKK 183 million and replaced DKK 310 million. In H1 2012 PANDORA received returns of discontinued products of DKK 523 million and replaced DKK 472 million.

- Group revenue decreased by 9.5% in Q2 2012 to DKK 1,260 million compared to DKK 1,392 million in Q2 2011:
  - Americas decreased by 5.1% (14.6% decrease in local currency)
  - Europe decreased by 16.6% (17.4% decrease in local currency)
  - Asia Pacific decreased by 8.1% (14.1% decrease in local currency)
  - Branded revenue as percentage of total revenue increased to 75.3% (73.4% in Q2 2011)

- Gross margin was 67.9% in Q2 2012 (compared to a gross margin of 74.4% in Q2 2011)

- EBITDA margin was 17.5% in Q2 2012 (compared to an EBITDA margin of 36.8% in Q2 2011), EBITDA decreased by 57.0% to DKK 220 million

- EBIT margin was 13.7% in Q2 2012 (compared to an EBIT margin of 31.6% in Q2 2011), EBIT decreased by 60.7% to DKK 173 million

- Net profit decreased by 89.9% to DKK 63 million in Q2 2012 (compared to a net profit of DKK 626 million in Q2 2011). Net profit for Q2 2011 included a positive effect of DKK 296 million from the revaluation of the CWE earn-out provision. Adjusted for these effects Q2 2012 net profit decreased by 80.9% compared to Q2 2011

- Free cash flow was DKK 91 million in Q2 2012 (compared to DKK 227 million in Q2 2011)

UPDATED FINANCIAL OUTLOOK FOR 2012
Assuming a negative impact on revenue corresponding to the maximum cap of DKK 800 million from the stock balancing campaign, PANDORA expect to report revenue above DKK 6 billion, a

gross margin in the mid 60's (up from previously guided low 60's) and an EBITDA margin in the low 20's.

Excluding the negative impact of the one-off stock balancing campaign PANDORA expects 2012 revenue growth in mid-single digits; gross margin in the mid 60's (up from previously guided low 60's) driven by the impact of commodities prices and a reduction in our selling prices; and EBITDA margin in the mid 20's.

CAPEX and the effective tax rates will not be affected by the stock balancing campaign. PANDORA expects CAPEX to be around DKK 300 million and an effective tax rate of 18%.

PANDORA's revenue assumption is based on the expectation of approximately 200 new Concept stores in 2012, with a particular focus in new markets. PANDORA expects to open at least 135 new Concept stores and Shop-in-Shops in our key new markets (Italy, France, Russia and Asia) during the course of 2012.

PANDORA's 2012 guidance is based on the following assumptions:
- Main commodities: Gold: 1,534 USD/oz and silver: 32.7 USD/oz
- Main currencies: DKK/GBP: 858.7, DKK/USD: 551.1, DKK/AUD: 536.4 and DKK/THB: 17.7

CEO Björn Gulden, said:

"Our operations continued to develop as expected during the quarter, even with a slightly better gross margin helped by a changed product mix. The execution on the stock balancing campaign continued into Q2 2012 and was very well received by our retail partners across all our markets. Even though the stock balancing campaign, short-term, hurts our revenue, cost ratio and profitability in 2012, the campaign has proven to be the right action to help our retailers improve the quality of their stock.

Our Spring/Summer 2012 collection launched in mid-March continued to do very well in terms of sales to end-customers, sales-out. In combination with the realignment of the price architecture on the rest of our product portfolio, our offering is now again competitive with the right commercial price points for our jewellery.

Feedback from our retailers on our Autumn/Winter 2012 collection has been very encouraging and with an additional 94 new Concept stores opened in H1 2012, we are on track to deliver on what we have promised the market in our financial guidance for the full year."

CONFERENCE CALL
A conference call for investors and financial analysts – hosted by CEO Björn Gulden and CFO Henrik Holmark – will be held today at 10.00 CET and can be accessed from our website: www.pandoragroup.com. The corresponding presentation will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:
DK: +45 3272 7625
UK (International): +44 (0) 1452 555 566
US: +1 631 510 7498

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code 12547361 when dialling into the conference.

ABOUT PANDORA
PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine materials at affordable prices. PANDORA jewellery is sold in more than 65 countries on six continents through over 10,000 points of sale, including more than 750 Concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs over 5,800 people worldwide of whom 3,900 are located in Gemopolis, Thailand, where the Company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ OMX Copenhagen stock exchange in Denmark. In 2011, PANDORA's total revenue was DKK 6.7 billion (approximately EUR 893 million). For more information, please visit **www.pandoragroup.com**

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FINANCIAL HIGHLIGHTS

DKK million	2012 Q2	2011 Q2	2012 Half year	2011 Half year	2011 Full year
Income statement					
Revenue	1,260	1,392	2,684	3,137	6,658
EBITDA	220	512	621	1,221	2,281
Operating profit (EBIT)	173	440	526	1,077	2,058
Net financial income and expenses	-96	265	-37	256	311
Profit before tax	77	705	489	1,333	2,369
Net profit for the period	63	626	401	1,141	2,037
Balance sheet					
Total assets	8,358	7,854	8,358	7,854	8,051
Invested capital	6,220	5,764	6,220	5,764	5,923
Net working capital excluding derivatives	1,630	1,462	1,630	1,462	1,327
Shareholders' equity	5,223	4,439	5,223	4,439	5,411
Net interest-bearing debt	737	1,144	737	1,144	209
Cash flow statement					
Net cash flow from operating activities	139	255	276	710	1,823
Net cash flow from investing activities	-70	-40	-92	-175	-364
Free cash flow	91	227	209	703	1,670
Cash flow from financing activities	-5	-592	-64	-1,539	-2,502
Net cash flow for the period	64	-377	120	-1,004	-1,043
Ratios					
Revenue growth, %	-9.5%	3.6%	-14.4%	21.5%	-0.1%
EBITDA growth, %	-57.0%	-6.2%	-49.1%	19.7%	-15.0%
EBIT growth, %	-60.7%	-8.3%	-51.2%	20.7%	-14.8%
Net profit growth, %	-89.9%	56.1%	-64.9%	70.0%	8.9%
EBITDA margin, %	17.5%	36.8%	23.1%	38.9%	34.3%
EBIT margin, %	13.7%	31.6%	19.6%	34.3%	30.9%
Cash conversion, %	144.4%	36.3%	52.1%	61.6%	82.0%
Net interest-bearing debt to EBITDA *	0.4	0.4	0.4	0.4	0.1
Equity ratio, %	62.5%	56.5%	62.5%	56.5%	67.2%
ROIC, % *	24.2%	45.1%	24.2%	45.1%	34.7%
Other key figures					
Average number of employees	5,629	5,141	5,510	5,100	5,186
Dividend per share, DKK	-	-	-	-	5.5
Earnings per share, basic	0.5	4.8	3.1	8.8	15.9
Share price at end of period	55	162	55	162	54

* Ratio is based on 12 months rolling EBITDA and EBIT respectively.

Key figures and financial ratios are defined and calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2010". Please refer to note 27 in the Annual Report 2011.

IMPORTANT EVENTS IN Q2 2012

Initiative to improve the quality of retailers' stock
With the aim to improve the quality of the stock mix at its key retail partners, PANDORA on 21 February 2012, initiated a one-off, time limited global stock balancing campaign.

PANDORA estimates the wholesale value of the campaign to be in the range from DKK 700 million up to a maximum of DKK 800 million. During Q2 2012 PANDORA received discontinued products of DKK 183 million and DKK 310 million was replaced with new bestsellers. For H1 2012 the numbers totalled DKK 523 million and DKK 472 million, respectively.

From an accounting perspective the stock balancing campaign has no impact on revenue, and since the revenue recognition is based on the matching principle only products that have been both received and subsequently replaced with new products are accounted for in revenue. The value of products accounted for in Q2 2012 was DKK 310 million with a revenue impact of zero in Q2 2012. The impact on inventory caused by take back from the stock balancing campaign was DKK 180 million as at 30 June 2012, that awaits re-melting.

The campaign is planned to continue for the remainder of 2012 and PANDORA estimates that it will generate a corresponding negative impact on reported numbers across the whole of 2012 due to cannibalisation of future sales.

PANDORA retailers have welcomed the stock balancing campaign initiative and the part of the campaign run so far has achieved a high participation rate from retailers, both in terms of number of stores and volume. The requests for returns of discontinued products show a participation rate of approximately two-thirds amongst all points of sales in PANDORA's distribution network. Participation rates for Concept stores and Shop-in-Shops were approximately 80%.

To help evaluate against historical figures, PANDORA will, throughout 2012, provide supplemental figures related to the stock balancing campaign where applicable. Supplemental figures should however be treated with careful consideration, as simply adding these to the reported figures may not be representative nor meaningful, particularly due to the phasing of returns and replacements between individual quarters.

Performance of Spring/Summer and Autumn/Winther 2012 collections
As mentioned in PANDORA's Q1 2012 report, the Spring/Summer 2012 collection launched in mid-March, was very well received in stores, sales-in, representing a significantly higher volume compared to the volume generated by last year's Spring/Summer 2011 collection, both in terms of initial orders and in terms of replenishment orders from retailers.

More importantly, sales-out revenue from the stores has in Q2 2012 also significantly improved compared to sales of last year's Spring/Summer collection. Despite a reduced average retail price from a higher proportion of silver products in the Spring/Summer 2012 collection, and thus more appealing price points to consumers, this effect was more than offset by significantly higher volumes.

Even though Autumn/Winter will be shipped in second half of the year, feedback from presentations to the retailers has been very encouraging.

Organisational changes

In addition to his current function as Chief Development Officer, member of the Executive Board, Sten Daugaard has been assigned to head PANDORA's Asian headquarters in Hong Kong. The change is made in order to secure senior management attention to an important future region for PANDORA.

David Allen, former Vice President Sales of PANDORA Australia, has been appointed new President for PANDORA Australia with the responsibility for PANDORA's commercial operations in Australia, New Zealand and the Pacific, succeeding Karin Adcock, who retired as planned on 1st of July 2012.

Scott Burger, former COO of PANDORA North America, has been appointed President for PANDORA North America, succeeding John White, who is taking up a position outside PANDORA. Scott Burger has been with PANDORA since 2007 and has, in close collaboration with John White, been instrumental in building our business in North America into one of the most successful operations within PANDORA.

REVENUE DEVELOPMENT IN Q2 2012

Total revenue decreased by 9.5% to DKK 1,260 million in Q2 2012 from DKK 1,392 million in Q2 2011, with Q2 2012 negatively impacted from the derived effects of the stock balancing campaign initiated in February 2012 as well as a significant impact from a change in product mix influenced by the introduction of products with lower price points.

Excluding foreign exchange movements, revenue decreased by 15.5% consisting of price reductions (-2.9%), volume (-0.4%), market mix (0.3%) and product mix effects (-12.5%).

The geographical distribution of revenue in Q2 2012 was 54.5% for the Americas (52.0% in Q2 2011), 32.0% for Europe (34.7% in Q2 2011) and 13.5% for Asia Pacific (13.3% in Q2 2011).

REVENUE BREAKDOWN BY GEOGRAPHY

DKK million	Q2 2012	Q2 2011	% Change	% Change in local currency	Received Q2 2012*	Replaced Q2 2012*
Americas	**687**	**724**	**-5.1%**	**-14.6%**	**-**	**146**
United States	521	545	-4.4%		-	123
Other	166	179	-7.3%		-	23
Europe	**403**	**483**	**-16.6%**	**-17.4%**	**135**	**118**
United Kingdom	102	166	-38.6%		14	32
Germany	85	119	-28.6%		25	23
Other	216	198	9.1%		96	63
Asia Pacific	**170**	**185**	**-8.1%**	**-14.1%**	**48**	**46**
Australia	131	134	-2.2%		39	39
Other	39	51	-23.5%		9	7
Total	**1,260**	**1,392**	**-9.5%**	**-15.5%**	**183**	**310**

* Received means value of discontinued products returned to PANDORA in Q2 2012. Replaced means value of new products returned to retailers Q2 2012.

DKK million	H1 2012	H1 2011	% Change	% Change in local currency	Received H1 2012*	Replaced H1 2012*
Americas	**1,453**	**1,506**	**-3.5%**	**-10.2%**	**258**	**253**
United States	1,130	1,222	-7.5%		211	208
Other	323	284	13.7%		47	45
Europe	**877**	**1,226**	**-28.5%**	**-28.8%**	**212**	**168**
United Kingdom	236	385	-38.7%		78	79
Germany	185	281	-34.2%		28	24
Other	456	560	-18.6%		106	65
Asia Pacific	**354**	**405**	**-12.6%**	**-18.8%**	**53**	**51**
Australia	255	308	-17.2%		44	44
Other	99	97	2.1%		9	7
Total	**2,684**	**3,137**	**-14.4%**	**-18.6%**	**523**	**472**

* Received means value of discontinued products returned to PANDORA in H1 2012. Replaced means value of new products returned to retailers H1 2012.

AMERICAS

Revenue in Americas decreased by 5.1% to DKK 687 million in Q2 2012 from DKK 724 million in Q2 2011. Excluding foreign exchange movements, revenue decreased by 14.6% compared to Q2 2011.

In the United States revenue was down 4.4% in Q2 2012 versus Q2 2011 (a decrease of 14.3% in local currency). Of the DKK 310 million in stock balancing replaced in Q2 2012, the United States accounted for DKK 123 million, corresponding to 23.6% of the reported revenue for Q2 2012 which may have changed retailers' purchasing patterns and thereby affecting the reported revenue negatively.

Based on Concept stores, which have been operating for 12 months or more, like for like sales-out in the United States increased by 3.0% in Q2 2012 compared to Q2 2011.

Concept stores like for like* sales-out	Sales-out			
	Q2 2011 to Q2 2012	Q1 2011 to Q1 2012	Q4 2010 to Q4 2011	Q3 2010 to Q3 2011
US	3.0%	6.7%	16.6%	11.3%

*Stores of same category open more than 12 months.

Other Americas sales were down 7.3% in Q2 2012 versus Q2 2011 and constituted 13.2% of Group revenue, with Canada as the largest contributor growing by 18.9% in Q2 2012 compared to Q2 2011, while other markets in this region declined by 45.2% in Q2 2012 compared to the same period last year.

During Q2 2012 the number of branded stores in the Americas increased by 62 stores (versus 42 in Q2 2011) to a total of 1,424 branded stores. Of the 62 branded stores opened in Q2 2012, 27 were Concept stores. Branded stores accounted for 46.1% of the total number of stores compared to 40.3% at the end of Q2 2011.

AMERICAS	Number of PoS Q2 2012	Number of PoS Q1 2012	Number of PoS Q2 2011	Delta Q2 2012 and Q1 2012	Delta Q2 2012 and Q2 2011
Concept stores[1]	250	223	160	27	90
Shop-in-Shops[2]	459	441	346	18	113
Gold	715	698	607	17	108
Total branded	**1,424**	**1,362**	**1,113**	**62**	**311**
Total branded as % of Total	**46.1%**	**45.3%**	**40.3%**	**0.8%**	**5.8%**
Silver	1,121	1,115	1,105	6	16
White and travel retail	541	532	541	9	0
Total	**3,086**	**3,009**	**2,759**	**77**	**327**

[1] Includes 0 and 0 PANDORA-owned Concept stores at Q2 2012 and Q1 2012 respectively

[2] Includes 0 and 0 PANDORA-owned Shop-in-Shops at Q2 2012 and Q1 2012 respectively

EUROPE

In Europe PANDORA experienced a decrease in revenue of 16.6% (a decrease of 17.4% in local currency) in Q2 2012 versus Q2 2011, caused by the UK and Germany, which was negatively impacted during the quarter by a significant replacement of products in connection with the on-going stock balancing campaign.

Revenue in the UK, our largest single European market (accounting for 8.1% of Q2 2012 revenue) decreased by 38.6% (a decrease of 45.0% in local currency). Of the DKK 310 million in stock balancing replaced in Q2 2012, the UK accounted for DKK 32 million, corresponding to 31.4% of the reported revenue for UK in Q2 2012 which may have changed retailers' purchasing patterns and thereby affecting the reported revenue negatively.

Based on Concept stores which have been operating for 12 months or more, like for like sales-out in the UK decreased by 4.0% in Q2 2012 compared to Q2 2011, in a retail environment characterised by heavy discounting amongst competitors in Q2 2012.

Concept stores like for like* sales-out	**Sales-out**			
	Q2 2011 to Q2 2012	**Q1 2011 to Q1 2012**	**Q4 2010 to Q4 2011**	**Q3 2010 to Q3 2011**
UK	-4.0%	-15.6%	-8.9%	-10.0%

*Stores of same category open more than 12 months.

Revenue in Germany, PANDORA´s second largest market in Europe (accounting for 6.8% of Q2 2012 Group revenue), decreased by 28.6% in Q2 2012 compared to Q2 2011. Of the DKK 310 million in stock balancing replaced in Q2 2012, Germany accounted for DKK 23 million, corresponding to 27.1% of the reported revenue for Germany in Q2 2012 which may have changed retailers' purchasing patterns and thereby affecting the reported revenue negatively.

PANDORA continues to address the over-distribution with too many points of sale by closing a significant number of sub-optimally located stores particularly in the White category in 2012. In H1 2012 PANDORA executed on this strategy and closed or upgraded approximately 60% of all White stores in Germany, which may have had an adverse impact on revenue.

Based on Concept stores, which have been operating for 12 months or more, like for like sales-out in Germany increased by 8.9% in Q2 2012 compared to Q2 2011.

Concept stores like for like* sales-out	**Sales-out**			
	Q2 2011 to Q2 2012	**Q1 2011 to Q1 2012**	**Q4 2010 to Q4 2011**	**Q3 2010 to Q3 2011**
Germany	8.9%	-1.8%	-1.4%	-11.5%

*Stores of same category open more than 12 months.

The category Other Europe increased by 9.1% in Q2 2012 compared to Q2 2011, primarily driven by significant growth from Italy, Russia and France, whereas PANDORA's 3rd party distributor markets Greece, Spain, Portugal and Ireland continues to suffer from harsh macroeconomic trading conditions.

During Q2 2012 the number of branded stores in Europe decreased by 35 stores (versus an increase of 10 in Q2 2011) to a total of 1,966 branded stores, accounting for 29.1% of the total number of stores compared to 23.6% at the end of Q2 2011 affected by the net closure of 53 unbranded stores during Q2 2012. The decrease on Shop-in-Shops compared to Q2 2011 is impacted by reclassification of 103 Shop-in-Shops to Gold and Silver categories following the review in PANDORA CWE.

EUROPE	Number of PoS Q2 2012	Number of PoS Q1 2012	Number of PoS Q2 2011	Delta Q2 2012 and Q1 2012	Delta Q2 2012 and Q2 2011
Concept stores[1]	382	355	258	27	124
Shop-in-Shops[2]	457	478	535	-21	-78
Gold	1,127	1,168	845	-41	282
Total branded	**1,966**	**2,001**	**1,638**	**-35**	**328**
Total branded as % of Total	**29.1%**	**29.2%**	**23.6%**	**-0.1%**	**5.5%**
Silver	1,844	1,756	1,490	88	354
White and travel retail	2,945	3,086	3,816	-141	-871
Total[3]	**6,755**	**6,843**	**6,944**	**-88**	**-189**

[1] Includes 68 and 59 PANDORA-owned Concept stores at Q2 2012 and Q1 2012 respectively
[2] Includes 53 and 48 PANDORA-owned Shop-in-Shops at Q2 2012 and Q1 2012 respectively
[3] Includes for Q2 2012 71 concept stores, 146 Shop-in-Shops, 217 Gold, 218 Silver and 1,160 White stores respectively relating to 3rd party distributors

ASIA PACIFIC

In Asia Pacific, revenue decreased by 8.1% in Q2 2012 compared to Q2 2011. Excluding currency movements, the revenue in the region decreased by 14.1% in Q2 2012 compared to the same period last year.

Reported revenue in Australia was down by 2.2% in Q2 2012 compared to the same period last year whereas revenue decreased by 8.3% in local currency. Of the DKK 310 million in stock balancing replaced in Q2 2012, Australia accounted for DKK 39 million, corresponding to 29.8% of the reported revenue for Q2 2012 which may have changed retailers' purchasing patterns and thereby affecting the reported revenue negatively.

We continue to address the over-distribution with too many points of sale, by closing a significant number of sub-optimally located stores particularly in the White category in 2012. In H1 2012 PANDORA executed on this strategy and closed approximately 50% of all White stores in Australia, which may have had an adverse impact on revenue.

Based on Concept stores which have been operating for 12 months or more, like for like sales-out in Australia decreased by 7.4% in Q2 2012 compared to Q2 2011.

Concept stores like for like* sales-out	Sales-out			
	Q2 2011 to Q2 2012	Q1 2011 to Q1 2012	Q4 2010 to Q4 2011	Q3 2010 to Q3 2011
Australia	-7.4%	-20.1%	-15.5%	-16.8%

*Stores of same category open more than 12 months.

In Other Asia Pacific, constituting 3.1% of total Group revenue, revenue was down by 23.5% in Q2 2012 compared to the same quarter last year. The negative development is mainly explained by decreasing revenue in New Zealand and weak sales-in, in the rest of Other Asia Pacific.

ASIA PACIFIC	Number of PoS Q2 2012	Number of PoS Q1 2012	Number of PoS Q2 2011	Delta Q2 2012 and Q1 2012	Delta Q2 2012 and Q2 2011
Concept stores[1]	134	120	75	14	59
Shop-in-Shops[2]	174	169	130	5	44
Gold	134	140	153	-6	-19
Total branded	**442**	**429**	**358**	**13**	**84**
Total branded as % of Total	**73.4%**	**66.3%**	**53.4%**	**7.1%**	**20.0%**
Silver	78	86	99	-8	-21
White and travel retail	82	132	214	-50	-132
Total	**602**	**647**	**671**	**-45**	**-69**

[1] Includes 34 and 35 PANDORA-owned Concept stores at Q2 2012 and Q1 2012 respectively

[2] Includes 0 and 1 PANDORA-owned Shop-in-Shops at Q2 2012 and Q1 2012 respectively

PANDORA SALES CHANNELS

Branded sales in markets with direct distribution accounted for 77.5% in Q2 2012 (75.2% in Q2 2011). Concept stores accounted for 56.6% of the branded sales in Q2 2012 (52.5% in Q2 2011). Direct distribution accounted for 97.2% of revenue in Q2 2012 (97.6% in Q2 2011).

DKK million	Q2 2012	Q2 2011	Received Q2 2012*	Replaced Q2 2012*	Number of POS Q2 2012	Number of POS Q2 2011
Concept stores	537	537	33	75	695	445
SiS	216	261	32	76	944	871
Gold	196	224	23	49	1,759	1,475
Total Branded	**949**	**1,022**	**88**	**200**	**3,398**	**2,791**
Silver	183	208	14	61	2,825	2,381
White & TR	93	129	7	14	2,408	2,775
Total Unbranded	**276**	**337**	**21**	**75**	**5,233**	**5,156**
Total Direct	**1,225**	**1,359**	**109**	**275**	**8,631**	**7,947**
3rd party	35	33	74	35	1,812	2,427
Total	**1,260**	**1,392**	**183**	**310**	**10,443**	**10,374**

* Received means value of discontinued products returned to PANDORA in Q2 2012. Replaced means value of new products returned to retailers Q2 2012.

In Q2 2012, PANDORA added a net total of 40 branded points of sale. Of these, 68 were Concept stores and 2 were Shop-in-Shops, whereas a net of 30 Gold stores were closed. The decrease on Gold stores is impacted by both closings and up/down grades.

Branded stores in direct distribution markets accounted for 39.4% of the total number of stores at the end of Q2 2012 compared to 35.1% at the end of Q2 2011.

The total number of points of sale decreased by 56 in Q2 2012 to a total of 10,443 globally.

GROUP	Number of PoS Q2 2012	Number of PoS Q1 2012	Number of PoS Q2 2011	Delta Q2 2012 and Q1 2012	Delta Q2 2012 and Q2 2011
Concept stores[1]	766	698	493	68	273
Shop-in-Shops[2]	1,090	1,088	1,011	2	79
Gold	1,976	2,006	1,605	-30	371
Total branded	**3,832**	**3,792**	**3,109**	**40**	**723**
Total branded as % of Total	**36.7%**	**36.1%**	**30.0%**	**0.6%**	**6.7%**
Silver	3,043	2,957	2,694	86	349
White and travel retail	3,568	3,750	4,571	-182	-1,003
Total[3]	**10,443**	**10,499**	**10,374**	**-56**	**69**

[1] Includes 102 and 94 PANDORA-owned Concept stores at Q2 2012 and Q1 2012 respectively

[2] Includes 53 and 49 PANDORA-owned shop-in-shops at Q2 2012 and Q1 2012 respectively

[3] Includes for Q2 2012 71 concept stores, 146 Shop-in-Shops, 217 Gold, 218 Silver and 1,160 White stores respectively relating to 3rd party distributors

PRODUCT OFFERING

Due to the on-going stock balancing campaign the revenue distribution between product categories is impacted as especially the categories Rings and Other Jewellery have been significantly affected by returned SKU's, leading to a comparably positive effect into the categories Charms and Silver and gold charms bracelets.

In Q2 2012 revenue from Charms decreased by 2.2% compared to Q2 2011. Revenue from Silver and gold charms bracelets increased by 17.4% compared to Q2 2011. The two categories represented 89.5% of total revenue in Q2 2012 compared to 81.0% in Q2 2011.

Rings decreased by 13.5%. Rings represented 6.1% of total revenue in Q2 2012 compared to 6.4% in Q2 2011. Other Jewellery decreased by 68.8% in Q2 2012 and represented 4.4% of total revenue compared to 12.6% in Q2 2011, both Q2 2012 figures are significantly affected by the impact from the on-going stock balancing campaign.

Rings and Other Jewellery together represented 10.5% of total revenue in Q2 2012 compared to 19.0% in Q2 2011.

Product mix DKK million	**2012** **Q2**	**2011** **Q2**	**Change** **Q2 vs Q2**	**Share of** **total in %**	**Received** **Q2 2012***	**Replaced** **Q2 2012***
Charms	973	995	-2.2%	77.2%	87	224
Silver and gold charms bracelets	155	132	17.4%	12.3%	2	46
Rings	77	89	-13.5%	6.1%	29	13
Other jewellery	55	176	-68.8%	4.4%	65	27
Total	**1,260**	**1,392**	**-9.5%**	**100.0%**	**183**	**310**

* Received means value of discontinued products returned to PANDORA in Q2 2012. Replaced means value of new products returned to retailers Q2 2012.

The average sales price per item in Q2 2012 decreased to DKK 123 from DKK 135 in Q2 2011 due to a change in product mix and lowering of prices.

NEW MARKETS

In Q2 2012, PANDORA opened net 68 Concept stores globally. In PANDORA's key new markets (Italy, France, Russia and Asia), PANDORA opened net 41 new Concept stores and Shop-in-Shops.

Number of stores - new markets			End of Q2 2012						
								Net Openings	Net Openings
	Russia	China	Japan	Rest of Asia	France	Italy	Total	Q2 2012	Q1 2012
Concept stores	45	19	4	42	8	5	**123**	27	7
SiS	7	14	15	35	24	10	**105**	14	8
Total	**52**	**33**	**19**	**77**	**32**	**15**	**228**	**41**	**15**

PANDORA's strategy in Russia, China and Japan is to primarily open branded stores - mainly franchised Concept stores and Shop-in-Shops.

PANDORA's strategy in Italy is to utilise the large and well-established network of multi-brand jewellery retailers. In Italy, the Company was selling PANDORA products through 941 points of sale (5 Concept stores, 10 Shop-in-Shops, 131 Gold stores, 165 Silver stores and 630 White stores) at the end of Q2 2012.

PANDORA's strategy in France is to upgrade the quality of our distribution network, with a particular emphasis on department store Shop-in-Shops and Concept stores. In France, the Company was selling PANDORA products through 276 points of sale (8 Concept stores, 24 Shop-in-Shops, 5 Gold stores, 33 Silver stores and 206 White stores) at the end of Q2 2012.

REVENUE BY DISTRIBUTION

Direct distribution accounted for 97.2% of revenue in Q2 2012 compared to 97.6% in Q2 2011.

Distribution	DKK million Revenue Q2 2012	Number of PoS end Q2 2012	DKK million Revenue Q2 2011*	Number of PoS end Q2 2011
Direct distribution	1,225	8,631	1,359	7,947
Third party distribution	35	1,812	33	2,427
Total	**1,260**	**10,443**	**1,392**	**10,374**

* A misallocation of third party distribution in Q1 and Q2 2011 means that in this period, third party distribution revenue was overstated by DKK 33 million and DKK 63 million respectively, and direct distribution understated by a similar amount. The misallocation in H1 2011 was confined to the Other Europe category and thus no regional distribution was affected. Q3 and Q4 2011 were correctly stated as are the numbers stated in PANDORA's Annual report for 2011.

GROSS PROFIT AND GROSS MARGIN

Gross Margin Development					
2012	2012	2011	2011	2011	2011
Q2	Q1	Q4	Q3	Q2	Q1
67.9%	71.6%	72.7%	73.6%	74.4%	71.6%

Gross profit was DKK 856 million in Q2 2012 compared to DKK 1,035 million in Q2 2011, resulting in a gross margin of 67.9% in Q2 2012 compared to 74.4% in Q2 2011.

Compared with Q2 2011 the Q2 2012 gross margin was negatively impacted by increasing raw material prices (-6.7%), price changes (-0.8%), product and market mix (-0.3%) but positively impacted by currencies (+1.3%).

It is PANDORA's policy to hedge 100%, 80%, 60% and 40% of expected gold and silver consumption in the following four quarters respectively. However, current inventory means a delayed impact of these hedge prices on PANDORA's cost of goods sold. The combined effect of the time lag from PANDORA's inventory and its 12-month rolling hedges effectively means that PANDORA is fully hedged in 2012.

Excluding PANDORA's hedging and the time lag effect from PANDORA's inventory, the underlying gross margin would have been approximately 66% based on average gold (1,579 USD/oz) and silver (35.48 USD/oz) market prices in Q2 2012. Under the same assumptions, a 10% deviation in quarterly average gold and silver prices would impact PANDORA's gross margin by approximately 3 percentage points.

The average realized price for gold was 1,579 USD/oz and 35.48 USD/oz for silver in Q2 2012. Our hedged prices for the following four quarters for gold are 1,693 USD/oz, 1,683 USD/oz, 1,676 USD/oz, 1,592USD/oz and for silver 34.10 USD/oz, 31.62 USD/oz, 33.65 USD/oz and 28.90 USD/oz.

DISTRIBUTION EXPENSES

Distribution expenses increased to DKK 466 million in Q2 2012 compared to DKK 443 million in Q2 2011, representing 37.0% of revenue in Q2 2012 compared to 31.8% in Q2 2011. Q2 2011 was affected by amortisation of PANDORA CWE distribution rights of DKK 46 million, whereas Q2 2012 includes amortisation of French distributions rights of DKK 7 million and increased costs from business development initiatives in Asia, Italy and France.

Sales and distribution costs were DKK 295 million in Q2 2012 compared to DKK 252 million in Q2 2011, representing 23.4% of revenue in Q2 2012 compared to 18.1% Q2 2011. The increase is mainly caused by entry into new markets as well as an increased share of owned and operated Concept stores and Shop-in-Shops in Q2 2012 compared to the same period last year (41 and 12 stores respectively).

Marketing costs were DKK 171 million in Q2 2012 compared to DKK 191 million in Q2 2011, corresponding to 13.6% of revenue in Q2 2012, compared to 13.7% in Q2 2011.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to DKK 217 million in Q2 2012 versus DKK 152 million Q2 2011, representing 17.2% of revenue in Q2 2012, up from 10.9% in Q2 2011.

The increase in administrative costs is mainly related to increased headcount in new markets and at head office as well as IT infrastructure investments. We have in Q2 2012 prepared transition of two additional markets to go onto our global ERP platform – one early Q3 2012, one late Q3 2012. Additionally the finance shared service centre in Warsaw covering the vast majority of continental Europe have gone live and our UK distribution centre has been transferred to our central European distribution centre in Hamburg.

COST RATIOS

Cost Ratio (Including depreciations & amortisations*)

DKK million	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Sales and distribution costs	23.4%	20.1%	15.7%	14.8%	18.1%	16.6%
Marketing costs	13.6%	11.9%	20.1%	14.0%	13.7%	9.7%
Administrative expenses	17.2%	14.9%	12.6%	12.6%	10.9%	8.8%
Total Cost	**54.2%**	**46.9%**	**48.4%**	**41.4%**	**42.7%**	**35.1%**

* Including gains/losses from sales of assets

Please note that the cost ratio for Q2 2012 is impacted due to the negative impact on revenue from the stock balancing campaign. Additionally, historical sales and distribution costs, up to and including Q2 2011, are negatively affected by DKK 46 million per quarter from amortisation of acquired distribution rights in PANDORA CWE.

EBITDA

EBITDA for Q2 2012 decreased by 57.0% to DKK 220 million resulting in an EBITDA margin of 17.5%, down from 36.8% in Q2 2011. In Q2 2012 the EBITDA margin was negatively impacted by the on-going stock balancing campaign in 2012, reduction in gross margin as well as start-up costs in connection with building up sales and distribution infrastructure in new growth markets.

Regional EBITDA margins for Q2 2012 before allocation of central costs were 44.0% in Americas (55.9% in Q2 2011), 5.0% in Europe (25.5% in Q2 2011) and 13.5% in Asia Pacific (33.5% in Q2 2011). Unallocated costs were 9.9% in Q2 2012 compared to 5.6% in Q2 2011.

The Americas region EBITDA margin remained above Group average, despite the significant impact from the on-going stock balancing campaign. The margin decrease in Europe was affected by the on-going stock balancing campaign as well as start-up costs to develop direct distribution in Italy and France. The decrease in EBITDA margin in Asia Pacific was primarily due to the decrease in revenue in Australia and start-up costs related to the development of new markets in Asia.

EBITDA Margin	2012 Q2	2011 Q2	Q2 2012 vs Q2 2011 (% pts)
Americas	44.0%	55.9%	-11.9%
Europe	5.0%	25.5%	-20.5%
Asia Pacific	13.5%	33.5%	-20.0%
Unallocated costs	-9.9%	-5.6%	-4.3%
Group EBITDA margin	**17.5%**	**36.8%**	**-19.3%**

* In the Q1 2012 report, regional EBITDA margins were calculated without incorporating the difference between volumes received and volumes returned in Q1 2012 in connection with the global stock balancing campaign. Corrected for the difference in volumes received and returned as a basis for the standard cost calculation, regional EBITDA margins in Q1 2012 were: 49.9% for Americas, 16.0% for Europe and 27.2% for Asia. The correction has no effect on the Company's total EBITDA as it only relates to the distribution between geographical segments. Due to the one-off, time limited nature of the global stock balancing campaign the Company believes this method of calculation is the most correct.

EBIT

EBIT for Q2 2012 decreased to DKK 173 million – a decrease of 60.7% compared to the same quarter in 2011, resulting in an EBIT margin of 13.7% for Q2 2012 versus 31.6% in Q2 2011.

NET FINANCIAL INCOME AND EXPENSES

Net financial expenses amounted to DKK 96 million in Q2 2012 impacted by an unrealised loss of DKK 71 million on foreign exchange movements. This non-cash amount relates to the strong appreciation of the USD during Q2 2012 and is related to an accumulated inter-company account between PANDORA A/S and PANDORA Thailand.

INCOME TAX EXPENSES

Income tax expenses were DKK 14 million in Q2 2012, implying an effective tax rate of 18.2% for Q2 2012 compared to 11.2% for Q2 2011.

NET PROFIT

Net profit in Q2 2012 decreased by 89.9% to DKK 63 million from DKK 626 million in Q2 2011. Net profit for Q2 2011 included a positive effect of DKK 296 million from the revaluation of the CWE earn-out provision. Adjusted for this effect Q2 2012 net profit decreased by 80.9% compared to Q2 2011.

LIQUIDITY AND CAPITAL RESOURCES

The free cash flow, cash conversion and the operating working capital ratio for Q2 2012 is impacted by the stock balancing campaign.

In Q2 2012, PANDORA generated a free cash flow of DKK 91 million corresponding to a cash conversion of 144.4% compared to 36.3% in Q2 2011. Besides the negative development in earnings, the decrease in free cash flow is driven by a lower operating cash flow from an increase in inventory which is only partly offset by a decrease in trade receivables.

Operating working capital (defined as inventory and accounts receivables less accounts payables) at the end of Q2 2012 was 36.8% of preceding the twelve months revenue compared to 29.8% at the end of Q2 2011 and 35.2% at the end of Q1 2012.

Inventory increased by DKK 228 million to DKK 1,925 million at the end of Q2 2012 from DKK 1,697 million at the end of Q2 2011. Inventory levels increased by only 13.4% from Q2 2011 to Q2 2012, despite soaring gold and silver prices during that period (up approximately 29%), and despite DKK 180 million in inventory caused by received items from the stock balancing campaign.

Inventory at the end of Q2 2012 increased by DKK 257 million versus Q1 2012, corresponding to an increase of 15.4%. In the same period gold and silver prices affected inventory with an approximately 7% increase and an additional increase of DKK 90 million in inventory was caused by received items from the stock balancing campaign.

Inventory Development	**2012 Q2**	**2012 Q1**	**2011 Q4**	**2011 Q3**	**2011 Q2**
Inventory (DKKm)	1,925	1,668	1,609	1,964	1,697
% of last 12 mth revenue	31.0%	26.3%	24.2%	28.0%	23.5%

Trade receivables decreased to DKK 543 million in Q2 2012 (8.8% of preceding 12 month revenue) from DKK 630 million in Q2 2011 (8.7% of preceding 12 month revenue).

In Q2 2012, PANDORA invested a total of DKK 38 million in property, plant and equipment, corresponding to approximately 3.0% of revenue.

Cash and short-term deposits amounted to DKK 299 million at the end of Q2 2012 compared to DKK 204 million at the end of Q2 2011.

Total interest-bearing debt was DKK 1,036 million at the end of Q2 2012 compared to DKK 1,348 million at the end of Q2 2011.

Net interest-bearing debt at the end of Q2 2012 was DKK 737 million corresponding to 0.4 LTM EBITDA compared to DKK 1,144 million at the end of Q2 2011 corresponding to 0.4 LTM EBITDA.

DEVELOPMENT IN FIRST HALF 2012

REVENUE

Total revenue decreased by 14.4% to DKK 2,684 million in H1 2012 from DKK 3,137 million in H1 2011. Excluding foreign exchange movements the underlying revenue growth was -18.6%.

During H1 2012 PANDORA received discontinued products of DKK 523 million and DKK 472 million was replaced with new bestsellers in connection with the on-going stock balancing campaign, which may have changed retailers' purchasing patterns and thereby affecting the reported revenue negatively.

The geographical distribution of revenue in H1 2012 was 54.1% for the Americas, 32.7% for Europe and 13.2% for Asia Pacific.

GROSS PROFIT AND GROSS MARGIN

Gross profit was DKK 1,876 million in H1 2012 compared to DKK 2,285 million in H1 2011, resulting in a gross margin of 69.9% in H1 2012 compared to 72.8% in H1 2011.

DISTRIBUTION EXPENSES

Distribution expenses increased to DKK 921 million in H1 2012 compared to DKK 902 million in H1 2011, representing 34.3% of revenue in H1 2012 compared to 28.8% in H1 2011. Marketing costs amounted to DKK 340 million in H1 2012 compared to DKK 361 million in H1 2011, corresponding to 12.7% of revenue and 11.5%, respectively.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to DKK 429 million in H1 2012 versus DKK 306 million H1 2011, representing 16.0% up from 9.8% of H1 2012 and H1 2011 revenue, respectively.

EBITDA

EBITDA for H1 2012 decreased by 49.1% to DKK 621 million resulting in an EBITDA margin of 23.1% in H1 2012 versus 38.9% in H1 2011.

Regional EBITDA margins for H1 2012 before allocation of central costs were 47.1% in Americas (53.6% in H1 2011), 11.0% in Europe (37.0% in H1 2011) and 20.6% in Asia Pacific (38.5% in H1 2011). Unallocated costs decreased to 8.6% in H1 2012 (6.2% in H1 2011).

EBIT

EBIT for H1 2012 decreased to DKK 526 million – a decrease of 51.2% compared to H1 2011, resulting in an EBIT margin of 19.6% in H1 2012 versus 34.3% in H1 2011.

NET FINANCIAL INCOME AND EXPENSES

Net financial income and expenses were DKK -37 million in H1 2012 versus DKK 256 million in H1 2011. Net financial income and expenses are impacted by the revaluation of the liability related PANDORA CWE of DKK 296 million in H1 2011.

INCOME TAX EXPENSES

Income tax expenses were DKK 88 million in H1 2012, implying an effective tax rate for the Group of 18.0% for H1 2012.

NET PROFIT

Net profit in H1 2012 decreased by 64.9% to DKK 401 million from DKK 1,141 million in H1 2011. Net profit for H1 2011 included a positive effect of DKK 296 million from the revaluation of the CWE earn-out provision. Adjusted for these effects H1 2012 net profit decreased by 52.5% compared to H1 2011.

LIQUIDITY AND CAPITAL RESOURCES

In H1 2012, PANDORA generated a free cash flow of DKK 209 million corresponding to a cash conversion of 52.1% compared to 61.6% in H1 2011.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January – 30 June 2012.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 30 June 2012, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 30 June 2012.

Further, in our opinion the management's review (p. 1-19) gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 7 August 2012

EXECUTIVE BOARD

Björn Gulden Chief Executive Officer	Henrik Holmark Chief Financial Officer	Sten Daugaard Chief Development Officer

BOARD OF DIRECTORS

Allan Leighton Chairman	Marcello V. Bottoli
Andrea Alvey	Anders Boyer-Søgaard
Christian Frigast	Torben Ballegaard Sørensen
Nikolaj Vejlsgaard	Ronica Wang

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	2012 Q2	2011 Q2	2012 Half year	2011 Half year	2011 Full year
Revenue	3	1,260	1,392	2,684	3,137	6,658
Cost of sales		-404	-357	-808	-852	-1,798
Gross profit		**856**	**1,035**	**1,876**	**2,285**	**4,860**
Distribution expenses		-466	-443	-921	-902	-2,053
Administrative expenses		-217	-152	-429	-306	-749
Operating profit		**173**	**440**	**526**	**1,077**	**2,058**
Financial income		1	321	67	368	642
Financial expenses		-97	-56	-104	-112	-331
Profit before tax		**77**	**705**	**489**	**1,333**	**2,369**
Income tax expenses		-14	-79	-88	-192	-332
Net profit for the period		**63**	**626**	**401**	**1,141**	**2,037**
Attributable to:						
Equity holders of PANDORA A/S		63	626	401	1,141	2,037
Net profit for the period		**63**	**626**	**401**	**1,141**	**2,037**
Earnings per share						
Profit for the period attributable to ordinary equity holders of the parent, basic		0.5	4.8	3.1	8.8	15.9
Profit for the period attributable to ordinary equity holders of the parent, diluted		0.5	4.8	3.1	8.8	15.7

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

DKK million	2012 Q2	2011 Q2	2012 Half year	2011 Half year	2011 Full year
Net profit for the period	63	626	401	1,141	2,037
Exchange differences on translation of foreign subsidiaries	205	-61	76	-256	247
Value adjustment of hedging instruments	-130	-226	41	-116	-551
Income tax on other comprehensive income	10	1	-1	-4	13
Other comprehensive income, net of tax	**85**	**-286**	**116**	**-376**	**-291**
Total comprehensive income for the period	**148**	**340**	**517**	**765**	**1,746**
Attributable to:					
Equity holders of PANDORA A/S	148	340	517	765	1,746
Total comprehensive income for the period	**148**	**340**	**517**	**765**	**1,746**

CONSOLIDATED BALANCE SHEET

DKK million	2012 30 June	2011 30 June	2011 31 December
ASSETS			
Non-current assets			
Goodwill	1,952	1,851	1,928
Brand	1,053	1,052	1,053
Distribution network	320	351	336
Distribution rights	1,055	1,036	1,064
Other intangible assets	115	51	95
Property, plant and equipment	437	365	429
Deferred tax assets	253	165	209
Other non-current financial assets	41	20	34
Total non-current assets	**5,226**	**4,891**	**5,148**
Current assets			
Inventories	1,925	1,697	1,609
Trade receivables	543	630	900
Other receivables	320	362	177
Tax receivables	45	70	41
Cash and short-term deposits	299	204	176
Total current assets	**3,132**	**2,963**	**2,903**
Total assets	**8,358**	**7,854**	**8,051**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	130	130	130
Share premium	1,248	1,248	1,248
Treasury shares	-38	-38	-38
Foreign currency translation reserve	844	265	768
Hedge reserve	-196	182	-236
Other reserves	98	97	88
Proposed dividend	0	0	715
Retained earnings	3,137	2,555	2,736
Total shareholders' equity	**5,223**	**4,439**	**5,411**
Non-current liabilities			
Interest-bearing loans and borrowings	924	0	375
Provisions	91	265	64
Deferred tax liabilities	636	589	552
Other non-current liabilities	0	8	2
Total non-current liabilities	**1,651**	**862**	**993**
Current liabilities			
Interest-bearing loans and borrowings	112	1,348	10
Provisions	244	112	230
Trade payables	185	175	288
Income tax payables	295	545	344
Other payables	648	373	775
Current liabilities	**1,484**	**2,553**	**1,647**
Total liabilities	**3,135**	**3,415**	**2,640**
Total equity and liabilities	**8,358**	**7,854**	**8,051**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 January - 30 June DKK million	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Hedge reserve	Other reserves	Proposed dividend	Retained earnings	Attributable to equity holders of the parent	Total equity
Shareholders' equity at 1 January 2012	130	1,248	-38	768	-236	88	715	2,736	5,411	5,411
Comprehensive income										
Net profit for the period								401	401	401
Exchange differences on translation of foreign subsidiaries				76					76	76
Value adjustment of hedging instruments					41				41	41
Income tax on other comprehensive income					-1				-1	-1
Other comprehensive income, net of tax				76	40	0			116	116
Total comprehensive income for the period				76	40	0		401	517	517
Sharebased payments						10			10	10
Dividend paid							-715		-715	-715
Shareholders' equity at 30 June 2012	**130**	**1,248**	**-38**	**844**	**-196**	**98**	**0**	**3,137**	**5,223**	**5,223**
Shareholders' equity at 1 January 2011	130	1,248	-38	521	302	88	650	1,414	4,315	4,315
Comprehensive income										
Net profit for the period								1,141	1,141	1,141
Exchange differences on translation of foreign subsidiaries				-256					-256	-256
Value adjustment of hedging instruments					-116				-116	-116
Income tax on other comprehensive income					-4				-4	-4
Other comprehensive income, net of tax				-256	-120	0			-376	-376
Total comprehensive income for the period				-256	-120	0		1,141	765	765
Sharebased payments						9			9	9
Paid dividend							-650		-650	-650
Shareholders' equity at 30 June 2011	**130**	**1,248**	**-38**	**265**	**182**	**97**	**0**	**2,555**	**4,439**	**4,439**

CONSOLIDATED CASH FLOW STATEMENT

DKK million	2012 Q2	2011 Q2	2012 Half year	2011 Half year	2011 Full year
Profit before tax	77	705	489	1,333	2,369
Financial income	-1	-321	-67	-368	-642
Financial expenses	97	56	104	112	331
Amortisation/depreciation	47	71	94	143	221
Options	5	9	10	9	0
Change in inventories	-185	-254	-264	-537	-310
Change in receivables	166	85	232	179	15
Change in trade payables	38	-45	-102	-62	43
Change in other liabilities	16	5	-65	-37	270
	260	311	431	772	2,297
Other non-cash adjustments	-43	-19	-31	49	50
Interest etc. received	1	2	2	3	4
Interest etc. paid	-23	-14	-27	-55	-99
Income tax paid	-56	-25	-99	-59	-429
Cash flow from operating activities	**139**	**255**	**276**	**710**	**1,823**
Acquisition of subsidiaries, net of cash acquired	0	0	0	-116	-116
Purchase of intangible assets	-42	-14	-48	-18	-119
Purchase of property, plant and equipment	-38	-27	-53	-61	-150
Change in other non-current assets	-3	-5	-5	6	-5
Proceeds from sale of property, plant and equipment	13	6	14	14	26
Cash flow from investing activities	**-70**	**-40**	**-92**	**-175**	**-364**
Dividend paid	-65	-650	-715	-650	-650
Dividend paid to non-controlling interests	0	0	0	-13	-13
Proceeds from borrowings	60	112	652	1,499	537
Repayment of borrowings	0	-54	-1	-2,375	-2,376
Cash flow from financing activities	**-5**	**-592**	**-64**	**-1,539**	**-2,502**
Net cash flow for the period	**64**	**-377**	**120**	**-1,004**	**-1,043**
Cash and short-term deposits					
Cash and short-term deposits at beginning of period	231	584	176	1,224	1,224
Net exchange rate adjustment	4	-3	3	-16	-5
Net cash flow for the period	64	-377	120	-1,004	-1,043
Cash and short-term deposits at end of period	**299**	**204**	**299**	**204**	**176**
Unutilised credit facilities inclusive cash and cash equivalents	2,006	1,558	2,006	1,558	2,492

The above cannot be derived directly from the income statement and the balance sheet.

NOTES

NOTE 1 – Significant accounting estimates and judgements
In preparing the consolidated financial statements, management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of PANDORA's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report for 2011. We refer to the description in note 1 of the consolidated financial statement in PANDORA's Annual Report for 2011.

NOTE 2 – Seasonality of operations
Due to the seasonal nature of the jewellery business, higher revenue are historically realised in the second half of the year.

NOTE 3 - Operating segment information
PANDORA's activities are segmented on the basis of geographical areas in accordance with management's reporting structure. In determining the reporting segments, a number of operating segments have been aggregated. All segments derive their revenues from the types of products shown in the product information provided below.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

NOTE 3 - Operating segment information, continued

Q2 2012

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	687	403	170	-	1,260
Segment profit (EBITDA) *	302	20	23	-125	220
Adjustments:					
Amortisation/depreciation					-47
Consolidated operating profit					**173**

Q2 2011

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	724	483	185	-	1,392
Segment profit (EBITDA)	405	123	62	-78	512
Adjustments:					
Amortisation/depreciation					-71
Gain/loss from sale of non-current assets					-1
Consolidated operating profit					**440**

Half year 2012

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	1,453	877	354	-	2,684
Segment profit (EBITDA) *	684	96	73	-232	621
Adjustments:					
Amortisation/depreciation					-94
Gain/loss from sale of non-current assets					-1
Consolidated operating profit					**526**

* In the Q1 2012 report, regional EBITDA margins were calculated without incorporating the difference between volumes received and volumes returned in Q1 2012 in connection with the global stock balancing campaign. Corrected for the difference in volumes received and returned as a basis for the standard cost calculation, regional EBITDA margins in Q1 2012 were: DKK 382 million for Americas, DKK 76 million for Europe and DKK 50 million for Asia. The correction has no effect on the Company's total EBITDA as it only relates to the distribution between geographical segments. Due to the one-off, time limited nature of the global stock balancing campaign the Company believes this method of calculation is the most correct.

NOTE 3 - Operating segment information, continued

Half year 2011

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	1,506	1,226	405	-	3,137
Segment profit (EBITDA)	807	454	156	-196	1,221
Adjustments:					
Amortisation/depreciation					-143
Gain/loss from sale of non-current assets					-1
Consolidated operating profit					**1,077**

Product information:
Revenue from external customers

DKK million	**2012 Q2**	**2011 Q2**	**2012 Half year**	**2011 Half year**
Charms	973	995	2,061	2,246
Silver and gold charms bracelets	155	132	345	352
Rings	77	89	160	191
Other jewellery	55	176	118	348
Revenue	**1,260**	**1,392**	**2,684**	**3,137**

Geographical information:
Revenue from external customers

DKK million	**2012 Q2**	**2011 Q2**	**2012 Half year**	**2011 Half year**
United States	521	545	1,130	1,222
Australia	131	134	255	308
United Kingdom	102	166	236	385
Germany	85	119	185	281
Other countries	421	428	878	941
Revenue	**1,260**	**1,392**	**2,684**	**3,137**

NOTE 4 - Contingent liabilities

PANDORA is a party to a number of minor legal proceedings, which are not expected to influence PANDORA’s future earnings

NOTE 5 – Related party transactions

Related parties of PANDORA with a controlling interest are the principal shareholder Prometheus Invest ApS (50% interest) and the ultimate parent, Axcel III K/S (30% interest).

Related parties further comprise Axcel III K/S's other portfolio enterprises, as they are subject to the same controlling interests. There have not been any transactions with Axcel III K/S or these other entities during 2012 and 2011.

Related parties of PANDORA with significant interests include the Board of Directors and the Executive Management of the companies and their close family members. Furthermore, related parties include companies in which the aforementioned persons have control or significant interest. Except for compensation and benefits received as a result of the membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA, PANDORA has not undertaken any significant transactions with the Board of Directors and Executive Management. We refer to the description in note 25 of the consolidated financial statement in PANDORA's Annual Report for 2011.

The table below provides other transactions which were entered into with related parties:

	Prometheus Invest ApS	
DKK million	**30 June 2012**	**30 June 2011**
Balance sheet:		
Payables	-	-11
Total	**-**	**-11**

NOTE 6 – Accounting policies

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and accounting policies set out in the Annual Report 2011 of PANDORA. Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies. PANDORA has adopted all new, amended or revised accounting standards and interpretations ('IFRSs') endorsed by the EU effective for the accounting period beginning on 1 January 2012. These IFRSs have not had any significant impact on the Group's interim financial report.

QUARTERLY OVERVIEW

DKK million	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Income statement						
Revenue	1,260	1,424	1,952	1,569	1,392	1,745
EBITDA	220	401	524	536	512	709
Operating profit (EBIT)	173	353	475	506	440	637
Net financial income and expenses	-96	59	145	-90	265	-9
Profit before tax	77	412	620	416	705	628
Net profit	63	338	555	341	626	515
Balance sheet						
Total assets	8,358	8,129	8,051	8,472	7,854	8,335
Invested capital	6,220	5,938	5,923	6,313	5,764	5,618
Net working capital	1,630	1,400	1,327	1,900	1,462	1,292
Shareholders' equity	5,223	5,070	5,411	4,790	4,439	4,740
Net interest-bearing debt	737	746	209	1,118	1,144	705
Cash flow statement						
Net cash flow from operating activities	139	137	1,032	81	255	455
Net cash flow from investing activities	-70	-22	-129	-60	-40	-135
Free cash flow	91	118	930	37	227	476
Cash flow from financing activities	-5	-59	-1,026	63	-592	-947
Net cash flow for the period	64	56	-123	84	-377	-627
Ratios						
Revenue growth, %	-9.5%	-18.4%	-15.0%	-12.2%	3.6%	41.0%
EBITDA growth, %	-57.0%	-43.4%	-38.9%	-33.6%	-6.2%	49.6%
EBIT growth, %	-60.7%	-44.6%	-39.2%	-31.9%	-8.3%	54.6%
Net profit growth, %	-89.9%	-34.4%	-10.3%	-41.3%	56.1%	90.7%
EBITDA margin, %	17.5%	28.2%	26.8%	34.2%	36.8%	40.6%
EBIT margin, %	13.7%	24.8%	24.3%	32.2%	31.6%	36.5%
Cash conversion, %	144.4%	34.9%	167.6%	10.9%	36.3%	92.4%
Net interest-bearing debt to EBITDA *	0.4	0.4	0.1	0.4	0.4	0.2
Equity ratio, %	62.5%	62.4%	67.2%	56.5%	56.5%	56.9%
ROIC, % *	24.2%	29.9%	34.7%	37.4%	45.1%	47.0%

* Ratio is based on 12 months rolling EBITDA and EBIT respectively.

Disclaimer

Certain statements in this company announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewelry and non-jewelry products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulation or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced in this company announcement.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of NASDAQ OMX Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this company announcement.