PANDORA
UNFORGETTABLE MOMENTS

No. 44
COMPANY ANNOUNCEMENT
22 November 2011

INTERIM REPORT FOR Q3 2011

GROUP REVENUE WAS DKK 1,569 MILLION. EBITDA MARGIN WAS 34.2%. NET PROFIT WAS DKK 341 MILLION.

- Group revenue declined by 12.2% in Q3 2011 (8.1% decline in local currency) to DKK 1,569 million compared to DKK 1,788 million in Q3 2010:
  - Americas increased by 4.1% (13.0% increase in local currency)
  - Europe declined by 28.6% (27.1% decline in local currency)
  - Asia Pacific declined by 1.0% (3.0% decline in local currency)

- Gross margin increased to 73.6% in Q3 2011 (compared to a gross margin of 73.2% in Q3 2010)

- EBITDA margin was 34.2% in Q3 2011 (compared to an EBITDA margin of 45.1% in Q3 2010), EBITDA decreased by 33.6% to DKK 536 million

- EBIT margin was 32.2% in Q3 2011 (compared to an EBIT margin of 41.6% in Q3 2010), EBIT decreased by 31.9% to DKK 506 million

- Reported net profit decreased by 41.3% to DKK 341 million in Q3 2011 (compared to a net profit of DKK 581 million in Q3 2010)

- Free cash flow was DKK 37 million in Q3 2011 (compared to DKK 30 million in Q3 2010)

Marcello Bottoli, interim CEO, said:
"Our performance in Q3 2011 has been far from satisfactory. However, we have implemented or are in the process of implementing the corrective actions identified in our commercial, product and marketing areas as well as in our organisation that we communicated to the market on 2 August 2011. Based on results year to date and our plans for the key Christmas period, we expect to meet the full year guidance communicated in August. Finally, the strategic review we are performing with the help of external consultants is approaching its end and we plan to present the final assessment as well as a complete update on the implementation of operational changes and 2012 guidance at the time of 2011 full year earnings release in February 2012."

UNCHANGED FINANCIAL OUTLOOK FOR 2011
For 2011, PANDORA continues to expect revenue in line with 2010 and an EBITDA margin in the low thirties. We expect CAPEX to amount to approximately DKK 230 million and the effective tax rate to be approximately 18%.

CONFERENCE CALL
A conference call for investors and financial analysts – hosted by interim CEO Marcello Bottoli 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 32 72 76 25
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 29675568 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 10,000 points of sale, including more than 550 PANDORA branded Concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs over 5,000 people worldwide of whom 3,600 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 2010, PANDORA's total revenue was DKK 6.7 billion (approximately EUR 895 million). For more information, please visit **www.pandoragroup.com**

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PANDORA
UNFORGETTABLE MOMENTS

FINANCIAL HIGHLIGHTS

DKK million	2011 Q3	2010 Q3	2011 9M	2010 9M	2010 Full year
Income statement					
Revenue	1,569	1,788	4,706	4,369	6,666
EBITDA	536	807	1,757	1,827	2,684
Operating profit (EBIT)	506	743	1,583	1,635	2,416
Net financial income and expenses	-90	-34	166	-108	-164
Profit before tax	416	709	1,749	1,527	2,252
Net profit	341	581	1,482	1,252	1,871
Balance sheet					
Total assets	8,472	7,727	8,472	7,727	8,959
Invested capital	6,243	5,738	6,243	5,738	5,659
Net working capital excluding derivatives	1,830	1,515	1,830	1,515	1,266
Shareholders' equity	4,790	3,392	4,790	3,392	4,315
Net interest-bearing debt	1,118	2,021	1,118	2,021	1,102
Cash flow statement					
Net cash flow from operating activities	81	49	791	365	1,316
Net cash flow from investing activities	-60	-45	-235	-196	-304
Free cash flow	37	30	740	471	1,388
Cash flow from financing activities	63	136	-1,476	-727	-644
Net cash flow for the period	84	140	-920	-558	368
Ratios					
Revenue growth, %	-12.2%	116.7%	7.7%	109.3%	92.6%
EBITDA growth, %	-33.6%	161.2%	-3.8%	89.7%	70.7%
EBIT growth, %	-31.9%	196.0%	-3.2%	85.2%	69.7%
Net profit growth, %	-41.3%	279.7%	18.4%	108.7%	86.2%
EBITDA margin, %	34.2%	45.1%	37.3%	41.8%	40.3%
EBIT margin, %	32.2%	41.6%	33.6%	37.4%	36.2%
Cash conversion, %	10.9%	5.2%	49.9%	37.6%	74.2%
Net interest-bearing debt to EBITDA *	0.4	0.8	0.4	0.8	0.4
Equity ratio, %	56.5%	43.9%	56.5%	43.9%	48.2%
ROIC, % *	37.9%	37.9%	37.9%	37.9%	42.7%
Other key figures					
Average number of employees	5,217	4,665	5,139	4,150	4,336
Dividend per share, DKK	0	0	0	0	5
Earnings per share, basic	3	5	11	10	15
Share price at end of period	37	N/A	37	N/A	336

* 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 2010.

UPDATE ON ACTION PLAN TO IMPROVE CURRENT PERFORMANCE

As communicated on 2 August 2011, PANDORA has launched an action plan to improve performance based on the sharp deterioration in revenue growth in late Q2 2011 and a worsening of trading conditions in July 2011.

1. Immediate operational actions
   - No further price increases anticipated in 2011 and 2012
   - Adjusted recommended retail prices in selected markets through better entry prices and promotions
   - Review of future collections to ensure right sizing of assortment and price points
   - Absolute focus on in-store space management in existing stores
   - “Fitness for purpose” sales and marketing programmes
   - Concrete plans in place to open 118 new Concept stores in H2 2011
   - Developing a more aggressive emerging markets programme

2. Interim CEO first 60 day look

Interim CEO Marcello Bottoli has performed a deep dive into the operations of the Company both across its headquarters and in its regions and major markets, which has resulted in the implementation of the operational measures above and a number of organisational changes.

3. Strategic review

Chairman Allan Leighton and interim CEO Marcello Bottoli are leading a strategic review of the Company using external consultants, to test and confirm certain elements of our strategy. The strategic review focuses on confirming how PANDORA can deliver sustainable growth in affordable luxury by establishing a clearer profile of PANDORA consumers’ purchasing behaviour, role and optimal mix of channels, understanding the shape and drivers of market maturity and learning from key competitors and other players.

The review is well under way, and work so far confirms that the deterioration in trading was in particular caused by the cumulative price increases in 2010 and H1 2011; suboptimal price and product architecture; poor sales and marketing programmes and poor execution in upgrades and store openings, especially in the emerging markets. As mentioned in our announcement on 2 August 2011, PANDORA’s focus is now on re-establishing our affordable luxury positioning, improving operational execution and restoring the growth trajectory. Implementation is expected to take up to 18 months from August 2011, although some of the actions implemented will yield results in the shorter term. The strategic review is going to be completed by year-end, hence the output and conclusions from the review will be communicated when PANDORA reports its Annual Report for 2011 on 21 February 2012, but where we are already in a position to report on findings from the review these have been incorporated in the following sections.

Pricing

The preliminary findings of the strategic review as well as our interim CEO’s operational review clearly indicate a significant impact from the price increases in 2010 and H1 2011, which generated a very significant decline in volumes.

As a result of our price increases in 2010 and 2011, the price architecture of PANDORA's collections has moved away from an affordable luxury position, thereby losing competitiveness, particularly at the entry price points which are an historical stronghold of PANDORA. Furthermore, PANDORA's efforts to stretch its price architecture upwards have overestimated PANDORA consumers' appetite for higher priced items.

PANDORA remains convinced that returning the Company to its affordable luxury positioning will be instrumental in returning PANDORA to growth. Therefore, PANDORA:

- Has frozen prices for the remainder of 2011 and 2012
- Has reduced prices on key items in selected markets through price adjustment and targeted promotional activities, and
- Is also in the process of redesigning the price architecture of our collections, assessing the price point of products relative to our competitors and across our geographical markets

Right sizing of assortment
Our analysis so far shows that PANDORA is under-represented in the lower price segments compared to peers and over-represented in the expensive price point categories. To address this:

- PANDORA has immediately modified the architecture of our Spring Summer 2012 collection, reducing the overall number of items, but significantly increasing the number of entry price items
- PANDORA will further rebalance the basic collections as of beginning of 2012 to ensure the Company's offering features the right density at the key price points. We will also improve our design effort to ensure we continue offering better, more attractive but appropriately priced products to our consumers worldwide

In store space management in existing stores
The strategic review indicates that PANDORA has not been effective enough in 3 key areas:

- Merchandising our products in store. Specifically, our offering is too dense and not tailored enough to address market and store differences, either in terms of culture or in terms of the maturity of our brand in a given market. As a consequence we are in the process of re-merchandising all our collections and will implement early 2012 a significantly reduced mandatory global assortment and different categories and collection densities depending on market maturity levels, customer typologies, price levels, and themes structures to better tailor our offering to different market needs
- Emphasizing the "create & combine" uniqueness behind PANDORA offering. Hence we are reviewing our visual merchandising and point of sale material to improve consumer understanding of our promise as well as our store look and functionalities
- Introducing new categories under the PANDORA name effectively. Whilst our products in new categories have met consumer appreciation worldwide, we have not supported them appropriately leading to suboptimal sales performance. In order to address this area we are going to review the staging of our entry into new categories to ensure each new introduction is supported adequately to ensure its full success in the market place

Finally, we are also working towards more frequent product drops instead of two big collections per year as well as towards the introduction of limited editions and other activities which will maintain the freshness and excitement of our offering to consumers.

"Fitness for purpose" sales and marketing programmes
We believe that our marketing programmes have often been inadequate largely because they have been too centrally-driven without recognizing local differences and needs or addressing effectively enough our consumer wishes. In 2012 our focus will return to supporting the key qualities that differentiate PANDORA from its competitors; the ability to "create & combine" and the individuality of our consumer "stories". We are also in the process of reviewing each individual market plan to ensure the appropriate balance between driving purchasing behaviour and brand building.

Finally, levels of consumer engagement in social media and PANDORA Club have reached record levels with Facebook fans and PANDORA Club members having increased to, respectively 750,000 fans and 2,000,000 members, a growth of over 500,000 between the two in Q3 2011. However, both consumer pools are still largely unexploited commercially and offer the ideal platform to create a "top-class" CRM programme which we expect to develop during 2012.

New concept stores; greater focus in emerging markets
While PANDORA fell below plan in opening stores during the second quarter, we are now on target to open more than 190 concept stores in 2011. In Q3 2011 we opened a total of 248 new branded points of sale (of which 75 were Concept stores), versus 50 in Q2 2011 (of which 42 were Concept stores).
More strategically, our initial assessment, confirmed by the early findings of the strategic review, indicates that our performance can be improved in certain areas:

- Despite the closure and/or upgrade of White points of sale, PANDORA is still over-distributed in a number of markets. Some of these doors feature our products below the presentation standard we aim at whilst, at the same time, not contributing significantly to our sales performance and overexposing the brand. We have initiated a market by market review of our distribution network, which will lead to a roadmap by market by the end of Q1 2012 whereby we will reduce the overall number of stores carrying our brand whilst increasing the number of high value branded doors,
- PANDORA's performance in emerging markets, whilst positively confirming our appeal to consumers worldwide has not been aggressive enough. Hence we have significantly stepped up our efforts particularly in Asia, namely in terms of new store openings. Therefore PANDORA expects to open close to 60 Concept stores and Shop-in-Shops in Asia in H2 2011 (versus 9 in H1 2011). Furthermore, PANDORA has initiated a review of our opportunities to enter into South America.

We are also in the process of further developing the quality of our franchisor programme, as we have found that the levels of proficiency vary across different markets. This is all the more important considering that, with over 500 franchised stores worldwide at the end of Q3 2011 and many more to come in 2012, PANDORA has become a very significant franchisor globally.

Assessment of stock at retailer level

Our analysis has determined that a number of our clients worldwide have an unsatisfactory stock turn on certain products. We have therefore verified the stock levels of our discontinued products as well as those of a number of slow moving items in a representative sample of our clients and to improve stock turn we intend to work with them reduce stock of discontinued and slow moving items. Various actions which we are preparing to implement in 2012 are currently being considered:

- Discontinue slow moving products
- Adapt sales packages
- Promotions at retail level to flush out discontinued products
- Terminal sales through retail and e-commerce outlets
- One-off exchanges for fresh new products

None of the considered actions will result in a cash-out effect for PANDORA. Our final analysis and actions will be reported with our full year financial results.

Reorganisation to enhance commercial performance and operational execution

Based on interim CEO Marcello Bottoli operational review, PANDORA has decided to implement a number of organisational changes in order to enhance commercial performance and strengthen operational execution.

- Going forward all regions will be reporting directly to the CEO. Previously only some markets reported to the CEO while most others reported to the Senior Vice President of Group Sales

- Stephen Fairchild joins PANDORA as Chief Creative Officer, heading our Product Development and Design departments in Copenhagen. Stephen, an American citizen, is an internationally recognised talent in his field and has worked with major fashion brands like Valentino, Calvin Klein, Polo Ralph Lauren and Giorgio Armani, providing vision, inspiration and strategic direction to the merchandising and design teams. In the recent years, he has worked as an independent creative consultant for a number of international brands, including PANDORA. Apart from playing a predominant role in our product design, Stephen will be leading our efforts in all creative aspects of our business and in providing creative input to all consumer touch points

- A new Chief Merchant position has been created whose main purpose is to proactively manage our product architecture as well as leading PANDORA's functions that support our retail partners. Additionally, mirror merchandising functions are being created in each of our regions

- A new president appointed for PANDORA Asia. Based in Hong Kong the new president of PANDORA Asia will oversee and accelerate our presence in the region

- The European leadership team has been reinforced by combining the UK, France and the Nordic markets under the same management team partly to ensure senior support to our penetration of the French market

CEO recruitment
The recruitment process to find a new CEO continues. Pandora will announce the new CEO when the process is completed.

Marcello Bottoli, interim CEO, said: *"Our operational and strategic reviews so far have indicated that, whilst the Company has underperformed in a number of operational areas, our brand franchise is healthy and consumers around the world continue to love and support our brand and its products as indicated, amongst others, by the record levels of consumer engagement in social media and memberships in the PANDORA Club.*

Whilst some of the actions we have implemented will yield results in the short term and others will require up to 18 months to deliver results, we are convinced that PANDORA's growth opportunities remain exceptional.

PANDORA will emerge significantly stronger from the completion of the initiated operational improvement programs. Thanks to the commitment of our franchisees, the quality of our concept and products, our vertically integrated operations and rapidly expanding global footprint, including our still untapped potential in numerous large emerging markets and last but not least our dedicated and talented team worldwide, we will be in an ideal position to benefit from the global growth in the affordable luxury arena."

FINANCIAL HIGHLIGHTS FOR Q3 2011

REVENUE DEVELOPMENT IN Q3 2011

Total revenue declined by 12.2% to DKK 1,569 million in Q3 2011 from DKK 1,788 million in Q3 2010. Following a decline in revenue of approximately 30% in July, the months of August and September were down less than 5% compared to last year, helped by significant shipments of our fall collection in the US. Similarly Q3 2010 was positively impacted by early Christmas orders particularly in UK and Germany. Excluding foreign exchange movements, revenue declined by 8.1% consisting of price increases (+15.7%), volume (-24.5%) and mix effects (+0.7%).

PANDORA implemented price increases in all markets during H1 2011 on top of price increases implemented in H1 2010. Unfortunately these price increases had a significant negative impact on our volumes in Q2 and Q3 2011. The negative impact from price increases has led PANDORA to reduce prices, permanently or promotionally, during Q3 2011 on a number of key items in selected markets and to freeze all other prices for the remainder of 2011 and 2012.

Average revenue per point of sale decreased to approximately DKK 151 thousand in Q3 2011 from approximately DKK 176 thousand in Q3 2010 (calculated based on the average of the points of sale at the beginning and end of the period), representing a decline of 14.2%.

In the first 9 months revenue per Concept store was DKK 3,182 thousand (DKK 4,404 thousand 9M 2010), per Shop-in-Shop DKK 1,128 thousand (DKK 1,491 thousand 9M 2010), per Gold store DKK 579 thousand (DKK 661 thousand 9M 2010), per Silver store DKK 292 thousand (DKK 314 thousand 9M 2010) and per White store DKK 119 thousand (DKK 138 thousand 9M 2010).

The geographical distribution of revenue in Q3 2011 was 48.1% for the Americas (40.5% in Q3 2010), 39.4% for Europe (48.4% in Q3 2010) and 12.5% for Asia Pacific (11.1% in Q3 2010).

REVENUE BREAKDOWN BY GEOGRAPHY

DKK million	**Q3 2011**	**Q3 2010**	**% Growth**	**% Growth in local currency**
Americas	**755**	**725**	**4.1%**	**13.0%**
United States	614	644	-4.7%	
Other	141	81	74.1%	
Europe	**618**	**865**	**-28.6%**	**-27.1%**
United Kingdom	222	333	-33.3%	
Germany	173	184	-6.0%	
Other	223	348	-35.9%	
Asia Pacific	**196**	**198**	**-1.0%**	**-3.0%**
Australia	138	171	-19.3%	
Other	58	27	114.8%	
Total	**1,569**	**1,788**	**-12.2%**	**-8.1%**

AMERICAS

Revenue in Americas increased by 4.1% to DKK 755 million in Q3 2011 from DKK 725 million in Q3 2010. Excluding foreign exchange movements, the underlying revenue growth was 13.0% compared to Q3 2010. Americas represented 48.1% of Group revenue in Q3 2011 (against 40.5% in Q3 2010).

In the United States revenue was down 4.7% in Q3 2011 versus Q3 2010 (an increase of 3.6% measured in local currency) despite fall releases of approximately USD 50 million being shipped in Q3 2011 which in 2010 was split between Q3 and Q4. Based on Concept stores, which have been operating for 12 months or more, like for like sales-out in the US increased by 11.3% in Q3 2011 compared to Q3 2010. The positive development in like-for-like sell out was largely due to implementation of campaigns particularly in September, focusing on driving purchasing behaviour for customers new to the brand.

Concept stores like for like* sales-out	Sales-out		
	Q3 2010 to Q3 2011	Q2 2010 to Q2 2011	Q1 2010 to Q1 2011
US	11.3%	18.9%	31.6%

* Stores of same category open more than 12 months

Other Americas, with Canada as the largest contributor, continued its strong growth thanks to branded store openings and a positive trend within like for like sales. Other Americas sales grew year-on-year by 74.1% and by 85.7% excluding foreign exchange effect and now constitutes 9.0% of Group revenue.

During Q3 2011 the number of branded stores in Americas increased by 98 stores to a total of 1,211 stores. Branded stores accounted for 42.4% of the total number of stores compared to 40.3% at the end of Q2 2011.

AMERICAS	Number of PoS Q3 2011	Number of PoS Q2 2011	Number of PoS Q3 2010	Delta Q3 2011 and Q2 2011	Delta Q3 2010 and Q2 2010
Concept stores[1]	181	160	123	21	33
Shop-in-Shops[2]	374	346	274	28	76
Gold	656	607	621	49	-4
Total branded	**1,211**	**1,113**	**1,018**	**98**	**105**
Total branded as % of Total	**42.4%**	**40.3%**	**38.7%**	**2.1%**	**2.6%**
Silver	1,118	1,105	1,052	13	57
White and travel retail	529	541	561	-12	-60
Total	**2,858**	**2,759**	**2,631**	**99**	**102**

[1] Includes 0 and 0 PANDORA-owned Concept stores at Q3 2011 and Q2 2011 respectively

[2] Includes 0 and 0 PANDORA-owned Shop-in-Shops at Q3 2011 and Q2 2011 respectively

EUROPE

In Europe PANDORA experienced a decrease in revenue of 28.6% (a decrease of 27.1% in local currency) in Q3 2011 versus Q3 2010, driven by weak performance in particular by 3rd party distributors in Greece, Spain, Portugal and Ireland, as well as PANDORA's UK subsidiary.

The UK is PANDORA's largest single market in Europe accounting for 14.1% of Q3 2011 group revenue, compared to 18.6% in Q3 2010. Revenue in the UK decreased by 33.3% (29.7% measured in local currency), negatively impacted by early delivery of Christmas orders in Q3 2010 which we estimate at DKK 80-100 million; by the August riots and by retailers destocking during the quarter.

Based on Concept stores which have been operating for 12 months or more, like for like sales-out in the UK decreased by 10.0% in Q3 2011 compared to Q3 2010.

Concept stores like for like* sales-out	**Sales-out**		
	Q3 2010 to Q3 2011	**Q2 2010 to Q2 2011**	**Q1 2010 to Q1 2011**
UK	-10.0%	-0.3%	10.2%

* Stores of same category open more than 12 months

Germany is PANDORA´s second largest market in Europe, accounting for 11.0% of Q3 2011 Group revenue, compared to 10.3% in Q3 2010. Revenue in Germany decreased 6.0% in Q3 2011 compared to Q3 2010. Germany is negatively impacted by early delivery of Christmas orders in Q3 2010 which we estimate at DKK 70 million. As was the case in H1 2011, PANDORA continued to close White stores in Germany as part of our on-going process to optimise the distribution network. Based on Concept stores, which have been operating for 12 months or more, like for like sales-out in Germany, decreased by 11.5% in Q3 2011 compared to Q3 2010.

Concept stores like for like* sales-out	**Sales-out**		
	Q3 2010 to Q3 2011	**Q2 2010 to Q2 2011**	**Q1 2010 to Q1 2011**
Germany	-11.5%	-7.2%	-18.2%

* Stores of same category open more than 12 months

The category Other Europe, which is the largest reporting segment within the European region, declined by 35.9% in Q3 2011 compared to Q3 2010, negatively affected by our 3rd party distributors in Greece, Spain, Portugal and Ireland, which continued to be adversely impacted by harsh macroeconomic trading conditions combined with destocking. This negative trend was partially countered by double-digit growth in Italy and even higher growth rates in Central Eastern Europe (mainly Russia, Ukraine and Poland), albeit from low levels.

During Q3 2011 the number of branded stores in Europe increased by 113 stores to a total of 1,751 stores. In Europe the development within branded stores continued on a positive note and branded stores accounted for 25.6% of the total number of stores compared to 23.6% at the end of Q2 2011.

EUROPE	Number of PoS Q3 2011	Number of PoS Q2 2011	Number of PoS Q3 2010	Delta Q3 2011 and Q2 2011	Delta Q3 2010 and Q2 2010
Concept stores[1]	292	258	160	34	25
Shop-in-Shops[2]	542	535	471	7	62
Gold	917	845	747	72	66
Total branded	**1,751**	**1,638**	**1,378**	**113**	**153**
Total branded as % of Total	**25.6%**	**23.6%**	**19.8%**	**2.0%**	**1.3%**
Silver	1,441	1,490	1,115	-49	-9
White and travel retail	3,640	3,816	4,481	-176	205
Total[3]	**6,832**	**6,944**	**6,974**	**-112**	**349**

[1] Includes 47 and 33 PANDORA-owned Concept stores at Q3 2011 and Q2 2011 respectively

[2] Includes 35 and 41 PANDORA-owned Shop-in-Shops at Q3 2011 and Q2 2011 respectively

[3] Includes for Q3 2011 50 Concept stores, 143 Shop-in-Shops, 185 Gold, 180 Silver and 1,228 White stores respectively relating to 3rd party distributors

ASIA PACIFIC

In Asia Pacific, revenue was broadly flat in Q3 2011 compared to Q3 2010. Excluding currency movements, the underlying revenue in the region decreased by 3.0% year on year. The revenue development was negatively impacted by continued weak performance in Australia offset by very strong growth in Asia, particularly in Japan, Malaysia and China, albeit from low levels.

Trading conditions in Australia continue to be highly challenging for PANDORA. Reported revenue was down 19.3% year on year whereas revenue declined 24.2% in local currency. The weak performance is mainly due to the overrepresentation of our brand in Australia. Based on Concept stores which have been operating for 12 months or more, like-for-like sales-out in Australia decreased by 16.8% in Q3 2011 compared to Q3 2010.

The focus for PANDORA in Australia, being the market with the highest revenue per capita, will increasingly be on growing other jewellery categories. Furthermore, we will continue to optimize PANDORA’s distribution in Australia to the changes in the market which also entails introduction of new “kiosk” type concepts and addressing up-front costs and financing issues related to the opening of concept stores.

Concept stores like for like* sales-out	Sales-out		
	Q3 2010 to Q3 2011	Q2 2010 to Q2 2011	Q1 2010 to Q1 2011
Australia	-16.8%	-15.8%	-12.6%

* Stores of same category open more than 12 months

In Asia, our strategy of opening branded stores is of continued high priority and PANDORA aims to increase its presence in the important Asian growth markets going forward. Compared to the previous quarter, branded points of sale increased by 37, in line with our strategy of focusing on branded sales channels in Asia.

ASIA PACIFIC	Number of PoS Q3 2011	Number of PoS Q2 2011	Number of PoS Q3 2010	Delta Q3 2011 and Q2 2011	Delta Q3 2010 and Q2 2010
Concept stores[1]	95	75	46	20	9
Shop-in-Shops[2]	145	130	121	15	3
Gold	155	153	161	2	2
Total branded	**395**	**358**	**328**	**37**	**14**
Total branded as % of Total	**55.6%**	**53.4%**	**42.0%**	**2.2%**	**1.1%**
Silver	113	99	104	14	6
White and travel retail	202	214	349	-12	-7
Total	**710**	**671**	**781**	**39**	**13**

[1] Includes 29 and 28 PANDORA-owned Concept stores at Q3 2011 and Q2 2011 respectively

[2] Includes 0 and 0 PANDORA-owned Shop-in-Shops at Q3 2011 and Q2 2011 respectively

PANDORA SALES CHANNELS

The percentage of revenue from branded sales, within our direct distribution markets, was 76.3% in Q3 2011 compared to 77.6% in Q3 2010.

In Q3 2011, PANDORA added a net total of 248 branded points of sale. Of these, 75 were Concept stores, 50 were Shop-in-Shops and 123 were Gold stores.

Branded stores in direct distribution markets accounted for 34.6% of the total number of stores at the end of Q3 2011 compared to 31.6% at the end of Q3 2010.

PANDORA will continue to expand the number of branded stores and expects to open more than 190 new Concept stores for the full year 2011.

In Q3 2011 we upgraded or closed down a net total of 22 Silver stores and 200 White stores, mostly in European markets, in an on-going process to optimize our distribution network.

The total number of points of sale increased by 26 to a total of 10,400 globally.

GROUP	Number of PoS Q3 2011	Number of PoS Q2 2011	Number of PoS Q3 2010	Delta Q3 2011 and Q2 2011	Delta Q3 2010 and Q2 2010
Concept stores[1]	568	493	329	75	67
Shop-in-Shops[2]	1,061	1,011	866	50	141
Gold	1,728	1,605	1,529	123	64
Total branded	**3,357**	**3,109**	**2,724**	**248**	**272**
Total branded as % of Total	**32.3%**	**30.0%**	**26.2%**	**2.3%**	**1.5%**
Silver	2,672	2,694	2,271	-22	54
White and travel retail	4,371	4,571	5,391	-200	138
Total[3]	**10,400**	**10,374**	**10,386**	**26**	**464**

[1] Includes 76 and 61 PANDORA-owned Concept stores at Q3 2011 and Q2 2011 respectively

[2] Includes 35 and 41 PANDORA-owned Shop-in-Shops at Q3 2011 and Q2 2011 respectively

[3] Includes for Q3 2011 50 Concept stores, 143 Shop-in-Shops, 185 Gold, 180 Silver and 1,228 White stores respectively relating to 3rd party distributors

PRODUCT OFFERING

In Q3 2011 revenue from Charms declined by 12.2% compared to Q3 2010. Revenue from Silver & Gold Bracelets declined by 31.1% compared to Q3 2010, the comparable being negatively affected by early Christmas deliveries of Silver & Gold Bracelets in Q3 2010. The two categories represented 76.6% of total revenue in Q3 2011 compared to 79.4% in Q3 2010.

However, our total bracelet sales, including Silver & Gold bracelets as well as other bracelets, was stable between Q3 2011 and Q3 2010, generating a revenue of DKK 321 million and DKK 325 million, respectively.

Rings and Other Jewellery together represented 23.4% of total revenue compared to 20.7% in Q3 2010. Rings represented 6.1% of total revenue compared to 8.2% in Q3 2010. Rings declined by 34.2%, based on a difficult comparable from the launch of the Ring Upon Ring Campaign in Q3 2010, and Other Jewellery grew by 21.5% driven by launch of new bracelet concepts.

Product mix DKK million	**2011** **Q3**	**2011** **Q2**	**2010** **Q3**	**Growth** **Q3 vs Q3**
Charms	1,040	995	1,184	-12.2%
Silver and gold charms bracelets	162	132	235	-31.1%
Rings	96	89	146	-34.2%
Other jewellery	271	176	223	21.5%
Total	**1,569**	**1,392**	**1,788**	**-12.2%**

The average sales price per item in Q3 2011 has increased to DKK 134 from DKK 116 in Q3 2010 mainly driven by implemented price increases.

NEW MARKETS

As stated earlier, PANDORA expects to open more than 190 new Concept stores in 2011 compared to 225 new Concept stores in 2010, and a growing portion of these in three of our major new markets: Russia, China and Japan, together accounting for approximately 45 new Concept stores in 2011.

Our strategy in Russia is to open branded stores only - primarily Concept stores and Shop-in-Shops, through our franchise partner. By the end of Q3 2011, PANDORA had 22 Concept stores and 3 Shop-in-Shops in Russia. At the end of 2011, PANDORA expects to have more than 30 branded stores in Russia.

In Asia, PANDORA expects to open more than 65 Concept stores and Shop-in-Shops in 2011. Store openings will primarily be in China and Japan through franchise partnerships.

Our strategy in China is to open branded stores only – primarily Concept stores and Shop-in-Shops. In China, PANDORA now has 5 Concept stores and 5 Shop-in-Shops. At the end of 2011, PANDORA expects to have more than 15 branded stores in China in anchor locations as part of a cluster strategy in key cities. During Q3 2011, PANDORA successfully strengthened its intellectual property rights in China, by registering the Latin letter version of the 'PANDORA' trademark, providing further means to globally protect the Company's brand and products.

Our strategy in Japan is to open branded stores only – primarily Concept stores and Shop-in-Shops. By the end of Q3 2011 PANDORA has 3 Concept stores and 7 Shop-in-Shops operating in Japan. At the end of 2011, PANDORA expects to have more than 15 branded stores in Japan.

Our strategy in Italy is to utilise the well-established network of jewellery retailers. In Italy, the Company was selling PANDORA products through 763 points of sale (1 Concept store, 14 Shop-in-Shops, 11 Gold stores, 84 Silver stores and 653 White stores) by the end of Q3 2011. At the end of 2011, PANDORA expects to reach 900 points of sale in Italy, in spite of the difficult economic environment in the country. To our knowledge this will represent one of the most successful new jewellery brand launches in Italy.

Our strategy in France is to upgrade the distribution network since we took over the operation in France from our former 3rd party distributor on 1 July 2011 upgrading the quality of our partners with the particular emphasis on department store Shop-in-Shops and Concept stores.

REVENUE BY DISTRIBUTION

Direct distribution accounted for 96.4% of revenue in Q3 2011 compared to 87.8% in Q3 2010.

	DKK million Revenue Q3 2011	Number of Points of sale end Q3 2011	DKK million Revenue Q3 2010	Number of Points of sale end Q3 2010
Direct distribution	1,513	8,614	1,570	7,944
Third party distribution	56	1,786	218	2,442
Total	**1,569**	**10,400**	**1,788**	**10,386**

While Q3 2011 revenue from direct distribution declined by 3.6% compared to Q3 2010, revenue from 3rd party distribution declined by 74.3%. The significant reduction in 3rd party revenue from distributors in Greece, Spain, Portugal and Ireland, is, as previously mentioned, caused by continued harsh macroeconomic trading conditions combined with destocking.

GROSS PROFIT AND GROSS MARGIN

Gross Margin Development

2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
73.6%	74.4%	71.6%	70.1%	73.2%	72.9%

Gross profit was DKK 1,155 million in Q3 2011 compared to DKK 1,309 million in Q3 2010, resulting in a gross margin of 73.6% in Q3 2011 compared to 73.2% in Q3 2010.

The gross margin was positively affected by global price increases and mix changes, but negatively affected by increasing raw material prices. For the full year 2011 PANDORA expects a gross margin of approximately 72%. It is our policy to hedge 100%, 80%, 60% and 40% of expected gold and silver consumption in the following four quarters. However, current inventory means a delayed impact on our cost of goods sold of these hedge prices. The combined effect of the time lag from our inventory and our 12-month rolling hedges effectively means that we are already hedged to a large extent into H1 2012.

Excluding our hedging and the time lag effect from our inventory, the underlying gross margin would have been approximately 62% based on average gold (1,700 USD/oz) and silver (39 USD/oz) market prices in Q3 2011. Under the same assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately 3 percentage points.

The average realized price for gold was 1,360 USD/oz and 27.74 USD/oz for silver in Q3 2011. Our hedged prices for the following four quarters for gold is 1,405 USD/oz, 1,520 USD/oz, 1,576 USD/oz, 1,720 USD/oz and for silver 30.46 USD/oz, 35.12 USD/oz, 36.58 USD/oz and 37.52 USD/oz.

DISTRIBUTION EXPENSES

Distribution expenses increased to DKK 452 million in Q3 2011 from DKK 409 million in Q3 2010, representing 28.8% of revenue in Q3 2011 compared to 22.8% in Q3 2010.

Sales and distribution costs decreased to DKK 232 million in Q3 2011 from DKK 239 million in Q3 2010, representing 14.8% of revenue in Q3 2011 compared to 13.4% Q3 2010. The comparable was positively affected by DKK 46 million from amortisation of acquired distribution rights in Pandora CWE. These distributions rights were fully amortised by 30 June 2011. The Q3 2011 figure is also affected by expansion in new markets, compensation to former French distributor and enhancing our sales and distribution infrastructure centrally in Copenhagen.

Marketing costs increased to DKK 220 million in Q3 2011 from DKK 170 million in Q3 2010, corresponding to 14.0% of revenue in Q3 2011, compared to 9.5% in Q3 2010, driven by continued significant investments in marketing in absolute terms, including TV advertising in Germany and United States.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to DKK 197 million in Q3 2011 versus DKK 157 million Q3 2010, representing 12.6% up from 8.8% of Q3 2011 and Q3 2010 revenue, respectively.

The increase in administrative costs is related to the use of external consultants, IT projects and the departure of the former CEO.

COST RATIOS

Cost Ratio (Including depreciations & amortisations*)	2011	2011	2011	2010	2010	2010
DKK million	Q3	Q2	Q1	Q4	Q3	Q2
Sales and distribution costs	14.8%	18.1%	16.6%	15.3%	13.4%	15.2%
Marketing costs	14.0%	13.7%	9.7%	14.3%	9.5%	10.5%
Administrative expenses	12.6%	10.9%	8.8%	6.5%	8.8%	11.5%
Total Cost	**41.4%**	**42.7%**	**35.1%**	**36.1%**	**31.7%**	**37.2%**

* Including gains/losses from sales of assets

Please note that 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 Q3 2011 decreased by 33.6% to DKK 536 million resulting in an EBITDA margin of 34.2%, down from 45.1% in Q3 2010.

Regional EBITDA margins for Q3 2011 before allocation of central costs were 53.8% in Americas (53.1% in Q3 2010), 30.3% in Europe (53.4% in Q3 2010) and 36.7% in Asia Pacific (43.4% in Q3 2010). Unallocated costs increased to 8.2% in Q3 2011 compared to 7.0% in Q3 2010.

The Americas region EBITDA margin remains high and in line with last year. The margin decrease in Europe is particularly affected by lower revenue from 3rd party distribution; increasing expenses from organisational changes in CWE; costs related to taking over distribution in France in 1 July2011; and to the development of operations in Italy. The decrease in EBITDA margin in Asia Pacific is primarily due to the decline in revenue in Australia.

EBITDA Margin	2011	2010	Q3 2011 vs Q3 2010
	Q3	Q3	(% pts)
Americas	53.8%	53.1%	0.7%
Europe	30.3%	53.4%	-23.1%
Asia Pacific	36.7%	43.4%	-6.7%
Unallocated costs	-8.2%	-7.0%	-1.2%
Group EBITDA margin	**34.2%**	**45.1%**	**-10.9%**

EBIT

EBIT for Q3 2011 decreased to DKK 506 million – a decrease of 31.9% compared to the same quarter 2010, resulting in an EBIT margin of 32.2% for Q3 2011 versus 41.6% in Q3 2010.

NET FINANCIAL INCOME AND EXPENSES

Net financial expenses amounted to DKK 90 million in Q3 2011. Financial expenses of DKK 112 million in Q3 2011, was significantly impacted by an unrealized loss of DKK 93 million on foreign exchange movements, mainly from the strong appreciation of the USD during the quarter.

INCOME TAX EXPENSES

Income tax expenses were DKK 75 million in Q3 2011, implying an effective tax rate of 18.0% for Q3 2011 in line Q3 2010.

NET PROFIT

Net profit in Q3 2011 decreased by 41.3% to DKK 341 million from DKK 581 million in Q3 2010.

LIQUIDITY AND CAPITAL RESOURCES

In Q3 2011, PANDORA generated a free cash flow of DKK 37 million corresponding to a cash conversion of 10.9% compared to 5.2% in Q3 2010. The explanation for the increase in our cash conversion is an improvement in our cash flow in combination with a lower net profit.

Operating working capital (defined as inventory and accounts receivables less accounts payables) at the end of Q3 2011 was 39.5% of preceding twelve months revenue compared to 35.1% at the end of Q3 2010. The increase is driven by increased inventory and higher account receivables.

Inventory increased to DKK 1,964 million at the end of Q3 2011 from DKK 1,204 million at the end of Q3 2010. The increase in inventory levels can be explained by soaring gold and silver prices (approx. 40% of increase), a delayed effect of adjusting our production to the lower than expected revenue (approx. 40% of increase) and an increase in Point of Sales material (approx. 20% of increase).

Inventory to COGS ratio	**2011 Q3**	**2011 Q2**	**2011 Q1**	**2010 Q4**	**2010 Q3**	**2010 Q2**
Inventory (DKKm)	1,964	1,697	1,464	1,272	1,204	990
% of last 12 mth revenue	28.0%	23.5%	20.4%	19.1%	21.0%	20.7%

Trade receivables increased to DKK 984 million in Q3 2011 (14.1% of preceding 12 month revenue) from DKK 630 million in Q2 2011 (8.7% of preceding 12 month revenue). The increase is partially attributable to revenue in the quarter being skewed towards the end of the quarter as well as an increase in trade receivables primarily related to extended credit terms in two of our main markets, the US and Germany.

In Q3 2011, PANDORA invested a total of DKK 40 million in property, plant and equipment, approximately 2.5% of revenue.

Total interest bearing debt was DKK 1,410 million at the end of Q3 2011 (compared to DKK 2,323 million at the end of Q3 2010).

Cash and short-term deposits amounted to DKK 292 million at the end of Q3 2011 (compared to DKK 302 million at the end of Q3 2010).

Net interest bearing debt at the end of Q3 2011 was DKK 1,118 million corresponding to 0.4 LTM EBITDA (compared to DKK 2,021 million at the end of Q3 2010 corresponding to 0.8 LTM EBITDA).

PANDORA
UNFORGETTABLE MOMENTS

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 September 2011.

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 September 2011, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 30 September 2011.

Further, in our opinion the management's review (p. 1-18) 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, 22 November 2011

EXECUTIVE BOARD

Marcello V. Bottoli
Interim Chief Executive Officer

Henrik Holmark
Chief Financial Officer

BOARD OF DIRECTORS

Allan Leighton
Chairman

Torben Ballegaard Sørensen

Andrea Alvey

Marcello V. Bottoli

Sten Daugaard

Christian Frigast

Erik D. Jensen

Nikolaj Vejlsgaard

PANDORA
UNFORGETTABLE MOMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	2011 Q3	2010 Q3	2011 9M	2010 9M	2010 Full year
Revenue	3	1,569	1,788	4,706	4,369	6,666
Cost of sales		-414	-479	-1,266	-1,254	-1,941
Gross profit		**1,155**	**1,309**	**3,440**	**3,115**	**4,725**
Distribution expenses		-452	-409	-1,354	-1,053	-1,733
Administrative expenses		-197	-157	-503	-427	-576
Operating profit		**506**	**743**	**1,583**	**1,635**	**2,416**
Financial income		22	1	390	38	54
Financial expenses		-112	-35	-224	-146	-218
Profit before tax		**416**	**709**	**1,749**	**1,527**	**2,252**
Income tax expenses		-75	-128	-267	-275	-381
Net profit for the period		**341**	**581**	**1,482**	**1,252**	**1,871**
Attributable to:						
Equity holders of PANDORA A/S		341	578	1,482	1,227	1,846
Non-controlling interests		0	3	0	25	25
Net profit for the period		**341**	**581**	**1,482**	**1,252**	**1,871**
Earnings per share						
Profit for the period attributable to ordinary equity holders of the parent, basic		3	5	11	10	15
Profit for the period attributable to ordinary equity holders of the parent, diluted		3	5	11	10	15

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

DKK million	2011 Q3	2010 Q3	2011 9M	2010 9M	2010 Full year
Net profit for the period	341	581	1,482	1,252	1,871
Exchange differences on translation of foreign subsidiaries	244	-221	-12	222	402
Value adjustment of hedging instruments	-243	107	-359	151	299
Income tax on other comprehensive income	4	-20	0	-19	3
Other comprehensive income, net of tax	**5**	**-134**	**-371**	**354**	**704**
Total comprehensive income for the period	**346**	**447**	**1,111**	**1,606**	**2,575**
Attributable to:					
Equity holders of PANDORA A/S	346	437	1,111	1,549	2,519
Non-controlling interests	0	10	0	57	56
Total comprehensive income for the period	**346**	**447**	**1,111**	**1,606**	**2,575**

PANDORA
UNFORGETTABLE MOMENTS

CONSOLIDATED BALANCE SHEET

DKK million	2011 30 September	2010 30 September	2010 31 December
ASSETS			
Non-current assets			
Goodwill	1,874	1,862	1,905
Brand	1,052	1,048	1,052
Distribution network	343	376	366
Distribution rights	1,036	1,064	1,128
Other intangible assets	67	8	39
Property, plant and equipment	392	304	374
Deferred tax assets	187	67	107
Other non-current financial assets	27	34	28
Total non-current assets	**4,978**	**4,763**	**4,999**
Current assets			
Inventories	1,964	1,204	1,272
Trade receivables	984	998	834
Other receivables	206	407	533
Tax receivables	48	53	97
Cash and short-term deposits	292	302	1,224
Total current assets	**3,494**	**2,964**	**3,960**
Total assets	**8,472**	**7,727**	**8,959**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	130	126	130
Share premium	1,248	675	1,248
Treasury shares	-38	-	-38
Foreign currency translation reserve	509	340	521
Other reserves	45	149	390
Proposed dividend	-	-	650
Retained earnings	2,896	1,524	1,414
Equity attributable to equity holders of the parent company	**4,790**	**2,814**	**4,315**
Non-controlling interests	-	578	-
Total shareholders' equity	**4,790**	**3,392**	**4,315**
Non-current liabilities			
Interest-bearing loans and borrowings	1,410	1,346	-
Provisions	277	13	536
Deferred tax liabilities	565	540	606
Other non-current liabilities	7	449	18
Total non-current liabilities	**2,259**	**2,348**	**1,160**
Current liabilities			
Interest-bearing loans and borrowings	0	977	2,326
Provisions	137	95	76
Trade payables	179	187	245
Income tax payables	618	403	351
Other payables	489	325	486
Current liabilities	**1,423**	**1,987**	**3,484**
Total liabilities	**3,682**	**4,335**	**4,644**
Total equity and liabilities	**8,472**	**7,727**	**8,959**

PANDORA
UNFORGETTABLE MOMENTS

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 January - 30 September DKK million	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Other reserves	Proposed dividend	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Shareholders' equity at 1 January 2011	130	1,248	-38	521	390	650	1,414	4,315	0	4,315
Comprehensive income										
Net profit for the period							1,482	1,482	0	1,482
Exchange differences on translation of foreign subsidiaries				-12				-12	0	-12
Value adjustment of hedging instruments					-359			-359		-359
Other comprehensive income, net of tax				-12	-359			-371	0	-371
Total comprehensive income for the period				-12	-359		1,482	1,111	0	1,111
Sharebased payments					14			14		14
Paid dividend						-650	0	-650		-650
Shareholders' equity at 30 September 2011	**130**	**1,248**	**-38**	**509**	**45**	**0**	**2,896**	**4,790**	**0**	**4,790**
Shareholders' equity at 1 January 2010	1	0	0	164	11	0	1,276	1,452	197	1,649
Reclassification *				-14			21	7	-7	0
Comprehensive income										
Net profit for the period							1,227	1,227	25	1,252
Exchange differences on translation of foreign subsidiaries				190				190	32	222
Value adjustment of hedging instruments					151			151		151
Income tax on other comprehensive income					-19			-19		-19
Other comprehensive income, net of tax				190	132			322	32	354
Total comprehensive income for the period				190	132		1,227	1,549	57	1,606
Sharebased payments					6			6		6
Capital increase	125	675						800		800
Proposed dividend						1,000	-1,000	0		0
Paid dividend						-1,000	0	-1,000		-1,000
Non-controlling interests arising on business combination								0	820	820
Minority shareholder with put-option reclassified to provisions								0	-410	-410
Remeasurement of put-option								0	-39	-39
Dividend paid to non-controlling interests								0	-40	-40
Shareholders' equity at 30 September 2010	**126**	**675**	**0**	**340**	**149**	**0**	**1,524**	**2,814**	**578**	**3,392**

* Non-controlling interests part of depreciation of distribution right including tax effect and foreign currency translation reserve of 31 December 2009.

CONSOLIDATED CASH FLOW STATEMENT

DKK million	2011 Q3	2010 Q3	2011 9M	2010 9M	2010 Full year
Profit before tax	416	709	1,749	1,527	2,252
Financial income	-22	-1	-390	-38	-54
Financial expenses	112	35	224	146	218
Amortisation/depreciation	29	64	172	192	265
Warrants	5	2	14	6	6
Change in inventories	-201	-207	-738	-645	-665
Change in receivables	-318	-524	-139	-548	-308
Change in trade payables	2	33	-60	73	37
Change in other liabilities	53	-98	16	-58	192
	76	13	848	655	1,943
Other non-cash adjustments	39	115	88	123	31
Interest received	0	6	3	12	17
Interest paid	-16	-26	-71	-239	-299
Income tax paid	-18	-59	-77	-186	-376
Cash flow from operating activities	**81**	**49**	**791**	**365**	**1,316**
Acquisition of subsidiaries, net of cash acquired	0	0	-116	8	-94
Purchase of intangible assets	-20	0	-38	0	-52
Purchase of property, plant and equipment	-40	-25	-101	-107	-210
Investment in receivable	0	-6	0	-83	0
Change in other non-current assets	-5	-14	1	-14	3
Proceeds from sale of property, plant and equipment	5	0	19	0	49
Cash flow from investing activities	**-60**	**-45**	**-235**	**-196**	**-304**
Capital increase including share premium net of transaction costs	0	0	0	0	651
Dividend paid to parent company	0	-34	-650	-200	-200
Dividend paid to non-controlling interests	0	-40	-13	-40	-40
Purchase and disposal of treasury shares	0	0	0	0	-38
Acquisition of non-controlling interests	0	0	0	0	-593
Proceeds from borrowings	63	210	1,562	983	2,775
Repayment of borrowings	0	0	-2,375	-1,470	-3,199
Cash flow from financing activities	**63**	**136**	**-1,476**	**-727**	**-644**
Net cash flow for the period	**84**	**140**	**-920**	**-558**	**368**
Cash and short-term deposits					
Cash and short-term deposits at beginning of period	204	178	1,224	824	824
Net exchange rate adjustment	4	-16	-12	36	32
Net cash flow for the period	84	140	-920	-558	368
Cash and short-term deposits at end of period	**292**	**302**	**292**	**302**	**1,224**
Unutilised credit facilities inclusive cash and cash equivalents	1,750	431	1,750	431	1,382

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 2010. We refer to the description in PANDORA's annual report for 2010, from page 53.

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).

PANDORA
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NOTE 3 - Operating segment information, continued

Q3 2011

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	755	618	196	-	1,569
Segment profit (EBITDA)	406	187	72	-129	536
Adjustments:					
Amortisation/depreciation					-29
Gain/loss from sale of non-current assets					-1
Consolidated operating profit					**506**

Q3 2010

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	725	865	198	-	1,788
Segment profit (EBITDA)	385	462	86	-126	807
Adjustments:					
Amortisation/depreciation					-64
Consolidated operating profit					**743**

9 mths 2011

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	2,261	1,844	601	-	4,706
Segment profit (EBITDA)	1,213	641	228	-325	1,757
Adjustments:					
Amortisation/depreciation					-172
Gain/loss from sale of non-current assets					-2
Consolidated operating profit					**1,583**

9 mths 2010

DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total Group
Income statement:					
External revenue	1,912	1,903	554	-	4,369
Segment profit (EBITDA)	1,009	878	246	-306	1,827
Adjustments:					
Amortisation/depreciation					-192
Consolidated operating profit					**1,635**

NOTE 3 - Operating segment information, continued

Product information:
Revenue from external customers

DKK million	2011 Q3	2010 Q3	2011 9 mths	2010 9 mths
Charms	1,040	1,184	3,286	3,043
Silver and gold charms bracelets	162	235	514	544
Rings	96	146	287	262
Other jewellery	271	223	619	520
Revenue	**1,569**	**1,788**	**4,706**	**4,369**

Geographical information:
Revenue from external customers

DKK million	2011 Q3	2010 Q3	2011 9 mths	2010 9 mths
United States	614	644	1,836	1,698
Australia	138	171	446	494
United Kingdom	222	333	607	675
Germany	173	184	454	488
Other countries	422	456	1,363	1,014
Revenue	**1,569**	**1,788**	**4,706**	**4,369**

NOTE 4 – Business combinations

Acquisition of the German distributor

On 5 January 2010, the Group formed PANDORA Jewelry Central Western Europe A/S together with the former German distributor. We refer to the description in PANDORA's annual report for 2010, from page 58.

NOTE 5 - Contingent liabilities

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

NOTE 6 – Related party transactions

Related parties of PANDORA with a controlling interest are the principal shareholder Prometheus Invest ApS (57% interest) and the ultimate parent, Axcel III K/S 2 (32% interest).

Related parties further comprise Axcel III K/S 2's other portfolio enterprises, as they are subject to the same controlling interests. There have not been any transactions with Axcel III K/S 2 or these other entities during 2011 and 2010.

Related parties of PANDORA with significant interests include the Board of Directors and the Executive Management of the companies and their 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 PANDORA's annual report for 2010, page 89.

Transactions with Prometheus Invest ApS

In February 2010, PANDORA completed a refinancing through borrowing DKK 2,200 million under a new senior facility agreement. The proceeds were used to repay existing credit facilities, to repay the subordinated loan from the parent company, Prometheus Invest ApS, to pay related fees and expenses and to pay DKK 113 million of declared dividend to Prometheus Invest ApS.

NOTE 6 – Related party transactions, continued

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

	Prometheus Invest ApS			
	2011	2010	2011	2010
DKK million	Q3	Q3	9 mths	9 mths
Income statement:				
Financial expenses	-	-	-	25
Total	**-**	**-**	**-**	**25**

	Prometheus Invest ApS	
	30 September	30 September
DKK million	2011	2010
Balance sheet:		
Payables	-11	0
Total	**-11**	**0**

NOTE 7 – 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 2010 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 2011. These IFRSs have not had any significant impact on the Group’s interim financial report.

QUARTERLY OVERVIEW

DKK million	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Income statement							
Revenue	1,569	1,392	1,745	2,297	1,788	1,343	1,238
EBITDA	536	512	709	857	807	546	474
Operating profit (EBIT)	506	440	637	781	743	480	412
Net financial income and expenses	-90	265	-9	-56	-34	9	-83
Profit before tax	416	705	628	725	709	489	329
Net profit	341	626	515	619	581	401	270
Balance sheet							
Total assets	8,472	7,854	8,335	8,959	7,727	7,001	6,373
Invested capital	6,243	5,764	5,618	5,659	5,738	5,393	4,871
Net working capital	1,830	1,462	1,292	1,266	1,515	1,057	680
Shareholders' equity	4,790	4,439	4,740	4,315	3,392	2,997	1,512
Net interest-bearing debt	1,118	1,144	705	1,102	2,021	1,950	2,060
Cash flow statement							
Net cash flow from operating activities	81	255	455	951	49	260	56
Net cash flow from investing activities	-60	-40	-135	-108	-45	-122	-29
Free cash flow	37	227	476	917	30	229	212
Cash flow from financing activities	63	-592	-947	83	136	-263	-600
Net cash flow for the period	84	-377	-627	926	140	-125	-573
Ratios							
Revenue growth, %	-12.2%	3.6%	41.0%	67.2%	116.7%	99.0%	110.9%
EBITDA growth, %	-33.6%	-6.2%	49.6%	40.7%	161.2%	70.6%	41.9%
EBIT growth, %	-31.9%	-8.3%	54.6%	44.4%	196.0%	55.3%	27.6%
Net profit growth, %	-41.3%	56.1%	90.7%	52.8%	279.7%	72.8%	25.6%
EBITDA margin, %	34.2%	36.8%	40.6%	37.3%	45.1%	40.7%	38.3%
EBIT margin, %	32.2%	31.6%	36.5%	34.0%	41.6%	35.7%	33.3%
Cash conversion, %	10.9%	36.3%	92.4%	148.1%	5.2%	57.1%	78.5%
Net interest-bearing debt to EBITDA *	0.4	0.4	0.2	0.4	0.8	1.0	1.2
Equity ratio, %	56.5%	56.5%	56.9%	48.2%	43.9%	42.8%	23.7%
ROIC, % *	37.9%	45.1%	47.0%	42.7%	37.9%	31.2%	31.1%

* 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; and

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.