PRESS RELEASE
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INTERIM REPORT FOR THE PERIOD 1 JANUARY TO 30 JUNE 2010

THE BOARD OF DIRECTORS OF PANDORA HOLDING A/S HAS TODAY APPROVED THE GROUP'S INTERIM REPORT FOR THE PERIOD 1 JANUARY 2010 TO 30 JUNE 2010.

HIGHLIGHTS H1 2010

- Revenue increased by 104.5% to DKK 2,581 million (H1 2009 DKK 1,262 million).
- Gross profit increased by 98.0% to DKK 1,806 million (H1 2009 DKK 912 million).
- Gross margin was 70.0% - negatively impacted by a DKK 50 million one-off charge related to the acquisition of our former independent German distributor.
- EBITDA increased by 56.0% to DKK 1,020 million (H1 2009 DKK 654 million) resulting in an EBITDA margin of 39.5%.
- EBIT increased by 41.1% to DKK 892 million (H1 2009 DKK 632 million).
- EBIT margin was 34.6% - negatively impacted primarily by a DKK 91 million accounting effect due to amortisation of acquired distribution rights.
- Net profit increased by 50.1% to DKK 671 million (H1 2009 DKK 447 million).
- PANDORA generated a free cash flow of DKK 441 million and invested a total of DKK 82 million in property plant and equipment.
- At the end of June 2010, PANDORA employed 4,525 people worldwide and sold its jewellery and other branded products through 9,922 points of sale in more than 45 countries on six continents.

Mikkel Vendelin Olesen, CEO, said: "The performance in the first half of 2010 has been strong for PANDORA, and revenue and profits continue to show growth within all our product categories. Revenue from our charms and silver and gold charm bracelets represents 86.2% of total revenue and continued to grow rapidly, but I am particularly satisfied with the fact that our other jewellery offerings have grown more than 220.6% and now represent 13.3% of total group revenue."

FINANCIAL HIGHLIGHTS - 1 JANUARY - 30 JUNE

DKK million	H1 2010	H1 2009	Q2 2010	Q2 2009	Q1 2010	Q1 2009
Income statement						
Revenue	2,581	1,262	1,343	675	1,238	587
EBITDA	1,020	654	546	320	474	334
Operating profit (EBIT)	892	632	480	309	412	323
Net financial income and expenses	-74	-101	9	-32	-83	-69
Profit before tax	818	531	489	277	329	254
Net profit	671	447	401	232	270	215
Balance sheet						
Total assets	7,001	4,691	7,001	4,691	6,373	4,525
Invested capital	5,415	3,070	5,415	3,070	4,839	3,156
Net working capital	1,079	229	1,079	229	648	247
Shareholders' equity	2,996	899	2,996	899	1,512	724
Net borrowings	1,950	2,171	1,950	2,171	2,060	2,432
Net borrowings excl. subordinated loan from parent company	1,950	824	1,950	824	2,060	1,105
Cash flow						
Cash inflow from operating activities	316	556	260	296	56	260
Cash outflow from investing activities	-151	-26	-122	-14	-29	-12
Free cash flow	441	628	229	339	212	289
Cash outflow/inflow from financing activities	-863	-157	-263	-57	-600	-100
Net increase in cash and cash equivalents	-698	373	-125	225	-573	148
Ratios						
Revenue growth, %	104.5%		99.0%		110.9%	
Growth in EBITDA, %	56.0%		70.6%		41.9%	
Growth in EBIT, %	41.1%		55.3%		27.6%	
Growth in net profit, %	50.1%		72.8%		25.6%	
EBITDA margin, %	39.5%	51.8%	40.7%	47.4%	38.3%	56.9%
EBIT margin, %	34.6%	50.1%	35.7%	45.8%	33.3%	55.0%
Cash conversion, %	65.7%	140.5%	57.1%	146.1%	78.5%	134.4%
Net debt to EBITDA *	1.0		1.0		1.2	
Equity ratio, %	42.8%	19.2%	42.8%	19.2%	23.7%	16.0%
ROIC, % *	31.1%		31.1%		31.3%	
Other key figures						
Average number of employees	3,892	1,710	4,239	1,793	3,545	1,626

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' and the annual report for 2009.

- Ratio is based on last-twelve-months EBITDA and EBIT respectively.

KEY EVENTS

In January 2010, we formed PANDORA Jewelry Central Western Europe A/S ("PANDORA CWE") together with our former independent German distributor. Our former distributor transferred its exclusive distribution rights for PANDORA products in Germany, Austria and Switzerland and we transferred our exclusive distribution rights in the Netherlands and Italy and granted an extension of the rights for the German, Austrian and Swiss markets to the new company. PANDORA Holding A/S owns 51% of PANDORA CWE with a call option to acquire the non-controlling interest.

In January 2010 PANDORA formed a sales subsidiary in the Czech Republic wholly-owned by PANDORA Jewelry CEE Sp. Z.o.o. This company will be responsible for sales in the Czech Republic.

In February 2010, PANDORA completed a refinancing through borrowing of 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, PANDORA Invest ApS, to pay related fees and expenses and to pay DKK 166 million of a declared dividend to PANDORA Invest ApS. The total declared dividend was DKK 1,000 million and in June 2010, DKK 800 million of the remaining unpaid dividend to PANDORA Invest ApS was converted into equity. The remaining DKK 34 million will be paid out to PANDORA Invest ApS during the second half of 2010.

In March 2010 we opened a third production facility in Gemopolis, Bangkok increasing our production capacity. Also in Gemopolis, our fourth production facility is expected to open in second half of 2010. In June 2010 PANDORA initiated the construction of a fifth production facility in Gemopolis which is expected to commence production in the fourth quarter 2011.

REVENUE DEVELOPMENT

PANDORA had significant revenue growth in the first half of 2010 compared with the first half of 2009.

This growth resulted, in part, from increasing demand for our products in established markets and expansion into new markets. The growth also reflected an increasing level of PANDORA's direct distribution, including our acquisition of a 60% stake in our former independent distributor for Australia and New Zealand in July 2009 and the formation of PANDORA CWE together with our former independent German distributor in January 2010. The strategic focus of increasing control over our distribution network has impacted our results in the period under review, meaning that comparison between the two periods is not necessarily meaningful or indicative of future growth.

Total revenue increased 104.5% to DKK 2,581 million in first half 2010 from DKK 1,262 million in first half 2009. The geographical distribution of revenue in first half 2010 was 46.0% for the Americas, 40.2% for Europe and 13.8% for Asia Pacific.

Out of total revenue growth of 104.5%, we estimate that approximately 23% was attributable to structural changes taking over the 60% ownership of our distributor in Australia and the establishment of PANDORA CWE respectively.

AMERICAS

In the Americas, the increase in our revenue reflected strong organic growth as a result of high same store sales growth, including upgrading, in the United States as well as the establishment of new points of sale in the United States and other countries. The substantial same store sale growth reflected, in part, increased demand for our products, price increases and a significant trend in the upgrading of stores to devote greater space for PANDORA products as well as to offer additional PANDORA collections. The United States continues to be our largest market and we maintained strong revenue growth in the United States with growth rate of 80.8% in the first half of 2010.

EUROPE

In Europe, the increase in our revenue was predominantly related to strong growth in United Kingdom where PANDORA established direct distribution from 1 January 2009, an increase in Germany reflecting both organic growth as well as the establishment of PANDORA CWE and our expansion into new markets, in part through the establishment of our sales subsidiary in Poland and other Central Eastern European markets. United Kingdom is now our second largest single market accounting for 13.2% of first half 2010 revenue, with a growth rate of 123.5% in the first half of 2010.

ASIA PACIFIC

In Asia Pacific, the increase in our revenue of 77.1% was primarily attributable to the acquisition in July 2009 of a controlling interest in our Australian distributor and a strengthening of the Australian dollar. However, looking at the first half of 2010 sales in local currency through our Australian distributor we saw a decline in total revenue when compared to adjusted revenue for the first half of 2009. There has been a downturn in discretionary consumer spending in Australia also affecting our customers in the first half of 2010 compared to the first half of 2009.

REVENUE BREAKDOWN BY GEOGRAPHY

DKK million		H1 2010	H1 2009	% Growth
Americas		**1,187**	**619**	**91.8%**
	United States	1,054	583	80.8%
	Other	133	36	269.4%
Europe		**1,038**	**442**	**134,8%**
	United Kingdom	342	153	123.5%
	Germany[1]	304	138	n.a.
	Other	392	151	n.a.
Asia Pacific[2]		**356**	**201**	**77.1%**
	Australia	323	201	n.a.
	Other	33	-	n.a.
Total		**2,581**	**1,262**	**104.5%**

1 Includes revenue relating to products purchased by our former independent German distributor for sale in Austria and Switzerland prior to the formation of PANDORA CWE, established in January 2010. Austria and Switzerland are from 1 January 2010 included in "Other".

2 In July 2009 we acquired 60% of Ad Astra Holdings Pty Ltd., our former independent Australian distributor. Had the acquisition of the Australian distributor taken place on 1 January 2009, management has estimated that H1-2009 revenue for Australia would have amounted to DKK 305 million. The Australian distributor was also responsible for sale of PANDORA products in New Zealand and the Fiji Islands and sale to these regions from 1 July 2009 is now recognised as part of "Other".

REVENUE BY DISTRIBUTON

We mainly derive our revenue from direct distribution of our jewellery products to our sales channels.

H1 2010	DKK million	Number of stores (as at 30 June)
Direct distribution	2,390	7,539
Third party distribution	191	2,383
Total	**2,581**	**9,922**

After the establishment of direct distribution in PANDORA CWE in January 2010 and acquisition of 60% of our Australian distributor in July 2009, direct distribution accounted for 92.6% of our revenue in first half 2010, up from 75.4% in 2009 and 45.5% in 2008.

DEVELOPMENT IN POINTS OF SALE

We have substantially increased the number of branded points of sale in the first half of 2010 compared to 31 December 2009. Branded points of sale includes Concept stores, Shop-in-Shops and Gold points of sale.

	Number of stores 30 June 2010	Revenue H1 2010 DKK million	Number of stores 31 Dec 2009
Concept stores[1]	243	541	180
Shop-in-Shops[2]	624	509	424
Gold	1,384	581	1,286
Silver	1,988	444	1,930
White and travel retail	3,300	315	3,709
Third Party Distributors	2,383	191	2,297
Total	**9,922**	**2,581**	**9,826**

1 Includes 43, 44 and 47 PANDORA-owned Concept stores at year end 2009, Q1-2010 and H1-2010, respectively.
2 Includes 20, 19 and 23 PANDORA-owned Shop-in-Shops at year end 2009, Q1-2010 and H1-2010, respectively.

REVENUE BY PRODUCT

Our collectible charm bracelets made from sterling silver and gold and charms made from different genuine materials, which are featured in our Moments collection, constitute our core product offering. In addition, we offer other pieces of jewellery, such as rings, bracelets, necklaces and earrings, through our Moments, Stories, Compose, LovePods and Liquid Silver collections.

DKK million	H1 2010	H1 2009	% Growth
Charms	1,807	958	88.6%
Silver and gold charm bracelets	417	191	118.3%
Other jewellery	343	107	220.6%
Other	14	6	133.3%
Total	**2,581**	**1,262**	**104.5%**

While our core product offering continues to show significant growth, the growth in the category “Other jewellery” was also significant in first half 2010 compared to first half 2009 and constituted 13.3% of revenue in first half 2010, compared to 8.5% in first half 2009.

GROSS PROFIT AND GROSS MARGIN

The principal component of our cost of sales include the direct cost we incur in respect of the purchasing of raw materials and semi-finished goods that we use when producing our jewellery, directs wages as well as personnel and other expenses (such as utility costs) incurred in connection with production and depreciation of our production facilities.

Cost of sales amounted to DKK 775 million in first half 2010 versus DKK 412 million in first half 2009. The increase between the periods was largely a result of increased production levels, which required increased purchases of raw materials as well as increased labour costs primarily reflecting increases in employee headcount. In addition, cost of sales was also impacted by increasing raw material prices and us taking over inventory from our former independent German distributor at their cost price (i.e. the price previously invoiced to the distributor), which had a one-off effect on cost of sales in first half 2010 of DKK 50 million.

Gross profit was DKK 1,806 million in first half 2010 compared to DKK 912 million in first half 2009, resulting in a gross margin of 70.0% in first half 2010 compared to 72.3% in first half 2009 where the gross margin in the first half of 2009 was positively impacted by a gain on raw materials derivatives of DKK 44 million. Adjusted for the one-off effect from taking over our German distributor, gross margin in the first half of 2010 was 71.9% compared to adjusted gross margin of 68.8% in the first half of 2009, when adjusting for the DKK 44 million gain on raw materials derivatives in first half 2009.

The structural changes in Australia and Central Western Europe have increased revenue and contributed to our higher gross profit in 2010.

DISTRIBUTION COSTS

Distribution costs comprise expenses related to the distribution of goods sold and sales and marketing campaigns, including packaging, brochures, displays and fixtures and fittings, pay and other expenses relating to sales and distribution staff and amortisation/depreciation.

Distribution costs increased from DKK 216 million in first half 2009 to DKK 644 million in first half 2010. DKK 91 million stems from amortisation of acquired distribution rights in PANDORA CWE. These distribution rights will be fully amortised by 30 June 2011.

Distribution cost as a percentage of revenue was 25.0% in first half 2010 compared to 17.1% in first half of 2009. The increase is partly attributable to the structural changes, but also as a result of organic growth generally as well as initiatives undertaken to strengthen our global brand and alignment of our market strategy, in particular increasing our sales and marketing staff, and improving our sales channels support.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses paid to manage and administer our operations, including expenses related to administrative staff and depreciation.

Administrative expenses amounted to DKK 270 million in first half 2010 versus DKK 64 million in first half 2009.

Administrative expenses as a percentage of revenue were 10.5% in first half 2010 compared to 5.1% in first half 2009. The increase is partly attributable to the structural changes, partly due to strengthening of our central management and administrative functions, including the hiring of staff for our group administrative, finance, human resources and information technology functions in response to the overall growth in our business as well as costs related to the implementation of new systems and processes to assist us in managing the growth.

EBITDA AND NET PROFIT

EBITDA increased by 56.0% to DKK 1,020 million resulting in an EBITDA margin of 39.5%, and net profit increased by 50.1% to DKK 671 million.

NET FINANCIAL INCOME AND EXPENSES

Net financial income and expenses primarily include interest income and expenses, realised and unrealised exchange gains and losses and allowances under the advance-payment-of-tax scheme.

Net financial income and expenses in first half 2010 was DKK -74 million compared to DKK -101 million in first half 2009. The improvement in net financial expenses consisted of a reduction of interest expenses and an increase in exchange rate losses.

INCOME TAX EXPENSES

In 2009 and first half 2010 the income tax expenses were influenced by certain concessions granted, subject to certain conditions, by Thailand's Board of Investment under the Thai Investment Promotion Act B.E. 2520 to our Thai production subsidiary, PANDORA Production Co., Ltd. These concessions include certain exemptions from Thai income tax assessed on PANDORA Production Co., Ltd and on dividends paid by PANDORA Production Co., Ltd. to its shareholders until August 2012.

Income tax expenses increased to DKK 147 million in first half 2010 from DKK 84 million in first half 2009 implying an effective tax rate of 18% for the first half 2010. This is a result of a change in the distribution of profit between the entities of the Group.

LIQUIDITY AND CAPITAL RESOURCES

We rely primarily on cash flow from operating activities to finance our operations and expansion. Our primary cash needs relate to the meeting of our debt services requirements, funding of working capital requirements, payment of dividends, the expansion of our production capacity, the establishment of directly operated concept stores and shop-in-shops and other capital expenditures. The most significant components of our working capital is product inventories, trade and other receivables, trade and other payables and other current liabilities.

In first half 2010, cash flow from operating activities was DKK 316 million compared to DKK 556 million in first half 2009. The decrease reflects refinancing and increases in cash tied up in working capital. The negative effects on cash flow from changes in working capital are primarily attributable to the 60% acquisition of the Australian distributor and the establishment of PANDORA CWE.

PANDORA generated a free cash flow of DKK 441 million and invested a total of DKK 82 million in property, plant and equipment, approximately 3% of revenue. Of this amount, DKK 35 million was invested in construction of new and additions to existing production facilities in Thailand.

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, PANDORA Invest ApS, to pay related fees and expenses and to pay DKK 166 million of a declared dividend to PANDORA Invest ApS. The total declared dividend was DKK 1,000 million and in June 2010, DKK 800 million of the remaining unpaid dividend to PANDORA Invest ApS was converted into equity. The remaining DKK 34 million will be paid out to Pandora Invest ApS during the second half of 2010.

Net interest bearing debt as at 30 June 2010 was DKK 1,950 million compared to DKK 2,171 million as at 30 June 2009.

SUBSEQUENT EVENTS

In July, PANDORA entered the Italian market thereby establishing a presence in Europe's largest market for fine jewellery. Based in Milan, a team of sales representatives will cover the Italian market, focusing on multi-brand points of sale.

No other events have occurred after the balance sheet date, which are deemed to have a material impact on the financial results or equity as of end June 2010.

OUTLOOK

PANDORA expects continued growth in the second half of 2010.

RISKS AND UNCERTAINTIES

Other than as stated in this interim report, no material changes have occurred in the risks and uncertainties facing PANDORA as compared with the information stated in the 2009 Annual Report.

MANAGEMENT STATEMENT

The board of directors and the executive management have considered and approved the interim report of Pandora Holding A/S for the period 1 January – 30 June 2010. The interim report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies.

In our opinion, the interim report gives a true and fair view of the Group’s assets, liabilities and financial position at 30 June 2010 and of the results of the Group’s operations for the period 1 January – 30 June 2010 and for the period 1 April – 30 June 2010 as well as cash flow for the period 1 January – 30 June 2010. Furthermore, in our opinion the Management report includes a fair review of the development and performance of the business and the financial position of the Group, the results for the 6-month period ended 30 June 2010 and of the Group’s financial position in general as well as describes the principal risks and uncertainties facing the Group.

Copenhagen, 19 August 2010

EXECUTIVE MANAGEMENT

Mikkel Vendelin Olesen
Chief executive officer

Henrik Holmark
Chief financial officer

BOARD OF DIRECTORS

Torben Ballegaard Sørensen
Chairman

Erik Danquard Jensen

Per Algot Enevoldsen

Nikolaj Vejlsgaard

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2010

TO THE SHAREHOLDERS OF PANDORA HOLDING A/S

We have reviewed the interim condensed consolidated financial statements of PANDORA Holding A/S for the 6-month period ended 30 June 2010, which comprise the income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the group, together with the income statement and comprehensive income statement for the 3-month period ended 30 June 2010, as shown on pages 12–24.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the Danish standard on auditing RS 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements, shown on pages 12–24, are not prepared, in all material respects, in accordance with IAS 34.

Copenhagen, 19 August 2010

ERNST & YOUNG
Godkendt Revisionspartnerselskab

Robert Christensen	Niels-Jørgen Andersen
state authorised public accountant	state authorised public accountant

PANDORA
UNFORGETTABLE MOMENTS

TABLE OF CONTENT

INCOME STATEMENT

1 January - 30 June

DKK million	Notes	2010 6 mths	2009 6 mths	2010 Q2	2009 Q2
Revenue	3	2,581	1,262	1,343	675
Cost of sales		-775	-412	-364	-223
Gain and losses on raw material derivatives		-	62	-	6
Gross profit		**1,806**	**912**	**979**	**458**
Distribution costs		-644	-216	-345	-114
Administrative expenses		-270	-64	-154	-35
Operating profit		**892**	**632**	**480**	**309**
Financial income		37	30	17	9
Financial expenses		-111	-131	-8	-41
Profit before tax		**818**	**531**	**489**	**277**
Income tax expense		-147	-84	-88	-45
Net profit for the period		**671**	**447**	**401**	**232**
Attributable to					
Equity holders of PANDORA Holding A/S		649	447	389	232
Non-controlling interests		22	-	12	-
Net profit for the period		**671**	**447**	**401**	**232**
Earnings per share					
Profit for the period attributable to ordinary equity holders of the parent, basic		543	894	206	464
Profit for the period attributable to ordinary equity holders of the parent, diluted		543	891	206	462

STATEMENT OF COMPREHENSIVE INCOME

1 January - 30 June

DKK million	Notes	2010 6 mths	2009 6 mths	2010 Q2	2009 Q2
Net profit for the period		**671**	**447**	**401**	**232**
Exchange differences on translation of foreign subsidiaries		443	21	244	-59
Value adjustment of hedging instruments		44	-	53	-
Income tax effect for the year		1	-	-2	-
Other comprehensive income		**488**	**21**	**295**	**-59**
Total comprehensive income for the period, net of tax		**1,159**	**468**	**696**	**173**
Attributable to					
Equity holders of PANDORA Holding A/S		1,112	468	679	173
Non-controlling interests		47	-	17	-
Total comprehensive income for the period, net of tax		**1,159**	**468**	**696**	**173**

BALANCE SHEET

30 June 2010/2009 and 31 December 2009

Assets DKK million	Notes	30 June 2010	30 June 2009	31 December 2009
Non-current assets				
Goodwill		1,901	930	1,208
Brand		1,061	1,032	1,048
Distribution network		367	411	396
Distribution rights		1,217	898	884
Property, plant and equipment		291	134	205
Deferred tax asset		73	10	76
Other non-current assets		47	1	21
Total non-current assets		**4,957**	**3,416**	**3,838**
Current assets				
Inventories		990	208	433
Trade receivables		555	275	622
Other receivables		271	90	58
Tax receivables		50	22	41
Cash and short-term deposits		178	680	824
Total current assets		**2,044**	**1,275**	**1,978**
Total assets		**7,001**	**4,691**	**5,816**

BALANCE SHEET
30 June 2010/2009 and 31 December 2009

Equity and liabilities DKK million	Notes	30 June 2010	30 June 2009	31 December 2009
Shareholders' equity				
Share capital		126	-	1
Share premium		-		
Foreign currency translation reserve		568	140	164
Other reserves		60	6	11
Retained earnings		1,620	753	1,275
Equity attributable to equity holders of the parent company		**2,374**	**899**	**1,451**
Non-controlling interests		622	-	197
Total shareholders' equity		**2,996**	**899**	**1,648**
Non-current liabilities				
Subordinated loan from parent company			1,320	1,363
Interest-bearing loans and borrowings		1,337	1,304	1,340
Provisions		20	2	4
Deferred tax liability		621	575	559
Other liability		435		
Total non-current liabilities		**2,413**	**3,201**	**3,266**
Current liabilities				
Subordinated loan from parent company			27	37
Interest-bearing loans and borrowings		791	200	235
Provisions		113	31	64
Payable to parent company		34		
Trade payables		152	39	106
Income tax payable		244	168	207
Other payables		258	126	253
Current liabilities		**1,592**	**591**	**902**
Total liabilities		**4,005**	**3,792**	**4,168**
Total equity and liabilities		**7,001**	**4,691**	**5,816**

PANDORA
UNFORGETTABLE MOMENTS

STATEMENT OF CHANGES IN EQUITY

1 January - 30 June

DKK million	Share capital	Foreign currency translation reserve	Other reserves	Retained earnings	Attribut-able to quity holders of the parent	Non-controlling interests	Total equity
Shareholders' equity at 1/1 2009	-	119	2	306	427	-	427
Net profit for the period				447	447		447
Other comprehensive income		21			21		21
Share-based payments			4		4		4
Shareholders' equity at 30/6 2009	**-**	**140**	**6**	**753**	**899**	**-**	**899**
Shareholders' equity at 1/1 2010	1	164	11	1,275	1,451	197	1,648
Reclassification		-14		21	7	-7	-
Net profit for the period				649	649	22	671
Other comprehensive income		418	45		463	25	488
Share-based payments			4		4		4
Capital increase	125			675	800		800
Declared dividend				-1,000	-1,000		-1,000
Non-controlling interest arising on business combination					-	820	820
Minority shareholder with put-option reclassified to non-curent liabilities					-	-410	-410
Remeasurement of put-option					-	-25	-25
Shareholders' equity at 30/6 2010	**126**	**568**	**60**	**1,620**	**2,374**	**622**	**2,996**

There are 125,500.000 shares of DKK 1 per share as of 30 June 2010.

STATEMENT OF CASH FLOWS
1 January - 30 June

DKK million	Notes	2010 6 mths	2009 6 mths
Profit before tax		818	531
Net financials		74	101
Amortisation/depreciation	3	128	22
Warrants		4	4
Changes in inventories		-438	-68
Changes in receivables		-24	-13
Changes in current liabilities		80	97
		642	674
Adjustments, exchange rates, etc.		8	14
Net Interest paid		-207	-97
Income taxes paid		-127	-35
Cash inflow from operating activities		**316**	**556**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	4	8	-1
Investment in receivable		-77	
Purchase of property, plant and equipment		-82	-25
Cash outflow from investing activities		**-151**	**-26**
Financing activities			
Dividend paid		-166	
Proceeds from selling warrants			1
Proceeds from borrowings		773	
Repayment of borrowings		-1,470	-158
Cash outflow/inflow from financing activities		**-863**	**-157**
Net increase in cash and cash equivalents		**-698**	**373**
Cash and short-term deposits			
Cash and short-term deposits at 1/1		824	305
Net foreign exchange difference		52	2
Net increase in cash and cash equivalents		-698	373
Cash and short-term deposits at end of period		**178**	**680**
Unutilised portion of credit facilities inclusive of cash and cash equivalents		**206**	**715**

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 the Group's assets and liabilities.

In addition to the significant accounting estimates and judgements in the annual report for 2009, the Group has in the first half of 2010 made significant accounting estimates and judgments in connection to the acquisition of the former German distributor described below. All other significant accounting estimates and judgements are consistent with the description in the annual report for 2009. We refer to the description in PANDORA Holding A/S' annual report for 2009, from page 31.

Acquisition of the former German distributor

On 5 January 2010, the Group acquired 51% of the activities in the business of the former German distributor through a business combination. PANDORA has chosen to measure the value of the 49% non-controlling interest at fair value. The measurement is based on a combined put and call option for the remaining 49% of the shares. Consequently, significant judgements have been performed in connection with the measurement of the purchase price which is equal to the fair value of the non-controlling interest, the distribution rights for the PANDORA products on the German, Swiss and Austrian markets (for the remaining 1.5 years) and the residual goodwill.

The recognized amounts regarding the acquisition have been restated compared to the amounts disclosed in the notes to the annual report for 2009 due to updated estimates.

Please refer to Note 4 for further information on the business combination.

Put option

In connection to the acquisition of the activities in the business of the former German distributor, PANDORA entered into a put option with one of the minority shareholders regarding the 49% non-controlling interest. In accordance with IFRS, the put option is considered a financial liability for PANDORA.

Management has chosen to account for the put option as a reclassification from the non-controlling interest (within equity) and to other liability in non-current liabilities. The financial liability has been measured as the present value of the estimated future cash flow if the option is exercised.

As of 30 June 2010 the carrying amount of the financial liability for the put option is DKK 435 million.

Please refer to Note 4 and Note 7 for further information on the put option.

NOTE 2 – SEASONALITY OF OPERATIONS

Our revenues are subject to certain seasonal retail purchasing patterns in that we have in past periods observed a seasonal concentration of sales of our products in the period leading up to, and around, the Christmas holiday season. Thus, our sales for the Christmas holiday season are a factor affecting our overall revenues in the second part 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 sale of our jewellery products.

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).

6 mths 2010 DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total group
Income statement					
External revenue	1,187	1,038	356		2,581
Segment profit (EBITDA)	**624**	**416**	**160**	**-180**	**1,020**
Adjustments					
Amortisation/depreciation					-128
Consolidated operating profit according to IFRS					**892**

6 mths 2009 DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total group
Income statement					
External revenue	619	442	201		1,262
Segment profit (EBITDA)	**348**	**256**	**129**	**-79**	**654**
Adjustments					
Amortisation/depreciation					-22
Consolidated operating profit according to IFRS					**632**

Q2 2010 DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total group
Income statement					
External revenue	623	548	172		1,343
Segment profit (EBITDA)	**334**	**230**	**71**	**-89**	**546**
Adjustments					
Amortisation/depreciation					-66
Consolidated operating profit according to IFRS					**480**

Q2 2009 DKK million	Americas	Europe	Asia Pacific	Unallocated cost	Total group
Income statement					
External revenue	325	242	108		675
Segment profit (EBITDA)	**177**	**123**	**64**	**-44**	**320**
Adjustments					
Amortisation/depreciation					-11
Consolidated operating profit according to IFRS					**309**

DKK million

Product information Revenue from external customers	2010 6 mths	2009 6 mths	2010 Q2	2009 Q2
Charms	1,807	958	925	526
Silver and gold charms bracelets	417	191	211	87
Other jewelry	343	107	205	59
Other	14	6	2	3
Revenue	**2,581**	**1,262**	**1,343**	**675**

Geographical information Revenue from external customers	2010 6 mths	2009 6 mths	2010 Q2	2009 Q2
United States	1,054	583	549	304
Australia *	323	201	157	108
United Kingdom	342	153	191	88
Germany *	304	138	149	78
Other countries **	558	187	297	97
Revenue	**2,581**	**1,262**	**1,343**	**675**

* 2009 comparison figures are sales to local distributor.

** PANDORA Holding A/S' country of domicile is Denmark, which is included in "other countries".

NOTE 4 – BUSINESS COMBINATIONS

Acquisition of the German distributor

On 5 January 2010, the Group formed PANDORA CWE together with the former German distributor. The formation was done through contributions from the two shareholders. PANDORA contributed distribution rights in the Netherlands and Italy, the latter being a new market, and extended the term of the distribution right for Germany, Austria and Switzerland, while the former German distributor contributed the ongoing business in Germany, Austria and Switzerland, including the distribution rights for PANDORA products for the remaining 1.5 years of the distribution agreement. Following the formation, the Group owns 51% and therefore has a controlling interest in PANDORA CWE, while the former German distributor owns 49% and therefore has a non-controlling interest. PANDORA has an option in place to acquire the non-controlling interest. In accordance with IFRS 3, the formation constitutes an acquisition of the activities in the business of the former German distributor, whereas the contribution of the PANDORA assets is an intra-group transaction and does not impact the consolidated financial statements.

The formation and acquisition took place as part of the Group's plans to expand operations in both new and existing markets.

PANDORA has chosen to measure the 49% non-controlling interest in the acquiree at fair value.

Currently, not all aspects of the business combination have been finalised. The material used for the measurement of the cost price and the distribution agreement is based on budgeted and forecast amounts. Therefore, the measurement of these items and the residual goodwill is determined only provisionally.

The provisionally recognised amounts of the identifiable assets and liabilities of the former German distributor at the date of acquisition are:

DKK million	Amounts recognised at 5 January 2010
Intangible assets	274
Property, plant and equipment	19
Receivables	26
Inventories	76
Tax receivables	4
Other current assets	8
Cash and short-term deposits	8
	415
Non-current liabilities	16
Payables	73
Other current liabilities	13
Deferred tax	69
	171
Recognised net assets	**244**
Non-controlling interest measured at fair value	-820
Goodwill arising on acquisition	576
Cash consideration	0
Cash movements on acquisition	
Purchase consideration transferred (included in cash outflow from investing activities)	0
Transaction costs of the acquisition (included in cash inflow from operating activities)	-2
Net cash acquired with the subsidiary (included in cash outflow from in investing activities)	8
Net cash inflow on acquisition	6

Measurement of non-controlling interest

As stated above, the non-controlling interest in the former German distributor is measured at fair value including goodwill. As the 51% interest was acquired by contributing own distribution rights, no cash consideration was transferred on the formation of the entity. The fair value of the non-controlling interest is estimated based on a combined put and call option for the remaining 49% of the shares with a shared strike price.

Transactions recognised separately from the acquisition

In connection with the business acquisition, the Group paid transaction costs to advisors of DKK 2 million. These costs are expensed as administrative expenses in the consolidated income statement for the period.

In connection with the acquisition, employment contracts with former shareholders were entered into. The contracts were entered into on an arm's length basis, including remuneration and other terms.

No such other arrangements were entered into either before or in connection to the business combination as should be considered in the overall evaluation of the accounting treatment of the business combination.

Description of the acquired assets and liabilities
Goodwill is stated at the amount by which the acquisition cost for the business combination exceeds the acquired share of the recognised amounts of the identifiable assets, liabilities and contingent liabilities. Goodwill comprises know-how, future growth expectations and synergies. The goodwill recognised is not deductible for income tax purposes.

In the business combination, one intangible asset was identified and measured separately from goodwill: the distribution right for the PANDORA products on the German, Swiss and Austrian markets, totalling DKK 274 million. The distribution right is measured based on the Multi-period Excess Earnings Model and is to be amortised over its useful life of 1.5 years.

Acquired gross contractual receivables totalled DKK 31 million and consisted of trade receivables, which had been written down by DKK 5 million. The net receivables acquired of DKK 26 million are considered to be stated at fair value and are expected to be collected.

Put option
In connection to the formation of PANDORA CWE, one minority shareholder was granted a put option, entitling the shareholder to sell 50% of the remaining 49% of shares in PANDORA CWE to PANDORA under certain conditions not under PANDORA's control. This put option is recognised as a financial liability in the consolidated financial statements at the amount of the present value of the amount payable upon exercise of the option. At 5 January 2010, the liability was measured at DKK 410 million, which has been deducted from the non-controlling interest within equity and reclassified to non-current liabilities.

NOTE 5 - CONTINGENT LIABILITIES
PANDORA is a party to a number of minor legal proceedings, which are not expected to significantly influence the Group's future earnings.

NOTE 6 – RELATED PARTY TRANSACTIONS
Related parties of the Group with a controlling interest are the principal shareholder PANDORA Invest ApS and the ultimate parent, Axcel III K/S 2.

Related parties further comprise Axcel III K/S 2's other portfolio enterprises, as they are subject to the same controlling interest as the Group. There have not been any transactions with these other entities during 2009 or 2010.

Related parties of the Group with significant interests include the board of directors and the executive management of the companies and key employees and their family members. Furthermore, related parties include companies in which the aforementioned persons have a material interest.

Members of the board of directors and the executive management have purchased products from the Group in both 2009 and 2010. As none of the members of management are neither a distributor nor a retailer, all purchases have been for own use.

The table below provides the total amount of transactions which were entered into with related parties for the relevant financial quarter.

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, PANDORA Invest ApS, to pay related fees and expenses and to pay DKK 113 million of a declared dividend to PANDORA Invest ApS. The total declared dividend was DKK 1,000 million and in June 2010, DKK 800 million of the remaining unpaid dividend to PANDORA Invest ApS was converted into equity and DKK 53 million was paid out to Pandora Invest ApS. The remaining DKK 34 million will be paid out to Pandora Invest ApS during the second half of 2010.

The obligations of the Group related to the Senior Facility Agreement are guaranteed by PANDORA Invests ApS.

DKK million	PANDORA Invest ApS 6 mths 2010	PANDORA Invest ApS 6 mths 2009	PANDORA Invest ApS Q2 2010	PANDORA Invest ApS Q2 2009
Consolidated income statement				
Financial expenses	25	40	12	20
Total	**25**	**40**	**12**	**20**

DKK million	PANDORA Invest ApS 30 June 2010	PANDORA Invest ApS 30 June 2009	PANDORA Invest ApS 31 Dec 2009
Consolidated balance sheet			
Payables	-34		
Subordinated loan		-1,347	-1,400
Total	**-34**	**-1,347**	**-1,400**

NOTE 7 – ACCOUNTING POLICIES

The interim financial report is prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies.

Compared to the accounting policies applied in the annual report for 2009, the Group has begun to use hedge accounting for commodity contracts designated as cash flow hedges from 1 January 2010, since from this date the Group formally designates and documents hedge relationships between commodity contracts and transactions. The accounting policies have therefore been updated with regard to the description of hedge accounting as shown below.

Furthermore in 2010 the Group entered in a put option with a minority shareholder, entitling the shareholder to sell equity instruments of fully consolidated companies to the Group. IAS 32 stipulates that this is no longer equity, with the result that the put option leads to a financial liability for PANDORA for the amount of the present value of the obligation, and the Group’s equity is decreasing accordingly. In accordance with IAS 32, the probability of the option being exercised has not been taken into account in the evaluation of the recognition and measurement of the financial liability, since the Group does not have an unconditional right to avoid delivering cash or other assets. The accounting policies have therefore been updated with regard to the description of the accounting treatment of the put option as shown below.

All other significant accounting policies are consistent with those applied in the annual report for 2009. We refer to the description in PANDORA Holding A/S' annual report for 2009, page 55 ff.

Hedge accounting

For hedge accounting purposes, hedges are classified a cash flow hedges when hedging variability in cash flows that is attributable to a highly probable forecast transaction. Hedges which meet the strict criteria for hedge accounting as laid out by IAS 39 are accounted for as follows:

- The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement.

- Amounts recognised in the cash flow hedge reserve are transferred to the income statement when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset, the amounts recognised in the cash flow hedge reserve are transferred to the initial carrying amount of the non-financial asset.

- If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in the cash flow hedge reserve remains in the cash flow hedge reserve until the forecast transaction affects profit or loss.

Put option

Potential purchase price obligations from put options granted to minority shareholders of fully consolidated companies are recognised at their present value of the amount payable upon exercise of the option in other liability, if the Group does not have an unconditional right to avoid delivering cash or other assets. If the Group still has present access to the benefits associated with the interest, the non-controlling interest is still attributed its share of profits and losses (and other changes in equity). The financial liability is recognised at the acquisition date and reclassified from the non-controlling interest to financial liabilities. At the end of all subsequent reporting periods, the financial liability is remeasured as if the option had been exercised at that date. Subsequent changes to measurement are accounted for as a change in the non-controlling interest.

New standards and interpretations

PANDORA has implemented changes in standards and interpretations effective 1 January 2010. None of the changes have any impact on the Group.

QUARTERLY OVERVIEW - LAST SIX QUARTERS

DKK million	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Income statement						
Revenue	1,343	1,238	1,374	825	675	587
EBITDA	546	474	609	309	320	334
Operating profit (EBIT)	480	412	541	251	309	323
Net financial income and expenses	9	-83	-66	-68	-32	-69
Profit before tax	489	329	475	183	277	254
Net profit	401	270	405	153	232	215
Balance sheet						
Total assets	7,001	6,373	5,816	5,250	4,691	4,525
Invested capital	5,415	4,839	3,799	3,588	3,070	3,156
Net working capital	1,079	648	520	430	229	247
Shareholders' equity	2,996	1,512	1,648	1,175	899	724
Net borrowings	1,950	2,060	2,151	2,413	2,171	2,432
Net borrowings excl. subordinated loan from parent company	1,950	2,060	751	1,046	824	1,105
Cash flow						
Cash inflow from operating activities	260	56	368	142	296	260
Cash outflow from investing activities	-122	-29	-58	-123	-14	-12
Free cash flow	229	212	374	142	339	289
Cash outflow/inflow from financing activities	-263	-600	-112	-74	-57	-100
Net increase in cash and cash equivalents	-125	-573	198	-55	225	148
Ratios						
Revenue growth, %	99.0%	110.9%				
Growth in EBITDA, %	70.6%	41.9%				
Growth in EBIT, %	55.3%	27.6%				
Growth in net profit, %	72.8%	25.6%				
EBITDA margin, %	40.7%	38.3%	44.3%	37.5%	47.4%	56.9%
EBIT margin, %	35.7%	33.3%	39.4%	30.4%	45.8%	55.0%
Cash conversion, %	57.1%	78.5%	92.3%	92.8%	146.1%	134.4%
Net debt to EBITDA *	1.0	1.2	1.4			
Equity ratio, %	42.8%	23.7%	28.3%	22.4%	19.2%	16.0%
ROIC, % *	31.1%	31.3%	37.5%			
Other key figures						
Average number of employees	4,239	3,545	2,888	2,266	1,793	1,626

* Ratio is based on 4 quarters rolling EBITDA and EBIT respectively.

ABOUT PANDORA

PANDORA is a designer, manufacturer, and marketer of hand finished and modern jewellery made from genuine materials and at affordable prices. We distribute our jewellery and other branded products to more than 45 countries on six continents across different sales channels through around 10,000 points of sale, including over 240 PANDORA branded concept stores.

PANDORA was founded in 1982 in Copenhagen, Denmark, and employs today over 4,500 people worldwide of whom more than 3,000 are located in Thailand, where PANDORA manufactures its jewellery. The company is privately owned with the founder and – since March 2008 – the private equity fund Axcel as majority shareholders. In 2009, PANDORA's total revenue was DKK 3.5 billion (approximately EUR 465 million). For more information, please visit **www.pandora.net**

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