9-MONTHS' REPORT 2007

UNITEDLABELS AG

Letter to Shareholders

Peter M. Boder
CEO

Dear UNITEDLABELS AG Shareholders, Ladies and Gentlemen,

the third quarter of 2007 was again dominated by the solid performance of our Special Retail segment. As outlined in our segment report, revenue generated by the Special Retail segment amounted to €9.1 million in the first nine months of the current financial year. The aggregated segment result improved from minus €0.3 million a year ago to €0.5 million for the period under review. Growth within this area was driven principally by the licensed merchandise portfolio of „The Simpsons“ and „The Wild Soccer Bunch“, which proved very successful. Indeed, the popularity of The Simpsons soared to new heights following the premiere of their new movie in summer, a trend that also had a visible impact on demand for our products within the specialty retail sector. Our licence portfolio is updated on a regular basis to include the most popular and successful licence characters. The Betty Boop licence, for instance, encompasses a new range of home accessories to be added to the existing line of merchandise, the focus being on products such as bed linen, cushions and towels.

To date, business within the Key Account segment has been relatively subdued. Revenue amounted to €19.7 million, while the segment result stood at €3.1 million, thus contracting slightly compared with the same period a year ago.
The year-on-year decline in revenue within this segment is attributable to key account activities in Germany. In response to this situation, we launched a new key account brand by the name of „House of Trends Europe“ back in August 2007, the objective being to create fresh impetus within the Key Account segment.

Overall, revenues and earnings recorded by the subsidiaries exceeded last year‘s figures. Within this context, the bottom-line result posted by our UK subsidiary was significantly better than on previous occasions but nevertheless remained below break-even at minus €0.3 million.

Group revenue thus amounted to €28.8 million in the first nine months. EBIT rose from €0.3 million a year ago to €0.4 million. The consolidated net result after taxes remained unchanged year on year at minus €0.2 million.

Supported by a 19% rise in our order backlog, taking this figure to €17.8 million, we can look forward with great confidence to the coming six months.

Thank you for placing your trust in our company.

Peter M. Boder, CEO

Key Financials

	9 M 2007 (€ '000)	9 M 2006 (€ '000)
Revenue	28,812	29,861
EBITDA	888*	726*
EBIT	354	287
Profit before tax	84	113
Net profit/-loss	(163)	(164)
Cashflow from operating activities	17,830	15,011
Earnings per share (€)	(0.04)	(0.04)
Number of employees	136	126

* incl. amortisation of usufructuary rights

Revenue and Earnings

Sales revenue receded slightly in the first nine months of 2007. In contrast to a figure of €29,861 thousand posted for the first nine months of 2006, the same period in 2007 produced revenue of €28,812 thousand. Despite this, earnings before interest and taxes (EBIT) was lifted by €67 thousand, from €287 thousand to €354 thousand. This represents an increase of 23%. Growth within this area was attributable in particular to the improvement of our gross profit margin by 3.3 percentage points. The rise in purchase prices in the respective sourcing countries, particularly in Asia, is currently being more than offset by the positive trend of the euro against the US dollar.

The UK subsidiary **UNITED**LABELS Limited posted a loss after taxes of €285 thousand in the first nine months of 2007 (prev. year: loss of €541 thousand).

Higher interest charges associated with bank loans taken out for the purpose of financing a new logistics centre in Germany as well as the reversal of deferred taxes in the amount of €191 thousand resulted in a loss of €163 thousand after taxes (prev. year: loss of €164).

Order backlog, an indicator which generally provides a good outlook with regard to future business, rose from €15.0 million at the end of September 2006 to €17.8 million at the end of September 2007. Within this context, a substantial proportion of these orders are scheduled for delivery in the 2008 financial year.

Germany's corporate tax reform, which comes into effect on January 1, 2008, will have a significant impact on **UNITED**LABELS AG's net profit for the financial year as a whole. As a result of this reform, the average tax burden will be scaled back from 39.85% to 30.00%. As the current amount of deferred taxes has been calculated on the basis of a tax rate of 39.85%, which continues to be applicable to this financial year, the precise effect of the reform cannot be determined until the annual financial statements have been prepared. However, initial estimates suggest that this effect may well be in the region of €0.7 million, this being the amount by which post-tax profits may deteriorate. Deferred tax assets are recognised in order to account for the future use of tax loss carryforwards as they occur. They were originally calculated on the basis of a tax rate of 39.85% but now have to be revalued at the new tax rate of 30.00%. Hence the valuation adjustment outlined above.

UNITEDLABELS – Germany

UNITEDLABELS – Spain

UNITEDLABELS – Belgium

UNITEDLABELS – France

UNITEDLABELS – UK

UNITEDLABELS – Hong Kong

Balance Sheet

In May 2007, all shareholders received a dividend payment of €0.20 per share. This amount was taken from the Group's net retained earnings (i.e. the consolidated unappropriated surplus).

Non-current financial liabilities rose by €1.6 million due to the completion of a new logistics centre in Germany, which was financed fully by means of a long-term loan.

Current financial liabilities, particularly those attributable to the Spanish subsidiary, were scaled down by €3.1 million with the help of operating cash flow and existing bank deposits held in Germany.

At the end of the third quarter, deferred tax assets amounted to €3.2 million. This item will change as a result of the corporate tax reform, which comes into effect in Germany on January 1, 2008.

Segments

Revenue generated within the Special Retail segment amounted to €9,107 thousand in the first nine months of the 2007 financial year (prev. year: €7,773 thousand), thus rising by 17% on last year's figure. This was attributable in particular to the reinvigorated performance of the German specialty retail segment of business. With segment expenses amounting to €7,647 thousand (prev. year: €7,339 thousand) and depreciation/amortisation totalling €980 thousand (prev. year: €765 thousand) within the Special Retail segment, the overall segment result was significantly above break-even, as was the case in the first half of the financial year. In the third quarter alone, Special Retail posted a segment result of €12 thousand.

The business model embraced by **UNITED**LABELS is centred around key account business as a focal point of the company's activities. In total, 68% of revenue is generated within this area. In the first nine months of 2007 revenue amounted to €19,705 thousand (prev. year: €22,088 thousand), with segment expenses totalling €14,377 thousand (prev. year: €16,391 thousand). The decline in revenue is attributable mainly to key account activities in Germany. Here, the scope of orders secured during the period under review fell short of the figure recorded a year ago. In order to address this issue, a new company by the name of House of Trends europe GmbH was formed in August 2007, its main objective being to market hosiery within the key account sector. Due to personnel changes, business performance in France was disappointing. In Italy the process of selecting a suitable Key Account Manager has been more protracted than anticipated, as a result of which local key account business is not likely to commence until 2008. The segment result for the entire Key Account segment amounted to €3,095 thousand (prev. year: €3,444 thousand).

Administrative expenses rose from €2,827 thousand in the first nine months of 2006 to €3,222 thousand in the first nine months of 2007. In particular, these expenses include higher costs for staff training as well as additional costs associated with the management of our subsidiaries.

On this basis, primary segment reporting is as follows:

Primary reporting format – Customer segments (unaudited)

2007

in € '000	Special Retail	Key Account	Group
Sales revenues	9,107	19,705	28,812
Segment expenses	(7,647)	(14,377)	(22,024)
Depreciation/amortisation	(980)	(2,233)	(3,213)
Segment result	**480**	**3,095**	**3,575**
Administrative expenses			(3,034)
Depreciation administration			(187)
Financial result			(269)
Result on ordinary activities			**84**
Taxes			(248)
Consolidated net profit/(loss)			**(163)**

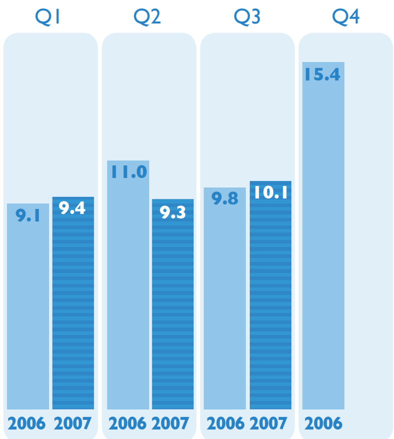
	Special Retail	Key Account	Administration	Group
Segment assets (in € '000)	14,871	22,326	12,818	50,015
Segment liabilities (in € '000)	5,060	9,199	3,317	17,576

2006

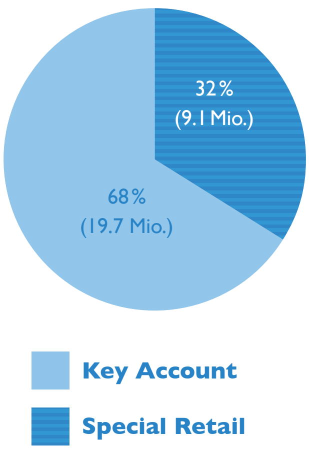
in € '000	Special Retail	Key Account	Group
Sales revenues	7,773	22,088	29,861
Segment expenses	(7,339)	(16,391)	(23,730)
Depreciation/amortisation	(765)	(2,253)	(3,018)
Segment result	**(331)**	**3,444**	**3,113**
Administrative expenses			(2,651)
Depreciation administration			(176)
Financial result			(173)
Result on ordinary activities			**112**
Taxes			(276)
Consolidated net profit/(loss)			**(164)**

	Special Retail	Key Account	Administration	Group
Segment assets (in € '000)	13,574	15,392	14,556	43,522
Segment liabilities (in € '000)	2,677	6,483	2,559	11,719

Past Sales performance (in €m)



Breakdown of sales in the first 9 months 2007 for Key Accounts and Special Retail in % (€)



Secondary reporting format – Geographical segments (in € '000) (unaudited)

Sales Revenue	1-9/2007	1-9/2006
Germany / Austria / Switzerland	13,991	15,532
Iberian Peninsula	7,887	6,749
France	3,101	3,070
Rest of the World	3,833	4,510
Group	28,812	29,861

Total assets	1-9/2007	1-9/2006
Germany / Austria / Switzerland	34,790	28,343
Iberian Peninsula	7,855	7,812
France	1,092	1,546
Rest of the World	6,278	5,821
Group	50,015	43,522

Basis of preparation (IFRS/IAS) and statement of compliance

The financial statements for the quarter have been prepared in accordance with internationally accepted accounting standards, on the basis of the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) promulgated by the International Accounting Standards Board (IASB).

Licences for the commercial use of cartoon/animation characters have been accounted for in intangible assets. In the first nine months of 2006 these items had been recognised as prepaid expenses.

Likewise, future financial obligations arising from licence agreements have been capitalised, as well as being recognised simultaneously as trade payables. Former amortisation attributable to the licences was accounted for as cost of materials. In view of this, the Company has performed a reclassification as „amortisation of usufructuary rights". The prior-year amounts have been adjusted accordingly. There is no change to the result.

Uniform accounting policies have been applied to the quarterly financial statements.

The financial statements are presented in euros.

Employees

At the end of September 2007, the **UNITED**LABELS Group employed 136 (prev. year: 126) members of staff. Of these, 76 were employed in Germany, 40 in Spain, 5 in France, 6 in Belgium, 6 in England and 3 in Italy.

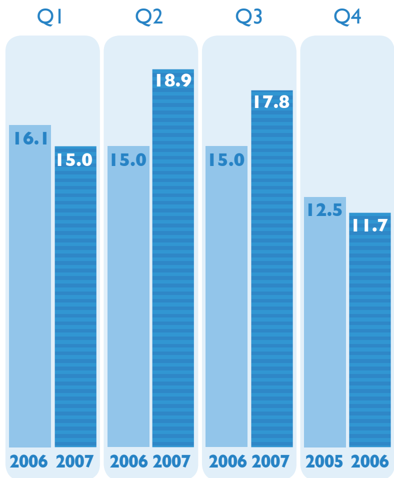
Share Performance

In August the company's share price was at an annual low of €3.90. In the subsequent months it regained its footing, climbing to €4.27 at September 28, 2007. The impact of sluggish business throughout the summer months was more significant than expected. However, we anticipate that year-end business will have a positive effect on the company's share price.

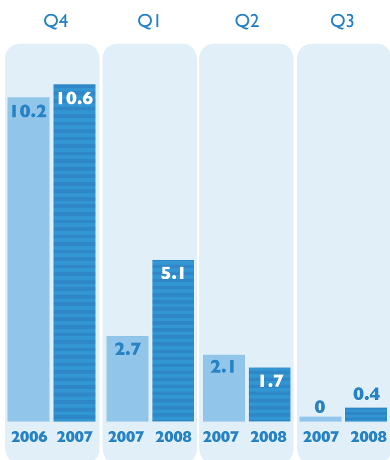
Share buy-back

On June 1, 2007, in accordance with the mandate granted by the General Meeting of Shareholders of May 22, 2007, the Management Board of **UNITED**LABELS AG announced its decision to reacquire, by the specified expiry date of the mandate, company shares in a value equivalent to a maximum of €500,000. The purchase of shares shall be executed via the stock exchange. The transaction will be handled by a bank. On the basis of the Company's current plans, the commissioned bank is to be free to decide on the precise date of the stock purchase autonomously and without any influence exerted by the Company. The purchase price per share shall in no case exceed or fall below 10% of the exchange price applicable at the time. In accordance with the authorisation issued by the General Meeting of Shareholders on May 22, 2007, the shares are to be sold to interested institutional investors under exclusion of shareholder subscription rights. As at September 30, 2007, **UNITED**LABELS AG held a total of 46,199 no-par value shares („Stückaktien" governed by German law).

Order backlog (in € m)



Breakdown of order backlog (in € m)



Directors' Holdings

As at September 30, 2007, **UNITED**LABELS AG has a total of 4.2 million shares. At September 30, 2007, the Management Board as well as the Members of the Supervisory Board of **UNITED**LABELS AG held the following shares and options:

Peter M. Boder held 2.63 million shares. The Chairman of the Supervisory Board Dr. Jens Hausmann held no shares; the members of the Supervisory Board Prof. Dr. Helmut Roland and Michael Dehler held 5,728 and 441 shares respectively. As at September 30, 2007, no options had been granted and no valid share option plan was in place.

Outlook

The economic climate in Germany and Europe as a whole remains favourable, a trend that will continue to provide fresh impetus for **UNITED**LABELS. Cartoon-based merchandise from the media and entertainment sector has proved to be immensely popular and successful, as underlined by the latest movie featuring The Simpsons and current sales figures within the specialty retail market. We are able to offer specialist and large-volume retailers a highly attractive range of licensed products (The Simpsons, The Peanuts, Barbie, The Wild Soccer Bunch and many more) – a source of continued revenue growth. In view of **UNITED**LABELS AG's position as a one-stop supplier of the world's most popular and well-known licences, we are confident that we can remain a powerful and trusted partner well into the future.

The pre-Christmas season, traditionally one of the most buoyant periods in the financial year, is expected to generate additional momentum.

The commitment shown towards our customers also applies to investors and analysts: we will be attending the Equity Forum in Frankfurt/Main, Germany. This event will give us the opportunity to showcase our strategy and company portfolio to the capital market as part of presentations and one-to-one meetings.

Consolidated Income Statement (IFRS)

for the period from 1 January to 30 September 2007 (unaudited)

	01.01.2007 30.09.2007 €	in % of revenue	01.01.2006 30.09.2006 €	in % of revenue	01.07.2007 30.09.2007 €	in % of revnue	01.07.2006 30.09.2006 €
Sales revenues	28,812,068.81	100.0%	29,860,844.13	100.0%	10,084,294.62	100.0%	9,756,053.24
Cost of materials	(15,051,980.33)	(52.2%)	(16,815,186.94)	(56.3%)	(5,005,347.22)	(49.6%)	(5,422,890.04)
Amortisation of usufructuary rights	(2,866,445.25)	(9.9%)	(2,756,484.42)	(9.2%)	(1,142,066.42)	(11.3%)	(1,033,553.96)
	10,893,643.23	**37.8%**	**10,289,172.77**	**34.5%**	**3,936,880.98**	**39.0%**	**3,299,609.24**
Other operating income	65,975.26	0.2%	238,562.32	0.8%	16,411.15	0.2%	30,719.57
Personnel cost	(4,284,794.67)	(14.9%)	(4,428,428.27)	(14.8%)	(1,371,554.25)	(13.6%)	(1,438,349.18)
Depreciation of intangible fixed assets and tangible assets (excl. amortisation of usufructuary rights)	(534,310.78)	(1.9%)	438,860.37)	(1.5%)	(177,391.82)	(1.8%)	(147,092.72)
Other business expenditure	(5,787,331.52)	(20.1%)	(5,395,663.51)	(18.1%)	(2,248,657.64)	(22.3%)	(1,837,990.47)
Profit from operations	**353,181.52**	**1.2%**	**264,782.95**	**0.9%**	**155,688.42**	**1.5%**	**(93,103.56)**
Finance income	113,411.82	0.4%	83,791.08	0.3 %	34,194.69	0.3%	13,438.87
Finance cost	(382,913.48)	(1.3%)	(257,414.14)	(0.9%)	(138,968.17)	(1.4%)	(99,407.51)
Financial result	**(269,501.66)**	**(0.9%)**	**(173,623.06)**	**(0.6%)**	**(104,773.48)**	**(1.0%)**	**(85,968.64)**
Profit before tax	**83,679.86**	**0.3%**	**91,159.89**	**0.3%**	**50,914.95**	**0.5%**	**(179,072.20)**
Income tax expense	(246,688.22)	(0.9%)	(255,246.49)	(0.9%)	(70,217.09)	(0.7%)	122,127.91
Net profit/loss for the period	**(163,008.36)**	**(0.6%)**	**(164,086.60)**	**(0.5%)**	**(19,302.14)**	**(0.2%)**	**(56,944.29)**

Earnings per share		
basic	(0.04 €)	(0.04 €)
diluted	(0.04 €)	(0.04 €)
Weighted average shares outstanding		
basic	4,200,000 pieces	4,200,000 pieces
diluted	4,200,000 pieces	4,200,000 pieces

Consolidated Statement of Changes in Equity
(unaudited)

	Subscribed capital € '000	Capital reserves € '000	Revenue reserves € '000	Translation reserve € '000	Consolidated unappropriated surplus € '000	Total € '000
Balance at 31.12.2004	**4,000**	**23,151**	**2,380**	**0**	**246**	**29,777**
Capital increase on Oct. 14, 2005	200	1,280	0	0	0	1,480
Share issuance costs of capital increase	0	(78)	0	0	0	(78)
Tax effect on share issuance costs of capital increase	0	31	0	0	0	31
Currency translation	0	0	0	(16)	0	(16)
Consolidated net profit 2005	0	0	503	0	267	770
Overall result of the period	0	0	503	(16)	267	754
Balance at 31.12.2005	**4,200**	**24,384**	**2,883**	**(16)**	**513**	**31,964**
Consollidated net profit/loss Q III 2006	0	0	0	4	(164)	(161)
Balance at 30.09.2006	**4,200**	**24,384**	**2,883**	**(12)**	**349**	**31,804**
Currency translation	0	0	0	(4)	0	(4)
Consolidated net profit 2006	0	0	0	0	1,482	1,482
Overall result of the period	0	0	0	(4)	1,482	1,478
Balance at 31.12.2006	**4,200**	**24,384**	**2,883**	**(20)**	**1,995**	**33,442**
Dividend distribution	0	0	0	0	(840)	(840)
Consollidated net profit Q III 2007	0	0	0	0	(163)	(163)
Balance at 30.09.2007	**4,200**	**24,384**	**2,883**	**(20)**	**992**	**32,439**

Consolidated Balance Sheet

Consolidated Balance Sheet

as at 30 September 2007 (unaudited)

ASSETS

	30.09.2007 €	31.12.2006 €
Non-current assets		
Property, plant and equipment	6,448,347.03	6,413,344.33
Intangible assets	12,600,067.55	11,768,887.21
Deferred taxes	3,222,249.68	3,413,313.08
	22,270,664.26	**21,595,544.62**
Current assets		
Inventories	8,942,710.13	8,803,559.27
Trade and other receiveables	14,034,119.01	15,533,383.40
Other current assets	3,322,452.11	1,432,274.68
Cash and cash equivalents	1,445,463.49	4,485,524.02
	27,744,744.74	**30,254,741.37**
Total assets	**50,015,409.00**	**51,850,285.99**

Consolidated Balance Sheet

as at 30 September 2007 (unaudited)

EQUITY AND LIABILITIES

	30.09.2007 €	31.12.2006 €
Equity		
Capital and reserves attributable to equity holders of the parent entity		
Issued capital	4,200,000.00	4,200,000.00
Capital reserves	24,384,570.63	24,384,570.63
Revenue reserves	2,883,209.63	2,883,209.63
Currency translation	(20,762.75)	(20,762.75)
Consolidated unappropriated surplus	992,238.53	1,995,246.89
	32,439,256.04	**33,442,264.40**
Non-current liabilities		
Provisions for pensions	686,627.01	589,130.00
Financial liabilities	4,053,404.71	2,430,314.15
	4,740,031.72	**3,019,444.15**
Current liabilities		
Provisions	930,820.53	740,826.03
Current income tax liabilities	206,702.34	1,341,619.36
Financial liabilities	587,996.23	3,643,062.11
Trade and other payables	11,110,602.15	9,663,069.94
	12,836,121.25	**15,388,577.44**
Total equity and liabilities	**50,015,409.00**	**51,850,285.99**

Cashflow Statement
(unaudited)

	09.2007 € '000	09.2006 € '000
Consolidated net profit/loss for the period	(163)	(164)
Depreciation and amortisation of non-current assets	3,401	3,195
Change in provisions	287	433
Other non-cash expenses	(191)	(101)
Loss on the disposal of non-current assets	34	0
Changes in inventories, trade receivables and other assets not attributable to investing or financial activities	(530)	3,024
Changes in trade payables and other liabilities not attributable to investing or financial activities	313	1,086
Cashflow from operating activities	**3,151**	**7,473**
Proceeds from disposal of property, plant and equipment	0	0
Payments for investments in non-current assets	(6,504)	(7,122)
Cashflow from investing activities	**(6,504)**	**(7,122)**
Proceeds from capital increases	0	0
Dividend distribution	(840)	0
Proceeds from financial loans	1,402	0
Repayment of financial loans	(250)	(128)
Cashflow from financing activities	**312**	**(128)**
Net cash change in cash and cash equivalents	(3,041)	223
Currency translation	0	4
Cash and cash equivalents at the beginning of the period	4,486	3,458
Cash and cash equivalents	**1,445**	**3,685**
Gross debt bank	4,641	2,399
Net debt bank	3,196	(1,286)
Composition of cash and cash equivalents:		
Cash and cash equivalents	**1,445**	**3,685**

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Our annual report, interim reports, etc. are also available online at **www.unitedlabels.com** in the section "Investor Relations – Financial Reports". Our press releases can be accessed at "Press – Press Releases".

Addresses

Financial calendar 2007

November 6
Publication of 9-Months' Report

12-14. November
„German Equity Forum,
Frankfurt am Main,
Analyst Conference"

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