



PETER BODER
CEO

Dear Shareholders,

The 2008 financial year began on an encouraging note for **UNITEDLABELS AG**, producing growth in sales revenue and an improvement in earnings.

Consolidated revenue increased by 5.2% to €9.9 million in the first quarter of 2008. At the same time, **UNITEDLABELS AG** succeeded in lifting earnings before interest and taxes to €0.3 million (prev. year: €0.2 million).

The Key Account segment made a solid contribution to consolidated earnings in the first quarter. Revenue attributable to this segment rose by 6.7% to €7 million (prev. year: €6.6 million), with earnings remaining unchanged year on year at €1.1 million. Sales growth was driven in particular by our newly established subsidiary HoT and our foreign subsidiary in Spain. In Spain, sales revenue was propelled upwards by 13.6% to €2.5 million (prev. year: €2.2 million).

The Special Retail segment also generated growth during the period under review, with revenue edging up slightly to €2.9 million and earnings matching last year's first-quarter figure. Year-on-year expansion was attributable principally to successful business performance within the Italian specialist retail segment, which recorded revenue growth of 33.3%, taking the figure to almost half a million euros.

It goes without saying that we remain committed to presenting an attractive, topical portfolio of licences. "High School Musical" and "Hannah Montana", both of which have become top-selling themes in the US, are two new highlights within our portfolio. Within this context, our aim is to capture the target group of six- to twelve-year-old girls. We are also confident that our newly developed stationery collection will generate a solid stream of orders and sales.

Merchandise featuring "Angel Cat Sugar", "Kung Fu Panda" and "Wall-E", which have been added to our portfolio for 2008, will deliver attractive buying incentives.

Unfortunately, our share performance reflected the general state in the financial markets and was unable to buck the trend witnessed within the mid- and small-cap segment. On the other hand, our current share price provides the perfect opportunity to invest in our company and participate directly in our success. Our proposal to be put forward at the next General Meeting of Shareholders on May 20, 2008, is for a dividend payment of €0.20 per share.

Thank you for placing your trust in our company.

A handwritten signature in blue ink, appearing to read 'P. Boder', written in a cursive, flowing style.

Key Financials	Q1 2008 (€ '000)	Q1 2007 (€ '000)	Change %
Revenue	9,874	9,385	5.2 %
EBITDA	414*	357*	16.0 %
EBIT	253	200	26.5 %
Profit before tax	132	106	24.5 %
Net profit	96	12	700.0 %
Cash flows from operating activities	1,940	486	299.2 %
Earnings per share (€)	0.02	0.00	
Number of employees	143	122	

*incl. amortisation of usufructuary rights

Revenue and Earnings

Revenue increased by 5.2% in the first three months, up from €9.4 million in 2007 to €9.9 million in 2008. The year-on-year gains were attributable mainly to the German location as well as operations in Spain and Italy. EBIT rose from €0.2 million to €0.3 million in the same period, while post-tax profit for the period increased from €0.0 million to €0.1 million. The gross profit margin also showed continuing signs of improvement, expanding by 0.8 percentage points compared with the same period a year ago.

Segments

Revenues generated within the Special Retail segment totalled €2,883 thousand in the first three months (prev. year: €2,830 thousand), which corresponds to a year-on-year increase of 2%. This was attributable principally to the positive sales performance of the Spanish and Italian specialist retail segment. With expenses amounting to €2,374 thousand (prev. year: €2,345 thousand) and depreciation totalling €342 thousand (prev. year: €328 thousand) in the Special Retail segment, segment profit rose to €167 thousand.

The business model embraced by **UNITEDLABELS** is centred around key account business as a focal point of the company's activities. In total, 71 % of revenue is generated within this area. Within this segment, revenue for the first three months totalled €6,991 thousand (prev. year: €6,555 thousand), whereas segment expenses amounted to €5,015 thousand (prev. year: €4,699 thousand). The measures initiated in 2007 for the purpose of expanding and strengthening the Key Account segment are now beginning to take effect. For instance, House of Trends europe GmbH, a company focusing entirely on hosiery products within the key account sector, managed to generate revenue of €448 thousand. Segment profit for the Key Account segment as a whole amounted to €1,092 thousand (prev. year: €1,089 thousand).

Administrative expenses declined from €1,047 thousand in the first three months of 2007 to €1,007 thousand in the first quarter of 2008.

UNITEDLABELS GERMANY



UNITEDLABELS SPAIN



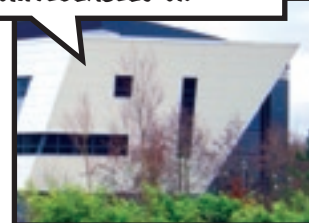
UNITEDLABELS BELGIUM



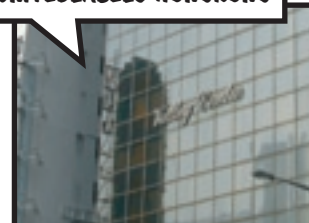
UNITEDLABELS FRANCE



UNITEDLABELS UK



UNITEDLABELS HONGKONG



On this basis, primary segment reporting is as follows:

Primary reporting format – Customer segments

2008

in € '000	Special Retail	Key Account	Group	
Sales revenues	2,883	6,991	9,874	
Segment expenses	(2,374)	(5,015)	(7,389)	
Depreciation/amortisation	(342)	(884)	(1,226)	
Segment result	167	1,092	1,260	
Administrative expenses			(978)	
Depreciation administration			(29)	
Finance cost			(121)	
Result from ordinary activities			132	
Tax			(36)	
Consolidated net profit/(loss)			96	
	Special Retail	Key Account	Administration	Group
Segment assets (in € '000)	14,901	19,664	17,136	51,701
Segment liabilities (in € '000)	5,277	6,858	6,727	18,862

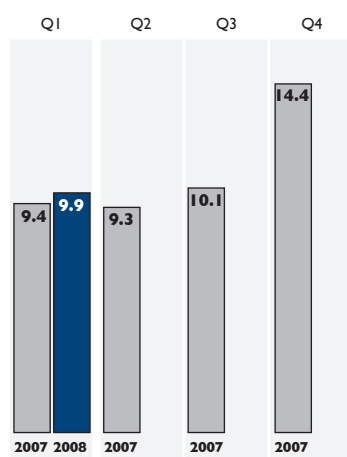
2007

in € '000	Special Retail	Key Account	Group
Sales revenues	2,830	6,555	9,385
Segment expenses	(2,345)	(4,699)	(7,044)
Depreciation/amortisation	(328)	(767)	(1,095)
Segment result	157	1,089	1,246
Administrative expenses			(987)
Depreciation administration			(60)
Finance cost			(94)
Result from ordinary activities			106
Tax			(94)
Consolidated net profit/(loss)			12

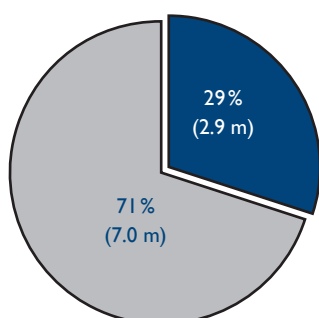
	Special Retail	Key Account	Administration	Group
Segment assets (in € '000)	14,538	21,509	15,313	51,360
Segment liabilities (in € '000)	4,680	8,654	4,572	17,906

3-MONTHS' REPORT

PAST SALES PERFORMANCE (IN € M)



BREAKDOWN OF SALES IN THE FIRST 3 MONTHS 2008 FOR KEY ACCOUNTS AND SPECIAL RETAIL IN % (€)



Key Account

Special Retail

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

Sales revenues	1-3/2008	1-3/2007
Germany, Austria, Switzerland	4,918	3,984
Iberian Peninsula	2,492	2,238
France	1,155	1,474
Rest of the World	1,309	1,688
Group	9,874	9,384

Total assets	1-3/2008	1-3/2007
Germany, Austria, Switzerland	35,306	34,188
Iberian Peninsula	9,498	8,581
France	1,108	2,491
Rest of the World	5,789	6,100
Group	51,701	51,360

Balance Sheet

Net cash from operating activities improved from €0.5 million to €1.9 million in the first three months of 2008, prompted mainly by a significant inflow of cash on the back of buoyant trading in the fourth quarter of the previous financial year. As a result, cash and cash equivalents rose from €4.8 million at the end of the 2007 financial year to €6.4 million, while financial liabilities declined from €10.2 million to €8.9 million.

As at March 31, 2008, the equity ratio stood at 63.7%. The company continues to hold 46,199 treasury shares.

Compared with the end of the 2007 financial year, the balance sheet total contracted by €1.7 million to €51.7 million due to the decline in receivables and liabilities.

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

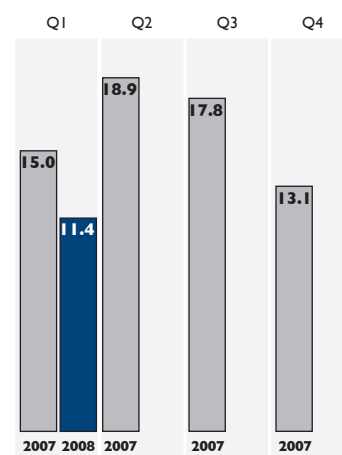
The financial statements for the quarter have been prepared in accordance with internationally accepted accounting standards, on the basis of the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) promulgated by the International Accounting Standards Board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

In preparing the consolidated financial statements, the Management Board is required to make estimates and assumptions that affect the reported amounts of assets and liabilities/equity as well as the amounts disclosed in the income statement. It is possible that these assumptions and estimates may not coincide with actual occurrences. Actual results may differ from forecasts if consumer behaviour or the actions of licensors or trading partners (customers, suppliers) change.

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

The financial statements are presented in euros.

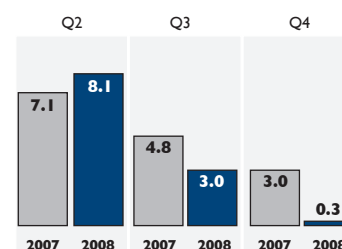
ORDER BACKLOG (IN € M)



Employees

In total, the **UNITEDLABELS** Group employed 143 people at the end of March 2008 (prev. year: 122). Of these, 75 were employed in Germany, 46 in Spain, 5 in France, 6 in Belgium, 9 in England and 3 in Italy. Additional staff members were recruited mainly for recently established House of Trends europe GmbH and the newly launched airport shops in Spain.

BREAKDOWN OF ORDER BACKLOG (IN € M)



Licences

As at March 31, **UNITEDLABELS AG** held a portfolio of 66 licence agreements covering an extensive range of classic cartoon characters, the emphasis being on the merchandise categories of textiles and giftware. For the 2008 financial year, the company is looking to generate an additional boost to business with the help of its new licences "Hannah Montana", "High School Musical" and "Angel Cat Sugar".

Share Performance

The first three months of trading in 2008 were dominated by market turbulence and recessionary fears. The DAX recorded the weakest start to a new trading year since its inception, while shares in **UNITEDLABELS** moved downwards in line with other small- and mid-caps.

However, the decline in share prices also represents a significant opportunity for private and institutional investors. Pursuing a business model that has remained consistently successful and offering an extensive, up-to-date portfolio of licences, **UNITEDLABELS** is built on a solid financial foundation. Thus, the Group has all the essential prerequisites for it to deliver a record sales performance in 2008 financial year. Investors now have the chance to acquire shares at a particularly favourable price and thus participate directly in the company's success.

General Meeting of Shareholders and Dividend Payment

The 8th Annual General Meeting of Shareholders will take place on May 20, 2008, at Halle Münsterland, Münster/ Germany. We look forward to welcoming you to Münster and responding to any questions you might like to put to us. The 2006 financial year saw our very first dividend payment, amounting to €0.20 per share. As regards the 2007 financial year just ended, the Management Board will again be proposing a dividend of €0.20 per share to the General Meeting of Shareholders.

Directors' Holdings

As at March 31, 2008, **UNITEDLABELS** AG had a total of 4.2 million shares. At March 31, 2008, the Management Board as well as the Members of the Supervisory Board of **UNITEDLABELS** 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 March 31, 2008, no options had been granted and no valid share option plan was in place.

Outlook

Our success at Group level is dependent in particular on sustained growth in sales and operating profit. With this in mind, our focus is on those projects with the greatest potential of generating forward momentum. Committed to this approach, we shall be expanding our business in Germany and abroad.

Within this context, our restructured Key Account segment is expected to produce the most tangible growth. Parts of our single-product marketing programme have been assigned to a newly established company by the name of House of Trends europe GmbH. Operating with ultra-lean structures, this enterprise provides the platform needed for us to achieve our earnings targets for 2008 regardless of the intense levels of competition seen within this segment.

With themes such as "High School Musical" and "Hannah Montana" in our portfolio, complemented by country-specific merchandising for licences such as "Wilde Kerle" and "Hopla", we are able to supply specialist retailers with a range of products tailored to their requirements.

Encompassing a range of well-coordinated licensed products, our new "Stationery" line is targeted directly at schoolchildren, the aim being to generate fresh impetus within this segment.

We plan to open several new comicware stores in the coming years. Within this context, however, retail locations at major European airports – an area of particular interest to us – can only be secured by taking part in special tenders, a procedure that is often protracted. We remain in close contact with operators and are conducting intensive negotiations.

We have embraced master sourcing, coordinated by our Spanish subsidiary, as a means of unlocking the gateway to global product marketing. As part of this approach, licensees from various countries can place their orders with us and thus supply their local markets with **UNITEDLABELS** products.

In the months ahead we can also look forward to a number of highlights within the area of licensed merchandise. In summer, for instance, "Kung Fu Panda" will have its cinema premiere, thus generating new impetus for our products. In addition, we have introduced an all-embracing product range featuring "Angel Cat Sugar", which is also expected to produce significant demand.

In response to these projects, **UNITEDLABELS** has restructured its entire organisation. The **UNITEDLABELS** Group is now divided into the sales regions "North", "Central" and "South" as well as service divisions. By implementing this new structure, we aim to further improve the way in which we serve local customers with licences and products tailored to their personal requirements. Within this context, we are hopeful for our subsidiaries in Italy and Spain that the positive trend seen in these markets will continue and that they maintain their strong sales performance.

Put your trust in us!

3-MONTHS' STATEMENT

UNITEDLABELS Aktiengesellschaft, Münster Group Income Statement (IFRS)

for the period from 1 January to 31 March 2008 (unaudited)

	01/01/08 31/03/08		01/01/07 31/03/07		01/01/08 31/03/08		01/01/07 31/03/07
	€	%	€	%	€	%	€
Sales revenues	9,873,948.07	100.0%	9,384,915.90	100.0%	9,873,948.07	100.0%	9,384,915.90
Cost of materials	(5,036,510.70)		(4,905,260.90)		(5,036,510.70)		(4,905,260.90)
Amortisation of usufructuary rights	(1,091,533.52)		(996,847.58)		(1,091,533.52)		(996,847.58)
	(6,128,044.22)	(62.1%)	(5,902,108.48)	(62.9%)	(6,128,044.22)	(62.1%)	(5,902,108.48)
	3,745,903.85	37.9%	3,482,807.42	37.1%	3,745,903.85	37.9%	3,482,807.42
Other operating income	59,179.73	0.6%	23,151.32	0.2%	59,179.73	0.6%	23,151.32
Staff costs	(1,572,221.14)	(15.9%)	(1,430,810.70)	(15.2%)	(1,572,221.14)	(15.9%)	(1,430,810.70)
Depreciation of property, plant and equipment, and amortisation of intangible assets (excl. amortisation of usufructuary rights)	(160,979.54)	(1.6%)	(157,513.12)	(1.7%)	(160,979.54)	(1.6%)	(157,513.12)
Other operating	(1,818,940.86)	(18.4%)	(1,718,108.11)	(18.3%)	(1,818,940.86)	(18.4%)	(1,718,108.11)
Profit from operations	252,942.04	2.6%	199,526.81	2.1%	252,942.04	2.6%	199,526.81
Finance income	71,981.48	0.7%	30,245.05	0.3%	71,981.48	0.7%	30,245.05
Finance cost	(192,496.48)	(1.9%)	(123,804.04)	(1.3%)	(192,496.48)	(1.9%)	(123,804.04)
Net finance cost	(120,514.99)	(1.2%)	(93,558.99)	(1.0%)	(120,514.99)	(1.2%)	(93,558.99)
Profit before tax	132,427.05	1.3%	105,967.82	1.1%	132,427.05	1.3%	105,967.82
Taxes on income	(36,406.06)	(0.4%)	(93,949.46)	(1.0%)	(36,406.06)	(0.4%)	(93,949.46)
Consolidated net profit	96,020.99	1.0%	12,018.36	0.1%	96,020.99	1.0%	12,018.36

Consolidated earnings per share

basic	0.02 €	0.00 €
diluted	0.02 €	0.00 €
Weighted average shares outstanding		
basic	4,159,733 shares	4,198,727 shares
diluted	4,159,733 shares	4,198,727 shares

Group Statement of Changes in Equity

(unaudited)

	Subscribed capital € '000	Capital reserves € '000	Revenue reserves € '000	Translation reserve € '000	Consolidated unapp. profit € '000	Treasury shares € '000	Total € '000
Balance at 31/12/06	4,200	24,384	2,883	(20)	1,995	0	33,442
Consolidated net profit Q I 2007	0	0	0	0	12	0	12
Balance at 31/03/07	4,200	24,384	2,883	(20)	2,007	0	33,454
Currency translation	0	0	0	(34)	0	0	(34)
Dividend	0	0	0	0	(840)	0	(840)
Consolidated net profit 2007	0	0	0	0	397	0	397
Treasury shares	0	0	0	0	0	(223)	(223)
Total result of the period	0	0	0	(34)	(443)	(223)	(700)
Balance at 31/12/07	4,200	24,384	2,883	(54)	1,552	(223)	32,742
Consolidated net profit Q I 2008	0	0	0	0	96	0	96
Balance at 31/03/08	4,200	24,384	2,883	(54)	1,648	(223)	32,839

UNITEDLABELS Aktiengesellschaft, Münster Group Balance Sheet (IFRS) as at 31 March 2008

ASSETS

Assets	31/03/08 €	31/12/07 €
Non-current assets		
Property, plant and equipment	6,203,936.55	6,324,683.81
Intangible assets	10,902,359.43	10,773,443.69
Deferred tax assets	2,958,299.24	2,981,975.43
	20,064,595.21	20,080,102.93
Current assets		
Inventories	10,274,340.06	9,002,441.07
Trade and other receivables	13,041,361.35	18,007,959.28
Other assets	1,914,169.08	1,487,706.58
Cash and cash equivalents	6,406,537.38	4,780,636.01
	31,636,407.86	33,278,742.95
Total assets	51,701,003.07	53,358,845.88

UNITEDLABELS Aktiengesellschaft, Münster

Group Balance Sheet (IFRS) as at 31 March 2008

EQUITY AND LIABILITIES

	31/03/08 €	31/12/07 €
Equity		
Capital and reserves attributable to the owners of the parent company		
Subscribed 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	(54,111.96)	(54,111.96)
Consolidated unappropriated surplus	1,648,421.98	1,552,400.98
Treasury shares	(223,413.73)	(223,413.73)
Total equity	32,826,580.10	32,742,655.55
Non-current liabilities		
Provisions for pensions	746,695.00	718,405.00
Financial liabilities	5,518,731.88	5,810,422.04
	6,265,426.88	6,528,827.04
Current liabilities		
Provisions	1,869,806.15	1,061,165.99
Tax liabilities	36,014.06	33,007.00
Financial liabilities	3,379,454.64	4,355,512.65
Trade and other payables	7,311,624.79	8,637,677.64
	12,596,899.64	14,087,363.28
Total equity and liabilities	51,701,003.07	53,358,845.88

UNITEDLABELS Aktiengesellschaft, Münster Group Cash Flow Statement (unaudited)

	03/2008 € '000	03/2007 € '000
Consolidated net profit	96	12
Depreciation of property, plant and equipment, and amortisation of intangible assets	1,253	1,154
Change in provisions	837	(570)
Other non-cash expenses	(24)	78
Loss on the disposal of non-current assets	0	0
Changes in inventories, trade receivables and other assets not attributable to investing or financing activities	3,268	242
Changes in trade payables and other liabilities not attributable to investing or financing activities	(3,490)	(431)
Cash flows from operating activities	1,940	486
Proceeds from the disposal of non-current assets	0	0
Payments for investments in non-current assets	(23)	(1,907)
Cash flows from investing activities	(23)	(1,907)
Proceeds from capital increase	0	0
Dividend distribution	0	0
Proceeds from financial loans	0	1,000
Repayment of financial loans	(292)	(125)
Cash flows from financing activities	(292)	875
Net cash change in cash and cash equivalents	1,625	(546)
Currency translation	0	0
Cash and cash equivalents at the beginning of the period	4,782	4,486
Cash and cash equivalents	6,407	3,940
Gross debt bank	8,898	6,572
Net debt bank	2,491	2,632
Composition of cash and cash equivalents:		
Cash and cash equivalents	6,407	3,940

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FINANCIAL CALENDAR 2008**May 20**

8th Annual General Meeting in
Halle Münsterland

August 12

Publication of 6-Months' Report

November 11

Publication of 9-Months' Report

UNITEDLABELS AG

Investor Relations-contact:

If you require further information
on **UNITEDLABELS** or its financial
results, please contact Mr. Timo Koch:

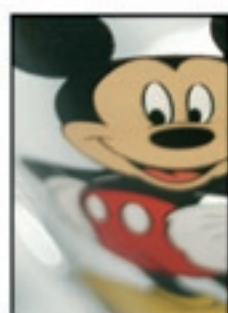
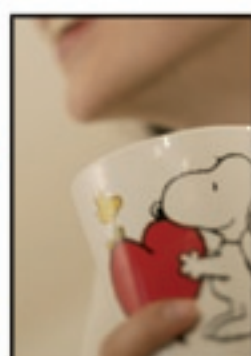
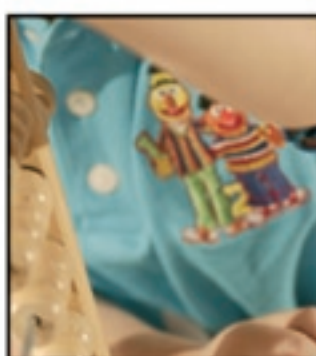
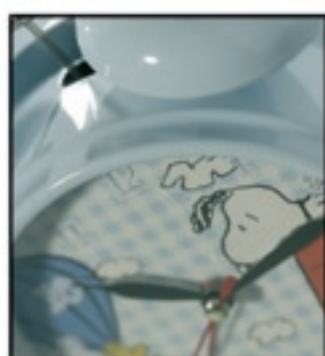
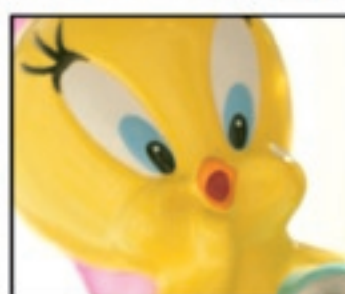
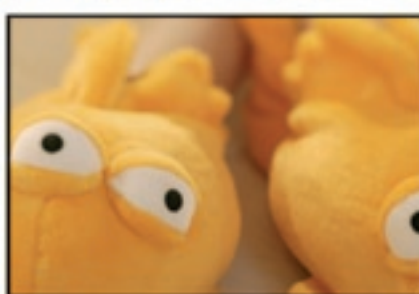
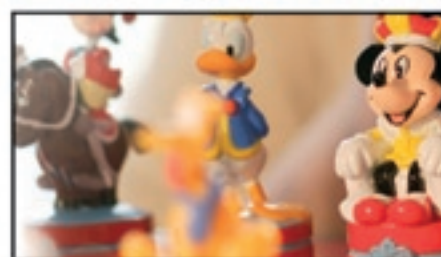
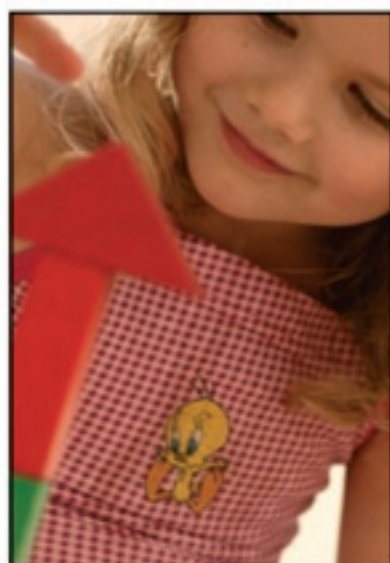
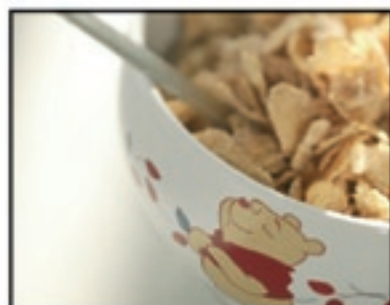
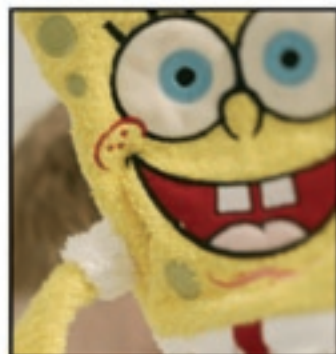
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