



9-MONTHS' REPORT 2010

UNITED
LABELS
COMICWARE

UNITEDLABELS AG





PETER BODER
CEO

Dear Shareholders,

Over the course of the first three quarters **UNITEDLABELS AG** recorded a significant increase in Group sales and an improvement in consolidated profit, as well as achieving a record level of order backlog.

In the first nine months of 2010 Group revenue rose by 26% to €35 million, while EBITDA edged up to around €1.1 million and EBIT increased by €0.8 million to €0.7 million.

Once again, the performance of our foreign subsidiaries proved very encouraging indeed and provided a significant boost to sales. Italy achieved a threefold increase in revenue, while Spain and Belgium saw sales rise by around 50% and 30% respectively.

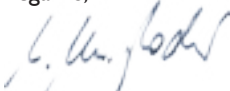
Newly developed marketing and growth concepts produced record order intake over the course of the current 2010 financial year. At the end of the reporting period, order backlog stood at €30.6 million (prev. year: €9.8 million). Of this amount, €20.6 million is attributable to the remaining fourth quarter. On this basis, the company is projecting an all-time high of around €57 million in annual sales.

At the same time, order intake for the 2011 financial year was encouraging, with incoming orders for next year increasing sixfold to €10.0 million (prev. year: €1.6 million)

In particular, the company's new textile and apparel collections have met with strong demand among retail chains. In parallel, business in Eastern Europe remained buoyant.

By the end of the third quarter, the company had opened four new airport shops; another two new stores are to be launched this year. Thus, by the end of the year **UNITEDLABELS** will be operating with ten shops at five different locations. The company is planning to add at least one more store at Madrid Airport in 2011.

We are committed to maintaining our high-quality portfolio by regularly adding the most popular licences available. The most recent additions include "Barbapapa", "The Smurfs" and "Wizards of Waverly Place". Since 2009, "Wizards of Waverly Place" has been aired more than 400 times on free TV, reaching an average audience of 1.1 million per episode and 80% of all 6- to 13-year-olds in German-speaking countries. Thus, we have further enhanced our portfolio by including a high-profile licence aimed at the target group of young teens.

Regards,

Peter Boder

Key Figures 9-Months' report

	2010 € '000	2009 € '000	2008 € '000	2007 € '000	2006 € '000
Revenue	35,341	28,112	30,549	28,812	29,861
EBITDA*	1,141	(525)	704	888	726
EBIT	721	(900)	227	354	287
Profit before tax	167	(1,153)	(72)	84	113
Profit for the year	60	(752)	(6)	(163)	(164)
Order backlog	30,590	9,825	14,738	17,830	15,011
Earnings per share (€)	0.01	(0.18)	0.00	(0.04)	(0.04)
Number of employees	139	131	139	136	126

*incl. amortisation of usufructuary rights

UNITEDLABELS GERMANY



UNITEDLABELS BELGIUM



UNITEDLABELS UK



UNITEDLABELS SPAIN



UNITEDLABELS FRANCE



UNITEDLABELS HONGKONG



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).

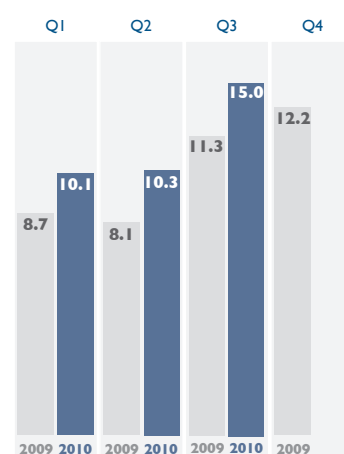
In preparing the consolidated financial statements, the Management Board is required to make estimates and assumptions that affect the reported amounts of assets and liabilities/equity as well as the amounts disclosed in the income statement. It is possible that these assumptions and estimates may not 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.

Business review for the first nine months of 2010

PAST SALES PERFORMANCE (IN € M)



Overall, Group revenue rose by 25.6% to €35.3 million in the first nine months of 2010 (prev. year: €28.1 million). The third quarter alone saw sales increase by 32.7% to €15.0 million (prev. year: €11.3 million). As was the case in the first half of the year, growth was driven by both segments: Special Retail and Key Accounts. In Spain and Italy, where business within the area of specialty retailing is particularly buoyant, we managed to boost revenue by an impressive 85% in the Special Retail segment. Growth was driven mainly by Patito Feo, an extremely popular licence in this region. At the same time, Key Account revenue in these countries rose by 74%.

Business in Germany was more subdued to begin with, but gathered pace during the third quarter. In total, revenue generated from sales in this region contracted by 3%. At the end of the second quarter this figure had stood at minus 11%. The decline in sales is partly a result of our decision to discontinue business within the area of specialty retailing in Germany, Belgium and France. In view of the significant order backlog for the remaining fourth quarter, particularly with regard to the German parent company, we are on track to exceed last year's sales. Revenue for the annual period as a whole is forecast to reach €57 million.

After the first nine months, EBIT totalled €0.7 million (prev. year: €-0.9 million) and consolidated profit amounted to €0.1 million (prev. year: loss of €0.8 million). Both earnings indicators clearly reflect the positive trend that has emerged over the course of the financial year to date. This is attributable to higher revenue achieved by the key subsidiaries within the Group.

As a result of the solid performance achieved within the area of Special Retail in Spain and Italy, this segment accounted for 37% of total sales (prev. year: 29%). Correspondingly, profit generated by the Special Retail segment rose sharply from €0.3 million a year ago to €1.1 million in the first nine months of 2010. What is more, this result includes non-recurring expenses of €0.2 million attributable to the discontinuation of specialty retail business in Germany.

The Key Account segment saw revenue expand by 10% in the first nine months. Given the significant order backlog for the remaining fourth quarter, there is every chance of a further increase in Key Account revenue. Segment profit also edged up, rising to €2.0 million (prev. year: €1.3 million).

At the end of the reporting period order backlog was €30.6 million (prev. year: €9.8 million). Of this amount, €20.6 million is attributable to the remaining fourth quarter. On this basis, the company is projecting an all-time high of around €57 million in annual sales. At the same time, order intake for the 2011 financial year was encouraging, with incoming orders for next year increasing sixfold to €10.0 million (prev. year: €1.6 million).

Financial Position

Prompted by higher orders, inventory levels rose by 29.1% compared to December 2009, up to €10.2 million (prev. year: €7.9 million). Within this context, remaining inventories attributable to German operations amounted to €5.8 million (31/12/09: €4.1 million). €4.8 million (47%) of total inventories have already been sold as part of existing orders. Cash and cash equivalents were used for the purpose of expanding the Group's operations, as well as being directed at the four new airport shops owned by the company. As a result, cash held in bank accounts contracted from €3.7 million to €2.8 million and net debt was €8.4 million.

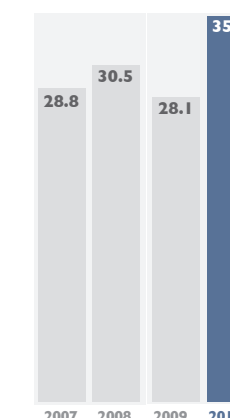
As at 30 September 2010, the Group's equity ratio was 51.2%, while equity covered non-current assets at a rate of 136% and liabilities at a rate of 105%.

The company continues to hold 46,199 no-par-value treasury shares. The book value per share amounts to € 6.58.

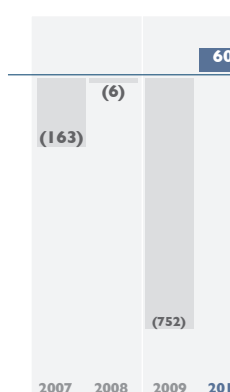
Staff

At the end of September 2010, the **UNITEDLABELS** Group employed 139 people (prev. year: 131). Employees working in own shops increased from 12 to 38.

TURNOVER AFTER 9 MONTH IN €M



NET PROFIT / (LOSS) AFTER 9 MONTH IN €'000



Licences

It goes without saying that we are committed to keeping our licence portfolio as current as possible. In the period under review, we added "Barbapapa", "The Smurfs" and "Wizards of Waverly Place" to our portfolio, thus further enhancing our merchandise range targeted at young female teens.

Since 2009, "Wizards of Waverly Place" has been aired more than 400 times on free TV, reaching an average audience of 1.1 million per episode on SUPER RTL and 80% of all 6- to 13-year-olds in German-speaking countries. "Wizards of Waverly Place – The Movie" was the second-best DCOM premiere of all times on Disney Channel.

UNITEDLABELS offers an extensive range of products in various merchandise categories. Our portfolio also includes classics such as "The Peanuts", "Looney Tunes", "The Simpsons" and "SpongeBob SquarePants", alongside many other licences.

Directors' Holdings

As at 30 September 2010, **UNITEDLABELS AG** had a total of 4.2 million no-par-value shares. As at 30 September 2010, the Management Board as well as the Members of the Supervisory Board of **UNITEDLABELS AG** continued to hold 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 10,000 and 441 shares respectively. As at 30 September 2010, no options had been granted and no valid share option plan was in place.

Outlook

The economy of the European Union as a whole has proved more dynamic than originally anticipated. At the same time, the growth forecast for Germany has been revised upwards by a significant margin. Indeed, Germany is acknowledged as a driving force behind economic growth in the European Union. Having said that, economic recovery at a pan-European level remains relatively subdued. It remains to be seen how unemployment rates will develop on the back of austerity measures, wage cuts and a general reduction in welfare benefits.

There can be little doubt that **UNITEDLABELS** is reliant on consumer purchasing power. However, given the significant level order backlog, we can look forward with confidence to the fourth quarter of 2010, which is traditionally one of the most important periods of the year. The same applies to the first few months of 2011.

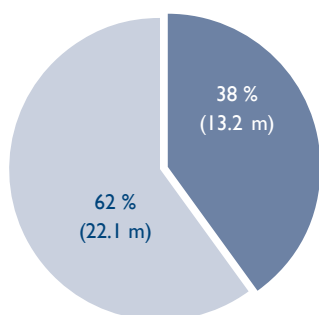
This forward momentum stems from contracts for the supply of various textiles within the Key Account segment. In the run-up to Christmas, many retailers will be stocking merchandise supplied by **UNITEDLABELS** – accompanied by special promotional campaigns.

Furthermore, business in Eastern Europe has been encouraging, as a result of which we can be cautiously optimistic as regards the coming months and the 2011 financial year. Alongside Germany, Poland's economy has been particularly buoyant, much more so than other markets in Europe. Unlike other economies, Poland – a key sales market for **UNITEDLABELS** – has emerged from the recession with significant vigour.

The number of airport shops operated by the company continues to rise. By the end of the third quarter, the company had opened four new airport shops; another two new stores are to be launched this year. Thus, by the end of the year United Labels will be operating with ten shops at five different locations. The company is planning to add at least one more store at Madrid Airport in 2011. **UNITEDLABELS** takes part in the majority of tenders organised by major European airports, and additional stores are likely to be opened as a result of these efforts.

We are also committed to keeping our licence portfolio as current as possible. Well-established contacts and frequent visits to trade fairs and licensing events help us to keep up to date.

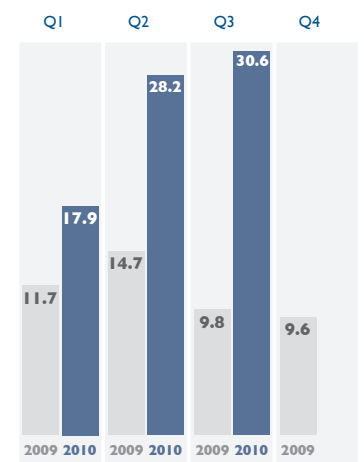
BREAKDOWN OF SALES IN THE FIRST 9 MONTHS 2010 FOR KEY ACCOUNTS AND SPECIAL RETAIL IN % (€)



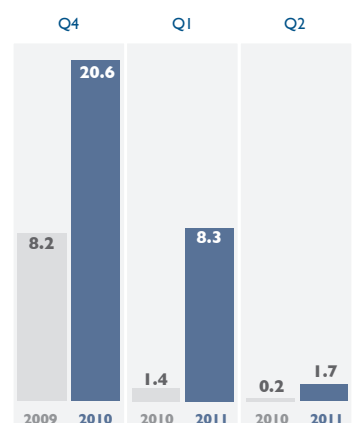
Key Account

Special Retail

ORDER BACKLOG (IN €M)



BREAKDOWN OF ORDER BACKLOG (IN €M)



UNITEDLABELS Aktiengesellschaft, Münster

Group Statement of Comprehensive Income (IFRS)

for the period 1 January to 30 September 2010

(unaudited)

	01/01/2010 30/09/2010		01/01/2009 30/09/2009		01/07/2010 30/09/2010		01/07/2009 30/09/2009	
	€	%	€	%	€	%	€	
Sales revenues	35,340,693.90	100.0%	28.112.000,31	100,0%	15.030.815,17	100,0%	11.287.800,78	
Cost of materials	(21,726,673.18)	(61.5)%	(16,848,588.96)	(59.9)%	(9,987,968.35)	(66.4)%	(6,387,718.41)	
Amortisation of usufructuary rights	(3,055,842.56)	(8.6)%	(2,691,220.18)	(9.6)%	(1,309,365.61)	(8.7)%	(1,240,217.36)	
	10,558,178.17	29.9%	8,572,191.17	30.5%	3,733,481.22	24.8%	3,659,865.01	
Other operating income	405,897.25	1.1%	285,203.14	1.0%	(85,406.07)	(0.6)%	114,569.95	
Staff costs	(4,633,909.27)	(13.1)%	(4,631,101.44)	(16.5)%	(1,446,613.17)	(9.6)%	(1,482,934.11)	
Depreciation of property, plant and equipment, and amortisation of intangible assets (excl. amortisation of usufructuary rights)	(420,140.90)	(1.2)%	(374,309.31)	(1.3)%	(149,332.02)	(1.0)%	(120,547.36)	
Other operating expenses	(5,189,132.49)	(14.7)%	(4,751,505.09)	(16.9)%	(1,752,423.12)	(11.7)%	(1,559,297.31)	
Profit from operations	720,892.76	2.0%	(899,521.53)	(3.2)%	299,706.85	2.0%	611,656.17	
Finance income	11,513.86	0.0%	20,533.33	0.1%	3,092.91	0.0%	4,016.95	
Result from at-equity investments	(126,324.45)	(0.4)%	56,235.90	0.2%	(89,474.40)	(0.6)%	(14,402.85)	
Finance cost	(439,248.22)	(1.2)%	(330,460.28)	(1.2)%	(185,371.04)	(1.2)%	(104,032.32)	
Net finance cost	(554,058.81)	(1.6)%	(253,691.05)	(0.9)%	(271,752.53)	(1.8)%	(114,418.22)	
Profit before tax	166,833.95	0.5%	(1,153,212.57)	(4.1)%	27,954.32	0.2%	497,237.95	
Taxes on income	(106,381.48)	(0.3)%	401,437.94	1.4%	(60,444.48)	(0.4)%	(26,797.43)	
Consolidated net profit / (loss)	60,452.47	0.2 %	(751,774.63)	(2.7)%	(32,490.16)	(0.2)%	470,440.52	

Consolidated earnings per share

basic	0.01 €	(0.18) €
diluted	0.01 €	(0.18) €
Weighted average shares outstanding		
basic	4,153,801 shares	4,153,801 shares
diluted	4,153,801 shares	4,153,801 shares

UNITEDLABELS Aktiengesellschaft, Münster
Group Statement of Cash Flows

(unaudited)

	09/2010 T€	09/2009 T€
Consolidated profit/loss for the year	60	(752)
Interest income from financing activities	428	310
Depreciation of property, plant and equipment, and amortisation of intangible assets	3,476	3,066
Change in provisions	182	(441)
Other non-cash expenses	126	(491)
Result from disposal of non-current assets	18	0
Change in inventories, trade receivables, and other assets not attributable to investing or financing activities	(7,823)	3,357
Change in trade payables and other liabilities not attributable to investing or financing activities	3,055	(4,169)
Cash flows from operating activities	(477)	879
Proceeds from the disposal of non-current assets	144	0
Payments for investments in non-current assets	(2,222)	(964)
Cash flows from investing activities	(2,078)	(964)
Proceeds from bank loans	2,891	0
Payment of dividends	0	(831)
Repayment of financial loans	(699)	(746)
Interest received	12	21
Interest paid	(439)	(331)
Cash flows from financing activities	1,764	(1,887)
Net cash change in cash and cash equivalents	(791)	(1,972)
Currency translation	(91)	(57)
Cash and cash equivalents at the beginning of the period	3,694	4,986
Cash and cash equivalents	2,813	2,956
Gross debt bank	11,247	6,041
Net debt bank	8,434	3,084
Composition of cash and cash equivalents:		
Cash and cash equivalents	2,812	2,956

ASSETS

Assets	30/09/2010 €	31/12/2009 €
Non-current assets		
Property, plant and equipment	6,200,585.30	5,761,735.64
Intangible assets	9,306,044.51	8,971,806.64
At-equity investments	707,241.15	833,565.60
Deferred tax assets	4,080,016.65	4,080,016.65
	20,293,887.60	19,647,124.53
Current assets		
Inventories	10,180,597.61	7,907,377.25
Trade receivables	19,192,804.98	13,205,372.99
Other assets	1,493,661.93	1,931,051.28
Cash and cash equivalents	2,812,408.34	3,694,490.52
	33,679,472.87	26,738,292.04
Total assets	53,973,360.47	46,385,416.57

EQUITY AND LIABILITIES

	30/09/2010 €	31/12/2009 €
Equity		
Capital and reserves attributable to the owners of the parent company		
Issued capital	4,200,000.00	4,200,000.00
Capital reserves	19,194,174.55	19,194,174.55
Retained earnings	2,883,209.63	2,883,209.63
Currency translation	(456,694.80)	(366,135.90)
Consolidated unappropriated surplus	2,052,778.91	1,992,326.44
Treasury shares	(223,413.73)	(223,413.73)
Total equity	27,650,054.56	27,680,160.99
Non-current liabilities		
Provisions for pensions	1,037,415.25	937,270.00
Financial liabilities	2,932,318.59	2,976,892.00
Trade payables	825,001.83	901,776.64
Deferred tax liabilities	7,179.63	7,179.63
	4,801,915.30	4,823,118.27
Current liabilities		
Provisions	965,076.45	883,358.06
Current tax payable liabilities	95,098.49	27,905.31
Financial liabilities	8,314,525.61	5,198,573.29
Trade and other payables	12,146,690.06	7,772,300.65
	21,521,390.61	13,882,137.31
Total liabilities	26,323,305.91	18,705,255.58
Total equity and liabilities	53,973,360.47	46,385,416.57

Primary reporting format – Customer segments

(unaudited)

2010

in € '000	Special Retail	Key Account	Unallocated items	Group
Sales revenue	13,234	22,107	0	35,341
Segment expenses	(10,601)	(18,241)	(2,302)	(31,144)
Depreciation/amortisation	(1,528)	(1,829)	(119)	(3,476)
Segment result	1,105	2,037	(2,421)	721
Net finance cost				(428)
Result from at-equity investment				(126)
Result from ordinary activities				167
Taxes				(106)
Consolidated profit/loss				60

€m	Special Retail	Key Account	Adminis- tration	Group
Segment assets	16.0	24.4	13.6	54.0
Segment liabilities	4.6	10.1	11.6	26.3

2009

in € '000	Special Retail	Key Account	Unallocated items	Group
Sales revenue	8,098	20,014	0	28,112
Segment expenses	(7,022)	(17,461)	(2,341)	(26,824)
Depreciation/amortisation	(825)	(1,282)	(80)	(2,187)
Segment result	251	1,271	(2,421)	(899)
Net finance cost				(310)
Result from at-equity investment				56
Result from ordinary activities				(1,153)
Taxes				402
Consolidated profit/loss				(751)

€m	Special Retail	Key Account	Adminis- tration	Group
Segment assets	13.8	18.3	15.3	47.5
Segment liabilities	3.8	7.0	5.9	16.7

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

(unaudited)

Sales revenues	2010	2009
Germany, Austria, Switzerland	13,176	12,092
Iberian Peninsula	12,625	7,449
France	3,706	4,335
Rest of the World	5,834	4,236
Group	35,341	28,112

Total assets	2010	2009
Germany, Austria, Switzerland	33,887	32,223
Iberian Peninsula	12,530	8,661
France	1,185	1,247
Rest of the World	6,371	5,338
Group	53,973	47,469

Group Statement of Changes in Equity

(unaudited)

	Subscribed capital € '000	Capital reserves € '000	Revenue reserves € '000	Translation reserve € '000	Treasury shares € '000	Total € '000
Balance at 31/12/2008	4,200	24,385	4,373	(285)	(223)	32,450
Currency translation	0	0	0	(57)	0	(57)
Dividend payment	0	0	(830)	0	0	(830)
Consolidated loss QIII 2009	0	0	(752)	0	0	(752)
Total comprehensive loss for the period	0	0	(1,582)	(57)	0	(1,639)
Balance at 30/09/2009	4,200	24,385	2,791	(342)	(223)	30,811
Currency translation	0	0	0	(24)	0	(24)
Consolidated loss 2009	0	0	(3,858)	0	0	(3,858)
Total comprehensive income for the period	0	0	(3,858)	(24)	0	(3,882)
Dividend payment	0	0	(830)	0	0	(830)
Withdrawal from capital reserves at parent company to offset loss	0	(5,190)	(5,190)	0	0	0
Balance at 31/12/2009	4,200	19,195	4,875	(366)	(223)	27,681
Currency translation	0	0	0	(91)	0	(91)
Consolidated profit QIII 2010	0	0	60	0	0	60
Total comprehensive income for the period	0	0	60	(91)	0	(31)
Balance at 30/09/2010	4,200	19,195	4,935	(457)	(223)	27,650

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**FINANCIAL CALENDAR
2010/2011**

November, 16th 2010
Publication of 9-Months' Report

November, 22th - 24th 2010
German Equity Forum,
Frankfurt on the Main,
Analyst Conference

March 2011
• Annual Press Conference
• Release of Annual Report

May, 24th 2010
Annual General Meeting

If you require further information
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