



3-MONTH' REPORT 2016

UNITED[®] LABELS

COMICWARE

UNITEDLABELS AG





PETER BODER
CEO

Dear Shareholders,

Having recently published our annual report for the financial year just ended, we are delighted to be able to report on our company's positive performance in the first three months of 2016.

Group revenue increased by 20.8% to €9.3 million, which was up markedly on the figure posted for the same period a year ago (prev. year: €7.7 million). Growth was driven by new accounts as well as by an expansion in the volumes ordered by customers in the Key Account segment.

At €0.5 million (prev. year: €0.1 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) were up on the figure posted for the same period a year ago. Group earnings also improved after accounting for depreciation and amortisation, with EBIT expanding to €0.3 million (prev. year: €-0.1 million). Group profit for the quarter amounted to €0.1 million (prev. year: €-0.4 million), our best first-quarter result in six years.

The strategic approach taken by **UNITEDLABELS AG** remains firmly focused on textiles targeted at the Key Account segment, with an emphasis on more premium-quality, high-margin products, as well as expansion within the NOS (Never-Out-of-Stock) giftware category.

Committed to generating additional growth at a national and international level, we entered into an exclusive licensing agreement in the first quarter. It covers a wide range of Diddl Mouse merchandise in the areas of stationery, gift items and soft toys. Marketing activities for this popular classic will commence in the fourth quarter of 2016.

Our thanks go to our business partners and above all to you, our valued shareholders, for the trust placed in us.

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

Peter Boder
CEO

Key Figures 3-Month' report (€ '000)	Q1 2016	Q1 2015	Q1 2014	Q1 2013
Revenue	9,344	7,745	6,650	5,663
EBITDA*	503	91	-178	11
EBIT	332	-108	-352	-144
Profit before tax	62	-388	-517	-247
Consolidated loss	58	-377	-517	-248
Shareprice per end of period (€)	4.34	1.51	1.59	1.10
Market capitalization	27,342	9,500	6,678	4,620
Profit per share (€)	0.01	-0.07	-0.11	-0.05
Staff member	100	99	114	126
Revenue per staff member	93	78	58	45

*incl. amortisation of usufructuary rights



Basis of preparation (IFRS/IAS)

Statement of compliance

The consolidated 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), particularly in accordance with IAS 34. Within this context, neither the interim financial statements nor the management report for the interim period have been audited.

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. There were no changes to these assumptions compared with those applied to the last annual financial statements. The quarterly financial statements have been prepared according to uniform accounting policies; they are largely consistent with those policies applied to the last annual financial statements. The financial statements are presented in euros.



Business review for the first 3 months of 2016

Group revenue rose by 21% in the first three months of 2016, taking the figure to €9.3 million (prev. year: €7.7 million). Growth was fuelled by the Group's Key Account segment. The Key Account segment saw revenue expand by 34%. In absolute terms, revenue generated by the Key Account segment amounted to €6.3 million (prev. year: €4.7 million). Key Account sales thus accounted for 67% of total revenue.

With a share of 33%, first-quarter revenue within the Special Retail segment amounted to €3.1 million for both this and the previous year.

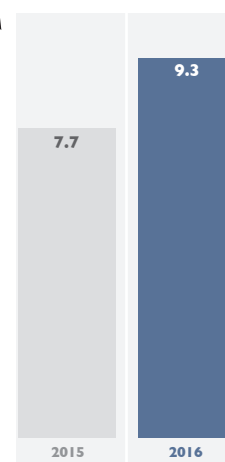
Revenue growth in the Key Account segment was driven by an expansion in existing customer business.

EBITDA (operating profit) rose to €0.5 million in the first three months (prev. year: €0.1 million), while Group profit after taxes totalled €0.1 million (prev. year: loss of €0.4 million).

Earnings generated in the Special Retail segment (which includes business attributable to e-commerce and the airport shops) rose to €0.2 million, up from €0.1 million in the same period a year ago.

Earnings in the Key Account segment totalled €0.5 million (prev. year: €0.8 million). General administrative expenses fell from €1.1 million in the previous year to €0.4 million in the period under review.

TURNOVER IN THE FIRST 3 MONTHS
IN €M



3-MONTHS' REPORT

Primary reporting format – Customer segments

(unaudited)

2016

in € '000	Special Retail	Key Account	Unallocated items	Group
Sales revenue	3,054	6,290		9,344
Segment expenses	-2,629	-5,443	-399	-8,471
Depreciation/amortisation	-192	-342	-7	-541
Segment result	233	505	-406	332
Finance income				22
Finance cost				-292
Result from ordinary activities				62
Taxes				-3
Consolidated loss				58
	Special Retail	Key Account	Unallocated items	Group
Segment Assets (in €m)	7.5	10.6	9.1	27.2
Segment Liabilities (in €m)	3.4	8.1	13.1	24.6

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

(unaudited)

Sales revenues	2016	2015	Total assets	2016	2015
Germany, Austria, Switzerland	2,659	2,855	Germany, Austria, Switzerland	16,045	18,310
Iberian Peninsula	4,440	3,684	Iberian Peninsula	6,950	7,107
France	645	399	France	165	88
Rest of the World	1,600	806	Rest of the World	4,027	3,331
Group	9,344	7,745	Group	27,187	28,836

2015

in € '000	Special Retail	Key Account	Unallocated items	Group
Sales revenue	3,070	4,675		7,745
Segment expenses	-2,701	-3,538	-1,056	-7,295
Depreciation/amortisation	-226	-318	-14	-558
Segment result	143	819	-1,070	-108
Finance income				1
Finance cost				-281
Result from ordinary activities				-388
Taxes				11
Consolidated loss				-377
	Special Retail	Key Account	Unallocated items	Group
Segment Assets (in €m)	7,9	10,8	10,1	28,8
Segment Liabilities (in €m)	3,0	6,5	13,0	22,5

Financial position

Property, plant and equipment declined by €0.1 million as a result of systematic depreciation, while the carrying amount of intangible assets remained unchanged at €9.5 million.

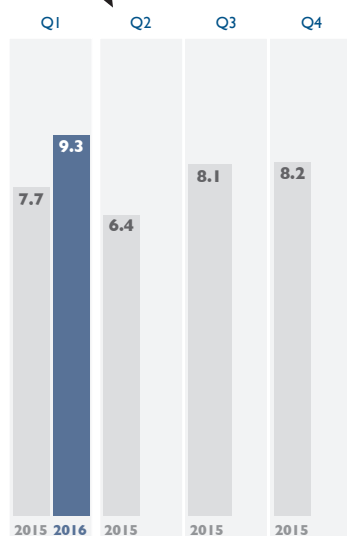
Compared to 31 December 2015, inventories fell by €0.6 million due to more extensive shipments in the first quarter. In this context, the most significant inventories are held by **UNITEDLABELS AG** (€1.9 million) and **UNITEDLABELS Ibérica** (€2.2 million) as well as Elfen Service GmbH (€0.1 million).

Due to the higher proportion of business covered by factoring, trade receivables fell by €1.0 million to €3.0 million.

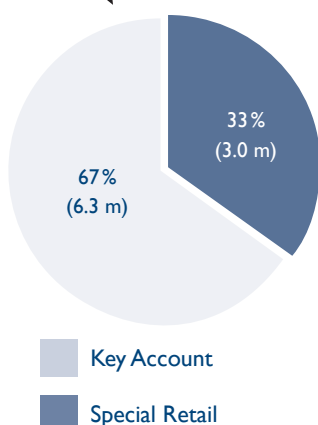
The equity ratio rose to 9.6% as at 31 March 2016 (31 Dec. 2015: 9.1%). The parent company's equity ratio stood at 28.6%. The Group's book value thus stood at €0.41 per share. Equity covered non-current assets at a rate of 16% and liabilities at a rate of 11%.

Provisions for pensions were increased as scheduled, while non-current financial liabilities were scaled back as planned. Current liabilities remained unchanged compared to 31 December 2015.

PAST SALES PERFORMANCE (IN €M)



BREAKDOWN OF SALES IN THE FIRST 3 MONTHS 2016 FOR KEY ACCOUNTS AND SPECIAL RETAIL IN % (€)



Related-party disclosure

In addition to his 44.94% interest (unchanged) in **UNITEDLABELS AG**, as at 31 March 2016 Peter Boder had a 100% shareholding in Facility Management Münster GmbH. **UNITEDLABELS AG** occupies office premises in Gildenstraße 2j, which are leased to it by Facility Management GmbH. In the first three months of 2016, the amount received was €21 thousand (prev. year: €21 thousand). A lease agreement continues to exist with Facility Management Münster GmbH covering the use of facility roof surfaces for photovoltaic systems. Mr. Boder has granted two personal loans to the **UNITEDLABELS** Group. Borrowings from these loans amounted to €1,425 thousand in total at the end of the reporting period. Mr. Boder also rents out the building in Gildenstr. 6 to **UNITEDLABELS Aktiengesellschaft**. In the first three months, costs associated with this lease arrangement stood at €48 thousand (prev. year: €0).

The **UNITEDLABELS** Group uses available liquidity for the purpose of minimising interest payments throughout the Group. In addition, internal supply relations exist between the individual entities. At the end of the reporting period, loans to subsidiaries amounted to €519 thousand (prev. year: €939 thousand), while current receivables stood at €4,896 thousand (prev. year: €3,899 thousand). These amounts were eliminated as part of the consolidation of debts.

Staff

At the end of March 2016, the **UNITEDLABELS** Group employed 100 members of staff (prev. year: 99). In total, 44 members of staff were employed in Germany and 56 in Spain.

Events after the reporting period

The Management Board member formerly responsible for E-Commerce, Mr. Albert Hirsch, left the company effective from 30 April 2016, as his Management Board contract had come to an end.

Directors' Holdings

As at 31 March 2016, **UNITEDLABELS AG** had a total of 6.3 million no-par-value shares. As at 31 March 2015, the Management Board as well as the members of the Supervisory Board of **UNITEDLABELS AG** held the following shares and options:
Peter Boder, CEO, held 44.94% of the shares. The Chairman of the Supervisory Board Gert-Maria Freimuth held 50,000 shares, while Supervisory Board member Frank Rohmann held 107,500 shares. No shares were held by Supervisory Board member Otto E. Umbach. As at 31 March 2016, no options had been granted and no valid share option plan was in place.

Outlook

Committed to an optimised business model with a more lucrative portfolio of licences, **UNITEDLABELS AG** is focusing on business dealings that are associated with higher margins. The objective of **UNITEDLABELS AG** and its subsidiaries is to remain as a leading producer and marketer of comicware in Europe. With this objective in mind, the company has taken a multi-channel approach focusing on distribution through specialist retailers and wholesalers as well as direct sales to consumers through airport shops and its own B2B and B2C Internet outlets. In this way, **UNITEDLABELS** is able to reach much of Europe and thereby market its various products; the company's stated aim is to consolidate and extend this strategy.

In the core fields of business currently operated by the company – the B2B marketing of merchandise within the Special Retail and Key Account segments – future growth will be managed in accordance with the company's policy on profitability and earnings. Expansion of the company's customer base in Germany and Europe as well as the additional targeted expansion of business-to-consumer (B2C) activities via the company's e-commerce channel and Elfen Service GmbH have been identified as future areas of growth. Alongside the NOS portfolio already introduced within this area, the enterprise will focus on integrating and expanding its own range of licensed merchandise within the textiles category.

Additionally, sales of the new Diddl collection will commence in the fourth quarter of 2016. An exclusive licensing agreement was signed in the first quarter for a wide range of Diddl merchandise relating to stationery, giftware and soft toys.

Looking ahead to the current financial year, the company still anticipates that sales revenue will grow at a rate of between 15% and 23% year on year, while EBIT is expected to be between €0.7 million and €1.5 million.

UNITEDLABELS Aktiengesellschaft, Münster

Group Statement of Comprehensive Income (IFRS) for the period

1 January to 31 March 2016

(unaudited)

	01.01.2016 31.03.2016		01.01.2015 31.03.2015		01.01.2016 31.03.2016		01.01.2015 31.03.2015	
	€	%	€	%	€	%	€	%
Sales revenues	9,343,819.17	100.0%	7,744,917.50	100.0%	9,343,819.17	100.0%	7,744,917.50	
Cost of materials	-6,502,348.99	-69.6%	-5,193,944.28	-67.1%	-6,502,348.99	-69.6%	-5,193,944.28	
Amortisation of usufructuary rights	-370,151.49	-4.0%	-359,030.33	-4.6%	-370,151.49	-4.0%	-359,030.33	
	2,471,318.69	26.4%	2,191,942.89	28.3%	2,471,318.69	26.4%	2,191,942.89	
Other operating income	229,731.07	2.5%	94,040.54	1.2%	229,731.07	2.5%	94,040.54	
Staff costs	-1,045,520.43	-11.2%	-1,068,205.07	-13.8%	-1,045,520.43	-11.2%	-1,068,205.07	
Depreciation of property plant and equipment and amortisation of intangible assets (excl. amortisation of usufructuary rights)	-170,680.10	-1.8%	-198,904.08	-2.6%	-170,680.10	-1.8%	-198,904.08	
Other operating expenses	-1,152,754.34	-12.3%	-1,126,483.57	-14.5%	-1,152,754.34	-12.3%	-1,126,483.57	
Profit from operations	332,094.89	3.6%	-107,609.29	-1.4%	332,094.89	3.6%	-107,609.29	
Finance income	21,818.97	0.2%	897.35	0.0%	21,818.97	0.2%	897.35	
Finance cost	-292,239.43	-3.1%	-281,550.16	-3.6%	-292,239.43	-3.1%	-281,550.16	
Net finance cost	-270,420.46	-2.9%	-280,652.81	-3.6%	-270,420.46	-2.9%	-280,652.81	
Profit before tax	61,674.43	0.7%	-388,262.10	-5.0%	61,674.43	0.7%	-388,262.10	
Taxes on income	-3,285.58	0.0%	11,003.94	0.1%	-3,285.58	0.0%	11,003.94	
Consolidated net profit / (loss)	58,388.85	0.6%	-377,258.16	-4.9%	58,388.85	0.6%	-377,258.16	
Loss for the period attributable to owners of parent	77,445.77	0.8%	-356,715.50	-4.6%	77,445.77	0.8%	-356,715.50	
Loss for the period attributable to non-controlling interests	-19,056.92	-0.2%	-20,542.66	-0.3%	-19,056.92	-0.2%	-20,542.66	
Total comprehensive income	58,388.85	0.6%	-377,258.16	-4.9%	58,388.85	0.6%	-377,258.16	
Loss attributable to owners	77,445.77	0.8%	-356,715.50	-4.6%	77,445.77	0.8%	-356,715.50	
Loss attributable to non-controlling interests	-19,056.92	-0.2%	-20,542.66	-0.3%	-19,056.92	-0.2%	-20,542.66	
Consolidated earnings per share								
basic	0.01 €		-0.07 €		0.01 €		-0.07 €	
diluted	0.01 €		-0.07 €		0.01 €		-0.07 €	
Weighted average shares outstanding								
basic	6,300,000 pcs.		4,796,455 pcs.		6,300,000 pcs.		4,796,455 pcs.	
diluted	6,300,000 pcs.		4,796,455 pcs.		6,300,000 pcs.		4,796,455 pcs.	

UNITEDLABELS Aktiengesellschaft, Münster

Group Statement of Cash Flows

(unaudited)

	03.2016 T€	03.2015 T€
Consolidated loss for the year	58	-377
Interest income from financing activities	270	281
Amortisation of usufructuary rights	370	359
Amortisation of intangible assets	65	58
Depreciation of property, plant and equipment	106	141
Change in provisions	-29	68
Other non-cash expenses	-226	-14
Change in inventories, trade receivables, and other assets not attributable to investing or financing activities	528	166
Change in trade payables and other liabilities not attributable to investing or financing activities	-948	-896
Payments for tax on profit	-40	74
Cash flows from operating activities	155	-140
Payments for investments in non-current assets	-144	-90
Cashflow aus der Investitionstätigkeit	-144	-90
Proceeds from bank loans	181	470
Repayments of short-term loans	0	-500
Repayment of financial loans	-76	-137
Interest received	22	1
Interest paid	-292	-282
Cash flows from financing activities	-166	-448
Net change in cash and cash equivalents	-155	-678
Currency translation	0	0
Cash and cash equivalents at the beginning of the period	1,311	722
Cash and cash equivalents	1,156	44
Gross debt bank	9,132	9,436
Net debt bank	7,976	9,392
Composition of cash and cash equivalents:		
Cash and cash equivalents	1,156	44

UNITEDLABELS Aktiengesellschaft, Münster

Group Statement of Financial Position (IFRS) as at 31 March 2016

(unaudited)

ASSETS

Assets	31.03.2016 €	31.12.2015 €
Non-current assets		
Property, plant and equipment	3,759,044.40	3,826,255.92
Intangible assets	9,455,309.45	9,432,457.07
Other assets	1,488,248.08	1,488,248.08
Deferred taxes	2,007,108.47	2,007,108.47
	16,709,710.40	16,754,069.54
Current assets		
Inventories	4,185,699.92	4,772,189.86
Trade and other receivables	2,965,835.73	3,939,152.44
Other assets	2,170,401.49	1,138,199.19
Cash and cash equivalents	1,155,718.27	1,310,618.29
	10,477,655.42	11,160,159.78
Total assets	27,187,365.82	27,914,229.32

UNITEDLABELS Aktiengesellschaft, Münster

Group Statement of Financial Position (IFRS) as at 31 March 2016

(unaudited)

EQUITY AND LIABILITIES

Equity	31.03.2016 €	31.12.2015 €
Capital and reserves attributable to the owners of the parent company		
Issued capital	6,300,000.00	6,300,000.00
Capital reserves	0.00	0.00
Retained earnings	1,540,848.44	1,540,848.44
Currency translation	-571,167.25	-571,167.25
Consolidated unappropriated surplus	-4,112,577.32	-4,190,023.09
Equity attributable to owners of parent	3,157,103.87	3,079,658.10
Non-controlling interests	-546,541.55	-527,535.01
Total equity	2,610,562.32	2,552,123.09
Non-current liabilities		
Provisions for pensions	1,752,689.25	1,724,259.00
Provisions	76,274.77	76,274.77
Financial liabilities	1,826,732.63	1,903,048.63
Trade payables	2,750,174.32	3,428,061.50
Deferred tax liabilities	171,662.57	186,589.85
	6,577,533.54	7,318,233.75
Current liabilities		
Provisions	65,145.47	122,422.60
Current tax payable	37,681.98	40,181.98
Financial liabilities	7,304,853.48	7,123,896.86
Trade and other payables	10,591,589.02	10,757,371.04
	17,999,269.95	18,043,872.48
Total liabilities	24,576,803.49	25,362,106.23
Total equity and liabilities	27,187,365.82	27,914,229.32

Group Statement of Changes in Equity

(unaudited)

	Subscribed capital	Capital reserves	Revenue reserves	Consolidated unappropriated loss	Balancing item for currency translation	Treasury shares	Equity attributable to owners of parent	Reconciling item for non-controlling interests	Total equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Balance at 31.12.2014	6,300	4,241	2,003	-4,848	-571	0	7,125	-433	6,692
Consolidated loss Q1 2015	0	0	0	-357	0	0	-357	-21	-378
Other gains and losses									
Currency translation	0	0	0	0	-2	0	0	0	0
Total comprehensive income for the period	0	0	0	-357	-2	0	-357	-21	-378
Balance at 31.03.2015	6,300	4,241	2,003	-5,205	-573	0	6,768	-454	6,314
Consolidated loss 2015	0	0	0	-4,112	0	0	-4,112	-95	-4,207
Other gains and losses									
Currency translation	0	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	98	0	0	0	98	0	98
Deferred taxes	0	0	-31	0	0	0	-31	0	-31
Total earnings in 2015	0	0	67	-4,112	0	0	-4,045	-95	-4,140
Withdrawal from the revenue reserves to offset losses	0	0	-529	529	0	0	0	0	0
Withdrawal from the capital reserve to offset losses	0	-4,241	0	4,241	0	0	0	0	0
Balance at 31.12.2015	6,300	0	1,541	-4,190	-571	0	3,080	-528	2,552
Consolidated profit Q1 2016	0	0	0	77	0	0	77	-19	58
Other gains and losses									
Currency translation	0	0	0	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	77	0	0	77	-19	58
Balance at 31.03.2016	6,300	0	1,541	-4,113	-571	0	3,157	-547	2,610

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FINANCIAL CALENDAR 2016**23rd August 2016**

Annual General Meeting

August 2016

Publication of 6-Months' Report

November 2016

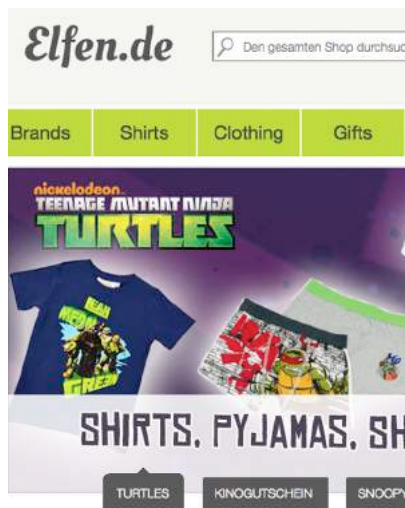
Publication of 9-Months' Report

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