



Declaration of conformity with the German Corporate Governance Code in accordance with article 161 Aktiengesetz (AktG - German Stock Corporation Act) of the Management Board and the Supervisory Board of Your Family Entertainment AG

In accordance with article 161 AktG, the Management Board and the Supervisory Board of exchange-listed companies have to declare once a year that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been and are being complied with or which recommendations were not or are not being applied and why not.

The Management Board and Supervisory Board of the company appreciate the German Corporate Governance Code and declare the following:

1. Your Family Entertainment AG will comply with the recommendations of the German Corporate Governance Code in its version from 26th May 2010, with the following exceptions:

Assisting shareholders in the use of postal votes (clause 2.3.3 sentence 2)

Your Family Entertainment AG intends to waive the possibility of postal votes for the time being. The company already offers shareholders the possibility to assign a company-appointed proxy to exercise their voting rights. With this provision, shareholders already have the opportunity to cast their votes prior to the day of the general meeting. Therefore, exercising the shareholder's rights would not be simplified significantly by the additional possibility of postal votes.

D&O insurance for the Supervisory Board (clause 3.8 paragraph 3)

D&O insurance exists for the members of the Supervisory Board which does not provide for a deductible. The company does not believe that the agreement on a deductible is suitable for improving work attitudes and the sense of responsibility with which the members of the Supervisory Board carry out the tasks and functions assigned to them. In terms of the Management Board, the legal requirements are complied with.

Composition of the Management Board (clause 4.2.1 sentence 1)

Due to the scope of business activities and the size of the company, the Management Board comprises merely one person.



Compensation report (clause 4.2.5)

Due to the size of the Management Board of Your Family Entertainment AG, the compensation of the Management Board is not disclosed in a compensation report which, as a part of the Corporate Governance report, also describes the compensation system in a generally understandable way. For the same reason, no information is given in a compensation report on the type of ancillary services rendered by the company. The compensation and the structure of the compensation are described in the management report of the annual financial statement.

Diversity in the Management Board (clause 5.1.2 paragraph 1 sentence 2)

The Supervisory Board is unable to respect diversity in terms of the composition of the Management Board as the company has a sole director. Due to the number of one Management Board member – which is currently considered as being satisfactory for the company and whose position is occupied for a foreseeable amount of time – the target recommended by the Code of taking women into account to a suitable extent seems to be impossible in the near future.

Formation of committees (clauses 5.3.1, 5.3.2, 5.3.3)

With regard to the size of the Supervisory Board (three members), the formation of committees is not considered necessary.

Specification of concrete objectives regarding the composition of the Supervisory Board (clause 5.4.1 paragraph 2 and paragraph 3)

The Supervisory Board of Your Family Entertainment AG does not specify any concrete objectives regarding its composition. In terms of proposed candidates for the Supervisory Board, the Supervisory Board has so far been guided exclusively by the appropriateness of the candidates with the goal of composing the Supervisory Board in such a way that its members as a whole possess the knowledge, skills and professional experience necessary for the proper execution of their tasks. According to the Supervisory Board's belief, this procedure has proven itself. Therefore, changes to the procedure are not considered necessary. As a consequence, the recommendations based on this in accordance with clause 5.4.1 paragraph 3 cannot be complied with.



Performance-related compensation of the Supervisory Board members (clause 5.4.6 paragraph 2)

There is currently no performance-related compensation of the Supervisory Board members. The company believes that appropriate fixed compensation for members of the Supervisory Board is more suited for allowing for the oversight capacity of the Supervisory Board independent of the company's success. However, the introduction of performance-related compensation for the members of the Supervisory Board is considered for the future.

Reporting deadlines (clause 7.1.2 sentence 4)

The annual financial statement is not made publicly accessible within 90 days of the end of the financial year and interim reports are not made publicly accessible within 45 days of the end of the reporting period. The workload resulting from a publication on the due date would require unjustifiably high costs. In the opinion of the Supervisory Board and the Management Board, the legal requirements are sufficient for prompt information of the shareholders and the capital market.

2. Your Family Entertainment AG has generally complied with the recommendations of the German Corporate Governance Code in its version from 26th May 2010 since the previous declaration of conformity in December 2010. The recommendations contained in clauses 2.3.3 sentence 2, 3.8 paragraph 3, 4.2.1 sentence 1, 4.2.5, 5.1.2 paragraph 1 sentence 2, 5.3.1, 5.3.2, 5.3.3, 5.4.1 paragraph 2 and paragraph 3, 5.4.6 paragraph 2, 7.1.2 sentence 4 have not been applied.

For the reasons for deviating from the aforementioned clauses, please see the explanations in No. 1.

Munich, December 2011

Dr. Hans-Sebastian Graf von Wallwitz
(Chairman of the Supervisory Board)

Dr. Stefan Piëch
(Management Board)