

Declaration of Compliance with the Corporate Governance Code during 2007

Joint declaration issued by the Executive Board and the Supervisory Board of Your Family Entertainment AG regarding the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Sec. 161 Companies Act (AktG).

The Executive Board and the Supervisory Board of Your Family Entertainment AG hereby declare that the company has complied and will continue to comply with the recommendations of the "German Corporate Governance Code" as published by the German Ministry of Justice in its version of 14 June 2007 in the electronic edition of the Federal Gazette (Bundesanzeiger) on 20 June 2007, with the following exceptions.

- In view of the time frame, there can be no guarantee that a published annual report will be available prior to convening the Annual General Meeting (subclause 2.3.1 of the Code), that the consolidated financial statements will be publicly available within ninety days of the end of the financial year, or that the interim report will be publicly available within forty-five days of the end of the relevant reporting period (subclause 7.1.2 of the Code).
- Subclause 2.3.2 of the Code has not been complied with as the consent of Annual General Meeting to the transmission of information by the way of data telecommunication, that is required by clause 30 b paragraph 3 Nr. 1 a of the Securities Trading Act (§30 Absatz 3 Nr.1 a WpHG), is not existing.

- There will be no transmission of the Annual General Meeting using modern communication media (subclause 2.3.4 of the Code), since the expense involved is disproportionate to the company's shareholder structure.

- Under the D&O insurance covering members of the Executive Board and Supervisory Board, no excess payments are envisaged; this complies with standard industry practice (subclause 3.8 of the Code).

- Since completion of the restructuring measures in January 2003, the Executive Board has, in view of the reduced scope of business activities, consisted of one person (subclause 4.2.1 of the Code).

- Subclause 4.2.4. of the Code has not been complied with. A respective resolution has been reached by the required majority during the Annual General Meeting on July 18 2007.

- Subclause 4.2.5 of the Code has not been complied with.

- Due to the small size of the company and its Supervisory Board, no committees are to be formed (subclause 5.3 of the Code).

- Subclause 5.4.5. of the Code, stating that Super Visory Board Members being as well Executive Board Members of a stock listed company, shall not join more than five Super Visory Boards of stock listed companies has not been complied with.

- The Supervisory Board receives a remuneration based on a resolution passed at the Annual General Meeting. As yet, no provision has been made for profit-related elements (subclause 5.4.7 of the Code).
- In accordance with Regulated Market policy, only an interim report is published in addition to the annual report and to the mid-year report. Quarterly reports will not be published. Due to economic reasons the annual report and the mid-year report are based on national accounting standards (HGB) and not on international accounting standards (subclause 7.1.1 of the Code).

Munich, December 2007

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

Dr. Stefan Piëch
Executive Board