



Declaration of Compliance with the Corporate Governance Code as revised on June 6th 2008:

Joint declaration of the Board of Management and Supervisory Board of Your Family Entertainment AG concerning the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with § 161 of the German Companies Act:

The Board of Management and Supervisory Board welcome the German Corporate Governance Code. § 161 of the German Companies Act requires the Board of Management and Supervisory Board of a company listed on the stock exchange to declare every year that the recommendations of the "Government Commission on the German Corporate Governance Code" published in the official part of the electronic Federal Gazette ("Bundesanzeiger") issued by the federal ministry of justice have been and are still complied with and to state which recommendations have not been or will not be complied with. As regards the past, the following declaration refers to the version of the Code issued on June 14th 2007. As regards the company's present and future corporate governance practice, the declaration refers to the present version of the Code as revised on June 6th 2008. The last annual declaration was submitted in December 2007.

The Board of Management and Supervisory Board of Your Family Entertainment AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" published in the official part of the electronic Federal Gazette ("Bundesanzeiger") issued by the federal ministry of justice have been complied with since the last annual declaration was submitted in December 2007 and are complied with, subject to the following exceptions:

- Due to timing considerations, it cannot be ensured that the published company report will be available by the time of the invitation to the annual general shareholders' meeting (section 2.3.1 of the Code), that the group financial statements will be accessible to the public within 90 days of the end of the financial year and that the half-yearly report will be accessible to the public within 45 days of the end of the reporting period (section 7.1.2 of the Code).
- Since the required expenditure that this entails is not appropriate to the company's shareholding structure, modern communications media will not be used to transmit the annual general shareholders' meeting (section 2.3.4. of the Code).



- In line with general practice in the industry, the D&O insurance policy for the members of the Board of Management and the Supervisory Board is not subject to an excess (section 3.8 of the Code).

- Since the conclusion of the restructuring measures in January 2003, the Board of Management has only been composed of a single person due to the reduced size of the company's activities (section 4.2.1 of the Code).

- The total remuneration of each member of the Board of Management is not disclosed in a remuneration report forming part of the Corporate Governance Report. We do not therefore comply with the recommendations of section 4.2.5.

- Due to the small size of the company and the limited membership of the supervisory board, no committees have been established (section 5.3 of the Code).

- The Supervisory Board receives a fee that is established in § 16 of the articles of association. This fee does not so far include performance-related elements (section 5.4.7 of the Code).

- In accordance with the rules of the regulated market and due to the regulations established in the Securities Trade Act, a half-yearly report and interim announcements are published in addition to the company report; these are not prepared in accordance with international accounting standards (section 7.1.1 of the Code) but, for reasons of economy, in accordance with the provisions of the German Commercial Code (HGB).

Munich, in December 2008

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

Dr. Stefan Piëch
CEO