



Interim report of the Executive Management according to §37 Securities Trading Act (*WpHG*)

Course of business in the reporting period

In the period under review, Your Family Entertainment AG has prepared itself sustainably for the expansion of the operative core business since the end of the reorganization. New business areas were started, such as exploitation in the Home Entertainment/DVD sector, the marketing of audio books, radio dramas and children's songs from the extensive YFE library in the Internet-Download growth market and other circulation methods like Video-on-Demand and Mobile Content for our target group. Furthermore, a co-production agreement was concluded on the continuation of the successful animated TV series "Dragon Hunters" with a further 26 episodes.

Financial situation

The company's financial situation is secured. The liquid assets are sufficient to meet all the company's liabilities. As far as achieving objectives for the whole year 2007 is concerned, the current business development confirms the corporate planning for the financial year 2007. The company also continues to assume a risk-limited growth.

Munich, June 2007

The Board